



FUKUI BANK

Annual Report 2000

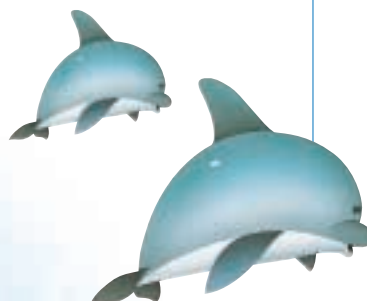


Profile

The Fukui Bank, Ltd., was founded in December 1899 in Fukui City, the capital of Fukui Prefecture. The Bank has consistently maintained sound management throughout its history, and has developed along with the region it serves, guided by its philosophy of contributing to the regional community. As of March 31, 2000, total assets of The Fukui Bank, Ltd., and its consolidated subsidiaries stood at ¥2,053,780 million (U.S.\$19,348 million), and deposits stood at ¥1,871,689 million (U.S.\$17,632 million). Net income for the term came to ¥4,001 million (U.S.\$38 million).

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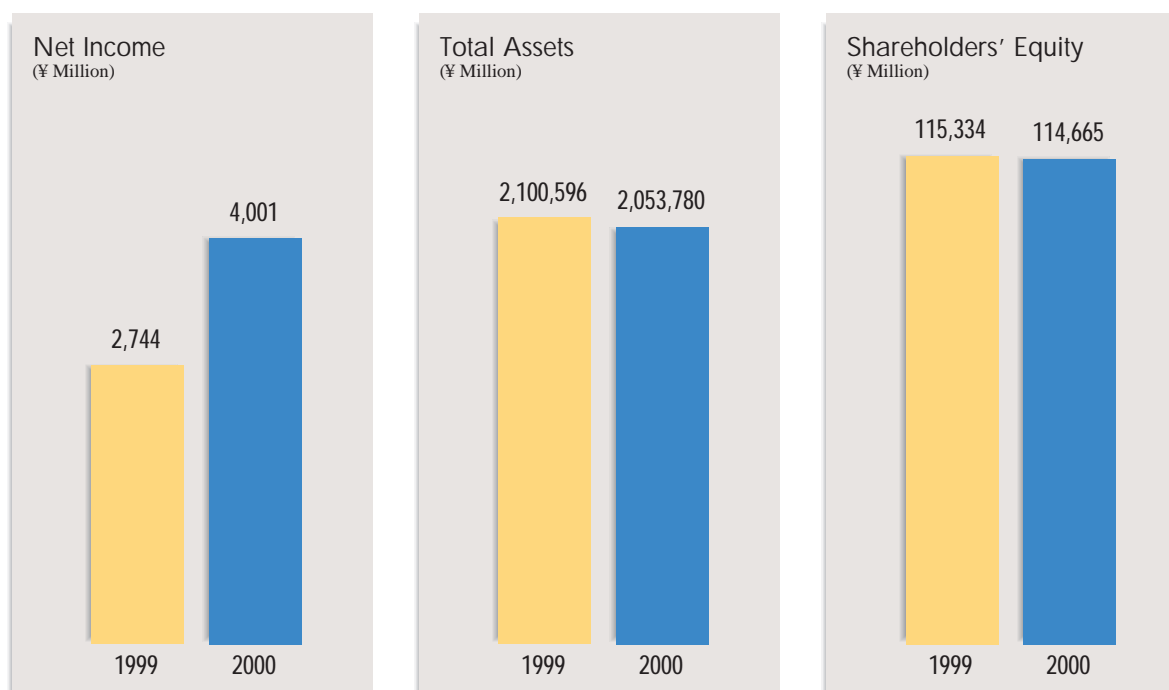


Consolidated Financial Highlights

The Fukui Bank, Ltd. and its consolidated subsidiaries

Years ended March 31	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
For the Year:			
Total income	¥ 64,178	¥ 61,136	\$ 604,600
Total expenses	56,467	55,671	531,963
Income before income taxes	7,710	5,465	72,637
Net income	4,001	2,744	37,699
Net income per share (yen and dollars)	16.21	10.17	0.153
At Year-end:			
Deposits	¥ 1,871,689	¥ 1,824,211	\$ 17,632,494
Loans and bills discounted	1,401,260	1,397,641	13,200,754
Trading account securities	2,412	1,387	22,725
Securities	399,710	482,791	3,765,522
Total assets	2,053,780	2,100,596	19,347,911
Shareholders' equity	114,665	115,334	1,080,221

Note: The U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥106.15 per U.S. \$1.00 on March 31, 2000.



Consolidated Financial Highlights



The Economic Environment

The Japanese economy has, since the beginning of the fiscal year in review, seen encouraging effects of the government's massive injection of capital, which was initiated during the previous year. Moreover, the economic climate surrounding the export industry indicated a degree of improvement during the second half of the year, largely as a result of the turnaround in Asian economies. In addition, private-sector investments in plants and equipment, for so long a stagnant presence in the market, have finally begun to move forward, particularly in the area of Information Technology. Given that such positive trends are reflected in various economic indices and corporate perspectives, primarily in production-related industries, there is in general a sense of anticipation with regard to a gradual recovery of the nation's economy.

More than a year after the Bank of Japan adopted its so-called "zero interest rate policy," and four-and-a-half years (as of March) after the introduction of an official 0.5% discount rate, short-term interest rates remained at record low levels. Yet, as fiscal year end approaches, the growing expectation of an economic recovery is motivating an increase in long-term interest rates, which have nevertheless held at low levels all year. In our Bank's primary market of Fukui Prefecture, the textile industry—one of the region's key industries—has still not achieved a full-scale recovery, although last spring it managed a return to production that, while not up to normal

standards, was still an improvement over the previous year. In the machinery industry, electronic components maintained high levels of production output, thanks to the strong performance of various information-processing equipment. By contrast, machine tools and textile machinery remained depressed due to sluggish demand in Japan and overseas. The eyeglass manufacturing industry continued on the path of steady production, thanks mainly to functional products and OEM agreements.

Review of Operations for Fukui Bank (consolidated basis)

Fukui Bank and its nine consolidated subsidiaries have during the year in review striven to improve business performance and operating efficiency, and accordingly have achieved results as outlined in the following paragraphs:

Regarding our core operation, deposits increased ¥47 billion to the term-end balance of ¥1,871 billion as a result of our effort to procure stabilization funds through individual and corporate deposits. Loans and bills discounted were up ¥3 billion to ¥1,401 billion at term end, through our effort to meet the funding demands of businesses and private account holders. The term-end securities balance came to ¥399 billion, a drop of ¥83 billion, reflecting the re-evaluation of our asset profile.

As for earnings performance, although fund-management income decreased ¥5,286 million from the previous year's level due to reduced interest rates, ordinary income increased ¥3,723 million to ¥64,044 million, thanks to an increase of ¥8,139 million in other business income. Ordinary expenses were up ¥668 million to ¥55,786 million due to an increase of ¥8,244 million in other business expenses. This was despite a decrease of ¥4,271 million in expenses for fund procurement, owing to low interest rates.

The overall amount of ordinary profit came to ¥8,258 million—an increase of ¥3,054 million from the previous year—while net income rose ¥1,257 million to ¥4,001 million.

Regarding our results by business segment, ordinary income and ordinary loss from core banking operations were recorded at ¥58,528 million and ¥7,841 million, respectively. Ordinary income and ordinary loss from other business operations amounted to ¥7,179 billion and ¥143 million. These figures include the results of internal transactions involving various business segments.

Cash Flow

Operating activities used cash amounting to ¥30,144 million, chiefly due to a drop in security deposits for loans on bond. Investing activities furnished cash of ¥73,453 million, thanks primarily to securities redemptions. Additionally, net cash used by financing activities came to ¥4,649 million, mainly because of the Bank's acquisition of shares of its own stock for retirement and dividend payments. Those shares were subsequently retired. Accordingly, the term-end balance of cash and cash equivalents increased ¥38,665 million from the previous year, standing at ¥66,931 million. The Bank prepared its inaugural Consolidated Statement of Cash Flow during the year ended March 2000, so there are no figures available from the previous year that might be compared with those of the current year.

