

Contents

page 42

Fiscal 1998 in Review (Consolidated / Non-Consolidated)

page 54

Risk Management

page 63

Consolidated Five-Year Summary

page 64

Consolidated Financial Statements

64 Balance Sheets

66 Statements of Income

67 Statements of Earned Surplus

68 Statements of Cash Flows

69 Notes to Consolidated Financial Statements

79 Report of Independent Certified Public Accountants on the Financial Statements

page 80

Non-Consolidated Financial Statements

80 Balance Sheets

82 Statements of Income

82 Statements of Appropriation of Retained Earnings (Deficit)

83 Statements of Cash Flows

84 Notes to Non-Consolidated Financial Statements

91 Report of Independent Certified Public Accountants on the Financial Statements

page 92

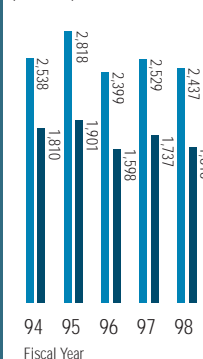
Data File

page 109

Stock Information

Operating Income and Operating Expenses

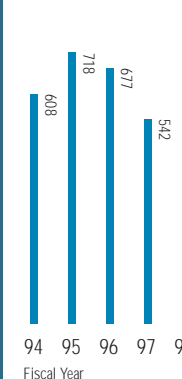
(¥ Billion)



■ Operating Income
■ Operating Expenses

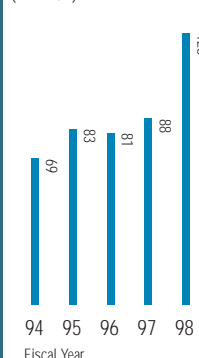
Net Interest Income

(¥ Billion)



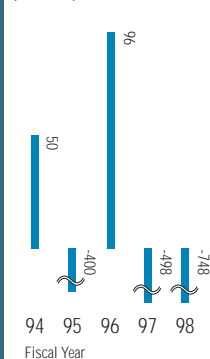
Net Fees & Commissions Income

(¥ Billion)



Income (Loss) before Income Taxes and Others

(¥ Billion)



FISCAL 1998 IN REVIEW (CONSOLIDATED)

Fuji Bank Group

Scope of Consolidation

Fiscal Year	1998	1997	Change
Subsidiaries.....	182	114	68
Affiliates Accounted for by the Equity Method of Accounting	52	16	36

Earnings Performance

Fiscal Year	Billions of yen		
	1998	1997	Change
Operating Income.....	¥2,437.7	¥2,529.2	¥ (91.4)
Operating Expenses.....	1,616.5	1,737.0	(120.5)
General & Administrative Expenses	494.5	470.0	24.4
Net Operating Profits.....	326.6	322.0	4.5
Net of Other Income and Expenses.....	(1,075.2)	(820.3)	(254.8)
Income (Loss) before Income Taxes	(748.5)	(498.2)	(250.2)
Income Taxes			
Current	18.3	17.6	0.7
Deferred.....	(362.0)	(178.1)	(183.8)
Others-net	(17.1)	(7.5)	(9.5)
Net Income (Loss).....	¥ (422.0)	¥ (345.3)	¥ (76.7)
Net Income (Loss) per Share (yen)	¥ (142.07)	¥ (119.35)	¥ (22.72)

Overview

In fiscal 1998, there were amendments to the Rules for Bank Accounting in Japan, whereby the previous consolidation standards for subsidiaries and affiliates were changed. The previous standards simply considered the percentage of the parent company's ownership of the voting stock in determining its degree of control over the company concerned. As a result of the amendments, in addition to the ownership percentage of voting stock, other factors such as personnel, funding arrangements, reliance on technical support, the number of bilateral transactions, etc. must now be considered in determining the actual control over the company.

Consequently, the number of Fuji Bank's subsidiaries increased by 68 from the previous year to 182, and the number of affiliates accounted for by the equity method of accounting increased by 36 to 52. Another main factor of the increase was the strengthened capital relationship with The Yasuda Trust and Banking Co., Ltd. ("Yasuda Trust").

The Fuji Bank Group reported Operating Income of ¥2,437.7 billion, a decrease of ¥91.4 billion from the previous year. This was a result of an increase in profits deriving from the larger scope of companies included in the consolidated settlement, offset by a decline in profits at the parent company level. The Group's Operating Expenses were ¥1,616.5 billion, and after deduction of General and Administrative Expenses, Net Operating Profits were ¥326.6 billion. Losses before Income Taxes were ¥748.5 billion, a decrease of ¥250.2 billion with the continuation of the proactive disposal of problem loans on a consolidated basis. Net Losses were ¥422.0 billion due to devaluation losses on the stock portfolio at the parent company level in order to reduce unrealized losses. Net Losses per Share were ¥142.07.

Analysis of Net Operating Profits

Fiscal Year	Billions of Yen		
	1998	1997	Change
Interest Income	¥1,707.3	¥2,183.0	¥(475.6)
Interest Expenses.....	1,204.0	1,640.9	(436.9)
Net Interest Income	503.2	542.0	(38.7)
Net Fees & Commissions Income.....	128.8	88.5	40.3
Net Trading Profits	38.1	56.9	(18.7)
Net of Other Operating Income and Expenses	150.9	104.6	46.2
General & Administrative Expenses	494.5	470.0	24.4
Net Operating Profits.....	¥ 326.6	¥ 322.0	¥ 4.5

The Group's Net Interest Income decreased by ¥38.7 billion from the previous year to ¥503.2 billion, while Net Interest Income was little changed at the parent company level. This was a result of reduced interest income due to sales of overseas banking subsidiaries, and new consolidation of subsidiaries whose income are recorded under Net of Other Operating Income and Expenses, while their funding expenses are recorded under Operating Expenses. Net Fees & Commissions Income increased by ¥40.3 billion from the previous year to ¥128.8 billion mainly due to the increase in the number of consolidated companies. Net Trading Profits decreased by ¥18.7 billion to ¥38.1 billion. Net of Other Operating Income and Expenses increased by ¥46.2 billion to ¥150.9 billion as a result of the increase in Gains on Sales of Bonds at the parent company level and the increase in income from lease transactions in accordance with the expansion of the scope of consolidation. General & Administrative Expenses increased by ¥24.4 billion from the previous year to ¥494.5 billion mainly due to the increase in the number of consolidated companies, while expenses on the former consolidation base (before the expansion of the scope of consolidation) decreased as a result of further rationalization and further improvement in efficiency throughout the Group's operations.

Analysis of Balance Sheet

March 31,	Billions of yen		
	1999	1998	Change
Total Assets	¥57,933.0	¥55,113.5	¥2,819.5
Loans and Bills Discounted	34,815.8	34,028.2	787.6
Securities	6,668.7	6,044.8	623.9
Total Liabilities	55,349.0	53,254.6	2,094.4
Deposits (including NCDs)	34,646.2	34,552.3	93.8
Due to Trust Account	1,927.7	—	1,927.7
Deferred Tax Liability for Land Revaluation	94.4	—	94.4
Land Revaluation Account	—	326.5	(326.5)
Minority Interests	408.1	282.3	125.7
Total Stockholders' Equity	2,175.8	1,576.4	599.3
Land Revaluation Account	131.7	—	131.7
Stockholders' Equity per Share (yen)	358.22	471.58	(113.36)

Total Assets increased by ¥2,819.5 billion from the previous year to ¥57,933.0 billion mainly due to the consolidation of Yasuda Trust. Total Loans and Bills Discounted, including Guarantors' Rights of Indemnity, Leases Receivables, etc. of consolidated guaranty companies, increased by ¥787.6 billion to ¥34,815.8 billion. Regarding problem loans on a consolidated basis, Loans to Borrowers under Bankruptcy Procedure were ¥236.4 billion, Other Non-Accrual Loans were ¥995.0 billion, Loans Past Due for 3 Months or More were ¥243.6 billion, and Restructured Loans were ¥301.4 billion. The total of Non-Accrual, Past Due, and Restructured Loans were ¥1,776.6 billion.

Total Liabilities increased by ¥2,094.4 billion from the previous year to ¥55,349.0 billion. Total Deposits (including NCDs) increased by ¥93.8 billion to ¥34,646.2 billion. The Land Revaluation Account which was formerly recorded under Liabilities is now divided into two accounts; Deferred Tax Liability for Land Revaluation under Liabilities, and Land Revaluation Account under Stockholders' Equity. Also, in conjunction with the amendments to the Rules for Bank Accounting in Japan, Minority Interests, which were formerly recorded under Liabilities, is now recorded independently between Liabilities and Stockholders' Equity. Furthermore, following the consolidation of Yasuda Trust, Due to Trust Account, which was formerly included in Other Liabilities under Liabilities, is now independently recorded under Liabilities. As of March 31, 1999, Due to Trust Account was ¥1,927.7 billion.

Minority Interests increased by ¥125.7 billion from the previous year to ¥408.1 billion, mainly due to the increase in the number of consolidated companies.

Total Stockholders' Equity increased from the previous year by ¥599.3 billion to ¥2,175.8 billion as a result of the parent company's capital increase, although the Group recorded Net Losses.

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

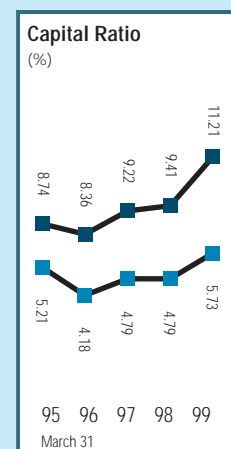
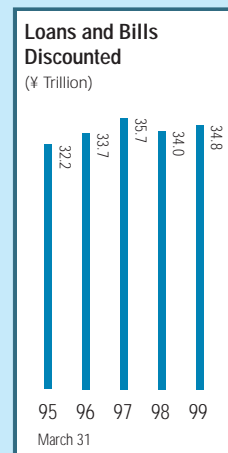
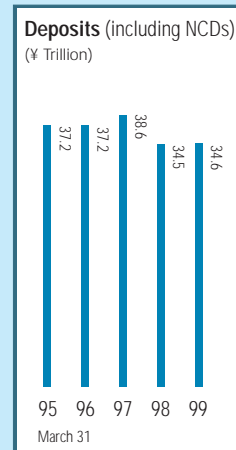
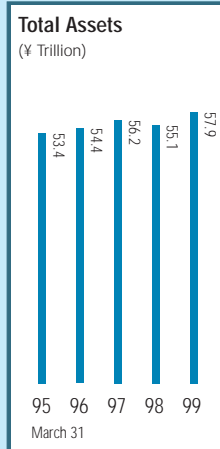
Fiscal Year	Billions of yen		
	1998	1997	Change
Capital Ratio	11.21%	9.41%	1.80%
Tier I Ratio	5.73%	4.79%	0.93%
Total Capital	¥ 4,617.2	¥ 3,554.5	¥1,062.6
Tier I	2,358.5	1,809.8	548.7
Tier II: Qualifying Capital	2,258.6	1,744.6	513.9
Unrealized Gains on Securities, after 55% Discount	—	—	—
Reserve for Possible Loan Losses, excluding Specific Reserves ..	261.4	120.7	140.6
Land Revaluation Account	101.8	146.9	(45.1)
Others	1,899.6	1,476.9	422.6
Risk-Adjusted Assets	41,155.6	37,759.5	3,396.0
On Balance Sheet Exposure	36,565.2	33,802.9	2,762.3
Off-Balance Sheet Exposure	4,258.7	3,614.6	644.1
Equivalent to Market Risk Amount / 8%	331.5	341.9	(10.3)

BIS Capital Ratio

Total Capital under BIS standards increased by ¥1,062.6 billion from the previous year to ¥4,617.2 billion. This was due to the issuance of ¥216.9 billion of common stock through third-party allotment and the ¥1 trillion injection of public funds (of which ¥800 billion is included in Tier I Capital, and ¥200 billion in Tier II Capital), though the large amount of losses reduced the capital.

Risk-Adjusted Assets increased by ¥3,396.0 billion from the previous year to ¥41,155.6 billion. This was mainly due to the acquisition of Yasuda Trust as a subsidiary, and the increase in the number of consolidated companies in accordance with the application of the new consolidation guidelines, while the Bank continued to efficiently allocate its assets as it can be seen in its reduction of overseas assets.

Overall, BIS Capital Ratio improved by 1.80% from the previous year to 11.21%, retaining a sufficient level. The Bank will continue to improve its capital structure by accumulating retained earnings, efficiently allocate its risk-adjusted assets, and endeavor to maintain a sufficient level of BIS Capital Ratio.



■ Capital Ratio
■ Tier I Ratio

FISCAL 1998 IN REVIEW (NON-CONSOLIDATED)

The Fuji Bank, Limited

Overview

The Bank's Net Business Profits (before deduction of transfer to General Reserve), which are Gross Profits deducted by Adjusted General & Administrative Expenses, increased by ¥15.1 billion from the previous fiscal year to ¥306.6 billion.

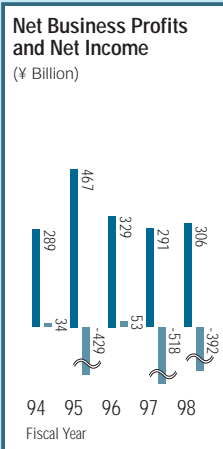
For the Bank, fiscal 1998 was a year of enhancing financial strength. As measures to build a strong financial base, the Bank took the following three steps, which were the features of this fiscal year.

First, with respect to the problem loans issue, the Bank recorded ¥712.1 billion in credit costs (including transfers to General Reserve and Reserve for Loans to Less Developing Countries), as a result of writing off loans and providing reserves in accordance with the new Financial Supervisory Agency ("FSA") and Financial Reconstruction Commission ("FRC") guidelines. Consequently, the Bank's coverage ratio (ratio of the total of collateral value, guarantees, and corresponding reserves to the total amount of problem loans) exceeded 80% based on the new problem loan disclosure standard under the Law Concerning the Revitalization of the Financial System ("Revitalization Law").

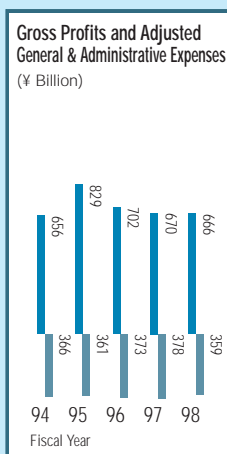
Second, with respect to the unrealized losses on its stock portfolio, the Bank incurred a total loss of ¥346.0 billion on Devaluation Losses and Sales Losses on stocks, to resolve the issue. Consequently, the Bank's unrealized gains on its stock portfolio were ¥183.9 billion.

Third, to further enhance its financial strength, the Bank more than doubled its capital through a ¥216.9 billion third-party allotment and ¥1 trillion injection of public funds (¥800 billion of preferred stock and ¥200 billion of unsecured perpetual subordinated notes) based on the Revitalization Law.

Overall, with the implementation of the tax effect accounting on a non-consolidated basis starting this fiscal year, the Bank incurred Net Losses of ¥392.9 billion. As for the BIS Capital Ratio, the Bank retained a high standard of 11.21%, as a result of increasing capital and allocating assets efficiently.



■ Net Business Profits (before Transfer to General Reserve)
■ Net Income



■ Gross Profits
■ Adjusted General & Administrative Expenses

Earnings Performance

Earnings Performance

Fiscal Year	Billions of yen		
	1998	1997	Change
Net Interest Income (A)	¥ 505.4	¥ 504.2	¥ 1.2
Net Fees & Commissions Income (B)	60.7	65.0	(4.2)
Net Trading Profits (C)	17.9	18.5	(0.5)
Net of Other Operating Income and Expenses (D)	82.0	82.3	(0.2)
Gross Profits (A+B+C+D) (E)	666.2	670.1	(3.8)
Adjusted General & Administrative Expenses (F)	359.5	378.5	(18.9)
Net Business Profits (before Transfer to General Reserve) (E-F) (G) ...	306.6	291.5	15.1
Transfer to General Reserve for Possible Loan Losses (H)	113.9	(28.8)	142.7
Net Business Profits (Gyomu Juneki) (G-H) (I)	192.7	320.3	(127.6)
Net of Other Income and Expenses (J)	(857.1)	(835.1)	21.9
Income (Losses) before Income Taxes (I+J)	(664.3)	(514.7)	(149.5)
Provision for Income Taxes	0.3	3.9	(3.5)
Deferred Income Tax	(271.7)	—	(271.7)
Net Income (Losses)	¥(392.9)	¥(518.7)	¥125.7
Net Income (Losses) per Share (yen)	¥(130.54)	¥(179.19)	¥ 48.65

Net Business Profits

Net Business Profits (before deduction of transfer to General Reserve) were ¥306.6 billion, an increase of ¥15.1 billion compared with the previous year. Net Business Profits after deduction of transfer to General Reserve were ¥192.7 billion.

Gross Profits

Breakdown of Gross Profits

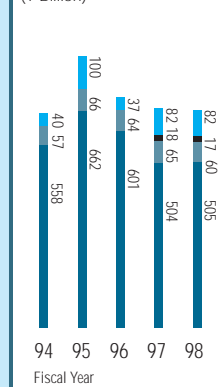
Fiscal Year	Billions of yen		
	1998	1997	Change
Net Interest Income	¥505.4	¥504.2	¥ 1.2
Domestic	381.5	350.2	31.2
International.....	123.9	153.9	(30.0)
Net Fees & Commissions Income.....	60.7	65.0	(4.2)
Domestic	38.5	39.0	(0.4)
International.....	22.2	25.9	(3.7)
Net Trading Profits	17.9	18.5	(0.5)
Domestic	7.9	3.9	3.9
International.....	10.0	14.5	(4.5)
Net of Other Operating Income and Expenses.....	82.0	82.3	(0.2)
Domestic	75.1	54.4	20.7
International.....	6.8	27.8	(21.0)
Gross Profits.....	¥666.2	¥670.1	¥ (3.8)
Domestic.....	503.2	447.7	55.4
International.....	163.0	222.3	(59.3)

Gross Profits were ¥666.2 billion, a decrease of ¥3.8 billion from the previous year. Domestic Gross Profits (Gross Profits from yen-denominated transactions at domestic offices) increased by ¥55.4 billion, while International Gross Profits (Gross Profits from foreign currency transactions at domestic offices and transactions at overseas offices) decreased by ¥59.3 billion.

Analysis of Interest Income

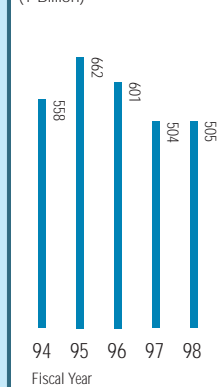
Fiscal Year	Billions of yen			Yield		
	Average balance			1998	1997	Change
	1998	1997	Change	1998	1997	Change
Total:						
Interest Earning Assets (A)	¥40,548.3	¥45,181.5	¥(4,633.1)	3.96%	4.44%	(0.47)%
Loans (B)	31,994.4	34,345.6	(2,351.1)	2.71	2.89	(0.18)
Investment Securities	6,186.2	6,208.8	(22.5)	2.55	2.46	0.08
Interest Bearing Liabilities (C).....	39,272.6	44,005.4	(4,732.7)	2.81	3.41	(0.60)
Deposits & NCDs (D).....	32,330.9	37,757.2	(5,426.2)	1.24	1.82	(0.57)
Interest Margin (A)-(C).....	—	—	—	1.15	1.02	0.13
Loan and Deposit Rate Margin (B)-(D).....	—	—	—	1.47	1.07	0.39
Domestic:						
Interest Earning Assets (A)	31,941.1	29,337.2	2,603.9	2.13	2.24	(0.10)
Loans (B)	24,432.6	22,362.4	2,070.2	2.07	2.19	(0.11)
Investment Securities	5,476.8	5,552.4	(75.6)	1.39	1.69	(0.30)
Interest Bearing Liabilities (C).....	30,583.7	28,118.1	2,465.6	0.98	1.09	(0.11)
Deposits & NCDs (D).....	25,001.4	23,294.1	1,707.2	0.48	0.52	(0.04)
Interest Margin (A)-(C).....	—	—	—	1.15	1.14	0.00
Loan and Deposit Rate Margin (B)-(D).....	—	—	—	1.59	1.67	(0.07)
International:						
Interest Earning Assets (A)	10,300.7	16,913.3	(6,612.5)	9.10	8.02	1.07
Loans (B)	7,561.8	11,983.2	(4,421.4)	4.78	4.20	0.57
Investment Securities	709.4	656.3	53.0	11.47	8.94	2.53
Interest Bearing Liabilities (C).....	10,382.4	16,956.3	(6,573.9)	7.83	7.09	0.74
Deposits & NCDs (D).....	7,329.5	14,463.0	(7,133.5)	3.85	3.91	(0.05)
Interest Margin (A)-(C).....	—	—	—	1.26	0.92	0.33
Loan and Deposit Rate Margin (B)-(D) ..	—	—	—	0.92%	0.29%	0.63%

Breakdown of Gross Profits
(¥ Billion)

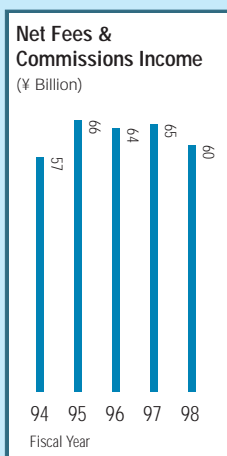


- Net Interest Income
- Net Fees & Commissions Income
- Net Trading Profits
- Net of Other Operating Income and Expenses

Net Interest Income
(¥ Billion)



NON-CONSOLIDATED



1. Net Interest Income

Net Interest Income increased by ¥1.2 billion to ¥505.4 billion from the previous year. Net Interest Income on domestic operations (yen-denominated transactions at domestic offices) increased by ¥31.2 billion to ¥381.5 billion, while Net Interest Income on international operations (foreign currency transactions at domestic offices and transactions at overseas branches) decreased by ¥30.0 billion to ¥123.9 billion.

Regarding Net Interest Income on domestic operations, the increase was a result of two factors. One, the increase in the average balance of Interest Earning Assets by ¥2,603.9 billion, and the other, the reduction of hedging costs regarding interest fluctuation risks. As to Interest Earning Assets, the average balance of loans increased by ¥2,070.2 billion from the previous year mainly due to the increase in housing loans and the shift from yen-denominated loans at overseas offices, while the average balance of Investment Securities decreased by ¥75.6 billion.

Regarding Net Interest Income on international operations, the decrease was a result of the large reduction in assets such as the reduction of the average balance of loans by ¥4,421.4 billion, and the decrease in the yen value of foreign currency denominated assets due to the appreciation of the yen.

<Interest Margins>

Interest Margin, which is the difference of the yield on Interest Earning Assets and the yield on Interest Bearing Liabilities, increased by 0.13% from the previous year, mainly due to the large decrease in low-interest earning overseas assets.

As to the Loan and Deposit Rate Margin (after deduction of ratio of expenses to deposits), it improved by 0.39% from the previous year. Though the yield on loans decreased mainly due to the decrease of interest rates in the domestic market and the decline in the short term prime rate, the improvement in domestic loan spread and the reduction of low-interest earning loans and corresponding liabilities helped improve the overall Loan and Deposit Rate Margin.

2. Net Fees and Commissions

Net Fees and Commissions Income decreased by ¥4.2 billion from the previous year to ¥60.7 billion, as Net Fees and Commissions on domestic operations were ¥38.5 billion (nearly equal to the amount of the previous year), and Net Fees and Commissions on international operations decreased by ¥3.7 billion to ¥22.2 billion.

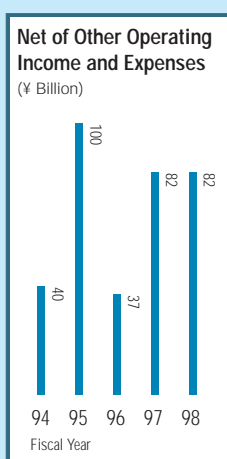
The decrease in Net Fees and Commissions on international operations was a result of the decrease in loan-related fee income as the balance of loans was reduced.

3. Net Trading Profits

Net Trading Profits, which is an account that was introduced in fiscal 1997 in accordance with the introduction of mark-to-market accounting method for trading accounts, decreased by ¥0.5 billion from the previous year to ¥17.9 billion. Net Trading Profits on domestic operations increased by ¥3.9 billion to ¥7.9 billion, as a result of the increase in realized profits such as interest on other debt purchased. However, Net Trading Profits on international operations decreased by ¥4.5 billion to ¥10.0 billion, as a result of the decrease in net of gains and losses on derivatives and other transactions, which were collectively included in Net Trading Profits in fiscal 1997.

Breakdown of Net of Other Operating Income and Expenses

Fiscal Year	Billions of yen		
	1998	1997	Change
Total:	¥82.0	¥82.3	¥ (0.2)
Net Profits from Foreign Exchange Transaction	16.4	17.6	(1.2)
Net Profits from Sales of Bonds	79.6	77.8	1.8
Others	(14.0)	(13.1)	(0.8)
Domestic:	75.1	54.4	20.7
Net Profits from Sales of Bonds	76.1	58.4	17.6
Others	(0.9)	(3.9)	3.0
International:	6.8	27.8	(21.0)
Net Profits from Foreign Exchange Transaction	16.4	17.6	(1.2)
Net Profits from Sales of Bonds	3.5	19.3	(15.8)
Others	(13.1)	(9.1)	(3.9)



4. Net of Other Operating Income and Expenses

Net of Other Operating Income and Expenses decreased by ¥0.2 billion from the previous year to ¥82.0 billion.

