

The First Corporate Plan

Given the prospects for rapid changes in the operating environment, including the implementation of Japan's financial Big Bang, we are reforming our operations to facilitate faster adaptation and nurture capabilities for staying ahead of rapidly evolving conditions. To facilitate these reforms, DKB began to implement its "First Corporate Plan" (the "Plan"), a three-year program of activities, in April 1999.

To make the Plan's vision a reality, the following three management policies have been implemented.

Provide Products and Services that Are Competitive in the Market and Suited to Each Customer Need

Financial products and services are expected to become increasingly diverse and sophisticated along with deregulation and progress in the development and application of cutting-edge technologies. Providing "one size fits all" products and services is no longer appropriate in today's marketplace. Therefore, we are working to upgrade and strengthen our capabilities for developing and marketing services that are tailored to meet the specific needs of our customers.

Also, by consistently offering products and services that are competitive in the market through the optimal delivery channels and at the appropriate prices, DKB will aim to provide the best value for each of its customers. To attain these objectives, DKB will aggressively work to expand and strengthen the comprehensive capabilities of the DKB Group.

Establishing Strong Risk Management Capabilities Supported by a Financial Position that Is Characterized by Soundness of Assets and a Powerful Earnings Base

Accompanying deregulation and the expansion of the services that banks in Japan can offer, DKB will need to deal with an increasingly diverse and sophisticated range of risks. Building and constantly upgrading thoroughgoing systems that measure risks accurately and control them effectively are essential.

Simultaneously, DKB must work to enhance the quality of its assets through disposing of nonperforming loans, improving its earnings structure through strengthening basic earnings power, and expanding its capital base, all this with the objective of building a sound and powerful financial position that will enable DKB to win the increasing trust and confidence of customers and respond to their broad-ranging needs.

Create a Superior Brand to Gain the Confidence and Support of Customers for the Long Term

Since DKB's establishment, we have aimed to create a "heart-to-heart" relationship with our customers, and this is reflected in the use of the heart mark as DKB's symbol. Carefully cultivated over many years, the DKB brand name and symbol are well-known and readily recognized. On the firm foundation of DKB's strong brand image, we will take steps under the Plan to further enhance our capabilities to offer high-quality products and services as well as provide expert leading-edge consulting and problem-solving services. Through these efforts, we will work to become the "financial partner" of our customers, enjoying their long-term trust and support.

Introduction of the Customer Segment-Based Business Management System

At the beginning of the First Corporate Plan, DKB introduced the Customer Segment-Based Business Management System. The introduction of this system is intended to enable DKB to adapt to changes in the operating environment through faster decision making and business policy implementation. To this end, the system makes the transition from the former organizational structure, which was based on business and functional lines, to an organization divided according to customer market segments.

Specifically, DKB has set the objective of meeting increasingly diversified and sophisticated customer needs more accurately by organizing its activities into separate business units, or “Companies,” that serve specific customer segments and by clarifying the positioning of the markets these Companies serve within DKB’s overall management strategy. Moreover, the Customer Segment-Based Business Management System is intended to facilitate quick and flexible restructuring of operations in response to changes in the business environment and achieve an effective allocation of management resources into priority businesses.

To provide the products and services best suited to each customer segment through the optimal distribution systems, each Company is organizationally an independent unit, with a service delivery system that is integrated from product development through marketing. Also, by delegating the functions and authority that had been concentrated in the Head Office to the Companies, each Company can demonstrate its initiative, autonomy and creativity as well as develop its business activities strategically and responsibly. At the same time, this

system has clarified the responsibilities of the Companies in their respective markets. As a consequence, each Company is positioned to maximize the value of the services it provides to its customers and work aggressively to enhance its performance by making the most effective use of the management resources allocated to it.

Thorough Review of Personnel Systems and Management Practices

To support the functioning of the Customer Segment-Based Business Management System, in September 1999, DKB reviewed and redesigned its existing personnel system.

The new system aims to create an environment that makes it easier for personnel to work at their own initiative, autonomously and creatively. The three key phrases of the system are “independence and self-responsibility,” “evaluation based on accomplishments” and “market principles.” The essence of this new system is that all personnel can strive to be true experts in their specific job categories. Changes in the compensation system include increasing the importance of the job-type component of salaries and assigning greater importance to the inherent and market value, as evidenced by the need for special skills and the workload, of various job categories.

Strategy for Asset Management and Administration

In July 1999, DKB established the Trust & Asset Management Planning Office and centralized the planning and promotional activities for asset management that were formerly dispersed throughout the DKB Group and implemented on an independent basis. This new structure makes the centralized

supervision of asset management and administration possible. Some of the major developments are as follows.

Alliance with J.P. Morgan for Investment Trusts

In March 1999, Dai-Ichi Kangyo Asset Management and J.P. Morgan Investment Management, Inc., jointly established an investment trust management company, Dai-Ichi Kangyo J.P. Morgan Investment Management Co., Ltd. (DKB Morgan). This new company began the marketing of investment trusts under the Co-Brand of DKB and J.P. Morgan in June 1999. As of March 2000, DKB Morgan had commenced the marketing of seven investment trust products, and, to this date, the total volume of sales through all branches of DKB was ¥78.4 billion.

Strategy for the Trust and Banking Business

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. (DKFTB)—which was formed in April 1999 from the merger of The Dai-Ichi Kangyo Trust & Banking Co., Ltd., and The Fuji Trust & Banking Co., Ltd.—took over the trust and fiduciary business of The Yasuda Trust & Banking Co., Ltd., including pension fund management, securities custody business and transfer agent business. As a consequence, DKFTB has commenced operations as a leading company in the trust and banking sector with 21 domestic offices and assets in trust amounting to approximately ¥21 trillion. In addition, DKFTB provides transfer agency services to about 700 companies and is responsible for administering approximately 3.6 million shareholder accounts. In October 2000, DKFTB is scheduled to merge with IBJ Trust & Banking Co., Ltd. to become Mizuho Trust & Banking Co., Ltd.

Activities in Preparation for Introduction of Defined Contribution Plans

As part of its asset management and administration activities, DKB has formed a specialist team in the Trust & Asset Management Planning Office for defined contribution plans. This team is working closely with companies in the DKB Group to put into place the systems necessary for handling these new pension plans. In addition, while surveying the needs of customers, the office is actively engaged in developing investment products and customer services for defined contribution plans.

Strategy for the Securities Business

Dai-Ichi Kangyo Securities, which is the DKB Group company responsible for providing securities services to wholesale market customers, began equity underwriting services in October 1999, following the removal of restrictions on bank-affiliated securities companies in this field.

In retail securities, Kankaku Securities Co., Ltd., became a subsidiary of DKB in October 1999, and in November 1999 signed an operating agreement with Dai-Ichi Kangyo Securities covering primarily equity underwriting and distribution. In July 2000, Dai-Ichi Kangyo Securities took over the Japanese government, government-guaranteed and regional government bond underwriting operations of Kankaku Securities. Also, to clarify the position of Kankaku Securities as the company in the soon-to-be-formed Mizuho Financial Group responsible for the middle and retail securities markets, in October 2000, Kankaku Securities is scheduled to become The Mizuho Investors Securities Co., Ltd.