

Consolidated Financial Statements

Consolidated Balance Sheets

March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
ASSETS			
Cash and Due from Banks (Note 8)	¥ 2,741,992	¥ 2,434,580	\$ 25,831,296
Call Loans and Bills Purchased.....	985,413	1,793,282	9,283,217
Commercial Paper and Other Debt Purchased.....	184,233	85,441	1,735,597
Trading Assets (Note 3)	2,773,856	2,930,820	26,131,475
Money Held in Trust	76,236	108,228	718,200
Securities (Notes 4 and 8)	7,588,585	6,668,759	71,489,266
Loans and Bills Discounted (Notes 5 and 8)	36,371,589	34,815,843	342,643,327
Foreign Exchange	343,437	448,583	3,235,394
Other Assets (Notes 6 and 8)	4,155,277	4,384,841	39,145,334
Premises and Equipment (Notes 7 and 8)	697,084	745,616	6,566,979
Deferred Tax Assets (Note 28)	871,685	1,069,255	8,211,829
Consolidation Difference	73,493	67,376	692,357
Customers' Liabilities for Acceptances and Guarantees (Note 16)	2,020,909	2,392,446	19,038,247
Reserve for Possible Loan Losses.....	(624,291)	(684,674)	(5,881,220)
Reserve for Devaluation of Investment Securities.....	(12,772)	—	(120,325)
Total Assets	¥58,246,731	¥57,260,403	\$548,720,973

The accompanying notes are an integral part of these statements.

March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Notes 8 and 9)	¥35,463,225	¥34,646,230	\$334,085,965
Call Money and Bills Sold (Note 8).....	4,875,401	3,833,529	45,929,355
Commercial Paper (Note 11).....	1,022,730	725,468	9,634,764
Trading Liabilities (Note 3).....	2,101,575	1,823,830	19,798,172
Borrowed Money (Notes 8 and 10)	2,208,020	2,794,984	20,800,948
Foreign Exchange.....	139,193	137,789	1,311,294
Bonds and Debentures (Note 12).....	2,015,335	1,356,075	18,985,731
Convertible Bonds (Note 13).....	6,929	15,464	65,280
Due to Trust Account.....	1,427,125	1,927,770	13,444,426
Other Liabilities (Note 14)	4,014,216	4,669,740	37,816,454
Reserve for Retirement Allowances	52,666	57,051	496,150
Other Reserves (Note 15).....	176,303	189,542	1,660,891
Deferred Tax Liabilities (Note 28).....	1,872	—	17,643
Deferred Tax Liability for Land Revaluation.....	85,589	94,481	806,306
Acceptances and Guarantees (Note 16)	2,020,909	2,392,446	19,038,247
Total Liabilities.....	55,611,096	54,664,406	523,891,626
Minority Interests.....	388,182	408,144	3,656,923
Stockholders' Equity			
Common Stock (Note 18)	560,927	559,216	5,284,291
Preferred Stock (Note 18).....	478,616	478,616	4,508,870
Capital Surplus (Note 18).....	929,907	928,196	8,760,319
Land Revaluation Account (Note 17)	135,229	131,767	1,273,947
Earned Surplus.....	144,531	118,759	1,361,574
Treasury Stock	(9)	(12)	(94)
Shares in Parent Company Held by Subsidiaries	(1,749)	(28,692)	(16,483)
Total Stockholders' Equity	2,247,452	2,187,852	21,172,424
Total Liabilities, Minority Interests and Stockholders' Equity	¥58,246,731	¥57,260,403	\$548,720,973

Consolidated Statements of Income

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
INCOME			
Interest Income (Note 19)	¥1,635,326	¥1,707,350	\$15,405,812
Fiduciary Income	38,743	—	364,987
Fee and Commission Income	220,943	176,880	2,081,431
Trading Income (Note 20)	43,323	38,142	408,131
Other Operating Income (Note 21)	492,113	515,395	4,636,018
Other Income (Note 21)	666,741	215,673	6,281,126
Total Income	3,097,192	2,653,442	29,177,505
EXPENSES			
Interest Expenses (Note 22)	1,048,959	1,204,059	9,881,856
Fee and Commission Expenses	41,189	48,031	388,029
Trading Expenses (Note 23)	3,364	—	31,694
Other Operating Expenses (Note 24)	407,281	364,449	3,836,847
General and Administrative Expenses	556,557	494,565	5,243,126
Other Expenses (Note 24)	756,821	1,290,904	7,129,737
Total Expenses	2,814,173	3,402,011	26,511,289
Income (Loss) before Income Taxes and Minority Interests	283,018	(748,568)	2,666,216
Income Tax Expenses (Note 25):			
Current	16,287	18,362	153,442
Deferred	194,547	(362,022)	1,832,759
Minority Interests in Net Income	19,352	17,121	182,308
Net Income (Loss)	¥ 52,831	¥ (422,030)	\$ 497,707

	Yen		U.S. dollars (Note 1)
Net Income (Loss) per Share	¥12.77	¥(142.07)	\$0.12
Net Income per Share (diluted)	12.44	—	0.12
Dividend per Share:			
Common Stock	7.00	7.00	0.07
Preferred Stock:			
First Series Class I Preferred Stock	7.50	7.50	0.07
Second Series Class IV Preferred Stock	42.00	0.12	0.40
Third Series Class III Preferred Stock	11.00	0.04	0.10
Fourth Series Class III Preferred Stock	8.00	0.03	0.08

The accompanying notes are an integral part of these statements.

Consolidated Statements of Earned Surplus

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
Balance at Beginning of Year	¥118,759	¥627,426	\$1,118,789
Increase:			
Effect of the Change in Scope of Consolidated Subsidiaries and Affiliates	1,244	6,708	11,723
Reversal of Land Revaluation Account	3,011	—	28,368
Decrease:			
Effect of the Change in Scope of Consolidated Subsidiaries and Affiliates	(2,463)	(57,806)	(23,209)
Dividends	(28,851)	(35,536)	(271,796)
Bonuses to Directors and Statutory Auditors	(0)	(1)	(8)
Net Income (Loss)	52,831	(422,030)	497,707
Balance at End of Year	¥144,531	¥118,759	\$1,361,574