Net of Other Operating Income and Expenses on domestic operations increased by ¥20.7 billion to ¥75.1 billion primarily because income from government bonds and other bond-related transactions increased by ¥17.6 billion, thanks to operations based upon the accurate judgement concerning the bond market movements.

Net of Other Operating Income and Expenses on international operations decreased by ¥21.0 billion to ¥6.8 billion. This was a result of the decrease in income from government bonds and other bond-related transactions, which performed well the previous year, while net profits from foreign exchange transactions were nearly equivalent to those of the previous year.

Adjusted General and Administrative Expenses

Breakdown of Adjusted General and Administrative Expenses

Fiscal Year	Billions of yen		
	1998	1997	Change
Personnel Expenses	¥147.9	¥158.5	¥(10.5)
of which is Wages and Allowances	125.0	135.2	(10.2)
Non-Personnel Expenses.....	188.8	191.1	(2.2)
Taxes	22.7	28.8	(6.1)
Adjusted General and Administrative Expenses.....	¥359.5	¥378.5	¥(18.9)

Overall expenses decreased by ¥18.9 billion from the previous year to ¥359.5 billion, as a result of further rationalization and further improvement in efficiency throughout the Bank's entire operations.

Personnel Expenses decreased by ¥10.5 billion to ¥147.9 billion owing to the reduction of employees by 639 from the previous year and the review of wages and allowances.

Non-Personnel Expenses also decreased by ¥2.2 billion to ¥188.8 billion, as exhaustive efforts were made even further to reduce expenses, while investments in important matters such as information technology were retained.

Taxes decreased by ¥6.1 billion from the previous year to ¥22.7 billion, as securities transaction taxes decreased and land value taxes were abolished.

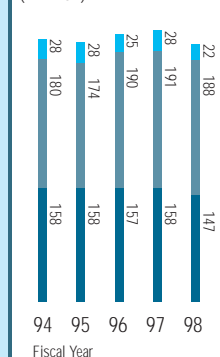
Net of Other Income and Expenses, Income (Losses) before Income Taxes, Net Income (Losses)

Breakdown of Net of Other Income and Expenses

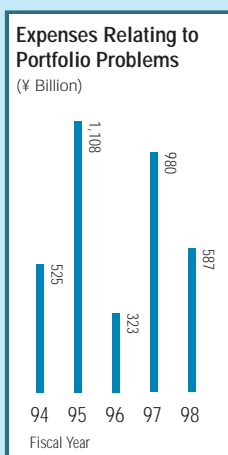
Fiscal Year	Billions of yen		
	1998	1997	Change
(+) Net of Securities Gains and Losses	¥(116.0)	¥209.5	¥(325.5)
Sales Gains	79.0	268.6	(189.6)
Sales Losses.....	(74.8)	(2.1)	(72.7)
Devaluation Losses	(120.2)	(56.9)	(63.2)
(-) Expenses Relating to Portfolio Problems	587.6	980.7	(393.1)
Write-offs	282.4	68.9	213.5
Transfer to Specific Reserve	145.2	332.7	(187.4)
Losses Incurred from Sales to CCPC	34.0	202.7	(168.7)
Transfer to Reserve for Possible Losses on Sales of Loans.....	90.9	24.0	66.8
Transfer to Reserve for Specific Borrowers under Support	17.3	122.3	(105.0)
Losses Incurred from Supporting Certain Borrowers.....	5.6	226.6	(220.9)
Other Losses Incurred from Sales of Loans.....	11.9	3.3	8.6
(-) Transfer to Reserve for Loans to LDCs.....	10.5	(0.3)	10.9
(-) Transfer to Reserve for Losses on Investment	16.7	—	16.7
(-) Disposal of Unrealized Losses of Investment Funds	—	57.5	(57.5)
(+) Net of Other Gains and Losses.....	(126.1)	(6.8)	(119.3)
Stock Devaluation Losses	(150.9)	—	(150.9)
Net of Other Income and Expenses.....	¥(857.1)	¥(835.1)	¥(21.9)

Adjusted General & Administrative Expenses

(¥ Billion)



■ Personnel Expenses
■ Non-Personnel Expenses
■ Taxes



Net of Other Income and Expenses

Net of Other Income and Expenses amounted to ¥857.1 billion in losses as a result of reducing unrealized losses on the stock portfolio and disposing of problem loans.

1. Net of Securities Gains and Losses

Net of Securities Gains and Losses decreased by ¥325.5 billion from the previous year to ¥116.0 billion in losses. This was because the Bank incurred a total of ¥346.0 billion in Sales Losses and Devaluation Losses (¥74.8 billion of Sales Losses and ¥120.2 billion of Devaluation Losses under Net of Securities Gains and Losses, ¥150.9 billion of Stock Devaluation Losses under Net of Other Gains and Losses), as the Bank sold off its stock in the course of reviewing its stock portfolio, and lowered the book value of stocks in order to eliminate unrealized losses.

Consequently, unrealized gains on the stock portfolio as of March 31, 1999 were ¥183.9 billion.

2. Expenses Relating to Portfolio Problems

To maintain and enhance the quality of its assets, the Bank has placed the early resolution of the problem loans issue as one of its primary management objectives and has continued to work aggressively to make necessary disposals. As the Japanese economy continued to struggle in fiscal 1998, the Bank appropriately wrote off loans and provided reserves in line with the new FSA examination manual and FRC guidelines for provisioning, to prepare for future losses. Consequently, the Bank recorded ¥587.6 billion of Expenses Relating to Portfolio Problems, besides the expense of ¥113.9 billion Transfer to General Reserve.

The breakdown of the Expenses Relating to Portfolio Problems is as follows: ¥282.4 billion for Write-offs, ¥145.2 billion for Transfer to Specific Reserve, ¥34.0 billion for Losses Incurred from Sales (of Loans collateralized by real estate) to the Cooperative Credit Purchasing Company ("CCPC"), ¥90.9 billion for Transfer to Reserve for Possible Losses on Sales of Loans, ¥17.3 billion for Transfer to Reserve for Specific Borrowers under Support, ¥5.6 billion for Losses Incurred from Supporting Certain Borrowers, and ¥11.9 billion for Other Losses Incurred from Sales of Loans.

Transfer to Reserve for Loans to Less Developing Countries (LDCs), which is a reserve for possible losses regarding country risks, was ¥10.5 billion as additional transfers were made to the reserve for loans to Indonesia. This was the result of Indonesia becoming a new LDC, as the MOF guidelines (which formerly decided which countries were to be regarded as LDCs) were abolished in fiscal 1998 and each bank established its own guidelines for LDCs.

(See P.52 for details on the disclosure of problem loans)

Consequently, Losses before Income Taxes were ¥664.3 billion. As the Bank started to apply tax effect accounting for non-consolidated financial statements from fiscal 1998, it recorded ¥271.7 billion of Deferred Income Taxes.

Overall, the Bank's Net Losses were ¥392.9 billion. Net Losses per Share were ¥130.54.

Balance Sheet

Analysis of Balance Sheets

March 31,	Billions of yen		
	1999	1998	Change
Assets			
Cash and Due from Banks	¥ 2,028.8	¥ 2,749.9	¥ (721.0)
Call Loans	329.7	235.5	94.1
Bills Purchased	484.4	30.0	454.4
Other Debt Purchased	50.8	29.8	21.0
Trading Assets	1,507.5	2,273.8	(766.3)
Money Held in Trust	60.3	85.4	(25.0)
Securities	5,837.7	6,250.7	(412.9)
Loans and Bills Discounted	29,793.3	32,030.5	(2,237.2)
Foreign Exchange	421.8	549.4	(127.5)
Other Assets	1,391.1	2,263.6	(872.4)
Premises and Equipment	552.0	673.0	(121.0)
Deferred Tax Assets	732.5	—	732.5
Customers' Liabilities for Acceptances and Guarantees	3,193.9	3,915.9	(722.0)
Total Assets	¥46,384.4	¥51,088.0	¥(4,703.6)
Liabilities and Stockholders' Equity			
Deposits	¥26,964.0	¥31,316.7	¥(4,352.7)
Negotiable Certificates of Deposit	5,159.1	3,125.9	2,033.2
External Debts	4,339.1	5,596.2	(1,257.1)
Commercial Paper	400.0	—	400.0
Trading Liabilities	932.0	1,458.5	(526.4)
Foreign Exchange	148.4	125.7	22.7
Bonds	300.0	100.0	200.0
Convertible Bonds	5.6	12.5	(6.9)
Other Liabilities	1,792.8	2,888.1	(1,095.3)
Reserve for Possible Loan Losses	455.5	857.4	(401.9)
Reserve for Losses on Investment	16.7	—	16.7
Reserve for Retirement Allowances	45.8	48.2	(2.3)
Reserve for Possible Losses on Sales of Loans	129.7	52.7	76.9
Reserve for Specific Borrowers under Support	84.9	122.3	(37.3)
Other Reserves	0.0	0.0	0.0
Deferred Tax Liability for Land Revaluation	94.4	—	94.4
Acceptances and Guarantees	3,193.9	3,915.9	(722.0)
Land Revaluation Account	—	326.5	(326.5)
Total Liabilities	¥44,062.5	¥49,947.3	¥(5,884.7)
Capital Stock	1,037.8	529.0	508.7
Legal Reserve	1,024.5	509.1	515.4
Land Revaluation Account	131.7	—	131.7
Retained Earnings	127.6	102.5	25.1
Total Stockholders' Equity	¥ 2,321.8	¥ 1,140.7	¥ 1,181.0

Assets

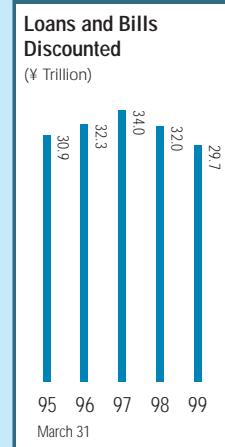
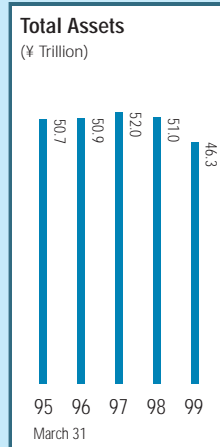
Total assets decreased by ¥4,703.6 billion from the previous year to ¥46,384.4 billion. This was mainly because assets such as overseas assets, Deposits with Banks, and Securities were reduced from the standpoint of efficient asset allocation, and the yen-base value of foreign currency denominated assets decreased due to the appreciation of the yen. ¥732.5 billion of Deferred Tax Assets was newly recorded in accordance with the application of the tax effect accounting from this fiscal year (¥460.7 billion of the Deferred Tax Assets was tax effects for past years, and ¥271.7 billion was for the current year).

Cash and Due from Banks

Cash and Due from Banks decreased by ¥721.0 billion from the previous year to ¥2,028.8 billion, mainly due to the large reduction in Deposits with Banks from the standpoint of efficient asset allocation in international operations.

Trading Assets

Trading Assets decreased by ¥766.3 billion from the previous year to ¥1,507.5 billion. This was mainly because of the large reduction in derivatives and Commercial Paper, and the decrease of the yen-base value of foreign currency denominated assets due to the appreciation of the yen.



NON-CONSOLIDATED

Loans and Bills Discounted

Breakdown of Loans and Bills Discounted

March 31,	Billions of yen		
	1999	1998	Change
Domestic Offices (A).....	¥24,581.7	¥23,442.0	¥ 1,139.6
of which from Housing Loans	5,420.7	5,256.0	164.7
Manufacturing	3,240.0	3,016.8	223.2
Wholesale, Retail, and Food Service	3,665.4	3,656.2	9.1
Real Estate	2,233.5	2,271.9	(38.3)
Service	4,716.6	4,369.2	347.3
% Loans to Small and Medium-sized Companies	70.6%	75.7%	(5.1%)
Overseas Branches and Japan Offshore Market Account (B).....	5,211.6	8,588.4	(3,376.8)
Commerce and Industry	4,019.1	6,668.1	(2,648.9)
Total Loans and Bills Discounted (A+B).....	¥29,793.3	¥32,030.5	¥(2,237.2)

Total Loans and Bills Discounted decreased by ¥2,237.2 billion from the previous year to ¥29,793.3 billion. This was a result of reduction of overseas loans from the standpoint of efficient asset allocation, and the implementation of direct write-off of problem loans, while domestic housing loans continued to steadily increase.

An analysis of lending by domestic branches according to industrial sector reveals that the services sector accounted for 19.1%, wholesale, retail and restaurants for 14.9%, manufacturing for 13.1%, and real estate for 9.0%. Compared with the previous year, the real estate sector saw its share of loans and bills discounted decline by 0.6%, while the shares of manufacturing and services increased by 0.3% and 0.5%, respectively. Loans and Bills Discounted to small and medium-sized companies decreased by ¥400.3 billion to account for 70.6% of the total Loans and Bills Discounted by domestic branches. This decrease was partly due to the restraint on capital investment and less demand for funds due to the propulsion of corporate restructuring. In addition, large corporations' repayment of their affiliates' debts toward the end of their accounting periods from the standpoint of efficient asset allocation within their groups, also was one of the reasons of the decrease.

Liabilities

From fiscal 1998, in accordance with the change in the Law Concerning Land Revaluation, the former Land Revaluation Account was divided into two accounts; Deferred Tax Liability for Land Revaluation (under Liabilities) and Land Revaluation Account (under Stockholders' Equity).

Deposits

Total Deposits decreased by ¥4,352.7 billion from the previous year to ¥26,964.0 billion, as Deposits in international operations decreased due to the large reduction in loans, while Deposits in domestic operations increased. Negotiable Certificates of Deposit increased by ¥2,033.2 billion from the previous year to ¥5,159.1 billion.

External Debts

External Debts (defined as the sum of call money, bills sold and borrowings) decreased by ¥1,257.1 billion from the previous year to ¥4,339.1 billion.

Commercial Paper

Due to changes in regulations, banks are now allowed to issue commercial paper as means of funding. As of March 31, 1999, the balance of Commercial Paper was ¥400.0 billion.

Bonds

Bonds increased by ¥200.0 billion as the Bank issued subordinated debts based on the Revitalization Law.

Reserves for Possible Loan Losses

Reserves for Possible Loan Losses and Other Reserves on the Loan Portfolio

March 31,	Billions of yen		
	1999	1998	Change
General Reserve (A).....	¥185.2	¥ 74.0	¥ 111.2
Specific Reserve (B).....	258.8	782.6	(523.7)
Reserve for Loans to LDCs (C).....	11.3	0.8	10.5
Reserves for Possible Loan Losses (A+B+C).....	455.5	857.4	(401.9)
Reserve for Specific Borrowers under Support (D).....	84.9	122.3	(37.3)
Reserve for Possible Losses on Sales of Loans (E).....	129.7	52.7	76.9
Total of Reserves (A+B+C+D+E).....	¥670.1	¥1,032.5	¥(362.3)

The total of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses, Reserve for Loans to LDCs, Reserve for Specific Borrowers under Support, and Reserve for Possible Losses on Sales of Loans decreased by ¥362.3 billion from the previous year to ¥670.1 billion. This is a result of reversal from the Specific Reserve for Possible Loan Losses in connection with the direct write-offs of Category IV exposures and the elimination of the Bank's problem loans. The Bank also significantly increased General Reserve to cover any future losses, and Reserve for Possible Losses on Sales of Loans to cover any future losses deriving from the devaluation of real estate collateral which cover the loans sold to the Cooperative Credit Purchasing Company.

Stockholders' Equity

Stockholders' Equity

March 31,	Billions of yen		
	1999	1998	Change
Total Stockholders' Equity.....	¥2,321.8	¥1,140.7	¥1,181.0
Stockholders' Equity per Share (yen).....	396.50	321.22	75.28
Dividends per Share of Common Stock (yen).....	7.00	8.50	(1.50)

Total Stockholders' Equity increased by ¥1,181.0 billion from the previous year to ¥2,321.8 billion, as ¥216.9 billion of new common stock was issued through third-party allotment, and ¥800.0 billion of new preferred stock was issued with the injection of public funds.

Due to the application of tax effect accounting from this fiscal year, ¥460.7 billion of past-year tax effects were recorded. Stockholders' Equity per Share stood at ¥396.50, an increase of ¥75.28 from the previous year.

Dividend Payment Policy

Regarding dividend payments, the Bank has continuously prioritized the maintenance of a stable level of payment from the standpoint of sound management, in light of its public role. At the same time, the Bank takes the long-term profit trend into consideration and is fully aware of the importance of increasing its retained earnings.

In fiscal 1998, the Bank incurred large losses as it disposed of its problem loans by a significant amount and reduced unrealized losses on securities, to maintain and enhance sound asset quality. Under such circumstances, to further enhance financial strength, annual dividend payment per share of common stock was reduced by ¥1.50 from the previous year to ¥7.00, and annual dividend payments per share for various preferred stocks were as resolved at the board of directors' meeting.

The Japanese financial institutions still face difficult conditions. However, the Bank will continue to improve its profitability by further enhancing its business base and strengthening its management structure, accumulate retained earnings, and endeavor to maintain stable dividend payments throughout the future.

STATUS OF PROBLEM LOANS

Summary

Accurate recognition of asset quality and appropriate write-off of loans and provisioning of reserves based on the self-assessment
 Legally required disclosures are consistent with the self-assessment results
 Reserve Ratios exceed those ratios suggested in the FRC guidelines
 Coverage Ratio is 81.2 %

(¥ Billion, rounded off)

1. Self-Assessment					2.	3.
Borrower Classification	Category I	Category II	Category III	Category IV (Non-Collateralized)	New Disclosure Standard	Non-Accrual, Past Due & Restructured Loans
① Bankrupt & Substantially Bankrupt Borrowers ¥330.5	¥101.8 Covered by Reserves, Good Quality Collateral, Guarantees	¥228.7 Covered by Collateral (Real Estate)/ Guarantees	Reserve Ratio 100% Loans with Reserves are included in Category I	Direct Write-offs	Exposures to Bankrupt Borrowers or Similar Exposures ¥330.5 Coverage Ratio: 100%	Loans to Borrowers under Bankruptcy Procedure ¥159.6
② Intensive Control Borrowers ¥688.4	¥356.5 Covered by Reserves, Good Quality Collateral, Guarantees	¥226.2 Covered by Collateral (Real Estate)/ Guarantees	¥105.7 Reserve Ratio 74.7% Loans with Reserves are included in Category I		Exposures Containing Collection Risks ¥688.4 Coverage Ratio: 84.6%	Other Non-Accrual Loans ¥832.3 Formerly Undisclosed ¥64.9
③ Watch Borrowers	Special Attention Borrowers ¥473.1	¥58.5 Reserve Ratio 15.3% With Collateral ¥167.5 Without Collateral ¥305.6	¥414.7	Provisioning based on historical loss ratio	Special Attention Loans(*1) ¥369.7 Coverage Ratio: 58.0%	Loans Past Due for 3 Months or More ¥171.2
	Other Watch Borrowers		¥1,527.9			Restructured Loans ¥198.6
④ Normal Borrowers					Total Coverage Ratio: 81.2%	
⑤ Total ¥33,600.7	Category I ¥31,097.5	Category II ¥2,397.5	Category III ¥105.7	Category IV ¥0.0	Total ¥1,388.6	Total ¥1,361.7

(*1) Includes loans only and is equal to the total of Loans Past Due for 3 Months or More and Restructured Loans. The figure under Special Attention Borrowers represents the total exposure amount for the borrowers of Special Attention Loans

(*2) Represents the amount of exposures besides loans under the New Disclosure Standard

Borrower Classification

- ① Bankrupt & Substantially Bankrupt Borrowers: Borrowers who are bankrupt both legally and formally, or borrowers who are substantially bankrupt.
- ② Intensive Control Borrowers: Borrowers who have high potential risks of going bankrupt.
- ③ Watch Borrowers: Borrowers who need to be monitored carefully.
 Special Attention Borrowers: Borrowers who need to be monitored carefully, as they are Watch Borrowers with Loans Past Due for 3 Months or More or Restructured Loans
- ④ Normal Borrowers: Borrowers who have no problems in particular concerning their business performances and their financial conditions.

Asset Categorization

- Category I: All exposures to Normal Borrowers, and exposures to other borrower classifications which are covered by good quality collateral (i.e. deposits) or guarantees
- Category II: Exposures to Watch Borrowers (excluding Category I), exposures to Intensive Control Borrowers, Bankrupt & Substantially Bankrupt Borrowers covered by collateral (i.e. real estate) or guarantees
- Category III: Exposures to Intensive Control Borrowers (excluding Categories I & II), market value of collateral exceeding its appraised value for Bankrupt & Substantially Bankrupt Borrowers (exposures containing risks on collection, with possible potential losses)
- Category IV: Exposures to Bankrupt/Substantially Bankrupt Borrowers (excluding Categories I ~ III)(exposures which cannot be collected or have no value)

In fiscal 1998, Fuji continued to proactively dispose of its problem loans and improve its standard of disclosure. Regarding the disposal of problem loans, the Bank appropriately wrote off loans and provided reserves in line with FSA and FRC guidelines. Regarding disclosure of asset quality, the Bank has disclosed its asset quality under three standards; **New Disclosure by the Revitalization Law** (New Disclosure Standard), **Non-Accrual, Past Due, and Restructured Loans**, and the self-assessment results. While disclosures under the first two standards are mandatory, the Bank's disclosure of its self-assessment results is voluntary. Such voluntary disclosure reflects the Bank's continuous attitude in improving its transparency. In this page, details of the disclosure of asset quality under these three standards are described using the charts on the left page (P.52).

1. Self-assessment ~ Recognition of Asset Quality and the Process of Write-off/Provisioning (Chart 1)

The Bank self-assesses all of its assets every 6 months to accurately recognize its asset quality. This self-assessment is very important, as loans will be written-off and reserves will be provided in accordance with the results. There are two steps in the process of this self-assessment. The first step is to classify the borrowers from Bankrupt & Substantially Bankrupt Borrowers to Normal Borrowers (① ~ ④) as shown on P.52, Chart 1, according to their financial and management situation. (Please refer to the definitions of the borrower classification.) The second step is to categorize the assets in order of collection risks from low to high or from Category I to IV, taking into consideration the collectability of the assets by borrower, based on their corresponding collateral and guarantees. (Please refer to the definitions of the asset categorization.)

In fiscal 1998, loans were written off and reserves were provided as follows, based upon the above self-assessment:

For Exposures to Bankrupt and Substantially Bankrupt Borrowers (①):

Category IV: directly written-off, Category III: 100% provided with reserves

(Categories I and II are exposures fully covered by reserves, collateral and guarantees)

For Exposures to Intensive Control Borrowers (②):

Category III: 74.7% provided with reserves

(Categories I and II are exposures fully covered by reserves, collateral and guarantees)

For Exposures to Watch Borrowers (③):

Reserves are provided based on the annual historical loss ratio multiplied by three.

For Special Attention Borrowers, 15.3% of the exposures not covered by collateral or guarantees are provided with reserves.

For Exposures to Normal Borrowers (④):

Reserves are provided based on the annual historical loss ratio.

Consequently, as of March 31, 1999, the total of Categories II-IV was ¥2,503.2 billion, as shown on P.52 (⑤). This was a decrease of ¥295.6 billion from September 30, 1998.

2. New Disclosure by the Revitalization Law (Chart 2)

Starting from March 31, 1999, the **New Disclosure by the Revitalization Law** (New Disclosure Standard) has become mandatory. This disclosure is based on the borrower classification of the

above-mentioned self-assessment. As shown on P.52, Chart 2, under this disclosure, exposures to Bankrupt Borrowers and Substantially Bankrupt Borrowers are disclosed as **Exposures to Bankrupt Borrowers or Similar Exposures**, exposures to Intensive Control Borrowers as **Exposures Containing Collection Risks**, and loans to Watch Borrowers which are either **Loans Past Due for 3 Months or More** or **Restructured Loans** as **Special Attention Loans**. As of March 31, 1999, there were ¥330.5 billion of **Exposures to Bankrupt Borrowers or Similar Exposures**, ¥688.4 billion of **Exposures Containing Collection Risks**, and ¥369.7 billion of **Special Attention Loans**. They totaled ¥1,388.6 billion, which account for 4.1% of Total Exposure.

As shown on P.52, the New Disclosure Standard includes exposures with collateral or guarantees, and exposures provided with reserves. Coverage Ratio, which is an appropriate measure of protection, is the ratio of the total of collateral, guarantees, and corresponding reserves to these disclosed exposures (problem loans). The Coverage Ratios of **Exposures to Bankrupt Borrowers or Similar Exposures**, **Exposures Containing Collection Risks**, and **Special Attention Loans**, as of March 31, 1999, were 100%, 84.6%, and 58.0%, respectively. The total Coverage Ratio of these exposures was at a sufficient level of 81.2%.

