

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS (September 30, 1999 / Unaudited)

November 19, 1999  
The Asahi Bank, Ltd.  
1-1-2 Otemachi, Chiyoda-ku, Tokyo, Japan

### 1. Financial Highlights (Six months ended September 30, 1999)

#### (1) Business Results

	Ordinary Income	Change from previous interim	Ordinary Net Income	Change from previous interim	Net Income	Change from previous interim	Net Income per share	Net Income per share (latent equity adjusted)
	million yen		million yen		million yen		yen sen	yen sen
Sep. 30, 1999	418,996	- %	33,193	- %	17,046	- %	5 18	4 72
Sep. 30, 1998	-	- %	-	- %	-	- %	-	-
Mar. 31, 1999	950,487		-412,040		-254,065		-106 11	-

Note: (1) Equity in net loss of affiliated companies : -146 million yen (Six months ended September 30, 1999)  
Equity in net loss of affiliated companies : - million yen (Six months ended September 30, 1998)  
Equity in net loss of affiliated companies : -53 million yen (Fiscal year ended March 31, 1999)  
(2) Change of accounting policies : (See note of consolidated balance sheet)

#### (2) Financial Position

	Total Assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share	Capital ratio (BIS standard)
	million yen	million yen		yen sen	
Sep. 30, 1999	28,904,053	1,381,962	4.8%	345 68	11.92%
Sep. 30, 1998	-	-	- %	-	9.19%
Mar. 31, 1999	29,296,192	1,370,325	4.7%	341 02	11.90%

Note: (1) Unrealized gains on securities : 447,483 million yen (As of September 30, 1999)  
(2) Unrealized losses on derivatives : 40,712 million yen (As of September 30, 1999)

#### (3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and Cash Equivalents
	million yen	million yen	million yen	million yen
Sep. 30, 1999	-182,256	78,986	-7,240	491,908
Sep. 30, 1998	-	-	-	-
Mar. 31, 1999	-	-	-	-

#### (4) Principles of Consolidation and the application of the equity method

Number of consolidated subsidiaries : 26  
Number of nonconsolidated subsidiaries applying the equity method : -  
Number of affiliated companies accounted for by the equity method : 6

### 2. Forecast of This Term's Performance (April 1, 1999 - March 31, 2000)

	Ordinary Income	Ordinary Net Income	Net Income
	million yen	million yen	million yen
Mar. 31, 2000	850,000	55,000	30,000

Reference : Forecast of Net Income per share for Fiscal Year (Consolidated) 8yen 89sen (Nonconsolidated) 8yen 89sen

#### (Reference) Nonconsolidated Financial Highlights (April 1, 1999 - September 30, 1999)

	Ordinary Income	Change from previous interim	Ordinary Net Income	Change from previous interim	Net Income	Change from previous interim
	million yen		million yen		million yen	
Sep. 30, 1999	393,555	-14.8%	35,753	161.1%	18,314	55.1%

	Net Income per share	Total Assets	Stockholders' equity
	yen sen	million yen	million yen
Sep. 30, 1999	5 63	28,217,296	1,383,700



### **(3) Dividend Policy**

The Bank maintains a policy of stable dividend payments. Considering that the Bank accepted an infusion of public funds in March 1999 and the need to conserve retained earnings to reinforce its financial position, management declared an interim cash dividend of ¥3.00 per share of common stock.

In the future, as the Bank implements its Management Plan to Bolster Sound Operations to strengthen earnings power and upgrade management efficiency, its policy will continue to emphasize stable dividend payments and a sound equity base.

### **(4) Progress in Management Plan to Bolster Sound Operations**

Asahi Bank is aggressively implementing its management plan to enhance smooth lending operations by strengthening its financial base, bolster earnings power and raise management efficiency through restructuring, and conduct operations consistent with the purpose of injecting public funds.

#### *Progress and Targets*

	Mar. 2000 Targets	As of Sept. 1999
Net operating profit (nonconsolidated)	¥129.5 bil.	¥82.2 bil.
Ordinary net income (nonconsolidated)	¥45.5 bil.	¥35.7 bil.
Net income (nonconsolidated)	¥27.3 bil.	¥18.3 bil.
BIS capital ratio (consolidated)	11.20%	11.92%
Employees (in-house)	12,400	12,642
Domestic branches	332	331
Overseas branches	10	12

Domestic loans	¥19,179.5 bil.	¥19,558.2 bil.
To small- and medium-sized businesses	¥7,590.6 bil.	¥7,890.9 bil.

## **(5) Key Tasks**

The financial industry has entered a period of intense market competition, sparked by sweeping changes in the operating environment and industry consolidation through unprecedented mergers and alliances. In view of these changes, along with aggressively carrying out the fourth medium-term management plan discussed above, the Bank will establish a financial holding company with The Tokai Bank, Ltd. that will serve as the core of a plan to develop a multi-regional bank.

## **(6) Establishing a Financial Holding Company with Tokai Bank**

In September 1998, Asahi Bank and Tokai Bank agreed to enter into a strategic alliance. Over the past year, the two banks have developed measures for enhancing efficiency and customer convenience through mutual consultations. As a result, the two banks have decided to concentrate resources into the medium-sized and small corporate and retail banking markets, with the aim of being the leading bank in this field in each region as Japan's first multi-regional bank. On October 7, 1999, the two banks agreed to establish a financial holding company covering both banks, including subsidiaries, under its umbrella.

With the new holding company as the core, we will invite the participation of a wide range of strong regional banks as well as financial institutions in other sectors to create a new financial group with a powerful presence in the small and medium-sized corporate and retail markets.