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31,	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
Cash Flows from Operating Activities:			
Income (Loss) before Income Taxes and Minority Interests.....	¥ 283,018	¥ (748,568)	\$ 2,666,216
Adjustments to Reconcile Income (Loss) before Income Taxes and Minority Interests to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization.....	44,780	53,009	421,861
Amortization of Consolidation Difference.....	17,566	7,728	165,485
Equity in Losses (Gains) on Unconsolidated Subsidiaries and Affiliates.....	(12,432)	12,690	(117,118)
Net Decrease in Reserve for Possible Loan Losses.....	(33,018)	(403,358)	(311,057)
Net Increase in Reserve for Devaluation of Investment Securities.....	12,772	—	120,325
Net Increase (Decrease) in Reserve for Possible Losses on Loans Sold.....	(20,632)	76	(194,375)
Net Increase (Decrease) in Reserve for Possible Losses on Support of Specific Borrowers.....	7,380	(79)	69,525
Net Decrease in Reserve for Retirement Allowances.....	(4,278)	(2,373)	(40,310)
Accrued Interest and Dividend Income.....	(1,635,326)	(1,707,350)	(15,405,812)
Accrued Interest Expenses.....	1,048,959	1,204,059	9,881,856
Investment Securities Losses (Gains) — Net.....	(456,027)	162,452	(4,296,066)
Losses on Money Held in Trust.....	4,856	310	45,754
Foreign Exchange Losses (Gains) — Net.....	19,396	(17,339)	182,731
Losses (Gains) on Disposal of Premises and Equipment.....	23,989	(73,995)	225,994
Gains on Sales of Asset Management, Administration and Factoring Business.....	(71,161)	—	(670,385)
Net Decrease in Trading Assets.....	36,433	512,992	343,230
Net Increase (Decrease) in Trading Liabilities.....	339,673	(417,779)	3,199,936
Net Decrease (Increase) in Loans.....	(1,916,027)	2,638,766	(18,050,185)
Net Increase (Decrease) in Deposits.....	709,306	(4,319,391)	6,682,111
Net Increase in Negotiable Certificates of Deposit (NCDs).....	95,788	1,875,209	902,384
Net Decrease in Borrowed Money excluding Subordinated Borrowings.....	(174,365)	(1,610,026)	(1,642,635)
Net Decrease (Increase) in Deposits with Other Commercial Banks.....	(350,609)	875,383	(3,302,965)
Net Decrease (Increase) in Call Loans and Others.....	584,502	(336,183)	5,506,381
Net Decrease (Increase) in Collateral Under Resale Agreements and Securities Borrowing Transactions.....	451,874	(353,978)	4,256,944
Net Increase in Call Money and Others.....	1,211,954	29,772	11,417,380
Net Increase in Commercial Paper.....	333,662	413,888	3,143,314
Net Increase (Decrease) in Collateral Under Repurchase Agreements and Securities Lending Transactions.....	(367,077)	60,365	(3,458,099)
Net Decrease (Increase) in Foreign Exchange (Assets).....	105,851	(125,720)	997,191
Net Increase in Foreign Exchange (Liabilities).....	1,300	25,057	12,249
Net Increase (Decrease) in Issuance, Redemption of Corporate Bonds.....	535,912	(9,978)	5,048,632
Net Increase (Decrease) in Due to Trust Account.....	(500,644)	6,148	(4,716,386)
Interest and Dividends Received.....	1,550,495	1,876,699	14,606,643
Interest Paid.....	(1,091,243)	(1,340,379)	(10,280,207)
Bonuses to Directors and Statutory Auditors.....	(13)	(9)	(131)
Others.....	(184,197)	347,375	(1,735,255)
Subtotal.....	602,417	(1,364,525)	5,675,156
Income Taxes Paid.....	(16,279)	(10,519)	(153,367)
Net Cash Provided by (Used in) Operating Activities.....	586,137	(1,375,045)	5,521,789
Cash Flows from Investment Activities:			
Purchases of Investment Securities.....	(13,189,661)	(6,324,248)	(124,254,939)
Proceeds from Sales of Investment Securities.....	9,929,549	6,945,544	93,542,625
Proceeds from Redemption of Investment Securities.....	2,590,486	85,505	24,404,016
Increase in Money Held in Trust.....	(206,300)	(181,438)	(1,943,479)
Decrease in Money Held in Trust.....	233,432	206,439	2,199,081
Expenditures for Premises and Equipment.....	(49,303)	(40,912)	(464,469)
Proceeds from Sales of Premises and Equipment.....	21,646	102,772	203,928
Purchases of Equity Investments in Subsidiaries Due to Increase in Number of Subsidiaries.....	—	(355,086)	—
Proceeds from Sales of Equity Investments in Subsidiaries Due to Decrease in Number of Subsidiaries.....	19,483	24,591	183,547
Investment in Consolidated Subsidiaries' Equity.....	(252)	—	(2,383)
Expenditures on Acquisition.....	(27,510)	—	(259,169)
Proceeds from Sales of Asset Management, Administration and Factoring Business.....	180,557	—	1,700,965
Net Cash Provided by (Used in) Investment Activities.....	(497,872)	463,168	(4,690,277)
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowings.....	13,714	5,000	129,202
Repayment of Subordinated Borrowings.....	(288,160)	(30,311)	(2,714,651)
Proceeds from Issuance of Subordinated Bonds and Convertible Bonds.....	167,100	200,000	1,574,187
Repayment of Subordinated Bonds and Convertible Bonds.....	(2,288)	(6,916)	(21,561)
Proceeds from Issuance of Preferred Stock and Capital Stock.....	—	1,016,988	—
Dividends Paid.....	(28,851)	(35,558)	(271,796)
Dividends Paid to Minority Interests (Stockholders).....	(22,630)	(71,599)	(213,195)
Purchase of Treasury Stock.....	(528)	(95)	(4,982)
Proceeds from Sales of Treasury Stock.....	42,246	82	397,992
Net Cash Provided by (Used in) Financing Activities.....	(119,397)	1,077,590	(1,124,804)
Effect of Exchange Rate Changes on Cash and Cash Equivalents.....	(2,927)	323	(27,582)
Net Increase (Decrease) in Cash and Cash Equivalents.....	(34,060)	166,036	(320,874)
Cash and Cash Equivalents at Beginning of Year.....	1,207,676	1,040,512	11,377,075
Effect of the Increase in Scope of Consolidated Subsidiaries and Affiliates, Net of Cash and Cash Equivalents ...	0	1,332	0
Effect of the Decrease in Scope of Consolidated Subsidiaries and Affiliates, Net of Cash and Cash Equivalents ...	0	(204)	0
Cash and Cash Equivalents at End of Year.....	¥1,173,615	¥1,207,676	\$11,056,201

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements of The Fuji Bank, Limited and its consolidated subsidiaries have been maintained and prepared on the basis of accounting principles and practices generally accepted in Japan and have been compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan. Accounting principles and practices generally accepted in Japan may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Additionally, the Bank prepares its consolidated financial statements based on the "Ministerial Ordinance Concerning the Terminology, Format and Method of Preparation for Consolidated Financial Statements" (Ministry of Finance Ordinance No.28, 1976) ("the Consolidated Terminology") and categorizes Assets and Liabilities and Income and Expenses according to the "Banking Law Enforcement Regulations" (Ministry of Finance Ordinance No.10, 1982). The financial statements for the year ended March 31, 1999 were prepared on the basis of the pre-revision Consolidated Terminology and Banking Law Enforcement Regulations, and the financial statements for the year ended March 31, 2000 were prepared on the basis of the revised Consolidated Terminology and Banking Law Enforcement Regulations. Certain previously reported amounts have been reclassified to conform with the current period's presentation.

Certain items presented in the consolidated financial statements filed with the Minister of Finance have been reclassified for the convenience of readers outside Japan.

As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥106.15= U.S.\$1.00, the rate of exchange in effect on March 31, 2000, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

2. Summary of Significant Accounting Policies (Principles of Consolidation)

The consolidated financial statements include the accounts of The Fuji Bank, Limited ("the Bank") and 174 of its consolidated subsidiaries (the "Fuji Bank Group") including The Yasuda Trust and Banking Company Ltd. (a Japanese corporation), Fuji Securities Co., Ltd. (a Japanese corporation), The Fujigin Credit, Ltd. (a Japanese corporation), Fuyo General Lease Co., Ltd. (a Japanese corporation), The Fujigin Factor Co., Ltd. (a Japanese corporation), The J.M.C. Credit, Ltd. (a Japanese corporation), Fuji Bank (Schweiz) AG (a Swiss corporation), The Fuji Bank and Trust Company (a U.S. corporation), and Fuji America Holdings, Inc. (a U.S. corporation) and its subsidiaries (including the Heller Group), principally Heller Financial, Inc. The number of the consolidated subsidiaries was 174 and 182 for the years ended March 31, 2000 and 1999, respectively.

Certain domestic subsidiaries have not been consolidated since these subsidiaries are not significant and their results have no material impact on the consolidated financial statements of the Bank and its consolidated subsidiaries.

All significant intercompany accounts and transactions have been eliminated.

The Bank early adopted a new accounting standard for consolidated financial statements for the year ended March 31, 1999 which became effective for the year ended after March 31, 1999. The new standard requires a company to consolidate all subsidiaries of which the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

The financial statements of the consolidated subsidiaries whose balance sheet dates are principally December 31 are included in the consolidated financial statements on the basis of their respective fiscal years after making the appropriate adjustments for any significant transactions during the periods from their respective balance sheet dates to the date of the consolidated financial statements.

Assets and liabilities of consolidated subsidiaries are revalued at fair value at the respective dates of acquisition.

(Consolidation Difference)

The differences between cost and underlying interest (consolidation difference) are amortized principally over a period of 20 years by the straight-line method. If these differences have no material impact on the consolidated financial statements, they are charged or credited to income in the year of acquisition. In the case of overseas subsidiaries, such differences are amortized over the period stipulated in the country in which these subsidiaries are situated. Such differences for Heller International Group, Inc., Fuji America Holdings, Inc. and Yasuda Trust and Banking Co., Ltd., recognized by the previous fiscal year are amortized over a period of 5 years on a straight-line basis. Until the fiscal year ended March 31, 1999, consolidation differences were charged or credited to income in the year of acquisition or amortized over a period of 5 years on a straight-line basis, but with the revision of the "Principles of Consolidated Financial Statements" for the year ended March 31, 2000, amortization of consolidation differences is calculated as stated above.

The effect of this change results in an increase in Consolidation Difference of ¥4,492 million from the previous year, and an increase in Income before Income Taxes and Minority Interests of ¥4,492 million.

(Trading Assets and Liabilities)

Transactions for "trading purposes", i.e. transactions seeking to capture gains arising from short-term changes in securities and other market-related indices, are included in "Trading Assets" and "Trading Liabilities" on the Consolidated Balance Sheets, and profits and losses from such transactions are shown as "Trading Income" or "Trading Expenses" in the Consolidated Statement of Income on a trade date basis.

Trading securities and monetary receivables, etc. held for trading purposes are carried at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, forward contracts or options transactions are valued on the assumption that they were settled on the balance sheet date.

Transactions made by the consolidated subsidiaries for trading purposes are principally treated the same as above.

(Securities)

Securities held for purposes other than trading are carried at cost determined by the moving average method.

Securities owned by the consolidated subsidiaries are carried principally at cost or at the lower of cost or market, cost being determined by the moving average method.

