THE FUJI BANK, LIMITED

FY `99

April1999～March2000

THE FUJI BANK, LIMITED

Annual Report

April1999～March2000

2000

Mizuho Financial Group
(MHFG)

Toru Hashimoto
Chairman of the Board

Yoshiro Yamamoto
President and Chief Executive Officer

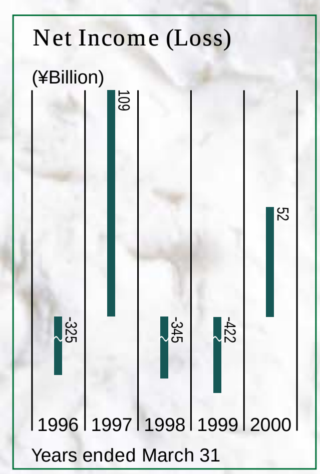
Contents

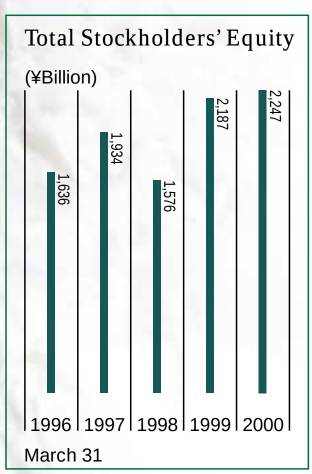
Consolidated Financial Highlights

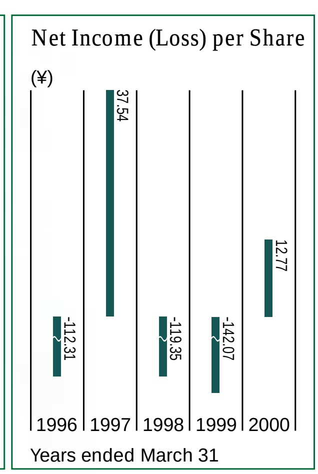
Fuji Bank Group

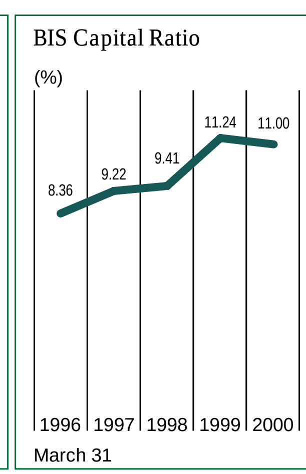
	Millions of yen		Thousands of U.S. dollars**
	2000	1999	2000
Years ended March 31:			
Total Income	¥3,097,192	¥2,653,442	$29,177,505
Total Expenses	2,814,173	3,402,011	26,511,289
Income (Loss) before Income Taxes and Minority Interests	283,018	(748,568)	2,666,216
Net Income (Loss)	52,831	(422,030)	497,707
Dividends	(28,851)	(35,536)	(271,796)
Net Income (Loss) per Share*	12.77	(142.07)	0.12
Dividends per Share*:			
Common Stock	7.00	7.00	0.07
Preferred Stock:			
First Series Class I Preferred Stock	7.50	7.50	0.07
Second Series Class IV Preferred Stock	42.00	0.12	0.40
Third Series Class III Preferred Stock	11.00	0.04	0.10
Fourth Series Class III Preferred Stock	8.00	0.03	0.08
At March 31:			
Total Assets	¥58,246,731	¥57,260,403	$548,720,973
Securities	7,588,585	6,668,759	71,489,266
Loans and Bills Discounted	36,371,589	34,815,843	342,643,327
Deposits	35,463,225	34,646,230	334,085,965
Total Stockholders' Equity	2,247,452	2,187,852	21,172,424
Stockholders' Equity per Share	374.80	361.76	3.53
BIS Capital Ratio	11.00%	11.24%	11.00%

Notes:
* Figures for net income (loss) per share and dividends per share are in single currency units.
** U.S. dollar amounts are converted for convenience only, at the rate of ¥106.15 = US$1.00, the prevailing rate on March 31, 2000.









To Our Shareholders and Customers

— The Dawn of a New Era —

For the Japanese financial sector, fiscal 1999 marked the start of a totally new era in the history of finance in Japan.

In August 1999, The Fuji Bank, Limited, The Dai-Ichi Kangyo Bank, Limited, and The Industrial Bank of Japan, Limited, reached full agreement to consolidate their operations into a comprehensive financial services group to be called the Mizuho Financial Group. In the following six months after the announcement, several other major Japanese financial institutions announced mergers and consolidations of one form or another.

At the same time, conditions in the financial sector changed dramatically as foreign-owned financial institutions began in earnest to expand their presence in Japan, companies from other sectors started to move into the financial business, and a number of Internet-based strategic alliances were formed across different sectors and industries. We believe that our ability to anticipate and adapt to change, and to do so with speed, is the key to succeed in this business environment.

In keeping with this, in fiscal 1999, we continued to work at top speed toward the achievement of our challenging management goal of becoming a leading bank in the 21st century. The following sections summarize the specific policies implemented in fiscal 1999 and the key issues we face in fiscal 2000.

Review of Fiscal 1999

During fiscal 1999, we strengthened our management infrastructure and corporate structure by improving business performance, restructuring operations, strengthening risk management and managing consolidated business activities under a stronger group strategy.

• *Improving Business Performance*

We have identified the domestic corporate and retail markets as our priority business areas. Our goals in these markets are to enhance our products and services to meet the wide-ranging needs of our customers, and to improve customer convenience by using information technology to diversify our service channels.

With respect to enhancing products and services, we focused on services provided to members of the Fuji First Club, a membership reward program that offers special benefits to member customers, and on our product lineup in the strategic area of housing loans. We also made further enhancements to marketing systems for asset management services. In addition, our sales organization and loan products were expanded to meet the changing financial needs of our customers especially focusing on small and medium-sized enterprises.

One key focus of our efforts to improve customer convenience through the diversification of our service channels was the enhancement of Internet banking services provided through the Fuji Cyber Bank. We also introduced the Fuji Mobile Banking service based on mobile

telephones connected to NTT DoCoMo's "i-mode" system. Another enhancement was the launch of the Fuji Everyday Bank, which allows customers to access banking services on weekends and public holidays through fully functioning in-store branches. We also began full-scale development of debit card services.

• *Restructuring Operations*

We exceeded our restructuring and cost cutting targets through increased efforts in such areas as branch rationalization and the reduction of our payroll, including board members and executives. We improved the efficiency of our branch network by closing and amalgamating manned branches in Japan and overseas, while taking care to maintain customer convenience. We reduced our work force by approximately 400 people and worked to reduce expenses while maintaining a sufficient level of information technology (IT) investment.

• *Strengthening Risk Management*

Because we consider the development of strong risk management an essential aspect of the banking business, we further reinforced our risk management system. At the same time, we established the Executive Committee and specialist committees to deal with particular types of risk, including credit and market risk. To provide overall management across the entire spectrum of risk, we established the position of Chief Risk Officer (CRO). In addition, we created the Credit Assessment and Audit Division and the Internal Audit Division as part of a major enhancement of our asset assessment system and the auditing system for group companies and other organizations. We further strengthened the compliance system in the head office, domestic and overseas branches, and group companies.

• *Managing Consolidated Business Activities under Stronger Group Strategy*

We worked to strengthen our consolidated business management to enhance our ability to provide customers with the best possible services based on our total group resources. We brought affiliated companies into our business groups and strengthened cooperation among the various business units. At the same time, we continued to improve the management and evaluation of group performance on to a consolidated footing and created the position of Chief Financial Officer (CFO). As part of our efforts to bolster group strategy, we fostered closer cooperation between The Yasuda Trust and Banking Co., Ltd. (YTB) and The Dai-Ichi Kangyo Fuji Trust and Banking Co., Ltd. The former became a consolidated subsidiary in March 1999, and the latter took over YTB's asset management and administration operations, including pension trust, custody and stock transfer agency services, on October 1, 1999. Fuji Securities Co., Ltd. was recapitalized in preparation for a full-scale involvement in the equity business. We fully underwrote its ¥30 billion rights issue.

(Formation of the Mizuho Financial Group)

In August 1999, Fuji Bank, Dai-Ichi Kangyo Bank and Industrial Bank of Japan reached agreement on forming the Mizuho Financial Group.

Japan's financial institutions are entering a new era with the globalization of the economy and the powerful impact of "Big Bang" financial reforms, as well as environmental changes that include dramatic advances in financial and information technology. In order to be successful in the face of escalating competition in an increasingly borderless world and establish themselves as major international players, Japanese financial institutions will need to improve themselves in two areas. First, enhance their ability to respond quickly and appropriately to the increasingly sophisticated financial needs of their customers. Second, enhance creditworthiness supported by solid financial strength. In the 21st century, a powerful leader of the Japanese financial services industry is needed that will serve as an anchor for the stabilized financial system, contributing to the development of the economy and the enhancement of the international competitiveness of Japanese industry.

It was with this view of the financial environment as a backdrop that Fuji Bank, Dai-Ichi Kangyo Bank and Industrial Bank of Japan decided to form the Mizuho Financial Group, an integrated financial services group with the aim of becoming a mainstay of the Japanese financial system, and to earn the full confidence of the Japanese public.

The Mizuho Financial Group intends to become a leading Japanese player in global financial markets and to establish itself as one of the top five financial groups in the world. It will achieve this goal by improving its business efficiency, taking full advantage of its sectoral and functional expertise in various business areas, and integrating and building on its various strengths. Its activities as a provider of financial services will be based on a total commitment to putting the customer first, and on recognition of the importance of "heart to heart" relationship with customers and business partners.

In preparation for establishing a holding company in September 2000, the three banks are developing new, common products and services, including the following:

- Introduction of the "Spark Card," which integrates cash cards and credit cards, was launched in March 2000 by Fuji Bank and Dai-Ichi Kangyo Bank.
- In April, the three banks made their cash dispenser and ATM networks available to each other's customers so customers would not be charged interbank transaction fees.
- In May, the three banks established the Mizuho Venture Fund, the largest of its type in Japan.
- Plans were announced in May for the development of the "em-town" business, under which the three banks will jointly develop new Internet businesses that transcend traditional business format boundaries with the participation of more than 60 leading companies in Japan.
- In May, the three banks, together with Itochu Corporation and Marubeni Corporation, announced the establishment of a new company to provide trading-related business-to-business e-commerce services.
- In May, we announced a decision to create a real estate fund jointly with Mitsui Fudosan Co., Ltd.
- Kankaku Securities Co., Ltd. announced in May that it would change its name to The Mizuho Investors Securities Co., Ltd. in October this year, and plans to develop its business as a retail securities company assuming a role of developing the middle/retail business of the Mizuho Financial Group.

The three banks will continue to promote numerous joint projects designed to realize as rapidly as possible the benefits of the formation of the Mizuho Financial Group.

(Financial Results)
In fiscal 1999, Core Net Business Profits, the amount after subtracting Net Gains Related to Bonds from Net Business Profits, increased by ¥24.6 billion to ¥251.7 billion, although Net Business Profits (before Provision of General Reserve for Possible Loan Losses) amounted to ¥258.6 billion, a decline of ¥48.0 billion from the previous year's level. We continued to make appropriate provisions and write off problem loans as part of our ongoing efforts to build a solid financial base. Expenses Related to Portfolio Problems in fiscal 1999 amounted to ¥344.0 billion, a reduction of ¥257.3 billion compared with the previous year's total. In line with our policy of reducing the stock portfolio, we continued to sell off shares, resulting in a Net Gains on Stocks of ¥338.0 billion. Unrealized Gains on Stock at the end of fiscal 1999 amounted to ¥548.2 billion, an increase of ¥364.2 billion over the position at the end of the previous fiscal year.

Ordinary Profits increased by ¥812.2 billion to ¥223.3 billion, and Net Income increased by ¥495.0 billion to ¥102.1 billion. These figures exceeded initial forecasts for the year by ¥133.3 billion and ¥42.1 billion, respectively. Our consolidated Capital Adequacy Ratio (uniform international standard) remained high at 11%. We are committed to continuing our efforts to optimize our business performance.

As in the previous fiscal year, the annual dividend for common shares was set at ¥7 per share. The annual dividend for preferred shares was maintained at the level set previously by the Board of Directors according to the various types of preferred shares issued.

Issues for Fiscal 2000

The environment in which the financial industry operates is changing rapidly. The current year will be an extremely important turning point, both as the final year of our Strategic Plan 120, and as the year in which the Mizuho Financial Group will be created. The issues we must tackle during this fiscal year are as follows.

First, we will strive to maximize our earnings by expanding our portfolio of high-quality loan assets, increasing assets under management, and pursuing a wide range of earning opportunities. We will place particular emphasis on supporting venture businesses and start-up companies and on lending to small and medium-sized enterprises. We will work to achieve substantial growth in our assets under management by offering asset management products that meet a wide range of customer needs. We will also seek to diversify our earning opportunities by maximizing synergies with affiliated companies.

Second, we will develop markets and accelerate expansion in new business areas by providing leading-edge products and services in strategic areas set down in our Strategic Plan 120. In particular, these include investment banking, asset management, information technology and the Internet.

Third, we will further strengthen our management structure and risk management systems. The management structure will be enhanced by the acceleration of decision-making under the Executive Director system, which was introduced in June 2000. In the area of risk management, we will further enhance our risk management system relating to specific types of risk, such as credit risk, market risk and operational risk. Another priority will be the reinforcement of our compliance procedures.

The Mizuho Financial Group will commence integrated operations under Mizuho Holdings, Inc., which will be established through a stock-for-stock exchange (*kabushiki-iten*) on September 29, 2000. By the spring of 2002, we intend to reorganize operations into legally separate subsidiaries according to customer segments and business lines.

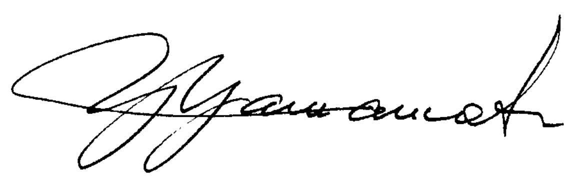
With the establishment of the holding company, all three banks will be linked by a business-unit structure based on customer market segments and business lines. This structure will allow the group to capitalize on the strengths and characteristics of each business unit, which will use various sales channels to provide products and services designed to meet the increasingly diverse and sophisticated needs of customers, as well as opportunities for cross-selling. In addition, the Mizuho Financial Group will create and develop new business areas by taking full advantage of its comprehensive financial service capabilities, including its financial technology and specialized knowledge.

The future concept is to aim to be an innovative financial services group that will lead the new era through cutting-edge comprehensive financial services. We are determined to make a powerful start as one of Japan's leading comprehensive financial groups and to earn strong support from customers in Japan and overseas by offering superior services that anticipate change in the financial and economic environment.

In Conclusion

This year will be the first year of a new era in which the true value of Fuji Bank will become increasingly apparent as we take the first steps toward a new phase of growth and success as part of the Mizuho Financial Group. At this time of dramatic change in our economic and social structures, speed must remain a priority as we build a new future for the Mizuho Financial Group. We are committed to continuing our efforts to achieve our management goals, and we look forward to the continuing support of our shareholders, customers and friends.

July 2000



Yoshiro Yamamoto
President and Chief Executive Officer

Foundation of the Mizuho Financial Group ("MHFG") through the Consolidation of DKB, Fuji Bank and IBJ

Overview of the Consolidation

On August 20, 1999, The Dai-Ichi Kangyo Bank, Limited ("DKB"), The Fuji Bank, Limited ("Fuji Bank") and The Industrial Bank of Japan, Limited ("IBJ") announced their agreement on the comprehensive consolidation of the three banks. A formal consolidation agreement was subsequently signed on December 22, 1999.

The consolidation was subject to the approval of the general meetings of shareholders and the regulatory authorities. At the ordinary general meetings of shareholders and other shareholder meetings held in June 2000, the three banks obtained their shareholders' approval of proposals for the incorporation of the parent company using the stock-for-stock exchange (*kabushiki-iten*) method.

The name of the financial services group that will be formed as a result of this consolidation will be Mizuho Financial Group ("MHFG").

Background to the Consolidation

Japanese financial institutions will put themselves in a new business environment with the expansion of the global economy, the progress of Japan's Big Bang financial reforms and the development of financial and information technology.

The three banks recognize the need for a quick and accurate response to the financial needs of their customers as well as the need for plentiful credit supported by the financial strength of a leading international financial institution.

A powerful leader of the Japanese financial services industry is needed that will serve as an anchor for the stabilized financial system, contributing to the development of the economy and the enhancement of the international competitiveness of Japanese industry.

In order to maintain a strong position in the market and to continue to lead the financial services industry, the three banks have reached an agreement on the consolidation. MHFG intends to achieve substantial improvement in efficiency and enhance competitiveness by combining the strengths of each bank in different business areas and product lines.

From left to right: Yoshiro Yamamoto, President and CEO of Fuji Bank; Katsuyuki Sugita, President and CEO of DKB; and Masao Nishimura, President and CEO of IBJ, at a joint press conference held in December 1999.

Basic Principles of the Consolidation

As we enter the 21st century, DKB, Fuji Bank and IBJ will create a strong and dynamic financial services group based on the following five principles:

1. Offer a wide range of the highest-quality financial services to our customers.
2. Maximize shareholder value and, as the leader of Japan's financial services industry, earn the trust of society at large.
3. Offer attractive and rewarding job opportunities for employees.
4. Fully utilize the advantages and strengths of each bank and maximize the benefit of the consolidation through cost reductions.
5. Create a new corporate climate and culture.

The Consolidation Process

The consolidation process will take place in two stages, Phase 1 from September 29, 2000, and Phase 2 from spring 2002.

● Phase 1

On September 29, 2000, the three banks will carry out a stock-for-stock exchange to establish Mizuho Holdings, Inc. ("MHHD"). MHHD will manage the entire group by means of a Business Unit (BU) structure based on customer segments and business lines, and operating across the three banks.

The wholesale securities subsidiaries of the three banks—DKB Securities Co., Ltd., Fuji Securities Co., Ltd. and IBJ Securities Co., Ltd.—will be merged into Mizuho Securities Co., Ltd. on October 1, 2000. Their trust and banking subsidiaries—The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and IBJ Trust and Banking Co., Ltd.—will be merged into Mizuho Trust & Banking Co., Ltd., also on October 1, 2000.

● Phase 2

In Phase 2, MHFG will take advantage of expected legislative and tax code changes for corporate splits in Japan to consolidate and reorganize the existing bank operations into legally separate subsidiaries under MHHD according to customer segments and business lines. The core subsidiaries that will be placed under MHHD are as follows:

Mizuho Bank, Ltd.
Mizuho Corporate Bank, Ltd.
Mizuho Securities Co., Ltd.
Mizuho Trust & Banking Co., Ltd.

Mizuho Holdings, Inc.

MHHD will be responsible for the management and administration of MHFG and other business incidental thereto. It is due to be established as shown below.

Head Office Location:
Marunouchi Center Building, 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Date of Establishment:
September 29, 2000

Paid-in Capital:
¥2,572 billion

Allocation of Holding Company Stocks:
Under the stock-for-stock exchange, one common share (par value ¥50,000) in MHHD will be allocated for each 1,000 common shares (par value ¥50) of each of the three banks. Additionally, one preferred share in MHHD will be allocated for each 1,000 preferred shares of each of the three banks.

Chairman & Co-CEO: Masao Nishimura
Chairman & Co-CEO: Yoshiro Yamamoto
President & Co-CEO: Katsuyuki Sugita

Number of Executives and Staff:
Total number of executive and managerial staff: Approximately 350 (of which nine are directors)

Group Name:
Mizuho Financial Group
(MHFG)

Holding Company Name:
Mizuho Holdings, Inc.
(MHHD)

Meaning:
In Japanese, *mizuho* (瑞穂) means “fresh harvest of rice,” and the phrase “*mizuho* country”—meaning “fruitful country”—is used to refer poetically to Japan.

Reason for Selection:
The name “Mizuho” expresses the commitment of MHFG, as Japan’s leading financial institution, to offer highly “fruitful” products and services to all of its customers, both domestic and overseas.

We feel that the youthful and energetic image of freshness projected by this name is perfectly suited for the new corporate culture of MHFG, and that it is a name with which everyone can easily become familiar.

The Mizuho Logo:
The logo is the combination of the initial letter “M” of “Mizuho” and a deep blue arc. The “M” appears to be in dynamic motion, expressing liveliness and action, while the deep-blue arc depicts the earth. The colors used in the logo also have a special meaning—the bright red highlighting passion, action and dynamism and the deep blue highlighting reliability and stability.

The management structure in Phase 1 will be as follows:

• Board of Directors

The Board of Directors of MHHD will consist of the two Chairmen & Co-CEOs, the President & Co-CEO, and six Deputy Presidents (three full-time and three serving concurrently in positions at subsidiary banks). There will be six Representative Directors: the two Chairmen & Co-CEOs, the President & Co-CEO and the three full-time Deputy Presidents.

• Executive Officers

To separate managerial decision making and execution, and clarify levels of authority and responsibility, MHHD will introduce an Executive Officer System.

• Executive Management Committee

MHHD will establish an Executive Management Committee to serve as an advisory body for the Co-CEOs.

The Executive Management Committee will consist of the three Co-CEOs, six Deputy Presidents, and the Executive Officers in charge of the six groups making up the Planning and Administration Headquarters. Where necessary, Executive Officers in charge of the Business Unit Headquarters will also participate in the Committee's meetings.

• Board of Corporate Auditors

MHHD will have six corporate auditors, including three outside auditors.

• Business Policy Committees

MHHD will set up Business Policy Committees to serve as forums for overall discussion and coordination of company-wide issues of mutual concern to groups and BUs.

• Councils

MHHD will set up Councils to serve as forums where its Executive Officers and officers of the Five Core Subsidiaries—DKB, Fuji Bank, IBJ, Mizuho Securities and Mizuho Trust & Banking—can hold discussions regarding matters that require adjustment among the Five Core Subsidiaries.

• Advisory Board

MHHD plans to establish an Advisory Board consisting of six eminent persons from financial and business circles by April 2001.

• Internal Audit & Compliance Committee

MHHD will establish an Internal Audit & Compliance Committee under the Co-CEOs. This independent committee will utilize its extensive checking and verification functions to ensure that business operations are carried out in an appropriate manner from the viewpoint of compliance and auditing.

• Organizational Structure

The organizational structure of MHHD will be as follows:

(Planning and Administration Headquarters)

Strategic Planning Group, Financial Control and Accounting Group, Risk Management Group, Human Resources Group, IT, Systems & Operations Group, and Audit and Compliance Group.

(Business Unit Headquarters)

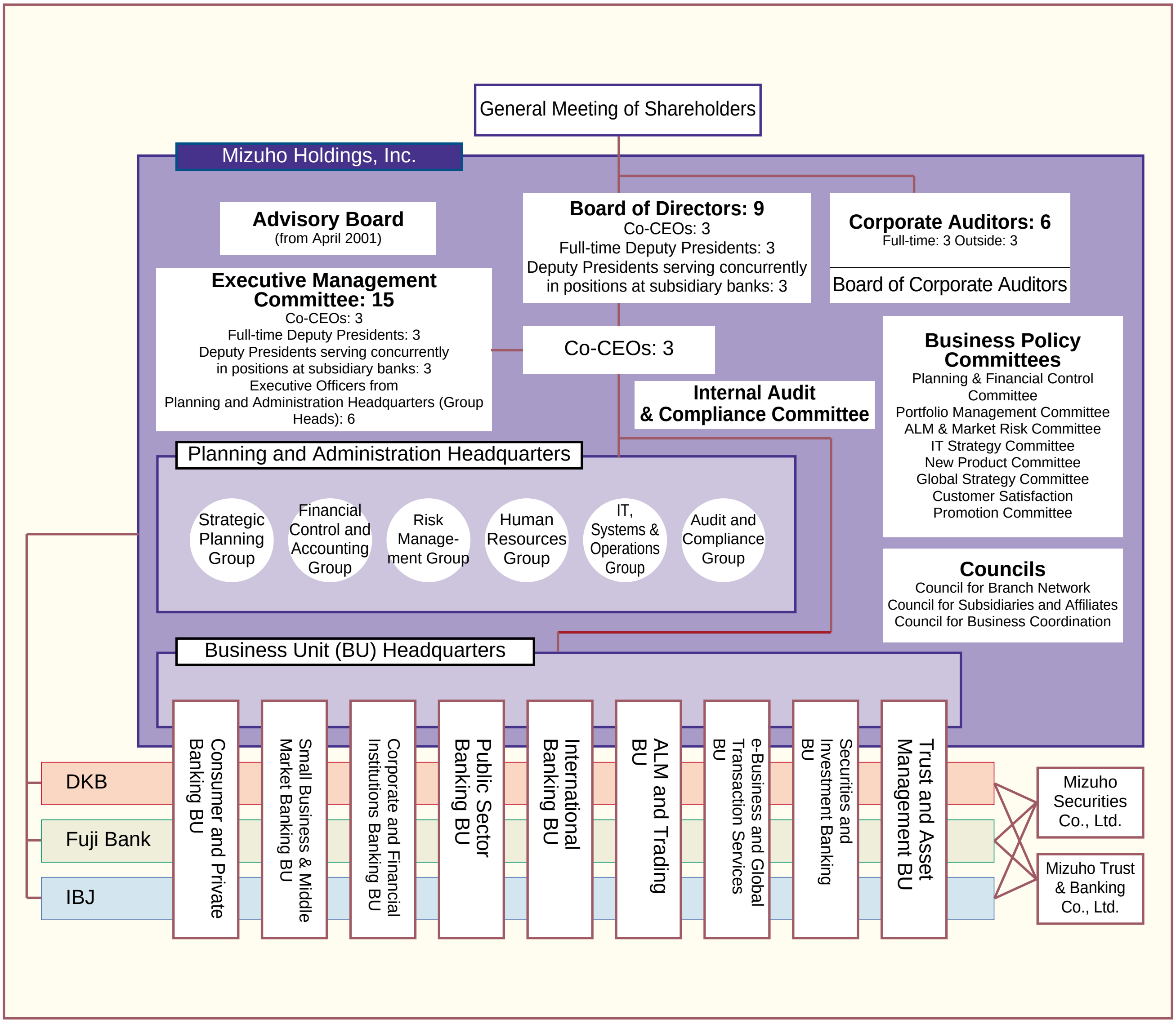
Consumer and Private Banking BU, Small Business & Middle Market Banking BU, Corporate and Financial Institutions Banking BU, Public Sector Banking BU, International Banking BU, ALM and Trading BU, e-Business and Global Transaction Services BU, Securities and Investment Banking BU and Trust and Asset Management BU.

Glossary

BU: Business Unit

The Business Unit structure is a business management structure whereby group or bank profit centers are classified into separate units according to the nature of their operations and the risks involved. This allows profits to be managed on an individual unit basis and facilitates the efficient and flexible allocation of resources.

Holding Company Management Structure (Phase 1)



Notes

1. Further detailed consideration will be given to the formation of the Business Policy Committees and Councils.
2. The merger of DKB Securities, Fuji Securities and IBJ Securities into Mizuho Securities and the merger of Dai-Ichi Kangyo Fuji Trust & Banking and IBJ Trust and Banking into Mizuho Trust & Banking will both take place on October 1, 2000.

Glossary

Stock-for-stock Exchange

This method of establishing a holding company was allowed following the amendment of the Japanese Commercial Code in 1999. When MHHD is established in autumn 2000, all the shareholders of the three banks will transfer their shares to MHHD and receive shares in MHHD in return. As a result, the three banks will become wholly owned subsidiaries of MHHD, their shares will be delisted and the shares of MHHD will be listed.

Management Infrastructure

Information Technology (IT) Systems

MHFG will swiftly integrate existing systems and make forward-looking strategic IT investments amounting to approximately ¥150 billion annually.

Designed to make maximum effective use of the three banks' current systems, systems integration commenced in January 2000 and is due to be completed by March 2002.

The core banking system (account management system) will be centralized under a "One-Bank System" whereby the most efficient system of the three banks will be comprehensively adopted. A "Suite Structure" will be adopted for market systems (dealing and trading) and for business information systems.

Studies will be conducted into the feasibility of consolidating and reorganizing IT affiliates of the three banks with a view to creating entities that will provide comprehensive IT solutions covering the planning, development, management and operation of systems for MHFG. In addition to maximizing economies of scale, every effort will be made to enhance the specialization and sophistication of management resources.

IT investment will be concentrated in strategically important areas, and the key investment targets and amounts are as follows:

- Build customer databases to support market strategies.
- Build global risk measurement systems.
- Build advanced systems to support domestic and overseas trading activities.
- Build an e-business model that uses the Internet.
- Expand CMS and other settlement systems.
- Promote the use of IC cards.

IT-related Investment

	(¥ billion)	
	Cumulative for FY2000-2002 Planned	Cumulative for FY2000-2005 Planned
IT-related investment	¥630	¥1,100

Note: IT-related investment = IT investment + IT personnel expenses + IT general expenses

Risk Management

MHFG designates risk management as one of the most crucial issues facing management. It is therefore committed to building a sophisticated management system that will keep the various kinds of risk that arise in business to within appropriate and tolerable limits. MHHD's efforts to manage consolidated risk will center on its risk management division, which will constantly monitor total consolidated credit risk, market risk and other forms of quantifiable risk, and provide reports, analyses and advice.

Human Resources

In Phase 1, every effort will be made to standardize a platform for a personnel system for the three banks. In Phase 2, MHHD will exploit its distinctive organizational features to introduce new personnel systems that will reflect the unique business structures and cultures of the individual companies under it. It will also create an attractive and fulfilling working environment by faithfully observing the principles of independent judgment and accountability, providing fair opportunities and developing expertise in line with market standards.

New personnel systems will standardize certain aspects of human resources management across the entire group, while promoting harmony with variations between individual companies and maximizing the human synergies arising from the

Glossary

One-Bank System
The most efficient system of the three banks will be comprehensively adopted.

Suite Structure
The systems of the three banks are reviewed and the most efficient system for each operation and product is selected.

CMS (Cash Management Service)
A service provided by banks to corporate customers to efficiently manage corporate fund operations.

consolidation. At the same time, MHFG will introduce a merit-based personnel evaluation system that focuses on expertise and performance. Examples of the areas where standardization will be encouraged include the following:

- The basic framework of the personnel system, including rank classifications based on duties and career paths.
- Basic elements of welfare benefit programs, such as health insurance.
- Design of retirement benefits and pension schemes that allow personnel transfers between group companies.

Compliance

Since MHFG views compliance as one of the fundamental principles of sound business management, it will work assiduously to ensure that all applicable laws and regulations are observed and that all corporate activities are pursued in a fair and honest manner that conforms to societal norms. In the global financial market, MHFG will establish world-class compliance procedures with a view to winning the confidence of stakeholders, such as customers, shareholders and the local communities in which it operates.

It will also set up independent audit and inspection systems with extensive check and verification functions. Specifically, MHHD will take the following steps to ensure that its compliance system is second to none:

- An Audit and Compliance Group will be set up under the Planning and Administration Headquarters but will function independently of other groups in the Planning and Administration Headquarters and the Business Unit Headquarters.
- A Chief Compliance Officer (CCO) will be appointed to take total responsibility for compliance within MHFG.
- All BUs and the Five Core Subsidiaries will enhance their compliance systems with a view to creating a unified compliance regime throughout MHFG.
- MHFG will enhance and strengthen its internal auditing and compliance functions and its expertise in cutting-edge areas such as IT, dealing and trading, and others.
- MHHD will establish the Internal Audit & Compliance Committee to check that operations are managed in an appropriate manner.

Stock Option Program

In order to increase performance on a group-wide basis and create a management structure which places emphasis on value creation for shareholders, the introduction of a new compensation structure that is linked to MHFG's performance, such as a stock option program, is being considered.

Self-Assessment, Reserves and Write-off Standards

Strict and adequate self-assessment, reserves and write-off standards, in conformity with the *Financial Inspection Manuals* issued by the Japanese FSA, will be used uniformly by the three banks from fiscal 1999 (ended March 2000). The final disposition of non-performing assets will be accelerated, aiming for improvement in asset quality.

The Mizuho Financial Group's Management Strategy

Vision and Management Goals

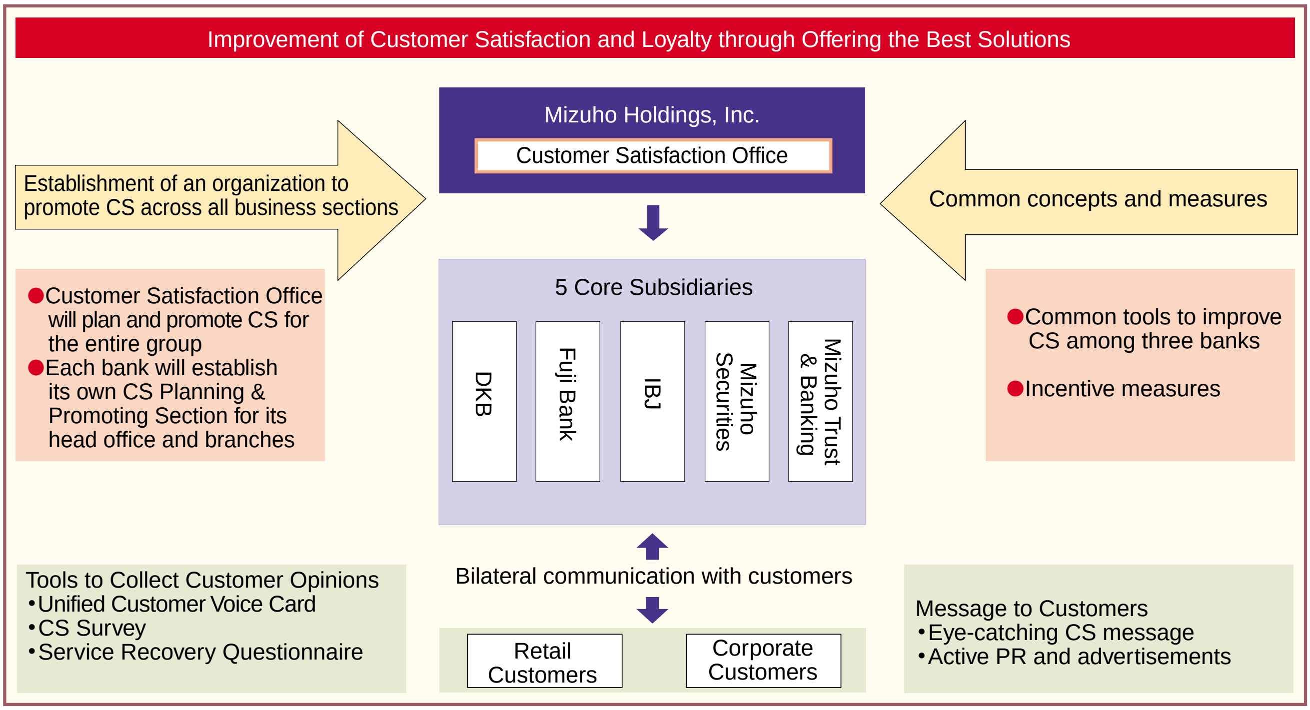
MHFG has established the following management goals as a means of realizing its future concept of becoming an innovative financial group that will lead the new era through cutting-edge comprehensive financial services:

- One of the top five global banks and the leading financial institution in Japan.
- A top financial group in terms of customer satisfaction.
- A front-runner in IT and FT (financial technology).
- No. 1 in domestic commercial banking.
- A market leader in securities business and investment banking.
- A top-class institution in the trust, asset management and settlement businesses.
- A management structure with best practices.

Aiming to Be a Top Financial Services Group in Terms of Customer Satisfaction

MHFG will draw on its roots as a service business to establish a corporate culture that places the customer first, and to ensure that its employees will at all times provide customers with the best available services. MHHD will establish the Customer Satisfaction Office whose primary goal will be to promptly channel feedback from customers into improving the services offered by MHFG.

Aiming to Be a Top Financial Services Group in Customer Satisfaction (CS)



Using IT and FT to Transform the Structure of the Business

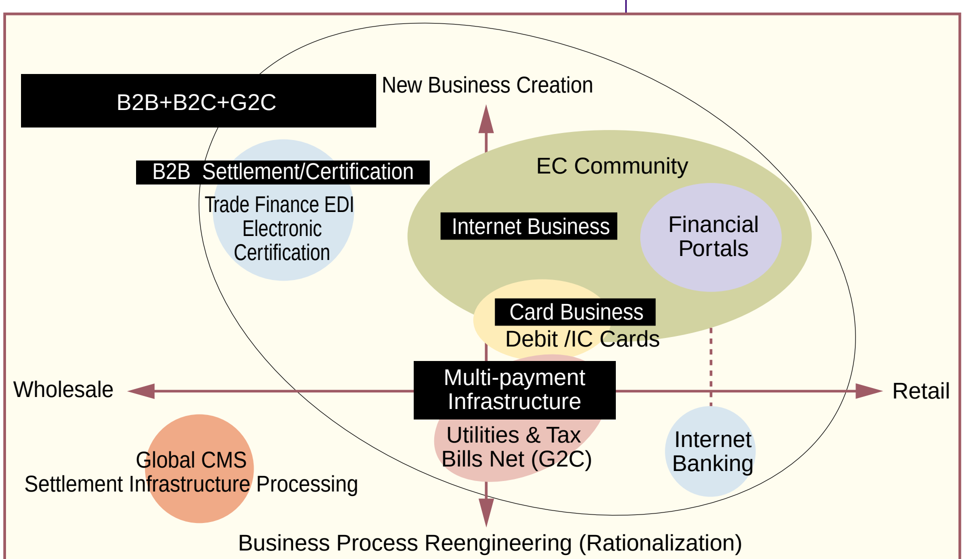
As a front-runner in IT and FT, MHFG will work to establish the “Mizuho e-Business Model,” use IT to improve the effectiveness and efficiency of its business strategy and provide solutions that utilize FT. In so doing, it will alter the processes whereby intra-group business is executed, while endeavoring to offer high-quality services that anticipate the needs of the changing times and proactively developing new business models.

Creating the “Mizuho e-Business Model” (B2B, B2C and G2C)

The creation of a new business model covers several areas. In the B2C sector, it covers Internet businesses, such as financial portal companies, EC (electronic commerce) community and Internet-based brokerage houses as well as the debit and IC card businesses. In the B2B sector, the model covers trade finance EDI (electronic data interchange) and settlement and certification business for companies, while in the G2C sector it covers infrastructures such as the Utilities & Tax Bills Net.

MHFG will actively participate in the above-mentioned B2B, B2C and G2C sectors.

Creating the “Mizuho e-Business Model”



Providing FT-based Solutions

MHFG will offer various financial services, focusing on discovering and supporting the new businesses, venture companies and technologically advanced firms that will play a leading role in the 21st century, setting up a venture fund to nurture them and sustain their development. MHFG will also arrange M&A deals as part of the realignment and restructuring of domestic and overseas operations and the implementation of new business strategies, and will be involved in the securitization of assets, as well as in such structured finance activities as the creation of a comprehensive real estate investment trust.

Glossary

B2C
Business to Consumer:
Consumer-oriented business

B2B
Business to Business:
Business between companies

G2C
Government to Consumer:
Business between governments and consumers

Business Strategies

MHFG's business strategies will utilize the "three primary strengths" gained through consolidation to create an optimal group business portfolio that is both balanced and leads in each business sector. The "three primary strengths" are as follows:

- An overwhelming customer base in the domestic market.
- High-quality and comprehensive financial service capabilities.
- Expanded IT investment capability for high-growth areas.