## **Outline of the Planned Financial Holding Company**

1. The plan calls for establishing the holding company in October 2000 through transfers and exchanges of shares. The two banks will become wholly owned subsidiaries of the holding company. A profile of the holding company is as follows:

- Corporate name: Tokai-Asahi Holding Co., Ltd. (tentative English name)
- Head Office: 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo  
Nagoya Headquarters: 21-24, Nishiki 3-chome, Naka-ku, Nagoya
- Chairman: Tatsuro Itoh (currently President, Asahi Bank)
- President: Hideo Ogasawara (currently President, Tokai Bank)
- Board of Directors: Six full-time members
- Stock swap rate: It is the intention of the two banks that an equal number of shares of the holding company will be allocated for each share of the respective banks, or a ratio of 1 to 1 between Asahi Bank and Tokai Bank. However, the final allocation ratio shall be determined after taking into consideration an assessment by third parties.

2. Assuming that a legal system is in place for dividing up companies and a consolidation based tax system is implemented, by October 2001 the wholly owned subsidiaries shall be reorganized into four companies from the perspective of regional and functional focus, namely, three regional bank subsidiaries based on the three major economic regions and one product subsidiary.

3. Following this reorganization, the holding company shall be in charge of group-wide strategic planning and coordination of unified infrastructure, and the management framework. Efficient management by a small number of professionals will ensure the autonomy of subsidiaries and rapid decision making.

#### 4. Reorganization of Affiliates:

Businesses and functions of trust subsidiaries, administration and systems companies, investment trust and investment advisory companies, venture capital subsidiaries, and research institutes of the two banks will be reassessed for possible reorganization and integration. Also, assessments of other affiliated companies will be made promptly.

## **2. Management Results**

### **(1) Results for the Interim period ended September 1999**

For the interim period under review, Asahi Bank recorded consolidated ordinary income of ¥418.9 billion, ordinary net income of ¥33.1 billion and net income of ¥17.0 billion. Banking, centered on the parent company, accounts for the largest portion of operations. Other activities include trust operations and finance-related businesses.

Ordinary income on a nonconsolidated basis for the interim period fell ¥68.6 billion year-on-year to ¥393.5 billion, largely the result of a drop in revenue from funds under management reflecting lower interest rates. However, net operating profit, which reflects the performance of core business operations, rose ¥13.0 billion year-on-year to ¥82.2 billion. This increase was led by continued firm growth in housing loans, which are high-quality assets, as well as a surge in interest income from domestic operations as a result of an improved net interest margin amid lower market interest rates. Despite lower gains on securities, disposal of nonaccrual loans declined to approximately ¥60 billion, and ordinary net income grew ¥22 billion year-on-year to ¥35.7 billion. After gains and losses on disposition of real estate/premises and equipment, taxes and other adjustments, nonconsolidated net income for the interim period rose ¥6.5 billion to ¥18.3 billion.

The consolidated BIS capital ratio rose 0.02% to 11.92%.

### **(2) Outlook for the Full Term**

In view of the prolonged economic downturn and dramatic change in the operating environment for financial institutions, the Bank and its consolidated subsidiaries will make an integrated effort to strengthen earnings power and improve risk management capabilities.

For the fiscal year ending March 31, 2000, management forecasts consolidated ordinary income of ¥850 billion, ordinary net income of ¥55 billion and net income of ¥30 billion.

On a nonconsolidated basis, management forecasts ordinary income of ¥800 billion, ordinary net income of ¥55 billion and net income of ¥30 billion.

## The Year 2000 Problem

The Asahi Bank, Ltd.

### (1) Coping with the Year 2000 Problem

#### a. Asahi Bank's policy for coping with the Year 2000 Problem

It is feared that if one financial institution fails to take appropriate measures with regard to the Year 2000 Problem, this may affect not only that one institution itself but could also lead to a chain of chaos affecting others as well. Asahi Bank realizes this full well. We are therefore regarding the Year 2000 Problem not simply as a problem of computer systems, but rather as a management issue of the utmost importance, and are promoting countermeasures and managing the state of progress throughout the whole of the Asahi Bank Group, including foreign offices and affiliated companies.

Moreover, we are taking measures to ensure that all personnel of the Bank understand and share the information on this issue, through making use of an internal journal, internal video, electric billboard, etc.

#### b. Our procedures for coping with the Year 2000 Problem

In order to plan countermeasures against the Year 2000 Problem that consider the whole of the Asahi Bank Group, the Bank's Deputy President has been put in charge and the various divisions in the Bank are working in coordination to promote countermeasures, with the 'Year 2000 Problem Countermeasures Committee' – in which the principal directors and departmental general managers participate – playing the central role, and checks are being carried out by the Inspection Department and Audit Office. The 'Year 2000 Problem Countermeasures Committee' meets at least once a month to report on the state of efforts with regard to this very important matter and to discuss countermeasures.

Moreover, the state of progress in coping with the Year 2000 Problem is reported to the Executive Committee, and is considered by the top management of the Bank (including the Chairman and the President). Reports are also made as necessary to the Board of Directors.

#### c. The current situation regarding coping with the Year 2000 Problem

In January 1997, a project team was formed and investigations were started. Then in July of the same year, a framework for promoting Year 2000 Problem countermeasures throughout the Asahi Bank Group was created, and modification/checking work was started, with this work targeting not only hardware/software and system devices such as communications devices, but also other equipment that contains microchips, such as safes, elevators, air-conditioning systems and security systems. The checks have covered



not only systems developed by our Bank but also systems supplied by external vendors. As a result of pushing forward with the above measures, all of the planned system countermeasures for the whole of the Asahi Bank Group were completely in place by June of this year.

