

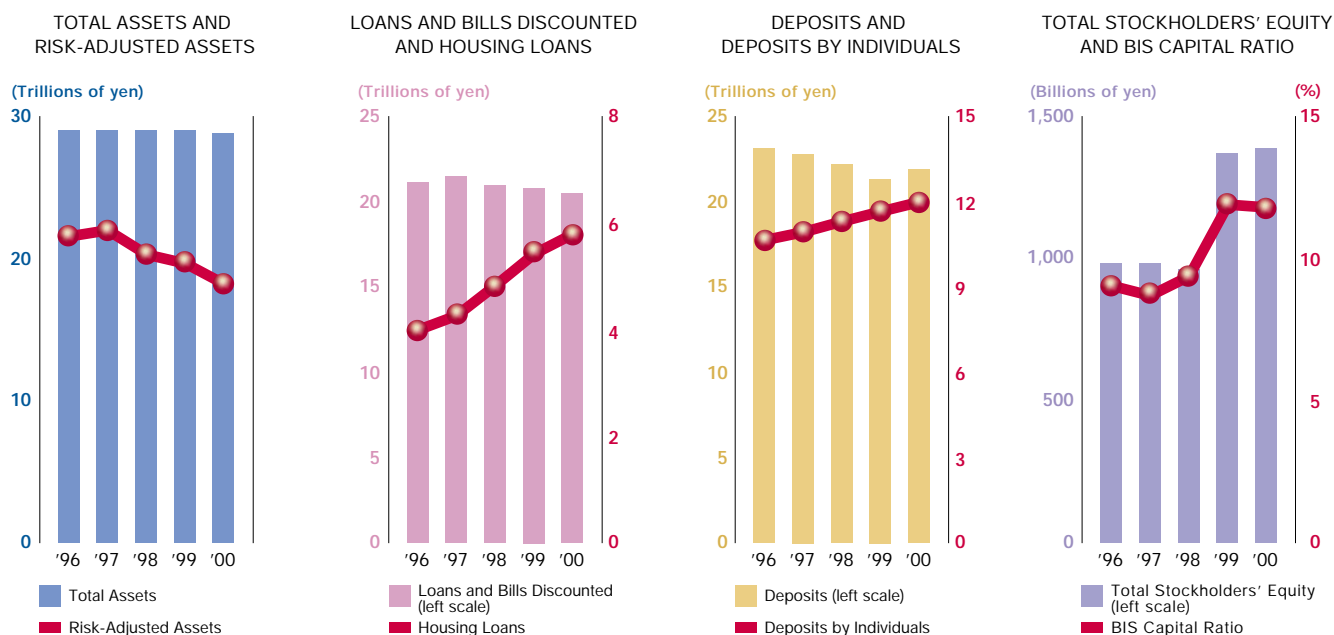
## CONSOLIDATED FINANCIAL HIGHLIGHTS

The Asahi Bank, Ltd.  
Years ended March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
<b>For the year</b>			
Total income	¥ 1,160,755	¥ 987,441	\$ 10,935
Total expenses	1,082,225	1,365,741	10,195
Income (loss) before income taxes	78,529	(378,299)	740
Net income (loss)	31,404	(254,065)	296
<b>At year-end</b>			
Total assets	¥28,788,131	¥28,868,162	\$271,202
Deposits	21,897,556	21,210,851	206,289
Loans and bills discounted	20,581,734	20,806,683	193,893
Total stockholders' equity	1,388,104	1,370,325	13,077
<b>Per share data (in yen and U.S. dollars)</b>			
Net income (loss)	¥ 9.39	¥(106.11)	\$0.09
Cash dividends declared			
Common stock	6.00	6.00	0.06
Preferred stock			
Preferred stock No. 1	10.00	10.00	0.09
Class B preferred stock No. 1	14.38	0.04	0.14
Class B preferred stock No. 2	18.50	0.06	0.17
Stockholders' equity (book value)	347.95	341.02	3.28
<b>Shares issued and outstanding (in thousands)</b>			
Common stock	3,141,264	3,132,622	
Preferred stock	2,817,354	2,805,887	
BIS capital ratio (%)	323,910	326,735	
	11.80	11.90	
<b>Stock price (yen and U.S. dollars)</b>			
High	¥964	¥703	\$9.08
Low	436	300	4.11

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106.15=U.S.\$1.00.

2. Yen amounts are rounded down and U.S. dollar amounts are rounded off.



*Asahi Bank is seeking to fundamentally reinvent retail banking.*

# President's Message

## **The Bank's Retail Strategy**

The Asahi Bank, Ltd., was formed from the merger of the Kyowa Bank, Ltd., and the Saitama Bank, Ltd., in April 1991. The predecessor banks were both city banks based in the Tokyo metropolitan area with strong customer bases among small, medium-sized, and upper middle market companies as well as individuals.

Since the merger, we have built on the strengths of the former Kyowa and Saitama banks and aimed to be the “Top Retail Bank,” with the core of our activities based in the Tokyo metropolitan area. We have therefore implemented a unique strategy of boldly shifting management resources into our retail banking activities.

At present, we have more than 80% of our resources invested in the Tokyo metropolitan area, and we have gained market shares in terms of deposits and loans of close to 10%. In Saitama Prefecture, especially, our region of greatest strength, we account for more than 30% of all deposits and loans. The effectiveness of our strategy of working closely with the regions we serve is clearly reflected in these numbers.

Other figures showing our strength in retail banking are our shares of loans to small and medium-sized enterprises, housing loans, and individual deposits. In all three instances, our shares according to these indicators are substantially above the average for the city banks. Our strategy since the merger has been to consistently build our position in retail banking, and this is reflected in our business portfolio, which differs substantially from that of other city banks.

In housing loans, our strategy has been especially successful. Over the past three years, we have increased our loan portfolio approximately ¥1,600 billion, the largest gain of any private financial institution in Japan. Over this same period, our share of total housing loans among the city banks has climbed sharply, from 11% to 14%.

It is no exaggeration to say that our progress over the last nine years has been characterized by “focus and concentration.” To further enhance our strengths in retail banking, we have selected the business areas we should build up as well as the regions on which we should focus our attention and, thereby, have concentrated our management resources. This is why, even with our smaller



Tatsuro Itoh, President

asset portfolio and absolute value of profit compared with the largest city banks, we have been able to report a top-ranking performance in retail banking.

Our strengths in retail banking are clearly the result of having a superior strategy that draws fully on our special strengths by region and business. I believe that the source of these strengths, which have supported our superior strategy, is our corporate culture.

On a related note, our staff recognize that promoting transactions with small, medium-sized, and upper middle market companies and with individuals is our *raison d'être*. It is because we are committed to the retail market, have a personnel evaluation system that provides significant rewards for results in this area, and have a well-established corporate culture based on an emphasis on retail banking that we have been able to maintain our strengths and show a continuing record of accomplishments in retail banking.

Having said this, however, we are aware that continuing to increase the efficiency of retail banking operations is an important issue. Compared with transactions with large corporations, retail banking is more profitable, and the business is characterized by a large number of small transactions, implying a greater dispersal of risk. As a consequence, retail banking operations have higher and stabler earnings power. On the other hand, because of the large number of small transactions, costs are inevitably higher. Therefore, compared with financial institutions and other entities that focus primarily on the wholesale market, the ratio of costs to income is unavoidably higher because of differences in the business portfolio.

However, if the higher costs of retail banking operations can be reduced, the Bank's strengths in this area will be even more pronounced. We have explored a number of alternatives to solve this problem of efficiency in retail banking for a number of years. One alternative would be an alliance with another financial institution.

In September 1998, we began to form a tie-up with the Tokai Bank, Ltd., under which we would establish a joint holding company and become subsidiaries with close ties to our respective regional areas of strength. A special feature of our alliance concept was its provision for opening the door to participation by regional banks and other financial institutions. This multiregional bank concept was to be the first step toward an alliance.



Subsequently, the Sanwa Bank, Limited, agreed with this multiregional bank concept, and we proceeded with discussions for the consolidation of our operations. However, as talks proceeded, differences emerged about the method of consolidating our activities, and, in June 2000, we made the decision not to join in the consolidation.

This decision was based on our desire to choose the best method for consolidation that would take full advantage of our business model for retail banking, which we have developed over many years. The strong points of our model are building close ties with the communities we serve, nurturing the development of small and medium-sized enterprises, and providing a range of services to individuals that are well matched to their needs in the various stages of their lives.

In this sense, our decision not to consolidate with Sanwa Bank and Tokai Bank is not contradictory with our strategy thus far of focusing on retail banking.

We are not thinking of offering a full range of financial services on our own. In those areas where we cannot offer sufficient services by ourselves, we will outsource actively and work to develop mutually beneficial relationships with our outsourcing partners by offering them business opportunities through access to our deep client base. We believe this approach is extremely important for financial institutions similar to ours.

Therefore, we continue to believe that alliances, as such, will be an important issue, and we would like to actively deepen our relationships with other financial institutions that have similar aspirations.

### **Activities to Strengthen Profitability and Competitiveness**

How can we improve our business model in other ways, setting aside alliances for the time being?

We have continued activities to strengthen our profitability and competitiveness. These can be divided into four main areas.

First, we are working to increase lending spreads. Interest income from domestic deposits and lending operations is our main source of income. Improving spreads is an important issue that leads directly to an improvement in profitability. In the current stagnant economic environment characterized by weak corporate loan demand, increasing spreads is the only way to ensure higher profitability.

President's

We are working toward this in two ways. The first is to increase the overall profitability of assets through the restructuring of our portfolio. The second is to obtain spreads that are appropriate to the credit risks we take.

We have focused on housing loans and, while increasing our portfolio in this area, have reduced less profitable assets, thus increasing the overall profitability of our asset portfolio. At present, as part of our Fourth Long-Term Management Plan, we have set the goal of exchanging about ¥3 trillion in low-margin assets for higher-margin assets over the five-year period from fiscal 1998 through fiscal 2002. In fact, through fiscal 1999, on an accumulated basis, we have increased profitable assets more than ¥1 trillion, mainly offering loans to individuals and small, medium-sized, and upper middle market companies. On the other hand, we have reduced the volume of assets—primarily the balances of nonperforming loans, overseas assets, and stock investments—approximately ¥2 trillion.

Moreover, to set lending rates to cover credit risks, we have worked to improve our risk measurement methods and increase the precision of our internal credit rating system, while encouraging all our branches to implement appropriate loan pricing.

The second approach is to structure a new business model. Under our Fourth Long-Term Management Plan, we are aiming to structure new business systems for both individual and corporate markets. At present, we are working to strengthen our housing loan business, which is already an important generator of profits, while trying other approaches, including the development of business models that will provide additional important sources of profits.

Our activities to strengthen our position in housing loans have included expanding the number of our housing loan centers to 90, which were the backbone of our housing loan promotion program in fiscal 1999, and that number was the largest number among the city banks. In addition, in June 2000, we introduced “house@Asahi,” an Internet portal site specializing in housing. Through this site, we are adopting a one-to-one approach to respond precisely to customer needs. This new system enables us to respond to housing-related needs in ways that would have been difficult through housing loan centers and branches.

Moreover, as an important new area within services for individuals, in July 2000 we began the marketing of consumer loans targeted mainly at housing loan customers. In addition, we are considering ways to take advantage of opportunities to provide financial services that meet increasingly diverse customer needs at various life stages. Areas under consideration include offering insurance products and entry into the market for Japanese-style 401(k) defined contribution pension plans.

In our services for corporate customers, we began marketing a new small-business loan, Retail 48, which is based on an automated scoring model. Other initiatives included the establishment of an investment fund for fast-growing venture businesses and the strengthening of our services to support newly formed businesses that harbor the potential for future growth. We also plan to consider the possibilities for developing selected securities and international business, which will strengthen our position in retail banking, through alliances and other arrangements. In our transactions with large corporations, we are emphasizing the concept of cost versus return and working to substantially strengthen our relationships with leading corporations that have close and long-standing ties with us.

# Message

Our third policy for improving profitability is to strengthen our relationships with individual customers. Unlike corporate banking, where account officers deal directly with their clients, sophisticated marketing know-how making use of IT is essential to develop closer relationships with individual customers.

We have therefore worked to accumulate know-how in database marketing, with the aim of strengthening our ties with individual customers. In August 1998, we completed the compilation of a massive customer database covering eight million customers.

At present, our systems are set up to automatically carry out telemarketing, direct marketing, and sales promotion from the Head Office through direct channels to individual customers. In addition, we are beginning to make full use of our database in one-to-one marketing, and these various efforts are producing significant results in assisting us to offer products and services to our individual customers.

Plans call for making use of marketing databases at individual branches as a sales tool at teller counters. In specific terms, as we work to streamline existing branches, we will coordinate these efforts with our next-generation branch operating system, which is scheduled to begin test operations the next fiscal year. We plan to use sophisticated marketing databases to strengthen sales capabilities in direct channels and structure a marketing system with enhanced cost-performance characteristics.

Our fourth approach is to introduce activity-based costing (ABC). Thus far, we have discussed the activities in progress now that are intended to enhance profitability. However, if these activities themselves increase costs unnecessarily, we will not be able to improve the overall profitability of our operations.

In financial institutions like ours, where we have given priority to allocating resources to retail banking, most costs arise from the activities of employees. Therefore, if we can determine which processes require excessive costs, we can review these processes and, by using IT, reduce those costs to a minimum.

Based on these concepts, we began to consider introducing ABC, and a full-scale system began operation this fiscal year. Looking ahead, we will seek to optimize cost performance along with the other approaches I have described for improving profitability, with the aim of overthrowing the common idea that retail banking must be costly.

### **New Directions in Retail Banking Strategy**

To enhance the corporate value of the Bank, we will continue our strategy of giving priority to allocating management resources to retail banking and building on the business model and corporate culture that have developed thus far. However, we will expand and develop this retail specialization strategy in more-diverse forms.

What we must do next is to create a faster-moving management system and take much bigger steps toward developing our existing business model.

What we must aim for is the creation of a business model that combines low operating costs with stable and high profitability and thus overcomes the widely held beliefs about retail banking. To this end, our most important task will be to develop and implement specific policies ahead of the other competitors.

President's



Looking to the medium-to-long term, with improvement in profitability through these specific policies as a base, we must restructure our capital base by returning the public funds we received in March 1999 and repurchase outstanding shares with the objective of significantly improving return on equity.

Following the recent adoption of the Executive Officer System, we will be working to create a corporate governance structure that enables speedy decision making and transparency in management.

Without a doubt, this is a decisive time for our future. It is a fact that the direction we must take is now much clearer. As large financial institutions forge grand alliances and new players enter the financial services field, it will become increasingly difficult for individual financial institutions to maintain a clear identity.

Confronting this environment, we will work unrelentingly to defend our identity as Japan's top retail bank. We will draw on our strengths, including, especially, our corporate culture, which is deeply rooted in retail banking, and our extensive and deep customer base, to continue consolidating our position in retail banking with close ties to the regions we serve, which, we believe, is our reason for being.

We believe we should report our specific management policies to our stockholders, customers, business associates, and other interested parties. This will include reporting on the start-up of new business activities and services, the formation of alliances, and other initiatives. As Asahi Bank approaches the 10th anniversary of its formation, we encourage you to observe us in action.

July 2000

Tatsuro Ito  
President

# Message

Asahi Bank continued to place the highest priority on securing the soundness of its asset portfolio through the adoption of appropriate measures to dispose of nonperforming loans. As a result of decisive measures beginning in fiscal 1998, the Bank has made significant progress in dealing with this problem loan exposure. On a consolidated basis, the balance of risk-managed assets was lower as of March 31, 2000, in comparison with the previous fiscal year, and the coverage rate of loan loss reserves to risk-managed assets rose 4.2 percentage points from the previous fiscal year, to 50.5%. The Bank will continue to give a high priority to the early resolution of nonperforming loan issues.

## *Improving Asset Performance*

### Disposing of Nonperforming Loans

The Asahi Bank believes that—as it implements a strategy of concentrating management resources in strategic areas and endeavors to enhance profitability and seek maximum effectiveness in using its resources—securing the soundness of its financial position is a task of the highest priority. With this objective in mind, the Bank began to take aggressive steps to dispose of nonperforming loans in fiscal 1998. As a consequence, total nonconsolidated credit-related costs for the fiscal year under review, including provisions to the reserve for possible loan losses, were ¥204.3 billion (U.S.\$1.9 billion), a decline of ¥447.6 billion from the previous fiscal year-end.

By specific accounting item, the Bank included ¥202.7 billion (U.S.\$1.9 billion) in expenses for various credit-related costs, a decline of ¥376.0 billion from the previous fiscal year, and made provisions to the general reserve for possible loan losses of ¥1.6 billion, which represented a decline of ¥71.6 billion from the previous fiscal year-end, when substantial preventive provisions were made. These credit-related costs included further provisions to the reserve for possible loan losses to cover losses that may arise accompanying the deterioration of business conditions of borrowers and the decline in the value of real estate pledged as collateral against loans as well as the acceleration of the final disposal of nonperforming loans. Looking ahead, although there are concerns about the speed of recovery in the overall Japanese economy and possible shakeouts and realignments in certain industries, the Bank believes that these measures to deal with nonperforming loans have substantially enhanced the soundness of its assets.

### Disclosure of Nonperforming Loans

#### **Risk-Managed Assets**

Beginning from the fiscal year ended March 31, 1998, loans requiring supervision, because they have met specified criteria, have been disclosed as risk-managed assets. As of March 31, 2000, the total balance of such assets, on a nonconsolidated basis, was ¥857.6 billion (U.S.\$8.1 billion), representing a decline of ¥62.4 billion from the previous fiscal year-end. Risk-managed assets accounted for 4.17% of total loans, a decline of 0.24 percentage point from the previous fiscal year-end. Moreover, the reserves coverage ratio (the ratio of total reserves for possible loan losses to risk-managed assets) after partial direct write-offs was 46.4%, a 1.5 percentage point increase from the previous fiscal year.

On a consolidated basis, risk-managed assets declined ¥16.5 billion, to ¥908.1 billion (U.S.\$8.6 billion). Such loans accounted for 4.41% of total loans, a decline of 0.03 percentage point from the previous fiscal year-end. In addition, the coverage ratio of loan loss reserves to risk-managed assets after partial direct write-offs was 50.5%, an increase of 4.2 percentage points from the previous fiscal year-end.

**RISK-MANAGED ASSETS**

(Millions of yen, %)

Nonconsolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Loans to borrowers in legal bankruptcy	¥ 73,432	¥ (23,339)	¥ 96,771	¥ 82,799
Past due loans	611,019	(51,285)	662,304	525,714
Loans past due three months or more	84,920	34,333	50,587	109,634
Restructured loans	88,262	(22,170)	110,432	102,772
<b>Total</b>	<b>¥ 857,635</b>	<b>¥ (62,461)</b>	<b>¥ 920,096</b>	<b>¥ 820,921</b>
<b>Total loans and bills discounted</b>	<b>¥20,547,425</b>	<b>¥(296,084)</b>	<b>¥20,843,509</b>	<b>¥20,599,002</b>
<b>Ratio of risk-managed assets to total loans and bills discounted (%)</b>	<b>4.17</b>	<b>(0.24)*</b>	<b>4.41</b>	<b>3.98</b>

(Millions of yen, %)

Consolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Loans to borrowers in legal bankruptcy	¥ 76,530	¥ (20,565)	¥ 97,095	¥ 82,858
Past due loans	647,460	(17,881)	665,341	528,133
Loans past due three months or more	88,790	37,985	50,805	109,826
Restructured loans	95,398	(16,092)	111,490	103,542
<b>Total</b>	<b>¥ 908,180</b>	<b>¥ (16,551)</b>	<b>¥ 924,731</b>	<b>¥ 824,361</b>
<b>Total loans and bills discounted</b>	<b>¥20,581,734</b>	<b>¥(224,949)</b>	<b>¥20,806,683</b>	<b>¥20,578,420</b>
<b>Ratio of risk-managed assets to total loans and bills discounted (%)</b>	<b>4.41</b>	<b>(0.03)*</b>	<b>4.44</b>	<b>4.00</b>

\*Percentage points

**RESERVE FOR POSSIBLE LOAN LOSSES**

(Millions of yen)

Nonconsolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Reserves for possible loan losses	¥398,780	¥(14,415)	¥413,195	¥383,792
General reserve for possible loan losses	127,700	1,600	126,100	123,600
Specific reserve for possible loan losses	266,728	(16,017)	282,745	255,868
Specific reserve for certain overseas loans	4,351	1	4,350	4,324
Reserve for contingent liabilities related to loans sold	64,073	(13,707)	77,780	73,565
Reserve for losses incurred from supporting certain borrowers	6,603	6,603	—	13,271
Reserve for losses on investments and affiliates	—	(6,040)	6,040	4,232
<b>Total</b>	<b>¥469,456</b>	<b>¥(27,560)</b>	<b>¥497,016</b>	<b>¥474,862</b>

(Millions of yen)

Consolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Reserves for possible loan losses	¥458,786	¥30,756	¥428,030	¥425,833
General reserve for possible loan losses	145,277	18,826	126,451	131,322
Specific reserve for possible loan losses	309,156	11,927	297,229	290,185
Specific reserve for certain overseas loans	4,351	1	4,350	4,324
Reserve for contingent liabilities related to loans sold	64,073	(13,707)	77,780	73,565
Reserve for losses incurred from supporting certain borrowers	6,603	6,603	—	13,271
Reserve for losses on investments and affiliates	—	—	—	—
<b>Total</b>	<b>¥529,462</b>	<b>¥23,651</b>	<b>¥505,811</b>	<b>¥512,670</b>

## Nonperforming Assets under the Criteria of the Financial Reconstruction Law

Beginning with the fiscal year ended March 31, 1999, the Bank has disclosed nonperforming claims under the criteria of the Law Concerning Emergency Measures for Reconstructing Financial Function (Financial Reconstruction Law) after the required self-assessments of asset quality. Under the criteria of the Financial Reconstruction Law, total nonperforming loans in the categories of unrecoverable or valueless, risk claims, and claims in need of special attention amounted to ¥863.6 billion (U.S.\$8.1 billion), representing a decline of ¥66.4 billion from the previous fiscal year-end. The reserves coverage ratio was 46.1%, an increase of 1.7 percentage points from the previous year.

The Financial Reconstruction Law requires disclosure only on a nonconsolidated basis. For reference, the corresponding total on a consolidated basis, through claims in need of special attention, was ¥954.4 billion (U.S.\$9.0 billion), a decline of ¥20.9 billion from the previous fiscal year.

### DEFINITIONS OF NONPERFORMING LOANS AND OTHER CLAIMS

#### Definitions under the Financial Reconstruction Law

##### Unrecoverable or Valueless

Unrecoverable or valueless assets are claims held against obligors that have been declared insolvent and are undergoing procedures under bankruptcy, corporate reconstruction, composition, and similar laws and claims against obligors in similar condition.

##### Risk Claims

Risk claims are those claims held against obligors that have not yet gone into bankruptcy but whose financial condition and business performance has deteriorated and for which there is a strong possibility that principal and/or interest on such claims may not be received according to contractual obligations.

##### Claims in Need of Special Attention

Claims in need of special attention are those held against obligors for which payments of principal or interest are three months or more in arrears (hereinafter, loans past due three months or more) after the exclusion of loans in the two categories defined above and loans (excluding those in the two previously defined categories and loans past due three months or more) for which terms and conditions have been altered in a manner favorable to the obligor, with the objective of restructuring or assisting such obligors that have experienced economic difficulties and facilitating the recovery, etc., of such loans.

##### Nonclassified

Nonclassified claims are those against obligors that are not experiencing any particular problems regarding their financial position or management performance and are not classified as unrecoverable or valueless, risk claims, or claims in need of special attention.

#### Definitions under the Guidelines of the Japanese Bankers Association

##### Loans to Borrowers in Legal Bankruptcy

Loans to borrowers in legal bankruptcy are those for which there is a strong probability that the principal will not be recoverable. Specific conditions for inclusion in this category are (1) among those loans for which nonaccrual of interest has been approved under tax law criteria, those for which the borrowers have made

application for procedures under the Corporate Reconstruction Act, Bankruptcy Law, Composition Law, liquidation under the Commercial Code, or liquidation under other legal provisions or (2) loans to borrowers for which transactions have been suspended by the Promissory Note Exchange.

##### Loans Past Due Six Months or More

Loans past due six months or more are those for which there is a high probability that write-offs will be necessary in the future. Specifically, loans in this category are those for which nonaccrual of interest has been approved under tax law criteria, but after the exclusion of loans to borrowers in legal bankruptcy and loans for which interest payments have been suspended. Not all of the loans in this category will become unrecoverable. In certain cases, these loans have been secured by collateral or other measures and reserves for possible loan losses set aside after consideration of future recoverability.

##### Risk-Managed Assets

Risk-managed assets are nonaccrual loans (the former categories of loans to borrowers in legal bankruptcy and loans past due six months or more), plus loans past due three months or more and restructured loans.

##### Loans Past Due Three Months or More

Loans past due three months or more are defined as those for which principal or interest has been in arrears for three months or more from the contract payment date but which are not classified and disclosed in notes to the balance sheets as loans to borrowers in legal bankruptcy or loans past due six months or more.

##### Restructured Loans

Restructured loans are those for which terms and conditions have been provided that are more favorable to the borrower than those in the original loan agreement, with the objective of restructuring and assisting borrowers in economic difficulty and facilitating recovery of such loans. Concessions on loan terms and conditions include reducing interest rates, rescheduling interest and principal payments, waiving claims on the borrower, providing cash, and accepting nonmonetary repayments. Restructured loans must be disclosed in the notes to the balance sheets and include loans for which interest rates have been reduced or exempted and loans to borrowers that are receiving assistance in restructuring.

**RESERVES COVERAGE RATIOS (Ratio of Total Reserves for Possible Loan Losses to Total Risk-Managed Loans) (%)**

Nonconsolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Before partial direct write-offs	64.1	3.7*	60.4	63.8
After partial direct write-offs	46.4	1.5*	44.9	46.7

(%)

Consolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Before partial direct write-offs	67.0	5.6*	61.4	67.3
After partial direct write-offs	50.5	4.2*	46.3	51.6

\*Percentage points

**DISCLOSURE ACCORDING TO THE FINANCIAL RECONSTRUCTION LAW**

(Millions of yen, %)

Nonconsolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Unrecoverable or valueless	¥ 186,765	¥ 16,895	¥ 169,870	¥ 151,171
Risk claims	503,662	(49,691)	553,353	464,766
Claims in need of special attention	173,183	(33,556)	206,739	212,406
Financial Reconstruction Law total	¥ 863,611	¥ (66,351)	¥ 929,962	¥ 828,344
Nonclassified claims	¥21,067,600	¥(401,388)	¥21,468,988	¥21,197,445
Financial Reconstruction Law total	21,931,211	(467,740)	22,398,951	22,025,789
Total reserves	¥ 398,780	¥ (14,415)	¥ 413,195	¥ 383,792
Reserves coverage ratio	46.1%	1.7*	44.4%	46.3%

(Millions of yen)

Consolidated Basis	March 31, 2000	Change	March 31, 1999	September 30, 1999
Unrecoverable or valueless	¥214,205	¥ 40,771	¥173,434	¥155,460
Risk claims	556,006	(37,838)	593,844	504,023
Claims in need of special attention	184,188	(23,826)	208,014	213,369
Financial Reconstruction Law total	¥954,399	¥(20,893)	¥975,292	¥872,853

\*Percentage points

**COVERAGE OF CLAIMS DISCLOSED UNDER THE FINANCIAL RECONSTRUCTION LAW (NONCONSOLIDATED)**

(Billions of yen, %)

As of March 31, 2000	Disclosed claims	Coverage ratio	Guarantees/collateral	Reserves	Coverage ratio
Unrecoverable or valueless	¥186.7	¥186.7 (100.0)	¥174.4 (93.4)	¥ 12.3 (6.6)	100.0
Risk claims	503.6	387.9 (77.0)	138.8 (27.6)	249.1 (49.5)	77.0
Claims in need of special attention*	224.2	105.1 (46.9)	84.0 (37.5)	21.1 (9.4)	46.9
Total	914.6	679.8 (74.3)	397.3 (43.4)	282.5 (30.9)	74.3

\* The coverage ratio is for the full amount of claims against borrowers with claims in need of special attention.

## CONSOLIDATED SIX-YEAR SUMMARY

The Asahi Bank, Ltd.  
Years ended March 31

	Millions of yen					
	2000	1999	1998	1997	1996	1995
<b>For the year</b>						
Total income	¥ 1,160,755	¥ 987,441	¥ 1,036,464	¥ 1,229,678	¥ 1,238,102	¥ 1,301,301
Total expenses	1,082,225	1,365,741	1,215,414	1,205,296	1,374,460	1,265,977
Income (loss) before income taxes	78,529	(378,299)	(178,950)	24,381	(136,358)	35,324
Net income (loss)	31,404	(254,065)	(105,957)	14,658	(73,499)	18,158
<b>At year-end</b>						
Total assets	¥28,788,131	¥28,868,162	¥28,509,415	¥29,270,414	¥29,107,025	¥27,830,062
Loans and bills discounted	20,581,734	20,806,683	20,999,375	21,526,052	21,206,065	20,354,381
Securities	3,639,112	3,914,008	3,838,424	3,507,733	3,295,312	2,968,572
Customers' liabilities for acceptances and guarantees	1,760,192	1,934,903	1,087,679	1,204,497	1,256,429	1,322,390
Deposits	21,897,556	21,210,851	22,171,353	22,788,626	23,154,843	21,843,102
Total stockholders' equity	1,388,104	1,370,325	962,079	984,545	984,565	1,075,068
<b>Per share data (in yen)</b>						
Net income (loss)	¥ 9.39	¥(106.11)	¥(45.82)	¥ 6.31	¥ (31.65)	¥ 7.82
Cash dividends declared (on common stock)	6.00	6.00	6.00	7.00	7.00	7.00
Cash dividends declared (on preferred stock)						
Preferred stock No. 1	10.00	10.00	10.00	—	—	—
Class B preferred stock No. 1	14.38	0.04	—	—	—	—
Class B preferred stock No. 2	18.50	0.06	—	—	—	—
Stockholders' equity (book value)	347.95	341.02	371.08	423.80	424.03	463.02

Notes: 1. Yen amounts are rounded down.

