

# Financial Results Report for Fiscal Year 1999

<Non-Consolidated>

May 23, 2000

The Daiwa Bank, Limited  
2-1, Bingomachi 2-Chome,  
Chuo-ku, Osaka, Japan

Date of Approval by the Board of Directors : May 23, 2000

Date of General Meeting of Stockholders : June 29, 2000

## 1. Financial Highlights for Fiscal Year 1999 (from April 1, 1999 to March 31, 2000)

<Notes> (i) Yen amounts are rounded down to the nearest million yen.

(ii) denotes minus.

### (1) Operating Results

|                           | (Change from<br>Operating<br>Income<br>Previous<br>Period ) |         | (Change from<br>Ordinary<br>Profits<br>Previous<br>Period ) |       | (Change from<br>Net Income<br>Previous<br>Period ) |       |
|---------------------------|---|---------|---|-------|--|-------|
|                           | ¥ million   | %       | ¥ million   | %     | ¥ million  | %     |
| Year ended March 31, 2000 | 668,147   | ( 23.1) | 37,611  | ( - ) | 18,139   | ( - ) |
| Year ended March 31, 1999 | 542,935   | ( 20.2) | 249,970   | ( - ) | 116,512  | ( - ) |

|                           | Net Income<br>per Share | Fully Diluted<br>Net Income<br>per Share | Return on<br>Stockholders'<br>Equity | Ratio of Operating<br>Expenses to<br>Operating Income | Total Deposits<br>(Total Funds)          |
|---------------------------|-------------------------|--|--------------------------------------|---|--|
| Year ended March 31, 2000 | ¥<br>6.68               | ¥<br>4.27                                | %<br>2.6                             | %<br>94.4   | ¥ million<br>9,998,208<br>( 25,296,807 ) |
| Year ended March 31, 1999 | 72.29                   | -  | 26.0                                 | 146.0   | 9,937,662<br>( 24,127,120 )              |

<Notes> (i) Average number of shares:

Year Ended March 31, 2000 : 1,960,181,448 shares

Year Ended March 31, 1999 : 1,628,842,812 shares

(ii) Change of Accounting Policy : None

### (2) Dividend Payment

|                                       | Cash Dividends per share |           |           | Total Cash<br>Dividends<br>(Yearly) | Dividend<br>Payout<br>Ratio | Ratio of Total<br>Dividends<br>to Stockholders'<br>Equity |
|---------------------------------------|--------------------------|-----------|-----------|-------------------------------------|-----------------------------|---|
|                                       | Interim                  | Term-end  |           |                                     |                             |   |
| Year Ended March 31, 2000<br>(Common) | ¥<br>3.00                | ¥<br>1.50 | ¥<br>1.50 | ¥ million<br>5,959                  | %<br>45.5                   | %<br>1.1  |
| Year Ended March 31, 1999<br>(Common) | 3.00                     | 1.50      | 1.50      | 5,280                               | -                           | 1.1   |

As for dividends paid for preferred stock, please refer to the following page.

### (3) Financial Position

|                           | Total<br>Assets         | Total<br>Stockholders'<br>Equity | Stockholders'<br>Equity to<br>Total Assets | Stockholders'<br>Equity<br>Per Share | Capital Ratio<br>Domestic Std<br>(Parent) |
|---------------------------|-------------------------|----------------------------------|--|--------------------------------------|---|
| Year Ended March 31, 2000 | ¥ million<br>15,319,209 | ¥ million<br>947,250             | %<br>6.2                                   | ¥<br>257.30                          | Provisional %<br>12.70                    |
| Year Ended March 31, 1999 | 15,514,594              | 938,211                          | 6.0  | 251.82                               | 13.78                                     |

<Notes> (i) Term-end number of shares :

Year Ended March 31, 2000 : 2,045,768,417 shares

Year Ended March 31, 1999 : 1,906,950,977 shares

(ii) Total assets at the end of FY 1999 are shown after deductions of Reserve for Possible Loan Losses, and Reserve for Possible Losses on Investments since these reserves are stated on the Balance Sheet as items to be deducted from their respective assets.

(iii) Capital ratio as of the end of FY 1998 is calculated based on the BIS international standard.