Issues Being Addressed by Fukui Bank

Fukui Bank and its subsidiaries are committed to the achievement of our mission as a regional institution, that being to ensure a ready supply of financial products for the people and businesses throughout the area. We must therefore strengthen our operating structure and solidify our base in the region. The Fukui Bank Group made a concerted effort to obtain the ISO 9002 certification for the enhancement of its business management system, as well as the maintenance and enhancement of service quality. That effort came to fruition in November 1999, when we became the first bank in Japan to be awarded such certification for overall operations with regard to deposit and domestic exchange services. Today, by ensuring the effective functioning of our ISO-certified system, we will carry forth our effort to build a reliable system of operation and thereby secure the trust of our customers and shareholders. Furthermore, we will strive toward the timely offering of financial services that meet changing customer needs. This entails effective use of the CRM system, which functions as the core of our retail banking strategy.

Today, as financial institutions expand their scope of business, they face deeper and more extensive risks than ever. Therefore, in order that we might maintain the trust of our customers and shareholders and continue our sound corporate growth, we will strive to improve our systems of compliance and risk management.

Thoroughness of risk management was also evident in our degree of Y2K readiness. In fact, our advance preparations and preventive measures were more than sufficient to prevent

any major trouble or incident. Last but not least, in order that all our customers—institutional and private investors alike—might deepen their understanding of the operating conditions and policy of Fukui Bank and its subsidiaries, we will continue our efforts on behalf of information disclosure. We will hold seminars to present our financial statements and devise various other means of disclosure.

Dividend Policy

Fukui Bank's management policy includes the maintenance of sound operations and the establishment of robust operational structure, while its dividend policy stipulates the supply of stable dividend to the shareholders. We are therefore endeavoring to maintain and enhance our competitiveness and build corporate value through the allocation of retained earnings for the acquisition and retirement of shares of our own stock. Moreover, we are investing in the establishment of the computer systems so essential to business operations, along with the networks that link those systems. It was therefore resolved at the 180th Annual Shareholders' Meeting held June 25, 2000, that, based on the dividend policy as described above, the Bank would pay a term-end dividend of ¥3 per share (the sum of the ordinary dividend of ¥2.5 and commemorative dividend of ¥0.5). Together with the interim dividend of ¥3 per share (sum of the ordinary dividend of ¥2.5 and commemorative dividend of ¥0.5), the annual dividend for the year in review aggregated to ¥6 per share (a sum of the ordinary dividend of ¥5 and the commemorative dividend of ¥1), with a payout ratio of 39.12%.

Note: The resolution regarding the interim dividend for the current fiscal year was adopted at the meeting of the Board of Directors held November 15, 1999.



Shichiro Ichihashi
President

The Fukui Bank Perspective

Ensuring the “Triangular Balance”

According to the belief that future corporate management should adhere to global standards, in April 1999, we altered our management policy. Traditional management generally focused only on the “group affiliation, with the bank as its center” and “customers and the local community.” Since this was actually unsatisfactory for a company under the business corporation system, we chose to include “shareholders and institutional investors” within our focus. It is essential that the Bank be managed so that all of the three focus areas can grow in harmony.

Customer satisfaction, of course, leads to the progress of the Bank, whose stable management leads to the satisfaction of our shareholders (institutional investors). Furthermore, the satisfaction of shareholders encourages the stable management of the Bank, which can then gain more trust from its customers. Therefore, all three parties are interrelated. The progress of one benefits the progress of the others.

Through its emphasis on this dynamic relationship, Fukui Bank strives to achieve management based on the global standards by freeing itself from latent management. We are working to enhance our constitution via the dissolution of mutual shareholding relationships, and thus manage our operations with a focus on profitability.

Flow of Key Management Reforms

1 CD/ATM Improvement and Branch Unification/Reorganization

We have improved our CD and ATM network as well as the functions thereof, thereby enhancing convenience and quality of service under the banner “Everyday, Same Time, Free of Charge.” This means that our CDs and ATMs can remain in operation 365 days a year between the hours of 8:00 A.M. and 9:00 P.M. without the need for added late-night charges. Concurrent with the improvement of our CDs and ATMs, we have rearranged our branches in keeping with our move toward unification and reorganization.

2 Outgrowing Management Emphasizing Latent Profits: the Shift from Quantity to Quality

We have been the front-running bank in the dissolution of mutual shareholding relationships and cancellation of reacquired shares. This reflects our belief that corporate management should satisfy global standards from today forward, including the use of current-value accounting.

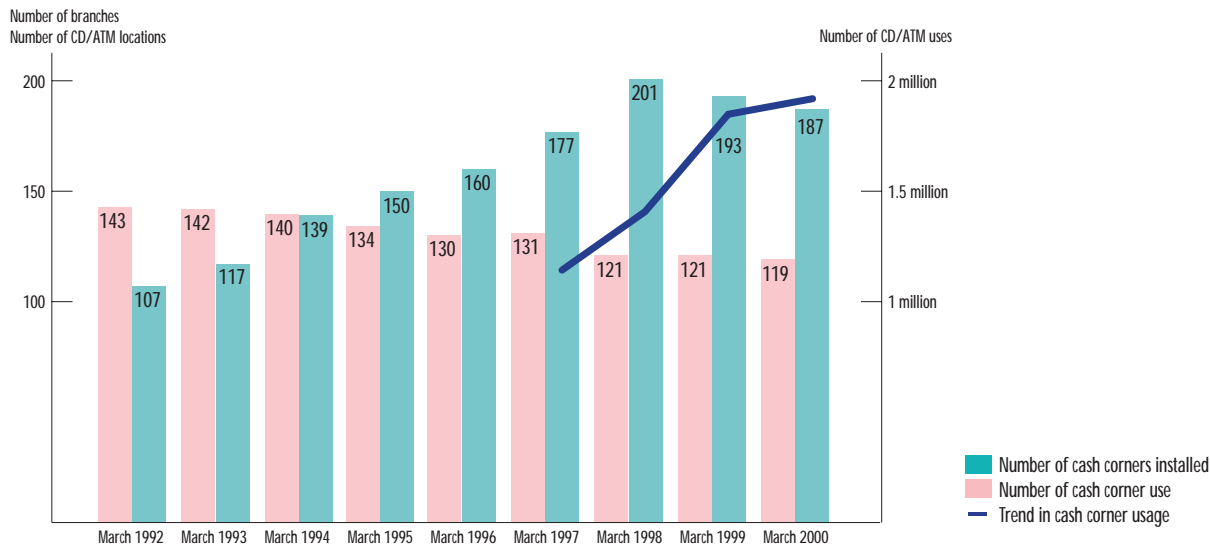
3 Reform of Operations Using the BPR Method

The application of the BPR (business process re-engineering) method in our business branches has brought a significant improvement in efficiency to the clerical side of bank operations, including deposits and exchanges as well as liaison operations. Moreover, it has helped standardized routine procedures throughout much of our overall process.

