



We would like to take this opportunity to express our sincere gratitude to one and all for their continued support and favor toward The Nippon Credit Bank, Ltd. (Nippon Credit).

September 4 saw the beginning of an all-new bank for Nippon Credit, with the major shareholders of SOFTBANK CORP., ORIX Corporation and The Tokio Marine and Fire Insurance Co., Ltd. On this same day, the Board of Directors of Nippon Credit was appointed at the shareholders' meeting. These are all due in part to the continued support and warmth of our customers.

Our long customer relationships will continue to be our fortune, one that we intend to pay much care to. We will strive to answer the customer demands of the times by offering distinctive financial support and advisory services to developing companies with a high growth potential as well as by making use of a variety of Internet channels. We at Nippon Credit, by putting ourselves in our customers' shoes, are able to envision a turn of the century financial institution that places great value on the customer.

Establishment of the new management structure will assure transparency and an appropriate compliance system. The directors share the same desire in seeing Nippon Credit gain an improved corporate value, and become a bank society can depend on that much faster with the establishment of progressive corporate governance structure.

Your continued understanding and support are most appreciated.

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Start of Operations of the New Bank

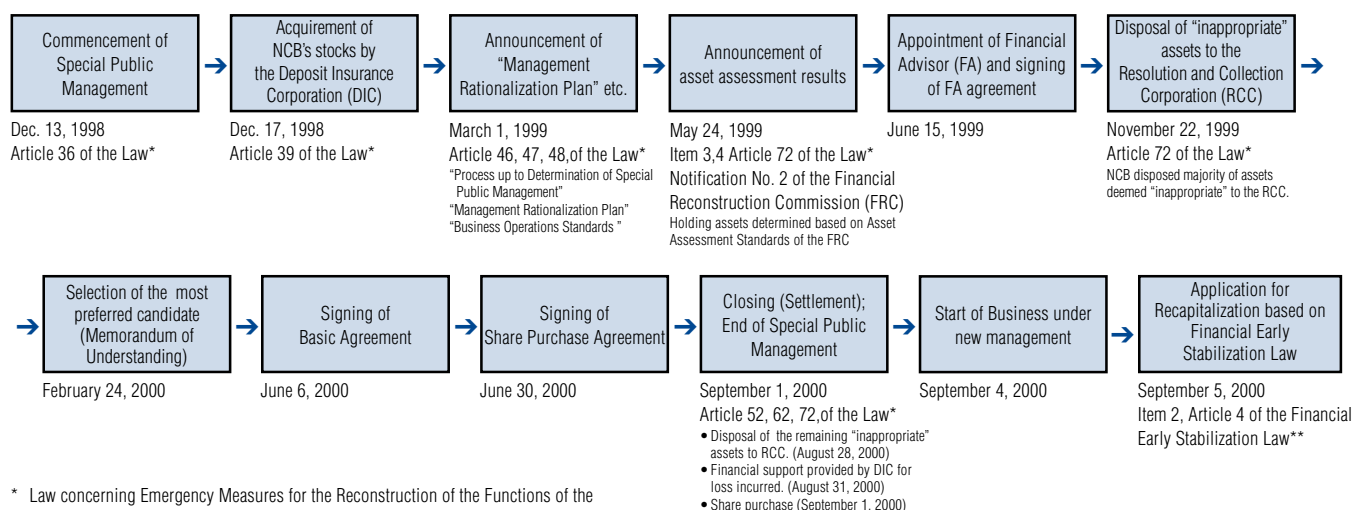
On September 1, 2000, Nippon Credit ended its period of special public management that began on December 13, 1998 upon the closing of a Share Purchase Agreement dated June 30, 2000 for the transfer of the Bank's stock by the Deposit Insurance Corporation (DIC) to an investment group consisting of SOFTBANK CORP., ORIX Corporation, The Tokio Marine and Fire Insurance Co., Ltd., and other financial institutions. Operations of the new privately owned bank started on September 4, 2000. On September 5, Nippon Credit applied for an enhancement of capital in accordance with the Financial Early Stabilization Law and submitted a Business Improvement Plan to the Financial Reconstruction Commission (FRC) (see following pages).

Nippon Credit plans to change its name to Aozora Bank, Ltd. on January 4, 2001.

■ Major events after the start of Special Public Management

1998	December	13	Commencement of Special Public Management
	December	17	DIC acquired all Nippon Credit shares
	December	25	Nippon Credit's new management appointed
1999	January	12	Upgrade of Moody's long-term debt rating returning to investment grade status (from Ba1 to Baa3 for long-term debt; from Baa3 to Baa2 for long-term deposits; from P3 to P2 for short-term deposits)
	January	27	Establishment of the Corporate Investigation Committee
	February	26	Submission of a report based on Article 46 of the Financial Reconstruction Law* ("Background to the Decision to Start Special Public Management")
	March	1	The Management Rationalization Plan based on Article 47 of the Financial Reconstruction Law* and the Business Operations Standards based on Article 48 of the Law were approved by FRC
	March	26	Nippon Credit made a partial repayment of ¥20 billion on borrowings from DIC
	April	23	Nippon Credit completed repayment of the remaining ¥30 billion of borrowings from DIC
	May	24	Asset Assessment Results of Nippon Credit were announced by FRC
	June	14	The Stock Price Evaluation Commission determined the prices of Nippon Credit shares
	June	15	Nippon Credit announced appointment of Morgan Stanley as Financial Advisor (FA)
	July	16	Internal Investigation Committee delivers its final report
	November	22	Disposal of "inappropriate" assets to the Resolution and Collection Corporation (RCC) (first transfer)
2000	February	24	FRC selects a consortium consisting of SOFTBANK CORP., ORIX Corporation and Tokio Marine and Fire Insurance Co., Ltd. as the most preferred candidates to take over the operations of Nippon Credit. A Memorandum of Understanding was signed between the consortium, DIC and Nippon Credit
	June	6	Signing of Basic Agreement
	June	30	Signing of Share Purchase Agreement
	August	28	Disposal of "inappropriate" assets to RCC (second transfer)
	September	1	Closing (settlement); end of special public management
	September	4	Start of business under new management
	September	5	Application for Recapitalization based on Financial Early Stabilization Law**

■ Process to end Special Public Management



* Law concerning Emergency Measures for the Reconstruction of the Functions of the Financial System

** Law concerning Emergency Measures for Early Stabilization of Financial Functions

Summary of Business Improvement Plan

1. Summary of Application for Preferred Stock Subscription and Utilization of New Capital

■ Summary of Application

1 Type of Stock	Convertible Non-cumulative Preferred Stock
2 Total Amount Issued	¥260,000,100,000 (866,667,000 shares x @¥300)
3 Preference Dividend	To be determined
4 Conversion to Ordinary Stock	
(1) Conversion Period	October 3, 2005 – October 2, 2012
(2) Conversion Provisions	
A. Initial Conversion Price	Market price as of October 3, 2005 (net asset value per share in non-public case) with a floor of ¥225 and a cap of ¥270.
B. Conversion Price Revision	To be revised by market price as of October 3 each year (net asset value per share in non-public case) with a floor of ¥225 and a cap of ¥270.
5 Provisions for Simultaneous Conversion to Ordinary Stock	To be determined by market price as of October 3, 2012 (net asset value per share in non-public case) with a floor of ¥225 and a cap of ¥270.
6 Observance of Article 9 Section 3 of “Financial Functions Early Stabilization Law**”	Nippon Credit shall reduce capital, in accordance with Article 9 Section 3 of Financial Function Early Stabilization Law, to adjust value per existing stock prior to the issuance of the preferred stock.

■ Capital Adequacy Ratio Projection

(100 million yen)

	March 2000 Result	September 2000 Projection	March 2001 Projection	
		Without Public Fund	Without Public Fund	With Public Fund
Shareholders' Equity (Non-consolidated)	—	1,850	1,991	4,591
Tier I	—	1,238	1,378	4,578
Tier II	—	1,238	1,253	635
Capital Adequacy Ratio (Consolidated)	—	6.30%	6.78%	13.43%

■ Utilization of New Capital

- Increase the Bank's capacity to provide funds to customers (mainly mid-to-small sized companies) in a more timely and stable manner
- Invest to improve the Bank's infrastructure for new business activities to provide progressive and customer-oriented financial services

2. Measures for Management Rationalization

1. New Management Policy

■ Vision toward Reconstruction

- Revive as a profitable and sound Bank uniquely positioned in the Japanese banking industry, and as a Bank that contributes to the growth of the Japanese economy
- Increase corporate value by providing unique financial services suitable for the new economy's needs, in addition to strengthening business with existing corporate customers, financial institutions, and private customers

■ Management Targets

- Always think from the customer's point of view, and provide value-added financial services to customers
- Mid-term business targets are as follows:
 - i) Ratings upgrade through the improvement of profitability and balance sheet
 - ii) Re-listing of the Bank's stocks on a stock exchange by improving the status in financial markets and restoring market confidence in the Bank

■ Prospect for Assets and Liabilities

- Create profitable and sound loan portfolio with a focus on high-growth mid-to-small sized companies
- Focus on public and corporate bonds in securities portfolio with strict attention to market risks
- Keep the Bank's funding stable mainly through debenture sales to financial institutions such as regional banks and maintain supplemental and mutually-beneficial business relationships with such institutions

(100 million yen)

		March 2001 Plan	March 2002 Plan	March 2003 Plan
Assets	Loans	34,700	33,000	34,500
	Securities	13,600	14,700	14,900
Liabilities	Debentures	28,300	18,600	21,500
	Deposits/CDs	25,000	15,300	15,200
Total Assets		71,100	49,400	52,300

Note: Average Outstanding Balance Basis

■ Earnings Projection

- Expect profit to increase due to:
 - Repricing of loan spreads in accordance with underlying credit risk of each borrower, and decrease in funding cost expected from a shift in debenture from high-coupons to lower ones

(100 million yen)

	March 2001 Plan	March 2002 Plan	March 2003 Plan
Gross Business Profit	559	684	765
Expenses	423	453	451
Business Profit*	136	231	314

*Prior to Provisioning of General Loan Loss Reserve

■ Capital Adequacy Ratio Projection

- Expect Tier I Ratio to be maintained near 12 % through accumulation of future retained earnings
- Expect Capital Adequacy Ratio to be maintained well above 10%, a level regarded as the global standard, although a decrease in the Tier II portion due to repayment of subordinated debts after March 2002 is foreseen

	March 2001	March 2002	March 2003
Tier I Ratio	11.79%	11.79%	11.56%
Capital Adequacy Ratio (Japanese Domestic Standards)	13.43%	12.92%	12.34%

2. Measures for Business Restructuring

■ New Corporate Governance Practice

- Separate management and business execution by establishing new “Executive Committee”
- Appointment of external directors from outside of the financial industry enables the Bank to take in a broader point of view in decision-making and strengthen supervisory functions of the Board
- Secure a more appropriate system of checks and balances by establishing the Internal Audit Committee and Nomination and Remuneration Committee

Internal Audit Committee:

Consists of independent directors and auditors, audits transactions between the Bank and parent companies to avoid becoming an Institutional bank for parent companies

Nomination and Remuneration Committee:

Recommend candidates for, or recommend dismissal of, directors and executive officers. Evaluate the performance and assess remuneration of directors and executive officers

■ Basic Business Strategy

- Enhance customer satisfaction through unique financial services suitable for the new economy’s needs and increase ROE through more adequate pricing reflecting renewed risk-return concept
- Support customers’ growth and expansion from a long-term perspective by providing well-designed financial products and services utilizing Nippon Credit’s existing expertise, resources of parent companies, and know-how from other industries

■ Business Focus

<Existing Business Areas>

- Loan Business to provide stable funds for financial demands
- “Bank for Banks” Business based on broad business ties with financial institutions built through debenture sales
- Servicer Business
- Retail Business: Private Banking Business with the best mix of products and services for private customers

<New Business Areas>

- New Finance Scheme for growing companies
- Solution Business and Recovery Support Business for business stimulation, recovery and restructuring of industries and companies
- Structured Finance that meets various funding needs
- Strategic Advisory Business using new financial technology to support financial and risk management
- Asset Management Business for sophisticated and varied investment needs
- Internet Banking aiming at enhancing customer convenience and expansion of customer base

■ Management Infrastructure

- Placed Corporate Staff Divisions organized to support the Board of Directors and the Executive Committee to secure advanced corporate governance
- Establish a management system for adequate capital allocation among business divisions in order to secure reasonable profit to risks
- Improve computer system to manage risks, earnings, and costs to assist the above-mentioned management structure
- Thoroughly adopt performance-based evaluation and compensation policy on personnel for more effective utilization of existing staff and more active operation: personnel policy on training, promotion, and recruiting will focus more and more on individual capability, expertise, and/or performance rather than on years on job

3. Restructuring Plan

■ Restructuring Measures under Special Public Management

- Carried out thorough restructuring under Business Rationalization Plan and achieved final goals related to number of staff and expense reduction one year earlier than planned
- Disposal of company apartments, dormitories, and welfare facilities near completion

■ Further Restructuring Plan

- Number of staff expected to be approximately 1,600 by March 2003
- Increase staff for new business areas on focus, while proceeding with administration staff reduction and further rationalization
- Expect operating expenses to increase moderately due to IT investments and increased devotion of resources to core business areas: further improve profitability with continuing review and reduction in costs

	Historical High	March 2000 Result	March 2001 Plan	March 2002 Plan	March 2003 Plan
Number of Staff	April 1993 3,086	1,766	1,600	1,550	1,600
Operating Expenses	March 1996 647	427	418	448	446

Number of staff is as of the end of period.

Unit for operating expenses is 100 million yen.

3. Measures to Avoid becoming an Institutional Bank

■ To Secure Independence of Nippon Credit Management

- (1) The Board of Directors shall be organized so that each director will be able to make decisions solely for the benefit of Nippon Credit with mutual checks and balances. Transactions with Parent Companies and their subsidiaries and affiliates (“Parent Companies Group”) shall be either approved by or reported to the Board of Directors. (With regard to the definition of Parent Companies, Nippon Credit shall define this as shareholders with 10% share or more, while government guidelines define it as shareholders with 20% or more.)
- (2) Internal Audit Committee, comprised of independent directors and auditors, shall be established. Internal Audit Committee will examine transactions with Parent Companies Group.

■ Protection Measures against Parent Companies’ Corporate Risk

- (1) “Prohibition against loans and other financial support towards deteriorated parent companies”
 - Should Parent Companies financially deteriorate, Nippon Credit shall seek repayment for credit extended to such Parent Companies, will not relax the terms and conditions of the credit extended, and will not advance further credit. If Nippon Credit should amend terms and conditions or advance new loans in exceptional situations, the Internal Audit Committee will need to examine it and the Board of Directors will need to approve the transaction in advance.
- (2) “Aversion of risk related to Parent Companies; i.e. Parent Companies’ financial deterioration and disposal of Nippon Credit shares”
 - i) Reputational risk such as Nippon Credit’s funds (debentures & deposits) outflow or desertion of customers due to Parent Companies’ financial deterioration
 - Nippon Credit will try to keep a high Tier 1 Ratio (target higher than 11%, which is well above the 6% global standard) and a certain level of rating (target is BBB-/Baa3 or better). Also, negative impacts such as desertion of customers is expected to be limited as Nippon Credit seeks the expansion of the customer base and profit diversification.
 - ii) Risk of disposal of Nippon Credit shares
 - All Parent Companies acquired Nippon Credit based on a long-term perspective. Also, an agreement among shareholders contains a clause restricting the transfer of Nippon Credit shares by major shareholders.

- iii) Risk that the bankruptcy of a Parent Company makes continuation of Nippon Credit’s business difficult in cases where Nippon Credit and said Parent Company are sharing business facilities
 - At present, Nippon Credit has no plan to share important business infrastructures necessary for operations such as facilities, fixed assets, or computer systems with parent companies.

In addition to the above-mentioned measures, Nippon Credit will conduct the following in relation to the existing requirements on banks under law, such as Large Credit Exposure Regulation, Arms’ Length Rule, and protection of customer information. (see below)

<Large Credit Exposure Regulation>

- A stringent credit limit will be set for the Parent Companies Group, taking into consideration factors such as internal ratings. Credit limit will be decided by the Credit Committee following examination by the Internal Audit Committee.
- Although the Large Credit Exposure Regulation under the Banking Law applies only to a debtor and its subsidiaries (as defined in the Commercial Code), Nippon Credit will continue to apply internal regulations, in addition to a debtor itself, to a) consolidated subsidiaries, b) affiliated companies applicable to equity method, and c) those companies virtually regarded as same.