## 2. Earning Performance Projections for FY 2000 (from April 1, 2000 to March 31, 2001)

|                       | Operating<br>Income  | Ordinary<br>Profits | Net Income          | Dividend Per Share |          |        |
|-----------------------|----------------------|---------------------|---------------------|--------------------|----------|--------|
|                       |                      |                     |                     | Interim            | Term-end |        |
| First Half of FY 2000 | ¥ million<br>210,000 | ¥ million<br>25,000 | ¥ million<br>14,500 | ¥<br>1.50          | ¥<br>-   | ¥<br>- |
| FY 2000 (Full Year)   | 400,000              | 52,000              | 30,000              | -                  | 1.50     | 3.00   |

(Reference)

Projected Net Income Per Share (Full Year) ¥ 12.39

New accounting standards for retirement benefits will be applied from the new business year starting from April 1, 2000. Effects of the new accounting standards are reflected in the above earning performance projections.

|                                  |                          |              |                      |
|----------------------------------|--------------------------|--------------|----------------------|
| Average Number of Shares Issued  |                          |              |                      |
| Fiscal Year ended March 31, 2000 | : Common Stock           | (Nominal)    | 1,960,181,448 shares |
|                                  | : Kind A Preferred Stock | (No Nominal) | 35,835,846 shares    |
|                                  | : Kind B Preferred Stock | (No Nominal) | 680,000,000 shares   |
| Fiscal Year ended March 31, 1999 | : Common Stock           | (Nominal)    | 1,628,842,812 shares |
|                                  | : Kind A Preferred Stock | (No Nominal) | 50,000,000 shares    |
|                                  | : Kind B Preferred Stock | (No Nominal) | 1,863,013 shares     |
| Term-end Number of Shares Issued |                          |              |                      |
| Fiscal Year ended March 31, 2000 | : Common Stock           | (Nominal)    | 2,045,768,417 shares |
|                                  | : Kind A Preferred Stock | (No Nominal) | 12,880,000 shares    |
|                                  | : Kind B Preferred Stock | (No Nominal) | 680,000,000 shares   |
| Fiscal Year ended March 31, 1999 | : Common Stock           | (Nominal)    | 1,906,950,977 shares |
|                                  | : Kind A Preferred Stock | (No Nominal) | 50,000,000 shares    |
|                                  | : Kind B Preferred Stock | (No Nominal) | 680,000,000 shares   |

## Per Share and Total Dividends Paid (Fiscal Year 1999, and 1998)

|                    |         |          |       | Total Amount of Dividends<br>(millions of yen) |
|--------------------|---------|----------|-------|--|
|                    | Interim | Term-end | Total |  |
| FY 1999            | ¥       | ¥        | ¥     | (millions of yen)                              |
| (Common)           | 1.50    | 1.50     | 3.00  | 5,959  |
| (Kind A Preferred) | 12.375  | 12.375   | 24.75 | 713  |
| (Kind B Preferred) | 3.18    | 3.18     | 6.36  | 4,324  |
| FY 1998            | ¥       | ¥        | ¥     | (millions of yen)                              |
| (Common)           | 1.50    | 1.50     | 3.00  | 5,280  |
| (Kind A Preferred) | 12.375  | 12.375   | 24.75 | 1,237  |
| (Kind B Preferred) | -       | 0.02     | 0.02  | 13   |

## Projection for Per Share Dividends (For Fiscal Year ending March 31, 2001)

|                    | Interim | Term-end | Total |
|--------------------|---------|----------|-------|
|                    | ¥       | ¥        | ¥     |
| (Common)           | 1.50    | 1.50     | 3.00  |
| (Kind A Preferred) | 12.375  | 12.375   | 24.75 |
| (Kind B Preferred) | 3.18    | 3.18     | 6.36  |

## [Reference]

Definitions of Indices Appeared in "Financial Highlights for Fiscal Year 1999"

|  |   |  |
|--|---|--|
| Net Income Per Share                             | = | $\frac{\text{Net Income} - \text{Total Dividends on Preferred Shares}}{\text{Average Number of Common Shares during the Period}}$  |
| Return on Stockholders' Equity                   | = | $\frac{\text{Net Income} - \text{Total Dividends on Preferred Shares}}{\{( \text{Opening Balance of Stockholders' Equity} - \text{Opening Number of Preferred Shares} \times \text{Issue Price} ) + ( \text{Term-end Balance of Stockholders' Equity} - \text{Term-end Number of Preferred Shares} \times \text{Issue Price} )\} / 2}$ |
| Dividend Payout Ratio                            | = | $\frac{\text{Total Dividends on Common Shares}}{\text{Net Income} - \text{Total Dividends on Preferred Shares}}$   |
| Ratio of Total Dividends to Stockholders' Equity | = | $\frac{\text{Total Dividends on Common Shares}}{\text{Term-end Balance of Stockholders' Equity} - \text{Term-end Number of Preferred Shares} \times \text{Issue Price}}$   |
| Stockholders' Equity Per Share                   | = | $\frac{\text{Term-end Balance of Stockholders' Equity} - \text{Term-end Number of Preferred Shares} \times \text{Issue Price}}{\text{Term-end Number of Common Shares}}$   |

Definition of Index Appeared in "Earnings Performance Projections for FY 2000"

|                                |   |  |
|--------------------------------|---|--|
| Projected Net Income Per Share | = | $\frac{\text{Projected Net Income} - \text{Projected Total Dividends on Preferred Shares}}{\text{Number of Common Shares as at the end of FY 1999}}$ |
|--------------------------------|---|--|