(Depreciation)**(a) Premises and Equipment**

Depreciation of premises and equipment owned by the Bank is computed as follows:

Buildings principally by the straight-line method, based on the rates prescribed in the Corporation Income Tax Law

Equipment declining-balance method, based on the rates prescribed in the Corporation Income Tax Law

Other as prescribed by the Corporation Income Tax Law

Depreciation of premises and equipment owned by consolidated subsidiaries is computed principally by the straight-line method over the estimated useful lives of the assets.

(b) Software

The cost of software to be used internally within the Bank and its domestic consolidated subsidiaries is amortized mainly using the straight-line method over a useful life of 5 years.

Until the year ended March 31, 1999, the cost of software to be used internally within the domestic consolidated trust bank subsidiary has been charged mainly to income in the year of acquisition. In accordance with the "Accounting Standard for Accounting for Research and Development Cost" (Business Accounting Deliberation Council, published March 13, 1998), the cost of software is capitalized and is amortized over its useful life. The effect of this change results in respective increases of ¥110 million in Other Assets and Income before Income Taxes and Minority Interests.

The cost of software to be used internally within the Bank and its other consolidated subsidiaries has been included in "Other Assets" for the year ended March 31, 2000. The Bank and its other subsidiaries have applied the transitional provisions contained in "Practical Guidance for Accounting for Research and Development Costs, and Software Costs" (JICPA Accounting Committee Report No.12, published March 31, 1999) and continues to include it in the same balance sheet item as before.

(Reserve for Possible Loan Losses)

In accordance with internally-established standards for write-offs and providing reserves for possible loan losses, the Bank and its major domestic subsidiaries accounted for the Reserve for Possible Loan Losses as follows:

For loans to obligors which are substantially bankrupt ("substantially bankrupt obligors") or which are legally bankrupt ("bankrupt obligors"), a reserve is provided based on the amount remaining after deduction of the amount expected to be collected from the disposal of collateral and/or the amount recoverable from guarantees.

For loans to obligors which are not currently legally bankrupt but are likely to become bankrupt, a reserve is provided based on the amount the obligor is capable of repaying of the loan amount remaining after deducting the expected amount recoverable from disposal of collateral and amounts recoverable under guarantees.

In the case of all other loans to such obligors, a reserve is provided on the basis of the loan failure rates calculated using the amount of actual loan failures during a fixed period in the past.

Reserve Relating to Loans to Restructuring Countries is provided based on the prospective loss after consideration of the relevant country's political and economic situation, etc.

All loans are assessed by the operating section based on the internal rules for self-assessment of assets. A Credit Review and Auditing section

which is independent of the operating sections reviews the results of the self-assessment of assets for all loans based on the internal rules. The Reserve for Possible Loan Losses is provided based on the results of the self-assessment of assets.

For loans to bankrupt obligors and substantially bankrupt obligors which are collateralized or guaranteed by a third party, the amounts deemed uncollectible are charged off against the respective loan balances. The amount of charge-offs during the years ended March 31, 2000 and 1999 totaled ¥1,586,821 million and ¥1,176,863 million, respectively.

Other consolidated subsidiaries provide the amount necessary to cover the loan losses in the Reserves for Possible Loan Losses based on past experience and their management's assessment of the loan portfolio.

Due to the amendment of the Banking Law, from this fiscal year onwards the Reserve for Possible Loan Losses, which was previously included in Liabilities, is included in Assets. The effect of this change results in respective decreases in Assets and Liabilities of ¥624,291 million.

(Reserve for Devaluation of Investment Securities)

This reserve is provided to cover any future potential losses on investments in subsidiaries, affiliated companies and other companies.

(Reserve for Retirement Allowances and Pension Plans)

The Reserve for Retirement Allowances of the Bank and its domestic consolidated subsidiaries is calculated based on the amount which would have been required to be paid if all employees covered by the retirement plan had voluntarily terminated their employment at the balance sheet date.

In addition, the Bank has a contributory pension plan for eligible employees. The unamortized balance of prior service cost at March 31, 1999 (based on the most recent available information on the pension plan) was ¥12,672 million. Prior service cost is being amortized over a period of 15 years and nine months.

The consolidated subsidiaries principally have funded pension plans for their employees.

(Land Revaluation Account)

Land used for the Bank's business activities was revalued on the basis prescribed by the Law Concerning Land Revaluation (Proclamation No.34 dated March 31, 1998). The revaluation difference, net of Deferred Tax Liability on Land Revaluation, is included in Stockholders' Equity as Land Revaluation Account.

(Lease Transactions)

Finance lease transactions other than those which are deemed to transfer the ownership of the leased assets to the lessee are accounted for as operating leases. However, lease transactions of certain foreign consolidated subsidiaries are accounted for as either capital or operating leases.

(Translation of Foreign Currency Items)

Foreign currency assets and liabilities held by the Bank and its domestic consolidated trust bank subsidiary are principally translated into yen at the exchange rates prevailing at the end of the fiscal year. However, for the following (a) investments, under assets, in foreign corporations (Other Securities, excluding those funded in foreign currencies), (b) other items for which it has been determined inappropriate for the Bank and its domestic consolidated trust bank subsidiary to add to the balance of foreign currency assets and liabilities at market value, such items are translated at the historical exchange rates. For the accounts of overseas branches, yen amounts are computed using the exchange rates prevailing on their balance sheet dates.

Foreign currency assets and liabilities held by other consolidated

subsidiaries are principally translated into yen at the exchange rates prevailing at the end of the respective fiscal years.

(Income Taxes)

Effective the year ended March 31, 1999, the Bank and its domestic subsidiaries adopted deferred tax accounting for income taxes in accordance with the amendment of the Regulation of Consolidated Financial Statements. Under deferred tax accounting, Deferred Tax Assets and Liabilities are recorded based on the tax effect of temporary differences between financial and tax reporting, recognized based on the effective future tax rate at each fiscal year-end.

(Cash Flows)

Cash and Cash Equivalents consist of cash and deposits with the central bank.

(Appropriation of Earned Surplus)

Cash dividends and bonuses to directors and statutory auditors are recorded in the fiscal year in which the proposed appropriation of earned surplus is approved by the Board of Directors and/or by the general meeting of the stockholders.

(Net Income (Loss) per Share)

Net income (loss) per share is computed based on the average number of shares of common stock outstanding during the fiscal year.

Net income per share (diluted) is computed based on the average number of shares of common stock outstanding during the fiscal year, after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of convertible bonds and preferred stock. It was not necessary to disclose net income per share (diluted) for the year ended March 31, 1999 because of a net loss.

3. Trading Assets and Trading Liabilities

Trading Assets

Trading Assets at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Trading securities.....	¥1,468,978	¥1,204,750
Derivatives of trading securities.....	5,313	1,747
Securities related to trading transactions ..	62,058	56,143
Derivatives of securities related to trading transactions ..	130	—
Trading-related financial derivatives.....	833,730	1,005,252
Other trading assets ..	403,644	662,927
Total	¥2,773,856	¥2,930,820

Trading Liabilities

Trading Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Trading securities sold for short sales	¥1,142,380	¥ 859,755
Derivatives of trading securities.....	3,852	384
Securities related to trading transactions sold for short sales.....	—	4,595
Derivatives of securities related to trading transactions ..	118	50
Trading-related financial derivatives.....	955,224	959,044
Total	¥2,101,575	¥1,823,830

4. Securities

Securities at March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Japanese national government bonds	¥1,942,640	¥1,111,524
Japanese local government bonds	189,554	306,800
Japanese corporate bonds and financial debentures.....	542,461	698,553
Japanese corporate stocks	3,636,632	3,610,195
Other securities	1,277,297	941,685
Total	¥7,588,585	¥6,668,759

5. Loans and Bills Discounted

Loans and Bills Discounted at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Bills discounted	¥ 241,267	¥ 236,043
Loans on notes and deeds	26,967,640	27,549,165
Overdrafts.....	8,297,224	6,273,535
Financing receivables, including factoring, leasing and property financing.....	865,457	757,099
Total	¥36,371,589	¥34,815,843

The balance of "Loans and Bills Discounted" at March 31, 2000 and 1999 included the following non-accrual loans.

	Millions of yen	
	2000	1999
Loans to bankrupt borrowers*	¥ 125,279	¥ 236,441
Non-accrual delinquent loans**	910,795	995,089
Loans past due for 3 months or more*** ..	188,003	243,657
Restructured loans****	365,065	301,461
Total	¥1,589,142	¥1,776,650

* Loans to Bankrupt Borrowers are loans which the Bank and its major domestic subsidiaries place on non-accrual status in accordance with the Corporate Tax Law (Government Ordinance No.97, 1965) and non-accrual loans (excluding loans written-off) which are contractually past due for a substantial period as to either principal or interest payments or for which there is no prospect of repayment.

** Non-accrual Delinquent Loans are loans other than Loans to Bankrupt Borrowers and loans of which interest payments have been rescheduled in order to assist the restructuring of the borrowers.

