THE FUJI BANK, LIMITED

FY `98

April1998～March1999

FUJI BANK

FISCAL

ANNUAL REPORT '98

April1998～March1999

THE FUJI BANK, LIMITED

Corporate Data

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Established
1880

Fiscal Year
April 1 to March 31

Auditor
Showa Ota & Co.

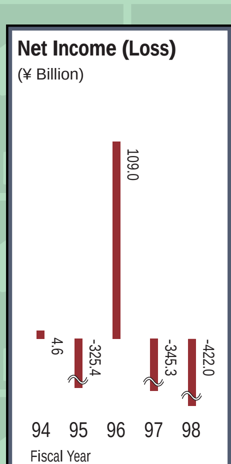
Contents

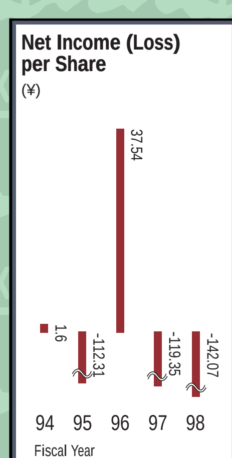
CONSOLIDATED FINANCIAL HIGHLIGHTS

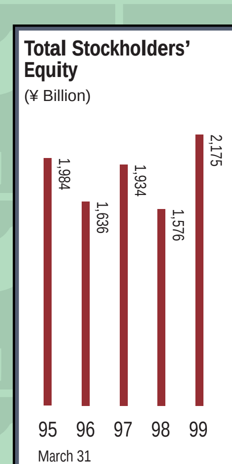
Fuji Bank Group

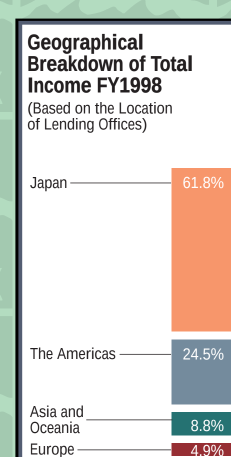
*(Millions)**	**Fiscal 1998**** Yen	**Fiscal 1998**** U.S. dollars***	Fiscal 1997** Yen	Fiscal 1997** U.S. dollars***
For the Fiscal Year:				
Income (Loss) before Income Taxes	**¥ (748,568)**	**$ (6,209)**	¥ (498,272)	$ (4,133)
Net Income (Loss)	**(422,030)**	**(3,500)**	(345,309)	(2,864)
Net Income (Loss) per Share*	**(142.07)**	**(1.17)**	(119.35)	(0.99)
Net Income per Share (diluted)	**—**	**—**	—	—
Dividends Declared per Share*:				
Common Stock	**7.00**	**0.05**	8.50	0.07
Preferred Stock:				
First Series Class I Preferred Stock	**7.50**	**0.06**	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**	—	—
At Year-End:				
Total Assets	**¥57,933,043**	**$480,572**	¥55,113,509	$457,183
Deposits	**34,646,230**	**287,401**	34,552,361	286,622
Loans and Bills Discounted	**34,815,843**	**288,808**	34,028,201	282,274
Securities	**6,668,759**	**55,319**	6,044,830	50,143
Total Stockholders' Equity	**2,175,818**	**18,049**	1,576,455	13,077

Notes:
* Figures for net income (loss) per share and dividends declared per share are in single currency units.
** Each fiscal year runs from April 1 to March 31 of the next year.
*** U.S. dollar amounts are converted for convenience only, at the rate of ¥120.55=US$1, the prevailing rate on March 31, 1999.









REPORT TO OUR STOCKHOLDERS

Toru Hashimoto
Chairman of the Board

Yoshiro Yamamoto
President and
Chief Executive Officer

The Japanese financial industry, as well as the Japanese economy as a whole, experienced a year of volatile changes and sweeping reforms in fiscal 1998. As Japan was gearing up for its Big Bang financial reforms last year, we witnessed dramatic alliances that broke through business and geographical barriers as confidence in the Japanese financial industry plummeted and the global financial market weathered a string of economic upheavals. In an effort to counter stagnation and asset deflation in the Japanese economy, the government has introduced various economic stimulus measures, and corporations are in the midst of restructuring in order to survive.

We are facing an era of unprecedented competition as foreign financial institutions and companies from different business sectors venture into the financial industry. The future of Japanese banks will be shaped by changes in banking regulations that meet global standards and innovation in information technology which can lead to a paradigm shift. Therefore, we too must reform our management infrastructure and adopt a flexible corporate structure that can respond to changes in a timely manner. Hence, it is essential for us to establish a strong and sound financial base in order to maintain our competitive edge.

In fiscal 1998, we have strengthened our capital base and implemented various strategies and reforms in our management infrastructure with considerable results. In particular, we have built a solid base to take bold steps in strategic development by strengthening our capital base. We are confident that we will capitalize on these reforms to position ourselves to make great strides into the future.

Review of Fiscal 1998

In fiscal 1998, we have focused on establishing a strong and sound financial base, reforming our management infrastructure and strengthening consolidated business management which laid the groundwork for our medium-term strategic plan.

■ *Building Financial Strength*

In order to build our financial strength, we have set out to achieve three goals.

● First, we have made significant progress in upgrading the soundness of our assets. As the Japanese economy continued to stagnate, we addressed the bad loan problem by accelerating the disposal of non-performing loans with write-offs and provisions amounting to over ¥700 billion. This resulted in lifting the burden of problem loans after fiscal 1999. We also took the drastic step of eliminating approximately ¥350 billion yen of latent losses on stockholdings. This led to an unrealized gain of ¥183.9 billion on our stockholdings as of the end of March 1999.

● Second, we have significantly improved and strengthened our capital base. In May 1998, we listed Heller Financial, Inc., our financial subsidiary in the US, on the New York Stock Exchange and raised more than US$1 billion through an Initial Public Offering. Following that, in January 1999, we raised additional capital by issuing approximately ¥217 billion in common stock. In accordance with the legislation passed by the Japanese government to create an emergency financial system stabilization package in March 1999, we received a capital injection of public funds amounting to ¥1 trillion (¥800 billion in preference shares and ¥200 billion in perpetual subordinated notes). As a result, our BIS capital adequacy ratio improved 1.80% over the same period last year to 11.21% as of the end of March 1999. With the renewed strength in our capital base, we are well positioned to respond to the needs of our customers.

● Third, we have adopted aggressive measures toward disclosure. We believe that a high level of disclosure is necessary for establishing the credibility of the Bank and improving the transparency of our management structure. In order for the public to have a better understanding of the Bank's financial position, in September 1998, we were the first Japanese city bank to disclose the results of our self-assessment of our assets. Moreover, we conducted a special investigation by engaging a major US auditor, including a review of market risk transactions and loan portfolios, in an effort to improve disclosure and recover credibility in the market.

Strategic Reforms Supported by Management Infrastructure Reforms

With respect to strategic reforms, we are pursuing three dynamic strategies.

● First, we have begun to implement our medium-term business plan -Strategic Plan 120- early in fiscal 1998. We have also focused our management resources on corporate and consumer banking in the domestic market, which are two areas where we have made the enhancement of productivity a top priority. At the same time, we have reviewed our overlapping and non-strategic businesses, and have actively reorganized our business portfolio. Our actions in this area include the sale of our retail banking subsidiary in Hong Kong. In addition to providing a wide range of finely-tuned products and services to respond to the needs of our customers, we have also established an efficient and timely service structure based on the diversification of service channels through information technology innovation. At the same time, we have also stepped up our efforts in restructuring. We have increased efficiency by closing and consolidating our domestic and overseas offices, while at the same time maintaining our level of service to our customers. We have reduced the number of offices in our overseas network by 40 percent and have concentrated our remaining resources on core branches. These branches will deal with overseas subsidiaries of Japanese corporations and strengthen specific products such as MBO and project finance. Furthermore, in addition to trimming our staff by 640 people, we have made significant efforts to reduce expenses.

● Second, in order to bolster our operations in asset management services, an area that is expected to expand considerably in the future, we announced our strategic alliance with The Dai-Ichi Kangyo Bank, Ltd. last November. The trust banking subsidiaries of the Bank and Dai-Ichi Kangyo Bank merged to form The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. on April 1. The new company will take over the pension trust, stock transfer agency services and custodial services operations of the asset management department of The Yasuda Trust and Banking Co., Ltd. (YTB) on October 1, 1999. The fusion of the customer bases of the Bank and of Dai-Ichi Kangyo Bank, and the highly specialized expertise of YTB will provide the impetus for propelling the new company into the leading role in the domestic asset management and administration markets. Moreover, in March, we made YTB a consolidated subsidiary with the underwriting of ¥300 billion of new shares in order to strengthen important fields such as private banking operations and to maximize its synergies with Fuji Bank. Capitalizing on these synergies, YTB is making solid progress toward increasing its profitability and strengthening its management base.

● Third, in order to support our strategic reforms, we have made sweeping changes in our management infrastructure with respect to corporate organization, human resources systems and managerial accounting. In January 1998, we restructured our corporate organization, creating a flexible business group structure with well-defined roles, tasks and responsibilities which allow us to respond swiftly to shifts in the business environment. In April 1998, we introduced a new managerial accounting system which enables us to control revenue on a consolidated basis for each business group. Furthermore, in July of the same year, we abolished the seniority-based promotion and compensation system and introduced a new personnel system that rewards performance.

■ *Reinforcement of Consolidated Business Management*

As customer needs become more diversified as a result of the Big Bang financial reforms, consolidated business management is becoming an important means of providing the best specialized services to our customers. Recognizing this, we have integrated more group companies into our consolidated accounting for fiscal 1999 while applying the new consolidation guidelines. This enables us to establish a more dynamic consolidated business management strategy through integration of our group companies and improves the transparency of the management structure.

Under these various changes, the net business profit for fiscal 1998 increased ¥15.1 billion to ¥306.6 billion. However, since we had addressed problem loans and latent losses on our stockholdings in order to improve our asset portfolio, we posted a loss of ¥392.9 billion for the term. Our capital base has been strengthened considerably with the capital injection of public funds, and we are now well-positioned to take on the challenges that will lead to a prompt recovery in our business performance.

The annual dividend payment for common shares was set at ¥7 per share which was ¥1.50 less than last year, and the annual dividend for preferred shares was maintained at a level previously set by the board of directors.

Outlook for Fiscal 1999

The difficult economic environment is likely to continue in fiscal 1999. With the Japan Big Bang financial reforms in full swing, competition is likely to intensify among Japanese and major foreign financial institutions. Under these circumstances, we will focus our resources on the following four objectives in order to become a leading bank in the 21st century.

● First, we will focus our efforts on improving the profitability of our corporate and consumer banking businesses in the domestic market in order to realize our profit targets. In corporate banking, we will enhance efficiency by reviewing the business promotion structure. We will focus on actively pursuing small- and medium-sized businesses and providing a comprehensive range of services to large corporations. In consumer banking, we will diversify our range of service channels for customer convenience and reinforce our traditionally strong housing loan and promising asset management operations.

● Second, we will step up our restructuring efforts. We have already reorganized our operations by consolidating branches, reducing personnel and reviewing employee benefits. In addition, we will streamline our management structure, optimize our branch network and reduce personnel further.

● Third, we will continue to strengthen our group strategy. In 1999, The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and The Yasuda Trust and Banking Co., Ltd. will work together to achieve the goals of the Fuji Bank Group.

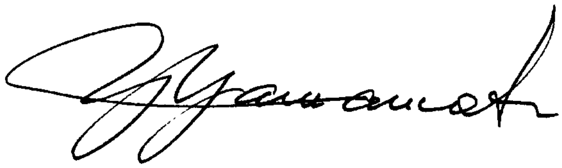
● Fourth, we will continue to reinforce risk management. We have already strengthened our management controls by putting into place a new business organizational structure, which we began to implement on May 21. A senior executive has been designated as Chief Risk Officer (CRO) to oversee the control of various risks across business areas, and we have also reinforced the audit structure and process throughout the organization.

In closing, looking back on 1998's very challenging business environment, we believe that we have successfully remained on track by increasing transparency in our management structure and implementing well-defined management policies in a timely manner. While we face additional challenges in fiscal 1999, the Fuji Bank Group is well-positioned to embrace these changes as we work toward becoming a highly profitable and efficient global financial services group supported by our stockholders and customers.

We look forward to continuing to serve you.

July 1999

Toru Hashimoto
Chairman of the Board



Yoshiro Yamamoto
President & Chief Executive Officer

FUJI BANK'S NEW BUSINESS ORGANIZATION

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

I. Speedy Customer-oriented Management

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

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

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

Consumer and Commercial Banking Unit

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

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

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

Global Corporate and Investment Banking Unit

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

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

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

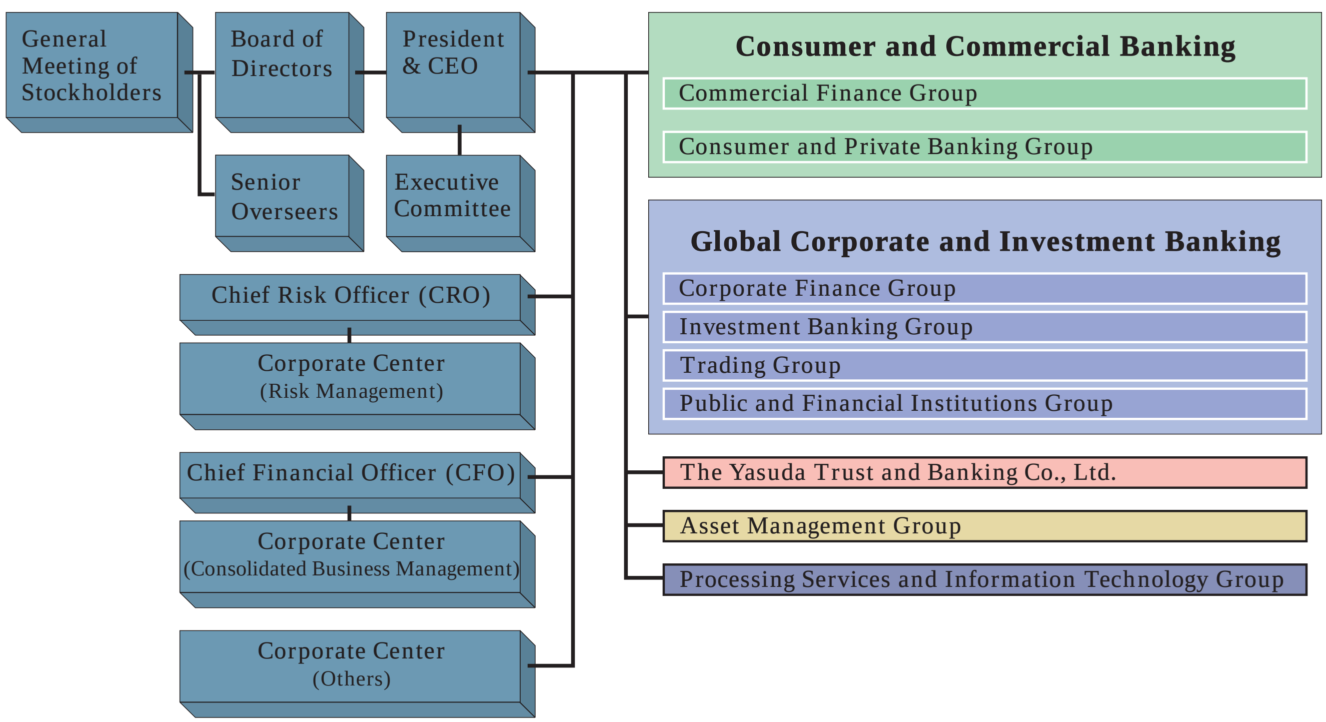
The Asset Management Group and the Processing Services and Information Technology Group

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

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

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

FUJI BANK GROUP ORGANIZATION



2. Executive Committee

Traditionally, the Executive Committee was in principle attended by executives of the rank of Managing Director and above. We have revamped the Executive Committee so that its meetings will be attended by the members of management who are best equipped to deal with the matters on the agenda. This creates a more flexible decision-making system in line with our more decentralized organization of banking units and business groups, enabling us to realize speedy customer-oriented management.