Consumer and Private Banking

Vision: MHFG will become the consumers' bank of choice by providing customers with the highest level of satisfaction throughout their lives.

Basic Strategy

MHFG will become the leader in the consumer and private banking sector by:

- Developing relationship marketing further by making maximum use of MHFG's enormous customer base and overall strengths.
- Selecting strategic markets and focusing allocation of resources.

In the consumer and private banking sector, the first step will be to create a solid platform by aggressively investing in IT. In practical terms, this means developing and expanding convenient multichannel networks such as Internet and mobile banking services and in-store branches through cutting-edge IT investments and tie-up strategies. MHFG will also build up its databases to fuel more sophisticated marketing techniques focusing on multifaceted relationships.

By applying its overall strengths in this way, MHFG will establish a lineup of advanced products and services that better match customers' needs, including state-of-the-art settlement services such as multifunctional IC cards and easy-to-use credit card services. A new loyalty program will also be inaugurated to raise customer satisfaction to the highest possible level.

Focused allocation of resources in strategic markets will enable MHFG to provide customers with highly professional private banking services that make maximum use of overall group strengths and take advantage of its incomparable corporate customer base to concentrate on the corporate retail market. MHFG will also use its ability to respond to customers' requirements as well as its powerful network of cooperating corporations and traders to strengthen its consumer loan services.

Small Business & Middle Market Banking

Vision: MHFG will become "the best partner for small and medium-sized companies" by speedily offering high-quality finance and sophisticated products and services that are carefully tailored to their requirements.

Basic Strategy

MHFG will:

- Provide small and medium-sized businesses which underpin the Japanese economy with a smooth and stable supply of funds.
- Expand its solutions business in line with business strategies.
- Use IT to provide a speedier, more accurate response to customers' requirements.
- Endeavor to identify new businesses in high growth sectors and provide them with the support they need to develop.
- Work to build an efficient, high-quality operating structure.

In the small business and middle market banking sector, MHFG will aggressively support a wide range of corporate activities by developing new products and building up its staff of specialists in opening up new markets. To do so, it will make maximum use of the consolidated strengths of the three banks, including the information and know-how they glean through their transactions with a wide range of companies, and their extensive domestic and overseas networks.

MHFG will offer solutions to match customers' business strategies, assisting with IPOs, equity investments, M&A and MBOs and providing management support and information. Likewise, it will devote considerable effort to identifying and nurturing new businesses and venture companies. In doing so, it will provide the small and medium-sized companies that constitute the backbone of the Japanese economy with a smooth and stable supply of funds.

Glossary

MBO: Management Buyout

The process whereby the current management of a company enlists the financial support of external investors to buy the company, or one or more of its operational divisions or subsidiaries, from current shareholders.

Corporate and Financial Institutions Banking

Large Corporates

Vision: MHFG will aim to become "the No. 1 Japanese wholesale bank in the global market" fully equipped with information and financial know-how.

Basic Strategy

MHFG will:

- Create a strategic portfolio based on its high level of managerial competence.
- Deliver business coordination services on a global scale.
- Offer innovative financial services that utilize cutting-edge financial know-how and a strong information infrastructure.
- Serve as a partner in building new businesses and management structures by taking an active role in assisting customers with their strategic management and business needs.

In the wholesale banking sector, MHFG will offer optimal solutions to satisfy the increasingly complex and varied requirements of customers by establishing a highly sophisticated full-line service menu that blends the financial expertise and utilizes the global network of the three banks.

In particular, it will use this network to provide advisory services covering cross-border M&A, business strategies and financial risk management. It will also serve as a partner in building new businesses and management structures by taking an active role in assisting customers with their strategic management and business needs.

Additionally, MHFG will create e-business models that emphasize customer convenience. Using strategic IT investment, it will strengthen its firm banking (FB) and CMS functions. It will also establish virtual corporate retail services by means of BPR portal sites, establishing exclusive home pages that can be accessed by personal computers installed on the customer's premises.

Financial Institutions

Vision: To become the leading "Money Center Bank."

Basic Strategy

Financial Institutions as Customers

- MHFG will provide the best solutions for all the investment and management needs of domestic financial institutions.

Financial Institutions as Business Partners

- MHFG will support financial institutions in solving management problems.
- MHFG will support financial institutions in their customer-oriented sales activities.

MHFG will act as a leading "Money Center Bank" that can respond to the constantly diversifying fund management needs of financial institutions through bank debenture issues, investment trusts (mutual funds), trusts and securitization products. It will also provide advisory services in connection with portfolio management, IT, securitization and domestic custody.

MHFG plans to become a solid business partner for financial institutions in various areas. It will utilize its sophisticated IT for insourcing business, such as settlement and defined contribution pension plans (the Japanese equivalent of 401(k)), provide assistance with overseas operations and offer investment banking services relating to M&A, MBOs, PFIs and others. In addition, through its wholesale business, MHFG will exploit its strengths in product and service development to offer over-the-counter sales of investment trusts and develop products jointly with insurance companies.

Glossary

BPR

Business Process Reengineering

PFI: Private Finance Initiative

A financial structure whereby the private sector takes the place of the national and/or local governments in supplying the funds, technologies and know-how necessary to build and operate assets that provide services to and for the public sector. PFIs are used to reduce the public sector's capital spending requirements and to increase efficiency.

Public Sector Banking

Vision: To be the leading bank in public sector banking.

Basic Strategy

- MHFG will provide comprehensive solutions to meet the needs of public sector entities in such areas as diversified funding and investment, downsizing and raising organizational efficiency.

MHFG is reinforcing its comprehensive financial services in response to the public sector's growing need for funding from the private sector, the diversification of fund procurement and investment operations, downsizing and rising demand for more efficient administrative services.

Specifically, MHFG will take an aggressive approach to solving the increasingly diverse and complex issues affecting central government related transactions following reforms of the Fiscal Investment and Loan Program (FILP) and the social security system. Based on more effective use of its nationwide network and its speedy, accurate operations services, MHFG will also increase its designated financial institution transactions with regional municipalities, and provide support for PFIs.

International Banking

Vision: MHFG will become "the best partner" for customers who are in the process of globalizing.

Basic Strategy

MHFG will:

- Build a powerful global network.
- Offer leading-edge financial products on a global basis.
- Expand its global customer base and portfolio in a balanced manner.

MHFG will secure the position of most trusted banking partner for global corporations by utilizing its extensive overseas network and its industrial sector-based relationship management (RM) specialists.

MHFG will work to establish itself as "Asia's No. 1 financial services group" as part of its plan to become the best partner for Japanese customers going abroad and companies from the Americas and Europe coming to Asia. It will offer services ranging from local currency-based transactions and trade settlements to project finance, M&A and other investment banking services.

In the Americas and Europe, it will aim to become a top-tier foreign bank by establishing a powerful team of industrial sector-based RM specialists, securing for itself the position of a top bank in arranger and syndication services. It will also be actively engaged in financial product businesses such as project finance, M&A, MBOs and LBOs.

Securities and Investment Banking

Vision: Create Japan's first full-scale investment bank.

Basic Strategy

MHFG will participate actively in the securities and investment banking business, with Mizuho Securities playing a core role.

- MHFG will strengthen its underwriting and sales activities through alliances with group securities companies.
- MHFG will build a full-scale investment bank that is capable of competing with the big houses of the Americas and Europe.

MHFG will strengthen its existing operations and take up new challenges in the securities-related business. Its activities in the securities and investment banking sector will aim to combine its securities functions and investment banking functions in order to provide a full range of products and services covering domestic and foreign stocks and bonds, derivatives, M&A, structured finance, MBOs and real estate funds.

MHFG will establish a system centered on Mizuho Securities to provide integrated management and administration of its domestic and overseas securities businesses and thus provide satisfactory solutions for its customers' global requirements. At the same time, it will strengthen its underwriting and sales capabilities by strengthening ties with MHFG retail securities companies and setting up an Internet-based brokerage house.

Kankaku Securities Co., Ltd. will change its name to The Mizuho Investors Securities Co., Ltd. on October 1, 2000, and develop its business as a retail securities company assuming a role of developing the middle retail business of MHFG.

Trust and Asset Management

Vision: To become a top player in the areas of asset management and administration, and the defined contribution pension plan business.

Basic Strategy

MHFG will:

- Focus its management resources on key areas such as master trust business and other aspects of asset administration.
- Secure a position as a front-runner in the defined contribution pension plan market.
- Work to become a first-class asset management group, covering trusts, investment trusts and the investment advisory business.

MHFG will make the best possible use of its extremely strong customer base in the trust and asset management sector, as well as the wide range of financial products offered by group asset management companies. It will also strengthen its alliance with four life insurance companies to develop joint asset management and defined contribution pension plans, with special emphasis on combining their expertise and avoiding overlapping investment.

In the investment trust and investment advisory sector, MHFG will work to become one of the world's leading asset management groups in terms of both the quality and the value of assets under management. To this end, it will maximize customer satisfaction by taking advantage of the distinctive product mixes and sales functions offered by group asset management companies, and create a first-rate operating structure for investment trusts.

Glossary

Defined Contribution Pension Plan

A pension scheme whereby participants make predetermined contributions and invest them at their own discretion. Similar to the 401(k) plans common in the United States.

Master Trust

Trust structure whereby a single trust bank manages pension fund assets entrusted to several investment management institutions. It covers a wide range of services, including custody and settlement of securities, the preparation of accounting reports, securities lending, performance evaluations and risk management.

e-Business and Global Transaction Services

Vision: To establish advanced settlement and e-business models.

Basic Strategy

MHFG will:

- Build and put into practice the next generation of settlement systems, leading possibly to potential strategic alliances.
- Build up its clearing business by centralizing settlement operations and using IT more extensively.

MHFG will provide customers with advanced financial services by establishing and actualizing a new generation of businesses while keeping a watchful eye open for potential strategic alliances.

More specifically, it will establish the "em-town" e-business model (please refer to page 24), promote the standardization of IC cards and the greater use of debit cards and advance into such areas as global CMS, trade finance EDI and dealing and trading settlement.

The group is also centralizing its external settlement operations and upgrading its IT to improve the efficiency of its operational divisions and strengthen control of settlement risk.

ALM and Trading

Vision: To build a stable earnings structure by strengthening its risk management functions and establishing itself as a major global player.

Basic Strategy

MHFG will:

- Respond accurately to a wide range of customer needs.
- Enhance its risk management functions.

• Trading

Building on the robust customer base formed by the consolidation and the group's market-making strengths, MHFG will strive to enhance its trading techniques as a means of responding more accurately to customers' diversifying needs.

• ALM

To create a stable earnings structure, MHFG will introduce sophisticated ALM techniques to provide accurate control of assets and liabilities and manage risk with precision.

Financial Targets

Current Status and Forecast for Earnings

MHFG is committed to maximizing its earning power by creating an optimal group business portfolio that is balanced and leads in each business sector.

Setting appropriate pricing levels while boosting high-earning assets such as housing loans will increase net interest income in the banking sector.

MHFG will also work to increase its commission income by strengthening its non-asset and commissions businesses, including Mizuho Securities and Mizuho Trust & Banking.

By closing and consolidating branches and streamlining its workforce, MHFG aims to reduce its expense ratio to 40% or below by fiscal 2005.

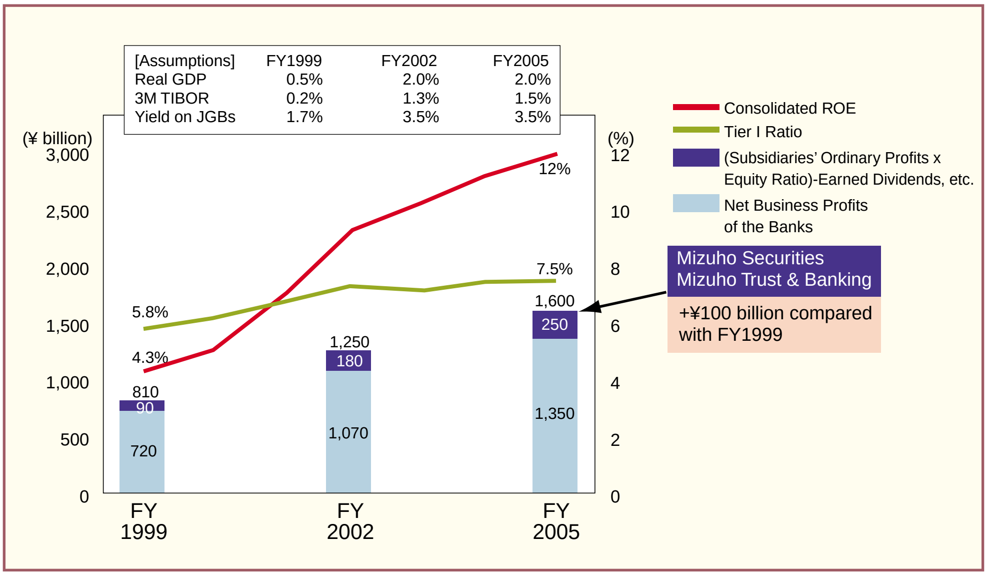
Financial Targets

(¥ billion unless otherwise indicated)

	FY1999 Planned	FY1999 Actual	FY2002 Projected	FY2005 Projected
Consolidated Net Business Profits*	¥ 810.0	¥ 876.8	¥1,250.0	¥1,600.0
Consolidated Net Income	210.0	194.4	580.0	800.0
Gross Profits**	1,640.0	1,662.3	1,938.4	2,150.0
General and Administrative Expenses**	920.0	850.2	866.4	800.0
Net Business Profits (Before Provision of General Reserve for Possible Loan Losses)**	720.0	806.6	1,066.0	1,350.0
Ratio of General and Administrative Expenses to Gross Profits**	55% (approx.)	51.1%	45% (approx.)	40% or lower
Consolidated ROE	4% (approx.)	4.2%	8% (approx.)	12% (approx.)
Consolidated Risk-Based Capital Ratio (BIS Capital Ratio)	11% (approx.)	11.7%	11.5% (approx.)	11.5% (approx.)
Tier I Ratio	6% (approx.)	6.0%	7% (approx.)	7.5% (approx.)

* Consolidated Net Business Profits: Three banks' Net Business Profits + (Subsidiaries' Ordinary Profits × Equity Ratio) – Earned Dividends, etc.
** Figures for three banks only (non-consolidated).

Increase in Consolidated Business Profits



Consolidation Effect

The consolidation of the three banks into MHFG will yield considerable benefits as synergies strengthen the business base and further restructuring reduces costs.

- The non-recurring expenses directly related to the consolidation ("consolidation cost") will be covered by the increase in gross profits generated by synergies and expenses reductions arising from further restructuring.
- From fiscal 2003, the stronger business base and renewed efforts to restructure will enable MHFG to make further cost cuts and enhance the consolidation effect.

On a cumulative basis, it is forecast that by fiscal 2005, the synergy effect on gross profits will amount to ¥460 billion, the restructuring effect to ¥280 billion and the consolidation cost to ¥230 billion, resulting in a cumulative net consolidation effect of ¥510 billion.

Consolidation Effect

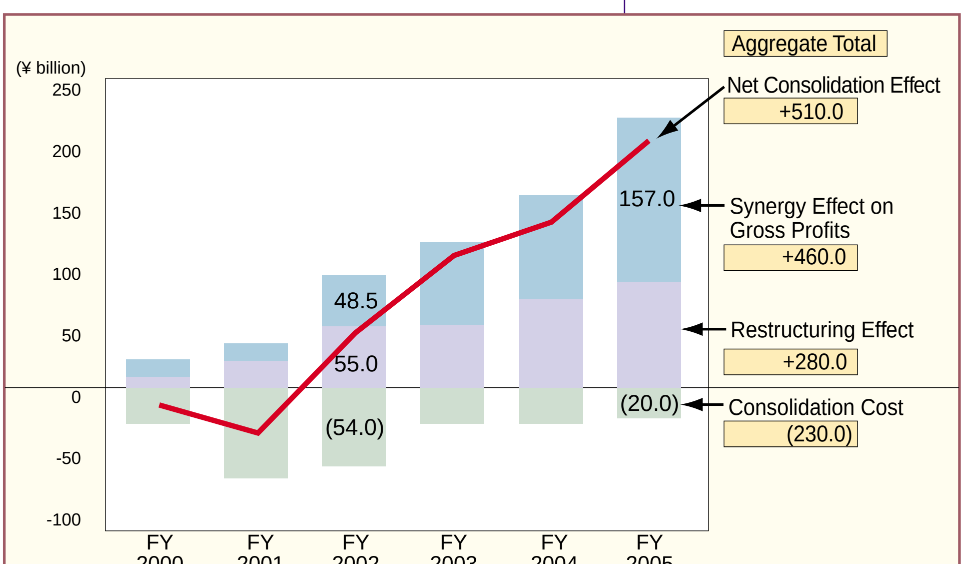
(¥ billion)

	Cumulative for FY2000 - 2002 Projected	Cumulative for FY2003 - 2005 Projected
Synergy Effect on Gross Profits	¥ 94.6	¥371.7
Consolidation Cost	*(157.6)*	*(77.5)*
Restructuring Effect	*76.8*	*204.7*
Net Cost Reduction	(80.8)	127.2
Net Consolidation Effect	13.8	498.9

	April 1999–March 2003	April 2003–March 2006
Domestic Branches*	(83)	(70)
Overseas Offices/Subsidiaries	(47)	(7)
Workforce	(4,500) (approx.)	(2,500) (approx.)

* Represents the net reduction after taking into account approximately 17 branches of the Mizuho Corporate Bank.

Realization of Consolidation Effect (Banking Segment)



Profit Trends by Business Segment

Each BU will engage in active cross-marketing of various financial services offered by other BUs, thereby delivering the products and services that best meet the increasingly varied and sophisticated needs of customers through the most appropriate delivery channels. They will also make the maximum possible use of the strengths of MHFG's comprehensive financial services, including sophisticated FT and specialist know-how, in boldly tackling the creation and development of new business fields.

The table below shows MHFG's profit targets by segment.

Profit Targets by Segment

(¥ billion)

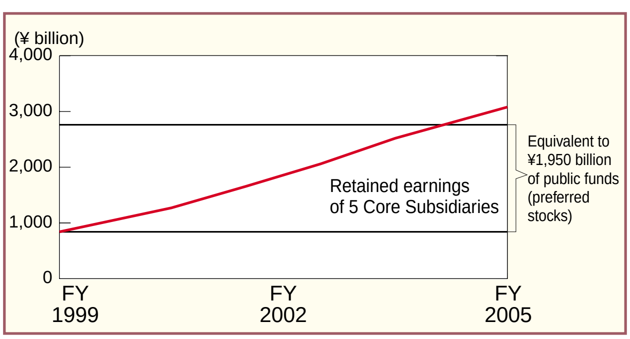
		FY1999 Actual	FY2000 Projected	FY2002 Projected	FY2005 Projected
Consumer and Private, and Small Business & Middle Market Banking	Three banks	¥208.3	¥221.2	¥ 504.7	¥ 653.7
Wholesale Banking	Three banks	417.6	406.9	439.9	509.1
Securities and Investment Banking, Trust and Asset Management, and e-Business and Global Transaction Services	Three banks	17.4	16.7	24.4	72.5
ALM and Trading	Three banks	231.1	247.9	166.8	200.7
Total	Three banks	806.6	829.2	1,066.0	1,350.0
	Mizuho Securities	13.8	22.8	41.2	56.0
	Mizuho Trust & Banking	(19.6)	(8.3)	3.5	46.2
Total for Mizuho Securities and Mizuho Trust & Banking		(5.8)	14.5	44.7	102.2
Total	(Three banks + Mizuho Securities + Mizuho Trust & Banking)	800.8	843.7	1,110.7	1,439.1

Note: The figures represent Net Business Profits for the three banks and Ordinary Profits for Mizuho Securities and Mizuho Trust & Banking.

Retained Earnings

By fiscal 2005, MHFG is expected to accumulate sufficient retained earnings to cover the ¥1,950 billion in public funds injected into the three banks.

Retained Earnings



Major Joint Projects

Joint Services Offered by the Three Banks

- Reciprocal Access to ATMs
  - The three banks started offering reciprocal access for ATM withdrawals from April 3, 2000.
  - DKB and Fuji Bank started offering reciprocal access for ATM deposit transactions from August 21, 2000.
- Spark Cards
  - Spark Cards are dual-function credit/debit cards, which DKB and Fuji Bank have been issuing since March 2000.
- Mizuho Group Credit Cards
  - The credit card subsidiaries of the three banks plan to issue joint Mizuho Financial Group credit cards from October 2000.

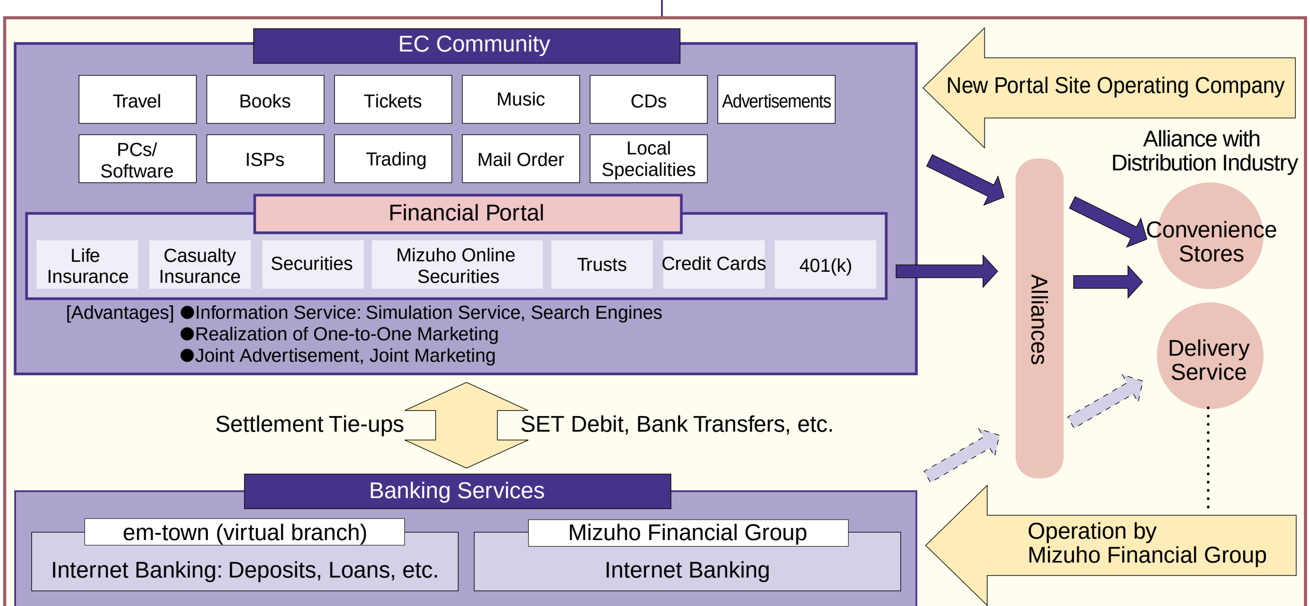
MHFG Strategic Projects

- Inauguration of “em-town” e-Business Model

MHFG will generate new value added by offering services in three key sectors: Banking, Financial Portals and EC Community. Using various settlement methods, such as debit cards, credit cards and bank transfers, these services will deliver one-stop shopping in everything from financial services to merchandising.

In the area of “Banking,” an “em-town branch” will be set up, subject to regulatory approval, to offer deposit, loan, fund and account transfer, shopping settlement and other services. A “Financial Portal” will be set up through consortia with external partners to display and offer a wide range of finance-related products. The “EC Community” will consist of a shopping mall offering numerous attractive products and services in conjunction with external partners from many different businesses under a single roof.

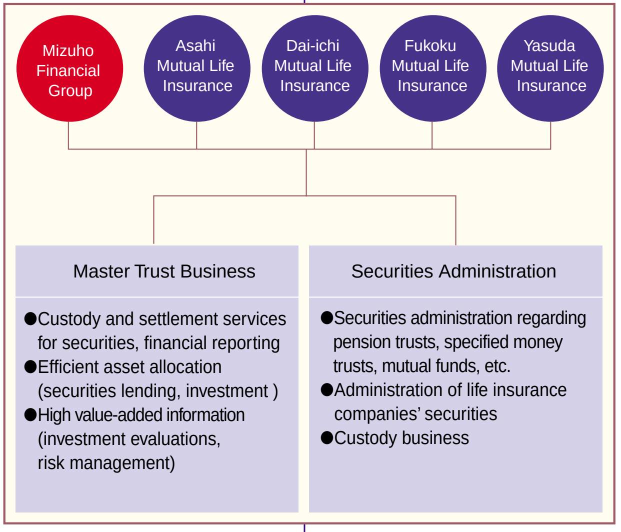
The “em-town” Business Model



Joint Asset Administration Services, including Master Trust Business

Using the high credit ratings supported by its sound financial position and strong customer bases of the three banks, MHFG will develop its master trust and other asset administration businesses while promoting its ties with four life insurance companies.

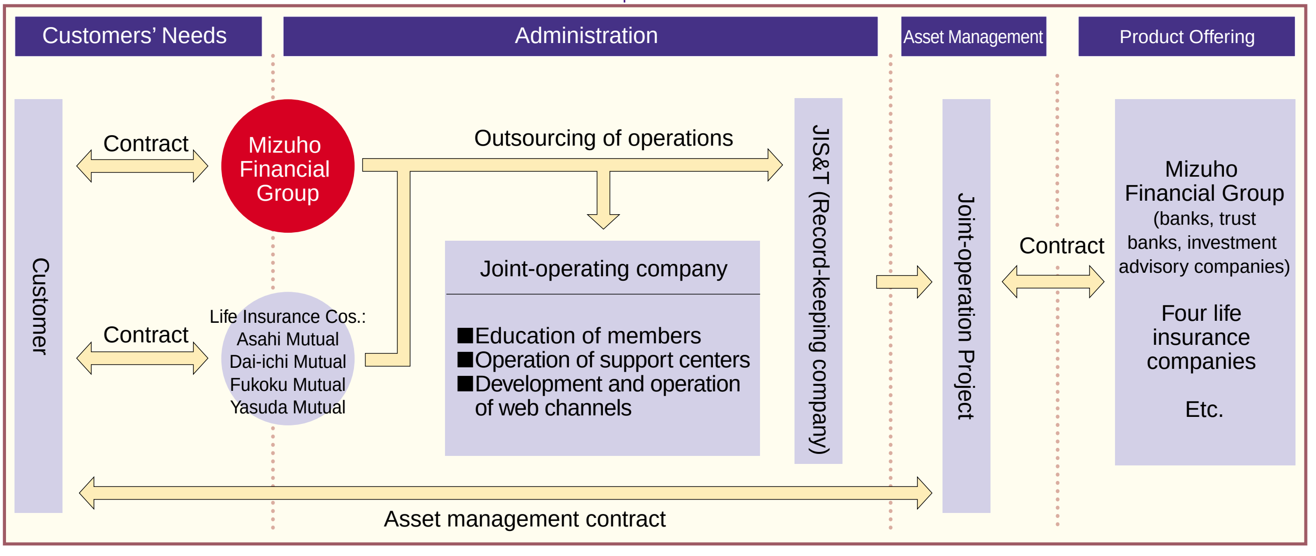
Tie-ups with Four Insurance Companies' Asset Management Business



Joint Development of Defined Contribution Pension Plan Business

MHFG will conduct studies into joining four life insurance companies and group firms in establishing a joint venture company that will undertake managerial and administrative tasks associated with the defined contribution pension plan business. These tasks include the development of educational tools for potential and current policyholders, operation of support centers and the development and management of Internet-based delivery channels.

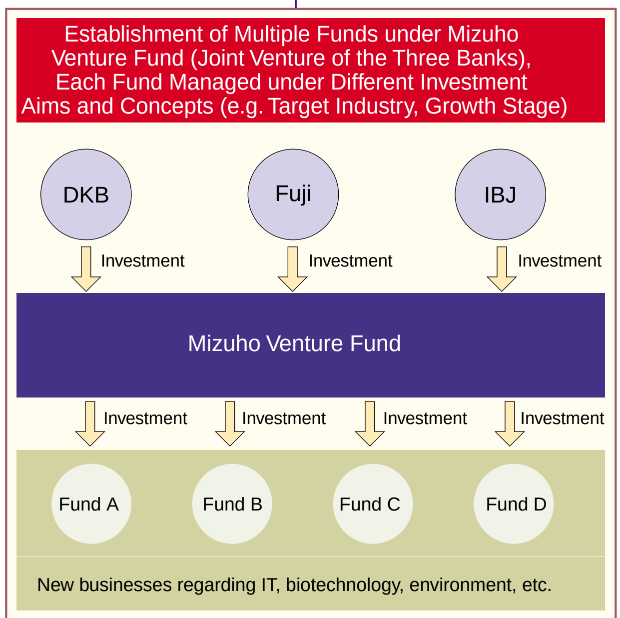
Joint Operating Company for Defined Contribution Pension Plan Business



● Establishment of the Mizuho Venture Fund

The three banks will jointly establish the "Mizuho Venture Fund" to identify and support new businesses, venture companies and firms with technological capabilities that will play a central role as leaders in the 21st century.

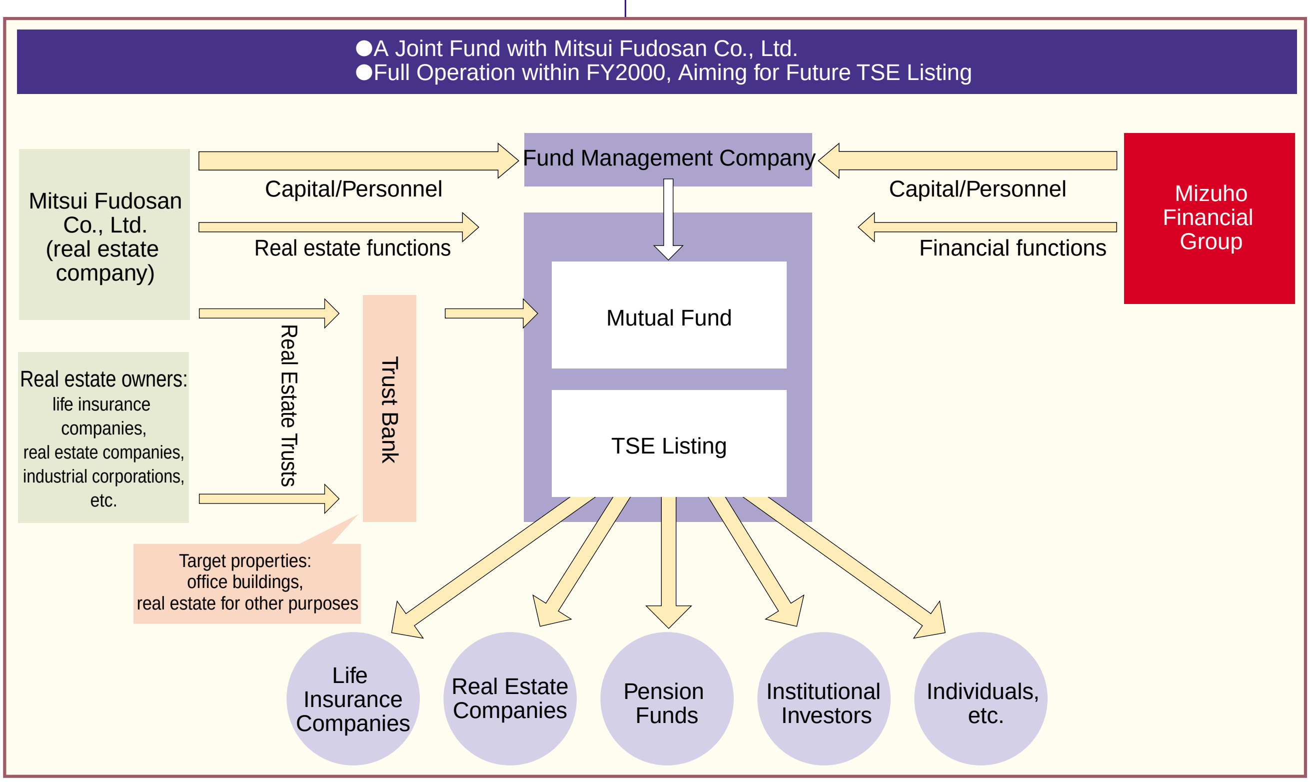
Mizuho Venture Fund



● Establishment of a Real Estate Investment Trust

MHFG and Mitsui Fudosan Co., Ltd. will jointly establish the "Real Estate Fund"—an investment trust (mutual fund) aimed at investing in real estate such as office buildings, condominiums, commercial facilities and other real estate—with a view to eventually listing it on the Tokyo Stock Exchange.

Real Estate Investment Trusts



Review of Operations

Business Topics

Management Strategies, and Product and Service Innovations for the 21st Century

Consumer and Commercial Banking

Providing Optimal Services via Advanced Multiple Channels to Meet Customers' Increasingly Diverse and Sophisticated Needs

"Fuji Small and Medium-size Business Development Fund" Launched

We created the Fuji Small and Medium-size Business Development Fund to provide active support for the growth and development of small and medium-sized enterprises (amounting to ¥600 billion). In June, the "Safety Pack," with a built-in interest rate cap, was launched as part of this fund to meet the needs of customers who want to reduce the risk of future interest rate rises.

The Business Development for High-Growth & Emerging Market and the Business Development for IT Industry Departments Established within the Commercial Finance Business Division

The establishment of the Business Development for High-Growth & Emerging Market department in the Commercial Finance Business Division reflects our commitment to the enhancement of our organization in the new business market. In January 2000, the department successfully used its information resources and specialized knowledge about new businesses to develop a range of products and schemes designed specifically for firms entering new business sectors. In May 2000, the Business Development for IT Industry department was established in response to trends in the activities of IT-related businesses.

New Benefits for Fuji First Club Members

- Preferential fund transfer charges for Fuji First Club members (September 1999)
- Cash card theft insurance for Fuji First Club members (November 1999)
- Cyber Bank insurance for Fuji First Club Members and Fuji Cyber Bank users (June 2000)

Membership of the Fuji First Club, a membership reward program that offers special benefits to member customers, continues to expand steadily and already exceeds 600,000. Over the past year, we have introduced a variety of new benefits in response to requests from members. In addition to preferential fund transfer charges, several new peace-of-mind benefits have been introduced, including cash card theft insurance and Fuji Cyber Bank insurance.

Fuyo Techno Library Forum

The Fuyo Techno Library Forum was established by the Fuji Research Institute Corporation to provide businesses with better matching services through access to information about technology, with particular emphasis on face-to-face interaction between interested parties.

Fuji Bank Selected as Main Financial Institution for the Tokyo Metropolitan Government's Collateralized Loan Obligation (CLO) Scheme

This scheme was set up to assist small and medium-sized enterprises with high growth potential and standards of technology. We work through the scheme to provide such companies with new financing methods based on direct market access.

Recipients Chosen for Grants from Charitable Trust for Fuji New Business Fund

The Charitable Trust for Fuji New Business Fund is a charitable public trust managed by The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. A total of 12 companies were selected to receive grants totaling ¥45 million. It was decided to double the ceiling on grants from ¥5 million to ¥10 million, effective from fiscal 2000.

Inauguration of "Fuji Information Net Service (FINS)"

The Fuji Information Net Service (FINS) is a free Internet-based information service for customers. Information is provided to meet customer needs in such areas as foreign exchange, business management, services and products.

"Fuji Everyday Bank" Opened

- Ichikawa-Myoden Branch (Chiba) (April 1999)
- Higashi-Totsuka Branch (Kanagawa) (October 1999)
- Tobu-Nerima Branch (Tokyo) (May 2000)

Fuji Everyday Bank is the name used for our in-store branches that offer a full range of banking services even after 3 p.m. on weekdays and on Saturdays and Sundays when regular branches are closed. In May 2000, we opened the third of these branches. Customers can open accounts, process deposit transactions, apply for housing loans and pay utility charges. The branches also handle foreign currency deposit transactions. This new concept has become very popular with customers.

"Fuji Mobile Banking" Launched

Our customers are now able to access a variety of services, including account balance inquiries and transfers of funds, via NTT DoCoMo's "i-mode" mobile telephones. In May 2000, we also began to provide a range of information services via this system. Information available includes deposit and loan interest rates, foreign currency deposit interest rates, exchange rates, and investment trust unit values.

Japan Multi-payment Network Promotion Association Established

The range of banking channels has expanded to include ATMs, telephone banking and Internet banking. However, it was not possible to use these systems to pay charges for electricity, gas, telephone and other utilities. The Japan Multi-payment Network Promotion Association was established to develop systems that would allow the use of these new payment channels. The association's membership includes financial institutions, payment collection companies and system vendors. Fuji Bank acts as one of the representative companies for the organization.

"Fuji Spark Card" Launched

The Spark Card combines the functions of a cash card and credit card. Cards issued by Fuji Bank and Dai-Ichi Kangyo Bank use a common product name and design. As the range of applications for cash cards constantly expands, we remain committed to enhancing customer convenience in this area.

Global Corporate and Investment Banking

Borderless Services Based on Advanced Financial Technology

Fuji Bank Named in Project Finance Magazine's "Deal of the Year"

We have posted specialist project finance staff in a number of overseas locations, including New York, Houston, London, Singapore and Hong Kong. We are involved in various projects, including infrastructure and electric power projects as financial advisor and lead manager, and compete aggressively in the market. In 1999, we acted as lead manager in numerous large-scale projects, several of which were selected for "Deal of the Year" awards by Project Finance Magazine: a copper mining development project in Peru, a power generation project in India, and the Universal Studios project in Osaka.

Copper mining development project in Peru

Active Involvement in the Syndicated Loan Business

The Japanese syndicated loan market has expanded dramatically in recent years. This reflects increased demand from corporate customers who see syndicated loans as an important means of procuring funds, securing liquidity and reducing administrative costs. The market grew from US$3.7 billion (approximately ¥400 billion) in 1998 to US$36.6 billion (approximately ¥3.8 trillion) in 1999. Transactions in the first three months of 2000 reached US$21.3 billion (approximately ¥2.2 trillion). We are actively involved in arranging domestic syndicated loans, ranking second in value terms in 1999 and first in the January-March quarter of 2000.

* Figures and rankings according to IFR Securities Data.

L/C Refinancing Arranged for Iranian Central Bank

We established a US$100 million credit line for the Iranian Central Bank, becoming the first Japanese bank to do so. The funds will be used to refinance letters of credit issued by the Iranian Central Bank and five state-owned banks for up to one year as a condition for MITI's trade insurance. Fuji Bank customers involved in exporting to Iran will benefit not only from reduced risk, but also from lower commissions and assured recovery of export payments.

Closer Business Links with Heller Financial

Chicago-based Heller Financial, Inc. has strengthened its finance business, a business area in which it specializes, by developing expertise and financial products through corporate acquisitions and partnerships with global companies. Over the past year, it has enhanced its health-related financing capabilities through the acquisition of Healthcare Financial Partners, Inc. It has also strengthened its vendor lease business in the area of electronic products by forming strategic partnerships with global companies, such as Sony and IBM.

Establishment of Fuji Corporate Advisory Co., Ltd.

Fuji Corporate Advisory Co., Ltd. is the first specialist M&A and MBO company established by a Japanese bank. It was established in anticipation of further growth in M&A activity.