*** Loans Past Due for 3 months or more are those of which interest or principal payments are past due for 3 months or more but which are not included in Loans to Bankrupt Borrowers or Non-accrual Delinquent Loans.

**** Restructured Loans are those in which the Bank and its consolidated subsidiaries granted concessions, such as reduction of contractual interest rates or principal amounts and deferral of principal/interest payments, in order to assist the restructuring of the borrowers. Excluded from Restructured Loans are Loans to Bankrupt Borrowers, Non-accrual Delinquent Loans, and Loans Past Due for 3 months or more.

Reference: Non-consolidated basis (the Bank only)

March 31,	Millions of yen	
	2000	1999
Loans to bankrupt borrowers.....	¥ 83,043	¥ 159,589
Non-accrual delinquent loans.....	768,583	832,336
Loans past due for 3 months or more	126,717	171,153
Restructured loans	317,564	198,588
Total	¥1,295,908	¥1,361,668

6. Other Assets

Other Assets at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Accrued income and prepaid expenses.....	¥ 504,740	¥ 427,750
Securities in custody	1,089,314	1,357,438
Other	2,561,221	2,599,652
Total	¥4,155,277	¥4,384,841

7. Premises and Equipment

Premises and Equipment at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Land	¥ 339,328	¥ 359,047
Buildings	384,421	386,275
Equipment	270,114	280,636
Other	119,393	133,827
Subtotal	1,113,258	1,159,787
Accumulated depreciation.....	416,173	414,170
Net book value	¥ 697,084	¥ 745,616

8. Assets Pledged

Assets pledged as collateral at March 31, 2000 consisted of the following:

Millions of yen	
Assets pledged as collateral:	
Cash and due from banks	¥ 128
Securities	564,403
Loans and bills discounted	1,829,539
Premises and equipment.....	15,986
Other assets	48,692

10. Borrowed Money

Borrowed Money at March 31, 2000 consisted of the following:

	Millions of yen	Average rate	Due
Borrowed money:			
Bills rediscounted.....	—	—	—
Borrowings	¥2,208,020	3.44%	From April 2000 –
Total.....	¥2,208,020	3.44%	

Notes: 1. The average rate is calculated by multiplying the various interest rates by weights, which vary according to the relative size of each balance as a component of the total borrowed money balance. The interest rates and balances used in the above calculation are those as of each company's balance sheet date.

2. Borrowings to be repaid within 5 years of the balance sheet date are as follows:

	Millions of yen				
	One year or less	More than one year to two years	More than two years to three years	More than three years to four years	More than four years to five years
Borrowings	¥658,228	¥326,279	¥437,835	¥43,734	¥219,412

Disclosure of the above information was not required as of March 31, 1999.

Subordinated borrowed money amounting to ¥900,129 million at March 31, 2000 and ¥1,176,620 million at March 31, 1999 were included.

Millions of yen

Liabilities relating to the above assets pledged as collateral:

Deposits	403,095
Call money and bills sold	1,403,552
Borrowed money.....	119,779

In addition to the above, Deposits with Banks amounting to ¥27,298 million, Securities amounting to ¥1,319,481 million, Loans and Bills Discounted amounting to ¥517,411 million and Other Assets amounting to ¥126,120 million in the aggregate are pledged as collateral in connection with foreign exchange settlement and derivative transactions, etc. or as a substitute for margin payments.

Other Assets also include Margin Payments of ¥35,573 million and Collateral on Borrowed Securities of ¥929,564 million, and Premises and Equipment includes Guarantee Deposits of ¥114,122 million.

None of the assets pledged as collateral is pledged in connection with borrowings by non-consolidated subsidiaries, entities or affiliates. Disclosure of the above information was not required as of March 31, 1999.

9. Deposits

Deposits at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Current deposits	¥ 1,618,547	¥ 1,617,111
Ordinary deposits.....	6,981,711	5,536,451
Deposits at notice	1,163,403	1,344,490
Time deposits	15,905,585	16,791,132
Other deposits.....	4,320,397	3,989,022
Subtotal.....	29,989,646	29,278,208
Negotiable certificates of deposit.....	5,473,578	5,368,021
Total	¥35,463,225	¥34,646,230

11. Commercial Paper

Commercial Paper at March 31, 2000 consisted of the following:

	Millions of yen	Average rate	Due
Commercial paper	¥1,022,730	2.58%	—

Disclosure of the above information was not required as of March 31, 1999.

12. Bonds and Debentures

Major components of Bonds and Debentures at March 31, 2000 and 1999 are as follows:

Company	Issue	Millions of yen		Interest rate	Collateral	Due	Remarks
		2000	1999				
The Bank	US\$ denominated convertible bonds	Sep. 1985 – Oct. 1987	—0000	¥ 5,666 0000 (US\$31,575 thousand)	—	—	(Note 1) (Note 5)
	Subordinated bonds	Mar. 1998 – Mar. 1999	¥ 300,000 0000	¥ 300,000 0000	0.99%	—	
*1	US\$ denominated convertible bonds issued by subsidiaries	Nov. 1986 – July 1988	¥ 6,929 0000 (US\$65,280 thousand)	¥ 9,798 0000 (US\$81,280 thousand)	2.28%	Sep. 2001 – Sep. 2003	(Note 2) (Note 3) (Note 5) (Note 6)
	Subordinated bonds issued by subsidiaries	Mar. 30, 1998	¥ 150,000 0000	¥ 150,000 0000	2.62%	—	
*2	Straight bonds issued by subsidiaries	Nov. 1994 – Dec. 1999	¥ 570,401 0000 [¥209,632] 00 (US\$5,547,475 thousand) (A\$35,500 thousand)	¥ 36,814 0000 (US\$292,600 thousand) (A\$35,500 thousand)	6.25%	Apr. 2000 – Dec. 2009	(Note 2) (Note 4) (Note 5) (Note 6)
*3	Subordinated bonds issued by subsidiaries	Mar. 1993 – Mar. 2000	¥ 994,933 0000 (US\$3,076,500 thousand)	¥ 869,261 0000 (US\$2,076,500 thousand) (CANS\$36,710 thousand) (LFRF\$300,000 thousand)	3.17%	Apr. 2003 –	(Note 2) (Note 5) (Note 6)
Total			¥2,022,264 0000	¥1,371,539 0000			

Notes: 1. On December 3, 1999 the Bank redeemed the total amount of US\$ denominated convertible bonds due 2000 US\$10 thousand (¥2,410 thousand) and US\$ denominated convertible bonds due 2002 US\$15,735 thousand (¥2,241,745 thousand) in advance of their redemption dates.

2. *1. indicates the total amount of convertible and subordinated bonds issued by the Bank's domestic consolidated subsidiary The Yasuda Trust and Banking Company Ltd.

*2. indicates the total amount of straight bonds issued by the Bank's overseas consolidated subsidiaries such as The Fuji Bank and Trust Company, Fuji International Finance PLC, Fuji International Finance (Australia) Limited, Heller Financial, Inc., YTB Finance (Aruba) A.E.C.

*3. indicates the subordinated bonds issued by the Bank's overseas consolidated subsidiaries such as The Fuji Bank and Trust Company, Fuji Finance (Cayman) Limited, Fuji Bank (Luxembourg) S.A, YTB Finance (Aruba) A.E.C. (Amount as of 1999 includes bonds issued by overseas consolidated subsidiaries excluded during the year ended March 31, 2000)

3. Details of convertible bonds issued by The Yasuda Trust and Banking Company Ltd, the Bank's domestic consolidated subsidiary, are as follows:

Description	Convertible period	Conversion price	Issuing share	Capitalization
US\$ denominated convertible bonds due Sep. 30, 2001	Dec. 1, 1986 - Sep. 20, 2001	¥1,119.30	Common stock	¥ 560/share
US\$ denominated convertible bonds due Sep. 30, 2002	Oct. 1, 1987 - Sep. 20, 2002	¥2,163.90	Common stock	¥1,082/share
US\$ denominated convertible bonds due Sep. 30, 2003	Aug. 15, 1988 - Sep. 22, 2003	¥1,814.90	Common stock	¥ 908/share

4. Figures indicated in brackets [] represent the amounts to be redeemed within one year.

5. The amount of foreign currency denominated bonds is shown in the original currency in brackets ().

6. Amounts to be redeemed within 5 years from the Consolidated Balance Sheet date at March 31, 2000 are as follows:

	Millions of yen				
	One year or less	More than one year to two years	More than two years to three years	More than three years to four years	More than four years to five years
Bonds and debentures	¥209,632	¥164,875	¥98,109	¥91,323	¥35,921

Disclosure of the above information was not required as of March 31, 1999.