II. Stronger Management Controls Based on Risk Management

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

1. Stronger Risk Management Structure

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

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

2. Stronger Portfolio-based Credit Risk Management

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

3. Stronger Auditing Structure

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

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

III. Creation of Corporate Value through Consolidated Business Management

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

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

RESTRUCTURING APPROACHES COMPLETION

Since fiscal 1992, we have been working aggressively to improve our competitiveness. The main thrust of these efforts has been to create a leaner, low-cost organization through cuts in personnel and business expenses.

Our medium-term "Strategic Plan 120" calls for the completion by fiscal 2000 of further drastic reorganization as a means of establishing a streamlined management structure that will lay the foundations for achieving our objective of becoming a leading bank in the 21st century.

1. Consolidate Corporate Banking Unit and Strengthen Specialist Product Sectors

■ We have resolved to establish a system whereby we can rapidly and efficiently provide services that meet the increasingly diverse and sophisticated needs of corporate customers. To this end, we have consolidated branches to allow them to focus on dealing with corporate customers, and accelerated the redeployment of personnel to divisions that specialize in providing sophisticated professional services in areas like securitization, M&A and derivatives.

■ We have also strengthened and expanded our Business Finance Center, which serves as a direct marketing channel to smaller businesses, and have been active in providing speedy, low-interest financing services through the Fuji Small- and Medium-size Business Development Fund and other vehicles.

2. Stronger, Broader Private Banking Services

■ One of our primary goals has been to create a stronger multi-channel network that offers customers convenient, low-cost services. In addition to diversifying services based on personal relationships through branches that specialize in consumer and private banking, we have strengthened our "remote channels," which include telephone banking and cyber banking. We have also played a leading role in introducing debit cards. At the same time, we have made great strides in cutting channel operation costs through extensive efforts to consolidate and centralize operations.

■ We have also invested aggressively in advanced strategic systems in order to strengthen our relationship marketing. Our objective is to encourage our customers to continue and expand their transactions with us by providing the most appropriate services for each customer in the most convenient manner possible.

3. Focus on Strengths in Overseas Banking

■ In addition to concentrating our main management resources in key locations like New York and London, we now focus on one of our key strengths - transactions with the overseas subsidiaries and affiliates of Japanese companies - as well as specialized key investment banking activities, including MBOs and project finance.

■ We also take advantage of advanced financial techniques and our team of highly experienced personnel to develop new business in similar areas in the Japanese market, including MBOs, CBOs, PFIs and syndication.

MBO: Management Buy-out
An MBO occurs when the management of a company's subsidiary or business division acquires the right to manage the subsidiary or business division by purchasing its shares from the parent company or owner. In December 1998, we arranged the first major MBO in Japan and provided the necessary finance.

CBO: Collateralized Bond Obligations
These securities use plural corporate bonds as their underlying assets and are issued and sold in the financial markets. In December 1998, Fuji Securities Co., Ltd. put together the first such package in Japan. These instruments are attracting a great deal of attention as a new fund-raising method for companies that issue corporate bonds.

PFI: Private Finance Initiatives
These schemes encourage the private sector to take the initiative in exploiting private capital and know-how to create social infrastructure, including roads and hospitals. We are playing an active role in such schemes, providing the central and local governments with advice and finance.

Syndication
This involves the formation of syndicates consisting of several financial institutions that join together in raising the finance necessary for larger projects. Our syndication record is among the best of the top banks in the international market, and we are increasingly making the most of this know-how in the Japanese domestic market.

Progress Made in Streamlining Management

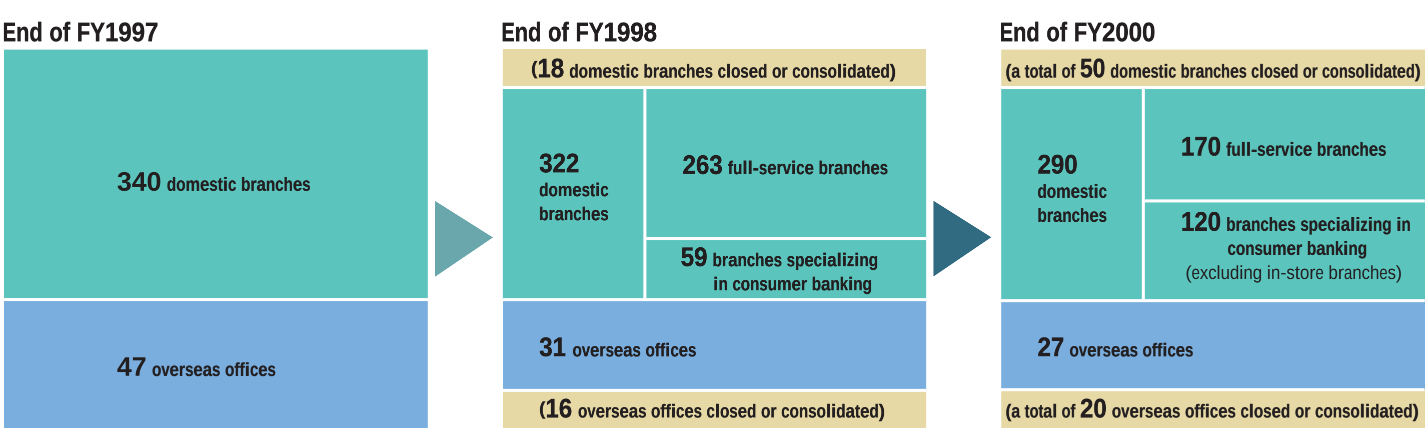
1. Closure and Consolidation of Offices

Domestic Offices

■ By consolidating the branches dealing with corporate clients, we will reduce the number of full-service domestic branches to 170 (50% of total) and close or consolidate a further 50 (15% of total) by the end of fiscal 2000. The remaining 120 domestic branches are to reduce their operational load by specializing in consumer banking. During fiscal 1998, we closed or consolidated 18 branches and transformed 59 into specialist consumer banking branches.

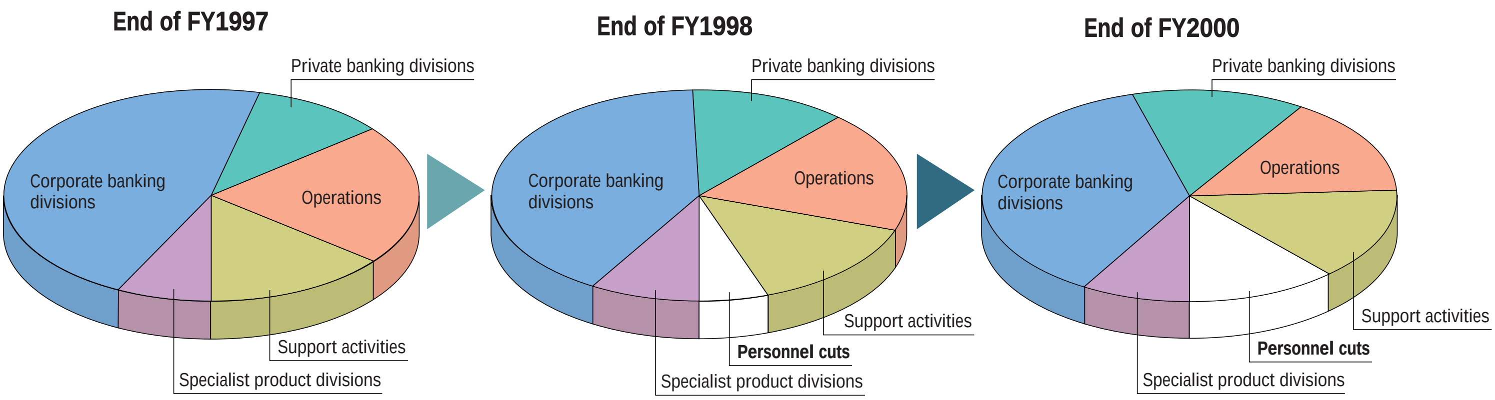
Overseas Offices

■ Our plan is to reduce our 47 overseas offices to 20 key centers. In fiscal 1998, we closed or consolidated 16 offices.



2. Personnel Reductions

■ We expect closures and the consolidation of domestic and overseas offices, as well as the centralization of operational processes, to free up some 2,200 personnel. Of these, personnel cutbacks will affect 1,700 (1,350 employed in Japan and 350 employed overseas). Of the remaining staff, we will reassign 200 people to specialist product divisions and 300 to private banking divisions in order to strengthen our services in the key areas of corporate and private banking. In fiscal 1998, we reduced our personnel by 880, and reassigned 200 personnel each to specialist product and private banking divisions to reinforce their operations.



3. Expense Reductions

Personnel Expenses

■ While personnel reductions will have an impact on personnel expenses, we also plan to cut bonuses by 20-30%, abolish or reduce housing and other allowances, and review other employee benefits. Compared with fiscal 1997, we expect this to yield savings on personnel expenses of ¥20 billion by fiscal 2000.

Non-personnel Expenses

■ Several factors are likely to boost expenses. Greater use of outsourcing to increase operational efficiency will result in higher outsourcing expenses. Strategic investments to strengthen services will increase the depreciation burden. And sales of commercial real estate will increase rental expenses. Nevertheless, we will work hard to reduce total non-personnel expenses by sharply reducing current premises and equipment expenses and focusing our investments with a view to maximizing gain.

4. Reductions in the Numbers of Directors and Remuneration

■ By the end of fiscal 1999, we intend to reduce the numbers of directors and overseers by 8 to 34. Establishing in-house banking units and other recognization measures are also expected to enhance operational efficiency.

■ Since fiscal 1998, we have reduced remuneration by 30% for the Chairman and the President and CEO, and by an average of 20% for all member of the board of directors. (Member of the board of directors have not been paid bonuses since fiscal 1995.)

Plan for Strengthening of Management

In March of 1999 the Bank received public funds totaling ¥1 trillion under the "Law Concerning Emergency Measures for the Early Strengthening of the Function of the Financial System." Coinciding with this, the Bank submitted its "Plan for Strengthening of Management" to the Financial Reconstruction Commission as part of the application for public funds.

Accordingly, the Bank implemented a 5-year earnings plan which started in fiscal 1998 as outlined below.*

Earnings Plan

The 5-year plan has been divided into two periods. They are the restructuring period and the acceleration period.

- Restructuring Period (fiscal 1998–2000): Three years of business prioritization and restructuring as set down in the Bank's medium-term business plan "Strategic Plan 120."
- Acceleration Period (fiscal 2001–2002): Period of acceleration heading into the 21st century as a leading bank.

Preconditions of the Earnings Plan

Economic Trends (on the assumption Japanese economy gradually recovers from fiscal 2000)

	2nd half FY1998	FY1999	FY2000	FY2001	FY2002
Real GDP Growth Rate	-2.2%	-0.4%	0.7%	1.0%	1.7%

Interest Rates (on the assumption interest rates gradually rise accompanied by the recovery of the Japanese economy)

	2nd half FY1998	FY1999	FY2000	FY2001	FY2002
3-month TIBOR (ave. during term)	0.62%	0.68%	0.90%	1.75%	2.55%
5-year SWAPS (ave. during term)	1.02%	1.54%	2.35%	3.13%	2.85%

Foreign Exchange: Exchange rate at ¥120.00/US$ during the period
Nikkei Average: ¥13,500 during the period

Earnings Plan

(in billions of yen)

		Restructuring Period			Acceleration Period	
	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002
Gross Profits	670.1	670.0	635.0	685.0	752.0	795.0
General & Administrative Expenses	378.5	370.0	365.0	355.0	357.0	355.0
Personnel Expenses	158.5	153.0	143.0	138.0	138.0	138.0
Non-personnel Expenses	191.1	194.0	197.0	194.0	196.0	196.0
Net Business Profits (Before Transfers to General Reserve)	291.5	300.0	270.0	330.0	395.0	440.0
Credit Costs	980.6	580.0	120.0	112.0	80.0	60.0
Transfer to General Reserve for Possible Loan Losses	-28.8	120.0	-8.0	-8.0	-8.0	-8.0
Net Gains & Losses on Securities	209.5	-280.0	-30.0	-40.0	-40.0	-10.0
Ordinary Profits	-576.3	-710.0	90.0	150.0	240.0	340.0
Net Income after Tax	-518.7	-380.0	60.0	90.0	150.0	200.0
BIS Capital Ratio	9.41%	10.61%	10.57%	10.74%	10.38%	10.77%

Note: FY1998 numbers are projected in the plan, not actual results.

Principal targets for such as profit, profit margin and restructuring have been achieved for fiscal 1998.

* The discussion regarding the Earnings Plan contains projections and statements that constitute forward looking statements, which are based on numerous assumptions including but not limited to a change in economic trends, interest and foreign exchange rates, demand for credit, the value of real estate in Japan, and the effect of new legislation or government directives. There is no assurance that all or any of such assumptions will be realized; accordingly, such forward looking statements are not guarantees of the future performance and involve risks and uncertainties, and actual results may differ from those in the forward looking statements.

Review of Operations

CONSUMER AND COMMERCIAL BANKING

The Consumer and Commercial Banking unit is made up of the Commercial Finance Group, which looks after the middle, and small- and medium-sized businesses, and the Consumer and Private Banking Group, which looks after the business with individuals. This division of roles is designed to strengthen relationship marketing to provide services that are extremely well matched to the needs of each customer.

Commercial Finance Group Strategy

The Group's strategy is to provide speedy services that satisfy the increasingly diversified and sophisticated requirements of customers through advanced multiple channels.

1. The environment facing the Commercial Finance Group and the Group's role

As the backbone of Japan's economy, Japan's highly diversified middle, and small- and medium-sized businesses constitute one of our most important target business sectors, and we are concentrating on it more and more. The Commercial Finance Group specializes in this market, helping the Bank fulfil a major social role by providing energetic support for meeting customers' funding needs, and ensuring that the financial system functions and expands smoothly. The Group works to satisfy the increasingly diverse and sophisticated needs of customers by offering the most appropriate services speedily and more efficiently. To this end, it is strengthening its multi-channel networks, which bring together the specialist functions of key business offices, head office and subsidiaries in a dynamic fusion that brings it closer to realizing its goal of offering customers greater satisfaction than any other bank.

It is also strengthening its credit risk management systems to maintain and improve the health of its loan assets and create a strong, sound financial structure.

2. Concrete strategies and key issues

The Commercial Finance Group emphasizes the following three policies as a means of achieving its goals.

