

# IBU

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## Six-Year Summary

	(in millions of yen)					
<b>Statements of Income</b>	Fiscal 1999*	Fiscal 1998*	Fiscal 1997*	Fiscal 1996*	Fiscal 1995*	Fiscal 1994*
Total Income	¥2,999,663	¥3,386,760	3,321,902	¥3,403,347	3,731,847	¥3,087,404
Total Expense	2,832,600	3,642,993	3,635,020	3,358,870	3,838,173	3,032,577
Income (Loss) before Income Taxes and Others	167,063	(256,232)	(313,118)	44,477	(106,325)	54,826
Net Income (Loss)	70,754	(181,276)	(202,660)	12,740	(63,551)	29,685

	(in yen)					
<b>Per Share of Common Stock</b>	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995	Fiscal 1994
Net Income (Loss)						
Basic	¥25.59	¥(70.64)	¥(79.80)	¥5.24	¥(27.02)	¥12.62
Diluted	23.15	n/a	n/a	n/a	n/a	n/a

	(in millions of yen)					
<b>Balance Sheets</b>	March 31, 2000	March 31, 1999	March 31, 1998	March 31, 1997	March 31, 1996	March 31, 1995
Total Assets	¥42,466,450	¥46,166,409	¥49,229,785	¥46,966,968	¥40,737,733	¥40,858,245
Cash and Due from Banks	652,704	806,910	553,203	2,318,157	2,987,739	3,951,856
Trading Assets	3,926,059	3,729,005	3,466,255	—	—	—
Trading Account Securities	—	—	—	943,457	537,932	726,995
Securities	7,580,782	8,942,151	8,847,249	6,808,045	6,686,872	6,351,897
Loans and Bills Discounted	22,779,689	23,327,907	24,001,429	25,518,440	24,267,385	23,808,552
Reserve for Possible Loan Losses	(920,029)	—	—	—	—	—
Total Liabilities	40,556,917	44,308,984	47,909,766	45,422,988	39,412,622	39,449,385
Debentures	20,471,200	20,461,865	20,840,941	22,137,519	21,470,815	21,658,109
Deposits	6,636,501	8,116,321	10,053,551	10,871,309	8,960,767	9,273,126
Trading Liabilities	1,361,118	2,854,950	2,286,959	—	—	—
Reserve for Possible Loan Losses	—	1,066,714	922,235	576,950	497,399	327,758
Acceptances and Guarantees	1,060,417	1,516,602	2,024,337	2,382,608	2,331,153	2,144,478
Total Shareholders' Equity	1,627,417	1,561,350	1,320,019	1,543,979	1,325,110	1,408,860

	March 31, 2000	March 31, 1999	March 31, 1998	March 31, 1997	March 31, 1996	March 31, 1995
<b>Risk-Based Capital Ratio</b>						
Risk-Based Capital Ratios (BIS Capital Ratio)	12.19%	11.34%	10.26%	9.04%	8.59%	8.82%

All figures are on a consolidated basis.

\*Fiscal 1999, 1998, 1997, 1996, 1995 and 1994 represent the fiscal years ended March 31, 2000, 1999, 1998, 1997, 1996 and 1995, respectively.

# Management's Discussion and Analysis

The figures are shown on the consolidated basis, except for those which are specifically stated as "non-consolidated".

## Summary for IBJ Group

For the year ended March 31, 2000 ("fiscal 1999"), Total Income for IBJ and its subsidiaries (the "IBJ Group") decreased by ¥387.0 billion to ¥2,999.6 billion. In contrast, Total Expense decreased by ¥810.3 billion to ¥2,832.6 billion. As a result, Income before Income Taxes and Others increased by ¥423.2 billion to ¥167.0 billion, and Net Income increased by ¥252.0 billion to ¥70.7 billion.

Retained Earnings at March 31, 2000 increased by ¥65.7 billion to ¥284.4 billion from a year ago.

Total Assets as of March 31, 2000, decreased by ¥3,699.9 billion to ¥42,466.4 billion due to a depreciation in the value of assets denominated in foreign currencies from a significantly stronger Japanese Yen and to the reclassification of a Reserve for Possible Loan Losses from the liability section to the asset

section of the balance sheet at March 31, 2000.

Total Shareholders' Equity as of March 31, 2000, increased by ¥66.0 billion to ¥1,627.4 billion. Risk-Based Capital Ratio (BIS Capital Ratio) increased by 0.85% to 12.19%.

## Consolidation Policy

From fiscal 1998, IBJ has employed the effective-control standard, replacing the percentage-of-ownership standard in the classification and identification of its subsidiaries and affiliates.

At March 31, 2000, the number of consolidated subsidiaries and the number of affiliates being accounted for under the equity method were 63 and 18, respectively.

## Number of Consolidated Subsidiaries and Affiliates Being Accounted for under the Equity Method

	March 31, 2000 (a)	March 31, 1999 (b)	March 31, 1998	(a) - (b)
Consolidated Subsidiaries	63	67	42	(4)
Affiliates Being Accounted for under the Equity Method	18	14	0	4
Total	81	81	42	0

## Income Analysis

Net Interest Income decreased by ¥54.6 billion to ¥247.1 billion due to a decrease in income from market operations. Net Fee & Commission Income decreased by ¥10.1 billion to ¥73.1 billion. Net Trading Income decreased by ¥2.3 billion to ¥51.6 billion. Net Other Operating Income decreased by ¥62.8 billion to a net loss of ¥3.5 billion due primarily to a decrease in Net Gains/Losses Related to Bonds. As a result, Gross Profits decreased by ¥129.9 billion to ¥368.3 billion. General and Administrative Expenses

decreased by ¥30.5 billion to ¥192.2 billion due to the efforts to increase efficiency and to stronger Japanese Yen.

Income before Income Taxes and Others for fiscal 1999 amounted to ¥167.0 billion. Net Income, after Income Tax Expenses and Minority Interests in Net Income for fiscal 1999 increased by ¥252.0 billion to ¥70.7 billion. Basic Net Income per Share of Common Stock increased by ¥96.24 per share to ¥25.59 per share.

## Summary of Statements of Income

(in billions of yen)

	Fiscal 1999 (a)	Fiscal 1998 (b)	Fiscal 1997	(a) - (b)
Gross Profits	¥368.3	¥498.2	¥435.6	¥(129.9)
Net Interest Income	247.1	301.8	290.0	(54.6)
Net Fee & Commission Income	73.1	83.2	103.1	(10.1)
Net Trading Income	51.6	53.9	1.0	(2.3)
Net Other Operating Income	(3.5)	59.2	41.5	(62.8)
General and Administrative Expenses	192.2	222.7	217.4	(30.5)
Expenses Relating to Portfolio Problems	227.3	871.7	n/a	(644.3)
Net Gains/Losses Related to Stocks and Other Securities	211.6	335.5	n/a	(123.9)
Equity in Earnings/Losses from Investment in Affiliates	2.1	(9.8)	n/a	11.9
Others	4.5	14.2	n/a	(9.6)
Income (Loss) before Income Taxes and Others	167.0	(256.2)	(313.1)	423.2
Income Tax Expenses (Benefits)				
Current	45.5	10.8	3.9	34.7
Deferred	37.9	(94.0)	(114.6)	132.0
Minority Interests in Net Income	12.7	8.3	0.1	4.4
Amortization of Consolidation Difference	—	—	0.1	—
Net Income (Loss)	¥ 70.7	¥(181.2)	¥(202.6)	¥252.0

# Management's Discussion and Analysis

## Gross Profits

(in billions of yen)

Fiscal 1999												
	Net Interest Income			Net Fee & Commission			Net Trading			Net Other Operating		
	Income	Income	Expense	Income	Income	Expense	Income	Income	Expense	Income	Income	Expense
Domestic	¥212.3	¥1,048.8	¥ 836.4	¥53.8	¥61.6	¥ 7.8	¥20.2	¥20.2	¥ —	¥(8.4)	¥ 983.3	¥ 991.8
Overseas	43.2	527.5	484.2	19.5	31.4	11.8	31.3	31.5	0.1	4.9	28.6	23.6
Elimination	(8.5)	(56.3)	(47.8)	(0.3)	(3.5)	(3.2)	—	(0.0)	(0.0)	—	(0.0)	(0.0)
Total	¥247.1	¥1,519.9	¥1,272.8	¥73.1	¥89.5	¥16.4	¥51.6	¥51.8	¥0.1	¥(3.5)	¥1,011.9	¥1,015.5

Notes: 1. "Domestic" includes IBJ excluding overseas branches, and domestic subsidiaries.

"Overseas" includes overseas branches of IBJ and overseas subsidiaries.

2. "Elimination" represents reversal of internal transactions between "Domestic" and "Overseas".

## Interest Income and Expense

(in billions of yen)

Fiscal 1999															
Use of Funds															
	Average			Loans and Bills Discounted			Securities			Call Loans and Bills Purchased			Cash and Due from Banks		
	Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate
Domestic	¥30,655.4	¥1,048.8	3.42%	¥20,175.6	¥407.3	2.01%	¥8,163.5	¥169.7	2.07%	¥ 437.1	¥ 0.9	0.21%	¥235.0	¥10.3	4.40%
Overseas	6,415.5	527.5	8.22	2,867.2	163.5	5.70	579.7	33.9	5.85	2,122.8	188.3	8.87	709.7	28.9	4.07
Elimination	(951.6)	(56.3)	—	(166.3)	(5.4)	—	(394.2)	(17.9)	—	(0.1)	(0.0)	—	(327.4)	(12.5)	—
Total	¥36,119.2	¥1,519.9	4.20%	¥22,876.6	¥565.5	2.47%	¥8,349.0	¥185.6	2.22%	¥2,559.9	¥189.2	7.39%	¥617.3	¥26.7	4.32%

Source of Funds															
	Average			Debentures			Deposits			Certificates of Deposit			Borrowed Money		
	Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate
Domestic	¥28,627.3	¥ 829.2	2.89%	¥19,813.4	¥276.1	1.39%	¥3,483.0	¥ 60.5	1.73%	¥2,079.4	¥2.9	0.14%	¥1,245.5	¥45.8	3.68%
Overseas	6,673.1	484.2	7.25	583.4	12.4	2.13	2,289.5	83.1	3.63	135.4	6.7	4.95	273.1	2.9	1.07
Elimination	(692.7)	(47.8)	—	(7.0)	(0.3)	—	(324.5)	(12.5)	—	—	—	—	(299.3)	(14.9)	—
Total	¥34,607.7	¥1,265.6	3.65%	¥20,389.8	¥288.2	1.41%	¥5,448.0	¥131.1	2.40%	¥2,214.8	¥9.6	0.43%	¥1,219.3	¥33.8	2.77%

Source of Funds															
	Average			Commercial Paper			Call Money and Bills Sold								
	Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate	Average Balance	Interest	Interest Rate
Domestic	¥162.6	¥0.2	0.17%	¥162.6	¥0.2	0.17%	¥1,179.2	¥ 2.7	0.23%						
Overseas	—	—	—	—	—	—	3,318.0	239.6	7.22						
Elimination	—	—	—	—	—	—	(0.1)	(0.0)	—						
Total	¥162.6	¥0.2	0.17%	¥162.6	¥0.2	0.17%	¥4,497.1	¥242.4	5.39%						

Notes: 1. IBJ calculates average balances on a daily basis. Subsidiaries calculate average balances annually.

2. Amounts in this table are stated after subtracting the average balance for non-interest-bearing deposits for Use of Funds, and the average balance for Money Held in Trust and related interest for Source of Funds.

3. "Domestic" includes IBJ excluding overseas branches, and domestic subsidiaries.

"Overseas" includes overseas branches of IBJ and overseas subsidiaries.

4. "Elimination" represents reversal of internal transactions between "Domestic" and "Overseas".

## Fee & Commission Income and Expense

(in billions of yen)

	Fiscal 1999					Fiscal 1999	
	Fee & Commission Income					Fee & Commission Expense	
	Debtentures Deposits & Loans	Exchange	Securities Related Transactions	Collateral Related Transactions		Exchange	
Domestic	¥62.0	¥20.5	¥4.2	¥20.2	¥2.5	¥ 8.2	¥2.0
Overseas	31.7	12.6	1.0	3.7	3.2	12.1	0.0
Elimination	(4.2)	(0.0)	—	(0.2)	(0.4)	(3.9)	—
Total	¥89.5	¥33.1	¥5.2	¥23.7	¥5.4	¥16.4	¥2.0

Notes: 1. "Domestic" includes IBJ excluding overseas branches, and domestic subsidiaries.

"Overseas" includes overseas branches of IBJ and overseas subsidiaries.

2. "Elimination" represents reversal of internal transactions between "Domestic" and "Overseas".

## Trading Income and Expense

(in billions of yen)

	Fiscal 1999					Fiscal 1999				
	Trading Income					Trading Expense				
	Trading Securities and Derivatives	Securities Held to Hedge Trading Transactions	Derivatives for Trading Transactions	Other Trading Transactions		Trading Securities and Derivatives	Securities Held to Hedge Trading Transactions	Derivatives for Trading Transactions	Other Trading Transactions	
Domestic	¥20.2	¥10.9	¥0.0	¥ 8.6	¥0.6	¥ —	¥ —	¥ —	¥ —	
Overseas	31.5	14.4	—	16.4	0.6	0.1	—	0.1	—	
Elimination	(0.0)	—	(0.0)	—	—	(0.0)	—	(0.0)	—	
Total	¥51.8	¥25.4	¥ —	¥25.0	¥1.2	¥0.1	¥ —	¥0.1	¥ —	

Notes: 1. "Domestic" includes IBJ excluding overseas branches, and domestic subsidiaries.

"Overseas" includes overseas branches of IBJ and overseas subsidiaries.

2. Trading Income and Trading Expense in this table are netted. The netted amount appears in the Income section if Gross Trading Income exceeds Gross Trading Expense and vice versa.

## Expenses Relating to Portfolio Problems

In reference to IBJ's handling of non-performing loans, it has written-off ¥2,932.4 billion in aggregate in the past five years on a non-consolidated basis because of such factors as the incidents relating to Japan's housing loan companies in fiscal 1995, modification of the Standards for Write-offs and Provisions based on the Standards on Self-Assessment of Assets in fiscal 1997, and its conservative approach to establishing the reserves in fiscal 1998 and 1999.

In fiscal 1999, IBJ Group continued to be diligent in establishing Reserves for Possible Loan Losses to further improve its balance sheet positions in accordance with the conservative and reasonable Standards on Self-Assessment of Assets, and the Standards for Write-offs and Provisions, both of which are jointly formulated by IBJ, The Dai-Ichi Kangyo Bank, Limited and

The Fuji Bank, Limited (the "Three Banks") based on the Financial Inspection Manuals promulgated by the Financial Supervisory Agency\* ("FSA"). IBJ Group was also diligent in disposing non-performing loans by means of bulk-sales and direct write-offs. As a result, total Expenses Relating to Portfolio Problems both on a consolidated basis and a non-consolidated basis for fiscal 1999 amounted to ¥227.3 billion (¥271.9 billion, excluding the net reversal of General Reserve for Possible Loan Losses) and ¥221.6 billion (¥268.8 billion, excluding the net reversal of General Reserve for Possible Loan Losses), respectively. Such loss on a non-consolidated basis recorded in fiscal 1999 was the smallest in the past five years. Expenses Relating to Portfolio Problems are on a declining trend after their peak in fiscal 1998.

\*Financial Supervisory Agency changed to Financial Services Agency from July 1, 2000.



# Management's Discussion and Analysis

## Expenses Relating to Portfolio Problems

	(in billions of yen)		
	Fiscal 1999 (a)	Fiscal 1998 (b)	(a) - (b)
Losses on Write-offs of Loans	¥ 12.5	¥140.6	¥(128.1)
Net Provision of Specific Reserve for Possible Loan Losses	220.9	543.2	(322.3)
Losses on Sales of Loans to CCPC	—	2.1	(2.1)
Provision of Reserve for Possible Losses on Loans Sold	4.8	44.0	(39.2)
Provision of Reserve for Possible Losses on Support of Specific Borrowers	18.8	—	18.8
Provision (Reversal) of Reserve for Possible Losses on Loans to Restructuring Countries	(0.7)	8.6	(9.3)
Other Losses on Sales of Loans	15.4	62.4	(47.0)
Subtotal	271.9	801.2	(529.3)
Provision (Reversal) of General Reserve for Possible Loan Losses	(44.5)	70.4	(114.9)
Total	¥227.3	¥871.7	¥(644.4)

## Expenses Relating to Portfolio Problems over Five Years (Non-Consolidated)

	(in billions of yen)					
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995	Total
Expenses Relating to Portfolio Problems	¥268.8	¥857.8	¥633.8	¥261.2	¥856.0	¥2,877.6
Provision (Reversal) of General Reserve for Possible Loan Losses	(47.1)	66.5	14.0	21.1	0.4	54.9
Total	¥221.6	¥924.3	¥647.8	¥282.3	¥856.4	¥2,932.4

### [Reference]

#### Pension Liabilities (Non-Consolidated)

	April 1, 2000
Unrecognized Prior Service Cost, at beginning	After initial contribution* ¥7.4 billion
The discount rate used in determining the actuarial present value of the projected benefit obligation	3.5%
Amortization period for Unrecognized Prior Service Cost	5 years

\*Marketable securities valued at ¥4.2 billion was contributed to the asset pool held in trust at inception of the Plan.

## Balance Sheet Analysis

Total Assets at March 31, 2000, decreased by ¥3,699.9 billion to ¥42,466.4 billion from a year ago. The decrease is due principally to the higher exchange rate for the Japanese yen, reduction in the holding of national government bonds and call loans, and the reclassification of Reserve for Possible Loan Losses from the liability section to the asset section in accordance with a revision in the Implementation Guide to the Long-Term Credit Bank Law.

Loans and Bills Discounted, which represents more than half of the Total Assets, decreased by ¥548.2 billion to ¥22,779.6 billion from a year ago. This is also due to a stronger Japanese yen and to our diligent approach in dealing with non-performing

loans.

Total Liabilities at March 31, 2000, decreased by ¥3,752.0 billion to ¥40,556.9 billion from a year ago. This is due to a stronger Japanese yen as well as to a reduction in market funding and to the reclassification of Reserve for Possible Loan Losses.

Debentures, IBJ's main vehicle for funding, increased by ¥9.3 billion to ¥20,471.2 billion.

Total Shareholders' Equity at March 31, 2000, increased by ¥66.0 billion to ¥1,627.4 billion from a year ago.

Total Shareholders' Equity per Share of Common Stock increased by ¥25.03 per share to ¥483.94 per share.