<Arms’ Length Rule>

- All credit transactions with Parent Companies Group shall require examination by the Internal Audit Committee in advance. In addition, important transactions concerning advance of credit to customers of Parent Companies Group shall be examined by the Internal Audit Committee ex post facto.
- All credit exposure to Parent Companies Group shall be reported to the Board of Directors on a semi-annual basis.
- Information regarding credit exposure to Parent Companies Group shall be disclosed to the public on a semi-annual basis.
- Principle and procedures described above shall be specified in Credit Policy to be enacted.

<Protection of Customer Information>

- At present, there is no plan to share Nippon Credit’s customer’s personal information with Parent Companies. In case that Nippon Credit should wish to share the information with Parent Companies, explicit consent from each customer shall be sought through proper procedure to be determined.

Financial Information and Corporate Data

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Financial Highlights

Five-Year Summary

<Consolidated>

(In millions of yen)

	2000	1999	1998	1997	1996
Consolidated operating income	223,909	455,333	800,642	1,380,710	1,575,807
Consolidated operating profit	(112,592)	(3,523,986)	19,559	(366,879)	(126,509)
Consolidated net income	112	(469,252)	16,982	(376,724)	(76,462)
Consolidated stockholders' equity	1,229	1,503	503,973	139,849	475,281
Consolidated total assets	8,346,327	13,776,868	13,597,540	15,228,619	16,797,300
Consolidated capital adequacy ratio (BIS international standard) (%)				2.99	8.38
Consolidated capital adequacy ratio (Domestic standard) (%)	—	—			

Notes:

1. With regard to the deferred tax and the scope of subsidiaries and affiliates in the financial statements ended March 31, 1999, Paragraph 2 of supplementary rules of the "Ministerial Ordinance to Partially Revise the Regulation concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements" (MOF Ordinance No. 136, 1998) and Paragraph 3 of supplementary rules of the "Ministerial Ordinance to Partially Revise the Regulation concerning the Terminology, Forms and Preparation Method of Financial Statements" (MOF Ordinance No. 135, 1998) have been applied.
2. Consumption taxes and local consumption taxes of the parent company and consolidated domestic subsidiaries have been accounted for according to the "exclusion method."
3. Consolidated operating income represents consolidated total income less certain special income.
4. Consolidated operating profit (loss) represents consolidated operating income less consolidated operating expenses.
5. While the Bank adopts the domestic standard, consolidated capital adequacy ratio has been calculated since fiscal year 1998 pursuant to the revision made to Article 14-2 of the Banking Law applied in the first half of Article 17 of the Long-term Credit Bank Law, in accordance with the enforcement of the law concerning improvements on legislation relating to the reform of the financial system. BIS's international standard had been applied until fiscal year 1996.

<Non-Consolidated>

(In millions of yen)

	2000	1999	1998	1997	1996
Operating income	219,956	409,474	644,508	1,206,668	1,434,945
Operating profit (loss)	(113,703)	(3,560,709)	16,376	(350,155)	(131,162)
Net income (loss)	—	(467,161)	17,083	(285,248)	(163,886)
Capital stock	353,114	353,114	353,114	177,792	152,292
Number of outstanding shares (In thousands)	Common stock 2,501,536 The 2nd preferred stock 102,000 The 3rd preferred stock 386,398 The 4th preferred stock 120,000	Common stock 2,501,536 The 2nd preferred stock 102,000 The 3rd preferred stock 386,398 The 4th preferred stock 120,000	Common stock 2,501,536 The 2nd preferred stock 102,000 The 3rd preferred stock 386,398 The 4th preferred stock 120,000	Common stock 1,735,497 The 2nd preferred stock 102,000	1,735,497
Stockholders' equity	—	—	467,161	99,434	342,360
Total assets	8,500,368	14,055,429	12,659,064	14,646,340	15,916,584
Debentures	3,684,002	4,206,525	5,346,174	8,335,741	9,594,456
Deposits	1,785,011	1,884,073	1,805,807	2,103,303	2,344,071
Loans and bills discounted	4,104,221	7,209,084	7,781,830	9,080,477	10,071,724
Securities	1,135,653	1,198,950	2,172,793	3,221,636	3,788,668
Equity per share (in yen)	—	—	92.94	54.11	197.26
Dividend per share (in yen)	Common stock — The 2nd preferred stock — The 3rd preferred stock — The 4th preferred stock —	Common stock — The 2nd preferred stock — The 3rd preferred stock — The 4th preferred stock —	Common stock — The 2nd preferred stock — The 3rd preferred stock — The 4th preferred stock —	Common stock 2.5 The 2nd preferred stock —	5.5
incl. (Interim dividend per share) (in yen)	(Common stock —) (The 2nd preferred stock —) (The 3rd preferred stock —) (The 4th preferred stock —)	(Common stock —) (The 2nd preferred stock —) (The 3rd preferred stock —) (The 4th preferred stock —)	(Common stock —) (The 2nd preferred stock —) (The 3rd preferred stock —) (The 4th preferred stock —)	(Common stock 2.5) (The 2nd preferred stock —)	(3)
Net income per share (in yen)	—	(186.74)	7.39	(164.36)	(94.43)
Dividend payout ratio (%)	—	—	—	—	—
Number of employees	1,582	2,050	2,290	2,526	2,633
Capital adequacy ratio (Domestic standard) (%)	—	—	8.25		

Notes:

1. With regard to the scope of the subsidiaries and affiliates in the financial statements for the fiscal year ended March 31, 1999, Paragraph 2 of supplementary rules of the "Ministerial Ordinance to Partially Revise the Regulation concerning the Terminology, Forms and Preparation Method of Financial Statements" (MOF Ordinance No. 135, 1998) has been applied.
2. Consumption taxes and local consumption taxes have been accounted for according to the "exclusion method."
3. Operating income represents total income less certain special income.
4. Operating profit (loss) represents operating income less operating expenses.
5. Equity per share was previously calculated by dividing the term-end equity by the term-end outstanding shares. However, since the fiscal year ended March 31, 1998, it has been calculated dividing the term-end net asset less term-end number of preferred stocks times the issue price, by the term-end number of common stock issued. Since, however, term-end equity was zero in the years ended March 31, 1999 and 2000, it was calculated by dividing the term-end equity by the term-end outstanding shares.
6. Net income (or net loss) per share has been calculated by dividing the amount of net income (or net loss) less total preferred stock dividends for the term by the average number of common stock outstanding in the term.
7. Non-consolidated capital adequacy ratio (domestic standard) after fiscal year ended March 1998 has been calculated according to the MOF notice enforced from March 31, 1998 pursuant to the introduction of prompt corrective action based on Article 26 of the Banking Law applied in the first half of Article 17 of the Long-term Credit Bank Law.
8. The number of employees for the fiscal year ended March 31, 2000 includes 25 overseas local employees and executive officers, and does not include 229 seconded employees and 334 non-regular staff and temporary employees. Until the fiscal year ended March 1998, the number of employees did not include non-regular staff, temporary employees, overseas local employees and executive officers, but included seconded employees. Therefore, under this same standard, the number of employees for the fiscal year ended March 31, 2000 would be 1,786.

Business Results

■ Highlights of the Fiscal Year

● Transfer of inappropriate assets and strict implementation of write-offs/reserves

On December 13, 1998 the prime minister decided to place the Bank under Special Public Management (SPM) pursuant to the Financial Reconstruction Law. Throughout this fiscal year, the bank has carried out its business operations with the hope of bringing an early end to the SPM. The following are highlights of the fiscal year 1999:

- (1) The Bank made its first transfer of assets, that were deemed inappropriate for holding as a result of the asset assessment made under the Financial Reconstruction Law, to the Resolution and Collection Corporation.
- (2) As for inappropriate assets that are to be transferred in the second transfer, we calculated write-offs and reserves accordingly based on a fair estimate of transfer price. Assets judged appropriate for holding have also been properly written-off and posted reserves based on the write-off and reserve standards adopted in the previous fiscal year under "Financial Inspection Manual."
- (3) "Business Rationalization Plan", which aims at fulfilling its goals by March 31, 2001, is proceeding smoothly and the final goal of reducing operating expenses has been achieved one year earlier than originally planned.

■ Profit and Loss

1. Business profit (*gyomu jun-eki*)

Business profit (*gyomu jun-eki*) shows the bank's earnings from core banking businesses. Items such as net interest income, net fees and commissions, net trading revenues, net other operating income, provision for general reserve for possible loan losses and general and administrative expenses are taken into account.

Net interest income amounted to ¥12 billion. Owing to the transfer of low-yielding inappropriate assets to the Resolution and Collection Corporation on last November 22nd, and the replacement of high-yield bonds by low-yield bonds in fund raising, net interest income, which was ¥0.9 billion in the first half of the fiscal year, improved significantly to ¥11.1 billion in the second half. Total business profit, including fees and commissions, improved by ¥34.2 billion from the previous year to ¥19.5 billion.

General and administrative expenses, decreased by ¥6.4 billion from the previous year to ¥43.2 billion, due to an across-the-board cost-cutting initiative conducted by the Bank. *Gyomu jun-eki*, before the allocation of general loan-loss reserve, posted ¥23.7 billion loss.

General loan-loss reserve reduced by ¥54.6 billion due to the decrease in the number of applicable loans, as well as a drop in historical default rate in accordance with average remaining loan period.

As a result, business profit (*gyomu jun-eki*) for this fiscal year amounted to ¥31 billion.

2. Disposal of problem loans, ordinary income/expenses, and net income/loss

Ordinary income and expenses includes profit and loss from stock transactions and expenses related to disposal of problem loans.

Regarding profit and loss on stock transactions, we adopted the lower-of-cost-or-market method as in the previous fiscal year for listed stocks and were forced to devalue unlisted stocks, resulting in a loss of ¥2.1 billion.

In handling problem loans, (1) loans inappropriate for holding totaling approximately ¥2,620 billion on a book value base as of November 1999 were transferred to the Resolution and Collection Corporation (2) regarding the inappropriate assets to be disposed of in the second transfer, we calculated write-offs and reserves accordingly based on the expected transfer amount of the calculation method used in the first transfer (3) appropriate write-offs and reserves were carried out for appropriate loans as per the Bank's standards for write-offs and reserves based on Financial Inspection Manual.

In spite of making for improvement of collateral coverage and efforts toward collection of inappropriate loans, a total of ¥115.6 billion in assets was disposed of, including the settlement of ¥41.2 billion in inappropriate loans in Other deductions, partly due to the depreciation of collateral. As a result, the amount of special assistance funds under the Financial Reconstruction Law increased by ¥149.7 billion in this fiscal period and this was posted to Other income.

The Bank announced the "Business Rationalization Plan" in March 1999 with a final aim at fulfilling its goal by the end of March 2001. With a stringent rationalization plan, we have been able to carry it out smoothly. Operating expenses were reduced to ¥42.7 billion for the term, which means we have achieved the target (¥43 billion) one year earlier than originally planned.

Details of problem-loan disposal operation

(In 100 millions of yen)

	2000	1999
Write-offs	22	519
Provision to specific reserve	820	27,036
Loss from sales to CCPC	0	50
Loss from sales of loans to overseas private borrowers	2	69
Provision amount for contingencies on assets transferred	(38)	511
Provision for contingencies on loans sold	157	870
Losses from disposal of inappropriate assets	194	—
Provision for country risk reserve	—	(5)
Total	1,156	29,049

■ Assets, Liabilities, and Stockholders' Equity

1. Assets and liabilities

(1) Loans

The period-end balance of loans reduced ¥3,104.9 billion during the year to a total of ¥4,104.2 billion, due to transfer of inappropriate assets and disposal of problem loans.

(2) Securities

The securities balance decreased by ¥63.3 billion to ¥1,135.7 billion due to transfer of inappropriate assets and devaluation in listed and unlisted securities despite temporary increase in investment in short-term government bonds.

(3) Debentures

The bank depends largely on the issuance of bank debentures for fund procurement. We issue 1-year, 2-year, 3-year and 5-year debentures with coupons as well as 1-year discount debentures. Efficient ALM operations meeting reductions in assets and an efficient fund procurement efforts backed by low interest rates brought the balance of debentures to ¥3,684 billion as of the end of March 2000.

(4) Deposits

Deposits (including certificates of deposit) comprise the largest source of our funds after debentures. The balance of deposits as of the end of March 2000 stood at ¥2,635.4 billion, up ¥140.1 billion from the year earlier.

2. Stockholders' equity

In anticipation of special assistance funds under the Financial Reconstruction Law, we posted the difference between liabilities and assets to a special public management account in other assets. As a result, stockholders' equity was zero.

■ Consolidated Results

With reorganization being undertaken in this fiscal year, the number of consolidated subsidiaries has been decreased from 42 to 10 and the number of affiliated companies applicable for the equity method from eight to six.

With regard to business performance, operating income stood at ¥223.9 billion, operating loss was ¥112.6 billion, and net income was ¥100 million.

Total assets were ¥8,346.3 billion, with stockholders' equity of ¥1.2 billion.

■ Risk Kanri Saiken

Risk Kanri Saiken, loans requiring further attention on credibility decreased ¥2,682.1 billion from the previous year to ¥1,926 billion. Of classified credit which requires disclosure in accordance with the Financial Reconstruction Law, "bankrupt and similar-bankrupt credit", "doubtful credit" and "substandard credit" totaled ¥1,165.9 billion.

The definitions and the amount of such credit are provided on pages 46 and 47.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31

Assets

(In millions of yen)

	2000	1999
Loans and bills discounted (notes 3 and 15)	4,102,509	6,889,652
Foreign exchanges	8,283	12,569
Securities (notes 4 and 15)	1,073,210	1,190,262
Money held in trust	1,725	12,754
Trading assets	218,629	363,615
Debt purchased	1,475	6,810
Call loans and bills bought	72,411	417,300
Cash and due from banks	524,743	242,542
Special public management account (notes 1 (a) and 5)	3,244,074	3,094,339
Other assets	156,752	1,205,087
Premises and equipment (note 6)	44,980	237,484
Deferred discounts on and issuance cost for debentures	688	1,670
Customers' liabilities for acceptances and guarantees	21,323	102,778
Reserve for possible loan losses	(1,124,480)	—
Total assets	8,346,327	13,776,868

Liabilities, Minority Interests, and Stockholders' Equity

(In millions of yen)

	2000	1999
Debentures (note 8)	3,709,377	4,347,380
Deposits	1,770,550	1,930,527
Certificates of deposit	850,430	611,280
Borrowed money (note 8)	163,203	472,094
Trading liabilities	136,585	213,453
Commercial Paper	120,000	—
Call money and bills sold	1,209,300	1,464,300
Foreign exchanges	29	17
Other liabilities	239,334	890,925
Reserve for possible loan losses	—	3,515,607
Reserve for retirement allowances	8,791	10,055
Reserve for losses on loans sold	100,628	88,695
Reserve for losses on disposition of specific assets	14,794	43,719
Reserve for losses on guarantees	—	23,068
Special statutory reserves	1	7
Other reserves (note 10)	—	1,911
Deferred income taxes (note 14)	—	338
Acceptances and guarantees	21,323	102,778
Total liabilities	8,344,349	13,716,161
Minority interest in consolidated subsidiaries	748	59,203
Capital stock	353,114	353,114
Capital surplus	114,047	114,047
Deficit	(465,329)	(465,657)
Total stockholders' equity	1,229	1,503
Total liabilities, minority interest and stockholders' equity	8,346,327	13,776,868

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(In millions of yen)

	2000	1999
<Ordinary income>		
Interest income		
Interest on loans and discounts	94,320	122,044
Interest and dividends on securities	17,852	35,816
Interest on call loans and bills bought	198	29,120
Interest on due from banks	7,047	4,218
Other interest income	54,717	178,331
	174,135	369,531
Fees and commissions	3,324	3,356
Trading revenue	2,186	9,373
Other operating income	7,357	49,068
Other ordinary income	36,904	24,003
Total ordinary income	223,909	455,333
<Ordinary expenses>		
Interest expenses		
Interest on debentures	82,043	112,071
Amortization of discounts on debentures	1,567	2,625
Interest on deposits	11,349	21,414
Interest on certificates of deposit	5,642	3,727
Interest on borrowed money	5,124	11,744
Interest on commercial paper	324	52
Interest on call money and bills sold	2,319	42,296
Other interest expenses	54,660	145,439
	163,032	339,372
Fees and commissions	364	1,188
Trading expenses	241	—
Other operating expenses	4,127	106,877
General and administrative expenses	43,112	56,408
Other ordinary expenses		
Provision for reserve for possible loan losses	1,664	2,832,782
Others (note 11)	123,958	642,689
	125,622	3,475,472
Total ordinary expenses	336,501	3,979,319
<Ordinary losses>	112,592	3,523,986
<Other income>		
Profits on disposal of premises and equipment	2,212	642
Credit recoveries	120	36
Reversal of reserve for losses on disposal of specific assets	3,758	—
Reversal of reserve for losses on contingent liabilities from financial futures transactions	6	5
Reversal of reserve for losses on contingent liabilities from securities transactions	—	3
Other (note 12)	150,601	3,098,332
	156,700	3,099,021
<Other deductions>		
Losses on disposal of premises and equipment	161	1,776
Provision for reserve for losses on contingent liabilities from securities transactions	0	—
Other (note 13)	46,189	281
	46,351	2,058
Net loss before income taxes	(2,243)	(427,022)
Income taxes (note 14)		
Current	635	1,793
Deferred	—	42,349
Refunded	3,208	—
Minority interest in net income (loss)	217	(1,913)
Net income (loss) (note 1 (q))	112	(469,252)

See accompanying notes to consolidated financial statements.