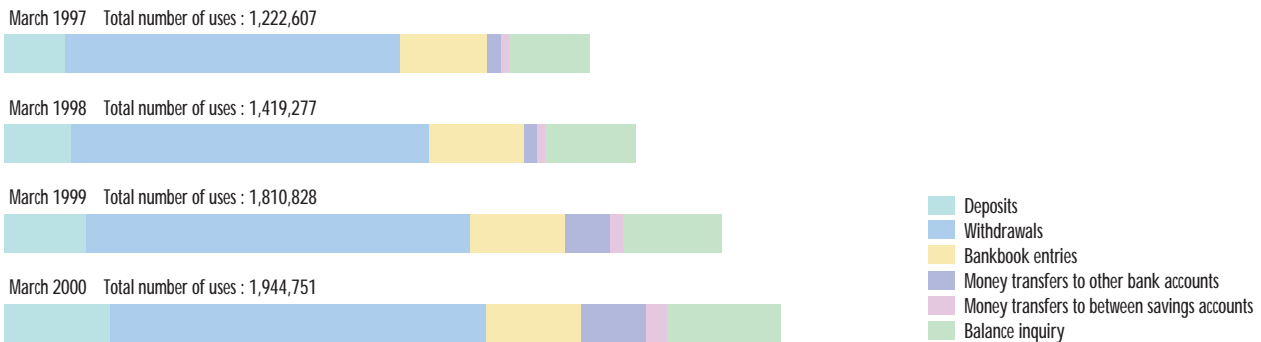
4 Change in Head-Office Structure

Fukui Bank’s business operations place the greatest emphasis on customers and business branches, given

that they are at the forefront of our operations. Striving to enrich our branch back-up system, we restructured the head office so that our branches could quickly and flexibly respond to increasingly sophisticated customer needs. We shifted management resources, including personnel, from the head office to our business branches, streamlining the head office via a group/team system. Additionally, we reduced the office workload at our business branches through the outsourcing of bank-wide operations, thereby facilitating better, more substantive communication with our customers.



Trend in Cash Corner Usage



The Fukui Bank Perspective

Midterm Management Plan

Building a Market-Responsive Business System

We at Fukui Bank are working to improve our response to customers and provide financial services above and beyond those offered at business branches. We are doing this by establishing the Corporate Customer Center and the Retail Center at the head office, both of which will be manned with personnel who specialize in their respective markets.

Building a More Efficient System of Operation

Our work in the area of re-engineering goes hand in hand with our goal of renovating the operating system from the customer perspective. This means we must consider, above anything else, what our customers want most from Fukui Bank. As of 1994, our counter operations have been continually updated for greater accuracy and reduced waiting time. Moreover, our business system has been changed for the sake of offering valuable, timely information. We have even changed the structure of our head office from the traditional form of vertical division by operation to one that's divided according to function. We have eliminated the use of seniority-based titles at the head office, thus ensuring that the decision-making process remains fair and impartial. In our belief that consistency is the greater part of any such effort, in March 2000, we established the BPR Project Team. The Project Team is tasked with reviewing the present functions of the head office, including relations with affiliated companies, in order to ensure the support and control of operations at our business branches. Through these endeavors, we will instill even greater trust in others regarding Fukui Bank.

Training the Ideal Personnel

In accordance with the specialization, consolidation, and proliferation of banking services, we work to identify the missions that each business section or department should accomplish, as well as the abilities of personnel required to accomplish these missions. Already, we

have several personnel training programs in place as part of a plan to develop human resources reflecting the necessary capabilities. Specifically, we are emphasizing the training needed to enhance our abilities in management, consulting, and advisory capacities, along with decision making in loans and IT applications.

Enhancement of the Risk-Management System

Today's financial institutions must deal with a broad array of risks, concurrent with the expansion of business range. To win the lasting trust of our customers, we at Fukui Bank are aiming toward the enhancement of our risk-management system, with particular emphasis on "thorough monitoring" and the "detection of alarm signals." Moreover, we are striving to maintain the soundness of our management and increase our profitability.

In specific terms, we separated the Asset Assessment Team from the Auditing Section in order to enhance our system of checks and balances. This was part of the renovation of our head-office structure, which was instituted in April 1999. Then, in December of the same year, we amended our risk-management regulations as a means of strengthening our inside management system based on the principle of self-responsibility. Today, we are working on the establishment of a compliance control system, the enhancement of inside management and our system of checks and balances, and the enrichment of ALM functions.

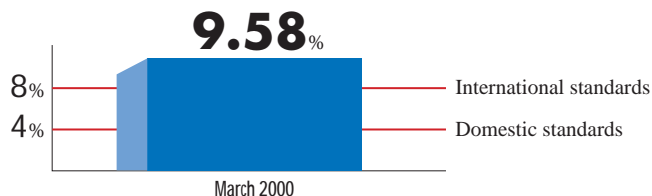
Building Strength Throughout the Fukui Bank Group

The Fukui Bank Group is striving collectively for greater efficiency, profitability and risk management in response to the amendment of the Banking Law and introduction of the Consolidated Financial System. As part of this effort, we are planning to specify the role and functions of each group company, and to enhance the spirit of cooperation among companies within the Group.

Reassurance: Winning the Trust of Our Customers— Performance and Efforts of Fukui Bank

Capital-adequacy Ratio

The System of Prompt Corrective Action was introduced in April 1998, being a measure taken by financial administrative authorities to evaluate the business performance of financial institutions. It uses the *capital-adequacy ratio* as a basic indication and means of taking appropriate corrective action, depending on the bank's degree of soundness. Fukui Bank's capital-adequacy ratio (by domestic standards) is 9.58% as of March 2000. This number far exceeds the level at which a bank is judged to be sound, as is stipulated in the New Bank Recapitalization Law (8% by international standards and 4% by domestic standards).



* With regard to the calculation of capital-adequacy ratio, banks that have overseas business operations apply international standards while others use domestic standards.

* Since Fukui Bank has withdrawn from overseas business operations, the capital-adequacy ratio is calculated according to domestic standards.

Dividends

Fukui Bank continues to pay stable dividends to our shareholders, now and in the future, while being watchful of its internal reserves. We will do so in order to respond to the deregulation and internationalization of the banking industry, and thereby enhance our management constitution. Dividends for the 1999 fiscal year totaled ¥6 per share, consisting of the ¥5 regular dividend and a ¥1 dividend to commemorate the 100th anniversary of Fukui Bank's establishment.

Achieving ISO 9002 Certification

In November 1999, we obtained ISO 9002 certification, the international standard for guaranteed quality in deposit and domestic exchange operations. We are the first Japanese bank to obtain certification not only for all branches but in its core banking business, as well.

We made our utmost effort on behalf of ISO certification, because we believe that in order to become a truly reassuring bank in the eyes of our customers it is necessary to achieve reassurance not only in the financial sphere, such as results of capital-adequacy ratio and official rating, but also in terms of core business operations.

We will improve our level of reassurance from “confidence” in the financial sphere to “trust” in every aspect of business management, including our core operation, through the continuous customer-oriented application of the ISO 9000 series of international standards. Additionally, we will practice a bank-wide style of management based on global standards, as the ISO 9000 series becomes manifest throughout all our operations.



登録証番号 JQA-QM3970

Certification number

The Fukui Bank Perspective

Efforts on behalf of ISO 9002 certification

1. We made what we call an “thorough and accurate” declaration in order to thoroughly integrate quality control from the customer’s perspective in our quality policy. This declaration reflects the motivation of all executives and personnel in the Fukui Bank Group to make a commitment to “thorough and accurate operations as well as thorough and accurate improvements.”
2. We take customer comments and complaints very seriously. As we consider comments and complaints to be important assets that can serve to improve levels of customer satisfaction, we have taken measures to implement such feedback. As we move toward the future of our banking business, the customer’s viewpoint will be reflected in our progress.
3. All Fukui Bank executives and personnel can now study the most recent versions of procedural guides on an as-needed basis, through the application of Information Technology. This effort has brought about an improvement in the quality of our office work, and has significantly enhanced our environmental efforts via a reduction in paper consumption.



Results of Our Measures to Prevent a Y2K Problem

Fukui Bank positioned its response to the Y2K computer problem as a top-priority issue of management, and accordingly, we implemented all the necessary measures throughout our entire system. It turned out that we experienced no problem whatsoever; business went on as usual at year’s end, and also on February 29, the extra day of the leap year. We attribute this to the great understanding and support that all concerned persons gave us, and would like to show them our appreciation.

Fukui Bank started bank-machine operations at 8:00 A.M. on New Year’s Day, as we have done in the past. This year there were only eight financial institutions in the whole country—including our bank—that started bank-machine operations on New Year’s Day. Of these, we were the only bank to do so in the three prefectures of Hokuriku.