First, we are responding positively to support middle, and small- and medium-sized customers. Hand-in-hand with the use of the Fuji PC Banking Service and the Collection Management Service, the Fuji Small- and Medium-size Business Development Fund (amounting to 600 billion yen) allows companies to receive the most preferential interest rates available according to the loan maturity period.

We have established a new Commercial Finance Business Division which is staffed with selected expert personnel who can deal with the wide-ranging management issues that affect businesses in the middle market and growth industries, including asset utilization, stock exchange listing support and business inheritance. In addition to providing corporate and asset information, they engage aggressively in consulting activities. To round off our unique, comprehensive services in this area, we work together with The Yasuda Trust and Banking Co., Ltd., which offers superior financial advisory services.

In order to nurture and encourage new business ventures, we provide support through the Charitable Trust for Fuji New Business Fund. The Fuyo New Business Forum and the Fuyo Eco-Business Conference also tackle the task by aggressively supporting new business start-ups. In this way, we are fulfilling an extremely important role in the development of the new technologies and

CONSUMER AND COMMERCIAL BANKING

businesses that will underpin the Japanese economy in the future. Furthermore, Fuji Research Institute Corporation has established a home page on the Internet to provide information on patents, technologies, business information and other intellectual property belonging to members of the Fuyo Group and our customers. Known as the Fuyo Techno Library, it aims to promote distribution and interchange of ideas as a means of encouraging technology transfers between companies. All these activities are designed to encourage the development of new enterprises and the improvement of industrial technologies in a wide range of areas.

Second, we are constantly working to enhance our advanced, multi-channel network to provide our corporate customers with greater convenience at low cost.

- We are increasing the number of branches specializing in corporate transactions, deploying professionals strategically in areas close to corporate customers so that we can provide specialist products and services on a highly competitive basis.
- In addition to our commercial banking business, we have established the new regional business unit “Commercial Finance Division” to concentrate on transactions with large and middle market enterprises that require more specialized services in areas like investment banking.
- We have boosted our head office staff of experts in financing to strengthen the functions of our Business Finance Center, which specializes in direct marketing to small- and medium-sized businesses.
- We have reinforced our specialist product divisions which focus on areas like M&A, derivatives and IT-based settlement business in order to respond to the increasingly sophisticated needs of our customers in a timely and accurate fashion.
- Anticipating the imminent arrival of the new era of consolidated management and accounting, we are working to enhance the synergy of our services through dynamic fusion of our subsidiary company functions in areas like the trust business, leasing, factoring and finance.

The Fuyo Techno Library is a completely new type of Internet business site. Prepared by the expert staff of the Fuji Research Institute Corporation, it matches the needs of organizations such as major companies and universities that wish to sell the patents, technologies and other intellectual property or business information in their possession with those of middle, and small- and medium-sized businesses who wish to buy them. In addition to providing a forum whereby hidden potential can be realized in this way, it also allows the networks of the Fuji Bank and the Fuyo Group to be used in following up any business developments that may ensue.

By aggressively creating multiple channels for transactions with companies, we are steadily establishing a structural framework that enables us to provide customers with prompt, efficient services that match their increasingly diverse and sophisticated needs.

Third, we are striving to accelerate progress in improving our asset and profit structures. At the same time, as we enhance the health and efficiency of loan assets, we are creating a firmly established profit structure that seeks to expand our profit sources without over-reliance on risk-adjusted assets. We are strengthening our management control structure, which is built around a risk management system that spans the entire bank. Risk management itself has been reinforced by a drastic overhaul of the credit divisions of the Commercial Finance Group, improvements in our in-house credit rating system and tougher credit risk management and credit examination systems.

As a vitally important component of the Consumer and Commercial Banking unit, the Commercial Finance Group is aggressively tackling these issues in order to ensure that the Fuji Bank becomes a leading bank in the 21st century.

Consumer and Private Banking Group Strategy

The Group's strategy is to build the best possible relationship with each individual customer and create a strong sense of mutual trust.

1. The environment facing the Consumer and Private Banking Group and the Group's role

The first point to note about the environment facing the Consumer and Private Banking Group is that competition is intensifying as a result of Japan's Big Bang financial reforms. Increasingly, the companies offering financial services include distribution companies, nonbanks and other entities from different business sectors, as well as foreign financial institutions. Japan has really entered an era of full-scale competition, and market conditions are becoming tougher by the day.

The second key factor is the growing focus on individual customers. Since customers face a rapidly increasing range of diversified choices, they have the extremely tough task of deciding which financial institution or financial services best suit their own lifestyles and sense of values. In other words, the true value of banking as a service industry has come under very close scrutiny. To ensure that customers continue to select Fuji Bank under such circumstances, it is essential that we offer services that meet the needs of each individual and continue to provide customer satisfaction.

2. Concrete strategies and key issues

The Consumer and Private Banking Group emphasizes the following three issues as a means of achieving its role.

The first issue is strong relationship marketing. This requires that we get to know individual customers better so that we can provide them with improved services and thus ensure a higher level of customer satisfaction.

The first and core feature of our strategy is the Fuji First Club (FFC). Its objective is to create a steadily increasing group of satisfied "Fuji fans" through closer, long-term relationships and mutual communications with FFC members. Inaugurated in March 1998, FFC has undergone numerous upgrades, including a point system for deregulated interest time deposits, and discounted charges for using ATMs outside normal business hours. We are delighted that in a period of only 12 months, over 200,000 customers have become FFC members.

The second feature of our efforts to strengthen relationship marketing has been our program to upgrade our database infrastructure. We believe this is the best way to build closer relationships with our customers and ensure better, more timely communications. Development work has already been completed and we are now making steady progress in putting the system into practical use.

The third feature of our efforts to strengthen relationship marketing is our tie-up with Yasuda Trust and Banking. Yasuda Trust and Banking offers sophisticated services like asset management and investment that are beyond the capabilities of ordinary commercial banks. Our relationship with Yasuda Trust and Banking enables us to provide high quality services to customers with widely diversified needs.

The second issue is making efforts to develop better channels for individual customers.

CONSUMER AND COMMERCIAL BANKING

First, we are creating branches that specialize in consumer banking. This means transforming former full banking branches into branches that deal specifically with individual customers, which enables us to offer services that are better tailored to individual customers' needs. In April 1999, we established our first in-store branch to offer full services on Saturdays and Sundays at a major suburban shopping center.

Second, we are steadily enhancing the convenience of our ATM network. In September 1998, our ATMs commenced 24-hour operation. We have also expanded our 24-hour cash delivery points dramatically through tie-ups with Daiei and Lawson which are major supermarket and convenience store chains.

Third, we have pushed ahead with the development of remote channels that can respond to the rapid changes in individual lifestyles. These include the introduction of debit card services that allow the use of cash cards for purchases, and the inauguration of round-the-clock telephone banking services. We have also greatly upgraded our Internet banking service, the Fuji Cyber Bank. All of these channels are designed to provide individual customers with more convenient services.

The third issue is enhancing our products and services. Our first priority has been to strengthen our housing loan services. In addition to launching new 15- and 20-year fixed interest housing loans and schemes to allow borrowers to replace existing loans with loans on better terms, and loans for new house purchases, we have established home loan counters that open on weekends and holidays. We plan to develop and upgrade our products so as to be able to provide customers with expert financial assistance at important stages in their lives.

Second, we have reinforced our asset management operations by selling investment trusts in December 1998. We are unique among Japanese banks in that we have established investment trust evaluation teams in both Tokyo and New York, and now offer a portfolio of high quality products from a global viewpoint. We have also established investment advisory desks at 75 branches and introduced our Fuji Portfolio Advisory System (F-PAS) at all our domestic branches, thereby helping to meet customer needs for portfolio proposals and ideas. Simultaneously with the start of investment trust sales, we launched the Japanese equivalent of the Cash Management Account (CMA) called the Fuji Management Account (FMA). In addition to the standard functions traditionally offered by banks, such as settlement and deposits, our FMA with its groundbreaking investment management function enables us to offer our customers a more comprehensive range of investment management services.

GLOBAL CORPORATE AND INVESTMENT BANKING

The Global Corporate and Investment Banking unit consists of four groups: the Corporate Finance Group and the Investment Banking Group, which are responsible for the major enterprise market at home and overseas; the Trading Group, which handles market business; and the Public and Financial Institutions Group. The unit thus enables us to offer customers one-stop access to high quality cross-border banking services that transcend the traditional boundaries between commercial and investment banking.

Corporate Finance Group Strategy

The Group's strategy is to exploit advanced financial technologies in developing comprehensive proposals that match the business strategies of each customer.

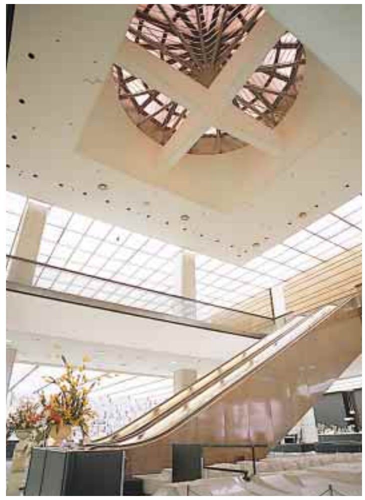
1. Concrete strategies for the Japanese market

We are making every effort to strengthen our one-stop approach to providing comprehensive services that satisfy the needs of large Japanese and middle market Japanese corporate customers on a worldwide bases. To this end, we are building a varied and sophisticated line-up of financial products and services that employ not only traditional commercial banking skills, but also the advanced financial techniques and information technology of the investment banking business. At the same time, we are working to develop the all-round competence necessary for planning tailor-made proposals to match individual customers' business strategies.

To give a more specific example, we identify financial and capital issues of the customer based on their business strategy. We then provide services such as calculating the value of their business using cash flow analysis and other financial services that will meet the customer's requirements.

In developing and offering new products and services, we not only draw on our product development divisions but also enlist the support of the entire Group, including securities and trust banking subsidiaries. These efforts have paid off. We were successful in closing Japan's first MBO and CBO transactions. We were also among the first Japanese banks to offer settlement services to help major corporate customers increase the efficiency of their funding operations and their procedures for collecting sales proceeds. These services include debit cards and an Internet-based electronic settlement system called Fuji Cyber Bank, in which our high-level information technology played a leading role. We are the only Japanese bank to have joined the Inter-Bank Online System (IBOS), which allows us to fulfil a need for cross-border cash flow management services. Meanwhile, the number of customers making use of the pension consulting services offered by Fuji Research Institute Corporation is increasing in response to the revisions occurring in the accounting principles governing company pensions.

On the organizational side, the corporate banking divisions serve corporate customers in major cities and collect information on specific industries as well as know-how that will help satisfy customers' needs with precision. Japan's industry is going through a period of unprecedented structural change, and many of our customers are actively joining alliances and undertaking strategic restructuring of their businesses. To strengthen our sector-by-sector approach, we have reorganized to concentrate



GLOBAL CORPORATE AND INVESTMENT BANKING

responsibility for multimedia and data communications customers into the Head Office Corporate Banking Division V, and put the International Business Division in charge of foreign companies operating in Japan.

2. Concrete strategies for overseas markets

Fiscal 1998 was a year in which the business environment surrounding us rapidly changed as international rating agencies downgraded Japanese banks. We responded by drastically reorganizing our international operations to focus on certain key businesses. First, we concentrated on our main strengths in foreign markets - transactions with Japanese companies operating overseas and investment banking operations such as acquisition finance and project finance - with a view to achieving top bank status in these areas. We ranked among the top 15 major banks in providing finance to the acquisition finance markets in America and Europe. In the area of project finance, we succeeded in securing substantial financial advisory business and played the role of arranger in setting up financing for the TRI ENERGY power generation project in Thailand. These and our achievements in putting together loan syndicates have earned us a very good reputation in the markets.

The experience in providing new types of products in advanced overseas financial markets, as well as financial techniques and know-how acquired in markets outside of Japan have been actively utilized in our domestic business. In the United States, we were the first Japanese bank to close an arbitraged-type CLO (collateralized loan obligation) management transaction, while at home we successfully arranged the financing for the first full-scale MBO (management buy out) to take place in Japan.

With regard to the business with non-Japanese customers, we exploited our domestic strengths in expanding transactions with Japan-based foreign companies.

To further enhance the efficiency of our operations, we aggressively reorganized our overseas network, integrating 16 branches and representative offices in fiscal 1998.

In fiscal 1999, we shall continue to sharpen the focus of our overseas operations and make more aggressive use of advanced financial techniques and know-how from overseas in the domestic market. At the same time, we shall move ahead with our ongoing measures to cut costs and improve the efficiency of our organization and management, with special emphasis on restructuring our international network. With regard to the latter in particular, we are creating a business promotion system whose focal points are strategically placed in New York, London, Singapore and Hong Kong so as to enable us to promote business in line with market needs in the American, European and Asian markets.

The Corporate Finance Group must actively engage in international operations if we are to survive the competition with major international banks and become a leading bank in the 21st century. We are firmly resolved to continue concentrating our energies in certain key sectors while at the same time giving domestic customers full access to new financial techniques and know-how from abroad.

Investment Banking Group Strategy

The Group's goal is to become a leading bank in the new millennium by offering superior products that meet a wide range of requirements.

The Investment Banking Group offers advanced, borderless services designed to meet the variety of customer requirements. One of the objectives of our recently-adopted new management structure is to ensure that the Investment Banking Group and the Corporate Finance Group work together seamlessly to satisfy the diversifying needs of major enterprises and promising growth companies through a wide range of superior products and services.

The cornerstone of Japan's Big Bang financial reforms is the complete deregulation of commissions on securities transactions, which is due for implementation in the fall of 1999. Most people expect competition to be so tough thereafter that only a few winners will survive. The investment banking business is likely to become one of the most contentious of the Big Bang battle zones. However, we see it as an integral element in our program to become a customer-oriented, one-stop bank and give us the momentum to succeed in the 21st century.

We have reinforced our ability to offer products in the areas of securitization, M&A and project finance. The environment facing customers has changed dramatically, especially because the introduction of new accounting standards has increased the need for balance sheet controls. This has spurred us into developing new businesses such as structured financing, which focuses on cash flow and the risks hidden in the balance sheet.

There are many other areas in which we can draw on the overall strengths of the Fuji Bank Group and offer services through subsidiaries at home and overseas. For example, Fuji Securities Company serves various issuers of bonds, securities and IPOs, while Fujigin Capital Company provides capital for corporate start-ups. As the regulations on maintaining firewalls between banks and their securities subsidiaries are eased, the shift towards direct corporate financing will accelerate, leading to environmental changes in which MBOs, CBOs and other new financing methods will flourish. The Investment Banking Group is committed to coping with these changes by strengthening cooperative ties with affiliates as a means of creating an organizational structure that can better satisfy the increasingly diverse and sophisticated requirements of customers.

Trading Group Strategy

The Group's strategy is to use its sophisticated trading techniques and strengths in numerical analysis to become an increasingly active participant in the credit products market.

GLOBAL CORPORATE AND INVESTMENT BANKING

The Bank is a leading player in the interest, exchange, derivatives and other markets, and the Trading Group fulfils a key role in responding attentively to customers' needs on the one hand and earning profits on the other.

The pace of change in this sector is dizzying, so it is absolutely essential that we constantly devise new trading tools that will enable us to meet customers' funding, investment and hedging needs.