Years ended March 31

Consolidated Statements of Deficit

(In millions of yen)

	2000	1999
Balance at the beginning of the year	(465,657)	(24,462)
Decrease:		
Transfer from legal reserve	—	61,274
Adjustment due to decrease in consolidated subsidiaries	1,218	8,918
Adjustment due to decrease in companies accounted for by the equity method	—	897
	1,218	71,090
Increase:		
Dividends	1,605	1,754
Officers' bonuses	0	0
Adjustment due to increases in consolidated subsidiaries or affiliates	—	32,670
Adjustment due to increases in companies accounted by using the equity method	—	8,608
	1,605	43,033
Net income (loss)	112	(469,252)
Balance at the end of the year	(465,932)	(465,657)

See accompanying notes to consolidated financial statements.

Year ended March 31, 2000

Consolidated Statement of Cash Flows

(In millions of yen)

	2000
Operating Activities:	
Loss before income taxes	(2,243)
Increase in special public management account	(149,735)
Depreciation and amortization	1,279
Equity in net loss of affiliates	9
Decrease in reserve for possible loan losses	(2,523,772)
Increase in reserve for losses on loans sold	2,251
Decrease in reserve for retirement allowances	(1,068)
Decrease in reserve for losses on disposition of specific assets	(36,302)
Interest income	(174,135)
Interest expenses	163,032
Securities related losses, net	95,817
Loss on money held in trust, net	(208)
Exchange loss, net	9,065
Losses on disposal of premises and equipment	(2,051)
Decrease in trading assets	144,985
Decrease in trading liabilities	(76,827)
Decrease in loans and bills discounted	3,105,035
Increase in deposits	64,679
Decrease in debentures	(482,706)
Decrease in due from banks (excluding due from Bank of Japan)	107,849
Decrease in call loans and bills bought	350,223
Decrease in collateral money for borrowed bonds	334,646
Decrease in call money and bills sold	(446,050)
Decrease in collateral money for loaned bonds	(72,180)
Decrease in foreign exchange (asset)	4,285
Decrease in foreign exchange (liability)	(68)
Interest received in cash	177,242
Interest paid in cash	(177,409)
Other, net	34,619
Sub-total	450,262
Payments of income taxes	3,344
Net cash provided by operating activities	453,607
Investing Activities:	
Acquisition of securities	(1,924,529)
Sale of securities	496,283
Redemption of securities	1,381,632
Decrease in money held in trust	10,441
Acquisition of premises and equipment	(1,529)
Sale of premises and equipment	7,506
Sale of investments in subsidiaries	26
Net cash used in investing activities	(30,168)
Financing Activities:	
Repayment of subordinated borrowings	(2,123)
Redemption of subordinated bonds	(24,576)
Dividend distribution to minority stockholders	(1,610)
Net cash used in financing activities	(28,309)
Effect of exchange rate changes on cash and cash equivalents	0
Net change in cash and cash equivalents	395,129
Cash and cash equivalents at beginning of year	57,926
Decrease in cash and cash equivalents due to change in scope of consolidation	(19)
Balance at the end of the year	453,037

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

<p>(a) Basis of Presentation</p>	<p>The accompanying consolidated financial statements of The Nippon Credit Bank, Ltd. (the "Bank") and its consolidated subsidiaries are compiled from the financial statements which were submitted to the regulatory authorities as part of the Securities Report in accordance with the Securities and Exchange Law of Japan. In compilation, certain reclassifications have been made to present the accompanying consolidated financial statements in a form which is familiar to readers outside of Japan. Such financial statements have been prepared in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In addition, the notes to consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.</p> <p>The consolidated statement of cash flows for the year ended March 31, 1999 has not been prepared as it was not required to be disclosed in the past.</p> <p>The Bank was placed under special public management by the Prime Minister on December 13, 1998 under Article 36, Section 1 of the Financial Reconstruction Law (the "Law"). In line with this decision, the Bank has been continuing banking operations in accordance with the Management Rationalization Plan and the Business Operations Policies prepared under Articles 47 and 48 of the Law. As the Bank was placed under special public management, the Bank put aside necessary reserves for assets which were deemed inappropriate for a bank under special public management to maintain, after performing an assessment of assets based on estimated transfer prices. Further, the Bank recognizes the amount of special assistance funds to be received under the Law as the "special public management account" (asset) in the consolidated balance sheet with any movement resulting in profit or loss.</p>
<p>(b) Principles of Consolidation</p>	<p>The consolidated financial statements include the accounts of the Bank and its consolidated subsidiaries. The number of the consolidated subsidiaries for the years ended March 31, 2000 and 1999 were 10 and 42, respectively. Certain subsidiaries were excluded from the consolidation for the year ended March 31, 2000 due to the reason discussed in the following paragraph.</p> <p>As the Bank was placed under special public management, it has been determined as inappropriate for the Bank to hold investments in certain companies. Accordingly, companies which the Bank no longer controls nor can exert significant influence over have been excluded from consolidated subsidiaries and affiliates for the year ended March 31, 2000.</p> <p>Investments in affiliates, except for certain companies discussed above, are accounted for under the equity method.</p> <p>All material intercompany balances and transactions have been eliminated in consolidation.</p>
<p>(c) Foreign Currency Translation</p>	<p>Foreign currency assets and liabilities are translated into yen at the foreign exchange rate prevailing at the balance sheet date except for certain accounts such as equity investment in foreign corporations (excluding assets acquired in such foreign currency), which are translated at the historical rates. The accounts of overseas branches are translated into yen at the foreign exchange rates prevailing at the balance sheet date.</p>
<p>(d) Accounting for Leases</p>	<p>Finance leases of the Bank under which the ownership of the property is not transferred to the lessee are accounted for under the accounting principles applicable to operating leases.</p>
<p>(e) Valuation of Securities</p>	<p>Listed securities are valued at the lower-of-cost-or-market based on the moving-average method. Unlisted securities are valued at cost based on the moving-average method.</p> <p>For the year ended March 31, 1999, the Bank changed the valuation of securities acquired for investment purposes from the cost method to the lower-of-cost-or-market method. This accounting method was deemed more reasonable based on the expected sale of securities in the near term due to the special public management status of the Bank, resulting in a change in the purpose for holding securities. Based on this accounting change, ordinary losses and net loss before income taxes for the year ended March 31, 1999 increased by ¥256,895 million.</p> <p>For securities held through money held in trust mainly for separate investment management purposes, the valuation was performed using the lower-of-cost-or-market value (portfolio basis) based on the moving-average method.</p>

	<p>For the year ended March 31, 1999, the Bank changed the valuation of securities held through money held in trust from the cost method to the lower-of-cost-or-market value (portfolio basis) for the same reason described above. This change did not affect ordinary losses or net loss before income taxes for the year ended March 31, 1999.</p>
(f) Accounting for Trading Assets and Liabilities	<p>Transactions that seek gains on short-term fluctuations and arbitrage in interest rates, currency prices, market prices of securities and related indices ("Trading transactions") are recognized at the transaction date. These are recorded as "Trading assets" or "Trading liabilities" on the balance sheet and gains or losses on these transactions have been recorded in "Trading revenue" or "Trading expenses" on the consolidated statement of operations.</p> <p>In valuation of trading assets and liabilities, the Bank evaluates securities, monetary claims, etc. at the actual market price as of the balance sheet date. Derivatives such as swaps, futures and options were valued at the amount deemed settled on the balance sheet date.</p> <p>Trading revenue and Trading expenses are recorded at the amount actually received or paid as interest income or expenses, plus the difference in valuation gains or losses between the beginning balance and the ending balance (for securities, monetary claims, etc.), plus the difference in hypothetical settlement gains or losses between the beginning balance and the ending balance (for derivative financial products).</p>
(g) Premises and Equipment	<p>The following depreciation methods are applied:</p> <p>Buildings: Straight-line method at the depreciation rate specified in the tax regulations</p> <p>Equipment: Declining-balance method at the depreciation rate specified in the tax regulations</p> <p>Other: As specified in the tax regulations</p> <p>For buildings, the Bank had conventionally adopted the declining-balance method up to the year ended March 31, 1998. In line with the revision of Article 48, Section 1 of the Corporation Tax Law Implementation Order, the Bank changed the accounting from the declining-balance method to the straight-line method during the year ended March 31, 1999. Because of the application of the new depreciation method, both ordinary losses and net loss before income taxes for the year ended March 31, 1999 decreased by ¥938 million. In addition, although a depreciation rate of 160% of the rate allowable for tax purposes had been conventionally applied to buildings, the Bank decided to adopt the depreciation rate specified in the tax regulations from the year ended March 31, 1999. At the same time, with the legal depreciation period shortened by a revised ministerial order for the depreciation period of depreciable assets, the Bank's depreciation period was altered to meet the tax regulations. As a result, both ordinary losses and net loss before income taxes decreased by ¥185 million for the year ended March 31, 1999.</p>
(h) Software	<p>Software for internal usage is amortized over estimated useful lives determined by the Bank and consolidated subsidiaries (mainly five years) using the straight-line method.</p> <p>For software for internal usage carried as assets, the previous accounting treatment has been consistently applied in accordance with "Practical Guidance for Accounting for Research and Development Costs and Software Costs" ("Guidance") (JICPA Accounting Committee Report No. 12 on March 31, 1999). In accordance with the Long-Term Credit Bank Law Implementation Order (Ministry of Finance Order No. 13 of 1982), software is classified as "Other Assets".</p>
(i) Accounting for Discounts on and Issuance Cost for Debentures	<p>Deferred assets related to debentures issued by the Bank were amortized as follows:</p> <p>a. Discount on debenture is amortized over the life of the debenture.</p> <p>b. Issuance cost for the debenture is amortized over the life of the debenture, but within a maximum period of three years as specified in the Commercial Code.</p> <p>Deferred assets resulting from issuance of corporate bonds by consolidated subsidiaries are depreciated over the life of the bonds.</p>
(j) Reserve for Possible Loan Losses	<p>Reserve for possible loan losses is presented as a deduction item of assets as at March 31, 2000 and as a liability as at March 31, 1999. This change in accounting principle results from the change of the balance sheet format promulgated by the Ministry of Finance.</p>

Regarding loans to borrowers under legal proceedings, such as bankruptcy, and loans in similar conditions, the Bank provides a specific reserve in the amount of the loan balance less amounts collectible on collateral or guarantee or by other means. For loans to borrowers not yet bankrupt but highly likely to fall into bankruptcy, the necessary specific reserve amount is determined and is provided for through an overall assessment of the borrowers' ability to pay, after subtracting from the loan balance the amount collectible on disposal of collateral and guarantees. As to other loans, the Bank provides for a general reserve by applying the historical loan-loss ratio determined over a fixed period. Each loan is subject to asset assessment by the business-related divisions in accordance with the Self-Assessment Manual, and the results of the assessment are reviewed by the Asset Audit Division, which is independent from business-related divisions, before the reserve amount is finally determined.

For loans and similar claims deemed inappropriate to be held by a bank under special public management under the Financial Reconstruction Law ("Law") and for those the Bank decided to sell in accordance with the Management Rationalization Plan prepared under the Law, transfer prices are reasonably estimated, regardless of the above-mentioned categories such loans belong to. The differences between their book values and the estimated transfer prices are charged to income as the losses are expected to be realized in future years. The above-mentioned estimated transfer prices are based on reasonable assessment methods at the time of the estimation. As the actual transfer price will be determined through agreement with the transferee, actual transfer prices may differ from the estimated amounts.

Consolidated subsidiaries provide for their reserve for possible loan losses using the same procedures as the Bank which is mainly based on the results of self-assessment procedures and also provide an amount considered necessary by applying the historical loan-loss ratio determined over a fixed period.

(k) Reserve for Retirement Allowances	<p>A reserve for retirement allowances of the Bank is set aside equal to the amount required for the employees who voluntarily terminate their employment at the balance sheet date. The Bank has a qualified pension plan under the Japanese Tax Law and an adjusted pension plan under the Welfare Pension Law.</p> <p>Major consolidated subsidiaries have their own pension plans.</p>
(l) Reserve for Losses on Loans Sold	<p>In consideration of the value of real estate secured loans sold to Cooperative Credit Purchasing Co., Ltd., the Bank estimates future losses and provides for a necessary reserve. This reserve is prescribed in Article 287-2 of the Commercial Code.</p>
(m) Reserve for Losses on Disposition of Specific Assets	<p>Among the assets which were deemed inappropriate to be held by a bank under special public management under the Financial Reconstruction Law ("Law") and those the Bank decided to sell according to the Management Rationalization Plan under the Law, for unlisted securities and properties, transfer prices were estimated. The difference between their book value and the estimated transfer price is charged to income as a loss expected to be realized in future years. This reserve is prescribed in Article 287-2 of the Commercial Code.</p> <p>The above-mentioned estimated transfer prices are based on reasonable assessment methods at the time of the estimation. As the actual transfer price will be determined through agreement with the transferee, actual transfer prices may differ from the estimated amounts.</p>
(n) Reserve for Losses on Guarantees	<p>A reserve for losses are provided for guarantees owed by consolidated subsidiaries only in cases where the loss is highly predictable as a result of applying guaranty of liabilities, and the amount (of loss) is estimable. This reserve is prescribed in Article 287-2 of the Commercial Code. As at March 31, 2000, there was not such a reserve.</p>
(o) Income Taxes	<p>Deferred income taxes reflect the tax effect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. As the Bank was placed under special public management, future income cannot be reasonably estimated. Accordingly, no deferred tax assets have been recognized. Deferred tax liabilities as at March 31, 1999 were provided for by overseas subsidiaries.</p>

(p) Cash and Cash Equivalents	Cash and cash equivalent in the Statement of Cash Flows are cash on hand and due from Bank of Japan. As at March 31, 2000, cash and cash equivalents are analyzed as follows:															
	Due from banks ¥524,743															
	Due from banks (excluding due from Bank of Japan) (71,706)															
	Cash and cash equivalents <u>¥453,037</u>															
(q) Net Income per Share	Net income (loss) per share is computed based on the weighted average number of shares of common stock outstanding during the year.															
	<table><tr><td></td><td colspan="2">March 31</td></tr><tr><td>(In yen)</td><td>2000</td><td>1999</td></tr><tr><td>Net equity per share</td><td>¥0.39</td><td>¥ 0.48</td></tr><tr><td>Net income (loss) per share</td><td>0.04</td><td>(187.58)</td></tr><tr><td>Diluted income per share</td><td>0.03</td><td>*</td></tr></table>		March 31		(In yen)	2000	1999	Net equity per share	¥0.39	¥ 0.48	Net income (loss) per share	0.04	(187.58)	Diluted income per share	0.03	*
	March 31															
(In yen)	2000	1999														
Net equity per share	¥0.39	¥ 0.48														
Net income (loss) per share	0.04	(187.58)														
Diluted income per share	0.03	*														
	<i>* For the year ended March 31, 1999, disclosure of diluted net income per share was not applicable as a net loss was recorded.</i>															

2. Subsequent Events

On June 6, 2000, with respect to the acquisition of the Bank by the Softbank Group (a consortium consisting of SOFTBANK CORP., ORIX Corporation, The Tokio Marine and Fire Insurance Co., Ltd.), a basic agreement for the sale of the Bank's shares held by Deposit Insurance Corporation of Japan ("DIC") to Softbank Group was signed by the Softbank Group, DIC and the Bank. On June 13, 2000, a Securities Registration Statement was filed with the Director, Kanto Local Finance Bureau for the sale of the shares held by DIC to Softbank Group. Detail of the sale is as follows:

Number of common shares	2,501,536,000
Sale price per share	¥0.4
Total sales amount	¥1,000,614,400
Date of transfer	August 1, 2000

On June 13, 2000, the Board of Directors of the Bank decided to allot its common shares to Softbank Group, etc. Details of the allotment amended by the Board of Directors on June 26, 2000 were as follows:

Number of common shares to be issued	306,614,000
Issue price per share	¥300
Amount to be included in stated capital (per share)	¥200
Total issue amount	¥91,984,200,000
Date of allotment	August 1, 2000

On June 26, 2000, the Board of Directors of the Bank decided to allot its common shares to financial institutions, etc. Details of the allotment were as follows:

Number of common shares to be issued	26,720,000
Issue price per share	¥300
Amount to be included in stated capital (per share)	¥200
Total issue amount	¥8,016,000,000
Date of allotment	August 1, 2000

3. Loans and Bills Discounted

Loans to bankrupt companies and past due loans as at March 31, 2000 and 1999 were as follows:

(In millions of yen)	March 31	
	2000	1999
Loans to bankrupt companies	¥353,892	¥1,547,258
Past due loans	638,298	1,892,289

“Loans to bankrupt companies” are those for which accrual of interest has ceased after the Bank determined that collection or repayment of principal or interest were impossible because of delayed payment for a specified period of time or for some other reason. “Past due loans” are those for which accrual of interest has ceased but do not fall into the category of “loans to bankrupt companies” or concessions on payment of interests were made in order to assist the reorganization of borrowers.

