

77 BANK
ANNUAL REPORT
2000

THE 77 BANK, LTD.

Profile

The 77 Bank, Ltd., was founded in 1878 as Japan's 77th national bank. Headquartered in Sendai—the capital of Miyagi Prefecture—the Bank is the Tohoku region's largest regional bank, with its branch network covering the area in northern Japan. Adhering to a corporate philosophy "to contribute to the region for its prosperity," the 77 Bank continues to strengthen its business foundation and enhance its management quality in order to be a bank entrusted by the community and customers and consistently create new value. As of March 31, 2000, the 77 Bank had capital of ¥24.6 billion, 145 domestic branches and 3,108 employees.



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Consolidated Financial Highlights

THE 77 BANK, LTD. AND SUBSIDIARIES
As of March 31

	Millions of Yen		Millions of U.S. Dollars
	2000	1999	2000
For the fiscal year			
Net interest income	¥ 93,584	¥ 92,474	\$ 881
Net fees and commissions	11,182	10,372	105
Net other operating income (loss)	(54)	1,673	(0)
Net income	15,389	9,653	144
At the fiscal year-end			
Total assets	¥4,993,832	¥4,902,016	\$47,045
Deposits	4,503,575	4,350,306	42,426
Loans and bills discounted	3,124,637	3,128,095	29,436
Trading account securities and investment securities	1,027,733	1,036,647	9,681
Stockholders' equity	244,373	231,317	2,302
Common stock	24,658	24,658	232
		Yen	U.S. Dollars
	2000	1999	2000
Per share of common stock			
Net income	¥ 40.19	¥ 25.21	\$0.378
Diluted net income	38.46	23.93	0.362
Stockholders' equity	638.34	604.23	6.013
Cash dividends applicable to the year	6.00	6.00	0.056
Capital adequacy ratio (%)			
BIS standard	(12.55)	(11.41)	
Domestic standard	10.34	9.77	

Note: Throughout this report, U.S. dollar amounts are translated, for convenience only, at the rate of ¥106.15 = US\$1, the exchange rate prevailing on March 31, 2000. The capital adequacy ratios according to the BIS standard, in parentheses, are indicated for reference only.



Yasuyuki Katsumata, President

The 77 Bank aims to be a financial institution that maintains the trust of clients, the community and the market and consistently creates new value

Guided by a three-point perspective that encompasses the community and clients, our shareholders and our employees, we seek to be a bank that

- accurately perceives and swiftly responds to the needs of clients and the community by providing timely and appropriate high-quality financial services geared to the environment;
- maintains sound assets and high profitability by meeting the expectations of shareholders and securing the trust of the market; and
- demonstrates creativity and a challenging spirit by fostering an appealing corporate climate that encourages employees to strive toward higher goals.

The 77 Bank embarked on a new medium-term management plan—New Age Plan “Challenge Seven”—in April 2000 to realize the aforementioned objectives amid the difficult operating environment that currently prevails. This three-year plan should produce the following performance-based achievements by March 2003.

Net income	above ¥23 billion
Return on equity (ROE)	above 8%
Return on assets (ROA)	above 0.8%
Overhead ratio (OHR)	under 60%
Capital adequacy ratio (domestic standard)	above 10%

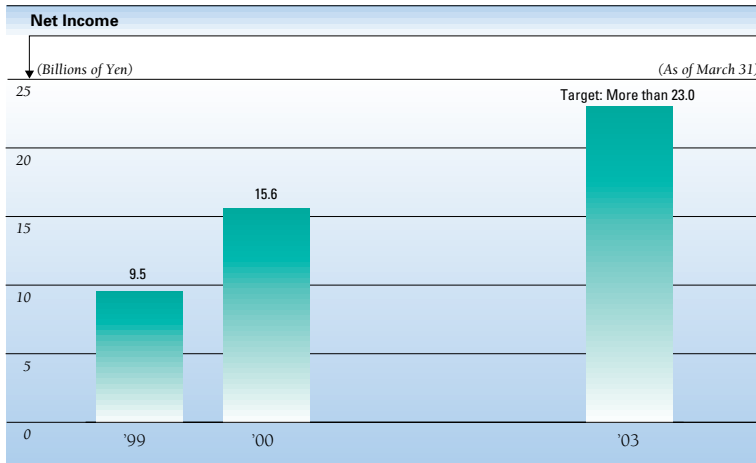
To attain these results, we have highlighted four strategic elements:

1. A solid operating foundation (to reinforce profitability)
2. Higher operating efficiency (to enhance investment and cost efficiencies)
3. Better asset quality (to resolve problem assets)
4. Employee training (to redefine perspectives and upgrade skills)

Basic Goals of the Medium-Term Management Plan

Net income above ¥23 billion in final fiscal year of plan

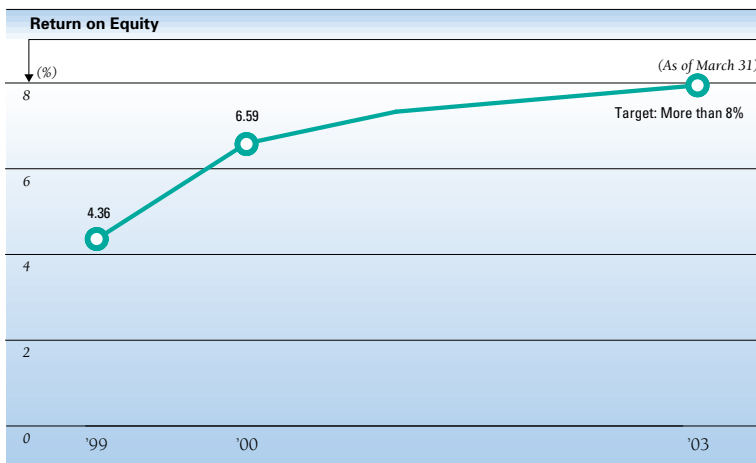
To attain an ROE above 8% (see below) by the final fiscal year of the plan, the Bank must achieve net income in excess of ¥23 billion.



The Bank aims to provide stable dividends to shareholders, tempered by the public nature of the banking business, the importance of maintaining healthy operations and other factors that affect the distribution of profits. In regard to retained earnings, the Bank will allocate funds to the expansion of existing branches and the construction of new locations, as well as to investment in information technology to reinforce its operating foundation.

ROE above 8%

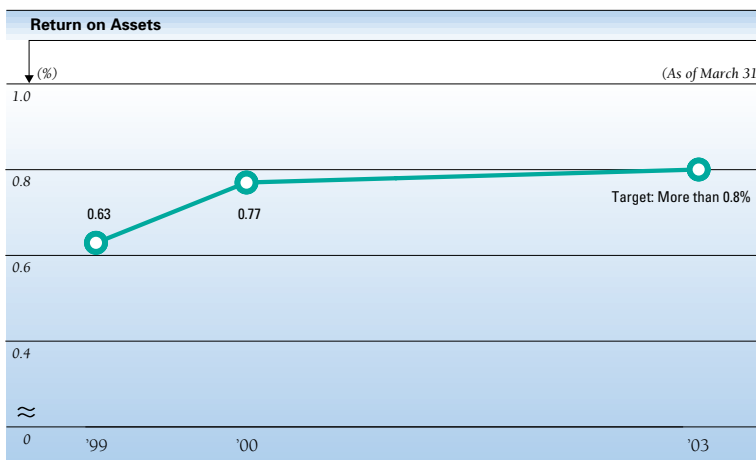
$$ROE = \text{net income} / \text{capital account average} \times 100$$



ROE is the ratio of profitability to the capital entrusted to us by shareholders. We believe that an ROE of 8% is required to secure market confidence in our operations. But realization of 8% is merely a stepping stone and not a final target. We are striving to raise the ROE above that mark.

ROA above 0.8%

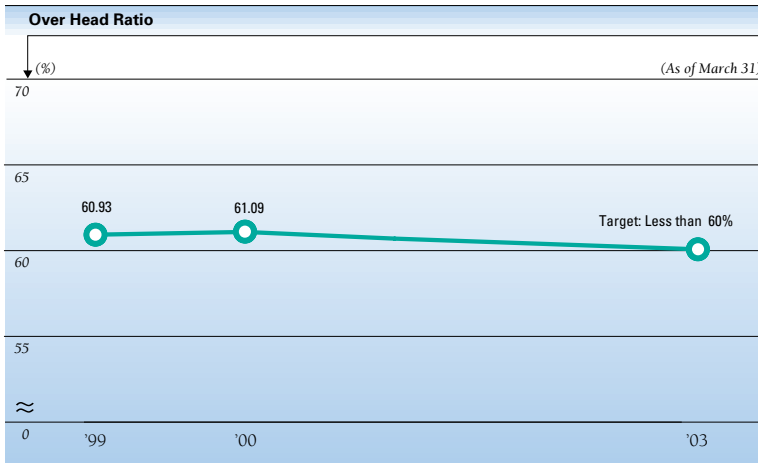
$$ROA = \text{core business profit} / \text{average total assets (excluding acceptances and guarantees)} \times 100$$



ROA is the ratio of profits to invested assets and represents the Bank's ability to effectively utilize assets. Expansion in profits must accompany growth in assets.

OHR under 60%

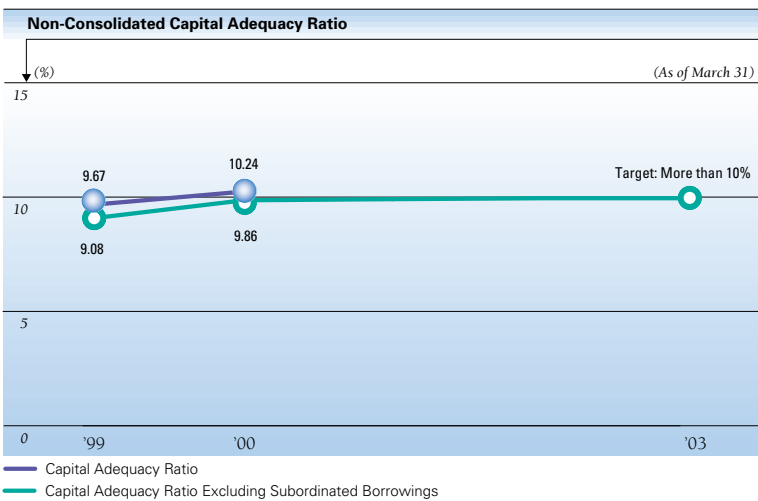
$$\text{OHR} = \text{Expenses} / \text{gross operating profit} \times 100$$



OHR is the ratio of expenses to gross operating profit. Improvement in the OHR—that is, a lower ratio—requires an increase in gross operating profit and a decrease in expenses.

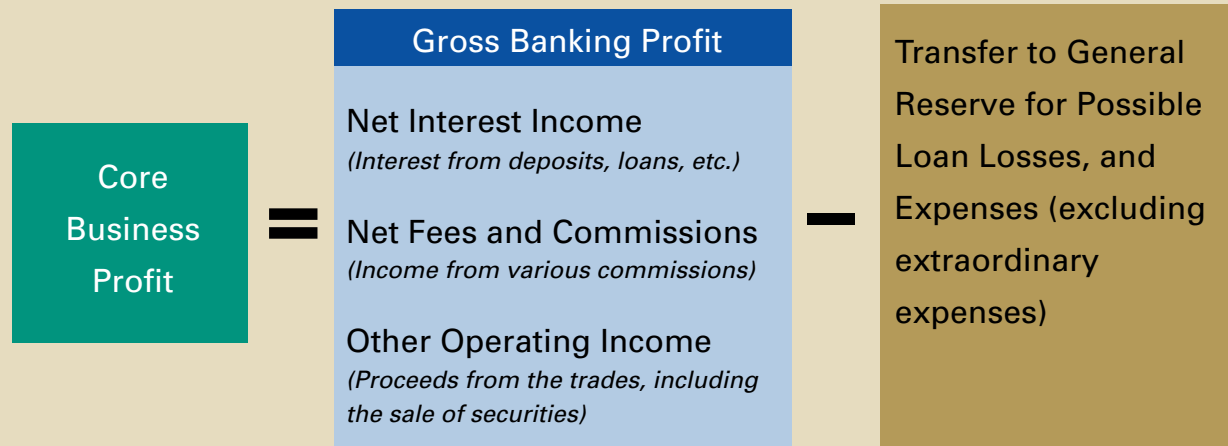
Capital adequacy ratio above 10% (Domestic standard)

$$\text{Capital adequacy ratio} = \text{net worth} / \text{risk assets} \times 100$$



The Bank's capital adequacy ratio at the end of March 2000 rose 0.57 percentage point from the previous fiscal year, to 10.24%, on a non-consolidated basis, owing to cautious asset management and efforts to increase retained earnings. Although the Bank has already achieved a ratio exceeding 10%, the calculation of net worth includes subordinated borrowings that will carry zero value at the end of March 2003. To reach our capital adequacy goal for March 2003, we must persistently strive to acquire quality assets and bolster profitability.