Based on our sophisticated trading know-how and skills in numerical analysis, we are actively developing new types of interest- and exchange-based products. We are also active in the markets for credit-related products such as credit derivatives, CBOs and CLOs, which we expect to grow steadily in the future.

With the introduction of the new accounting standards from fiscal year 2000, a high level of risk management will be required even more. Therefore, we are working to enhance and diversify our trading techniques. For example, we have started research and development work on multi-product trading methods that allow simultaneous transactions covering interest rates, bonds, exchange and equities.

Public and Financial Institutions Group Strategy

The Group's strategy is to utilize its specialist expertise in responding to its customers' needs.

1. Strategies for public institutions

The Group's primary mission is to provide reliable handling of operational procedures relating to public money. We also believe we have an important role to play in dealing with more recent funding requirements. These include new fund-raising methods like Private Finance Initiatives (PFIs), which have been very much in the limelight recently, even in the public finance markets.

The Bank specializes in investment banking fields like project finance, and the Group works together with investment banking divisions to satisfy our customers.

2. Strategies for financial institutions

Progress in introducing the Big Bang reforms of the Japanese financial system means that the transactional relationships between financial institutions are far broader than they used to be.

Financial institutions have a growing need for risk-hedging instruments and techniques for making profitable investments at a time of extremely low-interest rates in Japan. We are working to deal with these requirements through investment banking operations that include the provision of market-related products and services such as derivatives and asset-backed securities.

We are also putting a great deal of effort into providing products and services that exploit the Fuji Bank Group's specialist know-how in many areas, particularly those that meet the needs of financial institutions for out-sourcing services.

ASSET MANAGEMENT GROUP

Asset management is a strategic business segment, which promises rapid growth. Since we began to sell investment trusts, we have invested aggressively in the asset management business, establishing The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and strengthening Fuji Investment Management Company. Setting up the Asset Management Group as a separate entity provided further reinforcement.

Asset Management Group Strategy

The Group's strategy is to provide expert responses to the diversifying needs of customers by leading the way in providing advanced financial technologies and high quality services.

1. The environment facing the Asset Management Group and the Group's role

The asset management sector in Japan appears poised for rapid growth as customer needs diversify and steady progress is made in implementing the Big Bang reforms of the financial system.

Factors such as the removal of the ban on sales of investment trusts by banks and other financial institutions will almost certainly lead to a major diversification of the investment trust market. The scheduled introduction of defined contribution pension schemes should also result in a steady increase in market size.

In the corporate pension market, the sheer scale of the funds involved is likely to lead to an even greater emphasis on investment performance, providing more business opportunities than ever for investment management companies and trust banks. On the other hand, the new accounting standards for retirement benefits to be introduced in fiscal 2000 require that any shortfalls in the reserves for retirement allowances be shown in the company's balance sheet. Not surprisingly, such shortfalls are now a major issue for the managements of many companies

Mindful of these environmental changes, we have positioned asset management as one of our key strategic business sectors. We have reinforced our efforts in this area by inaugurating sales of investment trusts and aggressively increasing our own investments, establishing The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and putting more capital into Fuji Investment Management Company. Further measures to reinforce our activities followed the introduction of our new management structure in May 1999, when we established the Asset Management Group as a separate division that includes Dai-Ichi Kangyo Fuji Trust & Banking and Fuji Investment Management Company.

The Asset Management Group is involved in the following business activities, and is well positioned to satisfy the varied needs of customers through expert services.

- Sales of investment trusts.
- Establishment and management of investment trusts (Fuji Investment Management Co.).
- Investment management (Dai-Ichi Kangyo Fuji Trust & Banking, Fuji Investment Management Co.).
- Custody and stock transfer agency (Dai-Ichi Kangyo Fuji Trust & Banking).

ASSET MANAGEMENT GROUP

To prepare for the introduction of defined contribution pension schemes, we are carefully examining all the relevant aspects of investment management, trustee and pension scheme designs while keeping a close eye on actual developments.

2. Starting sales of investment trusts

Since the ban on bank sales of investment trusts was lifted in December 1998, we have positioned them alongside deposits in importance as pivotal products. To satisfy customers' increasingly diverse and sophisticated needs for fund management services, we have been active in this area. We pay particular attention to selecting the investment trusts we handle, and have established special teams in Tokyo and New York to evaluate the performance of both the individual trusts and the companies that manage them from a global viewpoint. This has enabled us to bring together a high quality portfolio of various products, which we call the "Fuji All-Stars."

We continue to work on our high-quality consulting sales, developing the Fuji Portfolio Advisory System (F-PAS), and the Portfolio Planning Service which advises individual customers on the most appropriate investment instruments and other financial products according to their lifestyles and the levels of risk they can tolerate. We also provide customers who have bought our products with full support through thoroughgoing aftercare services.

3. Establishment of The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and its strategic role

In June 1996, we set up The Fuji Trust and Banking Co., Ltd., a wholly-owned subsidiary, to provide high-quality investment trust products and services to meet customers' diversifying needs. In November 1998, we entered a strategic alliance with The Dai-Ichi Kangyo Bank, Limited. The tie-up was motivated by

the need to respond to the sweeping changes triggered in Japan's financial system by the Big Bang reforms by offering customers higher quality, broader-ranging investment trust services.

As a result of this alliance, on April 1, 1999, Fuji Trust and Banking and Dai-Ichi Kangyo Trust and Banking merged to form The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. Furthermore, in October 1999, Yasuda Trust and Banking, is scheduled to transfer the pensions, custody business, and stock transfer agency business of its asset management division to Dai-Ichi Kangyo Fuji Trust & Banking.

Dai-Ichi Kangyo Fuji Trust & Banking has obtained high ratings from domestic and foreign ratings agencies. (Moody's Investors Service: long-term deposits - A3; Fitch IBCA: long-term - A; R&I: long-term bonds - A.)

There are several reasons for these high ratings. Fuji Bank, Dai-Ichi Kangyo Bank and Yasuda Trust and Banking all have large, stable customer bases. They also possess advanced financial expertise and know-how and a solid presence in business sectors like asset investment and asset management. By fusing these advantages, Dai-Ichi Kangyo Fuji Trust & Banking is well-placed to prosper in the two areas where most growth is expected in the future — pension funds and investment trusts — and thus become a leading light in the fund investment and management business.

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. opening ceremony.

Dai-Ichi Kangyo Fuji Trust & Banking — Key Features

Principal Business Activities

Pensions (scheduled from October 1999)
Dai-Ichi Kangyo Fuji Trust & Banking offers a full range of pension services, including:

- Asset investment and management for corporate pension schemes such as employees pension funds and tax-qualified retirement pension plans.
- Planning and consulting in connection with pension schemes.
- Handling of administrative work relating to members of pension schemes and pension recipients.

It is also working actively to devise responses to two problems that are of rapidly growing importance to company management - the treatment of retirement benefit claims under new accounting rules to be introduced soon, and the advent of defined contribution pension products.

Custody Business
As part of its wide-ranging services in the field of asset management, including investment trusts, pension trusts and specified money trusts, it responds to customers' diversifying needs by acting as the investor's agent, providing centralized control of securities deliveries and custody, and collecting dividends.

Stock Transfer Agency Business (scheduled from October 1999)
Dai-Ichi Kangyo Fuji Trust & Banking is well-placed to satisfy all customer requirements relating to the handling of stocks, from stock transfers, preparing shareholders' registers, custody, issuing stock certificates and paying dividends, to consultation in connection with legal matters concerning stocks.

Securitization of Assets (monetary claim trusts, movable property in trust)
Dai-Ichi Kangyo Fuji Trust & Banking accepts various kinds of assets from customers (trustors), then uses these assets to back issues of trust beneficiary rights which it sells to investors. This satisfies the trustor's need for a wider range of lower-interest funding instruments that can be handled off the balance sheet, while at the same time offering investors all the advantages of trust beneficiary rights.

4. Strengthening Fuji Investment Management Co., Ltd.

Fuji Investment Management Company specializes in investment management. It provides services for establishing and managing investment trusts. It also offers discretionary investment management services that are carefully tailored to satisfy the needs of pension funds, institutional investors and similar customers.

To enhance its performance in the areas of investment trust and investment management services, the company is able to make highly efficient use of a tripolar global network based on its Tokyo head office, London, and New York. Fuji-Lord Abbett International, Limited is responsible for operations in London, and Lord, Abbett & Co., a long-established independent US investment management company for operations in New York.

ASSET MANAGEMENT GROUP

According to CAPS Ltd., a UK-based independent provider of specialist investment performance evaluation services, our London subsidiary Fuji-Lord Abbett International, Limited ranked first out of 54 funds in terms of equity investment management performance for pension funds in the seven years through March 1998. The superior investment capabilities developed by the company have also been channeled into our "Fuji Global Active Open" investment trust product.

On the personnel side, Fuji Investment Management Company actively recruits capable staff from outside the Fuji Bank Group, in the process creating a team of professional specialists.

It is our firm intention to reinforce Fuji Investment Management Company's corporate strengths as a means of responding to our customers' ever-diversifying needs.

History of Fuji Investment Management Company

July 1985
The former Fuji Investment Management Company, Ltd. established as the investment management arm of the Fuji Bank Group.

June 1992
Fuji Investment Management Co. (Europe) Ltd. established in London.

September 1993
Fuji Investment Trust Management Co., Ltd. established as a subsidiary following the removal of the ban on bank participation in the investment trust management business.

November 1995
Following the removal of the ban on simultaneous engagement in the investment management and investment trust management businesses, the former Fuji Investment Management Company, Ltd. and Fuji Investment Trust Management Co., Ltd. are merged to create Fuji Investment Management Company, Ltd.

September 1998
The capital of Fuji Investment Management Co. (Europe) Ltd. is increased and its organization and business are strengthened. The company's name is changed to Fuji-Lord Abbett International, Limited after new investment is received from Lord, Abbett & Co. of the USA. The latter is a long-established independent investment manager with which Fuji Bank has developed a strong relationship since the founding of Fuji Investment Trust Management Co., Ltd.

PROCESSING SERVICES AND INFORMATION TECHNOLOGY GROUP

The Processing Services and Information Technology Group is a new group formed from the merger of the Transaction and Information Delivery Services Group and the systems divisions. We have always ranked high among Japan's banks in terms of information technology and the new group is now able to take advantage of our leading position and solid IT base to strengthen the overall operations of the Bank.

Processing Services Business Strategy

Our strategy is to offer customers even greater convenience by building on Fuji Bank's superiority and expertise in settlement services.

1. The environment facing the processing services business and the Group's role

We believe that our mission in the area of processing services is to contribute to greater customer convenience and respond to customer needs by offering high-quality, low-cost processing services in the areas of clearing, electronic commerce, foreign exchange, foreign currency deposits, and developing new products.

We have developed our own strong expertise in yen fund clearing services, custody services and electronic commerce using advanced information technologies. The high quality of our services in these areas has earned us a solid reputation among customers in Japan and overseas.

In general processing services, sophisticated know-how is essential, and it is necessary to maintain a consistently high level of investment in costly systems. This means it is not always a particularly efficient sector for corporations and financial institutions to be involved in. Traditionally, processing of this sort has been an internal function, but in the current tough economic environment, where operational efficiency and profitability are under close scrutiny, demand for outsourcing services is growing steadily. Our objective is to make maximum use of the know-how and expertise we have accumulated to date, and fully exploit the merits of scale to respond to customers' requirements by offering higher quality services at lower cost.

We are also actively engaged in developing new foreign currency deposit products and our debit cards, cyber banking, electronic money and trade finance EDI (electronic data interchange) services constitute part of a longer term project to build the framework for a new generation of settlement systems. Our foreign currency deposits with options have proven to be extremely popular in satisfying the rapidly diversifying needs of customers. At the same time, as a leading player among Japanese banks in fields like Internet banking, debit cards and electronic money, we are developing new instruments tailored to customers' needs, and working extremely hard to develop better data processing procedures and higher security standards. In the area of trade finance EDI, we have participated in domestic and international projects such as BOLERO right from the start, and are engaged in testing and proving procedures for handling the new trading and processing flows engendered by progress in Internet technology.

As interest in the internationalization of the yen increases, it is important to consider this type of new settlement framework from a global point of view. We believe it is important for us to play a role in this type of project bearing in mind the growing presence of the Japanese economy and the yen in the international arena.

2. Concrete strategies and key issues

Since the revised Foreign Exchange and Foreign Trade Control Law went into force in April 1998, we have offered foreign exchange business services at all branches dealing with corporate clients. Since the beginning of the current fiscal year, we have been working together with foreign banks to develop new products in the trade finance sector, becoming the first Japanese bank to offer a scheme to handle export claims off the balance sheet, among other things. Furthermore, following the launch of the euro at the beginning of 1999, we have started engaging in transactions in the new currency, setting trading spreads and interest rates at very competitive levels compared with those of other banks. As mentioned above, in the area of trade finance EDI, too, we have played a leading role in the BOLERO project and in establishing a framework for providing fully electronic services.

To respond to customers' needs for high-interest investment products that offer greater convenience in a combination with telephone banking, we launched the "Fuji Super Foreign Currency Time Deposit." We also launched foreign currency time deposits with options which offer higher interest rates on a yen basis. We will continue to expand our product lineup as a means of satisfying our customers' increasingly sophisticated and diversifying needs.

PROCESSING SERVICES AND INFORMATION TECHNOLOGY GROUP

Many of our customers already use our electronic banking services, and we continue to work on improving them. Having led the way in creating new clearing services for individual customers, including debit cards, Internet banking and electronic money, our reputation as an innovator is well established. In the area of crossborder cash management services, customers have for some time now made extensive use of our Fuji Global Cash Management Service (CMS) (overseas version of an electronic banking product) in managing the assets of overseas subsidiaries and affiliates, and controlling non-resident deposit accounts registered in the name of the head office. Our entry into the Inter-Bank Online System (IBOS) in February 1999 helped us strengthen our overseas network and offer more convenient services for customers planning to advance into overseas markets. We will continue to develop new products with an eye on constructing more efficient all-round delivery channels.

When investors invest in securities, they normally entrust banks and other financial institutions to handle custody, clearing and proxy services (such as exercising stockholders' rights) on their behalf. We provide such custody services to institutional investors at home and overseas, and have earned a particularly strong worldwide reputation among overseas institutional investors for the speed and accuracy of the processing services that support our yen custody operations. We not only lead Japanese banks in terms of the balance of yen-denominated shares we hold in custody, but our services in this area have been "Top Rated" for seven consecutive years according to the internationally respected *Global Custodian* magazine.

Many overseas financial institutions have entrusted us with their yen fund clearing operations in Japan. And following changes in the foreign exchange/yen clearing system in December 1998, we have started yen fund clearing services on behalf of domestic financial institutions. We are involved in creating new mechanisms to reduce settlement risk through netting and were original members of the Continuous Linked Settlement Bank (CLSB). CLSB is an international project established to reduce the risk arising from settlements of different currencies across different time zones. As a financial institution that undertakes clearing services on behalf of others, we are working harder than ever to reduce settlement, operational and other kinds of risk.

Fuji Multimedia Bank

Information Technology Strategy

Our strategy is to utilize our existing, highly advanced system infrastructure as a launching pad for a new generation of IT-based businesses.

1. The environment facing IT and the Group's role

As a result of Japan's Big Bang financial system reforms, competition in banking and other financial sectors will intensify, and the management strategies of each banking unit and group and the IT strategies that support them are of vital importance. The Processing Services and Information Technology Group is in charge of our IT strategies.

