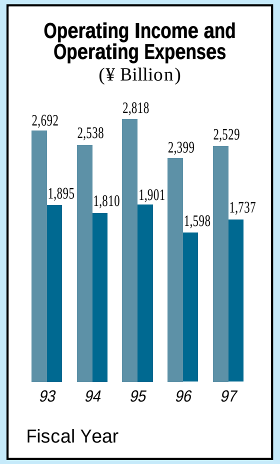
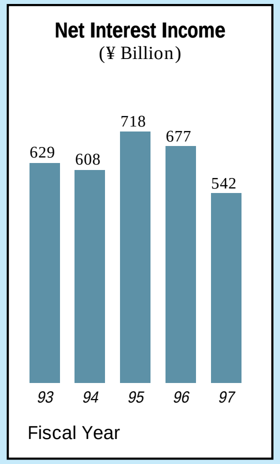
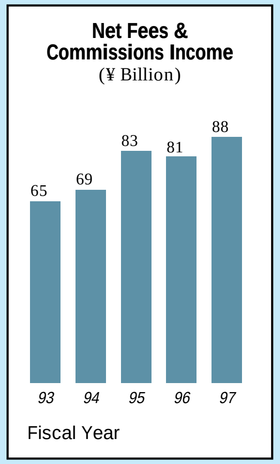
FINANCIAL REPORTS

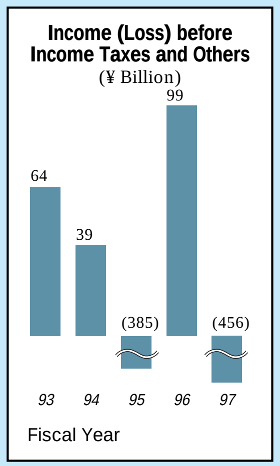
Contents



Operating Income
Operating Expenses







FISCAL 1997 IN REVIEW (CONSOLIDATED)

Fuji Bank Group

Earnings Performance

Earnings Performance

	Billions of yen		
Fiscal year	**1997**	1996	Change
Operating Income	**¥2,529.2**	¥2,399.2	¥ 129.9
Operating Expenses	**1,737.0**	1,598.8	138.1
General & Administrative Expenses	**470.0**	443.8	26.2
Net Operating Profit	**322.0**	356.5	(34.4)
Net of Other Income and Expenses *	**(839.3)**	(281.1)	(558.2)
Net of Extraordinary Gains and Losses	**61.2**	23.6	37.5
Income (Loss) before Income Taxes	**(456.0)**	99.1	(555.1)
Income Taxes:			
Current	**17.5**	7.5	9.9
Deferred	**(133.1)**	(18.3)	(114.7)
Others-net	**(4.8)**	(0.8)	(3.9)
Net Income (Loss)	**¥ (345.3)**	¥ 109.0	¥(454.3)
Net Income (Loss) per Share (yen)	**¥ (119.35)**	¥ 37.54	¥(156.89)

Note: * Excluding Net of Extraordinary Gains and Losses.

The Fuji Bank Group's net operating profit fell by ¥34.4 billion from the previous year to ¥322.0 billion. The major cause of this decrease owes to a decline in profit from money market trading and an increase in hedging costs due to rising domestic interest rates. Net of other income and expenses amounted to a negative figure of ¥839.3 billion. This was attributable to the large cost the parent company incurred in its problem portfolio preparing for Japanese Prompt Corrective Action Policy issued by the Japanese Ministry of Finance in April 1998.

As a result, loss before income taxes was ¥456.0 billion and net loss was ¥345.3 billion.

Analysis of Net Operating Profit

	Billions of yen		
Fiscal year	**1997**	1996	Change
Interest Income	**¥2,183.0**	¥2,173.6	¥ 9.3
Interest Expenses	**1,640.9**	1,496.2	144.6
Net Interest Income	**542.0**	677.3	(135.3)
Net Fees & Commissions Income	**88.5**	81.3	7.1
Net Trading Profits	**56.9**	—	56.9
Net of Other Operating Income and Expenses	**104.6**	41.6	63.0
General & Administrative Expenses	**470.0**	443.8	26.2
Net Operating Profit	**¥ 322.0**	¥ 356.5	¥ (34.4)

Net interest income was ¥542.0 billion, which declined by ¥135.3 from the previous year. This owes mainly to a decrease in money trading profit and an increase in hedging costs resulting from the rise in domestic interest rates although profits from foreign subsidiaries such as Heller International Corporation increased.

Net fees & commissions income was ¥88.5 billion, an increase of ¥7.1 billion from the previous year.

Net of other operating income and expenses climbed by ¥63.0 billion to ¥104.6 billion. The major reason for this increase was a rise in net gains on sales of bonds of the parent company.

General & administrative expenses totaled ¥470.0 billion, an increase of ¥26.2 billion. This increase was attributed to the depreciation of the yen, which increased general & administrative expenses in overseas branches and subsidiaries, and to rising theValue Added Tax rate in Japan.

Analysis of Balance Sheet

	Billions of yen		
March 31,	**1998**	1997	Change
Total Assets	**¥ 55,113.5**	¥ 56,211.1	¥(1.097.6)
Loans and Bills Discounted	**34,028.2**	35,714.7	(1.686.5)
Securities	**6,044.8**	5,607.0	437.7
Total Liabilities	**53,537.0**	54,276.8	(739.7)
Deposits*	**31,366.8**	34,723.4	(3,356.5)
Total Stockholders' Equity	**1,576.4**	1,934.3	(357.8)
Stockholders' Equity per share (yen)	**¥ 471.58**	¥ 595.09	¥ (123.51)

Note: * Deposits do not include NCDs.

Total assets dropped by ¥1,097.6 billion to ¥55,113.5 billion. This reduction reflects the Bank's asset efficiency to reduce loans and cash and due from overseas banks. Loans also decreased by ¥1,686.5 billion to ¥34,028.2 billion. This decrease was attributed to the large amount of loan sales and securitization, the write-off of non-performing loans, and the reduction of unprofitable loans overseas.

Total liabilities declined by ¥739.7 billion to ¥53,537.0 billion due to the decrease of deposits by ¥3,356.5 billion to ¥31,366.8 billion reflecting a reduction in loans and cash and due from overseas banks in accord with the Bank's asset efficiency policy.

Total stockholders' equity fell by ¥357.8 billion to ¥1,576.4 billion owing to a net loss which stemmed from large expenses related to the parent company's problem portfolio.

Capital Ratio (according to the MOF guidelines which follow the BIS standards)

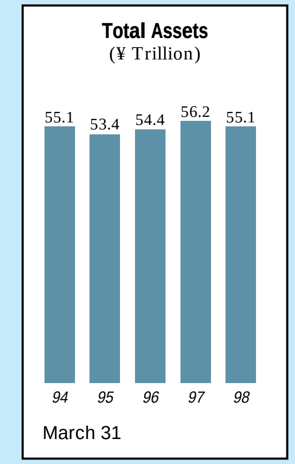
	Billions of yen		
March 31,	**1998**	1997	Change
Capital Ratio	**9.41%**	9.22%	0.19%
Tier 1 Ratio	**4.79%**	4.79%	0.00%
Total Capital	**¥ 3,554.5**	¥ 3,752.1	¥ (197.6)
Tier 1:	**1,809.8**	1,950.6	(140.8)
Tier 2: Qualifying Capital	**1,744.6**	1,801.5	(56.8)
Unrealized Gains on Securities, after 55% Discount	**—**	174.2	(174.2)
Reserve for Possible Loan Losses, excluding Specific Reserves	**120.7**	141.9	(21.2)
Land Revaluation Account	**146.9**	—	146.9
Others	**1,476.9**	1,485.2	(8.2)
Risk-Adjusted Assets	**37,759.5**	40,663.8	(2,904.3)
On-Balance Sheet Exposure	**33,802.9**	36,251.0	(2,448.0)
Off-Balance Sheet Exposure	**3,614.6**	4,412.8	(798.1)
Equivalent to Market Risk Amount / 8%	**341.9**	—	341.9

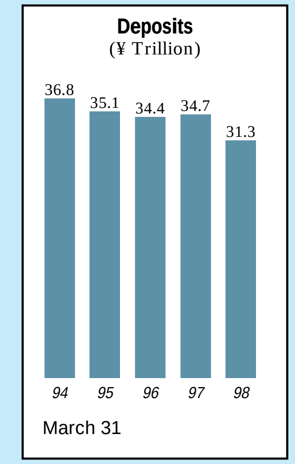
Calculated in accordance with BIS standards, the Bank's total capital decreased by ¥197.6 billion to ¥3,554.5 billion. While the Bank tried to build up its Tier 1 capital by issuing US$1.6 billion in noncumulative preferred securities through its subsidiary and Tier 2 capital by issuing subordinated bonds based on the Japanese government's financial system stabilization legislation, reduction of total capital was the result of the loss recorded in fiscal 1997.

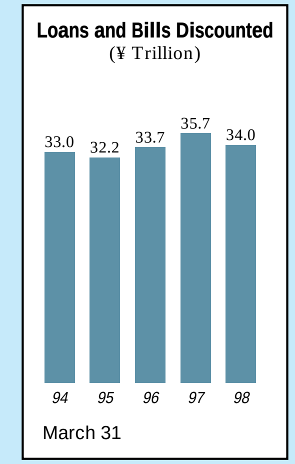
Risk-adjusted assets declined by ¥2,904.3 billion to ¥37,759.5 billion resulting from the Bank's effort to improve efficiency of asset utilization such as asset sales and securitization. The capital ratio at year-end, therefore, stood at 9.41%.

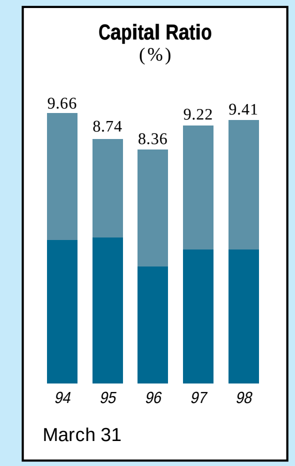
In addition, in May 1998, Tier 1 ratio improved by approximately 0.3% due to an increase in Tier 1 capital by approximately US$1 billion resulting from an IPO by Heller Financial, Inc., an American subsidiary of the Bank, which was listed on the New York Stock Exchange.

The Bank will continue its efforts to improve its capital ratio through more effective risk asset management and increase stockholders' equity, primarily by building up its retained earnings.





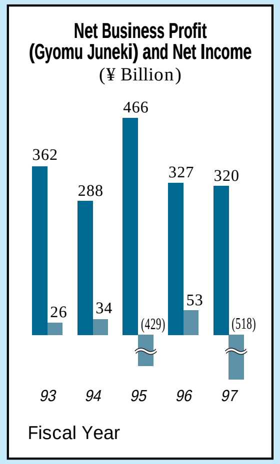




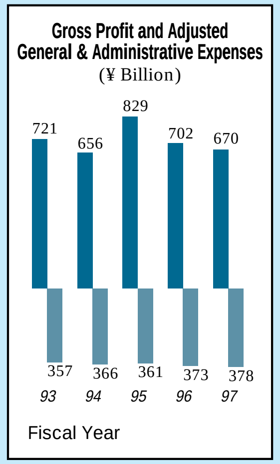
Tier I Ratio Capital Ratio

FISCAL 1997 IN REVIEW (NON-CONSOLIDATED)

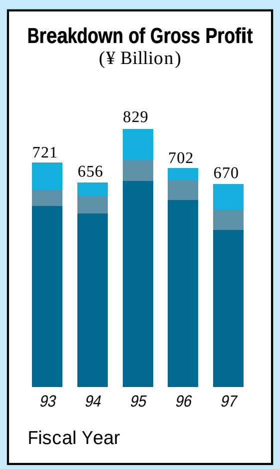
The Fuji Bank, Limited



Net Business Profit (Gyomu Juneki)
Net Income



Gross Profit
Adjusted General & Administrative Expenses



Net Interest Income
Net Fees & Commissions Income
Net of Other Operating Income and Expenses

Overview

The Bank's net business profit, which measures the performance of its core business activities, was ¥6.7 billion lower compared with the previous year, at ¥320.3 billion. Although profits from bond trading increased, they were adversely impacted by a decrease in dealing profits and an increase in hedging costs.

In fiscal 1997 the Bank made concerted efforts to reduce its problem loans. In accordance with the aforementioned Prompt Corrective Action Policy, the Bank undertook a comprehensive self-assessment of its entire loan portfolio and made significant provisions for potential losses. It also completed all necessary financial assistance to its affiliated financial companies and set up a special reserve to cover any potential future losses from these companies.

This meant an increase in credit costs of ¥657.4 billion to ¥980.7 billion in fiscal 1997. Net of securities gains and losses rose by ¥109.4 billion compared with the previous year to ¥209.5 billion. A contributing factor was the decline in losses from securities devaluation which resulted from a changeover in calculating the value of long-term securities holdings at the cost basis method from the lower of cost or market value method. The cost basis method was used because the Bank feels that its long-term securities holdings should not reflect market fluctuations on a given day, in this case March 31.

The credit costs associated with the above-mentioned problem loans resulted in the posting of a full-year net loss of ¥518.7 billion. As a result, the Bank has provided adequate reserves to cover its problem loan portfolio. It was decided to make an annual dividend payment of ¥8.50 per common share and ¥7.50 per preferred share as originally proposed.

Mark-to-market accounting was introduced in March 1997 for trading accounts.

Earnings Performance

Earnings Performance

	Billions of yen		
Fiscal year	**1997**	1996	Change
Net Interest Income* (A)	**¥ 504.2**	¥ 601.1	¥ (96.8)
Net Fees & Commissions Income (B)	**65.0**	64.6	0.3
Net Trading Profit	**18.5**	—	18.5
Net of Other Operating Income and Expenses (C)	**82.3**	37.2	45.0
Gross Profit (A+B+C) (D)	**670.1**	702.9	(32.8)
Domestic	**447.7**	457.4	(9.7)
International	**222.3**	245.5	(23.1)
Adjusted General & Administrative Expenses** (E)	**378.5**	373.6	4.8
Transfer to General Reserve for Possible Loan Losses (F)	**(28.8)**	2.1	(31.0)
Net Business Profit (Gyomu Juneki) (D−E−F) (G)	**320.3**	327.1	(6.7)
Net of Other Income and Expenses (H)	**(835.1)**	(272.3)	(562.8)
Income (Loss) before Income Taxes (G+H)	**(514.7)**	54.7	(569.5)
Provision for Income Taxes	**3.9**	0.7	3.1
Net Income (Loss)	**¥(518.7)**	¥ 53.9	¥(572.6)
Net Income (Loss) per Share (yen)	**¥(179.19)**	¥ 18.54	¥(197.73)

Notes: * Interest expenses on money held in trust is deducted from interest expenses and included in net of other income and expenses.
** Adjusted general & administrative expenses represents expenses after deducting nonrecurring expenses, which is included in net of other income and expenses, from general and administrative expenses.

Net Business Profit (Gyomu Juneki)

Net business profit was ¥320.3 billion, a decline of ¥6.7 billion compared with the previous year mainly due to the decrease in gross profit.

Gross Profit

Breakdown of Gross Profit

	Billions of yen		
Fiscal year	**1997**	1996	Change
Net Interest Income	**¥504.2**	¥601.1	¥(96.8)
Domestic	**350.2**	387.0	(36.8)
International	**153.9**	214.0	(60.0)
Net Fees & Commissions Income	**65.0**	64.6	0.3
Domestic	**39.0**	38.7	0.2
International	**25.9**	25.8	0.1
Net Trading Profit	**18.5**	—	18.5
Domestic	**3.9**	—	3.9
International	**14.5**	—	14.5
Net of Other Operating Income and Expenses	**82.3**	37.2	45.0
Domestic	**54.4**	31.6	22.8
International	**27.8**	5.6	22.2
Gross Profit	**¥670.1**	¥702.9	¥(32.8)

Analysis of Interest Income

	Billions of yen					
	Average Balance			Yield		
Fiscal year	**1997**	1996	Change	**1997**	1996	Change
Domestic:						
Interest Earning Assets	**¥29,337.2**	¥29,344.9	¥ (7.6)	**2.24%**	2.39%	(0.15)%
Loans	**22,362.4**	21,718.0	644.3	**2.19**	2.35	(0.16)
Investment Securities	**5,552.4**	5,400.9	151.4	**1.69**	1.87	(0.17)
Interest Bearing Liabilities	**28,118.1**	28,308.3	(190.2)	**1.09**	1.11	(0.02)
Deposits*	**20,900.9**	20,829.3	71.5	**0.51**	0.60	(0.09)
Interest Margin	**—**	—	—	**1.14**	1.27	(0.13)
International:						
Interest Earning Assets	**16,913.3**	16,770.4	142.8	**8.02**	8.50	(0.47)
Loans	**11,983.2**	11,577.3	405.9	**4.20**	4.01	0.19
Investment Securities	**656.3**	597.4	58.9	**8.94**	3.74	5.20
Interest Bearing Liabilities	**16,956.3**	16,745.4	210.8	**7.09**	7.23	(0.14)
Deposits*	**13,569.9**	13,776.5	(206.6)	**3.75**	3.56	0.19
Interest Margin	**—**	—	—	**0.92**	1.26	(0.33)
Total:						
Interest Earning Assets	**45,181.5**	45,041.5	139.9	**4.44**	4.71	(0.26)
Loans	**34,345.6**	33,295.3	1,050.2	**2.89**	2.93	(0.03)
Investment Securities	**6,208.8**	5,998.3	210.4	**2.46**	2.05	0.40
Interest Bearing Liabilities	**44,005.4**	43,980.0	25.3	**3.41**	3.45	(0.03)
Deposits*	**34,470.8**	34,605.9	(135.1)	**1.78**	1.78	0.00
Interest Margin	**—**	—	—	**1.02%**	1.25%	(0.22)%

Note: * Deposits do not include NCDs.

1. Net Interest Income

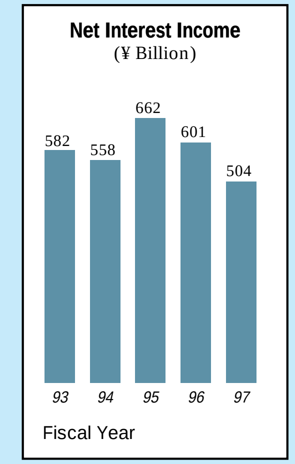
Net interest income fell by ¥96.8 billion to ¥504.2 billion.

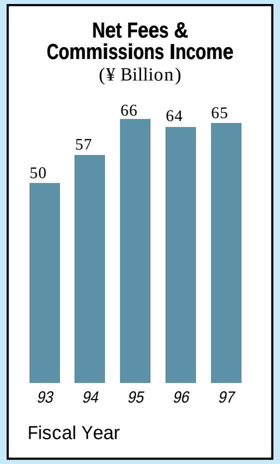
Domestic operations (yen-denominated transactions at domestic offices) posted net interest income of ¥350.2 billion, a year-on-year decrease of ¥36.8 billion. Two factors contributed to this decrease. The first factor is that interest margin (difference between interest earning asset yields and interest bearing liabilities yields) fell by 0.13% compared with the previous year although the average balance on interest earning assets almost stayed the same, this accounted for a decrease of ¥7.6 billion from the previous year. The second factor is that the method of accounting of profits was changed by introducing the mark-to-market accounting method.

In the case of interest earning assets, housing loans continued to increase, but stagnant growth in domestic yen-denominated high-quality loans to companies and other factors meant that average loans outstanding rose by ¥644.3 billion compared with the previous year. The average balance for investment securities also increased by ¥151.4 billion.

Interest margin shrank by 0.13% compared with the previous year to 1.14%. The reason for this was that the year-on-year decline in yields on lending (-0.16%) was larger than the fall in yield on deposits (-0.09%), and that the Bank went ahead with hedging against future increases in interest rates.

In the area of international operations (foreign currency transactions at domestic offices and transactions at overseas branches), net interest income fell by ¥60.0 billion to ¥153.9 billion. The main cause of the decrease was the decline in profit from money market trading and the influence from introducing the mark-to-market accounting method although the average loan balance increased by 405.9 billion compared with the previous year due to the depreciation of the yen.





2. Net Fees and Commissions Income

Net fees and commissions income came to ¥65.0 billion, an increase of just ¥0.3 billion compared with the previous year.

Domestic net fees and commissions was ¥39.0 billion, which was an increase of ¥0.2 billion. Remittance charges increased as a result of continuing efforts to increase the number of money transfer transactions.

International net fees and commissions income climbed to ¥25.9 billion, which was an increase of ¥0.1 billion as a result of an increase in project finance, syndication and other loan-related fee income in spite of the decrease in fees and commissions on derivatives-related transactions due to the introduction of the mark-to-market accounting method.

Breakdown of Trading Profit

	Billions of yen		
Fiscal year	**1997**	1996	Change
Domestic:			
Net Profit from Trading Securities and Derivatives	**¥ 0.0**	¥ —	¥ 0.0
Net Profit from Trading-related Securities and Derivatives	**(0.5)**	—	(0.5)
Net Profit from Trading-related Financial Derivative Transactions	**1.6**	—	1.6
Others	**2.7**	—	2.7
Total Domestic	**3.9**	—	3.9
Internatioanl:			
Net Profit from Trading Securities and Derivatives	**—**	—	—
Net Profit from Trading-related Securities and Derivatives	**(0.0)**	—	(0.0)
Net Profit from Trading-related Financial Derivative Transactions	**14.5**	—	14.5
Others	**0.0**	—	0.0
Total International	**14.5**	—	14.5
Total:			
Net Profit from Trading Securities and Derivatives	**0.0**	—	0.0
Net Profit from Trading-related Securities and Derivatives	**(0.5)**	—	(0.5)
Net Profit from Trading-related Financial Derivative Transactions	**16.2**	—	16.2
Others	**2.7**	—	2.7
Total	**¥18.5**	¥ —	¥18.5

3. Net of Trading Profits

Net of trading profits, which is a mark-to-market accounting method introduced for trading accounts, was ¥18.5 billion in fiscal 1997. Domestic net of trading profits was ¥3.9 billion mainly due to interest on commercial paper and other debt purchased, while international net of trading profits was ¥14.5 billion mainly due to unrealized gains of derivatives.

Before introducing the net of trading profits, profits-related trading accounts, such as trading securities and derivatives, were appropriated in several accounts, such as net interest income. From fiscal 1997, trading accounts with unrealized gains and losses are accounted in net trading accounts due to the introduction of the mark-to-market accounting method.

Breakdown of Net of Other Operating Income and Expenses

	Billions of yen		
Fiscal year	**1997**	1996	Change
Domestic:			
Net Profit from Foreign Exchange Transactions	**¥ —**	¥ —	¥ —
Net Profit from Sales of Bonds	**58.4**	30.5	27.8
Others	**(3.9)**	1.0	(4.9)
Total Domestic	**54.4**	31.6	22.8
International:			
Net Profit from Foreign Exchange Transactions	**17.6**	6.6	10.9
Net Profit from Sales of Bonds	**19.3**	5.6	13.7
Others	**(9.1)**	(6.6)	(2.5)
Total International	**27.8**	5.6	22.2
Total:			
Net Profit from Foreign Exchange Transactions	**17.6**	6.6	10.9
Net Profit from Sales of Bonds	**77.8**	36.2	41.5
Others	**(13.1)**	(5.6)	(7.4)
Total	**¥ 82.3**	¥ 37.2	¥ 45.0

4. Net of Other Operating Income and Expenses

Net of other operating income and expenses increased by ¥45.0 billion compared with the previous year to ¥82.3 billion. Domestic net of other operating income rose by ¥22.8 billion to ¥54.4 billion primarily because income from government and other bond-related transactions increased by ¥27.8 billion compared to the previous year due to rising bond prices with long-term interest rate falling during the fiscal year.