Fuji Securities Starts Full-scale Securities Operations

In the past Fuji Securities Co., Ltd. provided services relating primarily to bonds. It has now established an organizational structure capable of handling all types of stock-related business, including the use of stocks as a financing tool for customers.

Securitization of Housing Loans

We were the first Japanese bank to implement a domestic public bond offering to be used in residential mortgage-backed securities. All related tasks, including credit and repayment risk analysis, arrangement and other aspects, were handled within the Fuji Bank Group.

"FBF2000" MBO Fund Created

We signaled our full-scale entry into the MBO market by becoming the first Japanese bank to establish our own MBO fund, which is worth ¥15 billion.

"Mizuho Venture Fund" Established

Fuji Bank, DKB and IBJ invested jointly in this venture capital fund, which aims to provide support for new businesses, venture companies and firms with advanced technology.

"FCC IT Fund 2000" Established

Fujigin Capital Company has established a venture capital fund specifically for IT-related companies.

Real Estate Finance Division Created

We set up the Real Estate Finance Division to strengthen our capabilities in the rapidly expanding market for real estate finance. Our goal is to combine the Bank's functions and know-how in the field of real estate to enable us to develop our real estate finance business aggressively. Current areas of involvement include coordination for major real estate projects in Japan, providing non-recourse loans and domestic real estate securitization.

"Fuji Inforex" Internet-based Foreign Exchange Service Launched

Since April, our customers have been able to process foreign exchange transactions with us over the Internet. Establishing this service has enabled us to respond to the requirements of corporate customers, Asian banks and Japanese regional banks without going through branches or dealing rooms.

Asset Management Group / Processing Services and Information Technology Group

Specialized High-quality Services to Meet Changing Customer Needs

Fuji-Lord Abbett International, Limited Ranked First Among British Pension Funds in Terms of Investment Performance

The investment results achieved by Fuji-Lord Abbett International, Limited over historical periods of between two and eight years are the best of any British pension fund. Since July 1991, it has invested pension assets in various countries' stock markets. It uses its own industry analyses and corporate analytical techniques to select investment targets around the world.

As of December 31, 1999 (Source: CAPS)

	Past 8 years	Past 5 years	Past 2 years	Past 1 year
Annualized investment returns	27.9%	32.9%	46.0%	75.8%
Rank	1st (out of 53)	1st (out of 58)	1st (out of 62)	2nd (out of 67)

- CAPS (Combined Actuarial Performance Services, Ltd.) is a leading UK-based independent provider of specialist investment evaluation services.
- Range of ranking survey: "Mixed with Property" (wide range of investments, including UK stocks, world stocks and real estate).

Fuji Bank and Yasuda Trust & Banking Establish Joint Branches

Fuji Bank and The Yasuda Trust & Banking Co., Ltd. established their first joint branches. The aim is to enable Fuji Bank customers to benefit from the specialized advisory services offered by Yasuda Trust & Banking, and allow customers of Yasuda Trust & Banking to gain immediate access to the comprehensive financial and information services that only a major commercial bank can provide under one roof. To date, the number of joint branches has increased to 10.

Fuji Bank and Yasuda Trust & Banking Joint Branch

Range of Investment Trust Products Expanded

We added several new products, including limited-risk investment trusts, to the range of investment trust products we offer to meet the needs of our customers.

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. Opens for Business

In April 1999, The Fuji Trust & Banking Co., Ltd. and The Dai-Ichi Kangyo Trust & Banking Co., Ltd. merged to form Dai-Ichi Kangyo Fuji Trust & Banking. The transfer of asset management and administration operations, including pension trust, custody and stock transfer agency services, from The Yasuda Trust & Banking Co., Ltd. was completed in October.

Introduction of IBOS-based Services

IBOS (Interactive Business Operating System) is a group made up of 15 European, American and Japanese banks. Fuji Bank is the sole Japanese participant. Customers enjoy access to local financial services through the branches of all IBOS members.

Fuji Kabuto Custody & Proxy Acquires ISO9001 Certification

Our Fuji Kabuto Custody & Proxy department provides standing proxy services, including custody services and the exercise of option rights, for foreign institutional investors and financial institutions that invest in Japanese securities. Fuji is one of the leading custodians in Japan in terms of assets under management and the number of transactions handled. In September 1999, we acquired certification under the ISO9001 international quality standard. This achievement reflects our continuing commitment to provide the best possible customer services.

Monex Version Services Launched by Fuji Cyber Bank

The deregulation of stockbroking commissions has resulted in the establishment of numerous online stockbroking firms. We established a settlement tie-up with Monex Inc., which commenced securities business in October 1999, allowing that company's Internet securities transactions to be settled via Fuji Cyber Bank. This is the first time a Japanese bank has used Internet banking to enable customers' multi-purpose savings accounts to be utilized for settlements of Internet securities transactions.

Japan Internet Payment Promotion Association Established

This association was formed in response to moves toward the international standardization of settlements via the Internet. Its purpose is to develop a common basic infrastructure for settlements of Internet transactions in Japan, carry out surveys and research, and collect information about Internet settlements. Fuji Bank acts as one of the representative companies for the organization.

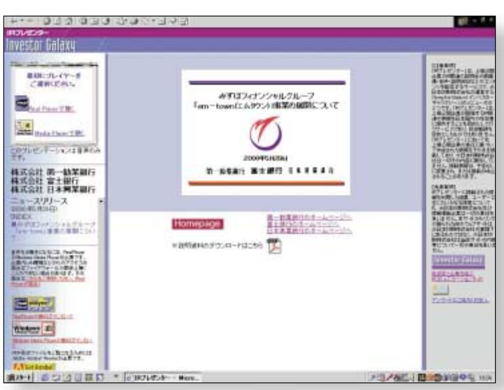
Asset Management Group / Processing Services and Information Technology Group

Japan IC Card Promotion Association (tentative name) Established

Progress in IT has encouraged a global trend toward the use of IC card technology for cash cards, credit cards and other applications. IC cards are also being used increasingly in the public sector and in various industries, notably the transportation sector. The association was established to develop uniform specifications for schemes based on the use of IC cards.

"em-town" Financial Portal Business Announced

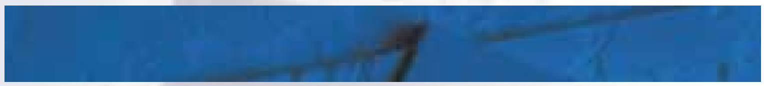
Together with DKB, IBJ, and other financial institutions and corporations, we announced the development of a collaborative Internet business scheme that transcends traditional business formats. The joint initiative will be developed under the "em-town" brand and the aim is to offer new lifestyle options for the Internet age.



Full-scale Introduction of J-Debit System

The J-Debit card service was launched in January 1999, and the system's clearing center, which provides centralized management of settlement data, became operational in March 2000. The system covers cards issued by almost all of the 617 financial institutions that belong to the Japan Debit Card Promotion Association and makes it possible to use the approximately 300 million cash cards issued by these financial institutions at 100,000 locations throughout Japan.

Corporate Information



Contents

The Senior Management and Senior Overseers

Chairman of the Board

Toru HASHIMOTO

President & Chief Executive Officer

Yoshiro YAMAMOTO

Deputy Presidents

Tosaku HARADA
Toshiyuki OGURA

Senior Managing Director
Member of the Board of Directors

Masaaki SATO

Managing Directors
Members of the Board of Directors

Isao HIRAIDE
Atsushi TAKANO
Terunobu MAEDA
Hiroaki SHINODA
Teruhiko IKEDA
Seiji SATOMURA
Yukio OBARA
Kenji WATANABE

Senior Overseers

Soichi HIRABAYASHI
Takeie UKITA
Kouichi SAKATSUME
Yuji OSHIMA
Toshiaki HASEGAWA

(as of July 1, 2000)

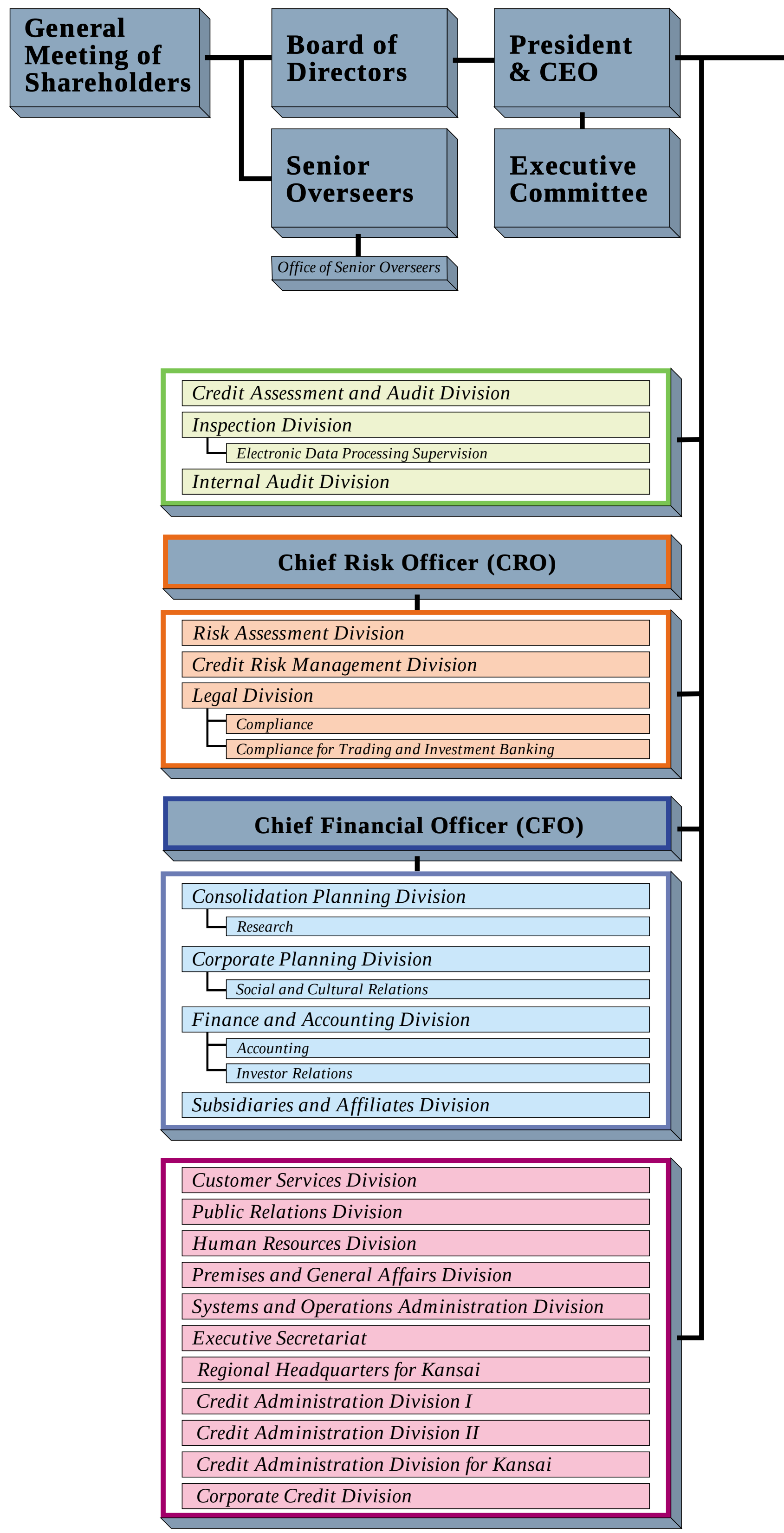
Managing Directors

Fumito ISHIZAKA
Minoru ITOSAKA
Michio UENO

Directors

Kazumi YANAGIHARA
Yoshiaki SUGITA
Hajime SAKUMA
Saburo NISHIURA
Kazuo KASUGAKAWA
Sumio UESUGI
Masayoshi KANAJI
Akio TAKEUCHI
Kenji MIYAMOTO
Shunsaku ICHIKAWA
Yutaka KOMATSU
Kazuhiko YOSHIMOTO
Yukihiko CHAYAMA
Masayoshi EJIRI
Kanji OGAWA
Yoneo SAKAI
Mithuru MACHIDA

Organization Chart



(as of May 31, 2000)

Consumer and Commercial Banking

Commercial Finance Group

Commercial Finance Business Division
- *Business Support & Coordination*
- *Business Development Support*
- *Business Development for High-Growth & Emerging Market*
- *Business Development for IT Industry*

Business Finance Center
Fuyo General Lease Co., Ltd.
Fujigin Factors, Ltd.
Japan Mortgage Co., Ltd.

Product Development & Marketing Division
Credit Division I
Credit Division II
- *Credit for Kansai*

Credit Division III
- *Credit for New Business*

Full Banking Branches

Branch Administration

Consumer and Private Banking Group

Personal Banking Branches

Housing Loan Business Promotion Center
Private Banking Division
The Fujigin Credit, Ltd.

Product Development & Marketing Division
Sales Channel Management Division

Global Corporate and Investment Banking

Global Business Planning Division

Corporate Finance Group

Corporate Banking Divisions I-III, V, VI
Osaka Corporate Banking Division
Shinjuku Shin-Toshin Corporate Banking Division
Kabutocho Branch

Global Credit Division I
Global Credit Division II

Investment Banking Group

Corporate Advisory Division
Structured Finance Division
Project Finance Division
Real Estate Finance Division
Fuji Securities Co., Ltd.

Fujigin Capital Company
Fuji Corporate Advisory Co., Ltd.
Fuji Securities Inc.
Fuji Futures Inc.
Fuji International Finance
Fuji Bank (Schweiz) AG

International Banking Group

International Business Division
Overseas Branches
Corporate Banking Division (U.S.A.)

Overseas Subsidiaries
Heller Financial, Inc.

International Division
International Credit Division

Credit Division for the Americas
Credit Division for Europe, Africa & the Middle East

Trading Group

Capital Markets Trading Division
Derivative Products Division
- *Credit Risk Trading*

International Treasury Division
Fuji Capital Markets Corp.

Trading Business Planning
Treasury Division

Public and Financial Institutions Group

Institutions Business Division
Municipal Divisions (HO, Osaka)

Institutions Marketing Division

The Yasuda Trust and Banking Co., Ltd.

Asset Management Group

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.
Fuji Investment Management Co., Ltd.
Fuji-Lord Abbett International Ltd.

Asset Management Division
Trust Business Planning Division

Processing Services and Information Technology Group

[Processing Services]

Multimedia Business Division
- *Internet Business Planning*

Trade Services Division

Settlement & Clearing Services Division
- *Fuji Kabuto Custody & Proxy*

Processing Services Business Planning Division

[Information Technology]

Fuji Research Institute Corporation
Fujigin Software Service, Ltd.

IT Promotion Division
Systems Operations Division

IT Planning Division
- *Information Technology Risk Control*

Overseas Offices

(★ = Consolidated Subsidiaries)
(as of June 2000)

The Americas

Branches, Agencies and Representative Offices

Chicago Branch

225 West Wacker Drive, Suite 2000,
Chicago, Illinois 60606, U.S.A.
Phone: 1-312-621-0500
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Grand Cayman Branch

Roywest House, West Bayroad,
P.O.Box 707, Grand Cayman,
British West Indies

Houston Agency

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Los Angeles Agency

333 South Hope Street, 39th Floor,
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Fax: 1-212-321-9407
Telex: 420626, 232440

Colombia Representative Office

Carrera 7 No.71-52, Torre B Piso 9,
Santafe de Bogota, D.C., Colombia

São Paulo Representative Office

Avenida Brigadeiro Luiz Antonio,
2020-10° andar, 01318-911,
São Paulo, Brazil
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Fax: 55-11-287-7867

Subsidiaries

Fuji America Holdings, Inc.★
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Fax: 1-312-441-7499

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Telex: 425777

Fuji Bank International, Inc.★
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Fax: 1-213-253-4198

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Telex: 425777

Fuji Futures Inc.★
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Fax: 1-312-294-8721

Fuji JGB Investment Holdings, Inc.★
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Fuji JGB Investment L.L.C.★
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(Securities trading and dealing)
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Chicago, Illinois 60661, U.S.A.
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31 offices in U.S.A.

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(Same address as above)
18 countries

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Monte Elbruz No.124-8 Piso,
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Asia and Oceania

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Telex: K 27216

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Fax: 86-21-68412000
Telex: 337168 FJBSH

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Fax: 86-755-2225390
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Fax: 86-22-23305489

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(Swaps and derivatives services)
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11 Pedder Street, Central, Hong Kong
Phone: 852-2537-3815
Fax: 852-2826-4891

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(Operations in financial futures markets)
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Singapore 049909
Phone: 65-2213633
Fax: 65-2273038

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(Corporate and merchant banking)
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Sydney, N.S.W. 2000, Australia
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Heller Asia Capital (Singapore) Limited★
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Tower 2, Singapore 068809
Phone: 65-226-3822
Fax: 65-222-3198
Telex: 23339

Heller Financial Services Limited★
(Factoring)
Level 23, 207 Kent Street,
Sydney, N.S.W. 2000, Australia
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Fax: 61-2-9267-6032
Telex: 27500

Affiliates

East Asia Heller Limited
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Fax: 852-2-8272632
Telex: 74142

Heller Factoring (M) Sdn. Bhd.
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Fax: 60-3-262-6652

P.T. Jaya Fuji Leasing Pratama
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Jalan M.H. Thamrin 12,
Jakarta 10350, Indonesia
Phone: 62-21-331750
Fax: 62-21-325430
Telex: 61683

Thai Farmers Heller Factoring Co., Ltd.
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252 Ratchadapisek Road, Huaykwang,
Bangkok 10310, Thailand
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Fax: 66-2-275-5165

Europe and The Middle East

Branches and Representative Offices

London Branch
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Phone: 44-20-7588-2211
Fax: 44-20-7588-1400
Telex: 886352

Paris Branch
26 Avenue des Champs-Elysées,
75008 Paris, France
Phone: 33-1-4413-6000
Fax: 33-1-4413-6060
Telex: 641779

Bahrain Representative Office
Manama Center, Part 4,
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Manama, Bahrain
Phone: 973-224158
Fax: 973-224818
Telex: 9415 FUJIBK BN

Tehran Representative Office
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Subsidiaries

Fuji Bank (Luxembourg) S.A.★
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de la Porte-Neuve, L-2227,
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Fax: 352-474688
Telex: 3213 (FUJI LU)

Fuji Bank Nederland N.V.★
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1079 LH, Amsterdam,
The Netherlands
Phone: 31-20-3018000
Fax: 31-20-6610201
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Fuji Bank (Schweiz) AG★
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8022 Zürich, Switzerland
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Fuji Capital Markets (UK) Limited★
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Fuji International Finance PLC★
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Fuji Leasing (UK) Limited★
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Affiliates

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Fuji-Lord Abbett International, Limited
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Handlowy-Heller S.A.
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Heller Factoring Portuguesa, S.A.
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1200, Lisbon, Portugal
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Fax: 351-1-381-5786
Telex: 18531

NMB Heller N.V.
(Factoring)
Runnenburg 30, 3981 AZ Bunnik,
The Netherlands
Phone: 31-30-65-93-193
Fax: 31-30-65-93-493
Telex: 47678

Nordisk Factoring A/S
(Factoring)
Teknikerkyen 21, DK-2830,
Virum, Denmark
Phone: 45-45-98-5000
Fax: 45-45-98-5151

OB Heller A.S.
(Factoring)
Kristanova 3 130 00 Prague 3,
Czech Republic
Phone: 420-2-627-37-01
Fax: 420-2-627-41-43

NMB-Heller Ltd.
(Factoring)
Enterprise House, Bancroft Road,
Reigate RH2 7RT, U.K.
Phone: 44-1737-84-1200
Fax: 44-1737-84-1350

Domestic Offices

Fuji Bank Group

(as of May 31, 2000)

The Fujigin Credit, Ltd.
Established: November 1974
Capitalization: ¥1,200 million
Percentage of Ownership: 100%

The Fujigin Marketing Service, Ltd.
Established: March 1988
Capitalization: ¥10 million
Percentage of Ownership: 100%

Fuji Securities Co., Ltd.
Established: October 1994
Capitalization: ¥40,000 million
Percentage of Ownership: 100%

Fuji International Business Service Co., Ltd.
Established: April 1993
Capitalization: ¥20 million
Percentage of Ownership: 100%

Fuji Career Bureau, Ltd.
Established: May 1983
Capitalization: ¥70 million
Percentage of Ownership: 100%

Fujigin Kousei Service, Ltd.
Established: March 1988
Capitalization: ¥10 million
Percentage of Ownership: 100%

Fuji Total Service, Ltd.
Established: March 1996
Capitalization: ¥20 million
Percentage of Ownership: 100%

Fuji Business Experts, Ltd.
Established: June 1974
Capitalization: ¥70 million
Percentage of Ownership: 100%

The Fuji Sogo Kanri Co., Ltd.
Established: December 1994
Capitalization: ¥300 million
Percentage of Ownership: 100%

Fuyo General Lease Co., Ltd.
Established: May 1969
Capitalization: ¥4,800 million
Percentage of Ownership: 8%

Fuyo Auto Lease Co., Ltd.
Established: January 1987
Capitalization: ¥240 million
Percentage of Ownership: 75%

Fujigin Factors, Ltd.
Established: April 1978
Capitalization: ¥1,006 million
Percentage of Ownership: 51.38%

The J.M.C. Credit, Ltd.
Established: December 1987
Capitalization: ¥200 million
Percentage of Ownership: 5%

Fujigin Capital Company
Established: July 1983
Capitalization: ¥450 million
Percentage of Ownership: 10%

Fuji Investment Management Co., Ltd.
Established: September 1993
Capitalization: ¥2,050 million
Percentage of Ownership: 56.49%

Fujigin Software Service, Ltd.
Established: August 1982
Capitalization: ¥50 million
Percentage of Ownership: 47.75%

Fujigin Operation Service, Ltd.
Established: June 1985
Capitalization: ¥20 million
Percentage of Ownership: 50%

Fuji Corporate Advisory, Co., Ltd.
Established: December 1999
Capitalization: ¥300 million
Percentage of Ownership: 100%

Fuji Research Institute Corporation
Established: October 1988
Capitalization: ¥1,600 million
Percentage of Ownership: 21.25%

Fuji RIC Media Create, Ltd.
Established: June 1991
Capitalization: ¥50 million
Percentage of Ownership: 100%

F·D·P Co., Ltd.
Established: August 1989
Capitalization: ¥50 million
Percentage of Ownership: 100%

Fuji RIC System Development, Ltd.
Established: May 1990
Capitalization: ¥100 million
Percentage of Ownership: 100%

The Fudosan Appraisal Service, Ltd.
Established: March 1982
Capitalization: ¥20 million
Percentage of Ownership: 5%

FAS Co., Ltd.
Established: February 1994
Capitalization: ¥400 million
Percentage of Ownership: 50%

Japan Mortgage Co., Ltd.
Established: June 1973
Capitalization: ¥1,400 million
Percentage of Ownership: 24.83%

Daito Securities Co., Ltd.
Established: November 1927
Capitalization: ¥3,051 million
Percentage of Ownership: 22%

The Yasuda Trust and Banking Co., Ltd.
Established: May 1925
Capitalization: ¥337,231 million
Percentage of Ownership: 56.39%

Yasuda Business Create Co., Ltd.
Established: August 1985
Capitalization: ¥30 million
Percentage of Ownership: 100%

Tokyo Information Center Co., Ltd.
Established: June 1989
Capitalization: ¥100 million
Percentage of Ownership: 100%

YTB Properties Co., Ltd.
Established: September 1989
Capitalization: ¥2,200 million
Percentage of Ownership: 100%

The Yasuda Computer Service Co., Ltd.
Established: December 1972
Capitalization: ¥100 million
Percentage of Ownership: 70%

Urban Research Institute Corporation
Established: December 1987
Capitalization: ¥200 million
Percentage of Ownership: 100%

YTB Credit Guaranty Co., Ltd.
Established: February 1978
Capitalization: ¥100 million
Percentage of Ownership: 100%

The Yasuda Union Credit Co., Ltd.
Established: April 1983
Capitalization: ¥100 million
Percentage of Ownership: 95%

YTB Homes Co., Ltd.
Established: July 1986
Capitalization: ¥300 million
Percentage of Ownership: 100%

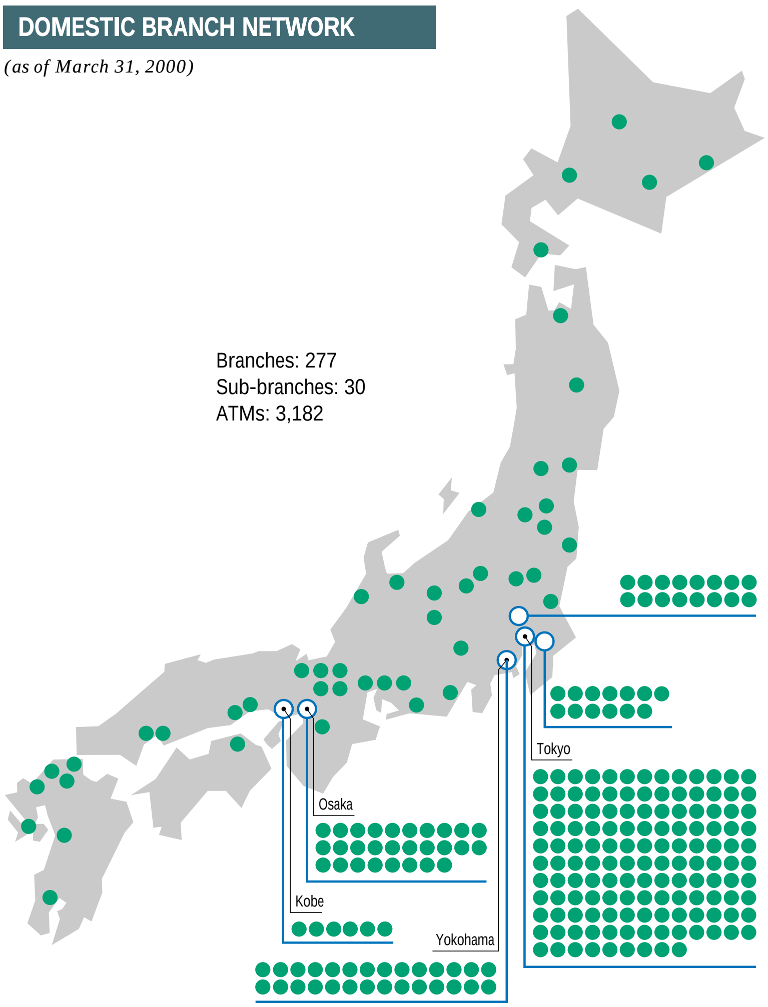
Anshin Total Finance Corporation
Established: April 1989
Capitalization: ¥300 million
Percentage of Ownership: 100%

YTB Leasing Company, Ltd.
Established: October 1983
Capitalization: ¥1,000 million
Percentage of Ownership: 84.6%

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.
Established: April 1999
Capitalization: ¥100,000 million
Percentage of Ownership: 50%

DOMESTIC BRANCH NETWORK

(as of March 31, 2000)



Corporate Citizen

In the words of our founder Zenjiro Yasuda, "We serve the communities in which we do business." We have a long and proud history of community service and the spirit of Mr. Yasuda's philosophy lives on stronger than ever today. Based on the theme of "Nurturing the Next Generation of Dynamic Young Citizens," we are engaged in a wide range of activities, including education, traffic safety, cultural support, social welfare, and support for volunteer activities.

Traffic Safety Campaign

Fiscal 1999 marked the thirty-sixth year of the annual Traffic Safety Campaign, which provides automatic accident insurance for all first graders in Japan who are involved in traffic accidents on their way to or from school. Along with Fuji Bank, the campaign is co-sponsored by other affiliated companies such as Yasuda Fire and Marine Insurance, Yasuda Mutual Life Insurance and Yasuda Trust and Banking. The program has provided insurance coverage for over 44 million children since its start.

Fuji Memorial Foundation and Other Welfare Activities

The Fuji Memorial Foundation was established in 1980 to commemorate the Bank's 100th anniversary. Its contributions to the community include grants for social welfare, funds for translating books into Braille for visually impaired university students, and donations of electrically powered wheelchairs - a total of 470 to date. The Foundation also uses contributions from employees as funding for a special project involving donations of specially-equipped buses to facilities for the physically handicapped. Over the years, it has donated a total of 165 such vehicles.

In 1993, the Bank, in response to requests from employees who wish to engage in volunteer activities, provided support through a special program to allow them to take special leave of absence.

On the local level, our domestic offices contribute to community service activities by taking part in fund-raising drives, by donating second-hand books and by promoting the recycling of used items.

Abroad, employees of our New York branch and the Fuji Bank and Trust Company have been very active in volunteer activities under the Community Reinvestment Act (CRA). This has helped the Bank earn high ratings from federal and state regulators for eight consecutive years since 1992.

Also, monetary contributions from employees both in Japan and abroad were donated to aid victims of earthquakes in Turkey and Taiwan.

Academic Support

In 1991, we established the Fuji Bank International Foundation as part of our commemoration of the Bank's 110th anniversary. In fiscal 1999, the Foundation provided a total of 20 students studying at Japanese universities with a monthly stipend of ¥120,000. From 1995, the Foundation inaugurated another scheme under which students attending universities in other Asian countries are provided with an annual scholarship.

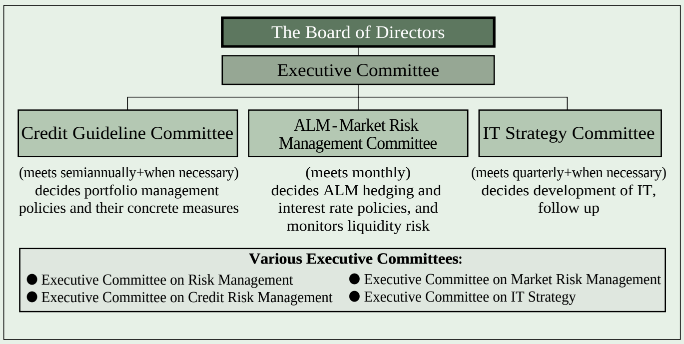
In other academic activities, we have instituted lecture series at Cambridge University, Chicago University and the China Institute of Financing in Beijing.

Financial Section

Contents

Risk Management

The global business environment affecting financial institutions is changing dramatically. As a result, the risks inherent in banking operations are rapidly gaining in complexity and diversity. More than ever, bank management must be able to identify, analyze and manage many kinds of risk, ranging from credit risk and market risk to operational risk, computer-related risk and legal risk. In the belief that the creation of a robust and watertight risk management system is an absolute necessity for any world-class bank, our operational and administrative structures are designed to make risk management one of our key managerial priorities.



We have set up special executive committees to establish and monitor the enforcement of risk management policies for each type of risk mentioned above, and various risk committees follow up on these policies. Semiannually meetings of the Executive Committee on Risk Management are held to discuss comprehensive risk management policies, and monthly Executive Committee meetings provide the necessary scrutiny and supervision. The Chief Risk Officer (CRO) specializes in consolidating bank-wide control and supervision of credit risk, market risk, operational risk, computer-related risk and other kinds of risk. The CRO is completely independent of profit-based divisions and fulfils a crucial function by monitoring and checking risks throughout the Bank.

I. Credit Risk

Of the various kinds of risk that banks face, credit risk is associated with a wide range of operations, from lending and market transactions in products such as derivatives to settlements. We are striving to ascertain all possible sources of risk and devise appropriate means of dealing with them. The most important issue in the area of credit risk management is ensuring the soundness of loan assets, which account for the lion's share of credit risk. We take a dual approach to this issue. On the one hand, we assess and monitor each individual loan transaction; on the other, we manage the entire loan asset portfolio on an all-inclusive basis.

To provide overall control of credit risk management, we established the Executive Committee on Risk Management and charged it with the specific task of controlling the entire portfolio risk. The Committee sets guidelines for dealing with credit transactions on the basis of the portfolio management policies set forth by management meetings. It also serves a credit risk portfolio management function by monitoring the management situation and initiating flexible reviews of the guidelines as necessary.

The Credit Risk Management Division and the International Credit Division are responsible, respectively, for domestic and overseas credit matters. They specialize in devising means of examining and managing individual loan transactions, and in planning and developing methods for analyzing the risk inherent in the overall loan portfolio. They are also in charge of the in-house credit rating system and self-assessment of bank assets.

To strengthen our credit risk management of our portfolio, we established the Credit Guideline Committee with the specific task of controlling the credit risk portfolio for each banking unit.

To strengthen portfolio credit risk management further, the Executive Committee on Credit Risk Management sets guidelines for credit risk ceilings and portfolio management policies for each banking unit. The Credit Guideline Committee formulates concrete measures based on the portfolio management policies set by the Executive Committee, and monitors their execution.

The Committee sets guidelines for dealing with credit transactions on the basis of the portfolio management policies set forth by the Executive Committee. It also fulfils a concrete credit risk portfolio management function for each banking unit by monitoring the management situation and initiating flexible reviews of the guidelines as necessary.

1. Credit Assessment and Monitoring of Individual Transactions

Each proposed loan transaction is carefully assessed for risk and profitability by the branch in charge. If the amount involved exceeds the branch manager's authority, the appropriate credit division at Head Office carries out the assessment. At this stage, active use is made of the in-house credit rating system*, which provides the standards needed for assessing the risk and profitability of each loan application as well as the tools for monitoring the transaction after its execution.

Within the head office credit divisions, specialist departments are set up to deal with large and medium-sized enterprises by type of industry and operational scale, and with individuals and smaller businesses by region. To cope with the rapid structural changes taking place in industry, we have also established an evaluation system based on a pool of specialist know-how that embraces sectoral knowledge and the ability to evaluate new technologies. For example, we set up the Credit for New Business Department to specialize in advanced sectors where technological innovation is progressing rapidly. The credit divisions thus provide branches with appropriate advice in a timely manner according to the characteristics of the customers and markets involved.

Overseas, credit divisions have been established in New York and London with responsibility for America and Europe, respectively, while credit personnel have been assigned to Hong Kong who work with head office credit divisions to deal with the Asian region. These staffers engage in information-gathering activities in connection with the laws, commercial customs, and political and economic conditions in their respective jurisdictions, and use this information as the basis for carefully focused credit assessment and management activities in each region.

We formulated the "Credit Operation Fundamentals and Policy" to clarify the rules that should be observed in credit operations, such as laws and regulations, and lay down the basic principles involved when making credit decisions. "Credit Operation Fundamentals and Policy" serves to define our lending policy by stipulating the standard approaches and mechanisms on which our lending procedures are based. In this way, we have endeavored to lay down common rules to be observed by all bank staff in lending operations as a means of promoting the formation of a universal lending stance and assuring the soundness of our loan assets.

We have also established departments at home and abroad to carry out industrial surveys designed to gather and analyze information on sectoral trends, and new products and technologies, and make the results available for use in credit decisions.

Nurturing human resources to support this credit evaluation system is extremely important. In addition to making efforts to train specialists in assessing loans, the management team is paying particular attention to implementing practical training programs according to the type of specialization involved.

* In-house rating system
Our in-house rating system uses 17 grades and in principle is applied to all loan assets other than housing loans. First, the marketing or credit division in charge prepares rating studies on the basis of a manual. Then, the Credit Assessment and Audit Division, which is completely independent of our operational and credit divisions, confirms the validity of the results from a neutral, objective viewpoint. Reviews are conducted at least once every twelve months, but they may also be carried out at any time on a case-by-case basis when there are changes in the customer's position.

This system is used in analyzing and quantifying the overall credit risk associated with our loan portfolio. In fact, we make use of our credit ratings at all phases of the lending process, from pricing for individual cases and evaluations of an industry's performance through to the risk-assessment process.

The system provides infrastructural support for the examination and management of individual transactions, and is the basis for managing the loan portfolio and credit risk. It has been revised and upgraded repeatedly, and now provides an objective indication of the credit risk associated with our loan assets. We have also endeavored to ensure ample consistency between it and the ratings of rating agencies, asset self-assessment systems and the asset classifications used by the financial supervisory authorities.

2. Portfolio Management

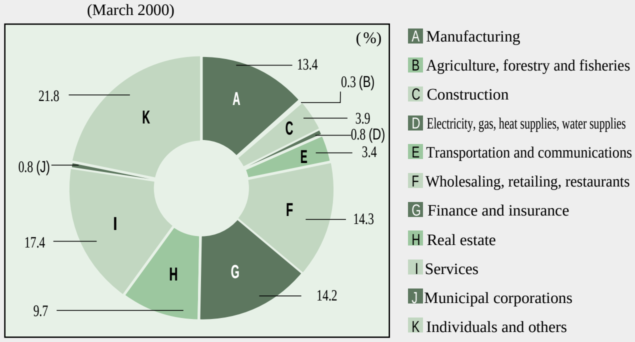
While assessing and managing individual projects and proposals are important, we also go to great lengths to ensure the overall soundness of our loan assets by analyzing and managing the loan portfolio, which is the aggregate of all individual loans.

Our Executive Committee and Credit Guideline Committee set guidelines for credit risk ceilings and portfolio management policies for each banking unit, then regularly monitor and analyze the entire loan portfolio by business sector, region, in-house rating and other criteria. This enables us to manage the credit risk held both by each banking unit and the Bank as a whole by keeping it within levels that are appropriate.

(1) Breakdown of Loan Portfolio by Business Sector

Through the Executive Committee and Credit Guideline Committee, we monitor the makeup of our portfolio constantly to ensure that there is no bias toward any specific industrial sector and to avoid any adverse changes in portfolio structure.

[Chart 1] Breakdown of Loan Portfolio (by business sector)
(March 2000)



Note: Domestic offices (excluding loans booked in the Japan offshore market)

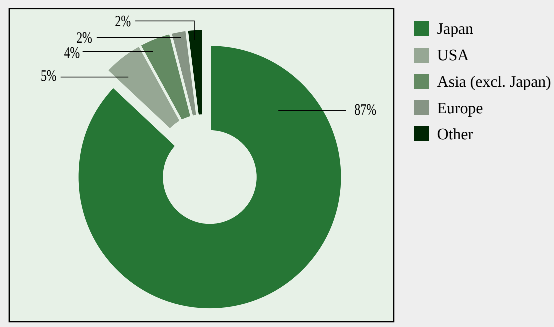
(2) Breakdown of Loan Portfolio by Region

Through the country risk/exposure system, upper limits are set for each country for all credit transactions, including loans. This upper limit is reviewed at least once every six months to reflect conditions in the world economy and political and economic conditions in each country.

As of the end of March 2000, loans to Asian countries (excluding Japan) were as shown below in Table 1. Affiliates of Japanese companies accounted for just under 40% of loans to the private sector.

Almost all of the loans to non-Japanese borrowers are to the largest business groups in each country.

[Chart 2] Breakdown of Loan Portfolio (by region)
(March 2000)



Note: Non-consolidated basis.

[Table 1] Loans to Asian Countries

	Millions of U.S. dollars						
		Public sector/	Project	Private sector			
	Balance	Financial institution	finance	Total	Japanese	Non-Japanese	(% of total)
South Korea	$ 943	$ 536	$ —	$ 407	$ 37	$ 370	(90.9%)
Indonesia	621	185	79	356	89	267	(75.0)
Thailand	763	52	198	532	374	158	(29.8)
Hong Kong	2,304	39	163	2,100	650	1,450	(69.0)
Singapore	457	—	—	457	340	117	(25.6)
Malaysia	545	294	—	251	41	209	(83.6)
China	738	112	33	593	339	253	(42.8)
Philippines	230	97	8	124	71	53	(43.1)
India	265	107	12	144	9	135	(93.4)
Taiwan	179	1	0	178	48	129	(73.0)
Vietnam	6	—	1	5	5	0	(0.3)
Other	3	0	2	0	—	0	(100.0)
Total	$7,080	$1,427	$500	$5,152	$2,006	$3,146	(61.1%)

Note: Non-consolidated basis.