We have also carried out external linking tests with the main account settlement systems both within Japan and abroad such as “the Zengin System”, “the BOJ-NET” and “Swift”, and by June it was confirmed that there are no problems. We also plan to take part in the Final Connection Verification Test scheduled for January 2, 2000.

And, with regard to tests for checking the connections to Asahi Bank’s EB (electronic banking) system services like personal computer services, etc. and other services involving the exchange of data (e.g., transfer services such as internal funds transfer services, regular payments and payment of salaries by bank transfer), a framework that enables daily testing has been established, and we have been promoting such testing by providing guidance through contacting customers, sending out mailings, etc.

In addition, it is considered vital for customers themselves to take measures for coping with the Year 2000 Problem. We are thus asking our customers to complete a questionnaire so that we can verify the state of their Year 2000 preparedness.

In order to make extra sure of our system countermeasures, we are conducting a ‘system freeze’, whereby changes will not generally be made to our systems from October 1999 to January 2000.

## (2) The cost of coping with the Year 2000 Problem

At the present time, we estimate that the total cost of measures related to the Year 2000 Problem for the Asahi Bank Group as a whole will be ¥7.2 billion. (This is the total of the cost of investment in hardware and software related to Year 2000 Problem countermeasures, the administration and maintenance costs up to the year 2000, and the development load for the Bank converted into monetary cost.)

The above cost only covers things that can clearly be seen to be measures against the Year 2000 Problem. It does not include the cost of renewal/modification work for which the main purpose is updating superannuated equipment or adding additional functions (it is estimated that this cost will be about ¥2.2 billion). We also took measures to represent years using 4-digit numbers when we built the so-called ‘3<sup>rd</sup> online system’, but again the cost involved is not included in the above.

### (3) Contingency plan

#### a. Preparation of contingency plan

Although as mentioned above we are taking systematic measures to avoid the occurrence of troubles related to the Year 2000 Problem, for example by conducting internal tests and external linking tests, it cannot be said that we have reduced the risk to zero (for example, there is a risk of influence from problems originating outside of the Asahi Bank Group, such as our infrastructure -- power supply, communications, transportation, etc. and customers' problems).

Being aware of this, we have worked on drawing up a contingency plan so that we will be prepared even if the worst should occur, considering when doing this the possibility of a number of problems occurring all at once (this is a particular feature of the Year 2000 Problem) and of domino effects which may occur. In June of this year, having been approved by the Board of Directors, the drawing up of the contingency plan was completed.

For example, we have drawn up a plan whereby we will be able to continue our banking services even if serious Year 2000 problems should occur. This involves measures such as backing up customers' data at the end of December and distributing paper copies of data to branches to ensure that customers will be able to withdraw their savings and make information inquires, stocking an additional 2-months supply of the forms used by customers in preparation for the possibility of printing coming to a standstill, and strengthening fund management in preparation for the possibility that the settlement of funds is affected at the end of the year.

#### b. Preparation of special plan for the year-end/New Year period

As part of the plan, during the year-end/New Year period (a time at which particularly careful attention is required), we will put together a special plan that covers the whole of the Asahi Bank Group; for example, we will establish a 'Year 2000 Problem Countermeasures Headquarters', which will form the base for our Year 2000 Problem strategies, and will seek to confirm the operational capability of all systems, equipment and business machines throughout the entire Asahi Bank Group, including foreign offices, starting at 12:00 am on January 1st. The 'Year 2000 Problem Countermeasures Headquarters' will consist of 8 divisions, for example the Trouble Countermeasures Division, which will be in charge of restoration work should any troubles arise, and the Branch Support Division, which will be in charge of controlling branches. This cross-group organization was created so that it is possible to cope with any problems promptly.

c. Execution of training

We are working to improve the effectiveness of our contingency plan through training, etc. We have conducted training in the event that there are problems with our cash lobby centers and clearing centers, etc. (July), our EB exclusive equipment (August), our market-linked systems such as dealing room systems (September), and certain of our infrastructure (October), and we have not only been conducting a rehearsal for checking countermeasures in the event of malfunctions (starting in October), but we have also conducted a rehearsal of our checks and verifications for the year-end/New Year period during mid-November.

(4) The schedule from now on

We will continue to strive to reduce the risks associated with the Year 2000 Problem. We will conduct training based on a simulated situation where our online systems come to a standstill for a prolonged period of time. We will also repeat the rehearsal of our checks and verifications for the year-end/New Year period. We also intend to further improve our contingency plan.

We are disclosing information on our handling of the Year 2000 Problem utilizing our website, etc.

We at Asahi Bank are doing our utmost to cope with the Year 2000 Problem. However, it should be clearly understood that this document is not intended to provide any guarantees, obligations or renunciation of rights on our part with regard to the Year 2000 Problem.