2. Beginning the year ended March 31, 2000, the reserve for possible loan losses, which was included in Liabilities through the previous fiscal year, is now included in Assets, after it has been subtracted from all assets covered by this reserve. Prior year amounts, which were included in Liabilities, have been reclassified to conform to the 2000 presentation.

## SCOPE OF CONSOLIDATION

Beginning from the previous accounting year, ended March 31, 1999, the Bank has used criteria that take account of control and influence on management in addition to share ownership and voting rights in deciding on the scope of consolidation. For fiscal 1999, ended March 31, 2000, the Bank had 27 consolidated subsidiaries, and four companies were accounted for by the equity method. Compared with the previous fiscal year, three subsidiaries were excluded from the consolidation as the Bank liquidated one securities subsidiary and one overseas subsidiary that had formerly been consolidated and merged two consolidated subsidiaries. On the other hand, two companies formerly accounted for by the equity method became consolidated subsidiaries, resulting in a net decrease of one consolidated subsidiary. At the same time, the number of affiliates accounted for by the equity method declined by two.

Members of the Asahi Bank Group, including consolidated subsidiaries, are engaged in trust and other financial services in addition to commercial banking. In terms of total income and other indicators, the commercial banking operations of the Bank account for the largest portion and the remainder are immaterial. By geographical region, business operations of the Bank and consolidated subsidiaries are conducted primarily in Japan.

## REVIEW OF PRINCIPAL INDICATORS

	(Billions of yen)		
Years ended March 31	2000	1999	Change
Total income	¥1,160.7	¥ 987.4	¥173.3
Total expenses	1,082.2	1,365.7	(283.5)
Income (loss) before income taxes	78.5	(378.2)	456.8
Income taxes:			
Current	18.0	3.5	14.5
Deferred	29.4	(124.7)	154.2
Minority interests in net loss	0.4	3.0	(2.6)
Net income (loss)	31.4	(254.0)	285.4
Per share data (in yen):			
Net income (loss)	¥ 9.39	¥(106.11)	¥115.49
Stockholders' equity	347.95	341.02	6.93
BIS capital ratio (%)	11.80	11.90	(0.10)

Total income of the Bank and consolidated subsidiaries and affiliates rose ¥173.3 billion, to ¥1,160.7 billion (U.S.\$10,935 million). Although low interest rates in Japan, combined with other factors, led to a decline in income from loans and bills discounted as well as other earning assets, gains on sale of stocks and other securities as well as other sources led to an overall rise in total income. On the other hand, total expenses were down ¥283.5 billion, to ¥1,082.2 billion (U.S.\$10,195 million), owing to lower funding costs and a decline in expenses incurred in the disposal of nonperforming loans. As a consequence, income before income taxes amounted to ¥78.5 billion (U.S.\$740 million), and net income was ¥31.4 billion (U.S.\$296 million). These income figures followed two consecutive years of losses in fiscal 1998 and fiscal 1997. Net income per common share was ¥9.39 (U.S.\$0.09). Stockholders' equity increased ¥17.7 billion, to ¥1,388.1 billion (U.S.\$13,077 million), and stockholders' equity per share rose ¥6.93, to ¥347.95 (U.S.\$3.28). The Bank's capital adequacy ratio (BIS guidelines) stood at 11.80% at fiscal year-end.

## SUMMARY OF CONSOLIDATED STATEMENTS OF OPERATIONS

(Billions of yen)

Years ended March 31	2000	1999	Change
Interest income	¥589.1	¥655.7	¥(66.6)
Interest expenses	208.4	296.0	(87.6)
Net interest income	380.6	359.6	20.9
Fees and commissions income	86.4	75.2	11.2
Fees and commissions expenses	21.1	18.9	2.2
Fees and commissions, net	65.3	56.3	8.9
Trading income	1.7	3.6	(1.9)
Trading expenses	0	0	(0)
Trading income, net	1.7	3.6	(1.9)
Other operating income	24.2	48.5	(24.3)
Other operating expenses	23.8	29.9	(6.1)
Other operating income, net	0.3	18.5	(18.1)

Consolidated net interest income amounted to ¥380.6 billion (U.S.\$3,585 million), derived largely from domestic banking operations. The principal factor accounting for this increase was the rising trend in net interest income of the Parent accompanying a decline in funding costs. Fees and commissions, net, amounted to ¥65.3 billion (U.S.\$616 million), supported by gains in the exchange and remittance business of the Parent and an increase in housing loan guarantees of a subsidiary. Trading income, net, amounted to ¥1.7 billion (U.S.\$16 million), but other operating income, net, amounted to ¥0.3 billion (U.S.\$3 million), reflecting lower income from bond operations of the Parent.

## Gross Operating Profit by Domestic and International Division

(Billions of yen)

Year ended March 31, 2000	Domestic	International	Eliminations and intercompany	Total
Interest income	¥523.1	¥78.6	¥12.5	¥589.1
Interest expenses	174.4	46.4	12.4	208.4
Net interest income	348.6	32.1	0.1	380.6
Fees and commissions income	94.5	1.0	9.1	86.4
Fees and commissions expenses	29.4	0.7	9.0	21.1
Fees and commissions, net	65.0	0.3	0	65.3
Trading income	1.7	0	—	1.7
Trading expenses	0	—	—	0
Trading income, net	1.7	0	—	1.7
Other operating income	23.6	3.0	2.4	24.2
Other operating expenses	25.7	0.2	2.1	23.8
Other operating income, net	(2.1)	2.7	0.2	0.3

## Gross Operating Profit by Domestic and International Division (Nonconsolidated)

(Billions of yen)

Years ended March 31	Domestic			International		
	2000	1999	Change	2000	1999	Change
Net interest income	¥358.3	¥336.0	¥22.2	¥14.3	¥19.6	¥(5.2)
Fees and commissions, net	28.5	28.5	(0)	2.0	2.4	(0.4)
Trading income (expenses), net	1.5	1.5	(0)	0.2	0.2	0
Other operating income (loss), net	(4.1)	10.1	(14.3)	6.9	10.9	(4.0)
Gross operating profit	¥384.2	¥376.3	¥ 7.8	¥23.6	¥33.2	¥(9.6)

## Net Interest Income

On a nonconsolidated basis, net interest income from domestic operations rose ¥22.2 billion, or 6.6%, to ¥358.3 billion (U.S.\$3,375 million). Factors accounting for this included a rise in the loan/deposit spread, as the Bank of Japan's zero interest policy led to declines in both deposit and lending rates. In addition, the increase in the volume of assets contributed to higher net interest income as the Bank continued the policy from the previous fiscal year of expanding housing loans and lending to small and medium-sized companies.

Net interest income from international operations fell ¥5.2 billion, or 26.5%, to ¥14.3 billion (U.S.\$135 million). This was due to a continued decline in the volume of liabilities and earning assets as the Bank reduced principally its overseas transactions with the objective of increasing its return on assets through the restructuring of its asset portfolio. The yield on the Bank's earning assets in international operations increased seven basis points from the previous fiscal year.

## Sources and Uses of Funds in Domestic and International Operations

(Billions of yen)				
Year ended March 31, 2000	Domestic	International	Eliminations and intercompany	Total
<b>Interest-bearing assets</b>				
Average balance	¥23,832.5	¥2,436.5	¥763.7	¥25,505.2
Interest	523.1	78.6	12.5	589.1
Returns (%)	2.19	3.22	—	2.30
<b>Loans and bills discounted</b>				
Average balance	18,932.2	2,203.2	533.6	20,601.8
Interest	413.8	56.5	11.7	458.6
Returns (%)	2.18	2.56	—	2.22
<b>Securities</b>				
Average balance	3,961.8	78.7	51.6	3,988.8
Interest	54.6	1.6	0.1	56.1
Returns (%)	1.37	2.15	—	1.40
<b>Call loans and bills bought</b>				
Average balance	384.3	5.9	—	390.3
Interest	0.4	0.2	—	0.6
Returns (%)	0.10	4.55	—	0.17
<b>Due from banks</b>				
Average balance	480.0	125.7	178.4	427.2
Interest	7.1	6.3	0.7	12.8
Returns (%)	1.49	5.07	—	3.00
<b>Interest-bearing liabilities</b>				
Average balance	¥24,043.2	¥1,696.7	¥699.6	¥25,040.3
Interest	174.4	46.4	12.4	208.4
Returns (%)	0.72	2.73	—	0.83
<b>Deposits</b>				
Average balance	19,616.9	923.8	169.6	20,371.2
Interest	57.1	17.5	0.6	74.0
Returns (%)	0.29	1.89	—	0.36
<b>Negotiable certificates of deposit</b>				
Average balance	1,748.0	20.9	11.8	1,757.2
Interest	2.5	1.2	0.0	3.7
Returns (%)	0.14	5.86	—	0.21
<b>Call money and bills sold</b>				
Average balance	1,357.2	0.8	—	1,358.0
Interest	2.4	0	—	2.4
Returns (%)	0.18	5.35	—	0.18
<b>Commercial paper</b>				
Average balance	230.1	—	—	230.1
Interest	0.4	—	—	0.4
Returns (%)	0.20	—	—	0.20
<b>Borrowed money</b>				
Average balance	836.9	379.8	429.9	786.8
Interest	21.4	10.6	11.7	20.4
Returns (%)	2.56	2.80	—	2.59

The average balance of funds used in fiscal 1999 (before eliminations for consolidation) was ¥23,832.5 billion (U.S.\$224,517 million) in Japan and ¥2,436.5 billion (U.S.\$22,953 million) overseas. In addition, the average balance of funds sourced (before eliminations) was ¥24,043.2 billion (U.S.\$226,502 million) in Japan and ¥1,696.7 billion (U.S.\$15,984 million) overseas. The principal source and use of funds in Japan and overseas were deposits and loans.

The spread between the cost of funds and yield on uses of funds was 1.47%, and the spread between the cost of deposits and lending rates was 1.86%. Of these totals, the spread between the cost of funds and yield on uses of funds in Japan was 1.47%, and the spread between the cost of deposits and lending rates was 1.89%.

On a nonconsolidated basis, the average total balance of funds used rose slightly less than ¥400 billion, as the Bank focused principally on expanding housing loans and lending to small and medium-sized companies in the domestic market while reducing yen funds used in international operations in line with its policy of reducing the volume of operating assets in international activities. The continuation of low interest rates from the previous fiscal year led to a 24 basis point decline in the yield on securities and a 10 basis point drop in lending rates, resulting in an overall decline of 11 basis points in the yield on funds used. As a consequence, income from funds used slipped ¥17.4 billion, or 3.5%.

Turning to funds sourced, the average total balance rose more than ¥500 billion, as deposits placed by individuals, which are a stable source of funds, and corporate deposits, which are principally liquid deposits, expanded, thus compensating for a decline in external liabilities raised from financial markets. The overall cost of funds declined 19 basis points, as rates on NCDs, for example, fell 46 basis points accompanying the general decline in market interest rates. As a result, the cost of funds decreased ¥39.6 billion, or 26.6%, from the previous fiscal year.

In domestic operations, the average loan/deposit spread was up six basis points, and the average interest spread increased seven basis points. In addition, the net interest margin, which takes account of other expenses, showed an improvement of 10 basis points, rising to 51 basis points.

#### Fees and Commissions in Japan and Overseas

Fees and commissions amounted to ¥86.4 billion (U.S.\$814 million). Of this total, the largest portion was generated in Japan and was accounted for by exchange and remittance operations and guarantee services. Expenses related to fee and commission income amounted to ¥21.1 billion (U.S.\$198 million), and, as a consequence, fees and commissions, net, stood at ¥65.3 billion (U.S.\$616 million).

#### Trading Income

Trading income for the year under review amounted to ¥1.7 billion (U.S.\$16 million). Of this total, the largest portion was generated in Japan.

#### Other Operating Income

Other operating income, net, slumped ¥18.1 billion, or 98.1%, to ¥0.3 billion (U.S.\$3 million), mainly because income from Japanese government and other bond transactions, principally from bond sales, slumped from the previous fiscal year. The Bank has consistently adopted conservative policies in these operations, and during the fiscal year under review, rather than implement a policy of realizing gains through sales from its bond portfolio, the Bank adopted a cautionary policy from a comprehensive point of view, taking account of yields and the impact on future years. As a consequence, unrealized gains in the Bank's bond portfolio still amounted to ¥10.3 billion (U.S.\$97 million) at the end of the fiscal year. Another factor accounting for the decline in other operating income was lower income from foreign exchange transactions.

#### General and Administrative Expenses

The Bank continued to take thoroughgoing measures to increase the efficiency of its operations, and, as a consequence, general and administrative expenses declined ¥6.3 billion, or 2.3%, from the previous fiscal year, to ¥275.4 billion (U.S.\$2,595 million). Personnel expenses dropped ¥5.3 billion due to the decrease of 446 in the number of employees (currently on the employment register) of the Parent, to 12,148, and other factors. Nonpersonnel expenses declined ¥0.7 billion from the previous fiscal year, despite increases in investments in computer systems, principally for domestic retail banking operations, and accompanying increases in depreciation. Taxes included among other operating expenses were down ¥0.2 billion, owing to lower fixed asset taxes and other factors.

General and Administrative Expenses		(Billions of yen)		
Years ended March 31	2000	1999	Change	
Personnel expenses	¥125.0	¥130.4	¥(5.3)	
Other expenses	134.4	135.2	(0.7)	
Taxes	15.8	16.1	(0.2)	
Total	¥275.4	¥281.7	¥(6.3)	

#### Other Expenses

Other expenses declined ¥185.7 billion, or 25.1%, to ¥553.3 billion (U.S.\$5,212 million). By type of expense, although there was a marked increase in stock-related losses, additions to the Specific Reserve for Possible Loan Losses and the General Reserve for Possible Loan Losses as well as the Write-Off of Claims dropped substantially. Among stock-related losses, losses from the sales of stocks and other securities rose ¥142.4 billion, to ¥161.1 billion (U.S.\$1,518 million), and losses from the devaluation of stocks and other securities were up ¥77.1 billion, to ¥93.2 billion (U.S.\$879 million). These aggressive write-offs of stocks were in anticipation of the introduction of new accounting standards for financial products from fiscal 2000 and were due to the disposal of stocks that had declined sharply in value. Additions to the Specific Reserve for Possible Loan Losses fell significantly, from ¥127.4 billion in the previous fiscal year, to ¥19.8 billion (U.S.\$186 million) for the fiscal year under review. Moreover, after recording ¥146.0 billion in loan loss write-offs in the previous fiscal year, the largest in its history, the Bank wrote off a markedly lower ¥68.0 billion (U.S.\$641 million) for the fiscal year under review.

#### General Reserve for Possible Loan Losses

Beginning in fiscal 1997, based on its self-assessments of loan quality, the Bank made necessary additions to the General Reserve for Possible Loan Losses for loans to insolvent customers and for the unsecured and unguaranteed portion of loans to customers not presently insolvent but for which there is a high possibility of becoming so. In fiscal 1998, the Bank adopted a policy of substantially increasing reserves as a precautionary measure against possible future losses. In particular, for certain loans among those classified as claims in need of special attention, the Bank set aside reserves equivalent to 15% of the unsecured amount. In addition, depending on the level of potential risk, the Bank made additions to reserves based on more rational and precisely calculated expected default ratios.

After making substantial additions to the General Reserve for Possible Loan Losses in the previous fiscal year, the Bank made a further addition of ¥11.7 billion (U.S.\$110 million) for the fiscal year under review in view of a slight increase in expected losses. As a result, the net addition to the general reserve declined substantially from the ¥62.1 billion reported in the previous fiscal year.

# SUMMARY OF BALANCE SHEETS (CONSOLIDATED)

Regarding the Bank's financial position during the year under review, total assets dropped ¥80.0 billion, to ¥28,788.1 billion (U.S.\$271,202 million). On the other hand, total liabilities were down ¥96.4 billion, to ¥27,391.4 billion (U.S.\$258,044 million). Stockholders' equity rose ¥17.7 billion, to ¥1,388.1 billion (U.S.\$13,077 million). Deposits increased ¥686.7 billion, to ¥21,897.5 billion (U.S.\$206,289 million). Loans and bills discounted declined ¥224.9 billion, to ¥20,581.7 billion (U.S.\$193,893 million).

Loans and Bills Discounted by Industry		(Billions of yen)
March 31		2000
Domestic operations		
Manufacturing	¥ 2,612.0	13.32%
Retail, wholesale, and food services	2,767.5	14.12%
Financial services	1,039.8	5.30%
Construction	1,126.3	5.74%
Electric power, gas, and other public enterprises	93.1	0.48%
Real estate	2,241.2	11.43%
Transportation, communications, and other utilities	529.5	2.70%
Services	1,885.0	9.61%
Agriculture, forestry, fishing, and mining	47.4	0.24%
Local governments	428.9	2.19%
Others	6,836.2	34.87%
	¥19,607.4	100%
International operations		
Governments	¥ 18.3	1.66%
Financial institutions	97.3	8.76%
Others	995.0	89.58%
	¥ 1,110.8	100%
Elimination and intercompany		(136.5)
Total	¥20,581.7	

<b>Loans to Specified Countries</b>		(Millions of yen)
March 31		<b>2000</b>
Indonesia		<b>¥22,663</b>
Brazil		<b>84</b>
Bulgaria		<b>14</b>
Argentina		<b>9</b>
Algeria		<b>5</b>
Total		<b>¥22,777</b>
Percentage of total assets		<b>0.07</b>

<b>Loans to Small and Medium-Sized Companies (Nonconsolidated)</b>			(Billions of yen, %)	
	2000	1999	Ratio to total loans	
March 31			2000	1999
Individuals and small and medium-sized companies	<b>¥14,967.7</b>	<b>¥13,747.9</b>	<b>76.9%</b>	<b>74.8%</b>

<b>Loans to Individuals (Nonconsolidated)</b>		(Billions of yen)		
March 31	2000	1999	Change	
Consumer	<b>¥6,101.5</b>	<b>¥5,719.6</b>	<b>¥381.9</b>	
Housing	<b>5,832.0</b>	<b>5,426.0</b>	<b>405.9</b>	

<b>Composition of Deposits (Consolidated)</b>		(Billions of yen)		
March 31	2000	1999	Change	
Liquid deposits	<b>¥ 7,114.6</b>	<b>¥ 6,833.7</b>	<b>¥280.9</b>	
Time deposits	<b>12,122.8</b>	<b>11,928.1</b>	<b>194.7</b>	
Others	<b>2,660.0</b>	<b>2,448.9</b>	<b>211.1</b>	
Total	<b>¥21,897.5</b>	<b>¥21,210.8</b>	<b>¥686.7</b>	

#### RISK-MANAGED ASSETS

Risk-managed assets on a consolidated basis amounted to ¥908.1 billion (U.S.\$8,555 million) at fiscal year-end, a decline of ¥16.5 billion from the previous fiscal year-end. Nonperforming loans disclosed according to the criteria of the Financial Reconstruction Law were ¥954.4 billion (U.S.\$8,991 million), ¥20.9 billion lower than at the end of fiscal 1998.

## OVERVIEW OF THE BANK'S RISK MANAGEMENT SYSTEMS

Deregulation and globalization of financial services, together with the growing sophistication of financial technology, are making banking activities more diverse and complex. As a consequence, it has become more important than ever for banks to manage effectively the various types of risk they confront, including market, credit, liquidity, operations, and computer systems risk.

The key to effective risk management, however, is not necessarily to minimize all these various types of risks. For example, lending operations have the inherent risk of possible loan losses (credit risk), but by taking risk, banks are able to charge a premium for their risk-taking activities and earn profits. Risk is, therefore, a source of profits. In managing various types of risk, it is essential to divide them into two basic types, based on their inherent characteristics, namely risks that should be taken and risks that should be minimized.

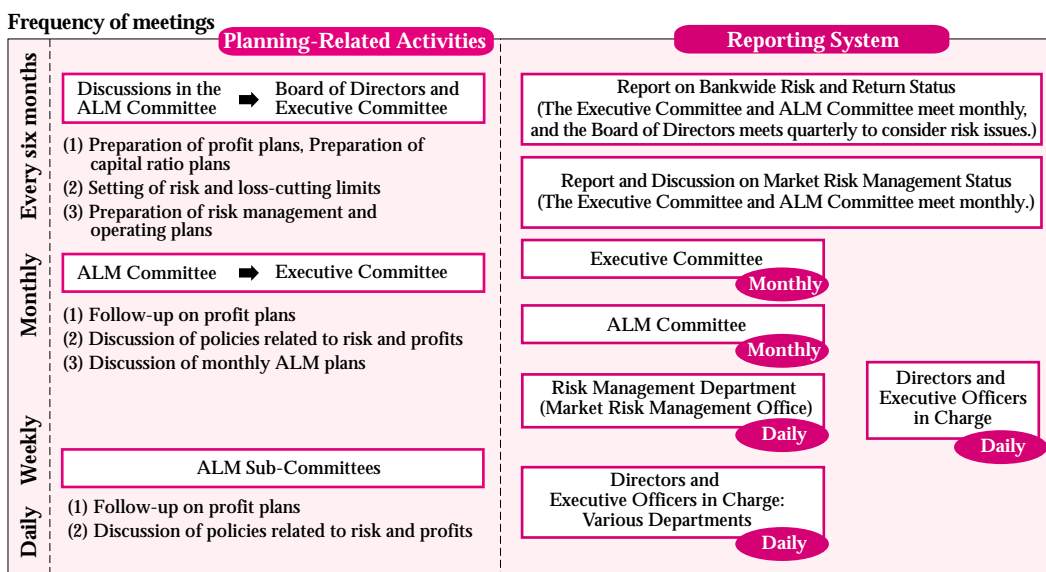
In implementing risk management activities, the Bank's departments in charge of various types of risk must respond appropriately and work to constantly upgrade their capabilities, as a matter of course. In addition, it is essential for the Bank as a whole to measure and manage risk volumes accurately and from a centralized perspective.

The Bank endeavors to measure the various types of risk from a centralized perspective and restrains the total risk volume within the limits of its capital. Also, through appropriate risk control, the Bank works to maximize profits through the development of an integrated risk management system.

In its risk management activities, the Bank uses Value at Risk (VaR) and other indicators as uniform measures of risk and accurately monitors the level of profit generated by various risk-taking activities and works to enhance the sophistication of its systems with the aim of further improving its capabilities for allocating risk effectively.

Moreover, the Bank monitors risk at all levels throughout its operations and has established units to manage various types of risk. The Risk Management Department has been established to supervise risk from a Bankwide perspective, and committees have been formed that include members of management to take responsibility for various forms of risk with the goals of strengthening risk management and control. For all aspects of the Bank's operations, including risk management systems, the Inspection Department conducts internal examinations. External auditors are also called upon to conduct audits on an as-needed basis.

### Outline of the Bank's Risk Management Organization





#### Credit Analysis Systems

The fundamental pillars of the Bank's credit risk management systems are its credit rating system for ranking its customers and the self-assessment system. These systems are employed in quantifying credit risk and in setting various lending policies. In June 1999, the Bank issued its *Credit Handbook*, a manual on credit policy containing basic policies regarding lending, credit analysis criteria, credit risk management, and related matters, and this policy has been implemented throughout the Bank.

To conduct rapid, yet sufficient, analysis of individual loan applications, the Bank has upgraded its credit analysis and approval systems in two ways. The first has been to further train credit officers working at the Bank's offices and to institute inspections and guidance for credit applications approved by the branch General Managers. The second has been to form a team of credit specialists in the Head Office, independent of business promotion divisions, to conduct thorough analyses of credit applications that exceed the approval limits of branch General Managers.

#### Self-Assessment System

The Bank conducts self-assessments of its assets twice annually. The Credit Review Office, which is independent of the Credit Supervision departments, conducts detailed checks of the content of self-assessments. Based on these checks, write-offs and additions to reserves are made when appropriate.

#### Relationships among Customer Credit Ratings and Self-Assessment Systems and Write-Offs and Reserves

Ratings	Type of Borrower	Loan Categorization	Write-Offs and Reserves
A B C D E F	Normal	No Categorization	Default Ratios
G	Special Watch	Category II	Default Ratios
H	Doubtful	Category III	Amount Deemed Necessary
I	Loss	Category IV	Write-Offs or Additions to Reserves

## MARKET RISK MANAGEMENT

### Basic Policy

Market risk refers to the possibility that banks may incur losses due to movements in interest rates, foreign currency exchange rates, stock prices, and/or other market-related indicators. Market risk is defined to include credit risk inherent in market transactions that may lead to losses when counter-parties fail to meet their obligations. The Bank conducts strict management and control of market risk based on the awareness that the possibility of substantial losses is inherent in the nature of market transactions.

### Risk Management Systems

The risk volumes in the Bank's operations (limits on the maximum volume of risk and loss limits that units engaged in market transactions may assume) are decided by the Board of Directors and the Executive Committee. Units engaging in market transactions conduct their operations within the various limits that have been assigned to them, based on the decisions of the Executive Committee. The results of operations and profit/loss are reported on a daily basis to the directors in charge, and reports are presented to the Executive Committee each month.

Units carrying out transactions (the front offices) and units in charge of monitoring operations (the back offices) are separate. In addition, an independent unit, the Market Risk Management Office (the middle office), has been formed to monitor the front offices. Moreover, another unit within the Inspection Department is responsible for carrying out strict examinations of the conduct and management of market-related operations.

### Actual VaR during the Fiscal Year

Period	Maximum VaR	Minimum VaR	Average VaR
April 1, 1999, to March 31, 2000	¥1.8 billion	¥200 million	¥700 million

Note: VaR is the total volume of risk in trading transactions involving financial instruments that are subject to market price accounting foreign exchange transactions.

#### VaR Criteria

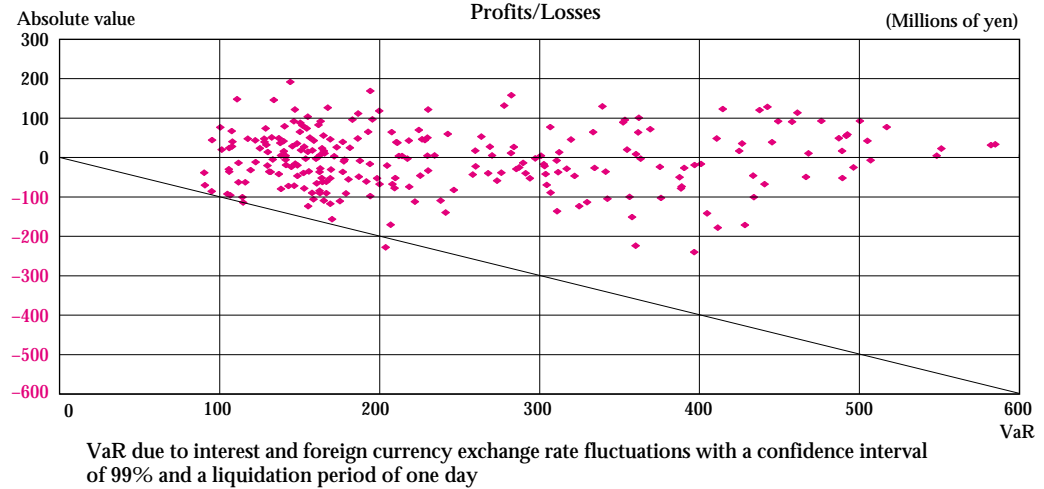
- (1) Confidence level: Single-sided, 99% (standard deviation of 2.33 times)
- (2) Holding period: 10 business days
- (3) Observation period for market data: One year
- (4) Correlation among price fluctuations of financial instruments: Taken into account

### Results of Stress Testing

	Maximum loss under stress scenario
VaR value	¥300 million
Profit/loss under stress testing	¥500 million

Note: Market fluctuations of the magnitude of those that occurred at the time of Black Monday in 1987 are assumed.

## Results of Static Back Testing (Covering the Period from April 1, 1999, to March 31, 2000)



## LIQUIDITY RISK MANAGEMENT

### Basic Policy

Liquidity risk is the risk that a financial institution may run short of funds, owing to a decline in its creditworthiness or an extreme gap between its maturities for fund use and funding, and may therefore have to pay prohibitively high interest rates to borrow funds for its operations. The Bank recognizes the management of liquidity risk to be a basic and vital aspect of its operations and has developed effective systems to ensure sufficient liquidity to meet its needs.

### Specific Risk Management Activities

To manage liquidity risk, the Bank first periodically examines the structure of fund sources and uses and implements measures needed to improve this structure. In addition, taking into consideration the size of assets, the Bank's funding capabilities, and other factors, guidelines are established for the funds gap (the amount of funds that must be raised). Through these and other activities, the Bank works to structure systems to prevent unforeseen developments.

### Risk Management Systems

Information on the funds gap, the market environment, and other matters related to liquidity risk is reported by all units in charge of managing the Bank's cash flow to the Risk Management Department, which is in overall charge of managing the cash flow. Reports on the overall cash flow are made periodically to the Executive Committee.

In the event that a sudden change in the market funding environment leads to the emergence of a possible liquidity shortage, the Bank has prepared contingency plans to respond flexibly and quickly according to the seriousness of the emergency.

## OPERATIONS RISK MANAGEMENT

### Basic Policy

Operations risk is inherent in the handling of customer transactions, and errors, unethical conduct, and certain other circumstances may lead to losses. Typical examples are disparities between actual cash and cash balances and customer complaints concerning transactions. Accurate and rapid fulfillment of transactions requested by customers is the foundation of trust in the Bank's services, and, as banking activities become more diverse, proper management of these activities to lessen and minimize operations risk is essential.

### Risk Management Systems

The Bank has established the Operations Department to be in overall charge of operations risk management. The department's activities include improving operating procedures and implementing systems upgrades as well as supervising branch operations and providing specific guidance. In addition, the Bank has set up the Inspection Department to perform internal checking functions, and this department conducts examinations and provides guidance to prevent operations problems before they occur at all the Bank's offices, including overseas offices and operations centers.

### Specific Activities

In recent years, many new financial services based on sophisticated financial technology have been developed, leading to a trend toward greater complexity and potential magnitude of operations risk. Based on the awareness that quantification of operations risk to introduce sophisticated risk management systems is just as necessary as for credit and market risk, the Bank is working to introduce such a system for measuring and managing operations risk.

## MANAGEMENT OF SYSTEMS RISK

### Basic Policy and Risk Management Systems

Systems risk is inherent in computer systems, and losses as well as damages may be incurred owing to malfunctions and unethical conduct. For financial institutions, which are highly dependent on these systems, there is a possibility that systems risk may have an impact on society at large. Systems risk is, therefore, one form of risk that may have a major impact on management.