13. Convertible Bonds

Convertible Bonds at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
The Bank:		
2 3/4 percent U.S. dollar convertible bonds due 2000	¥ —	¥ 2,854
1 3/4 percent U.S. dollar convertible bonds due 2002	—	2,811
Consolidated subsidiary:		
2 3/8 percent U.S. dollar convertible bonds due 2001	318	361
1 3/4 percent U.S. dollar convertible bonds due 2002	3,494	4,691
2 7/8 percent U.S. dollar convertible bonds due 2003	3,116	4,744
Total	¥6,929	¥15,464

The Convertible Bonds, unless previously redeemed, are convertible into shares of common stock of the respective issuing companies. The conversion price of each issue is subject to adjustment in certain cases including stock splits.

The conversion prices per share were as follows:

	Conversion price per share at March 31, 2000	
	Conversion price per share at March 31, 2000	Fixed exchange rate
Consolidated subsidiary:		
2 3/8 percent U.S. dollar convertible bonds due 2001	¥1,119.30	¥157.00= U.S.\$1.00
1 3/4 percent U.S. dollar convertible bonds due 2002	¥2,163.90	¥144.65= U.S.\$1.00
2 7/8 percent U.S. dollar convertible bonds due 2003	¥1,814.90	¥134.50= U.S.\$1.00

14. Other Liabilities

Other Liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Accrued expenses and unearned income...	¥ 564,269	¥ 628,755
Accrued income taxes	24,118	26,913
Securities borrowed	215,709	1,333,366
Other	3,210,118	2,680,705
Total	¥4,014,216	¥4,669,740

15. Other Reserves

Other Reserves at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Reserve for possible losses on loans sold.....	¥119,766	¥140,399
Reserve for possible losses on support of specific borrowers	56,453	49,073
Reserve for financial futures transaction liabilities.....	68	63
Reserve for securities transaction liabilities...	14	6
Total	¥176,303	¥189,542

The Reserve for Possible Losses on Loans Sold has been provided by the Bank and its major domestic subsidiaries at March 31, 2000 and 1999 against possible future losses after consideration of the value of the collateral of the loans sold off to the Cooperative Credit Purchasing Company.

The Reserve for Possible Losses on Support of Specific Borrowers has been provided by the Bank and its major domestic subsidiaries at March 31, 2000 and 1999 for loans to support the rehabilitation of specific borrowers. An estimate has been made of the future amount likely to be required in supporting such borrowers and the necessary amount is accounted for under the above reserve. This reserve is stipulated under Article 287-2 of the Commercial Code of Japan.

16. Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are included in this account. As a contra-account, "Customers' Liabilities for Acceptances and Guarantees" is shown on the assets side of the balance sheets and represents the Fuji Bank Group's right of indemnity from its customers.

Acceptances and Guarantees at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
Acceptances	¥ 15,115	¥ 22,020
Letters of credit	171,616	190,858
Guarantees	1,834,177	2,179,567
Total	¥2,020,909	¥2,392,446

17. Land Revaluation Account

Pursuant to the Law Concerning Land Revaluation, land used for the Bank's business activities was revalued on March 31, 1998. The excess of the revalued carrying amount over the book value before revaluation, which was included in Liabilities at March 31, 1998, is included in Stockholders' Equity in the amount net of tax effect from March 31, 1999 due to the revision in the Law enacted on March 31, 1999. The corresponding income tax is included in Liabilities from March 31, 1999 as Deferred Tax Liability for Land Revaluation. This resulted in a decrease in Total Liabilities of ¥131,767 million and an increase in Total Stockholders' Equity of ¥131,767 million at March 31, 1999.

The land prices for revaluation were determined based on the prices in the official notice published by the Commissioner of the National Tax Agency in accordance with Article 2, Paragraph 4 of the Enforcement Ordinance Concerning Land Revaluation, after making reasonable adjustments.

The difference between the revalued carrying amount and the fair value of the land revalued in accordance with Article 10 of the Law was ¥36,664 million at March 31, 2000 and ¥17,185 million at March 31, 1999.

18. Common Stock, Preferred Stock and Capital Surplus

The Bank's authorized number of shares of capital stock (common stock and preferred stock) as of March 31, 2000 was as follows:

- (a) 10 billion shares of common stock, voting and ranking equally with any other class of shares (except for preferred stock) with respect to the payment of dividends and distributions on the liquidation or

winding-up of the Bank. The dividend rate and redemption and conversion rights, if any on such shares, are to be determined by the Board of Directors of the Bank prior to issuance.

- (b) Class I 82,411,000 shares, Class II 500,000,000 shares, Class III 500,000,000 shares and Class IV 500,000,000 shares of preferred stock, non-voting and ranking prior to shares of common stock with respect to the payment of dividends and distributions on the liquidation or winding-up of the Bank. The dividend rate and redemption and conversion rights, if any on such shares, are to be determined by the Board of Directors of the Bank prior to issuance. The information relating to Common Stock, Preferred Stock and Capital Surplus is as follows:

	Millions of yen	
	2000	1999
Common Stock:		
Balance at beginning of year	¥559,216	¥424,087
Increase:		
Issuance.....	—	108,746
Conversion of convertible preferred stock.....	—	26,383
Conversion of convertible bonds.....	1,710	—
Balance at end of year	¥560,927	¥559,216
(Shares issued and outstanding at end of year)	(3,443,892 thousand shares)	(3,441,618 thousand shares)
Preferred Stock:		
Balance at beginning of year	¥478,616	¥105,000
Increase:		
Issuance.....	—	400,000
Decrease:		
Conversion of convertible preferred stock	—	26,383
Balance at end of year	¥478,616	¥478,616
(Shares issued and outstanding at end of year)	(452,411 thousand shares)	(452,411 thousand shares)
Capital Surplus:		
Balance at beginning of year	¥928,196	¥419,954
Increase:		
Issuance of common stock	—	108,242
Issuance of preferred stock	—	400,000
Conversion of convertible bonds.....	1,710	—
Balance at end of year	¥929,907	¥928,196

Preferred stock issued and outstanding at March 31, 2000 and 1999 consisted of the following:

	Millions of yen	
	2000	1999
First Series Class I Preferred Stock	¥ 78,616	¥ 78,616
Second Series Class IV Preferred Stock...	150,000	150,000
Third Series Class III Preferred Stock....	125,000	125,000
Fourth Series Class III Preferred Stock...	125,000	125,000
Total	¥478,616	¥478,616

First Series Class I Preferred Stock was issued on December 28, 1996 at an issue price of ¥3,000 per share, and Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock were all issued on March 31, 1999 at an issue price of ¥2,000 per share.

Annual dividends per share on First Series Class I, Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock are payable at ¥7.50 through February 1, 2002, ¥42.00, ¥11.00 through February 1, 2011, and ¥8.00 through February 1, 2009, respectively, exclusive of interim dividends per share of ¥3.75, ¥21.00, ¥5.50 and ¥4.00, respectively.

First Series Class I, Third Series Class III and Fourth Series Class III Preferred Stock are convertible into shares of common stock at the option of the shareholders from July 1, 1997 to January 31, 2002, from October 1, 2006 to January 31, 2011 and from October 1, 2004 to January 31, 2009, respectively, at conversion prices determined based on the market price of the Bank's common stock every October 1 applied subsequent to the first dates of the respective convertible periods, subject to floor prices of 65 percent, 80 percent and 70 percent, respectively, of the initial conversion prices. The initial conversion price of First Series Class I Preferred Stock is ¥2,002, and those of Third Series Class III and Fourth Series Class III Preferred Stock are determined by multiplying the market price of the Bank's common stock at October 1, 2006 and 2004 by 1.025 and are subject to floor prices of ¥420 and ¥540, respectively. The conversion prices are subject to a certain adjustment as to the issuance of new shares of common stock at the price below the then current market price of the Bank's common stock, stock splits, etc.

The Bank may, at its option, redeem Second Series Class IV, Third Series Class III and Fourth Series Class III Preferred Stock at ¥2,000 plus accrued dividends per share from April 1, 2004 and thereafter, from April 1, 2004 to September 30, 2006 and from April 1, 2004 to September 30, 2004, respectively.

19. Interest Income

The components of Interest Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Interest on loans and discounts.....	¥ 956,306	¥1,005,456
Interest and dividends on securities	130,014	108,194
Interest on call loans and bills purchased..	137,789	180,468
Interest on deposits with banks	34,325	61,708
Other interest income	376,891	351,522
Total	¥1,635,326	¥1,707,350

20. Trading Income

The components of Trading Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Revenue from trading securities and derivatives	¥14,546	¥17,881
Revenue from securities and derivatives related to trading transactions.....	—	6,549
Revenue from trading-related financial derivatives transactions	27,807	8,735
Other trading revenue.....	969	4,975
Total	¥43,323	¥38,142

21. Other Operating Income and Other Income**Other Operating Income**

The components of Other Operating Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Gains on foreign exchange transactions...	¥ 29,114	¥ 18,893
Gains on sales of bonds	121,831	151,612
Gains on redemption of bonds.....	2,633	978
Other	338,534	343,911
Total	¥492,113	¥515,395

Other Income

The components of Other Income for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Gains on sales of stocks and other securities	¥528,841	¥105,650
Gains on money held in trust	1,069	1,576
Gains on disposal of premises and equipment	1,884	80,648
Collection of written-off claims	10,877	1,330
Reversal of reserve for possible losses on trading account securities	—	995
Other	124,068	25,471
Total	¥666,741	¥215,673

“Other” in “Other Income” for the year ended March 31, 2000 includes a gain of ¥66,914 million from sales of pension, asset management and administration business by the Bank’s domestic consolidated trust bank subsidiary which took place on October 1, 1999.