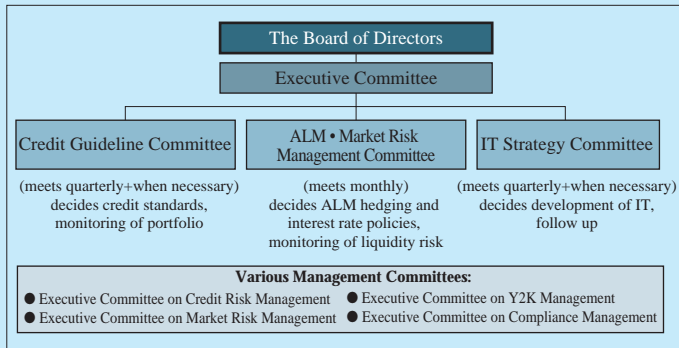
3. Non-Accrual, Past Due, and Restructured Loans (Chart 3)

Non-Accrual, Past Due, and Restructured Loans, which is the total of **Loans to Borrowers under Bankruptcy Procedure**, **Other Non-Accrual Loans**, **Loans Past Due for 3 Months or More**, and **Restructured Loans**, was continuously disclosed. As this disclosure mainly focuses the repayment status of the loans and interests of the borrowers, it may not reflect the accurate financial situation of the borrowers. Therefore, it did not necessarily match the results of the self-assessment. From March 31, 1999, the Bank modified the standard of the **Non-Accrual, Past Due, and Restructured Loans**, so that it would be more consistent with the results of the self-assessment. The modified standard more accurately reflects the substantial situation of the borrowers. Concretely, the criteria for suspension of interest accrual have changed. The previous criteria were consistent with the tax regulation standards (interest receivable on loans had to be for legally bankrupt borrowers or on loans past due for 6 months or more). The new criteria are based on the borrower classification of the self-assessment process, so that no accrued interest receivable on loans to Bankrupt Borrowers, Substantially Bankrupt Borrowers and Intensive Control Borrowers is recognized. Under the modified standard of **Non-Accrual, Past Due, and Restructured Loans**, all loans to Bankrupt Borrowers, Substantially Bankrupt Borrowers and Intensive Control Borrowers are currently disclosed as either **Loans to Borrowers under Bankruptcy Procedure** or **Other Non-Accrual Loans**.

Consequently, **Other Non-Accrual Loans** as of March 31, 1999, includes loans that would not have been disclosed under the previous standard. Such newly disclosed loans amount to only ¥64.9 billion, which amount is less than 5% of the total of **Non-Accrual, Past Due and Restructured Loans** (under the Modified Standard). This is an indication that the Bank has been continuously making efforts to maintain a high transparency of disclosure.

RISK MANAGEMENT

The business environment is changing dramatically under the impact of financial liberalization, globalization and securitization. As a result, the risks inherent in banking operations are rapidly becoming more complex and diverse. This makes it more important than ever to ensure that bank management identify, analyze and manage many kinds of risk, including credit risk and market risk. We have made risk management one of our key managerial priorities, reorganizing and strengthening our operational and administrative structures as a means of reinforcing our corporate health.



Specifically, special risk management meetings are convened to decide policies on and monitor specific risks, and various risk committees follow up flexibly on these policies. In addition to holding monthly meetings, the committees meet twice yearly to discuss comprehensive policies for all risks. (See organization of risk committee structure above.)

Furthermore, we established the specialist post of Chief Risk Officer (CRO) to consolidate bank-wide control and supervision of credit risk, market risk, operational risk, systems risk, legal risk and other kinds of risk. The CRO thus fulfils a crucial function by monitoring and containing risk throughout the Bank.

I. Credit Risk

Of the various kinds of risk that banks face, 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.

To provide overall control of credit risk management, we established the Executive Committee on Risk Management and charged it with the specific task of controlling the entire risk portfolio. The Committee sets guidelines for dealing with credit transactions on the basis of the portfolio management policies set forth by management meetings. It also serves a credit risk portfolio management function by monitoring the management situation and initiating flexible reviews of the guidelines as necessary.

The Credit Risk Management Division and the International Credit Division are responsible, respectively for domestic and overseas credit matters. They specialize in devising means of examining and managing individual loan transactions, and in planning and developing methods for analyzing the risk inherent in the overall loan portfolio. They are also in charge of the in-house credit rating system and self-assessment of bank assets.

*In-house credit rating system

Our in-house rating system uses 16 grades and in principle is applied to all loan assets other than housing loans. First, the marketing or credit division in charge prepares rating studies on the basis of a manual. Then, the Credit Assessment and Audit Division, which is completely independent of our operational and credit divisions, confirms the validity of the results from a neutral, objective viewpoint. Reviews are conducted at least once every twelve months, but they may also be carried out at any time on a case-by-case basis when there are changes in the customer's position.

To strengthen our credit risk management of our portfolio, we established the Credit Guideline Committee with the specific task of controlling the credit risk portfolio for each banking unit. The Committee consists of the Deputy President in charge, the heads of the related groups, the Chief Risk Officer, the executive in charge of credit and others.

The Committee sets guidelines for dealing with credit transactions on the basis of the portfolio management policies set forth by the Executive Committee. It also fulfils a concrete credit risk portfolio management function for each banking unit by monitoring the management situation and initiating flexible reviews of the guidelines as necessary.

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 application 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. To cope with the rapid structural changes taking place in industry, we have also established an evaluation system based on a pool of specialist know-how that embraces sectoral knowledge and the ability to evaluate new technologies. For example, we set up the Credit for New Business Department to specialize in advanced sectors where technological innovation is progressing rapidly. The credit divisions thus provide branches with appropriate advice in a timely manner according to the characteristics of the customers and markets involved.

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.

In December 1998, we formulated the "Credit Operation Fundamentals and Policy" to clarify the rules that should be observed in credit operations, such as laws and regulations, and lay down the basic principles involved when making credit decisions. "Credit Operation Fundamentals and Policy" serves to define our lending policy by stipulating the standard approaches and mechanisms on which our lending procedures are based. In this way, we have endeavored to lay down common rules to be observed by all bank staff in lending operations as a means of promoting the formation of a universal lending stance and assuring the soundness of our loan assets.

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, and make the results available for use in credit decisions.

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.

This system is used in analyzing and quantifying the overall credit risk associated with our loan portfolio. In fact, we make use of our credit ratings at all phases of the lending process, from pricing for individual cases and evaluations of an industry's performance through to the risk-assessment process.

The system provides infrastructural support for the examination and management of individual transactions, as well as the basis for managing the loan portfolio and credit risk. It 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, asset self-assessment systems and the asset classifications used by the financial supervisory authorities.

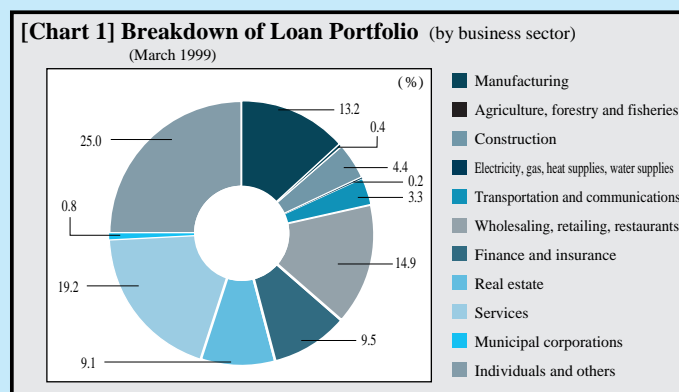
2. Portfolio Management

While assessing and managing individual projects and proposals is important, we also go to great lengths to ensure the overall soundness of our loan assets by analyzing and managing the loan portfolio, which is the aggregate of all individual loans.

Our Executive Committee and Credit Guideline Committee regularly monitor and analyze the entire loan portfolio by business sector, region, in-house rating and other criteria. This enables us to manage the credit risk held both by each banking unit and the Bank as a whole by keeping it within levels that are appropriate.

(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, through the Executive Committee and Credit Guideline Committee, 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.



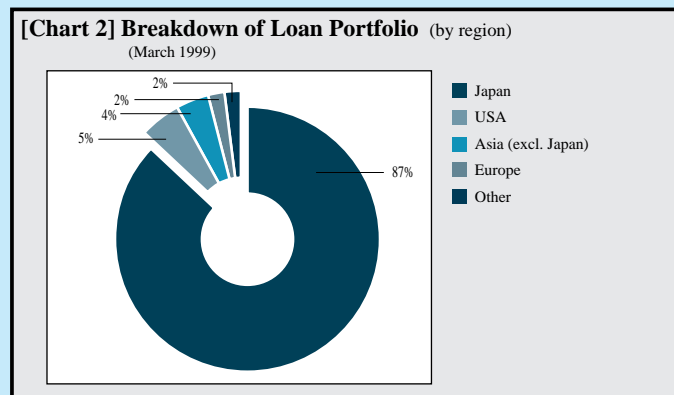
Note: Domestic offices (excluding loans booked in the Japan offshore market)

(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 1999, loans to Asian countries were as shown below in Table 1. Affiliates of Japanese companies accounted for just under 40 % of loans to the private sector.

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



Note: Non-consolidated basis.

[Table 1] Loans to Asian Countries

	Millions of U.S. dollars						
	Balance	Public Sector/ Financial Institution	Project Finance	Private Sector			Non-Japanese
				Total	Japanese	(% of total)	
South Korea	\$1,172	\$ 762	\$ —	\$ 410	\$ 81	(19.8%)	\$ 329
Indonesia	797	167	135	494	202	(40.9)	291
Thailand	1,062	87	191	783	458	(58.5)	325
Hong Kong	2,550	94	126	2,330	765	(32.8)	1,565
Singapore	408	11	—	397	217	(54.7)	179
Malaysia	490	229	—	260	39	(15.0)	220
China	1,048	357	30	660	269	(40.8)	391
Philippines	202	89	8	105	54	(51.4)	50
India	319	147	11	160	8	(5.0)	152
Taiwan	352	89	0	261	28	(10.7)	233
Vietnam	22	—	18	4	0	(14.4)	3
Other	3	0	2	—	—	(—)	—
Total	\$8,431	\$2,036	\$526	\$5,868	\$2,125	(36.2%)	\$3,743

Note: Non-consolidated basis.

3. Measuring Credit Risk

Our approach to measuring credit risk is multifaceted, focusing on integrating the management of credit and market risk, and promoting the efficiency of portfolio management and the allocation of management resources. We now quantify the credit risk associated with virtually all credit transactions, including derivative and other off-balance sheet transactions, on a daily basis. After measuring and analyzing credit risk according to such criteria as transaction type, rating,

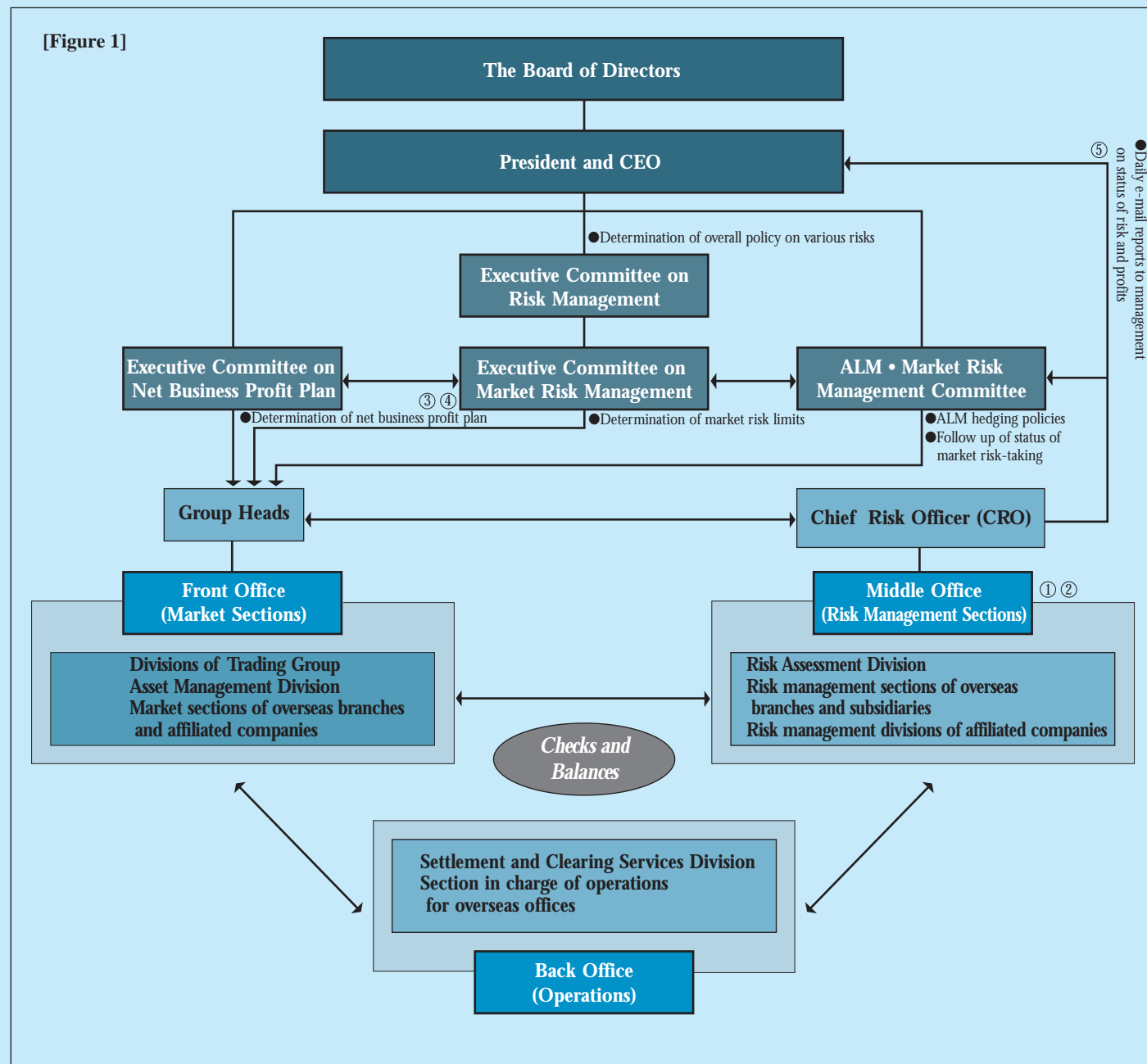
region and business sector, we submit reports on our findings. Our management then uses this information in decisions relating to integrated risk management. The information is also applied in marketing strategies to ensure appropriate loan spreads, and in management information systems to compute profits following adjustment for risk according to bank division.

II. Market Risk Management and Derivative Transactions

1. Market Risk Management Structure

Since we act as a global dealer, we engage in market making for interbank dealers and customers, and the development of derivatives and other new products. Our policy for business related to market transactions is to maximize the profitability of our market divisions while controlling risk in an appropriate manner.

Accordingly, we have established a sophisticated organization for managing market risks, including the asset liability management (ALM) of interest rate risk on yen deposits and loans. Since this gives us an overall grasp of market risk, we are better able to control such risk and thus ensure greater stability in earnings. Figure 1 outlines our market risk management organization.



The following five features constitute the main elements of our market risk management organization.

- ① Establishment of an independent risk management division.
- ② Sophisticated methodologies for measuring and managing market risk.
- ③ Market 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 a risk control unit to identify, assess and control our overall market risk on a consolidated basis. The responsibilities of the Market Risk Assessment Division (now the Risk Assessment Division) extend not only to domestic activities but also to overseas branches and subsidiaries. To guarantee the neutrality of the Division's decisions, it is completely independent of front office sections involved in transactions, dealing and other business activities.

Overseas branches and subsidiaries have also established their own market risk management sections that are independent from trading units involved in market activities. Duties within each office are therefore segregated by the separation of the front office (market activities), the middle office (risk management) and the back office (operations), thus allowing checks and balances between them to work effectively.

② Sophisticated methodologies for measuring and managing market risk.

Virtually all the business units engaged in market activities manage profit and loss on a mark-to-market basis. In order to obtain clearly an overall grasp of profit and loss, it is important to have a clear picture not only of a bank's realized profit and loss as we are used to, but also of its unrealized gains and losses.

We use the Value at Risk (VaR) methodology to manage market risk. To manage and control the risk that cannot be ascertained by VaR alone, we supplement it with additional market risk information and tools. We set limits on other risk sensitivities such as Basis Point Value (BPV), carry out stress tests and back tests, and set stop-loss limits according to actual transactions in each division. For further information, refer to "3. Overall Market Risk Activities."

The Risk Assessment Division is constantly striving to absorb and make use of advanced financial theory and know-how. It conducts research into upgrading management techniques, and devotes a great deal of energy to constructing improved and streamlined systems and infrastructure.

③ Market risk management policy determined by the Board.

We have drawn up our own risk management policies in order to clarify our standards for setting risk-taking limits, organizational structures, lines of authority, procedures and techniques for evaluating and controlling risks. Risk management policy is reviewed every six months and approved by the board of directors. The policy is also fully consistent with the risk management principles issued by banking regulators in Japan and the Bank of International Settlements (BIS).

④ Risk limits determined by the Board.

We believe that our exposure to potential losses arising from all kinds of risk, including market, credit and operational risk, should be kept within levels that can be covered by our own capital. We incorporate this principle into our business strategies for market activities, setting aggregate limits for VaR by earmarking a portion of our capital as coverage for market risk. We then set VaR limits for each division by allocating a portion of the aggregate VaR according to the market outlook, business strategies and other criteria. The President and CEO and the board of directors set risk-taking limits at the aggregate and business unit levels every six months.

Value at Risk (VaR)

VaR is one of the methods used to measure market risk. It is defined as the maximum possible loss that could be incurred on our portfolio as a result of adverse market movements within a certain time horizon and degree of probability. The actual amount of the VaR may vary according to the confidence interval and the length of the holding periods, as well as the models used for measuring the volatility of market risk factors.

⑤ Regular reporting to the Board and senior management.

[Daily] E-mail

A daily report summarizing VaR, trading activities, profits and losses and market risk by division is sent by e-mail to the Chairman, the President and CEO and other members of the board of directors and senior management.

[Monthly] ALM • Market Risk Management Committee

The presiding Deputy President convenes the ALM • Market Risk Management Committee every month. The Committee reviews trading activities, profits and losses and market risk by division, as well as liquidity risk to close our position and in funding, and makes decisions on ALM hedging strategy.

The above procedures provide senior management with an accurate and timely grasp of our market risk exposure, and create an organizational structure that makes appropriate management decisions swiftly.

The following measures have also been adopted to deal with ALM activities, particularly in respect of interest rate risk on yen deposits and loans:

- The Treasury Division deals exclusively with ALM hedging operations.
- To upgrade ALM procedures in managerial accounting, the Head Office-Branch rate has been abolished in favor of individual settlement rates for different products and maturities based on market interest rates.
- Each month, the ALM • Market Risk Management Committee sets its ALM hedging strategy. The Treasury Division follows this strategy in its actual ALM hedging operations, submitting its report to the Committee the following month.

2. Special Investigation Project on the Market Risk Management Function through the Engagement with Ernst & Young LLP

We performed a "special investigation" through the engagement with Ernst & Young, LLP (EY), in November 1998.

Although the procedures did not constitute an "audit" of the financial statements, the results of the investigation indicate the following:

- The net unrealized gains and losses related to market risks are fairly stated. There are no undisclosed losses in derivative contracts or other financial products.
- The market risk management function at Fuji Bank is on the defacto standard of most sophisticated global banks.

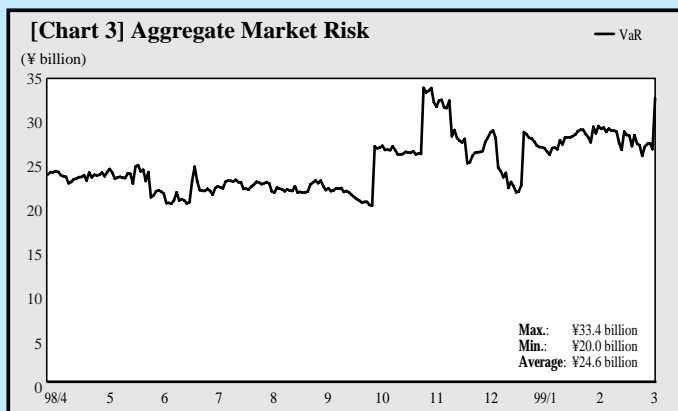
3. Overall Market Risk Activities

(1) Level of Market Risk

Chart 3 shows the trend in market risk (VaR - amount) in fiscal 1998. Market risk amount (VaR) covers almost all market risk on a consolidated basis, including most of our overseas branches and subsidiaries, and also the trading sections of The Yasuda Trust and Banking Co., Ltd. However, it excludes price fluctuation risk in the form of stocks held for strategic purposes, such as stocks held for long-term appreciation.

Basis Point Value (BPV)

BPV shows how much net present value on transactions varies when interest rates change by 1 basis point (0.01%).



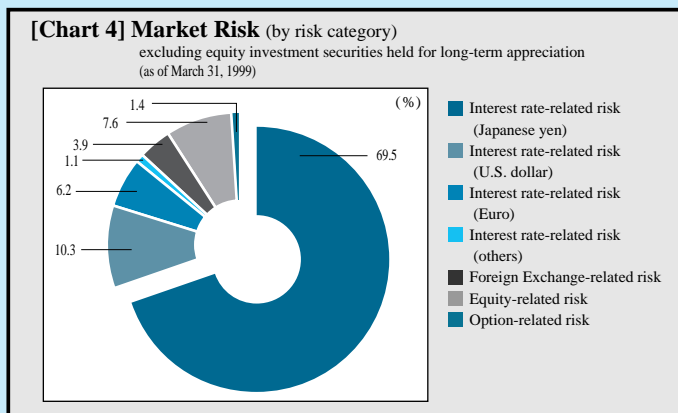
* The standards used for calculating VaR in Chart 3 are as follows. From this fiscal year, the figure used for the confidence interval was altered from 97.5% to 99.0%.

- Confidence interval: one-tailed 99.0% (two-tailed 98.0%)
- Holding period: one day
- Historical observation period: six months
- Discretion to recognize empirical correlations across broad risk categories: variance/covariance method
- Measurement models: (delta plus method)

We have been using our own internal models for calculating VaR using the above parameters for many years. This has enabled us to confirm on an ongoing basis that our capital and other business resources are enough to cover VaR.

(2) Component of Market Risk

Chart 4 gives a breakdown of our market risk on a value basis by risk category as of March 31, 1999. It shows the impact each risk element has on overall market risk. For example, “Interest rate-related risk (Japanese yen) = 69.5%” indicates that fluctuations in Japanese yen interest rates affect 69.5% of total market risk.



As Chart 4 shows, while risk in other categories is dispersed in a well-balanced fashion, most of our market risk consists of yen interest rate risk, an area in which we are fully capable of exploiting our strengths as a Japanese bank. Meanwhile, non-linear risk arising from options and other derivatives transactions accounts for a very small 1.4% of the total.

(3) Yen Interest Rate Risk

Table 2 provides a more detailed analysis of yen interest rate risk, which forms the largest portion 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 (BPV) Sensitivity by Period

	Billions of yen		
	1 year or less	1-5 years	5 years or more
March 31, 1999			
Interest rate (BPV) sensitivity	¥0.1	¥(1.3)	¥(1.1)

Basis Point Value (BPV) is an index of interest rate sensitivity that shows how much unrealized gains increase when interest rates rise by 1 basis point (0.01%). In Table 2, the negative numbers thus show that unrealized gains decline when interest rates increase during the periods in question. The impact of interest rate movements on unrealized gains can therefore be gauged more accurately even when short- and long-term interest rates behave differently.

(4) Simulation of Earnings at Risk

Regular simulations of earnings at risk regarding interest rate portfolios on the accrued banking account in various major currencies excluding securities investments enable us to measure in greater detail the impact of interest rate levels on our term earnings. Table 3 shows how earnings at risk (March 31, 1999 figures) would be affected should interest rates rise by 0.5%.

[Table 3] Earnings at Risk

(Difference between estimated accrued term earnings under current conditions and in the case where interest rate rise by 0.5%.)

	Billions of yen		
	Yen	U.S. dollar	Euro
April 1999 – September 1999	¥(3.3)	¥(1.8)	¥(1.4)
October 1999 – March 2000	¥(7.4)	¥(1.8)	¥(2.3)

We have enough capital and earnings to cover potential negative impact on accrued term earnings as a result of changes in interest rates.

In this way, we evaluate market risk by VaR methodology, other risk sensitivities such as BPV and earnings simulations even more sensitively.

(5) Liquidity Risk to Close Positions

In the case where a particular bank accounts for an unusually large share of total market transactions in a particular instrument, it may take several days before it is able to offset the position risk. There is thus a possibility that price fluctuations might cause it to incur far greater losses than VaR. This sort of risk is known as liquidity risk to close positions. In our case, we calculate the volume that we can trade in each instrument at a reasonable price on a single day and compute the number of days it takes to close our positions based on that daily volume. We then calculate potential loss for the market risk (VaR) for the number of days to close our positions, and manage this kind of risk accordingly. In this way, we are confident that if necessary we can offset our positions at reasonable prices in a very short time.

At the end of March 1999, liquidity risk to close our position stood at ¥76.2 billion. In terms of the market size and the time to close our positions, our capital and earnings are enough to cover the maximum possible loss on liquidity risk to close our position. (This is based on a conservative measurement that does not include the correlation between market risk factors.)

The President and CEO sets the limit on total liquidity risk to close our position every six months, and reports on the status of liquidity risk to close our position are submitted to the ALM • Market Risk Management Committee every month.

