

Plans call for using the Internet to not only provide customers with conventional services but also other completely new, high-value-added services. In anticipation of the introduction of such services, the Bank completely revised its web site during the fiscal year under review. (URL: <http://www.dkb.co.jp/english/>)

GLOBAL ACTIVITIES

Utilizing its international network primarily covering Asia, the Americas, and Europe, DKB has established an organizational structure that is capable of responding to the wide-ranging financial needs of its clients as they pursue business opportunities internationally. With the increasing globalization of financial activity, customers' business strategies have become increasingly sophisticated. In response to these developments, the Bank is strengthening its operating structure, aiming to significantly enhance the efficiency of its overseas offices.

ASIA

Over the past several years, DKB has worked to expand its network and presence in Asia because of the high growth rates that prevailed in the region and the strong demand for financial services to finance both the operations of the Bank's Japanese clients in the region and

*With its balanced network in Asia,
DKB offers a wide range
of high-quality services, such as
syndicated loans, project finance,
and aircraft finance.*



Loans Outstanding to Borrowers in Asia
(Balance Outstanding as of March 31, 1998,
by Location of Borrowers)

| Loans Outstanding (Millions of U.S. dollars) | | | | |
|--|-------------------|------------------|------------------|------------------|
| Country Name | Total | Japanese | Non-Japanese | Public |
| Thailand | \$ 1,834.3 | \$ 829.4 | \$ 948.9 | \$ 56.0 |
| Indonesia | 1,421.8 | 430.0 | 914.0 | 77.8 |
| Malaysia | 385.1 | 95.0 | 271.5 | 18.6 |
| Philippines | 155.7 | 5.1 | 127.2 | 23.4 |
| Singapore | 1,303.6 | 745.2 | 520.0 | 38.4 |
| Hong Kong | 3,164.7 | 930.4 | 2,138.4 | 95.9 |
| Taiwan | 623.2 | 342.0 | 281.2 | 0.0 |
| South Korea | 1,608.5 | 54.4 | 1,290.3 | 263.8 |
| People's Republic of China | 1,563.7 | 423.7 | 756.8 | 383.2 |
| India | 238.4 | 0.0 | 106.9 | 131.5 |
| Total | \$12,299.0 | \$3,855.2 | \$7,355.2 | \$1,088.6 |

*Non-Consolidated Basis

local industrial infrastructure projects. As a result of the Asian currency crises, triggered by the decline in the value of the Thai baht beginning in July 1997, the Asian economies are projected to enter a period of adjustment. However, economic growth over the medium-to-long term is still projected in Asia, and the region is expected to continue to be an important target for investors around the world. In addition, many Japanese corporations have operations in the region and will continue to require financial services. For these reasons, the Bank continues to regard Asia as an important area in its international activities and will continue to promote its operations there.

As of June 1998, DKB's network in Asia consisted of 12 branches, 1 sub-branch, 11 representative offices, 1 marketing office, as well as 14 subsidiaries and affiliates. Through this network, the Bank provides a broad spectrum of services, including commercial banking and leasing, arrangements for financing major projects, merchant banking, and derivatives.

The Bank's activities in Asia have two features of special importance. First, because of its balanced network, the Bank is positioned to offer a wide range of high-quality services. In Hong Kong, for example, in addition to activities of the Hong Kong Branch, Chekiang First Bank Ltd., a wholly owned banking subsidiary of the Bank, has 18 branches offering retail banking services.

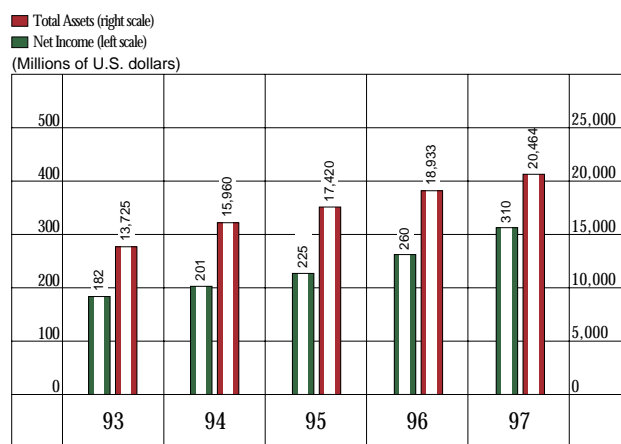
Second, DKB Asia, the Bank's merchant banking arm in Hong Kong, is the focal point in the region and works with the Bank's International Finance Division and the Hong Kong and Singapore branches to offer syndicated loan arrangements, project finance, aircraft finance, and other sophisticated services throughout the Asian region.

