

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Dai-Ichi Kangyo Bank, Limited and Consolidated Subsidiaries

① BASIS OF PRESENTATION

The consolidated financial statements of The Dai-Ichi Kangyo Bank, Limited and its consolidated subsidiaries have been prepared in accordance with generally accepted accounting principles in Japan* and the Uniform Accounting Standards for Banks in Japan promulgated by the Japanese Bankers Association, and filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

The accompanying consolidated financial statements have been rearranged, and Notes thereto have been rearranged and added for the convenience of readers outside Japan.

All monetary amounts are stated in millions of yen, and figures of smaller denominations are not

represented. Accordingly, the sum of each account may in fact not be equal to the combined sum of the individual items.

The Parent maintains its records and prepares its financial statements in Japanese yen. U.S. dollar amounts are presented solely for convenience and should not be construed to represent the actual value in Japanese yen that has been or could have been converted into U.S. dollars. The rate used for the U.S. dollar amounts in the accompanying financial statements is ¥120.55 to US\$1, the rate of exchange on March 31, 1999.

*Generally accepted accounting principles in Japan may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

② SIGNIFICANT ACCOUNTING POLICIES

① PRINCIPLES OF CONSOLIDATION

(1) Scope of Consolidation

To determine the scope of consolidation and related matters, the Bank has applied the revised regulations concerning presentation of consolidated financial statements based on the Rider 2 to the Partially Revised Ministerial Ordinance Regarding the Terminology, Format, and Method of Preparation for Consolidated Financial Statements (Ministry of Finance Ordinance No. 136, issued in fiscal 1998). In preparation of the financial statements, transactions among consolidated subsidiaries and the Parent have been eliminated.

| | |
|---|------|
| (a) Number of Consolidated Subsidiaries | :47 |
| DKB Securities Co., Ltd.; | |
| Dai-Ichi Kangyo Bank Nederland N.V.; | |
| Chekiang First Bank Ltd. | etc. |
| (b) Unconsolidated Subsidiaries | |
| ONKD, Inc. | etc. |

The total assets and net income (as accounted for by the equity method) as well as retained earnings (as accounted for by the equity method) of unconsolidated subsidiaries in total have no material impact on the Bank's consolidated financial statements.

(2) Application of the Equity Method of Consolidation

To determine the scope of consolidation by the

equity method and related matters, the Bank has applied the revised regulations concerning the presentation of consolidated financial statements based on the Rider 2 to the Partially Revised Ministerial Ordinance Regarding the Terminology, Format, and Method of Preparation for Consolidated Financial Statements (Ministry of Finance Ordinance No. 136, issued in fiscal 1998).

| | |
|--|------|
| (a) Number of companies accounted for by the equity method | :12 |
| Dai-Ichi Kangyo Research Institute | |
| Kankaku Securities Co., Ltd. | etc. |
| (b) Unconsolidated subsidiaries not accounted for by the equity method | |
| ONKD, Inc. | |
| ALCD Corporation | etc. |
| (c) Associated companies not accounted for by the equity method | |
| Asian-American Merchant Bank, Ltd. | |
| Valley Forge Convention Center, Inc. | |

The net income (as accounted for by the equity method) and retained earnings (as accounted for by the equity method) of unconsolidated subsidiaries not accounted for by the equity method and associated companies not accounted for by the equity method have no material impact on the Bank's consolidated financial statements.

(3) Eliminations of the difference between the Investment Account and the Shareholders' Equity Account

The difference, at the time of acquisition in 1989, between the cost of the investment in The CIT Group, Inc., and the underlying equity in net assets thereof is being amortized over a period of 10 years by the straight-line method.

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

(4) Fiscal Years of Consolidated Subsidiaries

Fiscal year-ends of consolidated subsidiaries are as follows:

- October 31 1 company
- December 31 31 companies
- March 31 15 companies

For the consolidated subsidiary closing its accounts on October 31, the provisional closing of accounts of that company on January 31, 1999, has been employed in preparing the Parent's consolidated accounts. For other consolidated subsidiaries, the accounts for their respective fiscal years, as noted above, have been employed. Significant transactions between the date of the closing of accounts and the date for the consolidated closing of accounts have been taken into consideration.

② ACCOUNTING CRITERIA

(1) Trading Account

Criteria for Evaluating Trading Account Assets and Liabilities and Related Income and Expenses

The following criteria are applied in accounting for Trading Account Assets and Liabilities and Trading Income and Expenses.

As for the Parent, assets and liabilities related to trading transactions are included on a contract day basis in Trading Account Assets and Trading Account Liabilities, and profit and losses from trading transactions are recognized on the contract date and included in Trading Income and Trading Expenses. Trading transactions are defined as: Transactions with the purposes of which to make a profit on the short-term movement of interest rates, currency prices, prices and other indices

pertaining to the securities markets, and from differentials between markets and others.

Trading Account Assets and Trading Account Liabilities are marked to fair market value on the last business day of the fiscal year. Trading Income and Trading Expenses include interest received/paid during the related term and the increase or decrease between the prior book closing day and latest book closing day of the fair market value of the securities, money claims and derivatives.

For consolidated subsidiaries, transactions for specified purposes (trading account transactions) and transactions similar to these are treated in the same way as for the Parent in virtually all cases.

(2) Securities

Securities of the Parent are carried at cost, determined by the moving average method. Moreover, the same method is applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management. Securities held by the consolidated subsidiaries are principally stated at cost.

(3) Premises and Equipment

Depreciation of Premises and Equipment is calculated in accordance with the Uniform Accounting Standards for Banks in Japan promulgated by the Japanese Bankers Association. The methods used to depreciate different kinds of assets of the Parent are as follows:

- Buildings: Straight-line method, based on the rates in the Corporation Tax Law of Japan.
- Equipment: Declining-balance method, based on the rates in the Corporation Tax Law of Japan.
- Other: As provided by the Corporation Tax Law of Japan.

Since the buildings owned by the Parent are branches, residences, and other properties held as long-term assets for use in business operations, the Parent deems that distributing the expense of these assets equally over their full useful lives presents the profit and loss for the period more appropriately. Therefore, accompanying the revision of Article 48, Section 1 of the Enforcement Regulations of the Corporation Tax Law of Japan, the Parent has

applied the straight-line method in the computation of depreciation. As a result of this change, Loss before Taxes and Other Adjustments was ¥3,954 million lower than it would have used the declining-balance method. In addition, due to a revision of the Ministerial Ordinance Concerning the Useful Life of Depreciable Assets, the useful life of buildings depreciated using the straight-line method was reduced in accordance with tax laws. Due to this change, Loss before Taxes and Other Adjustments was ¥349 million higher than it would have used the previous useful life.