Profit Structure Based on Japanese Financial Statements



Primary Objectives of the Medium-Term Management Plan

1. Promote Individual Transactions

- Advocate private banking
- Expand delivery channels
- Encourage more consumer loans
- Develop card-related business strategies
- Prepare for introduction of defined contribution-style pension plans and counter sales of insurance

2. Restructure Corporate Transactions

- Envelop blue-chip small and mid-sized corporate clients
- Adopt marketing activities according to credit risk
- Review head office public relations structure
- Clarify roles of loan promotion section and credit supervision section

3. Close Cooperation with Regional Public Organizations

4. Diversify Securities Investment, Respond to Sophistication in Market Transactions

- Undertake investments with balanced risk-and-return
- Apply risk-weighted investment yardsticks and improve risk-taking skills
- Make market transactions more efficient

5. Develop New Strategies to Strengthen Our Operating Foundation

- Expand and further fortify the branch network
- Formulate information technology strategies
- Reinforce ties with group companies

6. Fortify Our ALM System and Execute Thorough Risk Management

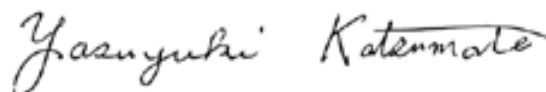
- Adhere to new accounting standards
- Apply risk-hedging and risk-taking measures to fund management
- Enforce strict management through quantification of credit risk
- Ensure careful pricing and swift collection of problem assets

7. Strive toward Comprehensive Cost Management

- Instill an absolute understanding of costs
- Review cost-management measures
- Promote disposal of idle assets

8. Implement New Personnel System

- Initiate a complete review of the personnel system
- Emphasize performance and encourage specialization
- Ensure appropriate work assignments and revise personnel plans

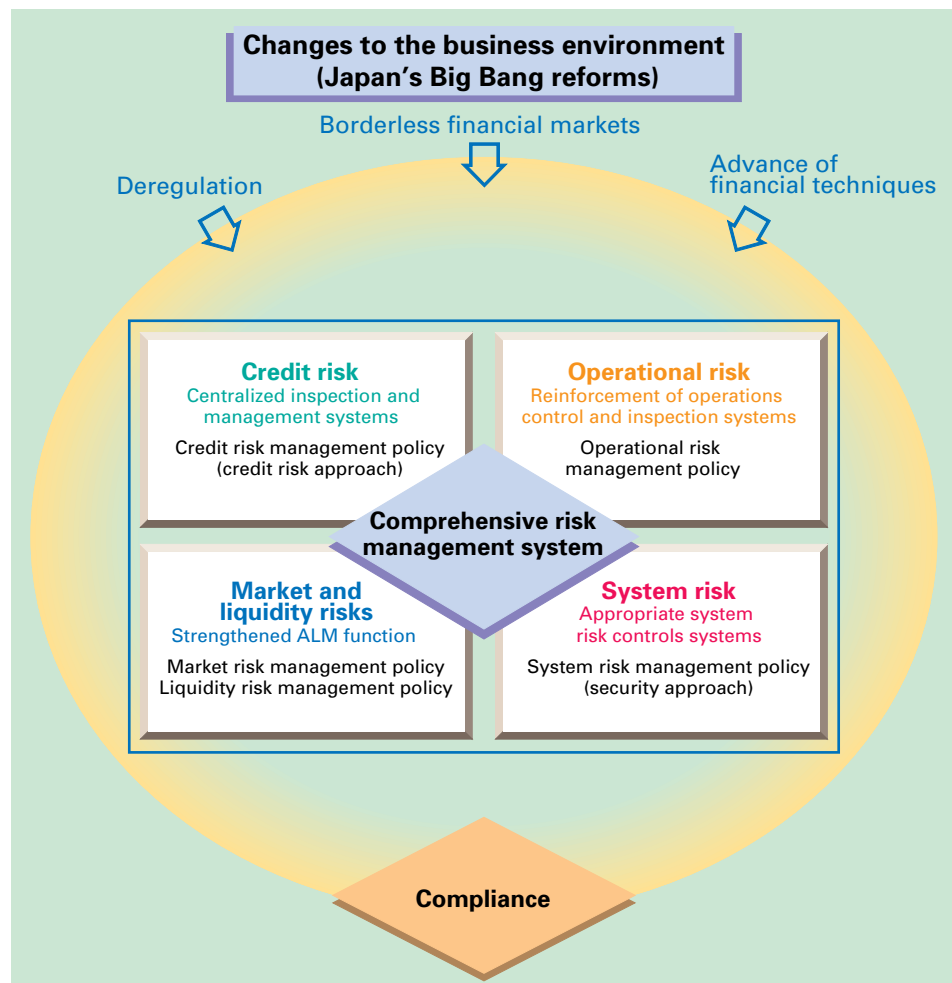


Yasuyuki Katsumata
President

Comprehensive Risk Management

Through progress in financial liberalization and globalization and the development of new financial techniques, the risk that surrounds financial institutions has become comparatively more complex than in the past. Under these conditions, the principle of self-responsibility demands even more accurate identification and analysis of risks as well as appropriate control and administration of such risks.

The 77 Bank works to reinforce overall risk management with improved business health in mind. Toward this end, in March 2000 the Bank drafted a basic policy for risk management to facilitate pertinent risk-hedging approaches in each risk category, such as credit risk and market risk, and to lay the foundation of a stable risk-management structure, including clarification of risk-related supervisory roles, information systems and other components of risk management.



Roles of the Bank’s Risk Management Units

In March 2000, the 77 Bank established the Risk Management Division, a supervisory unit that tracks all measurable risk—particularly credit risk, liquidity risk and market risk—and thereby fortifies the Bank’s ability to suitably manage its assets and liabilities.

The General Planning & Coordination Division is responsible for blanket supervision of risk as well as the status of risk-hedging efforts at the Bank. However, each risk category is also assigned to a separate division: the Credit Supervision Division for credit risk; the Operations Administration Division for operational risk; and the System Development Division for system risk.

Risk Management Divisions and Their Roles		
Area of Responsibility	Division in Charge	Role
Overall Risk Management	General Planning & Coordination Division	Supervise overall risk and ascertain status of risk-management efforts at the Bank.
Credit Risks	Credit Supervision Division and Risk Management Division	Recognize various risk-hedging measures, establish regulations for suitable risk management, verify that operations follow authorized risk-management policy and stated regulations, and initiate reviews of control measures as necessary.
Market Risks	Risk Management Division	
Liquidity Risks	Risk Management Division	
Operational Risks	Operations Administration Division	
System Risks	System Development Division	

Credit Risk Management

Credit risk is the potential for the Bank to incur losses should, for example, the worsening financial position of a borrower cause the value of collateral assets to fall or be eliminated all together.

In extending loans to clients, the 77 Bank undertakes credit analysis based on strict assessment criteria. The Bank also strives to reinforce credit risk management through appropriate system development and rigid administrative procedures that ensure methodical risk control. In addition, the Bank endeavors to polish assessment capabilities through such means as specialized programs for employees engaged in lending operations and practical credit-control guidance extended through branch visits by members of the Credit Supervision Division.

To achieve more thorough credit risk management, from both system and organizational perspectives, the Bank separated the loan promotion and planning function from the Credit Supervision Division and transferred the responsibility to the new Credit Division. We also clarified the role of the Credit Supervision Division as a unit charged with screening, monitoring and collecting outstanding loans, and installed the Asset Assessment Section, within the Inspection Division, to execute self-assessment checks.

Also, to suitably control credit risk and thereby ensure the health of assets, the Bank has formulated a credit policy, based on the credit risk management policy, that lays down fundamental guidelines regarding credit analysis.

Risk-Monitored Loans

The 77 Bank discloses risk-monitored loans—loans to borrowers in bankruptcy, past due loans, accruing loans contractually past due three months or more and restructured loans—according to the Banking Law.

We have set aside reserves against possible loan losses, based on a fundamental premise that we do not leave loan liabilities for future processing.

(As of March 31)

(Billions of Yen/%)

	2000	Percentage to total	1999	Percentage to total
Loans to borrowers in bankruptcy	¥ 25.0	0.79%	¥ 24.5	0.78%
Past due loans	31.9	1.01	15.9	0.50
Accruing loans contractually past due three months or more	5.7	0.18	7.5	0.24
Restructured loans	126.2	4.02	124.1	3.94
Total	189.0	6.02	172.2	5.47

The balance of total loans	¥3,140.1	100.00%	¥3,145.7	100.00%
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Note: Amounts less than ¥100 million are truncated.

Assessed Assets Based on the Financial Reconstruction Law

The 77 Bank assesses assets grouped by balance sheet account—securities loaned, loans and foreign exchange, interest receivable and suspense payments on other assets, and acceptances and guarantees on the balance sheet—according to the financial position and operating performance of each debtor, as stipulated by the Financial Reconstruction Law. The results of this assessment and coverage status are presented in the accompanying chart.

We have fully covered claims under unrecoverable or valueless as well as claims under risk. Through reserves determined by historical loss ratios for risky borrowers, we have achieved a coverage ratio of 59.8% on claims under special attention. Our total coverage ratio thus stood at 75.5% on March 31, 2000.

(As of March 31)

(Billions of Yen/%)

	Amount (A)	Percentage of Total(%)	Coverage (B)	Collateral Guarantees	Reserve for Possible Loan Losses	Coverage Ratio (B/A)
Unrecoverable or valueless	¥ 49.2	1.51%	¥ 49.2	¥ 21.0	¥28.2	100.0%
Risk	27.4	0.84	27.4	17.5	9.9	100.0
Special attention	119.3	3.67	71.3	68.4	2.9	59.8
Sub-total	195.9	6.03	147.9	106.9	41.0	75.5
Non-classified	3,055.8	93.97				

Total of assessed assets	¥3,251.7	100.00%
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Note: Amounts less than ¥100 million are rounded.

- **Market Risk**

Market risk is the possibility of incurring losses due to fluctuations in the market. This category covers interest rate risk, from changes in interest rates; price risk, from changes in the value of marketable securities; and exchange rate risk, from changes in foreign exchange rates.

- **Liquidity Risk**

Liquidity risk is the possibility that a bank cannot meet a sudden demand for funds, owing to such factors as tarnished credibility or extreme inconsistency between fund procurement and fund application periods.

- **ALM**

ALM—the abbreviation for asset–liability management—entails tracking and estimation of market trends, such as changes in interest rates and exchange rates, for example, as well as quantitative identification of market risks. In addition, ALM enables a bank to achieve maximum returns on its investments and to ensure stable, upward performance in such investments by shifting asset and liability composition to match market developments. Owing to progress in interest rate liberalization, the profit structures of financial institutions are more susceptible to the influences of interest rate trends. Proficiency in ALM thus carries considerable weight in the profitability performances of a bank.

Market and Liquidity Risk Management

The increasing importance of market risk and liquidity risk management parallels headway in the liberalization and globalization of financial activities. To appropriately hedge these risks and secure stable returns in the future, the 77 Bank established the ALM Committee, which has the participation of directors and division managers responsible for risk. The committee discusses overall management of assets and liabilities and reports the results of its meetings to the executive team, including the representative directors.

In line with the March 2000 restructuring, the Bank reestablished the Risk Management Division to execute blanket control of market and liquidity risks. This division measures risk amounts and analyzes the results on a daily basis, and will, when necessary, initiate adjustments. We reinforce our double-check system by permanently assigning a member of the Risk Management Division to each division that engages in market transactions to monitor risk status.

Solid risk management is imperative in our efforts to respond accurately to the diversifying needs of our clients while maintaining high creditworthiness. We will continue to emphasize further improvement in this area.

Operational Risk Management

Operational risk is the possibility of losses caused by accidents, management errors or dishonest actions. To effectively deal with operational risk, the 77 Bank strives to enhance relevant controls and inspection systems.

In regard to controls, we aim for faster and more accurate administrative processing with on-site direction from the Operations Administration Division at branches, training sessions and guidance reports. Inspections serve to prevent accidents by ascertaining levels of regulatory compliance and the management status of each type of risk. The Inspection Division conducts a check of branches once a year, on average, while self-examinations are performed monthly by each branch. Inspections are also carried out at the head office and at group companies. The Inspection Division comprises members with business experience in each division of the Bank to expedite audits in all aspects of operations. We further refine inspection capabilities through specialized training for inspection staff to keep perfect pace with business diversification.

System Risk Management

System risk is the possibility that losses may result from malfunction or misappropriate use of the systems used to execute banking business.

The 77 Bank prioritizes stable operation of computer systems in the control of system risk, and directs concerted effort toward the security and reliability of systems. The Izumi Center, for example, boasts a brand new type of flooring that protects systems in the event of unexpected catastrophe, such as earthquakes. We have also installed a full security system and have taken measures to prevent unauthorized external access. In March 2000, we established a security policy to protect the confidentiality of the facts and figures applied in our operations. We strive to preclude leaks and falsification of data through widespread efforts stressing to all employees of the Bank—from directors to general staff—that information is to be strictly safeguarded. The Inspection Division also executes regular checks of the Bank's systems and reports the results of each audit to the Board of Directors. These activities underpin the prevailing double-check approach and verify the reliability of our computer systems.

Compliance

Japan's "Big Bang" reforms require financial institutions to ensure fair conduct and greater transparency in management practices, based on the principle of self-responsibility. Against this backdrop, the 77 Bank is fully aware of its social duties and public mission, and to earn and preserve the trust of clients and the community at large, the Bank prioritizes thorough legal compliance and exemplary corporate ethics.

In September 1998, we set up the Legal Affairs Office to oversee legal compliance. In March 2000, the office was renamed the Legal Affairs Section and incorporated into the Inspection Division to consolidate in-house inspection systems, including legal compliance audits.

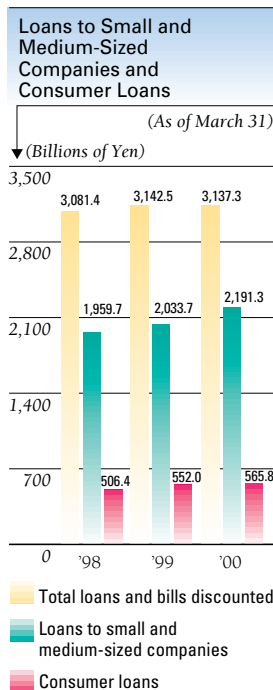
The deputy president is the director responsible for internal compliance, supported by the manager of the Inspection Division, who supervises inspections, and the head of the Legal Affairs Section, who acts as compliance officer. Inspections are performed by members of the Inspection Division. Compliance officers and liaison administrators, posted to each branch and office, undertake routine in-house inspections to ascertain compliance status. These efforts are underpinned by clear-cut measures to deal with violations of compliance rules and regulations.

In March 1999, the Board of Directors formulated Basic Policies Concerning Compliance and Compliance Guidelines and also revised relevant office regulations. The Guidelines describe the fundamental objectives of legal compliance and specify concrete standards of ethical conduct.

In April 1999, the 77 Bank published the Compliance Manual and distributed it to all employees. We produced an amended version in line with our March 2000 internal reorganization.

To foster greater awareness of compliance issues and to facilitate a deeper understanding of pertinent laws by executives and employees, we send directors to external seminars, convene regular compliance training sessions at branches, and arrange for outside lawyers or members of our own legal affairs section to speak at divisional meetings or assemblies of same-rank personnel.

The Board of Directors regularly reviews the Bank's compliance program, including the activities noted above, to further elevate levels of compliance.



Notes:

1. The balance of loans in this graph does not include loans at overseas offices or offshore banking accounts.
2. Small and medium-sized companies are defined as businesses having paid-in capital of not more than ¥300 million (but ¥100 million for wholesalers, restaurants and service providers), or companies and individuals with not more than 300 full-time employees (100 for wholesalers, and 50 for retailers and restaurants).

With enactment of legislation in December 1999 on Law No. 146, 1999, which partly amends such legislation as the Small and Medium Enterprise Basic Law, the scope of "small and medium-sized businesses" has expanded. In line with this development, the Bank discloses loan amounts at March 31, 2000, that reflect the post-amendment scope of inclusion. Owing to this change, loans to small and medium-sized companies at the end of March 2000 was ¥127.2 billion more, compared with the total before amendment.