Comparison of Balance Sheets (Major Breakdown)

(Millions of Yen)

| Balance Sheets  | March 31, 2000<br>(A) | March 31, 1999<br>(B) | Comparison<br>(A) - (B) |
|---|-----------------------|-----------------------|-------------------------|
| <b>ASSETS</b>   |                       |                       |                         |
| Cash and Due from Banks                               | 762,293               | 846,916               | 84,623                  |
| Call Loans  | 167,932               | 7,833                 | 160,099                 |
| Bills Bought  | 48,400                | -                     | 48,400                  |
| Monetary Claims Bought                                | 20                    | 20                    | -                       |
| Trading Assets  | 149,008               | 368,565               | 219,557                 |
| Money Held in Trust                                   | 191,229               | 76,662                | 114,567                 |
| Securities  | 2,535,038             | 2,789,050             | 254,012                 |
| Loans and Bills Discounted                            | 9,979,683             | 9,557,797             | 421,886                 |
| Foreign Exchanges                                     | 89,027                | 134,636               | 45,609                  |
| Other Assets  | 511,956               | 330,498               | 181,458                 |
| Premises and Equipment                                | 146,366               | 149,302               | 2,936                   |
| Deferred Taxes  | 190,041               | 211,189               | 21,148                  |
| Customers' Liabilities for Acceptances and Guarantees | 737,958               | 1,042,123             | 304,165                 |
| Reserve for Possible Loan Losses                      | 188,801               | -                     | 188,801                 |
| Reserve for Possible Losses on Investments            | 943                   | -                     | 943                     |
| <b>Total Assets</b>                                   | <b>15,319,209</b>     | <b>15,514,594</b>     | <b>195,385</b>          |
| <b>LIABILITIES</b>                                    |                       |                       |                         |
| Deposits  | 9,998,208             | 9,937,662             | 60,546                  |
| Negotiable Certificates of Deposits                   | 1,586,417             | 1,237,285             | 349,132                 |
| Call Money  | 81,103                | 168,398               | 87,295                  |
| Bills Sold  | 58,700                | 30,978                | 27,722                  |
| Commercial Paper                                      | 10,000                | 10,000                | -                       |
| Trading Liabilities                                   | 43,009                | 62,195                | 19,186                  |
| Borrowed Money  | 451,424               | 542,035               | 90,611                  |
| Foreign Exchanges                                     | 16,092                | 17,132                | 1,040                   |
| Corporate Bonds                                       | 28,800                | -                     | 28,800                  |
| Due to Trust Account                                  | 776,478               | 607,134               | 169,344                 |
| Other Liabilities                                     | 476,058               | 584,195               | 108,137                 |
| Reserve for Possible Loan Losses                      | -                     | 189,172               | 189,172                 |
| Reserve for Retirement Allowance                      | 15,573                | 15,174                | 399                     |
| Reserve for Possible Losses on Loans Sold             | 37,033                | 29,030                | 8,003                   |
| Reserve for Specific Borrowers under Support          | 55,096                | 103,858               | 48,762                  |
| Other Reserves  | 2                     | 3                     | 1                       |
| Acceptances and Guarantees                            | 737,958               | 1,042,123             | 304,165                 |
| <b>Total Liabilities</b>                              | <b>14,371,959</b>     | <b>14,576,383</b>     | <b>204,424</b>          |
| <b>STOCKHOLDERS' EQUITY</b>                           |                       |                       |                         |
| Capital   | 465,158               | 465,158               | -                       |
| Capital Surplus and Legal Reserve                     | 450,658               | 448,837               | 1,821                   |
| Earned Surplus  | 31,433                | 24,214                | 7,219                   |
| Voluntary Reserve                                     | 10,002                | 10,002                | -                       |
| Unappropriated Profit at the End of the Year          | 21,430                | 14,212                | 7,218                   |
| Net Income (    denotes Net Loss)                     | 18,139                | 116,512               | 134,651                 |
| <b>Total Stockholders' Equity</b>                     | <b>947,250</b>        | <b>938,211</b>        | <b>9,039</b>            |
| <b>Total Liabilities and Stockholders' Equity</b>     | <b>15,319,209</b>     | <b>15,514,594</b>     | <b>195,385</b>          |

(Note) Increase in the number of common stock shares during the period

Due to the conversion of Kind A preferred shares, 138,817,440 shares of new common stock shares were issued during FY 1999.