Loans overdue for three months or more as at March 31, 2000 and 1999 were ¥7,271 million and ¥1,649 million, respectively. “Loans overdue for three months or more” are those for which principal or interest are in arrears for three months or more but do not fall into the category of “loans to bankrupt companies” or “past due loans”.

Restructured loans as at March 31, 2000 and 1999 were ¥92,704 million and ¥53,045 million, respectively. “Restructured loans” are those for which interest payments have been reduced or waived, postponement of interest payments or principal payments have been granted, or disclaimer or some other arrangement beneficial to the borrower has been granted for the purpose of assisting the reconstruction of insolvent borrowers but do not fall into the category of “loans to bankrupt companies”, “past due loans” or “loans overdue for three months or more”.

For the amounts referred to above, the amounts are those from which a reserve for loan losses has not been deducted.

4. Securities

Securities as at March 31, 2000 and 1999 include stocks and other equity investments in non-consolidated subsidiaries and affiliated companies were as follows:

(In millions of yen)	March 31	
	2000	1999
Stocks	¥69	¥ 30
Other equity investments	90	464

5. Special Public Management Account

The “special public management account” is established to recognize a fund to be supplied to the Bank as special financial assistance, etc. under the Financial Reconstruction Law (“Law”). Under Article 72 of the Law, a bank under special public management may request grants (special financial assistance) from the Deposit Insurance Corporation up to the amount deemed necessary in order to protect depositors and other concerned parties. Also, Article 62 of the Law permits the Deposit Insurance Corporation to compensate a bank under special public management, with the approval of the Financial Reconstruction Commission, for losses incurred in connection with their business operations.

For the years ended March 31, 2000 and 1999, liabilities exceeded assets after the Bank closed its accounts in accordance with the Bank’s accounting policies. In this situation, the Bank expects to apply for special financial assistance under the Law. This would free the Bank from a situation where it would be unable to repay debts. For this reason, the Bank recognizes the difference between assets and liabilities as “special public management account” as an asset. As the special public management account reflects the amount to be received as a special assistance fund at the end of the respective year, the actual amount may differ from the amount to be received in the future.

6. Premises and Equipment

Accumulated depreciation of premises and equipment as at March 31, 2000 and 1999 were ¥20,175 million and ¥34,249 million, respectively.

7. Lease Transactions

a. Finance Lease Transactions

At March 31, 2000 and 1999, finance lease transactions under which the ownership of the property is not transferred to the Lessee are summarized as follows:
As Lessee

(In millions of yen)	March 31	
	2000	1999
Amounts equivalent to acquisition cost		
Equipment	¥7,905	¥8,195
Others	56	70
Total	¥7,962	¥8,266
Amounts equivalent to accumulated depreciation		
Equipment	¥4,348	¥2,678
Others	50	50
Total	¥4,399	¥2,728
Amounts equivalent to carrying value		
Equipment	¥3,556	¥5,517
Others	6	20
Total	¥3,562	¥5,538

Note: The amount equivalent to the acquisition cost includes interest expenses in the total future finance lease payments as the total future finance lease payments are small compared with the balance of tangible fixed assets at the end of the year.

The balance of future finance lease payments as at March 31, 2000 and 1999 are as follows:

(In millions of yen)	March 31	
	2000	1999
Future finance lease payments		
Due within one year	¥1,441	¥1,908
Due after one year	2,121	3,629
Total	¥3,562	¥5,538

Note: The amount equivalent to the balance of future finance lease payments at the end of the year includes interest expense payments as the total future finance lease payments are small compared with the balance of tangible fixed assets at the end of the year.

Total lease payments for the years (equivalent to depreciation expense) ended March 31, 2000 and 1999 were ¥1,529 million and ¥2,331 million, respectively.

Calculation method for amount equivalent to depreciation:

Depreciation was calculated based on the straight-line method with zero residual value with the lease period deemed to be the useful life.

As Lessor

(In millions of yen)	March 31	
	2000	1999
Amounts equivalent to acquisition cost		
Equipment	¥ —	¥25,224
Amounts equivalent to accumulated depreciation		
Equipment	—	16,711
Amounts equivalent to carrying value		
Equipment	—	8,514

The balance of future finance lease payments as at March 31, 2000 and 1999 are as follows:

(In millions of yen)	March 31	
	2000	1999
Future finance lease payments		
Due within one year	¥ —	¥3,416
Due after one year	—	5,467
Total	¥ —	¥8,883

Note: The balance of future finance lease payments under sublease arrangements as at March 31, 1999 was ¥757 million (¥385 million within one year). The balance as the lessee is the same.

Total lease payments received for the year ended March 31, 1999 were summarized as follows:

• Lease payments received	¥4,628 million
• Depreciation expenses	¥2,616 million
• Amount equivalent to interest income	¥479 million

b. Operating Lease Transactions

The balance of future non-cancelable operating lease payments as at March 31, 2000 and 1999 are as follows:

As Lessee

(In millions of yen)	March 31	
	2000	1999
Future non-cancelable operating lease payments		
Due within one year	¥68	¥455
Due after one year	27	121
Total	¥95	¥577

As Lessor

(In millions of yen)	March 31	
	2000	1999
Future non-cancelable operating lease payments		
Due within one year	¥ —	¥ 5
Due after one year	—	22
Total	¥ —	¥27

8. Debentures and Borrowed Money

Debentures and borrowed money at March 31, 2000 and 1999 included subordinated debentures and borrowed money, which are subordinated in the order of payment of debts.

(In millions of yen)	March 31	
	2000	1999
Debentures	¥ 20,344	¥ 50,910
Borrowed money	163,095	165,506

9. Special Statutory Reserves

Special statutory reserves consists of a reserve for losses on contingent liabilities from financial futures transactions and a reserve for losses on contingent liabilities from securities transactions, which are required by the Financial Futures Transaction Law and the Securities and Exchange Law, respectively. Special statutory reserves at March 31, 2000 and 1999 consists of the following:

(In millions of yen)	March 31	
	2000	1999
Reserve for losses on contingent liabilities from financial futures transactions	¥—	¥6
Reserve for losses on contingent liabilities from securities futures transactions	1	1
	<u>¥ 1</u>	<u>¥7</u>

10. Other Reserves

Other reserves as at March 31, 1999 included a reserve for loss on disposition of rental assets amounting to ¥1,000 million, bonus allowances amounting to ¥380 million and a reserve for computer program modification amounting to ¥188 million.

11. Other Ordinary Expenses

Other ordinary expenses included losses incurred on the sales of real estate secured loans to the Cooperative Credit Purchasing Co., Ltd. and losses in connection with sales of overseas private loans for the years ended March 31, 2000 and 1999 as follows:

(In millions of yen)	March 31	
	2000	1999
Cooperative Credit Purchasing Co., Ltd.	¥ 1	¥4,967
Overseas private loans	155	6,914

12. Other Income-Other

The Bank recognizes the amount of special assistance funds to be received under the Financial Reconstruction Law as the “special public management account” (asset) in the consolidated balance sheet with any movement resulting in profit or loss. “Other income-other” for the years ended March 31, 2000 and 1999 included such profit amounting to ¥149,735 million and ¥3,094,339 million, respectively.

13. Other Deductions-Other

“Other deductions-other” for the year ended March 31, 2000 included losses related to assets which were deemed inappropriate for the Bank to maintain under the special public management under the Financial Reconstruction Law (“Law”), and losses related to the assets which the Bank decided to transfer in accordance with the Management Rationalization Plan prepared under the Law as follows:

- Losses resulted from the transfer of loans and other assets to The Resolution and Collection Corporation, etc. during the year ended March 31, 2000 were ¥19,373 million.
- A reserve for possible loan losses amounting to ¥25,595 million was provided as at March 31, 2000 for the possible losses resulting from the transfer of loans and other assets to The Resolution and Collection Corporation, etc. subsequent to the year ended March 31, 2000.

14. Income Taxes

Significant components of deferred tax assets and liabilities at March 31, 2000 are as follows:

(In millions of yen)

Deferred tax assets	
Provision for reserve for possible loan losses	¥ 358,184
Write-off of investment in stocks., etc.	108,238
Reserve for losses on loans sold	39,405
Tax losses carried forward	1,143,153
Other	13,981
Sub-total	1,662,964
Valuation allowance	(392,584)
Deferred tax asset	1,270,379
Deferred tax liabilities	
Special public management account	(1,270,379)
Net deferred tax asset	¥ —

15. Pledged Assets

As at March 31, 2000, loans amounting to ¥631,748 million and securities amounting to ¥145,009 million were pledged as collateral for call money and bills sold amounting to ¥567,300 million. In addition, loans amounting to ¥40,325 million and securities amounting to ¥168,532 million were pledged as collateral for exchange settlement and derivative transactions or substitute for margin money for futures transactions.

16. Segment Information

a. Business Segment

The Bank and its subsidiaries are engaged mainly in banking although certain subsidiaries are engaged in other business such as securities and trust businesses. Since the proportion of other businesses is small, business segment information is not presented.

b. Geographical Segment

Since the proportion of Japan exceeds 90 percent, geographical segment information is not presented.

c. Ordinary Income of International Businesses

For the year ended March 31, 1999, the ordinary income of international businesses was ¥88,079 million, which was 19.3 percent of total ordinary income (¥455,333 million).

17. Market Value Information on Securities (Excluding Those Entered for Trading Purposes)

Market value information on securities at March 31, 1999 is not presented as such information was required to be included as a note to non-consolidated financial statements as at and for the year ended March 31, 1999.

a. Listed Securities

The market value of listed securities as at March 31, 2000 are shown in the table below. Bonds consisted of national government bonds, municipal bonds and corporate bonds.

(In millions of yen)	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Bonds	¥ 25,316	25,635	318	329	10
Stocks	460,513	570,455	109,941	109,993	51
Other Securities	90,641	113,534	22,893	22,894	1
Total	¥576,470	709,624	133,154	133,216	62

The market value of listed bonds is based on the closing price at the Tokyo Stock Exchange or the value calculated using the yield on issues listed in the Over-The-Counter Bond Quotation Table (Standard) released by the Japanese Securities Dealers Association.

b. Unlisted Securities

The following table shows the estimated market value of unlisted securities as at March 31, 2000, which can be reasonably estimated.

(In millions of yen)	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
Bonds	¥249,938	¥250,573	¥635	¥675	¥40
Stocks	5,239	7,714	2,475	3,114	639
Other Securities	7,198	7,198	0	0	—
Total	¥262,376	¥265,486	¥3,110	¥3,790	¥680

The market value of OTC securities is based on executed prices reported by the Japanese Securities Dealers Association. For public securities, the market value is calculated using the yield on issues listed in the Over-The-Counter Bond Quotation Table (Standard) released by the Japanese Securities Dealers Association. For securities investment trust certificates, net asset value is used. The market value of US OTC securities is mainly based on executed prices reported by NASDAQ. The "Others" category in the table is mainly composed of loaned securities and foreign bonds.

Securities Of Which Market Value Information Was Not Presented

The carrying value of securities as at March 31, 2000, of which market value information was not presented, is as follows:

(In millions of yen)

Bonds	¥140,018
Stocks	42,182
Other Securities	52,162

Trading securities included in the Trading assets are marked to market, and related Trading revenue and expenses are presented in the consolidated statements of operations. Accordingly, market value information of Trading securities is not presented.

18. Market Value Information on Money Held in Trust

Market value information on money held in trust at March 31, 1999 is not presented as such information was required to be included as a note to non-consolidated financial statements as at and for the year ended March 31, 1999

The market value of money held in trust as at March 31, 2000 is as follows:

(In millions of yen)	Book Value	Market Value	Net Unrealized Gain	Unrealized Gain	Unrealized Loss
	¥1,725	¥1,725	¥—	¥—	¥—

The market value of money held in trust is based on the price calculated by trustees. The market value of listed securities is based on the closing price at the Tokyo Stock Exchange or the value calculated using the yield on issues listed in the Over-The-Counter Bond Quotation Table (Standard) released by the Japanese Securities Dealers Association. The market value of OTC stock is based on executed prices reported by the Japanese Securities Dealers Association.

19. Derivatives

Information on derivatives at March 31, 1999 is not presented as such information was required to be included as a note to non-consolidated financial statements as at and for the year ended March 31, 1999

Information on derivatives at March 31, 2000 is as follows:

A. Conditions

a. Details of transactions

Derivatives involve interest rate-related transactions (such as interest rate futures, interest rate options, and interest rate swaps), currency related transactions (such as currency swaps, foreign exchange forward contracts and currency options), and stock and bond-related futures and options.

b. Policy and purpose

Derivatives activities are significant to business operations. The Bank has been using derivatives actively, while controlling the various risks of derivatives, such as market and credit risks. The purpose of derivatives is to offer customers products to hedge market risks such as interest rate risk and foreign exchange risk and to take the Bank's own trading position by exploiting short-term fluctuations and differences among markets in interest rates, foreign exchange rates, securities prices and other factors. In order to stabilize and maximize the earnings, the Bank also uses derivatives in ALM operations, maintaining interest rate risk and other risks of on-balance-sheet assets and liabilities at an appropriate level.

c. Risks and risk management system

The two most significant derivatives-related risks are market and credit risks. Market risk can cause loss due to the volatility of markets such as interest rates and foreign exchange. Credit risk occurs when the counter-parties to a transaction fail to fulfill their obligations under a contract. It is the Bank's policy to conduct comprehensive control of market risk and credit risk for on-balance-sheet and off-balance-sheet transactions, thereby maintaining a proper balance between risk and profitability. The risk management procedures are fully documented internally. Each business department conducts business operations and risk management in accordance with such procedures. Independently of business departments, the Risk Management Division monitors market risk and credit risk resulting from market transactions including derivatives, and submits regular reports to the management. For market risk, the maximum estimated loss is calculated on a daily basis using the value-at-risk method and the result is monitored based on specified limits. If an actual loss exceeds a maximum estimate, causal analysis is conducted. During the 246 business days from April 1999 to March 2000, the actual value-at-risk figure in trading operations at the head office was ¥358 million at the maximum and ¥60 million at the minimum, with an average of ¥135 million. As to credit risk, the exposure is calculated by the current exposure method, the sum of the replacement cost and the potential cost in connection with expected changes in market conditions, and is controlled together with credit risk related to on-balance-sheet transactions such as lending. These risks are managed in line with internal regulations. Credit risk equivalent amount as at March 31, 2000 was ¥83.9 billion for capital adequacy ratio calculation purposes (based on a standard for domestic operations).

d. Market-value calculation

OTC derivatives in the trading account are valued in accordance with internal rules established in line with the Long-Term Credit Bank Law Enforcement Regulations.

B. Market Value of Derivatives Transactions (Excluding Those Entered for Trading Purposes)

a. Interest rate related transactions

(In millions of yen)	Contractual Notional Amount	Value or Principal	Maturity Over One Year	Book Value	Market Value	Unrealized Gain (Loss)
Exchange Traded						
Interest Rate Futures						
Sold	¥203,776	¥—	¥—	¥203,835	¥	(59)
Bought	246,125	—	—	246,206		80
Interest Rate Options						
Sold — Call	42,460	—	5	0		5
Sold — Put	180,455	—	32	13		19
Bought — Call	42,460	—	2	0		(2)
Bought — Put	180,455	—	103	197		93
OTC						
Interest Rate Swaps						
Receive Fix & Pay						
Float	1,966,073	1,275,547	N/A	56,394		56,394
Receive Float & Pay Fix	3,214,209	1,567,847	N/A	(50,346)		(50,346)
Receive Float & Pay Float	529	—	N/A	(1)		(1)
Floors — Bought	43	—	0	0		0
Total						¥ 6,184

Note: For exchange traded transactions, the closing prices at the Tokyo International Financial Futures Exchange, etc. are used. OTC transactions are valued at net present value, option pricing model, etc. As regard to interest rate swaps, an amount equivalent to interest accrual of ¥2,179 million is included.