3. Measuring Credit Risk

Our approach to measuring credit risk is multifaceted, focusing on integrating the management of credit, market and other risk, and promoting the efficiency of portfolio management and the allocation of management resources. We now quantify the credit risk associated with virtually all credit transactions, including derivative and other off-balance sheet transactions, on a daily basis. After measuring and analyzing credit risk according to such criteria as transaction type, rating, region and business sector, we submit reports on our findings. Our management then uses this information in decisions relating to integrated risk management. The information is also applied in marketing strategies to ensure appropriate loan spreads, and in management information systems to compute profits following adjustment for risk according to bank division.

Ⅱ. Market Risk Management and Derivative Transactions

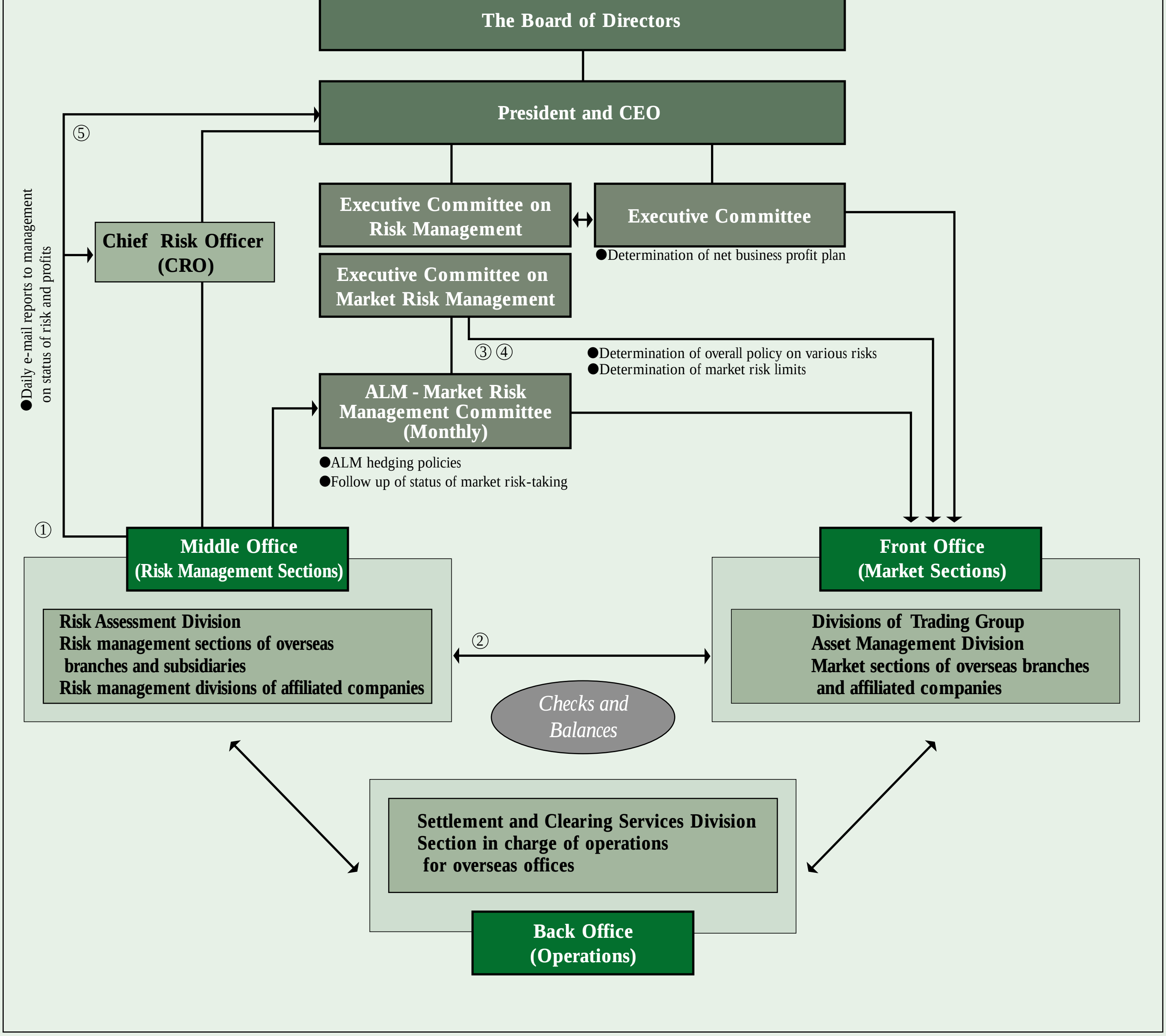
1. Market Risk Management Structure

Market risk means the risk of losses that the Bank could incur because of decrease in the value of assets (including off-balance sheet assets) caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices.

As a global dealer, we engage in market-making for interbank dealers and customers, and developing derivatives and other new products, and other numerous activities. Our basic approach to market transactions is to maximize the profitability of our market divisions while controlling risk in an appropriate manner.

To achieve this, we have established a powerful organization for managing market risks, including the asset liability management (ALM) of interest rate risk on yen deposits and loans. This gives us an overall control of market risk and thus ensures greater stability in earnings. Chart 3 outlines our market risk management organization.

[Chart 3]



The following five features characterize our market risk management organization.

① Establishment of an independent risk management division.
② Sophisticated methodologies for measuring and managing market risk.
③ Risk management policy determined by the Board.
④ Risk limits determined by the Board.
⑤ Regular reporting to the Board and senior management.

① Establishment of an independent risk management division.

In 1994, we became the first Japanese bank to set up a risk control unit to identify, assess and control our overall market risk on a consolidated basis. The Risk Assessment Division (formerly the Market Risk Assessment Division) is responsible for overseas branches and subsidiaries as well as domestic activities. To guarantee the neutrality of the Division's decisions, it is completely independent of front office sections involved in transactions, dealing and other business activities.

Overseas branches and subsidiaries have also established their own market risk management sections that are independent of trading units involved in market activities. In each office, we have an effective system of checks and balances among the front office (market activities), the middle office (risk management) and the back office (operations), which are separated from each other.

② Sophisticated methodologies for measuring and managing market risk.

Virtually all of our business units engaged in market activities manage profits and losses on a mark-to-market basis, since it is indispensable to obtain a clear picture of unrealized, as well as realized, profit and loss.

We use the Value at Risk (VaR) methodology to manage market risk. When VaR is not enough to manage and control risk on its own, we supplement it with additional market risk information and tools. Among other things, we set limits on risk sensitivities such as Basis Point Value (BPV), carry out stress tests and back tests, and set stop-loss limits according to actual transactions in each division. For further information, refer to "2. Overall Market Risk Activities."

The Risk Assessment Division is constantly absorbing and applying advanced financial theory and expertise. It conducts research into upgrading management techniques, and devotes a great deal of energy to streamlining systems and infrastructure.

③ Risk management policy determined by the Board.

To clarify our standards for setting risk-taking limits, organizational structures, lines of authority, procedures and techniques for evaluating and controlling risk, we formulate our own "Risk Management Policy for Market-related Risks." This is reviewed every year in principle and approved by the Board of Directors. The policy is also kept fully consistent with the risk management principles issued by banking regulators in Japan and the Bank of International Settlements (BIS).

④ Risk limits determined by the Board.

We believe that our exposure to potential losses arising from all kinds of risk, including market, credit and operational risk, should be kept within levels that can be covered by our own capital. Based on this principle and taking account of our business strategies, we allot a portion of our capital for coverage for market risk and set the maximum risk limit for aggregate market risk (VaR). We then allocate this limit to each division according to the market outlook, our business strategies and other criteria, setting risk limits for each division. The President and CEO and the Board of Directors determine these risk limits and their allocation every six months.

⑤ Regular reporting to the Board and senior management.

[Daily] E-mail
Each day, a report summarizing VaR, trading activities, profits and losses and market risk by division is sent by e-mail to the Chairman, the President and CEO and other members of the Board of Directors and senior management.

[Monthly] ALM-Market Risk Management Committee
The presiding Deputy President convenes the ALM-Market Risk Management Committee every month. The Committee reviews and reports trading activities, profits and losses, and market risk by division, as well as liquidity risk to close our position and liquidity risk in funding, and makes decisions on ALM hedging strategy.

The above procedures provide senior management with an accurate and timely grasp of our market risk exposure, creating an organizational structure that allows appropriate management decisions to be taken quickly.

We have also adopted the following measures to deal with ALM activities, particularly in respect of interest rate risk on yen deposits and loans:

- The Treasury Division deals exclusively with ALM hedging operations.
- To upgrade ALM procedures in managerial accounting, we have abolished the Head Office-Branch rate and use individual settlement rates based on market interest rates for each product and maturity instead.
- The ALM-Market Risk Management Committee determines its ALM hedging strategy each month. The Treasury Division follows this strategy in its actual ALM hedging operations, reporting its results to the Committee the following month.

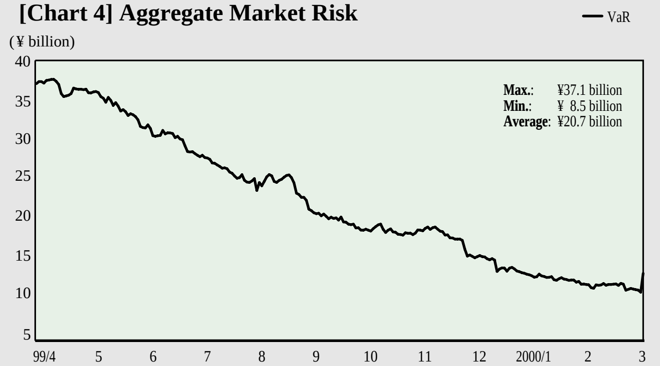
Value at Risk (VaR)
VaR is one of several methods used to measure market risk. It is defined as the maximum possible loss that could be incurred on our portfolio as a result of adverse market movements within a certain period and degree of probability. The actual amount of the VaR may vary according to the confidence interval and the length of the holding periods, as well as the models used for measuring the volatility of market risk factors.
Basis Point Value (BPV)
BPV shows how much net present value on transactions varies when interest rates change by 1 basis point (0.01%).

2. Overall Market Risk Activities

(1) Level of Market Risk

Chart 4 shows the trend in market risk (VaR-amount) in fiscal 1999. Market risk amount (VaR) covers almost all market risk on a consolidated basis, including most of our overseas branches and subsidiaries, and also the trading sections of The Yasuda Trust and Banking Co., Ltd. However, it excludes market risk taken for strategic purposes, such as price fluctuation risk of stocks held for long-term appreciation.

[Chart 4] Aggregate Market Risk



The standards used for calculating VaR in Chart 4 are as follows:

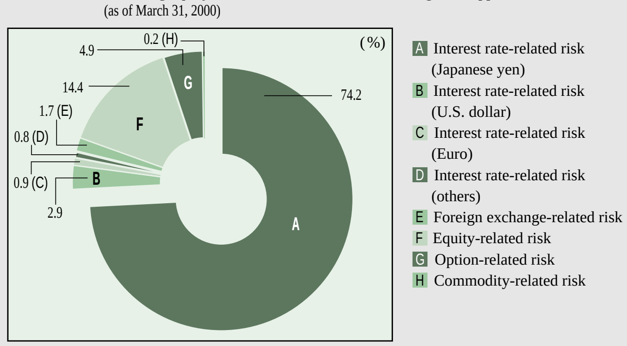
- Confidence interval: one-tailed 99.0% (two-tailed 98.0%)
- Holding period: one day
- Historical observation period: six months
- Discretion to recognize empirical correlations across broad risk categories
- Measurement models: variance/covariance method (delta plus method)

We have been using our own internal models for calculating VaR based on the above standards for many years. In this way, we are able to confirm on an ongoing basis that our own capital and profitability are enough to cover the amount of market risk (VaR).

(2) Component of Market Risk

Chart 5 shows the impact each risk element has on overall market risk by giving a breakdown of our market risk (VaR) by risk category as of March 31, 2000. For example, "Interest rate-related risk (Japanese yen) = 74.2%" indicates that fluctuations in Japanese yen interest rates affect 74.2% of total market risk.

[Chart 5] Market Risk (by risk category)
excluding equity investment securities held for long-term appreciation
(as of March 31, 2000)



It is clear that while risk in other categories is dispersed in a well-balanced fashion, most of our market risk consists of yen interest rate risk, an area in which we are fully capable of exploiting our strengths as a Japanese bank.

(3) Yen Interest Rate Risk

Table 2 provides a more detailed analysis of yen interest rate risk, the largest component of our aggregate market risk. It shows yen interest rate risk in terms of interest rate sensitivity by period (grid sensitivity).

[Table 2] Yen Interest Rate (BPV) Sensitivity by Period

	Billions of yen		
March 31, 2000	1 year or less	1-5 years	5 years or more
Interest Rate (BPV) Sensitivity	¥(0.2)	¥(1.0)	¥(0.4)

Basis Point Value (BPV) is an index of interest rate sensitivity that shows how much unrealized gains increase when interest rates rise by 1 basis point (0.01%). The negative numbers in Table 2 show that unrealized gains decline when interest rates increase during the periods in question. We can therefore judge the impact of interest rate movements on unrealized gains more accurately even when short- and long-term interest rates behave differently.

(4) Simulation of Profits and Losses

To measure in greater detail the impact of interest rate fluctuations on our term profits and losses, we conduct regular simulations of profits and losses in interest rate portfolios (the accrued banking account) in various key currencies. Table 3 shows how our profits and losses would be affected should interest rates rise by 0.5% above the level we predict. (March 31, 2000 figures)

[Table 3] Earnings at Risk Simulation

(Difference between estimated accrued term profits and losses under current conditions and in the case where interest rate rise by 0.5% above the level we predict.)

	Billions of yen		
	Yen	U.S. dollar	Euro
April 2000 – September 2000	¥ 26.9	¥(0.5)	¥(0.0)
October 2000 – March 2001	¥(13.2)	¥ 0.1	¥(0.0)

As the above simulation shows, we have enough capital and profitability to absorb the potential negative impact of changes in interest rates on accrued term profits and losses.

The combined use of risk sensitivities such as BPV and simulations of profits and losses, as well as the VaR methodology, enables us to obtain versatile evaluations of our market risk.

(5) Liquidity Risk to Close Positions

When a particular bank accounts for an unusually large share of total market transactions in a particular instrument, it may take several days before it is able to offset the position risk. Price fluctuations may cause it to incur far greater losses than VaR. This sort of risk is known as "liquidity risk to close positions." In our case, we calculate the volume that we can trade in each instrument at a reasonable price on a single day and compute the number of days it takes to close our positions based on that daily volume. We then calculate potential loss for the market risk (VaR) for the number of days to close our positions, and manage this kind of risk accordingly. This puts us in the position where we can offset our positions at reasonable prices in a very short time if necessary.

At the end of March 2000, liquidity risk to close our positions stood at ¥26.1 billion. In terms of the size of the market and the time to close our positions, our capital and profitability are enough to cover the maximum possible loss on liquidity risk to close our positions. (This is based on a conservative measurement that does not consider the correlation among market risk factors.)

The President and CEO sets the limit on total liquidity risk to close our positions every six months. Reports on the status of liquidity risk to close our positions are submitted to the ALM-Market Risk Management Committee every month.

(6) Liquidity Risk in Funding

We have adopted strict procedures for managing liquidity risk in funding, which is the risk of potential inability to raise funds necessary to execute transactions. Based on analyses of the gap between assets and liabilities, and funding resources, our President and CEO sets position limits on the gap every six months, and reports are submitted to the ALM-Market Risk Management Committee every month.

3. Methodologies for Evaluating Market-related Transactions

(1) Trading Transactions

When they are available, we use current market prices (fair market values) to estimate fair values in trading transactions. When current market prices are not available, we use discounted present value or other evaluation techniques. Our evaluations and evaluation methods incorporate significant assumptions that we regard as adequate, and using different assumptions may result in different evaluations.

(2) Non-trading Transactions

For management accounting purposes, we also estimate fair values in non-trading transactions in the same methods with trading transactions described above.

(3) Evaluation Adjustments in Management Accounting

Although they are not reflected in financial accounts, we monitor close-out costs (costs arising from the differences in market rates between mid price and bid or offer price) and credit costs (possible losses computed by quantitative methods) and use these costs in evaluation adjustments for management accounting purposes.

[Table 4] Close-out and Credit Cost

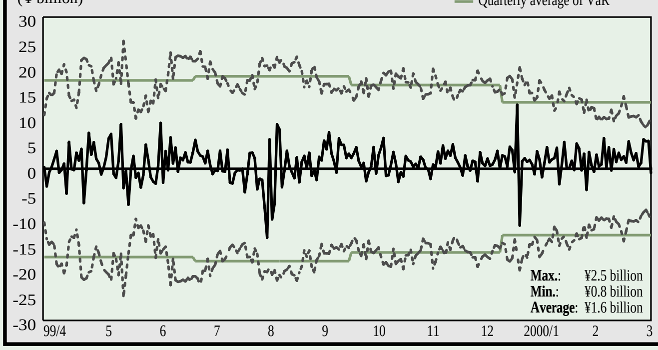
	Billions of yen	
March 31, 2000	Close-out cost	Credit cost
Trading Transactions	¥0.3	¥1.8
Non-trading Transactions	4.6	3.2
Total	¥4.9	¥4.9

4. Risk-taking in Trading Transactions

The following sections provide more detailed information on transactions that are subject to mark-to-market evaluations, which include both foreign exchange transactions and other trading transactions.

(1) VaR

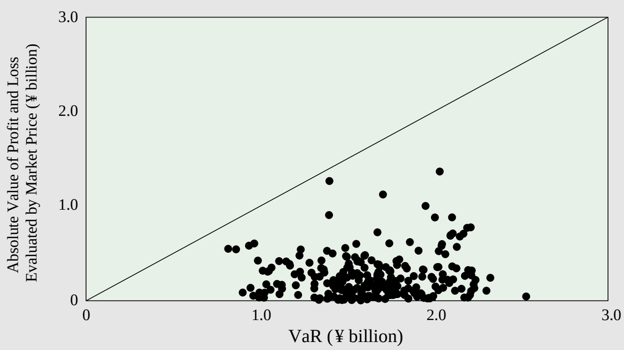
[Chart 6] VaR in Trading Transactions



(2) Back Testing

To evaluate the accuracy of the models we use for measuring risk, we carry out “back testing” to compare actual profits and losses with predicted VaR.

[Chart 7] Back Testing (FY 1999)



Dots above the diagonal line would show the number of days on which profits and losses exceeded predicted VaR. Chart 7 shows that in fiscal 1999, this happened on no business day. In other words, profits and losses exceeded predicted VaR in 0.0% of all cases while the probability predicted by our models is 2% (100%-98%). We believe this confirms that our models are sufficiently accurate in measuring our market risk exposure.

(3) Stress Testing

Since markets are inherently unstable, price fluctuations sometimes far exceed normal expectations. We therefore draw up worst-case scenarios that analyze the maximum potential losses that might occur. This procedure is known as “stress testing,” and the scenarios we prepare are called “stress scenarios.” Reports on the results of such tests are submitted to the Board and reflected in business decisions.

We use two scenarios for stress testing. The first is a scenario which postulates a tougher confidence interval than usual. (The confidence interval is 99.9% and the correlations among market risk factors are retained.) The second postulates the most extreme price movement based on historical price fluctuation data over a period of ten years. (The correlations among market risk factors are destroyed.)

[Table 5] Stress Testing

	Billions of yen
	Maximum potential loss
VaR (confidence interval 99.0%)	¥ 2.3
Stress Scenario (confidence interval 99.9%)...	3.1
Stress Scenario (worst case)	66.9

(4) Risk-adjusted Returns

Bank management must obtain an accurate grasp of the risk it is possible to take, allocate assets properly and ensure appropriate profit levels. It is therefore extremely important to monitor whether the balance between risk and profits is appropriate and whether the possibility of potential losses is kept within sound levels.

[Chart 8] Risk-adjusted Returns on Trading Transactions
(including foreign exchange transactions)

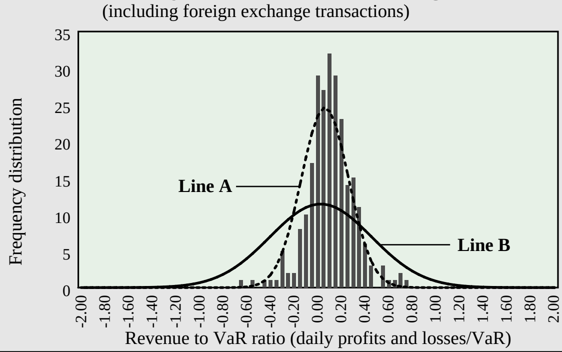


Chart 8 is a histogram that shows the proportion of profits/losses to our market risk (VaR) (profits and losses / VaR = risk-adjusted returns). Line A (normal distribution curve) represents risk-adjusted returns on an actual basis. Line B represents hypothetical risk-adjusted returns gained if transactions were executed without interest rate or market predictions.

We can draw the following conclusions from a comparison of Line A and Line B.

- The peak of the curve described by Line A (the mean), which represents our performance during the fiscal year ended March 2000, is skewed more to the positive side than that of Line B. This confirms that we were able to make profits effectively on the whole.
- Line A's distribution peak is sharper than that of Line B, showing that fluctuations in daily profits/losses are very small. In other words, we were able to make stable profits, while keeping conspicuous losses down to a very low frequency.

Our ability to achieve the stable profit distribution demonstrated by Chart 8 results from our solid client transaction base and our well-diversified trading portfolio. Risk-adjusted returns are thus a key indication to obtain an overall grasp of risk and returns, and to make effective decisions on distributing risk limits among our divisions.

In these ways, we use the VaR method and other complementary methods as well in order to evaluate and manage overall market risk and risk of each trading product minutely. This has enabled us to confirm that we have enough capital and profitability to cover the amount of market risk.

5. Derivative Transactions

(1) Status and Purpose of Derivative Transactions

Derivative transactions are not recorded in the balance sheet because there are no fund transfers involving the principal. We use derivative transactions, particularly transactions in swaps, futures, options and others, to satisfy the risk-hedging needs of our customers, to hedge against interest rate risk or exchange rate risk in our ALM positions, and to pursue profits in market transactions.

(2) Derivative Transactions and Market Risk

"2. Overall Market Risk Activities" provides further information on market risk, liquidity risk to close our positions and liquidity risk in funding, to which derivative transactions may be exposed.

(3) Derivative Transactions and Credit Risk

Tables 6 and 7 show the contract amounts, notional amounts and credit risk equivalents for derivative transactions.

"Credit risk equivalent" in derivatives corresponds to the principal amount of loan transactions. Our credit divisions control credit risk for individual customers by setting and periodically reviewing transaction limits according to their creditworthiness. They also set limits for each type of transaction.

The tables 8, 9 and 10 show quantitative data concerning credit risk in derivative transactions. The data cover virtually all our non-consolidated and consolidated derivative transactions.

[Table 6] Credit Risk of Derivative Transactions
(calculated into BIS capital adequacy ratio)

	Billions of yen			
	Notional amount		Credit risk equivalent	
March 31,	2000	1999	2000	1999
Interest Rate Swaps.	¥312,086.4	¥301,291.7	¥3,191.4	¥4,181.2
Currency Swaps.....	5,920.8	7,307.0	260.8	363.6
FX Forward	13,865.7	13,374.0	471.8	504.7
Interest Rate Options (buying)	3,576.2	3,464.4	37.3	41.1
Currency Options (buying)	1,006.8	1,442.3	41.9	41.1
FXA	—	2,287.9	—	134.1
FRA	33,280.9	34,482.2	38.6	44.3
Other Derivatives ..	14.0	—	1.3	—
Effect of Netting Arrangement	....	....	(2,736.0)	(3,742.6)
Total	¥369,751.0	¥363,649.9	¥1,307.3	¥1,567.7

[Table 7] Credit Risk of Derivative Transactions
(not calculated into BIS capital adequacy ratio)

	Billions of yen	
	Notional amount	
March 31,	2000	1999
Financial Futures Transactions	¥42,215.0	¥63,236.3
Interest Rate Swaps	—	—
Currency Swaps	—	—
FX Forward	2,057.5	2,009.9
Interest Rate Options (buying)	926.8	1,111.5
Currency Options (buying)	49.4	98.3
Interest Rate Options (selling)	4,987.5	4,584.3
Currency Options (selling)	1,153.3	1,389.9
FRA, FXA	—	—
Others	56.8	117.6
Total	¥51,446.4	¥72,547.9

Note: These transactions are excluded from calculations of credit risk equivalents under BIS international capital adequacy standards because the risks involved are considered extremely low for the following reasons: Counterparties of these transactions have deposited margins in the relevant exchange or the transactions themselves are very short-term.

The most important figure for grasping the levels of credit risk on our derivative transactions is the total of the maximum potential loss (Consolidated Basis), ¥12.0 billion, as shown in Table 8 "Breakdown by Creditworthiness." This figure is a statistical forecast and indicates that the probability of losses of approximately ¥12.0 billion following the bankruptcy of counterparties is once in one hundred years. It does not represent a loss or unrealized loss affecting our financial position. In other words, even if this worst case occurs, the impact on our management will be negligible in light of our net worth and profitability.

As these tables show, approximately 86% of "credit risk equivalent" of our derivative transactions on a non-consolidated basis, and approximately 85% on a consolidated basis, were conducted with counterparties whose creditworthiness was the investment-grade ratings awarded by independent ratings agencies.

Counterparties from developed countries such as Japan, United States and European nations account for the majority of derivative transactions by region. There were very few transactions with counterparties in Asian countries or other regions.

By business sector, most of our transactions were with banks and other financial institutions that deal with derivative products as part of their regular business.

We have almost no derivative transactions that are considered highly speculative.

[Table 8] Breakdown by Creditworthiness

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Non-consolidated Base:				
Customers whose creditworthiness is generally equivalent to AAA/Aaa - BBB/Baa rating from rating agencies	¥783.7	¥0.2	¥1.3	¥1.5
Customers whose creditworthiness is generally equivalent to BB/Ba rating from rating agencies	80.7	0.2	1.6	1.8
Others	44.1	1.0	2.2	3.2
Total	¥908.5	¥1.5	¥5.1	¥6.5

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Consolidated Base:				
Customers whose creditworthiness is generally equivalent to AAA/Aaa - BBB/Baa rating from rating agencies	¥1,113.1	¥0.5	¥2.3	¥ 2.7
Customers whose creditworthiness is generally equivalent to BB/Ba rating from rating agencies	91.0	0.3	1.7	2.0
Others	112.0	1.5	5.7	7.3
Total	¥1,316.0	¥2.3	¥9.7	¥12.0

Notes: 1. Almost all of our subsidiaries and affiliates are covered on the Consolidated Base.
2. "Credit cost" is expected losses computed by quantitative methods.
3. "Credit risk amount" is potential losses computed by quantitative methods. (unexpected losses reflected deviations from statistical expectations)
4. "Maximum potential loss" refers to the total of credit cost and credit risk amount, and is a statistical forecast of maximum losses in the worst case.

[Table 9] Breakdown by Region

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Non-consolidated Base:				
Japan	¥416.3	¥1.3	¥4.7	¥6.0
Asia	26.8	0.1	0.1	0.2
USA	321.9	0.0	0.1	0.1
Europe	112.3	0.0	0.1	0.1
Others	31.3	0.0	0.0	0.0
Total	¥908.5	¥1.5	¥5.1	¥6.5

[Table 10] Breakdown by Industry

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Non-consolidated Base:				
Banking, Securities, Insurance	¥612.1	¥0.2	¥0.5	¥0.6
Manufacturing	67.4	0.2	0.6	0.8
Wholesale	52.1	0.2	0.9	1.1
Transportation and Communications	34.3	0.0	0.2	0.2
Services	13.6	0.2	0.5	0.6
Construction	5.2	0.1	0.1	0.2
Real Estate	10.2	0.0	0.3	0.4
Other Financial Institutions	71.3	0.2	1.8	2.1
Others	42.3	0.3	0.2	0.5
Total	¥908.5	¥1.5	¥5.1	¥6.5

III. Other Risks

Our organizational structure enlists the full participation of top management to obtain a clear grasp of the nature and size of not just credit and market risk but also other risk, and everything is done to ensure that it runs at maximum efficiency.

In addition to clarifying divisional lines of authority to deal with operational risk, systems risk and other important risk factors, we monitor all kinds of risk across the board. We have also prepared comprehensive disaster recovery plans and manuals to deal with various emergency scenarios, such as disasters that affect wide areas.

(1) Operational Risk

Operational risk refers to the danger that losses may result from accidents arising in back-office operations as a result of inappropriate procedures performed by personnel.

The System and Operations Administration Division is responsible for operational risk and works independently of the Bank's various business groups. The Division has established rules and procedures to be followed by domestic branches, overseas offices and market divisions when dealing with each type of operational activity. It also designates responsible persons in each division to check periodically that the prescribed procedures are being properly observed.

We have separated the front, middle and back offices in our market divisions and instituted other measures to provide a system of mutual checks and balances within the organization. We constantly incorporate the latest technical innovations into our computer center's data processing functions as part of our efforts to build an efficient operational processing system that reduces human error to a minimum.

The Inspection Division carries out annual inspections to check the status of operational and office management activities at each branch, and submits reports on its findings directly to top management. The Inspection Division is thus in a position to prevent problematic incidents, evaluate the efficiency of our system for managing operational risk and, where necessary, put forward proposals for improvement to top management.

(2) Computer-related Risk

We define computer-related risk as the risk that the Bank may be exposed to tangible or intangible losses arising from system defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.

We have adopted a dual approach to dealing with computer-related risks, which are caused by various natural disasters and faults. On the one hand, we have established measures to forestall system problems. On the other, we have adopted operational procedures to deal with possible system malfunctions.

On the preventive side, we have worked for many years to create an extremely reliable system. Among other things, we have installed our computer systems in specially-designed buildings that incorporate the very latest in earthquake-proofing technology, created a dual-center organization that boasts hardware and software systems for foolproof backup, and a state-of-the-art network that features an automatic rerouting function to avoid circuit faults. We have also established a separate department that is independent of the systems development divisions to check and supervise system configurations and security when new systems are being designed and installed. In this way, everything is done to eliminate possible problems.

A full range of contingency plans lays down procedures to be followed and emergency measures to be adopted in the case of system malfunctions. We also hold regular drills to provide practice through dealing with simulated emergencies.

(3) Legal Risk

We define legal risk as the risk that the Bank may incur tangible or intangible losses as a result of infringements of laws and regulations.

We established the Legal Division to specialize in the management of legal risk, an issue to which we attach the greatest importance. The Legal Division serves in an advisory capacity and is responsible for analyzing the legal risk involved in the Bank's domestic and international business operations, and for devising means to deal with it. It is also working to create a healthy operational system in which bank employees from all divisions, not just the Legal Division, can go about their work in full knowledge of the legal risks involved. To this end and to ensure that legal requirements are observed, it holds seminars on legal matters, and has prepared and distributed a compliance manual to all employees.

(4) Settlement Risk

"Settlement risk" refers to the risk that the Bank may incur losses because settlements are not executed according to schedule. It arises not only from timing differences in the payments and receipts involved in settling foreign exchange transactions, but also from various transactions within the same domestic market. Settlement risk encompasses various kinds of risk including credit risk, liquidity risk and operational risk, and we are working to shorten the settlement timing difference and use netting to reduce the amounts involved in settlements.

Compliance

Banking is vitally important to the public interest, and banks play a major social role in contributing to economic development at home and abroad through their transactions with customers and other activities.

To ensure that we never lose sight of this, and in order to fulfil our responsibilities and earn the unwavering trust of society, we have positioned compliance as one of the most important issues facing management. Our basic policy is to comply strictly with all laws, ordinances, rules and regulations, and carry out our business activities with honesty and integrity and in conformity with social standards.

For this reason, we have given our Legal Division responsibility for compliance throughout the Bank, and made the Compliance Department the focal point for streamlining our compliance structure and carrying out activities to promote compliance. Further details on our thoroughgoing efforts in this area are given below.

1. Compliance Structure

Our compliance structure is made up of the Board of Directors, the Executive Committee on Compliance Management, compliance officers and the Legal Division. The Executive Committee on Compliance Management was established to discuss issues of key importance to compliance within the Bank and meets on a regular basis under the chairmanship of the President and CEO. The Board of Directors then approves matters that have been deliberated upon at the committee.

Compliance officers are deployed at all head office divisions and all business offices at home and abroad. In addition to ensuring full compliance within their respective organizational sectors, these officers act as advisors to other bank employees, and as a liaison with the Compliance Department. Because of the specialist nature of the market securities business and the risks it involves, we have established a Compliance for Trading and Investment Banking Department. This department is independent of the business divisions and falls under the jurisdiction of the Legal Division, where its task is to ensure strict compliance. We also retain the services of legal advisors and accounting firms in Japan and overseas to provide us with maximum specialist support.

2. Compliance Activities

Each year, we draw up a practical compliance program to streamline our compliance structure and organize activities to promote compliance.

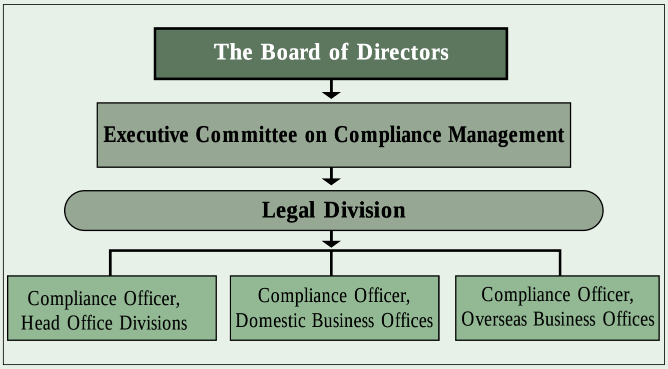
We also compile detailed compliance manuals covering the principles for corporate conduct, code of conduct for employees and the key laws, ordinances and in-house rules that have to be observed. These compliance manuals are distributed to all employees, who are expected to become very familiar with their contents.

We have established a dual checking system to promote the strict observance of rules on compliance by each head office division and each business office. The compliance officers in the respective organizations conduct initial checks, and the Inspection Division and the Internal Audit Division conduct secondary checks.

In order to ensure that the basic framework of our compliance structure is properly understood, we provide various levels of education in compliance, ranging from training for general staff to more advanced studies for compliance officers.

Compliance remains the cornerstone of the banking business. To ensure the continued trust of our customers, we are committed to reviewing our compliance structure on an ongoing basis with a view to making improvements that will maintain and enhance its effectiveness.

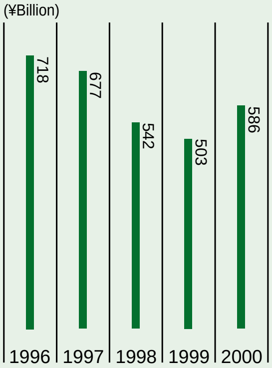
Compliance Structure



Fiscal 1999 in Review (Consolidated)

Net Interest Income

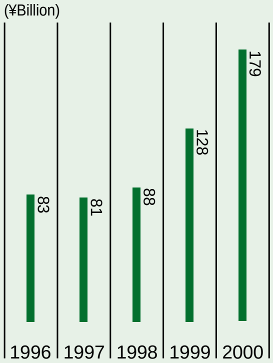
(¥Billion)



Years ended March 31

Net Fee & Commission Income

(¥Billion)



Years ended March 31

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.

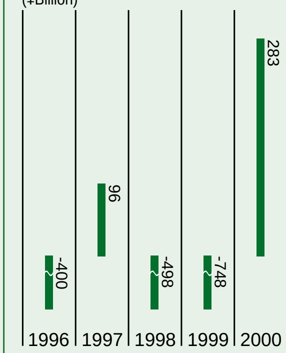
(6) Income before Income Taxes and Minority Interests

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

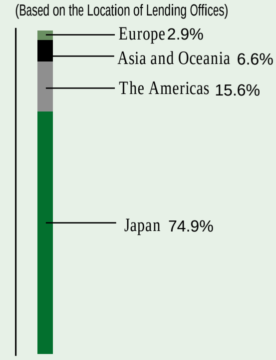
Income Tax Expenses - Current were ¥16.2 billion, and Income Tax Expenses - Deferred were ¥194.5 billion. Minority Interests in Net Income were ¥19.3 billion. Overall, Net Income was ¥52.8 billion.

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

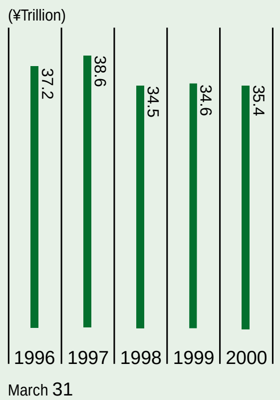


Years ended March 31

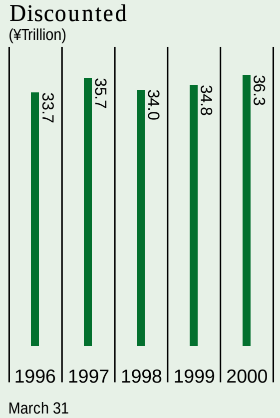
Geographical Breakdown of Total Income FY1999
(Based on the Location of Lending Offices)



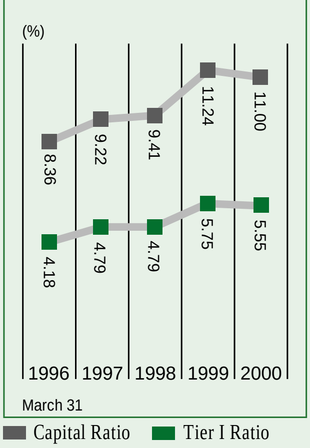
Deposits (including NCDs)



Loans and Bills Discounted



Capital Ratio



Analysis of Balance Sheet

Analysis of Balance Sheet

March 31,	2000	1999	Change
	Billions of yen		
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

March 31,	2000	1999	Change
	Billions of yen		
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)

March 31,	2000	1999	Change
	Billions of yen		
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.