22. Interest Expenses

The components of Interest Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Interest on deposits	¥ 245,074	¥ 356,852
Interest on negotiable certificates of deposit..	12,678	39,218
Interest on call money and bills sold	156,528	215,015
Interest on commercial paper	20,899	19,701
Interest on borrowed money.....	61,847	75,270
Interest on bonds and debentures	84,815	78,345
Interest on convertible bonds	234	122
Other interest expenses.....	466,880	419,532
Total	¥1,048,959	¥1,204,059

23. Trading Expenses

The components of Trading Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Expenses on securities and derivatives related to trading transactions.....	¥3,364	—
Total	¥3,364	—

24. Other Operating Expenses and Other Expenses**Other Operating Expenses**

The components of Other Operating Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Losses on sales of bonds	¥102,829	¥69,029
Losses on redemption of bonds.....	6,791	3,458
Losses on devaluation of bonds	1,464	287
Other	296,196	291,674
Total	¥407,281	¥364,449

Other Expenses

The components of Other Expenses for the years ended March 31, 2000 and 1999 were as follows:

	Millions of yen	
	2000	1999
Provision for possible loan losses.....	¥136,870	¥ 285,732
Losses on write-offs of loans	204,653	490,179
Provision for possible losses on loans sold ..	26,741	90,901
Provision for possible losses on support of specific borrowers.....	34,140	—
Provision for devaluation of investment securities	12,443	—
Losses on sales of stocks and other securities ..	25,974	75,254
Losses on devaluation of stocks and other securities	38,839	121,678
Losses on money held in trust.....	5,926	1,887
Losses on disposal of premises and equipment	25,873	6,653
Losses on sales of loans to Cooperative Credit Purchase Company	25,900	34,021
Other	219,458	184,596
Total	¥756,821	¥1,290,904

“Other” in “Other Expenses” for the year ended March 31, 2000 includes losses on trust assets with indemnity of ¥54,290 million by the Bank’s domestic consolidated trust bank subsidiary.

“Other” in “Other Expenses” for the year ended March 31, 1999 includes losses of ¥5,676 million incurred from supporting certain borrowers. It also includes a loss of ¥150,985 million derived from the write-down of the Bank’s securities portfolio whose fair value, it was determined, would not recover in the short-term. The purpose of the write-down was to remove promptly the unrealized loss on the Bank’s securities portfolio and to implement a change in its policy of cross shareholdings with certain of its major customers in accordance with the Bank’s “Plan for Ensuring Sound Management” prepared pursuant to Article 5 of the Law Concerning Emergency Measures to Stabilize Financial Function.

25. Income Tax Expenses

Income Tax Expenses in Japan applicable to the Bank and its domestic subsidiaries for the years ended March 31, 2000 and 1999 comprised corporation tax, inhabitants’ taxes and enterprise tax at the approximate rates indicated below:

	2000	1999
Corporation tax	30.0%	34.5%
Inhabitants’ taxes	6.1%	7.1%
Enterprise tax	9.6%	11.5%
	45.7%	53.1%

Future lease payments subsequent to March 31, 2000 and 1999 for finance leases accounted for as operating leases (including the interest portion thereon) are summarized as follows:

	Millions of yen	
	2000	1999
Due in one year or less	¥ 444	¥31
Due after one year	2,115	42
Total	¥2,559	¥73

Lessors:

The acquisition cost, accumulated depreciation, book value, and future lease payments to be received subsequent to March 31, 2000 and 1999 relating to finance lease transactions accounted for as operating leases at March 31, 2000 and 1999 are summarized as follows:

March 31, 2000	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥994,732	¥1,857	¥996,590
Accumulated depreciation	507,093	1,327	508,420
Book value	¥487,639	¥ 529	¥488,169

March 31, 1999	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥886,309	¥1,349	¥887,658
Accumulated depreciation	443,502	761	444,263
Book value	¥442,807	¥ 587	¥443,395

Lease income relating to finance leases accounted for as operating leases amounted to ¥204,226 million and ¥202,084 million for the years ended March 31, 2000 and 1999, respectively. The related depreciation amounted to ¥175,275 million and ¥170,001 million for the years ended March 31, 2000 and 1999, respectively. Interest income equivalent amounted to ¥17,503 million and ¥15,832 million for the years ended March 31, 2000 and 1999, respectively. Interest income equivalent is computed based on the allocation of the excess amount of total lease income over the acquisition cost of leased assets, using the interest method.

Future lease payments to be received subsequent to March 31, 2000 and 1999 for finance leases accounted for as operating leases (including the interest portion thereon) are summarized as follows:

	Millions of yen	
	2000	1999
Due in one year or less.....	¥178,861	¥165,083
Due after one year	334,985	299,065
Total	¥513,847	¥464,149

Of the above future lease payments to be received, ¥209,395 million is pledged.

Operating Leases

The future lease payments subsequent to March 31, 2000 and 1999 for operating lease transactions are summarized as follows:

	Millions of yen	
	2000	1999
Due in one year or less.....	¥ 7,091	¥ 7,144
Due after one year	41,497	48,213
Total	¥48,589	¥55,357

28. Deferred Taxes

Major components of Deferred Tax Assets and Liabilities as of March 31, 2000 and 1999 are summarized as follows:

	Millions of yen	
	2000	1999
Deferred tax assets:		
Reserve for possible loan losses.....	¥ 492,207	¥ 482,021
Tax loss carryforwards	243,575	366,462
Other	275,270	362,999
Subtotal	1,011,052	1,211,483
Valuation allowance	(130,616)	(130,442)
Total: Deferred tax assets	880,436	1,081,040
Deferred tax liabilities:		
Lease financing.....	(10,202)	(7,035)
Undistributed retained earnings in consolidated subsidiaries.....	(326)	(3,674)
Other	(94)	(1,074)
Net: Deferred tax assets	¥ 869,812	¥1,069,255

The statutory tax rates used to calculate deferred tax assets and liabilities for the years ended March 31, 2000 and 1999 were 38.7% and 41.7%, respectively.

On March 30, 2000 the "Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Tokyo" was passed by the Tokyo Municipal Assembly and was made law. With this legislation, the standards for applying enterprise tax will be amended from the fiscal year beginning April 1, 2000. For the year ended March 31, 2000, income was subject to enterprise tax, but in future years enterprise tax will be levied on gross profits. This means that enterprise tax will not be included in the tax calculations for deferred tax accounting. Therefore the tax rate applying when calculating the Bank's Deferred Tax Assets and Deferred Tax Liabilities is 38.7% for the year ended March 31, 2000, as against 41.7% in the previous year. The tax rate applying when calculating the Bank's consolidated trust bank's deferred assets and deferred tax liabilities is 39.6% for the year ended March 31, 2000, as against 41.7% in the previous year. The effect of this change results in a decrease in Deferred Tax Assets of ¥55,325 million, and an increase in Income Tax Expenses—Deferred booked for the year ended March 31, 2000 of ¥55,325 million, as well as an increase in Net Income of ¥50,897 million. There is also a decrease in Deferred Tax Liability for Land Revaluation of ¥6,624 million, and an increase in the Land Revaluation Account of ¥6,624 million at March 31, 2000.

On June 9, 2000 the "Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka" was passed by the Osaka Municipal Assembly and was made law. With this legislation, the standards for applying enterprise tax will be amended from the fiscal year beginning April 1, 2001. Therefore the tax rate applying when calculating the Bank's Deferred Tax Assets and Deferred Tax Liabilities will be 38.1%, as against 38.7% in the current year. The tax rate applying when calculating the Bank's consolidated trust bank's deferred tax assets and deferred tax liabilities will be 39.1%, as against 39.6% in the current year. The effect of this change results in a decrease in Deferred Tax Assets of ¥ 11,451 million, and Deferred Tax Liability for Land Revaluation of ¥ 1,324 million, respectively. The actual effect of the change in tax rates will be clarified when the amount is calculated based on the differences prevalent on March 31, 2001. Therefore the amounts given above are subject to revision.

29. Segment Information

(a) Business Segment Information

Certain consolidated subsidiaries are engaged in securities, trust, leasing, and other business in addition to commercial banking business. As those activities are not deemed material, business segment information has not been disclosed.