**Consolidated Balance Sheets (Main Items) (Unaudited)**

Six months ended September 30, 1999 and Fiscal year ended March 31, 1999

Millions of yen

	As of Sep. 30, 1999	As of Mar. 31, 1999
<b>Assets</b>		
Cash and due from banks	¥ 747,663	¥ 833,085
Call loans	167,427	105,956
Trading assets	356,162	283,088
Money held in trust	83,000	83,316
Securities	3,856,212	3,914,008
Loans and bills discounted	20,578,420	20,806,683
Foreign exchanges	70,034	109,932
Other assets	408,057	408,131
Premises and equipment	478,271	480,888
Deferred tax assets	339,938	336,198
Customers' liabilities for acceptances and guarantees	1,818,864	1,934,903
<b>Total Assets</b>	<b>¥ 28,904,053</b>	<b>¥ 29,296,192</b>
<b>Liabilities</b>		
Deposits	¥ 20,319,811	¥ 19,793,906
Negotiable certificates of deposit	1,441,157	1,416,944
Call money and bills sold	1,301,034	2,353,095
Commercial papers	240,000	70,000
Trading liabilities	30,349	34,332
Borrowed money	794,101	800,944
Foreign exchanges	5,235	6,068
Bonds issued	370,695	372,055
Convertible bonds and notes	3,127	3,127
Other liabilities	555,153	504,356
Reserve for possible loan losses	425,833	428,030
Reserve for severance payments	26,854	25,698
Reserve for contingent liabilities related to loans sold	73,565	77,780
Reserve for supporting specific borrowers	13,271	-
Other reserves	0	2
Deferred tax liabilities on land revaluation	92,859	94,654
Acceptances and guarantees	1,818,864	1,934,903
<b>Total Liabilities</b>	<b>¥ 27,511,914</b>	<b>¥ 27,915,901</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>¥ 10,176</b>	<b>¥ 9,965</b>
<b>Stockholders' Equity</b>		
Common stock	¥ 605,287	¥ 605,287
Capital surplus	509,416	509,416
Land revaluation difference	128,973	131,466
Retained earnings	138,311	124,183
Common stock in treasury	10	12
Common stock held by subsidiaries	16	16
<b>Total Stockholders' Equity</b>	<b>¥ 1,381,962</b>	<b>¥ 1,370,325</b>
<b>Total Liabilities, Minority interests in consolidated subsidiaries, and Stockholders' Equity</b>	<b>¥ 28,904,053</b>	<b>¥ 29,296,192</b>

**Note:**

1. Amounts of less than one million yen have been rounded down.

2. Balances incurred by transactions whose purpose is to earn a profit by taking advantage of short-term fluctuations in a market or discrepancies in different markets of interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as "trading purpose") are included in "Trading assets" or "Trading liabilities" on the balance sheets as of the date on which the transactions have been contracted. Trading assets and trading liabilities are valued, in case of securities and commercial paper, etc., at the market value as of the date of the consolidated balance sheets and, in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were to be settled as of the date of the consolidated balance sheet.

3. Securities are mainly carried at cost, determined by the moving average method.

As regards securities held as trust assets, mainly for securities investment purposes, in individually managed money held in trusts, those listed on stock exchanges are carried at the lower of cost or market, cost being determined by the moving average method. Securities that do not fit this category are carried at cost, determined by the moving average method.

4. Premises and equipment held by the parent bank are stated as follows:

Buildings : Straight line method, based at rates in the Corporation Tax Law of Japan.

Equipment : Declining balance method, based at rates in the Corporation Tax Law of Japan.

Other : As provided by the Corporation Tax Law of Japan.

Premises and equipment held by the consolidated subsidiaries are depreciated mainly by the straight-line method based on the estimated useful lives.

5. Foreign currency assets and liabilities held by the parent bank are mainly translated into yen at the market rates prevailing at the consolidated balance sheet date. Foreign currency assets and liabilities held by the consolidated subsidiaries are mainly translated into yen at the market rates prevailing at the each balance sheet date.

6. The parent bank and a consolidated subsidiary which is engaged in the trust business made provisions for possible loan losses as described as follows, based on their criteria for writing -off and making provisions.

For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or in a similar financial condition, the reserve for possible loan losses is provided in the full amount of such loans, excluding the portion that is estimated to be recoverable due to the disposal of collateral pledged or guarantees.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but in a high probability of becoming so, the reserve for loan losses is provided for estimated unrecoverable amounts determined after a valuation of collateral pledged, guarantees and the customer's overall financial condition.

For other loans, the reserve for possible loan losses is provided based on the actual rate of loan losses in the past.

The reserve includes a special reserve for possible losses on overseas loans likely to become uncollectible due to political and economic circumstances of relevant countries.

Regarding each loan, the Credit Review Office, which is controlled separately from operating divisions, reviews asset valuations of collectibility of each loan made by operating divisions based on the Bank's assets self-assessment standards. Provisions for possible loan losses are based on the results of these reviews.

In the first half of the fiscal year 1999, some secured loans have been written off to the amount which are appraised to be uncollectible. The loans which have been written off amounted to 410,343 million yen.

The other consolidated subsidiaries made provisions for possible loan losses principally based on their actual rate of loan losses in the past.

7. Up to fiscal 1999, regarding the consolidated subsidiaries, received guarantee fees have been included in "Other liabilities" in a lump and recognized as revenue corresponding with the lengths of guarantee periods. However, starting from this first half of consolidated fiscal 1999, the fees are transacted in accordance with components mainly and provided reasonably into provisions for possible loan losses and other liabilities as corresponding credit costs. The influence of this change on ordinary net income and net income before adjustment for deferred income taxes is small.

8. The parent bank and its domestic consolidated subsidiaries set aside a reserve for severance payments based on the amount required to be paid if all employees voluntarily retired at the balance sheet date.

In addition, the parent bank has a contributory funded pension plan for all eligible employees, and some of the Bank's consolidated subsidiaries have also funded pension plans for employees.

9. Regarding the parent bank, the reserve for contingent liabilities related to loans sold is set aside based on the estimated liabilities of further losses on the loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited.

10. Regarding the parent bank, the reserve for supporting specific borrowers is set aside based on the estimated amount to assist specified borrowers in management restructuring.

11. Regarding the parent bank and its domestic consolidated subsidiaries, noncancelable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating leases or finance leases except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

12. Regarding the parent bank and its domestic consolidated subsidiaries, consumption tax and local consumption tax are principally accounted for by the tax-excluding method.

13. Other Reserves :

The Reserve for financial futures transactions : 0 million yen

This reserve is set aside by the parent bank in accordance with Article 82 of the Financial Futures Transactions Law.