Regarding equipment and real estate of consolidated subsidiaries, the straight-line method is applied in computing depreciation based on the estimated useful lives of such equipment. Certain domestic consolidated subsidiaries have, for the same reason as the Parent, changed their method of computing depreciation from the declining-balance to the straight-line method and revised the useful lives applied in these calculations.

As a result of the previously mentioned changes in the consolidated statement of income, the change in the method of depreciation resulted in a decrease of ¥3,955 million in Loss before Taxes and Other Adjustments. In addition, as a consequence of the change in the useful lives of premises and equipment, Loss before Taxes and Other Adjustments was ¥355 million higher than before the change.

(4) Reserve for Possible Loan Losses

The Parent made provisions for possible loan losses based on the criteria for writing off in accordance with the Uniform Accounting Standards for Banks in Japan stated by the Japanese Bankers Association. The amount of such provisions for obligors is equivalent to the book value, less the directly subtracted amount mentioned below, of loans outstanding to obligors that are legally bankrupt, as evidenced by a declaration of bankruptcy, ongoing composition, or other similar circumstances (Obligors under Legal Bankruptcy Proceedings) and loans outstanding to obligors in effectively similar conditions (Obligors Substantially in Bankruptcy) after deduction of the anticipated proceeds from the sale

of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan. In addition, provisions may also be made against loans to obligors that are currently not actually or effectively in bankruptcy, but are viewed as having a high probability of going into bankruptcy. In such cases, the anticipated proceeds from the sales of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan are first subtracted from the book value of the loan. Then, the provision for such loans is computed based on a comprehensive judgment regarding the obligor's ability to pay, which is deemed necessary. Provisions may also be made for other loans, including normally performing loans and loans to obligors under close observation based on the ratio of loan losses computed based on the default ratio sustained over a specific period in the past. Also, regarding loans to restructuring countries, the expected amount of the losses on such loans arising from political and economic conditions in those countries (including the Reserve for Losses on Overseas Investments prescribed in Article 55-2 of Exceptions to Tax Laws Act) has been included in Reserve for Loans to Restructuring Countries.

For all loans, operating divisions, branches, and the credit analysis departments assess the quality of such assets, based on internal asset evaluation criteria, and the Credit Audit Office, which reports to the Internal Audit & Compliance Committee, conducts an audit of these assessments. Provisions are based on the assessments mentioned.

Moreover, irrecoverable amounts, which are deducted anticipated proceeds from the sale of collateral pledged against the loan and anticipated amounts that may be recovered from guarantors of the loan, of Loans to Obligors under Legal Bankruptcy Proceedings and Loans to Obligors Substantially in Bankruptcy have been directly subtracted from total loans outstanding. The remaining amount totaled ¥800,276 million.

Provisions for consolidated subsidiaries have been made as deemed necessary with reference to previous loan loss experience of these companies.

(5) Reserve for Retirement Allowances and Pension Plan

In accordance with the Uniform Accounting Standards for Banks in Japan promulgated by the Japanese Bankers Association, Reserve for Retirement Allowances of the Parent is set aside on an accrual basis for the lump-sum payment which would be required if all eligible employees had voluntarily retired at the end of the fiscal year.

As of March 1, 1992, the Parent revised its employee benefit plan by shifting a certain amount of retirement benefits heretofore to be received by employees as retirement allowance to funds to be received under the pension plan.

Unamortized prior costs amounted to ¥43,526 million as of March 31, 1998. Such costs are to be amortized over a period of either 10 years and 10 months or 11 months (for the portion of the costs associated with the shift of benefits to the pension plan).

Consolidated subsidiaries principally have funded pension plans for employees.

(6) Reserve for Losses on Loans Sold

Reserve for Losses on Loans Sold of the Parent is set aside in cases when future possible losses are expected from the loans assigned to the Cooperative Credit Purchasing Company, Limited (CCPC) after considering the value of the collateral related to such loans. This reserve is based on Article 287-2 of the Commercial Code.

(7) Reserves under Special Laws

Reserves under Special Laws set aside by the Parent and domestic consolidated subsidiaries were ¥5 million in the Reserve for Contingent Liabilities from Broking of Futures Transactions and ¥6 million in the Reserve for Contingent Liabilities from Broking Securities Transactions. These have been accounted for as follows:

Reserve for Losses on Trading Account Securities

Accompanying the abolishment under the revision of the Securities & Exchange Law of Japan (implemented December 1, 1998) of the Reserve for Losses on Trading Account Securities, such reserves of domestic consolidated subsidiaries have been reversed.

Reserve for Contingent Liabilities from Broking of Futures Transactions

To offset a loss in financial futures transactions, the Parent has computed and entered appropriate amounts, as provided under Article 82 of the Financial Futures Transactions Law and Article 29 of the Enforcement Ordinances of the Financial Futures Transactions Law.

Reserve for Contingent Liabilities from Broking Securities Transactions

Domestic subsidiaries compute and set aside the amount stipulated in Ministerial Order No. 35, which is based on Article 51 of the Securities & Exchange Law of Japan, to provide for possible losses arising from errors and other contingencies related to securities.

(8) Translation of Foreign Currencies

For foreign currency assets and liabilities of the Parent, yen amounts are computed using the exchange rates prevailing on the closing date of the consolidated accounting period. However, for the following (1) investments, under assets, in foreign corporations (Other Securities, excluding those funded in foreign currencies), (2) Convertible Bonds funded in foreign currency, and (3) other items for which it has been determined to be inappropriate for the Parent to add to the balance of foreign currency assets at market value, such items are accounted for at the rate prevailing when the items were first entered in the accounts. For the accounts of overseas branches, yen amounts are computed using the exchange rates prevailing on the closing date of the consolidated accounting period. Foreign currency accounts held by the consolidated subsidiaries are translated into the base currencies at the respective year-end exchange rate.

(9) Accounting for Lease Transactions

As for the Parent, financial leases, except those for which ownership of the leased asset is regarded as being transferred to the lessee, are treated as ordinary rental transactions.

(10) Accounting for Consumption Taxes

Consumption Tax and Municipal Consumption Tax of the Parent and subsidiaries in Japan are primarily accounted for using the tax-excluded method.