Meeting the Needs of Clients

The 77 Bank firmly believes that to contribute to local social and economic development, a regional financial institution must swiftly and accurately provide financial services that suit the needs of local clients.

Guided by this fundamental concept, we seek to facilitate the financing needs of individuals as well as the store-based businesses and locally headquartered enterprises that support economic development in our constituency. In addition, we extend a broad range of assistance, from germane business advice and the publication of business information to personnel training through seminars, for example, aimed at new recruits.

Japan's "Big Bang" financial reforms have spurred the process of deregulation, enabling financial institutions to handle a wider selection of products and services. Utilizing transformation of the operating environment as a stepping stone to new business opportunities, the 77 Bank is working diligently to meet the evolving needs of clients. Please refer to the Topics section of this annual report for details on products and services launched in fiscal 1999.

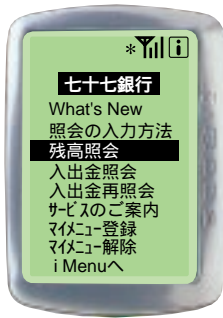
Now and always, we will aspire to be bank that seeks growth for the community and maintains the trust of local clients as a leading bank in the prefecture.

Smooth Supply of Funds

The 77 Bank continually strives to increase the speed and precision of its responses to the fund-raising needs of corporations and individuals. For locally headquartered enterprises and store-based businesses, we complement mainstay general lending, which is crucial to operations, with institutional lending based on prefectural and municipal systems. For individuals, we offer an assortment of lending options, with an emphasis on home loans.

The lending crunch that has plagued Japan over the past few years is an acknowledged social concern of considerable proportions. But we have resourcefully accommodated the healthy funding needs of the community. Although total loans and bills discounted fell year-on-year, as of March 31, 2000, we increased ¥157.6 billion in loans to small and medium-sized companies and ¥13.8 billion in consumer loans. Both categories were up over the previous fiscal year.

Our Medium-Term Business Plan highlights our objective to be a bank that responds quickly and accurately to the needs of the community and our clients. We are dedicated to this goal and will continue to contribute to the development of regional industry and economy by fine-tuning our products and services to the requirements of clients.



New products and services

77 Mobile Banking

In January 2000, the 77 Bank launched *77 Mobile Banking*, a service available through iMode-equipped cellular phones from NTT DoCoMo, Inc. The current menu enables clients to check balances as well as deposit and withdrawal activities, but in September 2000, clients will also be able to execute fund transfers and transfers between accounts. The Bank will soon implement round-the-clock access.

Debit Card

In March 2000, the 77 Bank introduced a convenient debit card service. When shopping or dining at locations displaying the J-Debit symbol, clients can pay for purchases directly from their bank accounts with their Bank-issued client cards. This system dispenses with the need to carry large sums of cash and also encourages spending within the limits of savings at the Bank.

Existing client cards may be used for the debit card service, so clients need not fill out applications or exchange the cards they currently hold.



77 Telephone Banking

In April 2000, we began *77 Telephone Banking* services, which facilitate various financial transactions, such as balance inquiries and fund movements, with a simple call. The Bank offers two types of services: regular service is available for individuals with a 77 Bank client card, and member service is available for individuals with ordinary savings accounts who sign up for telephone banking services.



77 Internet Banking

In January 2000, the 77 Bank embarked on a trial operation of *77 Internet Banking*, which enables clients to conduct banking business through the Internet. During the trial period, members of the monitoring group can check account balances and track deposit and withdrawal activities. Preparations are in place for full-scale operation, beginning September 2000, with a broader menu that will allow individual clients round-the clock access to check balances and activities as well as transfer funds and make deposits into term instruments.



77 Cash/Credit Card

In June 2000, the 77 Bank and group company the 77 Card Co., Ltd., jointly issued the *77 Cash/Credit Card*, a client card with credit-card capabilities. This card combines the features of a regular client card, used for cash-related services, with those of a credit card, used for shopping and cash advances. The card can also be used for debit purchases through the debit card system. The Bank offers the credit services of JCB and VISA.

More Locations for Investment Trust Access

The 77 Bank started handling investment trusts at five branches in December 1998, when counter sales of such products at banks was given the official green light. As of April 2000, we offered investment trusts at 20 branches, and in June, the total was expanded to all 129 branches, excluding sub-branches, in the Tohoku region that surrounds our home constituency of Miyagi Prefecture.

We will now focus on enriching the lineup of investment trusts to meet the needs of our clients, as we strive to improve services to support a broader range of fund-investment requirements.

New Locations, Wider Services for Foreign Currency Exchange

In a bid to match the diversifying needs of clients with more fine-tuned international-oriented services, the 77 Bank assigned foreign currency exchange duties to three more branches—in Matsushima, Tsukidate and Funaoka—in September 1999. Branches designated as foreign currency exchange locations can undertake related operations, including services for import/export businesses.

As of June 2000, the Bank had 20 branches involved in foreign currency exchange operations.

In addition, to meet rising demand for foreign currency exchange operations, we have promoted gradual development of business at branches not designated as foreign currency exchange locations. Since September 1999, all full branches have been able to undertake new operations, including clean bills and checks as well as overseas remittances, excluding remittance checks.

Lower Minimum Deposit on 77 Open-Type Foreign-Currency Time Deposits

In June 2000, the 77 Bank dramatically reduced the minimum deposit on *77 Open Foreign-Currency Time Deposits*, which do not carry exchange contracts. The minimum deposit had been a U.S. dollar amount equivalent to ¥1 million but it was cut to just \$1,000. This brings foreign currency closer to home for more clients.

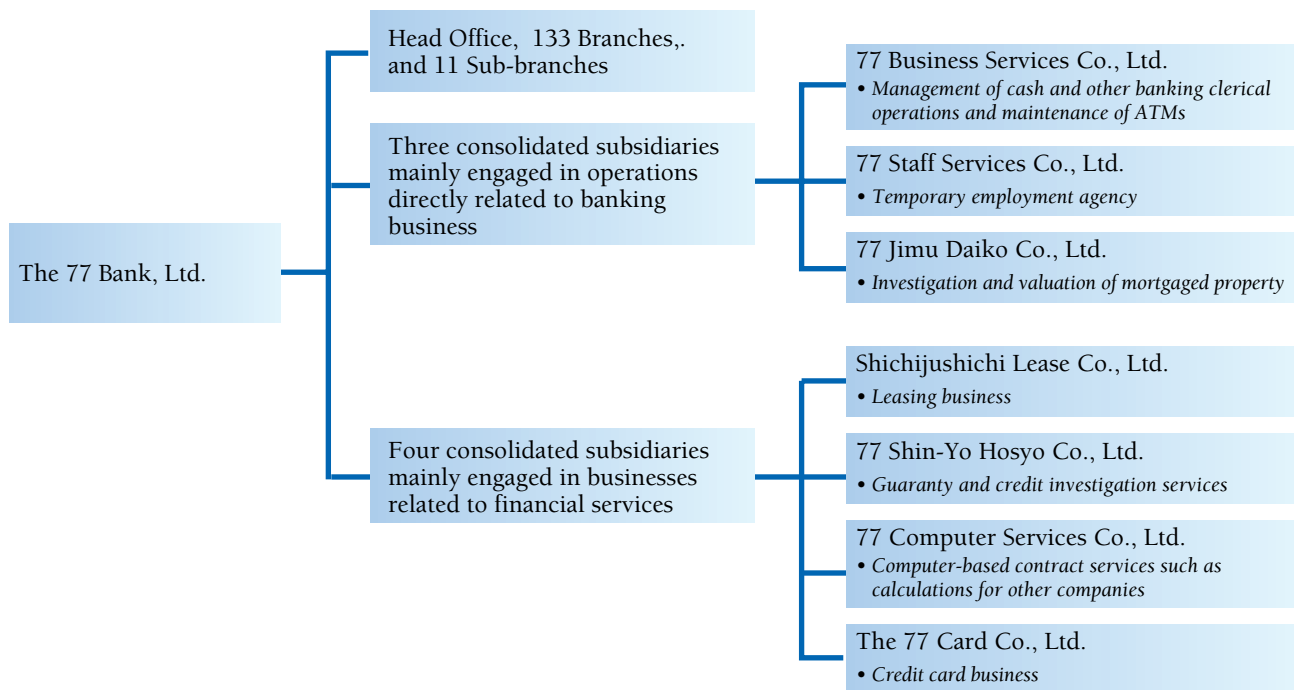
Lines of business

Deposits	Deposits	<i>Handling current deposits, ordinary deposits, savings deposits, deposits at notice, time deposits, miscellaneous deposits, deposits for tax payment, nonresident yen deposits and foreign currency deposits</i>
	Negotiable deposits	<i>Handling negotiable time certificates of deposit</i>
Loans	Lending	<i>Handling loans on bills, loans on deeds and overdrafts</i>
	Discounting of bills	<i>Discounting of bank acceptances, commercial bills and documentary bills</i>
Purchase and sale of trading securities	<i>Conducting wholesale transactions of government bonds and other public bonds</i>	
Securities investment	<i>Investing in government bonds, local government bonds, corporate bonds, corporate stocks and other certificates to prepare for payment of deposits and funds management</i>	
Domestic exchange	<i>Handling remittance bills, credits to current account and collections</i>	
Foreign exchange	<i>Handling various operations related to exports, imports, overseas money transfers and other foreign exchange transactions</i>	
Trust and registration of corporate bonds	<i>Handling operations related to trusted corporate bonds, flotation of public and corporate bonds and registration in accordance with the Secured Debenture Trust Law</i>	
Trusted dealings in futures	<i>Handling trusted dealings in futures and options, dealings in securities futures and options, and forward rate and forward exchange transactions</i>	
Auxiliary operations	Agency	<i>Agency of the Bank of Japan, revenue agency of the Bank of Japan and agency of government bonds</i>
		<i>Handling of public funds of local public entities</i>
		<i>Agency of the Workers' Retirement Benefit Mutual Aid Organization and others</i>
		<i>Agency acceptance of subscriptions to the capital, as well as agency payment of dividends and the principal and interest on public and corporate bonds</i>
		<i>Agency loans of the Small Business Finance Corporation and others</i>
		<i>Trust agency</i>
	<i>Safe custody and safe deposit</i>	
	<i>Securities loans</i>	
	<i>Guarantee of debts (bank's liabilities on accounts of guaranty)</i>	
	<i>Purchase and sale of gold</i>	
<i>Underwriting of public bonds</i>		
<i>Over-the-counter sale of public bonds such as government bonds and securities investment trusts</i>		
<i>Bank card-related operations</i>		
<i>Handling of commercial paper</i>		

(As of June 30, 2000)

Main Business and Organization of the Bank and Subsidiaries

The 77 Bank group is engaged in leasing, credit card and other financial businesses in addition to the banking business. The group consists of the following:



Note: The Credit Service Co., Ltd., which was one of the consolidated subsidiaries at the end of previous fiscal year, was merged with The 77 Card Co., Ltd. as of August 1, 1999.

CONSOLIDATED SUBSIDIARIES

77 BUSINESS SERVICES CO., LTD.

- (a) January 1980
- (b) ¥20 million
- (c) 100.00%
- (d) —

SHICHIJUSHICHI LEASE CO., LTD.

- (a) November 1974
- (b) ¥100 million
- (c) 5.00%
- (d) 60.00%

THE 77 CARD CO., LTD.

- (a) February 1983
- (b) ¥64 million
- (c) 4.68%
- (d) 44.53%

77 STAFF SERVICES CO., LTD.

- (a) March 1987
- (b) ¥30 million
- (c) 100.00%
- (d) —

77 SHIN-YO HOSYO CO., LTD.

- (a) October 1978
- (b) ¥30 million
- (c) 5.00%
- (d) 45.90%

77 JIMU DAIKO CO., LTD.

- (a) October 1988
- (b) ¥30 million
- (c) 100.00%
- (d) —

77 COMPUTER SERVICES CO., LTD.

- (a) January 1982
- (b) ¥20 million
- (c) 5.00%
- (d) 45.00%

- (a) Established
- (b) Paid-in capital
- (c) Percentage of parent company's ownership
- (d) Percentage of ownership by subsidiaries and affiliated companies excluding The 77 Bank, Ltd.

Note: 77 Computer Services Co., Ltd., and The 77 Card Co., Ltd., are regarded as consolidated subsidiaries because institutions which have close relationship with the Bank have 45.00% and 35.15% of capital, respectively.