Internationally, net of other operating income and expenses increased by ¥22.2 billion compared with the previous year to ¥27.8 billion mainly due to an increase in income from government and other bond-related transactions and an increase in income from foreign currency dealing.

Adjusted General and Administrative Expenses

Breakdown of Adjusted General & Administrative Expenses

	Billions of yen		
Fiscal year	**1997**	1996	Change
Personnel Expenses	**¥158.5**	¥157.7	¥ 0.8
of which Wages and Allowances	**135.2**	135.4	(0.1)
Non-Personnel Expenses	**191.1**	190.6	0.4
Taxes	**28.8**	25.3	3.5
Adjusted General & Administrative Expenses	**¥378.5**	¥373.6	¥ 4.8

Although bank-wide efforts were made to rationalize operations and increase efficiency, overall expenses rose by ¥4.8 billion to ¥378.5 billion. This increase was attributable to taxes which increased by ¥3.5 billion due to the hike in the VAT and to the depreciation of the yen which increased expenses in the overseas operations.

Although the Bank continued to review wages and allowances and took steps to rationalize personnel levels, personnel expenses increased by ¥0.8 billion to ¥158.5 billion owing to an increase in personnel expenses in overseas branches as a result of the depreciation of the yen. At year-end, the number of employees had fallen by 553 to 14,615.

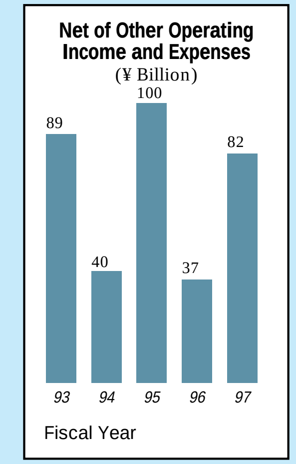
While exhaustive efforts were made to reduce non-personnel expenses, non-personnel expenses increased by ¥0.4 billion to ¥191.1 billion mainly due to the depreciation of the yen which increased non-personnel expenses in overseas branches.

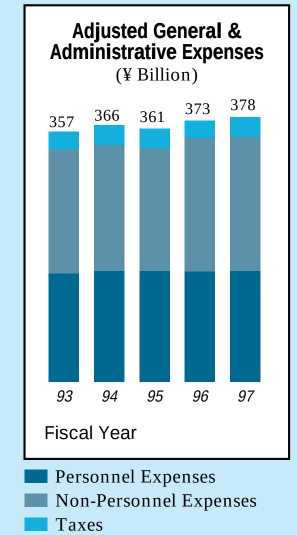
Other Income and Expenses, Income before Income Taxes, Net Income

Breakdown of Other Income and Expenses

	Billions of yen		
Fiscal year	**1997**	1996	Change
Net of Securities Gains and Losses	**¥ 209.5**	¥ 100.0	¥ 109.4
Sales Gains	**268.6**	291.3	(22.6)
Devaluation	**56.9**	191.0	(134.0)
Expenses Relating to Portfolio Problem	**980.7**	323.2	657.4
Write-offs	**68.9**	25.7	43.1
Specific Reserves	**332.7**	140.0	192.6
Losses Incurred from Sales to CCPC	**202.7**	83.1	119.6
Transfer to Reserve for Possible Losses on Sales of Loans	**24.0**	38.8	(14.8)
Transfer to Reserve for Specific Borrowers under Support	**122.3**	—	122.3
Losses Incurred from Supporting Certain Borrowers	**226.6**	35.4	191.1
Losses Incurred from Sales of Loans	**3.3**	—	3.3
Net of LDC-related Gains and Losses	**0.3**	0.1	0.1
Disposal of Unrealized Losses of Investment Funds	**57.5**	—	57.5
Other Losses	**6.8**	49.2	(42.4)
Net of Other Income and Expenses	**¥(835.1)**	¥(272.3)	¥(562.8)

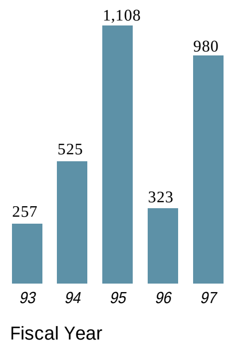
Total of other income and expenses dropped by ¥562.8 billion over the previous year to stand at ¥(835.1) billion. This was as a result of the Bank working aggressively to make necessary disposals of its bad loan portfolio.





NON-CONSOLIDATED

Expenses Related to Portfolio Problem
(¥ Billion)



1. Net of Securities Gains and Losses

Net of securities gains and losses climbed by ¥109.4 billion over the previous year to ¥209.5 billion. In addition to the sales gains on securities of ¥268.6 billion, a contributing factor was the fall in the loss on the devaluation of securities of ¥134.0 billion to ¥56.9 billion resulting from this year's changeover to the cost basis method to value securities from the lower of cost or market value method.

2. Expenses Relating to Portfolio Problem

To maintain and enhance the quality of its assets, the Bank has continued to work aggressively to make necessary disposals. With the introduction of the Prompt Corrective Action Policy in April 1998, the Bank introduced a new, more precise internal system for classifying loan assets, undertook a comprehensive self-assessment of its entire loan portfolio, and made wide-ranging and proactive provisions for any potential losses. The Bank also reduced its problem loans through an aggressive program of pursuing recoveries on its loans, write-offs, and sales of bad loans to such entities as the Cooperative Credit Purchasing Company (CCPC). As a result, the Bank was able to increase the amount of credit costs by ¥657.4 billion compared to the previous year to ¥980.7 billion.

Credit costs for the Bank's problem loan portfolio include loan write-offs which rose ¥43.1 billion compared to the previous year to ¥68.9 billion, transfers to specific reserves for possible loan losses which climbed ¥192.6 billion to ¥332.7 billion, losses on sales of loans collateralized by real estate to the CCPC which rose ¥ 119.6 billion to ¥ 202.7 billion, and other sales losses which stood at ¥3.3 billion.

The Bank also completed all necessary financial assistance to its affiliated finance companies, and set up special reserves to cover any potential future losses from these companies. As a result, losses incurred from supporting certain borrowers rose ¥191.1 billion over the previous year to ¥226.6 billion, and ¥122.3 billion was transferred to the newly-established reserve for specific borrowers under support.

The Bank transferred ¥24.0 billion to the reserve for possible losses on sales of loans to make the necessary provisions against possible future losses arising in connection with the value of loans collateralized by real estate that were sold to the CCPC.

The loss on mutual funds of ¥ 57.5 billion represents provisions against the latent loss in mutual funds which is due to fall in fiscal 1998 or later.

For the above reasons, net loss was ¥518.7 billion, which included ¥45.6 billion from gains on the disposal of real estate as part of the ongoing review of the Bank's real estate holdings. Net loss per share was ¥179.19.

Balance Sheet

Analysis of Balance Sheet (Major Breakdown)

	Billions of yen		
March 31,	**1998**	1997	Change
Assets			
Cash and Due from Banks	**¥ 2,749.9**	¥ 4,320.8	¥(1,570.9)
Call Loans	**235.5**	588.7	(353.2)
Bills Purchased	**30.0**	429.3	(399.3)
Commercial Paper and Other Debt Purchased	**29.8**	55.8	(26.0)
Trading Assets	**2,273.8**	—	2,273.8
Trading Account Securities	**—**	64.8	(64.8)
Money Held in Trust	**85.4**	117.2	(31.8)
Securities	**6,250.7**	5,774.4	476.2
Loans and Bills Discounted	**32,030.5**	34,037.3	(2,006.7)
Foreign Exchange	**549.4**	524.6	24.7
Other Assets	**2,263.6**	1,759.1	504.5
Premises and Equipment	**673.0**	342.8	330.1
Customers' Liabilities for Acceptances and Guarantees	**3,915.9**	4,051.3	(135.4)
Total Assets	**¥51,088.0**	¥52,066.8	¥ (978.7)
Liabilities and Stockholders' Equity			
Deposits	**¥31,316.7**	¥34,394.6	¥(3,077.9)
NCDs	**3,125.9**	3,884.4	(758.5)
External Debts*	**5,596.2**	5,386.6	209.5
Trading Liabilities	**1,458.5**	—	1,458.5
Foreign Exchange	**125.7**	96.4	29.3
Bonds	**100.0**	—	100.0
Convertible Bonds and Notes	**12.5**	12.5	—
Other Liabilities	**2,888.1**	1,476.3	1,411.7
Reserve for Possible Loan Losses	**857.4**	983.6	(126.1)
Reserve for Retirement Allowances	**48.2**	48.8	(0.5)
Reserve for Possible Losses on Sales of Loans	**52.7**	38.8	13.8
Reserve for Specific Borrowers under Support	**122.3**	—	122.3
Other Reserves	**0.0**	20.8	(20.8)
Acceptances and Guarantees	**3,915.9**	4,051.3	(135.4)
Land Revaluation Account	**326.5**	—	326.5
Total Liabilities	**¥49,947.3**	¥50,394.7	¥ (447.4)
Total Stockholders' Equity	**¥ 1,140.7**	¥ 1,672.0	¥ (531.2)

Note: * The sum of borrowed money, bills sold and call money.

Assets

Total assets decreased by ¥978.7 billion compared with the previous year to ¥51,088.0 billion. This reflects the effort made to enhance the quality of the Bank's loan portfolio and utilize assets, such as loan sales and securitization, reduction of unprofitable loans and on-balance trading assets more efficiently.

Mark-to-market accounting was introduced in March 1997 for trading assets.

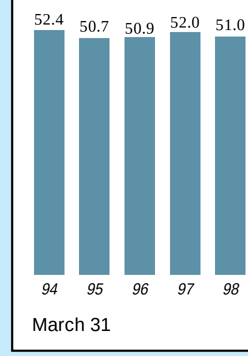
Loans

Breakdown of Loans

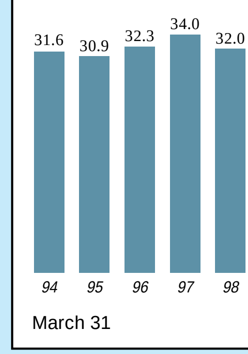
	Billions of yen		
March 31,	**1998**	1997	Change
Domestic Offices* (A)	**¥23,442.0**	¥22,601.3	¥ 840.7
of which Housing Loans	**5,256.0**	5,090.6	165.3
Manufacturing	**3,016.8**	2,601.3	415.5
Wholesale & Retail, and Food Services	**3,656.2**	3,452.6	203.6
Real Estate	**2,271.9**	2,230.0	41.8
Services	**4,369.2**	4,489.3	(120.0)
% Loans to Small and Medium-sized Companies	**75.7%**	78.1%	(2.4%)
Overseas Branches and Japan Offshore Market Account (B)	**8,588.4**	11,435.9	(2,847.4)
Commerce and Industry	**6,668.1**	8,602.1	(1,934.0)
Total Loans and Bills Discounted (A+B)	**¥32,030.5**	¥34,037.3	¥(2,006.7)

Note: *"Domestic Offices" covers yen-denominated loans and foreign currency-denominated loans made by domestic branches.

Total Assets
(¥ Trillion)



Loans and Bills Discounted
(¥ Trillion)



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Total loans and bills discounted at year-end decreased by ¥2,006.7 billion compared with the previous year to ¥32,030.5 billion. This reduction was due to loan sales and securitization, write-off of non-performing loans and reduction of unprofitable loans overseas in spite of enhancement of housing loans. An analysis of lending by domestic branches according to industrial sector reveals that services accounted for 18.6%, wholesaling, retailing and restaurants for 15.6%, manufacturing for 12.9%, and real estate for 9.7%. Compared with the previous year, therefore, services and real estate saw their share of loans decline by 1.2% and 0.2%, respectively, while manufacturing increased by 1.4%. Loans to such borrowers as individuals and small and medium-sized enterprises increased by ¥97.2 billion to account for 75.7% of loans by domestic branches.

Problem Loan Portfolio

Breakdown of Problem Loans

	Billions of yen			
	Current Standard			New Stadard
March 31,	**1998**	1997	Change	**1998**
Loans to Borrowers in Bankruptcy Proceedings	**¥ 257.5**	¥ 272.2	¥ (14.7)	**257.5**
Loans Past Due for over Six Months	**733.7**	874.8	(141.1)	**733.7**
Total (A)	**991.2**	1,147.0	(155.8)	**991.2**
% A to Total Loans and Bills Discounted	**3.09%**	3.37%	(0.28%)	**3.09%**
Loans Past Due for over Three Months	**—**	—	—	**337.8**
Restructured Loan	**—**	—	—	**363.5**
Renegotiated Loans	**186.3**	434.8	(248.4)	**—**
Loans to Companies under Support Programs	**40.7**	257.7	(216.9)	**—**
Total (B)	**¥1,218.4**	¥1,839.6	¥(621.2)	**¥1,692.7**
% B to Total Loans and Bills Dicounted	**3.80%**	5.40%	(1.60%)	**5.28%**

An even greater effort was made this year by the Bank to reduce the level of its problem loans setting up proactive loan recovery efforts such as aggressively collecting, writing-off and selling problem loans. As a result, the Bank was able to reduce the level of its problem loans by ¥404.2 billion compared with the previous year, with the balance of loans to borrowers in bankruptcy proceedings, loans past due for six months or more and renegotiated loans at fiscal year-end standing at ¥257.5 billion, ¥733.7 billion and ¥186.3 billion, respectively. Accordingly, the ratio of these loans to the Bank's total loan portfolio improved by 0.97% from the previous year to 3.68% at the end of March 1998.

By completing all necessary financial assistance to our affiliated finance companies, the balance of our loans to companies under support programs decreased ¥216.9 billion compared with the previous year to stand at ¥40.7 billion.

As a result of the above measures, the balance of our disclosed problem loans decreased ¥621.2 billion compared to the previous year to ¥1,218.4 billion. The ratio of these loans to the Bank's total loan portfolio stood at 3.80% at the end of fiscal 1997, an improvement of 1.60% from the previous year.

Problem Loan Portfolio under New Standard

From this year onwards, in response to calls for more disclosure of financial information by banks, the Bank disclosed details of its problem loans referring to guidelines set down by the U.S. Securities Exchange Commission. The expanded information of the Bank covers loans past due for three months or more, in which the payment of principal or interest is delayed three months or more from the day following the date agreed as the payment date, and restructured loans*, which are loans provided to support the rehabilitation of certain borrowers, ensuring the recovery of the loan by amending existing terms and conditions to reflect more adequately the borrower's present circumstances. While the above problem loans represent loans which require cautious management, these loans also include those with a minimal risk of becoming bad loans or those with a possibility of recovery by supporting the rehabilitation of the borrower. Loans coming under these categories cannot be classified as problem loans under previously used criteria. Hence, our current problem loans under the new standard at fiscal year end amounted to ¥1,692.7 billion.

* Restructured loans: Under the new standard for disclosing problem loans, an additional item, restructured loans, has been established. Restructured loans are loans provided to support the rehabilitation of certain borrowers, ensuring the recovery of funds lent by amending existing terms and conditions to reflect more adequately the borrower's present circumstances.

Cash and Due from Banks

Cash and due from banks decreased by ¥1,570.9 billion to ¥2,749.9 billion due to a sharp reduction in due from banks in the area of international operations resulting from the efficient use of assets.

Trading Assets

In fiscal 1997, the Bank introduced the mark-to-market accounting method. This resulted in trading assets, such as trading securities, derivatives and hedging transactions amounting to ¥2,273.8 billion.

Liabilities

In fiscal 1997, three new accounting categories were established. They are, trading liabilities, as a result of the introduction of the mark-to-market method, a reserve for specific borrowers under support which reflects future support for affiliated non-bank financial companies, and land revaluation based on a law concerning land revaluation.

Deposits

Total deposits decreased by ¥3,077.9 billion from the previous year to ¥31,316.7 billion. While domestic deposits increased, international deposits decreased due to the reduction of international loans and due from banks. Negotiable certificates of deposit (NCDs) decreased by ¥758.5 billion from the previous year to ¥3,125.9 billion.

External Debts

External debts (defined as the sum of call money, bills sold and borrowings) increased by ¥209.5 billion to ¥5,596.2 billion. Subordinated debts increased by ¥111.4 billion to ¥1,842.2 billion due to funding to build up Tier 2 capital.

Reserves for Possible Loan Losses, etc.

Breakdown

	Billions of yen		
March 31,	**1998**	1997	Change
General Reserve	**¥ 74.0**	¥ 103.5	¥ (29.5)
Specific Reserves	**782.6**	878.8	(96.2)
Reserve for Specific Borrowers under Support	**122.3**	—	122.3
Reserve for Possible Losses on Sales of Loans	**52.7**	38.8	13.8
Reserve for Loans to LDCs	**0.8**	1.1	(0.3)
Total	**¥1,032.5**	¥1,022.4	¥ 10.0

Reserve for possible loan losses consists of a general reserve for possible loan losses, a specific reserve for possible loan losses, a reserve for specific borrowers under support, a reserve for possible losses on sales of loans, and a reserve for loans to LDCs. It amounted to ¥1,032.5 billion, which is an increase of ¥10.0 billion from the previous year.

This resulted from a reversal from the reserve for possible losses on certain doubtful loans in connection with the reduction of our problem loans. The Bank also made provisions for any potential losses deemed necessary as a result of its comprehensive self-assessment of its loan portfolio, setting up special reserves to cover any future potential losses from its affiliated companies, and also from making provisions against possible future losses arising in connection with the value of loans collateralized by real estate that were sold to the Cooperative Credit Purchasing Company.

Stockholders' Equity

Stockholders' Equity

	Billions of yen		
March 31,	**1998**	1997	Change
Total Stockholders' Equity	**¥1,140.7**	¥1,672.0	¥ (531.2)
Stockholder's Equity per Share (yen)	**321.22**	504.58	(183.36)
Dividends per Share of Common Stock (yen)	**8.50**	8.50	—
Dividends per Share of Preferred Stock (yen)	**7.50**	3.75	3.75

Total stockholders' equity declined by ¥531.2 billion to ¥1,140.7 billion, due to the posting of a net loss of ¥518.7 billion. The unappropriated loss at the end of fiscal 1997 was not carried forward into fiscal 1998 which was covered by deducting voluntary reserves.

Stockholders' equity per share stood at ¥321.22, a decline of ¥183.36 compared with the previous year.

Dividend Policy

Fuji Bank is always aware that it must first satisfy its shareholders by providing stable dividend payments utilizing its financial and management resources in the most effective way to consolidate its retained earnings. This fiscal year the Bank incurred a large net loss as a result of taking write-offs and setting aside reserves deemed necessary. However, the Bank has been able to provide appropriate reserves on its problem loan portfolio, including those pertaining to its affiliated financial companies, and it can now work on the job of recovering its financial soundness. An annual dividend payment per share of common stock was ¥8.50, while an annual dividend payment per share of preference stock was ¥7.50.

The Japanese economy still faces some difficult times ahead. However, the Bank will continue to pursue strengthening and building its financial fundamentals, taking advantage of the many new profit opportunities, while at the same time maintaining stable regular dividend payments to shareholders in the future.

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RISK MANAGEMENT

As a result of rapid advances in financial technology and major changes in the business environment, the risks inherent in banking operations are swiftly becoming more diverse and complex. As a result, it is more important than ever that bank management identify and carefully manage various types of risks including credit risk and market risk. Fuji Bank has made risk management one of its key managerial priorities.

Through the inspections and supervision carried out by our Inspection Division and external organizations such as the financial supervisory authorities, we are establishing organizational procedures that continually check the efficiency of our risk management systems. We also carry out comprehensive inspection of our entire risk management system at least once a year.

To facilitate statistical methods for measuring various types of risk on the basis of common criteria, we reorganized the former Market Risk Assessment Division into the Risk Assessment Division in January 1998. The new division follows a neutral approach to evaluating market risk and credit risk as well.

I. Credit Risk

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

Overall control of credit risk management is in the hands of the Loan Strategy Committee chaired by the President and CEO. This committee determines lending strategy and policies, and monitors the entire loan portfolio. At the same time, the Credit Planning Division and the Credit Division for Overseas Business specialize in devising the means of assessing and managing individual loan transactions, and for planning and developing methods for analyzing our overall loan portfolio.

1. Credit Assessment and Monitoring of Individual Transactions

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

Within the head office credit divisions, specialist departments are set up to deal with large and medium-sized enterprises by type of industry and operational scale, and with individuals and smaller businesses by region. The credit divisions also provide branches with appropriate advice in a timely manner according to the characteristics of the customers and markets involved. The Credit for New Business Department, for example, was set up to specialize in sectors where technological innovation is progressing rapidly.

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

We have also established departments at home and abroad to carry out industrial surveys designed to gather and analyze information on sectoral trends, and new products and technologies.

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

***In-house credit rating system**

Our in-house credit rating system has 16 grades and in principle is applied to all loan assets other than housing loans among others. The marketing or credit division in charge prepares rating studies on the basis of a manual, and the Credit Assessment & Auditing Department, which is completely independent of our credit divisions, confirms the validity of the results. In recent years, reviews have been conducted at least once every twelve months.

This system provides infrastructural support for the assessment and management of individual transactions, as well as the base for managing the loan portfolio and measuring credit risk. In addition, our credit ratings are applied to the pricing process for individual cases.

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

2. Portfolio Management

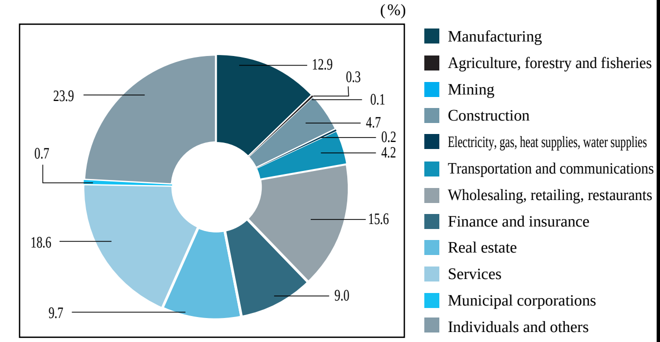
So far, we have looked at the assessment and management of individual transactions. It is also extremely important to ensure the overall soundness of loan assets by analyzing and managing the loan portfolio, which is the aggregate of all individual loans.

In order to ensure that credit risk held by the Bank is kept at an appropriate level, the Loan Strategy Committee monitors and periodically analyzes the entire loan portfolio by business sector, region, in-house credit rating and other criteria.

(1) Breakdown of Loan Portfolio by Business Sector

Generally speaking, we do not specify upper limits on outstanding loans in advance according to business sector. We do, however, monitor the makeup of our portfolio constantly to ensure that there is no bias toward any specific industrial sector and to avoid any adverse changes in portfolio structure.