14. Amount of accumulated depreciation of premises and equipment : 225,310 million yen

15. Amount of the reduction entry on acquisition cost of premises and equipment : 63,407 million yen

16. Loans to borrowers in legal bankruptcy amounted to 82,858 million yen, and past due loans (6 months or more) amounted to 528,133 million yen.

Loans to borrowers in legal bankruptcy are those loans - among all loans for which payment of principal or interest has not been received for a substantial period and for which, for other reasons, there are no prospects for recovery or repayment of principal or interest, and, accordingly, no interest has been accrued (excluding loans written off and hereinafter referred to as nonaccrual loans) - for which the circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No.97, 1965), items i through v in Article 96, Section 1, Part 3 or the circumstances stated in Part 4 of the same article.

Past due loans (6 months or more) are those nonaccrual loans other than Loans to borrowers in legal bankruptcy and other than loans for which interest payments have been rescheduled with the objective of assisting these borrowers in management restructuring.

17. Loans past due 3 months or more amounted to 109,826 million yen.

Loans past due 3 months or more are loans in respect of which payment of principal or interest has been over due by 3 months or more from the contract payment date, except "loans to borrowers in legal bankruptcy" or "past due loans (6 months or more)".

18. Restructured loans amounted to 103,542 million yen.

Restructured loans are those for which the Bank has provided terms and conditions - including reducing interest rates, rescheduling interest and principal payments, or waiving of claims on the borrower - more favorable to the borrower than those in the original loan agreement, excluding "loans to borrowers in legal bankruptcy", "past due loans (6 months or more)", and "loans past due 3 months or more".

19. Total amount of loans to borrowers in legal bankruptcy, past due loans (6 months or more), loans past due 3 months or more, and restructured loans were 824,361 million yen.

20. The parent bank had revalued land used for business purposes based on the Land Revaluation Law (Law 34, Announced on March 31, 1998).

Deferred tax in the revaluation difference has been recorded in liabilities, and the rest has been recorded in stockholders' equity.

Revaluation date : March 31, 1998

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

The value of land is based on the official notice prices stated in the Law of the Public Notice of Land Price (assessed date, January 1, 1998), as stipulated in Article 2-1 of the Ordinance for the Land Revaluation Law (announced on March 31, 1998), after making reasonable adjustments such as for location and quality of sites.

21. Borrowed money included subordinated debt amounting to 667,000 million yen, which, by special covenants, are subordinated to other obligations in the order of their performance.

22. All of the Bonds issued are subordinated bonds.

23. Net assets per share : 345.68 yen

## Consolidated Statements of Operations (Main Items) (Unaudited)

Six months ended September 30, 1999 and fiscal year ended March 31, 1999

Millions of yen

	Interim 1999	Fiscal 1998
<b>Income</b>		
Operating Income	¥ 297,492	¥ 655,705
Fees and commissions	40,278	75,249
Trading income	1,130	3,689
Other operating income	15,132	48,524
Other income	64,963	167,318
<b>Total Income (Ordinary Income)</b>	<b>¥ 418,996</b>	<b>¥ 950,487</b>
<b>Expenses</b>		
Operating expenses	¥ 105,113	¥ 296,010
Fees and commissions	9,624	18,903
Trading expenses	-	12
Other operating expenses	17,610	29,978
General and administrative expenses	137,681	281,793
Other expenses	115,773	735,831
<b>Total Expenses (Ordinary Expenses)</b>	<b>¥ 385,803</b>	<b>¥ 1,362,528</b>
<b>Ordinary Net Income</b>	<b>¥ 33,193</b>	<b>¥ -412,040</b>
Extraordinary profits	123	36,954
Extraordinary losses	4,043	3,213
Income before Income Taxes	29,273	-378,299
Income Taxes:		
Current	17,547	3,542
Deferred	-5,180	-124,750
Minority interests in net loss	140	3,026
<b>Net Income</b>	<b>¥ 17,046</b>	<b>¥ -254,065</b>



**Note:**

1. Amounts of less than one million yen have been rounded down.

2. Net income per share : 5.18 yen

3. Net income per share (latent equity adjusted) : 4.72 yen

4. Profits and losses from transactions of trading purposes are included in "Trading income" or "Trading expenses" in the consolidated statement of operations, as of the date when the transactions has been contracted.

"Trading income" and "trading expenses" include amounts of interest received or paid during the period plus the amount of difference between the profits or losses generated from valuation for securities, commercial papers, derivatives, etc. as at the end of the preceding period and those as at the end of this period.

5. Other ordinary expenses include :

Provisions for reserve for possible loan losses :	29,976 million yen
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Write-off of claims :	28,544 million yen
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Provisions for reserve for contingent liabilities related to loans sold :	10,610 million yen
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Provisions for reserve for supporting specific borrowers :	13,271 million yen
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## Consolidated Statements of Retained Earnings (Main Items) (Unaudited)

Six months ended September 30, 1999 and fiscal year ended March 31, 1999

	Millions of yen	
	Interim 1999	Fiscal 1998
Balance of retained earnings at the beginning of the fiscal year	¥ 124,183	¥ 392,262
Other retained earnings	( - )	( 327,576 )
Legal reserve	( - )	( 64,686 )
Increase of retained earnings	4,144	1,754
Due to increase of the consolidated subsidiaries	( - )	( 1,754 )
Due to increase of the affiliates accounted for by the equity method	( - )	( - )
Due to increase of other retained earnings	( 4,144 )	( - )
Decrease of retained earnings	7,062	15,767
Due to decrease of the affiliates accounted for by the equity method	( - )	( 1,341 )
Transfer to legal reserve	( - )	( - )
Cash dividends	( 7,062 )	( 14,426 )
Net income / loss	17,046	-254,065
<b><i>Balance of retained earnings at the end of the year</i></b>	<b>¥ 138,311</b>	<b>¥ 124,183</b>