Key Concepts of Fukui Bank

Trust: Fukui Bank's Commitment to Service and Customer Loyalty

Legal Compliance System

Compliance with laws and regulations is the very basis of the banking business. Therefore, Fukui Bank has long striven toward an enhanced system of legal compliance, including the assignment of personnel in charge of compliance to all departments and sections. In addition, we prescribe internal inspections, which are carried out according to a very specific checklist.

In April 1999, Fukui Bank placed some of its departments in charge of all matters relating to legal compliance, and defined their responsibilities with regard to the planning, implementation, and monitoring of compliance. Moreover, in December 1999, we released our own *Compliance Manual*, which describes the basic policy of compliance and offers specific examples of legal requirements and measures used to ensure proper observance. Fukui Bank has thereby defined its stance in terms of the actions it will take to meet all government regulations.

Fukui Bank's policy of compliance includes the following rules:

1. Enhanced internal-control capabilities
2. Disclosure of information
3. Fair and open decision making
4. Customer-oriented sales and marketing
5. Resolute defiance against antisocial power

We at Fukui Bank know and respect the importance that compliance has in the context of social ethics, not to mention its legal implications. In our endeavor to build awareness among our officers and employees, however, we hope to achieve a greater sense of trust among the businesses and individuals we serve.

Risk-Management System

Rapid progress in financial deregulation and other factors have given rise to significant risks in the realm of banking. Factors such as credit risk, market risk, liquidity risk, administrative risk, and system risk are becoming more diversified and complicated, and thus have made the banking environment more challenging than ever. Indeed, these risks are having an increasingly greater influence on the business of banking. Therefore, in order to maintain sound operations and the consistent generation of income, it is critical that today's bank construct a system of risk management by which it can monitor and identify risks and control its exposure to them. Accordingly, Fukui Bank has set forth upon the goal of an enhanced risk-management system in its mid-term management plan, and is working to achieve it for the immediate and long-term success of our operation.

Credit-Risk Management

The term "credit risk" refers to the risk of default against the bank's major assets, such as loans and off-balance-sheet transactions due to the diminished standing of borrowers. Based on Fukui Bank's internal credit ratings, we are developing a clear assessment regarding the scope, scale, and location of risks. This process, by maintaining sound assets and preventing bad debt, is helping increase our base income.

The Middle Office—an arm of the organization functioning independently of any other department engaged in core business operations—monitors conditions of credit risk, manages and analyzes all loans according to credit rating, business type, and region, and reports the findings of its analyses. This is being done in an effort to ensure the effective allocation of operating capital.

Key Concepts of Fukui Bank

Our Asset Assessment Team also has established a unique system of credit-risk inspection, such being conducted from a perspective quite different from the conventional line of assessment. The team is responsible for the management of our internal inspection system and the assurance of consistency with credit ratings. With regard to individual loans, credit assessments are conducted according to strict guidelines, giving due consideration to the debtor's credit standing and growth potential, cash flow concerning the loan in question, and the condition of collateral or other forms of security attached to the loan.

Internal Assessment

The internal assessment of assets is conducted in accordance with the Regulation Concerning Internal Asset Assessment and its accompanying Internal Assessment Rules. The regulation and rules are subject to internal audits as well as inspections by independent, external auditors, so that we can verify the rationality and explicitness of the rules. Furthermore, the process determines the accuracy and appropriateness of actual assessments and reports on the findings of such inspections.

Specific procedures for writing off bad debts and providing reserves for doubtful accounts are stipulated in the Regulation Concerning Write-offs and Reserves and its accompanying Bad Debt Write-off Rules. The regulation and rules are subject to internal and independent auditing in order to verify the validity and specificity of write-offs and reserves.

Internal Credit Ratings

Internal credit ratings represent the profiles of corporate clients via a system of rating gradations, which ultimately serve as indicators of credit risk. These ratings furnish us with guidelines by which we can carry out more effective management of credit risk. On the other hand, we would not consider it responsible to enter a deal based solely on such ratings. Instead, we review a possible business deal from every angle, giving consideration to the benefits of a long-term relationship with the prospective customer.

Management of Market and Liquidity Risks

The term "market risk" refers to the risk of losses resulting from movements in the market values of a bank's holding assets and liabilities (including items off the

balance sheet), which arise through fluctuations in interest rates, equity prices, exchange rates, and other factors. In this category, we count interest-rate risk, price-fluctuation risk, and exchange risk as major influences.

Fukui Bank has defined its strategic goals with consideration to its current corporate scale, operating strength, and internal structure. Accordingly, we have established positional limits, developed rules and regulations, and established an organization-wide system of "checks and balances."

Liquidity risk includes funding liquidity risk and market liquidity risk. Since the control over funding liquidity risk is for any bank a particularly important issue, for purposes of control we have classified the status of daily funding by degree of urgency, thereby establishing a more stable system of funding.

We will also hold ALM committee meetings on an as-needed basis, in the event of any change in our assets-and-liabilities position, funding status or market trend. By identifying the movements of risk factors and price valuations, we can devise and implement measures to control our exposure.

Administrative Risk Management

Fukui Bank, as a means of hedging risks associated with administrative operations, is striving to enhance its systems of administrative management and inspection. For example, to monitor the observance of rules and regulations and the status of various risk-management areas, we conduct numerous inspections, including inspections of sales outlets by headquarters, internal inspections at sales outlets, and inspections of headquarters and companies within the Fukui Bank Group. In November 1999, we obtained ISO 9002 certification for our core

business—deposit and domestic exchange services. Such a certification is a direct result of our having declared a commitment to “thorough and accurate” administration.

System Risk Management

The term “system risk” refers to the possibility of losses due to a crash, malfunction or error in the computer system, or to losses resulting from illegal computer use. Today, at a time when computers are an indispensable part of the operations of every financial institution, a system failure can bring serious problems to bear through many sectors of society. To prevent such risks, Fukui Bank is continuing its effort to maintain safe, steady system operations through the use of comprehensive and redundant preventive measures.

Specifically, the banking business and external system connections, with their direct effect upon the customer, along with Nichigin (Bank of Japan) Net and other systems of fund settlement—which affect banking operations—have been given top priority to Fukui Bank. Therefore, in order to prevent system problems, we are conducting regular computer security management and periodic preventive maintenance of computer hardware and software.

Fukui Bank’s backup system includes the monitoring of network operating status, implementation of corrective actions to counter an error in the communications circuit, and replacement by a backup circuit in the event it should become necessary. Moreover, if the Administrative Center should incur damage as a result of a disaster, each of our sales outlets can access the Mini Ledger System, which is resident at certain locations, and thereby ensure backup services for withdrawals of liquid deposits.

Fukui Bank is putting forth a total effort on behalf of network security and data protection, employing a contingency plan developed in advance preparation for any possible problems arising amid a Y2K computer disaster.



The Year in Review

Fukui Bank is intent upon the enhancement of our sales activities, and as such, we constantly endeavor to think from the consumer's perspective. Accordingly, we are working to develop and offer new products and services while enhancing our structure of operations.

Organization and Activities

Celebrating Fukui Bank's 100th Anniversary

Fukui Bank celebrated the 100th anniversary of its founding on December 19, 1999. Such an event is entirely attributable to the people and businesses throughout our community, as well as our shareholders, who have given us their loyalty and cooperation. With that, we extend our sincere gratitude for such untiring generosity and support. However, rather than being content merely with the comforts of a longstanding presence, Fukui Bank will treat this historic occasion as a milestone in our quest for excellence. Indeed, we have renewed our commitment and are redoubling our efforts on behalf of business growth. We therefore ask for your continued support as we strive toward the pinnacle of performance.