(6) Liquidity Risk in Funding

Liquidity risk in funding is the risk of potential inability to raise the funding necessary for executing transactions. We have managed liquidity risk in funding strictly. Based on analyzing the gap between asset and liability, and funding resources, our President and CEO sets position limits on the gap every six months while reports are submitted to the ALM • Market Risk Management Committee every month.

4. Methodologies for Evaluating Market-related Transactions

(1) Trading Transactions

To estimate fair market values in trading transactions, we use current market prices (fair market value) when they are available. When they are not available, we use discounted present value or other evaluation techniques. Our valuations and valuation methods incorporate significant assumptions that we regard as adequate, and different valuations may result in cases where different assumptions are used.

(2) Non-trading Transactions

Although we use accrued accounting for non-trading transactions, for management purpose we calculate unrealized gains and losses using mark-to-market evaluations as in trading transactions.

(3) Evaluation Adjustments in Management Accounting

Although they are not reflected in financial accounts, we monitor close-out costs (costs arising from the difference of market rates between mid price and bid or offer price) and credit costs (possible potential losses computed by quantitative methods) and use them in evaluation adjustments for management accounting purposes.

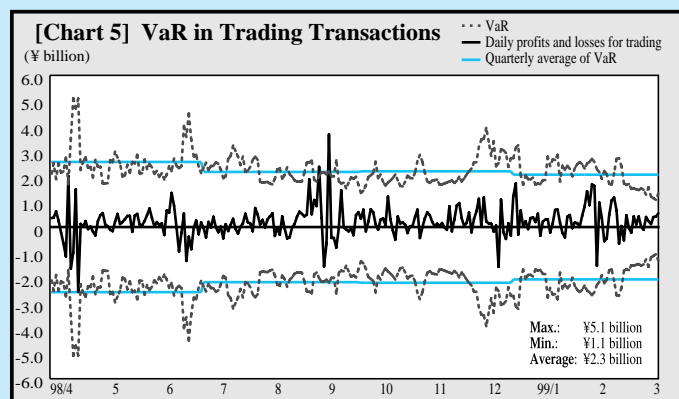
[Table 4] Close-out and Credit Cost

March 31, 1999	Billions of yen	
	Close-out cost	Credit cost
Trading Transactions	¥6.6	¥5.6
Non-trading Transactions	0.3	3.4
Total	¥6.9	¥8.9

5. Risk-taking of Trading Transactions

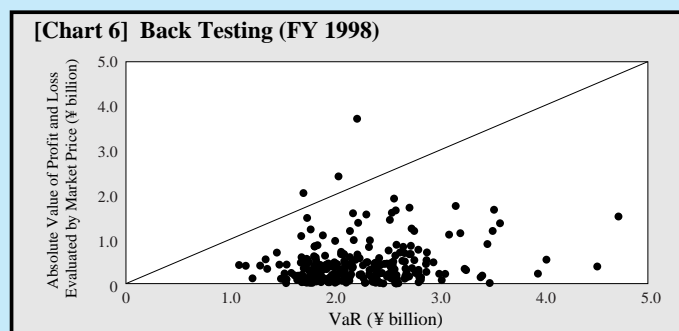
The following sections provide more detailed information on transactions subject to mark-to-market accounting, which include foreign exchange transactions as well as trading transactions.

(1) VaR



(2) Back Testing

To evaluate the accuracy of the models we use for measuring risk, we carry out “back tests” to compare actual profits and losses with VaR predictions.



The dots above the diagonal line in the above chart show the number of days on which profits and losses exceeded the VaR predictions. In fiscal 1998, this happened on three business days. In other words, profits and losses exceeded VaR predictions in 1.2% of all cases, very close to the probability of 2% (100%–98%) predicted by our models. We believe this confirms that our VaR models are sufficiently accurate in measuring our market risk exposure.

(3) Stress Testing

Since markets are inherently unstable, price fluctuations sometimes far exceed normal expectations. To prepare for such situations, we draw up worst-case scenarios that analyze the maximum potential losses that might occur. The procedure is known as “stress testing,” and the scenarios we prepare are called “stress scenarios.” Reports on the results of such tests are submitted to the Board and reflected in business decisions.

We use two approaches to stress testing. The first scenario postulates a confidence interval that, at 99.9%, is tougher than usual while maintaining the correlation between market risk factors. The second postulates the most extreme price movement based on historical price fluctuation data over a period of ten years and assumes the correlation between market risk factors is destroyed.

[Table 5] Stress Testing

	Billions of yen
	Maximum potential loss
VaR (confidence interval 99.0%)	¥ 5.1
Stress Scenario (confidence interval 99.9%)	6.8
Stress Scenario (worst case)	27.2

(4) Risk-adjusted Return

It is necessary for bank management to recognize accurately the risk it is possible to take, to allocate assets properly and to ensure appropriate profit levels. For this reason, it is extremely important to monitor whether the trade off between risk and profits is healthy, and whether potential losses are being kept within safe limits.

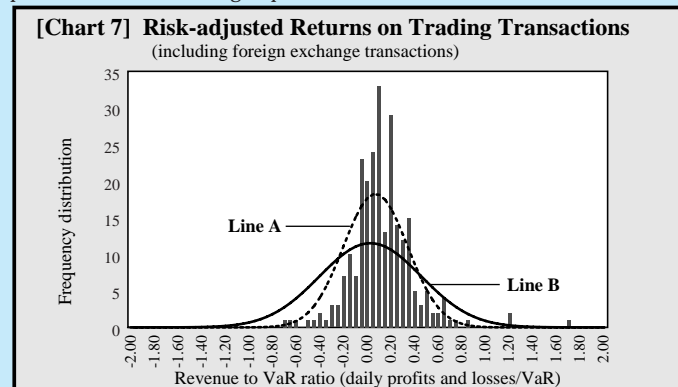


Chart 7 shows the relationship between our risk and profits/losses by frequency (profits and losses/VaR = risk-adjusted return). Line A (normal distribution curve) depicts risk-adjusted return calculated on the basis of the probability distribution of our revenues. Line B depicts the probability distribution for risk-adjusted return in the case where transactions are executed without interest rate or market predictions.

We can draw the following conclusions from a comparison of Line A and Line B.

- The peak of the curve described by Line A (the mean), which represents our performance during the fiscal year ended March 1999, is skewed more to the positive side than Line B. This confirms that we were effective overall in earning revenues.
- Line A's distribution peak is sharper than that of Line B, showing that fluctuations in daily revenue are very small. In other words, while we were able to post stable revenues, we kept conspicuous losses at a very low frequency.

Our ability to achieve the stable revenue distribution demonstrated by Chart 7 results from our solid client transaction base and our well-diversified trading portfolio. Risk-adjusted returns are thus a key indication of our ability to obtain an overall grasp of risk and returns, and make effective decisions on distributing risk limits among our divisions.

In this way, we use VaR supported by other methods to evaluate and manage overall market risk effectively. This has enabled us to confirm that our capital and other business resources are enough to cover our market risk.

6. Derivative Transactions

(1) Status and Purpose of Derivative Transactions

Derivative transactions are transactions that are not recorded in the balance sheet because there are no fund transfers involving the principal. We use derivative transactions, particularly transactions in swaps, futures, options and others, to satisfy the risk-hedging needs of customers, to hedge against the interest and exchange risk held by us in asset liability management, and in market transactions.

(2) Derivative Transactions and Market Risk

For further information on the market risk, liquidity risk to close our position and in funding to which derivative transactions may be exposed, please turn to Page 57, "3. Overall Market Risk Activities."

(3) Derivative Transactions and Credit Risk

Tables 6 and 7 show the contract amounts, notional amounts and credit risk equivalents for derivative transactions.

"Credit risk equivalent" in derivatives is the equivalent amount of loans.

To control credit risk for individual customers, our credit departments set and regularly monitor transaction limits according to their creditworthiness. Furthermore, limits are set according to the type of transaction.

[Table 6] Credit Risk of Derivative Transactions (calculated into BIS capital adequacy ratio)

March 31,	Billions of yen			
	Notional amount		Credit risk equivalent (BIS base)	
	1999	1998	1999	1998
Interest Rate Swaps..	¥301,291.7	¥265,698.7	¥4,181.2	¥3,098.7
Currency Swaps.....	7,307.0	4,919.8	363.6	506.3
FX Forward	13,374.0	34,008.5	504.7	1,518.3
Interest Rate Options (buying)	3,464.4	3,723.5	41.1	40.4
Currency Options (buying)	1,442.3	2,415.6	41.1	73.8
FXA	2,287.9	154.3	134.1	3.8
FRA	34,482.2	26,860.6	44.3	25.7
Other Derivatives	—	7.5	—	0.1
Effect of Netting Arrangement			(3,742.6)	(3,040.4)
Total.....	¥363,649.9	¥337,788.8	¥1,567.7	¥2,227.0

[Table 7] Credit Risk of Derivative Transactions (not calculated into BIS capital adequacy ratio)

March 31,	Billions of yen	
	1999	1998
Financial Futures Transactions	¥63,236.3	¥66,329.3
Interest Rate Swaps	—	—
Currency Swaps.....	—	—
FX Forward	2,009.9	3,796.1
Interest Rate Options (buying)	1,111.5	1,249.8
Currency Options (buying)	98.3	51.9
Interest Rate Options (selling)	4,584.3	6,862.8
Currency Options (selling)	1,389.9	2,480.7
FRA, FXA	—	—
Others	117.6	10.1
Total.....	¥72,547.9	¥80,780.7

Note: Since counterparties have lodged deposits with the relevant exchange and the transactions themselves are very short-term, the risks involved are extremely small. As a result, these transactions are excluded from calculations of credit risk equivalents under BIS international capital adequacy standards.

The following tables show quantitative data concerning credit risk in derivative transactions. The data cover virtually all of our non-consolidated and consolidated derivative transactions.

[Table 8] Breakdown by Creditworthiness

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Non-consolidated Base:				
Customers whose creditworthiness is generally equivalent to AAA/Aaa - BBB/Baa rating from rating agencies ...	¥ 845.5	¥0.3	¥2.1	¥ 2.4
Customers whose creditworthiness is generally equivalent to BB/Ba rating from rating agencies	101.2	0.5	1.1	1.6
Others	49.2	2.8	0.7	3.5
Total	¥ 995.9	¥3.6	¥3.9	¥ 7.5

Consolidated Base:

Customers whose creditworthiness is generally equivalent to AAA/Aaa - BBB/Baa rating from rating agencies ...	¥1,366.7	¥0.7	¥5.5	¥ 6.2
Customers whose creditworthiness is generally equivalent to BB/Ba rating from rating agencies	121.9	0.6	1.3	1.9
Others	58.8	3.4	1.2	4.6
Total	¥1,547.4	¥4.6	¥7.9	¥12.5

Notes: 1. Based on our own standards, which differ slightly from the BIS capital ratio standards.

2. "Credit cost" is a statistical forecast of possible potential loss amounts based on past defaults.

3. "Credit risk volume" is a statistical forecast of the unexpected potential loss amounts derived after taking into account possible future deviations in the default ratio.

4. "Maximum potential loss" refers to the total of credit cost and credit risk volume, and is a worst-case statistical forecast of maximum losses.

[Table 9] Breakdown by Region

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Non-consolidated Base:				
Japan	¥519.0	¥3.1	¥2.2	¥5.3
Asia	33.2	0.4	0.8	1.2
USA	270.1	0.0	0.4	0.4
Europe	151.7	0.1	0.5	0.6
Others	21.9	0.0	0.1	0.1
Total.....	¥995.9	¥3.6	¥3.9	¥7.5

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

[Table 10] Breakdown by Industry

	Billions of yen			
	Credit exposure	Credit cost	Credit risk amount	Maximum potential loss
Non-consolidated Base:				
Banking, Securities, Insurance	¥600.9	¥0.7	¥2.8	¥3.5
Manufacturing	63.4	0.1	0.1	0.2
Wholesale	50.7	0.4	0.1	0.5
Transportation and Communications ...	39.7	0.1	0.2	0.3
Services	16.9	0.2	0.1	0.3
Construction	9.1	0.0	0.0	0.0
Real Estate	12.9	0.5	0.1	0.6
Other Financial Institutions	108.2	0.5	0.5	1.0
Others	94.2	1.1	0.1	1.2
Total.....	¥995.9	¥3.6	¥3.9	¥7.5

The most important figure for grasping the credit risk on our derivative transactions is ¥12.5 billion as shown in Table 8 “Breakdown by Creditworthiness” (Consolidated Base). This figure is a statistical forecast and indicates that the probability that we may suffer losses of approximately ¥12.5 billion following the bankruptcy of counterparties is once in one hundred years. It does not represent a loss or unrealized loss affecting our financial position. In other words, even if the worst case occurs once in one hundred years, the impact on our management will be negligible in light of our net worth and profitability.

As the above tables show, approximately 85% of “credit risk equivalent” of our derivative transactions on a non-consolidated basis, and approximately 88% on a consolidated basis, were conducted with counterparties whose creditworthiness was the investment-grade ratings awarded by independent ratings agencies.

The majority of the counterparties for derivative transactions are those from developed countries such as Japan, United States and those in Europe. There were very few transactions with countries in Asia and other regions.

By business sector, also, most of our transactions were with banks and other financial institutions that deal with derivative products as part of their regular business.

We have almost no derivative transactions considered to be highly speculative.

III. Other Risks

We have established an organizational structure that enlists the full participation of top management in obtaining a clear grasp of the nature and size of risk other than credit and market risk, and spare no effort in ensuring that it runs at maximum efficiency.

In addition to clarifying divisional lines of authority to deal with operational risk, systems risk and other important risk factors, we monitor all kinds of risk across the board. We have also prepared comprehensive disaster recovery plans and manuals to deal with various emergency scenarios, such as disasters that affect wide areas.

(1) Operational Risk

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

The System and Operations Administration Division is responsible for operational risk and is independent of the Bank’s various business groups. The Division has established rules and procedures to be followed by domestic branches, overseas offices and market divisions when dealing with each type of operational activity. It also designates a responsible person in each division to check periodically that the prescribed procedures are being properly observed.

We have separated the front, middle and back offices in our market divisions and instituted other measures to provide a system of mutual checks and balances within the organization. We are also incorporating the latest results of technical innovation into a program to computerize and centralize data processing functions at our computer center as part of our efforts to build an efficient operational processing system that reduces human error to a minimum.

Every year, the Inspection Division carries out inspections to check the status of operational and 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, evaluate the efficiency of our system for managing operational risk and, where necessary, put forward proposals for improvement to top management.

(2) Computer-related Risk

We have adopted a dual approach to dealing with computer systems risk. One of these involves measures to forestall system problems by making our systems better able to withstand natural disasters and faults arising from various other causes. The other covers operational procedures to deal with possible system malfunctions.

On the preventive side, we have worked for many years to create an extremely reliable system. Among other things, we have installed our computer systems in specially-designed buildings that incorporate the very latest in earthquake-proofing technology, created a dual-center organization that boasts fully redundant hardware and software systems for foolproof backup, and a state-of-the-art network that features an automatic rerouting function to avoid circuit faults. We have also established a separate department that is independent of the systems development divisions to check and supervise system configurations and security when new systems are being designed and installed. In this way, everything is done to eliminate possible problems.

A full range of contingency plans lay down procedures to be followed and emergency measures to be adopted in the case of system malfunctions. We also hold regular drills to provide practice through dealing with simulated emergencies.

To strengthen our measures for dealing with systems risk, we have recently established the Information Technology Risk Control Department to evaluate, monitor and manage systems risk in a comprehensive manner. The Department is responsible for streamlining basic policies and regulations dealing with systems risk management, and its jurisdiction extends to overseas offices and branches, and subsidiaries.

(3) Legal Risk

We established the Legal Division to specialize in the management of legal risk, which we consider to be a matter of the greatest importance. The Legal Division serves in an advisory capacity and is responsible for analyzing the legal risk involved in the Bank’s domestic and international business operations, and for devising means to deal with it. It is also working to create a healthy operational system in which bank employees from all divisions can go about their work in full knowledge of the legal risks involved. To this end, and to ensure that legal requirements are observed, the Legal Division holds seminars on legal matters, and has prepared and distributed a compliance manual to all employees. (See “Compliance” on following page.)

(4) Settlement Risk

Settlement risk arises not only from timing differences in the payments and receipts involved in settling foreign exchange transactions, but also from various transactions within the same domestic market. We view such settlement risk as a sort of credit risk, and are working to shorten the settlement timing difference and use netting to reduce the amounts involved in settlements.

Year 2000 Compliance Measures

The Year 2000 ("Y2K") problem could have a major impact on banking operations unless appropriate, timely measures are taken to deal with it. We have given such measures top priority status and are doing everything necessary to ensure that the issue is properly dealt with.

Countermeasures

We have planned for measures to deal with the possible impact of the Y2K problem on our computer systems since 1996 and have been following up on their progress. And, since July of 1998, we have been focusing on the Y2K issue on a bank-wide basis. We established the Executive Committee on Y2K Management with the President and Chief Executive Officer as its Chairman, and set up the Y2K Project, Corporate Planning Division to deal exclusively with the Y2K problem. The Bank's countermeasures involve not just the parent company but the entire Fuji Bank Group, extending from principal subsidiaries and affiliates in Japan to overseas subsidiaries.

Progress in Implementing Countermeasures

Our measures to deal with the Y2K problem cover clearing and other key systems as well as end user systems and systems associated with subcontracted businesses undertaken by the Bank on behalf of

outside entities. Measures also cover all equipment that use microchips, including meters associated with telecommunications equipment, and machinery and equipment associated with electric power facilities.

According to the current schedule, all measures to ensure Y2K compliance for vital systems associated with the Bank's account and settlement operations will be completed by June 1999. Measures for other systems will be in place by September 1999. We are also in the process of carrying out full-scale testing of connections with key settlement centers, such as the Bank of Japan, Zengin Center, SWIFT, CHIPS, and FEDWIRE, as well as customers that use our firm banking electronic services.

Contingency Plan

We have long-standing contingency plans for dealing with normal computer system failures and crises arising from disasters. We have also drawn up separate contingency plans based on analyses of the various risks specifically associated with the Y2K problem, and stand ready to review and reformulate these plans swiftly and flexibly should the need arise.

Compliance

Banking is of vital importance to the public interest, and banks have a major social role to play in contributing to economic development at home and abroad through their transactions with customers and other activities.

Based on a renewed awareness of this and in order to fulfil our responsibilities and earn the unwavering trust of society, we have positioned compliance as one of the most important issues facing management. Our basic policy is to comply strictly with all laws, ordinances, rules and regulations, and carry out our business activities with honesty and integrity and according to social models.

For this reason, our Legal Division is responsible for compliance throughout the Bank, and the Compliance Department is the focal point for streamlining our compliance structure and carrying out activities to promote compliance. Further details on our thoroughgoing efforts in this area are given below.

Compliance Structure

Our compliance structure comprises of the board of directors, the Executive Committee on Compliance Management, compliance officers and the Legal Division. The Executive Committee on Compliance Management was established to debate issues of key importance to compliance within the Bank and meets on a regular basis under the chairmanship of the President and CEO. The board of directors then approves matters discussed by the Committee.

Compliance officers are deployed at head office and all business offices at home and abroad. In addition to ensuring full compliance within their respective organizational sectors, these officers serve as advisors to other bank employees, and as a liaison with the Compliance Department. In light of the specialist nature of the market securities business and the risks it involves, we have established the Compliance for Trading and Investment Banking Department. This office is independent of the business divisions and falls under the jurisdiction of the Legal Division, where its task is to ensure maximum compliance. We have also retained the services of legal advisors and accounting firms in Japan and overseas to provide us with maximum specialist support.

Compliance Activities

Each year, we draw up a practical compliance program to streamline our compliance structure and organize activities to promote compliance.

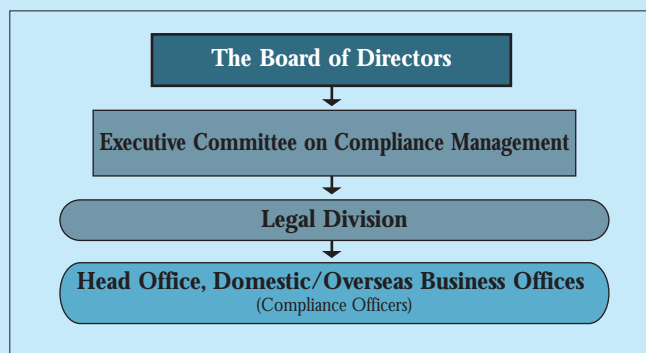
We also compile compliance manuals to serve as detailed guides to our corporate principles of behavior, scope of activities and the key laws, ordinances and in-house rules that have to be observed. These manuals are distributed to all employees, who are expected to become very familiar with its contents.

To promote the strict observance of rules on compliance by each head office division and each business office, we have established a system of primary checks conducted by the compliance officers in the respective organizations, and secondary checks conducted by the Inspection Division and the Internal Audit Division.

We provide various levels of education in compliance, ranging from training for general staff to more advanced studies for compliance officers, in order to ensure that the basic framework of our compliance structure is well-understood.

Compliance remains the bedrock of the banking business. To ensure the continued trust of our customers, we are committed to reviewing our compliance structure on an ongoing basis with a view to making improvements that will maintain and enhance its effectiveness.

Compliance Structure



CONSOLIDATED FIVE-YEAR SUMMARY

Fuji Bank Group

	Millions of yen				
Years ended March 31,	1999	1998	1997	1996	1995
Balance Sheets					
Assets					
Cash and Due from Banks	¥ 2,434,580	¥ 2,821,634	¥ 4,341,701	¥ 5,626,067	¥ 7,201,305
Call Loans and Bills Purchased	1,793,282	1,453,230	2,230,223	1,617,672	1,267,896
Commercial Paper and Other Debt Purchased	85,441	43,216	188,430	126,295	264,440
Trading Assets	2,930,820	3,265,412	—	—	—
Trading Account Securities	—	—	845,037	1,104,386	1,049,045
Money Held in Trust	108,228	84,989	117,271	148,150	170,959
Securities	6,668,759	6,044,830	5,607,096	5,646,405	5,970,789
Loans and Bills Discounted	34,815,843	34,028,201	35,714,787	33,793,990	32,277,715
Foreign Exchange	448,583	580,018	541,793	460,804	373,913
Other Assets	4,372,807	3,326,086	3,480,573	2,703,193	1,988,362
Premises and Equipment	745,616	693,955	357,330	344,468	326,753
Deferred Tax Assets	1,069,255	441,043	256,925	223,163	135,113
Consolidation Difference	67,376	8,153	—	—	—
Customers' Liabilities for Acceptances and Guarantees	2,392,446	2,322,736	2,529,984	2,606,804	2,402,900
Total Assets	¥57,933,043	¥55,113,509	¥56,211,154	¥54,401,403	¥53,429,197
Liabilities, Minority Interests and Stockholders' Equity					
Liabilities					
Deposits	¥34,646,230	¥34,552,361	¥38,649,481	¥37,280,377	¥37,212,285
Call Money and Bills Sold	3,833,529	3,755,273	4,310,517	4,812,472	5,186,289
Trading Liabilities	1,823,830	2,057,167	—	—	—
Borrowed Money	3,520,453	2,947,169	2,252,185	2,892,475	2,817,529
Foreign Exchange	137,789	113,221	82,000	77,051	52,956
Bonds	1,356,075	1,657,224	1,322,494	904,255	609,883
Convertible Bonds	15,464	12,582	12,582	13,009	13,231
Due to Trust Account	1,927,770	—	—	—	—
Other Liabilities	4,669,740	4,381,799	3,943,584	3,100,789	2,323,258
Reserve for Possible Loan Losses	684,674	904,217	1,022,030	980,737	732,756
Reserve for Retirement Allowances	57,051	48,312	48,816	48,877	48,525
Other Reserves	189,542	176,066	60,243	21,262	20,602
Deferred Tax Liability for Land Revaluation	94,481	—	—	—	—
Acceptances and Guarantees	2,392,446	2,322,736	2,529,984	2,606,804	2,402,900
Land Revaluation Account	—	326,529	—	—	—
Total Liabilities	55,349,080	53,254,661	54,233,919	52,738,113	51,420,219
Minority Interests	408,144	282,392	42,885	26,683	24,078
Stockholders' Equity					
Common Stock	559,216	424,087	424,087	423,873	423,762
Preferred Stock	478,616	105,000	105,000	—	—
Capital Surplus	928,196	419,954	419,954	314,740	314,629
Land Revaluation Account	131,767	—	—	—	—
Earned Surplus	106,725	627,426	985,313	898,000	1,246,510
Treasury Common Stock, at cost	(12)	(11)	(4)	(7)	(1)
Shares in Parent Company Held by Subsidiaries	(28,692)	—	—	—	—
Total Stockholders' Equity	2,175,818	1,576,455	1,934,349	1,636,606	1,984,900
Total Liabilities, Minority Interests and Stockholders' Equity ...	¥57,933,043	¥55,113,509	¥56,211,154	¥54,401,403	¥53,429,197
Statements of Income					
Income					
Interest on Loans and Discounts	¥1,185,925	¥1,399,707	¥1,283,411	¥1,344,629	¥1,409,873
Interest and Dividends on Securities	108,194	121,337	138,348	165,474	188,551
Other Interest Income	413,230	661,991	751,895	980,419	719,784
Fees and Commissions	176,880	137,765	128,630	128,083	114,639
Trading Revenue	38,142	56,913	—	—	—
Other Operating Income	515,395	151,504	96,938	200,100	105,249
Other Income	215,673	354,805	350,632	308,993	457,818
Total Income	2,653,442	2,884,025	2,749,856	3,127,701	2,995,916
Expenses					
Interest on Deposits	396,071	703,442	697,473	884,722	986,240
Interest on Borrowings and Bonds	388,333	418,061	313,706	303,880	330,462
Other Interest Expenses	419,654	519,472	485,111	583,498	392,547
Fees and Commissions	48,031	49,247	47,265	44,528	44,845
Other Operating Expenses	364,449	46,816	55,291	84,552	55,915
General and Administrative Expenses	494,565	470,091	443,807	418,786	416,583
Other Expenses	1,290,904	1,175,172	610,867	1,208,310	718,610
Total Expenses	3,402,011	3,382,303	2,653,523	3,528,280	2,945,205
Income (Loss) before Income Taxes and Others	(748,568)	(498,277)	96,332	(400,579)	50,710
Income Taxes:					
Current	18,362	17,614	7,549	8,364	5,332
Deferred	(362,022)	(178,167)	(25,152)	(87,385)	37,351
Minority Interests in Net Income	17,121	7,584	4,891	3,863	3,377
Net Income (Loss)	¥ (422,030)	¥ (345,309)	¥ 109,044	¥ (325,420)	¥ 4,649

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

CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

Balance Sheets

March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
ASSETS			
Cash and Due from Banks	¥ 2,434,580	¥ 2,821,634	\$ 20,195,604
Call Loans and Bills Purchased.....	1,793,282	1,453,230	14,875,839
Commercial Paper and Other Debt Purchased.....	85,441	43,216	708,764
Trading Assets (Note 3)	2,930,820	3,265,412	24,312,076
Money Held in Trust	108,228	84,989	897,790
Securities (Note 4).....	6,668,759	6,044,830	55,319,444
Loans and Bills Discounted (Note 5).....	34,815,843	34,028,201	288,808,328
Foreign Exchange	448,583	580,018	3,721,140
Other Assets (Note 6)	4,372,807	3,326,086	36,273,809
Premises and Equipment (Note 7)	745,616	693,955	6,185,122
Deferred Tax Assets	1,069,255	441,043	8,869,810
Consolidation Difference	67,376	8,153	558,912
Customers' Liabilities for Acceptances and Guarantees (Note 14).....	2,392,446	2,322,736	19,846,095
Total Assets	¥57,933,043	¥55,113,509	\$480,572,740

The accompanying notes are an integral part of these statements.