**Consolidated Statement of Cash Flow (September 30, 1999 / Unaudited)**

(Millions of yen)

	<b>Interim 1999</b>
<b>Cash flows from operating activities:</b>	
Net income before income taxes	29,273
Depreciation	10,871
Amortization of consolidation difference	37
Increase in reserve for possible loan losses	-2,197
Equity in net loss of affiliated company	146
Increase in reserve for contingent liabilities related to loans sold	-4,215
Increase in reserve for supporting specific borrowers	13,271
Increase in reserve for severance payments	1,155
Operating income	-297,993
Operating cost	105,113
Gains (losses) in investment securities	-26,501
Gains (losses) from exchanges rate changes	5,047
Gains (losses) from disposition of premises and equipment	3,952
Net increase (decrease) in trading assets	-71,943
Net increase (decrease) in trading liabilities	-3,983
Net increase (decrease) in loans and bill discounted	227,807
Net increase (decrease) in deposits	550,118
Net increase (decrease) in call loans and others	-61,471
Net increase (decrease) in call money and others	-882,061
Net increase (decrease) in collateral deposit on securities lent	-24,974
Net increase (decrease) in due from banks (excluding due from the Bank of Japan)	-25,232
Net increase (decrease) in foreign exchanges (assets)	39,898
Net increase (decrease) in foreign exchanges (liabilities)	-833
Proceeds from interest-earning assets	305,844
Payments on interest-bearing liabilities	-125,537
Others	64,429
Total	-169,975
Income taxes	-1,934
Others	-10,346
Net cash provided by (used in) operating activities	-182,256
<b>Cash flows from investing activities:</b>	
Payments for purchase of investment securities	-2,289,963
Proceeds from sales of investment securities	2,202,063
Proceeds from maturities of investment securities	175,624
Proceeds from sales of premises and equipment	4,812
Payments for acquisition of premises and equipment	-13,550
Net cash provided by (used in) investing activities	78,986
<b>Cash flows from financing activities:</b>	
Dividends paid	-7,062
Payment of dividends to minority interests	-180
Others	2
Net cash provided by (used in) financing activities	-7,240
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-143</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>-110,654</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>602,563</b>
<b>Cash and cash equivalents at end of the first half of fiscal 1999</b>	<b>491,908</b>

## ***Principales of consolidation for consolidated financial statements (September 30, 1999)***

### 1. Scope of consolidation

#### (1) Consolidated Subsidiaries : 26

Principal consolidated subsidiaries are Asahi Trust and Banking Co., Ltd., and Asahigin Guarantee Co., Ltd. Asahi Securities Co., Ltd. was liquidated and excluded from consolidation. And Asahi Investment Management Co., Ltd. was also excluded from consolidation because of the merger with Asahi Tokyo Investment Trust Management Co., Ltd.

#### (2) Nonconsolidated subsidiaries

Principal nonconsolidated subsidiaries are Yamabun Securities Co., Ltd., and Saiei Real Estate Co., Ltd. The total assets, ordinary income, net income (based on the owned interest), and retained earnings (based on the owned interest) of these nonconsolidated subsidiaries have no material effect on the Bank's consolidated financial statements. So these subsidiaries are excluded from consolidation.

### 2. Application of the equity method

(1) The equity method was not applied to any nonconsolidated subsidiaries.

#### (2) Affiliated companies accounted for by the equity method : 6

Principal affiliated companies accounted for by the equity method are Showa Leasing Co., Ltd. and Asahigin Leasing Co., Ltd.

(3) Principal nonconsolidated subsidiaries not accounted for by the equity method are Yamabun Securities Co., Ltd. and Saiei Real Estate Co., Ltd.

(4) Affiliated companies not accounted for by the equity method are Siam City-Showa Leasing Co., Ltd., and Asahigin Leasing (U.S.A.) Inc.

The net income (based on the owned interest), and retained earnings (based on the owned interest) of these nonconsolidated subsidiaries and affiliated companies not applying the equity method have no material effect on the Bank's consolidated financial statements. So these subsidiaries and companies are not accounted for by the equity method.

### 3. Interim balance sheet date of consolidated subsidiaries

(1) Interim balance sheet date of consolidated subsidiaries are as follows:

June 30 : 10 subsidiaries  
September 30 : 16 subsidiaries

(2) The subsidiaries mentioned above are consolidated based on their financial statements as of each balance sheet date. The accounts of these subsidiaries have been made appropriate adjustments for any material transactions during the period between 30th June and 30th September.

(3) Scope of cash and cash equivalents on the interim consolidated cash flow statements

For the purpose of the consolidated cash flow statements, "Cash and cash equivalents" consists of "Cash" and "Demand Deposit with the Bank of Japan" included in "Cash and due from banks" on the consolidated balance sheets.

## Segment Information

### 1. Business Segment Information

Some of the consolidated subsidiaries are engaged in the trust and other businesses in addition to commercial banking. As those activities are not deemed material, the business segment information has not been disclosed.