Derivatives entered into for trading activities are marked to market and related profit/loss is included in the consolidated statements of operations. Accordingly, market value information of derivatives entered into for trading activities is not presented in the table above. Notional amount of the interest related derivatives entered into for trading activities as at March 31, 2000 are as follows:

(In millions of yen)	Contractual Notional Amount	Value or Principal	Initial Option Premiums	Market Value
Exchange Traded				
Interest Rate Futures				
Sold		¥ 671,670	N/A	¥671,214
Bought		670,410	N/A	670,004
OTC				
Forward Rate Agreements:				
Sold		610,000	N/A	(47)
Bought		40,000	N/A	(15)
Interest Rate Swaps:				
Receive Fix & Pay Float		10,579,033	N/A	159,616
Receive Float & Pay Fix		11,458,789	N/A	(158,870)
Receive Float & Pay Float		1,529	N/A	2
Interest Rate Swaptions:				
Sold		50,000	271	274
Bought		50,000	663	1,477
Cap:				
Sold		456,151	11,880	668
Bought		378,066	5,102	979
Floors				
Sold		21,663	154	156
Bought		21,000	743	1,121

b. Currency related transactions

	Contractual Notional Amount	Value or Principal		
(In millions of yen)	Total	Maturity Over One Year	Market Value	Net Unrealized Gain (Loss)
OTC				
Currency Swaps	¥178,367	¥115,089	¥1,778	¥1,778
Breakdown:				
US Dollars	170,168	113,058	1,669	1,669
Other Currencies	8,199	2,030	109	109

Note: Market values have been computed at net present value. As regard to currency swaps, an amount equivalent to interest accrual of ¥(1,282) million is included.

Derivatives entered into for trading activities are marked to market and related profit/loss is included in the consolidated statements of operations. Accordingly, market value information of derivatives entered into for trading activities is not presented in the table above. Notional amounts of the currency swaps entered into for trading activities as at March 31, 2000 are as follows:

(In millions of yen)	Contractual Notional Amount	Value or Principal	Market Value
OTC			
Currency Swaps		¥332,596	¥(4,194)
Breakdown:			
US Dollars		313,353	(3,327)
Other Currencies		19,242	(867)

Also, excluded from the table above are forward foreign exchange contracts and currency options, which are subject to mark-to-market valuation. Notional amounts of forward foreign exchange contracts and currency options as at March 31, 2000 were as follows:

(In millions of yen)	Contracted Amount
OTC	
Forward Foreign Exchange Contracts	
Sold	¥26,890
Bought	29,684

c. Bonds related transactions

	Contractual Notional Amount	Value or Principal		
(In millions of yen)	Total	Maturity Over One Year	Market Value	Net Unrealized Loss
Exchange Traded				
Bond Futures				
Sold	¥34,117	¥—	¥ 34,190	¥(72)

Notes: For exchange traded transactions, the closing prices at the Tokyo Stock Exchange, etc. are used. OTC transactions are valued using option pricing model, etc.

Derivatives entered into for trading activities are marked to market and related profit/loss is included in the consolidated statements of operations. Accordingly, market value information of derivatives entered into for trading activities is not presented in the table above. Notional amounts of the bonds related derivatives entered into for trading activities as at March 31, 2000 are as follows:

(In millions of yen)	Contractual Notional Amount	Value or Principal	Initial Option Premium	Market Value
Exchange Traded				
Bond Futures				
Sold		¥16,992	N/A	¥16,999
Bought		15,531	N/A	15,553
Bond futures option:				
Sold — Put		5,000	20	15
Bought — Put		6,000	38	34

Independent Auditors' Report

The Board of Directors
The Nippon Credit Bank, Ltd.

We have audited the consolidated balance sheets of The Nippon Credit Bank, Ltd. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, and deficit for each of the two years in the period ended March 31, 2000, and statement of cash flows for the year ended March 31, 2000. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the consolidated financial position of The Nippon Credit Bank, Ltd. and its consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations for each of the two years in the period ended March 31, 2000 and their cash flows for the year ended March 31, 2000 in conformity with accounting principles and practices generally accepted in Japan.



Century Ota Showa & Co.

Tokyo, Japan
June 29, 2000

See note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of The Nippon Credit Bank, Ltd. under Japanese accounting principles and practices.

Consolidated Financial Data

Consolidated Capital Adequacy Ratio (Domestic Standard)

(In millions of yen)

Item		2000	1999
Tier I	Capital	291,290	291,290
	Non-cumulative perpetual preferred stock	55,500	55,500
	incl. Newly issued stock	—	—
	Capital surplus	—	73,831
	Consolidation surplus	(352,284)	(466,256)
	Minority interest in consolidated subsidiaries	748	2,703
	Preferred stock issued overseas	—	—
	Goodwill	—	—
	Amount equal to consolidation adjustments	—	—
	Total (A)	(60,244)	(98,431)
Tier II	Forty-five percent of the difference between fair value and book value	—	—
	General reserve for possible loan losses	25,959	32,639
	Subordinated debt	190,312	285,999
	Total	216,271	318,638
	Tier II capital qualifying as capital (B)	—	—
Items deducted	Intentional holding for the purpose of supplying capital to other financial institutions (C)	—	—
Capital	(A) + (B) – (C) (D)	(60,244)	(98,431)
Risk-weighted assets	Balance-sheet exposure	4,047,393	4,918,150
	Off-balance-sheet exposure	106,083	304,101
	Total (E)	4,153,476	5,222,252
Capital adequacy ratio (domestic standard) = $\frac{(D)}{(E)} \times 100$		—%	—%

Note:

The Bank adopts the domestic standard. However, pursuant to a revision of Article 14-2 of the Banking Law used in the first half of Article 17 of the Long-Term Credit Bank Law, which results from changes to related laws to restructure Japan's financial system, the Bank has calculated a consolidated capital ratio.

Consolidated Risk Kanri Saiken

(In millions of yen)

	2000	1999
Loans to bankrupt companies	353,892	1,547,258
Past due loans	638,298	1,892,289
Loans overdue for 3 months or more	7,271	1,649
Restructured loans	92,704	53,045
Total	1,092,167	3,494,243

Refer to pages 46 and 47 for definitions of "Loans to bankrupt companies" etc.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

As of March 31

Assets

(In millions of yen)

	2000	1999
Loans and bills discounted	4,104,221	7,209,084
Foreign exchanges	8,283	12,569
Securities	1,135,653	1,198,950
Money held in trust	1,725	12,754
Trading assets	218,629	375,694
Debt purchased	1,131	6,810
Call loans and bills bought	72,411	405,000
Cash and due from banks	528,818	287,377
Special public management account	3,244,074	3,094,339
Other assets	155,613	1,077,581
Premises and equipment	44,550	55,187
Deferred discounts on and issuance cost for debentures	688	1,670
Customers' liabilities for acceptances and guarantees	109,106	318,408
Reserve for possible loan losses	(1,124,539)	—
Total assets	8,500,368	14,055,429

Liabilities, Minority Interests, and Stockholders' Equity

(In millions of yen)

	2000	1999
Debentures	3,684,002	4,206,525
Deposits	1,785,011	1,884,073
Certificates of deposit	850,430	611,280
Borrowed money	245,972	671,376
Trading liabilities	136,585	227,303
Commercial paper	120,000	—
Call money and bills sold	1,207,300	1,464,300
Foreign exchanges	155	210
Other liabilities	237,609	864,459
Reserve for possible loan losses	—	3,648,197
Reserve for retirement allowances	8,771	9,812
Reserve for losses on loans sold	100,628	98,376
Reserve for losses on disposition of specific assets	14,794	51,096
Special statutory reserves	1	7
Acceptances and guarantees	109,106	318,408
Total liabilities	8,500,368	14,055,429
Capital stock	353,114	353,114
Capital surplus	114,047	114,047
Deficit	(467,161)	(467,161)
Total stockholders' equity	—	—
Total liabilities, minority interest and stockholders' equity	8,500,368	14,055,429

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Operations

(In millions of yen)

	2000	1999
Ordinary income		
Interest income		
Interest on loans and discounts	95,083	128,376
Interest and dividends on securities	20,785	32,852
Interest on call loans and bills bought	196	1,462
Interest on due from banks	7,017	4,141
Interest on swaps	44,401	146,421
Other interest income	10,357	32,268
	177,841	345,524
Fees and commissions	3,503	3,612
Trading revenue	628	2,074
Other operating income	7,833	49,162
Other ordinary income	30,148	9,100
Total ordinary income	219,956	409,474
Ordinary expenses		
Interest expenses		
Interest on debentures	79,506	108,586
Amortization of discounts on debentures	1,567	2,625
Interest on deposits	11,492	21,603
Interest on certificates of deposit	5,644	3,715
Interest on borrowed money	10,280	18,234
Interest on commercial paper	324	52
Interest on call money and bills sold	2,318	12,548
Interest on swaps	48,008	135,526
Other interest expenses	6,773	8,834
	165,915	311,726
Fees and commissions	622	1,715
Trading expenses	724	133
Other operating expenses	3,823	104,678
General and administrative expenses	42,651	49,735
Other ordinary expenses		
Provision for reserve for possible loan losses	1,709	2,983,829
Others	118,214	518,365
	119,923	3,502,194
Total ordinary expenses	333,659	3,970,183
Ordinary losses	113,703	3,560,709
Other income		
Profits on disposal of premises and equipment	2,212	487
Credit recoveries	120	20
Reversal of reserve for losses on disposal of specific assets	3,758	—
Reversal of reserve for losses on contingent liabilities from financial futures transactions	6	5
Reversal of reserve for losses on contingent liabilities from securities transactions	—	3
Other	149,735	3,094,339
	155,833	3,094,856
Other deductions		
Losses on disposal of premises and equipment	142	1,273
Provision for reserve for losses on contingent liabilities from securities transactions	0	—
Other	44,969	—
	45,111	1,273
Net loss before income taxes	(2,981)	(467,126)
Income taxes		
Current	227	35
Refunded	3,208	—
Net income (loss)	—	(467,161)
Undisposed deficit brought forward	467,161	—
Undisposed deficit at end of year	467,161	467,161

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Deficit

(In millions of yen)

	2000	1999
Undisposed deficit at end of year	(467,161)	(467,161)
Disposition — Reversal of capital deficit	114,047	—
Undisposed deficit carried forward	(353,114)	(467,161)

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Financial Data

Capital Adequacy Ratio <Non-Consolidated> (Domestic Standard)

(In millions of yen)

Item		2000	1999
Tier I	Capital	291,290	291,290
	incl. Non-cumulative perpetual preferred stock	55,500	55,500
	Newly issued stock	—	—
	Capital surplus	—	73,831
	Legal reserve	—	—
	Voluntary reserve	—	—
	Profit (Loss) carried forward to next term	(352,647)	(465,208)
	Others	—	—
	Goodwill	—	—
	Total (A)	(61,357)	(100,086)
Tier II	Forty-five percent of the difference between fair value and book value	—	—
	General reserve for possible loan losses	25,986	33,570
	Subordinated debt	190,312	285,999
	Total	216,298	319,570
	Tier II capital qualifying as capital (B)	—	—
Items deducted	Intentional holding for the purpose of supplying capital to other financial institutions. (C)	—	—
Capital	(A)+(B)-(C) (D)	(61,357)	(100,086)
Risk-weighted assets	Balance-sheet exposure	4,051,794	5,053,853
	Off-balance-sheet exposure	105,997	317,465
	Total (E)	4,157,791	5,371,319
Capital adequacy ratio (Domestic standard) = $\frac{(D)}{(E)} \times 100$		—%	—%

Note:

The capital adequacy ratio has been calculated according to the formula stipulated in the MOF notice based on Article 14-2 of the Banking Law applied in the first half of Article 17 of the Long-Term Credit Bank Law. The Bank adopts the domestic standard.

Gross Profit, Business Profit (gyomu jun-eki)

(In millions of yen)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net interest income	11,988	10,063	1,924	36,375	10,668	25,707
Income	177,841	158,736	21,043	345,524	257,766	94,487
		[1,937]			[6,729]	
Expenses	165,853	148,672	19,118	309,148	247,098	68,780
			[1,937]			[6,729]
Net fees and commissions	2,888	2,734	154	1,922	1,384	538
Received	3,503	3,179	324	3,612	2,420	1,192
Paid	614	444	170	1,689	1,035	653
Net trading revenue	(95)	3,850	(3,946)	1,941	3,410	(1,469)
Revenue	628	590	38	2,074	1,982	92
Expenses	724	(3,260)	3,984	133	(1,428)	1,561
Net other operating income	4,716	(582)	5,229	(54,895)	(3,337)	(51,557)
Income	7,833	2,297	5,536	49,162	35,140	14,022
Expenses	3,117	2,879	237	104,058	38,478	65,579
Gross business profit	19,498	16,067	3,431	(14,655)	12,125	(26,781)
Gross business profit ratio (%)	0.24	0.20	0.78	(0.14)	0.12	(3.33)
Business profit (gyomu jun-eki)	30,976			(345,023)		

Notes:

- Domestic operations cover yen-denominated transactions in domestic offices. International operations cover foreign-currency denominated transactions in domestic offices and transactions in overseas offices, also including yen-denominated transactions with non-residents and transactions through off-shore-accounts.
- Interest expenses, expenses for fees and commissions and expenses for other operations are calculated by deducting the following, respectively: Interest expenses corresponding to money held in trust (¥2,577 million for the year ended March 31, 1999 and ¥62 million for the year 2000), commission for debenture redemption (¥26 million for the year ended March 31, 1999 and ¥7 million for the year 2000), and amortization of debenture issue costs (¥620 million for the year ended March 31, 1999 and ¥706 million for the year 2000).
- Figures in square brackets [] for interest income and interest expenses, respectively, indicate interests on debt/credit between domestic operations and international operations.
- Gross business profit ratio=Gross business profit/Average balance of interest-earning assets x 100
- Business profit has been calculated by deducting transfer to general reserve for loan losses, general and administrative expenses, commissions for debenture redemption, amortization of debenture issue costs, etc., from gross business profit.

Profit Ratio

(%)

Fiscal year	2000	1999
Net income-to-average total assets ratio	0.00	—
Net income-to-average stockholders' equity ratio	0.00	—

Note:

As regards the year ended March 31, 1999, no profit ratios are indicated because of the occurrence of net losses.