## Summary of Balance Sheets

(in billions of yen)

	March 31, 2000 (a)	March 31, 1999 (b)	(a) - (b)
Total Assets	¥42,466.4	¥46,166.4	¥(3,699.9)
Trading Assets	3,926.0	3,729.0	197.0
Securities	7,580.7	8,942.1	(1,361.3)
Loans and Bills Discounted	22,779.6	23,327.9	(548.2)
Deferred Tax Assets	366.9	400.1	(33.2)
Total Liabilities	40,556.9	44,308.9	(3,752.0)
Debentures	20,471.2	20,461.8	9.3
Deposits	6,636.5	8,116.3	(1,479.7)
Trading Liabilities	1,361.1	2,854.9	(1,493.8)
Minority Interests in Consolidated Subsidiaries	282.1	296.0	(13.9)
Total Shareholders' Equity	1,627.4	1,561.3	66.0
Total Liabilities, Minority Interests in Consolidated Subsidiaries and Shareholders' Equity	¥42,466.4	¥46,166.4	¥(3,699.9)

## Breakdown of Outstanding Loans

### Outstanding Loans by Industry

On the basis of the industrial sector definitions by the Bank of Japan ("BOJ"), loans to the "finance and insurance" industry totaled ¥3,661.5 billion, or 18.30% of all loans extended by IBJ's domestic offices, excluding balances originating from International Banking Facilities (IBF). This comparatively high

ratio is due to the fact that the loans to the finance companies of our customers in industries such as electrical machinery, automobiles, steel, and trading are classified by BOJ as being in the financial sector.

### Outstanding Loans by Industry

(in billions of yen)

	March 31, 2000	
	Loans	Ratio
for Domestic Offices, excluding loans booked in offshore markets	¥20,010.5	100.00%
Manufacturing	3,458.6	17.28
Agriculture	8.2	0.04
Forestry	0.1	0.00
Fishery	43.3	0.22
Mining	50.9	0.25
Construction	548.3	2.74
Utilities	1,579.9	7.90
Transportation & Communication	1,717.1	8.58
Wholesale, Retail & Restaurants	1,733.0	8.66
Finance & Insurance	3,661.5	18.30
Real Estate	2,313.2	11.56
Services	3,617.7	18.08
Local Government	13.1	0.07
Others	1,265.0	6.32
for Overseas Offices and International Business Facilities (IBF)	2,769.1	100.00
Governments, etc.	114.3	4.13
Financial Institutions	92.6	3.35
Others	2,562.0	92.52
Total	¥22,779.6	

Note: "Domestic" includes IBJ excluding overseas branches, and domestic subsidiaries.

"Overseas" includes overseas branches of IBJ and overseas subsidiaries.

# Management's Discussion and Analysis

## Outstanding Loans to Emerging Markets

(in billions of yen)

Asia	Indonesia	Thailand	Malaysia	Singapore	The Philippines	South Korea
<b>March 31, 2000</b>						
Japanese Borrowers	¥ 2.2	¥ 38.8	¥ 9.4	¥29.2	¥0.5	¥ 0.0
Non-Japanese Borrowers	43.0	55.3	24.9	5.8	3.2	92.4
Total (a)	¥45.2	¥ 94.1	¥34.4	¥35.1	¥3.8	¥92.4
<b>March 31, 1999</b>						
Japanese Borrowers	¥18.9	¥ 56.7	¥ 7.7	¥44.4	¥0.0	¥ 0.0
Non-Japanese Borrowers	63.1	109.2	36.4	21.8	4.5	94.3
Total (b)	¥82.0	¥165.9	¥44.1	¥66.3	¥4.5	¥94.3
(a)–(b)	(36.8)	(71.8)	(9.7)	(31.2)	(0.7)	(1.9)

	China	Hong Kong	Taiwan	India	Total & Others
<b>March 31, 2000</b>					
Japanese Borrowers	¥ 42.0	¥ 32.7	¥ 0.0	¥ 0.0	¥155.6
Non-Japanese Borrowers	58.2	75.9	17.0	13.6	391.1
Total (a)	¥100.3	¥108.6	¥17.0	¥13.6	¥546.7
<b>March 31, 1999</b>					
Japanese Borrowers	¥ 45.3	¥ 39.0	¥ 0.0	¥ 0.0	¥212.2
Non-Japanese Borrowers	93.4	91.8	25.1	24.3	566.1
Total (b)	¥138.7	¥130.9	¥25.1	¥24.3	¥778.3
(a)–(b)	(38.4)	(22.3)	(8.1)	(10.7)	(231.6)

Latin America	Brazil	Mexico	Chile	Columbia	Total & Others	Russia
<b>March 31, 2000</b>						
Japanese Borrowers	¥0.0	¥ 7.1	¥ 0.0	¥ 0.0	¥ 7.1	¥0.0
Non-Japanese Borrowers	1.9	15.9	28.8	18.5	77.0	1.1
Total (a)	¥1.9	¥23.1	¥28.8	¥18.5	¥ 84.2	¥1.1
<b>March 31, 1999</b>						
Japanese Borrowers	¥0.0	¥ 0.0	¥ 0.0	¥ 0.0	¥ 0.3	¥0.0
Non-Japanese Borrowers	7.2	22.4	29.2	24.9	102.1	1.3
Total (b)	¥7.2	¥22.4	¥29.2	¥24.9	¥102.4	¥1.3
(a)–(b)	(5.3)	0.7	(0.4)	(6.4)	(18.2)	(0.2)

Notes: 1. The figures represent loans and guarantees.

2. Loans to subsidiaries of Japanese companies that are guaranteed by their parents are excluded from this table.

## Outstanding Loans to Foreign Borrowers by Country

(in billions of yen)

	March 31, 2000
Indonesia	¥48.7
Argentina	5.2
Brazil	2.5
Russia	0.3
Other Four Countries	0.4
Total	¥57.2
Ratio to Total Assets	0.13%

Note: These figures represent loans to foreign government, financial institutions, and corporations of those countries that are used in calculation of Reserve for Possible Losses on Loans to Restructuring Countries, as dictated by the Practical Guides issued by the Japanese Institute of Certified Public Accountants.



## Claims Subject to Disclosure Requirements (Non-Consolidated)

### Disclosed Loans

(in billions of yen)

1. SELF-ASSESSMENT					2.	3.
Categorization	Non-Categorization	Category II	Category III	Category IV	Disclosed Claims under the Financial Reconstruction Law	Non-Accrual, Past Due & Restructured Loans
Obligor						
Bankrupt and Substantially Bankrupt Obligors ¥166.4	¥166.4 Covered by Guarantee and Collateral		Reserve Ratio 100% (Note 5)	Direct Write-offs 100% (Note 6)	Claims against Bankrupt and Quasi-Bankrupt Obligors ¥166.4 <b>Coverage Ratio 100%</b>	Loans to Bankrupt Borrowers ¥46.1
Intensive Control Obligors ¥630.0	¥599.7 Covered by Guarantee and Collateral		¥30.2		Claims with Collection Risk ¥630.0 <b>Coverage Ratio 95.2%</b>	Non-Accrual Delinquent Loans ¥737.0
Watch Obligors	Claims for Special Attention ¥860.1				Claims for Special Attention (Note 1) ¥860.1 <b>Coverage Ratio 58.0%</b> (Note 2)	¥13.3 (Note 4)
	(Claims for Special Attention Obligors)	Reserve Ratio for Un-Covered Portion 42.2%				Loans Past Due for 3 Months or More ¥9.9
		¥244.1 (Note 7)				Restructured Loans ¥850.2
Claims against Other Watch Obligors						
Normal Obligors						
			Reserved based on estimated credit losses		<b>Aggregate Coverage Ratio 76.0%</b> (Note 3)	
<b>Total</b> ¥25,197.3					<b>Total</b> ¥1,656.6	<b>Total</b> ¥1,643.2

Notes: 1. Categorization of Claims for Special Attention is determined on a loan-by-loan basis. It consists of Loans Past Due for 3 Months or More and Restructured Loans. Categorization of Claims for Special Attention Obligors is determined on a borrower-by-borrower basis, thus including all claims to such obligors in addition to Claims for Special Attention.

2. Coverage Ratio for Claims for Special Attention Obligors.

3. Includes Coverage Ratio for Claims for Special Attention Obligors.

4. The difference between total Non-Accrual, Past Due & Restructured Loans and total Disclosed Claims under the Financial Reconstruction Law represents claims included in Disclosed Claims under the Financial Reconstruction Law other than loans.

5. Reserved portion is moved to Not-Categorized.

6. These balances are not written-off, but are 100% reserved on the financial statements.

7. Claims for Special Attention Obligors that are guaranteed or collateralized.

(At March 31, 2000)

## Disclosed Claims under the Financial Reconstruction Law and Non-Accrual, Past Due & Restructured Loans

As of March 31, 2000, Claims Disclosed under the Financial Reconstruction Law (Non-Consolidated), which is a sum of Claims against Bankrupt and Quasi-Bankrupt Obligors, Claims with Collection Risk, and Claims for Special Attention decreased by ¥215.7 billion to ¥1,656.6 billion (net of uncollectable portions). The Coverage Ratios for Claims against Bankrupt and Quasi-Bankrupt Obligors, Claims with Collection Risk, and Claims for Special Attention are 100%, 95.2%, and 58.0%, respectively, and are deemed adequate.

Total Consolidated Non-Accrual, Past Due & Restructured Loans decreased by ¥119.5 billion to ¥1,651.9 billion. Total Non-Consolidated Non-Accrual, Past Due & Restructured Loans decreased by ¥200.9 billion to ¥1,643.2 billion (net of uncollectable portions).

This is primarily due to collection, sales and write-offs of such amounts and a decline in delinquency from new loans. It is also due to the fact that Claims Subject to Disclosure Requirement on IBJ's balance sheets mainly consists of Restructured Loans and Claims for Special Attention, both of which bare relatively low collection risks. These Claims are included in Claims in Non-Accrual, Past Due & Restructured Loans and Claims Disclosed under the Financial Reconstruction Law because they meet certain conditions, which does not necessarily represent collection risks.

In conjunction with greater cave of credit risk management in extending new loans, the IBJ Group expects Expenses Relating to Portfolio Problems to decline significantly in the future.

## Disclosed Claims under the Financial Reconstruction Law

### Disclosed Claims under the Financial Reconstruction Law (Non-Consolidated)

	(in billions of yen)		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Claims against Bankrupt and Quasi-Bankrupt Obligors	¥ 166.4	¥ 111.6	¥ 54.8
Claims with Collection Risk	630.0	1,197.7	(567.7)
Claims for Special Attention	860.1	562.9	297.2
Subtotal	1,656.6	1,872.3	(215.7)
Normal Claims	23,540.7	25,437.5	(1,896.8)
Total	¥25,197.3	¥27,309.8	¥(2,112.5)

Note: Claims against Bankrupt and Quasi-Bankrupt Obligors are stated net of uncollectable portions.

Such portions amounted to ¥363.5 billion and ¥272.4 billion as of March 31, 2000 and 1999, respectively.

### Coverage of Claims (Non-Consolidated)

	(in billions of yen)		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Coverage Amounts	¥1,265.0	¥1,412.2	¥(147.2)
Reserve for Possible Loan Losses	419.5	711.4	(291.9)
Reserve for Possible Losses on Support of Specific Borrowers	167.1	—	167.1
Collateral, Guarantees, etc.	678.3	700.8	(22.5)
Coverage Ratio	76.4%	75.4%	1.0%
Claims against Bankrupt and Quasi-Bankrupt Obligors	100.0	100.0	—
Claims with Collection Risk	95.2	83.8	11.4
Claims for Special Attention	58.0	52.7	5.3
Reserve Ratio against Non-Collateralized Claims	60.0%	60.7%	(0.7%)
Claims against Bankrupt and Quasi-Bankrupt Obligors	100.0	100.0	—
Claims with Collection Risk	91.3	77.1	14.2
Claims for Special Attention	42.2	15.0	27.2
Reserve Ratio for All Claims			
Claims against Watch Obligors excluding Claims for Special Attention	4.56%	3.98%	0.58%
Normal Claims	0.11	0.08	0.03

Notes: 1. The figures of Coverage Amounts, Coverage Ratio and Reserve Ratio against Non-Collateralized Claims are stated net of uncollectable portions.

2. Reserve for Possible Loan Losses are stated net of uncollectable portions.

Such portions Amountd to ¥363.5 billion and ¥272.4 billion as of March 31, 2000 and 1999, respectively.

3. Coverage Ratio = (Collateral and Guarantees + Reserve for Possible Loan Losses + Reserve for Possible Losses on Support of Specific Borrowers) / Loan Amount

4. Reserve Ratio against Non-Collateralized Claims = (Reserve for Possible Loan Losses + Reserve for Possible Losses on Support of Specific Borrowers) / Non-Collateral Claims Not Covered

5. Reserve Ratio for All Claims = General Reserve for Possible Loan Losses / All Claims

## Disclosed Claims under the Financial Reconstruction Law by Industry (Non-Consolidated)

(in billions of yen)

	March 31, 2000
	Loans
for Domestic Offices, excluding loans booked in offshore markets	¥1,586.8
Manufacturing	50.6
Agriculture	—
Forestry	—
Fishery	—
Mining	2.6
Construction	191.1
Utilities	3.9
Transportation & Communication	30.2
Wholesale, Retail & Restaurants	273.3
Finance & Insurance	176.0
Real Estate	557.6
Services	293.8
Local Government	—
Others	7.1
for Overseas Offices and International Business Facilities (IBF)	69.8
Governments, etc.	6.0
Financial Institutions	0.6
Commerce and Industry	2.4
Others	60.6
<b>Total</b>	<b>¥1,656.6</b>

Note: Claims against Bankrupt and Quasi-Bankrupt Obligors are stated net of uncollectable portions.  
Such portions amounted to ¥355.2 billion as of March 31, 2000.

## Non-Accrual, Past Due & Restructured Loans

### Non-Accrual, Past Due & Restructured Loans

(in billions of yen)

	March 31, 2000 (a)	March 31, 1999 (b)	(a) - (b)
Loans to Bankrupt Borrowers	¥ 46.8	¥ 46.8	¥ —
Non-Accrual Delinquent Loans	740.3	1,160.9	(420.6)
Loans Past Due for 3 Months or More	10.6	8.9	1.7
Restructured Loans	854.2	554.6	299.6
<b>Total</b>	<b>¥1,651.9</b>	<b>¥1,771.4</b>	<b>¥(119.5)</b>

Note: Loans to Bankrupt Borrowers and Non-Accrual Delinquent Loans are stated net of uncollectable portions. As of March 31, 2000, ¥75.6 billion and ¥284.5 billion were netted from Loans to Bankrupt Borrowers and Non-Accrual Delinquent Loans, respectively. As of March 31, 1999, ¥100.9 billion and ¥146.2 billion were netted from Loans to Bankrupt Borrowers and Non-Accrual Delinquent Loans, respectively.

## Ratio to Total Loans

	March 31, 2000 (a)	March 31, 1999 (b)	(a) - (b)
Loans to Bankrupt Borrowers	0.2%	0.2%	—%
Non-Accrual Delinquent Loans	3.3	5.0	(1.7)
Loans Past Due for 3 Months or More	0.0	0.0	—
Restructured Loans	3.8	2.4	1.4
<b>Total</b>	<b>7.4%</b>	<b>7.6%</b>	<b>(0.2%)</b>

Note: The figures are stated net of uncollectable portions.

# Management's Discussion and Analysis

## Reserve for Possible Loan Losses

	(in billions of yen)		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Reserve for Possible Loan Losses	¥559.8	¥819.5	¥(259.7)
General Reserve for Possible Loan Losses	138.5	189.1	(50.6)
Specific Reserve for Possible Loan Losses	415.1	622.7	(207.6)
Reserve for Possible Losses on Loans to Restructuring Countries	6.1	7.5	(1.4)
Reserve for Possible Losses on Support of Specific Borrowers	167.1	—	167.1
Reserve for Possible Losses on Loans Sold	47.5	48.1	(0.6)

Note: The figures are stated net of uncollectable portions.

## Reserve Ratio for Non-Accrual, Past Due & Restructured Loans

	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Before Direct Write-offs of Uncollectable Portions	54.0%	52.8%	1.2%
After Direct Write-offs of Uncollectable Portions	44.0	46.3	(2.3)

Note: Reserve Ratio = (Reserve for Possible Loan Losses + Reserve for Possible Losses on Support of Specific Borrowers) / Non-Accrual, Past Due & Restructured Loans

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

	(in billions of yen)		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Loans to Bankrupt Borrowers	¥ 46.1	¥ 45.2	¥ 0.9
Non-Accrual Delinquent Loans	737.0	1,236.0	(499.0)
Loans Past Due for 3 Months or More	9.9	8.4	1.5
Restructured Loans	850.2	554.4	295.8
Total	¥1,643.2	¥1,844.1	¥(200.9)

Note: Loans to Bankrupt Borrowers and Non-Accrual Delinquent Loans are stated net of uncollectable portions. As of March 31, 2000, ¥73.1 billion and ¥282.0 billion were netted from Loans to Bankrupt Borrowers and Non-Accrual Delinquent Loans, respectively. As of March 31, 1999, ¥100.9 billion and ¥146.2 billion were netted from Loans to Bankrupt Borrowers and Non-Accrual Delinquent Loans, respectively.

## Ratio to Total Loans (Non-Consolidated)

	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Loans to Bankrupt Borrowers	0.2%	0.2%	— %
Non-Accrual Delinquent Loans	3.4	5.4	(2.0)
Loans Past Due for 3 Months or More	0.0	0.0	—
Restructured Loans	3.9	2.4	1.5
Total	7.5%	8.1%	(0.6%)

Note: The figures are stated net of uncollectable portions.

## Reserve for Possible Loan Losses (Non-Consolidated)

	(in billions of yen)		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Reserve for Possible Loan Losses	¥537.5	¥843.8	¥(306.3)
General Reserve for Possible Loan Losses	125.6	172.8	(47.2)
Specific Reserve for Possible Loan Losses	405.8	663.4	(257.6)
Reserve for Possible Losses on Loans to Restructuring Countries	6.1	7.5	(1.4)
Reserve for Possible Losses on Support of Specific Borrowers	167.1	—	167.1
Reserve for Possible Losses on Loans Sold	47.5	48.1	(0.6)

Note: The figures are stated net of uncollectable portions.