③ ELIMINATIONS OF UNREALIZED PROFITS AND LOSSES

The full amounts of unrealized profits and losses are all eliminated in consolidation. However, as a result of the application of revised rules for preparation of consolidated financial statements based on the Partially Revised Ministerial Ordinance Regarding the Terminology, Format, and Method of Preparation for Consolidated Financial Statements (Ministry of Finance Ordinance No. 136, issued in fiscal 1998), beginning with the year under review, the unrealized profits and losses of subsidiaries and affiliates accounted for by the equity method newly included in consolidation have been eliminated as internal transactions from the beginning of the accounting period.

④ CONVERSION OF THE FINANCIAL STATEMENTS OF OVERSEAS SUBSIDIARIES AND AFFILIATES

Conversion of the financial statement items of overseas consolidated subsidiaries and affiliates accounted for by the equity method are based on the Directive Regarding the Application of “The Revision of Accounting Standards for Foreign Currency Transactions” (Report of the Corporate Accounting Deliberation Council, issued May 26, 1995) (Ministry of Finance Directive 767, issued June 7, 1995).

⑤ ACCOUNTING FOR RETAINED EARNINGS

The Consolidated Statement of Retained Earnings is based on the appropriation of earnings confirmed during the consolidated accounting period.

⑥ ACCOUNTING FOR INTERPERIOD ALLOCATION OF CORPORATE AND OTHER TAXES

Tax effect accounting has been applied to the amounts of corporate taxes and other taxes (hereinafter corporate and other taxes) that are based on income of consolidated companies as specified in the revised rules for consolidated accounting based on the Partially Revised Ministerial Ordinance Regarding the Terminology, Format, and Method of Preparation for Consolidated Financial Statements (Ministry of Finance Ordinance No. 173, issued in fiscal 1998). The application of tax effect accounting, as stipulated in Article 11 of the Revised Rules for

Consolidated Financial Statements, has no effect on the Net Loss.

CHANGES IN METHOD OF PRESENTATION

Consolidated Balance Sheet

As a result of the revision of the rules for consolidated financial statements, the items Legal Reserve (¥102,385 million for fiscal 1998) is included in retained earnings from the consolidated fiscal year ended March 31, 1999.

ADDITIONAL INFORMATION

Consolidated Balance Sheet

Through fiscal 1997, Minority Interest in Consolidated Subsidiaries (¥10,732 million in fiscal 1998) was shown as an independent item among liabilities, but as a result of the revision of the rules for consolidated financial statements, beginning with the statements for fiscal 1998, it has been shown as an independent item between liabilities and shareholders' equity.

Consolidated Statement of Income

Through fiscal 1997, Equity in Net Income of Unconsolidated Subsidiaries and Affiliates (−¥17,149 million in fiscal 1998) was shown as an additional independent adjustment prior to net income along with Provision for Income Taxes and other items. As a result of the revision of the rules for consolidated financial statements, beginning with fiscal 1998, this item has been included in Other Expenses.

Through fiscal 1997, Enterprise Tax (¥543 million in fiscal 1998) was included in Other Expenses. As a result of the revision of the rules for consolidated financial statements, beginning with fiscal 1998, this has been included in Provision for Income Taxes.

Through fiscal 1997, Amortization of Consolidation Difference (¥3,988 million in income and ¥6,522 billion in expenses in fiscal 1998) was shown as an adjustment to Income before Taxes and Other Adjustments. As a result of the revision of the rules for consolidated financial statements, beginning with fiscal 1998, income and expenses from this source have been included in the two items, Other Income and Other Expenses, respectively.

③ MATERIALITY PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

As described in Note ②, the Parent consolidated all its significant subsidiaries and used the equity method for its material non-consolidated subsidiaries and affiliates. The effect of consolidation and equity accounting on the Bank's remaining

non-consolidated subsidiaries and affiliates would have been to increase consolidated net income by less than 0.1% in each of the years ended March 31, 1999 and 1998.

④ BREAKDOWN OF THE CONSOLIDATED FINANCIAL STATEMENTS

① Trading Account Assets and Liabilities

| | Millions of yen | | Thousands of U.S. dollars |
|---|-------------------|-------------------|---------------------------|
| | 1999 | 1998 | 1999 |
| (Trading Account Assets) | | | |
| Trading Account Securities | ¥ 606,720 | ¥ 654,550 | \$ 5,032,934 |
| Derivatives of Trading Securities | 4,628 | 901 | 38,395 |
| Securities Related to Trading Transactions | — | 87,172 | — |
| Derivatives of Securities Related to Trading Transactions | 75 | 29 | 623 |
| Financial Derivatives | 993,403 | 664,444 | 8,240,592 |
| Other Trading Assets | 799,313 | 897,969 | 6,630,554 |
| Total | ¥2,404,140 | ¥2,305,067 | \$19,943,101 |
| (Trading Account Liabilities) | | | |
| Trading Securities Sold | ¥ 513,500 | ¥ 464,202 | \$ 4,259,645 |
| Derivatives of Trading Securities | 2,593 | 645 | 21,512 |
| Derivatives of Securities Related to Trading Transactions | 204 | 69 | 1,699 |
| Financial Derivatives | 1,017,717 | 708,125 | 8,442,285 |
| Other Trading Liabilities | 1,205 | — | 10,003 |
| Total | ¥1,535,221 | ¥1,173,042 | \$12,735,146 |

② Securities

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------|-------------------|-------------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Japanese Government Bonds | ¥1,417,405 | ¥1,303,030 | \$11,757,819 |
| Japanese Municipal Bonds | 351,308 | 433,047 | 2,914,217 |
| Corporate Bonds | 553,174 | 780,666 | 4,588,754 |
| Stocks* | 3,023,808 | 3,270,883 | 25,083,441 |
| Other Securities* | 736,241 | 616,149 | 6,107,357 |
| Total | ¥6,081,939 | ¥6,403,776 | \$50,451,590 |

* Stocks and Other Securities include investments in unconsolidated subsidiaries and affiliates totaling ¥172,270 million and ¥1,386 million for the years ended March 31, 1999 and 1998, respectively.