Dividend Distribution to Commemorate Our Centennial

Fukui Bank has paid a total dividend of ¥6 per share for the fiscal year ended March 2000. This includes a commemorative dividend of ¥1 per share and an annual dividend of ¥5. Furthermore, for the NA-TU-RA Point Service, which awards points for various customer transactions and pays ¥1,000 in cash for each 1,000 points earned, the Bank paid an additional ¥500, meaning a total of ¥1,500 for each 1,000 points, through the end of December 1999.

Our Commemorative Publication

A One Hundred Year History of the Fukui Bank, Ltd. was published as a record of the Fukui legacy as well as a means of bequeathing our achievements to future generations. Moreover, it serves to renew or commitment

and inspire business growth as we embark upon our second century. Copies of the book have been donated to local libraries and universities.

Donating Trees to Fukui Prefecture's Green Campaign

Fukui Bank, is participating in the Fukui Prefecture Green Campaign, an environmental preservation drive, as part of a series of events marking our centennial anniversary. The Green Campaign is to receive annual contributions of ¥1 million over a ten-year period, which will be devoted to the planting of trees throughout the prefecture. Our contribution is funded in part by donations received through interest earned on the commemorative 100th anniversary time deposit, thanks to the courteous cooperation of our customers. Our participation in this year's campaign included the donation of trees for use at the Kanazu Forest of Creation, located in Kanazu-cho.

Volunteer Activities for Blood Donation and Cleanup

Fukui Bank, as part of the philanthropic programs commemorating our 100th anniversary, continues its annual volunteer activities on behalf of blood contribution and environmental cleanup. We held our inaugural volunteer blood donation drive in January 2000, a program that enjoyed the participation of many Bank employees. To mark the event, we were presented with a letter of appreciation by Red Cross Blood Center of Fukui Prefecture.

The First Financial Institution to Hold Its Shareholders' Meeting on a Sunday

As part of our effort to maximize shareholder participation, in 1998, we scheduled our annual meeting in avoidance of the peak day. Then, in 1999, the Bank held its shareholders' meeting on a Sunday, thus providing a means for a large number of individual shareholders' to attend. We are striving to plan and organize the kind of shareholders' meeting in which our investors feel free to ask questions and further their understanding of the

issues being discussed. This effort extends to the use of overhead projectors, which are employed for the benefit of the entire gathering.

Fukugin College Lecture Program

We at Fukui Bank place considerable emphasis on social contribution programs geared toward the local community, and in that regard have hosted the Fukugin College lecture series since March 1994. Then, in November 1999, we invited Professor Heizo Takenaka of Keio University to serve as guest lecturer. Through this educational program we are endeavoring to offer people of the region a further means of enlightenment and intellectual discourse.

Investor Relations Activities for Institutional Investors

Fukui Bank holds seminars in Tokyo for the purpose of presenting our financial statements to institutional investors. At these seminars, we provide information on the Bank's financial condition and management strategies, and thereby establish direct communication with market specialists. The initial seminar was held in September 1998, and subsequent gatherings have enjoyed the attendance of about forty securities analysts and fund managers.

Investor Relations Activities for Individual Investors

Today's individual investors are becoming increasingly sophisticated and in control of their portfolios, particularly with regard to the choice of banks. In response, we as a regional bank are eager for the people of Fukui Prefecture to learn more about our operating conditions. Therefore, when we host the Fukugin College, we supplement the lecture to give presentations regarding the Bank's financial condition. We explain our future man-

agement policies and business developments, and in that process, we deepen the understanding of our local shareholders and clients.

Fukui Bank also offers the NA-TU-RA Mini, a small information disclosure flyer that is widely distributed as a newspaper insert. The flyer is intended mainly for housewives and other female readers, using simple yet thorough language to provide an overview of our current status.

Affiliation with the NTT Data Joint System Center for Regional Banks

Fukui Bank has entered a basic agreement with NTT Data regarding affiliation with the NTT Data Joint System Center for Regional Banks, which will be put into action by NTT Data. Together with the other banks agreeing on affiliation, we will discuss with NTT Data to make necessary decisions concerning the details of the Joint System Center and the timing of affiliation. For banks and other financial institutions to survive in the 21st century, it is essential that they understand the strategic use of Information Technology and invest funds in system enhancements. On the other hand, investments in computer systems constitute the largest portion of the bank's overall expenditures in facilities investments. Such investments are sure to increase in the future. Therefore, one of the most important questions now confronting us is how to effectively and efficiently promote system investments.

Purposes of shared systems

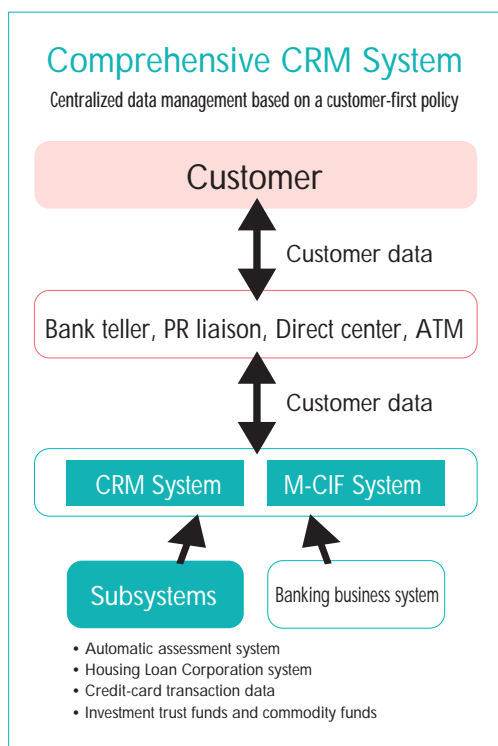
- *To reduce system-related costs*
- *To take advantage of next-generation system functions that give us a winning edge over competitors*

The Year in Review

CRM

Fukui Bank established the CRM team in August 1999 in order to launch full-scale CRM activities. CRM is an abbreviation for Customer Relations Management, a “customer first” concept that advocates the building of trust among customers by accurately identifying customer needs and proposing ideal solutions through use of Information Technology.

Fukui’s Comprehensive CRM System serves as the foundation for database marketing (sales activities employing a vast database of information) that is strategically important in our retail banking operations. This system is based upon the M-CIF System—which is used for data analysis and the identification of sales targets and methods—and the CRM System, which tracks the course of business negotiations and progress with each customer.



Fukui Bank is intent upon the enhancement of our sales activities, and as such, we constantly endeavor to think from the consumer’s perspective. Accordingly, we are working to develop and offer new products and services while enhancing our structure of operations.

Sales Channels

Deposit and Transfer Services Added to “Fukugin” Internet and Mobile Banking

In September 1999, Fukui Bank added deposit and transfer services to its range of Internet/Mobile Banking Services, thus allowing customers to check account balances and receive statements of deposits and withdrawals via the World Wide Web and mobile devices equipped with i-mode. Moreover, we will continue enhancing our service offerings with the addition of new services:

Main menu on Fukui Bank’s web site

- The Bank’s profile, financial highlights, and information disclosure
- Locations of branch offices, ATMs, and CDs
- Employment information
- Information on deposit and loan products
- Campaigns, topics, and helpful information
- Banking services
- Amortization schedules and example of payments for various kinds of loans
- Request for the Mail-order Service application form
- Feature articles introducing public facilities throughout Fukui Prefecture

The Bank’s web site address is
<http://www.fukuibank.co.jp/>

Main menu available with mobile service

- Banking service
- Locations of branch offices, ATMs, and CDs
- Campaigns, topics, and helpful information
- Request for information available around the clock

Launching the “Fukugin” NA-TU-RA Net Telephone Banking Service

Fukui Bank, in response to increasingly sophisticated customer needs, will launch the Hokuriku region’s first telephone banking service on August 28, 2000. This convenient service, available until as late as 9 P.M. week-day nights, will allow our customers to perform various bank transactions from any location with a single call. Available services include deposits, transfers, and time-deposit transactions, along with requests for preliminary assessments of loan applications, transactions of investment trusts, and foreign-currency deposits. With regard to loan assessments, we will as a rule inform the customer within 30 minutes as to whether the loan application is accepted or declined, thus responding to customer needs in a timely manner. On June 26, 2000, Fukui began accepting membership applications for telephone banking service through mail order and at each of our branch offices. Membership fees will be waived until the end of September 2002.