## Reserve Ratio for Non-Accrual, Past Due & Restructured Loans (Non-Consolidated)

	March 31, 2000 (a)	March 31, 1999 (b)	(a) – (b)
Before Direct Write-offs of Uncollectable Portions	53.5%	53.4%	0.1%
After Direct Write-offs of Uncollectable Portions	42.9	45.8	(2.9)

Note: Reserve Ratio = (Reserve for Possible Loan Losses + Reserve for Possible Losses on Support of Specific Borrowers) / Non-Accrual, Past Due & Restructured Loans

**Outstanding Loans and Non-Accrual, Past Due & Restructured Loans by Industry (Non-Consolidated)** (in billions of yen)

	Loans			Non-Accrual, Past Due & Restructured Loans		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) - (b)	March 31, 2000 (a')	March 31, 1999 (b')	(a') - (b')
for Domestic Offices, excluding loans booked in offshore markets	¥19,654.7	¥20,061.7	¥(407.0)	¥1,576.0	¥1,766.7	¥(190.7)
Manufacturing	3,411.2	3,451.3	(40.1)	50.2	55.6	(5.4)
Agriculture	8.2	7.4	0.8	—	—	—
Forestry	0.1	0.2	(0.1)	—	—	—
Fishery	43.3	40.6	2.7	—	0.0	—
Mining	50.9	56.6	(5.7)	—	0.6	(0.6)
Construction	534.8	502.6	32.2	191.1	129.8	61.3
Utilities	1,579.9	1,494.5	85.4	3.9	0.1	3.8
Transportation & Communication	1,707.0	1,647.5	59.5	30.2	20.8	9.4
Wholesale, Retail & Restaurants	1,700.8	1,898.0	(197.2)	271.5	293.0	(21.5)
Finance & Insurance	3,743.0	3,949.5	(206.5)	175.5	143.1	32.4
Real Estate	2,135.8	2,349.0	(213.2)	557.3	716.1	(158.8)
Services	3,505.8	3,312.0	193.8	288.7	395.8	(107.1)
Local Government	13.1	19.6	(6.5)	—	—	—
Others	1,220.1	1,332.3	(112.2)	7.1	11.5	(4.4)

Note: Loans and Non-Accrual, Past Due & Restructured Loans are stated net of uncollectable portions. Such portions amounted to ¥338.0 billion and ¥237.4 billion as of March 31, 2000 and 1999, respectively.

**Outstanding Loans and Non-Accrual, Past Due & Restructured Loans to Emerging Markets (Non-Consolidated)** (in billions of yen)

	Loans			Non-Accrual, Past Due & Restructured Loans		
	March 31, 2000 (a)	March 31, 1999 (b)	(a) - (b)	March 31, 2000 (a')	March 31, 1999 (b')	(a') - (b')
Asia						
Hong Kong	¥105.9	¥123.6	¥(17.7)	¥ 5.3	¥10.5	¥(5.2)
South Korea	92.4	94.2	(1.8)	0.4	—	0.4
Thailand	75.9	143.8	(67.9)	10.4	11.0	(0.6)
China	71.6	116.4	(44.8)	12.5	13.5	(1.0)
Indonesia	33.8	51.7	(17.9)	12.7	20.4	(7.7)
Malaysia	26.7	38.9	(12.2)	3.7	3.9	(0.2)
Singapore	20.1	54.8	(34.7)	—	0.0	—
Taiwan	13.9	21.9	(8.0)	—	—	—
India	13.6	23.6	(10.0)	—	—	—
The Philippines	3.8	4.5	(0.7)	—	—	—
Others	459.6	675.5	(215.9)	45.2	59.7	(14.5)
Latin America						
Chile	28.0	28.2	(0.2)	—	—	—
Mexico	18.6	21.2	(2.6)	—	—	—
Columbia	17.7	23.7	(6.0)	—	—	—
Brazil	1.9	7.2	(5.3)	—	—	—
Others	77.4	96.1	(18.7)	0.0	0.0	—
Russia	1.1	1.3	(0.2)	2.1	3.2	(1.1)

Notes: 1. Loans to subsidiaries of Japanese companies that are guaranteed by their parents are excluded from this table.

2. Loans and Bills Discounted and Non-Accrual, Past Due & Restructured Loans in this table are stated net of uncollectable portions.

### Definition of Claims Subject to Disclosure Requirements

#### Self-Assessment of Assets, and Write-offs and Reserves

In order to preserve viability of financial institutions in Japan, the Financial Services Agency ("FSA") takes Prompt Corrective Actions by issuing orders to improve operations to financial institutions when their Risk-Based Capital Ratio (BIS Capital Ratio) falls below a certain level.

In conjunction with such measures, financial institutions in Japan are now required to assess recoverability of loans and

other receivables on their balance sheets in a good faith in order to submit to such inspection by FSA.

IBJ classifies its assets and borrowers into categories in accordance with the Standards for Self-Assessment of Assets, which is formulated by the Three Banks and is in accordance with the Financial Inspection Manuals issued by FSA.

These categories are as follows:

#### Self-Assessment of Assets

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Bankrupt Obligors:	Obligors who have already gone bankrupt, from both legal and practical perspectives.
Substantially Bankrupt Obligors:	Obligors for which formal and legal bankruptcy causes have not yet occurred, but whose financial positions are extremely distressed, and whose prospects for financial rehabilitation are so low as to render it substantially bankrupt.
Intensive Control Obligors:	Obligors who are not currently facing bankruptcy but are having business difficulties, and whose progress state of the business improvement plan or other measures are not satisfactory, so that there is a high probability that the obligor will go bankrupt.
Watch Obligors:	Obligors who require increased credit watching, including obligors with problematic loan conditions, such as interest payments suspended or reduced, obligors with problems in payment, such as those who are in arrears in the principal payment or the interest payment, obligors whose business conditions are unstable or poor, and obligors who have problems in their financial conditions.
Normal Obligors:	Obligors generally recognized to be experiencing good business conditions and having no significant financial problems.

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#### Asset Classifications

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Category IV:	Assets that are unrecoverable or are worthless.
Category III:	Assets that pose significant collection risks and present significant likelihood of losses.
Category II:	Assets that bear collection risks, which are greater than normal conditions.
Category I:	Assets other than those categorized in Categories II, III, or IV.

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### Write-offs and Reserves for Assets

IBJ writes-off or provides reserves for assets based on the Standards for Write-offs and Provisions formulated by the Three Banks, which are in accordance with the Financial Inspection Manuals, the Practical Guides issued by the Japanese Institute of Certified Public Accountants, as well as Japanese commercial laws and generally accepted accounting principles in Japan.

Bankrupt Obligors:	Reserved for or written off 100% of loan balance less amounts deemed recoverable from collateral and guarantees. These reserves are included in Specific Reserve for Possible Loan Losses.
Substantially Bankrupt Obligors:	Reserved for or written off 100% of loan balance less amounts deemed recoverable from collateral and guarantees. These reserves are included in Specific Reserve for Possible Loan Losses.
Intensive Control Obligors:	Reserved for either [1] amount calculated based on comprehensive analyses on the obligors' creditworthiness (three years worth of estimated losses) based on total loan balance less amounts recoverable from collateral and guarantees, or [2] amount calculated by multiplying the estimated loss ratio to the loan amounts less amounts deemed recoverable from collateral and guarantees*. These reserves are included in Specific Reserve for Possible Loan Losses.
Watch Obligors:	Reserved for three years worth of estimated losses based on the estimated loss ratio. Loans to Watch Obligors that are Restructured or Past Due for 3 Months or More are reserved for the amount deemed necessary* based on the amounts deemed recoverable from collateral and guarantees. These reserves are included in Specific or General Reserve for Possible Loan Losses.
Normal Obligors:	Reserved for one year worth of estimated losses based on the estimated loss ratio. These reserves are included in General Reserve for Possible Loan Losses.

\*In accordance with "The Methodology on Write-offs and Reserves for Strengthening Capital" issued by the Financial Reconstruction Commission.

### Disclosed Claims Under the Financial Reconstruction Law

### Corresponding to Classifications of Self-Assessment

Claims against Bankrupt and Quasi-Bankrupt Obligors:	Claims against bankrupt obligors under bankruptcy, corporate reorganization, composition or any other equivalent procedures, and claims corresponding to the said conditions.	Claims against "Bankrupt Obligors" or claims against "Substantially Bankrupt Obligors"
Claims with Collection Risk:	Claims against obligors who are not currently bankrupt, but whose financial position and business results have deteriorated materially with a high probability that the principal and interest will not be paid in accordance with the contracts.	Claims against "Intensive Control Obligors"
Claims for Special Attention:	<p>Loans Past Due for 3 Months or More: Claims for which principal repayment or interest payment is in arrears for three months or more calculated from the next day of the contractual due date of payments.</p> <p>Restructured Loans: Claims which are given a certain modification on the lending conditions in favor of the obligors for the purpose of restructuring and supporting the obligors in financial difficulties and for the purpose of progress in collection of the claims.</p>	Among claims against "Watch Obligors"

## Management's Discussion and Analysis

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### **Non-Accrual, Past Due & Restructured Loans**

**Loans to Bankrupt Borrowers:** Loans to be non-accrual loans for which borrowers are under bankruptcy, corporate reorganization, composition, or suspension of banking transaction.

Starting fiscal 1998, the year ended March 31, 1999, IBJ Group suspended accruing for interest for loans to Borrowers who are categorized in Intensive Control, Substantially Bankrupt, or Bankrupt categories on Self-Assessment basis. Prior to the fiscal 1998, it did not accrue for interest on loans only when recovery could not be expected because of delayed payments for principal or interest for more than certain periods or other reasons.

**Non-Accrual Delinquent Loans:** Loans to be non-accrual loans for which there are no prospects for collection or repayment of principal or interest for which payment of principal or interest has not been received for a substantial period or for other reasons.

Starting fiscal 1998, the year ended March 31, 1999, Loans to Intensive Control Obligors, Substantially Bankrupt Obligors, and Bankrupt Obligors on Self-Assessment basis are classified as Non-Accrual Delinquent Loans regardless of whether the loans are in fact overdue or delinquent.

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

**Restructured Loans:** Loans for which the Bank and its subsidiaries and affiliates have provided more favorable terms and conditions - including reducing interest rates, rescheduling interest and principal payments, or the waving of claims on the borrower - to the borrower than those in original loan agreement, with the aim of providing restructuring assistance and support. Such loans exclude Loans to Bankrupt Borrowers, Non-Accrual Delinquent Loans, and Loans Past Due for 3 Months or More.

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## Consolidated Risk-Based Capital Ratio (BIS Capital Ratio)

As of March 31, 2000, consolidated Risk-Based Capital Ratio (BIS Capital Ratio) was 12.19%, 6.61% for Tier I capital, an increase of 0.85 points during the year .

The numerator, or the total capital, increased by ¥44.0 billion to ¥3,317.5 billion, ¥1,799.4 billion for Tier I and ¥1,518.0 billion for Tier II. This net increase mainly consists of the following elements: an increase of ¥64.1 billion in Retained Earnings, an increase of ¥48.3 billion in inclusion of term subordinated debts and other items into the total capital, a decrease of ¥13.3 billion in preferred stocks issued by overseas

SPCs due to the higher exchange rate for the Japanese yen, and a decrease of ¥50.5 billion in General Reserve for Possible Loan Losses.

The denominator, or the risk-weighted assets, decreased by ¥1,664.8 billion to ¥27,200.4 billion. This net decrease consists of the following elements: a decrease of ¥825.1 billion in on-balance-sheet exposure, a decrease of ¥729.9 billion in off-balance-sheet exposure, and a decrease of ¥109.7 billion in market risk-related exposure.

### Risk-Based Capital Ratio (BIS Capital Ratio)

(in billions of yen)

	March 31, 2000	March 31, 1999	March 31, 1998
Preferred Stock	¥ 175.0	¥ 175.0	
Common Stock	498.5	498.6	
Capital Surplus	570.1	570.1	
Retained Earnings	273.6	209.4	
Minority Interests: Preferred Stocks Issued by SPCs	278.4	291.7	
Others	3.7	4.3	
<b>Total Tier I Capital (A)</b>	<b>1,799.4</b>	<b>1,749.2</b>	<b>¥ 1,444.4</b>
45% Unrealized Gains on Securities	—	—	183.4
45% Unrealized Gains on Land Used in Business	73.2	77.1	81.2
General Reserve for Possible Loan Losses	138.5	189.1	116.4
Subordinated Debts	1,306.2	1,257.9	1,074.6
Sub-total	1,518.0	1,524.2	1,455.8
<b>Total Tier II Capital (B)</b>	<b>1,518.0</b>	<b>1,524.2</b>	<b>1,399.7</b>
<b>Total Tier III Capital (C)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Capital (D) = (A) + (B) + (C)</b>	<b>3,317.5</b>	<b>3,273.4</b>	<b>2,844.1</b>
On-Balance-Sheet Exposure	24,731.5	25,556.6	24,121.1
Off-Balance-Sheet Exposure	2,195.7	2,925.7	3,385.3
Credit Risk Asset (E)	26,927.3	28,482.3	27,506.5
Market Risk Related Exposure (F)	273.1	382.8	210.2
<b>Total (G) = (E) + (F)</b>	<b>¥27,200.4</b>	<b>¥28,865.2</b>	<b>¥27,716.8</b>
<b>Risk-Based Capital Ratio (BIS Capital Ratio)</b> <b>= (D) / (G) × 100</b>	<b>12.19%</b>	<b>11.34%</b>	<b>10.26%</b>

Notes: 1. These figures are calculated in accordance with the instruction from the Financial Supervisory Agency, the Ministry of Finance, based on the Bank Law Article 14-2 as referred by the Long-Term Credit Bank Law Article 17, represent indices on consolidated figures, and are in accordance with the Uniform International Standards.

2. Consolidated Retained Earnings balances in this table are presented net of dividend distributions and directors' bonus to be disbursed from current earnings.

3. The components of Tier I were disclosed starting from March 31, 1999.

### [Reference]

#### Return on Equity

	Fiscal 1999	Fiscal 1998	Fiscal 1997
Net Income Basis	5.4%	(14.3%)	(14.2%)

Note:

$$\text{ROE} = \frac{\text{Net Income} - \text{Total Dividend Payment on Preferred Stocks}}{\left\{ \frac{(\text{Total Shareholders' Equity at the beginning of the Fiscal Year} - \text{Number of Preferred Shares Issued at the beginning of the Fiscal Year} \times \text{Issue Price}) + (\text{Total Shareholders' Equity at the end of the Fiscal Year} - \text{Number of Preferred Shares Issued at the end of the Fiscal Year} \times \text{Issue Price})}{2} \right\}}$$

# Report of Independent Certified Public Accountants

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**ChuoAoyama Audit Corporation**

**PRICEWATERHOUSECOOPERS** 

Kasumigaseki Bldg. 32nd Floor  
3-2-5, Kasumigaseki, Chiyoda-ku,  
Tokyo 100-6088, Japan

To the Board of Directors,  
The Industrial Bank of Japan, Limited:

We have audited the accompanying consolidated balance sheets of The Industrial Bank of Japan, Limited ("IBJ") and its subsidiaries as of March 31, 2000 and 1999, the related consolidated statements of income, shareholders' equity for each of the three years in the period ended March 31, 2000, and the related consolidated statement of cash flows for the year ended March 31, 2000, all expressed in Japanese 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 consolidated financial statements referred to above present fairly the consolidated financial position of IBJ and its subsidiaries as of March 31, 2000 and 1999, the consolidated results of their operations for each of the three years in the period ended March 31, 2000, and the consolidated result of their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan (See Note 1(a)) consistently applied during the periods, except for the change with which we concur, in the accounting for Securities as described in Note 1(e) to the accompanying consolidated financial statements.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1(a) to the accompanying consolidated financial statements.

*ChuoAoyama Audit Corporation*

Tokyo, Japan  
June 28, 2000

# Consolidated Balance Sheets

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
<b>Assets</b>			
Cash and Due from Banks	¥ 652,704	¥ 806,910	\$ 6,148,889
Call Loans and Bills Purchased (Note 19)	2,004,913	2,712,690	18,887,547
Commercial Paper and Other Debt Purchased	31,439	133,008	296,178
Trading Assets (Notes 3 and 19)	3,926,059	3,729,005	36,985,956
Money Held in Trust (Note 33)	10,123	54,331	95,365
Securities (Notes 4, 19 and 32)	7,580,782	8,942,151	71,415,760
Loans and Bills Discounted (Notes 5 and 19)	22,779,689	23,327,907	214,599,053
Foreign Exchanges (Note 6)	254,281	290,585	2,395,491
Other Assets (Notes 7 and 19)	4,423,709	3,923,235	41,674,136
Premises and Equipment (Notes 8 and 19)	285,835	313,726	2,692,751
Deferred Debenture Charges (Note 9)	9,625	16,055	90,678
Deferred Tax Assets (Note 10)	366,900	400,198	3,456,430
Customers' Liabilities for Acceptances and Guarantees (Note 18)	1,060,417	1,516,602	9,989,799
Reserve for Possible Loan Losses (Note 11)	(920,029)	—	(8,667,263)
<b>Total Assets</b>	<b>¥42,466,450</b>	<b>¥46,166,409</b>	<b>\$400,060,770</b>
<b>Liabilities, Minority Interests in Consolidated Subsidiaries and Shareholders' Equity</b>			
<b>Liabilities</b>			
Debtures (Note 12)	¥20,471,200	¥20,461,865	\$192,851,630
Deposits (Notes 13 and 19)	6,636,501	8,116,321	62,520,032
Call Money and Bills Sold (Note 19)	3,726,195	4,857,493	35,103,112
Commercial Paper	164,000	30,000	1,544,984
Borrowed Money (Notes 14 and 19)	946,969	1,390,208	8,921,049
Trading Liabilities (Note 3)	1,361,118	2,854,950	12,822,592
Foreign Exchanges (Note 6)	59,412	23,399	559,699
Other Liabilities (Note 15)	5,779,352	3,810,402	54,445,151
Reserve for Possible Loan Losses (Note 11)	—	1,066,714	—
Reserve for Retirement Allowances	50,578	53,088	476,485
Reserve for Possible Losses on Loans Sold	47,506	48,144	447,539
Reserve for Possible Losses on Support of Specific Borrowers	167,198	—	1,575,111
Reserve for Contingency	13,938	—	131,306
Other Reserves (Note 16)	47	29	444
Deferred Tax Liabilities (Note 10)	8,997	7,245	84,767
Deferred Tax Liabilities related to Land Revaluation	63,484	72,518	598,063
Acceptances and Guarantees (Note 18)	1,060,417	1,516,602	9,989,799
<b>Total Liabilities</b>	<b>40,556,917</b>	<b>44,308,984</b>	<b>382,071,763</b>
<b>Minority Interests in Consolidated Subsidiaries (Note 17)</b>	<b>282,116</b>	<b>296,074</b>	<b>2,657,711</b>
<b>Shareholders' Equity</b>			
Preferred Stock (Note 20)	175,000	175,000	1,648,610
Common Stock (Note 21)	498,605	498,605	4,697,176
Capital Surplus	570,132	570,132	5,371,005
Surplus from Land Revaluation (Note 8)	99,212	98,920	934,646
Retained Earnings (Note 22)	284,475	218,694	2,679,942
Treasury Stock	(8)	(2)	(83)
<b>Total Shareholders' Equity</b>	<b>1,627,417</b>	<b>1,561,350</b>	<b>15,331,296</b>
<b>Total Liabilities, Minority Interests in Consolidated Subsidiaries and Shareholders' Equity</b>	<b>¥42,466,450</b>	<b>¥46,166,409</b>	<b>\$400,060,770</b>

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

# Consolidated Statements of Income

	(in millions of yen)			(in thousands of U.S. dollars)
	Fiscal 1999*	Fiscal 1998*	Fiscal 1997*	Fiscal 1999*
<b>Income</b>				
Interest Income (Note 23)	¥1,519,988	¥1,974,674	¥2,305,998	\$14,319,255
Fee & Commission Income	89,568	97,505	122,849	843,787
Trading Income (Note 24)	51,802	53,936	9,467	488,016
Other Operating Income (Note 25)	1,011,984	854,050	473,434	9,533,534
Other Income (Note 26)	326,319	406,143	397,938	3,074,134
Reversal of Other Reserves	—	450	12,213	—
<b>Total Income</b>	<b>2,999,663</b>	<b>3,386,760</b>	<b>3,321,902</b>	<b>28,258,726</b>
<b>Expense</b>				
Interest Expense (Note 23)	1,272,875	1,672,871	2,015,962	11,991,292
Fee & Commission Expense	16,462	14,264	19,738	155,083
Trading Expense (Note 24)	171	—	8,452	1,617
Other Operating Expense (Note 27)	1,015,512	794,768	431,913	9,566,764
General and Administrative Expenses	192,237	222,792	217,453	1,810,994
Other Expense (Note 28)	335,324	938,295	941,497	3,158,966
Provision of Other Reserves	17	0	3	167
<b>Total Expense</b>	<b>2,832,600</b>	<b>3,642,993</b>	<b>3,635,020</b>	<b>26,684,883</b>
<b>Income (Loss) before Income Taxes and Others</b>	<b>167,063</b>	<b>(256,232)</b>	<b>(313,118)</b>	<b>1,573,843</b>
Income Tax Expenses (Benefits) (Note 29):				
Current	45,553	10,816	3,935	429,146
Deferred	37,970	(94,093)	(114,695)	357,705
Minority Interests in Net Income	12,785	8,321	169	120,443
Amortization of Consolidation Difference	—	—	131	—
<b>Net Income (Loss)</b>	<b>¥ 70,754</b>	<b>¥ (181,276)</b>	<b>¥ (202,660)</b>	<b>\$ 666,549</b>

Per Share of Common Stock	(in yen)			(in U.S. dollars)
<b>Net Income (Loss)</b>				
Basic	¥25.59	¥(70.64)	¥(79.80)	\$0.241
Diluted	23.15	n/a	n/a	0.218
Cash Dividends	7.00	7.00	8.50	0.066

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

\* Fiscal 1999, 1998 and 1997 represent the fiscal years ended March 31, 2000, 1999 and 1998, respectively.