## Comparison of Statements of Operation (Major Breakdown)

(Millions of Yen)

|  | Fiscal Year<br>1999<br>(A) | Fiscal Year<br>1998<br>(B) | Comparison<br>(A) - (B) |
|--|----------------------------|----------------------------|-------------------------|
| Operating Income   | 668,147                    | 542,935                    | 125,212                 |
| Interest Income  | 255,908                    | 312,134                    | 56,226                  |
| (Interest on loans and discounts)                                | ( 202,606 )                | ( 225,347 )                | ( 22,741 )              |
| (Interest and dividends on securities)                           | ( 34,933 )                 | ( 39,287 )                 | ( 4,354 )               |
| Trust Fees   | 55,378                     | 56,669                     | 1,291                   |
| Fees and Commissions   | 41,985                     | 42,484                     | 499                     |
| Trading Revenue  | 2,745                      | 3,433                      | 688                     |
| Other Operating Income   | 17,769                     | 71,232                     | 53,463                  |
| Other Income   | 294,360                    | 56,980                     | 237,380                 |
| Operating Expenses   | 630,536                    | 792,905                    | 162,369                 |
| Interest Expenses  | 94,359                     | 171,576                    | 77,217                  |
| (Interest on deposits)   | ( 45,806 )                 | ( 83,186 )                 | ( 37,380 )              |
| Fees and Commissions   | 12,788                     | 12,359                     | 429                     |
| Other Operating Expenses   | 10,946                     | 10,042                     | 904                     |
| General and Administrative Expenses                              | 170,438                    | 184,451                    | 14,013                  |
| Other Expenses   | 342,003                    | 414,476                    | 72,473                  |
| Ordinary Profits<br>( denotes Ordinary Losses)                   | 37,611                     | 249,970                    | 287,581                 |
| Extraordinary Profits  | 7,188                      | 52,596                     | 45,408                  |
| Extraordinary Losses   | 2,569                      | 1,773                      | 796                     |
| Income before Income Tax<br>( denotes Loss before Income Taxes)  | 42,229                     | 199,146                    | 241,375                 |
| Provision for Income Taxes                                       | 2,942                      | 918                        | 2,024                   |
| Income Taxes - Deferred  | 21,148                     | 83,553                     | 104,701                 |
| Net Income<br>( denotes Net Loss)                                | 18,139                     | 116,512                    | 134,651                 |
| Retained Earnings Brought Forward from Previous Year             | 10,020                     | 6,734                      | 3,286                   |
| Deferred Income Taxes Carried Forward from Previous Fiscal Years | -                          | 127,636                    | 127,636                 |
| Transfer from Reserve for Losses on Overseas Investments         | -                          | 1                          | 1                       |
| Interim Dividends Paid   | 5,607                      | 3,039                      | 2,568                   |
| Transfer to Legal Reserve  | 1,122                      | 608                        | 514                     |
| Unappropriated Profit at the End of the Year                     | 21,430                     | 14,212                     | 7,218                   |

## Comparison of Statements of Appropriation of Profit

(Millions of Yen)

|   | Fiscal Year<br>1999<br>(A) | Fiscal Year<br>1998<br>(B) | Comparison<br>(A) - (B) |
|---|----------------------------|----------------------------|-------------------------|
| Unappropriated Profits at the End of the Year<br>(   denotes Unappropriated Loss) | 21,430                     | 14,212                     | 7,218                   |
| Total   | 21,430                     | 14,212                     | 7,218                   |
| Profit Appropriated Total   | 11,469                     | 4,191                      | 7,278                   |
| Transfer to Legal Reserve   | 1,079                      | 699                        | 380                     |
| Dividends for Kind A Preferred Shares   | 159                        | 618                        | 459                     |
| Dividends for Kind B Preferred Shares   | 2,162                      | 13                         | 2,149                   |
| Dividends for Common Shares   | 3,068                      | 2,860                      | 208                     |
| Voluntary Reserve   | 5,000                      | -                          | 5,000                   |
| Reserve for Losses on Overseas Investments  | 0                          | -                          | 0                       |
| Other Reserve   | 5,000                      | -                          | 5,000                   |
| Retained Earnings Brought Forward to Next Year                                    | 9,961                      | 10,020                     | 59                      |
| (Valuation Gains on Trading Transactions  | 5,259                      | 4,153                      | 1,106 )                 |

## Non-Consolidated Balance sheet as of March 31, 2000

(Millions of Yen)

