

Preparation of the Business Improvement Plan

Outline of the Business Improvement Plan

DKB received an infusion of public funds in March 1999 under the provisions of the Law Concerning Emergency Measures for Early Strengthening of the Financial Function. At the same time, DKB prepared its Business Improvement Plan, which contains three basic sections, entitled Restructure Operations, Rationalize Operations, and Strengthen Financial Intermediary Functions.

Reduction in Expenses Owing to Restructuring

	March 31, 1999 (Actual)	March 31, 2000 (Projected)	March 31, 2000 (Actual)	(¥ billion) Compared with March 31, 1999 (Actual)
Expenses	¥388.7	¥395.5	¥368.1	¥-20.5
Personnel expenses	162.5	156.8	151.2	-11.3
Nonpersonnel expenses	201.4	214.7	195.1	-6.3

Number of Employees

While hiring 710 personnel, DKB made a net reduction of 550 in its staff, from 16,090 at March 31, 1999 to 15,540 at the conclusion of the fiscal year under review, thus attaining the objective set for fiscal 1999. This reduction was made possible through improving and rationalizing branch

Fiscal 1999 was the first year for the implementation of this plan, and progress toward attaining its objectives is detailed below.

For further information on the section “Restructure Operations” of DKB’s Business Improvement Plan, please refer to pages 48 to 50.

Expenses

Following the steady implementation of restructuring measures, DKB succeeded in attaining its planned objective for the fiscal year of reducing personnel expenses to ¥151.2 billion and nonpersonnel expenses to ¥195.1 billion. In addition, the ratio of general and administrative expenses to gross profits declined from 57% in fiscal 1998 to 50% in fiscal 1999.

operations, enhancing the expertise of personnel in market-related divisions while assigning tasks to a smaller number of highly qualified personnel, increasing the productivity of Head Office operations, consolidating and closing certain offices in Japan and overseas and other means.

	March 31, 1999 (Actual)	March 31, 2000 (Planned)	March 31, 2000 (Actual)	Compared with March 31, 1999
Number of Employees*	16,090	15,590	15,540	-550

*Employees seconded to other companies are included. Contract, dispatch and part-time employees are excluded.

Number of Directors and Directors' Compensation and Bonuses

DKB reduced the number of members of the Board of Directors by nine over the two-year period from 1997 to 1998. In June 2000, DKB introduced the executive officer system, with the aim of structuring a more effective corporate governance system. Under this system, DKB has reduced the size of the Board and clarified the responsibilities of Board

members for management decision making and the overall supervision of corporate activities. In addition, DKB has clarified the division of responsibilities between management decision making and the overall supervision of operations on the one hand and the day-to-day conduct of operations on the other. As a consequence, the number of directors has been reduced to 10.

	March 31, 1999 (Actual)	March 31, 2000 (Planned)	March 31, 2000 (Actual)	Compared with March 31, 1999
Number of Directors	35	35	35	0

	March 31, 1999 (Actual)	March 31, 2000 (Planned)	March 31, 2000 (Actual)	Compared with March 31, 1999 (¥ million)
Directors' Compensation	¥984	¥945	¥934	¥-50
Directors' Bonuses	0	0	0	0

Restructure the Office Network

The number of conventional, full-service branches (excluding sub-branches and agencies) in Japan, as of March 31, 2000, was reduced by 20, according to the plan, to 314, from 334 as of March 31, 1999.

DKB reduced the number of overseas offices, which stood at 19 as of March 31, 1999, by 2

during the fiscal year under review compared with a planned reduction of one. While closing and consolidating certain conventional offices, DKB took steps to increase convenience for customers. For example, the first branch within a retail store was opened during the fiscal year, telephone banking services were expanded and Internet banking systems were introduced and upgraded.

	March 31, 1999 (Actual)	March 31, 2000 (Planned)	March 31, 2000 (Actual)	Compared with March 31, 1999
Number of Domestic Branches	334	314	314	-20
Number of Overseas Branches	19	18	17	-2
Number of Overseas Subsidiaries*	20	17	19	-1

*Consolidated subsidiaries of which DKB directly owns more than 50%.

Strengthen Financial Intermediary Functions

In accordance with the provisions of the Bank Recapitalization Law, DKB was active in identify-

ing opportunities for expanding its domestic loan portfolio during fiscal 1999. Both domestic loans and loans to small and medium-sized enterprises rose above the planned levels.

	Planned increase in fiscal 1999	Actual increase in fiscal 1999	Actual compared with planned (¥ billion)
Domestic Loans	¥+1,000.0	¥+1,701.3	¥+701.3
Loans to Small and Medium-Sized Enterprises	+410.0	+528.8	+118.8

Notes: 1. These figures show actual loans made, excluding the impact of loan disposals and securitizations.

2. Figures exclude impact loans (loans to domestic borrowers in foreign currencies).

*Projected versus Actual for Profits
and Other Indicators*

A comparison of projected profits and other indicators under DKB's Business Improvement Plan and actual results are shown below.

	March 31, 1999 (Actual)	March 31, 2000 (Projected)	March 31, 2000 (Actual)	(¥ billion, except as indicated) Compared with March 31, 1999
Gross Profits	¥ 682.8	¥ 687.5	¥ 741.9	¥ +59.0
Net Business Profits*	178.5	309.5	345.7	+167.1
Ordinary Profits (Loss)	-604.4	92.9	218.9	+823.3
Net Income (Loss)	-376.1	50.6	88.8	+465.0
Profit Available for Payment of Dividends	317.4	314.4	359.4	+41.9
Dividends	19.4	28.7	31.9	+12.4
Total Return on Earning Assets (%)	0.23	0.16	0.52	+0.28
Shareholders' Equity	2,404.2	2,090.1	2,474.0	+69.8
Retained Earnings	380.9	377.2	431.3	+50.3
Risk-Based Capital Ratio (BIS Capital Ratio) (%)	11.46	10.92	12.11	+0.65

*After transfer to General Reserve for Possible Loan Losses