To date, we have moved steadily ahead with measures to enhance our systems infrastructure, building a new computer center in the Tama suburbs of Tokyo and establishing a network of leased circuits that link key centers around the country.

Our strategy of building a flexible systems infrastructure has put us in a better position to offer the sorts of services customers really want. These include round-the-clock ATM services, cash machines in convenience stores and in-store branches in major supermarkets.

We have also taken a commanding lead in creating advanced customer channels that utilize the most advanced technologies available, including Fuji Cyber Bank, Fuji Multimedia Bank and Fuji Telephone Banking. Our efforts in these areas were rec-

PROCESSING SERVICES AND INFORMATION TECHNOLOGY GROUP

ognized in fiscal 1997 when we received an award from the Ministry of International Trade and Industry (MITI) for our contribution to bringing information technology into business activities. We have thus carved out a leading position for ourselves in the use of IT, and rank high among the very top Japanese banks in this respect.

2. Concrete strategies and key issues

In the new millennium, systems will be required to do much more than simply offer greater streamlining of office procedures. We need systems that support management strategies through customer databases that identify and analyze the needs of individual customers. To this extent, the more effectively a company uses IT, the more likely it is to demonstrate its superiority over others.

For this reason, the Bank will continue to build on its existing infrastructure to develop systems that underpin the management strategies of the Bank's market groups. At the same time, we will explore ways of using the latest IT in developing a new generation of financial businesses as well as expanding the scope of existing business sectors.

It goes without saying that the Processing Services and Information Technology Group will strengthen its cooperation with the processing services related divisions. This applies in particular to those sectors in which we rank highest among Japanese banks, including firm banking, cash management services, custody services, foreign exchange/yen proxy settlement services, trade finance EDI and other settlement businesses that use IT as a base.

As far as the development of future systems is concerned, it is absolutely essential that we devise solutions that meet the needs of increasingly sophisticated and diverse financial operations. To this end, we intend to keep on building up our well-rounded team of experts with a view to developing systems that offer higher value-added than ever.

In the words of our founder Zenjiro Yasuda, "We serve the communities in which we do business." We have a long and proud history of community service and the spirit of Mr. Yasuda's philosophy lives on stronger than ever today. Based on the theme of "Nurturing the Next Generation of Dynamic Young Citizens," we are engaged in a wide range of activities, including education, traffic safety, cultural support, social welfare, and support for volunteer activities.

Traffic Safety Campaign

Fiscal 1998 marked the thirty-fifth year of the annual Traffic Safety Campaign, which provides automatic accident insurance for all first graders in Japan who are involved in traffic accidents on their way to or from school. Along with Fuji Bank, the campaign is co-sponsored by other affiliated companies such as Yasuda Fire and Marine Insurance, Yasuda Mutual Life Insurance and Yasuda Trust and Banking. The program has provided insurance coverage for over 43 million children since its start. The Bank also co-sponsors other annual traffic safety campaigns, drawing on the funds contributed to the Traffic Safety Fund by employees and donations made by the Fuyo Traffic Safety Association.

Fuji Memorial Foundation and Other Welfare Activities

The Fuji Memorial Foundation was established in 1980 to commemorate the Bank's 100th anniversary. Its contributions to the community include grants for social welfare, funds for translating books into Braille for visually impaired university students, and donations of electrically powered wheelchairs - a total of 455 to date. The Foundation also uses contributions from employees as funding for a special project involving donations of specially-equipped buses to facilities for the physically handicapped. Over the years, it has donated a total of 160 such vehicles.

In 1993, the Bank, in response to requests from employees who wish to engage in volunteer activities, provided support through a special program to allow them to take special leave of absence.

On the local level, our domestic offices contribute to community service activities by taking part in fund-raising drives, by donating second-hand books and by promoting the recycling of used items.

Abroad, employees of our New York branch and the Fuji Bank and Trust Company have been very active in volunteer activities under the Community Reinvestment Act (CRA). This has helped the Bank earn high ratings from federal and state regulators for seven consecutive years since 1992.

Academic Support

In 1991, we established the Fuji Bank International Foundation as part of our commemoration of the Bank's 110th anniversary. In fiscal 1998, the Foundation provided a total of 20 students studying at Japanese universities with a monthly stipend of ¥120,000. From 1995, the Foundation inaugurated another scheme under which students attending universities in other Asian countries are provided with an annual scholarship.

In other academic activities, we have instituted lecture series at Cambridge University, Chicago University and the China Institute of Financing in Beijing.

Corporate Information

Contents

BOARD OF DIRECTORS AND SENIOR OVERSEERS

Chairman of the Board

Toru HASHIMOTO

President & Chief Executive Officer

Yoshiro YAMAMOTO

Deputy Presidents

Tosaku HARADA
Toshiyuki OGURA

Senior Managing Director

Masaaki SATO

Managing Directors

Isao HIRAIDE
Soichi HIRABAYASHI
Atsushi TAKANO
Terunobu MAEDA
Hiroaki SHINODA
Teruhiko IKEDA
Seiji SATOMURA
Yukio OBARA
Kenji WATANABE

Directors

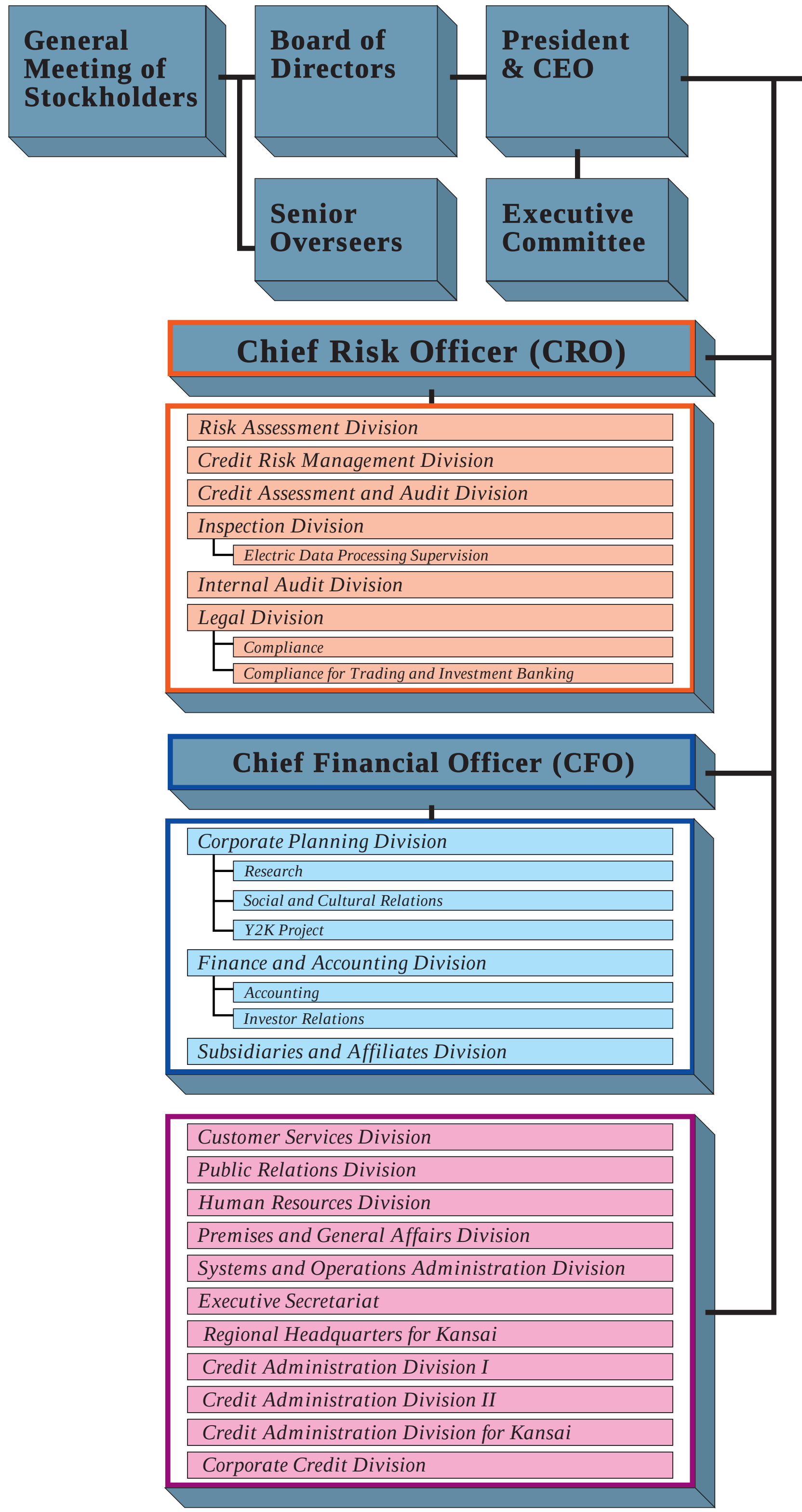
Michio UENO
Tsutomu HAYANO
Kazumi YANAGIHARA
Fumito ISHIZAKA
Kunioki ISHIBASHI
Yoshiaki SUGITA
Minoru ITOSAKA
Hajime SAKUMA
Saburo NISHIURA
Kazuo KASUGAKAWA
Sumio UESUGI
Masayoshi KANAJI
Akio TAKEUCHI
Kenji MIYAMOTO

Senior Overseers

Takeshi TAKAHASHI
Masayuki AMARI
Takeie UKITA
Yoriaki SAKATA
Yuji OSHIMA
Daiyu AOKI

(as of June 29, 1999)

FUJI BANK GROUP ORGANIZATION



(as of May 21, 1999)

Consumer and Commercial Banking

Commercial Finance Group

- *Commercial Finance Business Division*
  - *Business Support & Coordination*
  - *Business Development Support*
- *Business Finance Center*
- *Fuyo General Lease Co., Ltd.*
- *Fujigin Factors, Ltd.*
- *Japan Mortgage Co., Ltd.*

- *Product Development & Marketing Division*
- *Credit Division I*
- *Credit Division II*
  - *Credit for Kansai*
- *Credit Division III*
  - *Credit for New Business*

Full Banking Branches

Branch Administration

Consumer and Private Banking Group

- *Personal Banking Branches*

- *Housing Loan Business Promotion Center*
- *Private Banking Division*
- *The Fujigin Credit, Ltd.*

- *Product Development & Marketing Division*
- *Sales Channel Management Division*

Global Corporate and Investment Banking

Global Business Planning Division

Corporate Finance Group

- *Corporate Banking Divisions I-III, V, VI*
- *Osaka Corporate Banking Division*
- *Shinjuku Shin-Toshin Corporate Banking Division*
- *Kabutocho Branch*
- *International Business Division*
- *Overseas Branches*
- *Overseas Subsidiaries*
- *Corporate Banking Division (U.S.A.)*
- *Heller Financial, Inc.*

- *Global Credit Division I*
- *Global Credit Division II*
- *International Credit Division*
- *Credit Division for the Americas*
- *Credit Division for Europe, Africa & The Middle East*

Investment Banking Group

- *Corporate Advisory Division*
- *Structured Finance Division*
- *Project Finance Division*
- *Fuji Securities Co., Ltd.*
- *Fujigin Capital Company*
- *Fuji Securities Inc.*
- *Fuji Futures Inc.*
- *Fuji International Finance*

Trading Group

- *Capital Markets Trading Division*
- *Derivative Products Division*
  - *Credit Risk Trading*
- *Int'l Treasury Division*
- *Fuji Capital Markets Corp.*

- *Trading Business Planning*
- *Treasury Division*

Public and Financial Institutions Group

- *Institutions Division*
- *Municipal Divisions (HO, Osaka)*

- *Institutions Marketing Division*

The Yasuda Trust and Banking Co., Ltd.

Asset Management Group

- *The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.*
- *Fuji Investment Management Co., Ltd.*
- *Fuji-Lord Abbett International Ltd.*

- *Asset Management Division*
- *Trust Business Planning Division*

Processing Services and Information Technology Group

[Processing Services]

- *Multimedia Business Division*
- *Trade Services Division*
- *Settlement & Clearing Sevices Division*
  - *Fuji Kabuto Custody & Proxy*

- *Processing Services Business Planning Division*

[Information Technology]

- *Fuji Research Institute Corporation*
- *Fujigin Software Service, Ltd.*

- *Systems Development Divisions I, II*
- *Systems Operations Division*
- *Systems Planning Division*
  - *Information Technology Risk Control*

OVERSEAS OFFICES

(★ = Consolidated Subsidiaries)

(as of May 1999)

THE AMERICAS

Branches, Agencies and Representative Offices

Chicago Branch
225 West Wacker Drive, Suite 2000,
Chicago, Illinois 60606, U.S.A.
Phone: 1-312-621-0500
Fax: 1-312-621-0305
Telex: (230) 284351, 253114

Grand Cayman Branch
Roywest House, West Bayroad,
P.O.Box 707, Grand Cayman,
British West Indies

Houston Agency
One Houston Center, Suite 4100,
1221 McKinney Street,
Houston, Texas 77010, U.S.A.
Phone: 1-713-759-1800
Fax: 1-713-759-0048
Telex: 790026

Los Angeles Agency
333 South Hope Street, 39th Floor,
Los Angeles, California 90071, U.S.A.
Phone: 1-213-680-9855
Fax: 1-213-253-4198
Telex: 673336

New York Branch
Two World Trade Center,
79th—82nd Floors,
New York, New York 10048, U.S.A.
Phone: 1-212-898-2000
Fax: 1-212-321-9407
Telex: 420626, 232440, 23125801

Colombia Representative Office
Carrera 7 No.71-52, Torre B Piso 9,
Santafe de Bogota, D.C., Colombia

São Paulo Representative Office
Avenida Brigadeiro Luiz Antonio,
2020-10° andar, 01318-911 São Paulo, Brazil
Phone: 55-11-289-1812
Fax: 55-11-287-7867
Telex: 1123932

Subsidiaries

Fuji America Holdings, Inc.★
(Holding company)
500 West Monroe Street,
Chicago, Illinois, 60661, U.S.A.
Phone: 1-312-441-7533
Fax: 1-312-441-7499

The Fuji Bank and Trust Company★
(Commercial banking and trust business)
Two World Trade Center,
79th—81st Floors,
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Fax: 1-212-321-9649
Telex: 425777

Fuji Bank Canada★
(Commercial banking)
BCE Place, Canada Trust Tower,
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161 Bay Street,Toronto,
Ontario M5J 2S1, Canada
Phone: 1-416-865-1020
Fax: 1-416-865-9618
Telex: 06-22094

Fuji Bank International, Inc.★
(Offshore banking)
International Building,
601 California Street, San Francisco,
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Fax: 1-415-362-4613
Telex: 176087

Fuji Capital Markets Corporation★
(Swaps and derivatives services)
Two World Trade Center, 80th Floor,
New York, New York 10048, U.S.A.
Phone: 1-212-898-2657
Fax: 1-212-321-9415
Telex: 425777

Fuji Futures Inc.★
(Futures commission merchant)
311 South Wacker Drive, Suite 2000,
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Fax: 1-312-294-8721

Fuji JGB Investment Holdings, Inc.★
(Holding company)
Two World Trade Center,
82nd Floor, New York,
New York 10048, U.S.A.
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Fax: 1-212-898-2770

Fuji JGB Investment L.L.C.★
(Investment company)
(Same address as above)

Fujilease Corporation★
(Leasing)
Two World Trade Center,
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Fax: 1-212-321-9649
Telex: 425777

Fuji Securities Inc.★
(Securities trading and dealing)
Two World Financial Center
South Tower 26th Floor, New York,
New York 10281, U.S.A.
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Fax: 1-212-786-3347

Heller Financial, Inc.★
(Commercial finance)
500 West Monroe Street,
Chicago, Illinois 60661, U.S.A.
Phone: 1-312-441-7000
Fax: 1-312-441-7499
31 offices in U.S.A.