Net Interest Margin

(%)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Return on interest-earning assets	2.20	2.04	4.80	3.32	2.58	11.76
Cost of funds	2.42	2.23	5.84	3.80	3.23	9.22
Net interest margin	(0.22)	(0.19)	(1.04)	(0.48)	(0.65)	2.54

Average Balances of Interest-Earning and Bearing Accounts

(In millions of yen)

		2000			1999		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Interest-earning assets			[153,367]			[380,844]	
	Average balance	8,058,984	7,744,128	438,223	10,395,202	9,972,833	803,213
			[1,937]			[6,729]	
	Interest	177,841	158,736	21,043	345,524	257,766	94,487
	Yield (%)	2.20	2.04	4.80	3.32	2.58	11.76
Loans and bills discounted	Average balance	6,019,047	5,907,433	111,613	7,600,592	7,404,350	196,242
	Interest	95,083	91,065	4,018	28,376	118,320	10,055
	Yield (%)	1.57	1.54	3.60	1.68	1.59	5.12
Securities	Average balance	1,459,844	1,310,355	149,488	1,927,718	1,573,938	353,780
	Interest	20,785	13,022	7,762	32,852	19,732	13,120
	Yield (%)	1.42	0.99	5.19	1.70	1.25	3.70
Bills bought	Average balance	67,765	67,765	—	18,062	18,062	—
	Interest	27	27	—	58	58	—
	Yield (%)	0.04	0.04	—	0.32	0.32	—
Call loans	Average balance	136,023	134,927	1,095	480,329	479,965	364
	Interest	169	96	72	1,404	1,383	20
	Yield (%)	0.12	0.07	6.64	0.29	0.28	5.76
Due from banks	Average balance	166,813	1,090	165,722	244,399	7,558	236,840
	Interest	7,017	1	7,015	4,141	22	4,118
	Yield (%)	4.20	0.18	4.23	1.69	0.3	1.73
Interest-bearing liabilities			[153,367]			[380,844]	
	Average balance	8,588,966	8,399,480	402,853	9,412,620	8,986,234	807,229
			[1,937]			[6,729]	
	Interest	165,853	148,672	19,118	309,148	247,098	68,780
	Yield (%)	1.93	1.78	4.74	3.28	2.74	8.52
Debentures	Average balance	4,263,567	4,263,567	—	4,499,972	4,499,972	—
	Interest	81,073	81,073	—	111,212	111,212	—
	Yield (%)	1.90	1.90	—	2.47	2.47	—
Deposits	Average balance	2,073,992	2,008,730	65,262	1,924,867	1,790,249	134,618
	Interest	11,492	10,156	1,335	21,603	17,800	3,802
	Yield (%)	0.55	0.50	2.04	1.12	0.99	2.82
Certificates of deposit	Average balance	842,064	842,064	—	445,689	445,689	—
	Interest	5,644	5,644	—	3,715	3,715	—
	Yield (%)	0.67	0.67	—	0.83	0.83	—
Borrowings	Average balance	365,468	181,142	184,325	602,114	317,312	284,802
	Interest	10,280	4,877	5,402	18,234	6,403	11,831
	Yield (%)	2.81	2.69	2.93	3.02	2.01	4.15
Commercial paper	Average balance	86,408	86,408	—	8,844	8,844	—
	Interest	324	324	—	52	52	—
	Yield (%)	0.37	0.37	—	0.59	0.59	—
Bills sold	Average balance	98,798	98,798	—	323,778	323,778	—
	Interest	200	200	—	2,215	2,215	—
	Yield (%)	0.20	0.20	—	0.68	0.68	—
Call money	Average balance	819,534	819,534	0	1,359,049	1,359,021	28
	Interest	2,118	2,118	0	10,333	10,331	1
	Yield (%)	0.25	0.25	6.18	0.76	0.76	5.29

Notes:

- Interest-earning assets are calculated by deducting the average balance of non-interest-bearing deposits. Interest-bearing liabilities accounts are calculated by deducting the average balance and interest of the amount corresponding to money held in trust.
- Figures in square brackets [] indicate the average balance and interest (inserted) of debt/credit between domestic operations and international operations.
- The average balance of foreign-currency denominated transactions in domestic offices in international operations has been calculated according to the daily current method, in which the middle price of the current day is applied to non-exchange transactions of the day.

Analysis of Interest Income and Interest Expenses

(In millions of yen)

		2000			1999		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Interest income	Change due to balance	(77,562)	(56,726)	(42,922)	(39,074)	(19,809)	(34,045)
	Change due to interest rate	(90,120)	(42,304)	(30,521)	(55,199)	(80,147)	37,432
	Net change	(167,682)	(99,030)	(73,444)	(94,273)	(99,956)	3,387
Loans and bills discounted	Change due to balance	(26,569)	(23,800)	(4,332)	(18,570)	(11,252)	(15,396)
	Change due to interest rate	(6,723)	(3,454)	(1,704)	(53,449)	(43,901)	(1,470)
	Net change	(33,293)	(27,255)	(6,037)	(72,019)	(55,153)	(16,866)
Securities	Change due to balance	(7,953)	(3,294)	(7,558)	(15,075)	(5,472)	(13,825)
	Change due to interest rate	(4,113)	(3,414)	2,201	(16,908)	(5,247)	(7,438)
	Net change	(12,067)	(6,709)	(5,357)	(31,983)	(10,719)	(21,263)
Bills bought	Change due to balance	159	159	—	81	81	—
	Change due to interest rate	(190)	(190)	—	(25)	(25)	—
	Net change	(31)	(31)	—	56	56	—
Call loans	Change due to balance	(998)	(966)	42	3,197	1,248	(2,028)
	Change due to interest rate	(237)	(321)	9	(4,660)	(683)	(1)
	Net change	(1,235)	(1,287)	51	(1,463)	565	(2,029)
Due from banks	Change due to balance	(1,311)	(19)	(1,230)	1,310	(16)	1,454
	Change due to interest rate	4,187	(1)	4,127	(1,631)	(15)	(1,745)
	Net change	2,875	(20)	2,896	(321)	(31)	(289)
Interest expenses	Change due to balance	(27,015)	(17,721)	(34,452)	(33,966)	(20,676)	(20,793)
	Change due to interest rate	(116,279)	(80,705)	(15,208)	27,666	3,978	28,895
	Net change	(143,295)	(98,426)	(49,661)	(6,300)	(16,698)	8,102
Debentures	Change due to balance	(5,839)	(5,839)	—	(54,512)	(54,414)	(261)
	Change due to interest rate	(24,299)	(24,299)	—	(937)	(773)	(1)
	Net change	(30,138)	(30,138)	—	(55,449)	(55,187)	(262)
Deposits	Change due to balance	1,670	2,162	(1,955)	3,882	4,708	(8,103)
	Change due to interest rate	(11,781)	(9,807)	(511)	(4,087)	3,191	(1)
	Net change	(10,111)	(7,644)	(2,466)	(205)	7,899	(8,104)
Certificates of deposit	Change due to balance	3,289	3,289	—	1,164	1,131	(105)
	Change due to interest rate	(1,360)	(1,360)	—	259	397	(0)
	Net change	1,929	1,929	—	1,423	1,528	(105)
Borrowings	Change due to balance	(7,146)	(2,737)	(4,169)	4,101	(649)	5,944
	Change due to interest rate	(808)	1,210	(2,258)	(2,249)	(3,328)	(114)
	Net change	(7,954)	(1,526)	(6,428)	1,852	(3,977)	5,830
Commercial paper	Change due to balance	457	457	—	—	—	—
	Change due to interest rate	(185)	(185)	—	52	52	—
	Net change	272	272	—	52	52	—
Bills sold	Change due to balance	(1,529)	(1,529)	—	677	677	—
	Change due to interest rate	(484)	(484)	—	(129)	(129)	—
	Net change	(2,014)	(2,014)	—	548	548	—
Call money	Change due to balance	(4,100)	(4,100)	(1)	8,559	5,003	(7,384)
	Change due to interest rate	(4,114)	(4,113)	0	(10,463)	482	(6)
	Net change	(8,214)	(8,213)	(1)	(1,904)	5,485	(7,390)

Note:

Where the factor of change concerns both balance and interest rate, the factor has been included in the change due to interest rate.

Fees and Commissions

(In millions of yen)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net fees and commissions	2,888	2,734	154	1,922	1,384	538
Fees and commissions received	3,503	3,179	324	3,612	2,420	1,192
Bonds, deposits, loans	1,916	1,889	27	1,070	906	163
Exchange	90	65	25	149	78	70
Securities-related	633	631	1	753	697	55
Agency	106	88	18	137	132	5
Custody services	12	12	—	16	16	—
Guarantees	177	41	136	402	99	303
Others	566	451	115	1,088	489	592
Fees and commissions paid	614	444	170	1,689	1,035	653
Exchange	25	20	5	44	22	21
Others	589	424	165	1,645	1,013	632

Other Operating Income and Expenses

(In millions of yen)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net other operating income	4,716	(582)	5,299	(54,895)	(3,337)	(51,557)
Foreign exchange transactions	(283)	—	(283)	(1,245)	—	(1,245)
Bond operations	3,858	(1,604)	5,463	(44,859)	(6,041)	(38,817)
Others	1,141	1,022	119	(8,790)	2,703	(11,494)

General and Administrative Expenses

(In millions of yen)

	2000	1999
Remunerations, allowances	12,462	16,294
Retirement allowances	198	776
Transfer to reserve for retirement allowances	709	894
Welfare expenses	532	740
Depreciation expenses	3,246	3,347
Leasing fees for land, buildings and machinery	8,299	9,259
Maintenance expenses	604	282
Expenses for consumable goods	418	594
Utility expenses	685	735
Travel expenses	273	355
Communication expenses	607	708
Publicity expenses	628	1,704
Taxes and public charges	1,572	1,820
Other	12,412	12,221
Total	42,651	49,735

Debenture Operations

Outstanding Balance and Average Balance of Debentures

(In millions of yen)

	2000		1999	
	Term-end balance	Average balance	Term-end balance	Average balance
Nippon Credit debentures	3,407,415	3,939,695	3,803,743	3,991,773
Discounted Nippon Credit debentures	276,586	323,872	391,482	508,199
Total	3,684,002	4,263,567	4,195,225	4,499,972

Notes:

1. Debentures do not include debenture subscriptions.

2. Nippon Credit debentures include "Nippon Credit debentures (interest paid in lump sum)," foreign-currency denominated Nippon Credit debentures, and convertible bonds.

Balance by Residual Period

(In millions of yen)

	2000			1999		
	Total	Nippon Credit debentures	Discounted Nippon Credit debentures	Total	Nippon Credit debentures	Discounted Nippon Credit debentures
Less than 1 year	2,869,082	2,592,496	276,586	2,363,473	1,971,991	391,482
1 – 3 years	754,146	754,146		1,702,885	1,702,885	
3 – 5 years	60,773	60,773		128,867	128,867	
5 – 7 years	—	—		—	—	
Over 7 years	—	—		—	—	
Total	3,684,002	3,407,415	276,586	4,195,225	3,803,743	391,482

Note:

Nippon Credit debentures include "Nippon Credit debentures (interest paid in lump sum)," foreign-currency denominated Nippon Credit debentures, and convertible bonds.

Outstanding Balance of Issued Debentures per Office

(In number of offices, and millions of yen)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Number of operating offices	19	18	1	19	18	1
Outstanding balance of debentures per office	193,894	204,666	—	220,801	233,068	—

Outstanding Balance of Issued Debentures per Employee

(In number of employees, and millions of yen)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Number of employees	1,610	1,609	1	1,782	1,781	1
Outstanding balance of debentures per employee	2,288	2,289	—	2,354	2,355	—

Notes:

Number of employees represents through-term average number of employees. Number of employees in domestic offices includes the head-office.

Balance of Workers' Property Accumulation Savings

(In millions of yen, and in number of accounts)

	2000		1999	
	Balance	Number of accounts	Balance	Number of accounts
Workers' property accumulation savings ("zaikai")	42,595	18,033	49,165	22,521
Zaikei pension savings	7,065	3,328	7,534	3,661
Total	49,660	21,361	56,699	26,182

Deposit Operations

Balance by Deposit Accounts

(In millions of yen)

			2000			1999		
			Total	Domestic operations	International operations	Total	Domestic operations	International operations
Deposits	Liquid deposits	Average	187,602	187,602	—	229,788	229,788	—
		balance (%)	(9.05)	(9.34)	—	(11.94)	(12.84)	—
		Term-end	177,025	177,025	—	204,486	204,486	—
		balance (%)	(9.92)	(10.23)	—	(10.85)	(11.27)	—
	incl. Interest bearing deposits	Average	168,709	168,709	—	206,414	206,414	—
		balance (%)	(8.13)	(8.40)	—	(10.72)	(11.53)	—
		Term-end	136,631	136,631	—	155,887	155,887	—
		balance (%)	(7.65)	(7.90)	—	(8.27)	(8.59)	—
	Time deposits	Average	1,857,303	1,819,753	37,550	1,595,366	1,558,650	36,716
		balance (%)	(89.55)	(90.59)	(57.54)	(82.88)	(87.06)	(27.27)
		Term-end	1,580,442	1,547,647	32,795	1,641,601	1,606,639	34,962
		balance (%)	(88.54)	(89.46)	(59.61)	(87.13)	(88.57)	(49.90)
		incl. Fixed free interest time deposits	Average	1,726,749		1,497,558	1,497,558	
			balance (%)	(83.26)		(77.80)	(83.65)	
			Term-end	1,473,247		1,535,846	1,535,846	
			balance (%)	(82.53)		(81.52)	(84.67)	
		incl. Variable free interest time deposits	Average	93,003		61,091	61,091	
			balance (%)	(4.48)		(3.17)	(3.41)	
			Term-end	74,400		70,793	70,793	
			balance (%)	(4.17)		(3.76)	(3.90)	
	Others	Average	29,086	1,374	27,712	99,713	1,811	97,902
		balance (%)	(1.40)	(0.07)	(42.46)	(5.18)	(0.10)	(72.73)
		Term-end	27,543	5,326	22,217	37,985	2,885	35,100
		balance (%)	(1.54)	(0.31)	(40.39)	(2.02)	(0.16)	(50.10)
	Total	Average	2,073,992	2,008,730	65,262	1,924,867	1,790,249	134,618
		balance (%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
		Term-end	1,785,011	1,729,998	55,012	1,884,073	1,814,011	70,062
		balance (%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Certificates of deposit		Average balance	842,064	842,064	—	445,689	445,689	—
		Term-end balance	850,430	850,430	—	611,280	611,280	—
Total		Average balance	2,916,056	2,850,794	65,262	2,370,557	2,235,938	134,618
		Term-end balance	2,635,441	2,580,428	55,012	2,495,353	2,425,291	70,062

Notes:

1. Time deposits (in general) = Time deposits

Fixed free interest time deposits = Deregulated interest time deposits for which the interest up to the due date is determined when the deposits are made.

Variable free interest time deposits = Deregulated interest time deposits for which the interest varies according to changes in market interest rates during the period of deposit.

2. Deposits = Deposits at notice + Ordinary deposits + Current deposits

3. Average balance of domestic offices' foreign-currency denominated transactions in the international operations sector has been computed by the daily current method.

Balance of Time Deposits by Residual Period

(In millions of yen)

	2000			1999		
	Total	Fixed free interest	Variable free interest	Total	Fixed free interest	Variable free interest
Less than 3 months	879,042	872,432	6,610	900,725	896,327	3,363
3 - 6 months	263,567	259,924	3,643	231,777	230,777	1,000
6 months - 1 year	153,555	148,938	4,617	339,453	339,453	0
1- 2 years	93,781	34,451	59,330	32,171	32,171	—
2 - 3 years	181,502	148,507	200	101,168	34,738	66,430
More than 3 years	8,991	8,991	—	36,305	2,377	—
Total	1,580,442	1,473,247	74,400	1,641,601	1,535,846	70,793

Outstanding Balance by Depositor

(In millions of yen, %)

	2000		1999	
	Balance	Share	Balance	Share
Corporations	698,692	40.1	755,947	41.5
Individuals	447,638	25.7	568,886	31.2
Public sector	44,123	2.5	44,565	2.4
Financial institutions	552,368	31.7	454,784	24.9
Total	1,742,823	100.0	1,824,183	100.0

Note:

The above balance does not include certificates of deposit, deposits at overseas offices and specific international financial transaction accounts

Outstanding Balance per Office

(In number of offices, and millions of yen)

	2000			1999		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of operating offices	19	18	1	19	18	1
Deposits per office	138,707	144,591	32,795	131,334	136,688	34,962

Outstanding Balance per Employee

(In number of employees, and millions of yen)

	2000			1999		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of employees	1,610	1,609	1	1,782	1,781	1
Deposits per employee	1,636	1,617	32,795	1,400	1,381	34,962

Notes:

1. The above amounts of deposits include certificates of deposit.

2. Number of employees represents through-term average number of employees. Number of employees in domestic offices includes the head-office.

Loan Operations

Outstanding Balance of Loans

(In millions of yen)

		2000			1999		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Loans on deeds	Average balance	3,129,725	3,031,903	97,822	4,050,273	3,886,943	163,329
	Term-end balance	2,373,831	2,308,403	65,428	3,581,685	3,456,167	125,518
Loans on notes	Average balance	2,843,472	2,829,680	13,791	3,507,647	3,474,734	32,912
	Term-end balance	1,658,824	1,658,399	424	3,576,741	3,554,281	22,459
Overdrafts	Average balance	41,927	41,927	—	35,624	35,624	—
	Term-end balance	69,576	69,576	—	43,968	43,968	—
Bills discounted	Average balance	3,921	3,921	—	7,047	7,047	—
	Term-end balance	1,989	1,989	—	6,688	6,688	—
Total	Average balance	6,019,047	5,907,433	111,613	7,600,592	7,404,350	196,242
	Term-end balance	4,104,221	4,038,368	65,853	7,209,084	7,061,106	147,977

Note:

Average balance of domestic offices' foreign-currency denominated transactions in the international operations sector has been computed by the daily current method.