③ Loans and Bills Discounted

| | Millions of yen | | Thousands of U.S. dollars |
|------------------|--------------------|--------------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Bills Discounted | ¥ 865,826 | ¥ 1,101,586 | \$ 7,182,305 |
| Loans on Notes | 5,035,972 | 5,561,799 | 41,774,970 |
| Loans on Deeds | 22,340,164 | 26,451,260 | 185,318,663 |
| Overdrafts | 5,782,276 | 4,886,581 | 47,965,794 |
| Total | ¥34,024,241 | ¥38,001,227 | \$282,241,735 |

Problem Loans
Risk-Managed Loans

| | Millions of yen/Thousands of U.S. dollars, % | |
|--|--|-------------------------|
| | 1999 | |
| | Non-Consolidated | Consolidated |
| Loans to Borrowers under Bankruptcy Proceedings* | ¥196,365 | ¥253,371 |
| (Ratio to Loans Outstanding) | \$1,628,917 (0.59%) | \$2,101,799 (0.74%) |
| Non-Accrual Status Loans** | ¥1,640,700 | ¥1,843,982 |
| (Ratio to Loans Outstanding) | \$13,610,122 (4.95%) | \$15,296,408 (5.41%) |
| Loans Past Due for Three Months or More*** | ¥38,218 | ¥61,988 |
| (Ratio to Loans Outstanding) | \$317,036 (0.11%) | \$514,212 (0.18%) |
| Loans with Altered Lending Conditions**** | ¥329,480 | ¥275,247 |
| (Ratio to Loans Outstanding) | \$2,733,146 (0.99%) | \$2,283,261 (0.80%) |
| Total (A) | ¥2,204,765 | ¥2,434,589 |
| (Ratio to Loans Outstanding) | \$18,289,222 (6.65%) | \$20,195,681 (7.15%) |
| Total of Loans Outstanding | ¥33,133,406 | ¥34,024,241 |
| | \$274,851,980 | \$282,241,735 |

Notes: 1. During fiscal 1998, the Bank changed the standard to determine non-accrual status of the problem loans from the former tax law criteria to the new standard based on the Bank's self-assessment of loan quality. As a result, Loans to Borrowers under Bankruptcy Proceedings of the Parent include ¥29,964 million of Loans with Altered Lending Conditions, ¥36,393 million of the loans that do not belong to either of loans to Borrowers under Bankruptcy Proceedings, Non-Accrual Status Loans, Loans Past Due for Three Months or More, or Loans with Altered Lending Conditions, compared to the accounting method under the tax law criteria previously applied.

2. In addition, Non-Accrual Status Loans of the Parent include ¥82,530 million of Loans Past Due for Three Months or More, ¥18,136 million of Loans with Altered Lending Conditions, ¥1,242,611 million of the loans that do not belong to either of Non-Accrual Status Loans, Loans Past Due for Three Months or More, or Loans with Altered Lending Conditions, compared to the accounting method under the tax law criteria previously applied.

* Loans to Borrowers under Bankruptcy Proceedings are loans for which circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No. 97, 1965) among Non-Accrual Loans (excluding loans written-off) for which there are no prospects for recovery or repayment of principals or interest for which payment of principals or interest has not been received for a substantial period or for other reasons.

** Non-Accrual Status Loans are those loans other than Loans to Borrowers under Bankruptcy Proceedings and other than loans for which interest payments have been rescheduled with the objective of assisting these borrowers in management restructuring.

Moreover, as a result of the direct subtraction of the amount estimated to be irrecoverable, Loans to Borrowers under Bankruptcy Proceedings of the Parent and Non-Accrual Status Loans of the Parent were ¥397,355 million and ¥387,305 million lower, respectively, than they would have been using the method previously applied.

*** Loans Past Due for Three Months or More are those loans for which payments of principals or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments, and are not included in Loans to Borrowers under Bankruptcy Proceedings or Non-Accrual Status Loans.

**** Loans with Altered Lending Conditions are those loans for which the Bank has provided more favorable terms and conditions—including reducing interest rates, rescheduling interest and principal payment, or the waving of claims on the borrower—to the borrower than those in the original loan agreement, with the aim of providing restructuring assistance and support. Such loans exclude Loans to Borrowers under Bankruptcy Proceedings, Non-Accrual Status Loans, and Loans Past Due for Three Months or More.

(Reference)

Risk-Managed Loans According to the Previous Criteria (Non-Consolidated)

| | Millions of yen, % | | Thousands of U.S. dollars |
|---|---|-------------|---------------------------|
| | 1999 | 1998 | 1999 |
| | Loans to Borrowers under Bankruptcy Proceedings | ¥ 130,008 | ¥ 394,332 |
| (Ratio to Loans Outstanding) | (0.39%) | (1.13%) | |
| Non-Accrual Status Loans | 297,421 | 613,656 | 2,467,205 |
| (Ratio to Loans Outstanding) | (0.89%) | (1.75%) | |
| Loans Past Due for Three Months or More | 120,749 | 158,655 | 1,001,650 |
| (Ratio to Loans Outstanding) | (0.36%) | (0.45%) | |
| Loans with Altered Lending Conditions | 377,581 | 304,719 | 3,132,159 |
| (Ratio to Loans Outstanding) | (1.13%) | (0.87%) | |
| Total | 925,760 | 1,471,363 | 7,679,473 |
| (Ratio to Loans Outstanding) | (2.79%) | (4.20%) | |
| Total of Loans Outstanding | ¥33,133,406 | ¥35,022,693 | \$274,851,980 |

The Details of Reserve for Possible Loan Losses, etc. (Non-Consolidated)

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-----------|------------------------------|
| | 1999 | 1998 | 1999 |
| General Reserve for Possible Loan Losses | ¥223,101 | ¥ 109,685 | \$1,850,694 |
| Specific Reserve for Possible Loan Losses | 593,286 | 1,014,342 | 4,921,495 |
| Reserve for Loans to Restructuring Countries | 11,767 | 338 | 97,613 |
| Total Reserve for Possible Loan Losses | 828,154 | 1,124,366 | 6,869,803 |
| Reserve for Specific Borrowers under Support* | 69,700 | — | 578,183 |
| Total (B) | 897,854 | 1,124,366 | 7,447,986 |
| Reserve for Losses on Loans Sold | ¥ 94,880 | ¥ 53,886 | \$ 787,063 |

*Reserve for the Specific Borrowers under Support is provided where the amount of future loss from support against the specific borrowers, under restructuring plan and the bank is supporting, is reasonably expected and deemed necessary. This reserve is based on Article 287-2 of the Commercial Law.