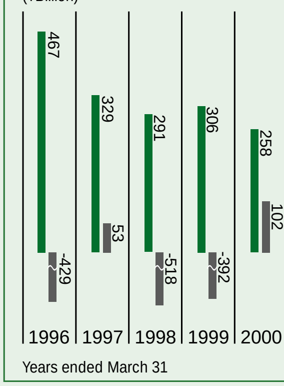
Operating Performance of Fiscal 1999

Earnings Performance

Fiscal Year	1999	1998	Change
	Billions of yen		
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

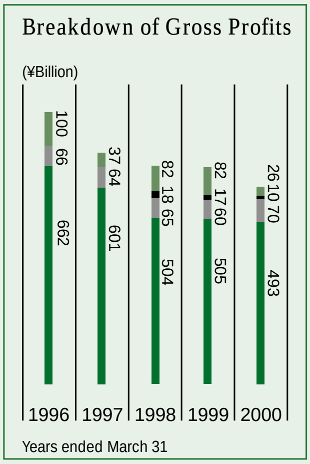
Net Business Profits and Net Income

(¥Billion)

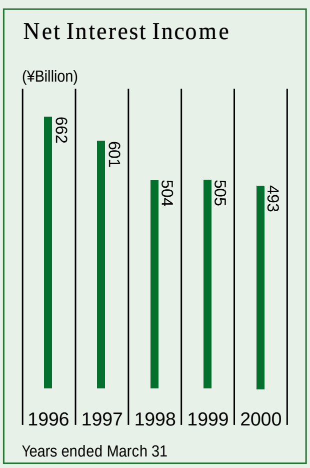


Net Business Profits (before Provision of General Reserve)

Net Income



Net Interest Income
Net Fee & Commission Income
Net Trading Income
Net Other Operating Income



NON-CONSOLIDATED

Gross Profits

Breakdown of Gross Profits

Fiscal Year	Billions of yen 1999	1998	Change
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			Billions of yen Average balance		
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)

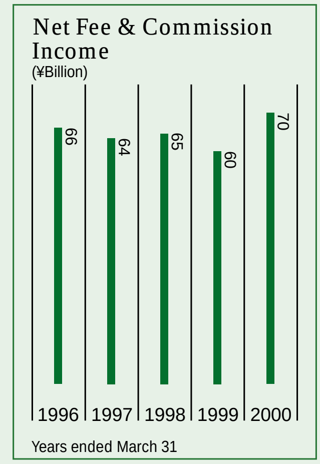
	Billions of yen		
Fiscal Year	1999	1998	Change
Personnel Expenses	¥137.5	¥147.9	¥(10.4)
of which, Wages and Allowances	115.9	125.0	(9.0)
Non-Personnel Expenses	185.8	188.8	(2.9)
Miscellaneous Taxes	19.3	22.7	(3.3)
Total	¥342.7	¥359.5	¥(16.7)

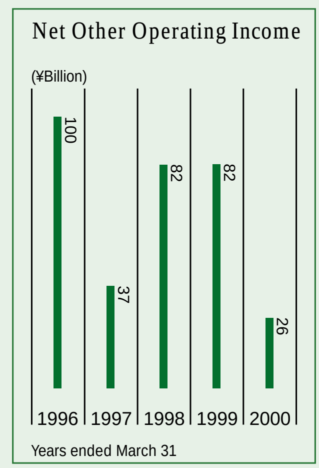
The Bank's General & Administrative Expenses (Excluding Non-Recurring Losses) decreased by ¥16.7 billion from the previous year to ¥342.7 billion as a result of further rationalization and improvement in efficiency throughout its entire operations.

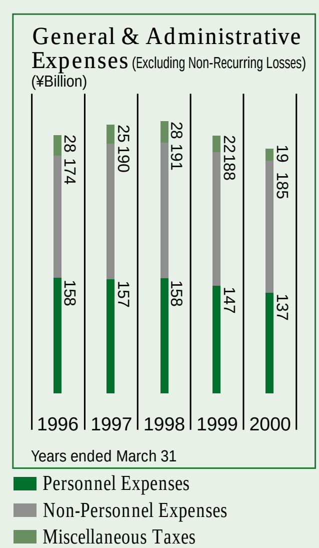
Personnel Expenses decreased by ¥10.4 billion to ¥137.5 billion due to the reduction in the number of personnel and the revision of employee welfare and salary in the course of restructuring.

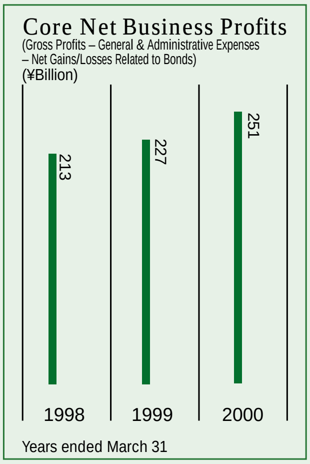
Non-Personnel Expenses decreased by ¥2.9 billion to ¥185.8 billion. This was mainly due to the decrease in expenses booked at overseas offices in the course of restructuring, while Premium for Deposit Insurance increased reflecting the increase in deposits.

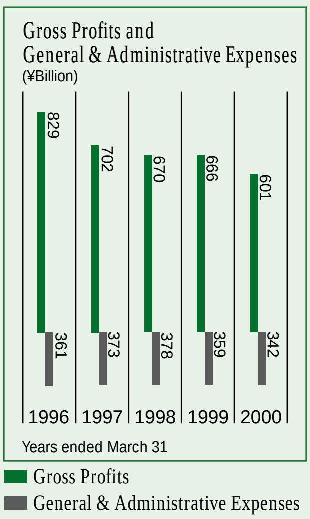
Miscellaneous Taxes decreased by ¥3.3 billion from the previous year to ¥19.3 billion mainly due to the abolition of securities transaction tax.











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

Fiscal Year	1999	1998	Change
	Billions of yen		
(+) 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.

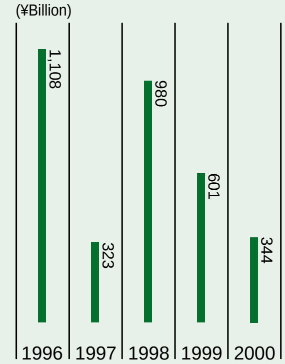
(4) Income Tax Expenses

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

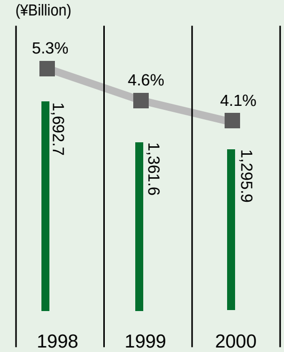
Overall, the Bank's Net Income for fiscal 1999 increased significantly by ¥495.0 billion from the previous year to ¥102.1 billion, substantially exceeding the initial forecast at the beginning of this fiscal year (¥60.0 billion).

Expenses Related to Portfolio Problems
(¥Billion)



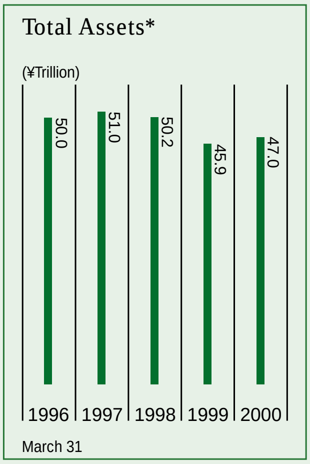
Years ended March 31

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

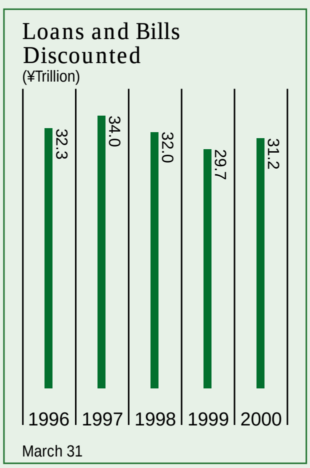


March 31

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



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



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.

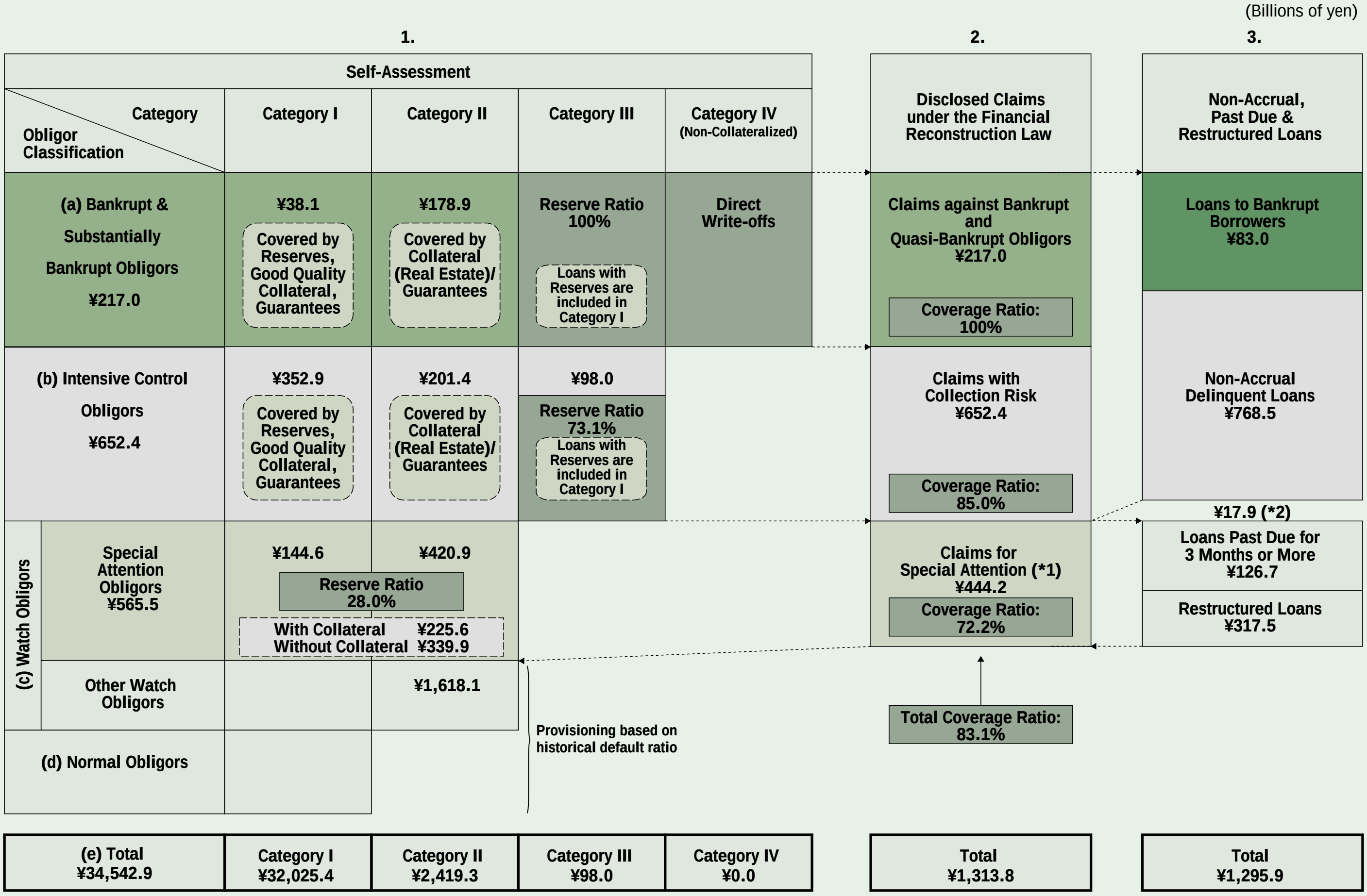
BIS Capital Ratio on a Non-consolidated Basis

	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

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.

Consolidated Five-Year Summary

Years ended March 31,	2000	1999	1998	1997	1996
	Millions of yen				
Consolidated Statements of Income					
Total Income	¥3,097,192	¥2,653,442	¥2,884,025	¥2,749,856	¥3,127,701
Total Expenses	2,814,173	3,402,011	3,382,303	2,653,523	3,528,280
Income (Loss) before Income Taxes and Minority Interests	283,018	(748,568)	(498,277)	96,332	(400,579)
Net Income (Loss)	52,831	(422,030)	(345,309)	109,044	(325,420)

March 31,	2000	1999	1998	1997	1996
	Millions of yen				
Consolidated Balance Sheets					
Total Assets	¥58,246,731	¥57,260,403	¥54,209,292	¥55,189,124	¥53,420,665
Cash and Due from Banks	2,741,992	2,434,580	2,821,634	4,341,701	5,626,067
Call Loans and Bills Purchased	985,413	1,793,282	1,453,230	2,230,223	1,617,672
Trading Assets	2,773,856	2,930,820	3,265,412	—	—
Trading Account Securities	—	—	—	845,037	1,104,386
Securities	7,588,585	6,668,759	6,044,830	5,607,096	5,646,405
Loans and Bills Discounted	36,371,589	34,815,843	34,028,201	35,714,787	33,793,990
Reserve for Possible Loan Losses	(624,291)	(684,674)	(904,217)	(1,022,030)	(980,737)
Total Liabilities, Minority Interests and Stockholders' Equity	58,246,731	57,260,403	54,209,292	55,189,124	53,420,665
Total Liabilities	55,611,096	54,664,406	52,350,444	53,211,889	51,757,376
Deposits	35,463,225	34,646,230	34,552,361	38,649,481	37,280,377
Call Money and Bills Sold	4,875,401	3,833,529	3,755,273	4,310,517	4,812,472
Trading Liabilities	2,101,575	1,823,830	2,057,167	—	—
Borrowed Money	2,208,020	2,794,984	2,645,588	1,892,034	2,614,726
Bonds and Debentures	2,015,335	1,356,075	1,657,224	1,322,494	904,255
Due to Trust Account	1,427,125	1,927,770	—	—	—
Minority Interests	388,182	408,144	282,392	42,885	26,683
Total Stockholders' Equity	2,247,452	2,187,852	1,576,455	1,934,349	1,636,606

Years ended March 31,	2000	1999	1998	1997	1996
	Yen				
Per Share					
Net Income (Loss) per Share	¥12.77	¥(142.07)	¥(119.35)	¥37.54	¥(112.31)
Net Income per Share (diluted)	12.44	—	—	37.27	—
Dividend per Share:					
Common Stock	7.00	7.00	8.50	8.50	6.50
Preferred Stock:					
First Series Class I Preferred Stock	7.50	7.50	7.50	3.75	—
Second Series Class IV Preferred Stock	42.00	0.12	—	—	—
Third Series Class III Preferred Stock	11.00	0.04	—	—	—
Fourth Series Class III Preferred Stock	8.00	0.03	—	—	—

Note: Amounts less than one million yen have been omitted.

Consolidated Financial Statements

Consolidated Balance Sheets

March 31,	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
ASSETS			
Cash and Due from Banks (Note 8)	¥ 2,741,992	¥ 2,434,580	$ 25,831,296
Call Loans and Bills Purchased	985,413	1,793,282	9,283,217
Commercial Paper and Other Debt Purchased	184,233	85,441	1,735,597
Trading Assets (Note 3)	2,773,856	2,930,820	26,131,475
Money Held in Trust	76,236	108,228	718,200
Securities (Notes 4 and 8)	7,588,585	6,668,759	71,489,266
Loans and Bills Discounted (Notes 5 and 8)	36,371,589	34,815,843	342,643,327
Foreign Exchange	343,437	448,583	3,235,394
Other Assets (Notes 6 and 8)	4,155,277	4,384,841	39,145,334
Premises and Equipment (Notes 7 and 8)	697,084	745,616	6,566,979
Deferred Tax Assets (Note 28)	871,685	1,069,255	8,211,829
Consolidation Difference	73,493	67,376	692,357
Customers' Liabilities for Acceptances and Guarantees (Note 16)	2,020,909	2,392,446	19,038,247
Reserve for Possible Loan Losses	(624,291)	(684,674)	(5,881,220)
Reserve for Devaluation of Investment Securities	(12,772)	—	(120,325)
Total Assets	¥58,246,731	¥57,260,403	$548,720,973

The accompanying notes are an integral part of these statements.

CONSOLIDATED

March 31,	Millions of yen 2000	1999	Thousands of U.S. dollars (Note 1) 2000
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Notes 8 and 9)	¥35,463,225	¥34,646,230	$334,085,965
Call Money and Bills Sold (Note 8)	4,875,401	3,833,529	45,929,355
Commercial Paper (Note 11)	1,022,730	725,468	9,634,764
Trading Liabilities (Note 3)	2,101,575	1,823,830	19,798,172
Borrowed Money (Notes 8 and 10)	2,208,020	2,794,984	20,800,948
Foreign Exchange	139,193	137,789	1,311,294
Bonds and Debentures (Note 12)	2,015,335	1,356,075	18,985,731
Convertible Bonds (Note 13)	6,929	15,464	65,280
Due to Trust Account	1,427,125	1,927,770	13,444,426
Other Liabilities (Note 14)	4,014,216	4,669,740	37,816,454
Reserve for Retirement Allowances	52,666	57,051	496,150
Other Reserves (Note 15)	176,303	189,542	1,660,891
Deferred Tax Liabilities (Note 28)	1,872	—	17,643
Deferred Tax Liability for Land Revaluation	85,589	94,481	806,306
Acceptances and Guarantees (Note 16)	2,020,909	2,392,446	19,038,247
Total Liabilities	55,611,096	54,664,406	523,891,626
Minority Interests	388,182	408,144	3,656,923
Stockholders' Equity			
Common Stock (Note 18)	560,927	559,216	5,284,291
Preferred Stock (Note 18)	478,616	478,616	4,508,870
Capital Surplus (Note 18)	929,907	928,196	8,760,319
Land Revaluation Account (Note 17)	135,229	131,767	1,273,947
Earned Surplus	144,531	118,759	1,361,574
Treasury Stock	(9)	(12)	(94)
Shares in Parent Company Held by Subsidiaries	(1,749)	(28,692)	(16,483)
Total Stockholders' Equity	2,247,452	2,187,852	21,172,424
Total Liabilities, Minority Interests and Stockholders' Equity	¥58,246,731	¥57,260,403	$548,720,973

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Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended March 31,	2000	1999	2000
INCOME			
Interest Income (Note 19)	¥1,635,326	¥1,707,350	$15,405,812
Fiduciary Income	38,743	—	364,987
Fee and Commission Income	220,943	176,880	2,081,431
Trading Income (Note 20)	43,323	38,142	408,131
Other Operating Income (Note 21)	492,113	515,395	4,636,018
Other Income (Note 21)	666,741	215,673	6,281,126
Total Income	3,097,192	2,653,442	29,177,505
EXPENSES			
Interest Expenses (Note 22)	1,048,959	1,204,059	9,881,856
Fee and Commission Expenses	41,189	48,031	388,029
Trading Expenses (Note 23)	3,364	—	31,694
Other Operating Expenses (Note 24)	407,281	364,449	3,836,847
General and Administrative Expenses	556,557	494,565	5,243,126
Other Expenses (Note 24)	756,821	1,290,904	7,129,737
Total Expenses	2,814,173	3,402,011	26,511,289
Income (Loss) before Income Taxes and Minority Interests	283,018	(748,568)	2,666,216
Income Tax Expenses (Note 25):			
Current	16,287	18,362	153,442
Deferred	194,547	(362,022)	1,832,759
Minority Interests in Net Income	19,352	17,121	182,308
Net Income (Loss)	¥ 52,831	¥ (422,030)	$ 497,707

	Yen		U.S. dollars (Note 1)
Net Income (Loss) per Share	¥12.77	¥(142.07)	$0.12
Net Income per Share (diluted)	12.44	—	0.12
Dividend per Share:			
Common Stock	7.00	7.00	0.07
Preferred Stock:			
First Series Class I Preferred Stock	7.50	7.50	0.07
Second Series Class IV Preferred Stock	42.00	0.12	0.40
Third Series Class III Preferred Stock	11.00	0.04	0.10
Fourth Series Class III Preferred Stock	8.00	0.03	0.08

The accompanying notes are an integral part of these statements.

Consolidated Statements of Earned Surplus

Years ended March 31,	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
Balance at Beginning of Year	¥118,759	¥627,426	$1,118,789
Increase:			
Effect of the Change in Scope of Consolidated Subsidiaries and Affiliates	1,244	6,708	11,723
Reversal of Land Revaluation Account	3,011	—	28,368
Decrease:			
Effect of the Change in Scope of Consolidated Subsidiaries and Affiliates	(2,463)	(57,806)	(23,209)
Dividends	(28,851)	(35,536)	(271,796)
Bonuses to Directors and Statutory Auditors	(0)	(1)	(8)
Net Income (Loss)	52,831	(422,030)	497,707
Balance at End of Year	¥144,531	¥118,759	$1,361,574

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended March 31,	2000	1999	2000
Cash Flows from Operating Activities:			
Income (Loss) before Income Taxes and Minority Interests	¥ 283,018	¥ (748,568)	$ 2,666,216
Adjustments to Reconcile Income (Loss) before Income Taxes and Minority Interests to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	44,780	53,009	421,861
Amortization of Consolidation Difference	17,566	7,728	165,485
Equity in Losses (Gains) on Unconsolidated Subsidiaries and Affiliates	(12,432)	12,690	(117,118)
Net Decrease in Reserve for Possible Loan Losses	(33,018)	(403,358)	(311,057)
Net Increase in Reserve for Devaluation of Investment Securities	12,772	—	120,325
Net Increase (Decrease) in Reserve for Possible Losses on Loans Sold	(20,632)	76	(194,375)
Net Increase (Decrease) in Reserve for Possible Losses on Support of Specific Borrowers	7,380	(79)	69,525
Net Decrease in Reserve for Retirement Allowances	(4,278)	(2,373)	(40,310)
Accrued Interest and Dividend Income	(1,635,326)	(1,707,350)	(15,405,812)
Accrued Interest Expenses	1,048,959	1,204,059	9,881,856
Investment Securities Losses (Gains) — Net	(456,027)	162,452	(4,296,066)
Losses on Money Held in Trust	4,856	310	45,754
Foreign Exchange Losses (Gains) — Net	19,396	(17,339)	182,731
Losses (Gains) on Disposal of Premises and Equipment	23,989	(73,995)	225,994
Gains on Sales of Asset Management, Administration and Factoring Business	(71,161)	—	(670,385)
Net Decrease in Trading Assets	36,433	512,992	343,230
Net Increase (Decrease) in Trading Liabilities	339,673	(417,779)	3,199,936
Net Decrease (Increase) in Loans	(1,916,027)	2,638,766	(18,050,185)
Net Increase (Decrease) in Deposits	709,306	(4,319,391)	6,682,111
Net Increase in Negotiable Certificates of Deposit (NCDs)	95,788	1,875,209	902,384
Net Decrease in Borrowed Money excluding Subordinated Borrowings	(174,365)	(1,610,026)	(1,642,635)
Net Decrease (Increase) in Deposits with Other Commercial Banks	(350,609)	875,383	(3,302,965)
Net Decrease (Increase) in Call Loans and Others	584,502	(336,183)	5,506,381
Net Decrease (Increase) in Collateral Under Resale Agreements and Securities Borrowing Transactions	451,874	(353,978)	4,256,944
Net Increase in Call Money and Others	1,211,954	29,772	11,417,380
Net Increase in Commercial Paper	333,662	413,888	3,143,314
Net Increase (Decrease) in Collateral Under Repurchase Agreements and Securities Lending Transactions	(367,077)	60,365	(3,458,099)
Net Decrease (Increase) in Foreign Exchange (Assets)	105,851	(125,720)	997,191
Net Increase in Foreign Exchange (Liabilities)	1,300	25,057	12,249
Net Increase (Decrease) in Issuance, Redemption of Corporate Bonds	535,912	(9,978)	5,048,632
Net Increase (Decrease) in Due to Trust Account	(500,644)	6,148	(4,716,386)
Interest and Dividends Received	1,550,495	1,876,699	14,606,643
Interest Paid	(1,091,243)	(1,340,379)	(10,280,207)
Bonuses to Directors and Statutory Auditors	(13)	(9)	(131)
Others	(184,197)	347,375	(1,735,255)
Subtotal	602,417	(1,364,525)	5,675,156
Income Taxes Paid	(16,279)	(10,519)	(153,367)
Net Cash Provided by (Used in) Operating Activities	586,137	(1,375,045)	5,521,789
Cash Flows from Investment Activities:			
Purchases of Investment Securities	(13,189,661)	(6,324,248)	(124,254,939)
Proceeds from Sales of Investment Securities	9,929,549	6,945,544	93,542,625
Proceeds from Redemption of Investment Securities	2,590,486	85,505	24,404,016
Increase in Money Held in Trust	(206,300)	(181,438)	(1,943,479)
Decrease in Money Held in Trust	233,432	206,439	2,199,081
Expenditures for Premises and Equipment	(49,303)	(40,912)	(464,469)
Proceeds from Sales of Premises and Equipment	21,646	102,772	203,928
Purchases of Equity Investments in Subsidiaries Due to Increase in Number of Subsidiaries	—	(355,086)	—
Proceeds from Sales of Equity Investments in Subsidiaries Due to Decrease in Number of Subsidiaries	19,483	24,591	183,547
Investment in Consolidated Subsidiaries' Equity	(252)	—	(2,383)
Expenditures on Acquisition	(27,510)	—	(259,169)
Proceeds from Sales of Asset Management, Administration and Factoring Business	180,557	—	1,700,965
Net Cash Provided by (Used in) Investment Activities	(497,872)	463,168	(4,690,277)
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowings	13,714	5,000	129,202
Repayment of Subordinated Borrowings	(288,160)	(30,311)	(2,714,651)
Proceeds from Issuance of Subordinated Bonds and Convertible Bonds	167,100	200,000	1,574,187
Repayment of Subordinated Bonds and Convertible Bonds	(2,288)	(6,916)	(21,561)
Proceeds from Issuance of Preferred Stock and Capital Stock	—	1,016,988	—
Dividends Paid	(28,851)	(35,558)	(271,796)
Dividends Paid to Minority Interests (Stockholders)	(22,630)	(71,599)	(213,195)
Purchase of Treasury Stock	(528)	(95)	(4,982)
Proceeds from Sales of Treasury Stock	42,246	82	397,992
Net Cash Provided by (Used in) Financing Activities	(119,397)	1,077,590	(1,124,804)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,927)	323	(27,582)
Net Increase (Decrease) in Cash and Cash Equivalents	(34,060)	166,036	(320,874)
Cash and Cash Equivalents at Beginning of Year	1,207,676	1,040,512	11,377,075
Effect of the Increase in Scope of Consolidated Subsidiaries and Affiliates, Net of Cash and Cash Equivalents	0	1,332	0
Effect of the Decrease in Scope of Consolidated Subsidiaries and Affiliates, Net of Cash and Cash Equivalents	0	(204)	0
Cash and Cash Equivalents at End of Year	¥1,173,615	¥1,207,676	$11,056,201

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements of The Fuji Bank, Limited and its consolidated subsidiaries have been maintained and prepared on the basis of accounting principles and practices generally accepted in Japan and have been compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan. Accounting principles and practices generally accepted in Japan may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Additionally, the Bank prepares its consolidated financial statements based on the "Ministerial Ordinance Concerning the Terminology, Format and Method of Preparation for Consolidated Financial Statements" (Ministry of Finance Ordinance No.28, 1976) ("the Consolidated Terminology") and categorizes Assets and Liabilities and Income and Expenses according to the "Banking Law Enforcement Regulations" (Ministry of Finance Ordinance No.10, 1982). The financial statements for the year ended March 31, 1999 were prepared on the basis of the pre-revision Consolidated Terminology and Banking Law Enforcement Regulations, and the financial statements for the year ended March 31, 2000 were prepared on the basis of the revised Consolidated Terminology and Banking Law Enforcement Regulations. Certain previously reported amounts have been reclassified to conform with the current period's presentation.

Certain items presented in the consolidated financial statements filed with the Minister of Finance have been reclassified for the convenience of readers outside Japan.

As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥106.15 = U.S.$1.00, the rate of exchange in effect on March 31, 2000, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

2. Summary of Significant Accounting Policies

(Principles of Consolidation)

The consolidated financial statements include the accounts of The Fuji Bank, Limited ("the Bank") and 174 of its consolidated subsidiaries (the "Fuji Bank Group") including The Yasuda Trust and Banking Company Ltd. (a Japanese corporation), Fuji Securities Co., Ltd. (a Japanese corporation), The Fujigin Credit, Ltd. (a Japanese corporation), Fuyo General Lease Co., Ltd. (a Japanese corporation), The Fujigin Factor Co., Ltd. (a Japanese corporation), The J.M.C. Credit, Ltd. (a Japanese corporation), Fuji Bank (Schweiz) AG (a Swiss corporation), The Fuji Bank and Trust Company (a U.S. corporation), and Fuji America Holdings, Inc. (a U.S. corporation) and its subsidiaries (including the Heller Group), principally Heller Financial, Inc. The number of the consolidated subsidiaries was 174 and 182 for the years ended March 31, 2000 and 1999, respectively.

Certain domestic subsidiaries have not been consolidated since these subsidiaries are not significant and their results have no material impact on the consolidated financial statements of the Bank and its consolidated subsidiaries.

All significant intercompany accounts and transactions have been eliminated.

The Bank early adopted a new accounting standard for consolidated financial statements for the year ended March 31, 1999 which became effective for the year ended after March 31, 1999. The new standard requires a company to consolidate all subsidiaries of which the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

The financial statements of the consolidated subsidiaries whose balance sheet dates are principally December 31 are included in the consolidated financial statements on the basis of their respective fiscal years after making the appropriate adjustments for any significant transactions during the periods from their respective balance sheet dates to the date of the consolidated financial statements.

Assets and liabilities of consolidated subsidiaries are revalued at fair value at the respective dates of acquisition.

(Consolidation Difference)

The differences between cost and underlying interest (consolidation difference) are amortized principally over a period of 20 years by the straight-line method. If these differences have no material impact on the consolidated financial statements, they are charged or credited to income in the year of acquisition. In the case of overseas subsidiaries, such differences are amortized over the period stipulated in the country in which these subsidiaries are situated. Such differences for Heller International Group, Inc., Fuji America Holdings, Inc. and Yasuda Trust and Banking Co., Ltd., recognized by the previous fiscal year are amortized over a period of 5 years on a straight-line basis. Until the fiscal year ended March 31, 1999, consolidation differences were charged or credited to income in the year of acquisition or amortized over a period of 5 years on a straight-line basis, but with the revision of the "Principles of Consolidated Financial Statements" for the year ended March 31, 2000, amortization of consolidation differences is calculated as stated above.

The effect of this change results in an increase in Consolidation Difference of ¥4,492 million from the previous year, and an increase in Income before Income Taxes and Minority Interests of ¥4,492 million.

(Trading Assets and Liabilities)

Transactions for "trading purposes", i.e. transactions seeking to capture gains arising from short-term changes in securities and other market-related indices, are included in "Trading Assets" and "Trading Liabilities" on the Consolidated Balance Sheets, and profits and losses from such transactions are shown as "Trading Income" or "Trading Expenses" in the Consolidated Statement of Income on a trade date basis.

Trading securities and monetary receivables, etc. held for trading purposes are carried at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, forward contracts or options transactions are valued on the assumption that they were settled on the balance sheet date.

Transactions made by the consolidated subsidiaries for trading purposes are principally treated the same as above.

(Securities)

Securities held for purposes other than trading are carried at cost determined by the moving average method.

Securities owned by the consolidated subsidiaries are carried principally at cost or at the lower of cost or market, cost being determined by the moving average method.

(Depreciation)

(a) Premises and Equipment

Depreciation of premises and equipment owned by the Bank is computed as follows:

Buildings .... principally by the straight-line method, based on the rates prescribed in the Corporation Income Tax Law

Equipment ..... declining-balance method, based on the rates prescribed in the Corporation Income Tax Law

Other .... as prescribed by the Corporation Income Tax Law

Depreciation of premises and equipment owned by consolidated subsidiaries is computed principally by the straight-line method over the estimated useful lives of the assets.

(b) Software

The cost of software to be used internally within the Bank and its domestic consolidated subsidiaries is amortized mainly using the straight-line method over a useful life of 5 years.

Until the year ended March 31, 1999, the cost of software to be used internally within the domestic consolidated trust bank subsidiary has been charged mainly to income in the year of acquisition. In accordance with the “Accounting Standard for Accounting for Research and Development Cost” (Business Accounting Deliberation Council, published March 13, 1998), the cost of software is capitalized and is amortized over its useful life. The effect of this change results in respective increases of ¥110 million in Other Assets and Income before Income Taxes and Minority Interests.

The cost of software to be used internally within the Bank and its other consolidated subsidiaries has been included in “Other Assets” for the year ended March 31, 2000. The Bank and its other subsidiaries have applied the transitional provisions contained in “Practical Guidance for Accounting for Research and Development Costs, and Software Costs” (JICPA Accounting Committee Report No.12, published March 31, 1999) and continues to include it in the same balance sheet item as before.

(Reserve for Possible Loan Losses)

In accordance with internally-established standards for write-offs and providing reserves for possible loan losses, the Bank and its major domestic subsidiaries accounted for the Reserve for Possible Loan Losses as follows:

For loans to obligors which are substantially bankrupt (“substantially bankrupt obligors”) or which are legally bankrupt (“bankrupt obligors”), a reserve is provided based on the amount remaining after deduction of the amount expected to be collected from the disposal of collateral and/or the amount recoverable from guarantees.

For loans to obligors which are not currently legally bankrupt but are likely to become bankrupt, a reserve is provided based on the amount the obligor is capable of repaying of the loan amount remaining after deducting the expected amount recoverable from disposal of collateral and amounts recoverable under guarantees.

In the case of all other loans to such obligors, a reserve is provided on the basis of the loan failure rates calculated using the amount of actual loan failures during a fixed period in the past.

Reserve Relating to Loans to Restructuring Countries is provided based on the prospective loss after consideration of the relevant country’s political and economic situation, etc.

All loans are assessed by the operating section based on the internal rules for self-assessment of assets. A Credit Review and Auditing section which is independent of the operating sections reviews the results of the self-assessment of assets for all loans based on the internal rules. The Reserve for Possible Loan Losses is provided based on the results of the self-assessment of assets.

For loans to bankrupt obligors and substantially bankrupt obligors which are collateralized or guaranteed by a third party, the amounts deemed uncollectible are charged off against the respective loan balances. The amount of charge-offs during the years ended March 31, 2000 and 1999 totaled ¥1,586,821 million and ¥1,176,863 million, respectively.

Other consolidated subsidiaries provide the amount necessary to cover the loan losses in the Reserves for Possible Loan Losses based on past experience and their management’s assessment of the loan portfolio.

Due to the amendment of the Banking Law, from this fiscal year onwards the Reserve for Possible Loan Losses , which was previously included in Liabilities, is included in Assets. The effect of this change results in respective decreases in Assets and Liabilities of ¥624,291 million.

(Reserve for Devaluation of Investment Securities)

This reserve is provided to cover any future potential losses on investments in subsidiaries, affiliated companies and other companies.

(Reserve for Retirement Allowances and Pension Plans)

The Reserve for Retirement Allowances of the Bank and its domestic consolidated subsidiaries is calculated based on the amount which would have been required to be paid if all employees covered by the retirement plan had voluntarily terminated their employment at the balance sheet date.

In addition, the Bank has a contributory pension plan for eligible employees. The unamortized balance of prior service cost at March 31, 1999 (based on the most recent available information on the pension plan) was ¥12,672 million. Prior service cost is being amortized over a period of 15 years and nine months.

The consolidated subsidiaries principally have funded pension plans for their employees.

(Land Revaluation Account)

Land used for the Bank’s business activities was revalued on the basis prescribed by the Law Concerning Land Revaluation (Proclamation No.34 dated March 31, 1998). The revaluation difference, net of Deferred Tax Liability on Land Revaluation, is included in Stockholders’ Equity as Land Revaluation Account.

(Lease Transactions)

Finance lease transactions other than those which are deemed to transfer the ownership of the leased assets to the lessee are accounted for as operating leases. However, lease transactions of certain foreign consolidated subsidiaries are accounted for as either capital or operating leases.

(Translation of Foreign Currency Items)

Foreign currency assets and liabilities held by the Bank and its domestic consolidated trust bank subsidiary are principally translated into yen at the exchange rates prevailing at the end of the fiscal year. However, for the following (a)investments, under assets, in foreign corporations (Other Securities, excluding those funded in foreign currencies), (b)other items for which it has been determined inappropriate for the Bank and its domestic consolidated trust bank subsidiary to add to the balance of foreign currency assets and liabilities at market value, such items are translated at the historical exchange rates. For the accounts of overseas branches, yen amounts are computed using the exchange rates prevailing on their balance sheet dates.

Foreign currency assets and liabilities held by other consolidated subsidiaries are principally translated into yen at the exchange rates prevailing at the end of the respective fiscal years.

(Income Taxes)

Effective the year ended March 31, 1999, the Bank and its domestic subsidiaries adopted deferred tax accounting for income taxes in accordance with the amendment of the Regulation of Consolidated Financial Statements. Under deferred tax accounting, Deferred Tax Assets and Liabilities are recorded based on the tax effect of temporary differences between financial and tax reporting, recognized based on the effective future tax rate at each fiscal year-end.

(Cash Flows)

Cash and Cash Equivalents consist of cash and deposits with the central bank.

(Appropriation of Earned Surplus)

Cash dividends and bonuses to directors and statutory auditors are recorded in the fiscal year in which the proposed appropriation of earned surplus is approved by the Board of Directors and/or by the general meeting of the stockholders.

(Net Income (Loss) per Share)

Net income (loss) per share is computed based on the average number of shares of common stock outstanding during the fiscal year.

Net income per share (diluted) is computed based on the average number of shares of common stock outstanding during the fiscal year, after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of convertible bonds and preferred stock. It was not necessary to disclose net income per share (diluted) for the year ended March 31, 1999 because of a net loss.

3. Trading Assets and Trading Liabilities

Trading Assets

Trading Assets at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Trading securities	¥1,468,978	¥1,204,750
Derivatives of trading securities	5,313	1,747
Securities related to trading transactions	62,058	56,143
Derivatives of securities related to trading transactions	130	—
Trading-related financial derivatives	833,730	1,005,252
Other trading assets	403,644	662,927
Total	¥2,773,856	¥2,930,820

Trading Liabilities

Trading Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Trading securities sold for short sales	¥1,142,380	¥ 859,755
Derivatives of trading securities	3,852	384
Securities related to trading transactions sold for short sales	—	4,595
Derivatives of securities related to trading transactions	118	50
Trading-related financial derivatives	955,224	959,044
Total	¥2,101,575	¥1,823,830

4. Securities

Securities at March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Japanese national government bonds	¥1,942,640	¥1,111,524
Japanese local government bonds	189,554	306,800
Japanese corporate bonds and financial debentures	542,461	698,553
Japanese corporate stocks	3,636,632	3,610,195
Other securities	1,277,297	941,685
Total	¥7,588,585	¥6,668,759

5. Loans and Bills Discounted

Loans and Bills Discounted at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Bills discounted	¥ 241,267	¥ 236,043
Loans on notes and deeds	26,967,640	27,549,165
Overdrafts	8,297,224	6,273,535
Financing receivables, including factoring, leasing and property financing	865,457	757,099
Total	¥36,371,589	¥34,815,843

The balance of "Loans and Bills Discounted" at March 31, 2000 and 1999 included the following non-accrual loans.

	Millions of yen	
	2000	1999
Loans to bankrupt borrowers*	¥ 125,279	¥ 236,441
Non-accrual delinquent loans**	910,795	995,089
Loans past due for 3 months or more***	188,003	243,657
Restructured loans****	365,065	301,461
Total	¥1,589,142	¥1,776,650

* Loans to Bankrupt Borrowers are loans which the Bank and its major domestic subsidiaries place on non-accrual status in accordance with the Corporate Tax Law (Government Ordinance No.97, 1965) and non-accrual loans (excluding loans written-off) which are contractually past due for a substantial period as to either principal or interest payments or for which there is no prospect of repayment.

** Non-accrual Delinquent Loans are loans other than Loans to Bankrupt Borrowers and loans of which interest payments have been rescheduled in order to assist the restructuring of the borrowers.

*** Loans Past Due for 3 months or more are those of which interest or principal payments are past due for 3 months or more but which are not included in Loans to Bankrupt Borrowers or Non-accrual Delinquent Loans.