Aware of this, the Bank does not regard the management of systems risk as simply a systemic or technological issue but, as one form of management risk, is working to supervise and control it as part of a unified, Bankwide management system.

### Specific Activities

Specific measures for the management of systems risk have included the installation of multiple telecommunications lines for on-line operations and backup computer centers to prevent systems failures and prepare for possible natural disasters. In addition, the Bank has established the System Planning Office within the Planning Department, which is responsible for undertaking periodic monitoring based on fundamental policies for Bankwide systems risk management.

In particular, with the increasing importance of information and computer systems, information-related risks have grown substantially in importance. The Bank has established a security policy to clarify the appropriate level of security required. All management and staff of the Bank have been made aware of this policy, with the objective of ensuring the appropriate protection of information assets.

In addition to these measures, the Bank has prepared contingency plans for responding to emergencies and other unforeseen events appropriately when such events occur.

Regarding the Year 2000 issue, the Bank positioned this as a matter of highest priority and implemented a full program of countermeasures. No problems occurred over the end of 1999 and into 2000 or on February 29, 2000, the dates when such problems were calculated likeliest to occur, and the Bank was able to continue its operations and customer services without interruption.

#### PROGRESS TOWARD STRENGTHENING THE COMPLIANCE SYSTEM

##### Basic Policies

The Bank has positioned compliance with laws, rules, and social norms as an important management issue and now prepares an annual Compliance Program containing specific plans for its compliance systems, which is reviewed and approved by the Board of Directors. Concerted efforts are being devoted to putting the necessary systems in place and raising the awareness of the importance of compliance among management and staff.

##### Specific Activities

The Bank's Compliance Department has overall responsibility for compliance matters, and compliance officers appointed in the Bank's departments and offices work closely with the department. In addition, the Inspection Department conducts internal examinations of compliance in the Bank's departments and offices as well as works to strengthen internal supervisory systems. Moreover, the Compliance Department examines the decisions of the Executive Committee, contracts with customers, and new products to confirm that they are in compliance with applicable laws and regulations, with the aim of minimizing the Bank's legal risk.

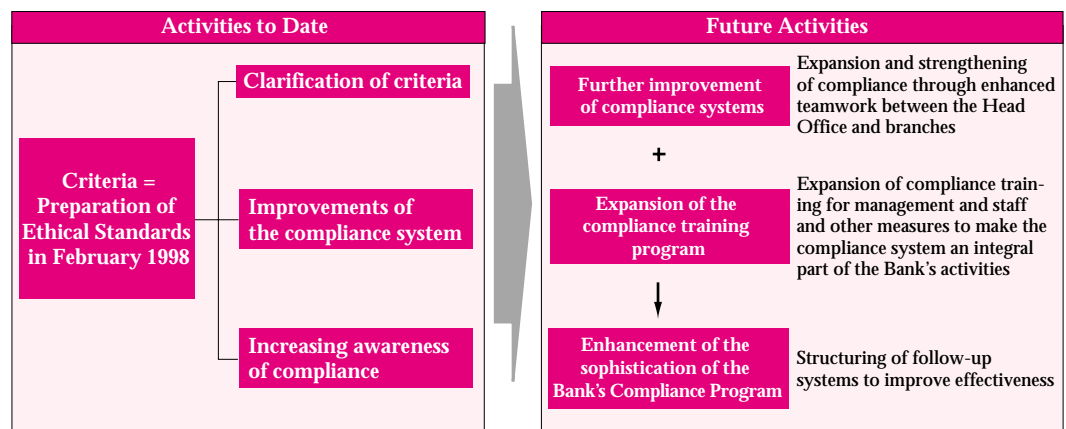
Beyond these activities, the Bank has clarified rewards and punishments related to compliance, expanded training programs for management and employees, and worked to enhance further its compliance functions. To complement these activities, the Bank's compliance system is examined by external auditors who clarify items that need improvement and assist in planning for more effective compliance systems.

### Future Activities

With the guidance and advice of the Compliance Department, the Head Office and various departments that are responsible for planning and promoting increasingly diverse and sophisticated banking operations are working to raise the level of the existing compliance system. To this end, the Bank has created compliance systems for each operating division and is in the process of preparing compliance manuals appropriate for each type of business activity. Other activities include the improvement of the content of training programs for management and staff as well as activities to acquaint all staff members with the importance of observing applicable laws and regulations.

To carry out these various activities systematically, in April 2000, the Compliance Program for the current fiscal year was prepared by the Board of Directors, and, at present, activities are under way to strengthen internal systems in line with this program. Through external audits and other measures, the Bank will check periodically on the implementation of this program, identify problems, and structure processes for making improvements. Thereby, the Bank aims to create a corporate culture that emphasizes compliance and meets the demands of stockholders and customers for trustworthiness and reliability.

### Activities to Establish the Bank's Compliance Systems



## CONSOLIDATED BALANCE SHEETS

The Asahi Bank, Ltd.  
March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars (Note 1)
	2000	1999	2000
<b>Assets</b>			
Cash and due from banks (Note 17)	¥ 1,187,769	¥ 833,085	\$ 11,189
Call loans	153,563	105,956	1,447
Monetary receivables bought	429	—	4
Trading assets (Note 3)	438,962	283,088	4,135
Money held in trust (Note 21)	210,000	83,316	1,978
Securities (Notes 4 and 6)	3,639,112	3,914,008	34,283
Loans and bills discounted (Notes 2 (f), 5 and 6)	20,581,734	20,806,683	193,893
Foreign exchange (Note 7)	65,141	109,932	614
Other assets (Notes 6 and 8)	419,820	408,131	3,955
Premises and equipment (Notes 2 (e), 9 and 13)	478,342	480,888	4,506
Deferred tax assets (Note 18)	303,657	336,198	2,861
Consolidation differences	8,192	—	77
Customers' liabilities for acceptances and guarantees (Note 12)	1,760,192	1,934,903	16,582
Reserve for possible loan losses	(458,786)	(428,030)	(4,322)
<b>Total Assets</b>	<b>¥28,788,131</b>	<b>¥28,868,162</b>	<b>\$271,202</b>
<b>Liabilities</b>			
Deposits (Note 6)	¥21,897,556	¥21,210,851	\$206,289
Call money and bills sold (Note 6)	1,278,836	2,353,095	12,047
Commercial paper	120,000	70,000	1,131
Trading liabilities (Note 3)	40,310	34,332	380
Borrowed money (Notes 6 and 10)	823,458	800,944	7,758
Foreign exchange (Note 7)	4,775	6,068	45
Subordinated bonds	370,615	372,055	3,491
Convertible bonds and notes	—	3,127	—
Other liabilities (Notes 6 and 11)	910,490	503,941	8,577
Reserve for severance payments	27,224	25,698	256
Reserve for contingent liabilities related to loans sold	64,073	77,780	604
Other reserves	6,603	2	62
Deferred tax liability on land revaluation (Note 13)	87,272	94,654	822
Consolidation differences	—	414	—
Acceptances and guarantees (Note 12)	1,760,192	1,934,903	16,582
<b>Total Liabilities</b>	<b>27,391,409</b>	<b>27,487,870</b>	<b>258,044</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>8,617</b>	<b>9,965</b>	<b>81</b>
<b>Stockholders' Equity (Note 14)</b>			
Common stock	401,446	398,552	3,782
Preferred stock	203,910	206,735	1,921
Capital surplus	509,486	509,416	4,800
Land revaluation difference (Note 13)	131,400	131,466	1,238
Consolidated retained earnings	141,886	124,183	1,336
Common stock in treasury	(9)	(12)	(0)
Parent company stock held by subsidiaries	(16)	(16)	(0)
<b>Total Stockholders' Equity</b>	<b>1,388,104</b>	<b>1,370,325</b>	<b>13,077</b>
<b>Total Liabilities, Minority Interests and Stockholders' Equity</b>	<b>¥28,788,131</b>	<b>¥28,868,162</b>	<b>\$271,202</b>

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

The Asahi Bank, Ltd.  
Years ended March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars (Note 1)
	2000	1999	2000
<b>Income</b>			
Interest on loans and discounts	¥ 459,378	¥ 508,383	\$ 4,327
Interest and dividends on securities	56,136	64,672	529
Other interest income	73,634	82,648	694
Fees and commissions	86,453	75,249	814
Trading income	1,787	3,689	17
Other operating income (Note 15)	24,207	48,524	228
Other income (Note 16)	459,158	202,965	4,326
Transfer from other reserves	—	1,306	—
<b>Total Income</b>	<b>1,160,755</b>	<b>987,441</b>	<b>10,935</b>
<b>Expenses</b>			
Interest on deposits	77,748	161,770	732
Interest on borrowings and rediscounts	23,424	36,900	221
Other interest expenses	107,317	97,339	1,011
Fees and commissions	21,117	18,903	199
Trading expenses	3	12	0
Other operating expenses (Note 15)	23,857	29,978	225
General and administrative expenses	275,437	281,793	2,595
Other expenses (Note 16)	553,319	739,044	5,212
<b>Total Expenses</b>	<b>1,082,225</b>	<b>1,365,741</b>	<b>10,195</b>
Income (loss) before income taxes	78,529	(378,299)	740
Income taxes (Note 18):			
Current	18,069	3,542	170
Deferred	29,462	(124,750)	278
Minority interests in net loss	(407)	(3,026)	(4)
<b>Net income (loss)</b>	<b>¥ 31,404</b>	<b>¥ (254,065)</b>	<b>\$ 296</b>

	Yen		U.S. dollars (Note 1)
Net income (loss) per share	¥9.39	¥(106.11)	\$0.09
Cash dividends declared per share:			
Common stock	6.00	6.00	0.06
Preferred stock			
Preferred stock No. 1	10.00	10.00	0.09
Class B preferred stock No. 1	14.38	0.04	0.14
Class B preferred stock No. 2	18.50	0.06	0.17

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Asahi Bank, Ltd.  
March 31, 2000 and 1999

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen				Land revaluation difference (Note 13)	Consolidated retained earnings (Note 14)
			Common stock	Preferred stock	Capital surplus			
Balance at March 31, 1998	2,323,118	50,000	¥282,845	¥ 50,000	¥236,975	¥ —	—	¥392,262
Common stock issued	309,579	—	72,441	—	72,441	—	—	—
Preferred stock issued	—	320,000	—	200,000	200,000	—	—	—
Conversion from preferred stock to common stock	173,190	(43,265)	43,265	(43,265)	—	—	—	—
Increase due to expanded definition of consolidated subsidiaries	—	—	—	—	—	—	—	1,754
Decrease due to expanded definition of affiliated companies	—	—	—	—	—	—	—	(1,341)
Revaluation reserve for land	—	—	—	—	—	131,466	—	—
Cash dividends	—	—	—	—	—	—	—	(14,426)
Net loss	—	—	—	—	—	—	—	(254,065)
Balance at March 31, 1999	2,805,887	326,735	398,552	206,735	509,416	131,466	—	124,183
Conversion from convertible bonds to common stock	87	—	69	—	69	—	—	—
Conversion from preferred stock to common stock	11,379	(2,825)	2,825	(2,825)	—	—	—	—
Increase due to reversal of land revaluation difference	—	—	—	—	—	—	—	4,329
Decrease due to change in scope of consolidation	—	—	—	—	—	—	—	(35)
Revaluation reserve for land	—	—	—	—	—	(65)	—	—
Cash dividends	—	—	—	—	—	—	—	(17,996)
Net income	—	—	—	—	—	—	—	31,404
<b>Balance at March 31, 2000</b>	<b>2,817,354</b>	<b>323,910</b>	<b>¥401,446</b>	<b>¥203,910</b>	<b>¥509,486</b>	<b>¥131,400</b>	—	<b>¥141,886</b>

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of U.S. dollars (Note 1)				Land revaluation difference (Note 13)	Consolidated retained earnings (Note 14)
			Common stock	Preferred stock	Capital surplus			
Balance at March 31, 1999	2,805,887	326,735	\$3,754	\$1,948	\$4,799	\$1,238	—	\$1,169
Conversion from convertible bonds to common stock	87	—	1	—	1	—	—	—
Conversion from preferred stock to common stock	11,379	(2,825)	27	(27)	—	—	—	—
Increase due to reversal of land revaluation difference	—	—	—	—	—	—	—	41
Decrease due to change in scope of consolidation	—	—	—	—	—	—	—	(0)
Revaluation reserve for land	—	—	—	—	—	(0)	—	—
Cash dividends	—	—	—	—	—	—	—	(170)
Net income	—	—	—	—	—	—	—	296
<b>Balance at March 31, 2000</b>	<b>2,817,354</b>	<b>323,910</b>	<b>\$3,782</b>	<b>\$1,921</b>	<b>\$4,800</b>	<b>\$1,238</b>	—	<b>\$1,336</b>

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

The Asahi Bank, Ltd.  
Year ended March 31, 2000

	Millions of yen	Millions of U.S. dollars (Note 1)
	2000	2000
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 78,529	\$ 740
Depreciation	23,179	218
Amortization of consolidation difference	6,555	62
Equity in net loss of affiliated companies	385	4
Increase in reserve for possible loan losses	(18,201)	(171)
Increase in reserve for contingent liabilities related to loans sold	(13,706)	(129)
Increase in reserve for supporting specific borrowers	6,603	62
Increase in reserve for severance payments	1,511	14
Operating income	(589,148)	(5,550)
Operating expenses	208,490	1,964
Gains on investment securities	(252,537)	(2,379)
Gains on money held in trust	(365)	(4)
Losses on exchange rate changes	12,961	122
Gains on disposition of premises and equipment	(15,736)	(148)
Net increase in trading assets	(155,873)	(1,469)
Net increase in trading liabilities	5,977	56
Net decrease in loans and bill discounted	390,628	3,680
Net increase in deposits	686,705	6,469
Net increase in due from banks (excluding due from the Bank of Japan)	(223,664)	(2,107)
Net increase in call loans and others	(47,606)	(449)
Net decrease in call money and others	(1,074,258)	(10,120)
Net increase in commercial paper	50,000	471
Net decrease in collateral deposit on securities lent	11,364	107
Net decrease in foreign exchange (assets)	44,791	422
Net decrease in foreign exchange (liabilities)	(1,293)	(12)
Net increase in due to trust account	133,977	1,262
Proceeds from interest-earning assets	588,768	5,547
Payments on interest-bearing liabilities	(234,704)	(2,211)
Others	267,072	2,516
<b>Total</b>	<b>(109,596)</b>	<b>(1,033)</b>
Income taxes paid	(3,415)	(32)
<b>Net cash used in operating activities</b>	<b>(113,012)</b>	<b>(1,065)</b>
<b>Cash flows from investing activities:</b>		
Payments for purchases of securities	(6,786,339)	(63,931)
Proceeds from sales of securities	6,591,092	62,092
Proceeds from maturities of securities	610,399	5,750
Payments for increase in money held in trust	(190,000)	(1,790)
Proceeds from decrease in money held in trust	63,316	597
Payments for acquisition of premises and equipment	(24,965)	(235)
Proceeds from sales of premises and equipment	5,416	51
<b>Net cash provided by investing activities</b>	<b>268,920</b>	<b>2,534</b>
<b>Cash flows from financing activities:</b>		
Payment of subordinated debt	(25,000)	(235)
Redemption of convertible bonds	(2,988)	(28)
Dividends paid	(17,996)	(170)
Payment of dividends to minority interests	(180)	(2)
<b>Net cash used in financing activities</b>	<b>(46,165)</b>	<b>(435)</b>
Effect of exchange rate changes on cash and cash equivalents	(189)	(2)
<b>Net increase in cash and cash equivalents</b>	<b>109,553</b>	<b>1,032</b>
Cash and cash equivalents at beginning of year	602,563	5,677
<b>Net increase in cash and cash equivalents resulting from change in scope of consolidation</b>	<b>4</b>	<b>0</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 712,120</b>	<b>\$ 6,709</b>

See notes to consolidated financial statements.

**NOTE 1**  
**BASIS OF PRESENTING**  
**CONSOLIDATED FINANCIAL**  
**STATEMENTS**

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Asahi Bank, Ltd. (the Bank) in accordance with the provisions set forth in the Commercial Code of Japan and in conformity with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Effective from the year ended March 31, 2000, the Bank is required to prepare a consolidated cash flow statement. The prior year's consolidated cash flow statement was not required and not presented.

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 for the convenience of the reader.

Amounts of less than one million yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sum of the individual amounts.

U.S. dollar amounts are shown solely for the convenience of the reader and are translated at ¥106.15 to U.S.\$1.00, the exchange rate prevailing on March 31, 2000.

**NOTE 2**  
**SIGNIFICANT**  
**ACCOUNTING**  
**POLICIES**

**(a) Principles of consolidation**

**Consolidated Subsidiaries**

1) Consolidated subsidiaries: 27

Details regarding the consolidated subsidiaries are covered on page 95 in the Consolidated Subsidiaries and Affiliates, and are therefore omitted here.

Due to an increase in the percentage of equity ownership by the Bank, the accounts of Asahi Bank Factoring Co., Ltd., and Asahi Bank Finance Service Co., Ltd., which were accounted for by the equity method through the previous fiscal year, have been consolidated with those of the Bank effective this fiscal year.

Asahi Securities Co., Ltd. and Asahi Trust (Nederland) B.V., both of which were consolidated subsidiaries, were liquidated during the year ended March 31, 2000, and their results are fully reflected in the consolidated statement of operations for the year ended March 31, 2000. Asahi Investment Management Co., Ltd. and Asahi Tokyo Investment Trust Management Co., Ltd., both of which were consolidated subsidiaries, were merged in April 1999.

2) Nonconsolidated subsidiaries: 10

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

**Companies Accounted for by the Equity Method**

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

2) The affiliated companies accounted for by the equity method: Four

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

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

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

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

**(b) Trading assets and trading liabilities**

Balances incurred by transactions whose purpose is to earn a profit on short-term fluctuations in a market or discrepancies in different markets of interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as "trading purposes") are included in "Trading assets" or "Trading liabilities" in the consolidated balance sheets based on the dates on which the transactions were contracted.

Trading assets and trading liabilities are valued, in the case of securities and commercial paper, etc., at the market value as of the date of each consolidated balance sheet and, in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were settled as of the date of the consolidated balance sheets.

**(c) Trading income and trading expenses**

Gains and losses on transactions for trading purposes are included in “Trading income” or “Trading expenses” in the consolidated statements of operations based on the date on which the transactions were contracted.

“Trading income” and “Trading expenses” include interest received or paid in the fiscal year and gains or losses incurred in the revaluation of securities, commercial paper, derivatives, etc., which are included in “Trading assets” or “Trading liabilities” as explained in Note 2 (b).

**(d) Securities**

Securities are mainly carried at original cost, as determined by the moving average method. Moreover, securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management are valued at the lower of cost or market, cost being determined by the moving average method in accordance with the reversion method (reversion to original cost at the beginning of the next period). Securities not in this category are carried at cost, determined by the moving average method.

**(e) Depreciation**

**Premises and equipment**

Premises and equipment are stated at cost and the related depreciation is computed by the following methods.

Buildings: Mainly, straight-line method, based on rates in the Corporation Tax Law

Equipment: Mainly, declining-balance method, based on rates in the Corporation Tax Law

Others: Mainly, based on the method specified in the Corporation Tax Law

**Accounting changes**

Previously, depreciation on premises was computed by the declining-balance method. However, since equal allocation of depreciation charges over time better represents the actual usage of these assets, following the revision of the Corporation Tax Law in fiscal 1998, effective April 1, 1998, the Bank changed its method of accounting for depreciation of premises to the straight-line method. As a result of this change, loss before income taxes for the year ended March 31, 1999 decreased by ¥2,975 million. The impact on segment information is presented in Note 23, Segment Information (b) Geographic segment information.

**Software**

The Bank and its subsidiaries have computed depreciation of computer software for internal use by the straight-line method based on its estimated useful life (primarily five years).

They prospectively adopted a new Japanese accounting standard for research and development costs effective the year ended March 31, 2000. In accordance with the interim measure relating to this new standard, they have applied previous accounting principles, except for the depreciation method.

**(f) Reserve for possible loan losses**

Beginning with the year ended March 31, 2000, based on a revision of the Rider to the Rules Implementing the Banking Law (Ministry of Finance, Ordinance No. 10 issued in 1982), the reserve for possible loan losses, which was included in Liabilities through the previous fiscal year, is now included as the last item in Assets after it has been subtracted from all assets that are covered by this reserve.

Prior year amounts, which were included in Liabilities, have been reclassified to conform to the 2000 presentation.

The Bank and the trust and banking company of the domestic consolidated subsidiaries have made provisions for possible loan losses as follows.

For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings (hereinafter, “borrowers under bankruptcy proceedings”) or who are in a similar financial condition while not yet in bankruptcy (hereinafter “borrowers substantially in bankruptcy”), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deduction of the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from the disposal of collateral pledged and from guarantees that are deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but with a high probability of becoming insolvent, the reserve for possible loan losses is provided for the estimated unrecoverable amounts determined after an evaluation of security interests, guarantees and the customers’ overall financial condition.

For other loans, the reserve for possible loan losses is provided based on the Bank's historical loan loss experiences.

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

For each loan, the Credit Review Office of the Bank and its trust and banking company, which is controlled separately from its operating divisions, review asset valuation of collectibility of each loan made by the operating divisions based on their own standard for the self-assessment of their assets. Provision for possible loan losses is based on the results of these reviews.

For loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated value of recoveries from the disposal of the collateral and the amounts deemed recoverable from guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). The amounts of such direct write-offs for the fiscal years ended March 31, 2000 and 1999 were ¥472,518 million (U.S.\$4,451 million) and ¥379,433 million, respectively.

Other consolidated subsidiaries provide reserves for possible loan losses at amounts considered adequate to cover such losses principally based on their historical experience.

**(g) Reserve for severance payments and pension plans**

The Bank and its domestic consolidated subsidiaries have set aside reserves for severance payments equivalent to the amount which would be required to be paid if all eligible employees voluntarily retired at the balance sheet date.

In addition, the Bank has adopted qualified pension plans for a portion of its pension plan and certain consolidated subsidiaries have also adopted pension plans.

**(h) Reserve for contingent liabilities related to loans sold**

The Bank has set aside a reserve for contingent liabilities related to loans sold based on its estimated liability for future losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited (CCPC).

**(i) Other reserves**

**1) Reserve for supporting specific borrowers**

The Bank has provided a reserve based on the estimated amount to assist specific borrowers in management restructuring.

**2) Special legal reserves**

The Bank has set aside a legal reserve as follows:

Reserve for financial futures transactions: ¥0 million (U.S.\$0 million)

To provide for losses which may be incurred on financial futures trading, the Bank has provided a reserve calculated in accordance with the provisions of Article 82 of the Financial Futures Transactions Law and Article 29 of the Implementation Rules for this Law.

**(j) Translation of foreign currencies**

Foreign currency assets and liabilities held by the Bank are translated into yen at the market rates prevailing at the balance sheet date. However, (1) those assets which represent investments in foreign corporations (excluding those for which the funds were raised in foreign currencies), (2) foreign currency convertible bonds, and (3) other assets and liabilities for which it is deemed inappropriate for banks to include among spot foreign currency assets and liabilities are treated as exceptions. Such foreign currency assets are carried at their historical purchase prices and are converted at the market rates prevailing when the liabilities were incurred. Accounts of overseas branches and an agency are translated into yen at the market rates prevailing at the balance sheet dates.

Foreign currency accounts held by consolidated subsidiaries are translated into the currency of each subsidiary at the exchange rates prevailing at the respective balance sheet dates.

**(k) Leases**

Noncancelable leases of the Bank and its domestic consolidated subsidiaries are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, with the exception of lease agreements that stipulate the transfer of ownership of the leased property to the lessee. The latter category is accounted for as finance leases.

**(l) Accounting for consumption taxes**

The Bank and its domestic consolidated subsidiaries account for consumption taxes and local consumption taxes primarily by the tax-excluded method.

**(m) Valuation of assets and liabilities of consolidated subsidiaries**

Effective the year ended March 31, 2000, in the elimination of investments in subsidiaries, the portion of the assets and liabilities of a subsidiary attributable to the subsidiary's shares owned by the Bank are evaluated at the fair value as of the date when the Bank acquired control of the subsidiary. The amounts of assets and liabilities attributable to minority shareholders of the subsidiary are determined based on the financial statements of the subsidiary.

**(n) Amortization of consolidation differences**

Consolidated differences are being amortized, in principle, in equal amounts over five years beginning from the year ended March 31, 2000, and immaterial differences are immediately amortized in the year they occur. Through the previous fiscal year, such differences were amortized in equal amounts over 10 years.

**(o) Treatment of appropriation of profit**

The consolidated statements of stockholders' equity have been prepared based on the appropriation approved for the respective consolidation accounting years.

**(p) Cash and cash equivalents in the consolidated statement of cash flows**

Cash and cash equivalents in the consolidated statement of cash flows comprise cash and due from the Bank of Japan.

**(q) Income taxes**

The Bank and its domestic consolidated subsidiaries are subject to corporation tax, inhabitants' tax and enterprise tax, which are based on income. Income taxes are provided on the basis of current tax liabilities, and reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes.

**(r) Differences between the accounting principles and practices adopted in the accompanying consolidated financial statements and International Accounting Standards**

The accompanying consolidated financial statements conform with accounting principles and practices generally accepted and applied in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as the methods for the valuation of securities, accounting for leases, and accounting for the pension plan.

**NOTE 3**

**TRADING ASSETS AND  
TRADING LIABILITIES**

Trading assets as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Trading securities	¥12,299	¥ 2,933	\$ 116
Derivatives of securities related to trading transactions	—	10	—
Trading-related financial derivatives	37,144	32,723	350
Other trading assets	389,518	247,421	3,669
	¥438,962	¥283,088	\$4,135

Trading liabilities as of March 31 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Trading securities sold as short sales	¥ 4,008	¥ 1	\$ 38
Derivatives of trading securities	17	—	0
Trading-related financial derivatives	36,283	34,331	342
	¥40,310	¥34,332	\$380

**NOTE 4**  
**SECURITIES**

As of March 31, 2000 and 1999, securities included stock in nonconsolidated subsidiaries and affiliates of ¥4,781 million (U.S.\$45 million) and ¥3,938 million, and capital subscriptions of ¥213 million (U.S.\$2 million) and ¥242 million, respectively.

**NOTE 5**  
**LOANS AND BILLS**  
**DISCOUNTED**

Loans and bills discounted as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Bills discounted	¥ 430,493	¥ 415,504	\$ 4,055
Loans on notes	2,453,742	2,511,042	23,116
Loans on deeds	14,714,472	15,481,080	138,620
Overdrafts	2,983,026	2,399,055	28,102
	¥20,581,734	¥20,806,683	\$193,893

As at March 31, 2000 and 1999, loans included loans to borrowers in legal bankruptcy amounting to ¥76,530 million (U.S.\$721 million) and ¥97,095 million, and past due loans (6 months or more) amounting to ¥647,460 million (U.S.\$6,099 million) and ¥665,341 million, respectively.

Past due loans (3 months or more) as at March 31, 2000 and 1999 amounted to ¥88,790 million (U.S.\$836 million) and ¥50,805 million, respectively.

As at March 31, 2000 and 1999, restructured loans amounted to ¥95,398 million (U.S.\$899 million) and ¥111,490 million, respectively.

Loans to borrowers in legal bankruptcy, past due loans (6 months or more), past due loans (3 months or more), and restructured loans amounted to ¥908,180 million (U.S.\$8,556 million) and ¥924,731 million in total, as at March 31, 2000 and 1999, respectively.

**NOTE 6**  
**PLEDGED ASSETS**

As of March 31, 2000, pledged assets were as follows:

	Millions of yen	Millions of U.S. dollars
Pledged assets:		
Securities	¥ 35,713	\$ 336
Loans	323,080	3,044
Liabilities covered by pledged assets:		
Deposits	134,348	1,266
Call money and bills sold	235,000	2,214
Borrowed money	21,575	203
Other liabilities	224	2

In addition to the above-mentioned pledged assets, the Bank provided securities valued at ¥318,932 million (U.S.\$3,005 million), loans amounting to ¥13,041 million (U.S.\$123 million), and other assets valued at ¥4 million (U.S.\$0 million) as collateral for foreign exchange settlements and deposits for futures transactions as at March 31, 2000.

**NOTE 7**  
**FOREIGN EXCHANGE**

Foreign exchange assets and liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
<b>Assets:</b>			
Foreign bills of exchange bought	¥27,494	¥ 43,022	\$259
Foreign bills of exchange receivable	30,499	57,997	287
Due from foreign correspondents	7,146	8,913	68
	¥65,141	¥109,932	\$614
<b>Liabilities:</b>			
Foreign bills of exchange sold	¥ 1,009	¥ 1,143	\$ 10
Foreign bills of exchange payable	878	2,514	8
Due to foreign correspondents	2,886	2,410	27
	¥ 4,775	¥ 6,068	\$ 45

**NOTE 8**  
**OTHER ASSETS**

Other assets as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Prepaid expenses	¥ 3,172	¥ 3,591	\$ 30
Accrued income receivable	105,064	102,308	990
Other	311,583	302,231	2,935
	¥419,820	¥408,131	\$3,955

**NOTE 9**  
**PREMISES AND EQUIPMENT**

Premises and equipment as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Land, buildings and equipment	¥677,906	¥676,024	\$6,386
Less accumulated depreciation	(228,800)	(226,147)	(2,155)
Construction in progress	257	564	2
	449,363	450,441	4,233
Lease deposits	28,978	30,447	273
	¥478,342	¥480,888	\$4,506

**NOTE 10**  
**BORROWED MONEY**

Borrowed money as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Subordinated loans	¥642,000	¥667,000	\$6,048
Bills rediscounted	1,344	1,995	13
Other borrowed money	180,113	131,948	1,697
	¥823,458	¥800,944	\$7,758

Subordinated loans are contractually less senior in standing than other liabilities.

**NOTE 11**  
**OTHER LIABILITIES**

Other liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Accrued expenses	¥ 81,960	¥ 98,991	\$ 772
Unearned income	17,340	17,876	163
Accrued income taxes	16,694	2,038	157
Other	794,495	385,034	7,485
	¥910,490	¥503,941	\$8,577

**NOTE 12**  
**CUSTOMERS' LIABILITIES**  
**FOR ACCEPTANCES**  
**AND GUARANTEES**

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown on the assets side of the balance sheets representing the Bank's right of indemnity from the applicants.