The Details of Reserve for Possible Loan Losses, etc. (Consolidated)

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------|------------------------------|
| | 1999 | 1998 | 1999 |
| General Reserve for Possible Loan Losses | ¥ 241,985 | ¥ 145,703 | \$2,007,341 |
| Specific Reserve for Possible Loan Losses | 793,992 | 1,015,360 | 6,586,416 |
| Reserve for Loans to Restructuring Countries | 13,730 | 2,554 | 113,899 |
| Total Reserve for Possible Loan Losses | 1,049,708 | 1,163,617 | 8,707,657 |
| Reserve for Specific Borrowers under Support | — | — | — |
| Total (C) | 1,049,708 | 1,163,617 | 8,707,657 |
| Reserve for Losses on Loans Sold | ¥ 94,880 | ¥ 53,886 | \$ 787,063 |

Reserve Ratio to Risk-Managed Loans

| | % | |
|-----------------------------|-----------------------------|-------------------------|
| | 1999 | |
| | Non-Consolidated (B)/(A) | Consolidated (C)/(A) |
| (After Partial Write-Offs) | 40.72% | 43.11% |
| (Before Partial Write-Offs) | 56.75% | 57.41% |

Losses on Problem Loans (Non-Consolidated)

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|------------------------------|
| | 1999 | 1998 | 1999 |
| Transfer to General Reserve for Possible Loan Losses (D) | ¥115,530 | ¥ 147 | \$ 958,359 |
| Write-Offs of Loans | ¥365,143 | ¥191,188 | \$3,028,978 |
| Net Transfer to Specific Reserve for Possible Loan Losses | 301,416 | 507,703 | 2,500,340 |
| Losses on Sales of Loans to the CCPC | 21,442 | 25,529 | 177,874 |
| Losses on Bulk Sales of Loans | 37,601 | 1,703 | 311,919 |
| Transfer to Reserve for Losses on Loans Sold | 49,592 | 11,094 | 411,383 |
| Losses due to Supporting Borrowers | — | 7,575 | — |
| Transfer to Reserve for Specific Borrowers under Support | 65,199 | — | 540,849 |
| Transfer to Reserve for Loans to Restructuring Countries | 11,428 | (400) | 94,802 |
| Losses on Sales of Other Loans, etc. | 4,656 | 8,409 | 38,624 |
| Sub Total (E) | ¥856,480 | ¥752,804 | \$7,104,772 |
| Total (D)+(E) | ¥972,010 | ¥752,952 | \$8,063,131 |

④ Foreign Exchanges

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------------|-----------------|-----------------|---------------------------|
| | 1999 | 1998 | 1999 |
| (Assets) | | | |
| Due from Foreign Banks | ¥ 55,549 | ¥126,528 | \$ 460,798 |
| Foreign Bills of Exchange Bought | 169,122 | 251,140 | 1,402,922 |
| Foreign Bills of Exchange Receivable | 115,274 | 132,841 | 956,238 |
| Total | ¥339,946 | ¥510,510 | \$2,819,958 |
| (Liabilities) | | | |
| Due to Foreign Banks | ¥202,038 | ¥316,504 | \$1,675,968 |
| Foreign Bills of Exchange Sold | 7,781 | 43,873 | 64,547 |
| Foreign Bills of Exchange Payable | 12,560 | 12,042 | 104,193 |
| Total | ¥222,379 | ¥372,419 | \$1,844,709 |

⑤ Other Assets

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------------|-------------------|-------------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Domestic Exchange Settlement Account* | ¥ 3,932 | ¥ 4,469 | \$ 32,618 |
| Prepaid Expenses | 14,675 | 22,906 | 121,740 |
| Accrued Income | 187,809 | 235,152 | 1,557,936 |
| Other | 5,111,808 | 1,952,112 | 42,404,053 |
| Total | ¥5,318,225 | ¥2,214,641 | \$44,116,348 |

* Domestic Exchange Settlement Account represents unsettled debit balances accruing from interbank domestic exchange transfers.

⑥ Premises and Equipment, and Premises Revaluation Account

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------|-----------------|-------------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Net Book Value | | | |
| Land | ¥618,477 | ¥ 708,390 | \$5,130,461 |
| Buildings | 114,683 | 128,402 | 951,337 |
| Equipment | 35,661 | 286,501 | 295,822 |
| Other | 63,010 | 51,172 | 522,695 |
| Total | ¥831,833 | ¥1,174,467 | \$6,900,316 |
| Accumulated Depreciation | ¥283,673 | ¥ 348,077 | \$2,353,162 |

Notes: 1. Based on the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998), the Parent has revalued its landholdings used for business purposes. Moreover, previously the full amount of the revaluation differences was shown in the item, Premises Revaluation Account, among liabilities on the balance sheet. As a result of the revision of this law, effective March 31, 1999, since this fiscal year, the amount of tax payable on the amount of the revaluation differences has been shown in the item Deferred Tax Liabilities on Premises Revaluation. In addition, the amount of the revaluation differences less this tax liability has been shown in the item Premises Revaluation Account indicated under shareholders' equity. Accompanying this change, compared with the previous method of accounting, liabilities of the Parent decreased ¥316,943 million and shareholders' equity of the Parent increased ¥316,943 million.

Revaluation date: March 31, 1998

Revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation:

The value of land is based on the official notice prices calculated as directed by public notification of the Commissioner of the National Tax Administration and as provided for in the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998), after making reasonable adjustments.

As for the Parent, the difference at the end of fiscal 1998 between the market value of land for business purposes revalued as stipulated under Article 10 of the Law Concerning Land Revaluation and the total book value of such land after revaluation was ¥47,192 million.

2. For certain overseas subsidiaries, the accounting treatment is the same as for the Parent.

3. As a result of the previously mentioned items, compared with the previous method of accounting, liabilities decreased ¥319,651 million and shareholders' equity increased ¥319,651 million.