[Graph 1] Breakdown of Loan Portfolio
(by business sector)
(March 1998)



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

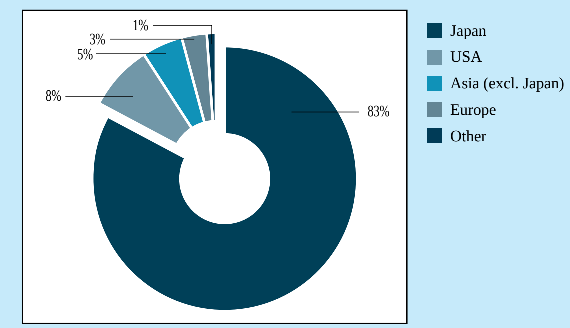
(2) Breakdown of Loan Portfolio by Region

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

As of the end of March 1998, loans to Asian countries were as shown below in Table 1. Affiliates of Japanese companies accounted for over 45 % of loans to the private sector.

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

[Graph 2] Breakdown of Loan Portfolio
(by region)
(March 1998)



Note: Non-consolidated basis.

[Table 1] Loans to Asian Countries

Millions of U.S. dollars

	Balance	Public Sector	Financial Institutions	Private Sector: Total	Japanese	(% of total)	Non-Japanese
South Korea	$ 885	$ 23	$162	$ 699	$ 45	(6.5%)	$ 654
Indonesia	1,415	127	98	1,189	541	(45.5)	648
Thailand	1,816	76	132	1,608	845	(52.6)	762
Hong Kong	3,494	3	131	3,358	1,423	(42.4)	1,935
Singapore	821	8	11	801	651	(81.3)	150
Malaysia	604	193	—	410	143	(35.0)	267
China	1,541	119	278	1,144	589	(51.5)	555
Philippines	312	34	—	277	95	(34.5)	182
Total	$10,890	$584	$815	$9,491	$4,336	(45.7%)	$5,155

Note: Non-consolidated basis.

3. Measuring Credit Risk

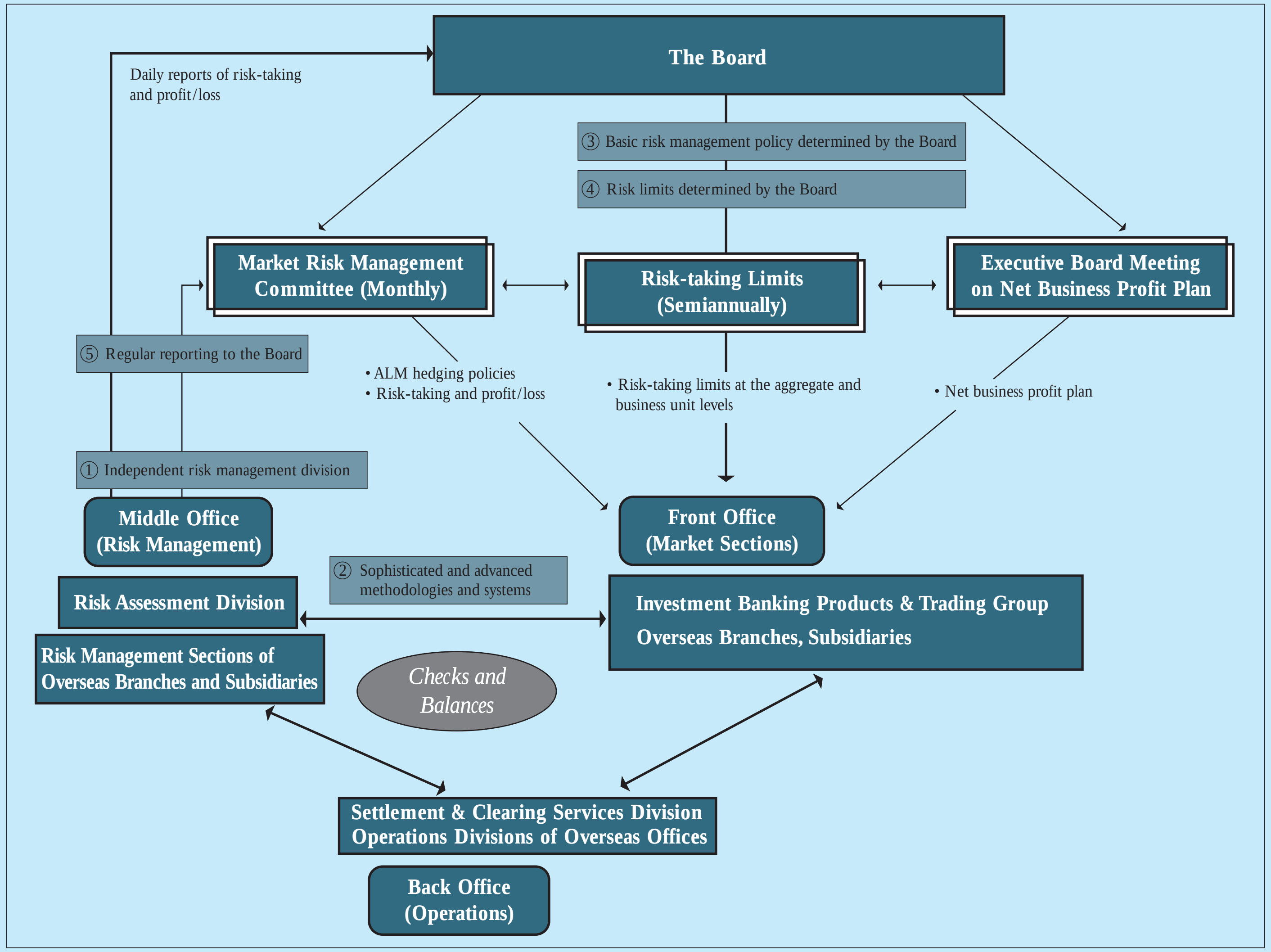
We have been tackling the issue of measuring credit risk from several viewpoints: promoting integrated risk management (combining credit and market risk), and portfolio management. Now the credit risk associated with virtually all credit transactions (including derivative and other off-balance sheet transactions) is measured on a daily basis.

We measure and analyze credit risk according to such criteria as transaction type, rating, region and business sector, and submit reports on our findings to top management. The information thus derived is reflected in managerial decisions relating to integrated risk management.

II. Market Risk Management

1. Market Risk Management Structure

We have established a solid structure for managing market risks including ALM (Asset Liability Management of interest rate risk on yen deposits and loans). We can adequately manage market risks through a centralized risk measurement system, and at the same time, we generate earnings through market trading. The following chart outlines our market risk management structure.



Our market risk management structure has the following key characteristics:

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

① Establishment of an independent risk management division.

In 1994, we became the first Japanese bank to set up the Market Risk Assessment Division (now the Risk Assessment Division), an independent risk control unit to identify, assess and control our overall market risk on a consolidated basis. This division is independent from business units involved in market activities, and reports directly to the Deputy President of the Bank to make proper and timely business judgments without influence from business units.

Overseas branches and subsidiaries have also established their own market risk management sections that are independent from the business units involved in market activities. Therefore, each office segregates duties by separating the front office (market activities), the middle office (risk management) and the back office (operations) and establishes checks and balances between them effectively.

② Sophisticated and advanced methodologies and systems for managing market risk.

Profits and losses in virtually all business units engaging in market activities are managed on a mark-to-market basis. This approach has been adopted because we believe that not only realized profits and losses but also unrealized gains are important to have a clear overall grasp of profit and loss.

We use the Value at Risk (VaR) methodology to manage market risk. For managing and controlling risk that cannot be ascertained by VaR alone, we also set limits on other risk sensitivities such as BPV (Basis Point Value), carry out stress tests and back tests, and set stop-loss limits, according to market risk activities in each business unit. For further information, refer to the following sections regarding market risk profiles.

The Risk Assessment Division is continuously striving to absorb risk management innovation, to develop advanced financial theories and methodologies, and to improve information systems for risk management.

③ Basic risk management policy determined by the Board.

We have formulated our own risk management policy in order to clarify our standards on setting risk-taking limits, organizational structures, lines of authority, procedures, and techniques to evaluate and control risks. The risk management policy is reviewed every six months and approved by the President and CEO. This is consistent with the risk management principles issued by Japanese banking regulators and the Bank for International Settlements.

④ Risk limits determined by the Board.

We believe that the potential loss from our aggregate risks such as market, credit and operational risk and other risks should be kept within levels that can be covered by our own capital. Therefore, we set aggregate VaR limits by allocating some portion of our capital to market risk based on our business strategy for market activities. Each division's VaR limit is set by allocating the Bank's aggregate VaR according to such criteria as the market outlook and business strategy. Risk-taking limits at the aggregate and business unit levels are decided every six months by the President and CEO.

⑤ Regular reporting to the Board and senior management.

[Daily] E-mail

A daily report that summarizes our aggregate VaR, and trading activities, profits and losses, and market risk-taking of each division is sent to the Chairman, the President and CEO and other members of the Board and senior management through E-mail.

[Monthly] Market Risk Management Committee

The Market Risk Management Committee is convened every month by the presiding Deputy President. The Committee reviews trading activities, profits and losses, market risk-taking of each division, as well as liquidity risk, and makes decisions on ALM hedging policies.

The above procedures provide senior management with an accurate and timely grasp of our market risk exposure, creating an organizational structure that enhances appropriate and rapid management decision-making.

Overall, this management system has been functioning very well. For example, since the Asian market crisis in 1997, branches in the region have been managing their positions carefully according to the information provided by the risk management divisions in Singapore and Hong Kong, which have been monitoring the situation carefully. Not only has this helped forestall a number of problems, but the Market Risk Management Committee has enabled senior management to make quick decisions on proposals to reduce risk-taking limits according to changes in the market environment.

The following measures have also been adopted to deal with ALM activities:

- The Treasury Division has been set up to carry out ALM hedging operations.
- Each month, the Market Risk Management Committee sets its ALM hedging policies. The Treasury Division follows these policies in its actual ALM hedging operations, and submits its report to the Committee the following month.

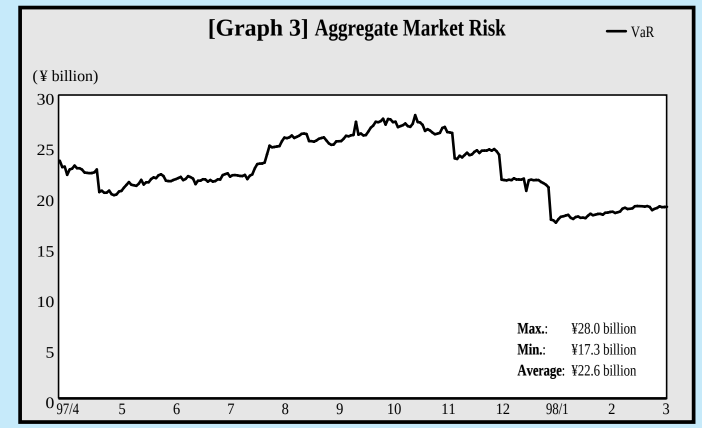
In this way, we have established a solid structure for managing market risks including ALM activities.

2. Aggregate Market Risk Activities

(1) Level of Market Risk

Market risk amount (Value at Risk) in fiscal 1997 is shown in Graph 3 below. Market risk amount (Value at Risk) covers almost all financial instruments in our consolidated books including most of our subsidiaries (excluding equity investment securities held for long-term appreciation).

[Graph 3] Aggregate Market Risk



Value at Risk

Value at Risk (VaR) is defined as the potential loss for a certain period from an adverse market movement which could occur in a certain probability. Actual VaR may vary with degree of probability, length of holding period, or the nature of models used to identify the risks.

The following standards apply for the purpose of calculating VaR as shown in the graph above.

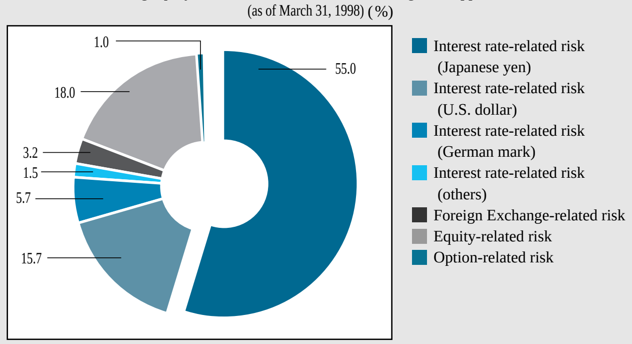
- Confidence interval: one-tailed 97.5% (two-tailed 95%)
- Holding period: one day
- Historical observation period: 6 months
- Discretion to recognize empirical correlations across broad risk categories

We have been calculating VaR with our internal models to monitor and control our market risk effectively. We have continuously confirmed that potential loss calculated using VaR methodology is far below our own capital.

(2) Structure of Market Risk

Graph 4 shows the breakdown of our market risk amount by each risk category as of March 31, 1998 (excluding equity investment securities held for long-term appreciation). This graph shows the sensitivity of our market risk profile by each risk category. (This graph covers the same instruments as in Graph 3.)

[Graph 4] Market Risk
(by risk category)
excluding equity investment securities held for long-term appreciation
(as of March 31, 1998) (%)



As shown in Graph 4 above, the majority of our market risk comes from Japanese yen interest rate instruments. This fact implies that we command good control of market risk since we have considerable access to the yen market. Also, this graph shows that market risks other than Japanese yen interest rate risk are well-diversified among various categories of market risks. Option-related risk which has non-linear price characteristics is only 1% of our overall market risk.

Since interest rate and foreign exchange risk of Asian currencies totaled approximately 2% overall, the Asian market crisis in 1997 had relatively little effect on our earnings.

(3) Yen Interest Rate Risk

Table 2 takes a more detailed look at yen interest rate risk, which is the majority of our aggregate market risk. It shows yen interest rate risk in terms of interest rate sensitivity by period (grid sensitivity).

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

	Billions of yen		
March 31, 1998	1 year or less	1-5 years	5 years or more
Interest rate sensitivity	¥0.1	¥(1.3)	¥(1.7)

Note: This table covers the same instruments as in Graph 3.

The interest rate sensitivity above shows how much net present value increases when interest rates go up by 1 basis point (0.01%). The negative numbers in the above table thus show that net present value declines when interest rates increase during the periods in question. We can obtain a more accurate analysis of the influence of the shift of interest rates on net present value, even if short-term and long-term interest rates move differently.

(4) Simulations of Earnings at Risk

Periodically, we conduct simulations of earnings at risk regarding interest rate portfolios on the banking account of major currencies, other than securities investments. This enables us to obtain a more accurate analysis of the influence of changes in interest rate levels on our earnings. Table 3 below shows earnings at risk in the case where interest rates rise by 0.5%.

[Table 3] Earnings at Risk

	Billions of yen		
	Yen	U.S. dollar	German mark
April 1998 – September 1998	¥(5.3)	¥(2.7)	¥(0.5)
October 1998 – March 1999	(8.0)	(6.0)	(2.1)

(Difference between estimated profits in the current situation and estimated profits in the 0.5% rise in interest rates)

Taking into account that net present value of interest rate portfolios at the end of March 1998 exceeded 200 billion yen by a large margin, we believe a potential negative impact on earnings shown on the above table is negligible in terms of the amount of our overall earnings and capital.

We manage market risk not only by VaR methodology, but also by using other risk sensitivities such as BPV (Basis Point Value) and earnings simulations to evaluate and manage risk even more sensitively.

(5) Liquidity Risk

Liquidity risk is defined as the risk of being unable to offset or hedge positions in a timely manner at a reasonable cost. This risk states that the loss might exceed normal VaR. We confirm our ability to offset or hedge positions in a short time at a reasonable cost by monitoring and reviewing the liquidity and turnover of certain asset inventories on a periodic basis.

Specifically, first, we estimate the one-day volume that we can trade at a reasonable cost for each financial instrument. Second, we calculate time to offset or hedge our positions based on estimated one-day volume. Then we compute market liquidity risk amount (VaR) by setting our holding period equal to time to offset or hedge positions calculated above.

Market liquidity risk amount as of March 31, 1998 is ¥ 74.6 billion. Therefore, even by taking the market liquidity and time to offset or hedge positions into consideration in computing VaR, we have enough capital and profitability to absorb market liquidity risk (No correlation among instruments is taken into consideration. Market liquidity risk amount includes the same instruments as in Graph 3 on page 45).

The President and CEO sets the limit on market liquidity risk amount every six months, and the Risk Assessment Division reviews and reports market liquidity risk amount to the Market Risk Management Committee every month.

The other type of liquidity risk is the risk of the potential inability to meet funding requirements of transactions. We develop and enhance the procedure to identify, measure, and monitor our liquidity sources and use it in order to strictly control this type of liquidity risk. The President and CEO sets the limit every six months and the liquidity profile is reported monthly to the Market Risk Management Committee.

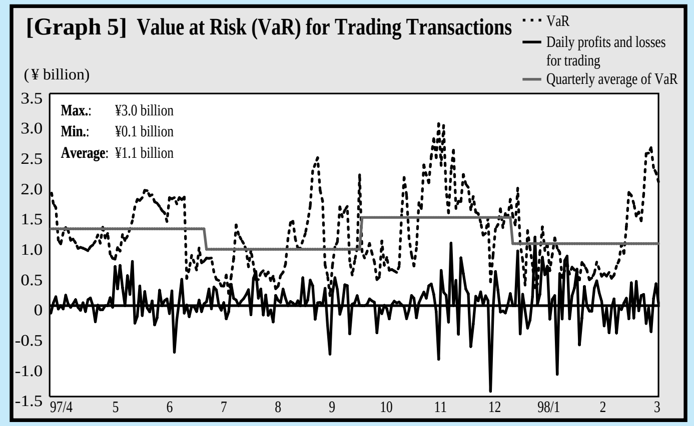
3. Profile of Risk-taking of Trading Transactions

Since fiscal 1997, mark-to-market accounting has been introduced in the trading books of Japanese financial institutions. The following sections describe trading transactions, which include transactions for trading purpose accounted for in the trading books and foreign exchange transactions (non-consolidated).

We value financial instruments by using quoted market prices (fair value) if they are available. If quoted market prices are not available, fair values are estimates derived from using discounted cash flows or other valuation techniques. Valuation includes the significant assumptions which we regard as adequate, and if different assumptions were used, the valuation may differ from our estimates.

(1) VaR

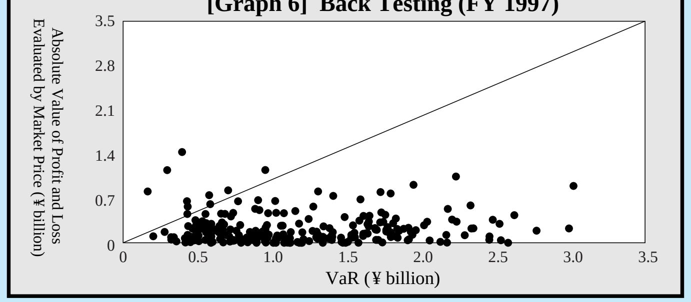
[Graph 5] Value at Risk (VaR) for Trading Transactions



(2) Back Testing

We routinely compare daily profits and losses with model-generated risk measures to gauge the quality and accuracy of our risk measurement model. This process is known as “back testing.”

[Graph 6] Back Testing (FY 1997)



The graph above shows the absolute value of the daily profit and loss flows to VaR. Dots that lie above the diagonal line indicate the days when the absolute value of the profits and losses exceeded VaR. According to the statistical specification underlying our VaR methodology, only approximately 5% (2.5% × 2 as this considers both profit & loss) of the observations should lie above the diagonal line. As shown in Graph 6, ten dots lie above the diagonal line, which is about 4% of all data. Accordingly, the comparison of actual trading results with model-generated risk measures is close enough, and the back test raises no issues regarding the quality of our risk measurement model.

(3) Stress Testing

In times of stress, market conditions change dramatically. Sharp and volatile price movement destroys liquidity and correlation between instruments. As VaR is a figure to determine potential losses in trading activities when the market is in normal conditions and liquid, it fails to evaluate the loss in stress condition. Stress testing is an alternative technique for evaluating the exposure under worst-case scenarios which plays an important role together with VaR in market risk management because it enables senior management to explore potential risks.

Stress testing can take several forms. We prepare several kinds of stress tests according to management needs. Some of the results of the stress testing is presented in the table below. Results are reviewed regularly by senior management and are reflected in the policies and limits which are approved by the President and CEO.

The table shows two stress scenarios and one worst-case scenario. With respect to the two stress scenarios, the results of the severe confidence interval scenarios tell the potential loss under abnormal conditions while still maintaining liquidity and correlation among instruments. The worst-case scenario is based on the market's most extreme movement according to historical data over ten years. It shows the potential loss when the market moves sharp and volatile in the case when the correlation among instruments are destroyed.

[Table 4] Stress Testing

	Billions of yen
	Potential loss
VaR (confidence interval 97.5%)	¥ 3.0
Stress Scenario (confidence interval 99.0%)	3.5
Stress Scenario (confidence interval 99.9%).........	4.7
Stress Scenario (worst case)	19.0

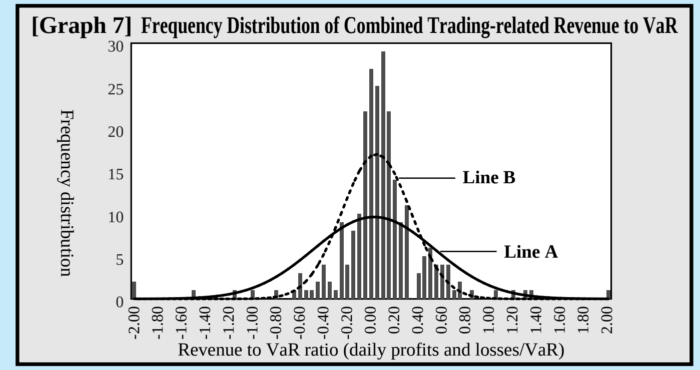
(4) Revenue to VaR Ratio

It is our basic policy to optimize risk-adjusted return by monitoring and managing risks we take. Therefore, it is extremely important to monitor if risk-adjusted return is sufficient, and if we have enough profitability to absorb any potential losses.

The frequency distribution of our daily combined trading-related revenue to VaR ratio during the twelve-month period ended March 31, 1998 is presented below. Line A shows the theoretical profit-and-loss distribution (normal distribution : mean = 0). Line B is the distribution curve based on our actual profits (mean > 0).

- Line B has a skewed shape toward the positive side. This clearly shows our good performance with respect to daily revenue.
- The deviation of Line B is smaller than that of the theoretical profit-and-loss distribution curve (Line A). This shows the fluctuation of daily revenue is very small.

[Graph 7] Frequency Distribution of Combined Trading-related Revenue to VaR



Due to our well-diversified trading portfolio and client-oriented nature of our trading activities, we achieved the good performance and stability of daily revenue such as indicated in the graph above.

We use not only the Value at Risk (VaR) methodology, but also other risk management methods such as stress tests and back tests to manage market risks more effectively, and we have continuously confirmed that potential loss from market risk is far below our own capital, profitability and other resources.

4. Off-Balance Sheet Financial Instruments

(1) Purpose of Off-Balance Sheet Transactions

Off-balance sheet transactions are those which are not recorded on the balance sheet because fund transfer does not occur for the principal of those transactions. We deal with off-balance sheet transactions, especially derivative products, for the risk hedging needs of customers, for hedging in asset liability management, and for earning profits from trading.

(2) Market Risk of Off-Balance Sheet Transactions

As previously explained, off-balance sheet transactions are also exposed to market risk. (Refer to the previous sections regarding market risk profile.)

(3) Credit Risk of Off-Balance Sheet Transactions

When calculating BIS-based capital, credit risk of off-balance sheet transactions is calculated as follows.