### 2. Geographical Segment Information

Six months ended September 30, 1999 (consolidated)

(millions of yen)

	Japan	Americas	Europe	Asia / Oceania	Combined total	Eliminations and intercompany	Consolidated total
I. Ordinary income							
(1) Customers	378,923	9,216	3,868	26,988	418,996	-	418,996
(2) Inter-segment	18,694	11,582	1,673	2,338	34,288	(34,288)	-
Total	397,617	20,798	5,542	29,326	453,285	(34,288)	418,996
Ordinary expenses	360,734	22,199	5,544	30,971	419,450	(33,646)	385,803
Ordinary net income (loss)	36,883	-1,401	-2	-1,645	33,834	(641)	33,193

Fiscal year ended March 31, 1999 (consolidated)

(millions of yen)

	Japan	Americas	Europe	Asia / Oceania	Combined total	Eliminations and intercompany	Consolidated total
I. Ordinary income							
(1) Customers	822,436	31,360	14,863	81,827	950,487	-	950,487
(2) Inter-segment	42,819	11,040	694	789	55,343	(55,343)	-
Total	865,255	42,400	15,558	82,616	1,005,831	(55,343)	950,487
Ordinary expenses	1,275,010	41,157	16,777	84,893	1,417,839	(55,311)	1,362,528
Ordinary net income (loss)	-409,755	1,242	-1,218	-2,277	-412,008	(32)	-412,040
II.Assets	31,267,326	802,557	549,051	2,312,960	34,931,895	(5,635,702)	29,296,192

Notes: 1. Branches of the Bank and consolidated subsidiaries are divided into four segments in consideration of geographic proximity, similarity of economic activity, and interrelation of business activity. The Bank shows ordinary income and ordinary net income in these four segments in stead of sales and operating income figures.

2. The Americas comprises the United States; Europe includes the United Kingdom, Germany, and certain other countries; and Asia / Oceania comprises Hong Kong, Australia, and certain other countries.

### 3. Overseas ordinary income

(millions of yen)

	Overseas ordinary income (A)	Consolidated ordinary income (B)	(A) / (B)
Six months ended September 30, 1999	40,073	418,996	9.6%

Notes: 1. Although the Bank had reported "ordinary income from international operations" in stead of overseas sales, the Bank reports "overseas ordinary income" to show overseas transactions more definitely, starting from this first half of fiscal 1999.

2. Ordinary income from international operations comprises transactions of parent companies that are customers of the Bank with their overseas offices, and ordinary income arising from transactions with consolidated overseas subsidiaries (excluding inter-company ordinary income generated among consolidated subsidiaries). As the breakdown into countries or regions is the same as geographical segment information, it is therefore not presented here.

## Securities

(millions of yen)

Listed Securities	Sep. 30, 1999				
	Book Value (consolidated)	Market Value	Unrealized Gains / Losses		
			Y-X	Gains	Losses
X	Y				
Bonds	116,872	117,639	767	770	3
Stocks	2,046,138	2,434,626	388,488	556,814	168,326
Others	54,801	63,867	9,066	9,156	90
Total	2,217,811	2,616,133	398,321	566,742	168,420

Note: 1. Trading securities and Securities shown above are listed securities. Bonds include Japanese government, municipal and corporate bonds. Market values of listed securities are based on their closing prices on mainly the Tokyo Stock Exchange or derived from interest rates published on "Quotations for over-the-counter government and corporate bonds ( base rates )" by the Japan Securities Dealers Association ("JASDA").

2. Stocks don't include treasury stocks. As of September 30, 1999, treasury stocks amounted to 26 million yen and unrealized gains of treasury stocks were 7 million yen.

3. Unlisted securities for which market values can be calculated are shown in the table below.

(millions of yen)

Unlisted Securities	Sep. 30, 1999				
	Book Value (consolidated)	Market Value	Unrealized Gains / Losses		
			Y-X	Gains	Losses
X	Y				
Bonds	1,081,056	1,100,115	19,059	19,310	251
Stocks	35,111	65,473	30,361	34,053	3,691
Others	5,235	4,975	-259	0	260
Total	1,121,403	1,170,565	49,161	53,364	4,202

Calculation of estimated market values for unlisted securities: Those for over-the-counter securities are derived from trading prices released by the Japan Securities Dealers Association ("JSDA"), those for bonds publicly issued are derived from interest rates published on "Quotations for over-the-counter government and corporate bonds ( base rates )" by JSDA, and those for securities held in securities investment trust are derived from the market prices announced by authorized fund management companies. Market values of U.S. securities traded over-the-counter are calculated based on transaction prices indicated on NASDAQ in the U.S.A. and others.

4. Book values of main securities not included in the above disclosure are as follows :

(millions of yen)

Securities	BOOK VALUE
	Sep. 30, 1999
Bonds	344,547
Stocks	62,469
Others	109,980

5. The above schedules excludes trading securities and securities related to trading transactions, because these transactions are revalued at the market value prevailing at the consolidated balance sheet date. The gains (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.

## Money held in trust

(millions of yen)

Money held in trust	Sep. 30, 1999				
	Book Value (consolidated)	Market Value	Unrealized Gains / Losses		
			Y-X	Gains	Losses
X	Y				
Money held in trust	83,000	83,000	-	-	-

Note: The market value is calculated appropriately by the trustee of the money held in trust as follows:

1. Listed securities - Their final closing prices for term-end, primarily on the Tokyo Stock Exchange
2. Over-the-counter securities - Trading price table published by the JSDA

**Derivatives**

(Millions of Yen)