⑦ **Deposits**

| | Millions of yen | | Thousands of U.S. dollars |
|------------------------------------|--------------------|--------------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Current Deposits | ¥ 1,773,624 | ¥ 1,704,868 | \$ 14,712,770 |
| Ordinary Deposits | 6,868,526 | 5,583,129 | 56,976,581 |
| Deposits at Notice | 784,085 | 772,523 | 6,504,235 |
| Time Deposits | 17,733,824 | 20,324,235 | 147,107,631 |
| Negotiable Certificates of Deposit | 5,597,784 | 4,330,865 | 46,435,374 |
| Other Deposits | 2,811,069 | 5,011,780 | 23,318,702 |
| Total | ¥35,568,915 | ¥37,727,402 | \$295,055,295 |

⑧ **Call Money and Bills Sold**

| | Millions of yen | | Thousands of U.S. dollars |
|--------------|-------------------|-------------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Call Money | ¥2,971,931 | ¥3,908,150 | \$24,653,104 |
| Bills Sold | 84,000 | 382,513 | 696,806 |
| Total | ¥3,055,931 | ¥4,290,664 | \$25,349,910 |

⑨ **Convertible Bonds**

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------------|------------------------------|
| | 1999 | 1998 | 1999 |
| 2¾% U.S. Dollar Convertible Bonds due 2001 | ¥2,048 | ¥2,151 | \$16,994 |
| 3⅞% U.S. Dollar Convertible Bonds due 2004 | 5,071 | 6,604 | 42,068 |
| Total | ¥7,120 | ¥8,756 | \$59,063 |

⑩ **Other Liabilities**

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------------|-------------------|-------------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Domestic Exchange Settlement Account* | ¥ 24,363 | ¥ 28,536 | \$ 202,102 |
| Accrued Expenses | 181,297 | 250,043 | 1,503,919 |
| Unearned Income | 94,750 | 41,368 | 785,984 |
| Accrued Income Taxes | 3,578 | 8,198 | 29,683 |
| Employees' Deposits | 52,816 | 53,083 | 438,127 |
| Commercial Paper of Subsidiaries | / | 750,973 | / |
| Other | 6,010,116 | 3,091,226 | 49,855,797 |
| Total | ¥6,366,922 | ¥4,223,431 | \$52,815,615 |

* Domestic Exchange Settlement Account represents unsettled credit balances accruing from interbank domestic exchange transfers.

⑪ **Other Reserves**

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Reserve for Trading Account Securities | ¥— | ¥307 | \$ — |
| Reserve for Contingent Liabilities from Broking of Futures Transactions | 5 | 4 | 48 |
| Reserve for Contingent Liabilities from Broking Securities Transactions | 6 | 4 | 53 |
| Total | ¥12 | ¥316 | \$102 |

⑫ Acceptances and Guarantees

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------|-------------------|-------------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Acceptances | ¥ 20,235 | ¥ 57,202 | \$ 167,859 |
| Letters of Credit | 506,016 | 767,088 | 4,197,566 |
| Guarantees | 1,687,872 | 1,466,382 | 14,001,431 |
| Total | ¥2,214,124 | ¥2,290,672 | \$18,366,858 |

All contingent liabilities arising in connection with customers' foreign trade and other transactions are classified under "Acceptances and Guarantees." A contra

account, "Customers' Liabilities for Acceptances and Guarantees," is classified as an asset representing the Bank's right of indemnity from customers.

⑬ Capital Stock

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|------------------------------|
| | 1999 | 1998 | 1999 |
| (Common Stock) | | | |
| Balance at Beginning of Year | ¥458,208 | ¥458,208 | \$3,800,986 |
| Increase Owing to Conversion of Convertible Bonds | 51 | — | 427 |
| Balance at End of Year | 458,260 | 458,208 | 3,801,413 |
| Millions | | | |
| Number of Shares Issued and Outstanding at End of Year | 3,120 | 3,120 | |
| Average Number of Shares Outstanding during the Year | 3,120 | 3,120 | |
| | Millions of yen | | Thousands of U.S. dollars |
| | 1999 | 1998 | 1999 |
| (Preferred Stock) | | | |
| Balance at Beginning of Year | ¥ 49,500 | ¥ — | \$ 410,618 |
| Issuance of Preferred Stock | 350,000 | 49,500 | 2,903,359 |
| Balance at End of Year | 399,500 | 49,500 | 3,313,977 |
| Millions | | | |
| Number of Shares Issued and Outstanding at End of Year | 383 | 33 | |
| Average Number of Shares Outstanding during the Year | 33 | 0 | |

(1) The authorized number of shares of common stock of ¥50 par value per share and preferred stock of nonpar-value, as of March 31, 1999, was 8,320 million and 1,600 million shares, respectively.

(2) Net income (loss) per share is computed by subtracting the total amount of cash dividends paid on preferred stock from net income (loss) and then dividing the remainder by the average number of common stock (less treasury stock and parent company stock

held by subsidiaries) outstanding during the fiscal year.
(3) Under the Japanese Commercial Code, at least 50% of the issue price of new shares is required to be designated as capital stock, with the remainder designated as paid-in capital. Therefore, the Bank's capital stock and paid-in capital accounts have increased by almost the same amount. The case is the same for new shares issued through the conversion of convertible bonds.

⑭ Paid-in Capital

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-----------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Balance at Beginning of Year | ¥396,105 | ¥346,605 | \$3,285,818 |
| Issuance of Preferred Stock | 350,000 | 49,500 | 2,903,359 |
| Increase Owing to Conversion of Convertible Bonds | 51 | — | 427 |
| Balance at End of Year | ¥746,156 | ¥396,105 | \$6,189,605 |

⑮ Other Interest Income

| | Millions of yen | | Thousands of U.S. dollars |
|------------------|-----------------|----------|------------------------------|
| | 1999 | 1998 | 1999 |
| Deposit Interest | ¥ 85,595 | ¥140,296 | \$ 710,043 |
| Other | 152,115 | 195,481 | 1,261,841 |
| Total | ¥237,710 | ¥335,777 | \$1,971,885 |

⑯ Other Operating Income

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|------------------------------|
| | 1999 | 1998 | 1999 |
| Gains on Foreign Exchange Transactions | ¥ 11,256 | ¥ 14,366 | \$ 93,374 |
| Gains on Sales of Bonds | 143,318 | 122,672 | 1,188,875 |
| Gains on Redemption of Bonds | 2,104 | 3,924 | 17,454 |
| Other | 8,597 | 6,273 | 71,319 |
| Total | ¥165,276 | ¥147,235 | \$1,371,023 |

⑰ Other Income

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------|-----------------|----------|------------------------------|
| | 1999 | 1998 | 1999 |
| Gains on Sales of Stocks | ¥118,943 | ¥324,675 | \$ 986,677 |
| Gains on Money Held in Trust | 7,553 | 6,112 | 62,661 |
| Gains on Sales of Real Estate | 57,019 | 4,528 | 472,996 |
| Collection of Written-Off Claims | 173 | 414 | 1,440 |
| Other | 63,870 | 40,311 | 529,823 |
| Total | ¥247,561 | ¥376,042 | \$2,053,599 |