Heller International Group, Inc.★
(Commercial finance)
(Same address as above)
18 countries

Heller Financial (Mexico), S.A. de CV★
Monte Elbruz No.124-8 Piso,
Polanco, Mexico D.F. 11550
Phone: 52-5-728-0900
Fax: 52-5-728-0905

Spring Capital Corporation
(Investment company)
c/o Two World Trade Center, 79th Floor,
New York, New York 10048, U.S.A.
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Fax: 1-212-898-2399

Spring Capital Holdings, Inc.
(Holding company)
Two World Trade Center, 82nd Floor,
New York, New York 10048, U.S.A.
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Fax: 1-212-898-2770

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■ America do Sul "Leasing" S.A. Arrendamento Mercantil

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■ Banco America do Sul S.A.

(Commercial and investment banking)
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Telex: 1137663

■ Yasuda Seguros S.A.

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Phone: 55-11-886-1411
Fax: 55-11-886-1160

■ Heller-Sud Servicios Financieros S.A.

(Commercial finance)
Maipu 311 Piso 1°, 1006 Buenos Aires,
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Phone: 54-1-394-0036
Fax: 54-1-394-0064

■ Heller Net-Sud

(Commercial finance)
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Fax: 56-2-661-4794

ASIA AND OCEANIA

Branches and Representative Offices

■ Bangkok International Banking Facility

6th Floor, Q. House Convent Building,
38 Convent Road, Silom, Bangrak,
Bangkok 10500, Thailand
Phone: 66-2-632-1900
Fax: 66-2-632-1919
Telex: 84433 FUJIBKB

■ Dalian Branch

14F, Dalian Senmao Building,
147 Zhongshan Lu, Dalian,
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The People's Republic of China
Phone: 86-411-3608348
Fax: 86-411-3608328
Telex: 86247 FJBKD CN

■ Hanoi Branch

Suite 404-407, 63 LTT Building,
63 Ly Thai To Street, Hanoi,
Socialist Republic of Vietnam
Phone: 84-4-826-6553
Fax: 84-4-826-6665
Telex: 411368 FJBKHAN VT

■ Hong Kong Branch

26th Floor Gloucester Tower,
The Landmark, 11 Pedder Street,
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Fax: 852-2810-0048
Telex: 74604 FUJBK HX

■ Labuan Branch

Kuala Lumpur Marketing Office
30th Floor, UBN Tower,
No.10, Jalan, P. Ramlee,
50250 Kuala Lumpur, Malaysia
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Fax: 60-3-201-5030
Telex: MA 30920 FUJLAK
Labuan Office
Level 10 (A) Main Office Tower Financial
Park Labuan, Jalan Merdeka, 87000 Federal
Territory of Labuan, Malaysia
Phone: 60-87-41-7766
Fax: 60-87-41-9766
Telex: MA85062FUJLAB

■ Manila Branch

26th Floor, Citibank Tower, Valero Street
corner Villar Street, Salcedo Village,
Makati City, Metro Manila, Philippines
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■ Seoul Branch

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■ Shanghai Branch

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■ Shenzhen Branch

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Fax: 886-2-25460559
Telex: 26087 FUJITPI

■ Beijing Representative Office
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19 Jianguo Men Wai Dajie, Beijing,
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Fax: 86-10-65002161
Telex: 22906 FJBBJCN

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Fax: 86-20-86663814
Telex: 44596 FJBGZCN

■ Kuala Lumpur Representative Office
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■ Nanjing Representative Office
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208 Guangzhou Road, Nanjing,
Jiangsu Province
The People's Republic of China
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Fax: 86-25-3319355

■ Tianjin Representative Office
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75, Nanjing Road, Tianjin,
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Fax: 86-22-23305489

Subsidiaries

■ Bangkok Fuji Holding Co., Ltd.★
(Consulting)
175 18th Floor Sathorn City Tower,
South Sathorn, Bangkok 10500, Thailand

■ P.T. Fuji Bank International Indonesia★
(Commercial banking)
24th Floor, BII Plaza Tower II
Jalan M.H. Thamrin No. 51,
Jakarta 10350, Indonesia
Phone: 62-21-3925222
Fax: 62-21-3926354
Telex: 69142 FBII IA

■ Fuji Capital Markets (HK) Limited★
(Swaps and derivatives services)
2502 Gloucester Tower, The Landmark,
11 Pedder Street, Central, Hong Kong
Phone: 852-2537-3815
Fax: 852-2826-4891

■ The Fuji Futures (Singapore) Pte., Limited★
(Operations in financial futures markets)
Six Battery Road #13-16,
Singapore 049909
Phone: 65-2213633
Fax: 65-2273038

■ Fuji International Finance (Australia) Limited★
(Corporate and merchant banking)
Level 28, Maritime Centre, 201 Kent Street,
Sydney, N.S.W. 2000, Australia
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Fax: 61-2-9235-1750
Telex: 27307

■ Fuji International Finance (HK) Limited★
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2601 Gloucester Tower, The Landmark,
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Phone: 852-25217233
Fax: 852-28459177
Telex: 76884 FIFHK HX

■ Fuji International Finance (Singapore), Limited★
(Investment banking)
1 Raffles Place, #26-02, OUB Centre,
Singapore 048616, Singapore
Phone: 65-439-7600
Fax: 65-536-7364
Telex: RS24610 FUJIGIN

■ Heller Asia Capital (Singapore) Limited★
(Factoring)
6 Shenton Way, #20-08, DBS Building,
Tower 2, Singapore 068809
Phone: 65-226-3822
Fax: 65-222-3198
Telex: 23339

■ Heller Financial Services Limited★
(Factoring)
234 Sussex Street, 6th Floor,
Sydney, N.S.W. 2000, Australia
Phone: 61-2-9372-2388
Fax: 61-2-9267-6032
Telex: 27500

■ Kwong On Holdings Limited★
(Holding company)
Asia Standard Tower,
59-65 Queen's Road,
Hong Kong

Affiliates

■ China Kang Fu International Leasing Co., Ltd.
(Leasing)
Building No.3, Xiyuan Hotel, Erligou,
Haidian District, Beijing,
The People's Republic of China
Phone: 86-10-6831-2540
Fax: 86-10-6831-1528
Telex: 222757 CKFLC CN

■ East Asia Heller Limited
(Factoring)
Suite 5904-07, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
Phone: 852-2-8272336
Fax: 852-2-8272632
Telex: 74142

■ Heller Factoring (M) Sdn. Bhd.
(Factoring)
Suite 08.04, Level 8, Menara Lion 165 Jalan,
Kuala Lumpur, Malaysia Ampang, 50450
Phone: 60-3-262-6827
Fax: 60-3-262-6652

■ P.T. Jaya Fuji Leasing Pratama
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Fax: 62-21-325430
Telex: 61683 JFL IA

■ Thai Farmers Heller Factoring Co., Ltd.
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Bangkok 10310, Thailand
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Fax: 66-2-2755165

EUROPE AND THE MIDDLE EAST

Branches and Representative Offices

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Phone: 49-211-16930
Fax: 49-211-1789150
Telex: 8587388

London Branch
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Fax: 44-171-588-1400
Telex: 886352

Paris Branch
26 Avenue des Champs-Elysées,
75008 Paris, France
Phone: 33-1-4413-6000
Fax: 33-1-4413-6060
Telex: 641779

Bahrain Representative Office
Manama Center, Part 4,
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Manama, Bahrain
Phone: 973-224158
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Telex: 9415

Tehran Representative Office
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Fax: 98-21-8723449
Telex: 215132

Subsidiaries

Fuji Bank (Luxembourg) S.A.★
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Fuji Bank Nederland N.V.★
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Fuji Bank (Schweiz) AG★
(Commercial and investment banking)
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Fuji Capital Markets (UK) Limited★
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Fuji International Finance PLC★
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Fax: 49-211-1789150
Telex: 8587388 ~ 9

Fuji Leasing (UK) Limited★
(Leasing)
River Plate House, 7-11 Finsbury Circus,
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Phone: 44-171-826-3219
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Telex: 886352

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Telex: 19008

OB Heller A.S.
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Fax: 44-181-681-8072
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DOMESTIC OFFICES, SUBSIDIARIES AND AFFILIATED COMPANIES

(as of March 31, 1999)

The Fujigin Credit, Ltd.
Established: November 1974
Capitalization: ¥38,900 million
Percentage of Ownership: 100%

Fujigin Marketing Service, Ltd.
Established: March 1988
Capitalization: ¥10 million
Percentage of Ownership: 100%

Fuji Securities Co., Ltd.
Established: October 1994
Capitalization: ¥25,000 million
Percentage of Ownership: 100%

The Fuji Trust and Banking Co., Ltd.
Established: June 1996
Capitalization: ¥10,000 million
Percentage of Ownership: 100%

Fuji International Business Service Co., Ltd.
Established: April 1993
Capitalization: ¥20 million
Percentage of Ownership: 100%

Fuji Career Bureau, Ltd.
Established: May 1983
Capitalization: ¥70 million
Percentage of Ownership: 100%

Fujigin Kousei Service, Ltd.
Established: March 1988
Capitalization: ¥10 million
Percentage of Ownership: 100%

Fuji Total Service, Ltd.
Established: March 1996
Capitalization: ¥20 million
Percentage of Ownership: 100%

Fuji Business Agency, Ltd.
Established: November 1978
Capitalization: ¥50 million
Percentage of Ownership: 100%

Fuji Business Service, Ltd.
Established: June 1974
Capitalization: ¥20 million
Percentage of Ownership: 100%

The Fuji Sogo Kanri Co., Ltd.
Established: December 1994
Capitalization: ¥300 million
Percentage of Ownership: 100%

Fuyo General Lease Co., Ltd.
Established: May 1969
Capitalization: ¥4,800 million
Percentage of Ownership: 5%

Fuyo Auto Lease Co., Ltd.
Established: January 1987
Capitalization: ¥240 million
Percentage of Ownership: 5%

Fujigin Factors, Ltd.
Established: April 1978
Capitalization: ¥500 million
Percentage of Ownership: 5%

Fujigin Capital Company
Established: July 1983
Capitalization: ¥450 million
Percentage of Ownership: 5%

Fuji Investment Management Co., Ltd.
Established: September 1993
Capitalization: ¥2,050 million
Percentage of Ownership: 38.6%

Fujigin Software Service, Ltd.
Established: August 1982
Capitalization: ¥50 million
Percentage of Ownership: 5%

Fujigin Operation Service, Ltd.
Established: June 1985
Capitalization: ¥20 million
Percentage of Ownership: 5%

Fuji Research Institute Corporation
Established: October 1988
Capitalization: ¥1,600 million
Percentage of Ownership: 5%

The Fudosan Appraisal Service, Ltd.
Established: March 1982
Capitalization: ¥20 million
Percentage of Ownership: 5%

Japan Mortgage Co., Ltd.
Established: June 1973
Capitalization: ¥1,400 million
Percentage of Ownership: 5%

The Diners Club of Japan, Inc.
Established: December 1960
Capitalization: ¥200 million
Percentage of Ownership: 5%

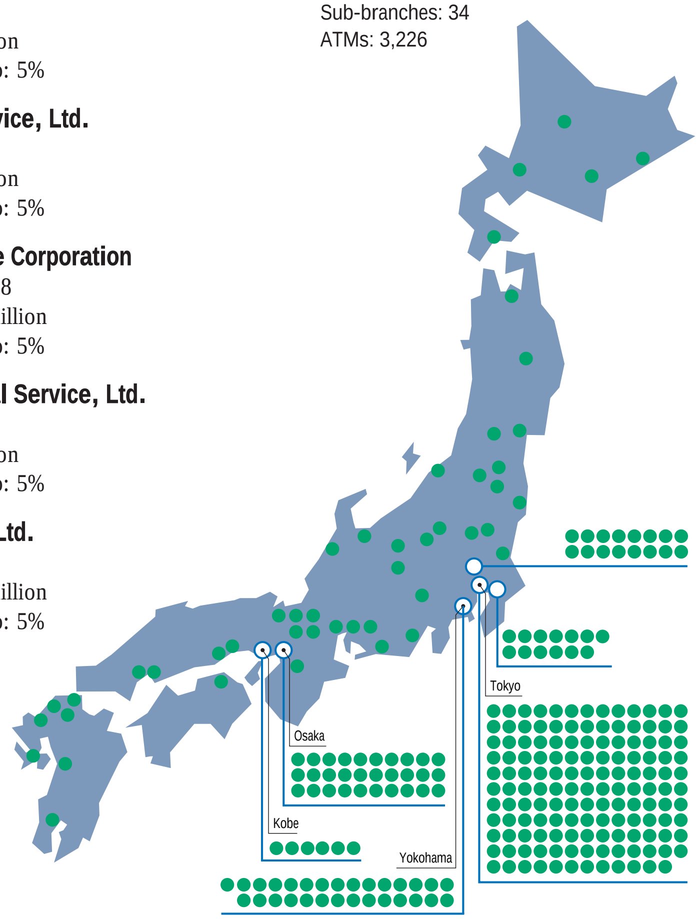
Daito Securities Co., Ltd.
Established: November 1927
Capitalization: ¥3,051 million
Percentage of Ownership: 20.7%

The Yasuda Trust and Banking Co., Ltd.
Established: May 1925
Capitalization: ¥337,231 million
Percentage of Ownership: 56.3%

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.
Established: April 1999
Capitalization: ¥40,000 million
Percentage of Ownership: 50%

DOMESTIC BRANCH NETWORK

Branches: 284
Sub-branches: 34
ATMs: 3,226



Financial Reports

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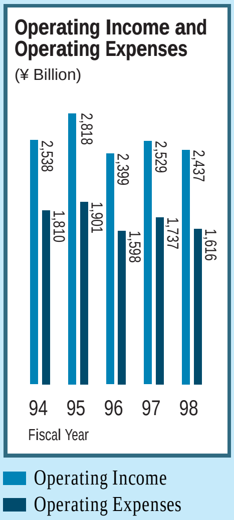
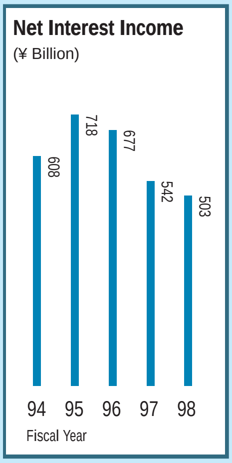
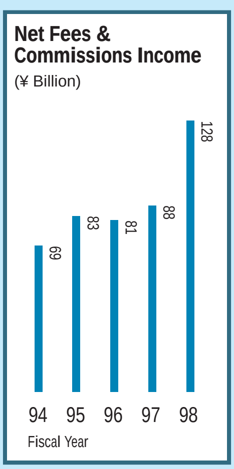
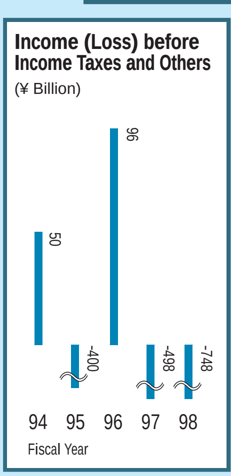