Outline of the “Fukugin” telephone banking service

1. Service name: NA-TU-RA Net
2. Eligibility: Individual customers, via membership (not to include business transactions)
3. Launch date: Monday, August 28, 2000
4. Details of service: NA-TU-RA Net members will be able to check account balances, request deposits and transfers, apply for preliminary loan assessments, and perform other bank transactions via telephone.
5. Service days: Bank working days

Products and Services

Investment trust funds

Fukui Bank began selling investment trust funds at ten of its branches throughout Fukui Prefecture on December 1, 1998. Since then, we have progressively increased the number of offices providing such services. In fact, investment trusts are now handled at 118 branches

of Fukui Bank. Investment trust funds are financial products combining funds from many investors for the purpose of investment in a range of securities, including stocks and public and corporate bonds. Capital gains and income growth on investment trust funds are determined based on actual investment results, so neither capital nor income dividends are guaranteed. However, investors with a limited amount of money can take good advantage of investment trust funds, given their ability to build assets.

Service branches (as of July 2000)

A total of 118 branches and offices, including all branches in Fukui, Ishikawa and Toyama prefectures, as well as offices in Tokyo, Osaka, Takatsuki, Nagoya, Kyoto, and Otsu.

Launching the Debit Card Service

Fukui Bank launched its debit card service on March 6, 2000, through which customers can pay for store purchases and restaurant meals using the Fukui Bank cash card. This convenient service spares our customers the need to carry so much cash, and therefore, it eliminates the risk of spending in excess of one’s bank balance. The cash card is a smart means of payment, befitting today’s cashless age. To take advantage of this service, the customer simply uses his or her cash card as a debit card. No additional application is needed. Moreover, there are no annual fees or handling charges. Debit-card service is available at any store or restaurant bearing the J-Debit mark.

During the initial service launch period between March and July 2000, the Bank conducted a promotional campaign in which customers using the Fukui Bank cash card as a debit card ten times or more within a month were eligible to win a fashion watch, MiniDisc Walkman, or gift certificate.

The Year in Review

DC Cards Issued By Fukui Bank

In February 2000, the Fukui Bank began issuing Fukui DC cards, which had previously been left to the responsibility of Fukui DC Card Co., Ltd. Additionally, the Bank now accepts and handles applications for Fukui DC cards.

(The above service was initiated through a business collaboration involving DC Card Co., Ltd., Fukui DC Card Co., Ltd., and the Fukui Bank, Ltd.)

Fukui JCB Cards Issued by Fukui Bank

In June 2000, Fukui Bank became the first bank in the Hokuriku region to issue JCB cards and accept card applications. The Bank offers as many as seven different types of cards. Membership fees for the first year are waived for the general card, ladies card, and J-1 card.

NA-TU-RA Points Award Service

To express our gratitude for the continued patronage of Fukui Bank customers, we offer the NA-TU-RA Points Award Service as a valuable cash-back benefit.

Service details

This service awards the customer points in return for various transactions. For example, ¥1,000 is paid into their ordinary deposit account for each 1,000 points earned.

Application

No application is required. Individual customers with ordinary deposit accounts at Fukui Bank are automatically qualified for the NA-TU-RA Points Award Service.

Calculation and consolidation of award points

Award points are calculated and consolidated on the last day of June and December, according to the details of customer's bank transactions. However, points earned for new time-deposit accounts are calculated

and consolidated according to the total amount of deposits made within the month the account was opened, as of the end of that month.

ATM Double Points Award

The Fukui Bank carried out its ATM Double Points Award campaign for a limited time during the summer bonus season. This special campaign was designed to encourage our customers to earn more points. Customers were awarded double points for deposits made to their time-deposit accounts via Fukui Bank ATMs or CDs.

Launching the "Fukugin" NA-TU-RA Business Loan

To meet the changing needs of small and medium-sized businesses in the region, in June 2000, Fukui Bank launched its "Fukugin" NA-TU-RA Business Loan service, which offers business financing through a quick, simple application procedure.

This loan product is intended for corporations and sole proprietors that have been in business for at least one year in any of the three Hokuriku prefectures of Fukui, Ishikawa, and Toyama. (Certain conditions are specified with regard to the prospective borrower's annual sales, loan balance with Fukui Bank, and scale of business activity.)

Board of Directors and Corporate Auditors



Shichiro Ichihashi
President



Tsuruo Matsubara
Deputy president



Toshinori Mouri
Senior Managing Director



Yukio Funaki
Managing Director

President

Shichiro Ichihashi

Deputy president

Tsuruo Matsubara

Senior Managing Director

Toshinori Mouri

Managing Director

Yukio Funaki

Directors

Kazuyoshi Sato

Tadaaki Ito

Junichi Mori

Mikio Morikawa

Standing Corporate Auditor

Takashi Nagai

Corporate Auditors

Osamu Kuwabara

Kitaro Kumazawa

Hiroshi Murata

(As of June 25, 2000)

Consolidated Balance Sheets

The Fukui Bank, Ltd. and its consolidated subsidiaries

March 31,	Millions of yen	Millions of yen	Thousands of U.S.dollars (Note1)
	2000	1999	2000
Assets			
Cash and due from banks	¥ 73,790	¥ 29,898	\$ 695,152
Call loans	62,353	70,871	587,412
Commercial paper and other debt purchased	21,557	540	203,083
Trading account securities (Notes 2, 3).....	2,412	1,387	22,725
Money held in trust (Notes 2, 15)	6,000	—	56,524
Securities (Notes 4, 14).....	399,710	482,791	3,765,522
Loans and bills discounted (Note 5)	1,401,260	1,397,641	13,200,754
Foreign exchange (Note 6).....	2,224	2,426	20,953
Other assets	19,607	20,854	184,718
Premises and equipment (Notes 2, 7).....	41,683	42,528	392,682
Deferred tax assets (Note 8).....	10,888	12,742	102,578
Customers' liabilities for acceptances and guarantees.....	33,878	38,915	319,153
Reserve for possible loan losses (Note 2)	(21,585)	—	(203,345)
Total assets	<u>¥ 2,053,780</u>	<u>¥ 2,100,596</u>	<u>\$ 19,347,911</u>
Liabilities, Minority Interests, and Shareholders' Equity			
Liabilities:			
Deposits	¥ 1,871,689	¥ 1,824,211	\$ 17,632,494
Call money.....	—	12,937	—
Borrowed money (Note 10)	8,500	8,500	80,075
Foreign exchange (Note 6)	133	41	1,261
Other liabilities	13,461	59,413	126,818
Reserve for possible loan losses (Note 2)	—	29,344	—
Reserve for retirement allowances (Note 2)	4,129	4,370	38,902
Deferred tax liabilities for land revaluation (Notes 2, 8).....	6,375	6,555	60,063
Consolidated difference (Note 2).....	275	367	2,595
Acceptances and guarantees	33,878	38,915	319,153
Total liabilities.....	<u>¥ 1,938,443</u>	<u>¥ 1,984,656</u>	<u>\$ 18,261,361</u>
Minority Interests:			
Minority interests	671	604	6,329
Shareholders' equity:			
Common stock.....	17,965	17,965	169,246
Capital surplus	2,614	3,226	24,627
Excess of land revaluation (Note 2)	8,899	9,150	83,835
Retained earnings.....	85,320	85,039	803,770
Less: Common stock in treasury	(2)	(2)	(23)
Less: Parent company stocks held by subsidiaries.....	(130)	(43)	(1,234)
Total shareholders' equity.....	<u>114,665</u>	<u>115,334</u>	<u>1,080,221</u>
Total liabilities, minority interests and shareholders' equity..	<u>¥ 2,053,780</u>	<u>¥ 2,100,596</u>	<u>\$ 19,347,911</u>