⑱ Other Interest Expenses

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|------------------------------|
| | 1999 | 1998 | 1999 |
| Interest Expenses on Corporate Bonds | ¥ 98,923 | ¥101,245 | \$ 820,598 |
| Interest Expenses on Convertible Bonds | 241 | 256 | 2,005 |
| Other | 227,324 | 253,556 | 1,885,726 |
| Total | ¥326,489 | ¥355,058 | \$2,708,331 |

⑲ Other Operating Expenses

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------|-----------------|---------|------------------------------|
| | 1999 | 1998 | 1999 |
| Losses on Sales of Bonds | ¥79,231 | ¥63,738 | \$657,252 |
| Losses on Redemption of Bonds | 4,418 | 2,904 | 36,652 |
| Devaluation of Bonds | 1,137 | 559 | 9,436 |
| Other | 1,128 | 476 | 9,359 |
| Total | ¥85,916 | ¥67,678 | \$712,701 |

⑩ Other Expenses

| | Millions of yen | | Thousands of U.S. dollars |
|--|-------------------|-----------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Transfer to Reserve for Possible Loan Losses | ¥ 499,757 | ¥510,857 | \$ 4,145,647 |
| Write-Offs of Loans | 402,884 | 204,560 | 3,342,055 |
| Transfer to Reserve for Losses on Loans Sold | 49,592 | 11,094 | 411,383 |
| Losses on Sales of Stocks | 42,268 | 15,132 | 350,630 |
| Devaluation of Stocks | 20,188 | 2,475 | 167,469 |
| Losses on Money Held in Trust | 1,482 | 289 | 12,297 |
| Losses on Sales of Real Estate | 3,764 | 6,176 | 31,224 |
| Other* | 224,561 | 73,699 | 1,862,805 |
| Total | ¥1,244,499 | ¥824,285 | \$10,323,514 |

* Other includes losses on the sale of problem loans, losses from the cancellation of securities investment trusts, etc.

⑪ Provision for Income Taxes

The Parent is subject to Japanese corporation tax, inhabitant tax and enterprise tax, each based on income. The effective aggregate statutory rates of these three taxes, which were used in calculating the future expected effects of significant temporary differences were approximately 41.9% and 47.8%

for the years ended March 31, 1999 and 1998, respectively.

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

The composition of "Provision for Income Taxes" was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------|-------------------|------------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Current Taxation | ¥ 16,600 | ¥ 19,343 | \$ 137,703 |
| Deferred Taxation | (236,879) | (45,710) | (1,964,992) |
| Total | ¥(220,279) | ¥(26,366) | \$(1,827,289) |

⑫ NET INCOME (LOSS) PER SHARE

Net loss per share for the year ended March 31, 1999, amounted to ¥142.93 (\$1.18) and is computed by subtracting the total amount of cash dividends paid on preferred stock from net loss and

then dividing the remainder by the average number of common stock (less treasury stock and parent company stock held by subsidiaries) outstanding during the fiscal year.

⑬ LEASE TRANSACTIONS

① FINANCIAL LEASE, EXCEPT WHERE THE OWNERSHIP OF THE LEASED ASSET IS REGARDED AS BEING TRANSFERRED TO THE LESSEE

(1) Lessee Side

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|------|------------------------------|
| | 1999 | 1998 | 1999 |
| Amount Corresponding to the Purchase Prices of the Leased Asset | ¥87,292 | ¥/ | \$724,117 |
| Equipment | 86,623 | / | 718,570 |
| Other | 668 | / | 5,547 |
| Amount Corresponding to Accumulated Depreciation | 31,144 | / | 258,352 |
| Equipment | 30,753 | / | 255,110 |
| Other | 390 | / | 3,242 |
| Amount Corresponding to Balance at Fiscal Year-End | 56,147 | / | 465,764 |
| Equipment | 55,870 | / | 463,459 |
| Other | 277 | / | 2,304 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Amount Corresponding to Lease Payable (Within 1 year) | ¥11,504 | ¥11,593 | \$ 95,434 |
| Amount Corresponding to Lease Payable (Over 1 year) | 46,989 | 51,083 | 389,794 |
| Total | ¥58,494 | ¥62,676 | \$485,229 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------|---------------------------|
| | 1999 | 1998 | 1999 |
| Lease Fees Paid | ¥12,934 | ¥13,836 | \$107,295 |
| Amount Corresponding to Depreciation | 11,376 | / | 94,368 |
| Amount Corresponding to Interest Payments | 1,991 | / | 16,517 |

(2) Lessor Side

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Amount Corresponding to Lease (Within 1 year) Receivable | ¥— | ¥104 | \$— |
| Amount Corresponding to Lease (Over 1 year) Receivable | — | 131 | — |
| Total | ¥— | ¥235 | \$— |
| Receipt of Leasing Fee | ¥— | ¥45 | \$— |

Notes: 1. The lease period is set at the useful lifetime of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.
2. The amount corresponding to interest costs is the difference between total lease fees to be paid and the amount corresponding to the purchase prices of the leased asset. The interest method is used to allocate the amounts to applicable fiscal years.

② OPERATING LEASE

(1) Lessee Side

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------------|-----------------|-----------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Future Lease Payments (Within 1 year) | ¥ 810 | ¥ 3,737 | \$ 6,727 |
| Future Lease Payments (Over 1 year) | 4,569 | 18,932 | 37,907 |
| Total | ¥5,380 | ¥ 22,670 | \$44,634 |

(2) Lessor Side

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Future Lease Payments Receivable (Within 1 year) | ¥ 34 | ¥ 34,051 | \$ 286 |
| Future Lease Payments Receivable (Over 1 year) | 31 | 100,664 | 260 |
| Total | ¥ 66 | ¥134,715 | \$ 547 |

⑦ SEGMENT INFORMATION

① BUSINESS SEGMENT INFORMATION

In addition to banking business, the Group is engaged in such businesses as securities, trust banking and leasing. As the proportion of those activities are

deemed immaterial, the segment information of those businesses are not disclosed.