FISCAL 1998 IN REVIEW (CONSOLIDATED)

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

	Billions of yen		
Fiscal Year	**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

	Billions of Yen		
Fiscal Year	**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,	1999	1998	Change
	Billions of yen		
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)

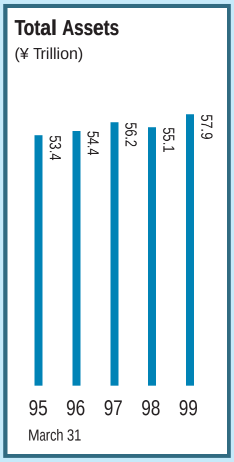
Fiscal Year	1998	1997	Change
	Billions of yen		
Capital Ratio	**11.21%**	9.41%	1.80%
Tier I Ratio	**5.73%**	4.79%	0.93%
Total Capital	**¥ 4,617.2**	¥ 3,554.5	¥1,062.6
Tier I	**2,358.5**	1,809.8	548.7
Tier II: Qualifying Capital	**2,258.6**	1,744.6	513.9
Unrealized Gains on Securities, after 55% Discount	**—**	—	—
Reserve for Possible Loan Losses, excluding Specific Reserves	**261.4**	120.7	140.6
Land Revaluation Accoount	**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)

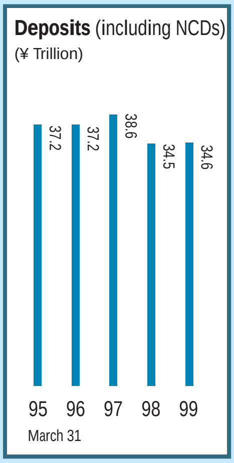
BIS Capital Ratio

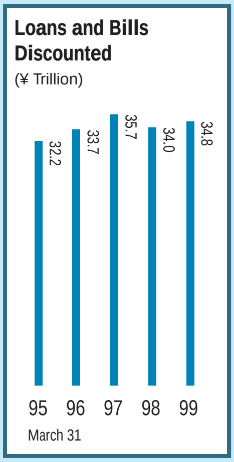
Total Capital under BIS standards increased by ¥1,062.6 billion from the previous year to ¥4,617.2 billion. This was due to the issuance of ¥216.9 billion of common stock through third-party allotment and the ¥1 trillion injection of public funds (of which ¥800 billion is included in Tier I Capital,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

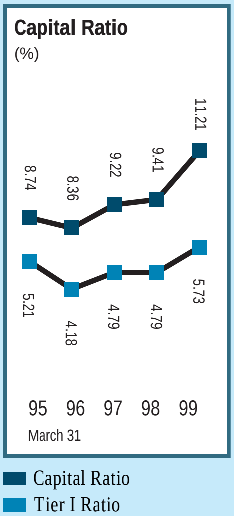
Risk-Adjusted Assets increased by ¥3,396.0 billion from the previous year to ¥41,155.6 billion. This was mainly due to the acquisition of Yasuda Trust as a subsidiary, and the increase in the number of consolidated companies in accordance with the application of the new consolidation guidelines, while 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.





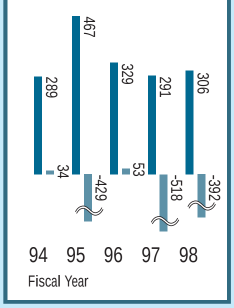




FISCAL 1998 IN REVIEW (NON-CONSOLIDATED)

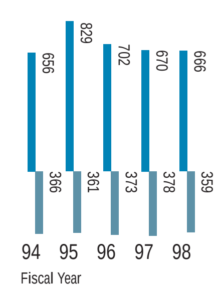
The Fuji Bank, Limited

Net Business Profits and Net Income
(¥ Billion)



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

Gross Profits and Adjusted General & Administrative Expenses
(¥ Billion)



Gross Profits
Adjusted General & Administrative Expenses

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.

Earnings Performance

Earnings Performance

	Billions of yen		
Fiscal Year	**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

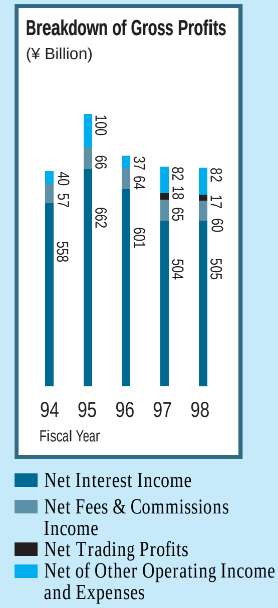
Breakdown of Gross Profits

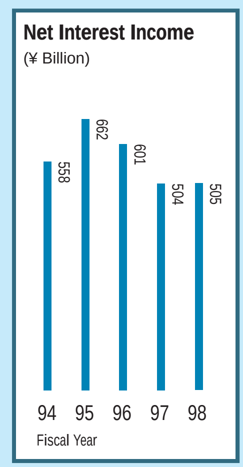
	Billions of yen		
Fiscal Year	**1998**	1997	Change
Net Interest Income	**¥505.4**	¥504.2	¥ 1.2
Domestic	**381.5**	350.2	31.2
International	**123.9**	153.9	(30.0)
Net Fees & Commissions Income	**60.7**	65.0	(4.2)
Domestic	**38.5**	39.0	(0.4)
International	**22.2**	25.9	(3.7)
Net Trading Profits	**17.9**	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.

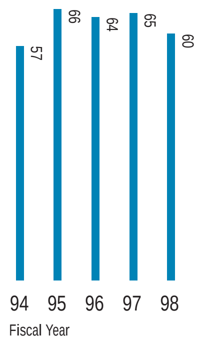
Analysis of Interest Income

	Billions of yen					
	Average balance			Yield		
Fiscal Year	**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%





Net Fees & Commissions Income
(¥ Billion)



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.

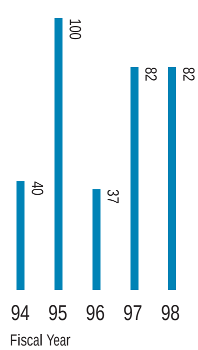
3. *Net Trading Profits*

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

	Billions of yen		
Fiscal Year	**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)

Net of Other Operating Income and Expenses
(¥ Billion)



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

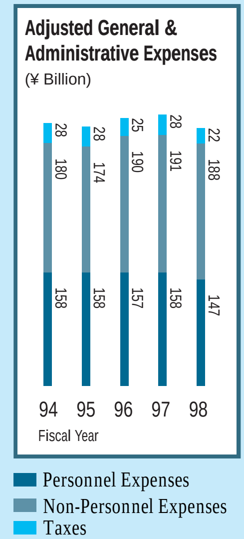
	Billions of yen		
Fiscal Year	**1998**	1997	Change
Personnel Expenses	**¥147.9**	¥158.5	¥(10.5)
of which is Wages and Allowances	**125.0**	135.2	(10.2)
Non-Personnel Expenses	**188.8**	191.1	(2.2)
Taxes	**22.7**	28.8	(6.1)
Adjusted General and Administrative Expenses	**¥359.5**	¥378.5	¥(18.9)

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.

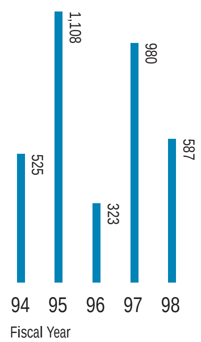


Net of Other Income and Expenses, Income (Losses) before Income Taxes, Net Income (Losses)

Breakdown of Net of Other Income and Expenses

	Billions of yen		
Fiscal Year	**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)

Expenses Relating to Portfolio Problems
(¥ Billion)



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,	1999 (Billions of yen)	1998 (Billions of yen)	Change (Billions of yen)
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

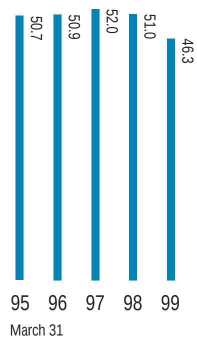
Cash and Due from Banks decreased by ¥721.0 billion from the previous year to ¥2,028.8 billion, mainly due to the large reduction in Deposits with Banks from the standpoint of efficient asset allocation in international operations.

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.

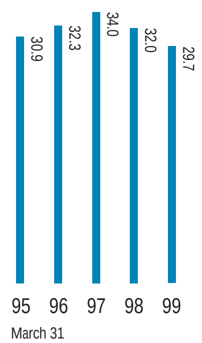
Total Assets

(¥ Trillion)



Loans and Bills Discounted

(¥ Trillion)



Loans and Bills Discounted

Breakdown of Loans and Bills Discounted

	Billions of yen		
March 31,	**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

	Billions of yen		
March 31,	**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

	Billions of yen		
March 31,	**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.

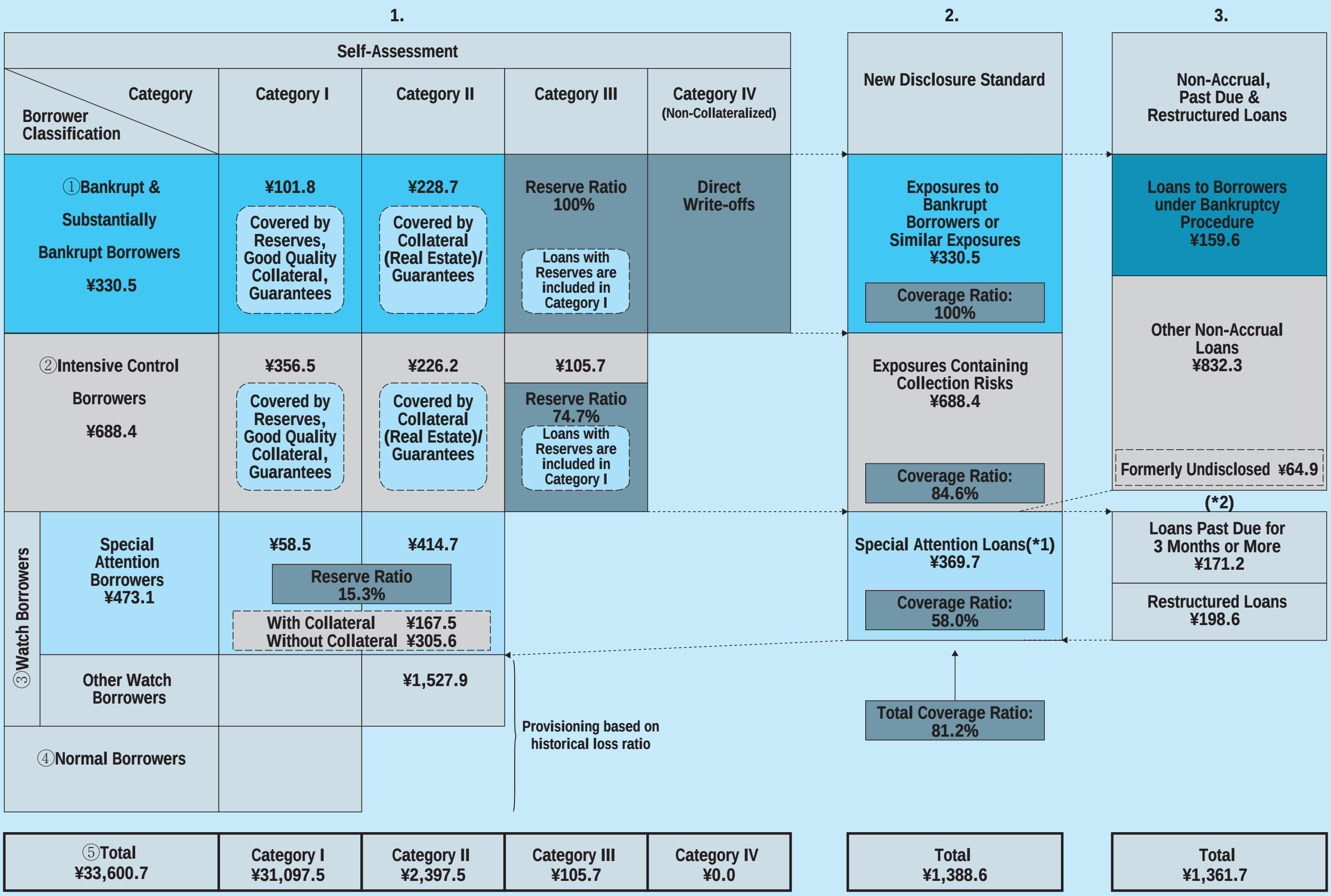
The Japanese financial institutions still face difficult conditions. However, the Bank will continue to improve its profitability by further enhancing its business base and strengthening its management structure, accumulate retained earnings, and endeavor to maintain stable dividend payments throughout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

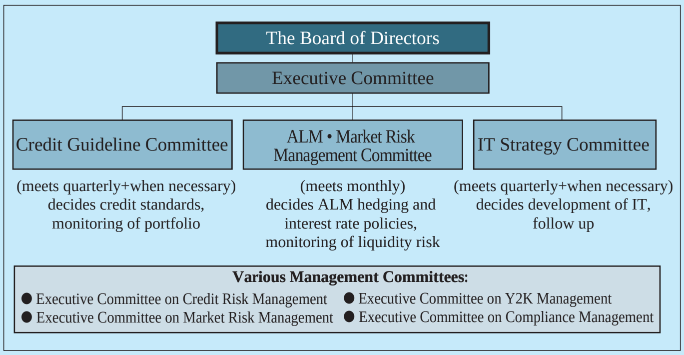
3. Non-Accrual, Past Due, and Restructured Loans (Chart 3)

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.

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.

***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.

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

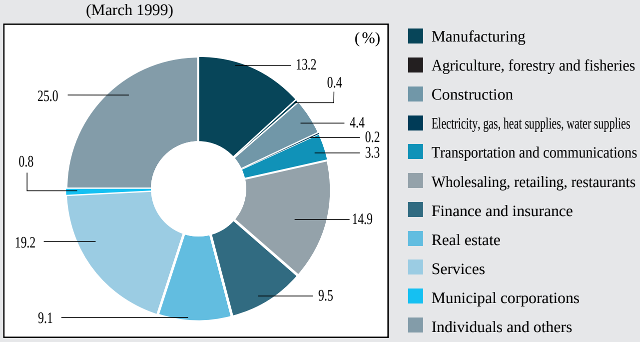
While assessing and managing individual projects and proposals is important, we also go to great lengths to ensure the overall soundness of our loan assets by analyzing and managing the loan portfolio, which is the aggregate of all individual loans.

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.

[Chart 1] Breakdown of Loan Portfolio (by business sector)
(March 1999)



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

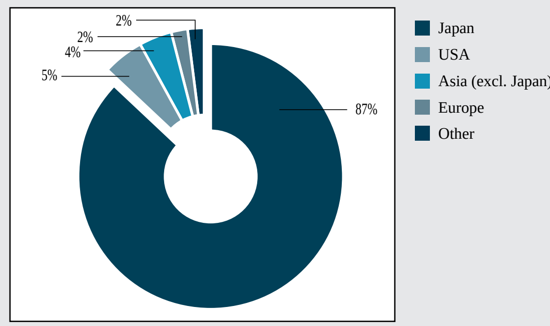
(2) Breakdown of Loan Portfolio by Region

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.