# Consolidated Statements of Shareholders' Equity

(in millions of yen)

	Preferred Stock (Note 20)	Common Stock (Note 21)	Capital Surplus	Surplus from Land Revaluation (Note 8)	Retained Earnings (Note 22)	Treasury Stock	Total Shareholders' Equity
<b>Balance at March 31, 1997</b>	¥ —	¥465,105	¥361,632	¥ —	¥717,253	¥(12)	¥1,543,979
Initial Consolidation of a Subsidiary Not Consolidated in the Previous Year	—	—	—	—	280	—	280
Cash Dividends	—	—	—	—	(21,586)	—	(21,586)
Net Loss	—	—	—	—	(202,660)	—	(202,660)
Treasury Stock Transactions	—	—	—	—	—	7	7
<b>Balance at March 31, 1998</b>	—	465,105	361,632	—	493,287	(5)	1,320,019
Issuance of Preferred Stock	175,000	—	175,000	—	—	—	350,000
Issuance of Common Stock	—	33,500	33,500	—	—	—	67,000
Transfer from Liabilities	—	—	—	98,920	—	—	98,920
Cash Dividends	—	—	—	—	(19,681)	—	(19,681)
Initial Consolidation of Subsidiaries Not Consolidated in the Previous Year	—	—	—	—	(20,900)	—	(20,900)
Initial Adoption of Equity Method of Affiliates Stated at Cost in the Previous Year	—	—	—	—	(52,733)	—	(52,733)
Net Loss	—	—	—	—	(181,276)	—	(181,276)
Treasury Stock Transactions	—	—	—	—	—	3	3
<b>Balance at March 31, 1999</b>	175,000	498,605	570,132	98,920	218,694	(2)	1,561,350
Transfer from Surplus from Land Revaluation to Retained Earnings	—	—	—	(3,035)	3,035	—	—
Transfer from Deferred Tax Liabilities Related to Land Revaluation and Others	—	—	—	3,328	—	—	3,328
Exclusion from Consolidation of Affiliates Previously Accounted for under the Equity Method	—	—	—	—	12,079	—	12,079
Cash Dividends	—	—	—	—	(20,088)	—	(20,088)
Net Income	—	—	—	—	70,754	—	70,754
Treasury Stock Transactions	—	—	—	—	—	(6)	(6)
<b>Balance at March 31, 2000</b>	¥175,000	¥498,605	¥570,132	¥99,212	¥284,475	¥ (8)	¥1,627,417

(in thousands of U.S. dollars)

	Preferred Stock (Note 20)	Common Stock (Note 21)	Capital Surplus	Surplus from Land Revaluation (Note 8)	Retained Earnings (Note 22)	Treasury Stock	Total Shareholders' Equity
<b>Balance at March 31, 1999</b>	\$1,648,610	\$4,697,176	\$5,371,005	\$931,890	\$2,060,243	\$(21)	\$14,708,903
Transfer from Surplus from Land Revaluation to Retained Earnings	—	—	—	(28,597)	28,597	—	—
Transfer from Deferred Tax Liabilities Related to Land Revaluation and Others	—	—	—	31,353	—	—	31,353
Exclusion from Consolidation of Affiliates Previously Accounted for under the Equity Method	—	—	—	—	113,799	—	113,799
Cash Dividends	—	—	—	—	(189,246)	—	(189,246)
Net Income	—	—	—	—	666,549	—	666,549
Treasury Stock Transactions	—	—	—	—	—	(62)	(62)
<b>Balance at March 31, 2000</b>	\$1,648,610	\$4,697,176	\$5,371,005	\$934,646	\$2,679,942	\$(83)	\$15,331,296

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these statements.

# Consolidated Statement of Cash Flows

	(in millions of yen)	(in thousands of U.S. dollars)
	Fiscal 1999*	Fiscal 1999*
<b>Cash Flows from Operating Activities</b>		
Income before Income Taxes and Others	¥ 167,063	\$ 1,573,843
Depreciation and Amortization	8,303	78,223
Equity in Earnings from Investments in Affiliates	(2,111)	(19,890)
Decrease in Reserve for Possible Loan Losses	(129,763)	(1,222,453)
Decrease in Reserve for Possible Losses on Loans Sold	(637)	(6,010)
Increase in Reserve for Contingency	13,938	131,306
Decrease in Reserve for Retirement Allowances	(2,509)	(23,642)
Increase in Reserve for Possible Losses on Support of Specific Borrowers	167,198	1,575,111
Interest Income - Accrual Basis	(1,519,988)	(14,319,255)
Interest Expense - Accrual Basis	1,272,875	11,991,292
Gains and Losses on Securities	(203,318)	(1,915,392)
Profit from Money Held in Trust	(5,027)	(47,358)
Translation Differences	58,666	552,672
Gains and Losses on Dispositions of Premises and Equipment	(11,110)	(104,668)
Net Increase in Trading Assets	(546,688)	(5,150,147)
Net Decrease in Trading Liabilities	(1,216,057)	(11,456,026)
Net Decrease in Loans and Bills Discounted	68,680	647,010
Net Increase in Deposits (Liabilities)	259,566	2,445,276
Net Decrease in Certificates of Deposit (Liabilities)	(1,143,422)	(10,771,763)
Net Increase in Debentures (excluding Subordinated Debentures)	13,287	125,174
Net Decrease in Borrowed Money (excluding Subordinated Borrowed Money)	(335,367)	(3,159,378)
Net Increase in Commercial Paper	134,000	1,262,365
Net Decrease in Call Loans	305,707	2,879,959
Net Increase in Cash Placed as Collateral on Securities Borrowed	(125,523)	(1,182,509)
Net Decrease in Call Money	(619,664)	(5,837,628)
Net Increase in Cash Received as Collateral on Securities Lent	204,454	1,926,095
Net Decrease in Due from Banks (excluding Due from Central Banks)	(15,821)	(149,052)
Net Decrease in Certificates of Deposit (Assets)	648	6,113
Net Decrease in Foreign Exchanges (Assets)	9,586	90,311
Net Increase in Foreign Exchanges (Liabilities)	37,690	355,072
Interest Income - Cash Basis	1,555,932	14,657,866
Interest Expense - Cash Basis	(1,324,708)	(12,479,594)
Others	1,701,203	16,026,409
Subtotal	(1,222,918)	(11,520,668)
Cash Paid in Income Tax	(21,192)	(199,651)
Net Cash used in Operating Activities	(1,244,111)	(11,720,319)
<b>Cash Flows from Investing Activities</b>		
Payments from Purchase of Securities	(19,265,494)	(181,493,123)
Proceeds from Sale of Securities	20,248,077	190,749,672
Proceeds from Redemption of Securities	211,138	1,989,061
Payments from Increase in Money Held in Trust	(1,038,067)	(9,779,247)
Proceeds from Decrease in Money Held in Trust	1,092,161	10,288,851
Payments from Purchase of Premises and Equipment	(21,495)	(202,501)
Proceeds from Sale of Premises and Equipment	12,504	117,804
Net Cash Provided by Investing Activities	1,238,825	11,670,517
<b>Cash Flows from Financing Activities</b>		
Payments to Subordinated Borrowed Money	(22,500)	(211,964)
Proceeds from Issuance of Subordinated Debentures	78,992	744,154
Payments from Redemption of Subordinated Debentures	(8,358)	(78,740)
Dividends Paid	(20,088)	(189,246)
Dividends Paid for Minority Interests	(12,859)	(121,143)
Others	(6)	(61)
Net Cash Provided by Financing Activities	15,179	143,000
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(3,111)	(29,309)
Net Increase in Cash and Cash Equivalents	6,781	63,889
Cash and Cash Equivalents at the Beginning of the Year	290,232	2,734,169
Cash and Cash Equivalents at the End of the Year	¥ 297,013	\$ 2,798,058

See accompanying "Notes to Consolidated Financial Statements" which are an integral part of these Statements.

\* Fiscal 1999 represent the fiscal year ended March 31, 2000.

# Notes to Consolidated Financial Statements

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## 1. Basis of Presentation and Summary of Significant Accounting Policies

The Industrial Bank of Japan, Limited ("IBJ") is a long-term credit bank under the Long-Term Credit Bank Law in Japan, providing global financial services together with its subsidiaries ("IBJ Group"). The subsidiaries of IBJ includes IBJ Securities Co., Ltd. (a domestic corporation), IBJ Trust and Banking Co., Ltd. (a domestic corporation), The Industrial Bank of Japan Trust Company (a U.S. corporation), IBJ Whitehall Bank & Trust Company (a U.S. corporation), Aubrey G. Lanston & Co. Inc. (a U.S. corporation) and IBJ International plc (a U.K. corporation).

**(a) Basis of Presentation:** The accompanying consolidated financial statements have been prepared from the accounts maintained by IBJ and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau (the "DKFB") in Japan are reclassified for the convenience of readers outside Japan. In addition, the Consolidated Statements of Shareholders' Equity are prepared and included in consolidated financial statements, though they are not required to be filed with the DKFB. In place of the Consolidated Statements of Shareholders' Equity, the Consolidated Statements of Retained Earnings are filed with the DKFB, the information of which are all included in the Consolidated Statements of Shareholders' Equity.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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

**(b) Principles of Consolidation:** The consolidated financial statements include the accounts of IBJ and its subsidiaries. The number of the consolidated subsidiaries was 63 at March 31, 2000, 67 at March 31, 1999 and 42 at March 31, 1998.

Investments in affiliates and unconsolidated subsidiaries, except for those immaterial to the consolidated financial statements which are carried at cost, are accounted for under the equity method. The number of the affiliates accounted for under the equity method was 18 at March 31, 2000, 14 at March 31, 1999. No affiliate was accounted for under the equity method at March 31, 1998. These investments are included in Securities, and the net equity in income from these investments is included in Other Income.

In fiscal 1998, in determining subsidiaries and affiliates, IBJ adopted "Implementation Guideline on Revised Definition of Subsidiaries and Affiliates under Reporting System of Consolidated Financial Statements" issued by the Business Accounting Deliberation Council in October 30, 1998. Under this new guideline, companies controlled by IBJ are accounted for as subsidiaries regardless of the ownership percentage by IBJ, and companies influenced by IBJ in material degree on their financial and operating or business policies through investment, personnel, finance, technology, trading or other relationship, are accounted for as affiliates regardless of the ownership percentage by IBJ. Before fiscal 1997 IBJ determined subsidiaries and affiliates only by ownership.

Any difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary is allocated to applicable accounts where identifiable, and the remaining portion is charged or credited to income, as the case may be, in the year in which it occurs.

All material intercompany transactions, account balances and unrealized profits have been eliminated in consolidation.

The majority of domestic subsidiaries are consolidated based on the fiscal years ended March 31, and the majority of foreign subsidiaries are consolidated based on the fiscal years ended December 31.

**(c) Statement of Cash Flows:** Presentation of Consolidated Statement of Cash Flows is required effective for fiscal 1999 in accordance with a new accounting standard. The Consolidated Statements of Cash Flows for prior years are not presented as they were prepared in a different format and not considered comparable. For the purpose of the Consolidated Statement of Cash Flows, Cash and Cash Equivalents consists of cash and due from central banks on the Consolidated Balance Sheets.

**(d) Trading Assets and Liabilities:** In fiscal 1997, trading transactions intended to take advantages of short-term fluctuations and arbitrage in interest rates, currency exchange rates, market prices of securities and related indices are recognized on the contract date basis and recorded in Trading Assets or Trading Liabilities on the Consolidated Balance Sheets.

Securities and other short-term credit instruments held for trading purposes are stated at fair value at the balance sheet date. Derivative financial products such as swaps, forward contracts and option transactions are stated at their hypothetical termination values, assuming that such transactions were terminated and settled at the balance sheet date.

Trading Income and Trading Expense are recorded as interest income or expense actually paid or received plus:

Marketable securities and commercial paper	
The difference in valuation gains or losses between beginning balance and ending balance; or	
Derivative financial products	
The difference in hypothetical settlement gains or losses between beginning balance and ending balance	

Establishing trading accounts in accordance with the Bank Law, Article 17-2, referred by the Long-Term Credit Bank Law, Article 17, had the following effect on the Consolidated Statements of Income for fiscal 1997:

Net decrease in Total Income:	¥ 97,372 million
Decrease in Interest Income	¥121,926 million
Increase in Trading Income	¥ 24,553 million
Net decrease in Total Expense:	¥115,525 million
Decrease in Interest Expense	¥117,194 million
Increase in Trading Expense	¥ 1,669 million
Decrease in Loss before Income Taxes and Others	¥ 18,152 million

Some elements in Trading Income and Trading Expense were offset in presentation of the Consolidated Statements of Income.

The consolidated subsidiaries record Trading Transactions and other similar transactions in the same manner as IBJ.

**(e) Securities:** Securities are stated at cost, cost being determined by the moving-average method. As of and prior to March 31, 1998, corporate bonds, stocks and shares and other securities listed on stock exchanges were stated at the lower of cost or market, and Japanese national and local government bonds were stated at cost, cost being determined by the moving-average method. As a result of this change, Other Expense and Loss before Income Taxes and Others decreased by ¥190,464 million for fiscal 1998.

Corporate bonds, stocks and shares and other listed securities in Money Held in Trust for short-term investments in designated securities are stated at the lower of cost or market, cost being determined by the moving average method. Non-listed securities in Money Held in Trust are stated at cost: cost being determined by the moving average method.

Securities held by the consolidated subsidiaries are valued at cost as determined principally by the moving-average method.

**(f) Translation of Foreign Currencies:** (1) Assets and liabilities denominated in foreign currencies as well as assets and liabilities of foreign branches are translated into yen primarily using the exchange rates in effect at the balance sheet date. Certain assets and liabilities denominated in foreign currencies, including certain investments in foreign companies, are valued at historical exchange rates prevailing at the transaction dates if funded in Japanese yen.

Forward foreign contracts except for those relating to funding transactions are valued at the forward rates prevailing at the balance sheet date for the remaining maturity of the contract. Gains and losses on these forward foreign exchange contracts are recognized in Other Operating Income. Premiums or discounts on spot and forward exchange swaps related to funding transactions are recognized as part of interest income or expense over the life of the contract.

(2) Foreign currency accounts of the consolidated overseas subsidiaries are translated into their home currencies at the respective exchange rates in effect at the balance sheet date.

The financial statements of the consolidated overseas subsidiaries are translated into yen at the exchange rates in effect at the balance sheet date, except for accounts in shareholders' equity which are translated at the historical rates. Translation differences resulting from the changes in the exchange rates from year to year are accumulated in Other Assets.

**(g) Premises and Equipment:** Premises and Equipment is stated at cost less accumulated depreciation. Depreciation of IBJ is computed as follows:

**Buildings:** Depreciation of buildings, excluding building equipment and structures, acquired on or after April 1, 1998, is computed using the straight-line method in accordance with the Japanese Tax Law and the Japanese Tax Law Enforcement Regulation Article 48-1 as amended. For other buildings, the declining-balance method is used at rates prescribed under the Japanese Tax Law. This change of method in accordance with the Japanese Tax Law Enforcement Regulation as amended resulted in a decrease in Loss before Income Taxes

and Others by ¥6 million for fiscal 1998. The Japanese Tax Law was also amended in fiscal 1998 to shorten depreciation periods for buildings. This change in line with the amendment resulted in an increase in Loss before Income Taxes and Others by ¥202 million for fiscal 1998.

**Equipment:** Depreciation of equipment is computed using the declining-balance method, based on rates prescribed under the Japanese Tax Law.

**Other premises and equipment:** Depreciation of other premises and equipment is computed in accordance with methods prescribed under the Japanese Tax Law.

IBJ changed the depreciation rates for building from fiscal 1997. Until fiscal 1996, depreciation expenses for buildings was calculated under the declining balance method at 160% of rates under Japanese Tax Law. This change resulted in a decrease in Loss before Income Taxes and Others by ¥2,306 million in fiscal 1997.

Premises and Equipment of the consolidated subsidiaries are depreciated principally by the declining balance method over the estimated useful life of each asset.