THE AMERICAS

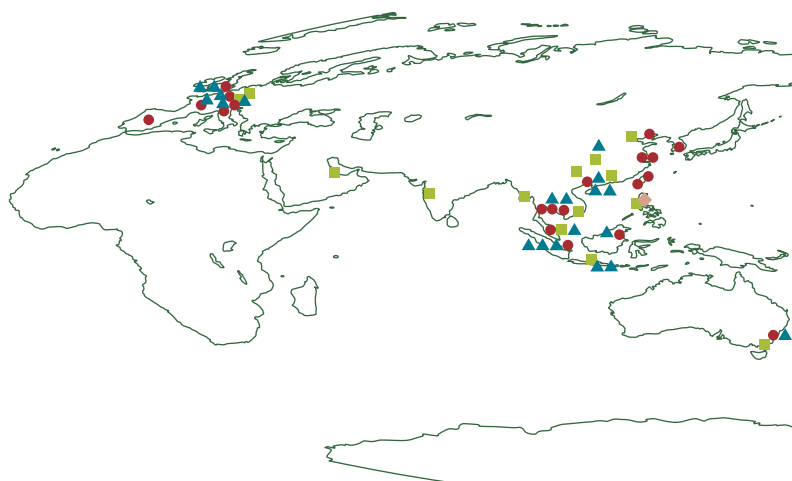
The Bank has structured business systems and an efficient network and systems to supply specialized services to meet the increasingly sophisticated and diverse needs of clients in the Americas. In April 1998, the Bank appointed a General Manager of the Americas, headquartered in New York, who is responsible for overseeing and managing the Bank's activities in the region.

To further enhance efficiency and effectiveness, the Bank has concentrated personnel with innovative and specialized financial capabilities in the New York Branch to offer asset securitization, project finance, and other sophisticated products and services throughout the Americas. As another measure to increase efficiency, in May 1998 the Bank designated the New York Branch and Los Angeles Agency as core banking centers in the United States and shifted the processing and supervisory functions of the Atlanta and San Francisco agencies to New York and Los Angeles, respectively.

The CIT Group, Inc.



(Fiscal years ended December 31)



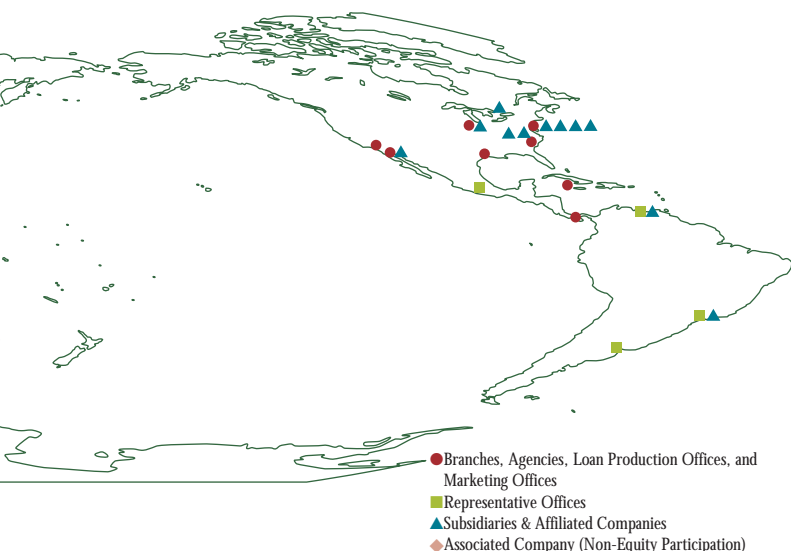
As of June 1998, the Bank had 4 branches, 3 agencies, 1 loan production office, 4 representative offices, and 10 subsidiaries and affiliates in the Americas. This network offers not only commercial banking but also trust business, securities, derivatives, and other services and products to respond to a broad array of customer needs. The U.S. market plays an extremely important role in the Bank's international network, and further efforts are in progress to substantially enhance the planning and supervisory capabilities of U.S. offices to provide coverage throughout the region and services that meet the highest international standards.