Interest rate related transactions			Sep. 30, 1999				
			Contract Value or Notional Principal Amount (option premium)		Market value	Unrealized Gains/Losses	
				Over 1 year			
Listed	Futures	Sold	343,378	9,995	344,070	-692	
		Bought	89,201	7,499	89,303	102	
	Options	Sold	Call	-	-	-	-
			Put	(-)	-	-	-
		Bought	Call	-	-	-	-
			Put	24,812	-	2	-11
	Unlisted	Forward Rate Agreements	Sold	-	-	-	-
			Bought	-	-	-	-
Swaps		Receive-fix	5,346,391	2,882,392	109,212	109,212	
		Pay-fix	6,136,105	3,802,969	-149,785	-149,785	
		Basis	1,031,284	766,284	3,491	3,491	
		Rec., pay-fix	-	-	-	-	
Options		Sold	Call	-	-	-	-
			Put	(-)	-	-	-
		Bought	Call	-	-	-	-
			Put	(-)	-	-	-
Caps		Sold	12,400	5,300	4	37	
		Bought	503,000	397,000	2,153	-1,099	
Floors		Sold	-	-	-	-	
		Bought	(-)	-	-	-	
Others		Sold	215,534	534	694	-303	
	Bought	70,000	-	48	-303		
<b>Total</b>						<b>-39,352</b>	

Note: 1. The market value listed represents the closing prices on the Tokyo International Financial Futures Exchange and other exchanges at the end of September 30. Over-the-counter transactions are calculated by net present value or value based on option pricing models.

2. The above schedule excludes derivatives related to trading transactions, because those derivatives are revaluated at the market rates prevailing at the consolidated balance sheet date.

The gains (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.

Contract Values or notional principal amounts and market values of derivatives mentioned above are as follows:

(Millions of Yen)

			Sep. 30, 1999		
			Contract Value or Notional Principal amount (option premium)	Market value	
Listed	Futures	Sold	72,493	72,538	
		Bought	251,473	251,481	
	Options	Sold	Call	-	-
			Put	(-)	-
		Bought	Call	-	-
			Put	(-)	-
	Unlisted	Forward Rate	Sold	21,370	-6
		Agreements	Bought	36,864	27
Swaps		Receive-fix	1,621,776	25,909	
		Pay-fix	1,773,458	-25,427	
		Basis	3,000	-5	
		Rec., pay-fix	-	-	
Options		Sold	Call	-	-
			Put	(-)	-
		Bought	Call	-	-
			Put	(-)	-
Caps	Sold	20,766	-		
	Bought	(215)	107		
Floors	Sold	33,500	61		
	Bought	(72)	-		
Others	Sold	-	-		
	Bought	(-)	-		



(Millions of Yen)

Currency Swaps		Sep. 30, 1999			
		Contract value or notional principal amount		Market Value	Unrealized Gains/Losses
			Over 1 year		
Unlisted	Currency Swaps	479,735	39,706	-1,158	-1,158
	U.S. Dollar	413,845	29,006	-1,634	-1,634
	Australian Dollar	27,708	-	305	305
	Hong Kong Dollar	17,456	-	-39	-39
	Swiss Franc	16,727	7,920	224	224
	Others	3,997	2,779	-13	-13

Note : 1. Market values are calculated based on the discounted present values.

2. The above schedule excludes derivatives related to trading transactions, because those derivatives are revaluated at the market rates prevailing at the consolidated balance sheet date. The gains (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.

Contract Values or notional principal amounts and market values of derivatives mentioned above are as follows:

(Millions of yen)

Currency Swaps		Sep. 30, 1999	
		Contract value or notional principal amount	Market Value
Unlisted	Currency Swaps	34,211	27
	Swiss Franc	24,290	13
	U.S. Dollar	9,921	14

3. The above schedule excludes transactions related to currency, for example foreign exchange forward contracts and currency options, because these transactions are revaluated at the market rates prevailing at the consolidated balance sheet date. The gains (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.

Above mentioned transactions related to currency are as follows:

(Millions of Yen)

			Sep. 30, 1999		
			Contract value or notional principal amount	(option premium)	
Listed	Futures	Sold	-	-	
		Bought	-	-	
	Options	Sold	Call	-	( - )
			Put	-	( - )
		Bought	Call	-	( - )
			Put	-	( - )
	Unlisted	Forward	Sold	555,534	-
			Bought	597,673	-
Options		Sold	Call	85,428	( 234 )
			Put	51,418	( 1,436 )
		Bought	Call	71,345	( 470 )
			Put	67,434	( 1,756 )
Others		Sold	-	-	
		Bought	-	-	

There is no stock derivatives.

(Millions of Yen)

Bond contracts				Sep. 30, 1999		Market value	Unrealized Gains/Losses	
				Contracted amount (option premium)				
				Over 1 year				
Listed	Futures		Sold	109,324	-	109,526	-201	
			Bought	-	-	-	-	
	Options	Sold	Call	-	-	-	-	
			Put	(-)	-	-	-	
		Bought	Call	-	-	-	-	
			Put	(-)	-	-	-	
	Unlisted	Options	Sold	Call	-	-	-	-
				Put	(-)	-	-	-
Bought			Call	-	-	-	-	
			Put	(-)	-	-	-	
Others			Sold	-	-	-	-	
			Bought	-	-	-	-	
<b>Total</b>							<b>-201</b>	

Note: 1. The market value listed represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of September 30, 1999.

Over-the-counter transactions are calculated by net present value or value based on option pricing models.

2. Gains / (losses) generated from valuation for derivatives in trading accounts are included in the consolidated statements of operations.

The contract amounts and market values of derivatives in trading accounts are as follows:

(Millions of Yen)

Bond contracts				Sep. 30, 1999		
				Contracted amount (option premium)	Market value	
Listed	Futures		Sold	916	923	
			Bought	-	-	
	Options	Sold	Call	-	-	
			Put	(-)	-	
		Bought	Call	-	-	
			Put	(-)	-	
	Unlisted	Options	Sold	Call	-	-
				Put	(-)	-
Bought			Call	-	-	
			Put	(-)	-	
Others			Sold	-	-	
			Bought	-	-	

There is no commodity derivatives.