During fiscal 1998, ended March 31, 1999, severe conditions prevailed in the Japanese economy, although there were signs of a bottoming out in some sectors in the latter half of the period. Factors accounting for these conditions included continued stagnation in personal consumption owing to deterioration in the employment and income environments and a further dampening of consumer psychology. Other factors included a major decline in private capital investment, owing to declines in corporate performances and more aggressive restructuring measures, and a drop in exports, especially to Asia. In view of these developments, the Japanese government adopted two major economic stimulus packages, and the Bank of Japan took further steps to ease monetary policy.

Responding to uncertainty regarding Japan's financial system became a major issue, and the government implemented two laws in October 1998: the Law Concerning Emergency Measures for Reconstruction of the Functioning of the Financial System (the Financial Reconstruction Law) and the Law Concerning Emergency Measures for Early Strengthening of Financial Function (the Bank Recapitalization Law). These new laws and other measures provided a framework for restoring stability to Japan's financial system.

Amid these circumstances, in view of revisions in relevant legislation, The Dai-Ichi Kangyo Bank, Limited (the Parent) and its subsidiaries (together, the Group) reviewed the scope of business enterprises included in the Group and adopted measures to increase the efficiency of its operations as well as strengthen its business and financial positions.

As a result of these various factors, the Bank reported the following financial results on a consolidated basis.

Deposits, including negotiable certificates of deposit (NCD), declined ¥2,158.4 billion, to ¥35,568.9 billion, at fiscal year-end. Loans and bills discounted fell ¥3,976.9 billion, to ¥34,024.2 billion, and total assets were down ¥2,742.5 billion, to ¥54,890.4 billion.

Regarding profitability, to deal with problem loans, the Bank made substantially larger transfers to reserves than under previous criteria, including some precautionary additions. As a consequence, the Bank reported a net loss of ¥445.2 billion, and net loss per share was ¥142.93.

Net assets (shareholders' equity) rose ¥563.0 billion, to ¥2,403.0 billion. However, shareholders' equity per share was down ¥43.89, to ¥514.00.

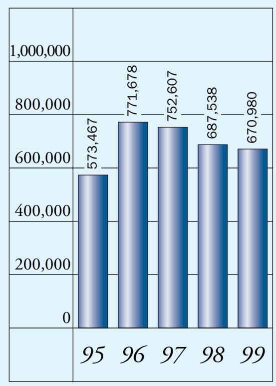
The Bank's risk-based capital ratio, under uniform international standards, was 11.46% at fiscal year-end on a consolidated basis and 11.63% on a non-consolidated basis.

STATEMENT OF INCOME

NET INTEREST INCOME

During the year ended March 31, 1999, net interest income fell 2.4%, to ¥670.9 billion ($5.5 billion), from the previous year.

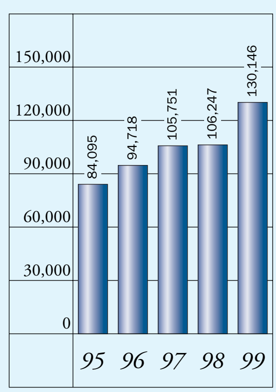
Net Interest Income
(Millions of yen)



NET FEES AND COMMISSIONS

Net fees and commissions grew 22.4%, to ¥130.1 billion ($1,079.6 million).

Net Fees and Commissions
(Millions of yen)



NET OTHER OPERATING INCOME (EXPENSES)

Net other operating income totaled ¥79.3 billion ($658.3 million), down a slight 0.2% from the previous year.

NET OTHER INCOME (EXPENSES)

The Bank recorded net other expenses of ¥996.6 billion ($8.2 billion), a substantial 129.8% down compared with the year ended March 31, 1998. This figure includes a significant rise in credit costs, as the Bank made substantially larger transfers to reserves than under previous criteria, including some precautionary additions to deal with problem loans.

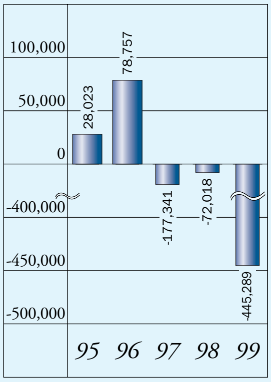
INCOME (LOSS) BEFORE TAXES AND OTHER ADJUSTMENTS

The Bank recorded a ¥657.5 billion ($5,454 million) loss before taxes and other adjustments, compared with a loss before taxes and other adjustments of ¥83.6 billion in the previous year.

NET INCOME (LOSS)

The Bank's net loss for the year ended March 31, 1999, amounted to ¥445.2 billion ($3,693.8 million). In the year ended March 31, 1998, the Bank recorded a net loss of ¥72.0 billion.