| ASSETS                                   |           | LIABILITIES                                |           |
|--|-----------|--|-----------|
| Cash and Due from Banks                  | 762,293   | Deposits                                   | 9,998,208 |
| Cash on Hand                             | 207,974   | Current Deposits                           | 649,495   |
| Due from Banks                           | 554,318   | Ordinary Deposits                          | 2,256,074 |
| Call Loans                               | 167,932   | Saving Deposits                            | 444,270   |
| Bills Bought                             | 48,400    | Deposits at Notice                         | 319,962   |
| Money Claims Bought                      | 20        | Time Deposits                              | 5,837,739 |
| Trading Assets                           | 149,008   | Other Deposits                             | 490,666   |
| Trading Securities                       | 28,269    | Negotiable Certificates of Deposits        | 1,586,417 |
| Derivatives of Trading Securities        | 1         | Call Money                                 | 81,103    |
| Derivatives of Securities Related to     |           | Bills Sold                                 | 58,700    |
| Trading Transactions                     | 1         | Commercial Paper                           | 10,000    |
| Trading-related Financial Derivatives    | 30,985    | Trading Liabilities                        | 43,009    |
| Other Trading Assets                     | 89,751    | Trading Securities Sold for Short Sales    | 17,127    |
| Money Held in Trust                      | 191,229   | Derivatives of Trading Securities          | 5         |
| Securities                               | 2,535,038 | Trading-related Financial Derivatives      | 25,876    |
| National Government Bonds                | 746,889   | Borrowed Money                             | 451,424   |
| Local Government Bonds                   | 38,877    |  | 451,424   |
| Corporate Bonds                          | 185,898   | Foreign Exchanges                          | 16,092    |
| Corporate Stocks                         | 1,419,747 | Due to Foreign Banks                       | 1,532     |
| Other Securities                         | 86,847    | Foreign Bills of Exchange Sold             | 14,312    |
| Securities Lent                          | 56,778    | Foreign Bills of Exchange Payable          | 247       |
| Loans and Bills Discounted               | 9,979,683 | Corporate Bonds                            | 28,800    |
| Bills Discounted                         | 294,182   | Due to Trust Account                       | 776,478   |
| Loans on Notes                           | 1,826,010 | Other Liabilities                          | 476,058   |
| Loans on Deeds                           | 5,765,341 | Domestic Exchange Settlement Account       | 1,958     |
| Overdrafts                               | 2,094,149 | Accrued Income Taxes                       | 2,384     |
| Foreign Exchanges                        | 89,027    | Accrued Expenses                           | 40,646    |
| Due from Foreign Banks                   | 18,958    | Income in Advance                          | 13,835    |
| Loans to Foreign Banks                   | 51        | Initial Margins for Futures Transactions   | 4,005     |
| Foreign Bills of Exchange Bought         | 26,896    | Variation Margins for Futures Transactions | 317       |
| Foreign Bills of Exchange Receivable     | 43,120    | Trading Account Securities Borrowed        | 27,000    |
| Other Assets                             | 511,956   | Borrowed Securities                        | 110,000   |
| Domestic Exchange Settlement Account     | 24        | Cash Collateral on Securities Lent         | 160,766   |
| Prepaid Expense                          | 544       | Others                                     | 115,143   |
| Accrued Income                           | 71,863    | Reserve for Retirement Allowances          | 15,573    |
| Initial Margins for Futures Transactions | 430       | Reserve for Possible Losses on Loans Sold  | 37,033    |

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(Millions of Yen)

|   |            |   |            |
|---|------------|---|------------|
| Variation Margins for Futures Transactions            | 447        | Reserve for Specific Borrowers under Support          | 55,096     |
| Securities in Custody                                 | 140,463    | Other Reserves  | 2          |
| Cash Collateral on Securities Borrowed                | 144,880    | Reserve for Financial Futures Transaction Liabilities | 1          |
| Others  | 153,302    | Reserve for Securities Transaction Liabilities        | 1          |
| Premises and Equipment                                | 146,366    |   |            |
| Land, Building, and Equipment                         | 38,618     | Acceptances and Guarantees                            | 737,958    |
| Construction in Progress                              | 193        |   |            |
| Lease Deposits  | 107,554    | Total Liabilities                                     | 14,371,959 |
| Deferred Taxes  | 190,041    |   |            |
| Customers' Liabilities for Acceptances and Guarantees | 737,958    | STOCKHOLDERS' EQUITY                                  |            |
| Reserve for Possible Loan Losses                      | 188,801    | Capital   | 465,158    |
| Reserve for Possible Losses on Investments            | 943        | Legal Reserves  | 450,658    |
|   |            | Capital Surplus                                       | 405,419    |
|   |            | Legal Reserve   | 45,239     |
|   |            | Earned Surplus  | 31,433     |
|   |            | Voluntary Reserve                                     | 10,002     |
|   |            | Reserve for Losses on Overseas Investments            | 2          |
|   |            | Other Reserve   | 10,000     |
|   |            | Unappropriated Profit at the End of the Year          | 21,430     |
|   |            | Net Income  | 18,139     |
|   |            | Total Stockholders' Equity                            | 947,250    |
| Total Assets  | 15,319,209 | Total Liabilities and Stockholders' Equity            | 15,319,209 |