CONSOLIDATED

March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Note 8)	¥34,646,230	¥34,552,361	\$287,401,330
Call Money and Bills Sold	3,833,529	3,755,273	31,800,325
Trading Liabilities.....	1,823,830	2,057,167	15,129,247
Borrowed Money (Note 9).....	3,520,453	2,947,169	29,203,261
Foreign Exchange.....	137,789	113,221	1,143,006
Bonds (Note 10).....	1,356,075	1,657,224	11,249,070
Convertible Bonds (Note 11)	15,464	12,582	128,281
Due to Trust Account	1,927,770	—	15,991,456
Other Liabilities (Note 12)	4,669,740	4,381,799	38,736,963
Reserve for Possible Loan Losses	684,674	904,217	5,679,590
Reserve for Retirement Allowances	57,051	48,312	473,259
Other Reserves (Note 13)	189,542	176,066	1,572,315
Deferred Tax Liability for Land Revaluation.....	94,481	—	783,753
Acceptances and Guarantees (Note 14)	2,392,446	2,322,736	19,846,095
Land Revaluation Account (Note 15).....	—	326,529	—
Total Liabilities	55,349,080	53,254,661	459,137,956
Minority Interests	408,144	282,392	3,385,689
Stockholders' Equity			
Common Stock (Note 16).....	559,216	424,087	4,638,876
Preferred Stock (Note 16).....	478,616	105,000	3,970,273
Capital Surplus (Note 16)	928,196	419,954	7,699,683
Land Revaluation Account (Note 15).....	131,767	—	1,093,050
Earned Surplus	106,725	627,426	885,322
Treasury Common Stock, at cost.....	(12)	(11)	(102)
Shares in Parent Company Held by Subsidiaries.....	(28,692)	—	(238,011)
Total Stockholders' Equity.....	2,175,818	1,576,455	18,049,094
Total Liabilities, Minority Interests and Stockholders' Equity	¥57,933,043	¥55,113,509	\$ 480,572,740

CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

Statements of Income

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
INCOME			
Interest Income:			
Interest on Loans and Discounts	¥1,185,925	¥1,399,707	\$ 9,837,619
Interest and Dividends on Securities	108,194	121,337	897,510
Other Interest Income	413,230	661,991	3,427,879
	1,707,350	2,183,037	14,163,009
Fees and Commissions.....	176,880	137,765	1,467,280
Trading Revenue (Note 18).....	38,142	56,913	316,402
Other Operating Income (Note 19)	515,395	151,504	4,275,364
Other Income (Note 19).....	215,673	354,805	1,789,079
Total Income.....	2,653,442	2,884,025	22,011,136
EXPENSES			
Interest Expenses:			
Interest on Deposits.....	396,071	703,442	3,285,534
Interest on Borrowings and Bonds.....	388,333	418,061	3,221,349
Other Interest Expenses	419,654	519,472	3,481,167
	1,204,059	1,640,975	9,988,051
Fees and Commissions	48,031	49,247	398,439
Other Operating Expenses (Note 20)	364,449	46,816	3,023,226
General and Administrative Expenses.....	494,565	470,091	4,102,571
Other Expenses (Note 20).....	1,290,904	1,175,172	10,708,458
Total Expenses.....	3,402,011	3,382,303	28,220,747
Income (Loss) before Income Taxes and Minority Interests	(748,568)	(498,277)	(6,209,611)
Income Taxes (Note 21):			
Current.....	18,362	17,614	152,325
Deferred.....	(362,022)	(178,167)	(3,003,092)
Minority Interests in Net Income	17,121	7,584	142,028
Net Income (Loss)	¥ (422,030)	¥ (345,309)	\$ (3,500,872)
		Yen	U.S. dollars (Note 1)
Net Income (Loss) per Share	¥ (142.07)	¥ (119.35)	\$ (1.17)
Dividend Declared per Share:			
Common Stock	7.00	8.50	0.05
Preferred Stock:			
First Series Class I Preferred Stock.....	7.50	7.50	0.06
Second Series Class IV Preferred Stock	0.12	—	0.00
Third Series Class III Preferred Stock.....	0.04	—	0.00
Fourth Series Class III Preferred Stock	0.03	—	0.00

The accompanying notes are an integral part of these statements.

Statements of Earned Surplus

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
Balance at Beginning of Year.....	¥627,426	¥985,313	\$5,204,697
Increase:			
Effect of the Change in Scope of Consolidated Subsidiaries and Affiliates...	6,708	—	55,651
Decrease:			
Effect of the Change in Scope of Consolidated Subsidiaries and Affiliates...	(69,840)	—	(579,351)
Dividends.....	(35,536)	(12,577)	(294,785)
Bonuses to Directors and Statutory Auditors.....	(1)	—	(16)
Net Income (Loss)	(422,030)	(345,309)	(3,500,872)
Balance at End of Year	¥106,725	¥627,426	\$ 885,322

The accompanying notes are an integral part of these statements.

CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

Statements of Cash Flows

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest on Loans and Discounts Received.....	¥1,042,571	¥1,157,721	\$ 8,648,461
Interest and Dividends on Securities Received.....	109,371	123,581	907,267
Other Interest Received.....	724,756	919,027	6,012,078
Fees and Commissions Received.....	132,485	134,140	1,099,013
Other Operating Revenue.....	25,401	58,727	210,711
Total.....	2,034,586	2,393,198	16,877,530
Interest on Deposits Paid.....	448,967	702,069	3,724,324
Interest on Borrowings and Bonds.....	373,079	408,574	3,094,812
Other Interest Paid.....	518,332	435,337	4,299,731
Fees and Commissions Paid.....	49,003	52,699	406,497
Other Operating Expenditures.....	31,245	14,984	259,189
General and Administrative Expenses Paid.....	411,718	417,823	3,415,334
Total.....	1,832,346	2,031,489	15,199,887
Net Decrease in Due from Banks.....	875,383	1,327,070	7,261,584
Net Decrease (Increase) in Call Loans and Bills Purchased.....	(325,517)	776,993	(2,700,268)
Net Decrease (Increase) in Commercial Paper and Other Debt Purchased.....	(10,666)	145,214	(88,480)
Net Decrease (Increase) in Trading Accounts.....	135,363	(465,862)	1,122,886
Net Proceeds from (Expenditures of) National Government Bonds and Other Transactions.....	262,222	(81,925)	2,175,214
Net Decrease in Loans and Bills Discounted.....	1,786,022	1,148,344	14,815,613
Net Decrease (Increase) in Foreign Exchange.....	125,720	(38,520)	1,042,890
Net Increase in Other Assets.....	(539,958)	(989,472)	(4,479,121)
Total.....	2,308,570	1,821,840	19,150,318
Net Decrease in Deposits and Other.....	(2,444,182)	(4,097,119)	(20,275,256)
Net Decrease in Call Money and Borrowed Money.....	(1,191,676)	(279,667)	(9,885,332)
Net Increase in Foreign Exchange.....	25,057	31,221	207,861
Net Increase in Other Liabilities.....	250,068	1,524,678	2,074,400
Total.....	(3,360,732)	(2,820,886)	(27,878,327)
Net Cash Used in Operating Activities.....	(849,921)	(637,337)	(7,050,366)
CASH FLOWS FROM OTHER ACTIVITIES			
Proceeds from Sales of Stocks and Other.....	413,545	1,281,553	3,430,487
Proceeds from Settlements of Money Held in Trust.....	206,439	239,591	1,712,483
Proceeds from Sales of Premises and Equipment.....	102,772	55,363	852,529
Other Proceeds.....	9,378	6,971	77,797
Total.....	732,135	1,583,479	6,073,296
Purchases of Stocks and Other.....	469,898	1,340,433	3,897,954
Investments on Money Held in Trust.....	181,438	209,136	1,505,090
Purchases of Premises and Equipment.....	40,912	58,432	339,379
Other Payments.....	188,290	488,306	1,561,932
Total.....	880,539	2,096,308	7,304,355
Net Cash Used in Other Activities.....	(148,404)	(512,829)	(1,231,059)
DIVIDENDS AND INCOME TAXES			
Dividends Paid.....	35,558	12,577	294,971
Income Taxes Paid.....	10,519	12,072	87,263
Total.....	46,078	24,649	382,234
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Preferred Stock and Capital Stock.....	1,016,988	—	8,436,239
Issuance of Preferred Securities of Subsidiaries.....	—	227,681	—
Issuance of Bonds.....	200,000	1,029,093	1,659,063
Total.....	1,216,988	1,256,774	10,095,302
Principal Payments of Bonds and Convertible Bonds.....	26,979	274,955	223,806
Total.....	26,979	274,955	223,806
Net Cash Provided by Financing Activities.....	1,190,008	981,819	9,871,496
Net Increase (Decrease) in Cash and Cash Equivalents.....	145,604	(192,996)	1,207,837
Cash and Cash Equivalents at Beginning of Year.....	1,040,512	1,233,508	8,631,373
Effect of the Increase in Scope of Consolidated Subsidiaries and Affiliates,			
Net of Cash and Cash Equivalents.....	24,346	—	201,960
Effect of the Decrease in Scope of Consolidated Subsidiaries and Affiliates,			
Net of Cash and Cash Equivalents.....	2,786	—	23,115
Cash and Cash Equivalents at End of Year.....	¥1,207,676	¥1,040,512	\$10,018,055

The accompanying notes are an integral part of these statements.

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's presentation.

Although not required to be filed with the Minister of Finance, consolidated statements of cash flows for the years ended March 31, 1999 and 1998 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 Guidelines for Statements 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 ¥120.55=U.S.\$1, the rate of exchange in effect on March 31, 1999, 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. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of The Fuji Bank, Limited ("the Bank") and 182 of its consolidated subsidiaries (the "Fuji Bank Group") including The Yasuda Trust and Banking Company Ltd. (a Japanese corporation), Fuji Securities Co., Ltd. (a Japanese corporation), The Fuji Trust and Banking, Co., Ltd. (a Japanese corporation), The Fujigin Credit, Ltd. (a Japanese corporation), Fuyo General Lease Co., Ltd. (a Japanese corporation), Fujigin Factors, Ltd. (a Japanese corporation), The J.M.C. Credit, 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. The number of the consolidated subsidiaries was 182 and 114 for the years ended March 31, 1999 and 1998, respectively.

Certain 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 and its consolidated subsidiaries.

All significant intercompany accounts and transactions have been eliminated.

The Bank early adopted a new accounting standard for consolidated financial statements for the year ended March 31, 1999 which became effective for the year ended after March 31, 1999. The new standard requires a company to consolidate any subsidiaries of which the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

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

The difference between cost and underlying interest in Heller International Group, Inc., Fuji America Holdings, Inc. and Yasuda Trust and Banking Co., Ltd. at the respective dates of acquisition is amortized over a period of five years on a straight-line basis. Such a difference, if incurred in the acquisition of other consolidated subsidiaries, is charged or credited to income in the year of acquisition.

(b) Trading Assets and Liabilities

Effective April 1, 1997, the Bank introduced a new method for the 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 the financial instruments. Fair value for such financial instruments is estimated using the 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, 1999 and 1998, 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 each subsidiary at the 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 cost determined by 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 had been stated at cost determined by the moving average cost method prior to this change. The effect of this change resulted in a decrease of loss before income taxes and minority interests of ¥433,195 million.

Securities owned by the consolidated subsidiaries are carried principally at cost or at the lower of cost or market, cost being determined by the moving average cost method.

(e) Depreciation of Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation.

Depreciation of premises other than buildings and equipment owned by the Bank is computed by the declining-balance method at the rates prescribed in the Corporation Tax Law.

Prior to April 1, 1998, depreciation of buildings owned by the Bank was calculated by the declining-balance method. Effective April 1998, the Corporation Tax Law requires adoption of the straight-line method for buildings acquired on and after that date. The Bank has taken this opportunity to adopt the straight-line method for all its buildings, because it is considered reasonable that the same method of depreciation be applied to the same assets as the reorganization of the Bank's network proceeds and it is also deemed reasonable that the usable value of a building remains constant over its useful life and thus depreciating the same amount over its useful life presents periodic profit and loss more appropriately.

The effect of this change was a decrease in ordinary loss and loss before income taxes and minority interests of ¥2,111 million for the year ended March 31, 1999.

In addition, due to a revision in the Corporation Tax Law effective April 1, 1998, the useful lives of buildings were shortened. This resulted in an increase in ordinary loss and loss before income taxes and minority interests of ¥676 million for the year ended March 31, 1999.

Prior to April 1, 1997, depreciation of buildings owned by the Bank was calculated by the declining-balance method at 160 percent of the depreciation expense allowable under the Corporation Tax Law. However, due to a revision in the Uniform Accounting Standards for Banks effective April 1, 1997, depreciation of buildings was calculated by the declining-balance method at 100 percent of the depreciation expense allowable under the Corporation Tax Law. The effect of this change in depreciation was a decrease in loss before income taxes and minority interests by ¥6,940 million for the year ended March 31, 1998.

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.

The estimated useful lives for premises range from three to 65 years and for equipment from two to 20 years.

(f) Reserve for Possible Loan Losses

The Bank and its major domestic subsidiaries implemented a new methodology for calculating reserves for possible loan losses effective April 1, 1997 and 1998, respectively.

The reserves for possible loan losses of the Bank and its major domestic trust bank are made in accordance with the policies regarding write-offs and reserve standards stipulated in the Uniform Accounting Standards for Banks. Pursuant to the internal rules for self-assessment of asset quality and the Bank's internal rules for providing reserves for possible credit losses, a reserve for possible loan losses is provided 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, a reserve is provided based on the amount remaining after deduction of the amount of collateral considered to be disposable and the amounts recoverable under guarantees as well as 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 Corporation Tax Law).

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

Effective the year ended March 31, 1999, the Bank adopted a new method of charge-offs of secured loans under which amounts deemed uncollectible by means of disposition of collateral, or through guarantees for loans to borrowers which are classified as substantially bankrupt or are bankrupt in the formal legal sense, are charged off against the respective loan balances. The amount of charge-offs during the year ended March 31, 1999 totaled ¥1,176,863 million.

Other consolidated subsidiaries provide reserves for possible loan losses at 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 and its major domestic subsidiaries 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 a contributory pension plan for eligible employees. The unamortized balance of prior service cost at March 31, 1998 (based on the most recent available information on the pension plan) was ¥19,915 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 Land Revaluation.

(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. However, lease transactions of certain foreign consolidated subsidiaries are classified and accounted for as either capital or operating leases.

(j) Income Taxes

Effective the year ended March 31, 1999, the Bank and its major domestic subsidiaries adopted the asset liability method for accounting for income taxes in accordance with the amendment to the Regulation of the Consolidated Financial Statements. Under the asset liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be reversed. Prior to the adoption of the asset liability method, income tax expense was determined using the deferred method. Under the deferred method deferred tax expense was based on items of income and expense that were reported in different years in the financial statements and tax returns and were measured at the tax rate in the year the differences originated. The effect of this change resulted in an increase in total assets of ¥37,039 million and a decrease in net loss of ¥73,244 million for the year ended March 31, 1999.

(k) Appropriation of Earned Surplus

Cash dividends 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 at 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 shares of 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, 1999 and 1998 because a net loss was recorded.

3. Trading Assets and Trading Liabilities

Trading Assets

Trading assets at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Trading securities.....	¥1,204,750	¥ 877,934
Derivatives of trading securities.....	1,747	409
Securities related to trading transactions ..	56,143	111,068
Trading-related financial derivatives.....	1,005,252	1,391,380
Other trading assets.....	662,927	884,619
	¥2,930,820	¥3,265,412

Trading Liabilities

Trading liabilities at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Trading securities sold for short sales.....	¥ 859,755	¥ 561,405
Derivatives of trading securities.....	384	294
Securities related to trading transactions sold for short sales.....	4,595	12,231
Derivatives of securities related to trading transactions	50	—
Trading-related financial derivatives.....	959,044	1,483,235
	¥1,823,830	¥2,057,167



4. Securities

Securities at March 31, 1999 and 1998 were as follows:

	Millions of yen	
	1999	1998
Japanese national government bonds.....	¥1,111,524	¥1,090,825
Japanese local government bonds.....	306,800	368,933
Japanese corporate bonds and financial debentures.....	698,553	538,052
Japanese corporate stocks	3,610,195	3,474,758
Other securities	941,685	572,261
	¥6,668,759	¥6,044,830

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

5. Loans and Bills Discounted

Loans and bills discounted at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Bills discounted.....	¥ 236,043	¥ 726,927
Loans on notes and deeds.....	27,549,165	27,583,391
Overdrafts.....	6,273,535	5,408,580
Financing receivables, including factoring, leasing and property financing.....	757,099	309,301
	¥34,815,843	¥34,028,201

Loans to borrowers under bankruptcy procedures and other nonaccrual loans totaled ¥236,441 million and ¥995,089 million, respectively at March 31, 1999.

A loan is placed on nonaccrual status when substantial doubt as to the collectibility of its principal or interest is judged to exist, if payment is past due for a certain period of time or for other reasons.

Other nonaccrual loans are nonaccrual loans other than loans to borrowers under bankruptcy procedures and loans of which interest payments have been deferred in order to assist the restructuring of the borrowers.

Due to the charge-offs of loans deemed uncollectible as stated in Note 2. "Summary of Significant Accounting Policies," loans to borrowers under bankruptcy procedures and other nonaccrual loans decreased by ¥661,914 million and ¥847,781 million, respectively at March 31, 1999.

Loans past due for 3 months or more totaled ¥243,657 million at March 31, 1999. Loans past due for 3 months or more are those of which interest or principal payments are past due for 3 months or more but which are not included in loans to borrowers under bankruptcy procedures or other nonaccrual loans.

Restructured loans totaled ¥301,461 million at March 31, 1999. Restructured loans are those to which the Bank granted concessions, such as reduction of contractual interest rates or principal amounts and deferral of interest/principal payments, in order to assist the restructuring of the borrowers. Excluded from restructured loans are loans to borrowers under bankruptcy procedures, other nonaccrual loans, and loans past due for 3 months or more.

Loans to borrowers under bankruptcy procedures, other nonaccrual loans, loans past due for 3 months or more and restructured loans amounted to ¥1,776,650 million in the aggregate at March 31, 1999.

6. Other Assets

Other assets at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Accrued income and prepaid expenses	¥ 427,750	¥ 583,851
Securities in custody	1,357,438	1,327,847
Other	2,587,619	1,414,387
	¥4,372,807	¥3,326,086

7. Premises and Equipment

Premises and equipment at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Land	¥ 359,047	¥ 408,168
Buildings	386,275	297,937
Equipment.....	280,636	234,549
Other	133,827	96,249
	1,159,787	1,036,905
Accumulated depreciation.....	414,170	342,950
Net book value.....	¥ 745,616	¥ 693,955

8. Deposits

Deposits at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Current deposits	¥ 1,617,111	¥ 1,492,644
Ordinary deposits.....	5,536,451	5,713,618
Deposits at notice	1,344,490	1,081,426
Time deposits	16,791,132	19,429,290
Other deposits	3,989,022	3,649,892
	29,278,208	31,366,873
Negotiable certificates of deposit.....	5,368,021	3,185,488
	¥34,646,230	¥34,552,361

9. Borrowed Money

Borrowed money at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Bills rediscounted.....	¥ —	¥ 8,741
Borrowings from the Bank of Japan and other financial institutions.....	2,794,984	2,636,846
Commercial paper	725,468	301,580
	¥3,520,453	¥2,947,169

Subordinated borrowed money amounting to ¥1,176,620 million at March 31, 1999 and ¥891,300 million at March 31, 1998 was included in "Borrowings from the Bank of Japan and other financial institutions."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

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, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
Acceptances.....	¥ 22,020	¥ 41,164
Letters of credit.....	190,858	257,351
Guarantees.....	2,179,567	2,024,220
	¥2,392,446	¥2,322,736



15. Land Revaluation

Pursuant to the Law Concerning Land Revaluation, land used for the Bank's business activities was revalued on March 31, 1998.

The excess of the revalued carrying amount over the book value before revaluation, which was included in liabilities at March 31, 1998, is included in shareholders' equity in the amount net of tax effect at March 31, 1999 due to the revision in the Law enacted on March 31, 1999. The corresponding income tax is included in liabilities at March 31, 1999 as deferred tax liability for land revaluation. This resulted in a decrease in total liabilities of ¥131,767 million and an increase in total shareholders' equity of ¥131,767 million.

The land prices for revaluation were determined based on the prices in the official notice published by the Commissioner of the National Tax Agency in accordance with Article 2, Paragraph 4 of the Enforcement Ordinance Concerning Land Revaluation, after making reasonable adjustments.

The difference between the revalued carrying amount and the fair value of the land revalued in accordance with Article 10 of the Law was ¥17,185 million.



16. 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, 1999 was as follows:

- (i) 10 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) Class I 82,411,000 shares, Class II 500,000,000 shares, Class III 500,000,000 shares and Class IV 500,000,000 shares of preferred stock, 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	
	1999	1998
Common Stock:		
Balance at beginning of year.....	¥424,087	¥424,087
Increase:		
Issuance.....	108,746	—
Conversion of convertible preferred stock	26,383	—
Balance at end of year.....	¥559,216	¥424,087
(Shares issued and outstanding at end of year)	(3,441,618 thousand shares)	(2,897,614 thousand shares)
Preferred Stock:		
Balance at beginning of year.....	¥105,000	¥105,000
Increase:		
Issuance.....	400,000	—
Decrease:		
Conversion of convertible preferred stock	26,383	—
Balance at end of year.....	¥478,616	¥105,000
(Shares issued and outstanding at end of year)	(452,411 thousand shares)	(70,000 thousand shares)
Capital Surplus:		
Balance at beginning of year.....	¥419,954	¥419,954
Increase:		
Issuance of common stock.....	108,242	—
Issuance of preferred stock.....	400,000	—
Balance at end of year.....	¥928,196	¥419,954

Preferred stock issued and outstanding at March 31, 1999 and 1998 consisted of the following:

	Millions of yen	
	1999	1998
First Series Class I Preferred Stock	¥ 78,616	¥105,000
Second Series Class IV Preferred Stock ...	150,000	—
Third Series Class III Preferred Stock.....	125,000	—
Fourth Series Class III Preferred Stock....	125,000	—
	¥478,616	¥105,000

First Series Class I Preferred Stock was issued on December 28, 1996 at an issue price of ¥3,000 per share, and Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock were all issued on March 31, 1999 at an issue price of ¥2,000 per share.

Annual dividends per share on First Series Class I, Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock are payable at ¥7.50 through February 1, 2002, ¥42.00, ¥11.00 through February 1, 2011, and ¥8.00 through February 1, 2009, respectively, exclusive of interim dividends per share of ¥3.75, ¥21.00, ¥5.50 and ¥4.00, respectively, if any, except that dividends per share on Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock for the year ended March 31, 1999 are payable at ¥0.12, ¥0.04 and ¥0.03, respectively.

