

FUJI BANK'S NEW BUSINESS ORGANIZATION

In May 1999, we introduced a new business organization to secure our position as the customer's first choice in banking by focusing on speedy management, stronger risk management and consolidated business management. We believe the new business organization will enable us to achieve our goal of becoming a leading bank as we head into the 21st century. It is designed to create a structure that can speedily offer customers the best services available while strengthening managerial control through more effective handling of risk and management of group-wide activities on a consolidated basis.

I. Speedy Customer-oriented Management

1. Introduction of "Banking Unit" Structure and Reorganization of Business Groups

We have installed an independent "banking unit" structure to accelerate the process of segmenting business within the Bank, which we initiated through the introduction of business groups based on market products in January 1998. This reorganization has led to the creation of two banking units and eight business groups.

The banking units offer ample scope for synergy in implementing our business strategy. They function as organizational units consisting of multiple business groups with common infrastructures, including business offices. They thus enable us to manage individual business groups in an integrated manner, allocating management resources with maximum efficiency and encouraging inter-group synergy.

Consumer and Commercial Banking Unit

The Consumer and Commercial Banking unit is made up of the Commercial Finance Group, which is primarily responsible for the middle, and small- and medium-sized businesses, and the Consumer and Private Banking Group, which looks after the individual consumer market.

The Consumer and Commercial Banking unit has strengthened its relationship marketing approach to provide customers with the services that best satisfy their requirements. In doing so, it makes use of multi-channel network and customer database. These not only cover branches and specialist divisions, including full-service branches, which are branches specializing in consumer banking and in-store branches, but also exploit advanced remote channels such as telephone banking and cyber banking.

We have also introduced a sophisticated credit risk management system that uses statistical analyses to allow greater specialization in credit control and boost earnings by setting the most appropriate interest rates. By making more efficient use of our channels, we intend to enhance our low-cost management and pursue greater synergy between the components of the Fuji Bank Group, including The Yasuda Trust and Banking Co., Ltd.

Global Corporate and Investment Banking Unit

The former Global Corporate Group, the Overseas Business Group, and the Investment Banking Products and Trading Group (excluding asset management) have all been reorganized into the Global Corporate and Investment Banking unit. This unit consists of four groups: the Corporate Finance Group and the Investment Banking Group, which are responsible for the major enterprise market at home and overseas; the Trading Group, which handles market business; and the Public and Financial Institutions Group.

The Corporate Finance Group and the Investment Banking Group actually operate as a single unit, transcending international borders and the boundaries between commercial banking and investment banking to provide customers with comprehensive, one-stop borderless banking services.

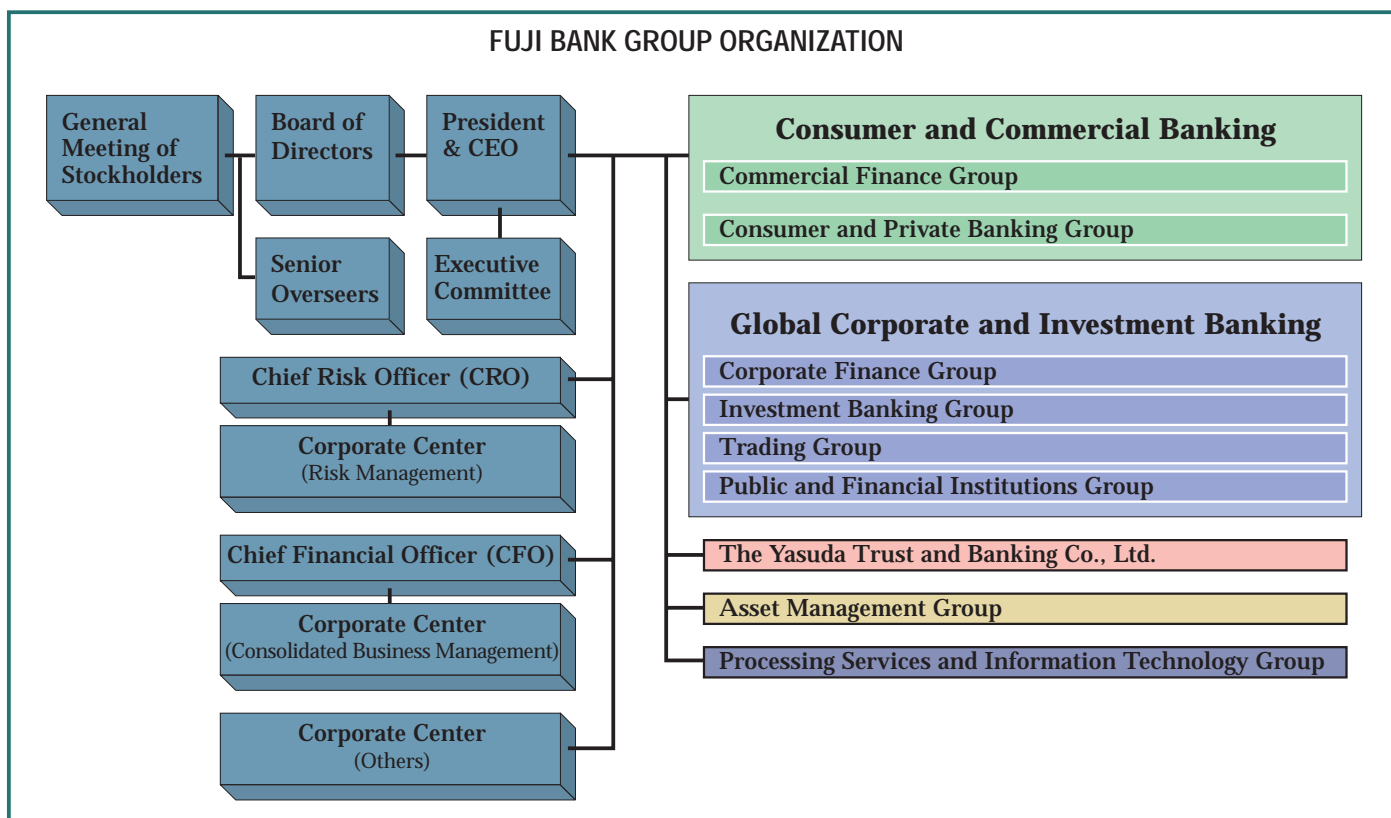
The Trading Group was established to build on our acknowledged strengths in trading and the various derivatives businesses. The Credit Risk Trading Department established within the Trading Group's Derivative Products Division helps to maximize earnings opportunities from credit risk market transactions in corporate bonds and credit derivatives, while using advanced financial techniques to strengthen credit risk controls.