## Notes to Non-Consolidated Balance Sheet

1. Yen amounts are reported in millions of yen and are rounded down to the nearest million yen.
2. Transactions for trading purposes refer to those transactions whose profit opportunities arise from differences between markets and short-term movements of rates and other indexes as they apply to interest rates, currency exchange rates, and dealing in marketable securities. These transactions are included in "Trading Assets" or "Trading Liabilities" on the balance sheet on a trade date basis. Securities, monetary claims, and other trading-related financial derivatives are carried at amounts based on the assumption that they were settled at the end of the term.
3. Securities are carried at cost. (The cost of securities sold is determined on a moving-average basis.)  
Listed securities held in individually managed money trusts for asset management purpose are carried at the lower of cost or market value. Other securities are stated at cost.
4. In accordance with the Accounting Standards for Banks, depreciation of premises and equipment is calculated as follows:

|           |   |
|-----------|---|
| Buildings | Straight line method. Rates are defined in accordance with the Corporate Tax Law.                         |
| Equipment | Fixed percentage of declining balance method. Rates are defined in accordance with the Corporate Tax Law. |
| Others    | As amortized in accordance with the Corporate Tax Law.  |
5. Depreciation of computer software for in-house use is calculated using the straight line method (useful life of such software : 5 years).
6. Expenditures related to the issuance of bonds are accounted as expenses based on when such expenditures were made.
7. All assets and liabilities denominated in foreign currencies are are translated into yen at market exchange rates prevailing on the Balance Sheet Date.
8. The Reserve for Possible Loan Losses is provided as follows, based on the rules for write-offs and additions to reserves in accordance with the Accounting Standards for Banks. The reserve for possible loan losses for bankrupt and effectively bankrupt borrowers is provided based on the amount after deductions of the expected collectable amount through the disposal of collateral or through the execution of guarantees. The reserve for possible loan losses for borrowers, who are not currently legally bankrupt but are likely to become bankrupt, is provided based on the amount considered to be necessary based on the overall solvency assessment of the amounts after deductions of the expected collectable amount through the disposal of collateral or through the execution of guarantees.  
The reserve for possible loan losses on the loan to other than the above is provided based on loan loss experiences, as calculated using the actual default rates during a certain period in the past. Also, a reserve for possible losses on the loans to restructuring countries are set aside with the estimated amount based on such factors as political and economic risks. All loans are assessed by branches and credit departments based on internal rules of the self-assessment of assets. The credit assessment department, independent from the branches and credit departments, audits the result of the self-assessment, and the reserve is provided based on the result of the audit.  
As for the loans to legally/substantially bankrupt borrowers, the credit amounts not covered by collateral or guarantees (Category exposures) are regarded as uncollectable and directly written off from the original credit amounts. The amount of such direct write-off is ¥352,453million.  
Reserve for Possible Loan Losses were previously stated on the liabilities side of the Balance Sheet. However, from the fiscal year under review, Reserve for Possible Loan Losses are stated on the asset side of the Balance Sheet, as an item to be deducted from the relevant asset. Due to this change, total assets and liabilities stated on the Balance Sheet are decreased by ¥188,801 million, respectively, compared to the amounts based on the former accounting method.
9. The Reserve for Retirement Allowance is set aside in accordance with the Accounting Standards for Banks on the basis of the amount which would be required if all employees were to have voluntarily retired at the end of the period concerned.
10. The Reserve for Possible Losses on Loans Sold is set aside based on the estimated amount of losses to be incurred from the decline of the collateral (real estate) value of loans sold to the Cooperative Credit Purchase Company.
11. The Reserve for the Specific Borrowers under Support is set aside based on the rationally estimated amount of financial support that the Bank will need to provide for specific borrowers under support in the future.