First Series Class I, Third Series Class III and Fourth Series Class III Preferred Stock are convertible into shares of common stock at the option of the shareholders from July 1, 1997 to January 31, 2002, from October 1, 2006 to January 31, 2011 and from October 1, 2004 to January 31, 2009, respectively, at conversion prices determined based on the market price of the Bank's common stock every October 1 applied subsequent to the first dates of the respective convertible periods, subject to floor prices of 65 percent, 80 percent and 70 percent, respectively, of the initial conversion prices. The initial conversion price of First Series Class I Preferred Stock is ¥2,002, and those of Third Series Class III and Fourth Series Class III Preferred Stock are determined by multiplying the market price of the Bank's common stock at October 1, 2006 and 2004 by 1.025 and are subject to floor prices of ¥420 and ¥540, respectively. The conversion prices are subject to a certain adjustment as to the issuance of new shares of common stock at the price below the then current market price of the Bank's common stock, stock splits, etc.

The Bank may, at its option, redeem Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock at ¥2,000 plus accrued dividends per share from April 1, 2004 and thereafter, from April 1, 2004 to September 30, 2006 and from April 1, 2004 to September 30, 2004, respectively.

17. Legal Reserve

Under the Banking Law of Japan, an amount equivalent to at least 20 percent of any distribution of retained earnings 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.

18. Trading Revenue

The components of trading revenue for the years ended March 31, 1999 and 1998 were as follows:

	Millions of yen	
	1999	1998
Revenue from trading securities and derivatives	¥17,881	¥28,298
Revenue from securities and derivatives related to trading transactions	6,549	6,239
Revenue from trading-related financial derivatives transactions	8,735	19,366
Other trading revenue	4,975	3,008
	¥38,142	¥56,913

19. Other Operating Income and Other Income

Other Operating Income

The components of other operating income for the years ended March 31, 1999 and 1998 were as follows:

	Millions of yen	
	1999	1998
Gains on foreign exchange transactions ...	¥ 18,893	¥ 18,822
Gains on sales of bonds	151,612	105,512
Gains on redemption of bonds	978	3,834
Other	343,911	23,334
	¥515,395	¥151,504

Other Income

The components of other income for the years ended March 31, 1999 and 1998 were as follows:

	Millions of yen	
	1999	1998
Gains on sales of stocks and other securities ...	¥105,650	¥275,928
Gains on money held in trust	1,576	904
Gains on disposal of premises and equipment ...	80,648	45,814
Collection of written-off claims	1,330	70
Reversal of reserve for price fluctuation of Japanese national government bonds...	—	7,513
Reversal of reserve for possible losses on trading account securities	995	13,362
Reversal of reserve for securities transaction liabilities	—	5
Other	25,471	11,205
	¥215,673	¥354,805

Lessors:

The acquisition cost, accumulated depreciation, book value, and future lease payments to be received subsequent to March 31, 1999, relating to finance lease transactions accounted for as operating leases at March 31, 1999 are summarized as follows:

	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥886,309	¥ 1,349	¥887,658
Accumulated depreciation	443,502	761	444,263
Book value	¥442,807	¥ 587	¥443,395

	Due in one	Due after	Total
	year or less	one year	
Future lease payments to be received..	¥165,083	¥299,065	¥464,149

Lease income relating to finance leases accounted for as operating leases amounted to ¥202,084 million and ¥497 million, respectively for the years ended March 31, 1999 and 1998. The related depreciation and interest income equivalent for the year ended March 31, 1999 amounted to ¥170,001 million and ¥15,832 million, respectively.

Operating Leases

The future lease rentals to be paid to lessors subsequent to March 31, 1999 for operating lease transactions are summarized as follows:

	Millions of yen
Due in one year or less	¥ 7,144
Due after one year	48,213
	¥55,357

23. Deferred Taxes

Major components of deferred tax assets and liabilities as of March 31, 1999 are summarized as follows:

	Millions of yen
Deferred tax assets:	
Reserve for possible loan losses	¥ 482,021
Tax loss carryforwards.....	366,462
Other	362,999
Subtotal	1,211,483
Valuation allowance.....	(130,442)
Total: deferred tax assets	1,081,040
Deferred tax liabilities:	
Lease financing	(7,035)
Undistributed retained earnings in consolidated subsidiaries.....	(3,674)
Other	(1,074)
Net: deferred tax assets	¥1,069,255

The statutory tax rates used to calculate deferred tax assets and liabilities for the years ended March 31, 1999 and 1998 were 41.76% and 47.6%, respectively. The effect of the change in the statutory tax rate resulted in a decrease in deferred tax assets of ¥87,913 million and an increase in income taxes of ¥51,708 million.

24. Segment Information

(a) Business Segment Information

Certain consolidated subsidiaries are engaged in securities, trust, leasing, and other businesses in addition to 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 the 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 its method of accounting for securities as described in Note 2 (d). This has influenced the results as indicated in the segment information on Japan for the year ended March 31, 1998.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

Year ended March 31, 1999	Millions of yen						
	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers.....	¥ 1,557,193	¥ 649,394	¥ 233,265	¥ 130,613	¥ 2,570,467	¥ —	¥ 2,570,467
Intersegment.....	329,050	64,911	116,184	71,390	581,537	(581,537)	—
	1,886,244	714,306	349,449	202,003	3,152,004	(581,537)	2,570,467
Total adjusted expenses.....	2,483,542	687,206	375,506	214,577	3,760,833	(516,478)	3,244,355
Ordinary profit (loss)	¥ (597,298)	¥ 27,100	¥ (26,056)	¥ (12,573)	¥ (608,828)	¥ (65,059)	¥ (673,888)
II. Assets.....	¥53,637,767	¥8,194,643	¥4,876,576	¥2,438,453	¥69,147,442	¥(11,214,398)	¥57,933,043

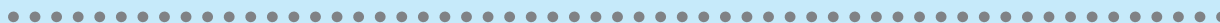
Year ended March 31, 1998	Millions of yen						
	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers.....	¥ 1,448,385	¥ 753,210	¥ 356,614	¥ 259,048	¥ 2,817,258	¥ —	¥ 2,817,258
Intersegment.....	158,201	47,581	102,053	109,774	417,610	(417,610)	—
	1,606,586	800,791	458,668	368,822	3,234,868	(417,610)	2,817,258
Total adjusted expenses.....	2,234,132	727,706	456,434	337,658	3,755,931	(379,176)	3,376,754
Ordinary profit (loss)	¥ (627,545)	¥ 73,084	¥ 2,234	¥ 31,164	¥ (521,062)	¥ (38,433)	¥ (559,496)
II. Assets.....	¥44,653,364	¥9,447,530	¥8,235,922	¥3,864,420	¥66,201,238	¥(11,087,728)	¥55,113,509

(c) Total Adjusted Income from International Operations

Years ended March 31,	Millions of yen	
	1999	1998
(i) Total adjusted income from international operations.....	¥1,329,959	¥1,779,636
(ii) Consolidated total adjusted income.....	¥2,570,467	¥2,812,522
(i)/(ii)	51.7%	63.2%

Total adjusted income from international operations represents the sum of total adjusted income generated from the international operations of the Bank and its domestic consolidated subsidiaries

and total adjusted income of its consolidated foreign subsidiaries after excluding all intercompany transactions within the Fuji Bank Group.



25. Subsequent Events

At a general meeting of stockholders held on June 29, 1999 year-end dividends of ¥3.50 per share of common stock totalling ¥12,045 million, and of ¥3.75 per share of First Series Class I preferred stock totalling ¥196 million, ¥0.12 per share of Second Series Class IV preferred stock totalling ¥18 million, ¥0.04 per share of Third Series Class III preferred stock totalling ¥5 million and ¥0.03 per share of Fourth Series Class III preferred stock totalling ¥3 million were approved in respect of the year ended March 31, 1999. In accordance with Japanese accounting practice, these dividends were not accrued and have not been reflected in the consolidated financial statements for the year ended March 31, 1999.

Fuji Trust and Banking Co., Ltd., one of the Bank's subsidiaries, was merged with DKB Trust and Banking Co., Ltd. on April 1, 1999. As a result of the merger, the new company, referred to as Dai-Ichi Kangyo Fuji Trust and Banking Co., Ltd. ("DKFTB"), is now equally owned by the Bank and Dai-Ichi Kangyo Bank Co., Ltd.

The objective of the merger is to provide quality trust business services based on a stable financial foundation, that satisfy its

customers' increasingly diversified and advanced needs. This is in line with an agreement regarding a Strategic Alliance in Trust Banking Operations entered into by the Bank and Dai-Ichi Kangyo Bank Co., Ltd. The amount of common stock of DKFTB after the merger amounted to ¥40,000 million.

Yasuda Trust and Banking Co., Ltd. ("YTB"), one of the Bank's subsidiaries, entered into an agreement with DKFTB on April 16, 1999, in which DKFTB acquires the asset management and administration business of YTB. The objective of the agreement is to perform trust banking operations more efficiently within the Fuji Bank Group and to strengthen the financial foundation of YTB. Acquired operations include (a) asset management and related administrative services for corporate pension and other funds, (b) custodial services for various trusts such as specified money trusts and securities investment trusts, and (c) stock transfer agency services. The date of acquisition is October 1, 1999 and the acquisition price is ¥140 billion. This acquisition is subject to the approval of a YTB general meeting of shareholders and to all necessary regulatory and governmental approvals.

**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, 1999 and 1998, 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, procedures and practices generally accepted and applied 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, 1999 and 1998, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 1999 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 29, 1999

Showa Ota & Co.
Showa Ota & Co.

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and practices as well as auditing standards, procedures and practices may vary from country to country and could thus affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles and practices generally accepted in Japan, and the auditing standards, procedures and practices are those generally accepted and applied in Japan. Accordingly, the accompanying financial statements and auditors' report presented above are for users familiar with Japanese accounting principles and auditing standards.

NON-CONSOLIDATED FINANCIAL STATEMENTS

The Fuji Bank, Limited

Balance Sheets

March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
ASSETS			
Cash and Due from Banks	¥ 2,028,844	¥ 2,749,927	\$ 16,829,898
Call Loans and Bills Purchased	814,134	265,542	6,753,500
Commercial Paper and Other Debt Purchased	50,882	29,858	422,090
Trading Assets	1,507,525	2,273,891	12,505,396
Money Held in Trust	60,398	85,432	501,026
Securities	5,837,796	6,250,780	48,426,350
Loans and Bills Discounted	29,793,318	32,030,589	247,144,910
Foreign Exchange	421,850	549,415	3,499,383
Other Assets	1,391,143	2,263,624	11,539,971
Premises and Equipment	552,012	673,037	4,579,118
Deferred Tax Assets	732,556	—	6,076,789
Customers' Liabilities for Acceptances and Guarantees	3,193,984	3,915,992	26,495,104
Total Assets	¥46,384,449	¥51,088,094	\$384,773,535

The accompanying notes are an integral part of these statements.

March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	¥32,123,178	¥34,442,706	\$266,471,824
Call Money and Bills Sold	2,383,687	2,256,587	19,773,438
Commercial Paper	400,000	—	3,318,125
Trading Liabilities.....	932,049	1,458,546	7,731,644
Borrowed Money.....	1,955,418	3,339,624	16,220,807
Foreign Exchange.....	148,493	125,762	1,231,801
Bonds.....	300,000	100,000	2,488,594
Convertible Bonds.....	5,666	12,582	47,002
Other Liabilities.....	1,792,816	2,888,177	14,871,974
Reserve for Possible Loan Losses	455,519	857,491	3,778,674
Reserve for Retirement Allowances	45,866	48,241	380,478
*Other Reserves.....	231,435	175,065	1,919,834
Deferred Tax Liability for Land Revaluation	94,481	—	783,754
Acceptances and Guarantees	3,193,984	3,915,992	26,495,104
Land Revaluation Account	—	326,529	—
Total Liabilities.....	44,062,598	49,947,308	365,513,053
Stockholders' Equity			
Common Stock	559,216	424,087	4,638,876
Preferred Stock	478,616	105,000	3,970,274
Capital Surplus	928,196	419,954	7,699,684
Legal Reserve.....	96,397	89,216	799,644
Land Revaluation Account.....	131,767	—	1,093,051
Voluntary Reserve.....	40,900	589,900	339,278
Special Reserves	17	21	147
Unappropriated Retained Earnings (Deficit)	86,739	(487,393)	719,528
Total Stockholders' Equity.....	2,321,851	1,140,785	19,260,482
Total Liabilities and Stockholders' Equity	¥46,384,449	¥51,088,094	\$384,773,535

* Includes "Reserve for Specific Borrowers under Support," the balance of which as of March 31, 1999 was ¥84,966 million.

NON-CONSOLIDATED FINANCIAL STATEMENTS
The Fuji Bank, Limited
Statements of Income

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
INCOME			
Interest Income:			
Interest on Loans and Discounts	¥ 877,477	¥1,011,179	\$ 7,278,950
Interest and Dividends on Securities	157,893	152,901	1,309,780
Other Interest Income	573,881	844,525	4,760,528
	1,609,253	2,008,606	13,349,258
Fees and Commissions	106,635	109,787	884,578
Trading Revenue	17,978	19,060	149,138
Other Operating Income	167,591	126,928	1,390,220
Other Income	170,444	340,906	1,413,890
Total Income	2,071,902	2,605,290	17,187,084
EXPENSES			
Interest Expenses:			
Interest on Deposits	403,139	688,618	3,344,172
Interest on Borrowings and Rediscounts	111,725	110,991	926,800
Other Interest Expenses	589,633	705,985	4,891,193
	1,104,499	1,505,595	9,162,165
Fees and Commissions	45,883	44,776	380,617
Trading Expenses	—	517	—
Other Operating Expenses	85,557	44,614	709,729
General and Administrative Expenses	367,664	385,780	3,049,894
Other Expenses	1,132,654	1,138,715	9,395,722
Total Expenses	2,736,259	3,120,000	22,698,127
Loss before Income Taxes	(664,356)	(514,710)	(5,511,043)
Income Taxes:			
Current	332	3,991	2,755
Deferred	(271,758)	—	(2,254,325)
Net Income (Loss)	¥ (392,929)	¥ (518,701)	\$ (3,259,473)

Statements of Appropriation of Retained Earnings (Deficit)

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
Net Income (Loss)	¥(392,929)	¥(518,701)	\$ (3,259,473)
Unappropriated Retained Earnings (Deficit) at Beginning of Year	(487,393)	55,480	(4,043,081)
Transfer from Special Reserves	549,003	7	4,554,157
Prior Year's Adjustment for Deferred Taxes	460,798	—	3,822,464
Transfer from Reserve for Losses on Overseas Investments in Conjunction with Adopting Accounting for Deferred Taxes	12	—	106
Total	129,491	(463,214)	1,074,173
Appropriations:			
Legal Reserve	7,180	2,600	59,567
Voluntary Reserve	—	9,000	—
Special Reserves	12	1	107
Dividends	35,558	12,577	294,971
Total	42,752	24,179	354,645
Unappropriated Retained Earnings (Deficit) at End of Year	¥ 86,739	¥(487,393)	\$ 719,528

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED FINANCIAL STATEMENTS
The Fuji Bank, Limited
Statements of Cash Flows

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest on Loans and Discounts Received	¥ 907,403	¥ 993,666	\$ 7,527,199
Interest and Dividends on Securities Received	159,359	155,559	1,321,937
Interest on Call Loans	7,645	16,419	63,424
Interest on Bills Purchased	996	180	8,266
Interest on Due from Banks	68,034	156,364	564,370
Interest on Interest Rate Swaps, etc.	957,939	597,961	7,946,407
Fees and Commissions Received.....	107,504	109,739	891,786
Other Operating Revenue.....	307	34,547	2,549
Total	2,209,191	2,064,438	18,325,938
Interest on Deposits Paid.....	447,707	692,706	3,713,870
Interest on Call Money Paid	30,772	28,119	255,264
Interest on Bills Sold Paid, etc.	79,754	77,249	661,590
Interest on Commercial Paper Paid	1,987	—	16,486
Interest on Bonds Paid	1,726	—	14,319
Interest on Convertible Bonds Paid.....	122	191	1,016
Interest on Interest Rate Swaps Paid	940,372	550,709	7,800,684
Fees and Commissions Paid.....	44,659	47,537	370,461
Other Operating Expenditures.....	31,533	13,547	261,578
General and Administrative Expenses Paid	332,063	343,381	2,754,569
Total	1,910,697	1,753,441	15,849,837
Net Decrease in Due from Banks (excluding Deposits with the Bank of Japan)	825,074	1,378,454	6,844,249
Net Decrease (Increase) in Call Loans	(94,191)	353,251	(781,347)
Net Decrease (Increase) in Bills Purchased	(454,400)	399,300	(3,769,390)
Net Decrease (Increase) in Commercial Paper and Other Debt Purchased.....	(21,024)	26,038	(174,402)
Net Decrease (Increase) in Trading Accounts.....	256,863	(732,334)	2,130,766
Net Proceeds from (Expenditures of) National Government Bonds and Other Transactions.....	246,526	(160,096)	2,045,016
Net Decrease (Increase) in Loans and Bills Discounted	1,398,205	1,486,641	11,598,555
Net Decrease (Increase) in Foreign Exchange.....	123,345	(25,057)	1,023,188
Net Decrease in Domestic Exchange Settlement Debits	415	551	3,450
Net Decrease (Increase) in Other Assets	333,931	(503,938)	2,770,068
Total	2,614,747	2,222,811	21,690,153
Net Decrease in Deposits and Other	(2,319,528)	(3,836,435)	(19,241,215)
Net Increase (Decrease) in Call Money and Borrowed Money	263,138	(516,950)	2,182,812
Net Increase (Decrease) in Bills Sold	(1,520,244)	726,472	(12,610,902)
Net Increase in Commercial Paper.....	400,000	—	3,318,125
Net Increase in Foreign Exchange.....	22,730	29,347	188,557
Net Decrease in Domestic Exchange Settlement Credits	(323)	(593)	(2,681)
Net Increase (Decrease) in Other Liabilities.....	(706,992)	1,251,823	(5,864,726)
Total	(3,861,220)	(2,346,336)	(32,030,030)
Net Cash Provided by (Used in) Operating Activities	(947,978)	187,471	(7,863,776)
CASH FLOWS FROM OTHER ACTIVITIES			
Proceeds from Sales of Stocks and Other	440,717	1,302,161	3,655,889
Proceeds from Settlements of Money Held in Trust	206,439	239,591	1,712,483
Proceeds from Sales of Premises and Equipment.....	103,735	55,390	860,522
Other Proceeds	9,359	4,923	77,638
Total	760,252	1,602,066	6,306,532
Purchases of Stocks and Other	467,226	1,330,997	3,875,789
Investments on Money Held in Trust.....	181,438	209,136	1,505,089
Purchases of Premises and Equipment	36,518	48,607	302,933
Other Payments	194,214	477,370	1,611,067
Total	879,397	2,066,111	7,294,878
Net Cash Used in Other Activities.....	(119,145)	(464,044)	(988,346)
DIVIDENDS, INCOME TAXES AND OTHER PAYMENTS			
Dividends Paid.....	35,558	12,577	294,971
Income Taxes Paid.....	899	3,313	7,459
Total	36,457	15,891	302,430
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Preferred Stock and Capital Stock	1,016,988	—	8,436,240
Issuance of Bonds and Notes.....	200,000	100,000	1,659,062
Redemption of Convertible Bonds	(6,916)	—	(57,372)
Net Decrease (Increase) in Cash and Cash Equivalents	106,491	(192,463)	883,378
Cash and Cash Equivalents at Beginning of Year	1,034,294	1,226,758	8,579,798
Cash and Cash Equivalents at End of Year	¥1,140,785	¥1,034,294	\$ 9,463,176

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

The Fuji Bank, Limited

NON-CONSOLIDATED

1. Basis of Presentation

The Fuji Bank, Limited ("the 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.

In addition, certain previously reported amounts have been reclassified to conform with the current year's presentation.

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, 1999 and 1998 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 ¥120.55=U.S.\$1, the rate of exchange in effect on March 31, 1999, 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) Reserve for Devaluation of Investment Securities

Effective April 1998, the Bank implemented a new reserve to cover any future potential losses on investments in subsidiaries and affiliated companies. Consideration is given to the financial situation of the relevant companies in determining the necessary amount to be accounted for under this reserve.

(c) Deferred Tax Accounting

Effective April 1998, the Bank introduced accounting for deferring income taxes using the asset liability method. Under the asset liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of this change resulted in an increase of assets of ¥732,556 million, a decrease of net loss of ¥271,758 million and an increase of unappropriated retained earnings (deficit) at end of fiscal year of ¥732,556 million. In addition, the effect of the adoption on unappropriated retained earnings (deficit) at April 1, 1998 was included in the Statements of Appropriation of Retained Earnings (Deficit) as prior year's adjustment for deferred taxes.

(d) Land Revaluation

Pursuant to the Law Concerning Land Revaluation, land used for the Bank's business activities was revalued on March 31, 1998. The excess of the revalued carrying amount over the book value before

revaluation, which was included in liabilities at March 31, 1998, is included in shareholders' equity in the amount net of tax effect at March 31, 1999 due to the revision in the Law enacted on March 31, 1999. The corresponding income tax is included in liabilities at March 31, 1999 as deferred tax liability for land revaluation. This resulted in a decrease in total liabilities of ¥131,767 million and an increase in total shareholders' equity of ¥131,767 million.

(e) Other Significant Accounting Policies

Refer to Notes to Consolidated Financial Statements.

3. Loans and Bills Discounted

Loans to borrowers under bankruptcy procedures and other nonaccrual loans totaled ¥159,589 million and ¥832,336 million respectively at March 31, 1999.

Effective the year ended March 31, 1999 a loan is placed on nonaccrual status when substantial doubt as to the collectibility of its principal or interest is judged to exist, if payment is past due for a certain period of time or for other reasons. Other nonaccrual loans include loans of ¥117,437 million and ¥205,066 million which would have been included in loans past due for 3 months or more and restructured loans, respectively, if the previous standards of the tax regulation were applied. They also include loans of ¥64,882 million which would have been treated as accruing loans if such standards were applied. Other nonaccrual loans are nonaccrual loans other than loans to borrowers under bankruptcy procedures and loans of which interest payments have been deferred in order to assist the restructuring of the borrowers.

Due to the charge-offs of loans deemed uncollectible as stated in Note 2. to the consolidated financial statements, "Summary of Significant Accounting Policies," loans to borrowers under bankruptcy procedures and other nonaccrual loans decreased by ¥447,178 million and ¥454,205 million, respectively, at March 31, 1999.

Loans past due for 3 months or more totaled ¥171,153 million at March 31, 1999. Loans past due for 3 months or more are those of which interest or principal payments are past due for 3 months or more but which are not included in loans to borrowers under bankruptcy procedures or other nonaccrual loans.

Restructured loans totaled ¥198,588 million at March 31, 1999. Restructured loans are those in which the Bank granted concessions, such as reduction of contractual interest rates or principal amounts and deferral of principal/interest payments, in order to assist the restructuring of the borrowers. Excluded from restructured loans are loans to borrowers under bankruptcy procedures, other nonaccrual loans and loans past due for 3 months or more.

Loans to borrowers under bankruptcy procedures, other nonaccrual loans, loans past due for 3 months or more and restructured loans amounted to ¥1,361,668 million in the aggregate at March 31, 1999.

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,	1999	1998
Net Income (Loss)	¥(130.53)	¥(179.19)

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.