The Asset Management Group and the Processing Services and Information Technology Group

Aside from the two banking units, we have also established the Asset Management Group and the Processing Services and Information Technology Group.

Asset management is an area of high potential in which we have made aggressive investments, establishing The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and reinforcing Fuji Investment Management Company. Separating asset management into an independent group shows our commitment to strengthening our activities in this area.

We have also integrated our former Transaction & Information Delivery Services Group and our systems divisions into the Processing Services and Information Technology Group. We rank high among Japanese banks in the use of information technology (IT). Among other things, we have played a leading role in standardizing specifications and systems for the settlement of banking transactions using the Internet, and in putting debit cards into practical use. We continue to build on our solid IT base to integrate and expand the common elements of these two business sectors.



2. Executive Committee

Traditionally, the Executive Committee was in principle attended by executives of the rank of Managing Director and above. We have revamped the Executive Committee so that its meetings will be attended by the members of

management who are best equipped to deal with the matters on the agenda. This creates a more flexible decision-making system in line with our more decentralized organization of banking units and business groups, enabling us to realize speedy customer-oriented management.

II. Stronger Management Controls Based on Risk Management

We believe that any world-class bank should possess a solid risk management system that covers all eventualities. We have therefore reorganized and strengthened our management control structure as a means of placing much greater emphasis on risk management (Please refer to pages 54–62 for an overview of our risk management structure).

1. Stronger Risk Management Structure

Our top management pays more attention than ever to managing risk. The Executive Committee meets regularly to set policy for handling and monitoring various kinds of risks, and various other committees provide swift and flexible follow-up. Every six months, the Executive Committee on Risk Management is convened to discuss overall policies for all risk exposure, while the Executive Committee monitors and follows up risk at its regular monthly meetings.

We have also appointed an executive to the position of Chief Risk Officer (CRO) to specialize in exercising overall control of credit, market, operational, systems and legal risk. The CRO is in charge of the Risk Assessment Division, the Credit Risk Management Division and other key risk management divisions. The CRO also fulfils a powerful risk containment function by monitoring risk across the board throughout the entire Fuji Bank Group.

2. Stronger Portfolio-based Credit Risk Management

With regard to credit risk management, we have established a Credit Guideline Committee headed by the Deputy President to administer the credit risk portfolio of each banking unit. Based on the management policies determined by the Executive Committee, the Credit Guideline Committee sets guidelines for handling credit proposals. It also carries out specific risk portfolio management activities, monitoring management conditions and dynamically reviewing the guidelines.

3. Stronger Auditing Structure

To secure the independence of the inspection and auditing structure, we have separated the Credit Assessment & Auditing Department from the Credit Planning Division, where it had been responsible for self-assessment of bank assets and other auditing functions, and have created the independent Credit Assessment and Audit Division with similar responsibilities. We have also established the Internal Audit Division to provide a stronger function for auditing the operations of affiliated companies. To provide stronger control over computer systems risk, we have set up the Information Technology Risk Control Department within the Systems Planning Division, and the Electric Data Processing Supervision Department within the Inspection Division.

We have also established an auditing department to provide the Bank's auditors with staff and operational support.

III. Creation of Corporate Value through Consolidated Business Management

We have integrated subsidiaries and affiliates into business groups while putting the management of business groups and evaluations of their performance on a consolidated footing. Internal restructuring has strengthened support for consolidated business management. The former Corporate Planning Division has been split into the Corporate Planning Division and the Finance and Accounting Division. The former is responsible for planning and drawing up medium to long-term strategies for business and business portfolios, the latter for drawing up consolidated financial strategies. In addition to strengthening our auditing functions for affiliates as outlined above, we have appointed a Chief Financial Officer (CFO) who has overall control of these business management functions.

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. was established through a strategic alliance with Dai-Ichi Kangyo Bank and currently holds the highest credit rating of any Japanese trust bank. The Yasuda Trust and Banking Co., Ltd. specializes in private banking and real estate-related business. In pursuing consolidated business management that embraces subsidiaries and affiliates like these, the Fuji Bank Group is working to fulfil its aspirations to become a full-scale global financial group that offers the best financial services in a speedy manner while maximizing corporate value.