Note: The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

The Fukui Bank, Ltd. and its consolidated subsidiaries

For the years ended March 31,	Millions of yen	Millions of yen	Thousands of
	2000	1999	U.S.dollars (Note1)
			2000
Income:			
Interest on loans and bills discounted	¥ 32,670	¥ 36,535	\$ 307,778
Interest and dividends on securities.....	14,694	15,038	138,428
Other interest income	426	1,503	4,020
Other operating income	9,239	1,100	87,037
Fees and commissions	5,124	4,536	48,278
Other income	2,023	2,422	19,059
Total income	<u>¥ 64,178</u>	<u>¥ 61,136</u>	<u>\$ 604,600</u>
Expenses:			
Interest on deposits	¥ 5,403	¥ 8,121	\$ 50,903
Interest on borrowings and rediscounts.....	441	1,484	4,159
Other interest expenses	1,106	1,616	10,427
Fees and commissions	971	1,183	9,150
Other operating expenses	10,310	2,065	97,128
General and administrative expenses	31,587	30,856	297,578
Other expenses (Note 11).....	6,646	10,342	62,618
Total expenses.....	<u>¥ 56,467</u>	<u>¥ 55,671</u>	<u>\$ 531,963</u>
Income before income taxes and minority interests	7,710	5,465	72,637
Income taxes — current	1,907	2,348	17,975
Income taxes — deferred	1,673	379	15,768
Minority interests.....	126	(7)	1,195
Net income	<u>¥ 4,001</u>	<u>¥ 2,744</u>	<u>\$ 37,699</u>
	Yen	Yen	U.S.dollars (Note1)
Net income per share (Note 2).....	<u>¥ 16.21</u>	<u>¥ 10.17</u>	<u>\$ 0.153</u>

Note: The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Shareholders' Equity

The Fukui Bank, Ltd. and its consolidated subsidiaries

For the years ended March 31,	Millions of yen	Millions of yen	Thousands of U.S.dollars (Note1)
	2000	1999	2000
Common Stock:			
Balance at beginning of year	¥ 17,965	¥ 17,965	\$ 169,246
Balance at end of year	<u>17,965</u>	<u>17,965</u>	<u>169,246</u>
Number of shares issued at end of year (thousands)	243,446	254,465	
Capital Surplus:			
Balance at beginning of year	¥ 3,226	¥ 5,666	\$ 30,391
Deduction:			
Redemption of stock by distribution of capital surplus	611	2,439	5,764
Balance at end of year	<u>2,614</u>	<u>3,226</u>	<u>24,627</u>
Land revaluation account:			
Balance at beginning of year	¥ 9,150	¥ —	\$ 86,204
Addition:			
Transfer from liabilities (Note 2)	—	9,150	—
Deduction:			
Reversal to retained earnings	251	—	2,369
Balance at end of year	<u>¥ 8,899</u>	<u>¥ 9,150</u>	<u>\$ 83,835</u>
Retained Earnings:			
Balance at beginning of year	¥ 85,039	¥ 74,892	\$ 801,123
Addition:			
Transfer from revaluation account	251	—	2,369
Increase due to consolidation of additional subsidiaries	—	44	—
Adjustments of tax effects for prior periods	—	12,865	—
Deduction:			
Cash dividends.....	1,372	1,368	235
Directors' bonuses.....	24	6	24,259
Redemption of stock by distribution of net income.....	2,575	4,132	37,699
Net income	<u>4,001</u>	<u>2,744</u>	<u>803,770</u>
Balance at end of year	<u>¥ 85,320</u>	<u>¥ 85,039</u>	<u>\$</u>

Note: The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

The Fukui Bank, Ltd. and its consolidated subsidiaries

For the year ended March 31, 2000	Millions of yen	Thousands of U.S.dollars (Note1)
	2000	2000
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 7,710	\$ 72,637
Depreciation	2,374	22,369
Amortization of consolidated conciliation account	(34)	(323)
Increase in reserve for possible losses	1,388	13,083
Decrease in reserve for retirement allowances	(240)	(2,267)
Interest and dividends income	(47,791)	(450,226)
Interest expenses	6,951	65,490
Loss on securities	1,307	12,314
Gain on money held in trust	(89)	(845)
Foreign exchange loss	1,239	11,681
Gain on sale of premises and equipment	(550)	(5,184)
Increase in loans and bills discounted	(16,253)	(153,117)
Increase in deposits	47,854	45 ,8 4
Increase in due from banks (except deposits with the Bank of Japan)	(5,455)	(51,395)
Increase in call loans	(12,937)	(1 1,876)
Decrease in call money	(12,937)	(1 1,879)
Decrease in cash collateral for bond loan transaction	(45,449)	(4 8,164)
Decrease in foreign exchange (assets)	996	9,387
Increase in foreign exchange (liabilities)	95	898
Interest and dividends received	48,589	457,746
Interest paid	(7,757)	(73, 84)
Other	3,234	3 ,47
Subtotal	¥ (27,754)	\$ (61,461)
Income taxes paid	(2,390)	(,5 1)
Net cash used in operating activities	¥ (30,144)	\$ (83,98)
Cash flows from investing activities:		
Payments from purchases of securities	(484,054)	(4,56 ,1)
Proceeds from sales of securities	485,385	4,57 ,634
Proceeds from redemptions of securities	79,011	744,339
Payments from increase in money held in trust	(6,000)	(56,5 4)
Proceeds from fund operation in investing activities	89	845
Payments from purchases of premises and equipment	(3,642)	(34,317)
Proceeds from sales of premises and equipment	2,664	5, 97
Net cash provided by investing activities	¥ 73,453	\$ 691,974
Cash flows from financing activities:		
Cash dividends paid	(1,372)	(1 ,9 7)
Cash dividends paid to minority interests	(3)	(31)
Payments from retirement of treasury stock	(3,186)	(3 , 3)
Payments from purchase of treasury stock	(87)	(8 1)
Net cash used in financing activities	¥ (4,649)	\$ (43,8)
Effect of exchange rate changes on cash and cash equivalents	6	63
Net increase in cash and cash equivalents	38,665	364, 53
Cash and cash equivalents at beginning of year	28,265	66, 83
Cash and cash equivalents at end of year (Note 12)	¥ 66,931	\$ 63 ,536

Note: The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

The Fukui Bank, Ltd. and its consolidated subsidiaries

1. Basis of presentation

The accompanying consolidated financial statements of The Fukui Bank, Ltd. (the "Bank") and its consolidated subsidiaries (collectively referred to as the "Group") have been prepared from the accounts maintained in accordance with the provisions set forth in Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan. These principles and practices derive from several sources including, but not limited to, Financial Statements Regulation and Consolidated Financial Statements Regulation promulgated by the Ministry of Finance (the "MOF") and Statements and Opinions issued by the Business Accounting Deliberation Council (the "BADC"), an advisory body to the MOF. In addition, the Bank complies with the Uniform Accounting Standards for Banks in Japan. Furthermore, accounting principles and practices generally accepted in Japan differ from International Accounting Standards in certain respects with regards to application and disclosure requirements.

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

Consolidated statement of cash flows has been required to be prepared with effect for the year ended March 31, 2000, in accordance with a new accounting standard.

Amounts in Japanese yen less than ¥ 1 million have been omitted. As a result, the totals in yen shown in the financial statements and the notes thereto do not necessarily agree with the sum of the individual account balances.

The Bank maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical results of translating yen to dollars on a basis of ¥ 106.15 to U.S.\$1, the effective exchange rate on March 31, 2000. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at this or any other exchange rate.

2. Summary of significant accounting policies

(a) Principles of consolidation

(i) Scope of consolidation

The accompanying consolidated financial statements included the accounts of Bank and its consolidated subsidiaries after the elimination of all material intercompany transactions, balances, and unrealized gains and losses. The scope of consolidation is determined based on the Statements and Opinions issued by the BADC as well as Financial Statements Regulation and Consolidated Financial Statements Regulation promulgated by the MOF.