(b) Geographic Segment Information

Total adjusted income represents total income excluding "Gains on Disposal of Premises and Equipment," "Collection of Written-off Claims," reversals of "Other Reserves" and gains on sales of pension, asset management and administration business in "Other."

Total adjusted expenses represent total expenses excluding "Losses on Disposal of Premises and Equipment" and transfers to "Other Reserves."

The following tables represent the geographic segment information on the Total Adjusted Income, Ordinary Profit (Loss) and Assets of the Bank's head office, branches and subsidiaries according to the country of domicile of the respective entities.

Year ended March 31, 2000	Millions of yen						
	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers.....	¥ 2,239,508	¥ 483,881	¥ 205,882	¥ 88,242	¥ 3,017,516	¥ —	¥ 3,017,516
Intersegment	177,326	50,916	142,806	28,429	399,479	(399,479)	—
Total	2,416,835	534,798	348,689	116,672	3,416,995	(399,479)	3,017,516
Total adjusted expenses	2,278,467	470,556	325,871	110,959	3,185,854	(397,568)	2,788,286
Ordinary profit	¥ 138,368	¥ 64,241	¥ 22,818	¥ 5,712	¥ 231,140	¥ (1,910)	¥ 229,229
II. Assets.....	¥53,470,843	¥7,297,796	¥3,638,520	¥2,077,957	¥66,485,118	¥(8,238,386)	¥58,246,731

Year ended March 31, 1999	Millions of yen						
	Japan	The Americas	Asia and Oceania	Europe	Combined Total	Intercompany Transactions	Consolidated Total
I. Total adjusted income:							
Customers.....	¥ 1,557,193	¥ 649,394	¥ 233,265	¥ 130,613	¥ 2,570,467	¥ —	¥ 2,570,467
Intersegment	329,050	64,911	116,184	71,390	581,537	(581,537)	—
Total	1,886,244	714,306	349,449	202,003	3,152,004	(581,537)	2,570,467
Total adjusted expenses	2,483,542	687,206	375,506	214,577	3,760,833	(516,478)	3,244,355
Ordinary profit (loss)	¥ (597,298)	¥ 27,100	¥ (26,056)	¥ (12,573)	¥ (608,828)	¥ (65,059)	¥ (673,888)
II. Assets.....	¥53,637,767	¥8,194,643	¥4,876,576	¥2,438,453	¥69,147,442	¥(11,202,364)	¥57,945,077

(c) Total Adjusted Income from Foreign and International Operations

Year ended March 31, 2000	Millions of yen
(i) Total adjusted income from foreign operations	¥ 778,007
(ii) Consolidated total adjusted income	¥3,017,516
(i)/(ii)	25.8%
<hr/>	
Year ended March 31, 1999	
(i) Total adjusted income from international operations	¥1,329,959
(ii) Consolidated total adjusted income	¥2,570,467
(i)/(ii)	51.7%

For the preceding years, "Total adjusted income from international operations" has been recorded instead of overseas sales for general corporations. However, for the year ended March 31, 2000, "Total adjusted income from foreign operations" is to be used to reflect more accurately the nature of the various foreign transactions.

"Total adjusted income from foreign operations" means the total income relating to transactions at overseas branches by the parent company, and transactions of overseas consolidated subsidiaries. (However, total income between consolidated companies is excluded). "Total adjusted income from international operations" represents the sum of total adjusted income generated from the international operations of the Bank and its domestic consolidated subsidiaries and total adjusted income of its consolidated foreign subsidiaries after excluding all intercompany transactions within the Fuji Bank Group.

30. Subsequent Events

At a general meeting of stockholders held on June 28, 2000 year-end dividends of ¥3.50 per share of common stock totalling ¥12,053 million, and of ¥3.75 per share of First Series Class I preferred stock totalling ¥196 million, ¥21.00 per share of Second Series Class IV preferred stock totalling ¥3,150 million, ¥5.50 per share of Third Series Class III preferred stock totalling ¥687 million and ¥4.00 per share of Fourth Series Class III preferred stock totalling ¥500 million were approved in respect of the year ended March 31, 2000. In accordance with Japanese accounting practice, these dividends were not accrued and have not been reflected in the consolidated financial statements for the year ended March 31, 2000.

On May 25, 2000 the Fuji Securities Co., Ltd., the Bank's subsidiary company, the DKB Securities Co., Ltd. and the IBJ Securities Co., Ltd. concluded a merger agreement.

The outline of the merger is as follows:

(a) Purpose of the Merger

This merger was carried out as part of the comprehensive consolidation agreement signed in December 1999 between the Bank, The Dai-Ichi Kangyo Bank, Limited ("DKB") and The Industrial Bank of Japan, Limited ("IBJ").

(b) Merger Structure, etc.

1. Merger date: October 1, 2000
2. Merger structure: The fundamental philosophy underlying this merger is that it is a consolidation of equals. However, due to procedural and other related issues, the IBJ Securities Co., Ltd. will be the surviving legal entity.
3. Merger ratio: Fuji Securities Co., Ltd., The DKB Securities Co., Ltd. and The IBJ Securities Co., Ltd. will be merged at a merger ratio of 0.87:1.12:1.00, with The IBJ Securities Co., Ltd. being the surviving entity.

(c) Change of Company Name

The company name of The IBJ Securities Co., Ltd. will be changed to Mizuho Securities Co., Ltd.

(d) Capital

¥150.2 billion

The percentage held in the new company by each of the 3 banks is as follows:

The Bank 23.17%, DKB 33.55% and IBJ 43.28%

(e) Approval

This merger is subject to approval by the appropriate regulatory authorities.

31. Market Value Information

Market Prices of Marketable Securities

March 31, 2000	Book value	Market value	Millions of yen		
			Unrealized gain (loss)		
			Net	Gross gain	Gross loss
Listed Securities:					
Bonds	¥ 427,171	¥ 431,895	¥ 4,723	¥ 17,348	¥ 12,625
Stocks	3,410,663	4,026,006	615,342	1,067,009	451,666
Others	380,374	379,036	(1,337)	5,508	6,846
Total	¥4,218,209	¥4,836,937	¥618,728	¥1,089,867	¥471,138

Notes: 1. The securities in the above table (including Japanese government bonds, Japanese local bonds and Japanese corporate bonds) are all listed. The market values of listed securities are determined mainly according to the closing price at term-end on the Tokyo Stock Exchange, or prices calculated using indicated yields announced by the Japan Securities Dealers Association. The market values of others are determined mainly according to the closing price at term-end on the Tokyo Stock Exchange.

2. The table below covers unlisted securities for which it is possible to estimate a market value.

March 31, 2000	Book value	Market value	Millions of yen		
			Unrealized gain (loss)		
			Net	Gross gain	Gross loss
Unlisted Securities:					
Bonds	¥1,920,950	¥1,911,258	¥ (9,691)	¥ 2,989	¥12,680
Stocks	55,120	106,316	51,196	57,208	6,011
Others	307,822	302,307	(5,514)	566	6,081
Total	¥2,283,892	¥2,319,883	¥35,990	¥60,764	¥24,774

Market values of unlisted securities are determined as follows:

Securities traded over-the-counter: transaction prices announced by the Japan Securities Dealers Association

Publicly offered bond: prices calculated using indicated yield announced by the Japan Securities Dealers Association

Securities of investment trust: market prices announced by authorized fund management companies

Securities traded over-the-counter in America: transaction prices on the NASDAQ announced by the National Association of Securities Dealers

3. The book values of securities not included in the market value information provided above are as follows:

March 31, 2000	Millions of yen
Bonds	¥327,672
Stocks	143,987
Others	614,823

4. Trading securities and trading account securities are evaluated according to the market price, and the unrealized gain or loss is recorded on the Consolidated Statement of Income. Therefore profit and loss information is omitted from the above table.

Interest Rate-Related Transactions

March 31, 2000	Millions of yen				
	Contract value		Option premium	Market value	Unrealized gain (loss)
	Total	Term over one year			
Listed					
Interest Rate Futures:					
Sell	¥ 22,528	¥ —	¥...	¥ 19,298	¥ 3,229
Buy	74,826	—	....	74,817	(8)
Interest Rate Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
FRA:					
Sell	6,927	—	....	0	0
Buy	6,927	—	....	(0)	(0)
Interest Rate Swap:					
Receive Fixed Pay Floating	52,726,523	36,287,297	....	209,763	209,763
Receive Floating Pay Fixed	57,178,074	35,686,108	....	(284,206)	(284,206)
Receive Floating Pay Floating	775,858	189,779	....	(503)	(503)
Receive Fixed Pay Fixed	68,649	33,685	....	(365)	(365)
Interest Rate Option:					
Sell Call	2,500	2,500	....	(21)	(21)
Put	3,000	—	....	(10)	(10)
Buy Call .....	—	—	....	—	—
Put	6,000	—	....	3	3
Others:					
Sell	320,088	287,430	78	(2,623)	(2,544)
Buy	320,725	269,261	8	2,544	2,536
Total .....	....	....	....	....	¥ (72,130)

Notes: 1. Calculation of market value.