[Table 5] BIS Base Credit Risk of Off-Balance Sheet Transactions

	Billions of yen			
	Notional amount		Credit risk equivalent (BIS base)	
March 31,	**1998**	1997	**1998**	1997
Interest Rate Swaps	**¥265,698.7**	¥176,325.6	**¥3,098.7**	¥2,183.4
Currency Swaps	**4,919.8**	4,030.2	**506.3**	457.2
FX Forward	**34,008.5**	31,726.9	**1,518.3**	1,304.1
Interest Rate Options (buying)	**2,837.9**	2,019.4	**34.4**	17.2
Currency Options (buying)	**2,415.6**	1,541.5	**73.8**	49.3
Other Derivatives	**27,908.1**	17,230.5	**35.6**	45.7
Effect of Netting Arrangement			**(3,040.4)**	(833.6)
Total	**¥337,788.8**	¥232,874.5	**¥2,227.0**	¥3,223.5

Note: Consolidated basis.

Credit Risk Equivalent (which is basically calculated using the current exposure method) of off-balance sheet transactions shown in the above table is different from potential default loss. Potential default losses arise from the possibility that counterparties may default on their obligations to the Bank.

We establish credit limits to manage credit risk for individual customers, and review these limits regularly. Limits are set on each type of transaction and these limits are strictly observed.

Other quantitative data regarding credit risk of off-balance sheet transactions as of March 31, 1998 (non-consolidated) are presented in the following tables. These tables include virtually all off-balance sheet transactions (excluding our transactions with Fuji Capital Markets Group, our swap house subsidiary).

[Table 6] Breakdown by Creditworthiness

	Billions of yen		
	Credit exposure	Credit cost	Credit risk amount
Customers whose creditworthiness is generally equivalent to AAA/Aaa - BBB/Baa rating from rating agencies	¥2,471.2	¥0.6	¥7.1
Customers whose creditworthiness is generally equivalent to BB/Ba rating from rating agencies	79.8	0.2	0.3
Others	47.6	6.4	0.9
Total	¥2,598.6	¥7.2	¥8.3

Notes: 1. Credit exposure in the table is similar to Credit Risk Equivalent, both of which are basically calculated using current exposure method and are different from potential default loss. However, details of calculation methods are different.
2. Credit cost is expected losses computed using statistical models.
3. Credit risk amount is potential default loss (volatility of expected losses) computed using statistical models.

[Table 7] Breakdown by Region

	Billions of yen		
	Credit exposure	Credit cost	Credit risk amount
Japan	¥1,410.3	¥6.4	¥4.6
Asia	45.5	0.4	0.3
USA	550.1	0.1	1.6
Europe	493.9	0.2	1.6

Note: Based on countries in which head offices are located.

[Table 8] Breakdown by Industry

	Billions of yen		
	Credit exposure	Credit cost	Credit risk amount
Banking, Securities, Insurance	¥2,023.0	¥0.6	¥6.3
Manufacturing	99.1	0.3	0.2
Wholesale	51.8	0.5	0.1
Transportation and Communications	31.8	0.1	0.1
Services	18.7	1.3	0.1
Nonbank	107.3	1.9	0.2
Others	267.1	2.6	1.3

The tables above show that over 95% of the credit exposure of off-balance sheet (derivative) transactions arises from transactions with customers whose creditworthiness is generally equivalent to the investment-grade ratings from rating agencies. Moreover, by type of customers, most of the credit exposure of off-balance sheet (derivative) transactions is with commercial bank and other financial institution counterparties, most of whom are dealers in these products. We deal in virtually no transactions of off-balance sheet (derivative) transactions which are considered to be highly leveraged.

III. Other Risks

We are making strenuous efforts to put in place an organizational structure that, with the full participation of top management, is able to obtain a clear grasp of the nature and size of risk other than credit and market risk. We have established divisional lines of authority for dealing with operational risk, system risk and other important risk factors. We also prepared comprehensive disaster recovery plans to deal with various emergency scenarios such as major disasters affecting a wide area.

(1) Operational Risk

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

The Systems & Operations Administration Division is primarily responsible for establishing systems to deal with operational risk. First, it establishes procedures to be followed in all operational processes. In addition, it designates a responsible person in each division whose job is to check periodically that the prescribed procedures are being properly observed.

The separation of front, middle and back offices in market divisions and other measures are designed to provide a system of mutual checks and balances within the organization. As part of our efforts to build an efficient operational processing system that reduces human error to a minimum, we are pushing ahead with computerization and the centralization of data processing functions at our computer center.

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

(2) Computer-related Risk

We are working very hard on measures to deal with systems risk by setting up procedures for responding to various disasters and systems troubles. These focus on two aspects: measures to forestall systems troubles resulting from facilities and technical problems; and operational procedures in the event of system malfunctions.

With regard to measures to prevent systems troubles from occurring, we have worked for many years on building an extremely reliable system. Among other things, hardware is housed in a building specifically built for that purpose with its own electric generating facilities, and developed hardware and software systems with a full-scale backup function. Furthermore, we have established a department which is independent of systems development divisions to check the nature and security of new systems at the design stage, as well as the procedures involved in the use of the systems.

We have also greatly enhanced the safety of our network systems, introducing advanced networking technology which makes it possible to transmit data between branches. Hence, in the event of systems trouble between the computer center and a branch, data are automatically diverted through other branches eliminating the disruption of the flow of data.

We also have a full range of contingency plans which lay down procedures to be followed and emergency measures to be adopted in the case of systems malfunctions.

In addition, we have taken necessary steps to cope with the Year 2000 issue. (Refer to following page.)

(3) Legal Risk

We established the Legal Division to specialize in the management of legal risk, and appointed compliance officers at all marketing branches and head office divisions to ensure that all legal requirements are fully met. The Legal Division is directly in charge of analyzing the legal risk to which the Bank is exposed in its business, and of devising measures to deal with it. It also supervises the activities of the compliance officers. To ensure that legal requirements are observed, a compliance manual has been prepared and distributed to all employees. (Refer to following page.)

(4) Settlement Risk

Although the risk arising from timing differences in payments and receipts, such as those in settling foreign exchange transactions, is a sort of credit risk, it is necessary to adopt a different approach. We have instituted standard measures for managing limits on receivables. We are also successfully improving our track record in reducing risk by altering the rules for fund settlements with correspondent banks in order to shorten the settlement timing difference and by using netting to reduce the amounts involved in settlements.

(5) Other Risk

The growing sophistication and complexity of financial technology have led to the emergence of various new types of risk. For example, in the case where the risk involved in a particular type of product is not fully explained to customers when the contract is concluded, there is a danger that complications (including legal) involving customers will arise later. This is particularly true of complex new products such as derivatives.

For some considerable time now, we have been working to ensure that staff who deal with customers are well trained in proper sales procedures through our education and training programs. Derivatives and related products in particular are given ratings according to the nature of each product, and sales procedure rules are formulated for each rating. Where necessary, risk management information is disseminated to customers.

We will continue to deal appropriately with new types of risks which accompany the ever-changing financial business environment.

Year 2000 Compliance Program

Realizing that the Year 2000 problem is an important management issue, the Bank commenced a Year 2000 Compliance Program (Y2K Program) in fiscal 1996 coordinated by our Systems Planning Division.

Year 2000 Strategy

The scope of our Y2K program is to ensure that all domestic and international systems (including those in our branches, representative offices and subsidiaries) are Y2K compliant. Of particular importance are the accounting systems and related applications which comprise the majority of our systems resources. Domestically, these systems were upgraded in 1988, at which time we conducted and completed Y2K compliance testing. The remaining systems, therefore, are the current focus of the Y2K program.

Year 2000 Compliance Definition

Our Y2K program is being implemented in accordance with standards issued by local regulatory institutions such as the Japanese Ministry of Finance and the Bank of Japan, as well as with international benchmark standards set down in the U.S. Federal Financial Institutions Examination Council (FFIEC) Y2K Project Management Awareness Statement, and the British Standards Institution Y2K Compliance Statement.

Timing

In March 1998, we completed a comprehensive analysis of all mainframe internal systems, externally linked systems and microcomputer systems. At that time, specific plans and schedules were created for the development and implementation of any changes necessary for compliance, and this system development and testing is proceeding on schedule. Our Y2K program for major systems is expected to be completed by December 31, 1998.

Organization

Specific action plans for each system are made by the division (or branch) in charge, and are reported to the System Strategy Committee (headed by the Deputy President), which discusses and monitors the progress of the whole Y2K program and each specific action plan. For some overseas branches and subsidiaries, in-house Y2K project teams control the Y2K program and monitor the status of each system.

Testing

The testing of all technology components is proceeding according to the program. The testing process includes testing of modifications made to hardware and software components as well as interfaces with our customers, vendors and other systems. Internal testing is expected to be completed by December 31, 1998. Accordingly, we will undertake external testing to ensure the integrity of the system applications with third party data providers and the environment.

Business Contingency Plan

Our current Disaster Recovery Plan is being reviewed and will be modified where necessary by contingency plans specially designed to deal with the Y2K problem. The modification is expected to be completed by December 31, 1998.

Budgeting

The total cost required to implement the Y2K program is currently estimated to be approximately ¥5 billion (US$37 million) and has already been approved and budgeted in our medium-term Management Resource Plan. Furthermore, all necessary personnel resources related to the project has been approved as well.

Our management fully recognizes the importance and seriousness of system compliance for the Y2K problem. The compliance program is being implemented with the highest priority to ensure an event-free transition to the year 2000, and to prevent any inconvenience to our customers.

Legal Compliance

Banking is a business based on mutual trust between a financial institution and its customers. And with the globalization of banking proceeding at an accelerated pace, banks are expected not only to be responsible corporate citizens that conduct business honestly, with integrity and according to solid business ethics, but also to conduct their worldwide operations in compliance with an increasingly complex web of local laws and regulations in the countries they operate. In this environment, the Bank focuses increasingly on the importance of compliance and hence has established a global compliance system.

Our Legal Division at Head Office is responsible for the Bank's legal affairs and has compliance officers in the Division. The Division has directed all head office divisions/departments and branches in Japan to designate an employee as a compliance officer as well. Overseas, we have a compliance officer in each country where our branches are located and in addition to this, we have also retained the services of local law and accounting firms in order to implement a support system for the execution of contracts and to set up a program to ensure conformity to legal and compliance issues. The general manager of the Legal Division, who is also the Bank's chief compliance officer, instructs compliance officers directly to investigate and take the necessary measures for legal matters. Our compliance objectives are to ensure that all banking business is conducted in compliance with laws, regulations and supervisory requirements in each country where our branches are located. Therefore, our global compliance program is being implemented in line with standards and guidelines issued by local regulatory authorities and we have modified internal bank policies, and compliance manuals, including our code of conduct and procedures, accordingly. These objectives must be met in order to protect the Bank's franchise and reputation. We continually monitor and evaluate our compliance system in accordance with changing internal and external conditions, and will enhance the system as necessary to maintain its effectiveness.

CONSOLIDATED FIVE-YEAR SUMMARY

Fuji Bank Group

	Millions of yen				
Years ended March 31,	**1998**	1997	1996	1995	1994
Balance Sheet					
Assets					
Cash and Due from Banks	**¥ 2,821,634**	¥ 4,341,701	¥ 5,626,067	¥ 7,201,305	¥ 8,735,186
Call Loans and Bills Purchased	**1,453,230**	2,230,223	1,617,672	1,267,896	1,049,362
Commercial Paper and Other Debt Purchased	**43,216**	188,430	126,295	264,440	173,886
Trading Assets	**3,265,412**	—	—	—	—
Trading Account Securities	**—**	845,037	1,104,386	1,049,045	1,023,600
Money Held in Trust	**84,989**	117,271	148,150	170,959	181,271
Securities	**6,044,830**	5,607,096	5,646,405	5,970,789	5,660,362
Loans and Bills Discounted	**34,028,201**	35,714,787	33,793,990	32,277,715	33,006,897
Foreign Exchange	**580,018**	541,793	460,804	373,913	408,287
Other Assets	**3,326,086**	3,480,573	2,703,193	1,988,362	1,587,556
Premises and Equipment	**693,955**	357,330	344,468	326,753	318,923
Deferred Taxes	**441,043**	256,925	223,163	135,113	174,251
Consolidation Difference	**8,153**	—	—	—	—
Customers' Liabilities for Acceptances and Guarantees	**2,322,736**	2,529,984	2,606,804	2,402,900	2,796,516
Total Assets	**¥55,113,509**	¥56,211,154	¥54,401,403	¥53,429,197	¥55,116,101
Liabilities and Stockholders' Equity					
Liabilities					
Deposits	**¥34,552,361**	¥38,649,481	¥37,280,377	¥37,212,285	¥39,081,545
Call Money and Bills Sold	**3,755,273**	4,310,517	4,812,472	5,186,289	5,121,449
Trading Liabilities	**2,057,167**	—	—	—	—
Borrowed Money	**2,947,169**	2,252,185	2,892,475	2,817,529	2,825,781
Foreign Exchange	**113,221**	82,000	77,051	52,956	76,739
Bonds and Notes	**1,657,224**	1,322,494	904,255	609,883	649,484
Convertible Bonds	**12,582**	12,582	13,009	13,231	31,720
Other Liabilities	**4,381,799**	3,943,584	3,100,789	2,323,258	1,898,074
Reserve for Possible Loan Losses	**904,217**	1,022,030	980,737	732,756	541,654
Reserve for Retirement Allowances	**48,312**	48,816	48,877	48,525	48,276
Other Reserves	**176,066**	60,243	21,262	20,602	18,925
Minority Interest in Consolidated Subsidiaries	**282,392**	42,885	26,683	24,078	24,469
Acceptances and Guarantees	**2,322,736**	2,529,984	2,606,804	2,402,900	2,796,516
Land Revaluation Account	**326,529**	—	—	—	—
Total Liabilities	**53,537,054**	54,276,804	52,764,796	51,444,297	53,114,638
Stockholders' Equity					
Common Stock	**424,087**	424,087	423,873	423,762	423,316
Preferred Stock	**105,000**	105,000	—	—	—
Capital Surplus	**419,954**	419,954	314,740	314,629	314,184
Legal Reserve	**89,216**	86,616	82,253	77,869	72,807
Earned Surplus	**538,210**	898,696	815,747	1,168,640	1,191,166
Treasury Common Stock, at cost	**(11)**	(4)	(7)	(1)	(11)
Total Stockholders' Equity	**1,576,455**	1,934,349	1,636,606	1,984,900	2,001,463
Total Liabilities and Stockholders' Equity	**¥55,113,509**	¥56,211,154	¥54,401,403	¥53,429,197	¥55,116,101
Profit and Loss Account					
Income					
Interest Income:					
Interest on Loans and Discounts	**¥ 1,399,707**	¥ 1,283,411	¥ 1,344,629	¥ 1,409,873	¥ 1,550,400
Interest and Dividends on Securities	**121,337**	138,348	165,474	188,551	210,304
Other Interest Income	**661,991**	751,895	980,419	719,784	676,864
Fees and Commissions	**137,765**	128,630	128,083	114,639	111,728
Trading Revenue	**56,913**	—	—	—	—
Other Operating Income	**151,504**	96,938	200,100	105,249	143,169
Other Income	**350,069**	345,469	305,417	455,681	27,021
Total Income	**2,879,290**	2,744,693	3,124,125	2,993,779	2,719,489
Expenses					
Interest Expenses:					
Interest on Deposits	**703,442**	697,473	884,722	986,240	1,066,511
Interest on Borrowings, Bonds and Notes	**418,061**	313,706	303,880	330,462	340,667
Other Interest Expenses	**519,472**	485,111	583,498	392,547	400,451
Fees and Commissions	**49,247**	47,265	44,528	44,845	46,517
Other Operating Expenses	**46,816**	55,291	84,552	55,915	41,754
General and Administrative Expenses	**470,091**	443,807	418,786	416,583	404,232
Other Expenses	**1,128,236**	602,934	1,189,423	727,417	355,280
Total Expenses	**3,335,366**	2,645,590	3,509,393	2,954,013	2,655,414
Income (Loss) before Income Taxes and Others	**(456,076)**	99,103	(385,267)	39,766	64,074
Income Taxes:					
Current	**17,528**	7,549	8,180	5,026	29,757
Deferred	**(133,182)**	(18,390)	(68,454)	28,850	(674)
Minority Interest in Net Income	**7,584**	4,891	3,863	3,377	3,468
Amortization of Consolidation Difference	**2,038**	1,171	139	—	1,131
Equity in Earnings of Affiliates and Unconsolidated Subsidiaries	**4,735**	5,163	3,575	2,137	2,548
Net Income (Loss)	**¥ (345,309)**	¥ 109,044	¥ (325,420)	¥ 4,649	¥ 32,939

Note: Amounts less than one million yen have been omitted. As a result, the totals shown in the financial statements for the years ended do not necessarily agree with the sum of the individual amounts respectively.

CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

Balance Sheet

March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
ASSETS			
Cash and Due from Banks	**¥ 2,821,634**	¥ 4,341,701	**$ 21,359,834**
Call Loans and Bills Purchased	**1,453,230**	2,230,223	**11,000,989**
Commercial Paper and Other Debt Purchased	**43,216**	188,430	**327,152**
Trading Assets (Note 3)	**3,265,412**	—	**24,719,248**
Trading Account Securities	**—**	845,037	**—**
Money Held in Trust	**84,989**	117,271	**643,369**
Securities (Note 4)	**6,044,830**	5,607,096	**45,759,507**
Loans and Bills Discounted (Note 5)	**34,028,201**	35,714,787	**257,594,257**
Foreign Exchange	**580,018**	541,793	**4,390,753**
Other Assets (Note 6)	**3,326,086**	3,480,573	**25,178,551**
Premises and Equipment (Note 7)	**693,955**	357,330	**5,253,257**
Deferred Taxes	**441,043**	256,925	**3,338,712**
Consolidation Difference	**8,153**	—	**61,724**
Customers' Liabilities for Acceptances and Guarantees (Note 14)	**2,322,736**	2,529,984	**17,583,168**
Total Assets	**¥55,113,509**	¥56,211,154	**$417,210,521**

The accompanying notes are an integral part of these statements.

March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Note 8)	**¥34,552,361**	¥38,649,481	**$261,562,164**
Call Money and Bills Sold	**3,755,273**	4,310,517	**28,427,509**
Trading Liabilities	**2,057,167**	—	**15,572,803**
Borrowed Money (Note 9)	**2,947,169**	2,252,185	**22,310,138**
Foreign Exchange	**113,221**	82,000	**857,087**
Bonds and Notes (Note 10)	**1,657,224**	1,322,494	**12,545,228**
Convertible Bonds (Note 11)	**12,582**	12,582	**95,248**
Other Liabilities (Note 12)	**4,381,799**	3,943,584	**33,170,318**
Reserve for Possible Loan Losses	**904,217**	1,022,030	**6,844,945**
Reserve for Retirement Allowances	**48,312**	48,816	**365,727**
Other Reserves (Note 13)	**176,066**	60,243	**1,332,829**
Minority Interest in Consolidated Subsidiaries	**282,392**	42,885	**2,137,717**
Acceptances and Guarantees (Note 14)	**2,322,736**	2,529,984	**17,583,168**
Land Revaluation Account	**326,529**	—	**2,471,834**
Total Liabilities	**53,537,054**	54,276,804	**405,276,715**
Stockholders' Equity			
Common Stock (Note 15)	**424,087**	424,087	**3,210,348**
Preferred Stock (Note 15)	**105,000**	105,000	**794,852**
Capital Surplus (Note 15)	**419,954**	419,954	**3,179,064**
Legal Reserve (Note 16)	**89,216**	86,616	**675,369**
Earned Surplus	**538,210**	898,696	**4,074,262**
Treasury Common Stock, at cost	**(11)**	(4)	**(89)**
Total Stockholders' Equity	**1,576,455**	1,934,349	**11,933,806**
Total Liabilities and Stockholders' Equity	**¥55,113,509**	¥56,211,154	**$417,210,521**

CONSOLIDATED

Statement of Income

Years ended March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
INCOME			
Interest Income:			
Interest on Loans and Discounts	**¥1,399,707**	¥1,283,411	**$10,595,818**
Interest and Dividends on Securities	**121,337**	138,348	**918,531**
Other Interest Income	**661,991**	751,895	**5,011,292**
	2,183,037	2,173,655	**16,525,641**
Fees and Commissions	**137,765**	128,630	**1,042,885**
Trading Revenue (Note 17)	**56,913**	—	**430,834**
Other Operating Income (Note 18)	**151,504**	96,938	**1,146,893**
Other Income (Note 18)	**350,069**	345,469	**2,650,038**
Total Income	**2,879,290**	2,744,693	**21,796,291**
EXPENSES			
Interest Expenses:			
Interest on Deposits	**703,442**	697,473	**5,325,076**
Interest on Borrowings, Bonds and Notes	**418,061**	313,706	**3,164,732**
Other Interest Expenses	**519,472**	485,111	**3,932,416**
	1,640,975	1,496,291	**12,422,224**
Fees and Commissions	**49,247**	47,265	**372,802**
Other Operating Expenses (Note 19)	**46,816**	55,291	**354,398**
General and Administrative Expenses	**470,091**	443,807	**3,558,604**
Other Expenses (Note 19)	**1,128,236**	602,934	**8,540,772**
Total Expenses	**3,335,366**	2,645,590	**25,248,800**
Income (Loss) before Income Taxes and Others	**(456,076)**	99,103	**(3,452,509)**
Income Taxes (Note 20):			
Current	**17,528**	7,549	**132,694**
Deferred	**(133,182)**	(18,390)	**(1,008,198)**
Minority Interest in Net Income	**7,584**	4,891	**57,414**
Amortization of Consolidation Difference	**2,038**	1,171	**15,432**
Equity in Earnings of Affiliates and Unconsolidated Subsidiaries	**4,735**	5,163	**35,849**
Net Income (Loss)	**¥ (345,309)**	¥ 109,044	**$ (2,614,002)**
Net Income (Loss) per Share (single currency unit)	**¥(119.35)**	¥37.54	**$(0.90)**
Net Income per Share (diluted)	**—**	37.27	**—**
Dividend Declared per Share (single currency unit):			
Common Stock	**8.50**	8.50	**0.06**
Preferred Stock	**7.50**	3.75	**0.06**

The accompanying notes are an integral part of these statements.

CONSOLIDATED

Statement of Earned Surplus

Years ended March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
Balance at Beginning of Year	**¥898,696**	¥ 815,747	**$6,803,157**
Deductions:			
Transfer to Legal Reserve	**(2,600)**	(4,362)	**(19,682)**
Dividends	**(12,577)**	(21,731)	**(95,211)**
Net Income (Loss)	**(345,309)**	109,044	**(2,614,002)**
Balance at End of Year	**¥538,210**	¥ 898,696	**$4,074,262**

The accompanying notes are an integral part of these statements.