Book Value and Market Value Information
Market Prices of Marketable Securities

Billions of yen

March 31,	1999				1998			
	Book value	Market value	Unrealized gain (loss) Net Loss portion		Book value	Market value	Unrealized gain (loss) Net Loss portion	
Listed Securities								
Trading Account Securities:								
Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Investment Securities:								
Bonds	235.6	229.9	(5.7)	10.4	595.2	602.6	7.3	0.2
Stocks	3,016.9	3,141.4	124.4	222.4	3,270.6	3,021.8	(248.7)	434.1
Others	99.7	94.2	(5.5)	7.2	59.9	73.9	14.0	2.5
of which Foreign Affiliates	0.4	1.3	0.8	—	7.5	20.0	12.5	2.4
Total Investment Securities	3,352.3	3,465.5	113.2	240.1	3,925.8	3,698.4	(227.4)	436.8
Total	¥3,352.3	¥3,465.5	¥113.2	¥240.1	¥3,925.8	¥3,698.4	¥(227.4)	¥436.8

Unlisted Securities

(estimate)

(estimate)

March 31,	1999				1998			
Trading Account Securities:								
Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Investment Securities:								
Bonds	970.1	973.1	2.9	5.2	822.8	832.8	10.0	0.4
Stocks	192.0	251.5	59.5	8.0	60.8	50.1	(10.6)	23.5
Others	185.1	182.6	(2.4)	3.3	117.7	116.4	(1.3)	2.0
Total Investment Securities	1,347.3	1,407.3	60.0	16.6	1,001.4	999.5	(1.9)	26.0
Total	¥1,347.3	¥1,407.3	¥ 60.0	¥ 16.6	¥1,001.4	¥ 999.5	¥ (1.9)	¥ 26.0

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 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,	Billions of yen	
	1999	1998
Trading Account Securities:		
Unlisted Bonds (redemption period less than one year)	¥ —	¥ —
Investment Securities:		
Unlisted Notes	395.0	506.2
Unlisted Bonds (redemption period less than one year)	14.3	13.5
Unlisted Foreign Bonds	37.3	152.8
Unlisted Foreign Stocks	474.5	415.8

NON-CONSOLIDATED FINANCIAL STATEMENTS

The Fuji Bank, Limited

Interest Rate Transactions

March 31,	Billions of yen									
	1999					1998				
	Contract value		Option premium*	Market value	Unrealized gain (loss)	Contract value		Option premium*	Market value	Unrealized gain (loss)
Total	Term over one year	Total				Term over one year				
Listed										
Interest Futures:										
Sell	¥ 364.1	¥ —	¥	¥364.1	¥ (0.0)	¥ 181.9	¥ —	¥	¥ 182.1	¥ (0.2)
Buy	149.4	—	....	149.6	0.2	115.7	—	....	115.8	0.0
Interest Rate Option:										
Sell Call	150.0	—	93	0.1	(0.0)	274.5	—	60	0.0	0.0
Put	—	—	—	—	—	221.7	—	48	0.0	(0.0)
Buy Call	—	—	—	—	—	39.6	—	10	0.0	(0.0)
Put	—	—	—	—	—	184.9	—	55	0.0	0.0
Over the Counter										
FRA:										
Sell .....	—	—	....	—	—	—	—	....	—	—
Buy .....	—	—	....	—	—	—	—	....	—	—
Interest Rate Swap:										
Receive Fixed Pay Floating	37,125.8	20,165.3	....	608.9	608.9	48,905.3	17,041.2	....	1,001.7	1,001.7
Receive Floating Pay Fixed	38,687.3	18,410.3	....	(666.7)	(666.7)	49,110.5	13,623.9	....	(1,048.0)	(1,048.0)
Receive Floating Pay Floating	91.2	72.2	....	(0.3)	(0.3)	182.1	93.8	....	0.1	0.1
Receive Fixed Pay Fixed	16.2	16.2	....	0.0	0.0	5.9	5.9	....	0.0	0.0
Interest Rate Option:										
Sell Call	20.0	—	—	(0.0)	(0.0)	—	—	—	—	—
Put	—	—	—	—	—	—	—	—	—	—
Buy Call	9.1	6.6	—	0.0	(0.0)	—	—	—	—	—
Put	8.5	6.0	—	0.0	(0.0)	—	—	—	—	—
Others:										
Sell	239.4	210.1	—	(0.7)	2.3	230.8	93.9	—	(0.5)	2.1
Buy	251.8	233.4	—	0.8	(2.1)	250.8	124.1	—	0.3	(2.3)
Total .....	....	....	....	....	¥(57.9)	....	....	....	....	¥ (46.6)

Notes: 1.*In millions of yen. Option premiums are included in the Balance Sheets.

2. Calculation of market value.

The market values of listed transactions are calculated using the closing prices on the Tokyo Financial Futures Exchange, etc.

The market value of over the counter transactions are calculated using discounted cash flow method and option valuation model, etc.

3. Market value and evaluation profit and loss include transactions 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 ¥61,070 million entered in the Statements of Income.

5. Details of interest rate swap notional amounts and average rates according to when due are as follows:

	Billions of yen								
	1999				1998				
	One year or loss	More than one year to three years	Over three years	Total	One year or loss	More than one year to three years	Over three years	Total	
Receive Fixed Pay Floating:									
Notional Amount	¥16,960.5	¥15,537.8	¥4,627.4	¥37,125.8	¥31,864.0	¥14,675.9	¥2,365.3	¥48,905.3	
Average Receive Rate	4.06%	3.56%	2.83%	3.72%	4.91%	4.39%	3.89%	4.73%	
Average Pay Rate	3.18%	3.11%	2.21%	3.13%	4.29%	3.59%	1.82%	4.01%	
Receive Floating Pay Fixed:									
Notional Amount	20,276.9	13,228.9	5,181.3	38,687.3	35,486.6	11,401.4	2,222.5	49,110.5	
Average Receive Rate	3.11%	3.03%	1.73%	2.92%	4.17%	2.96%	2.44%	3.89%	
Average Pay Rate	3.93%	3.55%	2.51%	3.57%	4.82%	4.31%	4.50%	4.72%	
Receive Floating Pay Floating:									
Notional Amount	18.9	32.7	39.4	91.2	88.3	48.7	45.1	182.1	
Average Receive Rate	4.68%	3.37%	4.87%	4.36%	5.62%	4.62%	8.74%	6.05%	
Average Pay Rate	4.33%	3.17%	4.79%	4.24%	5.27%	4.03%	5.36%	4.95%	
Receive Fixed Pay Fixed:									
Notional Amount	—	—	16.2	16.2	—	—	5.9	5.9	
Average Receive Rate	—	—	1.19%	1.19%	—	—	1.34%	1.34%	
Average Pay Rate	—	—	1.19%	1.19%	—	—	1.33%	1.33%	

Notes: 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 Statements of Income. Therefore it is not included in the above table.

NON-CONSOLIDATED FINANCIAL STATEMENTS

The Fuji Bank, Limited

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

March 31,	Billions of yen					
	1999			1998		
	Contract value	Option premium*	Market value	Contract value	Option premium*	Market value
Listed						
Interest Futures:						
Sell	¥ 2,302.2	¥	¥2,307.2	¥ 2,283.8	¥	¥2,285.2
Buy	2,475.7	....	2,482.7	2,165.4	....	2,167.4
Interest Rate Option:						
Sell Call.....	254.9	98	0.0	152.2	56	0.0
Put.....	136.9	27	0.0	268.9	92	0.0
Buy Call.....	74.0	73	0.0	244.5	72	0.0
Put.....	50.4	11	0.0	31.8	38	0.0
Over the Counter						
FRA:						
Sell	9.9	....	0.0	13.7	....	0.0
Buy	9.9	....	(0.0)	22.2	....	(0.0)
Interest Rate Swap:						
Receive Fixed Pay Floating	45,712.8	....	843.1	42,653.3	....	802.1
Receive Floating Pay Fixed	43,965.4	....	(780.6)	40,690.1	....	(746.4)
Receive Floating Pay Floating	837.2	....	(1.5)	480.0	....	(0.8)
Receive Fixed Pay Fixed	44.9	....	11.0	26.1	....	9.8
Interest Rate Option:						
Sell Call.....	427.5	4,974	(19.0)	524.9	5,568	(18.6)
Put.....	453.1	4,507	(2.0)	572.0	5,549	(2.5)
Buy Call.....	325.1	2,652	8.2	445.1	3,996	10.2
Put.....	385.5	3,099	2.7	467.0	4,231	2.8
Others:						
Sell	976.1	13,820	(4.4)	822.0	11,989	(4.0)
Buy	1,104.7	14,533	3.9	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

March 31,	Billions of yen							
	1999				1998			
	Contract value		Market value	Unrealized gain (loss)	Contract value		Market value	Unrealized gain (loss)
Total	Term over one year	Total			Term over one year			
Over the Counter								
Currency Swap:								
US\$	¥3,091.0	¥ 875.2	¥ 85.6	¥ 85.6	¥2,422.4	¥1,100.4	¥ 157.4	¥ 157.4
STG £	219.5	60.8	8.2	8.2	222.8	1.9	(10.2)	(10.2)
€	149.4	0.8	2.4	2.4	—	—	—	—
DM	10.4	10.4	1.4	1.4	177.9	11.2	4.7	4.7
A\$	4.2	—	(0.0)	(0.0)	24.1	4.8	(0.4)	(0.4)
Others	226.4	98.2	(144.6)	(144.6)	528.2	111.1	(127.3)	(127.3)
Total.....	¥3,741.1	¥1,045.6	¥ (46.9)	¥ (46.9)	¥3,375.5	¥1,229.7	¥ 24.1	¥ 24.1

- 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 ¥2,462 million entered in the Statements of Income.
 3. Derivative transactions included in trading account are valued at the market price and the evaluation profit or loss calculated is included in the Statements 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:

March 31,	Billions of yen			
	1999		1998	
	Contract value	Market value	Contract value	Market value
Over the Counter				
Currency Swap:				
US\$	¥2,938.7	¥(16.3)	¥3,338.8	¥(15.7)
€	4.0	0.0	—	—
DM	65.8	(1.7)	56.9	(1.2)
AS	518.8	(14.8)	639.3	(16.4)
Other	124.3	(0.4)	159.2	(1.0)
Total	¥3,651.7	¥(33.2)	¥4,194.3	¥(34.5)

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 Statements of Income.

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

March 31,	Billions of yen			
	1999		1998	
	Contract value	Option premium*	Contract value	Option premium*
Listed				
Currency Futures:				
Sell	¥ 0.7	¥	¥ —	¥
Buy	0.3	....	22.3	....
Currency Option:				
Sell Call	—	—	—	—
Put	—	—	—	—
Buy Call	—	—	—	—
Put	—	—	—	—
Over the Counter				
Foreign Exchange Contract:				
Sell	6,900.2	....	15,227.7	....
Buy	7,708.1	....	27,326.8	....
Currency Option:				
Sell Call	810.3	13,180	1,124.1	37,329
Put	675.7	13,069	1,342.0	13,809
Buy Call	798.9	13,406	1,059.4	35,686
Put	637.4	14,157	1,398.6	14,936
Others:				
Sell .....	—	....	—	....
Buy .....	—	....	—	....
Total .....	....	....	....	....

Note: * In millions of yen. Option premiums are included in the Balance Sheets.

Securities Transactions

March 31,	Billions of yen									
	1999					1998				
	Contract value		Option premium*	Market value	Unrealized gain (loss)	Contract value		Option premium*	Market value	Unrealized gain (loss)
Total	Term over one year	Total				Term over one year				
Listed										
Bond Futures:										
Sell	¥42.2	—	¥....	¥43.1	¥(0.9)	¥—	—	¥....	¥—	¥—
Buy	50.1	—	....	50.9	0.8	—	—	....	—	—
Bond Futures Option:										
Sell Call.....	11.6	—	231	0.0	0.1	—	—	—	—	—
Put.....	0.7	—	2	0.0	0.0	—	—	—	—	—
Buy Call.....	11.6	—	79	0.0	(0.0)	1.5	—	8	0.0	(0.0)
Put.....	0.2	—	0	0.0	(0.0)	4.0	—	27	0.0	(0.0)
Over the Counter										
Securities-related Option:										
Sell Call.....	—	—	—	—	—	....	....	....	....	....
Put.....	—	—	—	—	—	....	....	....	....	....
Buy Call.....	—	—	—	—	—	....	....	....	....	....
Put.....	—	—	—	—	—	....	....	....	....	....
Securities-related Swap:										
Receive Stock Index, Pay Floating .....	—	—	....	—	—	....	....	....	....	....
Pay Stock Index, Receive Floating .....	—	—	....	—	—	....	....	....	....	....
Others:										
Sell .....	—	—	—	—	—	....	....	....	....	....
Buy .....	—	—	—	—	—	....	....	....	....	....
Total .....	....	....	....	....	¥ 0.0	....	....	....	....	¥(0.0)

Notes: 1. * In millions of yen. Option premiums are included in the Balance Sheets.

2. Calculation of market value.

The market values of listed securities are calculated using the closing prices on the Tokyo Stock Exchange, etc.

3. There are no trading account transactions for equity securities.

Bond-Related Transactions

March 31,	Billions of yen									
	1999					1998				
	Contract value		Option premium*	Market value	Unrealized gain (loss)	Contract value		Option premium*	Market value	Unrealized gain (loss)
Total	Term over one year	Total				Term over one year				
Listed										
Bond Futures:										
Sell	¥269.8	—	¥	¥272.4	¥(2.5)	¥117.6	—	¥....	¥118.4	¥(0.7)
Buy	13.2	—	....	13.2	0.0	—	—	....	—	—
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	3.0	—	15	—	(0.0)	3.9	—	8	—	(0.0)
Put	—	—	—	—	—	—	—	—	—	—
Others:										
Sell .....	—	—	....	—	—	—	—	....	—	—
Buy .....	—	—	....	—	—	—	—	....	—	—
Total .....	....	....	....	....	¥(2.5)	....	....	....	....	¥(0.8)

Notes: 1. * In millions of yen. Option premiums are included in the Balance Sheets.

2. Derivative transactions included in trading account are valued at the market price and the evaluation profit or loss calculated is included in the Statements of Income. Therefore it is not indicated in the following table. The contract value, etc. of derivative transaction in trading account is as follows:

March 31,	Billions of yen					
	1999			1998		
	Contract value	Option premium*	Market value	Contract value	Option premium*	Market value
Listed						
Bond Futures:						
Sell	¥14.0	¥....	¥14.0	¥21.3	¥....	¥21.3
Buy	56.1	....	56.9	9.7	....	9.7
Bond Futures Option:						
Sell Call	—	—	—	—	—	—
Put	12.0	26	0.0	—	—	—
Buy Call	—	—	—	—	—	—
Put	7.1	42	0.0	—	—	—
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.

**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, 1999 and 1998, and the related non-consolidated statements of income, appropriation of retained earnings (deficit) and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied 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, 1999 and 1998, and the non-consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 1999 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 non-consolidated financial statements.

Tokyo, Japan
June 29, 1999

Showa Ota & Co.
Showa Ota & Co.

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and practices as well as auditing standards, procedures and practices may vary from country to country and could thus affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles and practices generally accepted in Japan, and the auditing standards, procedures and practices are those generally accepted and applied in Japan. Accordingly, the accompanying financial statements and auditors' report presented above are for users familiar with Japanese accounting principles and auditing standards.

DATA FILE
The Fuji Bank, Limited

Earnings Performance
Average Balances, Interest and Average Interest Rates

Years ended March 31,	Billions of yen								
	1999			1998			1997		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning Assets									
Loans:									
Domestic	¥24,432.6	¥ 507.4	2.07%	¥22,362.4	¥ 491.2	2.19%	¥21,718.0	¥ 512.4	2.35%
International	7,561.8	362.0	4.78	11,983.2	504.3	4.20	11,577.3	464.9	4.01
Total	31,994.4	869.5	2.71	34,345.6	995.5	2.89	33,295.3	977.4	2.93
Trading Account Securities:									
Domestic	—	—	—	—	—	—	324.8	2.0	0.63
International	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	324.8	2.0	0.63
Investment Securities:									
Domestic	5,476.8	76.4	1.39	5,552.4	94.2	1.69	5,400.9	101.0	1.87
International	709.4	81.4	11.47	656.3	58.6	8.94	597.4	22.3	3.74
Total	6,186.2	157.8	2.55	6,208.8	152.9	2.46	5,998.3	123.4	2.05
Call Loans:									
Domestic	46.2	0.2	0.58	247.9	1.4	0.58	408.0	2.3	0.56
International	125.6	6.6	5.27	241.3	13.8	5.73	284.1	16.0	5.63
Total	171.9	6.8	4.01	489.2	15.3	3.12	692.1	18.3	2.64
Bills Purchased:									
Domestic	216.1	1.0	0.47	41.6	0.3	0.73	14.4	0.0	0.67
International	—	—	—	—	—	—	—	—	—
Total	216.1	1.0	0.47	41.6	0.3	0.73	14.4	0.0	0.67
Interest-bearing Deposits in Other Banks:									
Domestic	48.4	0.3	0.63	52.7	0.2	0.45	91.5	0.5	0.61
International	1,145.1	59.2	5.17	3,426.2	148.9	4.34	3,780.8	153.1	4.05
Total	1,193.5	59.5	4.98	3,479.0	149.1	4.28	3,872.4	153.7	3.97
Total Interest-earning Assets:									
Domestic	31,941.1	682.4	2.13	29,337.2	658.8	2.24	29,344.9	704.0	2.39
*	1,693.5	10.8	....	1,069.0	7.2	....	1,073.8	7.9	....
International	10,300.7	937.5	9.10	16,913.3	1,357.0	8.02	16,770.4	1,425.7	8.50
Total	¥40,548.3	¥1,609.2	3.96%	¥45,181.5	¥2,008.6	4.44%	¥45,041.5	¥2,121.9	4.71%

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

Years ended March 31,	Billions of yen								
	1999			1998			1997		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-bearing Liabilities									
Deposits:									
Domestic	¥21,438.9	¥ 98.1	0.45%	¥20,900.9	¥ 106.8	0.51%	¥20,829.3	¥ 126.4	0.60%
International	7,100.9	268.1	3.77	13,569.9	509.2	3.75	13,776.5	490.5	3.56
Total	28,539.8	366.2	1.28	34,470.8	616.0	1.78	34,605.9	617.0	1.78
Negotiable Certificates of Deposit:									
Domestic	3,562.5	22.0	0.61	2,393.2	15.4	0.64	2,322.9	12.8	0.55
International	228.5	14.7	6.47	893.1	57.0	6.39	849.7	49.4	5.81
Total	3,791.1	36.8	0.97	3,286.3	72.5	2.20	3,172.7	62.3	1.96
Call Money:									
Domestic	3,903.0	24.9	0.63	3,001.9	17.2	0.57	3,190.7	16.2	0.50
International	105.0	5.4	5.23	238.7	12.7	5.33	275.1	13.4	4.89
Total	4,008.1	30.4	0.75	3,240.7	29.9	0.92	3,465.9	29.6	0.85
Bills Sold:									
Domestic	220.4	1.0	0.48	201.0	1.2	0.63	423.7	2.0	0.49
International	61.5	3.8	6.31	192.4	10.8	5.61	217.8	11.0	5.05
Total	281.9	4.9	1.75	393.5	12.0	3.07	641.5	13.1	2.04
Commercial Paper:									
Domestic	320.8	1.9	0.61	....	....	....	....	....	....
International .....	—	—	—	....	....	....	....	....	....
Total	320.8	1.9	0.61	....	....	....	....	....	....
Borrowed Money:									
Domestic	1,053.5	32.7	3.10	1,672.7	40.8	2.44	1,590.0	42.8	2.69
International	984.1	43.5	4.42	812.5	28.0	3.45	474.9	13.2	2.79
Total	2,037.7	76.3	3.74	2,485.3	68.9	2.77	2,064.9	56.1	2.71
Total Interest-bearing Liabilities:									
Domestic	30,583.7	300.9	0.98	28,118.1	308.5	1.09	28,308.3	316.9	1.11
International	10,382.4	813.6	7.83	16,956.3	1,203.1	7.09	16,745.4	1,211.7	7.23
*	1,693.5	10.8	....	1,069.0	7.2	....	1,073.8	7.9	....
Total	¥39,272.6	¥1,103.7	2.81%	¥44,005.4	¥1,504.3	3.41%	¥43,980.0	¥1,520.8	3.45%

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.

Breakdown of Changes of Net Interest Income

Years ended March 31,	Billions of yen								
	1999			1998			1997		
	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest Income									
Loans:									
Domestic	¥ 42.9	¥ (26.7)	¥ 16.2	¥14.1	¥ (35.4)	¥ (21.2)	¥(12.2)	¥(115.0)	¥(127.3)
International	(186.0)	43.8	(142.2)	16.6	22.7	39.4	75.1	(51.4)	23.7
Total	(66.1)	(59.8)	(126.0)	30.4	(12.3)	18.1	40.0	(143.6)	(103.5)
Trading Account Securities:									
Domestic	—	—	—	—	—	—	0.0	1.0	1.1
International	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	0.0	1.0	1.1
Investment Securities:									
Domestic	(1.0)	(16.6)	(17.7)	2.5	(9.4)	(6.8)	(4.2)	(22.7)	(26.9)
International	5.0	17.6	22.7	2.4	33.9	36.3	0.9	1.8	2.8
Total	(0.5)	5.5	4.9	4.4	25.0	29.5	(4.0)	(20.1)	(24.1)
Call Loans:									
Domestic	(1.1)	0.0	(1.1)	(0.9)	0.0	(0.8)	0.5	(0.4)	0.1
International	(6.5)	(0.6)	(7.2)	(2.4)	0.2	(2.1)	(2.5)	(1.7)	(4.2)
Total	(9.9)	(1.5)	(8.4)	(5.3)	2.3	(3.0)	1.4	(5.5)	(4.1)
Bills Purchased:									
Domestic	0.8	(0.1)	0.7	0.1	0.0	0.2	(0.2)	(0.0)	(0.2)
International	—	—	—	—	—	—	—	—	—
Total	0.8	(0.1)	0.7	0.1	0.0	0.2	(0.2)	(0.0)	(0.2)
Interest-bearing Deposits in Other Banks:									
Domestic	(0.0)	0.0	0.0	(0.2)	(0.1)	(0.3)	(0.1)	(1.0)	(1.2)
International	(99.1)	9.4	(89.6)	(14.3)	10.1	(4.2)	(62.0)	(51.1)	(113.2)
Total	(97.9)	8.3	(89.6)	(15.6)	11.0	(4.5)	(61.9)	(52.5)	(114.4)
Total Interest Income:									
Domestic	55.6	(31.9)	23.6	(0.1)	(45.1)	(45.2)	(5.5)	(147.3)	(152.8)
International	(530.5)	111.0	(419.5)	11.4	(80.1)	(68.6)	52.6	(254.8)	(202.1)
Total	¥(194.6)	¥(204.6)	¥(399.3)	¥ 6.2	¥(119.5)	¥(113.3)	¥ (6.0)	¥(350.1)	¥(356.2)

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."

Years ended March 31,	Billions of yen								
	1999			1998			1997		
	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest Expense									
Deposits:									
Domestic	¥ 2.4	¥ (11.1)	¥ (8.6)	¥ 0.3	¥(19.9)	¥(19.6)	¥ 1.1	¥ (95.9)	¥ (94.7)
International	(242.7)	1.6	(241.1)	(7.3)	26.0	18.6	(2.6)	(73.5)	(76.1)
Total	(87.4)	(162.3)	(249.7)	(2.4)	1.4	(0.9)	1.9	(172.8)	(170.9)
Negotiable Certificates of Deposit:									
Domestic	7.2	(0.6)	6.5	0.3	2.1	2.5	3.1	(4.7)	(1.6)
International	(42.4)	0.1	(42.2)	2.6	5.0	7.6	1.4	(3.3)	(1.9)
Total	4.9	(40.6)	(35.6)	2.2	7.9	10.2	11.5	(15.0)	(3.5)
Call Money:									
Domestic	5.6	2.0	7.6	(0.9)	2.0	1.0	(3.1)	(12.5)	(15.7)
International	(7.1)	(0.1)	(7.2)	(1.7)	1.0	(0.7)	(4.1)	(3.9)	(8.1)
Total	5.8	(5.3)	0.4	(1.9)	2.2	0.3	(5.9)	(17.8)	(23.8)
Bills Sold:									
Domestic	0.0	(0.3)	(0.2)	(1.0)	0.2	(0.8)	(0.6)	(1.3)	(2.0)
International	(7.3)	0.4	(6.9)	(1.2)	1.0	(0.2)	(1.2)	(1.6)	(2.9)
Total	(2.5)	(4.6)	(7.1)	(5.0)	4.0	(1.0)	(3.0)	(1.8)	(4.9)
Commercial Paper:									
Domestic	1.9	—	1.9	—	—	—	—	—	—
International	—	—	—	—	—	—	—	—	—
Total	1.9	—	1.9	—	—	—	—	—	—
Borrowed Money:									
Domestic	(15.1)	7.0	(8.0)	2.0	(4.0)	(1.9)	(3.2)	(2.6)	(5.8)
International	6.6	8.8	15.5	11.0	3.6	14.7	4.1	(2.6)	1.4
Total	(12.4)	19.8	7.4	11.6	1.1	12.7	0.8	(5.2)	(4.3)
Total Interest Expense:									
Domestic	24.2	(31.8)	(7.5)	(2.0)	(6.3)	(8.4)	(0.4)	(90.7)	(91.1)
International	(466.4)	76.9	(389.5)	14.9	(23.5)	(8.5)	39.1	(241.5)	(202.3)
Total	¥(143.8)	¥(256.7)	¥(400.6)	¥ 0.8	¥(17.3)	¥(16.4)	¥(0.5)	¥(294.1)	¥(294.6)

Breakdown of Fee & Commission Income

Years ended March 31,	Billions of yen		
	1999	1998	1997
Income			
Deposit and Loan-related:			
Domestic	¥ 4.4	¥ 4.1	¥ 3.6
International	12.5	16.1	14.4
Total	17.0	20.2	18.1
Remittance:			
Domestic	38.0	37.6	35.8
International	9.1	11.3	10.6
Total	47.1	49.0	46.5
Securities-related:			
Domestic	6.4	6.4	7.9
International	0.0	0.1	0.3
Total	6.5	6.6	8.3
Agent:			
Domestic	9.4	9.7	10.3
International	1.8	1.5	1.3
Total	11.3	11.3	11.7
Safe Deposit Box:			
Domestic	2.9	2.9	2.9
International	0.0	—	0.0
Total	2.9	2.9	2.9
Guarantees:			
Domestic	0.7	0.6	0.6
International	6.6	7.4	7.3
Total	7.4	8.1	7.9
Total Income:			
Domestic	73.2	70.7	68.5
International	33.4	39.0	38.9
Total	¥106.6	¥109.7	¥107.5
Expense			
Remittance:			
Domestic	¥ 9.7	¥ 9.5	¥ 8.8
International	2.5	4.0	3.5
Total	12.3	13.5	12.4
Total Expenses:			
Domestic	34.6	31.6	29.8
International	11.2	13.0	13.1
Total	¥ 45.8	¥ 44.7	¥ 42.9