**** Restructured Loans are those in which the Bank and its consolidated subsidiaries granted concessions, such as reduction of contractual interest rates or principal amounts and deferral of principal/interest payments, in order to assist the restructuring of the borrowers. Excluded from Restructured Loans are Loans to Bankrupt Borrowers, Non-accrual Delinquent Loans, and Loans Past Due for 3 months or more.

Reference: Non-consolidated basis (the Bank only)

	Millions of yen	
March 31,	2000	1999
Loans to bankrupt borrowers	¥ 83,043	¥ 159,589
Non-accrual delinquent loans	768,583	832,336
Loans past due for 3 months or more	126,717	171,153
Restructured loans	317,564	198,588
Total	¥1,295,908	¥1,361,668

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6. Other Assets

Other Assets at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Accrued income and prepaid expenses	¥ 504,740	¥ 427,750
Securities in custody	1,089,314	1,357,438
Other	2,561,221	2,599,652
Total	¥4,155,277	¥4,384,841

7. Premises and Equipment

Premises and Equipment at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Land	¥ 339,328	¥ 359,047
Buildings	384,421	386,275
Equipment	270,114	280,636
Other	119,393	133,827
Subtotal	1,113,258	1,159,787
Accumulated depreciation	416,173	414,170
Net book value	¥ 697,084	¥ 745,616

8. Assets Pledged

Assets pledged as collateral at March 31, 2000 consisted of the following:

	Millions of yen
Assets pledged as collateral:	
Cash and due from banks	¥ 128
Securities	564,403
Loans and bills discounted	1,829,539
Premises and equipment	15,986
Other assets	48,692

	Millions of yen
Liabilities relating to the above assets pledged as collateral:	
Deposits	403,095
Call money and bills sold	1,403,552
Borrowed money	119,779

In addition to the above, Deposits with Banks amounting to ¥27,298 million, Securities amounting to ¥1,319,481 million, Loans and Bills Discounted amounting to ¥517,411 million and Other Assets amounting to ¥126,120 million in the aggregate are pledged as collateral in connection with foreign exchange settlement and derivative transactions, etc. or as a substitute for margin payments.

Other Assets also include Margin Payments of ¥35,573 million and Collateral on Borrowed Securities of ¥929,564 million, and Premises and Equipment includes Guarantee Deposits of ¥114,122 million.

None of the assets pledged as collateral is pledged in connection with borrowings by non-consolidated subsidiaries, entities or affiliates.

Disclosure of the above information was not required as of March 31, 1999.

9. Deposits

Deposits at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Current deposits	¥ 1,618,547	¥ 1,617,111
Ordinary deposits	6,981,711	5,536,451
Deposits at notice	1,163,403	1,344,490
Time deposits	15,905,585	16,791,132
Other deposits	4,320,397	3,989,022
Subtotal	29,989,646	29,278,208
Negotiable certificates of deposit	5,473,578	5,368,021
Total	¥35,463,225	¥34,646,230

10. Borrowed Money

Borrowed Money at March 31, 2000 consisted of the following:

	Millions of yen	Average rate	Due
Borrowed money:			
Bills rediscounted	—	—	—
Borrowings	¥2,208,020	3.44%	From April 2000 –
Total	¥2,208,020	3.44%	

Notes: 1. The average rate is calculated by multiplying the various interest rates by weights, which vary according to the relative size of each balance as a component of the total borrowed money balance. The interest rates and balances used in the above calculation are those as of each company's balance sheet date.

2. Borrowings to be repaid within 5 years of the balance sheet date are as follows:

	Millions of yen				
	One year or less	More than one year to two years	More than two years to three years	More than three years to four years	More than four years to five years
Borrowings	¥658,228	¥326,279	¥437,835	¥43,734	¥219,412

Disclosure of the above information was not required as of March 31, 1999.

Subordinated borrowed money amounting to ¥900,129 million at March 31, 2000 and ¥1,176,620 million at March 31, 1999 were included .

11. Commercial Paper

Commercial Paper at March 31, 2000 consisted of the following:

	Millions of yen	Average rate	Due
Commercial paper	¥1,022,730	2.58%	—

Disclosure of the above information was not required as of March 31, 1999.

12. Bonds and Debentures

Major components of Bonds and Debentures at March 31, 2000 and 1999 are as follows:

			Millions of yen					
Company		Issue	2000	1999	Interest rate	Collateral	Due	Remarks
The Bank	US$ denominated convertible bonds	Sep. 1985 – Oct. 1987	—	¥ 5,666 (US$31,575 thousand)	—	—	—	(Note 1) (Note 5)
	Subordinated bonds	Mar. 1998 – Mar. 1999	¥ 300,000	¥ 300,000	0.99%	—	—	
*1	US$ denominated convertible bonds issued by subsidiaries	Nov. 1986 – July 1988	¥ 6,929 (US$65,280 thousand)	¥ 9,798 (US$81,280 thousand)	2.28%	—	Sep. 2001 – Sep. 2003	(Note 2) (Note 3) (Note 5) (Note 6)
	Subordinated bonds issued by subsidiaries	Mar. 30, 1998	¥ 150,000	¥ 150,000	2.62%	—	—	
*2	Straight bonds issued by subsidiaries	Nov. 1994 – Dec.1999	¥ 570,401 [¥209,632] (US$5,547,475 thousand) (A$35,500 thousand)	¥ 36,814 (US$292,600 thousand) (A$35,500 thousand)	6.25%	—	Apr. 2000 – Dec. 2009	(Note 2) (Note 4) (Note 5) (Note 6)
*3	Subordinated bonds issued by subsidiaries	Mar. 1993 – Mar. 2000	¥ 994,933 (US$3,076,500 thousand)	¥ 869,261 (US$2,076,500 thousand) (CAN$36,710 thousand) (LFRF300,000 thousand)	3.17%	—	Apr. 2003 –	(Note 2) (Note 5) (Note 6)
	Total		¥2,022,264	¥1,371,539				

Notes:1. On December 3, 1999 the Bank redeemed the total amount of US$ denominated convertible bonds due 2000 US$10 thousand (¥2,410 thousand) and US$ denominated convertible bonds due 2002 US$15,735 thousand (¥2,241,745 thousand) in advance of their redemption dates.

2. *1. indicates the total amount of convertible and subordinated bonds issued by the Bank's domestic consolidated subsidiary The Yasuda Trust and Banking Company Ltd.

*2. indicates the total amount of straight bonds issued by the Bank's overseas consolidated subsidiaries such as The Fuji Bank and Trust Company, Fuji International Finance PLC, Fuji International Finance (Australia) Limited, Heller Financial, Inc., YTB Finance (Aruba) A.E.C.

*3. indicates the subordinated bonds issued by the Bank's overseas consolidated subsidiaries such as The Fuji Bank and Trust Company, Fuji Finance (Cayman)Limited, Fuji Bank (Luxembourg) S.A, YTB Finance (Aruba)A.E.C. (Amount as of 1999 includes bonds issued by overseas consolidated subsidiaries excluded during the year ended March 31, 2000)

3. Details of convertible bonds issued by The Yasuda Trust and Banking Company Ltd, the Bank's domestic consolidated subsidiary, are as follows:

Description	Convertible period	Conversion price	Issuing share	Capitalization
US$ denominated convertible bonds due Sep. 30, 2001	Dec. 1, 1986 - Sep. 20, 2001	¥1,119.30	Common stock	¥ 560/share
US$ denominated convertible bonds due Sep. 30, 2002	Oct. 1, 1987 - Sep. 20, 2002	¥2,163.90	Common stock	¥1,082/share
US$ denominated convertible bonds due Sep. 30, 2003	Aug. 15, 1988 - Sep. 22, 2003	¥1,814.90	Common stock	¥ 908/share

4. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.
5. The amount of foreign currency denominated bonds is shown in the original currency in brackets ( ).
6. Amounts to be redeemed within 5 years from the Consolidated Balance Sheet date at March 31, 2000 are as follows:

	Millions of yen				
	One year or less	More than one year to two years	More than two years to three years	More than three years to four years	More than four years to five years
Bonds and debentures	¥209,632	¥164,875	¥98,109	¥91,323	¥35,921

Disclosure of the above information was not required as of March 31, 1999.

13. Convertible Bonds

Convertible Bonds at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
The Bank:		
2 3/4 percent U.S. dollar convertible bonds due 2000	¥ —	¥ 2,854
1 3/4 percent U.S. dollar convertible bonds due 2002	—	2,811
Consolidated subsidiary:		
2 3/8 percent U.S. dollar convertible bonds due 2001	318	361
1 3/4 percent U.S. dollar convertible bonds due 2002	3,494	4,691
2 7/8 percent U.S. dollar convertible bonds due 2003	3,116	4,744
Total	¥6,929	¥15,464

The Convertible Bonds, unless previously redeemed, are convertible into shares of common stock of the respective issuing companies. The conversion price of each issue is subject to adjustment in certain cases including stock splits.

The conversion prices per share were as follows:

	Conversion price per share at March 31, 2000	Fixed exchange rate
Consolidated subsidiary:		
2 3/8 percent U.S. dollar convertible bonds due 2001	¥1,119.30	¥157.00 = U.S.$1.00
1 3/4 percent U.S. dollar convertible bonds due 2002	¥2,163.90	¥144.65 = U.S.$1.00
2 7/8 percent U.S. dollar convertible bonds due 2003	¥1,814.90	¥134.50 = U.S.$1.00

14. Other Liabilities

Other Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Accrued expenses and unearned income	¥ 564,269	¥ 628,755
Accrued income taxes	24,118	26,913
Securities borrowed	215,709	1,333,366
Other	3,210,118	2,680,705
Total	¥4,014,216	¥4,669,740

15. Other Reserves

Other Reserves at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Reserve for possible losses on loans sold	¥119,766	¥140,399
Reserve for possible losses on support of specific borrowers	56,453	49,073
Reserve for financial futures transaction liabilities	68	63
Reserve for securities transaction liabilities	14	6
Total	¥176,303	¥189,542

The Reserve for Possible Losses on Loans Sold has been provided by the Bank and its major domestic subsidiaries at March 31, 2000 and 1999 against possible future losses after consideration of the value of the collateral of the loans sold off to the Cooperative Credit Purchasing Company.

The Reserve for Possible Losses on Support of Specific Borrowers has been provided by the Bank and its major domestic subsidiaries at March 31, 2000 and 1999 for loans to support the rehabilitation of specific borrowers. An estimate has been made of the future amount likely to be required in supporting such borrowers and the necessary amount is accounted for under the above reserve. This reserve is stipulated under Article 287-2 of the Commercial Code of Japan.

16. Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are included in this account. As a contra-account, “Customers’ Liabilities for Acceptances and Guarantees” is shown on the assets side of the balance sheets and represents the Fuji Bank Group’s right of indemnity from its customers.

Acceptances and Guarantees at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Acceptances	¥ 15,115	¥ 22,020
Letters of credit	171,616	190,858
Guarantees	1,834,177	2,179,567
Total	¥2,020,909	¥2,392,446

17. Land Revaluation Account

Pursuant to the Law Concerning Land Revaluation, land used for the Bank’s business activities was revalued on March 31, 1998. The excess of the revalued carrying amount over the book value before revaluation, which was included in Liabilities at March 31, 1998, is included in Stockholders’ Equity in the amount net of tax effect from March 31, 1999 due to the revision in the Law enacted on March 31, 1999. The corresponding income tax is included in Liabilities from March 31, 1999 as Deferred Tax Liability for Land Revaluation. This resulted in a decrease in Total Liabilities of ¥131,767 million and an increase in Total Stockholders’ Equity of ¥131,767 million at March 31, 1999.

The land prices for revaluation were determined based on the prices in the official notice published by the Commissioner of the National Tax Agency in accordance with Article 2, Paragraph 4 of the Enforcement Ordinance Concerning Land Revaluation, after making reasonable adjustments.

The difference between the revalued carrying amount and the fair value of the land revalued in accordance with Article 10 of the Law was ¥36,664 million at March 31, 2000 and ¥17,185 million at March 31, 1999.

18. Common Stock, Preferred Stock and Capital Surplus

The Bank’s authorized number of shares of capital stock (common stock and preferred stock) as of March 31, 2000 was as follows:

(a) 10 billion shares of common stock, voting and ranking equally with any other class of shares (except for preferred stock) with respect to the payment of dividends and distributions on the liquidation or winding-up of the Bank. The dividend rate and redemption and conversion rights, if any on such shares, are to be determined by the Board of Directors of the Bank prior to issuance.

(b) Class I 82,411,000 shares, Class II 500,000,000 shares, Class III 500,000,000 shares and Class IV 500,000,000 shares of preferred stock, non-voting and ranking prior to shares of common stock with respect to the payment of dividends and distributions on the liquidation or winding-up of the Bank. The dividend rate and redemption and conversion rights, if any on such shares, are to be determined by the Board of Directors of the Bank prior to issuance.

The information relating to Common Stock, Preferred Stock and Capital Surplus is as follows:

	Millions of yen	
	2000	1999
Common Stock:		
Balance at beginning of year	¥559,216	¥424,087
Increase:		
Issuance	—	108,746
Conversion of convertible preferred stock	—	26,383
Conversion of convertible bonds	1,710	—
Balance at end of year	¥560,927	¥559,216
(Shares issued and outstanding at end of year)	(3,443,892 thousand shares)	(3,441,618 thousand shares)
Preferred Stock:		
Balance at beginning of year	¥478,616	¥105,000
Increase:		
Issuance	—	400,000
Decrease:		
Conversion of convertible preferred stock	—	26,383
Balance at end of year	¥478,616	¥478,616
(Shares issued and outstanding at end of year)	(452,411 thousand shares)	(452,411 thousand shares)
Capital Surplus:		
Balance at beginning of year	¥928,196	¥419,954
Increase:		
Issuance of common stock	—	108,242
Issuance of preferred stock	—	400,000
Conversion of convertible bonds	1,710	—
Balance at end of year	¥929,907	¥928,196

Preferred stock issued and outstanding at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
First Series Class I Preferred Stock	¥ 78,616	¥ 78,616
Second Series Class IV Preferred Stock	150,000	150,000
Third Series Class III Preferred Stock	125,000	125,000
Fourth Series Class III Preferred Stock	125,000	125,000
Total	¥478,616	¥478,616

First Series Class I Preferred Stock was issued on December 28, 1996 at an issue price of ¥3,000 per share, and Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock were all issued on March 31, 1999 at an issue price of ¥2,000 per share.

Annual dividends per share on First Series Class I, Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock are payable at ¥7.50 through February 1, 2002, ¥42.00, ¥11.00 through February 1, 2011, and ¥8.00 through February 1, 2009, respectively, exclusive of interim dividends per share of ¥3.75, ¥21.00, ¥5.50 and ¥4.00, respectively.

First Series Class I, Third Series Class III and Fourth Series Class III Preferred Stock are convertible into shares of common stock at the option of the shareholders from July 1, 1997 to January 31, 2002, from October 1, 2006 to January 31, 2011 and from October 1, 2004 to January 31, 2009, respectively, at conversion prices determined based on the market price of the Bank's common stock every October 1 applied subsequent to the first dates of the respective convertible periods, subject to floor prices of 65 percent, 80 percent and 70 percent, respectively, of the initial conversion prices. The initial conversion price of First Series Class I Preferred Stock is ¥2,002, and those of Third Series Class III and Fourth Series Class III Preferred Stock are determined by multiplying the market price of the Bank's common stock at October 1, 2006 and 2004 by 1.025 and are subject to floor prices of ¥420 and ¥540, respectively. The conversion prices are subject to a certain adjustment as to the issuance of new shares of common stock at the price below the then current market price of the Bank's common stock, stock splits, etc.

The Bank may, at its option, redeem Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock at ¥2,000 plus accrued dividends per share from April 1, 2004 and thereafter, from April 1, 2004 to September 30, 2006 and from April 1, 2004 to September 30, 2004, respectively.

19. Interest Income

The components of Interest Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Interest on loans and discounts	¥ 956,306	¥1,005,456
Interest and dividends on securities	130,014	108,194
Interest on call loans and bills purchased	137,789	180,468
Interest on deposits with banks	34,325	61,708
Other interest income	376,891	351,522
Total	¥1,635,326	¥1,707,350

20. Trading Income

The components of Trading Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Revenue from trading securities and derivatives	¥14,546	¥17,881
Revenue from securities and derivatives related to trading transactions	—	6,549
Revenue from trading-related financial derivatives transactions	27,807	8,735
Other trading revenue	969	4,975
Total	¥43,323	¥38,142

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21. Other Operating Income and Other Income

Other Operating Income

The components of Other Operating Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Gains on foreign exchange transactions	¥ 29,114	¥ 18,893
Gains on sales of bonds	121,831	151,612
Gains on redemption of bonds	2,633	978
Other	338,534	343,911
Total	¥492,113	¥515,395

Other Income

The components of Other Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Gains on sales of stocks and other securities	¥528,841	¥105,650
Gains on money held in trust	1,069	1,576
Gains on disposal of premises and equipment	1,884	80,648
Collection of written-off claims	10,877	1,330
Reversal of reserve for possible losses on trading account securities	—	995
Other	124,068	25,471
Total	¥666,741	¥215,673

“Other” in “Other Income” for the year ended March 31, 2000 includes a gain of ¥66,914 million from sales of pension, asset management and administration business by the Bank’s domestic consolidated trust bank subsidiary which took place on October 1, 1999.

22. Interest Expenses

The components of Interest Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Interest on deposits	¥ 245,074	¥ 356,852
Interest on negotiable certificates of deposit	12,678	39,218
Interest on call money and bills sold	156,528	215,015
Interest on commercial paper	20,899	19,701
Interest on borrowed money	61,847	75,270
Interest on bonds and debentures	84,815	78,345
Interest on convertible bonds	234	122
Other interest expenses	466,880	419,532
Total	¥1,048,959	¥1,204,059

23. Trading Expenses

The components of Trading Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Expenses on securities and derivatives related to trading transactions	¥3,364	—
Total	¥3,364	—

24. Other Operating Expenses and Other Expenses

Other Operating Expenses

The components of Other Operating Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Losses on sales of bonds	¥102,829	¥69,029
Losses on redemption of bonds	6,791	3,458
Losses on devaluation of bonds	1,464	287
Other	296,196	291,674
Total	¥407,281	¥364,449

Other Expenses

The components of Other Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Provision for possible loan losses	¥136,870	¥ 285,732
Losses on write-offs of loans	204,653	490,179
Provision for possible losses on loans sold	26,741	90,901
Provision for possible losses on support of specific borrowers	34,140	—
Provision for devaluation of investment securities	12,443	—
Losses on sales of stocks and other securities	25,974	75,254
Losses on devaluation of stocks and other securities	38,839	121,678
Losses on money held in trust	5,926	1,887
Losses on disposal of premises and equipment	25,873	6,653
Losses on sales of loans to Cooperative Credit Purchase Company	25,900	34,021
Other	219,458	184,596
Total	¥756,821	¥1,290,904

“Other” in “Other Expenses” for the year ended March 31, 2000 includes losses on trust assets with indemnity of ¥54,290 million by the Bank’s domestic consolidated trust bank subsidiary.

“Other” in “Other Expenses” for the year ended March 31, 1999 includes losses of ¥5,676 million incurred from supporting certain borrowers. It also includes a loss of ¥150,985 million derived from the write-down of the Bank’s securities portfolio whose fair value, it was determined, would not recover in the short-term. The purpose of the write-down was to remove promptly the unrealized loss on the Bank’s securities portfolio and to implement a change in its policy of cross shareholdings with certain of its major customers in accordance with the Bank’s “Plan for Ensuring Sound Management” prepared pursuant to Article 5 of the Law Concerning Emergency Measures to Stabilize Financial Function.

25. Income Tax Expenses

Income Tax Expenses in Japan applicable to the Bank and its domestic subsidiaries for the years ended March 31, 2000 and 1999 comprised corporation tax, inhabitants’ taxes and enterprise tax at the approximate rates indicated below:

	2000	1999
Corporation tax	30.0%	34.5%
Inhabitants’ taxes	6.1%	7.1%
Enterprise tax	9.6%	11.5%
	45.7%	53.1%

	2000
Statutory tax rate	41.7%
(Adjusted)	
Effect of tax rate change	19.5%
Tax effect on unrealized profits	7.9%
Increase / Decrease in valuation allowance	3.0%
Others	2.3%
Effective tax rate	74.4%

Unlike other Income Tax Expenses, enterprise tax is deductible for tax purposes when paid. Accordingly, the effective statutory income tax rates were approximately 41.7 percent and 47.6 percent for the years ended March 31, 2000 and 1999, respectively.

The consolidated foreign subsidiaries are subject to the Income Tax Expenses of the respective countries in which they operate.

26. Cash Flows

(a) The reconciliation of Cash and Due from Banks in the Consolidated Balance Sheet with Cash and Cash Equivalents at March 31, 2000 is as follows:

	Millions of yen
Cash and due from banks	¥2,741,992
Deposits with other commercial banks	(1,533,152)
Negotiable certificates of deposit	(31,935)
Other	(3,288)
Cash and cash equivalents	¥1,173,615

(b) Assets and liabilities relating to Heller Financial, Inc.'s acquisition of HealthCare Financial Partners, Inc. are principally as follows:

	Millions of yen
Assets	¥27,508
of which Loans and bills discounted ¥22,210 million	
Liabilities	(1,333)
Consolidation difference	24,031
Issuance of stock for the acquisition	(21,878)
Acquisition price of securities	28,328
Cash and cash equivalents	(817)
Net: Expenditure related to the acquisition	¥27,510

Assets and liabilities of Fuji Bank Canada, excluded from the Consolidated Financial Statements by disposal of the Bank's total shareholding in the company are principally as follows:

	Millions of yen
Assets	¥52,860
of which Loans and bills discounted ¥43,568 million	
Liabilities	(47,060)
of which Deposits ¥39,861 million	
Loss on sales of stock	(1,277)
Disposal value	4,522
Cash and cash equivalents	(0)
Net: Proceeds from sales of stock	¥4,522

Decreased assets and liabilities resulting from Heller Financial Inc.'s transfer of factoring business are principally as follows:

	Millions of yen
Loans and bills discounted	¥93,286
Other liabilities	59,084

Decreased assets and liabilities resulting from Yasuda Trust and Banking Co., Ltd.'s transfer of asset management and administration business to Dai-Ichi Kangyo Fuji Trust and Banking Co., Ltd. are as follows:

	Millions of yen
Securities	¥ 534
Premises and equipment	2,130
Total	¥2,664

(c) Details of significant non-cash transactions are as follows:

	Millions of yen
Increase in common stock due to conversion of convertible bonds	¥1,710
Increase in capital surplus due to conversion of convertible bonds	1,710
Decrease in convertible bonds balance due to conversion of convertible bonds	¥3,421

Disclosure of the above information was not required as of March 31, 1999.

In March 1998, the Business Accounting Deliberation Council of Japan issued new accounting standards for statements of cash flows, effective April 1, 1999. Prior to the issuance of this standard, no accounting standard existed for the preparation of statements of cash flows in Japan and, accordingly, the Bank had prepared its statements of cash flows in accordance with the Guidelines for Statements of Cash Flows issued in June 1991. The Bank adopted the new accounting standards effective April 1, 1999 and the accompanying consolidated statement of cash flows for the year ended March 31, 1999 was restated in order to ensure conformity between the prior year's and the current year's presentation.

27. Lease Transactions

Finance Leases

Lessees:

The acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent as of March 31, 2000 and 1999 relating to finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of yen		
March 31, 2000	Equipment	Other	Total
Acquisition cost equivalent	¥3,021	¥218	¥3,239
Accumulated depreciation equivalent	503	176	679
Book value equivalent	¥2,517	¥ 42	¥2,559

	Millions of yen		
March 31, 1999	Equipment	Other	Total
Acquisition cost equivalent	¥ 348	¥ 14	¥ 362
Accumulated depreciation equivalent	279	9	288
Book value equivalent	¥ 68	¥ 4	¥ 73

Lease expense relating to finance leases accounted for as operating leases amounted to ¥226 million and ¥29 million for the years ended March 31, 2000 and 1999, respectively. The related depreciation equivalent amounted to ¥226 million and ¥29 million for the years ended March 31, 2000 and 1999, respectively. Depreciation is based on the straight-line method over the lease term of the leased assets.

Future lease payments subsequent to March 31, 2000 and 1999 for finance leases accounted for as operating leases (including the interest portion thereon) are summarized as follows:

	Millions of yen	
	2000	1999
Due in one year or less	¥ 444	¥31
Due after one year	2,115	42
Total	¥2,559	¥73

Lessors:
The acquisition cost, accumulated depreciation, book value, and future lease payments to be received subsequent to March 31, 2000 and 1999 relating to finance lease transactions accounted for as operating leases at March 31, 2000 and 1999 are summarized as follows:

	Millions of yen		
March 31, 2000	Equipment	Other	Total
Acquisition cost	¥994,732	¥1,857	¥996,590
Accumulated depreciation	507,093	1,327	508,420
Book value	¥487,639	¥ 529	¥488,169

	Millions of yen		
March 31, 1999	Equipment	Other	Total
Acquisition cost	¥886,309	¥1,349	¥887,658
Accumulated depreciation	443,502	761	444,263
Book value	¥442,807	¥ 587	¥443,395

Lease income relating to finance leases accounted for as operating leases amounted to ¥204,226 million and ¥202,084 million for the years ended March 31, 2000 and 1999, respectively. The related depreciation amounted to ¥175,275 million and ¥170,001 million for the years ended March 31, 2000 and 1999, respectively. Interest income equivalent amounted to ¥17,503 million and ¥15,832 million for the years ended March 31, 2000 and 1999, respectively. Interest income equivalent is computed based on the allocation of the excess amount of total lease income over the acquisition cost of leased assets, using the interest method.

Future lease payments to be received subsequent to March 31, 2000 and 1999 for finance leases accounted for as operating leases (including the interest portion thereon) are summarized as follows:

	Millions of yen	
	2000	1999
Due in one year or less	¥178,861	¥165,083
Due after one year	334,985	299,065
Total	¥513,847	¥464,149

Of the above future lease payments to be received, ¥209,395 million is pledged.

Operating Leases
The future lease payments subsequent to March 31, 2000 and 1999 for operating lease transactions are summarized as follows:

	Millions of yen	
	2000	1999
Due in one year or less	¥ 7,091	¥ 7,144
Due after one year	41,497	48,213
Total	¥48,589	¥55,357

28. Deferred Taxes

Major components of Deferred Tax Assets and Liabilities as of March 31, 2000 and 1999 are summarized as follows:

	Millions of yen	
	2000	1999
Deferred tax assets:		
Reserve for possible loan losses	¥ 492,207	¥ 482,021
Tax loss carryforwards	243,575	366,462
Other	275,270	362,999
Subtotal	1,011,052	1,211,483
Valuation allowance	(130,616)	(130,442)
Total: Deferred tax assets	880,436	1,081,040
Deferred tax liabilities:		
Lease financing	(10,202)	(7,035)
Undistributed retained earnings in consolidated subsidiaries	(326)	(3,674)
Other	(94)	(1,074)
Net: Deferred tax assets	¥ 869,812	¥1,069,255

The statutory tax rates used to calculate deferred tax assets and liabilities for the years ended March 31, 2000 and 1999 were 38.7% and 41.7%, respectively.

On March 30, 2000 the “Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Tokyo” was passed by the Tokyo Municipal Assembly and was made law. With this legislation, the standards for applying enterprise tax will be amended from the fiscal year beginning April 1, 2000. For the year ended March 31, 2000, income was subject to enterprise tax, but in future years enterprise tax will be levied on gross profits. This means that enterprise tax will not be included in the tax calculations for deferred tax accounting. Therefore the tax rate applying when calculating the Bank’s Deferred Tax Assets and Deferred Tax Liabilities is 38.7% for the year ended March 31, 2000, as against 41.7% in the previous year. The tax rate applying when calculating the Bank’s consolidated trust bank’s deferred assets and deferred tax liabilities is 39.6% for the year ended March 31, 2000, as against 41.7% in the previous year. The effect of this change results in a decrease in Deferred Tax Assets of ¥55,325 million, and an increase in Income Tax Expenses—Deferred booked for the year ended March 31, 2000 of ¥55,325 million, as well as an increase in Net Income of ¥50,897 million. There is also a decrease in Deferred Tax Liability for Land Revaluation of ¥6,624 million, and an increase in the Land Revaluation Account of ¥6,624 million at March 31, 2000.

On June 9, 2000 the “Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka” was passed by the Osaka Municipal Assembly and was made law. With this legislation, the standards for applying enterprise tax will be amended from the fiscal year beginning April 1, 2001. Therefore the tax rate applying when calculating the Bank’s Deferred Tax Assets and Deferred Tax Liabilities will be 38.1%, as against 38.7% in the current year. The tax rate applying when calculating the Bank’s consolidated trust bank’s deferred tax assets and deferred tax liabilities will be 39.1%, as against 39.6% in the current year. The effect of this change results in a decrease in Deferred Tax Assets of ¥ 11,451 million, and Deferred Tax Liability for Land Revaluation of ¥ 1,324 million, respectively. The actual effect of the change in tax rates will be clarified when the amount is calculated based on the differences prevalent on March 31, 2001. Therefore the amounts given above are subject to revision.

29. Segment Information

(a) Business Segment Information

Certain consolidated subsidiaries are engaged in securities, trust, leasing, and other business in addition to commercial banking business. As those activities are not deemed material, business segment information has not been disclosed.

(b) Geographic Segment Information

Total adjusted income represents total income excluding “Gains on Disposal of Premises and Equipment,” “Collection of Written-off Claims,” reversals of “Other Reserves” and gains on sales of pension, asset management and administration business in “Other.”

Total adjusted expenses represent total expenses excluding “Losses on Disposal of Premises and Equipment” and transfers to “Other Reserves.”

The following tables represent the geographic segment information on the Total Adjusted Income, Ordinary Profit (Loss) and Assets of the Bank’s head office, branches and subsidiaries according to the country of domicile of the respective entities.

	Millions of yen						
Year ended March 31, 2000	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers	¥ 2,239,508	¥ 483,881	¥ 205,882	¥ 88,242	¥ 3,017,516	¥ —	¥ 3,017,516
Intersegment	177,326	50,916	142,806	28,429	399,479	(399,479)	—
Total	2,416,835	534,798	348,689	116,672	3,416,995	(399,479)	3,017,516
Total adjusted expenses	2,278,467	470,556	325,871	110,959	3,185,854	(397,568)	2,788,286
Ordinary profit	¥ 138,368	¥ 64,241	¥ 22,818	¥ 5,712	¥ 231,140	¥ (1,910)	¥ 229,229
II. Assets	¥53,470,843	¥7,297,796	¥3,638,520	¥2,077,957	¥66,485,118	¥(8,238,386)	¥58,246,731

	Millions of yen						
Year ended March 31, 1999	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers	¥ 1,557,193	¥ 649,394	¥ 233,265	¥ 130,613	¥ 2,570,467	¥ —	¥ 2,570,467
Intersegment	329,050	64,911	116,184	71,390	581,537	(581,537)	—
Total	1,886,244	714,306	349,449	202,003	3,152,004	(581,537)	2,570,467
Total adjusted expenses	2,483,542	687,206	375,506	214,577	3,760,833	(516,478)	3,244,355
Ordinary profit (loss)	¥ (597,298)	¥ 27,100	¥ (26,056)	¥ (12,573)	¥ (608,828)	¥ (65,059)	¥ (673,888)
II. Assets	¥53,637,767	¥8,194,643	¥4,876,576	¥2,438,453	¥69,147,442	¥(11,202,364)	¥57,945,077

(c) Total Adjusted Income from Foreign and International Operations

Year ended March 31, 2000	Millions of yen
(i) Total adjusted income from foreign operations	¥ 778,007
(ii) Consolidated total adjusted income	¥3,017,516
(i)/(ii)	25.8%

Year ended March 31, 1999	
(i) Total adjusted income from international operations	¥1,329,959
(ii) Consolidated total adjusted income	¥2,570,467
(i)/(ii)	51.7%

For the preceding years, “Total adjusted income from international operations” has been recorded instead of overseas sales for general corporations. However, for the year ended March 31, 2000, “Total adjusted income from foreign operations” is to be used to reflect more accurately the nature of the various foreign transactions.

“Total adjusted income from foreign operations” means the total income relating to transactions at overseas branches by the parent company, and transactions of overseas consolidated subsidiaries. (However, total income between consolidated companies is excluded). “Total adjusted income from international operations” represents the sum of total adjusted income generated from the international operations of the Bank and its domestic consolidated subsidiaries and total adjusted income of its consolidated foreign subsidiaries after excluding all intercompany transactions within the Fuji Bank Group.

30. Subsequent Events

At a general meeting of stockholders held on June 28, 2000 year-end dividends of ¥3.50 per share of common stock totalling ¥12,053 million, and of ¥3.75 per share of First Series Class I preferred stock totalling ¥196 million, ¥21.00 per share of Second Series Class IV preferred stock totalling ¥3,150 million, ¥5.50 per share of Third Series Class III preferred stock totalling ¥687 million and ¥4.00 per share of Fourth Series Class III preferred stock totalling ¥500 million were approved in respect of the year ended March 31, 2000. In accordance with Japanese accounting practice, these dividends were not accrued and have not been reflected in the consolidated financial statements for the year ended March 31, 2000.

On May 25, 2000 the Fuji Securities Co., Ltd., the Bank's subsidiary company, the DKB Securities Co., Ltd. and the IBJ Securities Co., Ltd. concluded a merger agreement.

The outline of the merger is as follows:

(a) Purpose of the Merger

This merger was carried out as part of the comprehensive consolidation agreement signed in December 1999 between the Bank, The Dai-Ichi Kangyo Bank, Limited ("DKB") and The Industrial Bank of Japan, Limited ("IBJ").

(b) Merger Structure, etc.

1. Merger date: October 1, 2000
2. Merger structure: The fundamental philosophy underlying this merger is that it is a consolidation of equals. However, due to procedural and other related issues, the IBJ Securities Co., Ltd. will be the surviving legal entity.
3. Merger ratio: Fuji Securities Co., Ltd., The DKB Securities Co., Ltd. and The IBJ Securities Co., Ltd. will be merged at a merger ratio of 0.87:1.12:1.00, with The IBJ Securities Co., Ltd. being the surviving entity.

(c) Change of Company Name

The company name of The IBJ Securities Co., Ltd. will be changed to Mizuho Securities Co., Ltd.

(d) Capital

¥150.2 billion

The percentage held in the new company by each of the 3 banks is as follows:

The Bank 23.17%, DKB 33.55% and IBJ 43.28%

(e) Approval

This merger is subject to approval by the appropriate regulatory authorities.

31. Market Value Information

Market Prices of Marketable Securities

March 31, 2000	Millions of yen: Book value	Market value	Unrealized gain (loss): Net	Gross gain	Gross loss
Listed Securities:					
Bonds	¥ 427,171	¥ 431,895	¥ 4,723	¥ 17,348	¥ 12,625
Stocks	3,410,663	4,026,006	615,342	1,067,009	451,666
Others	380,374	379,036	(1,337)	5,508	6,846
Total	¥4,218,209	¥4,836,937	¥618,728	¥1,089,867	¥471,138

Notes: 1. The securities in the above table (including Japanese government bonds, Japanese local bonds and Japanese corporate bonds) are all listed. The market values of listed securities are determined mainly according to the closing price at term-end on the Tokyo Stock Exchange, or prices calculated using indicated yields announced by the Japan Securities Dealers Association. The market values of others are determined mainly according to the closing price at term-end on the Tokyo Stock Exchange.

2. The table below covers unlisted securities for which it is possible to estimate a market value.

March 31, 2000	Millions of yen: Book value	Market value	Unrealized gain (loss): Net	Gross gain	Gross loss
Unlisted Securities:					
Bonds	¥1,920,950	¥1,911,258	¥ (9,691)	¥ 2,989	¥12,680
Stocks	55,120	106,316	51,196	57,208	6,011
Others	307,822	302,307	(5,514)	566	6,081
Total	¥2,283,892	¥2,319,883	¥35,990	¥60,764	¥24,774

Market values of unlisted securities are determined as follows:
Securities traded over-the-counter: transaction prices announced by the Japan Securities Dealers Association
Publicly offered bond: prices calculated using indicated yield announced by the Japan Securities Dealers Association
Securities of investment trust: market prices announced by authorized fund management companies
Securities traded over-the-counter in America: transaction prices on the NASDAQ announced by the National Association of Securities Dealers

3. The book values of securities not included in the market value information provided above are as follows:

March 31, 2000	Millions of yen
Bonds	¥327,672
Stocks	143,987
Others	614,823

4. Trading securities and trading account securities are evaluated according to the market price, and the unrealized gain or loss is recorded on the Consolidated Statement of Income. Therefore profit and loss information is omitted from the above table.

Interest Rate-Related Transactions

March 31, 2000	Millions of yen: Contract value: Total	Contract value: Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Interest Rate Futures:					
Sell	¥ 22,528	¥ —	¥....	¥ 19,298	¥ 3,229
Buy	74,826	—	....	74,817	(8)
Interest Rate Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
FRA:					
Sell	6,927	—	....	0	0
Buy	6,927	—	....	(0)	(0)
Interest Rate Swap:					
Receive Fixed Pay Floating	52,726,523	36,287,297	....	209,763	209,763
Receive Floating Pay Fixed	57,178,074	35,686,108	....	(284,206)	(284,206)
Receive Floating Pay Floating	775,858	189,779	....	(503)	(503)
Receive Fixed Pay Fixed	68,649	33,685	....	(365)	(365)
Interest Rate Option:					
Sell Call	2,500	2,500	....	(21)	(21)
Put	3,000	—	....	(10)	(10)
Buy Call	—	—	....	—	—
Put	6,000	—	....	3	3
Others:					
Sell	320,088	287,430	78	(2,623)	(2,544)
Buy	320,725	269,261	8	2,544	2,536
Total	....	....	....	....	¥ (72,130)

Notes: 1. Calculation of market value.
Market values of listed transactions are calculated using the closing prices on the Tokyo International Financial Futures Exchange, etc.
Market values of over-the-counter transactions are calculated using the discounted present value or an option pricing model, etc.
2. Market values and unrealized gain or loss include transactions made for the purpose of hedging on-balance sheet transactions.
3. Market values of interest rate swaps and unrealized gain or loss include accrued interest recorded on the Consolidated Statement of Income. (March 31, 2000: ¥130,566 million)
4. Others denotes cap-floor transactions.
5. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table.
The contract values etc. of derivative transactions included in trading account transactions are as follows :

March 31, 2000	Millions of yen: Contract value	Option premium	Market value
Listed			
Interest Rate Futures:			
Sell	¥ 13,285,670	¥	¥13,286,498
Buy	23,870,222	....	23,871,281
Interest Rate Option:			
Sell Call	56,309	29	(5)
Put	89,989	47	(63)
Buy Call	31,187	32	15
Put	10,845	31	34
Over-the-Counter			
FRA:			
Sell	16,755,644	....	3,510
Buy	16,519,247	....	(3,904)
Interest Rate Swap:			
Receive Fixed Pay Floating	181,911,477	....	(574,500)
Receive Floating Pay Fixed	177,537,408	....	404,901
Receive Floating Pay Floating	7,092,974	....	1,658
Receive Fixed Pay Fixed	75,087	....	3,229
Others:			
Sell	3,636,229	47,608	(28,832)
Buy	3,248,455	39,926	24,742

Note: Others denotes swaption and cap-floor transactions.