CONSOLIDATED

Statement of Cash Flows

Years ended March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest on Loans and Discounts Received	**¥ 1,157,721**	¥1,096,621	**$ 8,763,974**
Interest and Dividends on Securities Received	**123,581**	142,353	**935,517**
Other Interest Received	**919,027**	596,948	**6,957,060**
Fees and Commissions Received	**134,140**	131,950	**1,015,444**
Other Operating Revenue	**58,727**	59,963	**444,570**
Total	**2,393,198**	2,027,836	**18,116,565**
Interest on Deposits Paid	**702,069**	710,000	**5,314,679**
Interest on Borrowings, Bonds and Notes	**408,574**	308,862	**3,092,919**
Other Interest Paid	**435,337**	32,638	**3,295,516**
Fees and Commissions Paid	**52,699**	46,900	**398,939**
Other Operating Expenditures	**14,984**	6,916	**113,430**
General and Administrative Expenses Paid	**417,823**	403,413	**3,162,937**
Total	**2,031,489**	1,508,732	**15,378,420**
Net Decrease in Due from Banks	**1,327,070**	999,013	**10,045,954**
Net Decrease (Increase) in Call Loans and Bills Purchased	**776,993**	(612,551)	**5,881,857**
Net Decrease (Increase) in Commercial Paper and Other Debt Purchased	**145,214**	(62,135)	**1,099,275**
Net Increase in Trading Accounts	**(465,862)**	—	**(3,526,593)**
Net Proceeds from Trading Account Securities Transactions	**—**	262,383	**—**
Net Proceeds from (Expenditures of) National Government Bonds and Other Transactions	**(81,925)**	186,951	**(620,178)**
Net Decrease (Increase) in Loans and Bills Discounted	**1,148,344**	(2,133,099)	**8,692,991**
Net Increase in Foreign Exchange	**(38,520)**	(81,370)	**(291,600)**
Net Increase in Other Assets	**(989,472)**	(529,182)	**(7,490,332)**
Total	**1,821,840**	(1,969,991)	**13,791,374**
Net Increase (Decrease) in Deposits and Other	**(4,097,119)**	1,369,103	**(31,015,287)**
Net Decrease in Call Money and Borrowed Money	**(279,667)**	(830,373)	**(2,117,087)**
Net Increase in Foreign Exchange	**31,221**	4,949	**236,344**
Net Increase in Other Liabilities	**1,524,678**	404,482	**11,541,853**
Total	**(2,820,886)**	948,162	**(21,354,177)**
Net Cash Used in Operating Activities	**(637,337)**	(502,724)	**(4,824,658)**
CASH FLOWS FROM OTHER ACTIVITIES			
Proceeds from Sales of Stocks and Other	**1,281,553**	1,359,380	**9,701,390**
Proceeds from Settlements of Money Held in Trust	**239,591**	82,316	**1,813,712**
Proceeds from Sales of Premises and Equipment	**55,363**	38,102	**419,100**
Other Proceeds	**6,971**	10,348	**52,773**
Total	**1,583,479**	1,490,148	**11,986,975**
Purchases of Stocks and Other	**1,340,433**	1,352,885	**10,147,111**
Investments on Money Held in Trust	**209,136**	47,519	**1,583,165**
Purchases of Premises and Equipment	**58,432**	60,690	**442,334**
Other Payments	**488,306**	97,406	**3,696,493**
Total	**2,096,308**	1,558,502	**15,869,103**
Net Cash Used in Other Activities	**(512,829)**	(68,354)	**(3,882,128)**
DIVIDENDS AND INCOME TAXES			
Dividends Paid	**12,577**	21,731	**95,211**
Income Taxes Paid	**12,072**	3,765	**91,387**
Total	**24,649**	25,497	**186,598**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Preferred Stock	**—**	210,000	**—**
Issuance of Preferred Securities of Subsidiaries	**227,681**	—	**1,723,555**
Issuance of Bonds and Notes	**1,029,093**	296,629	**7,790,259**
Total	**1,256,774**	506,629	**9,513,814**
Principal Payments of Convertible Bonds, Bonds and Notes	**274,955**	190,262	**2,081,419**
Total	**274,955**	190,262	**2,081,419**
Net Cash Provided by Financing Activities	**981,819**	316,367	**7,432,395**
Net Decrease in Cash and Cash Equivalents	**(192,996)**	(280,208)	**(1,460,989)**
Cash and Cash Equivalents at Beginning of Year	**1,233,508**	1,513,717	**9,337,688**
Cash and Cash Equivalents at End of Year	**¥ 1,040,512**	¥1,233,508	**$ 7,876,699**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared on the basis of accounting principles and practices generally accepted in Japan and have been compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan. Certain items presented in the consolidated financial statements filed with the Minister of Finance have been reclassified for the convenience of readers outside Japan.

Certain previously reported amounts have been reclassified to conform with the current period presentation.

Although not required to be filed with the Minister of Finance, consolidated statements of cash flows for the years ended March 31, 1998 and 1997 have been prepared and included in the accompanying consolidated financial statements. For the purposes of reporting cash flows, cash and cash equivalents consist of cash and demand deposits with the Bank of Japan in accordance with the guideline for Statement of Cash Flows issued in June 1991.

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

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥132.10=U.S.$1, the rate of exchange on March 31, 1998, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

Differences between the accounting policies followed by The Fuji Bank, Limited ("the Bank") and its consolidated subsidiaries (the "Fuji Bank Group") and International Accounting Standards ("IAS") are described in Note 2. (m) below.

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2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and 114 of its subsidiaries including Fuji Securities Co., Ltd. (a Japanese corporation), The Fuji Trust and Banking, Co., Ltd. (a Japanese corporation), Fuji Bank (Schweiz) AG (a Swiss corporation), The Fuji Bank and Trust Company (a U.S. corporation), and Fuji America Holdings, Inc. (a U.S. corporation) and its subsidiaries (including the Heller Group), principally Heller Financial, Inc. and Heller International Group, Inc.

The unconsolidated subsidiaries and affiliated companies of Fuji America Holdings, Inc. are accounted for by the equity method. Investments in other unconsolidated subsidiaries (majority-owned) and other affiliates (20 to 50 percent owned) are carried at cost as they are not material.

Fuji Business Agency, Ltd. and other domestic subsidiaries have not been consolidated since these subsidiaries are not significant and their results have no material impact on the consolidated financial statements of the Bank.

All significant intercompany accounts and transactions have been eliminated.

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

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

(b) Trading Assets and Liabilities

Effective April 1, 1997, the Bank introduced a new method of valuation of trading accounts included in trading assets and trading liabilities as prescribed under Article 17-2 of the Banking Law of Japan.

The effects of the introduction of the new method for trading transactions resulted in a decrease of loss before income taxes and others of ¥21,551 million and increases in total assets and liabilities of ¥1,842,739 million and ¥1,814,168 million, respectively.

Trading assets and liabilities are valued using quoted market prices, where available. However, quoted market prices are not available for a substantial portion of financial instruments. Fair value for such financial instruments is estimated using discounted cash flow models or other valuation techniques.

(c) Translation of Foreign Currencies

(i) The financial statements of consolidated foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the ends of their respective fiscal years for the consolidated financial statements for the years ended March 31, 1998 and 1997, except for the beginning and ending balances of their earned surpluses which are translated at historical exchange rates.

(ii) a) Foreign currency accounts held by the Bank are translated into Japanese yen at the exchange rates prevailing at the end of the fiscal year, except that certain special accounts, as approved by the Japanese regulatory authorities, are translated at historical exchange rates.

b) Foreign currency accounts held by the consolidated foreign subsidiaries are translated into the currency of the subsidiary at their respective year-end exchange rates.

(iii) Foreign exchange trading positions, including spot, forward, currency futures and currency options contracts, are valued at fair value and the resulting gains and losses are included in the accompanying consolidated statements of income.

(d) Securities

Securities are stated at the moving average cost method.

Effective April 1, 1997, the Bank changed its method of valuation of listed securities and listed securities held in separately managed trusts, including in the securities account from the lower of cost or market to the moving average cost method. Japanese government bonds have been stated at the moving average cost method prior to this change. The effect of this change in accounting for securities resulted in a decrease of loss before income taxes and others of ¥433,195 million.

Securities owned by the consolidated subsidiaries are carried principally at cost or at the lower of cost or market value.

(e) Depreciation of Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation.

Depreciation of premises and equipment owned by the Bank is computed under the declining-balance method over the estimated useful lives of the assets and is provided in the full amount permitted under the Rules for Bank Accounting issued by the Ministry of Finance.

Effective April 1, 1997, the Bank introduced a new method of depreciation of buildings using the declining-balance method at the standard rate in accordance with amendments to the Uniform Accounting Standards for Banks.

The effects of the change in accounting for depreciation resulted in a decrease of loss before income taxes and others of ¥6,940 million.

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

Estimated useful lives for premises range between three and 65 years and for equipment between two and 20 years.

(f) Reserve for Possible Loan Losses

Effective April 1, 1997, the Bank implemented a new methodology of calculating reserves for possible loan losses.

The reserves for possible loan losses of the Bank are made in accordance with the policies regarding write-offs and reserve standards in the Uniform Accounting Standards for Banks. Pursuant to the internal rules for self-assessment of asset quality and the internal rules for providing reserves for possible credit losses, a reserve for possible loan losses is provided for as described below:

For loans to borrowers which are classified as substantially bankrupt or which are bankrupt in the formal legal sense a reserve is provided based on the amount remaining after deduction of the amount of collateral considered to be disposable and amounts recoverable under guarantees.

For loans to borrowers which although not actually bankrupt in the legal sense, have experienced serious management difficulties and whose failure is imminent. In this case, a reserve is provided based on the amount remaining after deduction of the amount of collateral considered to be disposable and amounts recoverable under guarantees and an overall comprehensive analysis of the likelihood of repayment.

For other loans, a reserve is provided based on historical loan loss experience.

The reserve relating to loans to certain lesser developed countries is provided based on the prospective loss after consideration of the relevant country's political and economic situation, etc. (including reserves for losses on overseas investments as prescribed under Article 55-2 of the Exceptions to Tax Laws Act).

The above procedures for providing reserves are made on the basis of the quality of all the Bank's loan assets, using the Bank's internally established rules for self-assessment.

Consolidated subsidiaries provide reserves for possible loan losses at the amounts considered reasonable in accordance with local accounting standards and also based on their management's assessment of the loan portfolio.

(g) Reserve for Retirement Allowances and Pension Plans

The reserve for retirement allowances of the Bank is provided in accordance with the Rules for Bank Accounting, based on the amount which would have been required to be paid if all employees covered by the retirement plan had voluntarily terminated their employment at the balance sheet date.

In addition, the Bank has contributory pension plans for eligible employees. The unamortized balance of prior service cost at March 31, 1997 (based on the most recent available information on the pension plan) was ¥21,785 million. Prior service cost is being amortized over a period of 15 years and nine months.

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

(h) Land Revaluation Account

Land used for the Bank's business activities has been revalued on the basis prescribed by the law concerning revaluation of land. The difference between the book value and the revaluation is included in liabilities.

(i) Lease Transactions

Finance leases under which the ownership of the leased property is deemed to have been transferred to the lessee are capitalized, while other finance leases are accounted for as operating leases.

(j) Income Taxes

Deferred income taxes arising from timing differences between financial and tax reporting are provided for consolidated financial statement purposes.

(k) Appropriation of Earned Surplus

Cash dividends, transfers to the legal reserve and bonuses to the directors and the senior overseers are recorded in the fiscal year in which the proposed appropriations of earned surplus are approved by the Board of Directors and/or the general meeting of the stockholders.

(l) Net Income (Loss) per Share

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

Net income per share (diluted) is computed based on the average number of shares of common stock outstanding during the year, after giving effect to the dilutive potential of the common stock to be issued upon the conversion of convertible bonds and preference shares. It was not necessary to disclose net income per share (diluted) for the year ended March 31, 1998 because a net loss was recorded.

(m) Differences between Japanese Accounting Principles and Practices and International Accounting Standards (IAS)

The accompanying consolidated financial statements of the Fuji Bank Group are prepared in conformity with accounting principles and practices generally accepted in Japan. Such principles and practices differ from International Accounting Standards in a number of material respects which include accounting for income taxes (IAS 12), accounting for leases (IAS 17), retirement benefit cost (IAS 19), foreign translation (IAS 21), cash flow statements (IAS 7), disclosures in the financial statements of banks and similar financial institutions (IAS 30) and other disclosures.

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3. Trading Assets and Trading Liabilities

Trading Assets

Trading assets at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	*1997
Trading securities	¥ **877,934**	¥ —
Derivatives of trading securities	**409**	—
Securities related to trading transactions	**111,068**	—
Derivatives of securities related to trading transactions	**0**	—
Trading-related financial derivatives	**1,391,380**	—
Other trading assets	**884,619**	—
	¥3,265,412	¥ —

Trading Liabilities

Trading liabilities at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	*1997
Trading securities sold for short sales	¥ **561,405**	¥ —
Derivatives of trading securities	**294**	—
Securities related to trading transactions sold for short sales	**12,231**	—
Trading-related financial derivatives	**1,483,235**	—
	¥2,057,167	¥ —

* Differences in the basis of presentation mean that figures for 1997 are not comparable, and have therefore been excluded.

4. Securities

Securities at March 31, 1998 and 1997 were as follows:

	Millions of yen	
	1998	1997
Japanese national government bonds	**¥ 1,090,825**	¥1,052,713
Japanese local government bonds	**368,933**	235,094
Japanese corporate bonds and financial debentures	**538,052**	468,161
Japanese corporate stocks	**3,474,758**	3,292,109
Other securities	**572,261**	559,017
	¥6,044,830	¥5,607,096

5. Loans and Bills Discounted

Loans and bills discounted at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Bills discounted	¥ **726,927**	¥ 823,032
Loans on notes and deeds	**27,583,391**	30,831,007
Overdrafts	**5,408,580**	3,943,665
Financing receivables, including factoring, leasing and property financing	**309,301**	117,082
	¥34,028,201	¥35,714,787

6. Other Assets

Other assets at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Accrued income and prepaid expenses	¥ **583,851**	¥1,673,269
Securities in custody	**1,327,847**	509,426
Other	**1,414,387**	1,297,877
	¥3,326,086	¥3,480,573

7. Premises and Equipment

Premises and equipment at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Land	¥ **408,168**	¥ 84,400
Buildings	**297,937**	300,977
Equipment	**234,549**	230,201
Other	**96,249**	79,984
	1,036,905	695,563
Accumulated depreciation	**342,950**	338,232
Net book value	¥ **693,955**	¥357,330

8. Deposits

Deposits at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Current deposits	¥ **1,492,644**	¥ 1,979,431
Ordinary deposits	**5,713,618**	4,997,303
Deposits at notice	**1,081,426**	1,015,713
Time deposits	**19,429,290**	23,229,608
Other deposits	**3,649,892**	3,501,387
	31,366,873	34,723,445
Negotiable certificates of deposit	**3,185,488**	3,926,036
	¥34,552,361	¥38,649,481

9. Borrowed Money

Borrowed money at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Bills rediscounted	¥ **8,741**	¥ 11,769
Borrowings from the Bank of Japan and other financial institutions	**2,636,846**	1,880,264
Commercial paper	**301,580**	360,151
	¥2,947,169	¥2,252,185

Subordinated borrowed money amounting to ¥891,300 million at March 31, 1998 and ¥1,021,800 million at March 31, 1997 was included in "Borrowings from the Bank of Japan and other financial institutions".

10. Bonds and Notes

Bonds and Notes at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Subordinated bonds and notes	¥ **818,075**	¥ 708,938
Other	**839,148**	613,555
	¥1,657,224	¥1,322,494

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11. Convertible Bonds

Convertible bonds at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
2 3/4 percent U.S. dollar convertible bonds due 2000	**¥ 2,854**	¥ 2,854
1 3/4 percent U.S. dollar convertible bonds due 2002	**9,727**	9,727
	¥12,582	¥12,582

These convertible bonds unless previously redeemed are convertible into shares of common stock of the Bank. The conversion price of each is subject to adjustment in certain cases including stock splits.

The conversion prices per share were as follows:

	Conversion price per share at March 31, 1998	Fixed exchange rate
2 3/4 percent U.S. dollar convertible bonds due 2000	¥1,394.00	¥239.60 = U.S.$1
1 3/4 percent U.S. dollar convertible bonds due 2002	¥2,928.40	¥146.45 = U.S.$1

12. Other Liabilities

Other liabilities at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Accrued expenses and unearned income	**¥ 650,369**	¥1,754,730
Accrued income taxes	**18,391**	12,853
Securities borrowed	**1,312,619**	482,978
Securities sold not yet purchased	**—**	689,917
Other	**2,400,418**	1,003,104
	¥4,381,799	¥3,943,584

13. Other Reserves

Other reserves at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Reserve for possible losses on loans sold off	**¥ 52,717**	¥38,834
Reserve for specific borrowers under support	**122,300**	—
Reserve for price fluctuation of Japanese national government bonds	**—**	7,513
Reserve for possible losses from trading account securities transactions	**995**	13,855
Reserve for financial futures transaction liabilities	**47**	31
Reserve for securities transaction liabilities	**5**	9
	¥176,066	¥60,243

The reserve for possible losses on loans sold off has been provided against possible future losses after consideration of the value of the collateral of the loans sold off to the Cooperative Credit Purchasing Company.

The reserve for specific borrowers under support has been provided for loans to support the rehabilitation of specific borrowers. An estimate has been made of the future amount likely to be required in supporting such borrowers and the necessary amount is accounted for under the above reserve. This reserve is stipulated under Article 287-2 of the Commercial Code of Japan.

14. Acceptances and Guarantees

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

Acceptances and guarantees at March 31, 1998 and 1997 consisted of the following:

	Millions of yen	
	1998	1997
Acceptances	**¥ 41,164**	¥ 36,370
Letters of credit	**257,351**	304,611
Guarantees	**2,024,220**	2,189,002
	¥2,322,736	¥2,529,984

15. Common Stock, Preferred Stock and Capital Surplus

The Bank's authorized number of shares of capital stock (common stock and preferred stock) as of March 31, 1998 and 1997 was as follows:

(i) 4 billion shares of common stock, voting and ranking equally with any other class of shares (except for preference shares) with respect to the payment of dividends and distributions on the liquidation or winding-up of the Bank. The dividend rate and redemption and conversion rights, if any on such shares, are to be determined by the Board of Directors of the Bank prior to issuance.

(ii) 100 million preference shares, non-voting and ranking prior to shares of common stock with respect to the payment of dividends and distributions on the liquidation or winding-up of the Bank. The dividend rate and redemption and conversion rights, if any on such shares, are to be determined by the Board of Directors of the Bank prior to issuance.

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

	Millions of yen	
	1998	1997
Common Stock:		
Balance at beginning of year	**¥424,087**	¥423,873
Add:		
Conversion of convertible bonds	**—**	213
Balance at end of year	**¥424,087**	¥424,087
(Shares issued and outstanding at end of year)	**(2,897,614 thousand shares)**	(2,897,614 thousand shares)
Preferred Stock:		
Balance at beginning of year	**¥105,000**	¥ —
Add:		
Issuance	**—**	105,000
Balance at end of year	**¥105,000**	¥105,000
(Shares issued and outstanding at end of year)	**(70,000 thousand shares)**	(70,000 thousand shares)
Capital Surplus:		
Balance at beginning of year	**¥419,954**	¥314,740
Add:		
Issuance of Preferred Stock	**—**	105,000
Conversion of convertible bonds	**—**	213
Balance at end of year	**¥419,954**	¥419,954

On December 28, 1996, the Bank issued 70 million preference shares at a price of ¥3,000 per share for gross proceeds of ¥210,000 million, of which ¥105,000 million was credited to the capital surplus account. The issuance costs were expensed when paid. The preference shareholders are entitled, with priority over any payment of dividends and distributions on the liquidation of the Bank to any other class of shares of the Bank, to annual noncumulative dividends of ¥7.5 per preference share and a distribution of ¥3,000 per preference share.

The preference shares are convertible on or after July 1, 1997 and up to and including January 31, 2002, at the option of the holders, into fully-paid shares of common stock of the Bank at an initial conversion price of ¥2,002 per share of common stock, subject to adjustment in certain limited circumstances. The conversion price will be reset initially on October 1, 1997 and on October 1 of each year thereafter through October 1, 2001 to the then prevailing average market price of the shares of common stock, if lower than the conversion price prior to such reset, but not lower than 65% of the initial conversion price. All outstanding preference shares on February 1, 2002 will be subject to mandatory conversion into shares of common stock.

The number of preference shares can be obtained by multiplying (i) the number of such preference shares by (ii) the product obtained by dividing ¥3,000 by the higher of (a) the average of the closing prices of the Bank's shares of common stock for 30 consecutive trading days commencing on the 45th trading day prior to the final mandatory conversion date, and (b) 35% of the initial conversion price, and such shares of common stock will be delivered to the holders of the preference shares.

16. Legal Reserve

Under the Banking Law of Japan, an amount equivalent to at least 20 percent of any distribution of earned surplus must be appropriated to the legal reserve until the reserve equals 100 percent of the stated capital. This reserve is not available for dividends but may be used to reduce a deficit or may be transferred to the common stock account.
Information relating to the legal reserve is summarized as follows:

	Millions of yen	
	1998	1997
Balance at beginning of year	**¥86,616**	¥82,253
Transfer from earned surplus	**2,600**	4,362
Balance at end of year	**¥89,216**	¥86,616

17. Trading Revenue

The composition of trading revenue for the years ended March 31, 1998 and 1997 was as follows:

	Millions of yen	
	1998	*1997
Revenue from trading securities and derivatives	**¥28,298**	¥ —
Revenue from securities and derivatives related to trading transactions	**6,239**	—
Revenue from trading-related financial derivatives transactions	**19,366**	—
Other trading revenue	**3,008**	—
	¥56,913	¥ —

* Differences in the basis of presentation mean that figures for 1997 are not comparable, and have therefore been excluded.

18. Other Operating Income and Other Income

Other Operating Income

The composition of other operating income for the years ended March 31, 1998 and 1997 was as follows:

	Millions of yen	
	1998	1997
Gains on foreign exchange transactions	**¥ 18,822**	¥ 5,840
Gains on trading account securities transactions	**—**	3,034
Gains on sales of bonds	**105,512**	83,095
Gains on redemption of bonds	**3,834**	1,806
Other	**23,334**	3,161
	¥151,504	¥96,938

Due to the amendment of the Enforcement Regulations of the Banking Law, "Gains on trading account securities transactions" has been included in " Trading revenue" since the fiscal year ended March 31, 1998.

Other Income

The composition of other income for the years ended March 31, 1998 and 1997 was as follows:

	Millions of yen	
	1998	1997
Gains on sales of stocks and other securities	**¥275,928**	¥301,495
Gains on money held in trust	**904**	485
Gains on disposal of premises and equipment	**45,814**	33,329
Collection of written-off claims	**70**	48
Reversal of reserve for price fluctuation of Japanese national government bonds	**7,513**	—
Reversal of reserve for possible losses on trading account securities	**13,362**	—
Reversal of reserve for securities transaction liabilities	**5**	3
Other	**6,469**	10,107
	¥350,069	¥345,469

19. Other Operating Expenses and Other Expenses

Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 1998 and 1997 was as follows:

	Millions of yen	
	1998	1997
Losses on sales of bonds	**¥28,561**	¥45,908
Losses on redemption of bonds	**2,864**	2,267
Losses on devaluation of bonds	**472**	186
Other	**14,917**	6,928
	¥46,816	¥55,291

CONSOLIDATED

Other Expenses

The composition of other expenses for the years ended March 31, 1998 and 1997 was as follows:

	Millions of yen	
	1998	1997
Transfer to reserve for possible loan losses	**¥ 326,519**	¥ 151,951
Write-off of loans	**68,966**	25,767
Losses on sales of stocks and other securities	**2,137**	233
Losses on devaluation of stocks and other securities	**56,999**	191,048
Losses on money held in trust	**1,817**	3,234
Losses on disposal of premises and equipment	**5,027**	9,553
Transfer to reserve for price fluctuation of Japanese national government bonds	**—**	33
Transfer to reserve for possible losses on trading account securities transactions	**503**	101
Transfer to reserve for financial futures transaction liabilities	**16**	14
Transfer to reserve for securities transaction liabilities	**1**	1
Losses on sales of loans collateralized by real estate to Cooperative Credit Purchase Company	**202,768**	83,157
Other	**463,478**	137,836
	¥1,128,236	¥602,934

"Other" in "Other Expenses" for the year ended March 31, 1998 includes losses of ¥226,637 million incurred from supporting certain borrowers, including Japan Mortgage Co., Ltd.