**(h) Software:** Development costs for internal-use software are capitalized and amortized under the straight-line method over estimated useful life of 5 years. In accordance with the transitional provision of “the Practical Guidance for Accounting for Research and Development Costs and Software Costs”, issued by JICPA Accounting Committee on March 31, 1999, costs for internal-use software that are already capitalized and included in Other Assets are and will continue to be accounted for under the accounting method previously in effect.

**(i) Deferred Debenture Charges:** Deferred Debenture Charges consists of discounts on and issuance costs of debentures.

Discounts on debentures are amortized over the term of the debenture.

Debenture issuance costs are amortized over the term of such debentures up to 3 years, which is the maximum period permitted by the Code.

Deferred Debenture Charges of consolidated subsidiaries are mainly amortized over the term of the debenture.

**(j) Reserve for Possible Loan Losses:** Reserve for Possible Loan Losses of IBJ is maintained in accordance with Standards for Write-offs and Provisions internally established.

— For credits extended to Bankrupt or Substantially Bankrupt Obligors, reserves are maintained for 100% of the said credits less amounts recoverable from collateral and guarantees.

— For credits extended to Intensive Control Obligors, reserves

are maintained for the amount deemed necessary based on overall solvency analyses less amounts recoverable from collateral and guarantees.

— For credits extended to other obligors, reserves are maintained at rates formulated from historical credit loss experiences.

— Reserves for credits extended to specific foreign borrowers are maintained in order to cover possible losses based on analyses of political and economic climates of the countries.

All credits are assessed by each credit origination department, and a result of the assessments is verified and audited by an independent examination department. Reserve for Possible Loan Losses is provided on the basis of such audited assessments.

Reserve for Possible Loan Losses of the consolidated subsidiaries is provided at the amount considered necessary based on the management’s risk assessment of the loan portfolio.

From fiscal 1999, Reserve for Possible Loan Losses, which was included in the Liability section in prior years, is included in the Asset section of the balance sheet as a result of a revision in the Implementation Guide of Long-Term Credit Bank Law (Ministry of Finance Ordinance No.13, 1982). Decrease in both Total Assets and Total Liabilities of ¥920,029 million resulted from this reclassification.

**(k) Reserve for Retirement Allowances and Pension Plan:**

In Reserve for Retirement Allowances of IBJ is provided for payments to employees based on the amount that would have been required assuming the voluntary retirement of all employees on the date of the balance sheet. In addition, IBJ has a non-contributory funded pension plan for eligible employees. IBJ’s policy for the plan is to fund and charge to income normal costs as accrued on the basis of an actuarial method accepted in Japan.

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

**(l) Reserve for Possible Losses on Loans Sold:** Reserve for Possible Losses on Loans Sold is maintained to cover contingent losses on loans sold to the Cooperative Credit Purchasing Company, Limited, taking into account the value of collateral pledged. This reserve is provided in accordance with Article 287-2 of the Code.

**(m) Reserve for Possible Losses on Support of Specific Borrowers:**

Reserve for Possible Losses on Support of Specific Borrowers is maintained to cover losses on write-offs of loans to assist or facilitate the restructuring of certain borrowers. This reserve is provided in accordance with Article 287-2 of the Code.

## Notes to Consolidated Financial Statements

**(n) Reserve for Contingency:** Reserve for Contingency is maintained to cover losses arising from matters not covered by other specific reserves that are probable to take place and that are determinable in amounts. This reserve is provided in accordance with Article 287-2 of the Code.

**(o) Income Taxes:** Accounting for allocation of income taxes, which is corporate income tax, inhabitant tax and enterprise tax, is adopted. The asset and liability method is applied to provide income taxes on all transactions recorded in the consolidated financial statements. Deferred Tax Assets and Deferred Tax Liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates which will be in effect when the differences are expected to reverse. The aggregate tax rates were approximately 39.0% for fiscal 1999, 42.3% for fiscal 1998, 47.9% for fiscal 1997.

**(p) Earnings per Share:** Basic Net Income (Loss) per Share of Common Stock is computed by dividing Net Income (Loss) applicable to Common Stock by weighted-average number of shares of Common Stock outstanding during each year. Calculation of Diluted Net Income per Share of Common Stock reflects the potential dilution that could occur if dilutive securities were converted into Common Stock. Diluted Net Loss per Share of Common Stock is not presented as this information is not

required in Net Loss years under accounting principles generally accepted in Japan.

**(q) Lease Transactions:** Accounting principles applicable to operating leases are applied for finance leases of IBJ and its domestic subsidiaries that do not involve transferring of ownership to the lessees at the end of lease terms.

**(r) Changes in Presentation:** Due to the change of the Rules for the Consolidated Financial Statements, effective March 31, 1999, IBJ has changed the format of consolidated financial statements as follows:

(1) Legal Reserve is included in Retained Earnings in the Consolidated Balance Sheets and the Consolidated Statements of Shareholders' Equity. The amounts at March 31, 1998 and prior have been reclassified to conform to the presentation at March 31, 2000 and 1999.

(2) Enterprise Taxes is included in Income Tax Expenses (Benefits). It was previously included in Other Expense in the Consolidated Statements of Income for fiscal 1997.

(3) Amortization of Consolidation Difference is included in General and Administration Expenses. It was presented as the item of increase/decrease of Income (Loss) before Income Taxes and Others in the Consolidated Statements of Income for fiscal 1997.

## 2. Cash and Cash Equivalents

Cash and Cash Equivalents at March 31, 2000 was reconciled to Cash and Due from Banks on the Consolidated Balance Sheets as follows:

	(in millions of yen)	(in thousands of U.S. dollars)
	March 31, 2000	March 31, 2000
Cash and Due from Banks	¥652,704	\$6,148,889
Less: Due from Banks except for due from central banks	(355,690)	(3,350,831)
Cash and Cash Equivalents	¥297,013	\$2,798,058



### 3. Trading Assets and Liabilities

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
<b>Trading Assets:</b>			
Trading Securities	¥2,609,334	¥1,635,269	\$24,581,577
Derivatives for Trading Securities	34	112,762	320
Securities Held to Hedge Trading Transactions	27,161	23,193	255,881
Derivatives for Securities Held to Hedge Trading Transactions	716	143	6,753
Derivatives for Trading Transactions	928,726	1,443,051	8,749,194
Other Trading Assets	360,085	514,585	3,392,231
<b>Total</b>	<b>¥3,926,059</b>	<b>¥3,729,005</b>	<b>\$36,985,956</b>
<b>Trading Liabilities:</b>			
Trading Securities Oversold	¥ 450,751	¥ 746,636	\$ 4,246,359
Derivatives for Trading Securities	0	689,469	7
Securities Oversold to Hedge Trading Transactions	36,415	24,375	343,057
Derivatives for Securities Held to Hedge Trading Transactions	58	108	547
Derivatives for Trading Transactions	873,892	1,394,360	8,232,622
<b>Total</b>	<b>¥1,361,118</b>	<b>¥2,854,950</b>	<b>\$12,822,592</b>

### 4. Securities

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Japanese National Government Bonds	¥2,405,738	¥3,321,912	\$22,663,577
Japanese Local Government Bonds	143,478	167,675	1,351,660
Japanese Corporate Bonds	339,691	362,710	3,200,107
Japanese Stocks and Shares (1)	2,870,455	2,661,519	27,041,507
Others (2)	1,821,418	2,428,333	17,158,909
<b>Total</b>	<b>¥7,580,782</b>	<b>¥8,942,151</b>	<b>\$71,415,760</b>

(1) Japanese Stocks and Shares included investments in affiliates of ¥28,491 million and ¥8,416 million at March 31, 2000 and 1999, respectively.

(2) Others included investments in affiliates of ¥1,388 million and ¥1,577 million at March 31, 2000 and 1999, respectively.

### 5. Loans and Bills Discounted

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Bills Discounted	¥ 103,229	¥ 133,341	\$ 972,483
Loans on Notes	4,216,138	4,528,129	39,718,688
Loans on Deeds	15,280,454	15,769,648	143,951,526
Overdrafts	3,179,867	2,896,787	29,956,356
<b>Total</b>	<b>¥22,779,689</b>	<b>¥23,327,907</b>	<b>\$214,599,053</b>

## Notes to Consolidated Financial Statements

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Loans to Bankrupt Borrowers (1)	¥ 122,459	¥ 147,785	\$ 1,153,641
Non-Accrual Delinquent Loans (2)	1,024,884	1,307,274	9,655,062
Loans Past Due for 3 Months or More (3)	10,655	8,944	100,385
Restructured Loans (4)	854,224	554,669	8,047,333
<b>Total</b>	<b>¥2,012,224</b>	<b>¥2,018,673</b>	<b>\$18,956,421</b>

(1) Loans to Bankrupt Borrowers represent nonaccrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order).

(2) Non-Accrual Delinquent Loans represent nonaccrual loans other than (i) Bankruptcy Loans and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

(3) Loans to Bankrupt Borrowers or Non-Accrual Delinquent Loans, both of which are classified as nonaccrual, are not included in this category.

(4) Restructured Loans represent loans on which contracts were amended in favor of borrowers (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, renunciation of claims) in order to assist or facilitate the restructuring of borrowers in financial difficulties.

### 6. Foreign Exchange Assets and Liabilities

Foreign Exchange Assets and Liabilities at March 31, 2000 and 1999, consisted of the following:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
<b>Foreign Exchange Assets:</b>			
Foreign Bills Bought	¥130,149	¥124,974	\$1,226,087
Foreign Bills Receivable	85,040	77,171	801,132
Advance to Foreign Banks	18,098	33,292	170,498
Due from Banks (Foreign)	20,993	55,147	197,774
<b>Total</b>	<b>¥254,281</b>	<b>¥290,585</b>	<b>\$2,395,491</b>
<b>Foreign Exchange Liabilities:</b>			
Foreign Bills Sold	¥ 15	¥ 10	\$ 146
Foreign Bills Payable	357	1,253	3,372
Advance from Foreign Banks	1,697	4,564	15,987
Due to Banks (Foreign)	57,341	17,570	540,194
<b>Total</b>	<b>¥ 59,412</b>	<b>¥ 23,399</b>	<b>\$ 559,699</b>

### 7. Other Assets

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Accrued Income	¥ 380,272	¥ 422,080	\$ 3,582,405
Prepaid Expense	6,437	9,509	60,644
Cash placed as Collateral on Securities Borrowed	1,222,649	1,326,515	11,518,126
Securities in Custody and Other (1)	1,679,387	1,347,016	15,820,894
Others (2)	1,134,962	818,112	10,692,067
<b>Total</b>	<b>¥4,423,709</b>	<b>¥3,923,235</b>	<b>\$41,674,136</b>

(1) Securities in Custody and Other represents securities borrowed from financial institutions under contracts which allow IBJ to use these securities for the settlement of securities sold and securities deposited by customers as collateral for margin.

(2) Others at March 31, 2000 and 1999 included provisional tax payments of ¥222,682 million. IBJ made these payments upon receipt of the Correction Notice from the Tokyo Regional Taxation Bureau on August 23, 1996 in connection with the write-off of credits due from Japan Housing Loan, Inc., amounting to ¥376,055 million recorded in fiscal 1996. IBJ disputed the rationale for the proposed correction and filed an application seeking to void the proposed correction to the National Tax Tribunal for administrative review, which was dismissed on October 28, 1997. IBJ filed a lawsuit at Tokyo District Court on October 30, 1997.

## 8. Premises and Equipment

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Land	¥200,671	¥212,167	\$1,890,449
Buildings	126,553	131,183	1,192,212
Equipment	48,136	50,178	453,477
Others	26,560	42,484	250,221
Subtotal	401,921	436,012	3,786,359
Less: Accumulated Depreciation	116,086	122,286	1,093,608
Total	¥285,835	¥313,726	\$2,692,751

In accordance with the Land Revaluation Law, land used for business operations of IBJ was revalued as follows:

Date of revaluation: March 31, 1998

Method of revaluation set forth in Article 3-3 of above law:

In accordance with Article 119 of 1998 Cabinet Order - Article 2-4 of the Enforcement Ordinance relating to the Land Revaluation Law, revaluation is performed by the method of calculating land value for a taxable basis of Land Value Tax amounts along with reasonable adjustments, such as shape of land and accessibility. This method is established and published by the Director General of National Tax Administration.

The difference between the total fair value of land used in business at the year-end and the total book value after revaluation of said land used in business in accordance with Article 10 of the

above law: ¥6,776 million and ¥3,148 million, at March 31, 2000 and 1999, respectively.

At March 31, 1998, the entire excess on revaluation was presented as Surplus from Land Revaluation included in Liabilities. At March 31, 1999, due to the revision of the above law on March 31, 1999, the taxable portion of the excess on revaluation is presented as Deferred Tax Liabilities related to Land Revaluation which is included in Liabilities, and the remainder, net of income taxes portion of the excess on revaluation, is presented as Surplus from Land Revaluation which is included in Shareholders' Equity. As a result of this change, Total Liabilities decreased by ¥98,920 million and Total Shareholders' Equity increased by ¥98,920 million.

## 9. Deferred Debenture Charges

Deferred Debenture Charges at March 31, 2000 and 1999, consisted of the following:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Deferred Discounts on Debentures	¥6,512	¥13,191	\$61,351
Deferred Debenture Issuance Costs	3,113	2,863	29,327
Total	¥9,625	¥16,055	\$90,678

## Notes to Consolidated Financial Statements

### 10. Deferred Tax Assets and Liabilities

The components of Deferred Tax Assets and Liabilities at March 31, 2000 and 1999, were as follows:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥229,771	¥246,077	\$2,164,595
Reserve for Possible Losses on Support of Specific Borrowers	65,240	—	614,608
Investments in Stocks and Others	20,425	11,308	192,418
Reserve for Possible Losses on Loans Sold	18,536	20,365	174,630
Reserve for Retirement Allowances	14,030	15,531	132,175
Net Loss Carryforwards	—	55,506	—
Investments in Subsidiaries and Affiliates	—	31,221	—
Others	18,895	20,189	178,004
<b>Total</b>	<b>¥366,900</b>	<b>¥400,198</b>	<b>\$3,456,430</b>
Deferred Tax Liabilities:			
Depreciation and Others	¥ 8,997	¥ 7,245	\$ 84,767

Deferred Tax Assets and Liabilities are netted on the Consolidated Balance Sheets if they belong to the same taxpayer.

### 11. Reserve for Possible Loan Losses

Reserve for possible Loan Losses at March 31, 2000 and 1999, consisted of the following:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
General Reserve for Possible Loan Losses	¥138,546	¥ 189,120	\$1,305,197
Specific Reserve for Possible Loan Losses	775,348	870,008	7,304,275
Reserve for Possible Losses on Loans to Restructuring Countries	6,134	7,586	57,791
<b>Total</b>	<b>¥920,029</b>	<b>¥1,066,714</b>	<b>\$8,667,263</b>

## 12. Debentures

IBJ issues debentures twice a month and offer them to institutional and private investors as a main source of funds for its operations. It provides debentures with a variety of different terms in order

to attract more investors. Debentures and other long-term debts of IBJ Group outstanding at March 31, 2000 and 1999, were as follows:

Issuer	Description of Bonds and Notes	(in millions of yen)		(in thousands of U.S. dollars)		Interest Rates
		March 31, 2000	March 31, 1999	March 31, 2000	March 31, 2000	
IBJ	One-Year Discount Debentures	¥ 5,577,907	¥ 5,799,005	\$ 52,547,412	0.19%—0.49%	
	Five-Year Coupon Debentures (Series "A")	10,285,631	10,118,640	96,897,137	1.00%—4.00%	
	Five-Year Coupon Debentures (Series "B")	236,247	255,151	2,225,599	0.50%—3.90%	
	Five-Year Coupon Debentures (with compounding interests)	1,020,210	1,030,886	9,611,028	0.50%—3.90%	
	Five-Year Coupon Debentures (savings-type)	810,555	812,509	7,635,942	0.50%—3.90%	
	Five-Year Coupon Debentures (savings types with compounding interests)	94,301	93,931	888,384	0.50%—3.90%	
	Two-year coupon debentures	1,508,400	1,373,800	14,210,080	0.30%—1.40%	
	Subordinated Debentures, due from March 2008 and thereafter	353,100	353,100	3,326,425	0.70%—3.00%	
	Debentures denominated in foreign currencies, due from July 2004 through September 2010	26,017	29,834	245,099	3.60%—8.40%	
Consolidated Subsidiaries (1)	Straight Bonds	558,829	595,006	5,264,524	0.10%—25.00%	
<b>Total</b>		<b>¥ 20,471,200</b>	<b>¥ 20,461,865</b>	<b>\$ 192,851,630</b>		

(1) The Industrial Bank of Japan Finance Company N.V., IBJ International plc, and IBJ Australia Bank Limited.

Repayments for Debentures are scheduled for the next 5 years as follows:

Fiscal 2000	¥9,352,946 million
2001	¥3,428,082 million
2002	¥2,428,836 million
2003	¥2,364,140 million
2004	¥2,303,350 million

## 13. Deposits

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Current Deposits	¥ 432,595	¥ 359,531	\$ 4,075,327
Ordinary Deposits	880,681	680,482	8,296,577
Deposits at Notice	334,523	287,710	3,151,420
Time Deposits	2,494,728	2,711,244	23,501,921
Certificates of Deposit	1,384,995	2,545,055	13,047,529
Others	1,108,976	1,532,297	10,447,258
<b>Total</b>	<b>¥ 6,636,501</b>	<b>¥ 8,116,321</b>	<b>\$ 62,520,032</b>

## Notes to Consolidated Financial Statements

### 14. Borrowed Money

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

	(in millions of yen)		(in thousands of U.S. dollars)	Average Interest Rates (1)
	March 31, 2000	March 31, 1999	March 31, 2000	March 31, 2000
Bills Rediscounted	¥ 26,403	¥ 30,174	\$ 248,733	5.73%
Other Borrowing (2), (3)	920,566	1,360,033	8,672,316	3.27%
Total	¥ 946,969	¥ 1,390,208	\$8,921,049	3.33%

(1) Average interest rates are weighed-average interests of debts calculated from the interest rates and outstanding balances at year-end.

(2) Other Borrowing included subordinated debts of ¥729,500 million and ¥752,000 million at March 31, 2000 and 1999, respectively.