Market Transactions

Breakdown of Net of Other Operating Income and Commissions

Years ended March 31,	Billions of yen		
	1999	1998	1997
Foreign Exchange Sales Income:			
Domestic	¥ —	¥ —	¥ —
International	16.4	17.6	6.6
Total	16.4	17.6	6.6
Net Gains on Trading Account Securities:			
Domestic .....	....	....	1.0
International .....	....	....	—
Total .....	....	....	1.0
Net Gains on Sales of Bonds:			
Domestic	76.1	58.4	30.5
International	3.5	19.3	5.6
Total	79.6	77.8	36.2
Others:			
Domestic	(0.9)	(3.9)	(0.0)
International	(13.1)	(9.1)	(6.6)
Total	(14.0)	(13.1)	(6.6)
Total:			
Domestic	75.1	54.4	31.6
International	6.8	27.8	5.6
Total	¥82.0	¥82.3	¥37.2

Breakdown of Adjusted General & Administrative Expenses

Years ended March 31,	Billions of yen		
	1999	1998	1997
Salaries, Allowances	¥125.0	¥135.2	¥135.4
Retirement Allowances	5.3	3.7	3.5
Transfer to Reserve for Retirement Allowance	4.1	4.4	4.3
Benefits	25.6	27.0	26.1
Depreciation	39.7	40.7	40.8
Lease on Buildings and Equipment	36.8	35.8	34.8
Repair Expenses	0.7	0.9	0.9
General Supplies	4.8	5.0	5.5
Lighting and Heating Expenses	4.9	5.1	4.7
Travel Expenses	2.4	2.7	2.7
Telephone, Fax, etc.	7.2	7.4	7.6
Advertising Expenses	5.2	5.7	5.5
Taxes	22.7	28.8	25.3
Other	82.5	82.6	82.7
Total	¥367.6	¥385.7	¥380.4

Deposits

Breakdown of Deposits

March 31,	Billions of yen		
	1999	1998	1997
Liquid Deposits :			
Domestic	¥ 8,865.5	¥ 8,148.2	¥ 7,738.9
International	62.5	46.5	155.7
Total	8,928.1	8,194.7	7,894.6
Time Deposits:			
Domestic	13,178.0	12,996.9	12,852.8
International	1,874.3	6,482.6	10,148.2
Total	15,052.4	19,479.5	23,001.1
Negotiable Certificates of Deposit:			
Domestic	5,050.4	2,609.6	2,872.0
International	108.7	516.3	1,012.4
Total	5,159.1	3,125.9	3,884.4
Other:			
Domestic	725.0	603.5	672.3
International	2,258.4	3,038.8	2,826.6
Total	2,983.5	3,642.3	3,498.9
Total Deposits:			
Domestic	27,819.1	24,358.4	24,136.1
International	4,304.0	10,084.2	14,143.0
Total	¥32,123.1	¥34,442.7	¥38,279.1

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

Average Amount of Deposits

Years ended March 31,	Billions of yen		
	1999	1998	1997
Liquid Deposits :			
Domestic	¥ 7,269.8	¥ 6,905.0	¥ 6,241.4
International	87.6	158.6	171.8
Total	7,357.5	7,063.7	6,413.3
Time Deposits:			
Domestic	13,838.7	13,683.5	14,267.3
International	4,234.8	10,572.6	10,824.0
Total	18,073.6	24,256.1	25,091.4
Negotiable Certificates of Deposit:			
Domestic	3,562.5	2,393.2	2,322.9
International	228.5	893.1	849.7
Total	3,791.1	3,286.3	3,172.7
Other:			
Domestic	330.3	312.3	320.5
International	2,778.3	2,838.5	2,780.6
Total	3,108.6	3,150.9	3,101.2
Total Deposits:			
Domestic	25,001.4	23,294.1	23,152.3
International	7,329.5	14,463.0	14,626.3
Total	¥32,330.9	¥37,757.2	¥37,778.7

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

Breakdown of Depositors

March 31,	Billions of yen					
	1999		1998		1997	
	Amount	% of total	Amount	% of total	Amount	% of total
Individuals	¥11,294.2	46.87%	¥11,391.8	49.96%	¥11,027.1	48.93%
Corporations	12,805.1	53.13	11,410.9	50.04	11,511.4	51.07
Total.....	¥24,099.3	100.00%	¥22,802.7	100.00%	¥22,538.5	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

Years ended March 31,	Billions of yen					
	1999		1998		1997	
	Average balance	End balance	Average balance	End balance	Average balance	End balance
Loans on Notes:						
Domestic	¥ 3,439.3	¥ 3,332.7	¥ 3,369.4	¥ 3,026.6	¥ 3,521.9	¥ 3,467.8
International	999.7	737.1	1,689.5	1,331.5	1,549.3	1,592.3
Total	4,439.0	4,069.8	5,058.9	4,358.1	5,071.2	5,060.2
Loans on Deeds:						
Domestic	14,310.0	14,458.7	13,891.4	13,824.9	13,799.2	13,811.1
International	6,538.2	4,971.2	10,264.7	7,776.1	10,000.1	10,449.1
Total	20,848.3	19,430.0	24,156.2	21,601.1	23,799.4	24,260.3
Overdrafts:						
Domestic	6,069.2	6,052.1	4,332.0	5,333.8	3,596.6	3,883.7
International	18.2	13.9	17.6	13.6	14.4	13.9
Total	6,087.4	6,066.1	4,349.6	5,347.5	3,611.0	3,897.7
Bills Discounted:						
Domestic	613.9	227.2	769.5	713.2	800.1	807.2
International	5.6	0.0	11.3	10.5	13.4	11.7
Total	619.6	227.2	780.8	723.7	813.5	819.0
Total:						
Domestic	24,432.6	24,070.9	22,362.4	22,898.7	21,718.0	21,970.0
International	7,561.8	5,722.3	11,983.2	9,131.8	11,577.3	12,067.2
Total	¥31,994.4	¥29,793.3	¥34,345.6	¥32,030.5	¥33,295.3	¥34,037.3

Loans to Retail Sectors

March 31,	Billions of yen					
	1999		1998		1997	
	Number of customers	End balance	Number of customers	End balance	Number of customers	End balance
Total Loan Balance	1,183	¥24,581.7	1,198	¥23,442.0	1,194	¥22,601.3
Loans to Small/Medium Businesses	1,177	17,355.9	1,193	17,756.3	1,190	17,659.0
% of Total Loans	99.53%	70.61%	99.56%	75.75%	99.61%	78.13%

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,	Billions of yen		
	1999	1998	1997
Funds for Capital Investment	¥11,023.3	¥11,550.1	¥11,709.1
Funds for Working Capital	18,769.9	20,480.3	22,328.1
Total	¥29,793.3	¥32,030.4	¥34,037.3

Major Lending Classifications

March 31,	Billions of yen		
	1999	1998	1997
Domestic Offices (excludes loans booked in the Japan offshore market):			
Manufacturing	¥ 3,240.0	¥ 3,016.8	¥ 2,601.3
Agriculture	48.2	61.7	64.8
Forestry	2.8	2.5	2.7
Fisheries	12.2	10.8	6.2
Mining	27.8	27.6	25.9
Construction	1,092.0	1,094.0	1,082.9
Utilities	45.2	54.0	216.3
Transportation and Communications	805.5	985.2	978.5
Wholesale and Retail	3,665.4	3,656.2	3,452.6
Finance and Insurance	2,338.5	2,119.9	1,893.6
Real Estate	2,233.5	2,271.9	2,230.0
Services	4,716.6	4,369.2	4,489.3
Local Government	192.4	167.8	176.5
Individuals and Others	6,160.9	5,603.7	5,380.1
Total Domestic	24,581.7	23,442.0	22,601.3
Overseas Offices (includes loans booked in the Japan offshore market):			
Public Sector	155.6	264.5	305.3
Financial Institutions	998.4	1,549.3	2,388.9
Commerce and Industry	4,019.1	6,668.1	8,602.1
Others	38.3	106.4	139.5
Total Overseas	5,211.6	8,588.4	11,435.9
Total	¥29,793.3	¥32,030.5	¥34,037.3

Collateral Information

March 31,	Billions of yen		
	1999	1998	1997
Securities	¥ 420.1	¥ 486.5	¥ 480.9
Commercial Claims	675.8	825.0	919.6
Commodities	—	—	—
Real Estate	3,190.2	3,716.9	4,143.7
Others	860.1	1,042.1	923.5
Total Secured Loans	5,146.4	6,070.7	6,467.9
Guarantees	13,113.9	13,711.7	13,862.0
Unsecured	11,532.8	12,248.0	13,707.2
Total	¥29,793.3	¥32,030.5	¥34,037.3

Housing / Consumer Loans

March 31,	Billions of yen		
	1999	1998	1997
Housing Loans	¥5,420.7	¥5,256.0	¥5,090.6
Consumer Loans	439.6	491.3	476.4

Loans to Developing Countries

March 31,	Billions of yen		
	1999	1998	1997
Number of Countries	4	10	7
Balance of Loans	¥113.7	¥8.3	¥13.4
Balance of Loans as a Percentage of Total Assets.....	0.24%	0.01%	0.02%

Securities

Breakdown of Securities Holdings

Years ended March 31,	Billions of yen					
	1999		1998		1997	
	Average balance	End balance	Average balance	End balance	Average balance	End balance
Japanese Government Bonds:						
Domestic	¥1,131.1	¥1,014.0	¥1,101.2	¥1,090.2	¥1,225.9	¥1,054.7
International	—	—	—	—	—	—
Total	1,131.1	1,014.0	1,101.2	1,090.2	1,225.9	1,054.7
Japanese Local Government Bonds:						
Domestic	307.5	237.5	334.5	368.9	261.5	235.0
International	—	—	—	—	—	—
Total	307.5	237.5	334.5	368.9	261.5	235.0
Corporate Bonds:						
Domestic	412.8	367.1	474.8	481.0	465.2	411.3
International	—	—	—	—	—	—
Total	412.8	367.1	474.8	481.0	465.2	411.3
Corporate Stocks:						
Domestic	3,425.4	3,439.2	3,397.6	3,474.6	3,232.1	3,292.0
International	—	—	—	—	—	—
Total	3,425.4	3,439.2	3,397.6	3,474.6	3,232.1	3,292.0
Other:						
Domestic	199.7	179.9	244.1	195.6	216.0	230.3
International	709.4	599.8	656.3	640.2	597.4	550.8
Total	909.1	779.8	900.4	835.8	813.4	781.1
Total Securities:						
Domestic	5,476.8	5,237.9	5,552.4	5,610.5	5,400.9	5,223.6
International	709.4	599.8	656.3	640.2	597.4	550.8
Total	¥6,186.2	¥5,837.7	¥6,208.8	¥6,250.7	¥5,998.3	¥5,774.4

Asset Liability Management

Composition of Time Deposits by Type and Maturity

	Billions of yen						Total
	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	
March 31, 1999							
Time Deposits with Deregulated Interest Rates (fixed)	¥ 6,016.2	¥ 2,183.9	¥ 2,462.9	¥ 1,640.8	¥ 614.2	¥ 204.4	¥ 13,122.4
Time Deposits with Deregulated Interest Rates (floating)	0.6	0.7	3.2	1.2	0.4	0.0	6.3
Total	¥ 7,672.4	¥ 2,363.2	¥ 2,510.2	¥ 1,648.6	¥ 638.0	¥ 209.6	¥ 15,042.0

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

Composition of Loans by Type and Maturity

	Billions of yen						Total
	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	
March 31, 1999							
Floating Interest Rate.....	¥	¥ 1,668.5	¥ 1,906.1	¥ 788.4	¥ 5,693.7	¥ 6,243.9	¥
Fixed Interest Rate .....	....	1,055.7	1,133.4	443.4	2,757.4	—	....
Total	¥ 8,102.3	¥ 2,724.3	¥ 3,039.6	¥ 1,231.8	¥ 8,451.1	¥ 6,243.9	¥ 29,793.3

Composition of Securities Holdings by Type and Maturity

	Billions of yen							Total
	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 ten years	Over ten years	Unspecified Term	
March 31, 1999								
Japanese Government Bonds	¥ 0.3	¥ 15.0	¥ 411.1	¥ 364.4	¥ 219.5	¥ —	¥ —	¥ 1,010.5
Japanese Local Government Bonds.....	11.8	24.1	6.5	93.7	96.8	4.4	—	237.5
Corporate Bonds	34.6	95.0	88.9	47.5	100.8	—	—	367.1
Corporate Stocks .....	....	....	....	....	....	....	3,439.2	3,439.2
Other	31.5	38.1	63.9	26.1	67.2	48.9	503.8	779.8
Foreign Corporate Bonds	29.2	33.4	47.1	8.1	48.0	48.9	—	215.0
Foreign Corporate Stocks .....	....	....	....	....	....	....	384.6	384.6
Securities Lent	—	1.8	—	0.3	1.3	—	—	3.4

Facilities and Premises/Personnel

Number of Branches

March 31,	1999	1998	1997
Domestic:			
Branches	284	290	290
Sub-branches	34	43	49
Overseas:			
Branches	19	25	24
Sub-branches	2	1	1
(Representative offices)	(10)	(21)	(22)
Total	339	359	364

Investment in Facilities

March 31, 1999	Billions of yen		
	Budget	Paid	Expected expenditure
Head Office	¥ 2.1	¥1.3	¥ 0.7
Branches	3.7	0.5	3.2
Others	8.2	6.5	1.6
Office Appliances	13.6	0.0	13.6
Other Office Equipment	1.9	—	1.9
Total	¥ 29.7	¥ 8.5	¥ 21.1

Number of ATMs

March 31,	1999	1998	1997
Cash Dispensers	359	519	547
Automatic Tellers	3,226	3,399	3,325
Automatic Passbook Entry Machines	369	369	369
Total	3,954	4,287	4,241

Personnel

March 31,	1999				1998			
	Number of employees	Average age	Average length of employment	Average monthly salary (yen)	Number of employees	Average age	Average length of employment	Average monthly salary (yen)
		<i>years - months</i>	<i>years - months</i>			<i>years - months</i>	<i>years - months</i>	
Administrative Staff:								
Male	8,983	39-0	17-2	¥604,961	9,429	39-1	17-5	¥594,495
Female	4,578	30-3	10-0	265,250	4,716	29-11	9-9	264,550
Sub-total or Average	13,561	36-1	14-9	491,939	14,145	36-1	14-10	484,490
General Operating Staff:								
Male	415	53-11	17-2	362,464	470	53-7	17-0	367,003
Female	—	—	—	—	—	—	—	—
Sub-total or Average	415	53-11	17-2	362,464	470	53-7	17-0	367,003
Total or Average	13,976	36-7	14-10	¥486,484	14,615	36-7	14-11	¥480,712

- 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.

Principal Ratios

Consolidated Capital Ratio

March 31,	Billions of yen		
	1999	1998	1997
Tier I Capital	¥ 2,358.5	¥ 1,809.8	¥ 1,950.6
Tier II Capital:			
Unrealized Gains on Securities, after 55% Discount	—	—	174.2
Revalued Gains on Securities, after 55% Discount	101.8	146.9	—
Reserve for Possible Loan Losses	261.4	120.7	141.9
Subordinated Term Debt and Other	1,899.6	1,476.9	1,485.2
Total.....	2,262.9	1,744.6	1,801.5
Tier II Capital Included as Qualifying Capital	2,262.9	1,744.6	1,801.5
Less	4.3	—	—
Total Qualifying Capital	¥ 4,617.2	¥ 3,554.5	¥ 3,752.1
Risk-Adjusted Assets:			
On-Balance Sheet Items	¥36,565.2	¥33,802.9	¥36,251.0
Off-Balance Sheet Items	4,258.7	3,614.6	4,412.8
Amount related to Market Risk Equivalent	331.5	341.9	—
Total.....	¥41,155.6	¥37,759.5	¥40,663.8
Total Capital Ratio.....	11.21%	9.41%	9.22%

Note: Figures in this table were calculated in accordance with guidelines established by the Financial Supervisory Agency and the Ministry of Finance.

Non-consolidated Capital Ratio

March 31,	Billions of yen		
	1999	1998	1997
Tier I Capital	¥ 2,360.5	....	....
Tier II Capital:			
Unrealized Gains on Securities, after 55% Discount .....	—	....	....
Revalued Gains on Securities, after 55% Discount	101.8	....	....
Reserve for Possible Loan Losses	185.2	....	....
Subordinated Term Debt and Other	1,507.5	....	....
Total.....	1,794.6	....	....
Less	300.9	....	....
Total Qualifying Capital	¥ 3,854.1	....	....
Risk-Adjusted Assets:			
On-Balance Sheet Items	¥29,942.4	....	....
Off-Balance Sheet Items	3272.9	....	....
Amount related to Market Risk Equivalent	196.9	....	....
Total.....	¥33,412.3	....	....
Total Capital Ratio.....	11.53%	....	....

Notes: 1. Figures in this table were calculated in accordance with guidelines established by the Financial Supervisory Agency and the Ministry of Finance.
2. Disclosed beginning with the term under review.

Return on Equity and Assets

Years ended March 31,	1999	1998	1997
Net Income as a Percentage of:			
Average Total Assets, excluding Customers' Liabilities for Acceptances and Guarantees (ROA)	—	—	0.11%
Average Shareholders' Equity	—	—	3.59%

Margin on Funds

Years ended March 31,	1999	1998	1997
Yield on Funds (Yield on Interest Earning Assets) – (A) :			
Domestic	2.13%	2.24%	2.39%
International	9.10	8.02	8.50
Total	3.96	4.44	4.71
Cost of Funds (Yield on Interest Bearing Liabilities) – (B) :			
Domestic	1.92	2.18	2.20
International	8.48	7.50	7.63
Total	3.71	4.27	4.30
Overall Margin on Funds (A – B):			
Domestic	0.21	0.06	0.19
International	0.61	0.52	0.86
Total	0.25%	0.17%	0.40%

Ratio of Loans to Deposits

March 31,	Billions of yen		
	1999	1998	1997
Loans:			
Domestic	¥24,070.9	¥22,898.7	¥21,970.0
International	5,722.3	9,131.8	12,067.2
Total	¥29,793.3	¥32,030.5	¥34,037.3
Deposits:			
Domestic	¥27,819.1	¥24,358.4	¥24,136.1
International	4,304.0	1,0084.2	14,143.0
Total	¥32,123.1	¥34,442.7	¥38,279.1
Ratio of Loans to Deposits:			
Domestic	86.52%	94.00%	91.02%
International	132.95	90.55	85.32
Total	92.74%	92.99%	88.91%
Average Balance Outstanding During Year:			
Domestic	97.72%	96.00%	93.80%
International	103.16	82.85	79.15
Total	98.95%	90.96%	88.13%

Deposit / Loan Balance per Office

March 31,	Billions of yen		
	1999	1998	1997
Deposits per Office:			
Domestic	¥105.9	¥ 96.1	¥ 91.7
Overseas	106.3	262.2	485.7
Total	¥106.0	¥109.3	¥121.9
Loans per Office:			
Domestic	¥ 86.5	¥ 80.8	¥ 77.9
Overseas	273.9	343.2	476.3
Total	¥ 98.3	¥101.6	¥108.3
Number of Offices:			
Domestic	284	290	290
Overseas	19	25	24
Total	303	315	314

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

Deposit / Loan Balance per Employee

March 31,	Billions of yen		
	1999	1998	1997
Deposits per Employee:			
Domestic	¥2.3	¥2.1	¥1.9
Overseas	1.1	3.2	6.3
Total	¥2.2	¥2.2	¥2.4
Loans per Employee:			
Domestic	¥1.9	¥1.7	¥1.6
Overseas	2.9	4.2	6.2
Total	¥2.0	¥2.1	¥2.1

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

Common Stock Stockholder Information

March 31,	1999	
	Number of stockholders	Number of stocks held (thousands)
Central/Local Government	4	6,182 (0.18%)
Financial Institutions	236	975,664 (28.45)
Securities Companies	84	19,694 (0.58)
Other Corporate Entities	6,487	1,942,756 (56.64)
Foreign Corporations, etc.	477	200,812 (5.85)
Individuals and Other	64,060	284,805 (8.30)
Total	71,348	3,429,913 (100.00%)

Breakdown of Stockholders' Interests

March 31,	1999	
	Number of stockholders	Number of stocks held (thousands)
1,000 share units and above.....	377 (0.53%)	2,779,664 (81.04%)
500 share units and above.....	191 (0.27)	138,062 (4.03)
100 share units and above.....	787 (1.10)	176,723 (5.15)
50 share units and above	678 (0.95)	45,544 (1.33)
10 share units and above	8,460 (11.86)	139,691 (4.07)
5 share units and above	9,951 (13.95)	61,659 (1.80)
1 share unit and above.....	50,904 (71.34)	88,570 (2.58)
Total	71,348 (100.00%)	3,429,913 (100.00%)

Fuji Bank Stock Price

Years ended March 31,	Yen		
	1999	1998	1997
Highest	¥829	¥1,840	¥2,440
Lowest	252	440	1,140

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

STOCK INFORMATION

Paid-in Capital

¥1,037,833 million

Number of Authorized Stocks

Common Stock	10,000,000,000 shares
Class I Preferred Stock	82,411,000 shares
Class II Preferred Stock	500,000,000 shares
Class III Preferred Stock	500,000,000 shares
Class IV Preferred Stock	500,000,000 shares

Number of Outstanding Stocks

Common Stock	3,441,618,014 shares
First Series Class I Preferred Stock	52,411,000 shares
Second Series Class IV Preferred Stock	150,000,000 shares
Third Series Class III Preferred Stock	125,000,000 shares
Fourth Series Class III Preferred Stock	125,000,000 shares

Number of Stockholders

Common Stock	80,505
First Series Class I Preferred Stock	1
Second Series Class IV Preferred Stock	1
Third Series Class III Preferred Stock	1
Fourth Series Class III Preferred Stock	1

Listings

Tokyo Stock Exchange	Sapporo Stock Exchange
Osaka Securities Exchange	London Stock Exchange
Kyoto Stock Exchange	Paris Stock Exchange

Stockholders' Meeting

General stockholders' periodic meeting is scheduled in June every year at the Bank's headquarters. Apart from that, extraordinary meetings can be held whenever necessary.

Principal Stockholders

Common Stock

The ten principal stockholders of the Bank and their respective stockholdings as of March 31, 1999:

	Number of Stocks Held (in thousands)	Percentage in Total Stocks Issued (%)
The Yasuda Mutual Life Insurance Company	217,073	6.30
The Dai-ichi Mutual Life Insurance Company	105,874	3.07
The Yasuda Fire and Marine Insurance Co., Ltd. ...	104,724	3.04
The Yasuda Trust and Banking Co., Ltd.*	83,965	2.43
Nippon Life Insurance Company	72,668	2.11
Nissan Motor Co., Ltd.	61,507	1.78
Marubeni Corporation	54,193	1.57
Taisei Corporation	53,720	1.56
Taiheiyo Cement Corporation	52,559	1.52
The Mitsui Trust & Banking Co., Ltd.*	49,602	1.44
Total	855,888	24.86

* Regarding the stockholding of The Yasuda Trust and Banking Co., Ltd., and The Mitsui Trust & Banking Co., Ltd., such holdings as designated fund trust for separate account investment are included.

Preferred Stock

	Number of Stocks Held (in thousands)	Percentage in Total Stocks Issued (%)
First Series Class I FIFB Holding Services (BVI) Ltd.*	52,411	100.00
Second Series Class IV The Resolution and Collection Bank**	150,000	100.00
Third Series Class III The Resolution and Collection Bank**	125,000	100.00
Fourth Series Class III The Resolution and Collection Bank**	125,000	100.00

* FIFB Holding Services (BVI) Ltd. is the trustee for Fuji International Finance (Bermuda) Trust.

** The Resolution and Collection Bank merged with the Housing Loan Administration Corporation on April 1, 1999 to become the Resolution and Collection Corporation.

Board of Directors & Senior Overseers (as of June 29, 1999)

	Number of Stocks Held (in thousands)*
Chairman of the Board	
Toru Hashimoto	51
President & CEO	
Yoshiro Yamamoto	34
Deputy Presidents	
Tosaku Harada	28
Toshiyuki Ogura	18
Senior Managing Director	
Masaaki Sato	12
Managing Directors	
Isao Hiraide	16
Soichi Hirabayashi	22
Atsushi Takano	17
Terunobu Maeda	22
Hiroaki Shinoda	12
Teruhiko Ikeda	16
Seiji Satomura	11
Yukio Obara	7
Kenji Watanabe	11
Directors	
Michio Ueno	13
Tsutomu Hayano	15
Kazumi Yanagihara	10
Fumito Ishizaka	9
Kunioki Ishibashi	4
Yoshiaki Sugita	10
Minoru Itosaka	6
Hajime Sakuma	8
Saburo Nishiura	9
Kazuo Kasugakawa	0
Sumio Uesugi	1
Masayoshi Kanaji	0
Akio Takeuchi	3
Kenji Miyamoto	2
Senior Overseers	
Takeshi Takahashi	7
Masayuki Amari	21
Takeie Ukita	13
Yoriaki Sakata	4
Yuji Oshima	0
Daiyu Aoki	40

*as of March 31, 1999

None of the Directors have any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Fuji Bank Group and which were effected by the Bank during the current or immediately preceding financial year or which were effected by the Bank during an earlier financial year and remain in any respect outstanding or unperformed.

For further information, please contact the Global Business Planning Division located at our head office.