Customers' liabilities for acceptances and guarantees as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Letters of credit	¥ 0	¥ 4	\$ 0
Other guarantees	1,760,192	1,934,899	16,582
	¥1,760,192	¥1,934,903	\$16,582

**NOTE 13**  
**LAND REVALUATION**  
**DIFFERENCE**

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998), the Bank has revalued its landholdings used for business purposes. The tax payable on the difference between the previous book value of such landholdings and the revalued amount is shown among Total Liabilities on the balance sheets in the item Deferred Tax Liability on Land Revaluation. The difference between the previous book value and the revalued amount net of the deferred tax liability is shown under Total Stockholders' Equity in the item Land Revaluation Difference.

Land revaluation was conducted as of March 31, 1998, in accordance with the method specified in Article 3-3 of the Law Concerning Land Revaluation and was as follows.

The value of the land was based on the official notice prices (with a base date of January 1, 1998), as stipulated in Article 2-1 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998), after taking into account reasonable adjustments of location, land parcels, and other matters affecting land values.

The difference between the total market value of the Bank's landholdings as of the balance sheet date (calculated as prescribed in Article 10 of the Law Concerning Land Revaluation) and the total value of such landholdings following revaluation was ¥53,836 million (U.S.\$507 million) and ¥28,113 million as at March 31, 2000 and 1999.

**NOTE 14****STOCKHOLDERS'  
EQUITY**

Information with respect to common stock as of March 31, 2000 and 1999 was as follows:

	2000	1999
Par value (per share)	¥50	¥50
Number of shares:		
Authorized	6,000,000,000	6,000,000,000
Issued and outstanding	2,817,354,551	2,805,887,347

Information with respect to preferred stock as of March 31, 2000 and 1999 was as follows:

	2000	1999
Preferred stock without par value:		
Number of shares (Preferred stock No. 1):		
Authorized	53,910,000	56,735,000
Issued and outstanding	3,910,000	6,735,000
Number of shares (Class B preferred stock):		
Authorized	600,000,000	600,000,000
Issued and outstanding No. 1	240,000,000	240,000,000
Issued and outstanding No. 2	80,000,000	80,000,000
Number of shares (Class C preferred stock):		
Authorized	100,000,000	100,000,000
Issued and outstanding	—	—
Total number of shares of preferred stock:		
Authorized	753,910,000	756,735,000
Issued and outstanding	323,910,000	326,735,000

The maximum amount that the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Commercial Code of Japan.

**NOTE 15****OTHER OPERATING  
INCOME AND EXPENSES**

Other operating income and expenses for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Other operating income:			
Gains on foreign exchange transactions	¥ 2,015	¥ 5,275	\$ 19
Gains on sales of bonds	19,030	39,080	179
Gains on redemption of bonds	3,037	4,140	29
Other	122	28	1
	¥24,207	¥48,524	\$228
Other operating expenses:			
Losses on sales of bonds	¥22,530	¥28,944	\$213
Losses on redemption of bonds	1,281	497	12
Losses on devaluation of bonds	26	421	0
Other	18	115	0
	¥23,857	¥29,978	\$225

## NOTE 16

### OTHER INCOME AND EXPENSES

Other income and expenses for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Other income:			
Gains on sales of stocks and other securities	¥415,456	¥139,622	\$3,914
Gains on money held in trust	365	987	4
Gains on disposition of premises and equipment	221	35,381	2
Other	43,115	26,975	406
	¥459,158	¥202,965	\$4,326
Other expenses:			
Provision for reserve for possible loan losses	¥ 32,121	¥225,481	\$ 303
Write-off of claims	68,097	157,037	641
Losses on the waiver of claims for support of customers	—	170,661	—
Provision for the reserve for contingent liabilities related to loans sold	22,556	49,893	212
Losses on sales of loans collateralised by real estate sold to the CCPC	15,899	30,761	150
Losses on sales of past due and other loans	9,960	30,069	94
Losses on sales of stocks and other securities	161,174	18,752	1,518
Losses on devaluation of stocks and other securities	93,273	16,137	879
Losses on money held in trust	0	287	0
Losses on disposition of premises and equipment	15,957	3,212	150
Other	134,279	36,749	1,265
	¥553,319	¥739,044	\$5,212

## NOTE 17

### CASH FLOWS

#### 1) Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

As of March 31, 2000, the relationship between cash and cash equivalents and cash and due from banks in the consolidated balance sheets was as follows:

	Millions of yen	Millions of U.S. dollars
Cash and due from banks	¥1,187,769	\$11,189
Due from banks except for the Bank of Japan	(475,648)	(4,480)
Cash and cash equivalents	¥ 712,120	\$ 6,709

#### 2) Principal Assets and Liabilities of the Companies Newly Consolidated Owing to the Increased Equity Holdings of the Parent in These Companies

Asahi Bank Factoring Co., Ltd., and Asahi Bank Finance Service Co., Ltd., have been newly consolidated effective the fiscal year under review owing to the increased equity ownership of the Bank in these two companies. The composition of their principal assets and liabilities items on consolidation, the purchase prices of the shares of these two companies, and the net expenditures for acquiring these companies were as follows.

	Millions of yen	Millions of U.S. dollars
Loans and bills discounted	¥165,679	\$1,560
Borrowed money	(149,789)	(1,411)
Other assets and liabilities	(24,024)	(226)
Value of existing stockholdings by the equity method	(110)	(1)
Minority interests in net loss	(259)	(2)
Consolidation differences	8,541	80
Purchase prices of shares in newly consolidated companies (A)	37	0
Cash and cash equivalents of newly consolidated companies (B)	4	0
Net expenditure for acquiring newly consolidated companies (A-B)	¥ 33	\$ 0

#### 3) Significant Noncash Transactions in the Consolidated Statement of Cash Flows

	Millions of yen	Millions of U.S. dollars
Year ended March 31, 2000		
Increase in common stock due to conversion of convertible bonds	¥ 69	\$1
Increase in capital surplus due to conversion of convertible bonds	69	1
Decrease in convertible bonds due to conversion of convertible bonds	¥139	\$1

**NOTE 18**  
**INCOME TAXES**

Income taxes consist of corporation, inhabitants' and enterprise taxes. The effective tax rates were approximately 39.91% and 41.86% for the years ended March 31, 2000 and 1999, respectively.

On March 30, 2000, the Tokyo Metropolitan Government passed and established the Special Ordinance Concerning Taxation Standards for Enterprise Taxes in Relation to Banks in the Tokyo metropolis. The measure has changed the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 41.86% in the previous consolidated accounting period to 39.91%. As a result of this change, the deferred tax assets were reduced ¥13,833 million (U.S.\$130 million), and an equivalent increase in the corporate income tax adjustment was shown in the accounts for the current accounting period. Further, as deferred tax liabilities on land revaluation decreased ¥4,264 million (U.S.\$40 million) due to this change, the Land Revaluation Difference increased by the same amount.

On June 9, 2000, the Osaka Prefectural Government promulgated the Special Ordinance Concerning Taxation Standards, for Enterprise Taxes in Relation to Banks, in Osaka Prefecture, which will apply in business years starting on or after April 1, 2001. The effect of this measure is to change the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 39.91% to 39.52%.

Due to this change, the deferred tax assets and deferred tax liabilities on land revaluation would have been reduced ¥2,766 million (U.S.\$26 million) and ¥852 million (U.S.\$8 million), respectively.

As the actual amounts of the effect due to the change will be calculated based on the conditions as of March 31, 2001, they may differ from the amounts above.

Deferred tax assets and deferred tax liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Nondeductible reserves for possible loan losses	¥213,857	¥195,363	\$2,015
Losses carried forward	5,173	73,882	48
Losses on the devaluation of stocks and other securities disallowed	26,207	11,739	247
Reserve for losses on the sale of loans	25,563	32,558	241
Other	35,033	26,479	330
Gross deferred tax assets	305,834	340,024	2,881
(Less) valuation allowance	(2,174)	(3,822)	(20)
Total deferred tax assets	303,660	336,202	2,861
(Deferred tax liabilities)			
Reserve for losses on overseas investments	(3)	(3)	(0)
Net deferred tax assets	¥303,657	¥336,198	\$2,861

When the effective tax rate is materially different from the income tax rate after the application of tax-effect accounting for companies issuing consolidated financial statements, a reconciliation of the difference is prepared. For the Bank, as at March 31, 2000, the breakdown was as follows:

	2000
Statutory tax rate	41.8%
Adjustment:	
Effect of change in tax rate	17.6
Permanent differences	0.6
Inhabitants' per capita taxes	0.5
Equity in earnings of affiliates	0.2
Amortization of consolidation differences	3.5
Decrease due to evaluation reserves	(4.7)
Other factors	1.0
Effective tax rate after application of tax-effect accounting	60.5

NOTE 19  
LEASES

Finance leases as of March 31, 2000 and 1999, except for lease agreements which stipulate the transfer of ownership of the leased property to the lessee, were as follows:

Amounts corresponding to the year-end acquisition costs and accumulated depreciation of leased items:

	Millions of yen				Millions of U.S. dollars	
	2000		1999		2000	
	Equipment	Total	Equipment	Total	Equipment	Total
Acquisition costs	¥23,004	¥23,004	¥20,195	¥20,195	\$217	\$217
Accumulated depreciation	6,156	6,156	13,190	13,190	58	58
Net book value	¥16,847	¥16,847	¥ 7,004	¥ 7,004	\$159	\$159

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Lease commitments, exclusive of interest expense:			
Due within one year	¥ 4,466	¥2,406	\$ 42
Due after one year	12,553	4,803	118
Total	¥17,019	¥7,210	\$160

Lease fees and the amounts corresponding to depreciation and interest expense:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Lease fees	¥4,518	¥4,588	\$43
Depreciation expense	4,208	3,997	40
Interest expense	262	328	2

*Computation of amounts corresponding to depreciation:*

The duration of the lease term is taken as equivalent to the useful lives of the equipment, and the straight-line method is applied to fully depreciate the asset.

*Computation of amounts corresponding to interest expense:*

The difference between the total amount of the lease payments and the purchase value of the asset is taken as the amount corresponding to interest expense and the interest method is used to allocate this amount to the appropriate consolidated accounting years.

Lease commitments as of March 31, 2000 inclusive of interest expense under noncancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Due within one year	¥ 730	¥ 884	\$ 7
Due after one year	2,044	3,106	19
Total	¥2,775	¥3,990	\$26

**NOTE 20**  
**MARKET VALUES**  
**OF SECURITIES**

Book values, estimated market values and the unrealized gains/(losses) on securities as at March 31, 2000 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

	Millions of yen				
	March 31, 2000				
	Book value (X)	Estimated market value (Y)	Unrealized gains/(losses) (Y - X)	Gains	(Losses)
<b>Listed securities</b>					
Securities:					
Bonds	¥ 66,703	¥ 67,188	¥ 484	¥ 484	¥ (—)
Stocks	2,002,648	2,515,354	512,706	572,281	(59,574)
Others	47,236	54,582	7,346	7,403	(57)
<b>Total</b>	<b>¥2,116,588</b>	<b>¥2,637,125</b>	<b>¥520,536</b>	<b>¥580,169</b>	<b>¥(59,632)</b>

Notes: 1. Trading securities and securities shown above are listed securities. Bonds include Japanese government, municipal and corporate bonds. Market values of the listed securities are based on their closing prices mainly on the Tokyo Stock Exchange.

2. Unlisted securities for which market values can be calculated were as follows:

	Millions of yen				
	March 31, 2000				
	Book value (X)	Estimated market value (Y)	Unrealized gains/(losses) (Y - X)	Gains	(Losses)
<b>Unlisted securities</b>					
Securities:					
Bonds	¥828,658	¥838,571	¥ 9,912	¥11,694	¥(1,781)
Stocks	38,997	62,988	23,991	25,011	(1,020)
Others	8,601	8,671	69	276	(206)
<b>Total</b>	<b>¥876,257</b>	<b>¥910,231</b>	<b>¥33,974</b>	<b>¥36,982</b>	<b>¥(3,008)</b>

Calculation of estimated market values for unlisted securities: Valuations of over-the-counter securities are derived from trading prices released by the Japan Securities Dealers Association ("JSDA"), those for bonds publicly issued are derived from interest rates published in "Quotations for over-the-counter government and corporate bonds (base rates)" by the JSDA, and those for securities held in securities investment trusts are derived from the market prices announced by authorized fund management companies.

3. Book values of significant securities not included in the above disclosure were summarized as follows:

	Millions of yen
	March 31, 2000
	Book value
<b>Securities:</b>	
Unlisted bonds	¥471,518
Unlisted stocks	60,492
Others	114,255

**NOTE 21**  
**MARKET VALUES OF**  
**MONEY HELD IN TRUST**

Book values, estimated market values and the unrealized gains/(losses) on money held in trust as at March 31, 2000 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

	Millions of yen				
	March 31, 2000				
	Book value	Estimated market value	Unrealized gains/(losses)	Gains	(Losses)
<b>Money held in trust</b>	<b>¥210,000</b>	<b>¥210,000</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(—)</b>

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

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

NOTE 22  
DERIVATIVES

Contract values or notional principal amounts, market values or estimated market values and unrealized gains/(losses) on derivative financial instruments as at March 31, 2000 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

(a) Interest rate related transactions

				Millions of yen						
				Contract value or notional principal amount (option premium)		Market value	Unrealized gains/(losses)			
				Over 1 year						
March 31, 2000										
Listed transactions	Futures		Sold	¥ 144,769	¥ —	¥144,560	¥ 209			
			Bought	64,622	—	64,502	(119)			
	Options	Sold	Call	—	—	—	—			
			Put	—	—	—	—			
		Bought	Call	—	—	—	—			
			Put	—	—	—	—			
			Unlisted transactions	Forward rate agreements		Sold	—	—	—	—
						Bought	—	—	—	—
Swaps	Receivable fixed rate/ Payable floating rate			5,063,877	¥3,047,759	92,348	92,348			
	Receivable floating rate/ Payable fixed rate			6,409,162	3,698,938	(111,617)	(111,617)			
	Receivable floating rate/ Payable floating rate			965,788	735,788	(703)	(703)			
	Receivable fixed rate/ Payable fixed rate			—	—	—	—			
	Options	Sold		Call	—	—	—	—		
				Put	—	—	—	—		
Bought		Call	—	—	—	—				
		Put	—	—	—	—				
		Caps	Sold	36,300 (88)	31,300	65	23			
				Bought	428,000 (2,535)	353,000	1,395	(1,140)		
Floors	Sold		— (—)	—	—	—				
			Bought	— (—)	—	—	—			
Others	Sold	530 (—)	—	13	(13)					
		Bought	— (—)	—	—	—				
Total				¥ /	¥ /	¥ /	¥ (21,014)			

Notes: 1. The listed market value represents the closing prices on the Tokyo International Financial Futures Exchange and other exchanges at the end of March 31. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Figures in ( ) are option fees included in the consolidated balance sheets.

3. Notional principal amounts and average interest rates of interest swaps by type and remaining term as at March 31, 2000 were as follows:

March 31, 2000	Millions of yen, %		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate	¥2,016,117	¥1,623,348	¥1,424,410
Average receivable fixed rate	3.31%	1.14%	2.16%
Average payable floating rate	2.57%	1.03%	1.62%
Receivable floating rate/Payable fixed rate	2,710,223	1,875,516	1,823,421
Average receivable floating rate	1.34%	0.82%	1.37%
Average payable fixed rate	1.98%	1.39%	2.07%
Receivable floating rate/Payable floating rate	230,000	250,000	485,788
Average receivable floating rate	0.32%	1.19%	1.51%
Average payable floating rate	0.40%	1.17%	1.48%
Receivable fixed rate/Payable fixed rate	—	—	—
Average receivable fixed rate	—	—	—
Average payable fixed rate	—	—	—

4. Gains/(losses) generated or incurred from valuation for derivatives in trading accounts are included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts were as follows:

March 31, 2000				Millions of yen	
				Contract amount (option premium)	Market value
Listed transactions	Futures	Sold	Bought	¥ 167,125	¥167,128
	Options	Sold	Call	212,881	212,620
			Put	—	—
			Bought	(—)	—
			Call	—	—
			Put	(—)	—
			Bought	—	—
			Call	(—)	—
			Put	—	—
			Bought	(—)	—
Unlisted transactions	Forward rate agreements	Sold	Bought	45,905	(17)
	Swaps			118,535	33
			Receivable fixed rate/ Payable floating rate	1,941,248	19,820
			Receivable floating rate/ Payable fixed rate	2,083,426	(18,683)
			Receivable floating rate/ Payable floating rate	1,000	(2)
			Receivable fixed rate/ Payable fixed rate	—	—
	Options	Sold	Call	—	—
			Put	(—)	—
			Bought	—	—
			Call	(—)	—
			Put	—	—
			Bought	(—)	—
	Caps	Sold		23,466	93
				(233)	
		Bought		33,500	33
				(54)	
	Floors	Sold		—	—
				(—)	—
		Bought		—	—
				(—)	—
	Others	Sold		—	—
				(—)	—
		Bought		—	—
				(—)	—

Notes: 1. Figures in ( ) are the initial option fees received and paid on contract amount, etc.

2. Notional principal amounts and average interest rates of interest swaps by type and remaining term as at March 31, 2000 were as follows:

March 31, 2000	Millions of yen, %		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate	¥723,026	¥875,356	¥342,866
Average receivable fixed rate	3.27%	1.77%	1.76%
Average payable floating rate	3.28%	1.53%	1.47%
Receivable floating rate/Payable fixed rate	860,039	883,936	339,450
Average receivable floating rate	3.64%	1.53%	1.43%
Average payable fixed rate	3.66%	1.83%	1.56%
Receivable floating rate/Payable floating rate	—	1,000	—
Average receivable floating rate	—	0.79%	—
Average payable floating rate	—	0.82%	—
Receivable fixed rate/Payable fixed rate	—	—	—
Average receivable fixed rate	—	—	—
Average payable fixed rate	—	—	—

**(b) Currency-related transactions**

March 31, 2000				Millions of yen		
				Contract value or notional principal amount	Market value	Unrealized gains/(losses)
Unlisted transactions	Currency swaps	U.S. dollars	¥315,660	Over 1 year	¥28,810	¥(1,227)
		Swiss francs	15,985	—	(205)	(205)
		Hong Kong dollars	13,633	8,180	(5)	(5)
		Others	15,500	2,816	(13)	(13)
		Total	¥360,780	¥39,807	¥(1,453)	¥(1,453)

- Notes: 1. Current prices are computed by discounting to their present value and by other means.  
2. Gains/(losses) generated or incurred from valuation of derivatives in trading accounts are included in the statements of operations. The contract amounts and market values of derivatives in trading accounts as at March 31, 2000 were as follows:

March 31, 2000				Millions of yen	
				Contract value or notional principal amount	Market value
Unlisted transactions	Currency swaps	U.S. dollars	¥31,625	¥47	
		Swiss francs	23,179	11	
		Others	4,624	1	
		Total	¥59,429	¥61	

3. The above table excludes currency-related transactions, for example, forward foreign exchange contracts and currency options, because these transactions are valued at the market rates prevailing at the balance sheet date. The gains/(losses) generated or incurred from the valuation are credited (or debited) directly to the statements of operations.

The previously mentioned currency-related transactions as at March 31, 2000 were as follows:

				Millions of yen
				Contract value or notional principal amount (option premium)
March 31, 2000				¥ —
Listed transactions	Futures	Sold Bought		—
				—
	Options	Sold	Call	—
				(—)
		Put		—
				(—)
		Bought	Call	—
				(—)
Unlisted transactions	Forward exchange contracts	Sold Bought		722,599
				730,093
	Options	Sold	Call	15,108
				(102)
		Put		12,040
				(231)
		Bought	Call	16,273
				(185)
		Put		11,523
				(251)
	Others	Sold Bought		—
				—

(c) As at March 31, 2000, there were no equity-related transactions.

**(d) Bond-related transactions**

				Millions of yen			
				Contract value or notional principal amount (option premium)		Market value	Unrealized gains/(losses)
				Over 1 year			
March 31, 2000							
Listed transactions	Futures		Sold Bought	¥80,036	¥—	¥80,215	¥(178)
				—	—	—	—
	Options	Sold	Call	—	—	—	—
				(—)		—	—
		Put		—	—	—	—
				(—)		—	—
		Bought	Call	—	—	—	—
				(—)		—	—
		Put	—	—	—	—	
			(—)		—	—	
Unlisted transactions	Options	Sold	Call	20,016	—		
				(23)		4	19
		Put		19,876	—		
				(25)		—	25
		Bought	Call	—	—		
				(—)		—	—
		Put		24,897	—		
				(63)		26	(37)
	Others	Sold Bought		—	—	—	—
				—	—	—	—
Total				¥ /	¥ /	¥ /	¥(170)

Notes: 1. The listed market value represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of March 31, 2000. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Figures in ( ) are option fees included in the consolidated balance sheets.

3. Gains/(losses) generated or incurred from valuation of derivatives in trading accounts are included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts as at March 31, 2000 were as follows:

				Millions of yen			
March 31, 2000				Contract value or notional principal amount (option premium)	Market value		
Listed transactions	Futures		Sold	¥4,190	¥4,208		
			Bought	525	526		
	Futures options	Sold	Call	— (—)	—		
			Put	— (—)	—		
			Bought	Call	— (—)	—	
				Put	— (—)	—	
		Unlisted transactions		Sold	Call	— (—)	—
					Put	— (—)	—
			Bought		Call	— (—)	—
					Put	— (—)	—
Others	Sold			—	—		
	Bought			—	—		

Note: Figures in ( ) are the initial option fees received and paid on the respective contracts.

- (e) As at March 31, 2000, there were no commodity derivatives.

## NOTE 23

### SEGMENT INFORMATION

#### (a) Business segment information

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

#### (b) Geographic segment information

Year ended March 31, 2000							Eliminations and intercompany	Consolidated total
	Japan	Americas	Europe	Asia and Oceania	Combined total			
Millions of yen								
Ordinary income:								
Customers	¥ 1,089,045	¥ 19,385	¥ 4,136	¥ 47,699	¥ 1,160,265	¥ —		¥ 1,160,265
Intersegment	36,777	22,021	3,931	4,825	67,554	(67,554)		—
Total	1,125,822	41,406	8,067	52,524	1,227,820	(67,554)		1,160,265
Ordinary expenses	1,030,299	44,366	8,805	53,657	1,137,129	(70,914)		1,066,214
Ordinary net income (loss)	¥ 95,522	¥ (2,960)	¥ (737)	¥ (1,133)	¥ 90,691	¥ 3,359		¥ 94,051
Assets	¥26,946,182	¥694,619	¥545,815	¥1,371,235	¥29,557,853	¥(769,721)		¥28,788,131

Year ended March 31, 2000							
	Japan	Americas	Europe	Asia and Oceania	Combined total	Eliminations and intercompany	Consolidated total
Millions of U.S. dollars							
Ordinary income:							
Customers	\$ 10,259	\$ 183	\$ 39	\$ 449	\$ 10,930	\$ —	\$ 10,930
Intersegment	346	207	37	45	636	(636)	—
Total	10,606	390	76	495	11,567	(636)	10,930
Ordinary expenses	9,706	418	83	505	10,712	(668)	10,044
Ordinary net income (loss)	\$ 900	\$ (28)	\$ (7)	\$ (11)	\$ 854	\$ 32	\$ 886
Assets	\$253,850	\$6,544	\$5,142	\$12,918	\$278,454	\$(7,251)	\$271,202

Year ended March 31, 1999							
	Japan	Americas	Europe	Asia and Oceania	Combined total	Eliminations and intercompany	Consolidated total
Millions of yen							
Ordinary income:							
Customers	¥ 822,436	¥ 31,360	¥ 14,863	¥ 81,827	¥ 950,487	¥ —	¥ 950,487
Intersegment	42,819	11,040	694	789	55,343	(55,343)	—
Total	865,255	42,400	15,558	82,616	1,005,831	(55,343)	950,487
Ordinary expenses	1,275,010	41,157	16,777	84,893	1,417,839	(55,311)	1,362,528
Ordinary net income (loss)	¥ (409,755)	¥ 1,242	¥ (1,218)	¥ (2,277)	¥ (412,008)	¥ (32)	¥ (412,040)
Assets	¥30,860,897	¥797,904	¥548,929	¥2,296,132	¥34,503,864	¥(5,635,702)	¥28,868,162

Notes: 1. In place of the sales and operating income figures reported by corporations in general, the Bank has reported ordinary income and ordinary profit for Japan and the geographical overseas areas shown above in consideration of the geographical proximity, economic similarities, and mutual relationships among the Bank's activities in the regions shown.

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

3. Changes in accounting principles applied:

*Year ended March 31, 1999*

Changes in the depreciation method for premises and equipment

As stated in Note 2 (e) to the consolidated balance sheets, effective April 1, 1998, as provided for under the Corporation Tax Law, the Bank has applied the straight-line method of computing depreciation of buildings. Accompanying this accounting change, both ordinary expenses and ordinary loss for the Japan region decreased by ¥2,975 million, and assets increased by the same amount.

4. Revisions to the Rules Implementing the Banking Law applied:

*Year ended March 31, 2000*

Change in presentation of the reserve for possible loan losses

Through the previous fiscal year, the reserve for possible loan losses was included in Liabilities. Beginning with the fiscal year under review, based on Revision of the Rider to the Rules Implementing the Banking Law (Ministry of Finance, Ordinance No. 10 issued in 1982), the reserve for possible loan losses is now included as the last item in Assets after it has been subtracted from all assets that are covered by this reserve. As a result of this accounting change, assets by geographical segment were lower than they would have been under the previous method of accounting as follows: Japan, ¥434,852 million (U.S.\$4,097 million); the Americas, ¥2,830 million (U.S.\$27 million); Europe, ¥88 million (U.S.\$1 million); and Asia and Oceania, ¥21,014 million (U.S.\$198 million).

Prior year amounts, which were included in Liabilities, have been reclassified to conform to the 2000 presentation.

**(c) Overseas ordinary income**

Year ended March 31, 2000	Millions of yen	Millions of U.S. dollars
(A) Overseas ordinary income	¥ 71,220	\$ 671
(B) Consolidated ordinary income	1,160,265	10,930
(A)/(B)	6.1%	

- Notes: 1. In place of overseas sales, as reported by corporations in general, the Bank has reported ordinary income from international operations. Beginning with the fiscal year under review, however, the Bank has presented Ordinary income from overseas operations because it provides a more accurate indicator of the actual scale of overseas activities.
2. Ordinary income from overseas operations comprises the ordinary income generated by the overseas offices of the Bank and by overseas subsidiaries. (Ordinary income generated by transactions between and among consolidated companies, however, has been eliminated in consolidation.) Since this large volume of ordinary income from overseas operations is not classified by country, segment information by country or region is not available.
3. Ordinary income from international operations through the previous fiscal year was as follows.

**Ordinary income from international operations**

Year ended March 31, 1999	Millions of yen
(A) Ordinary income from international operations	¥189,816
(B) Consolidated ordinary income	950,487
(A)/(B)	19.9%

- Notes: 1. In place of overseas sales, as reported by corporations in general, the Bank has reported ordinary income from international operations.
2. Ordinary income from international operations comprises foreign currency transactions in Japan, yen-denominated foreign trade bill transactions, yen-denominated transactions with nonresidents, various transactions in the Japanese offshore market, transactions of the Bank with their overseas offices, and ordinary income arising from transactions with consolidated overseas subsidiaries (excluding intercompany ordinary income generated among consolidated subsidiaries). It is not presented here because the Bank does not distinguish these huge transactions by customer.

**NOTE 24**  
**SUBSEQUENT EVENT**

On June 28, 2000, the stockholders of the Bank approved the following appropriations of retained earnings as of March 31, 2000.

	Millions of yen	Millions of U.S. dollars
Transfer to legal reserve	¥ 2,190	\$ 21
Cash dividends		
Common stock (¥3.00 per share)	8,452	80
Preferred stock		
Preferred stock No. 1 (¥5.00 per share)	19	0
Class B preferred stock No. 1 (¥7.19 per share)	1,725	16
Class B preferred stock No. 2 (¥9.25 per share)	740	7
General reserves	13,000	122

The Board of Directors  
The Asahi Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Asahi Bank, Ltd. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, and stockholders' equity for the years then ended, and the related consolidated statement of cash flows for the year ended March 31, 2000, all expressed in Japanese 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 financial statements referred to above present fairly the consolidated financial position of The Asahi Bank, Ltd. and consolidated subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations for the years then ended, and the consolidated results of their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis, except for the change made as of April 1, 1998 in the method of accounting for premises as described in Note 2 (e), with which we concur.

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.

*Asahi & Co.*  
Asahi & Co.

*Century Ota Showa & Co.*  
Century Ota Showa & Co.

Tokyo, Japan  
June 28, 2000

#### Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

# NONCONSOLIDATED BALANCE SHEETS

The Asahi Bank, Ltd.  
March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars (Note 1)
	2000	1999	2000
<b>Assets</b>			
Cash and due from banks	¥ 1,181,358	¥ 815,198	\$ 11,129
Call loans	151,515	104,750	1,427
Monetary receivables bought	401	—	4
Trading assets	438,962	283,088	4,135
Money held in trust (Note 13)	210,000	83,034	1,978
Securities (Note 4)	3,619,912	3,950,894	34,102
Loans and bills discounted (Notes 2 (f), 3 and 4)	20,547,425	20,843,509	193,570
Foreign exchange	65,147	109,955	614
Other assets (Note 4)	280,913	271,721	2,646
Premises and equipment (Notes 2 (d), 5 and 7)	460,659	465,479	4,340
Deferred tax assets (Note 9)	283,097	334,195	2,667
Customers' liabilities for acceptances and guarantees	1,262,061	1,375,550	11,890
Reserve for possible loan losses	(398,780)	(413,195)	(3,757)
<b>Total Assets</b>	<b>¥28,102,676</b>	<b>¥28,224,184</b>	<b>\$264,745</b>
<b>Liabilities</b>			
Deposits (Note 4)	¥22,133,354	¥21,335,953	\$208,510
Call money (Note 4)	1,263,836	2,353,095	11,906
Bills sold (Note 4)	15,000	—	141
Commercial paper	120,000	70,000	1,131
Trading liabilities	40,310	34,332	380
Borrowed money (Note 6)	1,110,898	1,141,211	10,465
Foreign exchange	4,764	6,078	45
Convertible bonds and notes	—	3,127	—
Other liabilities	578,839	329,442	5,453
Reserve for severance payments	25,246	24,466	238
Reserve for contingent liabilities related to loans sold	64,073	77,780	604
Other reserves	6,603	6,040	62
Acceptances and guarantees	1,262,061	1,375,550	11,889
Deferred tax liability on land revaluation (Note 7)	87,272	94,654	822
<b>Total Liabilities</b>	<b>26,712,262</b>	<b>26,851,735</b>	<b>251,646</b>
<b>Stockholders' Equity (Note 8)</b>			
Common stock	401,446	398,552	3,782
Preferred stock	203,910	206,735	1,921
Capital surplus	509,486	509,416	4,800
Legal reserve	71,189	67,582	670
Land revaluation difference (Note 7)	131,400	131,466	1,238
Retained earnings	72,980	58,694	688
<b>Total Stockholders' Equity</b>	<b>1,390,413</b>	<b>1,372,448</b>	<b>13,099</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>¥28,102,676</b>	<b>¥28,224,184</b>	<b>\$264,745</b>

See notes to nonconsolidated financial statements.