Market values of listed transactions are calculated using the closing prices on the Tokyo International Financial Futures Exchange, etc.

Market values of over-the-counter transactions are calculated using the discounted present value or an option pricing model, etc.

2. Market values and unrealized gain or loss include transactions made for the purpose of hedging on-balance sheet transactions.

3. Market values of interest rate swaps and unrealized gain or loss include accrued interest recorded on the Consolidated Statement of Income. (March 31, 2000: ¥130,566 million)

4. Others denotes cap-floor transactions.

5. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table.

The contract values etc. of derivative transactions included in trading account transactions are as follows :

March 31, 2000	Millions of yen		
	Contract value	Option premium	Market value
Listed			
Interest Rate Futures:			
Sell	¥ 13,285,670	¥	¥13,286,498
Buy	23,870,222	....	23,871,281
Interest Rate Option:			
Sell Call	56,309	29	(5)
Put	89,989	47	(63)
Buy Call	31,187	32	15
Put	10,845	31	34
Over-the-Counter			
FRA:			
Sell	16,755,644	....	3,510
Buy	16,519,247	....	(3,904)
Interest Rate Swap:			
Receive Fixed Pay Floating	181,911,477	....	(574,500)
Receive Floating Pay Fixed	177,537,408	....	404,901
Receive Floating Pay Floating	7,092,974	....	1,658
Receive Fixed Pay Fixed	75,087	....	3,229
Others:			
Sell	3,636,229	47,608	(28,832)
Buy	3,248,455	39,926	24,742

Note: Others denotes swaption and cap-floor transactions.

Currency-Related Transactions

March 31, 2000	Millions of yen				
	Contract value		Option premium	Market value	Unrealized gain (loss)
	Total	Term over one year			
Over-the-Counter					
Currency Swap:					
US\$	¥4,240,814	¥703,088	¥...	¥81,603	¥81,603
STG£	245,261	8,699	...	2,630	2,630
€	81,336	—	...	280	280
DM	74,087	8,440	...	6,711	6,711
AS	29,222	14,213	...	(170)	(170)
Others	245,384	38,990	...	(99,890)	(99,890)
Total	¥4,916,105	¥773,432	...	¥(8,834)	¥(8,834)
Foreign Exchange Contract:					
Sell	187	—	...	180	7
Buy	—	—	...	—	—
Currency Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Others:					
Sell	—	—	...	—	—
Buy	—	—	...	—	—

- Notes: 1. Market values are calculated using the discounted present value, etc.
 2. Market values and unrealized gain or loss include transactions made for the purpose of hedging on-balance sheet transactions, such as funds-related swap transactions.
 3. Market values and unrealized gain or loss include accrued interest recorded on the Consolidated Statement of Income.
 (March 31, 2000: ¥(8,724) million)
 4. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table.
 The contract values etc. of derivative transactions in trading account transactions are as follows :

March 31, 2000	Millions of yen	
	Contract value	Market value
Over-the-Counter		
Currency Swap:		
US\$	¥4,108,831	¥23,984
STG£	195,807	24,047
DM	98,575	58,160
AS	422,408	(3,888)
Other	3,103,515	(47,590)
Total	¥7,929,138	¥54,714

5. In foreign exchange contracts and currency options etc., revaluation is carried out at the end of March and the unrealized gain or loss is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table. Those foreign-currency denominated assets and liabilities entered in the Consolidated Balance Sheet or foreign-currency denominated receivables and payables which have been eliminated in the process of consolidation are also excluded.

The table below indicates the contract value etc. of derivative transactions relating to currency transactions which are revalued.

March 31, 2000	Millions of yen	
	Contract value	Option premium
Listed		
Currency Futures:		
Sell	¥ 378	¥ ...
Buy	379	...
Currency Option:		
Sell Call	—	—
Put	—	—
Buy Call	—	—
Put	—	—
Over-the-Counter		
Foreign Exchange Contract:		
Sell	6,826,376	...
Buy	6,526,908	...
Currency Option:		
Sell Call	531,027	20,927
Put	613,227	12,048
Buy Call	519,804	21,624
Put	550,211	12,059
Others:		
Sell	—	...
Buy	—	...

Securities-Related Transactions

March 31, 2000	Millions of yen				
	Contract value		Option premium	Market value	Unrealized gain (loss)
	Total	Term over one year			
Listed					
Securities Indexed Futures:					
Sell	¥41,374	¥—	¥...	¥46,879	¥(5,505)
Buy	7,942	—	....	8,143	201
Securities Indexed Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Securities-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Securities-related Swap:					
Receive Stock Index, Pay Floating Rate .....	—	—	....	—	—
Pay Stock Index, Receive Floating Rate .....	—	—	....	—	—
Others:					
Sell	—	—	—	—	—
Buy	—	—	—	—	—
Total .....	....	....	....	....	¥(5,303)

Notes: 1. Market values of listed transactions are calculated using the closing prices on the Tokyo Stock Exchange, etc.

Market values of over-the-counter transactions are calculated using the discounted present value or an option pricing model, etc.

2. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss calculated is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table. The contract value etc. of derivative transactions in trading account transactions is as follows :

March 31, 2000	Millions of yen		
	Contract value	Option premium	Market value
Listed			
Securities Indexed Futures:			
Sell	¥4,214	¥ ...	¥4,231
Buy	3,298	....	3,324
Securities Indexed Option:			
Sell Call	—	—	—
Put	—	—	—
Buy Call	—	—	—
Put	—	—	—
Over-the-Counter			
Securities-related Option:			
Sell Call	7,011	959	(2,297)
Put	—	—	—
Buy Call	—	—	—
Put	7,011	959	531
Securities-related Swap:			
Receive Stock Index, Pay Floating Rate .....	—	....	—
Pay Stock Index, Receive Floating Rate .....	—	....	—
Others:			
Sell .....	—	....	—
Buy .....	—	....	—

Bond-Related Transactions

March 31, 2000	Millions of yen				
	Contract value		Option premium	Market value	Unrealized gain (loss)
	Total	Term over one year			
Listed					
Bond Futures:					
Sell	¥1,622,235	¥—	¥...	¥1,640,421	¥(18,185)
Buy	71,173	—	...	71,389	215
Bond Futures Option:					
Sell Call	10,000	—	64	85	(21)
Put	10,000	—	78	31	46
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Over-the-Counter					
Bond-related Option:					
Sell Call	—	—	—	—	—
Put	—	—	—	—	—
Buy Call	—	—	—	—	—
Put	—	—	—	—	—
Others:					
Sell	—	—	...	—	—
Buy	—	—	...	—	—
Total .....	...	...	...	...	¥(17,944)

Notes: 1. Market values of listed transactions are calculated using the closing prices on the Tokyo Stock Exchange, etc.

Market values of over-the-counter transactions are calculated using an option pricing model, etc.

2. Derivative transactions included in trading account transactions are marked to market and the unrealized gain or loss is recorded on the Consolidated Statement of Income. Therefore it is not included in the above table. The contract value etc. of derivative transactions in trading account transactions is as follows :

March 31, 2000	Millions of yen		
	Contract value	Option premium	Market value
Listed			
Bond Futures:			
Sell	¥242,223	¥ ...	¥243,528
Buy	599,897	...	601,066
Bond Futures Option:			
Sell Call.....	428,376	350	(624)
Put.....	523,928	646	(498)
Buy Call.....	575,852	291	427
Put.....	308,955	635	459
Over-the-Counter			
Bond-related Option:			
Sell Call.....	—	—	—
Put.....	266,000	784	(458)
Buy Call.....	285,000	1,332	2,416
Put.....	245,000	977	774
Others:			
Sell	—	...	—
Buy	—	...	—

Commodities-Related Transactions

There are no commodities-related transactions.

Credit Derivative Transactions

March 31, 2000	Millions of yen			
	Contract value		Market value	Unrealized gain (loss)
	Total	Term over one year		
Over-the-Counter				
Sell	¥12,000	¥11,000	¥56	¥70
Buy	1,390	1,390	(5)	(7)
Total .....	...	...	...	¥63

Notes: 1. Market values of over-the-counter transactions are calculated using the discounted present value.

2. "Sell" indicates assumption of credit risk, "Buy" indicates transfer of credit risk.

Report of Independent Certified Public Accountants on the Consolidated Financial Statements

The Board of Directors and Shareholders
The Fuji Bank, Limited

We have audited the consolidated balance sheets of The Fuji Bank, Limited and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, earned surplus, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of The Fuji Bank, Limited and consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2 to the consolidated financial statements, The Fuji Bank, Limited and consolidated subsidiaries have adopted a new accounting standard for consolidation in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 28, 2000

Century Ota Showa & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of The Fuji Bank, Limited and consolidated subsidiaries under Japanese accounting principles and practices.