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Currency-Related Transactions

March 31, 2000	Millions of yen				
	Contract value				
	Total	Term over one year	Option premium	Market value	Unrealized gain (loss)
Over-the-Counter					
Currency Swap:					
US$	¥4,240,814	¥703,088	¥....	¥81,603	¥81,603
STG£	245,261	8,699	....	2,630	2,630
€	81,336	—	....	280	280
DM	74,087	8,440	....	6,711	6,711
A$	29,222	14,213	....	(170)	(170)
Others	245,384	38,990	....	(99,890)	(99,890)
Total	¥4,916,105	¥773,432	....	¥(8,834)	¥(8,834)
Foreign Exchange Contract:					
Sell	187	—	....	180	7
Buy	—	—	....	—	—
Currency Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Others:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—

Notes: 1. Market values are calculated using the discounted present value, etc.
2. Market values and unrealized gain or loss include transactions made for the purpose of hedging on-balance sheet transactions, such as funds-related swap transactions.
3. Market values and unrealized gain or loss include accrued interest recorded on the Consolidated Statement of Income.
(March 31, 2000: ¥(8,724) million)
4. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table.
The contract values etc. of derivative transactions in trading account transactions are as follows :

March 31, 2000	Millions of yen	
	Contract value	Market value
Over-the-Counter		
Currency Swap:		
US$	¥4,108,831	¥23,984
STG£	195,807	24,047
DM	98,575	58,160
A$	422,408	(3,888)
Other	3,103,515	(47,590)
Total	¥7,929,138	¥54,714

5. In foreign exchange contracts and currency options etc., revaluation is carried out at the end of March and the unrealized gain or loss is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table. Those foreign-currency denominated assets and liabilities entered in the Consolidated Balance Sheet or foreign-currency denominated receivables and payables which have been eliminated in the process of consolidation are also excluded.
The table below indicates the contract value etc. of derivative transactions relating to currency transactions which are revalued.

March 31, 2000	Millions of yen	
	Contract value	Option premium
Listed		
Currency Futures:		
Sell	¥ 378	¥ ....
Buy	379	....
Currency Option:		
Sell Call	—	—
Put	—	—
Buy Call	—	—
Put	—	—
Over-the-Counter		
Foreign Exchange Contract:		
Sell	6,826,376	....
Buy	6,526,908	....
Currency Option:		
Sell Call	531,027	20,927
Put	613,227	12,048
Buy Call	519,804	21,624
Put	550,211	12,059
Others:		
Sell	—	....
Buy	—	....

Securities-Related Transactions

March 31, 2000	Millions of yen: Contract value: Total	Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Securities Indexed Futures:					
Sell	¥41,374	¥—	¥....	¥46,879	¥(5,505)
Buy	7,942	—	....	8,143	201
Securities Indexed Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Securities-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Securities-related Swap:					
Receive Stock Index, Pay Floating Rate	—	—	....	—	—
Pay Stock Index, Receive Floating Rate	—	—	....	—	—
Others:					
Sell	—	—	—	—	—
Buy	—	—	—	—	—
Total	....	....	....	....	¥(5,303)

Notes: 1. Market values of listed transactions are calculated using the closing prices on the Tokyo Stock Exchange, etc.
Market values of over-the-counter transactions are calculated using the discounted present value or an option pricing model, etc.
2. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table. The contract value etc. of derivative transactions in trading account transactions is as follows :

March 31, 2000	Millions of yen: Contract value	Option premium	Market value
Listed			
Securities Indexed Futures:			
Sell	¥4,214	¥	¥4,231
Buy	3,298	....	3,324
Securities Indexed Option:			
Sell Call	—	—	—
Put	—	—	—
Buy Call	—	—	—
Put	—	—	—
Over-the-Counter			
Securities-related Option:			
Sell Call	7,011	959	(2,297)
Put	—	—	—
Buy Call	—	—	—
Put	7,011	959	531
Securities-related Swap:			
Receive Stock Index, Pay Floating Rate	—	....	—
Pay Stock Index, Receive Floating Rate	—	....	—
Others:			
Sell	—	....	—
Buy	—	....	—

Bond-Related Transactions

March 31, 2000	Millions of yen: Contract value: Total	Contract value: Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Bond Futures:					
Sell	¥1,622,235	¥—	¥....	¥1,640,421	¥(18,185)
Buy	71,173	—	....	71,389	215
Bond Futures Option:					
Sell Call	10,000	—	64	85	(21)
Put	10,000	—	78	31	46
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Bond-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Others:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—
Total	....	....	....	....	¥(17,944)

Notes: 1. Market values of listed transactions are calculated using the closing prices on the Tokyo Stock Exchange, etc.
Market values of over-the-counter transactions are calculated using an option pricing model, etc.
2. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table. The contract value etc. of derivative transactions in trading account transactions is as follows :

March 31, 2000	Millions of yen: Contract value	Option premium	Market value
Listed			
Bond Futures:			
Sell	¥242,223	¥	¥243,528
Buy	599,897	....	601,066
Bond Futures Option:			
Sell Call	428,376	350	(624)
Put	523,928	646	(498)
Buy Call	575,852	291	427
Put	308,955	635	459
Over-the-Counter			
Bond-related Option:			
Sell Call	—	—	—
Put	266,000	784	(458)
Buy Call	285,000	1,332	2,416
Put	245,000	977	774
Others:			
Sell	—	....	—
Buy	—	....	—

Commodities-Related Transactions

There are no commodities-related transactions.

Credit Derivative Transactions

March 31, 2000	Millions of yen: Contract value: Total	Contract value: Term over one year	Market value	Unrealized gain (loss)
Over-the-Counter				
Sell	¥12,000	¥11,000	¥56	¥70
Buy	1,390	1,390	(5)	(7)
Total	....	....	....	¥63

Notes: 1. Market values of over-the-counter transactions are calculated using the discounted present value.
2. “Sell” indicates assumption of credit risk, “Buy” indicates transfer of credit risk.

Report of Independent Certified Public Accountants on the Consolidated Financial Statements

The Board of Directors and Shareholders
The Fuji Bank, Limited

We have audited the consolidated balance sheets of The Fuji Bank, Limited and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, earned surplus, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of The Fuji Bank, Limited and consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2 to the consolidated financial statements, The Fuji Bank, Limited and consolidated subsidiaries have adopted a new accounting standard for consolidation in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 28, 2000

Century Ota Showa & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of The Fuji Bank, Limited and consolidated subsidiaries under Japanese accounting principles and practices.

Consolidated Data File

Earnings Performance

Average Balances, Interest and Average Interest Rates

	Billions of yen		
	2000		
Year ended March 31,	Average balance	Interest	Average rate
Interest Earning Assets			
Loans:			
Domestic	¥29,112.1	¥ 619.6	2.12%
International	7,317.3	387.4	5.29
Intercompany Transactions	(1,675.8)	(50.7)	....
Total	34,753.6	956.3	2.75
Investment Securities:			
Domestic	7,746.9	125.0	1.61
International	472.1	22.5	4.77
Intercompany Transactions	(890.1)	(17.5)	....
Total	7,328.8	130.0	1.77
Call Loans and Bills Purchased:			
Domestic	635.8	1.7	0.27
International	955.6	137.2	14.36
Intercompany Transactions	(27.5)	(1.1)	....
Total	1,563.9	137.7	8.81
Interest Bearing Deposits in Other Banks:			
Domestic	804.6	17.9	2.23
International	663.4	26.1	3.94
Intercompany Transactions	(487.6)	(9.7)	....
Total	980.5	34.3	3.50
Total Interest Earning Assets:			
Domestic	38,775.1	988.0	2.54
International	9,535.7	917.2	9.61
Intercompany Transactions	(3,080.7)	(269.9)	....
Total	¥45,230.1	¥1,635.3	3.61%

Year ended March 31,	Billions of yen		
	2000		
	Average balance	Interest	Average rate
Interest Bearing Liabilities			
Deposits:			
Domestic	¥28,829.9	¥ 188.5	0.65%
International	1,889.8	67.1	3.55
Intercompany Transactions	(536.5)	(10.5)	....
Total	30,183.2	245.0	0.81
Negotiable Certificates of Deposit:			
Domestic	3,427.6	7.2	0.21
International	100.6	5.4	5.41
Intercompany Transactions	(56.5)	(0.0)	....
Total	3,471.7	12.6	0.36
Call Money and Bills Sold:			
Domestic	3,168.3	9.5	0.30
International	1,195.9	147.2	12.30
Intercompany Transactions	(27.4)	(0.2)	....
Total	4,336.8	156.5	3.60
Commercial Paper:			
Domestic	692.1	1.9	0.28
International	411.7	18.9	4.60
Intercompany Transactions	(10.5)	(0.0)	....
Total	1,093.4	20.8	1.91
Borrowed Money:			
Domestic	2,430.2	74.5	3.06
International	1,866.3	38.7	2.07
Intercompany Transactions	(1,599.3)	(51.5)	....
Total	2,697.2	61.8	2.29
Total Interest Bearing Liabilities:			
Domestic	39,062.6	613.2	1.56
International	6,575.3	688.4	10.46
Intercompany Transactions	(2,259.1)	(253.8)	....
Total	¥43,378.7	¥1,047.8	2.41%

Notes: 1. In principle, "average balance" denotes the average of the daily balances over the period. However the average of the term-end balances is used in the case of certain domestic consolidated subsidiaries which do not specialize in banking business and consolidated foreign subsidiaries.
2. "Domestic" denotes the Bank (excluding its overseas offices) and its domestic consolidated subsidiaries.
"International" denotes the Bank's overseas offices and its consolidated subsidiaries which are based abroad ("consolidated foreign subsidiaries").
3. "Intercompany transactions" denotes amounts arising from intercompany transactions.
4. Non-interest bearing deposits are deducted from total interest earning assets and money held in trust and interest expenses thereon are deducted from total interest bearing liabilities.
5. Disclosure of the above information was not required as of March 31, 1999.

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Breakdown of Fee & Commission Income

Year ended March 31,	Billions of yen 2000
Income	
Deposit and Loan-related:	
Domestic	¥ 10.8
International	30.4
Intercompany Transactions	(1.1)
Total	40.2
Remittance:	
Domestic	49.4
International	1.2
Intercompany Transactions	(0.7)
Total	49.9
Securities-related:	
Domestic	9.2
International	3.3
Intercompany Transactions	(1.8)
Total	10.7
Agent:	
Domestic	10.4
International	—
Intercompany Transactions	(0.1)
Total	10.2
Safe Deposit Box:	
Domestic	3.2
International	0.0
Intercompany Transactions	(0.0)
Total	3.2
Guarantees:	
Domestic	12.7
International	3.5
Intercompany Transactions	(7.0)
Total	9.3
Trust-related:	
Domestic	22.5
International	0.0
Intercompany Transactions	(0.1)
Total	22.5
Total Income:	
Domestic	231.3
International	42.9
Intercompany Transactions	(53.3)
Total	¥220.9
Expenses	
Remittance:	
Domestic	¥ 12.0
International	0.0
Intercompany Transactions	(0.5)
Total	11.5
Total Expenses:	
Domestic	58.1
International	10.7
Intercompany Transactions	(27.6)
Total	¥ 41.1

Notes: 1. “Domestic” denotes the Bank (excluding its overseas offices) and its domestic consolidated subsidiaries.
“International” denotes the Bank’s overseas offices and its consolidated subsidiaries which are based abroad (“consolidated foreign subsidiaries”).
2. “Intercompany transactions” denotes amounts arising from intercompany transactions.
3. Disclosure of the above information was not required as of March 31, 1999.

Breakdown of Gross Profit

Year ended March 31,	Billions of yen 2000
Net Interest Income:	
Domestic	¥374.7
International	228.8
Intercompany Transactions	(16.0)
Total	587.4
Net Fee and Commission Income:	
Domestic	173.2
International	32.2
Intercompany Transactions	(25.7)
Total	179.7
Net Trading Profit:	
Domestic	13.8
International	26.1
Intercompany Transactions	—
Total	39.9
Net of Other Operating Income and Expenses:	
Domestic	69.3
International	18.8
Intercompany Transactions	(3.4)
Total	84.8

Notes: 1. "Domestic" denotes the Bank (excluding its overseas offices) and its domestic consolidated subsidiaries.
"International" denotes the Bank's overseas offices and its consolidated subsidiaries which are based abroad ("consolidated foreign subsidiaries").
2. "Intercompany transactions" denotes amounts arising from intercompany transactions.
3. Disclosure of the above information was not required as of March 31, 1999.

CONSOLIDATED

Loans and Bills Discounted

Major Lending Classifications

	Billions of yen	
	2000	
March 31,	Amount	% of total
Domestic Offices:		
Manufacturing	¥ 4,244.0	13.70%
Agriculture	45.7	0.15
Forestry	2.7	0.01
Fisheries	17.5	0.06
Mining	32.2	0.10
Construction	1,224.8	3.95
Utilities	307.8	0.99
Transportation and Communications	1,130.2	3.65
Wholesale and Retail	4,251.4	13.73
Finance and Insurance	4,444.5	14.35
Real Estate	3,317.3	10.71
Services	5,097.0	16.45
Local Government	210.8	0.68
Others	6,650.4	21.47
Total Domestic	30,976.9	100.00%
Overseas Offices:		
Public Sector	160.1	2.97%
Financial Institutions	400.1	7.42
Others	4,834.3	89.61
Total Overseas	5,394.6	100.00%
Total	¥36,371.5	....

Notes: 1. "Domestic" denotes the Bank (excluding its overseas offices) and its domestic consolidated subsidiaries.
"International" denotes the Bank's overseas offices and its consolidated subsidiaries which are based abroad ("consolidated foreign subsidiaries").
2. Disclosure of the above information was not required as of March 31, 1999.

Loans to Overseas Governments, etc.

March 31,	Billions of yen 2000
Number of Countries	7
Balance of Loans	¥97.4
Balance of Loans as a Percentage of Total Assets	0.2%

Notes: 1. "Loans to Overseas Governments" denotes the balances (according to country) of loans for which each consolidated subsidiary has made a provision to the "Reserve for Possible Losses on Loans to Restructuring Countries" on the balance sheet date according to its respective "Loan Inspection Manual." (However, where the relevant company does not in fact make a Reserve for Possible Losses on Loans to Restructuring Countries under Japanese accounting practice because it is an overseas corporation, an amount corresponding to such a reserve calculated according to the Bank's guidelines has been included for consistency).
2. The above amounts also include deposits, acceptances and guarantees and suspense payments etc. in addition to loans. Loans without transfer risk are not included.
3. Disclosure of the above information was not required as of March 31, 1999.

Principal Ratios
BIS Capital Ratio on a Consolidated Basis

	Billions of yen		
March 31,	2000	1999	1998
Tier I Capital	¥ 2,397.9	¥ 2,370.6	¥ 1,809.8
Tier II Capital:			
Unrealized Gains on Securities, after 55% Discount	—	—	—
Land Revaluation Account, after 55% Discount	99.3	101.8	146.9
General Reserve for Possible Loan Losses	278.7	261.4	120.7
Subordinated Debt and Other	1,986.3	1,899.6	1,476.9
Total	2,364.4	2,262.9	1,744.6
Less	14.0	4.3	—
Total Qualifying Capital	¥ 4,748.3	¥ 4,629.2	¥ 3,554.5
Risk-Adjusted Assets:			
On-Balance Sheet Exposure	¥39,539.7	¥36,577.3	¥33,802.9
Off-Balance Sheet Exposure	3,177.8	4,258.7	3,614.6
Equivalent Market Risk / 8%	415.9	331.5	341.9
Total	¥43,133.6	¥41,167.6	¥37,759.5
Total Capital Ratio	11.00%	11.24%	9.41%

Notes: 1. Figures in this table are calculated in accordance with guidelines established by the Financial Supervisory Agency and the Ministry of Finance.

2. The Bank issued preferred securities through Fuji JGB Investment L.L.C., a wholly-owned indirect subsidiary of the Bank. The preferred securities are treated as consolidated and non-consolidated Tier I capital of the Bank.

Issuer:	Fuji JGB Investment L.L.C.
Securities Issued:	Noncumulative Preferred Securities
Issue Amount:	$1,600,000,000
Issue Date:	March 16, 1998
Characteristics of Preferred Securities:	· The Bank treats the preferred securities as Tier I capital of the Bank under the relevant Japanese regulatory capital guidelines. · The preferred securities are noncumulative preferred securities which cannot be exchanged for the Bank's common stock. · The preferred securities are structured to rank in substance pari passu with the Bank's preferred stock upon liquidation of the Bank, and to be entitled to in substance the same rights with respect to dividends as any senior preferred stock that may in future be issued by the Bank.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

March 31,	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
ASSETS			
Cash and Due from Banks	¥ 2,541,682	¥ 2,028,844	$ 23,944,256
Call Loans and Bills Purchased	171,967	814,134	1,620,046
Commercial Paper and Other Debt Purchased	34,983	50,882	329,564
Trading Assets	1,163,889	1,507,525	10,964,578
Money Held in Trust	50,401	60,398	474,814
Securities	6,427,786	5,837,796	60,553,802
Loans and Bills Discounted	31,267,681	29,793,318	294,561,291
Foreign Exchange	316,136	421,850	2,978,207
Other Assets	1,594,605	1,391,143	15,022,194
Premises and Equipment	525,119	552,012	4,946,960
Deferred Tax Assets	605,896	732,556	5,707,928
Customers' Liabilities for Acceptances and Guarantees	2,800,360	3,193,984	26,381,160
Reserve for Possible Loan Losses	(464,024)	(455,519)	(4,371,408)
Reserve for Devaluation of Investment Securities	(27,037)	(16,700)	(254,706)
Total Assets	¥47,009,449	¥45,912,230	$442,858,686

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED

March 31,	Millions of yen 2000	1999	Thousands of U.S. dollars (Note 1) 2000
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	¥32,015,560	¥32,123,178	$301,606,787
Call Money and Bills Sold	3,661,101	2,383,687	34,489,886
Commercial Paper	565,000	400,000	5,322,657
Trading Liabilities	691,730	932,049	6,516,541
Borrowed Money	2,028,227	1,955,418	19,107,183
Foreign Exchange	140,514	148,493	1,323,737
Bonds	300,000	300,000	2,826,189
Convertible Bonds	—	5,666	—
Other Liabilities	2,103,427	1,792,816	19,815,613
Reserve for Retirement Allowances	44,693	45,866	421,037
Reserve for Possible Losses on Loans Sold	110,619	129,705	1,042,104
Reserve for Possible Losses on Support of Specific Borrowers	57,506	84,966	541,748
Other Reserves	68	63	648
Deferred Tax Liability for Land Revaluation	85,589	94,481	806,306
Acceptances and Guarantees	2,800,360	3,193,984	26,381,160
Total Liabilities	44,604,399	43,590,379	420,201,596
Stockholders' Equity			
Common Stock	560,927	559,216	5,284,291
Preferred Stock	478,616	478,616	4,508,870
Capital Surplus	929,907	928,196	8,760,319
Legal Reserve	102,213	96,397	962,915
Land Revaluation Account	135,229	131,767	1,273,947
Voluntary Reserve	71,900	40,900	677,343
Special Reserve	21	17	207
Unappropriated Retained Earnings at End of Year	126,233	86,739	1,189,198
Total Stockholders' Equity	2,405,050	2,321,851	22,657,090
Total Liabilities and Stockholders' Equity	¥47,009,449	¥45,912,230	$442,858,686

Non-Consolidated Statements of Income

Years ended March 31,	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
INCOME			
Interest Income:			
Interest on Loans and Discounts	¥ 729,555	¥ 877,477	$ 6,872,873
Interest and Dividends on Securities	97,478	157,893	918,305
Other Interest Income	539,217	573,881	5,079,771
	1,366,251	1,609,253	12,870,949
Fee and Commission Income	116,037	106,635	1,093,144
Trading Income	11,965	17,978	112,722
Other Operating Income	139,600	167,591	1,315,125
Other Income	412,160	170,444	3,882,808
Total Income	2,046,014	2,071,902	19,274,748
EXPENSES			
Interest Expenses:			
Interest on Deposits	233,898	403,139	2,203,470
Interest on Borrowings and Rediscounts	80,466	111,725	758,045
Other Interest Expenses	558,500	589,633	5,261,430
	872,865	1,104,499	8,222,945
Fee and Commission Expenses	45,352	45,883	427,250
Trading Expenses	1,450	—	13,666
Other Operating Expenses	113,164	85,557	1,066,083
General and Administrative Expenses	350,394	367,664	3,300,939
Other Expenses	435,881	1,132,654	4,106,278
Total Expenses	1,819,109	2,736,259	17,137,161
Income (Loss) before Income Taxes	226,904	(664,356)	2,137,587
Income Tax Expenses:			
Current	248	332	2,344
Deferred	124,501	(271,758)	1,172,880
Net Income (Loss)	¥ 102,154	¥ (392,929)	$ 962,363

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED

Non-Consolidated Statements of Appropriation of Retained Earnings (Deficit)

Years ended March 31,	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
Net Income (Loss)	¥102,154	¥(392,929)	$ 962,363
Unappropriated Retained Earnings (Deficit) at Beginning of Year	86,739	(487,393)	817,137
Reversal of Special Reserve	1	549,003	18
Prior Year's Adjustment for Deferred Taxes	—	460,798	—
Reversal of Reserve for Losses on Overseas Investments in Conjunction with Adopting Accounting for Deferred Taxes	—	12	—
Reversal of Land Revaluation Account	3,011	—	28,368
Total	191,907	129,491	1,807,886
Appropriations:			
Provision of Legal Reserve	5,816	7,180	54,795
Provision of Voluntary Reserve	31,000	—	292,039
Provision of Special Reserve	6	12	58
Dividends	28,851	35,558	271,796
Total	65,673	42,752	618,688
Unappropriated Retained Earnings at End of Year	¥126,233	¥ 86,739	$1,189,198

The accompanying notes are an integral part of these statements.

The Fuji Bank, Limited

Notes to Non-Consolidated Financial Statements

1. Basis of Presentation

The accompanying non-consolidated financial statements of The Fuji Bank, Limited have been maintained and prepared in accordance with accounting principles and practices generally accepted in Japan, the Commercial Code of Japan and the Banking Law of Japan, and have been compiled from the non-consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan. Accounting principles and practices generally accepted in Japan may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain items presented in the non-consolidated financial statements filed with the Minister of Finance have been reclassified for the convenience of readers outside Japan.

As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the non-consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥106.15 = U.S.$1.00, the rate of exchange in effect on March 31, 2000, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

2. Significant Accounting Policies of The Fuji Bank, Limited

Refer to Notes to Consolidated Financial Statements.

3. Net Income (Loss) per Share

The information of net income (loss) per share of common stock is as follows:

Years ended March 31,	Yen 2000	Yen 1999
Net Income (Loss)	¥27.03	¥(130.53)

Net income (loss) per share of common stock is computed based on the average number of shares of common stock outstanding during the year, adjusted for the preferred stock dividend.

4. Market Value Information

Market Prices of Marketable Securities

March 31, 2000	Book value	Market value	Unrealized gain (loss) Net	Gross gain	Gross loss
	Millions of yen				
Listed Securities:					
Bonds	¥ 137,971	¥ 148,488	¥ 10,516	¥ 16,348	¥ 5,831
Stocks	2,771,399	3,232,039	460,639	831,668	371,029
Others	104,836	102,984	(1,852)	246	2,098
Total	¥3,014,208	¥3,483,512	¥469,303	¥848,264	¥378,960

March 31, 2000	Book value	Market value	Unrealized gain (loss) Net	Gross gain	Gross loss
	Millions of yen				
Unlisted Securities:					
Bonds	¥1,657,824	¥1,648,984	¥ (8,839)	¥ 2,096	¥ 10,935
Stocks	186,494	274,096	87,602	91,872	4,269
Others	297,311	291,754	(5,556)	432	5,988
Total	¥2,141,629	¥2,214,836	¥ 73,206	¥ 94,400	¥ 21,194

March 31, 1999	Book value	Market value	Unrealized gain (loss) Net	Gross gain	Gross loss
	Millions of yen				
Listed Securities:					
Bonds	¥ 235,666	¥ 229,931	¥ (5,735)	¥ 4,733	¥ 10,468
Stocks	3,016,974	3,141,447	124,473	346,875	222,402
Others	99,731	94,204	(5,527)	1,738	7,266
Total	¥3,352,372	¥3,465,583	¥113,210	¥353,347	¥240,137

March 31, 1999	Book value	Market value	Unrealized gain (loss) Net	Gross gain	Gross loss
	Millions of yen				
Unlisted Securities:					
Bonds	¥ 970,151	¥ 973,139	¥ 2,987	¥ 8,197	¥ 5,209
Stocks	192,051	251,570	59,518	67,572	8,053
Others	185,147	182,658	(2,488)	885	3,373
Total	¥1,347,350	¥1,407,368	¥ 60,018	¥ 76,654	¥ 16,636

Notes: 1. Market values of listed securities are determined mainly according to the closing price at term-end on the Tokyo Stock Exchange, or prices calculated using indicated yields announced by the Japan Securities Dealers Association.

2. Market values of unlisted securities are determined as follows:
Securities traded over-the-counter: transaction prices announced by the Japan Securities Dealers Association
Publicly offered bond: prices calculated using indicated yield announced by the Japan Securities Dealers Association
Securities of investment trust: market prices announced by authorized fund management companies

3. The book values of securities not included in the market value information provided above are as follows:

March 31,	2000	1999
	Millions of yen	
Unlisted domestic bonds, excluding publicly offered bonds	¥245,415	¥395,006
Unlisted publicly offered bonds maturing within one year or less	29,866	14,376
Unlisted bonds excluding domestic bonds	255,485	37,388
Unlisted stocks of subsidiaries and affiliates	541,717	474,543

4. Trading securities and trading account securities are evaluated according to the market price, and the unrealized gain or loss is recorded on the Statement of Income. Therefore profit and loss information is omitted from the above table.

NON-CONSOLIDATED

Interest Rate-Related Transactions

March 31, 2000	Contract value: Total (Millions of yen)	Contract value: Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Interest Rate Futures:					
Sell	¥ —	¥ —	¥....	¥ —	¥ —
Buy	74,826	—	....	74,817	(8)
Interest Rate Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
FRA:					
Sell	6,927	—	....	0	0
Buy	6,927	—	....	(0)	(0)
Interest Rate Swap:					
Receive Fixed Pay Floating	49,717,384	34,181,672	....	206,964	206,964
Receive Floating Pay Fixed	54,000,856	33,920,959	....	(239,040)	(239,040)
Receive Floating Pay Floating	64,810	34,588	....	27	27
Receive Fixed Pay Fixed	68,649	33,685	....	(365)	(365)
Interest Rate Option:					
Sell Call	2,500	2,500	—	(21)	(21)
Put	3,000	—	—	(10)	(10)
Buy Call	—	—	—	—	—
Put	6,000	—	—	3	3
Others:					
Sell	303,339	272,682	—	(2,259)	(2,259)
Buy	296,340	257,138	—	2,426	2,426
Total	....	....	....	....	¥(32,286)

March 31, 1999	Contract value: Total (Millions of yen)	Contract value: Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Interest Rate Futures:					
Sell	¥ 364,112	¥ —	¥....	¥364,183	¥ (71)
Buy	149,408	—	....	149,629	221
Interest Rate Option:					
Sell Call	150,000	—	93	108	(15)
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
FRA:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—
Interest Rate Swap:					
Receive Fixed Pay Floating	37,125,837	20,165,304	....	608,903	608,903
Receive Floating Pay Fixed	38,687,300	18,410,302	....	(666,740)	(666,740)
Receive Floating Pay Floating	91,259	72,267	....	(333)	(333)
Receive Fixed Pay Fixed	16,269	16,269	....	7	7
Interest Rate Option:					
Sell Call	20,000	—	—	(77)	(41)
Put	—	—	—	—	—
Buy Call	9,130	6,630	—	47	(2)
Put	8,500	6,000	—	17	(65)
Others:					
Sell	239,441	210,189	—	(770)	2,349
Buy	251,853	233,417	—	800	(2,157)
Total	....	....	....	....	¥ (57,945)

Notes: 1.Option premiums are recorded on the Balance Sheets.
2. Calculation of market value.
Market values of listed transactions are calculated using the closing prices on the Tokyo International Financial Futures Exchange, etc.
Market values of over-the-counter transactions are calculated using the discounted present value or an option pricing model, etc.
3. Market values and unrealized gain or loss include transactions made for the purpose of hedging on-balance sheet transactions.
4. Market values of interest rate swaps and unrealized gain or loss include accrued interest recorded on the Statement of Income. (March 31, 2000: ¥113,946 million)
5. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Statement of Income. Therefore it is not included in the above table.
The contract values, etc. of derivative transactions included in trading account transactions are as follows:

	Millions of yen					
	2000			1999		
March 31,	Contract value	Option premium	Market value	Contract value	Option premium	Market value
Listed						
Interest Rate Futures:						
Sell	¥ 514,422	¥	¥514,778	¥ 2,302,235	¥	¥2,307,233
Buy	381,869	....	382,054	2,475,705	....	2,482,763
Interest Rate Option:						
Sell Call	51,181	29	5	254,967	98	38
Put	84,861	46	63	136,911	27	22
Buy Call	31,187	32	15	74,086	73	15
Put	10,845	31	34	50,460	11	5
Over-the-Counter						
FRA:						
Sell	—	....	—	9,945	....	0
Buy	—	....	—	9,945	....	(0)
Interest Rate Swap:						
Receive Fixed Pay Floating	43,073,115	....	434,434	45,712,842	....	843,160
Receive Floating Pay Fixed	41,628,271	....	(403,443)	43,965,403	....	(780,658)
Receive Floating Pay Floating	1,054,292	....	(146)	837,295	....	(1,582)
Receive Fixed Pay Fixed	71,372	....	2,674	44,925	....	11,081
Interest Rate Option:						
Sell Call	412,933	4,361	(10,228)	427,531	4,974	(19,020)
Put	378,794	3,733	(1,843)	453,132	4,507	(2,070)
Buy Call	231,383	2,176	4,834	325,128	2,652	8,258
Put	314,672	2,478	2,333	385,587	3,099	2,743
Others:						
Sell	1,104,605	16,073	(5,596)	976,119	13,820	(4,453)
Buy	1,166,342	14,799	5,014	1,104,737	14,533	3,970

Note: Others denotes swaption and cap-floor transactions.

NON-CONSOLIDATED

Currency-Related Transactions

	Millions of yen							
	2000				1999			
	Contract value				Contract value			
March 31,	Total	Term over one year	Market value	Unrealized gain (loss)	Total	Term over one year	Market value	Unrealized gain (loss)
Over-the-Counter								
Currency Swap:								
US$	¥3,883,665	¥591,758	¥ 83,713	¥ 83,713	¥3,091,021	¥ 875,277	¥ 85,638	¥ 85,638
STG £	231,486	—	2,312	2,312	219,540	60,854	8,261	8,261
€	30,311	—	444	444	149,476	874	2,411	2,411
DM	74,087	8,440	6,711	6,711	10,403	10,403	1,463	1,463
A$	—	—	—	—	4,264	—	(45)	(45)
Others	194,868	36,812	(101,322)	(101,322)	266,470	98,211	(144,642)	(144,642)
Total	¥4,414,419	¥637,011	¥ (8,140)	¥ (8,140)	¥3,741,177	¥1,045,621	¥(46,913)	¥(46,913)

Notes: 1. Market values are calculated using the discounted present value, etc.
2. Market values and unrealized gain or loss include transactions made for the purpose of hedging on-balance sheet transactions.
3. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Statement of Income. Therefore it is not included in the above table.
The contract values, etc. of derivative transactions in trading account transactions are as follows:

	Millions of yen			
	2000		1999	
March 31,	Contract value	Market value	Contract value	Market value
Over-the-Counter				
Currency Swap:				
US$	¥2,322,029	¥ (7,842)	¥2,938,709	¥(16,315)
€	47,286	82	4,047	1
DM	42,460	(1,523)	65,826	(1,704)
A$	367,370	(3,036)	518,848	(14,831)
Others	71,999	344	124,353	(414)
Total	¥2,851,145	¥(11,975)	¥3,651,786	¥(33,264)

4. In foreign exchange contracts and currency options, etc., revaluation is carried out at the end of March and the unrealized gain or loss is recorded on the Statement of Income. Therefore it is not included in the above table.
The table below indicates the contract value, etc. of derivative transactions relating to currency transactions which are revalued.

	Millions of yen			
	2000		1999	
March 31,	Contract value	Option premium	Contract value	Option premium
Listed				
Currency Futures:				
Sell	¥ 378	¥	¥ 700	¥ ....
Buy	379	....	308	....
Currency Option:				
Sell Call	—	—	—	—
Put	—	—	—	—
Buy Call	—	—	—	—
Put	—	—	—	—
Over-the-Counter				
Foreign Exchange Contract:				
Sell	4,966,617	....	6,900,237	....
Buy	5,500,238	....	7,708,151	....
Currency Option:				
Sell Call	513,107	20,849	810,316	13,180
Put	585,355	11,895	675,731	13,069
Buy Call	498,300	21,555	798,947	13,406
Put	523,147	12,022	637,415	14,157
Others:				
Sell	—	....	—	....
Buy	—	....	—	....

Note: Option premiums are recorded on the Balance Sheets.

Securities-Related Transactions

March 31, 2000	Contract value: Total	Contract value: Term over one year	Option premium	Market value	Unrealized gain (loss)
	Millions of yen				
Listed					
Securities Indexed Futures:					
Sell	¥ 8,594	¥—	¥	¥ 8,629	¥ (34)
Buy	7,942	—	....	8,143	201
Securities Indexed Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Securities-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Securities-related Swap:					
Receive Stock Index, Pay Floating Rate	—	—	....	—	—
Pay Stock Index, Receive Floating Rate	—	—	....	—	—
Others:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—
Total	....	....	....	....	¥ 166

March 31, 1999	Contract value: Total	Contract value: Term over one year	Option premium	Market value	Unrealized gain (loss)
	Millions of yen				
Listed					
Securities Indexed Futures:					
Sell	¥42,207	¥—	¥	¥43,129	¥(921)
Buy	50,102	—	....	50,936	833
Securities Indexed Option:					
Sell Call	11,607	—	231	78	153
Put	756	—	2	0	2
Buy Call	11,607	—	79	78	(1)
Put	220	—	0	0	(0)
Over-the-Counter					
Securities-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Securities-related Swap:					
Receive Stock Index, Pay Floating Rate	—	—	....	—	—
Pay Stock Index, Receive Floating Rate	—	—	....	—	—
Others:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—
Total	....	....	....	....	¥ 65

Notes: 1. Option premiums are recorded on the Balance Sheets.
2. Market values of listed transactions are calculated using the closing prices on the Tokyo Stock Exchange, etc.
Market values of over-the-counter transactions are calculated using the discounted present value or an option pricing model, etc.
3. There are no securities-related derivative transactions included in "Trading Assets/Liabilities."

Bond-Related Transactions

March 31, 2000	Millions of yen				
	Contract value				
	Total	Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Bond Futures:					
Sell	¥1,434,945	¥—	¥....	¥1,451,324	¥(16,378)
Buy	71,173	—	....	71,389	215
Bond Futures Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Bond-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Others:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—
Total	....	....	....	....	¥(16,162)

March 31, 1999	Millions of yen				
	Contract value				
	Total	Term over one year	Option premium	Market value	Unrealized gain (loss)
Listed					
Bond Futures:					
Sell	¥ 269,877	¥—	¥	¥ 272,406	¥ (2,529)
Buy	13,259	—	....	13,282	23
Bond Futures Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Bond-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	3,013	—	15	—	(15)
Put	—	—	—	—	—
Others:					
Sell	—	—	....	—	—
Buy	—	—	....	—	—
Total	....	....	....	....	¥ (2,521)

Notes: 1. Option premiums are recorded on the Balance Sheets.
2. Market values of listed transactions are calculated using the closing prices on the Tokyo Stock Exchange, etc.
Market values of over-the-counter transactions are calculated using an option pricing model, etc.

Note: Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss is recorded on the Statement of Income. Therefore it is not included in the above table. The contract value, etc. of derivative transactions in trading account transactions is as follows:

	Millions of yen					
	2000			1999		
March 31,	Contract value	Option premium	Market value	Contract value	Option premium	Market value
Listed						
Bond Futures:						
Sell	¥28,198	¥	¥28,280	¥14,027	¥	¥14,084
Buy	28,124	....	28,280	56,132	....	56,995
Bond Futures Option:						
Sell Call	—	—	—	—	—	—
Put	44,500	147	96	12,000	26	24
Buy Call	10,000	45	62	—	—	—
Put	44,700	159	92	7,100	42	31
Over-the-Counter						
Bond-related Option:						
Sell Call	—	—	—	—	—	—
Put	—	—	—	—	—	—
Buy Call	—	—	—	—	—	—
Put	—	—	—	—	—	—
Others:						
Sell	—	....	—	—	....	—
Buy	—	....	—	—	....	—

Commodities-Related Transactions

There are no commodities-related transactions.

Credit Derivative Transactions

	Millions of yen							
	2000				1999			
	Contract value				Contract value			
March 31,	Total	Term over one year	Market value	Unrealized gain (loss)	Total	Term over one year	Market value	Unrealized gain (loss)
Over-the-Counter								
Sell	¥12,000	¥11,000	¥56	¥70	¥2,000	¥2,000	¥(10)	¥(10)
Buy	1,390	1,390	(5)	(7)	—	—	—	—
Total	....	....	....	¥63	....	....	....	¥(10)

Notes: 1. Market values of over-the-counter transactions are calculated using the discounted present value.
2. “Sell” indicates assumption of credit risk, “Buy” indicates transfer of credit risk.

NON-CONSOLIDATED

Report of Independent Certified Public Accountants on the Non-Consolidated Financial Statements

The Board of Directors and Shareholders
The Fuji Bank, Limited

We have audited the non-consolidated balance sheets of The Fuji Bank, Limited as of March 31, 2000 and 1999, and the related non-consolidated statements of income and appropriation of retained earnings (deficit) for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying non-consolidated financial statements, expressed in yen, present fairly the non-consolidated financial position of The Fuji Bank, Limited at March 31, 2000 and 1999, and the non-consolidated results of its operations for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

Tokyo, Japan
June 28, 2000

Century Ota Showa & Co.

See Note 1 to the non-consolidated financial statements which explains the basis of preparation of the non-consolidated financial statements of The Fuji Bank, Limited under Japanese accounting principles and practices.