Board of Directors and Corporate Auditors

(As of June 30, 2000)



Iwao Muramatsu



Yasuyuki Katsumata



Chugo Marumori



Yukio Suzuki

Chairman

Iwao Muramatsu

President

Yasuyuki Katsumata

Deputy President

Chugo Marumori

Senior Managing Director

Yukio Suzuki

Managing Directors

Hiroshi Kamata

Teruhiko Ujiie

Yoshinobu Takahashi

Osamu Ichijo

Directors

Masayuki Aoki

Isamu Sato

Seikichi Watanabe

Yoshiaki Nagayama

Masahiro Yamada

Yoshinori Doi

Tadaatsu Tsukita

Tomokazu Sato

Standing Corporate Auditors

Kanena Odatsume

Takeshi Mori

Hideaki Sasaki

Corporate Auditor

Yoh Makino



Hiroshi Kamata



Teruhiko Ujiie



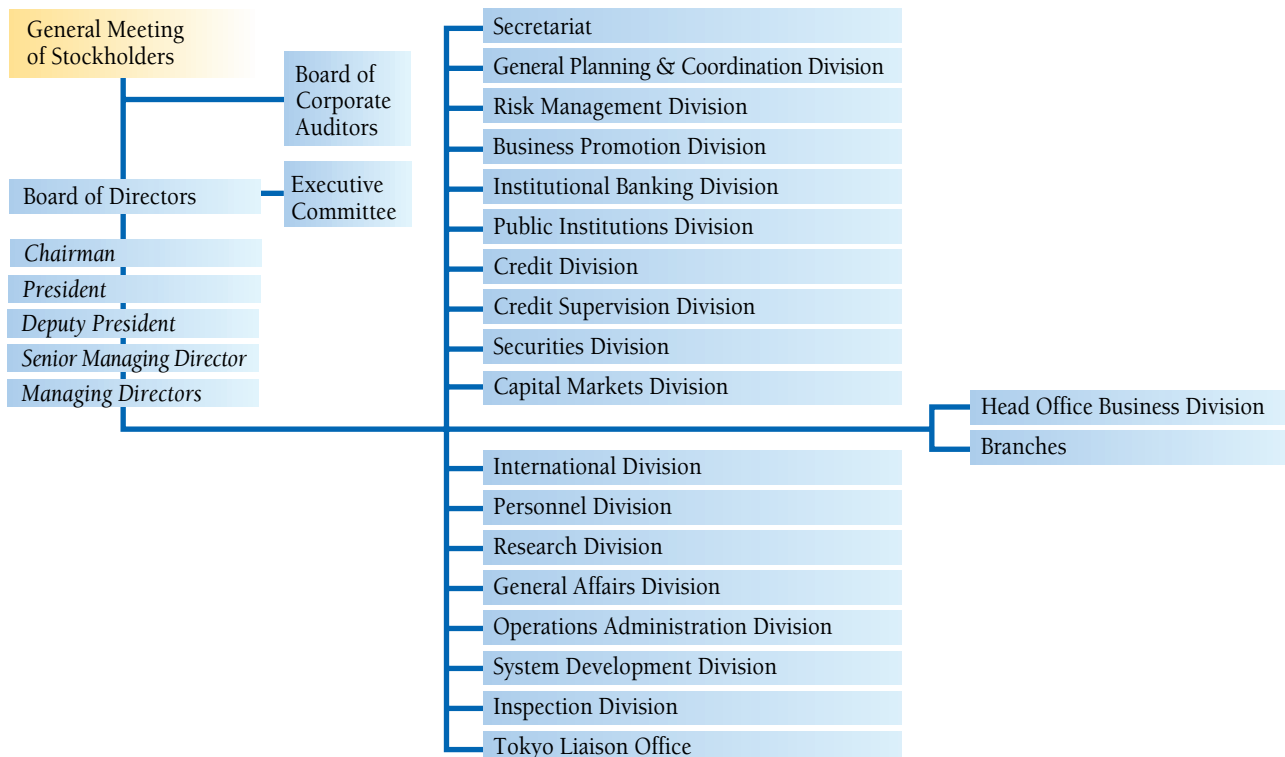
Yoshinobu Takahashi



Osamu Ichijo

Organization

(As of June 30, 2000)



Consolidated Five-Year Summary

THE 77 BANK, LTD. AND SUBSIDIARIES
As of March 31

	Millions of Yen				
	2000	1999	1998	1997	1996
For the fiscal year					
Net interest income	¥ 93,584	¥ 92,474	¥—	¥—	¥—
Net fees and commissions	11,182	10,372	—	—	—
Net other operating income (loss)	(54)	1,673	—	—	—
Net income	15,389	9,653	—	—	—
At the fiscal year-end					
Total assets	¥4,993,832	¥4,902,016	¥—	¥—	¥—
Deposits	4,503,575	4,350,306	—	—	—
Loans and bills discounted	3,124,637	3,128,095	—	—	—
Trading account securities and investment securities	1,027,733	1,036,647	—	—	—
Stockholders' equity	244,373	231,317	—	—	—
Common stock	24,658	24,658	—	—	—

	Yen				
	2000	1999	1998	1997	1996
Per share of common stock					
Net income	¥ 40.19	¥ 25.21	¥—	¥—	¥—
Diluted net income	38.46	23.93	—	—	—
Stockholders' equity	638.34	604.23	—	—	—
Cash dividends	6.00	6.00	—	—	—
Capital adequacy ratio (%)					
BIS standard	(12.55)	(11.41)	9.94	10.64	10.90
Domestic standard	10.34	9.77	—	—	—

Note: The Bank's capital adequacy ratio is calculated using the method set forth by the Ministry of Finance as specified in Article 14, Paragraph 2, of the Banking Law of Japan. Until the year ended March 31, 1998, the BIS standard was applicable to the ratio, which was calculated on a non-consolidated basis because the Bank did not employ the consolidated figures. At the year ended March 31, 1999, the Bank adopted the domestic standard calculation method in line with the abolition of overseas offices as of March 1999. The Bank's capital adequacy ratio on domestic standard is accompanied by the revision of Article 14, Paragraph 2, of the Banking Law of Japan, in line with enforcement of the related law for financial system reform. The capital adequacy ratios according to the BIS standard, in parentheses, are indicated for reference only. (Please see pages 37.)

Consolidated Performance for Fiscal 2000

THE 77 BANK, LTD. AND SUBSIDIARIES

Years ended March 31

Financial and Economic Conditions

Domestic economic conditions during the fiscal year ended March 31, 2000, showed signs of improvement, supported by the government's economic and financial policies and better export conditions from the recovery of Asian economies. Nevertheless, the overall effect was tempered by sluggish consumer spending, due to a poor employment and income environment, and reduced capital investment activity.

Against this backdrop, expectations of economic recovery in Japan buoyed stock prices but the continuation of the Bank of Japan's zero interest rate policy held long- and short-term interest rates down. Foreign exchange markets were affected by a temporary shift to a low yen situation, but remained unsettled as the yen regained strength.

Economic conditions in Miyagi Prefecture, the 77 Bank's primary base of operations, paralleled the recovery trend of the nation. Production figures improved but private demand, particularly consumer spending, stayed low.

Business Results

Consolidated performance for the fiscal year ended March 31, 2000, is presented below.

Deposits reached ¥4,503.5 billion, a 3.5% increase over the previous fiscal year, thanks to more deposits from individuals. Loans and bills discounted settled at ¥3,124.6 billion, a marginal decrease of 0.1%, with weak demand for funds from large enterprises overshadowing growth in loans to locally operated small and medium-sized companies and consumer loans for individuals. Investment securities slipped 0.9%, to ¥1,026.2 billion. Total assets edged up 0.8%, to ¥4,993.8 billion.

In terms of income and expenses, the Bank posted total income of ¥148.5 billion, down 4.0%, as low interest rates during the term dampened interest income potential. Total expenses amounted to ¥121.8 billion, down 9.8%. Efforts to cut costs and boost the efficiency of fund-raising and application of funds helped net income climb 59.4%, to ¥15.3 billion. Net income per share was ¥40.19. The Bank's capital adequacy ratio improved 0.57 percentage point, to 10.34%, as calculated to the domestic standard.

A breakdown of the Bank's performance by segment reveals that banking operations contributed total income of ¥130.9 billion, a 4.3% decrease over the previous fiscal year. Leasing revenues increased 1.1%, to ¥17.6 billion. Other financial businesses, including credit card operations, provided ¥4.5 billion, down 3.0%.

Consolidated Balance Sheets

THE 77 BANK, LTD. AND SUBSIDIARIES
March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Assets:			
Cash and due from banks	¥ 102,044	¥ 110,462	\$ 961,328
Call loans and bills purchased	445,609	351,885	4,197,923
Commercial paper and other debt purchased	37,206	17,006	350,505
Trading account securities (Note 3)	1,503	1,159	14,160
Money held in trust (Note 4)	74,773	59,626	704,415
Investment securities (Notes 3 and 10)	1,026,230	1,035,487	9,667,738
Loans and bills discounted (Note 5)	3,124,637	3,128,095	29,436,058
Foreign exchange assets (Note 6)	432	408	4,078
Other assets (Note 7)	54,624	54,862	514,600
Premises and equipment—net (Note 8)	62,070	65,746	584,741
Deferred tax assets (Note 21)	29,549	24,705	278,372
Customers' liabilities for acceptances and guarantees (Note 9)	99,824	106,177	940,405
Reserve for Possible Loan Losses	(64,673)	(53,609)	(609,266)
Total	¥4,993,832	¥4,902,016	\$47,045,055
Liabilities:			
Deposits (Notes 10 and 11)	¥4,503,575	¥4,350,306	\$42,426,522
Call money	15,168	76,949	142,900
Borrowed money (Notes 10 and 12)	53,270	52,646	501,840
Foreign exchange liabilities (Note 6)	110	368	1,045
Convertible bonds (Note 13)	19,334	19,334	182,138
Other liabilities (Note 14)	41,553	49,043	391,456
Reserve for retirement allowances	11,442	11,132	107,793
Acceptances and guarantees (Note 9)	99,824	106,177	940,405
Total liabilities	4,744,278	4,665,958	44,694,100
Minority interests	5,180	4,741	48,799
Stockholders' equity:			
Common stock (Note 15)	24,658	24,658	232,300
Capital surplus	7,835	7,835	73,812
Retained earnings (Note 16)	212,209	199,161	1,999,148
Total	244,703	231,655	2,305,260
Treasury stock	(329)	(338)	(3,104)
Total stockholders' equity	244,373	231,317	2,302,156
Total	¥4,993,832	¥4,902,016	\$47,045,055

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

THE 77 BANK, LTD. AND SUBSIDIARIES
Years ended March 31, 2000 and 1999

	Thousands	Millions of Yen			
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance, April 1, 1998	383,269	¥24,653	¥7,830	¥174,113	¥(336)
Adjustment of retained earnings for adoption of deferred tax accounting method				17,735	
Net income				9,653	
Cash dividends (Note 22):					
Year end for prior year, ¥3.00 per share				(1,148)	
Interim for current year, ¥3.00 per share				(1,148)	
Bonuses to directors and corporate auditors				(44)	
Purchase of treasury stocks					(2)
Conversion of convertible bonds	9	4	4		
Balance, March 31, 1999	383,278	24,658	7,835	199,161	(338)
Net income				15,389	
Cash dividends (Note 22):					
Year end for prior year, ¥3.00 per share				(1,148)	
Interim for current year, ¥3.00 per share				(1,148)	
Sales of treasury stocks					9
Bonuses to directors and corporate auditors				(44)	
Balance, March 31, 2000	383,278	¥24,658	¥7,835	¥212,209	¥(329)

	Thousands of U.S. Dollars (Note 1)			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance, April 1, 1999	\$232,300	\$73,812	\$1,876,226	\$(3,185)
Net income			144,976	
Cash dividends (Note 22):				
Year end for prior year, \$0.028 per share			(10,819)	
Interim for current year, \$0.028 per share			(10,819)	
Sales of treasury stocks				81
Bonuses to directors and corporate auditors			(415)	
Balance, March 31, 2000	\$232,300	\$73,812	\$1,999,148	\$(3,104)

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES

Year ended March 31, 2000

	Thousands of	
	Millions of Yen	U.S. Dollars (Note 1)
	2000	2000
Operating activities:		
Income before income taxes and minority interests	¥ 26,683	\$ 251,379
Adjustments for:		
Income tax paid	(20,629)	(194,344)
Depreciation and amortization	18,012	169,689
Increase in reserve for possible loan losses	11,064	104,234
Increase in reserve for retirement allowances	309	2,920
Interest income	(111,354)	(1,049,028)
Interest expenses	17,770	167,406
Investment securities losses—net	3,592	33,840
Gains on monetary trust funds	(629)	(5,930)
Foreign exchange losses—net	7,763	73,141
Losses on disposal of premises and equipment—net	320	3,020
Net decrease in loans	3,457	32,576
Net increase in deposits	153,268	1,443,886
Net increase in other borrowings	623	5,876
Net decrease in due from banks	497	4,690
Net increase in call loans and bills purchased	(93,723)	(882,938)
Net increase in commercial paper and other debt purchased	(20,199)	(190,292)
Net decrease in call money	(61,780)	(582,013)
Net increase in trading account securities	(343)	(3,234)
Net increase in foreign exchange assets	(33)	(311)
Net decrease in foreign exchange liabilities	(1,097)	(10,339)
Interest and dividends received	111,920	1,054,362
Interest paid	(19,617)	(184,812)
Other—net	(10,522)	(99,127)
Total adjustments	(11,329)	(106,731)
Net cash provided by operating activities	15,354	144,648
Investing activities:		
Purchases of investment securities	(308,588)	(2,907,098)
Proceeds from sales of investment securities	182,405	1,718,379
Proceeds from maturity of investment securities	124,147	1,169,547
Increase in money held in trust	(20,000)	(188,413)
Decrease in money held in trust	5,482	51,646
Purchases of premises and equipment	(4,998)	(47,085)
Proceeds from sales of premises and equipment	631	5,953
Net cash used in investing activities	(20,919)	(197,071)
Financing activities:		
Dividends paid	(2,297)	(21,642)
Dividends paid to minority interests stockholders	(7)	(69)
Purchases of treasury stock	(169)	(1,595)
Proceeds from sales of treasury stock	166	1,565
Proceeds from issuance of common stock to minority interests stockholders	4	38
Net cash used in financing activities	(2,303)	(21,702)
Foreign currency translation adjustments on cash and cash equivalents	(51)	(487)
Net decrease in cash and cash equivalents	(7,920)	(74,612)
Cash and cash equivalents, beginning of year	107,350	1,011,307
Cash and cash equivalents, end of year	¥ 99,430	\$ 936,695

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND SUBSIDIARIES

Year ended March 31, 2000 and 1999

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Effective April 1, 1999, a consolidated statement of cash flows is required to be prepared under Japanese accounting standards. The statement of cash flows for the year ended March 31, 2000 is presented herein. Such statement for the year ended March 31, 1999 is not presented, as Japanese accounting standards do not require retroactive preparation or presentation for prior years' financial statements.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

Japanese yen figures less than a million of yen are rounded down to the nearest million of yen, except for per share data. Accordingly, the total of each account may in fact not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 Bank, Ltd. (the "Bank") is incorporated and principally operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to U.S.\$1, the approximate rate of exchange at March 31, 2000. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. Consolidation—The consolidated financial statements as March 31, 2000 include the accounts of the Bank and its seven (eight in 1999) majority-owned subsidiaries (together, the "Companies"). Investments in one (two in 1999) associated companies are stated at cost. If the equity method of accounting had been applied to the investment in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. Trading Account Securities—Listed trading account securities are stated at the lower of cost or market value. Other trading account securities are stated at cost. Cost is determined by the moving-average method.

c. Investment Securities and Money Held in Trust—Investment securities consist of convertible bonds, bonds with warrants and corporate stocks listed on stock exchanges and are stated at the lower of cost or market value. Other securities are stated at cost. Cost is determined by the moving-average method.