In Latin America, the Bank maintains a Japan Desk at UNIBANCO-UNIÃO DE BANCOS BRASILEIROS S.A., its banking affiliate in Brazil, to provide responsive services to Japanese-affiliated companies in the region.

> CIT

In November 1997, the Bank's finance company subsidiary CIT listed its shares on the NYSE (ticker symbol: CIT). The listing of CIT's shares will not only permit that company to efficiently raise the funds necessary for the expansion of its operations from U.S. equity markets but also, by upgrading its internal operating systems to comply with the rules and regulations of the U.S. Securities and Exchange Commission, Internal Revenue Service, and NYSE, has contributed to the establishment of global standards in the operations of the DKB Group.

The Bank has concentrated its specialized and advanced financial services in London and New York for enhanced efficiency and effectiveness.



| As of June 30, 1998 | Branches, Agencies, Loan Production Offices, and Marketing Offices | Representative Offices | Subsidiaries & Affiliated Companies | Associated Company (Non-Equity Participation) | Total |
|------------------------------------|--|------------------------|-------------------------------------|---|-----------|
| Asia and Oceania | 14 | 11 | 14 | 1 | 40 |
| The Americas | 8 | 4 | 10 | — | 22 |
| Europe, the Middle East and Africa | 6 | 3 | 6 | — | 15 |
| Total | 28 | 18 | 30 | 1 | 77 |

For the year ended December 31, 1997, CIT reported net income of US\$310 million, an increase of 19% from 1996. This marked the 10th consecutive year of revenue increases and the seventh consecutive year of record net income. Behind these strong performances have been excellent progress toward further enhancing profitability, efficiency, the diversification of products and services offered, and asset quality.

In its operations, CIT makes use of leasing, factoring, and other financing techniques and is working to expand its presence in the U.S. middle market as well as among Japanese-affiliated companies with operations in the region. The company's client base already includes more



The introduction of the euro will spur competition and restructuring among financial institutions. To enhance its capabilities, DKB has taken steps to establish a unified management system in the region.

than 100 Japanese-affiliated corporations. With an operating transaction volume in excess of US\$1.1 billion, CIT plans to continue to expand, thereby meeting the needs of Japan- and U.S.-based companies.

EUROPE

In preparation for the increasingly intense competition following further integration within the European Union (EU) and the introduction of a single European currency, scheduled for January 1999, leading European banks are undertaking strategic initiatives to ensure their survival, such as acquiring investment banks and concluding tie-ups with securities and insurance companies. In addition, European companies and Japanese companies that have advanced overseas are working to expand and integrate their business operations, thereby transcending national boundaries within Europe. In view of these developments, in 1997 the Bank appointed a European General Manager to establish a unified management system in overall charge of the Bank's activities in the region. At the same time, DKB European Markets (a special unit formed in fiscal 1993 in the London Branch) was expanded to form the European arm of the International Finance Division, thus strengthening the specialized finance capabilities of the Bank in the region.

Moving into 1998, the Bank merged its U.K. securities subsidiary DKB International PLC with derivatives subsidiary DKB Financial Products (UK) Ltd. to provide increasingly sophisticated financial services to its clients. The Bank plans to aggressively utilize its network in Europe, with the London Branch as the core office, to respond to customers' financial needs in the region. As of June 1998, the Bank's network in Europe comprised 6 branches, 3 representative offices, and 6 subsidiaries and affiliates. Based on the fundamental policies of enhanced business promotion through increased teamwork between DKB offices and increased specialization in banking operations through global expansion, the Bank aims to increase efficiency and strengthen its operations in Europe, with the European General Manager playing a central role.