Non-Consolidated Data File

Earnings Performance

Average Balances, Interest and Average Interest Rates

Years ended March 31,	2000 Average balance	2000 Interest	2000 Average rate	1999 Average balance	1999 Interest	1999 Average rate	1998 Average balance	1998 Interest	1998 Average rate
	Billions of yen								
Interest Earning Assets									
Loans:									
Domestic	¥24,657.2	¥ 480.3	1.94%	¥24,432.6	¥ 507.4	2.07%	¥22,362.4	¥ 491.2	2.19%
International	4,924.6	244.2	4.95	7,561.8	362.0	4.78	11,983.2	504.3	4.20
Total	29,581.9	724.6	2.44	31,994.4	869.5	2.71	34,345.6	995.5	2.89
Investment Securities:									
Domestic	5,451.6	60.1	1.10	5,476.8	76.4	1.39	5,552.4	94.2	1.69
International	848.1	37.2	4.39	709.4	81.4	11.47	656.3	58.6	8.94
Total	6,299.8	97.4	1.54	6,186.2	157.8	2.55	6,208.8	152.9	2.46
Call Loans:									
Domestic	124.5	0.1	0.09	46.2	0.2	0.58	247.9	1.4	0.58
International	90.5	4.7	5.21	125.6	6.6	5.27	241.3	13.8	5.73
Total	215.0	4.8	2.24	171.9	6.8	4.01	489.2	15.3	3.12
Bills Purchased:									
Domestic	182.0	0.0	0.04	216.1	1.0	0.47	41.6	0.3	0.73
International	—	—	—	—	—	—	—	—	—
Total	182.0	0.0	0.04	216.1	1.0	0.47	41.6	0.3	0.73
Interest Bearing Deposits in Other Banks:									
Domestic	27.3	0.2	0.80	48.4	0.3	0.63	52.7	0.2	0.45
International	968.8	32.0	3.31	1,145.1	59.2	5.17	3,426.2	148.9	4.34
Total	996.1	32.2	3.24	1,193.5	59.5	4.98	3,479.0	149.1	4.28
Total Interest Earning Assets:									
Domestic	32,155.8	623.5	1.93	31,941.1	682.4	2.13	29,337.2	658.8	2.24
International	7,306.3	748.3	10.24	10,300.7	937.5	9.10	16,913.3	1,357.0	8.02
*	*1,685.5*	*5.6*	....	*1,693.5*	*10.8*	....	*1,069.0*	*7.2*	....
Total	¥37,776.5	¥1,366.2	3.61%	¥40,548.3	¥1,609.2	3.96%	¥45,181.5	¥2,008.6	4.44%

Note: * Internal transaction between domestic sector and international sector.

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Years ended March 31,	2000 Average balance	2000 Interest	2000 Average rate	1999 Average balance	1999 Interest	1999 Average rate	1998 Average balance	1998 Interest	1998 Average rate
	Billions of yen								
Interest Bearing Liabilities									
Deposits:									
Domestic	¥23,145.1	¥ 57.5	0.24%	¥21,438.9	¥ 98.1	0.45%	¥20,900.9	¥ 106.8	0.51%
International	4,242.5	165.7	3.90	7,100.9	268.1	3.77	13,569.9	509.2	3.75
Total	27,387.6	223.3	0.81	28,539.8	366.2	1.28	34,470.8	616.0	1.78
Negotiable Certificates of Deposit:									
Domestic	3,141.4	6.3	0.20	3,562.5	22.0	0.61	2,393.2	15.4	0.64
International	76.1	4.2	5.53	228.5	14.7	6.47	893.1	57.0	6.39
Total	3,217.5	10.5	0.32	3,791.1	36.8	0.97	3,286.3	72.5	2.20
Call Money:									
Domestic	2,755.9	6.1	0.22	3,903.0	24.9	0.63	3,001.9	17.2	0.57
International	81.0	4.3	5.40	105.0	5.4	5.23	238.7	12.7	5.33
Total	2,836.9	10.5	0.37	4,008.1	30.4	0.75	3,240.7	29.9	0.92
Bills Sold:									
Domestic	186.4	0.1	0.05	220.4	1.0	0.48	201.0	1.2	0.63
International	17.7	0.8	4.73	61.5	3.8	6.31	192.4	10.8	5.61
Total	204.1	0.9	0.46	281.9	4.9	1.75	393.5	12.0	3.07
Commercial Paper:									
Domestic	659.4	1.7	0.26	320.8	1.9	0.61	....	....	....
International	—	—	—	—	—	—	....	....	....
Total	659.4	1.7	0.26	320.8	1.9	0.61	....	....	....
Borrowed Money:									
Domestic	959.3	29.3	3.05	1,053.5	32.7	3.10	1,672.7	40.8	2.44
International	959.4	39.6	4.13	984.1	43.5	4.42	812.5	28.0	3.45
Total	1,918.7	69.0	3.59	2,037.7	76.3	3.74	2,485.3	68.9	2.77
Total Interest Bearing Liabilities:									
Domestic	31,118.9	206.6	0.66	30,583.7	300.9	0.98	28,118.1	308.5	1.09
International	7,177.0	671.2	9.35	10,382.4	813.6	7.83	16,956.3	1,203.1	7.09
*	*1,685.5*	*5.6*	....	*1,693.5*	*10.8*	....	*1,069.0*	*7.2*	....
Total	¥36,610.4	¥872.2	2.38%	¥39,272.6	¥1,103.7	2.81%	¥44,005.4	¥1,504.3	3.41%

Notes: 1. *Internal transaction between domestic sector and international sector.
2. Interest expenses on money held in trust is deducted from total interest bearing liabilities.

Breakdown of Changes of Net Interest Income

	Billions of yen								
	2000			1999			1998		
Years ended March 31,	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest Income									
Loans:									
Domestic	¥ 4.3	¥ (31.4)	¥ (27.0)	¥ 42.9	¥ (26.7)	¥ 16.2	¥14.1	¥ (35.4)	¥ (21.2)
International	(126.2)	8.4	(117.8)	(186.0)	43.8	(142.2)	16.6	22.7	39.4
Total	(61.9)	(83.0)	(144.9)	(66.1)	(59.8)	(126.0)	30.4	(12.3)	18.1
Investment Securities:									
Domestic	(0.2)	(16.0)	(16.2)	(1.0)	(16.6)	(17.7)	2.5	(9.4)	(6.8)
International	6.1	(50.2)	(44.1)	5.0	17.6	22.7	2.4	33.9	36.3
Total	1.7	(62.1)	(60.4)	(0.5)	5.5	4.9	4.4	25.0	29.5
Call Loans:									
Domestic	0.0	(0.2)	(0.1)	(1.1)	0.0	(1.1)	(0.9)	0.0	(0.8)
International	(1.8)	(0.0)	(1.9)	(6.5)	(0.6)	(7.2)	(2.4)	0.2	(2.1)
Total	0.9	(3.0)	(2.0)	(9.9)	(1.5)	(8.4)	(5.3)	2.3	(3.0)
Bills Purchased:									
Domestic	(0.0)	(0.9)	(0.9)	0.8	(0.1)	0.7	0.1	0.0	0.2
International	—	—	—	—	—	—	—	—	—
Total	(0.0)	(0.9)	(0.9)	0.8	(0.1)	0.7	0.1	0.0	0.2
Interest Bearing Deposits in Other Banks:									
Domestic	(0.1)	0.0	(0.0)	(0.0)	0.0	0.0	(0.2)	(0.1)	(0.3)
International	(6.8)	(20.3)	(27.1)	(99.1)	9.4	(89.6)	(14.3)	10.1	(4.2)
Total	(7.5)	(19.7)	(27.2)	(97.9)	8.3	(89.6)	(15.6)	11.0	(4.5)
Total Interest Income:									
Domestic	4.1	(63.1)	(58.9)	55.6	(31.9)	23.6	(0.1)	(45.1)	(45.2)
International	(272.5)	83.3	(189.2)	(530.5)	111.0	(419.5)	11.4	(80.1)	(68.6)
Total	¥(104.4)	¥(138.5)	¥(243.0)	¥(194.6)	¥(204.6)	¥(399.3)	¥ 6.2	¥(119.5)	¥(113.3)

Note: Allocation of the rate volume variance is based on the percentage relationship of changes in volume and changes in rate to the total “net change.”

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	Billions of yen								
	2000			1999			1998		
Years ended March 31,	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest Expenses									
Deposits:									
Domestic	¥ 4.2	¥ (44.8)	¥ (40.6)	¥ 2.4	¥ (11.1)	¥ (8.6)	¥ 0.3	¥(19.9)	¥(19.6)
International	(107.9)	5.6	(102.3)	(242.7)	1.6	(241.1)	(7.3)	26.0	18.6
Total	(9.9)	(133.0)	(142.9)	(87.4)	(162.3)	(249.7)	(2.4)	1.4	(0.9)
Negotiable Certificates of Deposit:									
Domestic	(1.1)	(14.5)	(15.6)	7.2	(0.6)	6.5	0.3	2.1	2.5
International	(9.6)	(0.9)	(10.5)	(42.4)	0.1	(42.2)	2.6	5.0	7.6
Total	(2.5)	(23.7)	(26.2)	4.9	(40.6)	(35.6)	2.2	7.9	10.2
Call Money:									
Domestic	(4.0)	(14.7)	(18.8)	5.6	2.0	7.6	(0.9)	2.0	1.0
International	(1.2)	0.1	(1.1)	(7.1)	(0.1)	(7.2)	(1.7)	1.0	(0.7)
Total	(5.9)	(13.9)	(19.9)	5.8	(5.3)	0.4	(1.9)	2.2	0.3
Bills Sold:									
Domestic	(0.0)	(0.9)	(0.9)	0.0	(0.3)	(0.2)	(1.0)	0.2	(0.8)
International	(2.5)	(0.4)	(3.0)	(7.3)	0.4	(6.9)	(1.2)	1.0	(0.2)
Total	(0.6)	(3.3)	(4.0)	(2.5)	(4.6)	(7.1)	(5.0)	4.0	(1.0)
Commercial Paper:									
Domestic	0.9	(1.1)	(0.2)	1.9	—	1.9	....	....	....
International	—	—	—	—	—	—	....	....	....
Total	0.9	(1.1)	(0.2)	1.9	—	1.9	....	....	....
Borrowed Money:									
Domestic	(2.9)	(0.4)	(3.4)	(15.1)	7.0	(8.0)	2.0	(4.0)	(1.9)
International	(1.0)	(2.8)	(3.9)	6.6	8.8	15.5	11.0	3.6	14.7
Total	(4.3)	(2.9)	(7.3)	(12.4)	19.8	7.4	11.6	1.1	12.7
Total Interest Expenses:									
Domestic	3.5	(97.7)	(94.2)	24.2	(31.8)	(7.5)	(2.0)	(6.3)	(8.4)
International	(251.1)	108.7	(142.4)	(466.4)	76.9	(389.5)	14.9	(23.5)	(8.5)
Total	¥ (66.9)	¥(164.5)	¥(231.4)	¥(143.8)	¥(256.7)	¥(400.6)	¥ 0.8	¥(17.3)	¥(16.4)

Breakdown of Fee & Commission Income

Years ended March 31,	Billions of yen 2000	1999	1998
Income			
Deposit and Loan-related:			
Domestic	¥ 4.7	¥ 4.4	¥ 4.1
International	11.3	12.5	16.1
Total	16.0	17.0	20.2
Remittance:			
Domestic	39.3	38.0	37.6
International	10.7	9.1	11.3
Total	50.0	47.1	49.0
Securities-related:			
Domestic	6.0	6.4	6.4
International	0.1	0.0	0.1
Total	6.2	6.5	6.6
Agent:			
Domestic	7.6	9.4	9.7
International	1.3	1.8	1.5
Total	8.9	11.3	11.3
Safe Deposit Box:			
Domestic	2.9	2.9	2.9
International	0.0	0.0	—
Total	2.9	2.9	2.9
Guarantees:			
Domestic	0.9	0.7	0.6
International	5.9	6.6	7.4
Total	6.9	7.4	8.1
Total Income:			
Domestic	79.5	73.2	70.7
International	36.4	33.4	39.0
Total	¥116.0	¥106.6	¥109.7
Expenses			
Remittance:			
Domestic	¥ 9.8	¥ 9.7	¥ 9.5
International	2.0	2.5	4.0
Total	11.8	12.3	13.5
Total Expenses:			
Domestic	37.1	34.6	31.6
International	8.2	11.2	13.0
Total	¥ 45.3	¥ 45.8	¥ 44.7

Breakdown of Net of Other Operating Income and Commissions

Years ended March 31,	Billions of yen 2000	1999	1998
Gains on Foreign Exchange Transactions:			
Domestic	¥ —	¥ —	¥ —
International	27.9	16.4	17.6
Total	27.9	16.4	17.6
Gains (Losses) on Sales of Bonds:			
Domestic	13.1	76.1	58.4
International	(6.1)	3.5	19.3
Total	6.9	79.6	77.8
Others:			
Domestic	(0.0)	(0.9)	(3.9)
International	(8.4)	(13.1)	(9.1)
Total	(8.5)	(14.0)	(13.1)
Total:			
Domestic	13.0	75.1	54.4
International	13.2	6.8	27.8
Total	¥26.2	¥82.0	¥82.3

Breakdown of Adjusted General & Administrative Expenses

Years ended March 31,	Billions of yen 2000	1999	1998
Salaries, Allowances	¥116.0	¥125.0	¥135.2
Retirement Allowances	5.2	5.3	3.7
Provision of Reserve for Retirement Allowance	3.9	4.1	4.4
Benefits	24.1	25.6	27.0
Depreciation	37.6	39.7	40.7
Lease on Buildings and Equipment	40.1	36.8	35.8
Repair Expenses	0.7	0.7	0.9
General Supplies	3.7	4.8	5.0
Lighting and Heating Expenses	4.8	4.9	5.1
Travel Expenses	1.9	2.4	2.7
Telephone, Fax, etc.	7.0	7.2	7.4
Advertising Expenses	3.8	5.2	5.7
Taxes	19.3	22.7	28.8
Other	81.5	82.5	82.6
Total	¥350.3	¥367.6	¥385.7

Deposits

Breakdown of Deposits

	Billions of yen					
	2000		1999		1998	
March 31,	Average balance	End balance	Average balance	End balance	Average balance	End balance
Liquid Deposits※:						
Domestic	¥ 9,724.0	¥10,173.1	¥ 7,269.8	¥ 8,865.5	¥ 6,905.0	¥ 8,148.2
International	68.3	76.1	87.6	62.5	158.6	46.5
Total	9,792.3	10,249.3	7,357.5	8,928.1	7,063.7	8,194.7
Time Deposits:						
Domestic	13,085.9	11,650.6	13,838.7	13,178.0	13,683.5	12,996.9
International	1,709.1	2,100.0	4,234.8	1,874.3	10,572.6	6,482.6
Total	14,795.0	13,750.7	18,073.6	15,052.4	24,256.1	19,479.5
Negotiable Certificates of Deposit:						
Domestic	3,141.4	4,528.7	3,562.5	5,050.4	2,393.2	2,609.6
International	76.1	81.5	228.5	108.7	893.1	516.3
Total	3,217.5	4,610.3	3,791.1	5,159.1	3,286.3	3,125.9
Other:						
Domestic	335.1	629.9	330.3	725.0	312.3	603.5
International	2,465.0	2,775.1	2,778.3	2,258.4	2,838.5	3,038.8
Total	2,800.2	3,405.0	3,108.6	2,983.5	3,150.9	3,642.3
Total Deposits:						
Domestic	26,286.5	26,982.5	25,001.4	27,819.1	23,294.1	24,358.4
International	4,318.6	5,032.9	7,329.5	4,304.0	14,463.0	10,084.2
Total	¥30,605.1	¥32,015.5	¥32,330.9	¥32,123.1	¥37,757.2	¥34,442.7

Note: ※Liquid deposits include current deposits, ordinary deposits, savings deposits and deposits at notice.

Breakdown of Depositors

	Billions of yen					
	2000		1999		1998	
March 31,	Amount	% of total	Amount	% of total	Amount	% of total
Individuals	¥11,642.1	47.12%	¥11,294.2	46.87%	¥11,391.8	49.96%
Corporations	13,064.1	52.88	12,805.1	53.13	11,410.9	50.04
Total	¥24,706.3	100.00%	¥24,099.3	100.00%	¥22,802.7	100.00%

Notes: 1. Overseas branches and the Japan Offshore Market Account are not included.
2. Figures have not been adjusted for deposits in transit between the Bank's head office and branches.

Loans and Bills Discounted

Breakdown of Loans and Bills Discounted

	Billions of yen					
	2000		1999		1998	
Years ended March 31,	Average balance	End balance	Average balance	End balance	Average balance	End balance
Loans on Notes:						
Domestic	¥3,216.9	¥3,465.8	¥ 3,439.3	¥ 3,332.7	¥ 3,369.4	¥ 3,026.6
International	620.5	551.8	999.7	737.1	1,689.5	1,331.5
Total	3,837.5	4,017.7	4,439.0	4,069.8	5,058.9	4,358.1
Loans on Deeds:						
Domestic	14,621.2	15,521.6	14,310.0	14,458.7	13,891.4	13,824.9
International	4,589.8	3,512.8	6,538.2	4,971.2	10,264.7	7,776.1
Total	18,911.0	19,034.4	20,848.3	19,430.0	24,156.2	21,601.1
Overdrafts:						
Domestic	6,629.9	7,969.5	6,069.2	6,052.1	4,332.0	5,333.8
International	14.2	12.3	18.2	13.9	17.6	13.6
Total	6,644.2	7,981.9	6,087.4	6,066.1	4,349.6	5,347.5
Bills Discounted:						
Domestic	189.0	233.5	613.9	227.2	769.5	713.2
International	0.0	0.0	5.6	0.0	11.3	10.5
Total	189.0	233.5	619.6	227.2	780.8	723.7
Total:						
Domestic	24,657.2	27,190.6	24,432.6	24,070.9	22,362.4	22,898.7
International	4,924.6	4,077.0	7,561.8	5,722.3	11,983.2	9,131.8
Total	¥29,581.9	¥31,267.6	¥31,994.4	¥29,793.3	¥34,345.6	¥32,030.5

Loans to Retail Sectors

	Billions of yen					
	2000		1999		1998	
March 31,	Number of customers	End balance	Number of customers	End balance	Number of customers	End balance
Total Loan Balance	1,036	¥27,609.5	1,183	¥24,581.7	1,198	¥23,442.0
Loans to Small/Medium Businesses	1,031	19,419.7	1,177	17,355.9	1,193	17,756.3
% of Total Loans	99.44%	70.33%	99.53%	70.61%	99.56%	75.75%

Notes: 1. “Number of customers” is shown in thousands.
2. Overseas branches and the Japan Offshore Market Account are not included.

Breakdown of Loans by Purpose of Funds

	Billions of yen		
March 31,	2000	1999	1998
Funds for Capital Investment	¥10,525.6	¥11,023.3	¥11,550.1
Funds for Working Capital	20,741.9	18,769.9	20,480.3
Total	¥31,267.6	¥29,793.3	¥32,030.5

Major Lending Classifications

	Billions of yen		
March 31,	2000	1999	1998
Domestic Offices (excludes loans booked in overseas branches and the Japan offshore market):			
Manufacturing	¥ 3,706.5	¥ 3,240.0	¥ 3,016.8
Agriculture	45.0	48.2	61.7
Forestry	2.7	2.8	2.5
Fisheries	10.2	12.2	10.8
Mining	27.0	27.8	27.6
Construction	1,081.7	1,092.0	1,094.0
Utilities	217.1	45.2	54.0
Transportation and Communications	947.0	805.5	985.2
Wholesale and Retail	3,941.2	3,665.4	3,656.2
Finance and Insurance	3,930.4	2,338.5	2,119.9
Real Estate	2,683.6	2,233.5	2,271.9
Services	4,787.6	4,716.6	4,369.2
Local Governments	207.1	192.4	167.8
Others	6,022.0	6,160.9	5,603.7
Total Domestic	27,609.5	24,581.7	23,442.0
Overseas Offices (includes loans booked in overseas branches and the Japan offshore market):			
Public Sector	137.4	155.6	264.5
Financial Institutions	534.7	998.4	1,549.3
Commerce and Industry	2,968.5	4,019.1	6,668.1
Others	17.3	38.3	106.4
Total Overseas	3,658.0	5,211.6	8,588.4
Total	¥31,267.6	¥29,793.3	¥32,030.5

Collateral Information — Loans and Bills Discounted

	Billions of yen		
March 31,	2000	1999	1998
Securities	¥ 351.3	¥ 420.1	¥ 486.5
Commercial Claims	649.3	675.8	825.0
Commodities	—	—	—
Real Estate	2,860.7	3,190.2	3,716.9
Others	844.8	860.1	1,042.1
Total Secured Loans	4,706.3	5,146.4	6,070.7
Guarantees	13,818.2	13,113.9	13,711.7
Unsecured	12,743.0	11,532.8	12,248.0
Total	¥31,267.6	¥29,793.3	¥32,030.5

Collateral Information — Acceptances and Guarantees

	Billions of yen		
March 31,	2000	1999	1998
Securities	¥ 7.5	¥ 5.8	¥ 10.7
Commercial Claims	42.4	51.4	39.8
Commodities	—	—	—
Real Estate	20.5	29.8	47.3
Others	75.4	180.3	155.5
Total Secured Loans	146.0	267.5	253.3
Guarantees	262.1	327.8	668.5
Unsecured	2,392.1	2,598.6	2,994.0
Total	¥2,800.3	¥3,193.9	¥3,915.9

Housing / Consumer Loans

	Billions of yen		
March 31,	2000	1999	1998
Housing Loans	¥5,587.3	¥5,420.7	¥5,256.0
Consumer Loans	431.3	439.6	491.3

Loans to Developing Countries

	Billions of yen		
March 31,	2000	1999	1998
Number of Countries	5	4	10
Balance of Loans	¥68.1	¥113.7	¥8.3
Balance of Loans as a Percentage of Total Assets	0.14%	0.24%	0.01%

Note: Specific loans to developing countries are loans subject to provisions for possible loan losses (Specific Reserve for Loans to Developing Countries) as stipulated in the account settlement standards applicable to banks.

Securities

Breakdown of Securities Holdings

Years ended March 31,	2000 Average balance	2000 End balance	1999 Average balance	1999 End balance	1998 Average balance	1998 End balance
	Billions of yen					
Japanese Government Bonds:						
Domestic	¥1,442.4	¥1,664.0	¥1,131.1	¥1,014.0	¥1,101.2	¥1,090.2
International	—	—	—	—	—	—
Total	1,442.4	1,664.0	1,131.1	1,014.0	1,101.2	1,090.2
Japanese Local Government Bonds:						
Domestic	166.5	135.9	307.5	237.5	334.5	368.9
International	—	—	—	—	—	—
Total	166.5	135.9	307.5	237.5	334.5	368.9
Corporate Bonds:						
Domestic	287.5	274.0	412.8	367.1	474.8	481.0
International	—	—	—	—	—	—
Total	287.5	274.0	412.8	367.1	474.8	481.0
Corporate Stocks:						
Domestic	3,364.1	3,272.0	3,425.4	3,439.2	3,397.6	3,474.6
International	—	—	—	—	—	—
Total	3,364.1	3,272.0	3,425.4	3,439.2	3,397.6	3,474.6
Other:						
Domestic	190.8	186.9	199.7	179.9	244.1	195.6
International	848.1	894.6	709.4	599.8	656.3	640.2
Total	1,039.0	1,081.6	909.1	779.8	900.4	835.8
Total Securities:						
Domestic	5,451.6	5,533.1	5,476.8	5,237.9	5,552.4	5,610.5
International	848.1	894.6	709.4	599.8	656.3	640.2
Total	¥6,299.8	¥6,427.7	¥6,186.2	¥5,837.7	¥6,208.8	¥6,250.7

Asset Liability Management

Composition of Time Deposits by Type and Maturity

	Billions of yen						
March 31, 2000	Less than three months	Three months to less than six months	Six months to less than one year	One year to less than two years	Two years to less than three years	Three years and over	Total
Time Deposits with Deregulated Interest Rates (fixed)	¥4,895.7	¥2,154.6	¥2,892.5	¥729.5	¥710.2	¥217.4	¥11,600.1
Time Deposits with Deregulated Interest Rates (floating)	2.9	2.2	0.0	0.0	0.0	0.0	5.2
Total	¥6,759.3	¥2,376.8	¥2,919.0	¥754.7	¥711.1	¥220.5	¥13,741.6

Note: Installment time deposits are not included.

Composition of Loans by Type and Maturity

	Billions of yen						
March 31, 2000	One year or less	More than one year to three years	More than three years to five years	More than five years to seven years	Over seven years	Unspecified term	Total
Floating Interest Rate	¥	¥1,952.5	¥2,097.8	¥ 882.1	¥5,335.1	¥7,983.1	¥ ....
Fixed Interest Rate	....	1,393.4	904.5	402.6	2,875.5	—	....
Total	¥7,440.1	¥3,345.9	¥3,002.5	¥1,284.8	¥8,210.7	¥7,983.1	¥31,267.5

Composition of Securities Holdings by Type and Maturity

	Billions of yen							
March 31, 2000	One year or less	More than one year to three years	More than three years to five years	More than five years to seven years	More than seven years to ten years	Over ten years	Unspecified term	Total
Japanese Government Bonds	¥748.8	¥ 36.4	¥656.7	¥ 99.8	¥119.1	¥ —	¥ —	¥1,661.0
Japanese Local Government Bonds	9.2	10.0	1.2	20.9	94.5	—	—	135.9
Corporate Bonds	48.9	69.0	75.5	33.1	47.4	—	—	274.0
Corporate Stocks	....	....	....	....	....	....	3,272.0	3,272.0
Others	129.5	138.9	177.0	28.7	61.8	77.2	467.5	1,081.2
Foreign Corporate Bonds	128.0	131.7	161.4	11.5	42.4	77.2	0.5	553.0
Foreign Corporate Stocks	....	....	....	....	....	....	341.1	341.1
Securities Lent	—	—	2.3	—	0.6	—	—	3.0

NON-CONSOLIDATED

Facilities and Premises/Personnel

Number of Branches

March 31,	2000	1999	1998
Domestic:			
Branches	277	284	290
Sub-branches	30	34	43
Overseas:			
Branches	17	19	25
Sub-branches	3	2	1
(Representative offices)	(9)	(10)	(21)
Total	327	339	359

Investment in Facilities

	Billions of yen		
Year ended March 31, 2000	Budget	Paid	Expected expenditure
Tama Computer Center	¥10.4	¥—	¥10.4

Number of ATMs

March 31,	2000	1999	1998
Cash Dispensers	336	359	519
Automatic Tellers	3,182	3,226	3,399
Automatic Passbook Entry Machines	342	369	369
Total	3,860	3,954	4,287

Personnel

	2000				1999			
March 31,	Number of employees	Average age	Average length of employment	Average monthly salary (yen)	Number of employees	Average age	Average length of employment	Average monthly salary (yen)
		years - months	*years - months*			*years - months*	*years - months*	
Male	8,985	39-9	17-3	¥598,856	9,398	39-8	17-2	¥594,252
Female	4,582	30-7	10-1	265,880	4,578	30-3	10-0	265,250
Total or Average	13,567	36-8	14-10	¥486,400	13,976	36-7	14-10	¥486,484

Notes: 1. "Number of employees" does not include non-regular or locally hired staff at the overseas offices, which totaled 2,639 and 2,737 as of March 31, 2000 and 1999, respectively.
2. "Average monthly salary" was calculated on the basis of total salary paid in March plus overtime allowance. This figure does not include annual bonus payments.
3. The stipulated age of retirement for employees is 60 years of age.
However, in certain cases where deemed necessary by the Bank, employees may be rehired as a non-regular employee for a fixed term.

NON-CONSOLIDATED

Principal Ratios

BIS Capital Ratio on a Non-consolidated Basis

March 31,	2000	1999	1998
	Billions of yen		
Tier I Capital	¥ 2,415.0	¥ 2,360.5	....
Tier II Capital:			
Unrealized Gains on Securities, after 55% Discount	—	—	....
Land Revaluation Account, after 55% Discount	99.3	101.8	....
General Reserve for Possible Loan Losses	176.7	185.2	....
Subordinated Debt and Other	1,620.9	1,507.5	....
Total	1,897.0	1,794.6	....
Less	310.9	300.9	....
Total Qualifying Capital	¥ 4,001.1	¥ 3,854.1	....
Risk-Adjusted Assets:			
On-Balance Sheet Exposure	¥30,724.4	¥29,942.4	....
Off-Balance Sheet Exposure	2,870.1	3,272.9	....
Equivalent Market Risk / 8%	114.2	196.9	....
Total	¥33,708.8	¥33,412.3	....
Total Capital Ratio	11.86%	11.53%	....

Notes: 1. Figures in this table are calculated in accordance with guidelines established by the Financial Supervisory Agency and the Ministry of Finance.
2. Disclosed beginning with the term ended March 31, 1999.
3. The Bank issued preferred securities through Fuji JGB Investment L.L.C., a wholly-owned indirect subsidiary of the Bank. The preferred securities are treated as consolidated and non-consolidated Tier I capital of the Bank.
Please refer to "Consolidated Capital Ratio" on page 109.

Return on Equity and Assets

Years ended March 31,	2000	1999	1998
Net Income as a Percentage of:			
Average Total Assets* (ROA)	0.24%	—	—
Average Shareholders' Equity	4.38%	—	—

Notes: * Excluding Customers' Liabilities for Acceptances and Guarantees

Margin on Funds

Years ended March 31,	2000	1999	1998
Yield on Funds (Yield on Interest Earning Assets) – Ⓐ:			
Domestic	1.93%	2.13%	2.24%
International	10.24	9.10	8.02
Total	3.61	3.96	4.44
Cost of Funds (Yield on Interest Bearing Liabilities) – Ⓑ:			
Domestic	1.55	1.92	2.18
International	10.21	8.48	7.50
Total	3.31	3.71	4.27
Overall Margin on Funds (Ⓐ – Ⓑ):			
Domestic	0.38	0.21	0.06
International	0.02	0.61	0.52
Total	0.30%	0.25%	0.17%

Ratio of Loans to Deposits

March 31,	2000	1999	1998
	Billions of yen		
Loans:			
Domestic	¥27,190.6	¥24,070.9	¥22,898.7
International	4,077.0	5,722.3	9,131.8
Total	¥31,267.6	¥29,793.3	¥32,030.5
Deposits:			
Domestic	¥26,982.5	¥27,819.1	¥24,358.4
International	5,032.9	4,304.0	10,084.2
Total	¥32,015.5	¥32,123.1	¥34,442.7
Ratio of Loans to Deposits:			
Domestic	100.77%	86.52%	94.00%
International	81.00	132.95	90.55
Total	97.66%	92.74%	92.99%
Average Balance Outstanding During Year:			
Domestic	93.80%	97.72%	96.00%
International	114.03	103.16	82.85
Total	96.65%	98.95%	90.96%

Deposit / Loan Balance per Office and Employee

	Billions of yen					
	Per office			Per employee		
March 31,	2000	1999	1998	2000	1999	1998
Deposits:						
Domestic	¥107.5	¥105.9	¥ 96.1	¥2.4	¥2.3	¥2.1
Overseas	131.4	106.3	262.2	1.2	1.1	3.2
Total	¥108.8	¥106.0	¥109.3	¥2.3	¥2.2	¥2.2
Loans:						
Domestic	¥ 99.6	¥ 86.5	¥ 80.8	¥2.2	¥1.9	¥1.7
Overseas	214.9	273.9	343.2	2.0	2.9	4.2
Total	¥106.3	¥ 98.3	¥101.6	¥2.2	¥2.0	¥2.1
Number of Offices:						
Domestic	277	284	290			
Overseas	17	19	25			
Total	294	303	315			

Notes: 1. Sub-branches are not included in the number of offices.
2. Number of employees denotes average number of employees for the year. The number of employees for domestic offices includes head office employees.

NON-CONSOLIDATED

Common Stock

Stockholder Information

March 31,	2000 Number of stockholders	2000 Number of stocks held (thousands)
Central/Local Governments	4	5,795 (0.17%)
Financial Institutions	229	969,906 (28.26)
Securities Companies	77	18,084 (0.53)
Other Corporate Entities	5,847	1,796,058 (52.32)
Foreign Corporations, etc.	648	444,021 (12.93)
Individuals and Other	44,558	198,776 (5.79)
Total	51,363	3,432,640 (100.00%)

Breakdown of Stockholders' Interests

March 31,	2000 Number of stockholders	2000 Number of stocks held (thousands)
1,000 share units and above	417 (0.81%)	2,856,213 (83.21%)
500 share units and above	199 (0.39)	144,712 (4.21)
100 share units and above	794 (1.55)	180,788 (5.27)
50 share units and above	562 (1.09)	38,904 (1.13)
10 share units and above	6,134 (11.94)	104,992 (3.06)
5 share units and above	7,215 (14.05)	45,279 (1.32)
1 share unit and above	36,042 (70.17)	61,752 (1.80)
Total	51,363 (100.00%)	3,432,640 (100.00%)

Fuji Bank Stock Price

	Yen		
Years ended March 31,	2000	1999	1998
Highest	¥1,493	¥829	¥1,840
Lowest	711	252	440

Note: Fuji Bank stocks are listed on the first section of the Tokyo Stock Exchange.

Investor Information on The Fuji Bank, Limited

Head Office

5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan
Phone: 03-3216-2211
Telex: 22367, 22722, 22170
Internet address:
http://www.fujibank.co.jp

Established

1880

Fiscal Year

April 1 to March 31

Auditor

Century Ota Showa & Co.

Paid-in Capital

¥1,039,544 million

Number of Authorized Stocks

Common Stock	10,000,000,000 shares
Class I Preferred Stock	82,411,000 shares
Class II Preferred Stock	500,000,000 shares
Class III Preferred Stock	500,000,000 shares
Class IV Preferred Stock	500,000,000 shares

Number of Outstanding Stocks

Common Stock	3,443,892,343 shares
First Series Class I Preferred Stock	52,411,000 shares
Second Series Class IV Preferred Stock	150,000,000 shares
Third Series Class III Preferred Stock	125,000,000 shares
Fourth Series Class III Preferred Stock	125,000,000 shares

Number of Shareholders

Common Stock	60,704
First Series Class I Preferred Stock	1
Second Series Class IV Preferred Stock	1
Third Series Class III Preferred Stock	1
Fourth Series Class III Preferred Stock	1

Listings

Tokyo Stock Exchange	Sapporo Stock Exchange
Osaka Securities Exchange	London Stock Exchange
Kyoto Stock Exchange	Paris Stock Exchange*

(*Delisted on May 29, 2000)

Shareholders' Meeting

The general meeting of shareholders is scheduled in June every year at the Bank's headquarters. In addition, extraordinary meetings can be held whenever necessary.

Principal Shareholders

Common Stock

The ten principal shareholders of the Bank and their respective shareholdings as of March 31, 2000:

	Number of Stocks Held (in thousands)	Percentage in Total Stocks Issued (%)
The Yasuda Mutual Life Insurance Company	187,066	5.43
The Yasuda Fire and Marine Insurance Co., Ltd.	94,517	2.74
The Dai-ichi Mutual Life Insurance Company	92,978	2.69
State Street Bank and Trust Company	74,406	2.16
The Sumitomo Trust & Banking Co., Ltd.*	65,861	1.91
Nippon Life Insurance Company	65,493	1.90
The Chase Manhattan Bank N.A. (London)	60,633	1.76
Nissan Motor Co., Ltd.	51,774	1.50
The Nichido Fire & Marine Insurance Co., Ltd.	48,857	1.41
Taiheiyo Cement Corporation	47,600	1.38
Total	789,187	22.91
Preferred Stock		
First Series Class I FIFB Holding Services (BVI) Ltd.**	52,411	100.00
Second Series Class IV Resolution and Collection Corporation	150,000	100.00
Third Series Class III Resolution and Collection Corporation	125,000	100.00
Fourth Series Class III Resolution and Collection Corporation	125,000	100.00

* Of the shareholdings of The Sumitomo Trust & Banking Co., Ltd., stocks related to the trust business are included.

** FIFB Holding Services (BVI) Ltd. is the trustee for Fuji International Finance (Bermuda) Trust.

Shareholdings of the Board of Directors & Senior Overseers

(as of July 1, 2000)

Number of Stocks Held (in thousands)*

Chairman of the Board	
Toru Hashimoto	51
President & CEO	
Yoshiro Yamamoto	36
Deputy Presidents	
Tosaku Harada	30
Toshiyuki Ogura	20
Senior Managing Director	
Member of the Board of Directors	
Masaaki Sato	13
Managing Directors	
Members of the Board of Directors	
Isao Hiraide	16
Atsushi Takano	17
Terunobu Maeda	23
Hiroaki Shinoda	13
Teruhiko Ikeda	19
Seiji Satomura	11
Yukio Obara	8
Kenji Watanabe	15
Senior Overseers	
Soichi Hirabayashi	22
Takeie Ukita	13
Kouichi Sakatsume	5
Yuji Oshima	—
Toshiaki Hasegawa	—

*as of May 31, 2000

None of the Directors have any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Fuji Bank Group and which were effected by the Bank during the current or immediately preceding financial year or which were effected by the Bank during an earlier financial year and remain in any respect outstanding or unperformed.

For further information concerning the contents of this annual report, please contact the International Division located at our head office.

Investor Information on Mizuho Holdings, Inc.

Purpose

The purpose of Mizuho Holdings, Inc. (the "Company") shall be to engage in the following businesses as a bank holding company and a long-term credit bank holding company:

(i) operation and management of banks, long-term credit banks, specialized securities companies or other companies which the Company may own as its subsidiaries under the Banking Law or the Long-Term Credit Bank Law; and

(ii) any other business incidental to the foregoing.

Head Office

Marunouchi Center Building, 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Date of Establishment

September 29, 2000

Paid-in Capital

¥2,572 billion

Total Number of Shares

Common Stock:	9,205,856.53 shares
Class I Preferred Stock:	33,000 shares
Class II Preferred Stock:	100,000 shares
Class III Preferred Stock:	100,000 shares
Class IV Preferred Stock:	150,000 shares
Class V Preferred Stock:	52,411 shares
Class VI Preferred Stock:	150,000 shares
Class VII Preferred Stock:	125,000 shares
Class VIII Preferred Stock:	125,000 shares
Class IX Preferred Stock:	140,000 shares
Class X Preferred Stock:	140,000 shares

Accounting Auditors

Century Ota Showa & Co.
ChuoAoyama Audit Corporation

Stock Listing

Application will be made for the listing of the common stock (as a new listing) of the Company on the Tokyo Stock Exchange and the Osaka Securities Exchange.

The listing date(s) will be determined in accordance with the rules of each stock exchange. However, at present the listing date is planned for September 28, 2000, the date on which the stock-for-stock exchange is to be effected. *

In connection with the stock-for-stock exchange, The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited and The Industrial Bank of Japan, Limited will delist their currently-listed common stock as of September 22, 2000.

* With respect to the share transfer, one share of Mizuho Holdings, Inc. shall be allocated to 1,000 shares of each of the three banks.

Convocation of General Meetings of Shareholders

A regular general meeting of shareholders of the Company shall be convened no later than three months from the last day of each business year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.

Record Date

The Company shall deem shareholders having voting rights appearing on the last register of shareholders (including the register of beneficial shareholders; the same shall apply hereinafter) as of March 31 of each year as the shareholders who shall be entitled to exercise their rights at the regular general meeting of shareholders for the corresponding fiscal term.

The Company may, whenever necessary, set an extraordinary record date, pursuant to a resolution of the Board of Directors and upon issuing prior public notice thereof.

Dividends

Dividends on shares shall be paid to the shareholders or registered pledgees appearing on the last register of shareholders as of March 31 of each year and to the holders of fractional shares appearing on the last register of holders of fractional shares as of March 31 of each year.

Interim Dividends

The Company may, by a resolution of the Board of Directors, make cash distributions pursuant to the provisions of Article 293-5 of the Japanese Commercial Code to the shareholders or registered pledgees appearing on the last register of shareholders as of September 30 of each year and to the holders of fractional shares appearing on the last register of holders of fractional shares as of September 30 of each year.

Transfer Agent

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. **

** The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and IBJ Trust and Banking Co., Ltd. will be merged into Mizuho Trust & Banking Co., Ltd. on October 1, 2000.

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FUJI BANK