Securities included in money held in trust are accounted for by the same method as above.

d. Property and Equipment for Lease—Property and equipment for lease included in other assets are stated at cost less accumulated depreciation. Depreciation of property and equipment for lease is mainly computed by the straight-line method over lease periods.

e. Premises and Equipment—Premises and equipment are stated at cost less accumulated depreciation and deferred gains on sales of real estate. Depreciation of premises and equipment is mainly computed by the declining-balance method at rates based on the estimated useful lives of the assets.

f. Software—Cost of computer software obtained for internal use is principally amortized using the straight-line method over the estimated useful lives of five years.

g. Foreign Currency Items—Assets and liabilities denominated in foreign currencies held by the Bank at the year end are translated into Japanese yen at the current exchange rates at each balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

h. Reserve for Possible Loan Losses—The Bank determines the amount of the provision for reserve for possible loan losses by means of management's judgment and assessment of future losses based on a self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

Reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self assessment categories.

The subsidiaries determine the amount of the provision for reserve for possible loan losses by a similar self-assessment system to that used by the Bank.

i. Reserve for Retirement Allowances—Under most circumstances, employees terminating their employment are entitled to certain severance payments based on the rate of pay at the time of termination, years of service and certain other factors. If the termination is involuntary, employees are usually entitled to greater payments than in the case of voluntary termination. The accrued provision for retirement allowances is calculated to state the estimated liability at the amount which would be required if all employees eligible for severance payments should voluntarily terminate their employment at each balance sheet date. The accrued provision is not funded.

In addition, the Bank has a funded contributory pension plan which covers most employees. It is the Bank's policy to fund and charge to income normal costs as accrued on the basis of an accepted actuarial method plus the amortization of prior service cost computed under the straight-line method over 4 years and 10 months. The unamortized balance of prior year service costs at March 31, 1999 (the most recent date of available information) was ¥1,830 million.

j. Leases—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the consolidated financial statements.

k. Income taxes—Effective April 1, 1998, the Companies adopted accounting for allocation of income taxes based on the assets and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Cash and Cash Equivalents—For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from The Bank of Japan.

m. Appropriations of Retained Earnings—Appropriations of retained earnings at each year end are reflected in the consolidated financial statements for the following year upon stockholders' approval.

n. Per Share Information—The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in computation was 382,823 thousand shares and 382,820 thousand shares for fiscal 2000 and 1999, respectively.

Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year with an applicable adjustment for related interest expense, net of tax.

Cash dividends per common share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. Trading Account Securities and Investment Securities

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
National government bonds	¥1,373	¥1,110	\$12,942
Local government bonds	129	49	1,217
Total	¥1,503	¥1,159	\$14,160

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Investment securities on hand:			
National government bonds	¥ 547,218	¥ 480,285	\$5,155,142
Local government bonds	169,589	217,713	1,597,637
Corporate bonds	151,672	179,250	1,428,851
Stocks	93,505	95,408	880,880
Other securities	64,042	62,626	603,320
Investment securities loaned	202	203	1,907
Total	¥1,026,230	¥1,035,487	\$9,667,738

The carrying amount and aggregate market value of marketable securities included in trading account securities and investment securities at March 31, 2000, were as follows:

	Millions of Yen		
	2000		
	Carrying Amount	Aggregate Market Value	Unrealized Gain
Trading account securities (Listed)	¥ 46	¥ 47	¥
Trading account securities (Unlisted)	292	294	2
Total	339	341	2
Investment securities (Listed)	387,146	531,255	144,109
Investment securities (Unlisted)	362,250	373,518	11,267
Total	749,396	904,774	155,377
Total	¥749,735	¥905,116	¥155,380

	Thousands of U.S. Dollars		
	2000		
	Carrying Amount	Aggregate Market Value	Unrealized Gain
Trading account securities (Listed)	\$ 442	\$ 446	\$ 4
Trading account securities (Unlisted)	2,752	2,773	21
Total	3,194	3,219	25
Investment securities (Listed)	3,647,160	5,004,765	1,357,605
Investment securities (Unlisted)	3,412,631	3,518,781	106,150
Total	7,059,791	8,523,546	1,463,755
Total	\$7,062,985	\$8,526,764	\$1,463,779

The difference between the above carrying amounts and the amounts shown in the accompanying consolidated balance sheet principally consists of non-marketable securities for which there is no readily-available market from which to obtain or calculate the market value thereof.

4. Money Held in Trust

The carrying amount and aggregate market value of money held in trust at March 31, 2000, were as follows:

	Millions of Yen		
	2000		
	Carrying Amount	Aggregate Market Value	Unrealized Gain
Money held in trust	¥74,773	¥75,002	¥229

	Thousands of U.S. Dollars		
	2000		
	Carrying Amount	Aggregate Market Value	Unrealized Gain
Money held in trust	\$704,415	\$706,575	\$2,161

5. Loans and Bills Discounted

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Bills discounted	¥ 67,710	¥ 70,607	\$ 637,877
Loans on bills	561,248	504,068	5,287,318
Loans on deeds	1,926,607	1,915,304	18,149,859
Overdrafts	569,070	638,114	5,361,004
Total	¥3,124,637	¥3,128,095	\$29,436,058

Loans and bills discounted at March 31, 2000 and 1999, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loans to borrowers in bankruptcy	¥ 25,854	¥ 27,051	\$ 243,563
Past due loans	34,838	17,011	328,203
Accruing loans contractually past due three months or more	5,792	7,661	54,571
Restructured loans	126,313	124,773	1,189,957
Total	¥192,799	¥176,498	\$1,816,293

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) in respect of which the Bank discontinues accruing of interest income when substantial doubt is judged to exist as to the ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons.

Loans to borrowers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans of which interest payment is deferred in order to assist in the financial recovery of a debtor.

Accruing loans contractually past due three months or more are loans which the principal or interest is three months or more past due.

Restructured loans, designed to assist in the recovery of the financial health of debtors, are loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount).

6. Foreign Exchanges

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Assets:			
Foreign exchange bills bought	¥140	¥ 75	\$1,325
Foreign exchange bills receivable	71	160	672
Due from foreign correspondents	220	172	2,081
Total	¥432	¥408	\$4,078
	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Liabilities:			
Foreign exchange bills sold	¥ 77	¥ 94	\$ 728
Foreign exchange bills payable	33	96	315
Due to foreign correspondents		177	2
Total	¥110	¥368	\$1,045

7. Other Assets

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Accrued income	¥10,960	¥11,762	\$103,251
Prepaid expenses	85	158	809
Premises and equipment for lease—net	32,378	31,785	305,022
Other	11,200	11,156	105,518
Total	¥54,624	¥54,862	\$514,600

8. Premises and Equipment

The accumulated depreciation of premises and equipment at March 31, 2000 and 1999, amounted to ¥65,157 million (\$613,827 thousand) and ¥61,426 million, respectively.

Deferred gains on sales of real estate of ¥8,008 million (\$75,450 thousand) and ¥8,043 million were deducted from the related premises and equipment at March 31, 2000 and 1999, respectively.

9. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" are shown as assets, representing the Bank's right to receive indemnity from the applicants.

10. Assets Pledged

Assets pledged as collateral and their related liabilities at March 31, 2000, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Assets pledged as collateral:		
Investment securities	¥73,134	\$668,978
Related liabilities to above assets:		
Deposits	50,890	479,421

Additionally, at March 31, 2000, investment securities amounting to ¥71,289 million (\$671,593 thousand) are pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for future transaction initial margin and others. Other than the items shown above, at March 31, 2000, rights under finance leases amounting to ¥7,217 million (\$67,989 thousand) are pledged for borrowed money amounting to ¥5,262 million (\$49,571 thousand).

11. Deposits

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current deposits	¥ 123,502	¥ 132,752	\$ 1,163,474
Ordinary deposits	1,313,282	1,219,251	12,371,954
Deposits at notice	33,988	41,782	320,191
Time deposits	2,690,514	2,624,912	25,346,341
Negotiable certificates of deposit	22,570	2,390	212,624
Other deposits	319,717	329,218	3,011,939
Total	¥4,503,575	¥4,350,306	\$42,426,522

12. Borrowed Money

Borrowed money included subordinated borrowings of ¥30,000 million (\$282,619 thousand) and ¥30,000 million at March 31, 2000 and 1999, respectively.

13. Convertible Bonds

Convertible bonds at March 31, 2000 and 1999, consisted of 0.45% convertible bonds due 2002.

The conversion price of the above convertible bonds was ¥1,036 per share at March 31, 2000, and the conversion price is subject to adjustments in certain circumstances.

The bonds outstanding at March 31, 2000, were convertible into 18,662 thousand shares of the Bank's common stock.

14. Other Liabilities

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Domestic exchange settlement account credit	¥ 138	¥ 322	\$ 1,304
Accrued expenses	12,564	14,593	118,366
Unearned income	3,776	8,274	35,575
Income taxes payable	7,297	12,260	68,749
Other	17,776	13,591	167,462
Total	¥41,553	¥49,043	\$391,456

15. Common Stock

Information with respect to common stock of the Bank at March 31, 2000 and 1999, is as follows:

Par value	¥ 50 per share
Number of shares:	
Authorized	1,344,000 thousand shares
Issued and outstanding	383,278 thousand shares

16. Retained Earnings

The Banking Law of Japan requires that an amount equal to at least 20% of cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated as a legal reserve until such reserve equals 100% of the Bank's stated capital. This reserve is not available for dividends but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors.

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Legal reserve	¥ 24,720	¥ 24,719	\$ 232,881
Voluntary reserve	174,895	149,337	1,647,621
Unappropriated surplus	12,594	25,104	118,645
Total	¥212,209	¥199,161	\$1,999,148

Under the Japanese Commercial Code, the voluntary reserve is available for future dividends subject to approval by the stockholders.

17. Other Operating Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gains on sales and redemption of bonds and other securities	¥ 1,442	¥ 1,461	\$ 13,585
Lease receipt	13,139	13,034	123,784
Other	3,279	3,675	30,893
Total	¥17,860	¥18,170	\$168,262

18. Other Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gains on sales of stocks and other securities	¥3,172	¥ 22	\$29,890
Gains on money held in trust	725	1,832	6,831
Other	1,189	2,070	11,206
Total	¥5,087	¥3,925	\$47,927

19. Other Operating Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Losses on sales and redemption of bonds and other securities	¥ 4,579	¥ 3,160	\$ 43,144
Lease cost	11,796	11,261	111,129
Other	1,539	2,075	14,499
Total	¥17,915	¥16,497	\$168,772

20. Other Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Losses on sales of stocks and other securities	¥2,098	¥1,293	\$19,765
Losses on devaluation of stocks and other securities	1,529	2,653	14,406
Other	1,610	1,490	15,172
Total	¥5,237	¥5,437	\$49,343

21. Income Taxes

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 41.6% and 47.3% for the years ended March 31, 2000 and 1999, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2000 and 1999, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deferred tax assets:			
Reserve for possible loan losses	¥18,409	¥13,864	\$173,431
Premises and equipment	3,362	3,220	31,680
Reserve for retirement allowances	3,200	2,934	30,151
Other	4,679	4,684	44,079
Total deferred tax assets	29,652	24,705	279,341
Deferred tax liabilities—Premises and equipment	102		969
Net of deferred tax assets	¥29,549	¥24,705	\$278,372

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income was as follows:

	2000	1999
Normal effective statutory tax rate	41.6%	47.3%
Expenses not deductible for income tax purposes	0.6	1.6
Income not taxable for income tax purposes	(2.1)	(3.5)
Effect of tax rate reduction	0.2	4.5
Other—net	0.2	0.2
Actual effective tax rate	40.5%	50.1%

22. Dividends

Year-end dividends are paid after approval at the General Stockholders Meeting held subsequent to the year end, while interim dividends may be paid after the end of the semianual period, by resolution of the Board of Directors.

23. Leases

Lessor

A subsidiary leases certain equipment and other assets to various customers.

Total lease receipts under finance leases for the years ended March 31, 2000 and 1999, were ¥12,959 million (\$122,088 thousand) and ¥13,034 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, rights under finance lease, depreciation expense, interest income of finance leases that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2000 and 1999, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Equipment and Other Assets	Equipment and Other Assets	Equipment and Other Assets
	2000	1999	2000
Acquisition cost	¥74,301	¥73,856	\$699,972
Accumulated depreciation	(41,923)	(42,062)	(394,950)
Net leased property	¥32,378	31,793	\$305,022

Rights under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥10,276	¥10,175	\$ 96,809
Due after one year	21,564	25,075	203,152
Total	¥31,840	¥35,251	\$299,961

Depreciation expense and interest income under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Depreciation expense	¥11,045	¥10,465	\$104,052
Interest income	1,791	2,385	16,878

The imputed interest income portion which is computed using the interest method is excluded from the above rights under finance leases.

24. Derivatives

It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps and interest rate caps as a means of hedging its interest rate risk on certain loans and investment securities.

The Bank also enters into interest rate swaps and foreign exchange forward contracts to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Furthermore, the Bank enters into interest rate futures, bond futures, bond future options and foreign exchange forward contracts for a short term as part of its trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its part of a contract.

The Bank sets limit to credit risk by limiting the counterparties to those derivatives to major financial institutions and securities companies, and establishing maximum risk exposures to the counterparties.

In accordance with the Bank for International Settlement requirements of capital adequacy ratio, credit risk equivalent which was measured using the current exposure method amounted to ¥2,160 million (\$20,353 thousand) at March 31, 2000.

The Bank has established a standard of risk management including management approaches to each type of risks. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are separated, and risk managers are assigned to the trading divisions, while the Asset and Liability Management Office manages the Bank's market risks.

The Bank's positions, gain-and-loss, risk amount and other conditions are periodically reported to the Board of Directors.