"Other" in "Other Expenses" for the year ended March 31, 1997 includes losses of ¥35,467 million incurred from supporting certain borrowers.

20. Income Taxes

Income taxes in Japan applicable to the Bank and its domestic subsidiaries for the years ended March 31, 1998 and 1997 comprised corporation tax, inhabitants' taxes and enterprise tax at the approximate rates indicated below:

	1998	1997
Corporation tax	**37.5%**	37.5%
Inhabitants' taxes	**7.7%**	7.7%
Enterprise tax	**12.5%**	12.5%
	57.7%	57.7%

Enterprise tax is included in "Other Expenses" in the accompanying consolidated statements of income.

Unlike other income taxes, enterprise tax is deductible for tax purposes when paid. Accordingly, the effective tax rate on income was approximately 51.3 percent for the years ended March 31, 1998 and 1997.

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

21. Lease Transactions

Other Finance Leases

Lessors

The total lease amounts due from the lessee under other finance leases, where the ownership of the property is not deemed to have been transferred to the lessee, and total lease amounts received at March 31, 1998 and 1997 were as follows:

	Millions of yen	
	1998	1997
Due within one year	**¥355**	¥*—
Greater than one year	**627**	*—
	¥983	¥*—
Total lease amounts received	**¥497**	¥213

Lessees

The total lease amounts due to the lessor under other finance leases, where the ownership of the property is not deemed to have been transferred to the lessee, and total lease amounts paid at March 31, 1998 and 1997 were as follows:

	Millions of yen	
	1998	1997
Due within one year	**¥ 574**	¥*—
Greater than one year	**949**	*—
	¥1,524	¥*—
Total lease amounts paid	**¥ 697**	¥547

Operating Leases

The total lease amounts due to the lessor under operating leases at March 31, 1998 and 1997 were as follows:

	Millions of yen	
	1998	*1997
Due within one year	**¥ 6,704**	¥—
Greater than one year	**43,540**	—
	¥50,245	¥—

* Differences in the basis of presentation mean that figures for 1997 are not comparable, and have therefore been excluded.

22. Segment Information

(a) Business Segment Information

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

(b) Geographic Segment Information

Total adjusted income represents total income excluding "Gains on disposal of premises and equipment", "Collection of written-off-claims" and reversals of "Other Reserves".

Total adjusted expenses represents total expenses excluding "Losses on disposal of premises and equipment" and transfers to "Other Reserves".

The following tables represent geographic segment information on the Total adjusted income, Ordinary profit (loss) and Assets of the Bank's head office, branches and subsidiaries according to the country of domicile of the respective entities.

The Bank changed the method of accounting for securities referred to in Note 2 (d). This influenced the result as indicated in the segment information on Japan.

CONSOLIDATED

Year ended March 31, 1998	Japan (Millions of yen)	Foreign*	Combined Total	Elimination /Corporate	Consolidated Total
I. Total adjusted income:					
Customers................	¥ 1,448,385	¥	¥ 2,812,522	¥ —	¥ 2,812,522
Intersegment............	158,201		417,610	(417,610)	—
	1,606,586		3,230,133	(417,610)	2,812,522
Total adjusted expenses..	2,189,234		3,708,994	(379,176)	3,329,817
Ordinary profit (loss)....	¥ (582,647)	¥	¥ (478,861)	¥ (38,433)	¥ (517,295)
II. Assets	¥44,653,364	¥	¥66,201,238	¥(11,087,728)	¥55,113,509

* Foreign amounts consisted of the following:

	The Americas (Millions of yen)	Asia and Oceania	Europe
I. Total adjusted income:			
Customers..................	¥ 748,474	¥ 356,614	¥ 259,048
Intersegment	47,581	102,053	109,774
	796,055	458,668	368,822
Total adjusted expenses.......	725,667	456,434	337,658
Ordinary profit (loss).........	¥ 70,387	¥ 2,234	¥ 31,164
II. Assets...............................	¥9,447,530	¥8,235,922	¥3,864,420

Year ended March 31, 1997	Domestic (Millions of yen)	Foreign	Combined Total	Elimination /Corporate	Consolidated Total
I. Total adjusted income:					
Customers................	¥ 1,617,297	¥ 1,094,014	¥ 2,711,312	¥ —	¥ 2,711,312
Intersegment............	278,985	186,809	465,794	(465,794)	—
	1,896,283	1,280,823	3,177,106	(465,794)	2,711,312
Total adjusted expenses..	1,929,828	1,168,207	3,098,035	(462,148)	2,635,887
Ordinary profit (loss)....	¥ (33,545)	¥ 112,616	¥ 79,071	¥ (3,646)	¥ 75,425
II. Assets	¥38,791,585	¥23,238,311	¥62,029,897	¥(5,818,743)	¥56,211,154

(c) Total Adjusted Income from International Operations

Years ended March 31,	1998 (Millions of yen)	1997
(i) Total adjusted income from international operations....................	**¥ 1,779,636**	¥ 1,578,911
(ii) Consolidated total adjusted income	**¥ 2,812,522**	¥ 2,711,312
(i)/(ii)	**63.2%**	58.2%

Total adjusted income from international operations represents the sum of total adjusted income generated from the international operations of the Bank and domestic consolidated subsidiaries, and total adjusted income of its consolidated foreign subsidiaries excluding all intercompany transactions within the Fuji Bank Group.

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23. Subsequent Events

At a general meeting of stockholders held on June 26, 1998 a year-end dividend of ¥8.50 per share of common stock totalling ¥24,629 million, and of ¥7.50 per share of preferred stock totalling ¥525 million were approved in respect of the year ended March 31, 1998. In accordance with Japanese accounting practice, these dividends were not accrued and have not been reflected in the financial statements for the year ended March 31, 1998.

Report of Independent Certified Public Accountants on the Consolidated Financial Statements

The Board of Directors
The Fuji Bank, Limited

We have examined the consolidated balance sheets of The Fuji Bank, Limited and consolidated subsidiaries as of March 31, 1998 and 1997, and the related consolidated statements of income, earned surplus and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted 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 financial statements referred to above, expressed in Japanese yen, present fairly the consolidated financial position of The Fuji Bank, Limited and consolidated subsidiaries at March 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the method of accounting for securities as described in Note 2 (d) to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 1998 are presented solely for convenience. Our examination also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 26, 1998

Showa Ota & Co.

Showa Ota & Co.

Balance Sheet

March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
ASSETS			
Cash and Due from Banks	**¥ 2,749,927**	¥ 4,320,845	**$ 20,817,012**
Call Loans and Bills Purchased	**265,542**	1,018,094	**2,010,167**
Commercial Paper and Other Debt Purchased	**29,858**	55,897	**226,032**
Trading Assets	**2,273,891**	—	**17,213,413**
Trading Account Securities	**—**	64,899	**—**
Money Held in Trust	**85,432**	117,271	**646,723**
Securities	**6,250,780**	5,774,496	**47,318,553**
Loans and Bills Discounted	**32,030,589**	34,037,300	**242,472,293**
Foreign Exchange	**549,415**	524,653	**4,159,090**
Other Assets	**2,263,624**	1,759,101	**17,135,691**
Premises and Equipment	**673,037**	342,876	**5,094,911**
Customers' Liabilities for Acceptances and Guarantees	**3,915,992**	4,051,392	**29,644,149**
Total Assets	**¥51,088,094**	¥52,066,828	**$386,738,034**

The accompanying notes are an integral part of these statements.

March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	**¥34,442,706**	¥38,279,142	**$260,732,073**
Call Money and Bills Sold	**2,256,587**	2,943,951	**17,082,422**
Trading Liabilities	**1,458,546**	—	**11,041,232**
Borrowed Money	**3,339,624**	2,442,739	**25,281,033**
Foreign Exchange	**125,762**	96,415	**952,029**
Bonds	**100,000**	—	**757,002**
Convertible Bonds and Notes	**12,582**	12,582	**95,247**
Other Liabilities	**2,888,177**	1,476,390	**21,863,566**
Reserve for Possible Loan Losses	**857,491**	983,607	**6,491,232**
Reserve for Retirement Allowances	**48,241**	48,816	**365,193**
*Other Reserves	**175,065**	59,726	**1,325,250**
Acceptances and Guarantees	**3,915,992**	4,051,392	**29,644,149**
Land Revaluation Account	**326,529**	—	**2,471,834**
Total Liabilities	**49,947,308**	50,394,764	**378,102,262**
Stockholders' Equity			
Capital Stock	**529,087**	529,087	**4,005,201**
Capital Surplus	**419,954**	419,954	**3,179,063**
Legal Reserve	**89,216**	86,616	**675,369**
Voluntary Reserve	**589,900**	580,900	**4,465,556**
Special Reserves	**21**	26	**162**
Unappropriated Profit (Loss)	**(487,393)**	55,480	**(3,689,579)**
Total Stockholders' Equity	**1,140,785**	1,672,064	**8,635,772**
Total Liabilities and Stockholders' Equity	**¥51,088,094**	¥52,066,828	**$386,738,034**

* Includes "Reserve for Specific Borrowers under Support," the balance of which as of March 31, 1998 was ¥122,300 million.

NON-CONSOLIDATED

Statement of Income

Years ended March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
INCOME			
Interest Income:			
Interest on Loans and Discounts	**¥1,011,179**	¥ 995,864	**$ 7,654,653**
Interest and Dividends on Securities	**152,901**	125,479	**1,157,465**
Other Interest Income	**844,525**	1,000,584	**6,393,079**
	2,008,606	2,121,928	**15,205,197**
Fees and Commissions	**109,787**	107,584	**831,097**
Trading Revenue	**19,060**	—	**144,289**
Other Operating Income	**126,928**	92,535	**960,851**
Other Income	**340,906**	331,859	**2,580,671**
Total Income	**2,605,290**	2,653,908	**19,722,105**
EXPENSES			
Interest Expenses:			
Interest on Deposits	**688,618**	679,350	**5,212,856**
Interest on Borrowings and Rediscounts	**110,991**	98,880	**840,208**
Other Interest Expenses	**705,985**	744,216	**5,344,326**
	1,505,595	1,522,447	**11,397,390**
Fees and Commissions	**44,776**	42,941	**338,960**
Trading Expenses	**517**	—	**3,917**
Other Operating Expenses	**44,614**	55,296	**337,729**
General and Administrative Expenses	**385,780**	380,434	**2,920,371**
Other Expenses	**1,138,801**	598,004	**8,620,756**
Total Expenses	**3,120,086**	2,599,125	**23,619,123**
Income (Loss) before Income Taxes	**(514,796)**	54,783	**(3,897,018)**
Provision for Income Taxes	**3,905**	787	**29,566**
Net Income (Loss)	**¥ (518,701)**	¥ 53,995	**$ (3,926,584)**

Statement of Appropriation of Profit

Years ended March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
Net Income (Loss)	**¥(518,701)**	¥ 53,995	**$(3,926,584)**
Unappropriated Profit at Beginning of Year	**55,480**	(407,427)	**419,987**
Transfer from Special Reserves	**7**	435,007	**53**
Total	**(463,214)**	81,574	**(3,506,544)**
Appropriations:			
Legal Reserve	**2,600**	4,362	**19,682**
Voluntary Reserve	**9,000**	—	**68,130**
Special Reserves	**1**	—	**12**
Dividends	**12,577**	21,731	**95,211**
Total	**24,179**	26,094	**183,035**
Unappropriated Profit (Loss) at End of Year	**¥(487,393)**	¥ 55,480	**$(3,689,579)**

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED

Statement of Cash Flows

Years ended March 31,	Millions of yen 1998	Millions of yen 1997	Thousands of U.S. dollars 1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest on Loans and Discounts Received	**¥ 993,666**	¥ 956,422	**$ 7,522,081**
Interest and Dividends on Securities Received	**155,559**	129,538	**1,177,590**
Interest on Call Loans	**16,419**	19,356	**124,294**
Interest on Bills Purchased	**180**	209	**1,368**
Interest on Due from Banks	**156,364**	179,706	**1,183,681**
Interest on Interest Rate Swaps, etc.	**597,961**	706,366	**4,526,583**
Fees and Commissions Received	**109,739**	107,190	**830,727**
Other Operating Revenue	**34,547**	57,998	**261,523**
Total	**2,064,438**	2,156,789	**15,627,847**
Interest on Deposits Paid	**692,706**	693,909	**5,243,803**
Interest on Call Money Paid	**28,119**	31,571	**212,865**
Interest on Bills Sold Paid, etc.	**77,249**	68,093	**584,777**
Interest on Bonds Paid	**—**	—	**—**
Interest on Convertible Bonds Paid	**191**	178	**1,449**
Interest on Interest Rate Swaps Paid	**550,709**	639,876	**4,168,881**
Fees and Commissions Paid	**47,537**	42,645	**359,861**
Other Operating Expenditures	**13,547**	7,035	**102,553**
General and Administrative Expenses Paid	**343,381**	339,085	**2,599,405**
Total	**1,753,441**	1,822,395	**13,273,594**
Net Decrease in Due from Banks (excluding Deposits with the Bank of Japan)	**1,378,454**	969,351	**10,434,931**
Net Decrease (Increase) in Call Loans	**353,251**	(51,660)	**2,674,119**
Net Decrease (Increase) in Bills Purchased	**399,300**	(116,400)	**3,022,710**
Net Decrease in Commercial Paper and Other Debt Purchased	**26,038**	26,150	**197,110**
Net Increase in Trading Accounts	**(732,334)**	—	**(5,543,788)**
Net Proceeds from Trading Account Securities Transactions	**—**	331,992	**—**
Net Proceeds from (Expenditures of) National Government Bonds and Other Transactions	**(160,096)**	182,423	**(1,211,931)**
Net Decrease (Increase) in Loans and Bills Discounted	**1,486,641**	(1,858,538)	**11,253,910**
Net Increase in Foreign Exchange	**(25,057)**	(76,996)	**(189,684)**
Net Decrease in Domestic Exchange Settlement Debits	**551**	4,812	**4,176**
Net Increase in Other Assets	**(503,938)**	(234,920)	**(3,814,822)**
Total	**2,222,811**	(823,784)	**16,826,731**
Net Increase (Decrease) in Deposits and Other	**(3,836,435)**	1,314,045	**(29,041,903)**
Net Decrease in Call Money and Borrowed Money	**(516,950)**	(855,339)	**(3,913,325)**
Net Increase (Decrease) in Bills Sold	**726,472**	(635,057)	**5,499,412**
Net Increase in Foreign Exchange	**29,347**	12,454	**222,162**
Net Decrease in Domestic Exchange Settlement Credits	**(593)**	(4,672)	**(4,492)**
Net Increase in Other Liabilities	**1,251,823**	276,102	**9,476,329**
Total	**(2,346,336)**	107,531	**(17,761,817)**
Net Cash Provided by (Used in) Operating Activities	**187,471**	(381,859)	**1,419,167**
CASH FLOWS FROM OTHER ACTIVITIES			
Proceeds from Sales of Stocks and Other	**1,302,161**	1,326,568	**9,857,390**
Proceeds from Settlements of Money Held in Trust	**239,591**	82,316	**1,813,712**
Proceeds from Sales of Premises and Equipment	**55,390**	37,847	**419,306**
Other Proceeds	**4,923**	6,800	**37,271**
Total	**1,602,066**	1,453,532	**12,127,679**
Purchases of Stocks and Other	**1,330,997**	1,344,613	**10,075,678**
Investments on Money Held in Trust	**209,136**	47,519	**1,583,165**
Purchases of Premises and Equipment	**48,607**	53,876	**367,959**
Other Payments	**477,370**	96,794	**3,613,706**
Total	**2,066,111**	1,542,804	**15,640,508**
Net Cash Used in Other Activities	**(464,044)**	(89,272)	**(3,512,829)**
DIVIDENDS, INCOME TAXES AND OTHER PAYMENTS			
Dividends Paid	**12,577**	21,731	**95,211**
Income Taxes Paid	**3,313**	767	**25,085**
Total	**15,891**	22,499	**120,296**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Preferred Stock	**—**	210,000	**—**
Issuance of Bonds and Notes	**100,000**	—	**757,002**
Net Decrease in Cash and Cash Equivalents	**(192,463)**	(283,631)	**(1,456,956)**
Cash and Cash Equivalents at Beginning of Year	**1,226,758**	1,510,389	**9,286,590**
Cash and Cash Equivalents at End of Year	**¥1,034,294**	¥1,226,758	**$ 7,829,634**

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

The Fuji Bank, Limited

1. Basis of Presentation

The Fuji Bank, Limited ("Fuji Bank") maintains its accounting records and prepares its financial statements in accordance with accounting principles and practices generally accepted in Japan, the Commercial Code of Japan, the Banking Law of Japan and the Rules for Bank Accounting issued by the Ministry of Finance and the accompanying non-consolidated financial statements have been prepared from the non-consolidated financial statements filed with the Minister of Finance as required by the Banking Law of Japan and the Securities and Exchange Law of Japan.

For the convenience of readers outside Japan, certain items presented in the original financial statements have been reclassified and rearranged.

As permitted by the Securities and Exchange Law of Japan, amounts less than one million yen have been omitted. As a result, the totals in yen shown in the accompanying non-consolidated financial statements for the years ended March 31, 1998 and 1997 do not necessarily agree with the sum of the individual amounts.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥132.10 =U.S.$1, the rate of exchange on March 31, 1998, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

2. Significant Accounting Policies of The Fuji Bank, Limited

(a) Securities

Securities are stated at the moving average cost method.

Effective April 1, 1997, the Bank changed its method of valuation of listed securities and listed securities held in separately managed trusts, including in the securities account from the lower of cost or market to the moving average cost method. Japanese government bonds have been stated at the moving average cost method prior to this change. The effect of this change in accounting for securities resulted in a decrease of loss before income taxes of ¥433,195 million.

(b) Other Significant Accounting Policies

Refer to Notes to Consolidated Financial Statements.

3. Loans and Bills Discounted

In accordance with the Rules for Bank Accounting in Japan, the balance of "Loans and Bills Discounted" at March 31, 1998 includes the following nonaccrual loans; loans to customers under bankruptcy procedures, amounting to ¥257,512 million, and loans past due for 6 months or more as to interest payment, amounting to ¥733,762 million.

The balance of renegotiated loans at the end of March, 1998 was ¥186,390 million. Renegotiated loans include loans of which the interest rates were cut to or below the official discount rate at the time of restructuring, or loans extended on a negative spread basis in order to support borrowers' rehabilitation, and nonaccrual loans which were approved as such by the National Tax Agency. Items which until now have been classified as restructured loans are now called renegotiated loans.

The balance of loans to companies under support programs as of March 31, 1998 was ¥40,770 million. Loans to companies under support programs refers to loans extended to borrowers which have encountered economic difficulty and which the Bank supports in various ways with the approval of the National Tax Agency.

4. Net Income (Loss) per Share

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

	Yen	
Years ended March 31,	**1998**	1997
Net Income (Loss)	**¥(179.19)**	¥18.54

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

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

The Board of Directors
The Fuji Bank, Limited

We have examined the non-consolidated balance sheets of The Fuji Bank, Limited as of March 31, 1998 and 1997, and the related non-consolidated statements of income, appropriation of profit and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted 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 financial statements referred to above, expressed in Japanese yen, present fairly the non-consolidated financial position of The Fuji Bank, Limited at March 31, 1998 and 1997, and the non-consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the method of accounting for securities as described in Note 2 (a) to the non-consolidated financial statements.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 1998 are presented solely for convenience. Our examination also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to the non-consolidated financial statements.

Tokyo, Japan
June 26, 1998

Showa Ota & Co.

Showa Ota & Co.