## NONCONSOLIDATED STATEMENTS OF OPERATIONS

The Asahi Bank, Ltd.  
Years ended March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars (Note 1)
	2000	1999	2000
<b>Income</b>			
Interest on loans and discounts	¥ 451,624	¥ 505,516	\$ 4,255
Interest and dividends on securities	55,318	62,552	521
Interest on bills bought	70	13	1
Other interest income	72,528	81,428	683
Fees and commissions	58,778	56,098	554
Trading income	1,787	1,763	17
Other operating income	26,351	50,886	248
Other income	416,864	176,160	3,927
<b>Total Income</b>	<b>1,083,324</b>	<b>934,420</b>	<b>10,206</b>
<b>Expenses</b>			
Interest on deposits	77,762	161,877	733
Interest on borrowings and rediscounts	33,167	47,285	312
Other interest expenses	96,757	85,962	912
Fees and commissions	28,187	25,053	266
Trading expenses	3	12	0
Other operating expenses	23,583	29,734	222
General and administrative expenses	263,511	269,130	2,482
Other expenses (Note 10)	478,636	690,351	4,509
Transfer to other reserves	—	0	—
<b>Total Expenses</b>	<b>1,001,609</b>	<b>1,309,406</b>	<b>9,436</b>
Income (loss) before income taxes	81,715	(374,986)	770
Income taxes (Note 9):			
Current	2,175	2,427	21
Deferred	47,980	(157,399)	452
<b>Net income (loss)</b>	<b>¥ 31,558</b>	<b>¥ (220,014)</b>	<b>\$ 297</b>
	Yen		U.S. dollars (Note 1)
Net income (loss) per share	¥ 9.45	¥(91.91)	\$0.09
Cash dividends declared per share:			
Common stock	6.00	6.00	0.06
Preferred stock:			
Preferred stock No. 1	10.00	10.00	0.09
Class B preferred stock No. 1	14.38	0.04	0.14
Class B preferred stock No. 2	18.50	0.06	0.17

See notes to nonconsolidated financial statements.

# NONCONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Asahi Bank, Ltd.  
Years ended March 31, 2000 and 1999

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen					
			Common stock	Preferred stock	Capital surplus	Legal reserve	Land revaluation difference (Note 7)	Retained earnings (Note 8)
Balance at March 31, 1998	2,323,118	50,000	¥282,845	¥ 50,000	¥236,975	¥64,686	¥ —	¥119,247
Common stock issued	309,579	—	72,441	—	72,441	—	—	—
Preferred stock issued	—	320,000	—	200,000	200,000	—	—	—
Conversion from preferred stock to common stock	173,190	(43,265)	43,265	(43,265)	—	—	—	—
Revaluation reserve for land	—	—	—	—	—	—	131,466	—
Cash dividends	—	—	—	—	—	—	—	(14,438)
Transfer to legal reserve	—	—	—	—	—	2,897	—	(2,897)
Adjustment for deferred income taxes	—	—	—	—	—	—	—	176,796
Net loss	—	—	—	—	—	—	—	(220,014)
Balance at March 31, 1999	2,805,887	326,735	¥398,552	¥206,735	¥509,416	¥67,582	¥131,466	¥ 58,694
Conversion from convertible bonds to common stock	87	—	69	—	69	—	—	—
Conversion from preferred stock to common stock	11,379	(2,825)	2,825	(2,825)	—	—	—	—
Increase due to reversal of land revaluation difference	—	—	—	—	—	—	—	4,329
Revaluation reserve for land	—	—	—	—	—	—	(65)	—
Cash dividends	—	—	—	—	—	—	—	(17,996)
Transfer to legal reserve	—	—	—	—	—	3,606	—	(3,606)
Net income	—	—	—	—	—	—	—	31,558
Balance at March 31, 2000	2,817,354	323,910	¥401,446	¥203,910	¥509,486	¥71,189	¥131,400	¥ 72,980

			Millions of U.S. dollars (Note 1)					
	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Common stock	Preferred stock	Capital surplus	Legal reserve	Land revaluation difference (Note 7)	Retained earnings (Note 8)
Balance at March 31, 1999	2,805,887	326,735	\$3,754	\$1,948	\$4,799	\$636	\$1,238	\$553
Conversion from convertible bonds to common stock	87	—	1	—	1	—	—	—
Conversion from preferred stock to common stock	11,379	(2,825)	27	(27)	—	—	—	—
Increase due to reversal of land revaluation difference	—	—	—	—	—	—	—	41
Revaluation reserve for land	—	—	—	—	—	—	(0)	—
Cash dividends	—	—	—	—	—	—	—	(169)
Transfer to legal reserve	—	—	—	—	—	34	—	(34)
Net income	—	—	—	—	—	—	—	297
Balance at March 31, 2000	2,817,354	323,910	\$3,782	\$1,921	\$4,800	\$670	\$1,238	\$688

See notes to nonconsolidated financial statements.

**NOTE 1**  
**BASIS OF PRESENTING**  
**NONCONSOLIDATED**  
**FINANCIAL STATEMENTS**

The accompanying nonconsolidated financial statements have been prepared from the accounts maintained by The Asahi Bank, Ltd. (the Bank) in accordance with the provisions set forth in the Commercial Code of Japan and in conformity with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the nonconsolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein for the convenience of the reader.

Amounts of less than one million yen have been rounded down in the presentation of the accompanying nonconsolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sum of the individual amounts.

U.S. dollar amounts are shown solely for the convenience of the reader and are translated at ¥106.15 to U.S.\$1.00, the exchange rate prevailing on March 31, 2000.

**NOTE 2**  
**SIGNIFICANT ACCOUNTING**  
**POLICIES**

**(a) Trading assets and trading liabilities**

The valuation method of “Trading assets” and “Trading liabilities” held by the Bank is as follows:

Balances incurred by transactions whose purpose is to earn a profit on short-term fluctuations in a market or discrepancies in different markets of interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as “trading purposes”) are included in “Trading assets” or “Trading liabilities” in the balance sheets as of the dates on which the transactions have been contracted.

Trading assets and trading liabilities are valued, in the case of securities and commercial paper, etc., at the market value as of the date of each balance sheet and, in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were settled as of the dates of the balance sheets.

**(b) Trading income and trading expenses**

Gains and losses on transactions for trading purposes are included in “Trading income” or “Trading expenses” in the consolidated statements of operations based on the date on which the transactions were contracted.

“Trading income” and “Trading expenses” include interest received or paid in the fiscal year and gains or losses incurred in the revaluation of securities, commercial paper, derivatives, etc., which are included in “Trading assets” or “Trading liabilities” as explained in Note 2 (a).

**(c) Securities**

Securities are carried at original cost, as determined by the moving average method. Moreover, securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management are valued at the lower of cost or market, cost being determined by the moving average method, in accordance with the reversion method (reversion to original cost at the beginning of the next period). Securities not in this category are carried at cost, determined by the moving average method.

**(d) Depreciation**

**Premises and equipment**

Premises and equipment are stated at cost and the related depreciation is computed by the following methods.

Buildings: Straight-line method, based on rates in the Corporation Tax Law

Equipment: Declining-balance method, based on rates in the Corporation Tax Law

Others: Based on the method specified in the Corporation Tax Law

**Accounting changes**

Previously, depreciation on premises was computed by the declining-balance method. However, since equal allocation of depreciation charges over time better represents the actual usage of these assets, following the revision of the Corporation Tax Law in fiscal 1998, effective April 1, 1998, the Bank changed to the straight-line method. As a result of this change, the loss before income taxes for the year ended March 31, 1999 decreased by ¥2,975 million.

**Software**

The Bank has computed depreciation of computer software for internal use by the straight-line method based on its estimated useful life (five years).

The Bank has prospectively adopted a new Japanese accounting standard for research and development costs effective the year ended March 31, 2000. In accordance with the interim measure relating to this new standard, the Bank has applied previous accounting principles, except for the depreciation method.

**(e) Deferred assets**

The full costs of issuing new stock have been charged to income as incurred.

**(f) Reserve for possible loan losses**

Beginning with the year ended March 31, 2000, based on a revision of the Rider to the Rules Implementing the Banking Law (Ministry of Finance, Ordinance No. 10 issued in 1982), the Reserve for Possible Loan Losses, which was included in Liabilities through the previous fiscal year, is now included as the last item in Assets after it has been subtracted from all assets that are covered by this reserve. Prior year amounts have been reclassified to conform to the 2000 presentation.

The Bank made provisions for possible loan losses as follows, based on its criteria for writing off and making provisions.

For loans to borrowers under bankruptcy proceedings or borrowers substantially in bankruptcy, the reserve for possible loan losses is provided at the full amount of the book value of such loans after deduction of the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from the disposal of collateral pledged against such loans and from guarantees deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but for which there is a high probability of becoming insolvent, the reserve for loan losses is provided for the estimated unrecoverable amounts determined after an evaluation of security interests, guarantees and the customers' overall financial condition.

For other loans, the reserve for possible loan losses is provided based on the Bank's historical loan loss experiences.

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

For each loan, the Credit Review Office of the Bank, which is controlled separately from its operating divisions, reviews asset valuation of collectibility of each loan made by the operating divisions based on the Bank's self-assessment of its assets. Provision for possible loan losses is based on the results of these reviews.

For loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated value of recoveries from the disposal of the collateral and the amount deemed recoverable from guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). The amounts of such direct write-offs for the fiscal year ended March 31, 2000 and 1999, were ¥439,940 million (U.S.\$4,145 million) and ¥379,433 million, respectively.

**(g) Reserve for severance payments**

The Bank has set aside reserves for severance payments equivalent to the amount which would be required to be paid if all eligible employees voluntarily retired at the balance sheet date.

**(h) Reserve for contingent liabilities related to loans sold**

The Bank has set aside a reserve for contingent liabilities related to loans sold based on the estimated liabilities for future losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited (CCPC).

**(i) Other reserves**

**1) Reserve for supporting specific borrowers**

The Bank has provided a reserve based on the estimated amount to assist specific borrowers in management restructuring.

**2) Reserve for possible losses on investments**

To provide for possible losses on investments, the Bank has set aside the amount deemed necessary.

**3) Reserve for financial futures transactions**

To provide for losses that may be incurred in financial futures trading, the Bank has set aside a reserve calculated in accordance with the provisions of Article 82 of the Financial Futures Transactions Law and Article 29 of the Implementation Rules for this Law.

**(j) Translation of foreign currencies**

Foreign currency assets and liabilities held by the Bank are translated into yen at the market rates prevailing at the balance sheet date. However, (1) those assets which represent investments in foreign corporations (excluding those for which the funds were raised in foreign currencies), (2) foreign currency convertible bonds, and (3) other assets and liabilities for which it is deemed inappropriate for banks to include among spot foreign currency assets and liabilities are treated as exceptions. Such foreign currency assets are carried at their historical purchase prices and are converted at the market rates prevailing when the liabilities were incurred. Accounts of overseas branches and an agency are translated into yen at the market rates prevailing at the balance sheet dates.

**(k) Leases**

Noncancelable leases of the Bank are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, with the exception of lease agreements that stipulate the transfer of ownership of the leased property to the lessee. The latter category is accounted for as finance leases.

**(l) Qualified Pension Plan for a portion of the Bank's pension system**

Effective September 1971, the Bank adopted the Qualified Pension Plan for a portion of its pension system. As of March 31, 2000 and 1999, the current estimated prior service cost was ¥33,130 million (U.S.\$312 million) and ¥30,266 million, respectively. This was composed of the following:

	Current value			Period remaining for contributions	
	Millions of yen		Millions of U.S. dollars		
	2000	1999	2000	2000	1999
Expense incurred in amortizing evaluation losses on prior service cost	¥15,477	¥15,969	\$145	18 years 1 month	19 years 1 month
Other general expenses related to prior service cost	17,652	14,297	166	16 years 2 months	14 years 10 months

In accordance with the Corporation Tax Law, the Bank is amortizing the amount in excess of the reserve for severance payments and pension plans owing to the transition in the pension system.

**(m) Accounting for consumption taxes**

The Bank accounts for consumption tax and local consumption tax by the tax-excluded method.

**(n) Income taxes**

The Bank is subject to corporation tax, inhabitants' tax and enterprise tax, which are based on income. The Bank provides for income taxes on the basis of current tax liabilities, and reflects the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial purposes and income tax purposes.

**(o) Differences between the accounting principles and practices adopted in the accompanying nonconsolidated financial statements and International Accounting Standards**

The accompanying nonconsolidated financial statements conform with accounting principles and practices generally accepted and applied in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as the methods for the valuation of securities, accounting for leases, and accounting for the pension plan.

**NOTE 3**

**LOANS AND BILLS  
DISCOUNTED**

As at March 31, 2000 and 1999, loans to borrowers in legal bankruptcy amounted to ¥73,432 million (U.S.\$692 million) and ¥96,771 million; past due loans (6 months or more) were ¥611,019 million (U.S.\$5,756 million) and ¥662,304 million, respectively.

Past due loans (3 months or more) as at March 31, 2000 and 1999 amounted to ¥84,920 million (U.S.\$800 million) and ¥50,587 million, respectively.

As at March 31, 2000 and 1999, restructured loans amounted to ¥88,262 million (U.S.\$831 million) and ¥110,432 million, respectively.

Loans to borrowers in legal bankruptcy, past due loans (6 months or more), past due loans (3 months or more), and restructured loans amounted to ¥857,635 million (U.S.\$8,079 million) and ¥920,096 million in total, as at March 31, 2000 and 1999, respectively.

**NOTE 4****PLEDGED ASSETS**

As of March 31, 2000, pledged assets were as follows:

	Millions of yen	Millions of U.S. dollars
Pledged assets:		
Securities	¥ 35,488	\$ 334
Loans	299,344	2,820
Liabilities covered by pledged assets:		
Deposits	134,348	1,266
Call Money and Bills Sold	235,000	2,214

In addition to the above-mentioned pledged assets, the Bank provided securities valued at ¥318,918 million (U.S.\$3,004 million), loans amounting to ¥13,041 million (U.S.\$123 million), and other assets valued at ¥4 million (U.S.\$0 million) as collateral for foreign exchange settlements and deposits for futures transactions as at March 31, 2000.

**NOTE 5****PREMISES AND  
EQUIPMENT**

The accumulated depreciation of premises and equipment was ¥218,486 million (U.S.\$2,058 million) and ¥217,741 million as at March 31, 2000 and 1999, respectively. The reduction entry on acquisition cost of premises and equipment was ¥62,784 million (U.S.\$591 million) and ¥64,330 million as at March 31, 2000 and 1999, respectively. (The amount of reduction entry for the year ended March 31, 2000: None).

**NOTE 6****BORROWED MONEY**

Borrowed money includes ¥1,012,615 million (U.S.\$9,539 million) and ¥1,039,055 million at March 31, 2000 and 1999, respectively, in subordinated debt, which is contractually less senior in standing than other liabilities.

**NOTE 7****LAND REVALUATION  
DIFFERENCE**

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998), the Bank has revalued its landholdings used for business purposes. The tax payable on the difference between the previous book value of such landholdings and the revalued amount is shown among Total Liabilities on the balance sheets in the item Deferred Tax Liability on Land Revaluation. The difference between the previous book value and the revalued amount net of the deferred tax liability is shown under Total Stockholders' Equity in the item Land Revaluation Difference.

Land revaluation was conducted as of March 31, 1998, according to the method specified in Article 3-3 of the Law Concerning Land Revaluation and was as follows.

The value of the land was based on the official notice prices (with a base date of January 1, 1998), as stipulated in Article 2-1 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998), after taking into account reasonable adjustments of location, land parcels, and other matters affecting land values.

The difference between the total market value of the Bank's landholdings as of the balance sheet date (calculated as prescribed in Article 10 of the Law Concerning Land Revaluation) and the total value of such landholdings following revaluation was ¥53,836 million (U.S.\$507 million) and ¥28,113 million as at March 31, 2000 and 1999.

**NOTE 8****STOCKHOLDERS'  
EQUITY**

Information with respect to common stock as of March 31, 2000 and 1999 was as follows:

	2000	1999
Par value (per share)	¥50	¥50
Number of shares:		
Authorized	6,000,000,000	6,000,000,000
Issued and outstanding	2,817,354,551	2,805,887,347

Information with respect to preferred stock as of March 31, 2000 and 1999 was as follows:

	2000	1999
Preferred stock without par value:		
Number of shares (Preferred stock No. 1):		
Authorized	53,910,000	56,735,000
Issued and outstanding	3,910,000	6,735,000
Number of shares (Class B preferred stock):		
Authorized	600,000,000	600,000,000
Issued and outstanding No. 1	240,000,000	240,000,000
Issued and outstanding No. 2	80,000,000	80,000,000
Number of shares (Class C preferred stock):		
Authorized	100,000,000	100,000,000
Issued and outstanding	—	—
Total number of shares of preferred stock:		
Authorized	753,910,000	756,735,000
Issued and outstanding	323,910,000	326,735,000

Under the Banking Law of Japan, the Bank is required to appropriate to the legal reserve an amount equal to at least 20% of cash disbursements in each period until the legal reserve equals 100% of the common stock. The capital surplus and legal reserve are not available for distribution as dividends but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors.

Retained Earnings includes ¥1,058 million (U.S.\$10 million), whose usage is restricted to the payment of cash dividends from profits as stipulated in Article 17-2-4 of the Banking Law.

Under the Bank's Articles of Incorporation, dividends will not be paid in excess of specified amounts per share for preferred stock outstanding. These are ¥10 per share to holders of the Bank's preferred stock No. 1, issued on August 8, 1997; ¥14.38 per share to holders of Class B preferred stock No. 1, issued on March 31, 1999; and ¥18.50 per share to holders of Class B preferred stock No. 2, issued on March 31, 1999.

## NOTE 9

### INCOME TAXES

Income taxes consist of corporation, inhabitants' and enterprise taxes. The effective tax rates were approximately 39.91% and 41.86% for the years ended March 31, 2000 and 1999, respectively.

On March 30, 2000, the Tokyo Metropolitan Government passed and established the Special Ordinance Concerning Taxation Standards for Enterprise Taxes in Relation to Banks in the Tokyo metropolis. The measure has changed the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 41.86% in the previous consolidated accounting period to 39.91%. As a result of this change, the deferred tax assets were reduced ¥13,832 million (U.S.\$130 million), and an equivalent increase in the corporate income tax adjustment shown in the accounts for the current accounting period. Further, as deferred tax liabilities on land revaluation decreased ¥4,264 million (U.S.\$40 million) due to this change, the Land Revaluation Difference increased by the same amount.

On June 9, 2000, the Osaka Prefectural Government promulgated the Special Ordinance Concerning Taxation Standards, for Enterprise Taxes in Relation to Banks, in Osaka Prefecture, which will apply in business years starting on or after April 1, 2001. The effect of this measure is to change the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 39.91% to 39.52%.

Due to this change, the deferred tax assets and deferred tax liabilities on land revaluation would have been reduced ¥2,766 million (U.S.\$26 million) and ¥852 million (U.S.\$8 million), respectively.

As the actual amounts of the effect due to the change will be calculated based on the conditions as of March 31, 2001, they may differ from the amounts above.

Deferred tax assets and deferred tax liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Nondeductible reserves for possible loan losses	¥204,187	¥193,775	\$1,924
Losses carried forward	3,196	70,524	30
Losses on the devaluation of stocks and other securities disallowed	26,967	11,295	254
Reserve for losses on the sale of loans	25,563	32,558	241
Other	23,186	26,044	218
Total deferred tax assets	283,101	334,199	2,667
(Deferred tax liabilities)			
Reserve for losses on overseas investments	(3)	(3)	(0)
Net deferred tax assets	¥283,097	¥334,195	\$2,667

When the effective tax rate is materially different from the income tax rate after the application of tax-effect accounting for the Bank issuing nonconsolidated financial statements, a reconciliation of the difference is prepared. For the Bank as at March 31, 2000, the breakdown was as follows:

	2000
Statutory tax rate	41.8%
Adjustment:	
Effect of change in tax rate	16.9
Permanent differences	0.6
Inhabitants' per capita taxes	0.4
Other factors	1.6
Effective tax rate after application of tax-effect accounting	61.3%

## NOTE 10 OTHER EXPENSES

Other expenses for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Other expenses:			
Provision for reserve for possible loan losses	¥ 53,651	¥219,919	\$ 505
Write-off of claims	65,662	143,470	619
Losses on sales of stocks and other securities	160,781	18,057	1,515
Losses on devaluation of stocks and other securities	96,573	11,854	910
Losses on disposition of premises and equipment	6,661	3,020	63
Losses from the waiver of claims for support of customers	38,000	170,661	358
Provision for the reserve for contingent liabilities related to loans sold	22,556	49,893	212
Losses on the sales of loans collateralized by real estate sold to the CCPC	15,899	30,761	150
Losses on the sales of past due and other loans	3,539	29,475	33
Other	15,310	13,234	144
Total	¥478,636	¥690,351	\$4,509

## NOTE 11 LEASES

Finance leases as of March 31, 2000 and 1999, except for lease agreements which stipulate the transfer of ownership of the leased property to the lessee, were as follows:

Amounts corresponding to the year-end acquisition costs and accumulated depreciation of leased items.

	Millions of yen				Millions of U.S. dollars	
	2000		1999		2000	
	Equipment	Total	Equipment	Total	Equipment	Total
Acquisition costs	¥19,957	¥19,957	¥17,169	¥17,169	\$188	\$188
Accumulated depreciation	4,831	4,831	11,791	11,791	46	46
Net book value	¥15,125	¥15,125	¥ 5,377	¥ 5,377	\$142	\$142

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Lease commitments, exclusive of interest expense:			
Due within one year	¥ 3,885	¥1,819	\$ 37
Due after one year	11,352	3,702	107
Total	¥15,237	¥5,521	\$144

Lease fees and the amounts corresponding to depreciation and interest expense:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Lease fees	¥3,766	¥3,901	\$35
Depreciation expense	3,556	3,397	33
Interest expense	178	245	2

Computation of amounts corresponding to depreciation:

The duration of the lease term is taken as equivalent to the useful lives of the equipment, and the straight-line method is applied to fully depreciate the asset.

Computation of amounts corresponding to interest expense:

The difference between the total amount of the lease payments and the purchase value of the asset is taken as the amount corresponding to interest expense and the interest method is used to allocate this amount to the appropriate consolidated accounting years.

Interest expense is calculated by the interest method, based on an excess of the aggregate sum of lease payments over acquisition costs.

Lease commitments as of March 31, 2000 and 1999 inclusive of interest expense under noncancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
Due within one year	¥ 715	¥ 802	\$ 7
Due after one year	1,924	2,764	18
Total	¥2,640	¥3,567	\$25

NOTE 12  
MARKET VALUES  
OF SECURITIES

Book values, estimated market values and the unrealized gains/(losses) on securities as at March 31, 2000 and 1999 were as follows:

	Millions of yen				
	March 31, 2000				
	Book value (X)	Estimated market value (Y)	Unrealized gains/(losses) (Y - X)	Gains	(Losses)
Listed securities					
Securities:					
Bonds	¥ 66,682	¥ 67,161	¥ 478	¥ 478	¥ (0)
Stocks	1,990,185	2,502,306	512,120	569,584	(57,464)
Others	47,226	54,572	7,346	7,403	(57)
Total	¥2,104,094	¥2,624,039	¥519,945	¥577,466	¥(57,521)

Notes: 1. Trading securities and securities shown above are listed securities. Bonds include Japanese government, municipal and corporate bonds. Market values of the listed securities are based on their closing prices mainly on the Tokyo Stock Exchange.

2. Unlisted securities for which market values can be calculated were as follows:

	Millions of yen				
	March 31, 2000				
	Book value (X)	Estimated market value (Y)	Unrealized gains/(losses) (Y - X)	Gains	(Losses)
Unlisted securities					
Securities:					
Bonds	¥820,152	¥829,623	¥ 9,471	¥11,253	¥(1,781)
Stocks	37,441	58,308	20,867	21,725	(858)
Others	7,134	7,273	138	276	(138)
Total	¥864,728	¥895,205	¥30,476	¥33,255	¥(2,778)

Calculation of estimated market values for unlisted securities: Valuations of over-the-counter securities are derived from trading prices released by the Japan Securities Dealers Association ("JSDA"), those for bonds publicly issued are derived from interest rates published in "Quotations for over-the-counter government and corporate bonds (base rates)" by the JSDA, and those for securities held in securities investment trusts are derived from the market prices announced by authorized fund management companies.

3. Book values of significant securities not included in the above disclosure were summarized as follows:

	Millions of yen
	March 31, 2000
	Book value
Securities:	
Unlisted bonds	¥471,518
Unlisted stocks	60,492
Others	114,255

	Millions of yen				
	March 31, 1999				
	Book value	Estimated	Unrealized		
	(X)	market value	gains/(losses)	Gains	(Losses)
		(Y)	(Y - X)		
Listed securities					
Securities:					
Bonds	¥ 263,885	¥ 265,865	¥ 1,980	¥ 1,980	¥ —
Stocks	2,123,993	2,194,761	70,768	294,035	(223,267)
Others	82,151	91,292	9,140	9,622	(481)
Total	¥2,470,030	¥2,551,919	¥81,889	¥305,638	¥(223,749)

Notes: 1. Trading securities and securities shown above are listed securities. Bonds include Japanese government, municipal and corporate bonds. Market values of the listed securities are based on their closing prices mainly on the Tokyo Stock Exchange.

2. Unlisted securities for which market values can be calculated were as follows:

	Millions of yen				
	March 31, 1999				
	Book value	Estimated	Unrealized		
	(X)	market value	gains/(losses)	Gains	(Losses)
		(Y)	(Y - X)		
Unlisted securities					
Securities:					
Bonds	¥909,680	¥935,067	¥25,387	¥25,527	¥ (140)
Stocks	34,275	46,883	12,608	19,088	(6,480)
Others	904	902	(2)	—	(2)
Total	¥944,859	¥982,852	¥37,993	¥44,616	¥(6,623)

Calculation of estimated market values for unlisted securities: Valuation of over-the-counter securities are derived from trading prices released by the Japan Securities Dealers Association ("JSDA"), those for bonds publicly issued are derived from interest rates published in "Quotations for over-the-counter government and corporate bonds (base rates)" by the JSDA, and those for securities held in securities investment trusts are derived from the market prices announced by authorized fund management companies.

3. Book values of significant securities not included in the above disclosure were summarized as follows:

	Millions of yen
	March 31, 1999
	Book value
Securities:	
Unlisted domestic bonds other than public issues	¥292,219
Unlisted bonds—public issues due in one year or less	39,397
Unlisted bonds other than domestic issues	25,077
Unlisted corporate stocks of affiliated companies	51,445
Unlisted foreign corporate stocks of affiliated companies	26,734
Investment trust certificates/closed term	30,000

## NOTE 13

### MARKET VALUES OF MONEY HELD IN TRUST

Book values, estimated market values and the unrealized gains/(losses) of money held in trust as at March 31, 2000 and 1999 were as follows:

	Millions of yen				
	March 31, 2000				
	Book value	Estimated	Unrealized	Gains	(Losses)
		market value	gains/(losses)		
Money held in trust	¥210,000	¥210,000	¥—	¥—	¥(—)
	March 31, 1999				
	Book value	Estimated	Unrealized	Gains	(Losses)
		market value	gains/(losses)		
Money held in trust	¥83,034	¥83,034	¥0	¥0	¥(—)

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

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

**NOTE 14**  
**DERIVATIVES**

Contract values or notional principal amounts, market value or estimated market values and unrealized gains/(losses) on derivatives financial instruments as at March 31, 2000 and 1999 were as follows:

**(a) Interest rate related transactions**

				Millions of yen						
				Contract value or notional principal amount (option premium)		Market value	Unrealized gains/(losses)			
				Over 1 year						
March 31, 2000										
Listed transactions	Futures		Sold	¥ 144,769	¥ —	¥144,560	¥ 209			
			Bought	64,622	—	64,502	(119)			
	Options	Sold	Call	—	—	—	—			
			Put	—	—	—	—			
		Bought	Call	—	—	—	—			
			Put	—	—	—	—			
					—	—	—	—		
					—	—	—	—		
Unlisted transactions	Forward rate agreements		Sold	—	—	—	—			
			Bought	—	—	—	—			
	Swaps			Receivable fixed rate/ Payable floating rate	5,063,877	3,047,759	92,348	92,348		
				Receivable floating rate/ Payable fixed rate	6,409,162	3,698,938	(111,617)	(111,617)		
				Receivable floating rate/ Payable floating rate	965,788	735,788	(703)	(703)		
				Receivable fixed rate/ Payable fixed rate	—	—	—	—		
				Options	Sold	Call	—	—	—	—
						Put	—	—	—	—
	Bought	Call	—		—	—	—			
		Put	—		—	—	—			
	Caps			Sold	36,300 (88)	31,300	65	23		
				Bought	428,000 (2,535)	353,000	1,395	(1,140)		
				Floors	Sold	—	—	—	—	
					Bought	—	—	—	—	
	Others			Sold	530 (—)	—	13	(13)		
				Bought	—	—	—	—		
						—	—	—	—	
						—	—	—	—	
	Total				¥ /	¥ /	¥ /	¥ (21,014)		

Notes: 1. The listed market value represents the closing prices on the Tokyo International Financial Futures Exchange and other exchanges at the end of March 31. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Figures in ( ) are option fees included in the nonconsolidated balance sheets.