The Bank had the following derivatives contracts, which are not quoted on listed exchanges, outstanding at March 31, 2000 and 1999:

	Millions of Yen			
	2000		1999	
	Contract or Notional Amount	Fair Value	Contract or Notional Amount	Fair Value
Interest rate swaps:				
Fixed rate receipt, floating rate payment	¥ 2,000	¥ 5	¥ 1,000	¥ 6
Floating rate receipt, fixed rate payment	307,482	(4,372)	221,420	(7,493)
Floating rate receipt, floating rate payment	3,010	(88)	3,147	(149)
Interest rate caps:				
Buying	200		700	
(Option premiums which are included in other assets on the consolidated balance sheets)	(2)		(5)	
Foreign exchange forward contracts:				
Selling	19,973		43,853	
Buying	7,648		25,881	

	Thousands of U.S. Dollars	
	2000	
	Contract or Notional Amount	Fair Value
Interest rate swaps:		
Fixed rate receipt, floating rate payment	\$ 18,841	\$ 48
Floating rate receipt, fixed rate payment	2,896,680	(41,188)
Floating rate receipt, floating rate payment	28,359	(834)
Interest rate caps:		
Buying	1,884	
(Option premiums which are included in other assets on the consolidated balance sheets)	(25)	
Foreign exchange forward contracts:		
Selling	188,162	
Buying	72,056	

The contracts or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

25. Subsequent Event

The following appropriations of retained earnings at March 31, 2000, were approved at the Bank's general stockholders meeting held on June 29, 2000:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.00 (\$0.028) per share	¥1,149	\$10,832
Bonuses to directors and corporate auditors	42	396

26. Segment Information

(1) Business Segment Information

Information about operations in different business segments of the Companies for the years ended March 31, 2000 and 1999, was as follows:

a. Ordinary income

	Millions of Yen					
	2000					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Income from customers	¥130,266	¥14,788	¥3,077	¥148,132		¥148,132
Intersegment income	680	2,838	1,516	5,036	¥(5,036)	
Total income	130,946	17,626	4,594	153,168	(5,036)	148,132
Ordinary expenses	104,777	16,857	4,495	126,130	(4,968)	121,161
Ordinary income	¥ 26,168	¥ 769	¥ 99	¥ 27,038	¥ (67)	¥ 26,970

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen					
	2000					
	Banking Operations	Lease Operations	Other Operations	Total	Corporate	Consolidated
Assets	¥4,970,162	¥37,659	¥18,874	¥5,026,696	¥(32,864)	¥4,993,832
Depreciation	5,449	12,511	56	18,017	(4)	18,012
Capital expenditures	9,038	12,169	326	21,534	(114)	21,419

a. Ordinary income

	Thousands of U.S. Dollars					
	2000					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Income from customers	\$1,227,188	\$139,314	\$28,996	\$1,395,498		\$1,395,498
Intersegment income	6,413	26,742	14,287	47,442	\$(47,442)	
Total income	1,233,602	166,056	43,283	1,442,941	(47,442)	1,395,498
Ordinary expenses	987,073	158,804	42,348	1,188,225	(46,803)	1,141,422
Ordinary income	\$ 246,528	\$ 7,252	\$ 935	\$ 254,715	\$ (639)	\$ 254,076

b. Assets, Depreciation and Capital Expenditures

	Thousands of U.S. Dollars					
	2000					
	Banking Operations	Lease Operations	Other Operations	Total	Corporate	Consolidated
Assets	\$46,822,072	\$354,779	\$177,806	\$47,354,657	\$(309,601)	\$47,045,055
Depreciation	51,337	117,864	534	169,736	(47)	169,689
Capital expenditures	85,145	114,646	3,074	202,866	(1,076)	201,789

a. Ordinary income

	Millions of Yen					
	1999					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Income from customers	¥136,111	¥14,673	¥3,181	¥153,965		¥153,965
Intersegment income	710	2,755	1,554	5,020	¥(5,020)	
Total income	136,821	17,429	4,735	158,986	(5,020)	153,965
Ordinary expenses	117,962	16,684	5,027	139,674	(5,004)	134,669
Ordinary income (loss)	¥ 18,859	¥ 744	¥ (292)	¥ 19,311	¥ (15)	¥ 19,296

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen					
	1999					
	Banking Operations	Lease Operations	Other Operations	Total	Corporate	Consolidated
Assets	¥4,930,650	¥38,416	¥22,230	¥4,991,297	¥(35,671)	¥4,955,625
Depreciation	5,985	12,612	62	18,660		18,660
Capital expenditures	3,626	10,645	318	14,591	(187)	14,403

Notes: 1. Other operations consists of credit card transactions and others.

2. Ordinary income represents total income less certain special income included in other income in the accompanying consolidated statements of income.

3. Ordinary expenses represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.

(2) Geographic Segment Information

As the operating income and total assets of foreign operations were not significant compared to the consolidated income and assets, the geographic segment information has been omitted.

(3) Operating Income from International Operations

As the operating income from international operations was not significant compared to the consolidated income, the information about the operating income from international operations has been omitted.

Independent Auditors' Report

Tohatsu & Co.

MS Shibaura Building
13-23, Shibaura 4-chome,
Minato-ku, Tokyo 108-8530, Japan

Tel: +81-3-3457-7321

Fax: +81-3-3769-8508

www.tohatsu.co.jp

**Deloitte
Touche
Tohmatsu**

To the Board of Directors and Stockholders of
The 77 Bank, Ltd.:

We have examined the consolidated balance sheets of The 77 Bank, Ltd. and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income and stockholders' equity for the years then ended, and the related consolidated statement of cash flows for the year ended March 31, 2000, all expressed in Japanese yen. Our examinations 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 consolidated financial statements referred to above present fairly the financial position of The 77 Bank, Ltd. and subsidiaries as of March 31, 2000 and 1999, and the results of their operations for the years then ended and their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 2000

Consolidated Capital Adequacy Ratio

THE 77 BANK, LTD.
Years ended March 31

		Billions of Yen		Millions of U.S. Dollars
Domestic standard		2000	1999	2000
Tier I capital:	Common stock	¥ 24,329	¥ 24,320	\$ 229
	Capital surplus	7,835	7,835	73
	Retained earnings	210,989	197,943	1,987
	Minority interests	5,180	4,741	48
	Subtotal (A)	248,334	234,840	2,339
Tier II capital:	General reserve for possible loan losses	23,935	21,721	225
	Debt funding instruments and others	10,000	16,000	94
	Subtotal	33,935	37,721	319
	Position included in stockholder's equity (B)	26,608	33,128	250
Deductions:	Cross-holdings with other financial institutions (C)	—	—	—
Total capital:	(A) + (B) - (C) = (D)	274,942	267,969	2,590
Risk-adjusted assets:	On-balance-sheet	2,558,524	2,635,409	24,102
	Off-balance-sheet	98,804	105,204	930
	Subtotal (E)	2,657,328	2,740,614	25,033
Capital adequacy ratio (Domestic standard) = (D)/(E) x 100 (%)		10.34	9.77	

Notes: 1. The Bank adopted the domestic standard calculation method at the year ended March 31, 1999, in line with the closure of overseas offices as of March 1999.

2. The above chart is calculated using the method set forth by the Ministry of Finance as specified in Article 14, Paragraph 2, of the Banking Law of Japan.

Non-Consolidated Five-Year Summary

THE 77 BANK, LTD.
As of March 31

	Millions of Yen				
	2000	1999	1998	1997	1996
For the fiscal year					
Net interest income	¥ 93,450	¥ 92,891	¥ 89,647	¥ 86,513	¥ 82,485
Net fees and commissions	10,030	9,330	9,303	9,113	8,719
Net other operating income (loss)	(2,935)	(1,823)	(1,816)	2,228	(1,599)
Net income	15,673	9,540	12,110	17,739	11,045
At the fiscal year-end					
Total assets	¥4,964,711	¥4,873,733	¥4,721,728	¥4,605,498	¥4,511,414
Deposits	4,511,552	4,358,295	4,195,367	4,076,476	4,014,761
Loans and bills discounted	3,140,108	3,145,708	3,099,249	2,911,976	2,783,398
Trading account securities and investment securities	1,027,218	1,036,128	972,824	1,014,497	1,027,127
Stockholders' equity	244,210	230,878	205,849	195,440	179,847
Common stock	24,658	24,658	24,653	24,325	24,325
	Yen				
	2000	1999	1998	1997	1996
Per share data					
Net income	¥ 40.89	¥ 24.89	¥ 31.62	¥ 46.36	¥ 28.86
Diluted net income	39.12	23.63	29.76	43.92	27.92
Stockholders' equity	637.16	602.37	537.08	510.77	470.02
Cash dividends	6.00	6.00	6.00	6.00	5.00
Capital adequacy ratio (%)					
BIS standard	(12.45)	(11.31)	9.94	10.64	10.90
Domestic standard	10.24	9.67	—	—	—

Non-Consolidated Balance Sheets of the Bank (Parent Company)

THE 77 BANK, LTD.
March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Assets:			
Cash and due from banks	¥ 101,048	¥ 109,026	\$ 951,940
Call loans and bills purchased	445,609	351,885	4,197,923
Commercial paper and other debt purchased	37,206	17,006	350,505
Trading account securities	1,503	1,159	14,160
Money held in trust	74,773	59,626	704,415
Investment securities	1,025,715	1,034,968	9,662,887
Loans and bills discounted	3,140,108	3,145,708	29,581,805
Foreign exchanges	432	408	4,078
Other assets	15,898	16,148	149,777
Premises and equipment	55,312	58,042	521,077
Deferred tax assets	28,543	24,174	268,899
Customers' liabilities for acceptances and guarantees	99,824	106,177	940,405
Reserve for possible loan losses	(61,264)	(50,599)	(577,150)
Total	¥4,964,711	¥4,873,733	\$46,770,720
Liabilities:			
Deposits	¥4,511,552	¥4,358,295	\$42,501,674
Call money	15,168	76,949	142,900
Borrowed money	30,418	30,537	286,566
Foreign exchanges	110	368	1,045
Convertible bonds	19,334	19,334	182,138
Other liabilities	32,972	40,352	310,621
Reserve for retirement allowances	11,119	10,838	104,752
Acceptances and guarantees	99,824	106,177	940,405
Total liabilities	4,720,501	4,642,854	44,470,102
Stockholders' equity:			
Common stock	24,658	24,658	232,300
Capital surplus	7,835	7,835	73,812
Legal reserve	24,658	24,658	232,300
Retained earnings	187,058	173,726	1,762,206
Total stockholders' equity	244,210	230,878	2,300,618
Total	¥4,964,711	¥4,873,733	\$46,770,720

Non-Consolidated Statements of Income of the Bank (Parent Company)

THE 77 BANK, LTD.
Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Income:			
Interest on:			
Loans and discounts	¥ 73,799	¥ 77,789	\$ 695,242
Trading account and investment securities	36,601	39,713	344,808
Other	450	1,536	4,248
Fees and commissions	13,612	13,064	128,239
Other operating income	1,644	1,496	15,493
Other income	5,230	3,993	49,270
Total income	131,339	137,593	1,237,300
Expenses:			
Interest on:			
Deposits	11,174	18,162	105,275
Borrowings and rediscounts	2,391	3,535	22,528
Other	3,835	4,449	36,137
Fees and commissions	3,582	3,734	33,745
Other operating expenses	4,579	3,320	43,144
General and administrative expenses	61,780	61,647	582,014
Provision for possible loan losses	13,074	18,991	123,168
Other expenses	4,602	4,662	43,354
Total expenses	105,021	118,503	989,365
Income before income taxes	26,318	19,090	247,935
Income taxes:			
Current	15,014	15,903	141,443
Deferred	(4,369)	(6,353)	(41,164)
Total income taxes	10,644	9,549	100,279
Net income	¥ 15,673	¥ 9,540	\$ 147,656
		Yen	U.S. Dollars
Per share of common stock:			
Net income	¥40.89	¥24.89	\$0.385
Diluted net income	39.12	23.63	0.368
Cash dividends applicable to the year	6.00	6.00	0.056

Non-Consolidated Statements of Retained Earnings of the Bank (Parent Company)

THE 77 BANK, LTD.
Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Balance, beginning of year	¥173,726	¥149,923	\$1,636,610
Adjustment of retained earnings for newly applied accounting for tax allocation	—	17,820	—
Net income	15,673	9,540	147,656
Transfer to legal reserve	—	(1,216)	—
Dividends paid, ¥6.00 (\$0.056) per share in 2000 and ¥6.00 per share in 1999	(2,299)	(2,299)	(21,664)
Bonuses to directors and corporate auditors	(42)	(42)	(396)
Balance, end of year	¥187,058	¥173,726	\$1,762,206

Loan Portfolio

Loan Portfolio by Industry	Billions of Yen/%				Millions of U.S. Dollars
	2000		1999		2000
Domestic offices (Excluding Japan offshore banking accounts)	¥3,137	100.0%	¥3,142	100.0%	\$29,556
Manufacturing	313	10.0	329	10.5	2,950
Agriculture	7	0.2	8	0.3	66
Forestry	0	0.0	0	0.0	7
Fishery	23	0.8	28	0.9	220
Mining	4	0.1	4	0.2	42
Construction companies	243	7.8	259	8.3	2,292
Utilities	26	0.8	21	0.7	249
Transportation and communications	77	2.5	75	2.4	728
Wholesale, retail and restaurants	518	16.5	556	17.7	4,881
Financial institutions	245	7.8	167	5.3	2,315
Real estate companies	361	11.5	348	11.1	3,403
Services	370	11.8	395	12.6	3,486
Municipalities	319	10.2	327	10.4	3,011
Other	627	20.0	617	19.6	5,907
Japan's offshore banking accounts	2	100.0	3	100.0	26
Financial institutions	2	100.0	2	92.8	26
Commerce and industry	—	—	0	7.2	—
Total	¥3,140	/	¥3,145	/	\$29,582

Loans by Purpose	Billions of Yen/%				Millions of U.S. Dollars
	2000		1999		2000
Funds for capital investment	¥1,508	48.0%	¥1,489	47.3%	\$14,212
Funds for working capital	1,631	52.0	1,656	52.7	15,370
Total	¥3,140	100.0	¥3,145	100.0	\$29,582

Loans by Collateral	Billions of Yen			Millions of U.S. Dollars
	2000	1999	2000	2000
Securities	¥ 5	¥ 5		\$ 48
Commercial claims	93	99		884
Commercial goods	0	0		5
Real estate	926	958		8,731
Other	—	—		—
Subtotal	1,026	1,064		9,668
Guaranteed	1,198	1,128		11,294
Unsecured	915	952		8,620
Total [Subordinated loans]	¥3,140 [10]	¥3,145 [7]		\$29,582 [94]

Loans to Small and Medium-Sized Companies	Billions of Yen/%		Millions of U.S. Dollars
	2000	1999	2000
Loans to small and medium-sized companies	¥2,191	¥2,033	\$20,644
Percentage of total loans	69.8%	64.7%	

Notes: 1. The figures above do not include Japan offshore banking accounts.

2. Small and medium-sized companies are defined as businesses having paid-in capital of not more than ¥300 million (but ¥100 million for wholesalers, and ¥50 million for retailers, restaurants and service providers), or companies and individuals with not more than 300 full-time employees (100 for wholesalers, and 50 for retailers and restaurants).

With enactment of legislation in March 2000 on Law No. 146, 1999, which partly amends such legislation as the Small and Medium Enterprise Basic Law, the scope of "small and medium-sized businesses" has expanded. In line with this development, the Bank discloses loan amounts at March 31, 2000, that reflect the post-amendment scope of inclusion. Owing to this change, loans to small and medium-sized companies at the end of March 2000 was ¥127 billion more, compared with the total before amendment.