NON-CONSOLIDATED

Earnings Performance

Average Balances, Interest and Average Interest Rates

	Billions of yen								
	1998			1997			1996		
Years ended March 31,	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Assets									
Interest-Earning Assets									
Interest-Bearing Deposits in Other Banks:									
Domestic	**¥ 52.7**	**¥ 0.2**	**0.45%**	¥ 91.5	¥ 0.5	0.61%	¥ 113.6	¥ 1.7	1.57%
International	**3,426.2**	**148.9**	**4.34**	3,780.8	153.1	4.05	5,107.7	266.4	5.21
Total	**3,479.0**	**149.1**	**4.28**	3,872.4	153.7	3.97	5,221.3	268.2	5.13
Call Loans:									
Domestic	**247.9**	**1.4**	**0.58**	408.0	2.3	0.56	310.4	2.1	0.70
International	**241.3**	**13.8**	**5.73**	284.1	16.0	5.63	326.4	20.2	6.19
Total	**489.2**	**15.3**	**3.12**	692.1	18.3	2.64	636.8	22.4	3.52
Trading Account Securities:									
Domestic	**—**	**—**	**—**	324.8	2.0	0.63	312.7	0.9	0.30
International	**—**	**—**	**—**	—	—	—	—	—	—
Total	**—**	**—**	**—**	324.8	2.0	0.63	312.7	0.9	0.30
Investment Securities:									
Domestic	**5,552.4**	**94.2**	**1.69**	5,400.9	101.0	1.87	5,619.6	128.0	2.27
International	**656.3**	**58.6**	**8.94**	597.4	22.3	3.74	569.7	19.5	3.42
Total	**6,208.8**	**152.9**	**2.46**	5,998.3	123.4	2.05	6,189.3	147.5	2.38
Loans:									
Domestic	**22,362.4**	**491.2**	**2.19**	21,718.0	512.4	2.35	22,225.8	639.8	2.87
International	**11,983.2**	**504.3**	**4.20**	11,577.3	464.9	4.01	9,704.8	441.2	4.54
Total	**34,345.6**	**995.5**	**2.89**	33,295.3	977.4	2.93	31,930.7	1,081.0	3.38
Total Interest-Earning Assets:									
Domestic	**29,337.2**	**658.8**	**2.24**	29,344.9	704.0	2.39	29,572.6	856.9	2.89
*	*1,069.0*	*7.2*	....	*1,073.8*	*7.9*	....	*554.5*	*6.7*	....
International	**16,913.3**	**1,357.0**	**8.02**	16,770.4	1,425.7	8.50	16,150.9	1,627.9	10.07
Total	**¥45,181.5**	**¥2,008.6**	**4.44%**	¥45,041.5	¥2,121.9	4.71%	¥45,169.0	¥2,478.1	5.48%

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

	Billions of yen								
	1998			1997			1996		
Years ended March 31,	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Liabilities and Stockholders' Equity									
Interest-Bearing Liabilities									
Deposits:									
Domestic	**¥20,900.9**	**¥ 106.8**	**0.51%**	¥20,829.3	¥ 126.4	0.60%	¥20,645.4	¥ 221.2	1.07%
International	**13,569.9**	**509.2**	**3.75**	13,776.5	490.5	3.56	13,849.5	566.7	4.09
Total	**34,470.8**	**616.0**	**1.78**	34,605.9	617.0	1.78	34,494.9	787.9	2.28
Call Money:									
Domestic	**3,001.9**	**17.2**	**0.57**	3,190.7	16.2	0.50	3,717.5	31.9	0.85
International	**238.7**	**12.7**	**5.33**	275.1	13.4	4.89	350.3	21.5	6.16
Total	**3,240.7**	**29.9**	**0.92**	3,465.9	29.6	0.85	4,067.9	53.5	1.31
Borrowed Money:									
Domestic	**1,672.7**	**40.8**	**2.44**	1,590.0	42.8	2.69	1,708.0	48.7	2.85
International	**812.5**	**28.0**	**3.45**	474.9	13.2	2.79	326.2	11.7	3.60
Total	**2,485.3**	**68.9**	**2.77**	2,064.9	56.1	2.71	2,034.3	60.4	2.97
Negotiable Certificates of Deposit:									
Domestic	**2,393.2**	**15.4**	**0.64**	2,322.9	12.8	0.55	1,760.6	14.5	0.82
International	**893.1**	**57.0**	**6.39**	849.7	49.4	5.81	825.3	51.3	6.22
Total	**3,286.3**	**72.5**	**2.20**	3,172.7	62.3	1.96	2,585.9	65.8	2.54
Bills Sold:									
Domestic	**201.0**	**1.2**	**0.63**	423.7	2.0	0.49	540.3	4.1	0.75
International	**192.4**	**10.8**	**5.61**	217.8	11.0	5.05	241.3	13.9	5.78
Total	**393.5**	**12.0**	**3.07**	641.5	13.1	2.04	781.7	18.0	2.31
Total Interest-Bearing Liabilities:									
Domestic	**28,118.1**	**308.5**	**1.09**	28,308.3	316.9	1.11	28,344.9	408.1	1.43
International	**16,956.3**	**1,203.1**	**7.09**	16,745.4	1,211.7	7.23	16,204.4	1,414.1	8.72
*	*1,069.0*	*7.2*	....	*1,073.8*	*7.9*	....	*554.5*	*6.7*	....
Total	**¥44,005.4**	**¥1,504.3**	**3.41%**	¥43,980.0	¥ 1,520.8	3.45%	¥43,994.7	¥1,815.4	4.12%

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

NON-CONSOLIDATED

Breakdown of Changes of Net Interest Income

	Billions of yen								
	1998			1997			1996		
Years ended March 31,	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest Income									
Interest-Bearing Deposits in Other Banks:									
Domestic	**¥ (0.2)**	**¥ (0.1)**	**¥ (0.3)**	¥ (0.1)	¥ (1.0)	¥ (1.2)	¥ 0.4	¥ 0.2	¥ 0.7
International	**(14.3)**	**10.1**	**(4.2)**	(62.0)	(51.1)	(113.2)	(36.6)	32.0	(4.6)
Total	**(15.6)**	**11.0**	**(4.5)**	(61.9)	(52.5)	(114.4)	(34.8)	30.9	(3.9)
Call Loans:									
Domestic	**(0.9)**	**0.0**	**(0.8)**	0.5	(0.4)	0.1	1.9	(0.5)	1.4
International	**(2.4)**	**0.2**	**(2.1)**	(2.5)	(1.7)	(4.2)	(0.1)	3.3	3.2
Total	**(5.3)**	**2.3**	**(3.0)**	1.4	(5.5)	(4.1)	9.7	(5.0)	4.6
Investment Securities:									
Domestic	**2.5**	**(9.4)**	**(6.8)**	(4.2)	(22.7)	(26.9)	7.2	(29.2)	(21.9)
International	**2.4**	**33.9**	**36.3**	0.9	1.8	2.8	0.5	1.1	1.7
Total	**4.4**	**25.0**	**29.5**	(4.0)	(20.1)	(24.1)	7.9	(28.2)	(20.2)
Trading Account Securities:									
Domestic	**—**	**—**	**—**	0.0	1.0	1.1	(0.3)	(2.8)	(3.1)
International	**—**	**—**	**—**	—	—	—	—	—	—
Total	**—**	**—**	**—**	0.0	1.0	1.1	(0.3)	(2.8)	(3.1)
Loans:									
Domestic	**14.1**	**(35.4)**	**(21.2)**	(12.2)	(115.0)	(127.3)	(23.4)	(171.2)	(194.7)
International	**16.6**	**22.7**	**39.4**	75.1	(51.4)	23.7	88.6	(23.4)	65.1
Total	**30.4**	**(12.3)**	**18.1**	40.0	(143.6)	(103.5)	39.3	(168.9)	(129.5)
Total Interest Income:									
Domestic	**(0.1)**	**(45.1)**	**(45.2)**	(5.5)	(147.3)	(152.8)	6.5	(251.2)	(244.7)
International	**11.4**	**(80.1)**	**(68.6)**	52.6	(254.8)	(202.1)	87.2	408.3	495.6
Total	**¥ 6.2**	**¥(119.5)**	**¥(113.3)**	¥ (6.0)	¥(350.1)	¥(356.2)	¥ 58.2	¥ 194.0	¥ 252.2
Interest Expense									
Deposits:									
Domestic	**¥ 0.3**	**¥ (19.9)**	**¥ (19.6)**	¥ 1.1	¥ (95.9)	¥ (94.7)	¥ 0.9	¥(156.2)	¥(155.2)
International	**(7.3)**	**26.0**	**18.6**	(2.6)	(73.5)	(76.1)	20.9	7.8	28.7
Total	**(2.4)**	**1.4**	**(0.9)**	1.9	(172.8)	(170.9)	13.4	(140.0)	(126.5)
Call Money:									
Domestic	**(0.9)**	**2.0**	**1.0**	(3.1)	(12.5)	(15.7)	0.5	(50.0)	(49.5)
International	**(1.7)**	**1.0**	**(0.7)**	(4.1)	(3.9)	(8.1)	0.2	2.5	2.8
Total	**(1.9)**	**2.2**	**0.3**	(5.9)	(17.8)	(23.8)	0.8	(47.6)	(46.7)
Negotiable Certificates of Deposit:									
Domestic	**0.3**	**2.1**	**2.5**	3.1	(4.7)	(1.6)	2.8	(19.9)	(17.1)
International	**2.6**	**5.0**	**7.6**	1.4	(3.3)	(1.9)	21.7	3.5	25.3
Total	**2.2**	**7.9**	**10.2**	11.5	(15.0)	(3.5)	17.7	(9.6)	8.1
Bills Sold:									
Domestic	**(1.0)**	**0.2**	**(0.8)**	(0.6)	(1.3)	(2.0)	0.3	(7.3)	(6.9)
International	**(1.2)**	**1.0**	**(0.2)**	(1.2)	(1.6)	(2.9)	0.8	1.8	2.7
Total	**(5.0)**	**4.0**	**(1.0)**	(3.0)	(1.8)	(4.9)	1.4	(5.6)	(4.1)
Borrowed Money:									
Domestic	**2.0**	**(4.0)**	**(1.9)**	(3.2)	(2.6)	(5.8)	(7.9)	(12.6)	(20.5)
International	**11.0**	**3.6**	**14.7**	4.1	(2.6)	1.4	4.0	(2.5)	1.4
Total	**11.6**	**1.1**	**12.7**	0.8	(5.2)	(4.3)	(4.4)	(14.7)	(19.1)
Total Interest Expense:									
Domestic	**(2.0)**	**(6.3)**	**(8.4)**	(0.4)	(90.7)	(91.1)	3.2	(273.6)	(270.4)
International	**14.9**	**(23.5)**	**(8.5)**	39.1	(241.5)	(202.3)	79.5	337.1	416.6
Total	**¥ 0.8**	**¥ (17.3)**	**¥ (16.4)**	¥ (0.5)	¥(294.1)	¥(294.6)	¥ 46.2	¥ 101.3	¥ 147.6

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

Breakdown of Fee & Commission Income

	Billions of yen		
Years ended March 31,	**1998**	1997	1996
Income			
Deposit and Loan-Related:			
Domestic	**¥ 4.1**	¥ 3.6	¥ 3.6
International	**16.1**	14.4	11.9
Total	**20.2**	18.1	15.5
Remittance:			
Domestic	**37.6**	35.8	34.3
International	**11.3**	10.6	9.9
Total	**49.0**	46.5	44.2
Securities-Related:			
Domestic	**6.4**	7.9	11.7
International	**0.1**	0.3	0.1
Total	**6.6**	8.3	11.9
Safe Deposit Box:			
Domestic	**2.9**	2.9	3.0
International	**—**	0.0	0.0
Total	**2.9**	2.9	3.0
Guarantees:			
Domestic	**0.6**	0.6	0.5
International	**7.4**	7.3	7.2
Total	**8.1**	7.9	7.7
Agent:			
Domestic	**9.7**	10.3	10.1
International	**1.5**	1.3	0.8
Total	**11.3**	11.7	10.9
Total Income:			
Domestic	**70.7**	68.5	70.3
International	**39.0**	38.9	39.3
Total	**¥109.7**	¥107.5	¥109.6
Expense			
Remittance:			
Domestic	**¥ 9.5**	¥ 8.8	¥ 8.7
International	**4.0**	3.5	3.3
Total	**13.5**	12.4	12.1
Total Expenses:			
Domestic	**31.6**	29.8	29.0
International	**13.0**	13.1	14.3
Total	**¥ 44.7**	¥ 42.9	¥ 43.3

NON-CONSOLIDATED

NON-CONSOLIDATED

Market Transactions

Breakdown of Net of Other Operating Income and Commissions

Years ended March 31,	1998	1997	1996
	Billions of yen		
Foreign Exchange Sales Income:			
Domestic	**¥ —**	¥ —	¥ —
International	**1,762.5**	6.6	(8.0)
Total	**1,762.5**	6.6	(8.0)
Net Gains on Trading Account Securities:			
Domestic	**...**	1.0	6.2
International	**...**	—	—
Total	**...**	1.0	6.2
Net Gains on Sales of Bonds:			
Domestic	**5,842.9**	30.5	100.9
International	**1,938.8**	5.6	4.4
Total	**7,781.7**	36.2	105.3
Others:			
Domestic	**(394.9)**	(0.0)	(1.5)
International	**(917.8)**	(6.6)	(1.0)
Total	**(1,312.8)**	(6.6)	(2.5)
Total:			
Domestic	**5,447.9**	31.6	105.5
International	**2,783.4**	5.6	(4.6)
Total	**8,231.4**	37.2	100.9

Breakdown of Adjusted General & Administrative Expenses

Years ended March 31,	1998	1997	1996
	Billions of yen		
Salaries, Allowances	**¥135.2**	¥135.4	¥136.4
Retirement Allowances	**3.7**	3.5	3.4
Transfer to Reserve for Retirement Allowance	**4.4**	4.3	4.5
Social Contributions	**27.0**	26.1	27.9
Depreciation	**40.7**	40.8	40.3
Lease on Buildings and Equipment	**35.8**	34.8	28.8
Repair Expenses	**0.9**	0.9	1.0
General Supplies	**5.0**	5.5	5.5
Lighting and Heating Expenses	**5.1**	4.7	4.7
Travel Expenses	**2.7**	2.7	2.4
Telephone, Fax, etc.	**7.4**	7.6	7.4
Advertising Expenses	**5.7**	5.5	6.6
Taxes	**28.8**	25.3	28.5
Other	**82.6**	82.7	70.6
Total	**¥385.7**	¥380.4	¥368.7

Deposits

Breakdown of Deposits

March 31,	1998	1997	1996
	Billions of yen		
Liquid Deposits※:			
Domestic	**¥ 8,148.2**	¥ 7,738.9	¥ 7,522.6
International	**46.5**	155.7	144.1
Total	**8,194.7**	7,894.6	7,666.7
Time Deposits:			
Domestic	**12,996.9**	12,852.8	13,707.7
International	**6,482.6**	10,148.2	9,435.4
Total	**19,479.5**	23,001.1	23,143.1
Negotiable Certificates of Deposit:			
Domestic	**2,609.6**	2,872.0	2,176.0
International	**516.3**	1,012.4	597.7
Total	**3,125.9**	3,884.4	2,773.7
Other:			
Domestic	**603.5**	672.3	567.8
International	**3,038.8**	2,826.6	2,813.4
Total	**3,642.3**	3,498.9	3,381.3
Total Deposits:			
Domestic	**24,358.4**	24,136.1	23,974.1
International	**10,084.2**	14,143.0	12,990.9
Total	**¥34,442.7**	¥38,279.1	¥ 36,965.0

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

NON-CONSOLIDATED

Average Amount of Deposits

March 31,	1998	1997	1996
	Billions of yen		
Liquid Deposits*:			
Domestic	**¥ 6,905.0**	¥ 6,241.4	¥ 5,407.3
International	**158.6**	171.8	134.9
Total	**7,063.7**	6,413.3	5,542.3
Time Deposits:			
Domestic	**13,683.5**	14,267.3	14,883.8
International	**10,572.6**	10,824.0	11,243.8
Total	**24,256.1**	25,091.4	26,127.7
Negotiable Certificates of Deposit:			
Domestic	**2,393.2**	2,322.9	1,760.6
International	**893.1**	849.7	825.3
Total	**3,286.3**	3,172.7	2,585.9
Other:			
Domestic	**312.3**	320.5	354.1
International	**2,838.5**	2,780.6	2,470.7
Total	**3,150.9**	3,101.2	2,824.9
Total Deposits:			
Domestic	**23,294.1**	23,152.3	22,406.0
International	**14,463.0**	14,626.3	14,674.8
Total	**¥37,757.2**	¥37,778.7	¥37,080.9

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

Breakdown of Depositors

	Billions of yen					
	1998		1997		1996	
March 31,	Amount	% of total	Amount	% of total	Amount	% of total
Individuals	**¥11,391.8**	**49.96%**	¥11,027.1	48.93%	¥10,496.2	44.21%
Corporations	**11,410.9**	**50.04**	11,511.4	51.07	13,243.7	55.79
Total	**¥22,802.7**	**100.00%**	¥22,538.5	100.00%	¥23,740.0	100.00%

Note: Figures have not been adjusted for deposits in transit between the Bank's head office and branches.

Loans and Bills Discounted

Breakdown of Loans and Bills Discounted

	Billions of yen					
	1998		1997		1996	
March 31,	Average balance	End balance	Average balance	End balance	Average balance	End balance
Loans on Notes:						
Domestic	**¥ 3,369.4**	**¥ 3,026.6**	¥ 3,521.9	¥ 3,467.8	¥ 3,826.6	¥ 3,777.7
International	**1,689.5**	**1,331.5**	1,549.3	1,592.3	1,362.3	1,302.3
Total	**5,058.9**	**4,358.1**	5,071.2	5,060.2	5,189.0	5,080.1
Loans on Deeds:						
Domestic	**13,891.4**	**13,824.9**	13,799.2	13,811.1	13,791.5	13,835.7
International	**10,264.7**	**7,776.1**	10,000.1	10,449.1	8,318.9	8,807.2
Total	**24,156.2**	**21,601.1**	23,799.4	24,260.3	22,110.5	22,642.9
Overdrafts:						
Domestic	**4,332.0**	**5,333.8**	3,596.6	3,883.7	3,731.1	3,665.6
International	**17.6**	**13.6**	14.4	13.9	10.9	7.4
Total	**4,349.6**	**5,347.5**	3,611.0	3,897.7	3,742.1	3,673.1
Bills Discounted:						
Domestic	**769.5**	**713.2**	800.1	807.2	876.4	968.1
International	**11.3**	**10.5**	13.4	11.7	12.6	11.7
Total	**780.8**	**723.7**	813.5	819.0	889.1	979.9
Total:						
Domestic	**22,362.4**	**22,898.7**	21,718.0	21,970.0	22,225.8	22,247.3
International	**11,983.2**	**9,131.8**	11,577.3	12,067.2	9,704.8	10,128.8
Total	**¥34,345.6**	**¥32,030.5**	¥33,295.3	¥34,037.3	¥31,930.7	¥32,376.1

Loans to Retail Sectors

	Billions of yen					
	1998		1997		1996	
March 31,	Number of customers	End balance	Number of customers	End balance	Number of customers	End balance
Total Loan Balance	**1,198**	**¥23,442.0**	1,194	¥22,601.3	1,173	¥22,836.1
Loans to Small/Medium Businesses	**1,193**	**17,756.3**	1,190	17,659.0	1,168	17,727.0
% of Total Loans	**99.56%**	**75.75%**	99.61%	78.13%	99.61%	77.62%

Notes: 1. "Number of customers" is shown in thousands.
2. Overseas branches and the Japan Offshore Market Account are not included.
3. The Bank's domestic business is conducted mainly in two sectors: the retail sector, which includes small and medium-sized businesses and individual customers, and the wholesale sector, which focuses on serving the large corporate customer base in Japan.

Breakdown of Loans by Purpose of Funds

March 31,	1998	1997	1996
	Billions of yen		
Funds for Capital Investment	**¥ 11,550.1**	¥ 11,709.1	¥11,388.5
Funds for Working Capital	**20,480.3**	22,328.1	20,987.6
Total	**¥ 32,030.4**	¥ 34,037.3	¥32,376.1

Major Lending Classifications

March 31,	1998	1997	1996
	Billions of yen		
Domestic Offices (excludes loans booked in the Japan offshore market):			
Manufacturing	**¥ 3,016.8**	¥ 2,601.3	¥ 2,747.6
Agriculture	**61.7**	64.8	67.7
Forestry	**2.5**	2.7	2.2
Fisheries	**10.8**	6.2	7.5
Mining	**27.6**	25.9	31.0
Construction	**1,094.0**	1,082.9	1,057.8
Utilities	**54.0**	216.3	237.7
Transportation and Communications	**985.2**	978.5	901.0
Wholesale and Retail	**3,656.2**	3,452.6	3,534.3
Finance and Insurance	**2,119.9**	1,893.6	2,120.9
Real Estate	**2,271.9**	2,230.0	2,323.3
Services	**4,369.2**	4,489.3	4,477.2
Local Government	**167.8**	176.5	187.4
Individuals and Others	**5,603.7**	5,380.1	5,139.9
Total Domestic	**23,442.0**	22,601.3	22,836.1
Overseas Offices (includes loans booked in the Japan offshore market):			
Public Sector	**264.5**	305.3	286.1
Financial Institutions	**1,549.3**	2,388.9	2,137.9
Commerce and Industry	**6,668.1**	8,602.1	6,981.3
Others	**106.4**	139.5	134.5
Total Overseas	**8,588.4**	11,435.9	9,539.9
Total	**¥ 32,030.5**	¥34,037.3	¥32,376.1

NON-CONSOLIDATED

Collateral Information

March 31,	1998	1997	1996
	Billions of yen		
Securities	**¥ 486.5**	¥ 480.9	¥ 521.1
Commercial Claims	**825.0**	919.6	813.7
Commodities	**—**	—	—
Real Estate	**3,716.9**	4,143.7	4,542.8
Others	**1,042.1**	923.5	667.1
Total Secured Loans	**6,070.7**	6,467.9	6,544.7
Guarantees	**13,711.7**	13,862.0	13,593.6
Unsecured	**12,248.0**	13,707.2	12,237.7
Total	**¥32,030.5**	¥34,037.3	¥32,376.1

Housing / Consumer Loans

March 31,	1998	1997	1996
	Billions of yen		
Housing Loans	**¥5,256.0**	¥5,090.6	¥4,909.3
Consumer Loans	**491.3**	476.4	445.1

Loans to Developing Countries

March 31,	1998	1997	1996
	Billions of yen		
Number of Countries	**10**	7	7
Balance of Loans	**¥ 8.3**	¥13.4	¥6.8
Reserve for Loans to Developing Countries	**0.8**	1.1	2.3
Balance of Loans as a Percentage of Total Assets	**0.01%**	0.02 %	0.01%

NON-CONSOLIDATED

NON-CONSOLIDATED

Securities

Breakdown of Securities Holdings

March 31,	1998	1997	1996
	Billions of yen		
Japanese Government Bonds:			
Domestic	**¥ 1,090.2**	¥1,054.7	¥ 1,054.1
International	**—**	—	—
Total	**1,090.2**	1,054.7	1,054.1
Japanese Local Government Bonds:			
Domestic	**368.9**	235.0	287.0
International	**—**	—	—
Total	**368.9**	235.0	287.0
Corporate Bonds:			
Domestic	**481.0**	411.3	512.6
International	**—**	—	—
Total	**481.0**	411.3	512.6
Corporate Stocks:			
Domestic	**3,474.6**	3,292.0	3,184.4
International	**—**	—	—
Total	**3,474.6**	3,292.0	3,184.4
Other:			
Domestic	**195.6**	230.3	215.9
International	**640.2**	550.8	544.9
Total	**835.8**	781.1	760.8
Total Securities:			
Domestic	**5,610.5**	5,223.6	5,254.2
International	**640.2**	550.8	544.9
Total	**¥ 6,250.7**	¥5,774.4	¥ 5,799.1

Book Value and Market Value Information

Market Prices of Marketable Securities

	Billions of yen									
	1998				1997			1996		
March 31,	Book value	Market value	Unrealized gain (loss) Net	Unrealized gain (loss) loss portion	Book value	Market value	Unrealized gain (loss)	Book value	Market value	Unrealized gain (loss)
Listed Securities										
Trading Account Securities:										
Bonds	**¥ —**	**¥ —**	**¥ —**	**¥ —**	¥ 1.7	¥ 1.7	¥ 0.0	¥ 1.5	¥ 1.6	¥ 0.0
Investment Securities:										
Bonds	**595.2**	**602.6**	**7.3**	**0.2**	436.9	451.1	14.1	340.6	347.9	7.3
Stocks	**3,270.6**	**3,021.8**	**(248.7)**	**434.1**	3,086.6	3,421.9	335.2	2,995.7	3,966.1	970.4
Others	**59.9**	**73.9**	**14.0**	**2.5**	98.7	134.2	35.5	87.1	89.7	2.6
of which Foreign Affiliates	**7.5**	**20.0**	**12.5**	**2.4**	6.6	25.7	19.1	4.3	2.6	(1.7)
Total Investment Securities	**3,925.8**	**3,698.4**	**(227.4)**	**436.8**	3,622.3	4,007.2	384.9	3,423.4	4,403.9	980.4
Total	**¥3,925.8**	**¥3,698.4**	**¥(227.4)**	**¥436.8**	¥3,624.0	¥4,009.0	¥384.9	¥3,425.0	¥4,405.5	¥980.5
Unlisted Securities		(estimate)				(estimate)			(estimate)	
Trading Account Securities:										
Bonds	**¥ —**	**¥ —**	**¥ —**	**¥ —**	¥ 1.7	¥ 1.8	¥ 0.0	¥ 0.5	¥ 0.5	¥ 0.0
Investment Securities:										
Bonds	**822.8**	**832.8**	**10.0**	**0.4**	802.8	815.6	12.7	965.2	946.6	(18.5)
Stocks	**60.8**	**50.1**	**(10.6)**	**23.5**	58.5	67.8	9.2	55.2	93.0	37.8
Others	**117.7**	**116.4**	**(1.3)**	**2.0**	145.8	92.0	(53.8)	167.7	121.5	(46.2)
Total Investment Securities	**1,001.4**	**999.5**	**(1.9)**	**26.0**	1,007.2	975.5	(31.7)	1,188.2	1,161.2	(26.9)
Total	**¥1,001.4**	**¥ 999.5**	**¥ (1.9)**	**¥ 26.0**	¥1,009.0	¥ 977.3	¥(31.7)	¥1,188.7	¥1,161.8	¥(26.9)

Notes: 1. Bonds include Japanese national government bonds, Japanese local government bonds and Japanese corporate bonds and financial debentures. The market prices of listed securities are primarily calculated by using the closing prices on the Tokyo Stock Exchange.