Balance by Residual Period

(In millions of yen)

	2000			1999		
	Total	Fixed interest	Variable interest	Total	Fixed interest	Variable interest
Less than 1 year	2,019,879			4,625,269		
1 – 3 years	776,825	695,731	81,093	1,076,193	961,751	114,442
3 – 5 years	752,743	672,189	80,553	838,484	762,435	76,048
5 – 7 years	187,755	163,630	24,125	210,962	167,103	43,858
Over 7 years	297,441	258,683	38,758	414,204	375,283	38,921
Indefinite period	69,576	—	69,576	43,968	—	43,968
Total	4,104,221			7,209,084		

Note:

No distinction has been made between fixed interest and variable interest, as regards loans with a residual period of less than 1 year.

Proportional Ratio of Loans Against Debentures and Deposits

(In millions of yen, %)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Loans (A)	4,104,221	4,038,368	65,853	7,209,084	7,061,106	147,977
Debentures and deposits (B)	6,319,443	6,264,430	55,012	6,690,579	6,620,517	70,062
(A) / (B)	64.95	64.47	119.71	107.74	106.65	211.20
Through-term average	83.84	83.04	171.02	110.62	109.92	145.77

Notes:

1. Debentures do not include debenture subscriptions.
2. Deposits include certificates of deposit.

Loans to Small/Medium-Size Companies

(In number of borrowers, millions of yen, %)

	2000		1999	
	Number of borrowers	Amount	Number of borrowers	Amount
Total loans balance (A)	7,346	4,086,150	9,418	7,159,435
Balance of loans to small/medium-size companies (B)	6,580	2,026,445	8,263	4,445,457
(B) / (A)	89.57	49.59	87.73	62.09

Notes:

1. Balance of loans in the above table does not include those at overseas offices and for special international financial transaction accounts.
2. Small/medium-size companies refer to corporations whose capital is ¥300 million or less (¥100 million or less for wholesalers and ¥50 million or less for retailers or service companies) or corporations whose regular employees total 300 or less (100 or less for wholesalers, 50 or less for retailers and 100 or less for service companies), or individuals. As the scope of "small/medium sized companies" was expanded pursuant to the promulgation/enforcement of "the law to partially revise the Basic Law of Small/medium-sized Companies (Legislation No. 146, 1999)" on December 3, 1999, the amount indicated as of March 31, 2000 is based on this expanded scope for small/medium-sized companies. As a result, "Balance of loans to small/medium-sized companies" and "Number of borrowers among small/medium-sized companies" have increased by ¥110,206 million and 187 borrowers, respectively, as of March 31, 2000, than prior to the revision made to the scope of small/medium-sized companies.

Breakdown of Loans by Industry

(In number of borrowers, millions of yen, %)

Industry	2000			1999		
	Number of borrowers	Balance of loans	Share	Number of borrowers	Balance of loans	Share
Loans from domestic offices (excluding special international financial transaction accounts)	7,346	4,086,150	100.00%	9,418	7,159,435	100.00%
Manufacturing	531	493,689	12.08	638	553,399	7.73
Agriculture, forestry & fisheries	9	3,811	0.09	12	4,758	0.07
Mining	16	10,050	0.25	20	10,698	0.15
Construction	112	262,934	6.43	157	292,204	4.08
Financial & insurance	117	773,420	18.93	231	1,608,099	22.46
Wholesale & retail	355	235,693	5.77	494	331,348	4.63
Real estate	349	1,304,617	31.93	637	2,574,741	35.96
Transport & telecommunications	168	196,482	4.81	199	196,355	2.74
Utilities	29	43,080	1.05	27	44,093	0.62
Services	518	684,674	16.83	744	1,417,845	19.80
Municipalities	1	36	0.00	2	58	0.00
Individuals	5,105	31,783	0.78	6,197	50,716	0.71
Overseas yen loans by domestic offices	36	42,875	1.05	60	75,116	1.05
Loans from overseas offices, and special international financial transaction accounts	30	18,070	100.00%	73	49,648	100.00%
Governments & official institutions	—	—	—	2	3,032	6.11
Financial institutions	6	1,649	9.13	9	4,162	8.38
Commercial & industrial	22	15,926	88.13	62	42,453	85.51
Others	2	494	2.74	—	—	—
Total	7,376	4,104,221		9,491	7,209,084	

Balance of Loans by Purpose of Use

(In millions of yen, %)

	2000		1999	
	Balance	Share	Balance	Share
Capital investment	935,019	22.78	1,351,300	18.74
Working capital	3,169,202	77.22	5,857,783	81.26
Total	4,104,221	100.00	7,209,084	100.00

Breakdown of Customers' Liabilities for Acceptances and Guarantees

(In millions of yen)

	2000	1999
Bills accepted	—	—
Letters of credit	—	—
Guarantees	109,106	318,408
Total	109,106	318,408

Breakdown of Loans by Collateral

(In millions of yen)

	2000	1999
Securities	47,957	91,852
Claims	845,784	1,686,883
Merchandise	252	21,513
Land & buildings	1,517,071	3,164,333
Factories	2,616	3,006
Foundations	296,018	325,159
Vessels	10,883	16,659
Others	878,917	1,081,435
Total	3,599,501	6,390,843
Guarantees	200,831	294,109
Credits	303,888	524,131
Total	4,104,221	7,209,084
[incl. Loans with special subordinate conditions]	[28,326]	[30,552]

Note:

Includes loans reserved with conditions necessary for counteraction against a third party.

Breakdown of Acceptances and Guarantees by Collateral

(In millions of yen)

	2000	1999
Securities	211	7,503
Claims	2,488	3,058
Real estate	5,765	11,715
Others	8,053	61,190
Total	16,519	83,468
Guarantees	1,589	1,867
Credits	90,996	233,072
Total	109,106	318,408

Balance of Housing Loans and Consumer Loans

(In millions of yen)

	2000	1999
Housing loans	21,023	24,657
Consumer loans	3,939	9,174

Loans per Office

(In number of offices, millions of yen)

	2000			1999		
	Total	Domestic	Overseas	Total	Domestic	Overseas
Number of operating offices	19	18	1	19	18	1
Loans per office	216,011	228,012	—	379,425	400,504	—

Loans per Employee

(In number of employees, millions of yen)

	2000			1999		
	Total	Domestic	Overseas	Total	Domestic	Overseas
Number of employees	1,610	1,609	1	1,782	1,781	1
Loans per employee	2,549	2,550	—	4,045	4,047	—

Note:

Number of employees represents through-term average number of employees. Number of employees in domestic offices includes the head-office.

Write-Off of Loans

(In millions of yen)

	2000	1999
Write-off of loans	2,156	51,879

Reserve for Possible Loan Losses

(In millions of yen)

	2000					1999				
	Balance at term beginning	Increase	Decrease		Balance at term-end	Balance at term beginning	Increase	Decrease		Balance at term-end
			Offset on purpose	Others				Offset on purpose	Others	
General reserve	300,531	245,887	—	300,531	245,887	19,769	300,531	—	19,769	300,531
Specific reserve	[5,692]					[2,637]				
	3,341,966	878,652	2,545,270	796,696	878,652	670,151	3,347,658	26,077	644,073	3,347,658
incl. loans to non-residents of Japan	[4,418]					[2,191]				
	40,886	10,853	29,052	11,834	10,853	13,953	45,305	1,176	12,766	45,305
Country risk reserve	7	—	—	7	—	524	7	—	524	7

Note:

Figures in square brackets [] in the balance at term's beginning denote conversion difference due to foreign exchange fluctuations.

Loans to Restructuring Countries

(In millions of yen)

	2000		1999	
	Country	Balance	Country	Balance
Loans to restructuring countries	—	—	Republic of Indonesia	21
Total	—	—	—	21
			[Percentage of total assets]	[0.00%]

Note:

Loans to restructuring countries are loans which are subject to reserves with respect to country risk reserves.

Risk Kanri Saiken (Risk-Monitored Loans)

(In millions of yen)

	2000	1999
Loans to bankrupt companies	353,892	1,527,873
Past due loans	638,778	2,195,012
Loans overdue for 3 months or more	7,263	1,641
Restructured loans	92,704	50,227
Total	1,092,639	3,774,755

Note:

“Loans to bankrupt companies” are loans to borrowers for which uncollected interest has not been accrued because collection or payment of principal or interest cannot be anticipated due to substantial duration of the delay of the said payment, or due to any of the events listed below. (This excludes the portion where bad debts were written off, which hereafter shall be called “accrued-interest non-posted loans”).

- (1) Borrowers who have applied for the commencement of company reorganization procedures pursuant to the provisions of the Corporation Reorganization Law.
- (2) Borrowers who have applied for bankruptcy pursuant to the provisions of the Bankruptcy Law.
- (3) Borrowers who have applied for composition pursuant to the provisions of the Composition Law.
- (4) Borrowers who have applied for the commencement of liquidation or special liquidation pursuant to the provisions of the Commercial Law.
- (5) Borrowers who have received a cessation of transaction from the clearing house.
- (6) Borrowers who have applied for the commencement of legal liquidation procedures pursuant to overseas laws, corresponding to those listed above.

“Past due loans” refers to accrued-interest non-posted loans except those for which concessions on payment of interests were made in order to assist the reorganization of bankrupt companies and loans to them.

“Loans overdue for 3 months or more” refers to those, excluding loans to bankrupt companies and past due loans, for which principal or interest remains unpaid at least for three months.

“Restructured loans” refers to those, excluding loans to bankrupt companies, past due loans and loans overdue for 3 months or more, for which agreement was made to provide reduction or moratorium of interest payments, or concessions in the borrower's favor on interest or principal payments or to waive claims for the purpose of assisting the reconstruction of insolvent borrowers.

As listed here after, the accounting standard concerning assets with accrued interest was altered from the fiscal year ended March 31, 1999. It has also been determined that, as regards the disclosure standard concerning Risk Kanri Saiken disclosure is in principle made per borrower pursuant to borrower classification on self-assessment basis with respect to “Loans to bankrupt companies” and “Past due loans.” Specifically, all loans to borrowers whose classification is “bankrupt borrowers” are disclosed as “Loans to bankrupt companies,” and all loans whose classifications are “effectively bankrupt borrowers” and “borrowers that may declare bankruptcy” are in principle disclosed as “Past due loans” regardless of delaying or not.

(Reference)

As regards the accounting method of accrued interest, the Bank had in principle been adopting a system according to tax-law standard, but changed the method to accounting based on self-assessment of borrowers classification as from the fiscal year ended March 31, 1999. Specifically, no uncollected interest is accounted for, in principle, concerning the borrowers whose classifications are “bankrupt borrowers” (not accounted for, in principle, even in conventional tax-law standards), “effectively bankrupt borrowers” or “borrowers that may declare bankruptcy,” regardless of delaying or not.

Disclosure Pursuant to the Financial Reconstruction Law

Amount of Assessed Credit

(In millions of yen)

Category of credits	2000	1999
Bankrupt and similar-bankrupt credit (Hatan kousei tou saiken)	7,016	29,413
Doubtful credit (Kiken saiken)	3,516	10,061
Substandard credit (Youkanri saiken)	1,127	529
Normal credit (Seijou saiken)	31,493	37,235

As regards the assessment of credit, the following categories are made pursuant to Article 6 of the Law Concerning Emergency Measures for the Reconstruction of the Function of the Financial System (Law No. 132, 1998), based on borrowers’ financial condition and business results concerning securities lent, loans, foreign exchange listed in the balance sheets, as well as each account on accrued interest, suspended payments and customers’ acceptance liabilities in other assets.

1. Bankrupt and similar-bankrupt credit (Hatan kousei tou saiken):

Bankrupt and similar-bankrupt credit (Hatan kousei tou saiken) refers to credit of borrowers who are in state of bankruptcy, corporate reorganization, composition, etc., and the equivalent thereof.

2. Doubtful credit (Kiken saiken):

Doubtful credit (Kiken saiken) refers to credit with serious doubt concerning recovery of principal and receiving of interest as contracted, because the borrower’s financial condition and business results have worsened, although they have not reached the point of management collapse.

3. Substandard credit (Youkanri saiken):

Substandard credit (Youkanri saiken) refers to loans in arrears for more than 3 months or with mitigated conditions.

4. Normal credit (Seijou saiken):

Normal credit (Seijou saiken) refers to credit possessed by customers whose financial condition and business results have no particular problem, and which are categorized separately from the above categories 1-3.

Differences between disclosure pursuant to the Financial Reconstruction Law and risk kanri saiken are the following.

* Scope of credit subject to disclosure:

While the scope of disclosure pursuant to risk kanri saiken is limited to loans, the scope of disclosure pursuant to the Financial Reconstruction Law consists of loans, securities lent, foreign exchange, accrued interest, suspended payments and customers’ acceptance liabilities. (Substandard credit includes only loans.)

* Unit of totaling of disclosed amount:

Risk kanri saiken (Risk-monitored loans) disclosure is based on the classification of each loan; whereas disclosure pursuant to the Financial Reconstruction Law is based on the classification of each borrower. (Nonetheless, substandard loan is classified for each loan.)

Securities

Outstanding Balance and Average Balance of Securities Held

(In millions of yen)

		2000			1999		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Total	Average	1,459,844	1,310,355	149,488	1,927,718	1,573,938	353,780
	balance (%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
	Term-end	1,135,653	995,098	140,554	1,198,950	987,525	211,425
	balance (%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
National government bonds	Average	489,602	489,602	—	438,357	438,357	—
	balance (%)	(33.54)	(37.36)	—	(22.74)	(27.85)	—
	Term-end	288,694	288,694	—	191,828	191,828	—
	balance (%)	(25.42)	(29.01)	—	(16.00)	(19.43)	—
Local government bonds	Average	32,644	32,644	—	31,740	31,740	—
	balance (%)	(2.24)	(2.49)	—	(1.65)	(2.02)	—
	Term-end	34,121	34,121	—	40,100	40,100	—
	balance (%)	(3.01)	(3.43)	—	(3.34)	(4.06)	—
Corporate bonds	Average	99,455	99,455	—	136,614	136,614	—
	balance (%)	(6.81)	(7.59)	—	(7.09)	(8.68)	—
	Term-end	92,271	92,271	—	120,344	120,344	—
	balance (%)	(8.13)	(9.27)	—	(10.04)	(12.18)	—
Stocks	Average	671,797	671,797	—	921,043	921,043	—
	balance (%)	(46.02)	(51.27)	—	(47.78)	(58.52)	—
	Term-end	512,569	512,569	—	464,512	464,512	—
	balance (%)	(45.13)	(51.51)	—	(38.74)	(47.04)	—
Others	Average	166,343	16,855	149,488	399,961	46,181	353,780
	balance (%)	(11.39)	(1.29)	(100.00)	(20.74)	(2.93)	(100.00)
	Term-end	155,974	15,419	140,554	232,795	21,369	211,425
	balance (%)	(13.73)	(1.55)	(100.00)	(19.42)	(2.16)	(100.00)
Securities lent	Average	—	—	—	—	—	—
	balance (%)	—	—	—	—	—	—
	Term-end	52,021	52,021	—	149,368	149,368	—
	balance (%)	(4.58)	(5.23)	—	(12.46)	(15.13)	—

Notes:

1. "Others" in total column represents the total of "Other" of Domestic operations plus that of International operations.
2. Average balance of Securities lent is classified and included according to type of securities.
3. Treasury stock is included in "Stocks."
4. Average balance of domestic offices' foreign-currency denominated transactions in International operations is computed by the daily current method.

Balance of Securities by Residual Period

(In millions of yen)

	2000						1999					
	National government bonds	Local government bonds	Corporate bonds	Stocks	Others	Securities lent	National government bonds	Local government bonds	Corporate bonds	Stocks	Others	Securities lent
Less than 1 year	246,538	1,722	47,895		20,822	7,198	103,725	387	23,214		86,560	—
1 – 3 years	14,626	234	34,635		27,245	—	50,940	522	80,570		65,252	—
3 – 5 years	5,250	12,689	2,527		4,468	—	4,857	8,422	3,278		778	—
5 – 7 years	1,028	8,755	179		747	—	—	16,878	1,045		10,198	—
7 – 10 years	21,250	10,154	7,033		3,433	—	32,305	13,339	12,235		4,402	—
Over 10 years	—	566	—		—	—	—	550	—		—	—
Indefinite period	—	—	—	512,569	99,257	44,823	—	—	—	464,512	65,603	149,368
Total	288,694	34,121	92,271	512,569	155,974	52,021	191,828	40,100	120,344	464,512	232,795	149,368

Note:

Treasury stock is included in “Stocks.”