(3) Repayments for Other Borrowing are scheduled for the next 5 years as follows:

Fiscal 2000	¥151,002 million
2001	¥ 31,204 million
2002	¥195,278 million
2003	¥ 7,458 million
2004	¥ 20,058 million

### 15. Other Liabilities

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Accrued Expense	¥ 349,739	¥ 404,644	\$ 3,294,765
Unearned Income	21,266	27,131	200,347
Income Taxes Payable	23,881	16,856	224,978
Cash Received as Collateral on Securities Lent	994,042	831,214	9,364,503
Securities Borrowed	1,647,582	1,313,737	15,521,268
Others	2,742,840	1,216,818	25,839,290
Total	¥5,779,352	¥3,810,402	\$54,445,151

### 16. Other Reserves

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

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Reserve for Contingent Liabilities from Futures Transactions	¥14	¥13	\$133
Reserve for Contingent Liabilities from Securities Transactions	32	16	311
Total	¥47	¥29	\$444

### 17. Minority Interests in Consolidated Subsidiaries

Minority Interests in Consolidated Subsidiaries included preferred stocks issued by the IBJ subsidiaries of ¥278,428 million and ¥291,700 million at March 31, 2000 and 1999, respectively. These

stocks are preferred as to distribution at liquidation of the issuing subsidiaries.

## 18. Acceptances and Guarantees

All commitments and contingent liabilities of material nature resulting from guarantees or otherwise are included in the contra-accounts "Acceptances and Guarantees" and "Customers'

Liabilities for Acceptances and Guarantees".

Outstanding commitments and contingent liabilities at March 31, 2000 and 1999, consisted of the following:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
Acceptances	¥ 1,377	¥ 3,670	\$ 12,980
Letters of Credit	53,025	75,205	499,533
Guarantees	1,006,013	1,437,726	9,477,286
Total	¥1,060,417	¥1,516,602	\$9,989,799

## 19. Assets Pledged as Collateral

Disclosure of assets pledged as collateral is required effective for the year ended March 31, 2000, in accordance with a new accounting standard.

The following assets have been submitted as collateral at March 31, 2000:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 2000	March 31, 2000
Call Loans and Bills Purchased	¥ 5,000		\$ 47,103
Trading Assets	458,495		4,319,318
Securities	1,354,775		12,762,838
Loans and Bills Discounted	209,886		1,977,259
Other Assets	26,537		250,000
Premises and Equipment	191		1,801

The following liabilities are collateralized in security interests in above assets:

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 2000	March 31, 2000
Deposits	¥ 58,985		\$ 555,682
Call Money and Bills Sold	1,985,491		18,704,582
Borrowed Money	1,620		15,262

In addition, Trading Assets, Securities, Loans, and Other Assets amounting to ¥9,862 million, ¥1,203,482 million, ¥121,260 million and ¥1,700 million, respectively, have been submitted as collateral in lieu of the deposits for settlement on foreign currency transactions and futures transactions.

No asset has been submitted as collateral to cover for debts of affiliates.



## Notes to Consolidated Financial Statements

### 20. Preferred Stock

In connection with the Financial Function Early Strengthening Law, IBJ issued 140,000,000 shares of Preferred Stock First Series Class II and 140,000,000 shares of Preferred Stock Second Series Class II to the Resolution and Collection Corporation at March 31, 1999.

Preferred Stock First Series Class II has no par value, is entitled to a non-cumulative annual dividend of ¥17.50, has a liquidation preference of ¥1,250, and is convertible to common stock from September 1, 2003 to August 31, 2009, at which time all remain-

ing shares will be converted to common stock.

Preferred Stock Second Series Class II has no par value, is entitled to a non-cumulative annual dividend of ¥5.38, has a liquidation preference of ¥1,250, and is convertible to common stock from July 1, 2003 to August 31, 2009, at which time all remaining shares will be converted to common stock.

The numbers of authorized, issued and outstanding shares of Preferred Stock at March 31, 2000 and 1999 were as follows:

	(shares)	
	March 31, 2000	March 31, 1999
Authorized Shares:		
Preferred Stock Class I	200,000,000	200,000,000
Preferred Stock Class II	400,000,000	400,000,000
Issued and Outstanding Shares:		
Preferred Stock Class I	—	—
Preferred Stock First Series Class II	140,000,000	140,000,000
Preferred Stock Second Series Class II	140,000,000	140,000,000

Cash dividend per Preferred Stock First Series Class II for Fiscal 1999 and 1998 was ¥17.50 and ¥0.05, respectively.

Cash dividend per Preferred Stock Second Series Class II for Fiscal 1999 and 1998 was ¥5.38 and ¥0.02, respectively.

### 21. Common Stock

In connection with the mutual business corporation agreement, IBJ issued 100,000,000 shares of Common Stock to Dai-ichi Mutual Life Insurance Company at ¥670 per share at December

25, 1998.

The numbers of authorized, issued and outstanding shares of Common Stock at March 31, 2000 and 1999, were as follows:

	(shares)	
	March 31, 2000	March 31, 1999
Authorized Shares	6,000,000,000	6,000,000,000
Issued and Outstanding Shares	2,639,579,392	2,639,579,392

### 22. Retained Earnings

Retained Earnings includes legal reserve. In accordance with the Long-Term Credit Banking Law, IBJ is required to appropriate as legal reserve an amount equivalent to at least 20% of the amount of cash disbursements until such reserve equals 100% of its common stock.

The legal reserve is not available for dividends but may be used

to reduce a deficit by approval at the shareholders' meeting or may be capitalized by resolution of the Board of Directors.

The legal reserve, totaling ¥84,387 million and ¥80,369 million at March 31, 2000 and 1999, respectively, is included in Retained Earnings.

### 23. Interest Income and Expense

Interest Income and Expense for fiscal 1999, 1998 and 1997, consisted of the following:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Interest Income:				
Interest on Loans and Bills Discounted	¥ 565,526	¥ 700,371	¥ 859,112	\$ 5,327,615
Interest and Dividends on Securities	185,632	279,617	243,380	1,748,780
Interest on Call Loans and Bills Purchased	189,233	260,098	186,133	1,782,695
Interest on Due from Banks	26,704	40,539	79,123	251,569
Interest on Interest Swap	487,413	617,258	814,933	4,591,739
Others	65,479	76,790	123,316	616,857
<b>Total</b>	<b>¥1,519,988</b>	<b>¥1,974,674</b>	<b>¥2,305,998</b>	<b>\$14,319,255</b>
Interest Expense:				
Interest on Debentures	¥ 267,992	¥ 309,620	¥ 374,840	\$ 2,524,660
Amortization of Debenture Discounts	20,224	27,117	34,952	190,524
Interest on Deposits	140,739	244,686	352,186	1,325,852
Interest on Borrowed Money	33,829	51,506	53,153	318,692
Interest on Commercial Paper	284	91	—	2,683
Interest on Call Money and Bills Sold	242,456	356,006	268,435	2,284,096
Interest on Interest Swap	509,374	592,524	800,983	4,798,627
Others	57,974	91,317	131,409	546,158
<b>Total</b>	<b>¥1,272,875</b>	<b>¥1,672,871</b>	<b>¥2,015,962</b>	<b>\$11,991,292</b>
<b>Net</b>	<b>¥ 247,113</b>	<b>¥ 301,803</b>	<b>¥ 290,036</b>	<b>\$ 2,327,963</b>

### 24. Trading Income and Expense

Trading Income and Expense for fiscal 1999, 1998 and 1997, consisted of the following:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Trading Income:				
Net Gains on Trading Securities and Derivatives	¥25,431	¥22,995	¥8,630	\$239,584
Net Gains on Securities Held to Hedge Trading Transactions	—	5,280	—	—
Net Gains on Derivatives for Trading Transactions	25,099	21,669	—	236,454
Other Trading Income	1,271	3,991	837	11,978
<b>Total</b>	<b>¥51,802</b>	<b>¥53,936</b>	<b>¥9,467</b>	<b>\$488,016</b>
Trading Expense:				
Net Losses on Securities Held to Hedge Trading Transactions	¥ 171	¥ —	¥ 401	\$ 1,617
Other Trading Expense	—	—	8,051	—
<b>Total</b>	<b>¥ 171</b>	<b>¥ —</b>	<b>¥8,452</b>	<b>\$ 1,617</b>
<b>Net</b>	<b>¥51,631</b>	<b>¥53,936</b>	<b>¥1,014</b>	<b>\$486,399</b>

### 25. Other Operating Income

Other Operating Income for fiscal 1999, 1998 and 1997, consisted of the following:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Gains on Foreign Exchange Transactions	¥ 8,550	¥ 17,127	¥ 12,066	\$ 80,549
Gains on Sales of Bonds	993,790	817,294	444,595	9,362,137
Gains on Redemption of Bonds	4,800	10,635	11,372	45,227
Others	4,842	8,993	5,400	45,621
<b>Total</b>	<b>¥1,011,984</b>	<b>¥854,050</b>	<b>¥473,434</b>	<b>\$9,533,534</b>

## Notes to Consolidated Financial Statements

### 26. Other Income

Other Income for fiscal 1999, 1998 and 1997, consisted of the following:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Gains on Sales of Stocks and Other Securities	¥280,787	¥383,365	¥373,162	\$2,645,198
Gains on Money Held in Trust	5,053	201	8,751	47,606
Gains on Sales of Premises and Equipment	15,287	7,506	5,418	144,018
Others	25,190	15,069	10,606	237,312
<b>Total</b>	<b>¥326,319</b>	<b>¥406,143</b>	<b>¥397,938</b>	<b>\$3,074,134</b>

### 27. Other Operating Expense

Other Operating Expense for fiscal 1999, 1998 and 1997, consisted of the following:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Amortization of Debenture Issuance Costs	¥ 4,637	¥ 5,132	¥ 6,849	\$ 43,693
Losses on Sales of Bonds	1,006,020	768,513	418,194	9,477,351
Losses on Redemption of Bonds	474	9,144	2,234	4,472
Losses on Devaluation of Bonds	386	69	2,058	3,640
Others	3,992	11,908	2,577	37,608
<b>Total</b>	<b>¥1,015,512</b>	<b>¥794,768</b>	<b>¥431,913</b>	<b>\$9,566,764</b>

### 28. Other Expense

Other Expense for fiscal 1999, 1998 and 1997, consisted of the following:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Provision of Reserve for Possible Loan Losses	¥175,645	¥613,741	¥522,358	\$1,654,687
Written-off Claims	12,538	140,667	62,468	118,120
Losses on Sales of Stocks and Other Securities	31,685	35,356	35,297	298,498
Losses on Devaluation of Stocks and Other Securities	37,493	12,416	267,247	353,210
Losses on Money Held in Trust	26	300	1,187	248
Enterprise Taxes (1)	—	—	(34,416)	—
Losses on Dispositions of Premises and Equipment	4,176	1,016	1,585	39,350
Others (2)	73,758	134,796	85,768	694,853
<b>Total</b>	<b>¥335,324</b>	<b>¥938,295</b>	<b>¥941,497</b>	<b>\$3,158,966</b>

(1) Enterprise Taxes for fiscal 1999 and 1998 were included in Income Tax Expenses (Benefits) in the Consolidated Statements of Income. Enterprise Taxes for fiscal 1997 had credit balances due to recognition of deferred income taxes.

(2) Others included the following IBJ losses:

	(in millions of yen) (in thousands of U.S. dollars)			
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1999
Provision of Reserve for Possible Losses on Loans Sold	¥ 4,840	¥44,026	¥15,805	\$ 45,601
Provision of Reserve for Possible Losses on Support of Specific Borrowers	18,892	—	—	177,980
Provision of Reserve for Contingency	13,938	—	—	131,306
Losses on Sales of Loans to CCPC	—	2,158	21,701	—
Other Losses on Sales of Loans	15,418	60,471	28,882	145,250

## 29. Income Taxes

Starting March 31, 1999, the reconciliation of the difference between the Legally Defined Effective Tax Rate and Ratio of Income Taxes on Income before Income Taxes and Others was disclosed under the new disclosure requirement as follows:

	Fiscal 1999	Fiscal 1998
Legally Defined Effective Tax Rate	41.9%	47.9%
Influence of the Change of Tax Rate (1) (2)	18.2%	(16.3%)
Dividend Received Deduction	(8.1%)	n/a
Others	(2.0%)	0.9%
Ratio of Income Taxes on Income before Income Taxes and Others	49.9%	32.5%

(1) Tokyo Metropolitan Government enacted the Municipal Ordinance Relating to Special Business Taxes for Banks in Tokyo (Tokyo Municipal Ordinance No. 145, April 1, 2000). This resulted in a change in the effective tax rate used in calculation of Deferred Tax Assets and Liabilities from 42.3% at March 31, 1999, to 39.0% at March 31, 2000. Therefore, Deferred Tax Assets at March 31, 2000 decreased by ¥30,409 million and Income Taxes Expenses - Deferred for fiscal 1999 increased by the same amount. Deferred Tax Liabilities related to Land Revaluation as of March 31, 2000, decreased by ¥5,336 million, and Surplus from Land Revaluation as of March 31, 2000, increased by the same amount.

(2) Adjustments due to the change of tax rate resulted in the decrease of Deferred Tax Assets of ¥27,652 million at March 31, 1999.

On June 9, 2000, Osaka Prefectural Government promulgated the Municipal Ordinance Relating to Special Business Taxes for Banks in Osaka (Osaka Municipal Ordinance No. 131, June 9, 2000). This ordinance, when it becomes effective for fiscal 2001, changes the effective tax rate used in calculation of Deferred Tax Assets and Liabilities from 39.0% at March 31, 2000, to 38.4% at March 31, 2001. Had this rate been used in calculation of deferred tax assets and liabilities as of March 31, 2000, Deferred Tax Assets at March 31, 2000, would have decreased by ¥5,191 million, and Income Taxes Expenses - Deferred for fiscal 1999 would have increased by the same amount. Deferred Tax Liabilities related to Land Revaluation as of March 31, 2000, would have decreased by ¥911 million, and Surplus from Land Revaluation as of March 31, 2000, would have increased by the same amount. However, actual changes in deferred tax assets and liabilities would be different from these amounts as they will be calculated using temporary differences in existence at March 31, 2001.

## 30. Subsequent Events

### **Merger Agreement of IBJ Securities Co., Ltd.**

On May 25, 2000, IBJ Securities Co., Ltd., a subsidiary of IBJ, entered into a merger agreement with DKB Securities Co., Ltd., and Fuji Securities Co., Ltd. A summary of the merger agreement is as follows:

#### (1) Purpose

This merger will be effected in accordance with the consolidation agreement between IBJ, The Dai-ichi Kangyo Bank Limited, and The Fuji Bank Limited signed in December 1999.

#### (2) Details of the Merger

a. Merger date: October 1, 2000

b. This will be an equal merger of IBJ Securities Co., Ltd., DKB Securities Co., Ltd., and Fuji Securities Co., Ltd.

IBJ Securities Co., Ltd. will be the surviving legal entity.

c. Merger ratio for stocks: The merger will be effected using the following merger ratios:

	IBJ Securities	DKB Securities	Fuji Securities
Merger Ratio	1.00	1.12	0.87

(3) IBJ Securities Co., Ltd. will change its name to Mizuho Securities Co., Ltd. after the merger.

(4) Common Stock after the merger will be ¥150.2 billion.

(5) This merger will be subject to approval from regulators.

### **Appropriation of Retained Earnings**

The following appropriation of Retained Earnings of IBJ was approved at the shareholders' meeting held on June 28, 2000:

	(in millions of yen)	(in thousands of U.S. dollars)
Cash Dividends:		
Preferred Stock First Series Class II	¥1,225	\$11,540
Preferred Stock Second Series Class II	376	3,548
Common Stock	9,238	87,032

# Notes to Consolidated Financial Statements

## 31. Segment Information

### (a) Segment Information by Type of Business

The IBJ Group is engaged in securities, trust, leasing and other activities. Such segment information, however, has not been presented, as the percentages of those activities are insignificant.

### (b) Segment Information by Geographic Area

Segment Information by geographic area for fiscal 1999, 1998 and 1997 were as follows:

(in millions of yen)

Geographic Area	Fiscal 1999 March 31, 2000					
	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expense	Ordinary Profit	Total Assets
Japan	¥2,369,538	¥38,909	¥2,408,447	¥2,287,952	¥120,495	¥35,153,327
Americas	372,888	16,893	389,782	361,247	28,534	4,552,117
Europe	166,280	15,572	181,853	173,693	8,159	2,946,463
Asia/Oceania excluding Japan	75,279	950	76,230	69,738	6,491	1,473,170
Total	2,983,986	72,326	3,056,313	2,892,632	163,680	44,125,078
Elimination and General Corporate Assets	—	(72,326)	(72,326)	(64,227)	(8,099)	(1,658,627)
Consolidated Results	¥2,983,986	¥ —	¥2,983,986	¥2,828,405	¥155,581	¥42,466,450

(in millions of yen)

Geographic Area	Fiscal 1998 March 31, 1999					
	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expense	Ordinary Profit (Loss)	Total Assets
Japan	¥2,455,776	¥22,670	¥2,478,446	¥2,690,213	¥(211,766)	¥35,802,233
Americas	528,673	3,519	532,192	508,626	23,566	6,575,174
Europe	270,990	20,451	291,442	297,542	(6,099)	3,665,924
Asia/Oceania excluding Japan	123,154	585	123,739	190,032	(66,292)	2,387,531
Total	3,378,594	47,226	3,425,821	3,686,414	(260,592)	48,430,862
Elimination and General Corporate Assets	—	(47,226)	(47,226)	(44,438)	(2,788)	(2,264,453)
Consolidated Results	¥3,378,594	¥ —	¥3,378,594	¥3,641,975	¥(263,381)	¥46,166,409

(in millions of yen)

Geographic Area	Fiscal 1997 March 31, 1998					
	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expense	Ordinary Profit (Loss)	Total Assets
Japan	¥2,150,983	¥37,772	¥2,188,755	¥2,488,417	¥(299,661)	¥36,334,490
Americas	512,243	20,278	532,522	514,477	18,045	7,064,997
Europe	337,136	30,609	367,745	403,542	(35,797)	5,367,504
Asia/Oceania excluding Japan	303,890	617	304,507	312,820	(8,313)	2,856,405
Total	3,304,253	89,277	3,393,530	3,719,258	(325,727)	51,623,398
Elimination and General Corporate Assets	—	(89,277)	(89,277)	(85,826)	(3,450)	(2,393,612)
Consolidated Results	¥3,304,253	¥ —	¥3,304,253	¥3,633,431	¥(329,178)	¥49,229,785

(in thousands of U.S. dollars)

Geographic Area	Fiscal 1999 March 31, 2000					
	Ordinary Income from Outside Customers	Inter-segment Ordinary Income	Ordinary Income	Ordinary Expense	Ordinary Profit	Total Assets
Japan	\$22,322,545	\$366,555	\$22,689,100	\$21,553,959	\$1,135,141	\$331,166,529
Americas	3,512,848	159,148	3,671,996	3,403,184	268,812	42,883,822
Europe	1,566,466	146,706	1,713,172	1,636,303	76,869	27,757,546
Asia/Oceania excluding Japan	709,180	8,955	718,135	656,981	61,154	13,878,193
Total	28,111,039	681,364	28,792,403	27,250,427	1,541,976	415,686,090
Elimination and General Corporate Assets	—	(681,364)	(681,364)	(605,061)	(76,303)	(15,625,320)
Consolidated Results	\$28,111,039	\$ —	\$28,111,039	\$26,645,366	\$1,465,673	\$400,060,770

(1) Geographic analyses of the IBJ Group's operation are presented based on geographic contiguity, similarities in economic activities, and relation of business operations.