Reserve for Possible Loan Losses	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
General reserve for possible loan losses	¥23	¥21	\$218
Specific reserve for estimated loan losses on certain doubtful loans	38	29	359
For non-resident loans	—	0	—
Reserve for possible losses on specific overseas countries	—	—	—
Total	¥61	¥50	\$577

Write-off of Loans	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Write-off of loans	¥0	¥0	\$1

Risk-Monitored Loans (Non-Consolidated)	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Loans to borrowers in bankruptcy	¥ 25	¥ 24	\$ 236
Past due loans	31	15	301
Accruing loans contractually past due three months or more	5	7	55
Restructured loans	126	124	1,190
Total	¥189	¥172	\$1,781

Securities Portfolio

Investment Securities

1. Fiscal Year-End Balance

	Billions of Yen/%							
	2000				1999			
	Domestic	International	Total	Percentage	Domestic	International	Total	Percentage
National government bonds	¥546	¥—	¥ 546	(53.3)%	¥479	¥—	¥ 479	(46.4)%
Local government bonds	169	—	169	(16.5)	217	—	217	(21.0)
Corporate bonds	151	—	151	(14.8)	179	—	179	(17.3)
Stocks	93	—	93	(9.1)	95	—	95	(9.2)
Other securities	9	54	64	(6.3)	4	57	62	(6.1)
Foreign bonds	/	54	54	(5.3)	/	57	57	(5.6)
Foreign stocks	/	—	—	(—)	/	—	—	(—)
Investment securities loaned	0	—	0	(0.0)	0	—	0	(0.0)
Total	¥970	¥54	¥1,025	(100.0)%	¥977	¥57	¥1,034	(100.0)

2. Average Balance

	Billions of Yen/%							
	2000				1999			
	Domestic	International	Total	Percentage	Domestic	International	Total	Percentage
National government bonds	¥513	¥—	¥ 513	(49.6)%	¥429	¥ —	¥ 429	(42.1)%
Local government bonds	199	—	199	(19.2)	213	—	213	(20.9)
Corporate bonds	163	—	163	(15.8)	178	—	178	(17.4)
Stocks	97	—	97	(9.4)	98	—	98	(9.7)
Other securities	5	55	61	(6.0)	6	94	100	(9.9)
Foreign bonds	/	55	55	(5.4)	/	94	94	(9.2)
Foreign stocks	/	—	—	(—)	/	—	—	(—)
Total	¥979	¥55	¥1,035	(100.0)%	¥927	¥94	¥1,022	(100.0)

Notes: 1. Investment securities loaned are categorized into each item.

2. Average balances of foreign currency transactions by domestic branches, which are included in international operations, are calculated based on the daily current method.

Public Bonds Underwritten	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
National government bonds	¥ 22	¥ 21	\$ 215
Local government bonds and government-guaranteed bonds	121	94	1,141
Total	¥143	¥116	\$1,356

Sales Volume of Public Bonds and Investment Trusts	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
National government bonds	¥0	¥0	\$ 9
Local government bonds and government-guaranteed bonds	1	0	16
Total	¥2	¥1	\$25
Investment trusts	¥0	¥0	\$ 7

Note: The Bank started to sell investment trusts effective December 1, 1998.

Public Bonds Dealings (Trading Account Securities)	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Trading volume during the term			
National government bonds	¥128	¥412	\$1,211
Local government bonds	0	0	1
Government-guaranteed bonds	—	—	—
Total	¥128	¥412	\$1,212

Average Balances of Trading Account Securities	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
National government bonds	¥ 3	¥ 3	\$37
Local government bonds	0	0	1
Government-guaranteed bonds	—	—	—
Trading account securities loaned	—	—	—
Total	¥ 4	¥ 3	\$38

Market Value Information

THE 77 BANK, LTD.
Years ended March 31

Securities

Millions of Yen

	2000					1999				
	Carrying Amount	Aggregate Market Value	Unrealized Gain (Net)	Gain	Loss	Carrying Amount	Aggregate Market Value	Unrealized Gain (Net)	Gain	Loss
Trading account securities	¥ 46	¥ 47	¥ 0	¥ 0	¥ 0	¥ 29	¥ 30	¥ 0	¥ 0	¥ 0
Investment securities:	386,867	530,943	144,076	144,311	235	394,882	525,272	130,390	130,920	530
Bonds	266,137	296,005	29,868	30,003	135	265,081	304,922	39,841	40,339	497
Stocks	88,282	202,316	114,034	114,047	12	90,181	179,690	89,508	89,532	23
Others	32,448	32,621	173	260	86	39,619	40,659	1,040	1,049	8
Total	¥386,914	¥530,991	¥144,076	¥144,311	¥235	¥394,911	¥525,302	¥130,391	¥130,921	¥530

Notes: 1. Trading account securities and Investment securities include publicly listed securities (bonds include Japanese government bonds, Japanese local government bonds and corporate bonds). As of March 31, 2000, amounts shown in the Aggregate Market value column for listed bonds, are stated at their final closing prices for the fiscal year, primarily on the Tokyo Stock Exchange, or based on the securities bid-offer table published by the Securities Dealers Association of Japan. Other listed securities are stated at their final closing prices for the fiscal year, primarily on the Tokyo Stock Exchange. As of March 31, 1999, amounts shown in the Aggregate Market Value column for listed securities are stated at their final closing prices for the fiscal year, primarily on the Tokyo Stock Exchange.

2. The following represents the calculation of book value of unlisted securities:

Millions of Yen

	2000					1999				
	Carrying Amount	Aggregate Market Value	Unrealized Gain (Net)	Gain	Loss	Carrying Amount	Aggregate Market Value	Unrealized Gain (Net)	Gain	Loss
Trading account securities	¥ 292	¥ 294	¥ 2	¥ 2	¥ 0	¥ 567	¥ 571	¥ 3	¥ 3	¥ 0
Investment securities:	362,152	373,395	11,242	11,975	733	337,546	351,279	13,733	14,911	1,178
Bonds	354,463	363,743	9,279	9,401	122	333,817	346,854	13,036	13,966	929
Stocks	1,549	3,918	2,369	2,546	177	1,688	2,499	810	945	135
Others	6,140	5,733	(406)	26	433	2,039	1,925	(114)	—	114
Total	¥362,445	¥373,689	¥11,244	¥11,978	¥733	¥338,114	¥351,850	¥13,736	¥14,915	¥1,178

The market value of unlisted securities is calculated mainly from the following: Over-the-counter securities—Trading price table published by the Japan Securities Dealers Association; Publicly offered unlisted securities—Securities bid-offer table published by the Securities Dealers Association of Japan; Beneficiary certificates of securities investment trusts—Net asset value.

3. Bonds, Stocks and Others are classified in compliance with the non-consolidated balance sheets.

4. The following represents the book value of the principal securities at March 31, 2000 and 1999, which is not included in the market value information:

Millions of Yen

	2000	1999
Trading Account Securities		
Unlisted bonds publicly offered, maturity less than one year	¥ 1,164	¥ 562
Securities:		
Domestic unlisted bonds other than publicly offered bonds	162,436	209,903
Unlisted bonds publicly offered, maturity less than one year	84,932	67,937
Unlisted bonds other than domestically offered bonds	22,614	18,378
Unlisted shares of affiliated companies	102	102
Beneficiary certificates of securities investment trusts during the closed term	2,603	2,298

Money Held in Trust

Millions of Yen

	2000					1999				
	Carrying Amount	Aggregate Market Value	Unrealized Gain (Net)	Gain	Loss	Carrying Amount	Aggregate Market Value	Unrealized Gain (Net)	Gain	Loss
Money held in trust	¥74,773	¥75,002	¥229	¥239	¥10	¥59,626	¥60,002	¥376	¥377	¥1

Notes: 1. Aggregate Market Value is determined by the price calculated efficiently by the Trustees.

2. As of March 31, 2000, amounts shown in the Aggregate Market value column for listed securities, are stated at their final closing prices for the fiscal year, primarily on the Tokyo Stock Exchange, or based on the securities bid-offer table published by the Securities Dealers Association of Japan. As of March 31, 1999, amounts shown in the Aggregate Market Value column for listed securities are stated at their final closing prices for the fiscal year, primarily on the Tokyo Stock Exchange.

Derivative Transactions

THE 77 BANK, LTD.
Years ended March 31

Fiscal 1999

1. Matters Related to Transactions

(1) Policy for Transactions

The Bank employs financial derivative instruments mainly to hedge the exposed risks (such as interest rate and exchange risks) of its assets and liabilities. The Bank also utilizes derivative instruments to meet the needs of its clients, while engaging in derivative transactions in a limited range in order to gain profit on its trading account (dealings) for a short term.

(2) Contents and Objectives for Transactions

The Bank engages in interest rate swaps and interest rate caps in order to hedge interest rate risks associated with loans and marketable securities owned by the Bank, while undertaking foreign exchange forward contracts in order to hedge exchange risks related to foreign-currency-denominated assets and liabilities. The Bank also executes interest rate swaps and foreign exchange forward contracts with its clients in order to meet their needs. Furthermore, the Bank employs interest rate futures, bond futures and bond options as well as foreign exchange forward contracts to acquire short-term capital gains (on dealing transactions).

(3) Content of Transaction-Associated Risks

Market risk associated with derivative transactions is defined as the risk in which the contract value of the position held by the Bank fluctuates as a result of interest and exchange rate fluctuations. Credit risk is defined as the risk in which the Bank is not able to receive expected economical effects from the position held by the Bank as a result of a counterparty's nonfulfillment of a contract.

The Bank limits derivative transactions with banks, securities firms and other financial institutions with a high credit rating and establishes the limitation of the transaction amounts for each contract party. Therefore, the Bank understands that its credit risk is limited.

Note: The credit risk equivalent amount totaled ¥2,743 million, which was calculated using the current exposure method and was based on the Bank's capital adequacy ratio, in compliance with the domestic standard.

(4) Risk Management System

The Bank has formulated risk management criteria and has determined management techniques for each type of risk. The Bank has also established trading standards and credit management guidelines with respect to derivatives transactions, and has prescribed a loss cut rule and framework for limiting positions to ensure appropriate operation and management of derivatives by the Bank. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated and independently managed by specialists, while the ALM Office centrally manages the Bank's market risks. In this manner, a check-and-balance mechanism is effectively secured. In addition, the Bank's position, profits-and-losses and other conditions are regularly reported to the management board.

(5) Supplementary Note to "2. Market Value Information"

"Contract amount" is a nominal amount or hypothetical principal for calculation in derivative transactions, and does not represent market or credit risks per se.

Furthermore, the Bank uses interest rate swaps and interest rate caps primarily to hedge its interest rate risks on loans and securities. The stated "Market value" and "Unrealized gain (loss)" correspond to interest rate swap and interest rate cap transactions.

Fiscal 2000

1. Matters Related to Transactions

(1) Policy for Transactions

The Bank employs financial derivative instruments for three reasons: 1) to hedge the market risks (such as interest rate and foreign exchange risks) that impact its assets and liabilities; 2) to meet the diversifying needs of its clients; and 3) to acquire short-term capital gains (on dealing transactions).

(2) Content and Objectives for Transactions

The Bank engages in interest rate swaps and interest rate caps in order to hedge interest rate risks associated with loans and marketable securities owned by the Bank, while undertaking foreign exchange forward contracts to hedge exchange risks related to foreign-currency-denominated assets and liabilities. The Bank also executes interest rate swaps and foreign exchange forward contracts with its clients in order to meet their needs. Furthermore, the Bank employs interest rate futures, bond futures and bond options as well as foreign exchange forward contracts to acquire short-term capital gains (on dealing transactions).

(3) Content of Transaction-Associated Risks

Market risk and credit risk are inherent in the derivative transactions utilized by the Bank. Market risk associated with derivative transactions is defined as the risk in which the contract value of the position held by the Bank fluctuates as a result of interest and exchange rate fluctuations. Credit risk is defined as the risk in which the Bank is not able to receive expected economical effects from the position held by the Bank as a result of a counterparty's nonfulfillment of a contract.

The Bank limits derivative transactions with banks, securities firms and other financial institutions with a high credit rating and establishes the limitation of the transaction amounts for each contract party. Therefore, the Bank understands that its credit risk is limited.

Note: The credit risk equivalent amount totaled ¥2,160 million, which was calculated using the current exposure method and was based on the Bank's capital adequacy ratio, in compliance with the domestic standard.

(4) Risk-Management System

1. Formulating a basic policy

The Bank has formulated a basic policy for risk management and has determined management techniques for each type of risk. The Bank has also established trading standards and credit-management guidelines with respect to derivative transactions, and has prescribed a loss cut rule and framework for limiting positions to ensure appropriate operation and management of derivatives by the Bank.

2. Structure and Reporting Systems

To ensure strict management of risks, the Bank has built a structure that functions as a check-and-balance mechanism. The sections (Securities Division, Capital Markets Division, International Division) that are active in derivative transactions are clearly separated into front offices, which form contracts, and back offices, which undertake administrative duties, such as account processing and verification of transactions. In addition, the Bank has set up a risk-management division (Risk Management Division) that acts independently of the sections that engage in derivative transactions. More concretely, the market-risk management division exerts blanket control over bank-wide market risk, and also assigns a representative to each section that undertakes market-based operations to facilitate on-site monitoring of compliance to established rules and regulations, control of investment positions and the status of profits and losses.

Regular reports on positions, the status of profits and losses, prevailing risk amounts and other conditions are passed from the market risk management division to the ALM Committee and other sections of authority and then on to the Board of Directors and other executives.

(5) Supplementary Note to "2. Market Value Information"

"Contract amount" is the nominal amount or hypothetical principal for calculation in derivative transactions, and does not represent market or credit risks per se.

Furthermore, the Bank uses interest rate swaps and interest rate caps primarily to hedge its interest rate risks on loans and securities. The stated "Market value" and "Unrealized gain (loss)" only correspond to interest rate swap and interest rate cap transactions, and do not represent total profits and losses, which include hedging-oriented transactions.