3. Notional principal amounts and average interest rates of interest swaps by type and remaining term as at March 31, 2000 were as follows:

March 31, 2000	Millions of yen, %		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate	¥2,016,117	¥1,623,348	¥1,424,410
Average receivable fixed rate	3.31%	1.14%	2.16%
Average payable floating rate	2.57%	1.03%	1.62%
Receivable floating rate/Payable fixed rate	2,710,223	1,875,516	1,823,421
Average receivable floating rate	1.34%	0.82%	1.37%
Average payable fixed rate	1.98%	1.39%	2.07%
Receivable floating rate/Payable floating rate	230,000	250,000	485,788
Average receivable floating rate	0.32%	1.19%	1.51%
Average payable floating rate	0.40%	1.17%	1.48%
Receivable fixed rate/Payable fixed rate	—	—	—
Average receivable fixed rate	—	—	—
Average payable fixed rate	—	—	—

4. Gains/(losses) generated or incurred from valuation for derivatives in trading accounts are included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts as at March 31, 2000 were as follows:

March 31, 2000				Millions of yen	
				Contract amount (option premium)	Market value
Listed transactions	Futures		Sold	¥ 167,125	¥167,128
			Bought	212,881	212,620
	Options	Sold	Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
Unlisted transactions	Forward rate agreements		Sold	45,905	(17)
			Bought	118,535	33
	Swaps		Receivable fixed rate/ Payable floating rate	1,941,248	19,820
			Receivable floating rate/ Payable fixed rate	2,083,426	(18,683)
			Receivable floating rate/ Payable floating rate	1,000	(2)
			Receivable fixed rate/ Payable fixed rate	—	—
			Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
	Caps	Sold	Call	23,466	93
			Put	(233)	—
		Bought	Call	33,500	33
			Put	(54)	—
	Floors	Sold	Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—
	Others	Sold	Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—

Notes: 1. Figures in ( ) are the initial option fees received and paid on contract amounts, etc.

2. Notional principal amounts and average interest rates of interest swaps by type and remaining term as at March 31, 2000 were as follows:

March 31, 2000	Millions of yen, %		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate	¥723,026	¥875,356	¥342,866
Average receivable fixed rate	3.27%	1.77%	1.76%
Average payable floating rate	3.28%	1.53%	1.47%
Receivable floating rate/Payable fixed rate	860,039	883,936	339,450
Average receivable floating rate	3.64%	1.53%	1.43%
Average payable fixed rate	3.66%	1.83%	1.56%
Receivable floating rate/Payable floating rate	—	1,000	—
Average receivable floating rate	—	0.79%	—
Average payable floating rate	—	0.82%	—
Receivable fixed rate/Payable fixed rate	—	—	—
Average receivable fixed rate	—	—	—
Average payable fixed rate	—	—	—

March 31, 1999				Millions of yen				
				Contract value or notional principal amount (option premium)		Market value	Unrealized gains/(losses)	
				Over 1 year				
Listed transactions	Futures	Sold		¥ 436,458	¥ —	¥437,795	¥ (1,336)	
		Bought		54,140	—	54,184	44	
	Options	Sold	Call	—	—	—	—	
				(—)				
		Put	24,945	—	2	10		
				(12)				
		Bought	Call	—	—	—	—	
				(—)				
		Put	24,945	—	2	—		
				(2)				
Unlisted transactions	Forward rate agreements	Sold		—	—	—	—	
		Bought		—	—	—	—	
	Swaps	Receivable fixed rate/ Payable floating rate		4,550,780	2,332,224	115,499	115,499	
		Receivable floating rate/ Payable fixed rate		5,158,468	3,684,918	(155,204)	(155,204)	
		Receivable floating rate/ Payable floating rate		782,596	657,596	1,674	1,674	
		Receivable fixed rate/ Payable fixed rate		—	—	—	—	
		Options	Sold	Call	—	—	—	—
					(—)			
			Put	—	—	—	—	
					(—)			
			Bought	Call	—	—	—	—
					(—)			
		Put	—	—	—	—		
				(—)				
		Caps	Sold		17,400	6,300	3	78
				(82)				
	Bought		518,300	428,000	2,083	(1,888)		
				(3,971)				
	Floors	Sold		—	—	—	—	
				(—)				
		Bought	—	—	—	—		
				(—)				
	Others	Sold		50,602	602	90	(38)	
				(51)				
		Bought	—	—	—	—		
				(—)				
	Total				¥ /	¥ /	¥ /	¥ (41,161)

- Notes: 1. The listed market value represents the closing prices on the Tokyo International Financial Futures Exchange and other exchanges at the end of March 31. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.
2. Notional principal amounts and average interest rates of interest swaps by type and remaining term as at March 31, 1999 were as follows:

March 31, 1999	Millions of yen, %		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate	¥2,218,556	¥ 894,398	¥1,437,826
Average receivable fixed rate	3.27%	1.59%	2.24%
Average payable floating rate	2.59%	0.93%	1.24%
Receivable floating rate/Payable fixed rate	1,473,550	2,251,189	1,433,728
Average receivable floating rate	2.35%	0.68%	1.42%
Average payable fixed rate	3.26%	1.97%	3.00%
Receivable floating rate/Payable floating rate	125,000	90,000	567,596
Average receivable floating rate	0.24%	0.42%	1.24%
Average payable floating rate	0.29%	0.42%	1.23%
Receivable fixed rate/Payable fixed rate	—	—	—
Average receivable fixed rate	—	—	—
Average payable fixed rate	—	—	—

3. Gains/(losses) generated or incurred from valuation for derivatives in trading accounts are included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts as at March 31, 1999 were as follows:

March 31, 1999				Millions of yen	
				Contract amount (option premium)	Market value
Listed transactions	Futures	Sold		¥ 139,971	¥140,039
		Bought		51,939	51,966
	Options	Sold	Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
		Sold	Call	—	—
			Put	(—)	—
Unlisted transactions	Forward rate agreements	Sold		54,126	158
		Bought		16,266	9
	Swaps	Receivable fixed rate/ Payable floating rate		1,485,640	29,786
		Receivable floating rate/ Payable fixed rate		1,473,708	(31,486)
		Receivable floating rate/ Payable floating rate		3,000	(7)
		Receivable fixed rate/ Payable fixed rate		100	4
	Options	Sold	Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
	Caps	Sold		20,466	92
				(257)	
		Bought		33,500	42
				(91)	
	Floors	Sold		—	—
				(—)	
		Bought		—	—
				(—)	
	Others	Sold		18,000	181
				(133)	
		Bought		22,000	177
				(122)	

Note: Notional principal amounts and average interest rates of interest swaps by type and remaining term as at March 31, 1999 were as follows:

March 31, 1999	Millions of yen, %		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate	¥392,539	¥666,485	¥426,615
Average receivable fixed rate	3.95%	1.61%	1.65%
Average payable floating rate	3.25%	0.89%	1.04%
Receivable floating rate/Payable fixed rate	405,418	639,089	429,200
Average receivable floating rate	3.41%	0.92%	1.05%
Average payable fixed rate	4.10%	1.63%	1.67%
Receivable floating rate/Payable floating rate	2,000	1,000	—
Average receivable floating rate	0.21%	0.61%	—
Average payable floating rate	0.27%	0.60%	—
Receivable fixed rate/Payable fixed rate	—	100%	—
Average receivable fixed rate	—	4.11%	—
Average payable fixed rate	—	4.39%	—

**(b) Currency-related transactions**

			Millions of yen			
			Contract value or notional principal amount		Market value	Unrealized gains/(losses)
			Over 1 year			
March 31, 2000						
Unlisted transactions	Currency swaps	U.S. dollars	¥315,660	¥28,810	¥(1,227)	¥(1,227)
		Swiss francs	15,985	—	(205)	(205)
		Hong Kong dollars	13,633	8,180	(5)	(5)
		Others	15,500	2,816	(13)	(13)
Total			¥360,780	¥39,807	¥(1,453)	¥(1,453)

- Notes: 1. Current prices are computed by discounting to their present value and by other means.  
2. Gains/(losses) generated or incurred from valuation for derivatives in trading accounts are included in the statements of operations. The contract amounts and market values of derivatives in trading accounts were as follows:

			Millions of yen	
			Contract value or notional principal amount	Market value
March 31, 2000				
Unlisted transactions	Currency swaps	U.S. dollars	¥31,625	¥47
		Swiss francs	23,179	11
		Others	4,624	1
Total			¥59,429	¥61

3. The above table excludes currency-related transactions, for example, forward foreign exchange contracts and currency options, because these transactions are valued at the market rates prevailing at the balance sheet date. The gains/(losses) generated or incurred from the valuation are credited (or debited) directly to the statements of operations.

The previously mentioned currency-related transactions as at March 31, 2000 were as follows:

				Millions of yen
				Contract value or notional principal amount (option premium)
March 31, 2000				¥ —
Listed transactions	Futures	Sold Bought		—
				—
	Options	Sold	Call	—
				(—)
		Put		—
				(—)
		Bought	Call	—
				(—)
		Put		—
				(—)
Unlisted transactions	Forward exchange contracts	Sold Bought		722,599
				730,093
	Options	Sold	Call	15,108
				(102)
		Put		12,040
				(231)
		Bought	Call	16,273
				(185)
		Put		11,523
				(251)
	Others	Sold Bought		—
				—

			Millions of yen			
			Contract value or notional principal amount		Market value	Unrealized gains/(losses)
			Over 1 year			
March 31, 1999						
Unlisted transactions	Currency swaps	U.S. dollars	¥682,924	¥35,385	¥(683)	¥(683)
		Hong Kong dollars	59,802	6,222	(62)	(62)
		Swiss francs	25,548	17,776	15	15
		Deutsche marks	14,935	595	(45)	(45)
		Others	38,831	2,878	614	614
Total			¥822,043	¥62,859	¥(161)	¥(161)

Notes: 1. Gains/(losses) generated or incurred from valuation of derivatives in trading accounts are included in the statements of operations. The contract amounts and market values of derivatives in trading accounts as at March 31, 1999 were as follows:

			Millions of yen	
			Contract value or notional principal amount	Market value
March 31, 1999				
Unlisted transactions	Currency swaps	Swiss francs	¥25,859	¥16
		U.S. dollars	8,338	6
Total			¥34,198	¥22

2. The above schedule excludes currency-related transactions, for example, forward foreign exchange forward contracts and currency options, because these transactions are valued at the market rates prevailing at the balance sheet date. The gains/(losses) generated or incurred from the valuation are credited (or debited) directly to the statements of operations.

The previously mentioned currency-related transactions as at March 31, 1999 were as follows:

				Millions of yen
				Contract value or notional principal amount (option premium)
March 31, 1999				¥ —
Listed transactions	Futures	Sold Bought		—
				—
	Options	Sold	Call	—
				(—)
		Put		—
				(—)
		Bought	Call	—
				(—)
Unlisted transactions	Forward exchange contracts	Sold Bought		999,905
				963,956
	Options	Sold	Call	92,507
				(787)
		Put		104,670
				(738)
		Bought	Call	116,443
				(1,064)
		Put		92,678
				(614)
	Others	Sold Bought		—
				—

(c) As at March 31, 2000, there were no equity-related transactions.

**(d) Bond-related transactions**

				Millions of yen			
				Contract value or notional principal amount (option premium)		Market value	Unrealized gains/(losses)
				Over 1 year			
March 31, 2000							
Listed transactions	Futures		Sold	¥80,036	¥—	¥80,215	¥(178)
			Bought	—	—	—	—
	Options	Sold	Call	—	—		
				(—)		—	—
		Put		—	—		
				(—)		—	—
		Bought	Call	—	—		
				(—)		—	—
		Put	—	—			
			(—)		—	—	
Unlisted transactions	Options	Sold	Call	20,016	—		
				(23)		4	19
		Put		19,876	—		
				(25)		—	25
		Bought	Call	—	—		
				(—)		—	—
		Put		24,897	—		
				(63)		26	(37)
Others		Sold	—	—	—	—	
		Bought	—	—	—	—	
Total				¥ /	¥ /	¥ /	¥(170)

Notes: 1. The listed market value represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of March 31, 2000. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Figures in ( ) are option fees included in the consolidated balance sheets.

3. Gains/(losses) generated or incurred from valuation for derivatives in trading accounts are included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts as at March 31, 2000 were as follows:

				Millions of yen			
				Contract value or notional principal amount (option premium)	Market value		
<b>March 31, 2000</b>							
Listed transactions	Futures		Sold	<b>¥4,190</b>	<b>¥4,208</b>		
			Bought	<b>525</b>	<b>526</b>		
	Futures options	Sold	Call	—	—		
			Put	(—)	—		
		Bought	Call	—	—		
			Put	(—)	—		
			Call	—	—		
			Put	(—)	—		
		Unlisted transactions	Options	Sold	Call	—	—
					Put	(—)	—
Bought	Call			—	—		
	Put			(—)	—		
	Call			—	—		
	Put			(—)	—		
Others	Sold			—	—		
	Bought			—	—		

Note: Figures in ( ) are the initial option fees received and paid on respective contracts.

				Millions of yen			
				Contract value or notional principal amount (option premium)		Market value	Unrealized gains/(losses)
				Over 1 year			
March 31, 1999							
Listed transactions	Futures		Sold	¥52,714	¥—	¥53,000	¥(286)
			Bought	—	—	—	—
	Options	Sold	Call	—	—	—	—
				(—)	—	—	
		Put	—	—	—	—	
				(—)	—	—	
		Bought	Call	—	—	—	—
				(—)	—	—	
		Put	—	—	—	—	
				(—)	—	—	
Unlisted transactions	Options	Sold	Call	—	—	—	—
				(—)	—	—	
		Put	29,952	—	—	87	
				(87)	—	—	
		Bought	Call	—	—	—	—
				(—)	—	—	
		Put	—	—	—	—	
				(—)	—	—	
	Others	Sold	—	—	—	—	
		Bought	—	—	—	—	
Total				¥ /	¥ /	¥ /	¥(199)

Notes: 1. The listed market value represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of March 31, 1999. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Gains/(losses) generated or incurred from valuation of derivatives in trading accounts are included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts as at March 31, 1999 were as follows:

				Millions of yen	
				Contract value or notional principal amount (option premium)	Market value
March 31, 1999					
Listed transactions	Futures		Sold	¥ 791	¥ 795
			Bought	1,577	1,590
	Futures options	Sold	Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
		Sold	Call	—	—
			Put	(—)	—
Unlisted transactions	Options	Sold	Call	—	—
			Put	(—)	—
		Bought	Call	—	—
			Put	(—)	—
			Call	—	—
			Put	(—)	—
		Others	Sold	—	—
			Bought	—	—

Note: The market value listed represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of March 31, 1999. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

(e) As at March 31, 2000, there were no commodity derivatives.

The Board of Directors  
The Asahi Bank, Ltd.

We have audited the accompanying nonconsolidated balance sheets of The Asahi Bank, Ltd. as of March 31, 2000 and 1999, and the related nonconsolidated statements of operations and stockholders' equity for the years then ended, all expressed in Japanese 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 financial statements referred to above present fairly the nonconsolidated financial position of The Asahi Bank, Ltd. as of March 31, 2000 and 1999, and the nonconsolidated results of its operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis, except for the change made as of April 1, 1998 in the method of accounting for premises as described in Note 2 (d), with which we concur.

The U.S. dollar amounts in the accompanying nonconsolidated 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 nonconsolidated financial statements.

*Asahi & Co.*

Asahi & Co.

*Century Ota Showa & Co.*

Century Ota Showa & Co.

Tokyo, Japan  
June 28, 2000

**Statement on Accounting Principles and Auditing Standards**

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

**Loans and Bills Discounted by Collateral**

March 31	Billions of yen	
	2000	1999
Securities	¥ 254.3 1.24%	¥ 232.0 1.11%
Claims	531.7 2.58%	494.4 2.37%
Real estate	4,149.7 20.20%	4,178.3 20.05%
Others	21.9 0.11%	38.6 0.19%
	4,957.8 24.13%	4,943.4 23.72%
Guarantees	10,344.3 50.34%	10,051.4 48.22%
Unsecured	5,245.2 25.53%	5,848.6 28.06%
Total	¥20,547.4 100%	¥20,843.5 100%

**Loans and Bills Discounted by Maturity and Interest Rate**

(Billions of yen)

March 31, 2000	Maturity						Total
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	Over 7 years	Unspecified term	
Floating interest rate	¥ —	¥ 925.7	¥1,323.8	¥420.3	¥5,040.6	¥1,718.6	¥ —
Fixed interest rate	—	858.8	841.7	380.2	2,987.0	1,378.4	—
Total	¥4,671.8	¥1,784.6	¥2,165.5	¥800.6	¥8,027.6	¥3,097.0	¥20,547.4

(Billions of yen)

March 31, 1999	Maturity						Total
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	Over 7 years	Unspecified term	
Floating interest rate	¥ —	¥1,217.7	¥1,309.8	¥432.7	¥5,303.5	¥1,835.6	¥ —
Fixed interest rate	—	808.0	812.8	321.3	2,524.2	563.3	—
Total	¥5,714.0	¥2,025.8	¥2,122.7	¥754.0	¥7,827.7	¥2,399.0	¥20,843.5

Note: Loans and bills discounted with maturities of one year or less are not categorized by type of interest rate.

**Loans and Bills Discounted by Use of Funds**

March 31	Billions of yen	
	2000	1999
Funds for capital investments	¥ 9,847.6	¥ 9,583.6
Funds for working capital	10,699.7	11,259.8
Total	¥20,547.4	¥20,843.5

## DEPOSITS

### Deposits

March 31	Billions of yen	
	2000	1999
Liquid deposits	¥ 7,347.4	¥ 6,440.5
Time deposits	12,125.7	12,707.6
Other deposits	2,660.2	2,187.7
<b>Total</b>	<b>¥22,133.3</b>	<b>¥21,335.9</b>

### Deposits by Type of Depositor

March 31	Billions of yen	
	2000	1999
Individuals	¥12,043.7	¥11,661.2
Corporations	5,210.7	4,963.4
Others	1,373.7	1,442.5
<b>Total</b>	<b>¥18,628.2</b>	<b>¥18,067.2</b>

Note: Domestic depositors only and excluding CDs

### Time Deposits by Maturity and Interest Rate

(Billions of yen)

March 31, 2000	Maturity						Total
	3 months or less	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years	
Time deposits with fixed interest rates	¥3,681.0	¥2,128.3	¥2,921.1	¥899.7	¥771.4	¥541.2	¥10,942.9
Time deposits with variable interest rates	0.3	0.2	0.7	0.5	0.8	—	2.8
Other	945.7	185.6	47.6	—	—	—	1,179.0
<b>Total</b>	<b>¥4,627.1</b>	<b>¥2,314.2</b>	<b>¥2,969.5</b>	<b>¥900.2</b>	<b>¥772.3</b>	<b>¥541.2</b>	<b>¥12,124.8</b>

(Billions of yen)

March 31, 1999	Maturity						Total
	3 months or less	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years	
Time deposits with fixed interest rates	¥4,289.6	¥2,054.3	¥2,736.4	¥1,225.6	¥580.5	¥385.1	¥11,271.8
Time deposits with variable interest rates	0.4	0.2	1.5	0.6	0.4	—	3.2
Other	1,282.3	105.6	38.2	5.3	—	—	1,431.5
<b>Total</b>	<b>¥5,572.4</b>	<b>¥2,160.2</b>	<b>¥2,776.1</b>	<b>¥1,231.5</b>	<b>¥581.0</b>	<b>¥385.1</b>	<b>¥12,706.6</b>

Note: Time deposits outstanding do not include installment time deposits.

## SECURITIES

### Securities

March 31	Billions of yen	
	2000	1999
Japanese and local government bonds	¥ 999.8	¥1,156.8
Japanese corporate bonds	358.5	350.4
Japanese corporate stocks	2,092.2	2,261.3
Other securities	169.3	182.2
Total book value	¥3,619.9	¥3,950.8

### Securities by Type and Maturity

(Billions of yen)

March 31, 2000	Maturity							Unspecified term	Total
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	More than 10 years			
Japanese government bonds	¥40.3	¥321.7	¥308.9	¥ —	¥62.6	¥—	¥ —	—	¥ 733.6
Japanese local government bonds	11.3	41.6	83.2	64.9	65.0	—	—	—	266.1
Japanese corporate bonds	103.5	102.6	104.0	39.1	9.0	—	—	—	358.5
Japanese corporate stocks	—	—	—	—	—	—	2,092.2	—	2,092.2
Other	46.2	41.6	52.3	1.4	2.4	—	25.2	—	169.3
Foreign corporate bonds	46.1	11.4	51.7	0.1	—	—	—	—	109.4
Foreign corporate stocks	—	—	—	—	—	—	3.2	—	3.2
Other	0.1	30.1	0.6	1.2	2.4	—	22.0	—	56.5

(Billions of yen)

March 31, 1999	Maturity							Unspecified term	Total
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	More than 10 years			
Japanese government bonds	¥ 4.0	¥160.9	¥403.2	¥271.3	¥145.0	¥—	¥ —	—	¥ 984.6
Japanese local government bonds	11.0	32.3	22.1	25.2	81.3	—	—	—	172.1
Japanese corporate bonds	72.7	141.1	82.2	49.4	4.7	—	—	—	350.4
Japanese corporate stocks	—	—	—	—	—	—	2,261.3	—	2,261.3
Other	79.9	44.9	11.1	4.1	—	—	42.1	—	182.2
Foreign corporate bonds	79.0	14.7	11.1	2.2	—	—	—	—	107.2
Foreign corporate stocks	—	—	—	—	—	—	33.9	—	33.9
Other	0.8	30.1	0.0	1.8	—	—	8.1	—	41.0

Note: Treasury stocks are included in Japanese corporate stocks.

The Plan and Trends in Profitability (Nonconsolidated)

(Billions of yen)

	Year ended March 31, 1999 Actual	Six months ended September 30, 1999 Actual	Year ended March 31, 2000 Plan      Actual	
Scale				
Total assets	¥29,114.6	¥28,490.9	¥28,720.7	¥28,356.7
Loans and bills discounted *1	21,370.2	20,635.0	21,081.5	20,558.7
Securities	3,828.1	4,014.2	3,708.1	3,990.8
Trading assets	172.3	234.8	160.3	347.2
Deferred tax assets	334.1	318.9	311.6	283.0
Total liabilities	28,103.1	27,124.6	27,487.2	26,995.4
Deposits and NCDs *2	21,907.3	22,319.9	22,343.1	22,293.9
Bonds	—	—	—	—
Trading liabilities	2.6	4.0	5.0	4.7
Deferred tax liabilities	94.6	92.8	87.3	87.2
Total stockholders' equity	1,372.4	1,383.7	1,237.5	1,390.4
Common stock and preferred stock	605.2	605.2	605.2	605.3
Capital surplus	509.4	509.4	509.3	509.4
Legal reserve	67.6	69.0	71.9	71.1
Retained earnings	58.7	71.0	51.1	72.9
Profit				
Gross operating profit *3	¥ 409.6	¥ 204.9	¥ 389.5	¥ 407.8
Net interest income	355.6	189.1	353.0	372.7
Fees and commissions	31.0	15.5	27.5	30.5
Trading income	1.7	1.1	2.9	1.7
Other operating income (loss)	21.1	(0.8)	6.1	2.7
Net operating profit *4	83.9	82.2	129.5	155.4
Net operating profit excluding transfer to general reserve for possible loan losses	157.1	79.7	129.5	157.0
Gains or losses on Japanese government and other bonds	13.1	(3.0)	(2.5)	(1.7)
General and administrative expenses	252.5	125.2	260.0	250.8
Personal expenses	112.8	54.9	112.5	108.7
Other expenses	124.4	62.7	133.0	127.0
Write-offs of claims	143.5	27.6	0	65.6
Provision to the specific reserve for possible loan losses	141.4	3.0	70.0	50.0
Gains related to stocks and other securities	104.6	27.5	0	152.8
Losses on devaluation of stocks and other securities	11.8	16.0	0	96.5
Ordinary net income (loss) *5	(407.5)	35.7	45.5	88.0
Extraordinary gains	35.5	0	0	0.2
Extraordinary losses	3.0	3.5	0	6.6
Income taxes: Current	2.4	0.4	18.2	2.1
Deferred	(157.3)	13.4	—	47.9
Net income (loss) *6	¥ (220.0)	¥ 18.3	¥ 27.3	¥ 31.5
Reduction in general and administrative expenses due to restructuring (compared with previous year)	¥(12.7)	¥(2.2)	¥ (1.7)	¥(4.4)
Increase (decrease) in gross operating profit owing to strengthening business base (compared with previous year)	2.6	(8.1)	(14.7)	(1.8)
Dividends				
Profit available for distribution as dividends (Billions of yen)	¥ 58.7	¥ —	¥ 76.3	¥ 59.9
Cash dividends (Billions of yen)	15.4	10.9	21.0	21.8
Dividend rate (%)	12.00	6.00	12.00	12.00
Dividend payout ratio (%)	—	53.00	76.92	63.55
Operating measures				
Average interest rate on invested funds (A) (%)	2.49	2.31	2.41	2.27
Average interest rate on loans and bills discounted (B) (%)	2.36	2.19	2.32	2.19
Average interest rate on securities (%)	1.63	1.51	1.55	1.38
Average interest rate on procured funds (C) (%)	2.14	1.84	2.13	1.83
Average interest rate of deposits and NCDs (D) (%)	0.74	0.35	0.71	0.35
Rate of general and administrative expenses (E) (%)	1.15	1.11	1.16	1.12
Rate of personnel expenses (%)	0.51	0.49	0.50	0.48
Rate of other expenses (%)	0.57	0.55	0.59	0.56
Overall net interest margin (A) - (C) (%)	0.35	0.46	0.28	0.44
Average interest spread (B) - (D) - (E) (%)	0.47	0.72	0.43	0.72
Ratio of fees and commissions (%)	7.57	0.76	7.06	7.50
ROE (based on net operating profit) (%)	7.89	11.89	10.49	11.25
ROA (based on net operating profit) (%)	0.29	0.57	0.45	0.54

- Notes: 1. Figures for assets and liabilities are the averages outstanding over the fiscal year. Figures for stockholders' equity are as of the balance sheet date.
2. Figures indicating size and profitability are rounded down to one decimal point. Yield data is rounded down to the nearest two figures after the decimal point.
3. Ratio of non-interest income = Fees and commissions/gross operating profit
4. ROE = Net operating profit/[(Stockholders' equity at the end of the prior period + Stockholders' equity for the period)/2]

#### DIFFERENCES IN COMPARISON WITH THE YEAR ENDED MARCH 31, 1999

##### The Plan and Trends in Profitability

- \*1 Loans and bills discounted: Total loans decreased ¥811.5 billion (compared with ¥21,370.2 billion at March 31, 1999), owing to declines in overseas loans, the disposal of nonperforming loans in domestic operations, and other factors.
- \*2 Deposits and NCDs: Deposits and NCDs rose ¥386.6 billion (compared with ¥21,907.3 billion at March 31, 1999). Factors accounting for this were an increase in domestic deposits of ¥1,325.5 billion, a decline in overseas deposits of ¥1,008.4 billion, and a rise of ¥69.5 billion in NCDs.
- \*3 Gross operating profit: Gross operating profit was down ¥1.8 billion (compared with ¥409.6 billion for the year ended March 31, 1999). Factors accounting for this were an increase in net interest income of ¥17.1 billion, a decline of ¥14.8 billion in gains or losses on Japanese government and other bonds, and a fall of ¥4.1 billion in other operating income.
- \*4 Net operating profit: Compared with ¥83.9 billion for the fiscal year ended March 31, 1999, net operating profit rose ¥71.5 billion, owing to the combination of a decline of ¥1.8 billion in gross operating profit, accompanied by an increase of ¥71.6 billion in the exclusion of the transfer to the general reserve for possible loan losses and an increase in expenses of ¥1.7 billion.
- \*5 Ordinary net income (loss): Ordinary net income rose ¥495.5 billion (compared with an ordinary net loss of ¥407.5 billion for the year ended March 31, 1999). This was accounted for by increases in the following items: net operating profit, ¥71.5 billion; a reduction in expenses associated with the disposal of nonperforming loans, ¥373.3 billion (such expenses amounted to ¥576.0 billion in the previous fiscal year and declined to ¥202.7 billion in the fiscal year under review); gains related to stocks and other securities, ¥48.2 billion; and other items, ¥2.5 billion.
- \*6 Net income (loss): Compared with the net loss of ¥220.0 billion in the previous fiscal year, net income rose ¥251.5 billion. This was due to the net effect of an increase of ¥495.5 billion in ordinary income, a decline of ¥38.8 billion in net extraordinary gains and losses, a decrease of ¥205.2 billion in deferred income taxes, and an increase of ¥0.3 billion in current income taxes.

