

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)	4,384,841	3,326,086	36,373,633
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	¥57,945,077	¥55,113,509	\$480,672,564

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, 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	118,759	627,426	985,146
Treasury Common Stock, at cost.....	(12)	(11)	(102)
Shares in Parent Company Held by Subsidiaries.....	(28,692)	—	(238,011)
Total Stockholders' Equity.....	2,187,852	1,576,455	18,148,918
Total Liabilities, Minority Interests and Stockholders' Equity	¥57,945,077	¥55,113,509	\$ 480,672,564

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.

CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

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...	(57,806)	—	(479,527)
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	¥118,759	¥627,426	\$ 985,146

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

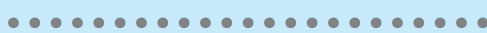
Trading assets at March 31, 1999 and 1998 consisted of the following:

	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	2,599,652	1,414,387
	¥4,384,841	¥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."

10. Bonds

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

	Millions of yen	
	1999	1998
Subordinated bonds	¥1,319,261	¥ 818,075
Other	36,814	839,148
	¥1,356,075	¥1,657,224

11. Convertible Bonds

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

	Millions of yen	
	1999	1998
The Bank:		
2 3/4 percent U.S. dollar convertible bonds due 2000	¥ 2,854	¥ 2,854
1 3/4 percent U.S. dollar convertible bonds due 2002	2,811	9,727
Consolidated subsidiary:		
2 3/8 percent U.S. dollar convertible bonds due 2001	¥ 361	¥ —
1 3/4 percent U.S. dollar convertible bonds due 2002	4,691	—
2 7/8 percent U.S. dollar convertible bonds due 2003	4,744	—
	¥15,464	¥12,582

The convertible bonds, unless previously redeemed, are convertible into shares of common stock of the respective issuing companies. The conversion price of each issue is subject to adjustment in certain cases including stock splits.

The conversion prices per share were as follows:

	Conversion price per share at March 31, 1999	Fixed exchange rate
The Bank:		
2 3/4 percent U.S. dollar convertible bonds due 2000	¥1,368.90	¥239.60=U.S.\$1
1 3/4 percent U.S. dollar convertible bonds due 2002	¥2,875.60	¥146.45=U.S.\$1
Consolidated subsidiary:		
2 3/8 percent U.S. dollar convertible bonds due 2001	¥1,119.30	¥157.00=U.S.\$1
1 3/4 percent U.S. dollar convertible bonds due 2002	¥2,163.90	¥144.65=U.S.\$1
2 7/8 percent U.S. dollar convertible bonds due 2003	¥1,814.90	¥134.50=U.S.\$1

12. Other Liabilities

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

	Millions of yen	
	1999	1998
Accrued expenses and unearned income .	¥ 628,755	¥ 650,369
Accrued income taxes.....	26,913	18,391
Securities borrowed	1,333,366	1,312,619
Other	2,680,705	2,400,418
	¥4,669,740	¥4,381,799

13. Other Reserves

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

	Millions of yen	
	1999	1998
Reserve for possible losses on loans sold off ...	¥140,399	¥ 52,717
Reserve for specific borrowers under support..	49,073	122,300
Reserve for possible losses from trading account securities transactions.....	—	995
Reserve for financial futures transaction liabilities	63	47
Reserve for securities transaction liabilities.....	6	5
	¥189,542	¥176,066

The reserve for possible losses on loans sold off has been provided by the Bank at March 31, 1998 and by the Bank and its major domestic subsidiaries at March 31, 1999 against possible future losses after consideration of the value of the collateral of the loans sold off to the Cooperative Credit Purchasing Company.

The reserve for specific borrowers under support has been provided by the Bank at March 31, 1998 and by the Bank and its major domestic subsidiaries at March 31, 1999 for loans to support the rehabilitation of specific borrowers. An estimate has been made of the future amount likely to be required in supporting such borrowers and the necessary amount is accounted for under the above reserve. This reserve is stipulated under Article 287-2 of the Commercial Code of Japan.