12. The Reserve for Possible Losses on Investments is provided based on the rationally estimated amount of losses that might be incurred from investments.  
From the fiscal year under review, the Reserve for Possible Losses on Investments are shown on the Balance Sheet as an item to be deducted from the relevant asset in the aggregate.
13. Finance lease other than those with property rights which will be recognized as transferable to the leases, is accounted for in compliance with general accounting procedures for rent transactions.
14. All figures are not inclusive of consumption tax.
15. Other reserves required by special laws are as follows:
- The Reserve for Contingent Liabilities from the Brokering of Financial Futures Transactions is based on Article 82 of the Financial Futures Transaction Law. (¥1 million)
  - The Reserve for Contingent Liabilities from the Brokering Securities Transactions is based on Article 51 of the Securities and Exchange Act and Article 65-2-7 thereof. (¥1 million)
16. Stocks include ¥1 million of treasury stocks of the Bank.
17. Stocks and other investment vehicles of subsidiaries owned by the Bank : ¥97,127 million.
18. Monetary claims vis-à-vis the Bank's subsidiaries : ¥12,212 million.
19. Monetary liabilities vis-à-vis the Bank's subsidiaries : ¥190,307 million
20. Accumulated depreciation on buildings and equipment : ¥52,491 million.
21. Capital gains incurred upon disposals and other similar transactions are deducted from the cost of buildings and equipment acquired in substitution. The accumulated amount of the deducted cost of buildings and equipment is ¥4,904 million.
22. Other than those premises and equipment stated on the Balance Sheet, some of computers are utilized under leasing contracts.
23. Non-accrual loans to bankrupt borrowers : ¥100,627 million.  
Non-accrual past due loans : ¥470,476 million.  
"Non-accrual loans to bankrupt borrowers" refer to those loans in which the payment of principal or interest is well past due or there is no prospect of recovery of the principal or interest from the borrower or from a third party guaranteeing the loan.  
"Non-accrual past due loans" are defined as those loans which are past due and not accruing interests, but are categorized neither as "non-accrual loans to bankrupt borrowers," nor as "loans with altered lending condition" whose definition is given below.
24. Loans past due for more than three months: ¥16,909 million.  
"Loans past due for three months or more" are defined as loans whose principal or interest payment is past due for more than three months, but are categorized neither as "non-accrual loans to bankrupt borrowers," nor as "non-accrual past due loans."
25. Loans with altered lending conditions: ¥370,222 million.  
"Loans with altered lending conditions" are defined as loans that the Bank has granted certain concessions by changing the original conditions to debtors' advantage, with a view to supporting financial restructuring and securing the collection of the Bank's credits extended to them. These loans are categorized neither as "non-accrual loans to bankrupt borrowers," "non-accrual past due loans," nor as "loans past due for three months or more."
26. Amount of Loans under Risk Monitoring (Total of 23, 24, and 25 above) : ¥958,235 million.  
Figures reported in the notes 23, 24, and 25 are before netting-out of loan loss reserves.
27. The Bank's assets pledged as collateral and relevant liabilities are as follows:
- |                              |                  |
|------------------------------|------------------|
| Assets pledged as collateral | ¥164,815 million |
| Relevant liabilities         |                  |
| Call Money                   | ¥1,000 million   |
| Bills Sold                   | ¥58,700 million  |
- Other than the above, securities, loans, and other assets which were worth of ¥790,341 million, ¥344,157 million, and ¥4,413 million, respectively, were pledged as collateral for exchange clearing transactions, or as substitutes for cash deposits required for futures transactions.  
The Bank's securities worth of ¥36,607 million were also pledged as collateral for borrowings by the Bank's subsidiaries and affiliates.
28. On March 30, 2000, the Tokyo metropolitan parliament passed the ordinance which would introduce a new business tax on banks operating in the Tokyo prefecture. (Tokyo Metropolitan Government Ordinance No.145)  
From the fiscal period from April 1, 2000, the business tax to be paid to Tokyo metropolitan government is calculated based on gross profits of the period. (Formerly, business tax is based on before-tax income, and hence taken into account when calculating deferred tax assets.) Due to the introduction of new business tax, effective income tax rate, which is applied for computation of deferred income tax, was reduced from 41.97% to 40.59%, accordingly. As a result of this change, deferred income tax was reduced by ¥6,944 million and "Income Tax-Deferred" for the period under review was increased by the same amount.
29. Borrowed Money includes ¥ 429,374 million of subordinated debts.
30. All bonds issued are with subordination clauses.
31. Principal amount of Jointly Operated Designated Money in Trust (JOMT) that the Bank guarantees the principal is ¥1,426,508 million.
32. Net Income per share : ¥6.68
33. Out of the earned surplus stated in the Balance Sheet, the amount not available for dividends, as stipulated by Article 17-2-4 of the Banking Law of Japan is ¥5,259 million.

Non-Consolidated Statement of Operation for Fiscal Year 1999  
(for the period from April 1, 1999 to March 31, 2000)

(Millions of Yen)

|  |         |         |
|--|---------|---------|
| Operating Income   |         | 668,147 |
| Interest Income :  | 255,908 |         |
| Interest on Loans and Discounts                          | 202,606 |         |
| Interest and Dividends on Securities                     | 34,933  |         |
| Interest on Call Loans                                   | 139     |         |
| Interest on Bills Bought                                 | 5       |         |
| Interest on Due from Banks                               | 4,795   |         |
| Interest on Interest Rate Swaps                          | 7,995   |         |
| Other Interest Income                                    | 5,431   |         |
| Trust Fees   | 55,378  |         |
| Fees and Commissions :                                   | 41,985  |         |
| Domestic and Foreign Exchange                            | 14,268  |         |
| Others   | 27,717  |         |
| Trading Revenue:   | 2,745   |         |
| Trading Securities & Derivatives                         | 770     |         |
| Securities & Derivatives Related to Trading Transactions | 9       |         |
| Trading-related Financial Derivatives Transactions       | 1,175   |         |
| Other Trading Revenue                                    | 789     |         |
| Other Operating Income :                                 | 17,769  |         |
| Gains on Foreign Exchange Transactions                   | 5,218   |         |
| Gains on Sales of Bonds                                  | 11,574  |         |
| Gains on Redemption of Bonds                             | 812     |         |
| Others   | 164     |         |
| Other Income :   | 294,360 |         |
| Gains on Sales of Stocks and Other Securities            | 261,708 |         |
| Gains on Money Held in Trust                             | 30,044  |         |
| Others   | 2,607   |         |
| Operating Expenses                                       |         | 630,536 |
| Interest Expenses :                                      | 94,359  |         |
| Interest on Deposits                                     | 45,806  |         |
| Interest on Negotiable Certificates of Deposit           | 976     |         |
| Interest on Call Money                                   | 519     |         |
| Interest on Bills Sold                                   | 729     |         |
| Interest on Commercial Paper                             | 35      |         |
| Interest on Borrowed Money                               | 17,576  |         |
| Interest on Corporate Bonds                              | 82      |         |
| Interest on Interest Rate Swaps                          | 17,933  |         |
| Other Interest Expenses                                  | 10,698  |         |
| Fees and Commissions :                                   | 12,788  |         |
| Domestic and Foreign Exchange                            | 3,794   |         |
| Others   | 8,993   |         |