# The Plan and Trends in Profitability (Consolidated)

(Billions of yen)

	Year ended March 31, 1999 Actual	Six months ended September 30, 1999 Actual	Year ended March 31, 2000 Actual	Year ending March 31, 2001 Plan
<b>Scale</b>				
Total assets	¥29,296.1	¥28,904.0	¥28,788.1	¥28,950.0
Loans and bills discounted	20,806.6	20,578.4	20,581.7	21,040.0
Securities	3,914.0	3,856.2	3,639.1	3,350.0
Trading assets	283.0	356.1	438.9	440.0
Deferred tax assets	336.1	339.9	303.6	280.0
Total liabilities	27,915.9	27,511.9	27,391.4	27,550.0
Deposits and NCDs	21,210.8	21,760.9	21,897.5	21,350.0
Bonds	—	—	—	370.0
Trading liabilities	34.3	30.3	40.3	40.0
Deferred tax liabilities	94.6	92.8	87.2	80.0
Total stockholders' equity	1,370.3	1,381.9	1,388.1	1,400.0
Stockholders' equity	605.2	605.2	605.3	605.5
Capital surplus	509.4	509.4	509.4	509.5
Retained earnings	124.1	138.3	141.8	154.0
<b>Profit</b>				
Ordinary income	¥ 950.4	¥ 418.9	¥ 1,160.2	¥ 900.0
Interest income	655.7	297.4	589.1	590.0
Fees and commissions	75.2	40.2	86.4	97.0
Trading income	3.6	1.1	1.7	3.0
Other operating income	48.5	15.1	24.2	30.0
Other income	167.3	64.9	458.6	180.0
Ordinary expenses	1,362.5	385.8	1,066.2	850.0
Interest expenses	296.0	105.1	208.4	190.0
Fees and commissions	18.9	9.6	21.1	22.0
Trading expenses	0	0	0	0
Other operating expenses	29.9	17.6	23.8	25.0
General and administrative expenses	281.7	137.6	275.4	273.0
Other expenses	735.8	115.7	537.3	340.0
Write-offs of claims	157.0	28.5	68.0	100.0
Provision to the reserve for possible loan losses	225.4	29.9	32.1	0
Provision to the general reserve for possible loan losses	73.9	1.4	11.7	0
Provision to the specific reserve for possible loan losses	147.2	28.0	19.8	—
Ordinary net income (loss)	(412.0)	33.1	94.0	50.0
Extraordinary gains	36.9	0.1	0.4	0
Extraordinary losses	3.2	4.0	16.0	0
Income (loss) before income taxes	(378.2)	29.2	78.5	50.0
Income taxes: Current	3.5	17.5	18.0	20.0
Deferred	(124.7)	(5.1)	29.4	0
Minority interest in net loss	3.0	0.1	0.4	0
Net income (loss)	¥ (254.0)	¥ 17.0	¥ 31.4	¥ 30.0

# BIS Capital Adequacy Ratio

(Billions of yen)

Years ended March 31	1998	1999	2000	
	Actual	Actual	Plan	Actual
Stockholders' equity	¥ 332.8	¥ 605.2	¥ 605.2	¥ 605.3
Common stock	282.8	398.5	405.2	401.4
Preferred stock (non-cumulative)	50.0	206.7	200.0	203.9
Preferred notes	0	0	0	0
Capital surplus	236.9	509.4	509.3	509.4
Retained earnings	386.1	117.1	123.0	130.9
Other	0	9.9	0	0.4
Tier I	956.0	1,241.7	1,237.5	1,246.1
(Amount due to tax-effect accounting)	(209.2)	(336.1)	(311.6)	(303.6)
Preferred stock (cumulative)	0	0	0	0
Preferred notes	0	0	0	0
Perpetual subordinated bonds	213.4	212.2	212.2	210.8
Perpetual subordinated loans	219.0	299.0	299.0	299.0
Unrealized gains on securities	0	0	0	0
Land revaluation difference	119.4	101.7	93.9	98.4
Reserve for possible loan losses	53.5	130.7	131.6	145.2
Other	0	0	0	0
Upper Tier II	605.3	743.6	736.7	753.4
Term subordinated bonds	159.8	159.8	159.8	159.8
Term subordinated loans	273.6	201.8	130.0	130.0
Other	0	0	0	0
Lower Tier II	433.4	361.6	289.8	289.8
Tier II	1,038.7	1,105.3	1,026.5	1,043.2
Tier III	0	0	0	0
Total capital	1,912.1	2,347.2	2,264.0	2,288.4
Risk-adjusted assets	20,369.8	19,723.6	20,197.7	19,392.0
On-balance-sheet item *1	19,130.8	18,534.5	18,895.5	18,224.6
Off-balance-sheet item	1,159.0	1,121.6	1,172.2	1,136.9
Other (Note)	79.9	67.6	130.0	30.4
Capital adequacy ratio (%)	9.38	11.90	11.20	11.80
Tier I ratio (%)	4.69	6.29	6.12	6.42
Capital adequacy ratio (nonconsolidated) (%)	—	12.01	—	11.97
Method of valuing securities quoted on exchange	Original cost	Original cost	Original cost	Original cost

Note: The amounts correspond to market risk times 8%.

DIFFERENCE IN COMPARISON WITH THE YEAR ENDED MARCH 31, 1999

\*1 Difference in on-balance-sheet item: The on-balance-sheet item was down ¥309.9 billion (compared with ¥18,334.5 billion for the fiscal year ended March 31, 1999). This was due to the disposal of nonperforming loans of approximately ¥340.0 billion, a reduction in the value of investment stocks of about ¥170.0 billion, and a reduction in the value of overseas assets of ¥280.0 billion.

**Sources and Uses of Funds (Nonconsolidated)**

(Billions of yen)

	March 31, 1999	September 30, 1999	March 31, 2000
	Actual	Actual	Actual
Core sources of funds (A)	¥18,328.7	¥19,930.4	¥18,922.4
Core deposits	16,721.6	17,444.1	17,570.9
Core uses of funds (B)	25,510.6	26,142.0	25,305.2
Loans	20,338.0	20,062.5	20,081.8
Securities investments and other	3,908.7	3,850.7	3,773.8
Balance of core sources and uses (A) – (B)	(7,181.9)	(6,211.6)	(6,382.7)
Stockholders' equity, cash, and other	1,081.3	1,048.6	1,011.5
Market sources (C)	6,265.2	5,367.3	5,557.9
Large-amount time deposits (Note 1)	1,063.1	1,355.0	953.1
NCDs	1,394.9	1,431.9	1,960.5
Market uses (D)	164.6	204.3	186.6
Balance of market sources and uses (C) – (D)	6,100.6	5,163.0	5,371.3
Interbank overnight position	746.4	246.2	315.8

Notes: 1. Includes amounts of ¥1 billion or more.

2. Core sources of funds, core uses of funds, market sources, and other terms are defined as follows:

(Applies to all yen funds in Japan and overseas after infusion of public funds and after write-offs)

Core sources of funds	Core deposits, borrowed money (including subordinated borrowings), collateral money held for securities lent, foreign exchange, funds converted to yen, and other items
Core uses of funds	Loans, investments in securities and other, cash and due from banks (excluding dealing-related funds), premises and equipment, foreign exchange, funds converted from yen, and other items
Core deposits	All real yen deposits, excluding large-amount time deposits of ¥1 billion or more
Securities investments and other	Includes money trusts
Market sources	Large-amount time deposits of ¥1 billion or more, NCDs (including the portion handled by branches), deposits with other financial institutions, bills sold, commercial paper (CP), and other items
Market uses	Cash and due from banks, call loans, bills bought/CP, trading account securities and other items
Stockholders' equity, cash, and other	Capital, reserves, profit or loss for the period, funds from revaluation difference, funds in transport to the Head Office or branches, unpaid expenses, prepayments received, and other items; also includes cash, revaluation portion of premises and equipment, revaluation portion of trading transactions, income to be received, and other items

**Sources and Uses of Foreign Currency Funds (Nonconsolidated)**

(Millions of U.S. dollars)

	March 31, 1999	September 30, 1999	March 31, 2000
	Actual	Actual	Actual
Total foreign currency funds used	\$10,925	\$8,946	\$9,531
Securities in foreign currencies	1,042	716	531
Loans in foreign currencies	5,306	4,706	4,130
Impact loans (Note)	341	312	306
Interbank loans	965	1,172	2,443
Total foreign currency funds sourced	10,864	8,899	9,589
Interbank borrowings	4,535	2,512	3,788
Funds converted from yen	3,535	2,904	2,000
Deposits from customers	1,113	1,640	1,773

Note: Euroyen impact loans are excluded.

# Trends in Net Income by Sector (Nonconsolidated)

(Billions of yen)

	Year ended March 31, 1999	Six months ended September 30, 1999	Year ended March 31, 2000		2001
	Actual	Actual	Plan	Actual	Plan
Commercial Banking Division (Domestic) (Note 1)	¥142.3	¥ 79.3	¥132.2	¥137.8	¥129.9
Income from earning assets (spread income)	314.5	166.0	315.5	328.2	326.0
Fees	27.0	13.8	25.0	26.0	27.2
Income from foreign exchange	5.6	2.0	4.1	5.0	8.7
Other	2.5	1.2	2.0	2.9	0
Gross operating profit	349.6	183.0	346.6	362.1	361.9
Expenses	207.3	103.7	214.4	224.3	232.0
Commercial Banking Division (Overseas)	(3.3)	0.1	(1.6)	2.3	(0.3)
Income from earning assets, bonds, and other sources	3.9	2.8	4.7	7.0	4.9
Fees	1.1	0.5	1.1	0.9	0.7
Other	0.4	0.4	0.6	0.5	0.5
Gross operating profit	5.4	3.6	6.4	8.6	6.1
Expenses	8.7	3.5	8.0	6.3	6.4
Trading and Securities Markets Division (including dealing offices) *1	3.9	0.5	4.8	(1.9)	0.8
Domestic	5.8	1.2	5.7	1.4	4.1
Overseas	2.2	1.2	3.3	0.6	0.7
Gross operating profit	8.0	2.4	9.0	2.0	4.8
Expenses	4.1	1.9	4.2	3.9	4.0
ALM Department (yen)	62.0	23.0	38.3	48.0	48.1
ALM (including income from bond investments)	39.0	18.4	38.7	35.7	42.6
Gains (losses) on bonds	10.5	(4.5)	(6.0)	(4.3)	(3.2)
Yen money market dealing	12.0	6.5	4.8	11.0	7.4
Other	1.7	3.2	2.1	6.8	2.5
Gross operating profit	63.2	23.6	39.6	49.2	49.3
Expenses	1.2	0.6	1.3	1.2	1.2
Business Administration Division	(47.8)	(23.2)	(44.2)	(29.2)	(28.5)
Income from earning assets (spread income)	(13.4)	(7.2)	(10.2)	(13.6)	(5.1)
Other	(3.2)	(0.5)	(1.9)	(0.5)	0
Gross operating profit	(16.6)	(7.7)	(12.1)	(14.1)	(5.1)
Expenses (expenses of administrative divisions and other units)	31.2	15.5	32.1	15.1	23.4
Gross operating profit	409.6	204.9	389.5	407.8	417.0
Expenses and other sources	252.5	125.2	260.0	250.8	267.0
Provision to the reserve for possible loan losses	73.2	(2.5)	0	1.6	0
Total (net operating income)	¥ 83.8	¥ 82.2	¥129.5	¥155.4	¥150.0

Notes: 1. Euroyen impact loans are included in the accounts of domestic divisions.

2. A new cost accounting system was introduced in the latter half of the fiscal year ended March 31, 1999.

## DIFFERENCES IN COMPARISON WITH THE FORECAST FOR THE YEAR ENDED MARCH 31, 2000

\*1 Difference between the actual net income of the trading and securities markets division (domestic and overseas dealing offices) and the amount forecast in the Reinvigoration Plan: This division reported a net loss of ¥1.9 billion, ¥6.7 billion lower than the amount forecast under the Reinvigoration Plan. This was because movements in the value of the U.S. dollar were within a narrower range than anticipated, and income from currency trading was lower than expected. In addition, these operations were adversely affected by the rise in U.S. dollar interest rates, and income from foreign currency banking operations was below forecast levels. As a result of these factors, net income of the trading and securities markets division was below the level forecast in the Reinvigoration Plan.

## Trends in Net Income by Sector (Consolidated)

(Billions of yen)

	Year ended March 31, 1999 Actual	Six months ended September 30, 1999 Actual	Year ended March 31, 2000 Actual	2001 Plan
Commercial Banking Division (Domestic)	¥137.0	¥78.7	¥142.6	¥129.9
Net operating profit of parent company	142.3	79.3	137.6	129.9
Net operating profit of subsidiaries	(5.3)	(0.6)	4.8	0
Commercial Banking Division (Overseas)	(3.5)	(0.2)	1.2	(0.3)
Net operating profit of parent company	(3.3)	0.1	2.3	(0.3)
Net operating profit of subsidiaries	(0.2)	(0.3)	(1.1)	0
Trading and Securities Markets Division (including dealing offices)	4.9	(1.1)	(3.2)	0.8
Net operating profit of parent company	3.9	0.5	(1.9)	0.8
Net operating profit of subsidiaries	1.0	(1.6)	(1.3)	0
ALM Department (yen-denominated assets)	62.0	23.0	48.0	48.1
Net operating profit of parent company	62.0	23.0	48.0	48.1
Business Administration Division	(612.4)	(67.3)	(94.6)	(128.5)
Net operating profit of parent company	(47.8)	(23.2)	(25.6)	(28.5)
Provision to the reserve for possible loan losses	(73.2)	2.5	(1.6)	0
Write-offs of claims (including losses on sales of overseas private-sector loans)	(578.8)	(60.7)	(202.7)	(100.0)
Gains and losses on security-related transactions	104.6	27.5	152.8	0
Other extraordinary expenses	(17.2)	(13.4)	(17.5)	0
Total (Ordinary net income)	(412.0)	33.1	94.0	50.0

## Reinvigoration Plan (Nonconsolidated)

	Year ended March 31, 1999 Actual	Six months ended September 30, 1999 Actual	Year ended March 31, 2000		
			Plan	Actual (Nonconsolidated)	Actual (Consolidated)
Number of employees, directors and corporate auditors					
Number of directors and corporate auditors	39	37	37	37	—
Number of employees (currently on employment register) (Note 1) *1	12,594	12,642	12,400	12,148	14,796
Number of employees (currently in-house) (Note 2) *2	10,351	10,501	10,000	9,944	13,777
Number of domestic and overseas branches					
Domestic branches (Note 3)	335	331	332	328	—
Overseas branches (Note 4) *3	12	12	10	9	—
(For reference: Number of overseas subsidiaries) *4	8	6	5	4	—

Notes: 1. This is the sum of clerical and general affairs personnel and includes personnel seconded to other companies but on the Bank's employment register. Contract and part-time employees as well as staff seconded from personnel agencies are excluded.

2. Among personnel currently on the employment register, personnel seconded to other companies are excluded.

3. Subbranches and agencies are excluded, and one branch specializing in transfers is excluded.

4. Subbranches and representative offices are excluded.

		Year ended March 31, 1999	Six months ended September 30, 1999	Year ended March 31, 2000		
		Actual	Actual	Plan	Actual (Nonconsolidated)	Actual (Consolidated)
Personnel expenses	(Billions of yen)	¥112.8	¥54.9	¥112.5	¥108.7	¥117.0
Salaries and remuneration (Note 1)	(Billions of yen)	68.3	32.2	65.7	64.3	77.0
Average salary cost per month	(Thousands of yen)	448	436	445	444	—
Directors' and auditors' remuneration and bonuses (Note 1)	(Millions of yen)	813	380	760	759	—
Directors' and auditors' remuneration	(Millions of yen)	803	380	760	759	—
Directors' and auditors' bonuses	(Millions of yen)	10	0	0	0	—
Average directors' and auditors' (full-time) remuneration and bonuses	(Millions of yen)	21	21	21	21	—
Average retirement allowance for directors and auditors (Note 2) *5	(Millions of yen)	60	25	49	25	—
Non-personnel expenses	(Billions of yen)	124.4	62.7	133.0	127.0	142.6
Computer system related expenses (Note 3)	(Billions of yen)	32.2	16.6	38.4	34.9	37.9
Other expenses	(Billions of yen)	92.2	46.1	94.6	92.1	104.7
Expense ratio (Note 4)	(%)	61.6	61.1	66.7	61.5	—

- Notes: 1. The sum of personnel expenses and allocation of profit: When directors also have duties as employees, the portion of remuneration for work as employees is included.
2. The assumptions in the plan for the average retirement allowance in fiscal 1998 and subsequent years are computed based on an average model for a managing director with five years of service as a director. This does not include the portion paid as corporate pension.
3. Computer system related expenses, as with computer system investments, include a portion of increase in expenses that contributes to increasing the convenience of services and strengthening product and service development capabilities, including improvements in service delivery channels, tie-ups, and outsourcing.
4. Expense ratio = Expenses/Gross operating profit

#### DIFFERENCES IN COMPARISON WITH THE FORECAST FOR THE YEAR ENDED MARCH 31, 2000

##### Reinvigoration Plan

- \*1 Number of employees: The number of employees (currently on the employment register) was 446 lower than the 12,594 at March 31, 1999, and 252 lower than the number forecast in the Reinvigoration Plan.
- \*2 Number of employees: The number of employees (currently in-house) was 407 lower than the 10,351 at March 31, 1999, and 56 lower than the number forecast in the Reinvigoration Plan.
- \*3 Number of overseas branches: In comparison with March 31, 1999, when the Bank had 12 overseas branches, the number of such offices was reduced by 3, as the Bank closed branches in Chicago, the Cayman Islands, and Los Angeles and completed the consolidation of the operations of these former branches within the New York Branch.
- \*4 Number of overseas subsidiaries: The Bank reduced the number of overseas subsidiaries by 4, compared with the 8 it maintained at March 31, 1999. Subsidiaries formerly located in the Netherlands, London, Switzerland, and Germany were liquidated.
- \*5 Average retirement allowance for directors and auditors: This average was ¥35 million below the ¥60 million level for the year ended March 31, 1999, and ¥24 million lower than the amount forecast in the Reinvigoration Plan. A relatively large number of directors retiring in June had shorter terms of employment than provided for under the retirement allowance model, thus making attainment of the forecast level possible.

## Trends in Loans and Bills Discounted (Nonconsolidated)

(Billions of yen, %)

	March 31, 1999	September 30, 1999	March 31, 2000			March 31, 2001
	Actual (A)	Actual (B)	Plan (C)	Actual (D)	Term-end to term-average ratio (%) (Note 2)	Plan
Domestic loans and bills discounted						
Including impact loans *1	¥20,022.9	¥19,932.5	¥20,497.9	¥19,962.3	100.3	¥20,317.3
Excluding impact loans	18,234.2	18,694.8	18,423.7	19,348.4	100.8	19,703.4
Loans to small and medium-sized companies (Note 1)						
Including impact loans *2	7,536.7	7,543.8	7,719.9	7,527.0	100.4	8,680.8
Excluding impact loans	7,007.2	7,186.8	7,058.0	7,340.4	100.5	8,527.1
Loans guaranteed by the Credit Guarantee Association	1,490.6	1,554.4	1,384.3	1,594.3	103.6	1,713.3
Loans to individuals *3	6,698.0	6,849.6	7,177.1	7,004.1	101.0	6,798.0
Housing loans *4	5,426.0	5,630.3	5,895.1	5,832.0	101.4	6,292.0
Other	5,788.2	5,539.1	5,600.9	5,431.2	99.4	4,838.5
Overseas loans (Note 4)	820.6	666.5	775.8	585.1	96.8	580.0
Total	¥20,843.5	¥20,599.0	¥21,273.7	¥20,547.4	100.2	¥20,897.3

## Loans and Bills Discounted on Actual Basis (Nonconsolidated)

(Excluding the increase/decrease factors shown in the table below)

(Billions of yen)

	March 31, 1999	September 30, 1999	March 31, 2000		March 31, 2001
	Actual (A)+(E)	Actual (B)+(E)+(F)	Plan (Note 3)	Actual (D)+(E)+(H)	Plan
Domestic loans					
Including impact loans *5	¥20,902.0	¥20,879.5	¥21,253.7	¥21,086.2	¥20,497.3
Excluding impact loans	19,044.9	19,558.2	19,179.5	20,388.5	19,883.4
Loans to small and medium-sized companies (Note 1)					
Including impact loans	8,166.7	8,296.2	8,252.5	8,449.0	8,840.8
Excluding impact loans	7,600.5	7,890.9	7,590.6	8,214.1	8,687.1

Notes: 1. Small and medium-sized companies are defined as those with ¥100 million or less in paid-in capital or regular employees of 300 or fewer. However, the criteria for companies in the wholesaling industry are ¥30 million or less or 100 employees or fewer. For companies in retailing, restaurants, and services, the criteria are ¥10 million or less and 50 persons or fewer.

2. The term-end to term-average ratio is the balance outstanding at the end of the month divided by the average amount outstanding over the month.

3. Figures have been quoted from the Reinvigoration Plan approved in March 1999.

4. Figures have been converted at the exchange rates prevailing at the end of the year ended March 31, 2000.

## Changes in Outstanding Accounts Related to the Disposal of Nonperforming Loans (Note 1)

(Billions of yen)

	Year ended March 31, 1999		Six months ended September 30, 1999		Year ended March 31, 2000				2001	
	Actual (E)		Actual (F)		Plan (G)		Actual (H)		Plan	
Write-offs of claims	¥ 35.5	¥27.5	¥ 10.8	¥ 9.6	¥ 70.0	¥ 56.0	¥ 19.0	¥ 15.1	¥ 10.0	¥ 10.0
Sales of loans to the CCPC	0	0	0	0	0	0	0	0	0	0
Securitization of loans (Note 2)	(32.1)	0	(73.9)	0	0	0	(97.3)	5.2	0	0
Change in accounting criteria (Note 3)	354.8	267.1	31.9	25.4	0	0	61.3	52.1	0	0
Amount of sale of assets to banks and other party to the Agreement (Note 4)	0	0	0	0	0	0	0	0	0	0
Other amounts related to nonperforming loans	520.9	335.4	99.1	87.4	60.0	60.0	261.8	219.6	170.0	150.0
Total	¥879.1	¥630.0	¥ 67.9	¥122.4	¥130.0	¥116.0	¥244.8	¥292.0	¥180.0	¥160.0

Notes: 1. Columns on right denote loans to individuals and small and medium-sized companies.

2. Includes securitization of loans in addition to liquidation of regular loans

3. The portion excluded from assets due to indirect write-offs under revised accounting regulations

4. Sale of loans to agreement banks as stipulated under Article 53 of the Law Concerning Emergency Measures for Reconstructing Financial Function

DIFFERENCES IN COMPARISON WITH THE FORECAST FOR THE YEAR ENDED MARCH 31, 2000

- \*1 Domestic loans (including impact loans): Domestic loans amounted to ¥19,962.3 billion at March 31, 2000. This was ¥535.6 billion below the forecast in the Reinvigoration Plan. Factors accounting for this difference were as follows. Loans to small and medium-sized companies were ¥192.9 billion below the forecast amount. (This was due to the disposal of ¥292.0 billion in nonperforming loans to companies in this category during the fiscal year ended March 31, 2000.) Loans to individuals were ¥173.0 billion below the forecast amount. (Of this total, ¥37.3 billion was due to the disposal of nonperforming loans to individuals.) In addition, loans in the other category were ¥169.7 billion below the forecast level.
- \*2 Loans to small and medium-sized companies (including impact loans): Loans in this category amounted to ¥7,527.0 billion at March 31, 2000. This was ¥192.9 billion below the forecast in the Reinvigoration Plan. Factors accounting for this difference were as follows. The Bank made actual new loans to companies in this category amounting to ¥196.5 billion. However, the Bank disposed of nonperforming loans to these companies amounting to ¥389.4 billion. This amount was ¥213.4 billion more than the amount expected in the fiscal year ended March 31, 1999 (figure quoted from the Reinvigoration Plan approved in March 1999) and ¥176.0 billion more than the amount planned for the fiscal year ended March 31, 2000.
- \*3 and \*4 Loans to individuals: The balance of such loans was ¥7,004.1 billion (including ¥5,832.0 billion of housing loans), or ¥173.0 billion lower than the forecast in the Reinvigoration Plan. Although the balance of housing loans outstanding to individuals rose ¥405.9 billion over the previous fiscal year, the balance was below the initial plan. This was because of the decline in housing loan refinancing as demand was already largely satisfied, increased competition, and other factors.
- \*5 Domestic loans (including impact loans) on an actual basis: Domestic loans outstanding on this basis amounted to ¥21,086.2 billion at March 31, 2000. This was ¥167.5 billion lower than the forecast in the Reinvigoration Plan. Factors accounting for this were an increase in actual new loans to small and medium-sized companies of ¥196.5 billion, which was more than offset by a decline in loans to individuals and others of ¥364.0 billion.

**The Bank's Financial Condition following Implementation of Article 3, Section 2, of the Law  
Concerning Emergency Measures for Reconstructing Financial Function (hereinafter, the Law)**

(Billions of yen)

	March 31, 1999	September 30, 1999	March 31, 2000		Policy for Reserves to Cover the Unsecured Portion of Loans and Specific Objectives
	Actual	Actual	Actual (Nonconsolidated)	Actual (Consolidated)	
Unrecoverable or valueless (1)	¥ 169.9	¥ 151.2	¥ 186.8	¥ 214.2	Reserves are provided for in the amount of the loan less the portions deemed to be recoverable from the disposal of collateral and from guarantors.
Risk claims (2)	553.4	464.8	503.7	556.0	Reserves are provided according to the <i>Guidelines for Write-Offs and Reserves Accompanying the Infusion of Capital</i> issued by the Financial Reconstruction Commission. Regarding claims classified in the Bank's self-assessments of loan quality in Category III of In Danger of Bankruptcy, 70% is deemed to be the expected loss. Reserves are provided for each loan on an individual basis.
Special attention (3)	206.7	212.4	173.2	184.2	Reserves are provided according to the <i>Guidelines for Write-Offs and Reserves Accompanying the Infusion of Capital</i> issued by the Financial Reconstruction Commission. Reserves are provided equivalent to 15% of the portion of Special Attention claims unsecured by collateral or guarantees.
Nonclassified	21,469.0	21,197.4	21,067.6	21,600.7	Reserves are provided according to the <i>Guidelines for Write-Offs and Reserves Accompanying the Infusion of Capital</i> issued by the Financial Reconstruction Commission.
(1)+(2)+(3)	¥ 930.0	¥ 828.3	¥ 863.6	¥ 954.4	

Note: Figures are rounded off.

**Reserves for Possible Loan Losses**

(Billions of yen)

	March 31, 1999	September 30, 1999	March 31, 2000	
	Actual	Actual	Actual (Nonconsolidated)	Actual (Consolidated)
General reserve for possible loan losses	¥126.1	¥123.6	¥127.7	¥145.2
Specific reserve for possible loan losses	282.7	255.8	266.7	309.1
Specific reserve for overseas loans	4.3	4.3	4.3	4.3
Reserves for possible loan losses (total)	413.1	383.7	398.7	458.7
Reserve for losses on the sale of loans	77.7	73.5	64.0	64.0
Reserves for possible losses on loans to specific borrowers	—	13.2	6.6	6.6
Total	¥490.9	¥470.6	¥469.4	¥529.4

**Risk-Managed Assets (Notes 1, 3 and 4)**

(Billions of yen, %)

	March 31, 1999	September 30, 1999	March 31, 2000	
	Actual	Actual	Actual (Nonconsolidated)	Actual (Consolidated)
Unrecoverable or valueless (A)	¥ 96.8	¥ 82.8	¥ 73.4	¥ 76.5
Amount of decrease due to accounting changes (Note 2)	192.5	202.1	197.4	207.8
Loans past due (B)	662.3	525.7	611.0	647.5
Amount of decrease due to accounting changes (Note 2)	166.3	187.3	224.5	246.8
Loans past due three months or more (C)	50.6	109.6	84.9	88.8
Restructured loans (D)	110.4	102.8	88.3	95.4
Loans on which the payment of interest has been reduced from the original interest rate or to below the official discount rate, or on which the original spread is reduced to zero	46.8	39.0	30.3	30.5
Loans on which interest payments have been postponed	63.6	63.7	57.2	63.0
Loans to borrowers receiving the Bank's financial assistance	0	0	0	0
Loans on which the repayment of principal has been postponed	0	0	0.7	1.9
Other	0	0	0	0
Total (E) = (A) + (B) + (C) + (D)	¥920.1	¥820.9	¥857.6	¥908.1
Ratio of (E) to total loans and bills discounted (%)	4.4	4.0	4.2	4.4

- Notes: 1. The definitions used are those provided in *Information on Risk-Managed Assets in Securities Reports* issued by the Japan Bankers Association (March 24, 1998, No. 43). For the breakdown of Restructured Loans, where more than one set of conditions has been changed, individual loans have been placed in the most appropriate category.
2. The portion written off indirectly and deducted from assets accompanying the change in accounting methods.
3. Previously, following tax accounting criteria, unpaid interest on loans was accrued, but, beginning from the year ended March 31, 1999, the decision to accrue or not accrue has been based on the Bank's self-assessments of loan quality.
4. Accompanying the change in accounting methods, the amount of indirect write-offs of subsidiaries has also been accounted for.

**Measures to Dispose of Nonperforming Loans (Nonconsolidated)**

(Billions of yen)

	Year ended March 31, 1999	Six months ended September 30, 1999	Year ended March 31, 2000		2001
	Actual	Actual	Plan	Actual	Plan
Disposal of nonperforming loans (A)	¥576.0	¥60.7	¥100.0	¥202.7	¥100.0
Loan write-offs	143.5	27.7	67.0	65.6	80.0
Transfer to the specific reserve for possible loan losses	141.4	3.0	3.0	50.0	0
Reserve for contingent liabilities related to loans sold to the CCPC	30.7	3.4	3.4	15.8	20.0
Losses on sale of assets to banks that are party to the Agreement (Note)	—	—	—	—	—
Claims forfeited	170.7	—	—	38.0	0
Other losses related to the sale of loans	29.5	0.8	0.8	3.5	0
Other losses	60.2	25.8	25.8	29.7	0
Provision to the general reserve for possible loan losses (B)	73.2	(2.5)	0	1.6	0
Total (A) + (B)	¥649.2	¥58.2	¥100.0	¥204.3	¥100.0

Note: Losses on loans sold to other banks that are party to the Agreement as provided for under Article 53 of the Law.

**Measures to Dispose of Nonperforming Loans (Consolidated)**

(Billions of yen)

	Year ended March 31, 1999	Six months ended September 30, 1999	Year ended March 31, 2000	
	Actual	Actual	Actual	
Disposal of nonperforming loans (A)	¥596.0	¥86.7	¥213.1	
Loan write-offs	157.0	28.5	68.1	
Transfer to the specific reserve for possible loan losses	147.2	28.1	85.9	
Reserve for contingent liabilities related to loans sold to the CCPC	30.7	3.4	15.9	
Losses on sale of assets to banks that are party to the Agreement (Note)	—	—	—	
Claims forfeited	170.7	—	—	
Other losses related to the sale of loans	30.0	0.8	13.5	
Other losses	60.3	25.8	29.7	
Provision to the general reserve for possible loan losses (B)	73.9	1.4	11.8	
Total (A) + (B)	¥669.9	¥88.1	¥224.9	

Note: Losses on loans sold to other banks that are party to the Agreement as provided for under Article 53 of the Law.