The reserve for possible loss from trading account securities transactions, which was provided by certain consolidated subsidiaries at March 31, 1998, has not been provided at March 31, 1999 as a result of a recent amendment to the Securities and Exchange Law.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fuji Bank Group

20. Other Operating Expenses and Other Expenses

Other Operating Expenses

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

	Millions of yen	
	1999	1998
Losses on sales of bonds	¥ 69,029	¥28,561
Losses on redemption of bonds	3,458	2,864
Losses on devaluation of bonds	287	472
Other	291,674	14,917
	¥364,449	¥46,816

Other Expenses

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

	Millions of yen	
	1999	1998
Provision for possible loan losses	¥ 285,732	¥ 326,519
Write-offs of loans	490,179	68,966
Losses on sales of stocks and other securities...	75,254	2,137
Losses on devaluation of stocks and other securities	121,678	56,999
Losses on money held in trust	1,887	1,817
Losses on disposal of premises and equipment ..	6,653	5,027
Provision for possible losses on trading account securities transactions ...	—	503
Provision for financial futures transaction liabilities	16	16
Provision for securities transaction liabilities	0	1
Losses on sales of loans collateralized by real estate to Cooperative Credit Purchase Company	34,021	202,768
Other	275,481	510,414
	¥1,290,904	¥1,175,172

“Other” in “Other Expenses” for the year ended March 31, 1999 includes losses of ¥5,676 million incurred from supporting certain borrowers. It also includes a loss of ¥150,985 million derived from the write-down of the Bank’s securities portfolio whose fair value, it was determined, would not recover in the short-term. The purpose of the write-down was to remove promptly the unrealized loss on the Bank’s securities portfolio and to implement a change in its policy of cross shareholdings with certain of its major customers in accordance with the Bank’s “Plan for Ensuring Sound Management” prepared pursuant to Article 5 of the Law Concerning Emergency Measures to Stabilize Financial Function.

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

21. Income Taxes

Income taxes in Japan applicable to the Bank and its domestic subsidiaries for the years ended March 31, 1999 and 1998 comprised corporation tax, inhabitants’ taxes and enterprise tax at the approximate rates indicated below:

	1999	1998
Corporation tax.....	34.5%	37.5%
Inhabitants’ taxes	7.1%	7.7%
Enterprise tax	11.5%	12.5%
	53.1%	57.7%

Unlike other income taxes, enterprise tax is deductible for tax purposes when paid. Accordingly, the effective income tax rates were approximately 47.6 percent and 51.3 percent, respectively for the years ended March 31, 1999 and 1998.

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



22. Lease Transactions

Finance Leases

Lessees:

The acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent as of March 31, 1999 relating to finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of yen		
	Equipment	Other	Total
Acquisition cost equivalent	¥348	¥14	¥362
Accumulated depreciation equivalent...	279	9	288
Book value equivalent	¥ 68	¥ 4	¥ 73

Lease expense relating to finance leases accounted for as operating leases amounted to ¥29 million and ¥697 million, respectively for the years ended March 31, 1999 and 1998. The related depreciation equivalent for the year ended March 31, 1999 amounted to ¥29 million.

Future lease payments subsequent to March 31, 1999 for finance leases accounted for as operating leases (including the interest portion thereon) are summarized as follows:

	Millions of yen
Due in one year or less	¥31
Due after one year	42
	¥73

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	¥(11,202,364)	¥57,945,077

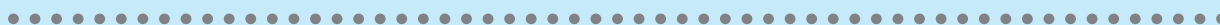
Year ended March 31, 1998	Millions of yen						
	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers.....	¥ 1,448,385	¥ 753,210	¥ 356,614	¥ 259,048	¥ 2,817,258	¥ —	¥ 2,817,258
Intersegment.....	158,201	47,581	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.