② GEOGRAPHICAL SEGMENT INFORMATION

| Year ended March 31, 1998 | Millions of yen | | | | | | |
|---------------------------|--------------------|------------------|------------------|------------------|--------------------|-------------------|--------------------|
| | Japan | The Americas | Europe | Asia & Oceania | Total | Eliminations | Consolidated |
| Ordinary Income | | | | | | | |
| From External Sources | ¥ 1,537,899 | ¥ 454,199 | ¥ 151,951 | ¥ 275,750 | ¥ 2,419,800 | ¥ — | ¥ 2,419,800 |
| Inter-Segment | 39,937 | 1,787 | 30,679 | 2,144 | 74,549 | (74,549) | — |
| Total | ¥ 1,577,836 | ¥ 455,987 | ¥ 182,631 | ¥ 277,894 | ¥ 2,494,350 | ¥ (74,549) | ¥ 2,419,800 |
| Ordinary Expenses | ¥ 1,735,274 | ¥ 408,234 | ¥ 209,176 | ¥ 224,506 | ¥ 2,577,191 | ¥ (60,501) | ¥ 2,516,690 |
| Ordinary Profit (Loss) | (157,437) | 47,752 | (26,545) | 53,388 | (82,841) | (14,048) | (96,889) |
| Assets | ¥47,830,832 | ¥5,902,060 | ¥2,803,391 | ¥6,875,864 | ¥63,412,148 | ¥(5,779,195) | ¥57,632,953 |

| Year ended March 31, 1999 | Millions of yen | | | | | | |
|---------------------------|--------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|
| | Japan | The Americas | Europe | Asia & Oceania | Total | Eliminations | Consolidated |
| Ordinary Income | | | | | | | |
| From External Sources | ¥ 1,361,899 | ¥ 402,727 | ¥ 102,935 | ¥ 218,535 | ¥ 2,086,097 | ¥ — | ¥ 2,086,097 |
| Inter-Segment | 204,682 | 93,874 | 20,324 | 33,382 | 352,264 | (352,264) | — |
| Total | ¥ 1,566,582 | ¥ 496,602 | ¥ 123,259 | ¥ 251,917 | ¥ 2,438,362 | ¥ (352,264) | ¥ 2,086,097 |
| Ordinary Expenses | ¥ 2,200,423 | ¥ 447,721 | ¥ 136,066 | ¥ 251,516 | ¥ 3,035,727 | ¥ (341,823) | ¥ 2,693,903 |
| Ordinary Profit (Loss) | (633,840) | 48,881 | (12,806) | 401 | (597,364) | (10,441) | (607,806) |
| Assets | ¥50,936,399 | ¥3,501,804 | ¥1,407,863 | ¥4,905,947 | ¥60,752,015 | ¥(5,861,570) | ¥54,890,444 |

Notes: 1. The above tables show the geographical segment information according to the booked location. The segments are divided into countries or regions.

2. "The Americas" includes the U.S.A., Canada, etc. "Europe" includes the United Kingdom, Germany, etc. "Asia & Oceania" includes Hong Kong, Singapore, etc.

3. Under Japanese accounting principles, ordinary income and expenses is defined as total income and expenses less those income and expense items classified as extraordinary income and expenses (such as gains or losses on the sale of real estate).

4. Changes in Accounting Principles Applied

(1) Changes in Method of Depreciation and Useful Lives

As stated in ④ Breakdown of the Consolidated Financial Statements, ⑥ Premises and Equipment, and Premises Revaluation Account, the straight-line method has been applied, as provided for under the Corporation Tax Law, and, in addition, useful lives have been shortened. Accompanying these changes, in comparison with previous methods of preparation, as a result of the change in method of computing depreciation of premises, General and Administrative Expenses for Japan were ¥3,955 million lower, Loss before Taxes and Other Adjustments was lower by an equivalent amount, and Total Assets was higher by an equivalent amount. In addition, as a result of the change in useful lives, General and Administrative Expenses for Japan were ¥355 million higher and Loss before Taxes and Other Adjustments was higher by the same amount, while Total Assets declined by the same amount.

(2) Reclassifications Accompanying the Revision of the Rules for Preparation of Consolidated Financial Statements

As stated in the section Reclassifications Accompanying the Revision of the Rules for Preparation of Consolidated Financial Statements (Additional Information), the items Enterprise Taxes, Amortization of Consolidation Difference and Equity in Net Income of Unconsolidated Subsidiaries and Affiliates have been reclassified. Thus, in comparison with the previous method of preparing consolidated financial statements:

- In the Japan segment, Other Income was ¥3,899 million higher, Other Expenses were ¥16,683 million higher, and Loss before Taxes and Other Adjustments was ¥12,783 million higher.
- In the Americas segment, Other Expenses were ¥6,522 million higher and Loss before Taxes and Other Adjustments was ¥6,522 million higher.
- In the Europe segment, Other Income was ¥88 million higher and Loss before Taxes and Other Adjustments was ¥88 million lower.
- In the Asia & Oceania segment, Other Income was ¥77 million higher and Loss before Taxes and Other Adjustments was ¥77 million lower.

③ ORDINARY INCOME (FOREIGN OPERATIONS)

| | Millions of yen, % | | Thousands of U.S. dollars |
|--|--------------------|------------|---------------------------|
| | 1999 | 1998 | 1999 |
| Ordinary Income (Foreign Operations) | ¥ 900,739 | ¥1,130,142 | \$ 7,471,912 |
| Ordinary Income (Consolidated) | 2,086,097 | 2,419,800 | 17,304,831 |
| Ratio of Ordinary Income (Foreign Operations) over Ordinary Income (Consolidated) | 43.1% | 46.7% | |

Note: Ordinary Income (Foreign Operations) represents the sum of Ordinary Income from the following transactions:

- (1) Foreign currency transactions, yen-denominated trade bills, yen-denominated transactions with non-residents, and transactions in the offshore market in Japan
- (2) Transactions by the overseas branches of the Parent
- (3) Transactions by the consolidated subsidiaries outside Japan (Inter-group income eliminated)

⑥ SUBSEQUENT EVENT

The following appropriations of the profit of the Parent for the year ended March 31, 1999, were

approved at the shareholders' meeting held on June 25, 1999:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------|-----------------|----------------|------------------------------|
| | 1999 | 1998 | 1999 |
| Transfer to Legal Reserve | ¥ 3,900 | ¥ 2,700 | \$ 32,351 |
| Transfer to Voluntary Reserve | 10 | 19 | 83 |
| Cash Dividends: | | | |
| Common stock (¥6.00 per share) | 18,724 | 13,262 | 155,326 |
| Preferred stock | 399 | 1 | 3,311 |
| (1st ¥11.25 per share) | 371 | 1 | 3,079 |
| (2nd ¥0.03 per share) | 3 | — | 24 |
| (3rd ¥0.04 per share) | 4 | — | 33 |
| (4th ¥0.14 per share) | 21 | — | 174 |
| Total | ¥23,033 | ¥15,984 | \$191,073 |