**Resources Used to Cover Credit Costs (Nonconsolidated)**

(Billions of yen)

	Year ended March 31, 1999	Six months ended September 30, 1999	Year ended March 31, 2000		2001
	Actual	Actual	Plan	Actual	Plan
Net operating profit (Less provision for general reserve for possible loan losses)	¥157.1	¥ 79.7	¥150.0	¥ 157.0	¥150.0
Including profit/loss from Japanese government bonds	13.1	(3.0)	(3.0)	(1.7)	(2.6)
Profit/loss from stocks and other	104.6	27.5	27.5	152.9	0
Profit/loss from sale of real estate	32.3	(3.5)	(3.5)	(6.5)	0
Retained earnings	197.8	0	0	0	0
Other	157.4	0	0	0	0
Total	¥649.2	¥103.7	¥174.0	¥303.4	¥150.0

**Resources Used to Cover Credit Costs (Consolidated)**

(Billions of yen)

	Year ended March 31, 1999	Six months ended September 30, 1999	Year ended March 31, 2000	
	Actual	Actual	Actual	
Net operating profit (Less provision for general reserve for possible loan losses)	¥157.1	¥ 79.7	¥ 157.0	
Including profit/loss from Japanese government bonds	13.1	(3.0)	(1.7)	
Profit/loss from stocks and other	104.7	29.5	161.0	
Profit/loss from sale of real estate	32.1	(4.0)	(15.7)	
Retained earnings	218.6	0	0	
Other	157.4	0	0	
Total	¥669.9	¥105.2	¥302.3	

Note: The figure for net operating profit under Actual (Consolidated) is the nonconsolidated figure.

### Number of Bankruptcies among the Bank's Customers for the Year under Review

Rating assigned by the Bank during the previous year	Number	Amount (Billions of yen)
A • a	1	¥ 0.2
B • b	4	1.1
C • c	7	1.7
D • d	53	18.5
E • e	34	12.0
F • f	47	24.7
G	12	3.4
H	2	0.2
Not rated	9	2.9
<b>Total</b>	<b>169</b>	<b>¥64.8</b>

Note: Excludes customers with loans of less than ¥50 million.

### Unrealized Gains and Losses on Assets (Nonconsolidated)

(Billions of yen)

Year ended March 31	1999				
	Book value	Estimated market value	Unrealized gains/losses on evaluation		
			Gains/losses	Gains	Losses
Securities	¥3,414.8	¥3,534.7	¥119.8	¥350.2	¥230.3
Bonds	1,173.5	1,200.9	27.3	27.5	0.1
Stocks	2,158.2	2,241.6	83.3	313.1	229.7
Other	83.0	92.1	9.1	9.6	0.4
Money trusts	83.0	83.0	0	0	—
Revaluation difference (Note 1)	95.8	321.9	226.1	—	—
Unrealized gains on real estate (Note 1)	—	—	(28.2)	—	—
Unrealized gains on other assets (Note 2)	—	508.9	(41.5)	122.9	164.5

Year ended March 31	2000				
	Book value	Estimated market value	Unrealized gains/losses on evaluation		
			Gains/losses	Gains	Losses
Securities	¥2,968.8	¥3,519.2	¥550.4	¥610.7	¥ 60.2
Bonds	886.8	896.7	9.9	11.7	1.7
Stocks	2,027.6	2,560.6	532.9	591.3	58.3
Other	54.3	61.8	7.4	7.6	0.1
Money trusts	210.0	210.0	—	—	—
Revaluation difference (Note 1)	95.1	313.8	218.6	—	—
Unrealized gains on real estate (Note 1)	—	—	(53.8)	—	—
Unrealized gains on other assets (Note 2)	—	269.3	(22.6)	102.3	124.9

## Unrealized Gains and Losses on Assets (Consolidated)

(Billions of yen)

Year ended March 31	1999				
	Book value	Estimated market value	Unrealized gains/losses on evaluation		
			Gains/losses	Gains	Losses
Securities	¥3,445.0	¥3,567.2	¥122.2	¥355.2	¥232.9
Bonds	1,189.4	1,217.2	27.7	27.9	0.1
Stocks	2,170.9	2,256.4	85.5	317.6	232.1
Other	84.6	93.5	8.9	9.6	0.6
Money trusts	83.3	83.3	0	0	—
Revaluation difference (Note 1)	95.8	321.9	226.1	—	—
Unrealized gains on real estate (Note 1)	—	—	(29.7)	—	—
Unrealized gains on other assets (Note 2)	—	508.9	(41.5)	122.9	164.5

Year ended March 31	2000				
	Book value	Estimated market value	Unrealized gains/losses on evaluation		
			Gains/losses	Gains	Losses
Securities	¥2,992.8	¥3,547.3	¥554.5	¥617.1	¥ 62.6
Bonds	895.3	905.7	10.3	12.1	1.7
Stocks	2,041.6	2,578.3	536.6	597.2	60.5
Other	55.8	63.2	7.4	7.6	0.2
Money trusts	210.0	210.0	—	—	—
Revaluation difference (Note 1)	95.1	313.8	218.6	—	—
Unrealized gains on real estate (Note 1)	—	—	(63.1)	—	—
Unrealized gains on other assets (Note 2)	—	269.3	(22.6)	102.3	124.9

Notes: 1. The revaluation difference and unrealized gains pertaining to real estate used by the Bank for business purposes were calculated based on the provisions of the Law Concerning Land Revaluation.

2. Includes gains/losses arising from derivatives, guarantees, and other assets influenced by unpredictable events. This item has been calculated in accord with ordinances issued by the ministry having jurisdiction over the Bank.

## Off-Balance-Sheet Financial Instruments (Nonconsolidated)

(Billions of yen)

	Contract value or notional principal amount			Credit risk amount		
	March 31, 1999	September 30, 1999	March 31, 2000	March 31, 1999	September 30, 1999	March 31, 2000
Financial futures	¥ 2,590.5	¥ 3,566.4	¥ 2,520.1	¥ 17.5	¥ 0.2	¥ 1.4
Interest rate swaps	13,459.0	15,912.0	16,464.5	216.5	213.8	187.7
Currency swaps	255.9	433.3	334.8	13.5	51.5	44.8
Forward foreign exchange	2,563.6	1,234.7	1,538.0	109.9	48.4	41.0
Interest rate options (bought)	0	0	25.0	0	0	0
Currency options (bought)	197.1	88.9	27.7	3.6	2.5	0.7
Others	644.2	674.7	625.9	4.9	4.4	3.3
Effect of netting agreements	—	—	—	(143.5)	(110.0)	(104.7)
	¥19,710.3	¥21,909.9	¥21,536.2	¥222.4	¥210.9	¥174.3

Note: Figures shown above were based on capital adequacy guidelines set by the BIS, adding to transactions listed on exchanges and transactions with original contracts of two weeks or less.

## Credit Exposure of Customers with Ratings from Officially Recognized Agencies (Nonconsolidated)

(Billions of yen)

As of March 31, 2000	Customers with ratings of BBB/Baa or higher	Customers with ratings of BB/Ba or lower	Others	Total
Credit risk exposure	¥277.9	¥18.8	¥4.4	¥301.1
Credit costs	0.1	0.2	0	0.3
Volume of credit risk	1.6	1.8	0.1	3.5

Note: Others include transactions with individuals (foreign currency time deposits), impact loans to customers without credit ratings, and certain other transactions.

## INTERNATIONAL NETWORK

(As of June 30, 2000)

HEAD OFFICE	ASIA/PACIFIC
INTERNATIONAL BANKING DEPARTMENT	<ul style="list-style-type: none"> <li>● <b>Hong Kong Branch</b> Level 32, One Pacific Place 88 Queensway, Hong Kong The People's Republic of China Phone: 852-2532-0500 Telex: 86021 ASHHK HX Fax: 852-2868-4503</li> <li>● <b>Singapore Branch</b> 1 Temasek Avenue #40-01 Millenia Tower Singapore 039192 Singapore Phone: 65-3330378 Telex: 22059 ASHSP Fax: 65-3330797</li> <li>● <b>Seoul Branch</b> 18th Floor, Kyobo Life Insurance Building 1, Chongro 1-ka Chongro-ku, Seoul The Republic of Korea Phone: 82-2-738-5183 Telex: 23356 ASHSLA Fax: 82-2-736-1242</li> <li>● <b>Labuan Branch</b> Level 12 (D) Main Office Tower Financial Park Labuan Jalan Merdeka 87000 Federal Territory of Labuan, Malaysia Phone: 60-87-422516 Telex: 85074 ASHLBL Fax: 60-87-422517</li> <li>● <b>Labuan Branch, Kuala Lumpur Marketing Office</b> 18th Floor Arab-Malaysian Building Letter Box 18 B 55 Jalan Raja Chulan 50200, Kuala Lumpur Malaysia Phone: 60-3-2042001 Telex: 32680 AQSHLBK Fax: 60-3-2042100</li> <li>● <b>Shanghai Branch</b> Room 2001, Jin Mao Tower 88 Century Boulevard Pu Dong New Area Shanghai 200120 The People's Republic of China Phone: 86-21-5047-1188 Telex: 337238 ASHSH CN Fax: 86-21-5047-0808</li> <li>● <b>Sydney Branch</b> 5th Floor, 25 Bligh Street Sydney, NSW 2000 Australia Phone: 61-2-9221-5511 Telex: 170199 ASHSY Fax: 61-2-9221-3337</li> <li>■ <b>Beijing Representative Office</b> Suite 2513 China World Tower China World Trade Center #1 Jian Guo Men Wai Avenue, Beijing The People's Republic of China Phone: 86-10-6505-1337 Fax: 86-10-6505-1338</li> <li>■ <b>Bangkok Representative Office</b> 31st Floor, Abdulrahim Place 990 Rama 4 Road Silom, Bangkok 10500 Thailand Phone: 66-2-636-2311 Telex: 22061 ASHBK TH Fax: 66-2-636-2316</li> </ul>

● Branches and Marketing Office

■ Representative Offices

Note: A branch, representative offices, and subsidiaries  
under liquidation have been omitted.

**ASIA/PACIFIC**

- Kuala Lumpur  
Representative Office  
18th Floor  
Arab-Malaysian Building  
Letter Box 18 B  
55 Jalan Raja Chulan  
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Fax: 60-3-2024002
- Jakarta Representative  
Office  
7th Floor  
Menara Cakrawala  
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Fax: 62-21-322189
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Makati City  
Manila, Philippines  
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Fax: 632-848-0573
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Tun Hwa North Road  
Taipei, Taiwan  
Phone: 886-2-2545-9777  
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One World Trade Center  
Suite 6011  
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- Los Angeles Representative  
Office  
350 South Grand Avenue  
Suite 3800  
Los Angeles, CA 90071  
U.S.A.  
Phone: 1-213-473-3300  
Fax: 1-213-624-0172
- São Paulo Representative  
Office  
Avenida Paulista 1938-18  
Andar  
01310-200 São Paulo  
S.P., Brazil  
Phone: 55-11-285-5417  
Telex: 1133877 ASAH  
Fax: 55-11-283-4078
- ▲ Asahi Bank of California  
Bank's equity  
ownership: 100%  
350 South Grand Avenue  
Suite 3810  
Los Angeles, CA 90071  
U.S.A.  
Phone: 1-213-626-6266  
Telex: 674929 ASHLAA  
Fax: 1-213-683-0712
- ▲ Asahi Finance (Cayman) Ltd.  
Bank's equity  
ownership: 100%  
George Town  
Grand Cayman  
British West Indies

**EUROPE**

- London Branch  
30 Cannon Street  
London EC4M 6XH, U.K.  
Phone: 44-20-7248-7000  
Telex: 886400 ASHLDA G  
Fax: 44-20-7248-3862

- Branches and Representative Office
- Representative Offices
- ▲ Subsidiaries

Note: A branch, representative offices, and subsidiaries  
under liquidation have been omitted.

## CONSOLIDATED SUBSIDIARIES AND AFFILIATES

(As of June 30, 2000)

### DOMESTIC

- |   |  |  |
|---|--|--|
| <p>■ <b>Asahi Trust and Banking Co., Ltd.</b><br/>6-5, Takasago 2-chome<br/>Urawa-shi, Saitama, Japan<br/>Established: 1996<br/>Capital: ¥10,000 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Trust banking business</p>   | <p>■ <b>Asahi Bank Building Co., Ltd.</b><br/>1-2, Otemachi 1-chome<br/>Chiyoda-ku, Tokyo, Japan<br/>Established: 1988<br/>Capital: ¥50 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Building maintenance and office leasing</p>                      | <p>■ <b>Asahi Bank Building Maintenance Co., Ltd.</b><br/>2-3, Kamimeguro 3-chome<br/>Meguro-ku, Tokyo, Japan<br/>Established: 1979<br/>Capital: ¥10 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Building maintenance</p>  |
| <p>■ <b>Asahi Sogo Kanri Co., Ltd.</b><br/>1-3, Kyobashi 3-chome<br/>Chuo-ku, Tokyo, Japan<br/>Established: 1995<br/>Capital: ¥300 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Auctioning and administration of collateral real estate</p>                          | <p>■ <b>Asahi Bank Business Service Co., Ltd.</b><br/>4-10, Nakamachi 1-chome<br/>Urawa-shi, Saitama, Japan<br/>Established: 1980<br/>Capital: ¥30 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Cash adjustment and mailing and printing services</p> | <p>■ <b>Asahi Bank Investment Co., Ltd.</b><br/>3-1, Kyobashi 1-chome<br/>Chuo-ku, Tokyo, Japan<br/>Established: 1988<br/>Capital: ¥4,450 million<br/>Bank's equity ownership: 48.25%<br/>Operations:<br/>Investment and financing for small and medium-sized businesses</p>                           |
| <p>■ <b>Asahigin Software Co., Ltd.</b><br/>5-5, Kitaurawa 4-chome<br/>Urawa-shi, Saitama, Japan<br/>Established: 1983<br/>Capital: ¥80 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Systems engineering</p>   | <p>■ <b>Asahi Bank Jimu Service Co., Ltd.</b><br/>7-8, Kyobashi 3-chome<br/>Chuo-ku, Tokyo, Japan<br/>Established: 1980<br/>Capital: ¥30 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Office administration services</p>                              | <p>■ <b>Asahi Bank Retail Finance Co., Ltd.</b><br/>21-5, Minami-Ikebukuro 1-chome<br/>Toshima-ku, Tokyo, Japan<br/>Established: 1979<br/>Capital: ¥200 million<br/>Bank's equity ownership: 39.50%<br/>Operations:<br/>Financing for individuals, financing for small and medium-sized businesses</p> |
| <p>■ <b>Asahi Bank Career Service Co., Ltd.</b><br/>1-9, Kanda Surugadai 2-chome<br/>Chiyoda-ku, Tokyo, Japan<br/>Established: 1987<br/>Capital: ¥60 million<br/>Bank's equity ownership: 100%<br/>Operations: Personnel agency</p>   | <p>■ <b>Asahi Bank Property Co., Ltd.</b><br/>14-6, Shiba Daimon 1-chome<br/>Minato-ku, Tokyo, Japan<br/>Established: 1984<br/>Capital: ¥10 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Collateral evaluation and administration services</p>        | <p>■ <b>Asahi Bank Finance Service Co., Ltd.</b><br/>10-5, Nihombashi Kayabacho 1-chome<br/>Chuo-ku, Tokyo, Japan<br/>Established: 1978<br/>Capital: ¥200 million<br/>Bank's equity ownership: 39.00%<br/>Operations:<br/>Receivables purchasing</p>   |
| <p>■ <b>Asahi Bank Sogo Service Co., Ltd.</b><br/>1-1, Itabashi 3-chome<br/>Itabashi-ku, Tokyo, Japan<br/>Established: 1973<br/>Capital: ¥50 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Employee welfare services and administration of procurement activities</p> | <p>■ <b>Asahi Bank Loan Business Co., Ltd.</b><br/>9-15, Takasago 2-chome<br/>Urawa-shi, Saitama, Japan<br/>Established: 1995<br/>Capital: ¥10 million<br/>Bank's equity ownership: 100%<br/>Operations:<br/>Individual customers' loan administration services</p>    |  |

■ Consolidated Subsidiaries

▲ Affiliates

Note: Subsidiaries under liquidation have been omitted.

## OVERSEAS

■ **Asahi Tokyo Investment Trust Management Co., Ltd.**  
2-15, Nihombashi  
Muromachi 3-chome  
Chuo-ku, Tokyo, Japan  
Established: 1987  
Capital: ¥780 million  
Bank's equity ownership:  
26.69%  
Operations:  
Sales of investment trust  
products and investment  
advisory services

■ **Asahi Card Co., Ltd.**  
2-6, Nihombashi  
Muromachi 1-chome  
Chuo-ku, Tokyo, Japan  
Established: 1983  
Capital: ¥200 million  
Bank's equity ownership: 5%  
Operations:  
Credit card administration

■ **Asahigin Guarantee Co., Ltd.**  
13-10, Tokiwa 10-chome  
Urawa-shi, Saitama, Japan  
Established: 1975  
Capital: ¥300 million  
Bank's equity ownership: 5%  
Operations:  
Loan guarantee services

■ **Asahigin Systems Co., Ltd.**  
10-43, Minami-Aoyama  
3-chome, Minato-ku  
Tokyo, Japan  
Established: 1971  
Capital: ¥650 million  
Bank's equity ownership: 5%  
Operations:  
Information management  
and software development

■ **Asahi Bank Research Institute Co., Ltd.**  
3-1, Kyobashi 1-chome  
Chuo-ku, Tokyo, Japan  
Established: 1986  
Capital: ¥400 million  
Bank's equity ownership: 5%  
Operations:  
Research and business  
consulting services

▲ **Asahigin Leasing Co., Ltd.**  
13-7, Nihombashi Koami-cho  
Chuo-ku, Tokyo, Japan  
Established: 1976  
Capital: ¥710 million  
Bank's equity ownership: 5%  
Operations: General leasing

▲ **Showa Leasing Co., Ltd.**  
12, Yotsuya 3-chome  
Shinjuku-ku, Tokyo, Japan  
Established: 1969  
Capital: ¥7,199 million  
Bank's equity ownership: 5%  
Operations: General leasing

▲ **Kyodo Mortgage Acceptance Co., Ltd.**  
1-7, Nihombashi  
Hon-cho 2-chome  
Chuo-ku, Tokyo, Japan  
Established: 1984  
Capital: ¥2,400 million  
Bank's equity ownership: 5%  
Operations:  
Mortgage securities business

▲ **Fuji Warehouse & Transportation Co., Ltd.**  
6-17, Kyobashi 3-chome  
Chuo-ku, Tokyo, Japan  
Established: 1943  
Capital: ¥816 million  
Bank's equity ownership:  
2.72%  
Operations:  
Warehousing industry

■ **Asahi Bank of California**  
350 South Grand Avenue  
Suite 3810, Los Angeles  
CA 90071, U.S.A  
Established: 1978  
Capital: \$9.2 million  
Bank's equity ownership:  
100%  
Operations: Banking

■ **Asahi Finance (Cayman) Ltd.**  
George Town, Grand Cayman  
British West Indies  
Established: 1994  
Capital: \$10.0 thousand  
Bank's equity ownership:  
100%  
Operations: Financing

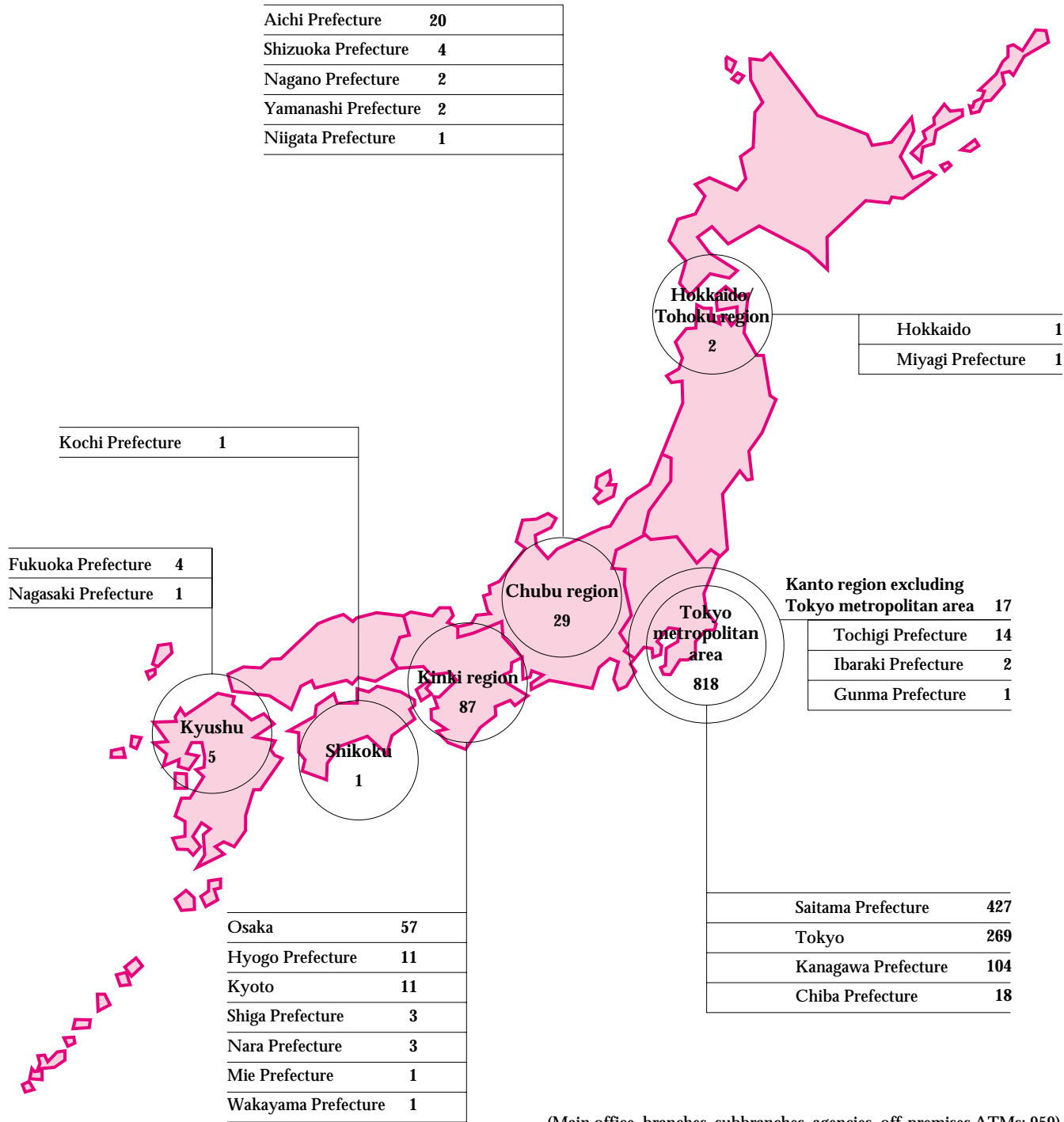
## ■ Consolidated Subsidiaries

### ▲ Affiliates

Note: Subsidiaries under liquidation have been omitted.

# DOMESTIC NETWORK

(As of March 31, 2000)



(Main office, branches, subbranches, agencies, off-premises ATMs: 959)

## BOARD OF DIRECTORS, CORPORATE AUDITORS, AND EXECUTIVE OFFICERS

On June 28, 2000, the Bank introduced the Executive Officer System to separate the functions of overall management decision making and corporate governance from the functions of the management of operations.

As a result of the introduction of this system, members of the Board of Directors and the Executive Officers performed different roles, and their authority and responsibilities were clarified, thereby strengthening the functions of the Board of Directors as well as enhancing the efficiency and speed of the management of operations.

BOARD OF DIRECTORS AND CORPORATE AUDITORS		EXECUTIVE OFFICERS	
<b>Tadashi Tanaka</b> <i>Chairman</i>	<b>Masanobu Kurihara*</b> <i>Senior Managing Director</i>	<b>Kiichiro Ohkura</b> <i>Senior Executive Officer</i>	<b>Yoshifumi Ogata</b> <i>Executive Officer</i>
<b>Tatsuro Itoh</b> <i>President</i>	<b>Hirotsune Koide*</b> <i>Senior Managing Director</i>	<b>Tadahiro Tone</b> <i>Senior Executive Officer</i>	<b>Toshihiro Kitamura</b> <i>Executive Officer</i>
<b>Kengo Muramatsu*</b> <i>Deputy President</i>	<b>Katsuhiko Sugita*</b> <i>Senior Managing Director</i>	<b>Sanji Arai</b> <i>Senior Executive Officer</i>	<b>Shinsuke Ohsawa</b> <i>Executive Officer</i>
<b>Kazutaka Kubota*</b> <i>Deputy President</i>	<b>Yukio Yanase*</b> <i>Senior Managing Director</i>	<b>Harumi Takimoto</b> <i>Senior Executive Officer</i>	<b>Osamu Monoe</b> <i>Executive Officer</i>
	<b>Shuichi Koshiro*</b> <i>Senior Managing Director</i>	<b>Nobuyasu Horiuchi</b> <i>Senior Executive Officer</i>	<b>Hiromu Matsushima</b> <i>Executive Officer</i>
	<b>Katsuyoshi Iwashiro*</b> <i>Senior Managing Director</i>	<b>Tatsuya Ogonuki</b> <i>Senior Executive Officer</i>	<b>Toshinobu Onuki</b> <i>Executive Officer</i>
	<b>Katsuhiko Kakutani</b> <i>Corporate Auditor</i>	<b>Hiroshi Aikawa</b> <i>Senior Executive Officer</i>	<b>Hitoshi Yamaguchi</b> <i>Executive Officer</i>
	<b>Hirohisa Hashimoto</b> <i>Corporate Auditor</i>	<b>Akihiko Umeda</b> <i>Senior Executive Officer</i>	<b>Kunio Sato</b> <i>Executive Officer</i>
	<b>Yasushi Mizutani</b> <i>Corporate Auditor</i>		<b>Tetsuo Kubo</b> <i>Executive Officer</i>
	<b>Hideo Yoda</b> <i>Corporate Auditor</i>		<b>Keiji Yokooji</b> <i>Executive Officer</i>
	<b>Tatsusaburo Tsuji</b> <i>Outside Corporate Auditor</i>		<b>Masayuki Matsumura</b> <i>Executive Officer</i>
	<b>Toshihiko Nishiyama</b> <i>Outside Corporate Auditor</i>		<b>Tomoaki Sano</b> <i>Executive Officer</i>
			<b>Toru Morita</b> <i>Executive Officer</i>
			<b>Kenji Kawada</b> <i>Executive Officer</i>

\*These directors are also executive officers.

(As of June 28, 2000)



## INVESTOR INFORMATION

(March 31, 2000)

### Management

Chairman: Tadashi Tanaka

President: Tatsuro Itoh

### Head Office

Investor Relations Office

1-2, Otemachi 1-chome, Chiyoda-ku,

Tokyo 100-8106, Japan

Phone: 81-3-5223-5274

Fax: 81-3-3213-6424

International Banking Department

1-2, Otemachi 1-chome, Chiyoda-ku,

Tokyo 100-8106, Japan

Phone: 81-3-3287-2111

Fax: 81-3-3212-3484

International Operations Office

2-6, Nihombashi Muromachi 1-chome,

Chuo-ku, Tokyo 103-0022, Japan

Phone: 81-3-3276-6107

Fax: 81-3-3276-6199

Telex: J24275 ASAHITKI

Cable Address: ASAHIBANK TOKYO

SWIFT: SAIBJPJT

### Network

Domestic offices: 959

Branches..... 329

Subbranches..... 30

Agencies..... 2

Off-premises ATMs ..... 598

Overseas offices: 29

Branches..... 9

Marketing office..... 1

Representative offices..... 10

Subsidiaries and affiliates and

associated companies..... 9

Paid-in Capital

¥605,356 million

Number of Stockholders

59,598

Common Stock

Authorized: 6,000,000 thousand shares

Issued: 2,817,354 thousand shares

Preferred Stock

Preferred stock No. 1

Authorized: 53,910 thousand shares

Issued: 3,910 thousand shares

Class B preferred stock

Authorized: 600,000 thousand shares

Issued: 240,000 thousand shares of

Class B preferred stock No. 1

80,000 thousand shares of

Class B preferred stock No. 2

Class C preferred stock

Authorized: 100,000 thousand shares

Issued: 0 shares

### Quarterly Stock Price Range

on the Tokyo Stock Exchange (First Section)

	Fiscal 1999		Fiscal 2000
	3rd	4th	1st
High	¥964	¥670	¥620
Low	630	436	406

### Stock Exchange Listings

Tokyo, Osaka, London, Zürich

### Transfer Agent and Registrar

Japan Securities Agents, Ltd.

2-4, Nihombashi, Kayabacho 1-chome,

Chuo-ku, Tokyo 103-0025, Japan

### Independent Accountants

Asahi & Co.

Century Ota Showa & Co.

### Number of Employees

(As of March 31, 2000)

12,148 (registered basis)

### Major Stockholders

	Number of shares (Thousands)	Percentage of stocks outstanding
The Dai-ichi Mutual Life Insurance Company .....	115,794	4.11
The Chiyoda Mutual Life Insurance Company .....	87,991	3.12
The Yasuda Mutual Life Insurance Company .....	79,039	2.80
Asahi Mutual Life Insurance Company .....	59,489	2.11
The Sumitomo Trust & Banking Co., Ltd. (Trust Account) .....	50,735	1.80
Nippon Life Insurance Company .....	50,604	1.79
The Chase Manhattan Bank, N.A. London (Agent: The Fuji Bank, Limited) .....	48,865	1.73
Sanyo Electric Co., Ltd. ....	43,569	1.54
Matsushita Electric Industrial Co., Ltd. ....	38,545	1.36
The Tokai Bank, Ltd. ....	35,293	1.25
State Street Bank and Trust Company (Agent: The Fuji Bank, Limited) .....	32,700	1.16
The Daihyaku Mutual Life Insurance Company .....	32,096	1.13
The Toyo Trust and Banking Company, Limited (Trust Account A) .....	27,905	0.99
The Nippon Fire & Marine Insurance Co., Ltd. ....	27,437	0.97
Dai-Tokyo Fire & Marine Insurance Co., Ltd. ....	26,836	0.95
Kajima Corporation .....	25,247	0.89
The Nichido Fire & Marine Insurance Co., Ltd. ....	24,732	0.87
The Nisshin Fire & Marine Insurance Co., Ltd. ....	24,273	0.86
Eisai Co., Ltd. ....	24,230	0.86
The Mitsubishi Trust and Banking Company, Limited (Trust Account) .....	24,114	0.85
<b>Total</b> .....	<b>879,502</b>	<b>31.21</b>