(2) Ordinary Income represents Total Income less certain special income and Ordinary Expense represents Total Expense less certain special expense.

(3) Ordinary Profit represents Ordinary Income less Ordinary Expense.

(4) Americas includes the United States of America and Canada, etc., Europe includes the United Kingdom and Republic of France, etc., and Asia/Oceania excluding Japan includes Hong Kong and the Republic of Singapore, etc.

(5) Effects of changes in accounting policies for fiscal 1998 on the segment information are as follows:

(i) The change in valuation method of Securities resulted in a decrease in Ordinary Expense of ¥189,666 million, ¥54 million, and ¥742 million for "Japan", "Europe" and "Asia/Oceania excluding Japan", respectively.

(ii) The change in depreciation methods and depreciable life for property and equipment resulted in an increase in Ordinary Expense of ¥189 million, ¥1 million, ¥2 million, and ¥2 million for "Japan", "Americas", "Europe" and "Asia/Oceania excluding Japan", respectively.

(6) As noted in the Note 1(j) to the consolidated financial statements, IBJ Group changed its balance sheet classification for Reserve for Possible Loan Losses in accordance with a revision in the Implementation Guide to the Long-Term Credit Bank Law. Such change resulted in a decrease in total assets of ¥841,318 million, ¥19,157 million, ¥6,003 million, and ¥53,550 million for "Japan", "Americas", "Europe", and "Asia/Oceania excluding Japan", respectively.

### (c) Ordinary Income of Overseas Entities

Ordinary Income of overseas entities for fiscal 1999 was analyzed as follows:

	(in millions of yen)	(in thousands of U.S. dollars)
	Fiscal 1999	Fiscal 1999
Ordinary Income of Overseas Entities (1)	¥ 614,448	\$ 5,788,494
Total Ordinary Income	2,983,986	28,111,039
Ordinary Income of Overseas Entities' Ratio (2)	20.5%	20.5%

(1) For fiscal 1999, Ordinary Income of Overseas Entities is presented in lieu of Sales as is the case for non-financial companies.

(2) Ordinary Income of Overseas Entities replaced Ordinary Income from International Operations so as to reflect more accurately the overseas transactions of IBJ Group. Ordinary Income of Overseas Entities represents Ordinary Income recorded by overseas branches of IBJ and overseas subsidiaries excluding internal transactions. These transactions are very voluminous, and therefore, geographic analyses relating to Ordinary Income of Overseas Entities are not presented.

(3) Ordinary Income from International Operations for fiscal 1998 and 1997 was as follows:

	(in millions of yen)	
	Fiscal 1998	Fiscal 1997
Ordinary Income from International Operations (4) (5)	¥1,429,157	¥1,555,875
Total Ordinary Income	3,378,594	3,304,253
International Operations' Ratio	42.3%	47.0%

(4) For fiscal 1998 and 1997, Ordinary Income from International Operations is presented in lieu of Sales as is the case for non-financial companies.

(5) Ordinary Income of International Operations for fiscal 1998 and 1997, includes ordinary income from domestic transactions denominated in foreign currencies, transactions denominated in Japanese yens relating to letters of credit for imports/exports, transactions denominated in Japanese yens with non-resident aliens, Special International Finance Transactions, as well as Ordinary Income recorded by overseas branches of IBJ and overseas subsidiaries excluding internal transactions. These transactions are very voluminous and therefore, geographic analyses relating to Ordinary Income from International Operations are not presented.

## Notes to Consolidated Financial Statements

### 32. Market Value of Securities

The market value of Securities at March 31, 2000 was as follows:

(in millions of yen)					
March 31, 2000					
	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Listed Securities:					
Japanese Bonds	¥1,047,478	¥1,024,099	¥ (23,379)	¥ 2,119	¥ 25,498
Japanese Stocks and Shares	2,752,529	2,910,639	158,109	609,353	451,243
Others	993,194	983,230	(9,963)	7,322	17,285
Total	¥4,793,202	¥4,917,969	¥124,766	¥618,794	¥494,027

(in thousands of U.S. dollars)					
March 31, 2000					
	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Listed Securities:					
Japanese Bonds	\$ 9,867,912	\$ 9,647,666	\$ (220,246)	\$ 19,966	\$ 240,212
Japanese Stocks and Shares	25,930,562	27,420,056	1,489,494	5,740,491	4,250,997
Others	9,356,518	9,262,652	(93,866)	68,979	162,845
Total	\$45,154,992	\$46,330,374	\$1,175,382	\$5,829,436	\$4,654,054

(1) Trading Securities and Securities Held to Hedge Trading Transactions are included in Trading Assets and excluded from the above tables as they are marked to market and the valuation gains or losses are recognized in the Consolidated Statements of Income.

(2) Japanese Bonds include Japanese National Government Bonds, Japanese Local Government Bonds and Japanese Corporate Bonds.

(3) The market value of listed securities is mainly based on the closing prices on the Tokyo Stock Exchange.

(4) Others consisted mainly of foreign securities.

(5) The estimated market value of non-listed securities for which it is practicable to evaluate market value was as follows:

(in millions of yen)					
March 31, 2000					
	Book Value	Estimated Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Non-listed Securities:					
Japanese Bonds	¥1,423,099	¥1,419,660	¥ (3,438)	¥ 1,384	¥4,822
Japanese Stocks and Shares	29,566	68,088	38,521	40,953	2,432
Others	161,180	167,651	6,471	7,894	1,423
Total	¥1,613,846	¥1,655,400	¥41,554	¥50,232	¥8,678

(in thousands of U.S. dollars)					
March 31, 2000					
	Book Value	Estimated Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Non-listed Securities:					
Japanese Bonds	\$13,406,492	\$13,374,099	\$ (32,393)	\$ 13,042	\$45,435
Japanese Stocks and Shares	278,539	641,433	362,894	385,810	22,916
Others	1,518,423	1,579,387	60,964	74,371	13,407
Total	\$15,203,454	\$15,594,919	\$391,465	\$473,223	\$81,758

(6) The market value of non-listed securities is mainly based on the following:

- (i) Over-the-Counter securities  
Trading price table published by the Japan Securities Dealers Association.
- (ii) Publicly offered non-listed securities  
Securities bid-offer table published by the Japan Securities Dealers Association.
- (iii) Beneficiary certificates of securities investments trusts  
Market prices announced by authorized fund management companies.
- (iv) Over-the-Counter securities in the United States of America  
Trading price table published by NASDAQ.



(7) The book value of securities excluded from above tables consisted of the following:

	(in millions of yen)	(in thousands of U.S. dollars)
	March 31, 2000	March 31, 2000
Japanese Bonds	¥418,330	\$3,940,941
Japanese Stocks and Shares	88,359	832,405
Others	667,043	6,283,969

Information on market value of Securities at March 31, 1999, was prepared on a non-consolidated basis only, therefore is not presented.

### 33. Market Value of Money Held in Trust

The Market Value of Money Held in Trust at March 31, 2000 was as follows:

	(in millions of yen)				
	March 31, 2000				
	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Money Held in Trust	¥10,123	¥10,135	¥11	¥11	¥—

  

	(in thousands of U.S. dollars)				
	March 31, 2000				
	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Money Held in Trust	\$95,365	\$95,478	\$113	\$113	\$—

(1) The market value is calculated by the trustee of the money held in trust as following:

- (i) The market value of listed securities is mainly based on the closing prices on the Tokyo Stock Exchange.
- (ii) The market value of over-the-counter securities is based on the Trading Price Table published by the Japan Securities Dealers Association.

Information on market value of Money Held in Trust at March 31, 1999, was prepared on a non-consolidated basis only, therefore is not presented.

### 34. Derivatives Information

#### (a) Derivatives Transactions

##### **Derivative Financial Products Dealt**

Derivative financial products that IBJ and Consolidated Subsidiaries transacts include interest rate related products (interest swaps, forward rate agreements, caps, floors, swaptions, interest futures, and interest futures options), foreign exchange rate related products (forward rate contracts, currency options, currency futures, and currency swaps), commodity related products (commodity swaps) and other such as weather derivative products.

##### **Policies and Objectives**

IBJ Group utilizes derivative financial products for banking purposes and trading purposes. For banking purposes, derivative products such as interest swaps are used to mitigate risks related to assets and liabilities of IBJ Group as a part of asset liability management ("ALM"). For trading purposes, derivative products

such as interest swaps and options are used to meet various needs of the customers or for short-term trading activities of IBJ Group. The banking and trading activities are conducted by independent groups within IBJ Group.

##### **Risks Involved in Derivative Transactions**

Dealing with derivative financial products involves market risks, credit risks and liquidity risks. Market risks represent risks to IBJ Group's income arising from fluctuation in market values. Credit risks represent risks involving inability of the counter-parties to fulfill their obligations to IBJ Group as well as risks of increased cost to re-engage in the transactions in the market at a later date (potential exposure). Liquidity risks represent risks involving unavailable or stagnating markets for the derivative products or negative impact on IBJ Group's cash flows from subsequent cancellation of the derivative products.

## Notes to Consolidated Financial Statements

### Risk Management for Derivative Transactions

Recognizing the potential impact of derivative financial products on its income, IBJ Group has established the ALM Committee. This committee monitors market economy, earning power, and capital adequacy; formulates policies relating to market activities; and oversees market operations of IBJ Group.

IBJ Group has created strict risk control framework based on various existing internal policies. The risk management, risk control procedures, and early-warning reporting system are summarized in IBJ Group's "Policies & Procedures".

IBJ Group separated market front groups from back support groups for each of the market-related divisions in order to strengthen their risk control functions. IBJ Group also established the Risk Management Department ("RMD") to monitor overall risk management. RMD is responsible for comprehensively managing risks within IBJ Group including those of the banking and trading transactions, and periodically report the results to the board of directors.

Utilizing sophisticated ALM methodology, RMD monitors risks involved in banking derivative transactions by comprehending the nature of the transactions for both on-balance and off-balance items such as loans, coupon debentures and interest swaps by converting them into various risk indices (Delta, Gamma, etc.). This methodology enables IBJ Group to quickly react and adjust its risk exposures by analyzing in detail its risk environment.

For trading derivative transactions, IBJ Group is equipped with a system that enables it to monitor fair values and risk exposures real time. Risk exposures for the trading transactions as a whole is measured on a daily basis using Value at Risk ("VaR") internal modeling. Volatility and correlation factors are updated daily so as to reflect up-to-date market conditions in measurement of risks.

Credit risks are controlled on a re-engaged cost basis along with loans through quantified maximum allowable risk exposures. IBJ Group also reduces credit risk amounts by entering into legally binding netting contracts.

VaR as of March 31, 2000, and for fiscal 1999 were as follows:

	(in millions of yen)		
		Fiscal 1999	March 31, 2000
	MAX	MIN	Average
VaR	¥3,365	¥1,855	¥2,473

	(in thousands of U.S. dollars)		
		Fiscal 1999	March 31, 2000
	MAX	MIN	Average
VaR	\$31,703	\$17,484	\$23,305

The figures in these tables are indices related to trading accounts and foreign exchange accounts assuming the holding period of one day and the confidence interval of ninety-nine percentile (99%).

Credit Equivalent Amount at March 31, 2000 was as follows:

	(in millions of yen)	(in thousands of U.S. dollars)
	March 31, 2000	March 31, 2000
Interest Swap	¥1,259,543	\$11,865,699
Currency Swap	514,563	4,847,517
Forward Foreign Exchange	598,750	5,640,603
Interest Option (Bought)	29,342	276,425
Currency Option (Bought)	27,801	261,910
Others	32,930	310,223
Net	(852,834)	(8,034,236)
Total	¥1,610,098	\$15,168,141

The figures in this table are credit equivalent amounts based on the consolidated risk-based capital ratio (BIS capital ratio).

## (b) Market Value of Derivatives

The market value of derivatives at March 31, 2000 was as follows:  
In the following tables:

- (i) Contract value represents notional amounts for swap transactions and contract amounts for other transactions.
- (ii) Amounts shown in *italic* characters represent book values of option premium assets/liabilities on the Consolidated Balance Sheets.

- (iii) Market value of standardized contracts are based on the closing prices of the Tokyo Stock Exchange and the Tokyo International Financial Futures Exchange and others. Market value of over-the-counter contracts are based on the discounted value of future cash flows or option pricing models.

## (1) Interest Rate Related Transactions

		(in millions of yen)				(in thousands of U.S. dollars)			
		March 31, 2000				March 31, 2000			
		Contract Value	Over 1 Year	Market Value	Unrealized Gain (Loss)	Contract Value	Over 1 Year	Market Value	Unrealized Gain (Loss)
Standardized Contracts									
Futures									
	Sold	¥21,373,075	¥7,355,902	¥21,249,089	¥123,986	\$201,347,866	\$69,297,241	\$200,179,834	\$1,168,032
	Bought	21,013,696	7,281,242	20,885,257	(128,438)	197,962,281	68,593,904	196,752,306	(1,209,975)
Options									
	Sold	1,359,423	212,300			12,806,623	2,000,000		
		572		306	266	5,393		2,886	2,507
	Put	2,105,900	212,300			19,838,915	2,000,000		
		1,044		1,220	(175)	9,840		11,496	(1,656)
	Bought	1,096,798	53,075			10,332,530	500,000		
		770		224	(545)	7,254		2,117	(5,137)
	Put	2,537,278	265,375			23,902,769	2,500,000		
		2,059		2,503	443	19,406		23,584	4,178
Over-the-Counter Contracts									
FRAs									
	Sold	1,110,146	—	376	379	10,458,280	—	3,548	3,575
	Bought	1,738,353	—	(454)	(458)	16,376,383	—	(4,285)	(4,323)
Swaps									
	Rec: Fix Pay: Flt	27,323,701	20,413,441	381,634	171,336	257,406,516	192,307,506	3,595,234	1,614,097
	Rec: Flt Pay: Fix	20,853,874	17,488,536	(472,782)	(339,055)	196,456,656	164,753,055	(4,453,905)	(3,194,120)
	Rec: Flt Pay: Flt	5,384,321	4,608,019	13,300	10,813	50,723,710	43,410,456	125,298	101,872
	Rec: Fix Pay: Fix	75,690	75,690	2,147	969	713,054	713,054	20,229	9,137
Swaptions									
	Sold	22,932	13,000			216,040	122,468		
		327		197	130	3,085		1,857	1,228
	Put	42,449	11,536			399,898	108,676		
		398		1,034	(531)	3,755		9,745	(5,012)
	Bought	3,027	—			28,518	—		
		—		—	—	—		—	—
	Put	35,449	11,853			333,959	111,666		
		714		162	(552)	6,735		1,532	(5,203)
Caps									
	Sold	552,437	334,341			5,204,310	3,149,706		
		761		4,686	(4,179)	7,175		44,150	(39,371)
	Bought	342,002	314,495			3,221,876	2,962,748		
		686		4,996	4,352	6,468		47,069	41,000
Floors									
	Sold	153,623	409			1,447,233	3,859		
		9		137	(62)	93		1,293	(589)
	Bought	5,671	2,457			53,432	23,152		
		9		49	(2)	88		465	(23)
Total					¥(161,324)				\$(1,519,783)

## Notes to Consolidated Financial Statements

(1) Derivatives included in Trading Transactions at March 31, 2000 are excluded from the previously mentioned tables, as they were marked to market and the valuation gains or losses were recognized in the Consolidated Statements of Income. The contract value and market value of derivatives included in Trading Transactions at March 31, 2000 were as follows:

		(in millions of yen)		(in thousands of U.S. dollars)	
		March 31, 2000		March 31, 2000	
		Contract Value	Market Value	Contract Value	Market Value
Standardized Contracts					
Futures					
	Sold	¥ 8,200,849	¥8,151,380	\$ 77,257,174	\$76,791,154
	Bought	8,310,085	8,262,347	78,286,252	77,836,528
Options					
	Sold	594,744		5,602,869	
		480	57	4,528	543
	Put	460,347		4,336,763	
		546	708	5,146	6,674
	Bought	959,203		9,036,306	
		662	218	6,245	2,058
	Put	420,045		3,957,093	
		467	731	4,401	6,892
Over-the-Counter Contracts					
FRAs					
	Sold	1,486,315	170	14,002,032	1,606
	Bought	1,500,208	(187)	14,132,907	(1,763)
Swaps					
	Rec: Fix Pay: Flt	34,277,384	438,939	322,914,600	4,135,091
	Rec: Flt Pay: Fix	34,612,625	(450,795)	326,072,783	(4,246,781)
	Rec: Flt Pay: Flt	1,705,528	(3,132)	16,067,158	(29,510)
	Rec: Fix Pay: Fix	178,456	(5,598)	1,681,172	(52,743)
Swaptions					
	Sold	542,721		5,112,780	
		7,295	7,274	68,725	68,528
	Put	511,365		4,817,384	
		5,571	4,901	52,487	46,176
	Bought	537,960		5,067,930	
		5,830	6,425	54,929	60,529
	Put	546,160		5,145,172	
		7,654	5,948	72,107	56,041
Caps					
	Sold	1,779,788		16,766,727	
		12,114	13,396	114,128	126,206
	Bought	1,421,662		13,392,962	
		9,121	16,027	85,934	150,985
Floors					
	Sold	540,907		5,095,693	
		4,184	2,151	39,419	20,269
	Bought	624,356		5,881,835	
		4,405	3,130	41,503	29,496

## (2) Currency-Related Transactions

Currency	(in millions of yen)				(in thousands of U.S. dollars)			
	March 31, 2000		March 31, 2000		March 31, 2000		March 31, 2000	
	Contract Value	Market Value	Unrealized Gain (Loss)	Contract Value	Market Value	Unrealized Gain (Loss)	Contract Value	Market Value
Over-the-Counter Contracts								
Currency Swaps		Over 1 Year			Over 1 Year			
USD	¥3,449,557	¥2,909,411	¥27,243	¥19,790	\$32,497,005	\$27,408,493	\$256,649	\$186,435
GBP	71,438	71,049	5,118	(812)	672,999	669,333	48,221	(7,657)
EUR	221,784	158,445	35,331	(1,501)	2,089,348	1,492,654	332,846	(14,148)
Others	340,221	249,366	27,349	(305)	3,205,101	2,349,186	257,647	(2,878)
<b>Total</b>	<b>¥4,083,001</b>	<b>¥3,388,272</b>	<b>¥95,042</b>	<b>¥17,169</b>	<b>\$38,464,453</b>	<b>\$31,919,666</b>	<b>\$895,363</b>	<b>\$161,752</b>

(1) The difference between market value and unrealized gains or losses for over-the-counter contracts is a sum of differences in rates between contract date and year-end for the currency swaps recorded on the Consolidated Balance Sheets and the accrued interest.