(Continue to the next page)

(Continued from preceding page)

(Millions of Yen)

|  |         |        |
|--|---------|--------|
| Other Operating Expenses :                                   | 10,946  |        |
| Losses on Sales of Bonds                                     | 9,331   |        |
| Losses on Redemption of Bonds                                | 1,464   |        |
| Others   | 150     |        |
| General and Administrative Expenses                          | 170,438 |        |
| Other Expenses :   | 342,003 |        |
| Provision for Reserve for Possible Loan Losses               | 82,213  |        |
| Written-off Claims   | 53,885  |        |
| Provision for Reserve for Possible Losses on Loans Sold      | 14,493  |        |
| Provision for Reserve for Specific Borrowers under Support   | 6,231   |        |
| Provision for Reserve for Possible Losses on Investments     | 798     |        |
| Losses on Sales of Stocks and Other Securities               | 116,257 |        |
| Losses on Devaluation of Stocks and Other Securities         | 40,990  |        |
| Losses on Money Held in Trust                                | 545     |        |
| Others   | 26,586  |        |
| Ordinary Profit  |         | 37,611 |
| Extraordinary Profit   |         | 7,188  |
| Gains on Dispositions of Premises and Equipment              | 1,375   |        |
| Recoveries of Written-off Claims                             | 5,811   |        |
| Transfer from Reserve for Securities Transaction Liabilities | 0       |        |
| Extraordinary Losses   |         | 2,569  |
| Losses on Dispositions of Premises and Equipment             | 2,569   |        |
| Income before Income Tax                                     |         | 42,229 |
| Income Tax, Residents' Tax, and Enterprise Tax               |         | 2,942  |
| Income Taxes - Deferred                                      |         | 21,148 |
| Net income   |         | 18,139 |
| Retained Earnings Brought Forward from Previous Year         |         | 10,020 |
| Interim Dividends Paid                                       |         | 5,607  |
| Transfer to Legal Reserve                                    |         | 1,122  |
| Unappropriated Profits at the End of the Year                |         | 21,430 |

Notes to Non-Consolidated Statements of Income

1. Yen amounts are reported in millions of yen and are rounded down to the nearest million yen.
2. Total revenue from transactions with subsidiaries : ¥978 million  
Total expenses incurred from transactions with subsidiaries : ¥22,012 million
3. Net of profits and losses arising from trading transactions is reported in the Income Statement as "Trading Revenue," on the basis of when the transaction commitments were made.  
Net of interests paid and received during the period concerned, and the change in gains and losses resulting from revaluation of securities and monetary claims are also included as "Trading Revenue." As to trading-related financial derivatives, the revaluation gains and losses are reported on the assumption that these transactions had been settled at the end of each fiscal period.

Non-Consolidated Statement of Proposal for Appropriation of  
Profits for Fiscal Year 1999

|  | ( Yen )         |
|--|-----------------|
| Unappropriated Profits at the End of the Year                  | 21,430,906,075  |
| Total  | 21,430,906,075  |
| Profits Appropriation Total                                    | 11,469,489,086  |
| Transfer to Legal Reserve                                      | 1,079,000,000   |
| Dividends for Kind A Preferred Shares ( 12.375 yen per share ) | 159,390,000     |
| Dividends for Kind B Preferred Shares ( 3.18 yen per share )   | 2,162,400,000   |
| Dividends for Common Shares ( 1.50 yen per share )             | 3,068,643,339   |
| Transfer to Voluntary Reserve                                  | 5,000,055,747   |
| Reserve for Possible Losses on Overseas Investments            | 55,747          |
| Other Reserve  | 5,000,000,000   |
| Retained Earnings Brought Forward to Next Year                 | 9,961,416,989   |
| (Valuation Gains on Trading Transactions                       | 5,259,431,367 ) |