3. The contract amount of interest rate swap (notional amount, and average receivable rate and average payable rate by period remaining) is as follows:

	Millions of Yen					
	2000			1999		
	Less than One Year	One to Three Years	More than Three Years	Less than One Year	One to Three Years	More than Three Years
Receivable fixed rate/payable floating rate swap notional amount	¥ 1,000	¥ 1,000	¥ —	¥ —	¥ 1,000	¥ —
Average receivable fixed rate (%)	0.74	0.95	—	—	0.74	—
Average payable floating rate (%)	0.15	—	—	—	0.28	—
Receivable floating rate/payable fixed rate swap notional amount	34,524	203,687	69,270	25,678	89,632	106,109
Average receivable floating rate (%)	1.16	0.36	0.34	1.98	0.94	0.64
Average payable fixed rate (%)	2.41	1.48	1.63	3.08	2.37	2.01
Receivable floating rate/payable floating rate swap notional amount	—	3,010	—	—	592	2,554
Average receivable floating rate (%)	—	2.44	—	—	5.69	1.42
Average payable floating rate (%)	—	3.60	—	—	5.26	3.21
Total	¥35,524	¥207,698	¥69,270	¥25,678	¥91,225	¥108,664

Note: The amounts for the year ended March 31, 2000, include the payment amount of floating rate, which is not determined at the fiscal year-end.

Currency Swaps

	Millions of Yen						
	2000			1999			
	Contract Amount		Market Value	Unrealized Gain (Loss)	Contract Amount		Market Value
Total	More than One Year	Total			More than One Year		
Over-the-Counter Transactions							
Currency swaps	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
US\$	—	—	—	—	—	—	—
£ Stg.	—	—	—	—	—	—	—
D.M.	/	/	/	/	/	/	/
Euro	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—

Notes: 1. Foreign exchange forward contract and currency options are not included in these amounts because the gains (losses) are realized at year-end and accounted for in the income statements.

2. The revised contract value of currency-related derivative transactions is as follows:

	Millions of Yen			Millions of Yen	
	2000	1999		2000	1999
	Contract Amount			Contract Amount	
Transactions Listed on Exchange			Over-the-Counter Transactions		
Currency futures			Foreign exchange forward contracts		
Selling	¥ —	¥ —	Selling	¥19,973	¥43,853
Buying	—	—	Buying	7,648	25,881
Currency options			Currency options		
Selling			Selling		
Call	—	—	Call	—	—
Put	[—]	[—]	Put	[—]	[—]
Buying			Buying		
Call	—	—	Call	—	—
Put	[—]	[—]	Put	[—]	[—]
			Other		
			Selling	—	—
			Buying	—	—

Note: Option contracts accounted for on the balance sheets are denoted by brackets [].

Off-Balance-Sheet Transactions

THE 77 BANK, LTD.
Years ended March 31

Derivatives and Foreign Exchange Forward Contracts

	Billions of Yen			
	Notional Amount/ Contract Value		Credit Risk/ Equivalent Amount	
	2000	1999	2000	1999
Interest rate swaps	¥312	¥225	¥1	¥1
Forward foreign exchange transactions	27	69	0	1
Other derivatives (caps)	0	0	0	0
Total	¥340	¥296	¥2	¥2

Notes: 1. The above figures are based on the Bank's capital adequacy ratio in compliance with domestic standards. The credit risk equivalent amounts were calculated using the current exposure method.

2. Netting is not applied in calculating the credit risk equivalent amount.

3. The contract value of Forward foreign exchange transactions with a maturity of 14 days or less, which has been subtracted from the credit risk equivalent amount under the aforementioned guidelines, is as follows:

	Billions of Yen	
	Contract Value	
	2000	1999
Foreign exchange forward contracts	¥ 0	¥ 1

Credit-Related Financial Instruments

	Billions of Yen	
	Contract Value	
	2000	1999
Commitments	¥1,190	¥1,105
Guarantees	99	106
Total	¥1,290	¥1,212

International Operations

Foreign Exchange Transactions	Millions of U.S. Dollars	
	2000	1999
Foreign exchange transactions	\$1,662	\$4,069

Note: For the year ended March 31, 1999, the above figure include the amount of overseas offices.

Foreign Currency Assets	Millions of U.S. Dollars	
	2000	1999
Domestic offices	\$567	\$694

Specific Overseas Loans

There are no applicable amounts.

Non-Consolidated Capital Adequacy Ratio

THE 77 BANK, LTD.
Years ended March 31

		Millions of Yen		Millions of U.S. Dollars
		2000	1999	2000
Domestic standard				
Tier I capital:	Common stock	¥ 24,656	¥ 24,656	\$ 232
	Capital surplus	7,835	7,835	74
	Legal reserve	24,658	24,658	232
	Voluntary reserve	183,549	170,205	1,729
	Retained earnings	2,316	2,329	22
	Subtotal (A)	243,016	229,684	2,289
Tier II capital:	General reserve for possible loan losses	23,187	21,153	218
	Debt funding instruments and others	10,000	16,000	94
	Subtotal	33,187	37,153	313
	Position included in stockholder's equity (B)	26,430	32,959	249
Deductions:	Cross-holdings with other financial institutions (C)	—	—	—
Total capital:	(A) + (B) - (C) = (D)	269,447	262,644	2,538
Risk-adjusted assets:	On-balance-sheet	2,530,079	2,608,389	23,835
	Off-balance-sheet	98,804	105,204	931
	Subtotal (E)	2,628,884	2,713,593	24,766
Capital adequacy ratio (Domestic standard) = (D)/(E) x 100 (%)		10.24	9.67	

Note: The above chart is calculated using the method set forth by the Ministry of Finance as specified in Article 14, Paragraph 2, of the Banking Law of Japan.

Stock Information

THE 77 BANK, LTD.
As of March 31, 2000

Paid-in Capital ¥24,658 million (US\$232 million)

Number of Stockholders 9,389

Shares Outstanding 383,278 thousand

Major Stockholders

	Number of Shares (Thousands)	Percentage
The Meiji Mutual Life Company	17,628	4.59%
Sumitomo Life Insurance Company	15,412	4.02
Nippon Life Insurance Company	14,475	3.77
The Bank of Tokyo-Mitsubishi, Ltd.	12,393	3.23
The Dai-ichi Mutual Life Insurance Company	12,275	3.20
The Sanwa Bank, Limited	8,971	2.34
The Industrial Bank of Japan, Limited	7,968	2.07
The Mitsubishi Trust and Banking Corporation (Trust Account)	7,541	1.96
Asahi Mutual Life Insurance Company	7,444	1.94
The Sendai Bank Ltd.	6,278	1.63

Bank Data

THE 77 BANK, LTD.
As of March 31, 2000

FOREIGN EXCHANGE BRANCHES

HEAD OFFICE

3-20, Chuo 3-chome, Aoba-ku,
Sendai, Miyagi 980-8777, Japan
Phone: 022-267-1111
Facsimile: 022-266-7673

NAKAKECHO BRANCH

7-5, Chuo 1-chome, Aoba-ku,
Sendai, Miyagi 980-8691, Japan
Phone: 022-224-0161
Facsimile: 022-264-0033

ICHIBANCHO BRANCH

10-20, Ichibancho 4-chome, Aoba-ku,
Sendai, Miyagi 980-8691, Japan
Phone: 022-222-1721
Facsimile: 022-264-0037

OROSHIMACHI BRANCH

9-1, Haginomachi 3-chome, Miyagino-ku,
Sendai, Miyagi 983-0043, Japan
Phone: 022-232-3277
Facsimile: 022-239-6229

NAGAMACHI BRANCH

8-29, Nagamachi 3-chome, Taihaku-ku,
Sendai, Miyagi 982-0011, Japan
Phone: 022-248-2111
Facsimile: 022-247-4983

MASUDA BRANCH

2-7, Masuda 2-chome, Natori-shi,
Miyagi 981-1224, Japan
Phone: 022-382-3177
Facsimile: 022-384-4479

FUNAOKA BRANCH

7-3, Shibata-cho Funaoka Chuo 1-chome,
Shibata-gun, Miyagi 989-1601, Japan
Phone: 0224-55-2077
Facsimile: 0224-57-1798

SHIROISHI BRANCH

35-1, Nakamachi, Aza, Shiroishi-shi,
Miyagi 989-0273, Japan
Phone: 0224-25-3131
Facsimile: 0224-24-5530

SHIOGAMA BRANCH

1, Motomachi 1-chome, Shiogama-shi,
Miyagi 985-0052, Japan
Phone: 022-364-4111
Facsimile: 022-364-8574

MATSUSHIMA BRANCH

177, Matsushima-cho Takagi Azamachi,
Miyagi 981-0215, Japan
Phone: 022-354-2171
Facsimile: 022-353-3509

ISHINOMAKI BRANCH

5-12, Tachimachi 2-chome,
Ishinomaki-shi, Miyagi 986-0824, Japan
Phone: 0225-95-3311
Facsimile: 0225-93-2478

MINATO BRANCH

2-5, Minatomachi 3-chome,
Ishinomaki-shi, Miyagi 986-0025, Japan
Phone: 0225-22-1131
Facsimile: 0225-93-8842

KESENUMA BRANCH

1-1, Minamimachi 3-chome,
Kesenuma-shi, Miyagi 988-0017, Japan
Phone: 0226-22-6770
Facsimile: 0226-22-8713

FURUKAWA BRANCH

5-17, Ekimae-odori 2-chome,
Furukawa-shi, Miyagi 989-6162, Japan
Phone: 0229-22-3077
Facsimile: 0229-22-2334

TSUKIDATE BRANCH

8-12, Tsukidate-cho Izu 1-chome,
Kurihara-gun, Miyagi 987-2216, Japan
Phone: 0228-22-2171
Facsimile: 0228-23-6081

TAIRA BRANCH

14, Sanchome, Aza, Taira, Iwaki-shi,
Fukushima 970-8026, Japan
Phone: 0246-23-3131
Facsimile: 0246-25-1905

TOKYO BRANCH

14-11, Ginza 4-chome, Chuo-ku,
Tokyo 104-8177, Japan
Phone: 03-3542-8181
Facsimile: 03-3541-5203

NIHONBASHI BRANCH

5-3, Nihonbashi-Kayabacho 1-chome,
Chuo-ku, Tokyo 103-0025, Japan
Phone: 03-3666-1581
Facsimile: 03-3639-2537

NAGOYA BRANCH

9-3, Sakae 2-chome, Naka-ku,
Nagoya-shi, Aichi 460-0008, Japan
Phone: 052-211-5981
Facsimile: 052-201-8454

OSAKA BRANCH

2-16, Hiranomachi 4-chome, Chuo-ku,
Osaka-shi, Osaka 541-0046, Japan
Phone: 06-6201-0771
Facsimile: 06-6201-0770

Head Office

3-20, Chuo 3-chome, Aoba-ku,
Sendai, Miyagi 980-8777, Japan
Phone: 022-267-1111
Facsimile: 022-266-7673

Established

March 1898

Paid-in Capital

¥24,658 million (US\$232 million)

Number of Branches

145

Number of Employees

3,108

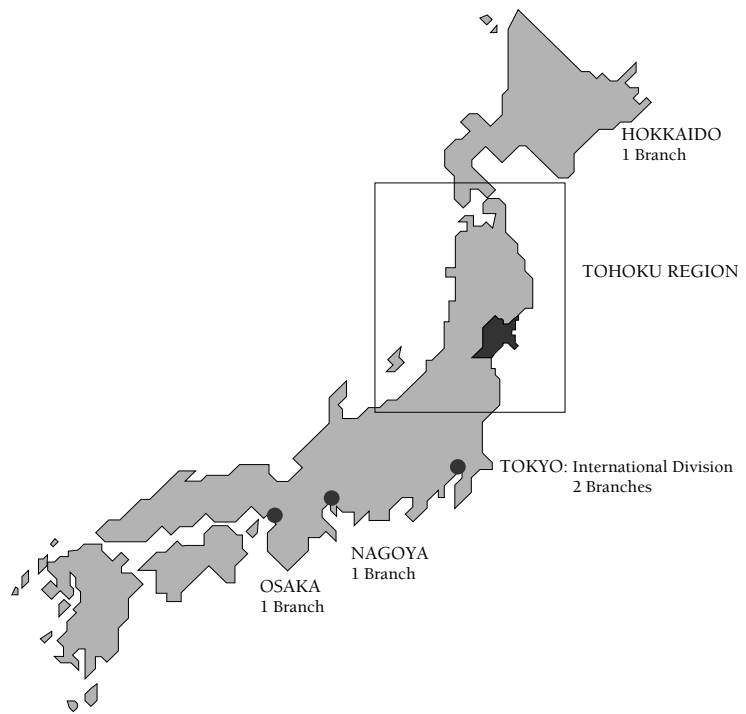
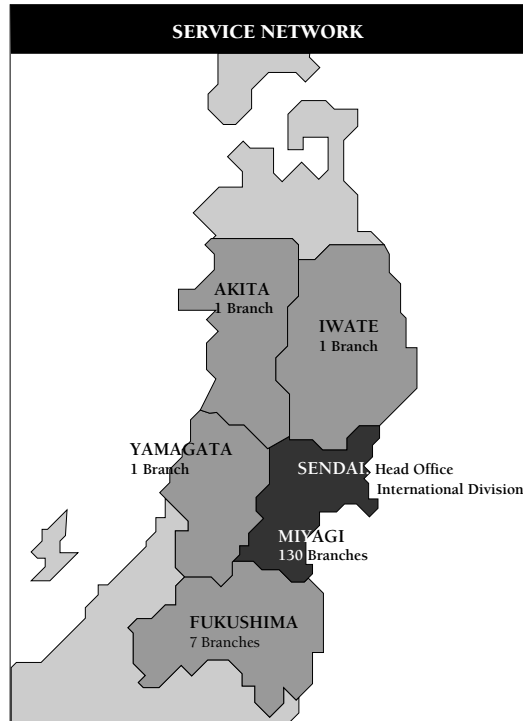
International Division

*International Finance Department
(Tokyo)*

14-11, Ginza 4-chome, Chuo-ku,
Tokyo 104-0061, Japan
Phone: 03-3542-8941
Telex: 252-4710 SSBANK J
Cable: SEVENSEVENBANK
Facsimile: 03-3545-0782
SWIFT Address: BOSSJPJT

*Planning & Business Department
(Sendai)*

3-20, Chuo 3-chome, Aoba-ku,
Sendai, Miyagi 980-8777, Japan
Phone: 022-211-9914
Telex: 852-201 BANKSS J
Facsimile: 022-211-9916
SWIFT Address: BOSSJPJT



THE 77 BANK, LTD.

Head Office

3-20, Chuo 3-chome, Aoba-ku, Sendai, Miyagi 980-8777, Japan

Phone: 022-267-1111

<http://www.77bank.co.jp/>