(2) Derivatives included in Trading Transactions at March 31, 2000 are excluded from the previously mentioned tables, as they were marked to market and the valuation gains or losses were recognized in the Consolidated Statements of Income. The contract value and market value of derivatives included in Trading Transactions at March 31, 2000 were as follows:

Currency	(in millions of yen)		(in thousands of U.S. dollars)	
	March 31, 2000		March 31, 2000	
	Contract Value	Market Value	Contract Value	Market Value
Over-the-Counter Contracts				
Currency Swaps				
USD	¥5,654,125	¥(69,774)	\$53,265,429	\$ (657,318)
GBP	149,899	(17,570)	1,412,153	(165,530)
EUR	704,169	102,595	6,633,718	966,513
Others	799,728	105,649	7,533,950	995,288
<b>Total</b>	<b>¥7,307,923</b>	<b>¥120,899</b>	<b>\$68,845,250</b>	<b>\$1,138,953</b>

## Notes to Consolidated Financial Statements

(3) The contract value of foreign exchange forward contracts and currency options at March 31, 2000 was as follows:

		(in millions of yen)	(in thousands of U.S. dollars)
		March 31, 2000	March 31, 2000
		Contract Value	Contract Value
Standardized Contracts			
Futures			
Sold		¥ 69,522	\$ 654,950
Bought		—	—
Options			
Sold	Call	—	—
	Put	—	—
Bought	Call	—	—
	Put	—	—
Over-the-Counter Contracts			
Forwards			
Sold		9,647,508	90,885,620
Bought		8,140,027	76,684,192
Options			
Sold	Call	473,226	4,458,089
		4,466	42,081
	Put	677,092	6,378,637
Bought	Call	510,562	4,809,820
		7,025	66,182
	Put	551,927	5,199,502
		9,962	93,854
Others			
Sold	Call	—	—
	Put	—	—
Bought	Call	—	—
	Put	—	—

### (3) Stock-Related Transactions

	(in millions of yen)				(in thousands of U.S. dollars)				
	March 31, 2000		March 31, 2000		March 31, 2000		March 31, 2000		
	Contract Value	Market Value	Unrealized Gain (Loss)	Contract Value	Market Value	Unrealized Gain (Loss)	Contract Value	Market Value	
Standardized Contracts									
Index Futures									
Sold	¥ --	¥ --	¥ --	¥ --	\$ --	\$ --	\$ --	\$ --	\$ --
Bought	--	--	--	--	--	--	--	--	--
Index Options									
Sold									
Call	--	--	--	--	--	--	--	--	--
Put	--	--	--	--	--	--	--	--	--
Bought									
Call	--	--	--	--	--	--	--	--	--
Put	--	--	--	--	--	--	--	--	--
Over-the-Counter Contracts									
Options									
Sold									
Call	--	--	--	--	--	--	--	--	--
Put	--	--	--	--	--	--	--	--	--
Bought									
Call	--	--	--	--	--	--	--	--	--
Put	--	--	--	--	--	--	--	--	--
Others									
Sold	--	--	--	--	--	--	--	--	--
Bought	--	--	--	--	--	--	--	--	--

(1) Derivatives included in Trading Transactions at March 31, 2000 are excluded from the previously mentioned tables, as they were marked to market and the valuation gains or losses were recognized in the Consolidated Statements of Income. The contract value and market value of derivatives included in Trading Transactions at March 31, 2000 were as follows:

	(in millions of yen)		(in thousands of U.S. dollars)	
	March 31, 2000		March 31, 2000	
	Contract Value	Market Value	Contract Value	Market Value
Standardized Contracts				
Index Futures				
Sold	¥18,659	¥19,008	\$175,781	\$179,071
Bought	1,263	1,253	11,903	11,812
Index Options				
Sold				
Call	11,171	176	105,243	1,667
Put	230	176	2,169	1,667
Bought	34,355	72	323,646	679
Call	32	72	304	679
Put	13,964	277	131,554	2,612
Bought	183	277	1,728	2,612
Put	11,163	69	105,163	654
Over-the-Counter Contracts				
Options				
Sold				
Call	188	10	1,771	97
Put	5	10	53	97
Bought	--	--	--	--
Call	188	10	1,771	97
Put	5	10	51	97
Others				
Sold	--	--	--	--
Bought	--	--	--	--



## Notes to Consolidated Financial Statements

### (4) Bond-Related Transactions

	(in millions of yen)				(in thousands of U.S. dollars)				
	March 31, 2000		March 31, 2000		March 31, 2000		March 31, 2000		
	Contract Value	Over 1 Year	Market Value	Unrealized Gain (Loss)	Contract Value	Over 1 Year	Market Value	Unrealized Gain (Loss)	
Standardized Contracts									
Futures									
Sold	¥14,428,098	¥ —	¥14,559,226	¥(131,127)	\$135,921,797	\$ —	\$137,157,105	\$(1,235,308)	
Bought	13,419,901	—	13,406,667	(13,233)	126,423,939	—	126,299,271	(124,668)	
Futures Options									
Sold	Call	30,606	—	380	(225)	288,328	—	3,585	(2,124)
		(155)				1,461			
	Put	63,690	—	388	884	600,000	—	3,656	8,328
		(1,272)				11,984			
Bought	Call	30,606	—	380	7	288,328	—	3,585	67
		(373)				3,518			
	Put	63,690	—	388	(1,058)	600,000	—	3,656	(9,969)
		(1,446)				13,625			
Over-the-Counter Contracts									
Options									
Sold	Call	—	—	—	—	—	—	—	—
		—				—			
	Put	—	—	—	—	—	—	—	—
		—				—			
Bought	Call	—	—	—	—	—	—	—	—
		—				—			
	Put	—	—	—	—	—	—	—	—
		—				—			
Total				¥(144,753)				\$(1,363,674)	

(1) Derivatives included in Trading Transactions at March 31, 2000 are excluded from the previously mentioned tables, as they were marked to market and the valuation gains or losses were recognized in the Consolidated Statements of Income. The contract value and market value of derivatives included in Trading Transactions at March 31, 2000 were as follows:

	(in millions of yen)				(in thousands of U.S. dollars)			
	March 31, 2000		March 31, 2000		March 31, 2000		March 31, 2000	
	Contract Value	Market Value	Contract Value	Market Value	Contract Value	Market Value	Contract Value	Market Value
Standardized Contracts								
Futures								
Sold		¥121,477	¥121,691		\$1,144,392		\$1,146,406	
Bought		69,430	69,981		654,082		659,273	
Futures Options								
Sold	Call	28,335		158	266,935		1,905	1,494
		202			1,905			
	Put	32,119		42	302,585		603	401
		64			603			
Bought	Call	33,489		258	315,494		1,634	2,432
		173			1,634			
	Put	33,835		76	318,750		1,380	723
		146			1,380			
Over-the-Counter Contracts								
Swaptions								
Sold	Call	—	—	—	—	—	—	—
		—			—			
	Put	25,000		62	235,516		1,474	591
		156			1,474			
Bought	Call	79,383		311	747,845		2,016	2,932
		214			2,016			
	Put	31,500		15	296,750		384	150
		40			384			

**(5) Commodity-Related Transactions**

The contract value and market value of derivatives included in Trading Transactions at March 31, 2000 were as follows:

	(in millions of yen)		(in thousands of U.S. dollars)	
	Contract Value	Market Value	Contract Value	Market Value
Over-the-Counter Contracts				
Options				
Sold	¥5,351		\$50,413	
	<u>228</u>	¥ 228	<u>2,154</u>	\$2,154
Bought	5,351		50,413	
	<u>206</u>	228	<u>1,947</u>	2,154

**(6) Weather Derivatives Transactions**

The contract value and market value of derivatives included in Trading Transactions at March 31, 2000 were as follows:

	(in millions of yen)		(in thousands of U.S. dollars)	
	Contract Value	Market Value	Contract Value	Market Value
Over-the-Counter Contracts				
Sold	¥125		\$1,178	
	<u>25</u>	¥7	<u>236</u>	\$68
Bought	125		1,178	
	<u>13</u>	7	<u>130</u>	68

Information on market value of derivatives at March 31, 1999, was prepared on a non-consolidated basis only, therefore is not presented.

# Report of Independent Certified Public Accountants

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## ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS 

Kasumigaseki Bldg. 32nd Floor  
3-2-5, Kasumigaseki, Chiyoda-ku,  
Tokyo 100-6088, Japan

To the Board of Directors,  
The Industrial Bank of Japan, Limited:

We have audited the accompanying non-consolidated balance sheets of The Industrial Bank of Japan, Limited ("IBJ") as of March 31, 2000 and 1999, and the related non-consolidated statements of income and shareholders' equity for each of the three years in the period ended March 31, 2000, all expressed in Japanese 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 non-consolidated financial statements referred to above present fairly the non-consolidated financial position of IBJ at March 31, 2000 and 1999, and the non-consolidated results of its operations for each of the three years in the period ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan (See Note 1) consistently applied during the periods, except for the change with which we concur, in the accounting for Securities as described in Note 2 to the accompanying non-consolidated financial statements.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying non-consolidated financial statements.

*ChuoAoyama Audit Corporation*

Tokyo, Japan  
June 28, 2000

# Non-Consolidated Balance Sheets

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
<b>Assets</b>			
Cash and Due from Banks	¥ 841,161	¥ 1,167,336	\$ 7,924,272
Call Loans and Bills Purchased	558,002	1,345,925	5,256,739
Commercial Paper and Other Debt Purchased	7,197	128,064	67,805
Trading Assets	2,163,616	2,197,033	20,382,637
Money Held in Trust	10,123	59,806	95,365
Securities	7,703,889	9,024,595	72,575,503
Loans and Bills Discounted	22,232,483	22,872,065	209,444,028
Foreign Exchanges	222,663	277,821	2,097,630
Other Assets	3,090,749	2,377,508	29,116,814
Premises and Equipment	257,462	278,285	2,425,458
Deferred Debenture Charges	8,742	15,396	82,364
Deferred Tax Assets	363,922	406,253	3,428,379
Customers' Liabilities for Acceptances and Guarantees	1,491,724	1,939,210	14,052,983
Reserve for Possible Loan Losses	(901,118)	—	(8,489,109)
<b>Total Assets</b>	<b>¥38,050,621</b>	<b>¥42,089,303</b>	<b>\$358,460,868</b>

	(in millions of yen)		(in thousands of U.S. dollars)
	March 31, 2000	March 31, 1999	March 31, 2000
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Debentures	¥19,933,842	¥19,866,858	\$187,789,380
Deposits	6,299,480	8,175,082	59,345,081
Call Money and Bills Sold	2,084,358	3,261,224	19,635,970
Commercial Paper	164,000	30,000	1,544,984
Borrowed Money	1,537,621	1,585,575	14,485,362
Trading Liabilities	908,652	1,465,170	8,560,079
Foreign Exchanges	60,271	20,390	567,797
Other Liabilities	3,561,784	2,833,002	33,554,259
Reserve for Possible Loan Losses	—	1,116,278	—
Reserve for Retirement Allowances	49,332	51,888	464,744
Reserve for Possible Losses on Loans Sold	47,506	48,144	447,539
Reserve for Possible Losses on Support of Specific Borrowers	167,198	—	1,575,111
Reserve for Contingency	13,938	—	131,306
Other Reserves	1	5	12
Deferred Tax Liabilities Related to Land Revaluation	63,484	72,518	598,063
Acceptances and Guarantees	1,491,724	1,939,210	14,052,983
<b>Total Liabilities</b>	<b>36,383,195</b>	<b>40,465,350</b>	<b>342,752,670</b>
<b>Shareholders' Equity</b>			
Preferred Stock	175,000	175,000	1,648,610
Common Stock	498,605	498,605	4,697,176
Capital Surplus	570,132	570,132	5,371,005
Legal Reserve	84,387	80,369	794,981
Surplus from Land Revaluation	99,212	98,920	934,646
Retained Earnings	240,087	200,926	2,261,780
<b>Total Shareholders' Equity</b>	<b>1,667,425</b>	<b>1,623,953</b>	<b>15,708,198</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥38,050,621</b>	<b>¥42,089,303</b>	<b>\$358,460,868</b>

See accompanying "Notes to Non-Consolidated Financial Statements" which are an integral part of these statements.

## Non-Consolidated Statements of Income

	(in millions of yen)			(in thousands of U.S. dollars)
	Fiscal 1999*	Fiscal 1998*	Fiscal 1997*	Fiscal 1999*
<b>Income</b>				
Interest Income on:				
Loans and Bills Discounted	¥ 531,095	¥ 656,425	¥ 800,004	\$ 5,003,252
Securities	180,375	239,541	212,073	1,699,254
Others	621,769	795,316	1,069,039	5,857,465
Fee & Commission Income	66,515	67,300	94,774	626,620
Trading Income	18,160	25,334	2,788	171,082
Other Operating Income	1,007,451	843,416	470,977	9,490,831
Other Income	298,782	398,819	390,874	2,814,721
Reversal of Other Reserves	4	2	12,467	40
<b>Total Income</b>	<b>2,724,155</b>	<b>3,026,156</b>	<b>3,053,000</b>	<b>25,663,265</b>
<b>Expense</b>				
Interest Expense on:				
Debentures	255,932	293,581	350,756	2,411,045
Deposits	128,825	231,601	356,871	1,213,618
Borrowings and Rediscounts	50,904	54,839	57,542	479,549
Others	662,691	826,549	1,038,649	6,242,972
Fee & Commission Expense	14,861	17,624	18,744	140,003
Trading Expense	171	3,206	9,077	1,617
Other Operating Expense	1,005,385	778,830	428,075	9,471,367
General and Administrative Expenses	140,684	156,809	166,498	1,325,340
Other Expense	326,266	1,008,522	968,564	3,073,633
<b>Total Expense</b>	<b>2,585,723</b>	<b>3,371,565</b>	<b>3,394,779</b>	<b>24,359,144</b>
<b>Income (Loss) before Income Taxes</b>	<b>138,432</b>	<b>(345,408)</b>	<b>(341,778)</b>	<b>1,304,121</b>
Income Tax Expenses (Benefits):				
Current	37,811	74	190	356,211
Deferred	40,388	(149,754)	—	380,485
<b>Net Income (Loss)</b>	<b>¥ 60,232</b>	<b>¥ (195,727)</b>	<b>¥ (341,969)</b>	<b>\$ 567,425</b>

Per Share of Common Stock	(in yen)			(in U.S. dollars)
	Net Income (Loss)			
Basic	¥ 21.60	¥ (76.27)	¥ (134.65)	\$ 0.203
Diluted	19.59	n/a	n/a	0.185
Cash Dividends	7.00	7.00	8.50	0.066

See accompanying "Notes to Non-Consolidated Financial Statements" which are an integral part of these statements.

\* Fiscal 1999, 1998 and 1997 represent the fiscal years ended March 31, 2000, 1999 and 1998, respectively.

## Non-Consolidated Statements of Shareholders' Equity

	(in millions of yen)						
	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Surplus from Land Revaluation	Retained Earnings	Total Shareholders' Equity
<b>Balance at March 31, 1997</b>	¥ —	¥465,105	¥361,632	¥72,112	¥ —	¥531,649	¥1,430,500
Transfer from Retained Earnings to Legal Reserve	—	—	—	4,318	—	(4,318)	—
Cash Dividends	—	—	—	—	—	(21,586)	(21,586)
Net Loss	—	—	—	—	—	(341,969)	(341,969)
<b>Balance at March 31, 1998</b>	—	465,105	361,632	76,431	—	163,775	1,066,944
Adoption of Accounting for Deferred Tax	—	—	—	—	—	256,498	256,498
Issuance of Preferred Stock	175,000	—	175,000	—	—	—	350,000
Issuance of Common Stock	—	33,500	33,500	—	—	—	67,000
Transfer from Retained Earnings to Legal Reserve	—	—	—	3,937	—	(3,937)	—
Transfer from Liabilities	—	—	—	—	98,920	—	98,920
Cash Dividends	—	—	—	—	—	(19,681)	(19,681)
Net Loss	—	—	—	—	—	(195,727)	(195,727)
<b>Balance at March 31, 1999</b>	175,000	498,605	570,132	80,369	98,920	200,926	1,623,953
Transfer from Retained Earnings to Legal Reserve	—	—	—	4,018	—	(4,018)	—
Transfer from Surplus from Land Revaluation to Retained Earnings	—	—	—	—	(3,035)	3,035	—
Transfer from Deferred Tax Liabilities Related to Land Revaluation and Others	—	—	—	—	3,328	—	3,328
Cash Dividends	—	—	—	—	—	(20,088)	(20,088)
Net Income	—	—	—	—	—	60,232	60,232
<b>Balance at March 31, 2000</b>	¥175,000	¥498,605	¥570,132	¥84,387	¥99,212	¥240,087	¥1,667,425

	(in thousands of U.S. dollars)						
	Preferred Stock	Common Stock	Capital Surplus	Legal Reserve	Surplus from Land Revaluation	Retained Earnings	Total Shareholders' Equity
<b>Balance at March 31, 1999</b>	\$1,648,610	\$4,697,176	\$5,371,005	\$757,128	\$931,890	\$1,892,855	\$15,298,664
Transfer from Retained Earnings to Legal Reserve	—	—	—	37,852	—	(37,852)	—
Transfer from Surplus from Land Revaluation to Retained Earnings	—	—	—	—	(28,597)	28,597	—
Transfer from Deferred Tax Liabilities Related to Land Revaluation and Others	—	—	—	—	31,353	—	31,353
Cash Dividends	—	—	—	—	—	(189,245)	(189,245)
Net Income	—	—	—	—	—	567,425	567,425
<b>Balance at March 31, 2000</b>	\$1,648,610	\$4,697,176	\$5,371,005	\$794,980	\$934,646	\$2,261,780	\$15,708,197

See accompanying "Notes to Non-Consolidated Financial Statements" which are an integral part of these statements.

# Notes to Non-Consolidated Financial Statements

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## 1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Industrial Bank of Japan, Ltd. ("IBJ") in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Accounting Standards.

Certain items presented in the non-consolidated financial statements submitted to the Director of Kanto Finance Bureau (the "DKFB") in Japan are reclassified for the convenience of readers outside Japan. In addition, the Non-Consolidated Statements of Shareholders' Equity is prepared and included in non-consolidated financial statements, though they are not required to be filed with the DKFB.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation.

The non-consolidated financial statements are not intended to present the non-consolidated financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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

## 2. Significant Accounting Policies

Refer to Notes to Consolidated Financial Statements.

## 3. Subsequent Events

Refer to Notes to Consolidated Financial Statements.