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

3. The book values of securities not included in the two tables above are primarily as follows:

March 31,	1998	1997	1996
	Billions of yen		
Trading Account Securities:			
Unlisted Bonds (redemption period less than one year)	**¥ —**	¥ 61.3	¥393.6
Investment Securities:			
Unlisted Notes	**506.2**	451.9	488.2
Unlisted Bonds (redemption period less than one year)	**13.5**	5.2	26.8
Unlisted Foreign Bonds	**152.8**	88.5	99.5
Unlisted Foreign Stocks	**415.8**	385.4	375.3

NON-CONSOLIDATED

Interest Rate Transactions

	Billions of yen									
	1998					1997				
	Contract value					Contract value				
March 31,	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)
Listed										
Interest Futures:										
Sell	¥ **181.9**	¥ **—**	¥ **....**	¥ **182.1**	¥ **(0.2)**	¥ 137.4	17.9	¥	¥137.3	¥ 0.1
Buy	**115.7**	**—**	**....**	**115.8**	**0.0**	126.6	4.9	....	126.5	(0.1)
Interest Rate Option:										
Sell Call	**274.5**	**—**	**60**	**0.0**	**0.0**	65.8	—	13	0.0	0.0
Put	**221.7**	**—**	**48**	**0.0**	**(0.0)**	115.4	—	16	0.0	(0.0)
Buy Call	**39.6**	**—**	**10**	**0.0**	**(0.0)**	84.8	—	17	0.0	(0.0)
Put	**184.9**	**—**	**55**	**0.0**	**0.0**	215.1	—	42	0.0	(0.0)
Over the Counter										
FRA:										
Sell	**—**	**—**	**....**	**—**	**....**	1,019.2	49.7	....	....	....
Buy	**—**	**—**	**....**	**—**	**....**	1,018.6	49.7	....	....	....
Interest Rate Swap:										
Receive Fixed Pay Floating	**48,905.3**	**17,041.2**	**....**	**1,001.7**	**1,001.7**	64,737.2	27,958.6	....	....	....
Receive Floating Pay Fixed	**49,110.5**	**13,623.9**	**....**	**(1,048.0)**	**(1,048.0)**	66,654.9	27,119.2	....	....	....
Receive Floating Pay Floating	**182.1**	**93.8**	**....**	**0.1**	**0.1**	432.9	392.4	....	....	....
Receive Fixed Pay Fixed	**5.9**	**5.9**	**....**	**0.0**	**0.0**					
Interest Rate Option:										
Sell Call	**—**	**—**	**—**	**—**	**—**	247.0	157.0	—	....	....
Put	**—**	**—**	**—**	**—**	**—**	250.0	142.0	—	....	....
Buy Call	**—**	**—**	**—**	**—**	**—**	185.9	79.5	—	....	....
Put	**—**	**—**	**—**	**—**	**—**	192.6	86.5	—	....	....
Others:										
Sell	**230.8**	**93.9**	**—**	**(0.5)**	**2.1**	581.4	395.0	—	....	....
Buy	**250.8**	**124.1**	**—**	**0.3**	**(2.3)**	801.6	565.5	—	....	....
Total	**....**	**....**	**....**	**....**	¥ **(46.6)**	....	....	....	....	¥ 0.0

Notes: 1.*In millions of yen. Option premiums are included in the balance sheet.
2. Calculation of market value.
The market values of listed securities are calculated using the closing prices on the Tokyo Financial Futures Exchange, etc.
3. Market value and evaluation profit and loss include transactiions made for the purpose of hedging on-balance sheet transactions.
4. Interest rate swap market value and evaluation profit and loss includes accrued interest of 124,124 millions of yen entered in the Statement of Income.
5. Details of interest rate swap notional amounts and average rates according to when due are as follows:

	Billions of yen			
	One year or loss	More than one year to three years	Over three years	Total
Receive Fixed Pay Floating:				
Notional Amount	¥31,864.0	¥14,675.9	¥2,365.3	¥48,905.3
Average Receive Rate	4.91%	4.39%	3.89%	4.73%
Average Pay Rate	4.29%	3.59%	1.82%	4.01%
Receive Floating Pay Fixed:				
Notional Amount	35,486.6	11,401.4	2,222.5	49,110.5
Average Receive Rate	4.17%	2.96%	2.44%	3.89%
Average Pay Rate	4.82	4.31	4.50	4.72
Receive Floating Pay Floating:				
Notional Amount	88.3	48.7	45.1	182.1
Average Receive Rate	5.62%	4.62%	8.74%	6.05%
Average Pay Rate	5.27	4.03	5.36	4.95
Receive Fixed Pay Fixed:				
Notional Amount	—	—	5.9	5.9
Average Receive Rate	—	—	1.34%	1.34%
Average Pay Rate	—	—	1.33	1.33

6. Derivative transactions included in trading account transactions are valued at the market price and the evaluation profit or loss calculated is included in the Statement of Income. Therefore it is not included in the following table.

The contract value, etc. of derivative transactions in trading account transactions is as follows:

	Billions of yen		
March 31, 1998	Contract value	Option premium*	Market value
Listed			
Interest Futures:			
Sell	¥ **2,283.8**	¥ **....**	**¥2,285.2**
Buy	**2,165.4**	**....**	**2,167.4**
Interest Rate Option:			
Sell Call	**152.2**	**56**	**0.0**
Put	**268.9**	**92**	**0.0**
Buy Call	**244.5**	**72**	**0.0**
Put	**31.8**	**38**	**0.0**
Over the Counter			
FRA:			
Sell	**13.7**	**....**	**0.0**
Buy	**22.2**	**....**	**(0.0)**
Interest Rate Swap:			
Receive Fixed Pay Floating	**42,653.3**	**....**	**802.1**
Receive Floating Pay Fixed	**40,690.1**	**....**	**(746.4)**
Receive Floating Pay Floating	**480.0**	**....**	**(0.8)**
Receive Fixed Pay Fixed	**26.1**	**....**	**9.8**
Interest Rate Option:			
Sell Call	**524.9**	**5,568**	**(18.6)**
Put	**572.0**	**5,549**	**(2.5)**
Buy Call	**445.1**	**3,996**	**10.2**
Put	**467.0**	**4,231**	**2.8**
Others:			
Sell	**822.0**	**11,989**	**(4.0)**
Buy	**1,077.5**	**14,410**	**3.4**
Total	**....**	**....**	**....**

Note: * In millions of yen. Option premiums are the original premiums received/paid relating to the contract value, etc.

Currency Transactions

	Billions of yen							
	1998				1997			
	Contract value				Contract value			
March 31,	Total	Term over one year	Market value	Unrealized gain (loss)	Total	Term over one year	Market value	Unrealized gain (loss)
Over the Counter								
Currency Swap:								
US$	**¥2,422.4**	**¥1,100.4**	¥ 157.4	¥ 157.4	¥3,591.8	¥2,633.1	....	....
STG £	**222.8**	**1.9**	(10.2)	(10.2)	83.7	1.4	....	....
DM	**177.9**	**11.2**	4.7	4.7	162.3	62.1	....	....
A$	**24.1**	**4.8**	(0.4)	(0.4)	810.2	765.4	....	....
Others	**528.2**	**111.1**	(127.3)	(127.3)	362.4	196.2	....	....
Total	**¥3,375.5**	**¥1,229.7**	¥ 24.1	¥ 24.1	¥5,010.5	¥3,658.3	....	....

Notes: 1. Market value and evaluation profit and loss include transactions made for the purpose of hedging on-balance sheet transactions.
2. Market value and the evaluation profit and loss includes accrued interest of 4,094 millions of yen entered in the Statement of Income.
3. Derivative transactions included in trading account transactions are valued at the market price and the evaluation profit or loss calculated is included in the Statement of Income. Therefore it is not indicated in the above table.
The contract value, etc. of derivative transaction in trading account transactions is as follows:

	Billions of yen	
March 31, 1998	Contract value	Market value
Over the Counter		
Currency Swap:		
US$	**3,338.8**	**(15.7)**
DM	**56.9**	**(1.2)**
A$	**639.3**	**(16.4)**
Other	**159.2**	**(1.0)**
Total	**4,194.3**	**(34.5)**

NON-CONSOLIDATED

Notes: 4. In a foreign exchange contract, currency options, etc. are revalued at the end of the fiscal year. The profit or loss calculated is included in the statement of income.

5. The table below indicates the contract value of derivative transactions relating to currency transactions which are revalued.

	Billions of yen			
	1998		1997	
March 31,	Contract value	Option premium*	Contract value	Option premium*
Listed				
Currency Futures:				
Sell	¥ **—**	¥	¥ —	¥ ....
Buy	**22.3**	....	12.1	....
Currency Option:				
Sell Call	**—**	**—**	—	—
Put	**—**	**—**	—	—
Buy Call	**—**	**—**	—	—
Put	**—**	**—**	—	—
Over the Counter				
Foreign Exchange Contract:				
Sell	**15,227.7**	....	29,477.9	....
Buy	**27,326.8**	....	14,200.5	....
Currency Option:				
Sell Call	**1,124.1**	**37,329**	863.5	30,358
Put	**1,342.0**	**13,809**	821.3	7,404
Buy Call	**1,059.4**	**35,686**	863.5	30,893
Put	**1,398.6**	**14,936**	768.7	8,124
Others:				
Sell	**—**	....	—	....
Buy	**—**	....	—	....
Total	....	....	....	....

Note: * In millions of yen. Option premiums are included in the balance sheet.

Securities Transactions

	Billions of yen									
	1998					1997				
	Contract value					Contract value				
March 31,	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)
Listed										
Bond Futures:										
Sell	**¥—**	**—**	**¥ ....**	**¥—**	**¥ —**	¥—	—	¥....	¥—	¥—
Buy	**—**	**—**	....	**—**	**—**	—	—	....	—	—
Bond Futures Option:										
Sell Call	**—**	**—**	—	**—**	**—**	—	—	—	—	—
Put	**—**	**—**	—	**—**	**—**	—	—	—	—	—
Buy Call	**1.5**	**—**	8	**0.0**	**(0.0)**	—	—	—	—	—
Put	**4.0**	**—**	27	**0.0**	**(0.0)**	—	—	—	—	—
Total	**....**	**....**	....	**....**	**¥ (0.0)**	....	....	....	....	—

Notes: 1. * In millions of yen. Option premiums are included in the balance sheet.
2. Calculation of market value.
The market values of listed securities are calculated using the closing prices on the Tokyo Stock Exchange, etc.

Bond-Related Transactions

	Billions of yen									
	1998					1997				
	Contract value					Contract value				
March 31,	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)
Listed										
Bond Futures:										
Sell	**¥117.6**	**—**	**¥ ....**	**¥118.4**	**¥(0.7)**	¥268.7	—	¥	¥269.6	¥(0.8)
Buy	**—**	**—**	....	**—**	**—**	103.5	—	....	103.8	0.3
Bond Futures Option:										
Sell Call	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Put	**4.2**	**—**	**2**	**0.0**	**0.0**	—	—	—	—	—
Buy Call	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Put	**3.6**	**—**	**3**	**0.0**	**0.0**	—	—	—	—	—
Over the Counter										
Bond-Related Option:										
Sell Call	**116.6**	**—**	**370**	**0.4**	**(0.0)**	—	—	—	....	....
Put	**—**	**—**	**—**	**—**	**—**	—	—	—	....	....
Buy Call	**3.9**	**—**	**8**	**—**	**0.0**	—	—	—	....	....
Put	**—**	**—**	**—**	**—**	**—**	1.2	—	16	....	....
Others:										
Sell	**—**	**—**	....	**—**	**—**	—	—	....	....	....
Buy	**—**	**—**	....	**—**	**—**	—	—	....	....	....
Total	....	....	....	....	**¥(0.8)**	....	....	....	....	¥(0.4)

Notes: 1. * In millions of yen. Option premiums are included in the balance sheet.
2. Derivative transactions included in trading account transactions are valued at the market price and the evaluation profit or loss calculated is included in the Statement of Income. Therefore it is not indicated in the following table.
The contract value, etc. of derivative transaction in trading account transactions is as follows:

	Billions of yen		
March 31, 1998	Contract value	Option premium*	Market value
Listed			
Bond Futures:			
Sell	**¥21.3**	**¥....**	**¥21.3**
Buy	**9.7**	....	**9.7**
Bond Futures Option:			
Sell Call	**—**	**—**	**—**
Put	**—**	**—**	**—**
Buy Call	**—**	**—**	**—**
Put	**—**	**—**	**—**
Over the Counter			
Bond Related Swap:			
Sell Call	**—**	**—**	**—**
Put	**—**	**—**	**—**
Buy Call	**—**	**—**	**—**
Put	**—**	**—**	**—**
Others:			
Sell	**—**	**—**	**—**
Buy	**—**	**—**	**—**
Total	....	....	....

Note: * In millions of yen. Option premiums are the original premiums received/paid relating to the contract value, etc.

NON-CONSOLIDATED

Asset Liability Management

Composition of Time Deposits by Type and Maturity

March 31, 1998	Less than three months	Three months to less than six months	Six months to less than one year	One year to less than two years	Two years to less than three years	Three years and over	Total
	Billions of yen						
Time Deposits with Deregulated Interest Rates (fixed)	¥ 5,736.7	¥1,919.4	¥2,447.9	¥1,043.9	¥1,496.5	¥291.0	¥12,935.6
Time Deposits with Deregulated Interest Rates (floating)	0.5	0.5	2.1	1.4	0.9	0.0	5.6
Total	¥11,325.7	¥2,703.4	¥2,599.4	¥1,045.8	¥1,497.5	¥295.8	¥19,467.7

Note: Time deposits outstanding do not include installment time deposits.

Composition of Loans by Type and Maturity

March 31, 1998	One year or less	More than one year to three years	More than three years to five years	More than five years to seven years	Over seven years	Unspecified term	Total
	Billions of yen						
Floating Interest Rate	¥	¥1,683.9	¥1,888.3	¥ 951.3	¥5,867.4	¥5,359.9	¥ ....
Fixed Interest Rate	....	881.5	1,146.6	350.2	2,742.2	—	....
Total	¥11,158.8	¥2,565.4	¥3,035.0	¥1,301.5	¥8,609.6	¥5,359.9	¥32,030.5

Composition of Securities Holdings by Type and Maturity

March 31, 1998	One year or less	More than one year to three years	More than three years to five years	More than five years to seven years	More than seven years to 10 years	Over 10 years	Unspecified Term	Total
	Billions of yen							
Japanese Government Bonds	¥ 0.1	¥ 12.8	¥84.6	¥337.6	¥652.5	¥ —	¥ —	¥1,087.9
Japanese Local Government Bonds	10.8	26.8	15.3	7.7	305.5	2.6	—	368.9
Corporate Bonds	57.4	122.0	61.6	19.9	220.0	—	—	481.0
Corporate Stocks	....	....	....	....	....	....	3,474.6	3,474.6
Other	96.1	32.5	45.5	31.1	33.1	25.0	572.3	835.8
Foreign Corporate Bonds	94.2	27.4	32.8	11.9	9.9	25.0	—	201.4
Foreign Corporate Stocks	....	....	....	....	....	....	438.5	438.5
Securities Lent	—	2.2	—	—	—	—	—	2.2

Notes: 1. "Total number of employees" does not include non-regular or locally hired staff at the overseas offices which total 2,737 as of March 31, 1998.
2. "Average monthly salary" was calculated on the basis of total salary paid in March plus overtime allowance. This figure does not include annual bonus payments.
3. The stipulated age of retirement for employees is 60 years of age.
However, in certain cases where deemed necessary by the Bank, employees may be rehired as a non-regular employee for a fixed term.

Facilities and Premises/Personnel

Number of Branches

March 31,	**1998**	1997	1996
Domestic:			
Branches	**290**	290	289
Sub-branches	**42**	49	55
Overseas:			
Branches	**25**	24	21
Sub-branches	**1**	1	1
(Representative offices)	**(21)**	(22)	(23)
Total	**358**	364	366

Investment in Facilities

March 31, 1998	Budget	Paid	Expected expenditure
	Billions of yen		
Head Office	**¥ 0.7**	¥ 0.4	¥ 0.3
Branches	**19.0**	8.0	11.0
Others	**9.6**	4.0	5.5
Office Appliances	**19.9**	0.0	19.9
Other Office Equipment	**3.1**	0.0	3.1
Total	**¥52.3**	¥12.4	¥39.8

Number of ATMs

March 31,	**1998**	1997	1996
Cash Dispensers	**519**	547	547
Automatic Tellers	**3,399**	3,325	3,240
Automatic Passbook Entry Machines	**369**	369	369
Total	**4,287**	4,241	4,156

Personnel

March 31, 1998	Number of employees	Average age	Average length of employment	Average monthly salary (yen)
Administrative Staff:		*years - months*	*years - months*	
Male	9,429	39-1	17-5	¥594,495
Female	4,716	29-11	9-9	264,550
Sub-total or Average	14,145	36-1	14-10	484,490
General Operating Staff:				
Male	470	53-7	17-0	367,003
Female	—	—	—	—
Sub-total or Average	470	53-7	17-0	367,003
Total or Average	14,615	36-7	14-11	¥480,712

Principal Ratios

Capital Ratio

March 31,	1998	1997	1996
	Billions of yen		
Tier I Capital	¥ 1,809.8	¥ 1,950.6	¥ 1,641.3
Tier II Capital:			
Unrealized Gains on Securities, after 55% Discount	—	174.2	441.2
Revaluted Gains on Securities, after 55% Discount	146.9	—	—
Reserve for Possible Loan Losses	120.7	141.9	135.8
Subordinated Term Debt and Other	1,476.9	1,485.2	1,142.7
Total	1,744.6	1,801.5	1,719.8
Tier II Capital Includible as Qualifying Capital	1,744.6	1,801.5	1,641.3
Total Qualifying Capital	¥ 3,554.5	¥ 3,752.1	¥ 3,282.7
Risk-Adjusted Assets:			
On-Balance Sheet Items	33,802.9	36,251.0	35,199.7
Off-Balance Sheet Items	3,614.6	4,412.8	4,025.3
Amount related to Market Risk Equivalent	341.9	—	—
Total	¥37,759.5	¥40,663.8	¥39,225.1
Tier I Capital Ratio	4.79%	4.79%	4.18%
Total Capital Ratio	9.41	9.22	8.36

Notes: 1. Figures in this table were calculated on a consolidated basis and in accordance with guidelines established by the Ministry of Finance.
2. The reserve for possible loan losses excluded the specific reserve for fiscal 1991 and fiscal 1992. Beginning in fiscal 1993, the reserve for possible loan losses excludes both the specific reserve for possible loan losses and the reserve for loans to developing countries.

Return on Equity and Assets

Years ended March 31,	1998	1997	1996
Net Income as a Percentage of:			
Average Total Assets, excluding Customers' Liabilities for Acceptances and Guarantees (ROA)	—%	0.11%	—%
Average Shareholders' Equity	—%	3.59%	—%
Declared Cash Dividends per Share (in yen):			
Common Stock	¥8.50	¥8.50	¥6.50
Preferred Stock	7.50	3.75	—

Margin on Funds

Years ended March 31,	1998	1997	1996
Yield on Funds (Yield on Interest Earning Assets) – Ⓐ:			
Domestic	2.24%	2.39%	2.89%
International	8.02	8.50	10.07
Total	4.44	4.71	5.48
Cost of Funds (Yield on Interest Bearing Liabilities) – Ⓑ:			
Domestic	2.18	2.20	2.50
International	7.50	7.63	9.09
Total	4.27	4.30	4.94
Overall Margin on Funds (Ⓐ – Ⓑ):			
Domestic	0.06	0.19	0.39
International	0.52	0.86	0.98
Total	0.17%	0.40%	0.53%

NON-CONSOLIDATED

Ratio of Loans to Deposits

March 31,	1998	1997	1996
	Billions of yen		
Loans:			
Domestic	¥22,898.7	¥21,970.0	¥22,247.3
International	9,131.8	12,067.2	10,128.8
Total	32,030.5	34,037.3	32,376.1
Deposits:			
Domestic	24,358.4	24,136.1	23,974.1
International	10,084.2	14,143.0	12,990.9
Total	34,442.7	38,279.1	36,965.0
Ratio of Loans to Deposits:			
Domestic	94.00%	91.02%	92.79%
International	90.55	85.32	77.96
Total	92.99%	88.91%	87.58%
Average Balance Outstanding During Year:			
Domestic	96.00%	93.80%	99.19%
International	82.85	79.15	66.13
Total	90.96%	88.13%	86.11%

Deposit / Loan Balance per Office

March 31,	1998	1997	1996
	Billions of yen		
Deposits per Office:			
Domestic	¥ 96.1	¥ 91.7	¥ 92.1
Overseas	262.2	485.7	491.6
Total	109.3	121.9	119.2
Loans per Office:			
Domestic	80.8	77.9	79.0
Overseas	343.2	476.3	454.0
Total	101.6	108.3	104.4
Number of Offices:			
Domestic	290	290	289
Overseas	25	24	21
Total	315	314	310

Note: Sub-branches are not included in the number of offices.

Deposit / Loan Balance per Employee

March 31,	1998	1997	1996
	Billions of yen		
Deposits per Employee:			
Domestic	¥2.1	¥1.9	¥1.8
Overseas	3.2	6.3	6.0
Total	2.2	2.4	2.3
Loans per Employee:			
Domestic	1.7	1.6	1.5
Overseas	4.2	6.2	5.5
Total	2.1	2.1	2.0

Note: Number of employees denotes average number of employees for the year. The number of employees for domestic offices includes head office employees.

NON-CONSOLIDATED

Stock Information

Stockholder Information (Common stock)

March 31, 1998	Number of stockholders	Number of stocks held (thousands)
Central/Local Government	4	5,830 (0.20%)
Financial Institutions	251	877,330 (30.40%)
Securities Companies	101	27,248 (0.95%)
Other Corporate Entities	6,382	1,653,501 (57.30%)
Foreign Corporations, etc.	487	137,069 (4.75%)
Individuals and Other	39,854	184,722 (6.40%)
Total	47,079	2,885,700 (100.00%)

Breakdown of Stockholders' Interests (Common stock)

March 31, 1998	Number of stockholders	Number of stocks held (thousands)
1,000 share units and above	349 (0.74%)	2,336,434 (80.97%)
500 share units and above	188 (0.40%)	134,485 (4.66%)
100 share units and above	749 (1.59%)	170,267 (5.90%)
50 share units and above	615 (1.31%)	41,985 (1.45%)
10 share units and above	5,998 (12.74%)	103,870 (3.60%)
5 share units and above	6,694 (14.22%)	42,635 (1.48%)
1 share unit and above	32,486 (69.00%)	56,024 (1.94%)
Total	47,079 (100.00%)	2,885,700 (100.00%)

Fuji Bank Stock Price (Common stock)

	Yen		
Years ended March 31,	**1998**	1997	1996
Highest	**¥1,840**	¥2,440	¥2,450
Lowest	**440**	1,140	1,650

Note: Fuji Bank stocks are listed on the first section of the Tokyo Stock Exchange.

NON-CONSOLIDATED