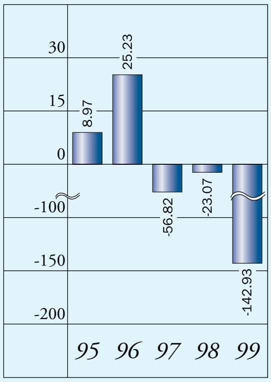
Net Income (Loss)
(Millions of yen)



NET INCOME (LOSS) PER SHARE AND CASH DIVIDENDS PER SHARE

Net loss per share was ¥142.93 ($1.18), compared with a net loss per share of ¥23.07 for the year ended March 31, 1998. Cash dividends per share were ¥6.00 ($0.04).

Net Income (Loss) per Share
(Yen)



GEOGRAPHICAL BREAKDOWN OF TOTAL INCOME

The following is a breakdown of the Group's total income in the years ended March 31, 1999, and 1998, based on the location of the offices.

	1999	1998
Japan	**66%**	64%
Asia (except Japan) and Oceania	**10**	11
Europe	**5**	6
The Americas	**19**	19

BALANCE SHEET

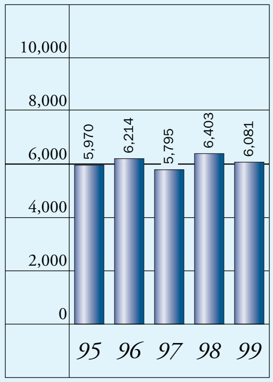
LOANS AND BILLS DISCOUNTED

Loans and bills discounted declined 10.4%, to ¥34,024.2 billion (US$282.2 billion). One of the primary factors accounting for this was that accompanying the sale of a portion of the Bank's holdings in the CIT Group, Inc., that company ceased to be a consolidated subsidiary and is now accounted for by the equity method of consolidation.

SECURITIES HELD

Securities held in the Bank's portfolio amounted to ¥6.0 trillion ($50.4 billion), down 5.0% from the previous fiscal year-end.

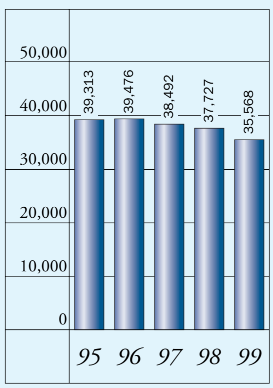
Securities Held
(Billions of yen)



DEPOSITS

The total balance of deposits fell 5.7%, to ¥35.5 trillion ($295.0 billion). Negotiable certificates of deposit (NCD) rose 29.2%, to ¥5.5 trillion ($46.4 billion). Total deposits less NCD decreased 10.2%, to ¥29.9 trillion ($248.6 billion).

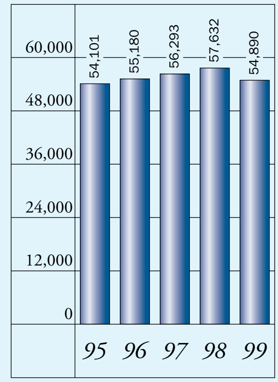
Deposits
(Billions of yen)



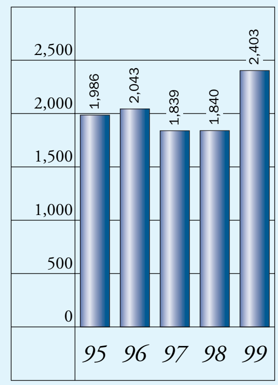
TOTAL ASSETS AND TOTAL SHAREHOLDERS' EQUITY

Total assets of the Bank declined 4.7%, to ¥54.8 trillion ($455.3 billion). Total assets, excluding customers' liabilities for acceptances and guarantees, fell 4.8%, to ¥52.6 trillion ($436.9 billion). One of the primary factors accounting for this was that accompanying the sale of a portion of the Bank's holdings in the CIT Group Inc., that company ceased to be a consolidated subsidiary and is now accounted for by the equity method of consolidation. Total shareholders' equity surged 30.5%, to ¥2.4 trillion ($19.9 billion).

Total Assets
(Billions of yen)



Total Shareholders' Equity
(Billions of yen)



CAPITAL RATIOS

Total capital based on the BIS standard increased 8.4%, to ¥4.0 trillion ($33.6 billion). This was primarily due to the issuance of preferred stock and the increase in the Bank's subordinated borrowings. Total risk-adjusted assets decreased 14.0%, to ¥35.4 trillion ($293.8 billion). The Bank's risk-based capital ratio was 11.46%, up 2.38 percentage points from the 9.08% recorded a year earlier.

	Billions of yen, %	
	1999	1998
Tier I (a)	**¥2,075.0**	¥ 1,909.2
Tier II (b)	**1,986.6**	1,833.8
Unrealized Valuation Gains on Securities, after 55% Discount	**1.9**	0
Premises Revaluation Account, after 55% Discount	**247.6**	287.0
Reserve for Possible Loan Losses	**241.9**	145.7
Other	**1,495.0**	1,401.0
Deductions from Capital (c)	**0.9**	—
Total Capital (a)+(b)-(c)	**4,060.7**	3,743.1
Total Risk-Adjusted Assets	**35,418.0**	41,222.4
Risk-Based Capital Ratio (BIS Capital Ratio)	**11.46%**	9.08%