Proportional Ratio of Securities Against Debentures and Deposits

(In millions of yen, %)

	2000			1999		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Securities (A)	1,135,653	995,098	140,554	1,198,950	987,525	211,425
Debentures and deposits (B)	6,319,443	6,264,430	55,012	6,690,579	6,620,517	70,062
(A) / (B)	17.97	15.88	255.49	17.91	14.91	301.76
Through-term average	20.33	18.42	229.06	28.05	23.36	262.80

Notes:

1. Debentures do not include debenture subscription.
2. Deposits include certificates of deposit.

Securities Operations

Public Bonds Underwritten

(In millions of yen)

	2000	1999
National government bonds	143,135	142,512
Local government bonds, government-guaranteed bonds	42,994	53,958
Total	186,129	196,470

OTC Sales of Government Bonds and Securities Investment Trust

(In millions of yen)

	2000	1999
National government bonds	109	330
Local government bonds, government-guaranteed bonds	5,250	4,000
Total	5,359	4,330
Securities investment trust	8,500	56

Note:

OTC sales of securities investment trust have been conducted effective December 1, 1998.

Public Bonds Dealing

(In millions of yen)

	2000	1999
National government bonds	4,620,634	11,376,111
Local government bonds	44,351	42,162
Government-guaranteed bonds	48,308	74,900
Total	4,713,294	11,493,173

Average Balance of Trading Securities

(In millions of yen)

	2000	1999
National government bonds	18,372	35,024
Local government bonds	128	325
Government-guaranteed bonds	272	610
Total	18,773	35,960

International Operations

Foreign Exchange Transactions

(In millions of US dollars)

		2000	1999
Exchange forwarded	Exchange sold	7,108	21,035
	Exchange bought	15	218
Exchange counter-forwarded	Exchange paid	7,079	21,723
	Exchange collected	101	122
Total		14,305	43,101

Note:

Transactions include those of overseas offices.

Balance of Foreign-Currency Denominated Assets

(In millions of US dollars)

	2000			1999		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Balance of foreign-currency denominated assets	1,779	1,469	310	3,367	3,076	291

Capitalization

History of Capitalization

(In millions of yen)

Month/Year	Capital increases	Capital thereafter	Remarks
Mar. 88	2,694	96,364	Conversion of convertible bonds (Nov. 2, 1987 - Mar. 31, 1988)
Oct. 88	2,321	98,686	Conversion of convertible bonds (Apr. 1, 1988 - Oct. 31, 1988)
Nov. 88	27,985	126,671	Compensatory public subscription 5,000 thousand shares; Issue price ¥11,194; Transfer to capital ¥5,597
Mar. 89	1,415	128,086	Conversion of convertible bonds (Nov. 1, 1988 - March 31, 1989)
Mar. 90	20,290	148,377	Conversion of convertible bonds (Apr. 1, 1989 - March 31, 1990)
Mar. 91	3,814	152,191	Conversion of convertible bonds (Apr. 1, 1990 - March 31, 1991)
Mar. 92	28	152,220	Conversion of convertible bonds (Apr. 1, 1991 - March 31, 1992)
Mar. 95	71	152,292	Conversion of convertible bonds (Apr. 1, 1994 - March 31, 1995)
Oct. 96	25,500	177,792	Compensatory private placement (the 2nd preferred stock 102,000 thousand shares); Issue price ¥500; Transfer to capital ¥250
Jul. 97	83,498	261,290	Compensatory private placement (common stock 766,039 thousand shares); Issue price ¥218; Transfer to capital ¥109
Jul. 97	61,823	323,114	Compensatory private placement (the 3rd preferred stock 386,398 thousand shares); Issue price ¥320; Transfer to capital ¥160
Mar. 98	30,000	353,114	Compensatory private placement (the 4th preferred stock 120,000 thousand shares); Issue price ¥500; Transfer to capital ¥250
Sep. 00	66,666	419,781	Compensatory private placement (common stock 333,334 thousand shares); Issue price ¥300; Transfer to capital ¥200
Oct. 00	(260,000)	159,781	Non-compensatory Reduction of Capital <ul style="list-style-type: none"> • Capital reduction of ¥105,287 million by redemption of the 2nd preferred stock 102,000 thousand shares, the 3rd preferred stock 386,398 thousand shares, and the 4th preferred stock 71,856 thousand shares • Capital reduction of ¥154,712 million exceeding face amount of common stock and transferred to capital
Oct. 00	260,000	419,781	Compensatory private placement (the 5th preferred stock 866,667 thousand shares); Issue price ¥300; Transfer to capital ¥300

Major Shareholders (As of March 31, 2000)

① Common stock

	Address	Number of shares held	Share of total outstanding shares
Deposit Insurance Corporation	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	2,501,536 thousand	100.00%
Total		2,501,536 thousand	100.00%

② The 2nd preferred stock

	Address	Number of shares held	Share of total outstanding shares
Deposit Insurance Corporation	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	102,000 thousand	100.00%
Total		102,000 thousand	100.00%

③ The 3rd preferred stock

	Address	Number of shares held	Share of total outstanding shares
Deposit Insurance Corporation	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	386,398 thousand	100.00%
Total		386,398 thousand	100.00%

④ The 4th preferred stock

	Address	Number of shares held	Share of total outstanding shares
Deposit Insurance Corporation	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	120,000 thousand	100.00%
Total		120,000 thousand	100.00%

Major Shareholders (As of October 4, 2000)

① Common stock

	Number of shares held	Share of total outstanding shares
SOFTBANK CORP.	1,385,548 thousand	48.87%
ORIX Corporation	425,041	14.99
The Tokio Marine and Fire Insurance Co., Ltd.	425,041	14.99
Cerberus NCB Acquisition LLC	142,000	5.00
Pacific Capital Group/Colony Asia LP	113,600	4.00
Property Asset Management Inc.	71,000	2.50
Chase Manhattan International Finance Ltd	14,200	0.50
UBS Capital Asia Pacific Ltd	14,200	0.50
Silicon Valley Bancshares	7,100	0.25
The Zenshinren Bank	5,680	0.20
The Shinkumi Federation Bank	5,680	0.20
The Rokinren Bank	5,680	0.20
THE MICHINOKU BANK, LTD.	5,680	0.20
The Hachijuni Bank, Ltd.	5,680	0.20
THE SURUGA BANK, LTD.	5,680	0.20
The Bank of Kyoto, Ltd.	5,680	0.20
The Chugoku Bank, Limited	5,680	0.20
The Hiroshima Bank, Ltd.	5,680	0.20
The Yamaguchi Bank, Ltd.	5,680	0.20
THE BANK OF FUKUOKA, LTD.	5,680	0.20
THE NISHI-NIPPON BANK, LTD.	5,680	0.20
The Fukuoka City Bank, Ltd.	5,680	0.20

② The 4th preferred stock

	Number of shares held	Share of total outstanding shares
Deposit Insurance Corporation	48,144 thousand	100.00%
Total	48,144 thousand	100.00%

③ The 5th preferred stock

	Number of shares held	Share of total outstanding shares
Resolution and Collection Corporation	866,667 thousand	100.00%
Total	866,667 thousand	100.00%

Company History

April	1957	Established as Japan Property Bank (capital ¥1 billion) in accordance with the Long-Term Trust Bank Law.	October	1985	Established the first subsidiary in Europe, The Nippon Credit International Limited
October		Opened Osaka Branch	May	1988	Started new information system operation
November		Opened Nagoya Branch	November	1989	Started issuance of two-year debentures
September	1958	Started issuance of discount debentures	February	1994	Established the first domestic subsidiary by business category "The Nippon Credit Trust Bank"
October		Opened Nagoya Branch Office	August		Split ¥500 par value stock into ¥50 par value
July	1964	Started foreign exchange business as an authorized foreign exchange bank	June	1996	Started issuance of one and three-year debentures
September		Listed stock in the Tokyo Stock Exchange	April	1997	Announced Comprehensive Restructuring Plan Signed contract with Bankers Trust Company for basic agreement of business tie-up
February	1970	Listed stock in the Osaka Securities Exchange	December	1998	Started sales of stock investment trust Started special public management in accordance with application of the Financial Reconstruction Law Terminated listing stocks on Tokyo Stock Exchange, Osaka Securities Exchange
April	1974	Opened first overseas branch office in London	June	2000	Share Purchase Agreement regarding the transfer of the Bank's shares is signed between DIC and SOFTBANK CORP., ORIX Corporation, The Tokio Marine and Fire Insurance Co., Ltd., and other financial institutions
October	1977	Changed name to The Nippon Credit Bank, Ltd. Started total on-line operation system	September		Ended special public management
January	1978	Opened the first overseas subsidiary in Hong Kong, The Nippon Credit International (Hong Kong) Limited			
October	1981	Started issuance of Rissin Wide			
April	1983	Started sales of public bonds including national government bonds over-the-counter			
June	1984	Started public bonds (including national government bonds) dealing business			
January	1985	Started multiple-purpose bank account for bonds			

Business Activities

● Debentures

Issuance of debentures and discount debentures

● Deposits

Deposits

Checking accounts, savings accounts, deposits at notice, time deposits, deposits at notice, tax savings deposits, non-residents deposits in yen currency, and deposit in foreign currencies

Certificates of deposit

Limited to national and local public entities, bond management firms and other specified customers

● Lending and guaranty of liabilities

Loans, discount on promissory notes, guaranty of liabilities for equipment funds and long-term operating fund services. Also, loans for long-term funds (term exceeding six months) other than equipment funds and long-term operation funds

Loans for short-term funds are (term of less than six months) limited to the total amount of deposits or corresponding funds.

Discounts on promissory notes, guaranty of liabilities, and acceptance of promissory notes

● Securities

Security investment business

Underwriting of public bonds

Over-the-counter sales of public bonds including national government bonds, and securities investment trusts

Sales/purchase of security products

Receipt of payment for stocks or corporate bonds, or payment of dividends

Registration of public bonds as a registered institution under the Corporate Bonds Registration Law

Consignment business for soliciting or managing public bonds

Trust business for secured corporate bonds

● Brokerage business for securities futures

Brokerage business for securities futures, option transactions, and forward rate agreement transactions

● Domestic exchanges

Services such as money order between head /branch offices, and head /branch offices of other banks

Checking account payment, collection of bills

● Foreign exchanges

Remittance to foreign countries and other foreign currency related businesses

● Other services

Revenue agency for Bank of Japan and agency business for national bonds

Receipt of public funds of local public entities including Tokyo

Agency business for Japan Small Business Corp., Employees Retirement Allowance Corp., Environmental Service Corp., Pension

Welfare Service Public Corp., Employment Promotion Corp., Oil Corp., and Social Welfare Medical Corp.

Safe-keeping deposits

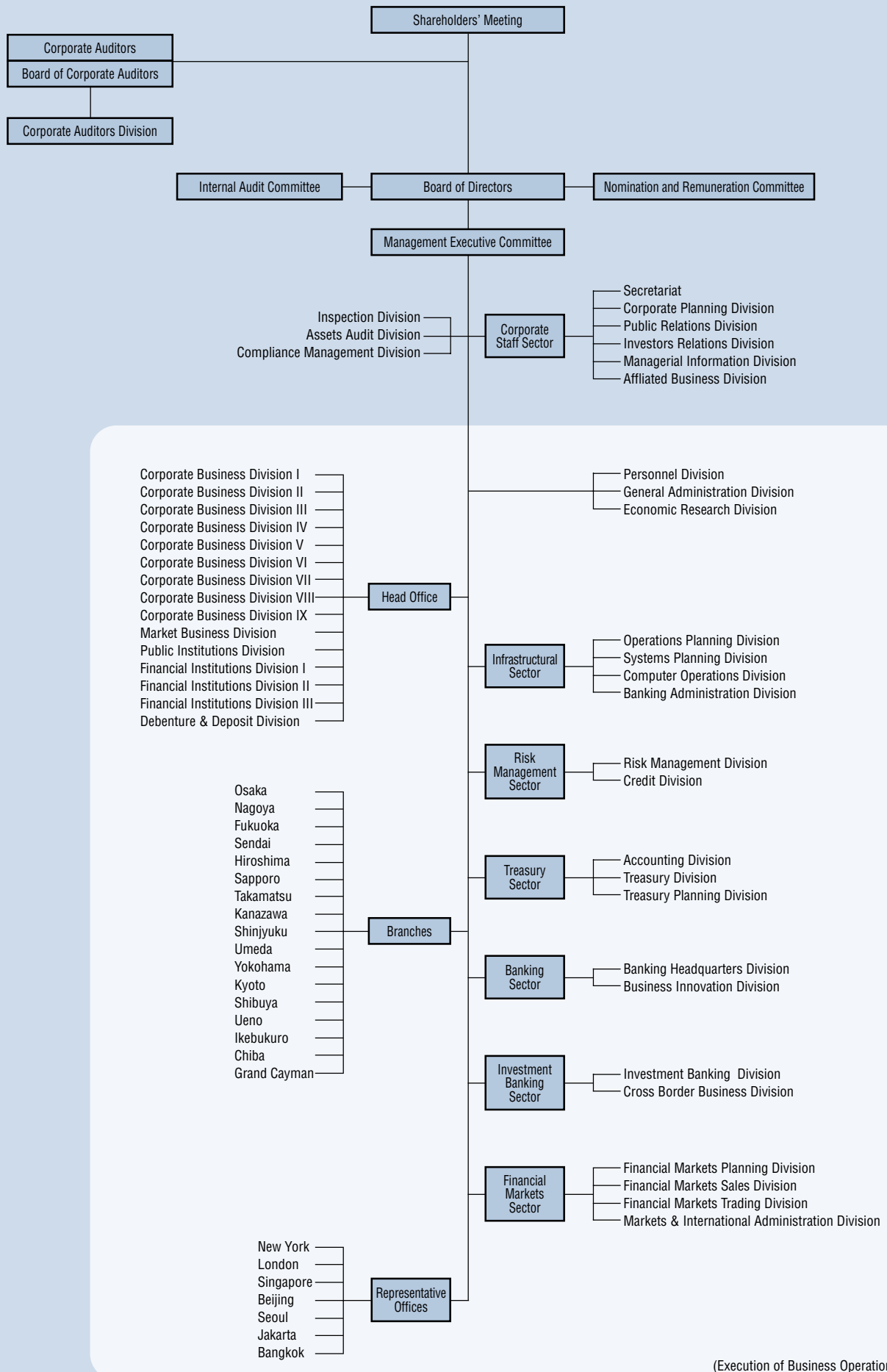
Rental safe-deposit boxes

Purchase of securities

Gold transactions

Commercial paper

Corporate Organization (As of September 4, 2000)



Office Directory (As of September 4, 2000)

Overseas Network

● Branch

Grand Cayman Branch

General Manager
Masaaki Kishinami

Deputy General Manager
Masamichi Muto

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George Town, Grand Cayman
c/o The Nippon Credit
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Head Office
Telex: J26921 NCBTOK
J28788 NCBTOK

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Directors & Auditors (As of September 4, 2000)

Directors

President

Tadayo Homma

Senior Managing Director

Yoshinobu Kotera

Director

Masayoshi Son

President & CEO
SOFTBANK CORP.

Director

Yoshihiko Miyauchi

Chairman and CEO
ORIX Corporation

Director

Koukei Higuchi

President
The Tokio Marine and Fire Insurance
Co., Ltd.

Director

Kazuhiko Kasai

Director
SOFTBANK CORP.

Director

James Danforth Quayle

Former Vice President of
the United States of America

Director

Thomas J. Barrack, Jr.

Managing Partner
Pacific Capital Group
Chairman and CEO
Colony Capital, LLC.

Director

Michael J. O'Hanlon

Managing Director
Lehman Brothers Japan Inc.

Director

Fumikatsu Tokiwa

Senior Advisor
Kao Corporation

Director

Masatake Matsuda

Chairman
East Japan Railway Company

Director

Kazuhito Ikeo

Professor
Keio University

Director

Makoto Naruke

President
Inspire Corporation

Auditors

Auditor

Ken Shigihara

Auditor

Yoshio Nakanishi

Auditor

Hideaki Kubori

Auditor

Koichi Hori

Executive Officers

Chief Executive Officer

Tadayo Homma

Senior Executive Officer

Yoshinobu Kotera

Senior Executive Officer

Kenji Kajiwara

Senior Executive Officer

Tomochika Iwashita

Executive Officer

Tadaaki Satoyoshi

Executive Officer

Izumi Ogura

Executive Officer

Naofumi Tokai

Executive Officer

Yuji Inagaki

Executive Officer

Tomoaki Ishii

Executive Officer

Kazuo Nakai

Executive Officer

Siro Nagaki

Executive Officer

Yoshiyuki Kurihara

Executive Officer

Ryoichi Kawai

Executive Officer

Eiji Wada

Executive Officer

Hiroyuki Kimura

Executive Officer

Tsuneo Sakai

Executive Officer

Norimichi Kurakake



The Nippon Credit Bank, Ltd. will change its name to
Aozora Bank, Ltd. on January 4, 2001.