[Chart 2] Breakdown of Loan Portfolio (by region)
(March 1999)



Note: Non-consolidated basis.

[Table 1] Loans to Asian Countries

	Millions of U.S. dollars						
				Private Sector			
	Balance	Public Sector/ Financial Institution	Project Finance	Total	Japanese	(% of total)	Non-Japanese
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.

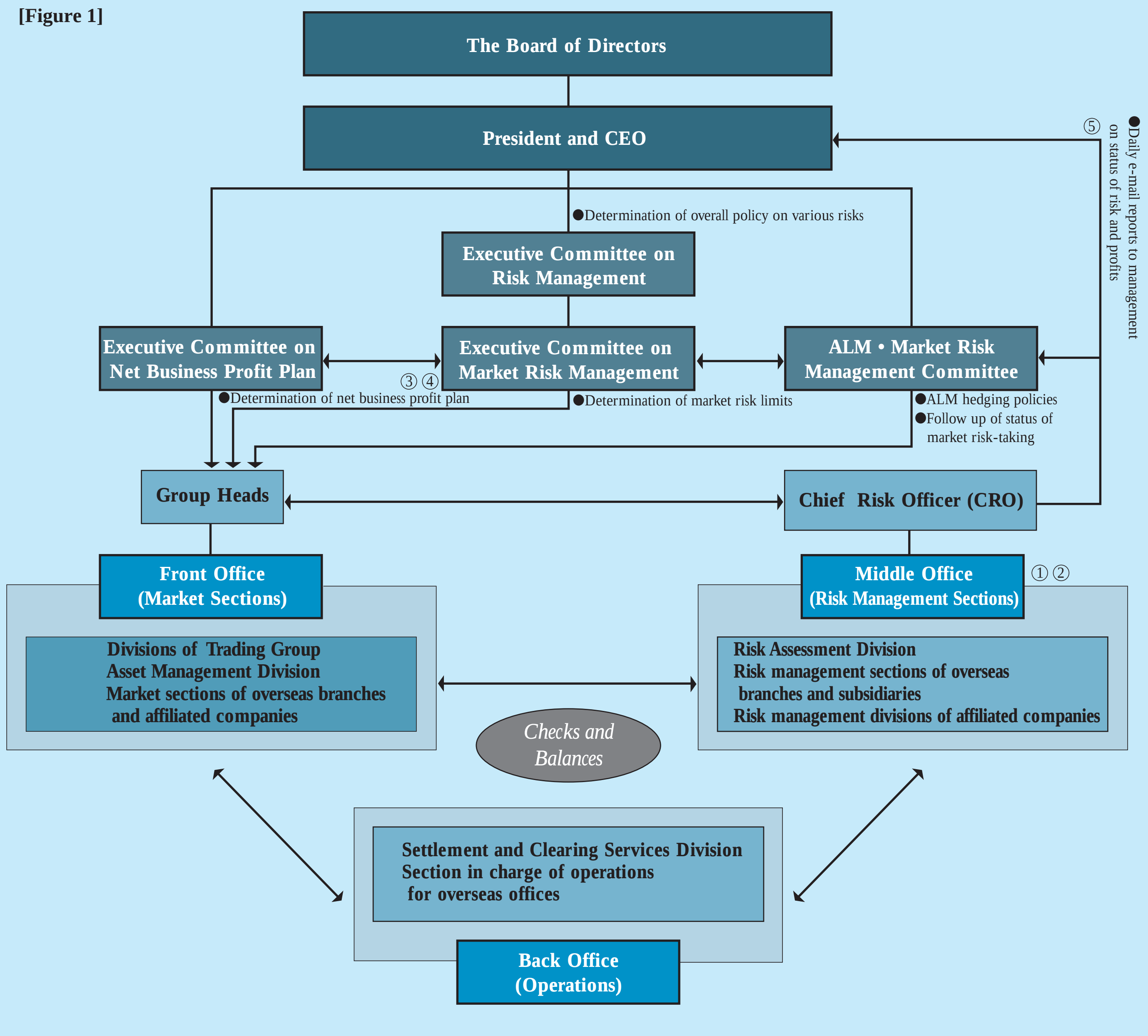
Ⅱ. Market Risk Management and Derivative Transactions

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.

[Figure 1]



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.

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.

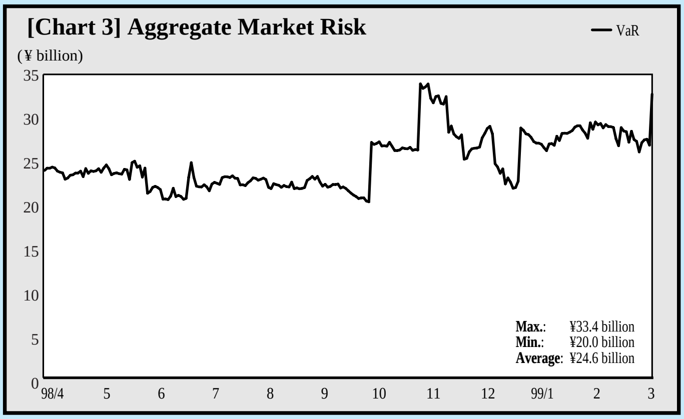
3. Overall Market Risk Activities

(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.

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.

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



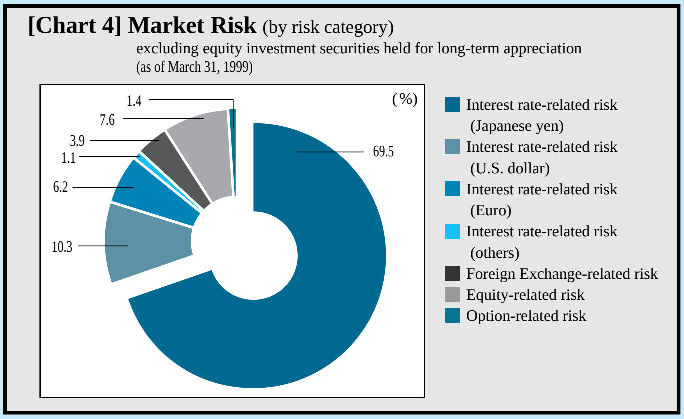
* The standards used for calculating VaR in Chart 3 are as follows. From this fiscal year, the figure used for the confidence interval was altered from 97.5% to 99.0%.

- 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
- Measurement models: variance/covariance method (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		
March 31, 1999	1 year or less	1-5 years	5 years or more
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 accured 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.

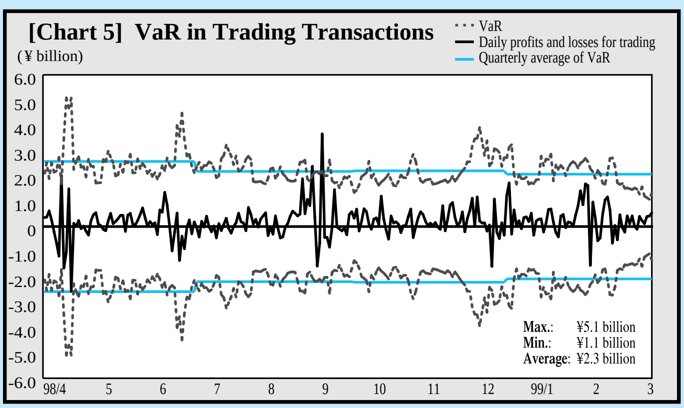
[Table 4] Close-out and Credit Cost

	Billions of yen	
March 31, 1999	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.

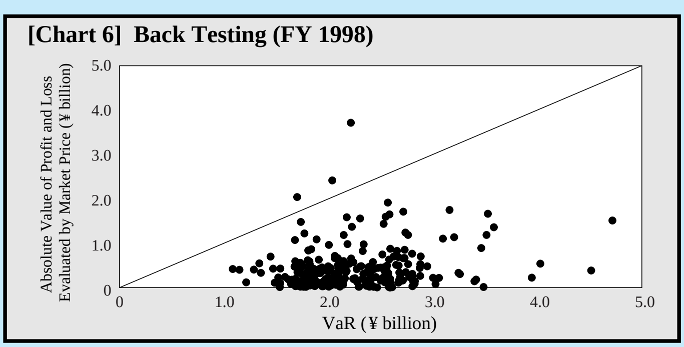
(1) VaR



[Chart 5] VaR in Trading Transactions

(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.



[Chart 6] Back Testing (FY 1998)

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.

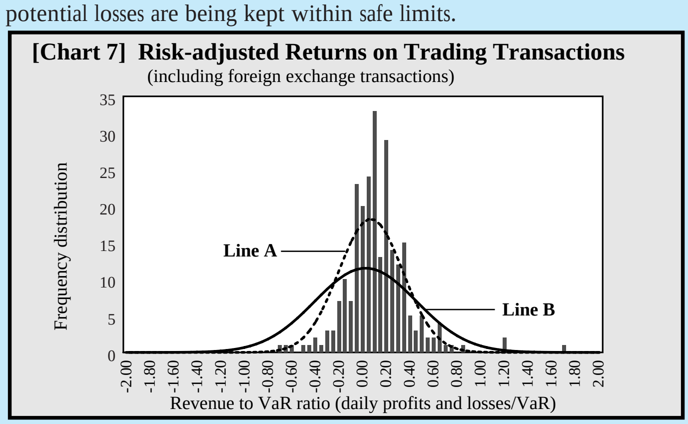
We use two approaches to stress testing. The first scenario postulates a confidence interval that, at 99.9%, is tougher than usual while maintaining the correlation between market risk factors. The second postulates the most extreme price movement based on historical price fluctuation data over a period 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] Risk-adjusted Returns on Trading Transactions
(including foreign exchange transactions)

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)

	Billions of yen			
	Notional amount		Credit risk equivalent (BIS base)	
March 31,	**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)

	Billions of yen	
March 31,	**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.

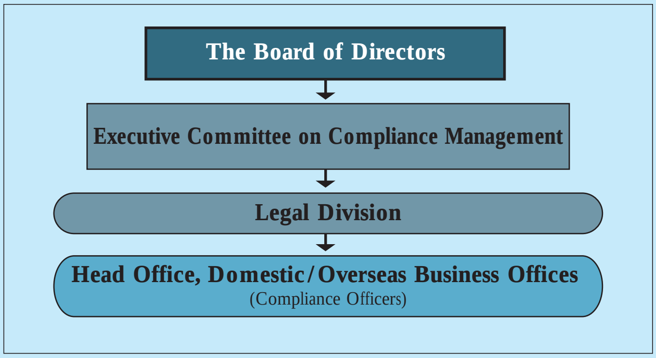
We also compile compliance manuals to serve as detailed guides to our corporate principles of behavior, scope of activities and the key laws, ordinances and in-house rules that have to be observed. These manuals are distributed to all employees, who are expected to become very familiar with its contents.

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

Years ended March 31,	Millions of yen				
	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.

Balance Sheets

March 31,	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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.

March 31,	Millions of yen 1999	1998	Thousands of U.S. dollars (Note 1) 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

CONSOLIDATED

Statements of Income

Years ended March 31,	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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 1999	Yen 1998	U.S. dollars (Note 1) 1999
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 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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.

Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended March 31,	**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

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."

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.

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

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 year or less	Due after one year	Total
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.

Year ended March 31, 1999	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
	Millions of yen						
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	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
	Millions of yen						
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,	1999	1998
	Millions of yen	
(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.

CONSOLIDATED

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.

Balance Sheets

March 31,	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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.

NON-CONSOLIDATED

March 31,	Millions of yen 1999	1998	Thousands of U.S. dollars (Note 1) 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

NON-CONSOLIDATED

Statements of Income

Years ended March 31,	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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.

Statements of Cash Flows

Years ended March 31,	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 1) 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

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							
	1999				1998			
	Book	Market	Unrealized gain (loss)		Book	Market	Unrealized gain (loss)	
March 31,	value	value	Net	Loss portion	value	value	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)		
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:

	Billions of yen	
March 31,	**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

Interest Rate Transactions

Billions of yen

March 31,	1999 Contract value Total	1999 Contract value Term over one year	1999 Option premium*	1999 Market value	1999 Unrealized gain (loss)	1998 Contract value Total	1998 Contract value Term over one year	1998 Option premium*	1998 Market value	1998 Unrealized gain (loss)
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 transactiions 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 One year or loss	1999 More than one year to three years	1999 Over three years	1999 Total	1998 One year or loss	1998 More than one year to three years	1998 Over three years	1998 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.

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

	Billions of yen					
	1999			1998		
March 31,	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

	Billions of yen							
	1999				1998			
	Contract value				Contract value			
March 31,	Total	Term over one year	Market value	Unrealized gain (loss)	Total	Term over one year	Market value	Unrealized gain (loss)
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 Contract value	1999 Market value	1998 Contract value	1998 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)
A$	**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 Contract value	1999 Option premium*	1998 Contract value	1998 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.

NON-CONSOLIDATED

Securities Transactions

	Billions of yen									
	1999					1998				
	Contract value					Contract value				
March 31,	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)	Total	Term over one year	Option premium*	Market value	Unrealized gain (loss)
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)
Cver 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.

NON-CONSOLIDATED

Bond-Related Transactions

Billions of yen

March 31,	1999 Contract value Total	1999 Contract value Term over one year	1999 Option premium*	1999 Market value	1999 Unrealized gain (loss)	1998 Contract value Total	1998 Contract value Term over one year	1998 Option premium*	1998 Market value	1998 Unrealized gain (loss)
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:

Billions of yen

March 31,	1999 Contract value	1999 Option premium*	1999 Market value	1998 Contract value	1998 Option premium*	1998 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.

NON-CONSOLIDATED

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.

Earnings Performance

Average Balances, Interest and Average Interest Rates

	Billions of yen								
	1999			1998			1997		
Years ended March 31,	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

	Billions of yen								
	1999			1998			1997		
Years ended March 31,	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.”

	Billions of yen								
	1999			1998			1997		
Years ended March 31,	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

	Billions of yen		
March 31,	**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,	1999	1998	1997
	Billions of yen		
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,	1999		1998		1997	
	Billions of yen					
	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

	Billions of yen					
	1999		1998		1997	
Years ended March 31,	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

	Billions of yen					
	1999		1998		1997	
March 31,	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

	Billions of yen					
	1999		1998		1997	
Years ended March 31,	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

March 31, 1999	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	Total
	Billions of yen						
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

March 31, 1999	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	Total
	Billions of yen						
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

March 31, 1999	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	Total
	Billions of yen							
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

	Billions of yen		
March 31, 1999	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

	1999				1998			
March 31,	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)
		years - months	*years - months*			*years - months*	*years - months*	
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

	Billions of yen		
March 31,	**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

	Billions of yen		
March 31,	**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) – Ⓐ :			
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) – Ⓑ :			
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 (Ⓐ – Ⓑ):			
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

	Billions of yen		
March 31,	**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

	Billions of yen		
March 31,	**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

	Billions of yen		
March 31,	**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	1999 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	1999 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

	Yen		
Years ended March 31,	**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
Osaka Securities Exchange
Kyoto Stock Exchange
Sapporo Stock Exchange
London 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.

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FUJI BANK