The number of subsidiaries and affiliates as of March 31, 2000 and 1999, was as follows:

Consolidated subsidiaries	2000	1999
	9	9
Affiliates (accounted for under the equity method)	None	None

(ii) Balance sheet date for subsidiaries

Fiscal year-ends for the consolidated subsidiaries are all the same as the Bank on March 31.

(b) Foreign currency translation

Assets and liabilities in foreign currencies are translated into Japanese yen at exchange rates prevailing at the end of each fiscal year.

(c) Trading account securities

Marketable trading securities are stated at the lower of moving average cost or market. Other trading account securities are stated at moving average cost.

(d) Securities

Marketable convertible bonds and marketable stocks included in securities are valued at the lower of moving average cost or market. Other securities are stated at moving average cost. The same method is applied for the valuation of securities that are included in the money held in trust individually and mainly managed with securities.

2. Summary of significant accounting policies

(e) Premises and equipment

Premises and equipment are generally stated at cost, less accumulated depreciation and deferred capital gains. Depreciation of premises and equipment is computed by the declining-balance method over their estimated useful lives as prescribed by the Corporate Tax Law in Japan in accordance with the Uniform Accounting Standards for Banks in Japan.

Up until the year ended March 31, 1998, buildings were depreciated using the declining-balance method. Effective April 1, 1998, the depreciation of newly obtained buildings (excluding annex facilities of buildings) is computed by the straight-line method in accordance with the amendment of the Corporate Tax Laws.

(f) Land revaluation

In accordance with the Law concerning Land Revaluation, which was promulgated on March 31, 1998; No.34 land used for business operations was revalued and the unrealized gain of the land was represented as "Excess of land revaluation" in liabilities for the fiscal year ended March 31, 1998. On March 31, 1999, the Law Concerning Land Revaluation was amended. To comply with the amended law, unrealized gain on the revaluation of land, net of deferred tax, was reclassified as "Excess of land revaluation" within shareholders' equity and the relevant deferred tax was included in liabilities as "Deferred tax liabilities for land revaluation" for the fiscal year ended March 31, 2000. As a result, total liabilities decreased by ¥8,899 million (U.S.\$83,835 thousand) and shareholders' equity increased by ¥8,899 million (U.S.\$83,835 thousand) as of March 31, 2000.

Date of revaluation: March 31, 1998

Under Article 3-3 of the Enforcement Ordinance for the Law concerning Land Revaluation, the land price for the revaluation is determined based on the official notice prices assessed and published by the National Land Agency of Japan, after appropriate adjustment for the condition of the land and the timing of the assessment. The difference between the book value of the land after revaluation and its fair value as of March 31, 2000, is ¥ 3,997 million (U.S.\$37,662 thousand).

(g) Reserve for possible loan losses

In accordance with the standard for write-offs and reserves following the Uniform Accounting Standards for Banks in Japan, the Reserve for possible loan losses is provided as follows:

In accordance with the "Practical Guideline for Evaluation of Internal Control Over Valuation of Assets and Audits of Write-offs of Bad Loans and Allowance for Doubtful Loans of Banks and Similar Financial Institutions", (Report No. 4 of the Ad Hoc Committee for Audits of Banks of the Japanese Institute of Certified Public Accountants "JICPA"), claims to borrowers in sound standing and borrowers under monitoring are classified into different categories, and the reserve is provided based on a ratio calculated by historical loan loss experience over a certain period in the past for each category. For claims to borrowers who are likely to go bankrupt, the reserve is provided based on the amount considered to be necessary by the Bank's management based on the amount of claims after deducting the expected collectable amount from collateral and/or the collectable amount from guarantors. For claims to legally or substantially bankrupt borrowers, the reserve is provided for the amount of claims after deducting the expected collectable amount from the disposal of collateral and/or the collectable amount from guarantors.

All claims are assessed by the Assets Examination Division based on the internal rules for self-assessment of assets quality in cooperation with branch branches and credit supervision division. The reserve is provided based on the results of the assessment.

Until the end of the previous fiscal year, the reserve for possible loan losses was included in liabilities. However, due to the amendments of accounting principles and practices generally accepted in Japan, the reserve for possible loan losses is reported in assets as a contra account at March 31, 2000. As a result, assets and liabilities decreased by ¥21,585 million as of March 31, 2000.

(h) Reserve for retirement allowances, and pension plans

Reserve for retirement allowances is provided based on the amount that would be required to be paid if all employees voluntarily terminated their employment at the balance sheet date. In addition, the Bank has contributory pension plans covering substantially all employees.

(i) Leases

Finance leases other than those that are deemed to transfer ownership of the based assets to the lessees are accounted for as operating leases.

(j) Consumption Tax

Consumption tax is excluded from the amounts of income and expenses of the Bank and its subsidiaries and is accounted for as an asset or a liability, as the case may be.

However, the consumption tax imposed on the purchases of the premises and equipment, which cannot be offset against consumption tax payable, are charged to income as incurred.

(k) Income taxes

Income taxes of the Bank and its subsidiaries consist of corporate income taxes, local resident taxes, and enterprise taxes. Deferred income taxes are provided for in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(l) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows are composed of "Cash" and "Demand deposit with the Bank of Japan".

(m) Appropriation of retained earnings -

Transfer to legal reserve, cash dividends, and bonuses to directors and statutory auditors are recorded in the financial year in which a proposed appropriation of retained earnings is approved by the Board of Directors and/or the General Meeting of Shareholders.

(n) Valuation of assets and liabilities in consolidated subsidiaries

Assets and liabilities in consolidated subsidiaries are revalued to fair market value when the majority in the subsidiaries is purchased.

(o) Consolidation adjustments account

The balance of consolidation adjustments account arising from the differences between the cost of investment and the underlying equity in the net asset of an invested subsidiary is amortized or accumulated equally over five years. In the case of insignificant adjustments, the balance is charged or credited to the consolidated statement of income in the fiscal year of acquisition.

(p) Net income per share

Net income per share is computed based on the weighted average number of shares of common stock outstanding during the year.

3. Trading account Securities

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

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Japanese national government bonds	¥ 2,412	¥ 1,387	\$ 22,725

4. Securities

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

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
National government bonds	¥ 179,872	¥ 202,440	\$ 1,694,513
Local government bonds	131,905	156,457	1,242,633
Corporate bonds	63,701	92,829	600,113
Share stocks	8,066	8,462	75,988
Other securities	16,164	22,602	152,275
Total	¥ 399,710	¥ 482,791	\$ 3,765,522

5. Loans and bills discounted

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

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Bills discounted.....	¥ 48,265	¥ 53,418	\$ 454,688
Loans on bills	289,269	299,540	2,725,103
Loans on deeds	738,396	723,582	6,956,160
Overdrafts	325,328	321,099	3,064,803
Total	¥ 1,401,260	¥ 1,397,641	\$ 13,200,754

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

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Loans to bankrupt borrowers (1).....	¥ 3,058	¥ 9,761	\$ 28,813
Non-accrual delinquent loans (2).....	32,329	11,264	304,565
Loans past due for 3 months or more (3)	451	5,115	4,257
Restructured loans (4)	41,740	32,928	393,224
Total	¥ 77,580	¥ 59,070	\$ 730,859

(1) Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order).

(2) Non-accrual delinquent loans represent nonaccrual loans other than (i) bankruptcy loans (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

(3) Loans to bankrupt borrowers or non-accrual delinquent loans, both of which are classified as nonaccrual, are not included in this category.

(4) Restructured loans represent loans on which contracts were amended in favor of borrowers (e.g., the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, renunciation of claims) in order to assist or facilitate the restructuring of borrowers in financial difficulties.

6. Foreign exchange

Foreign exchange as of March 31, 2000 and 1999, consisted of the following.

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Assets			
Due from foreign banks	¥ 356	¥ 468	\$ 3,358
Foreign exchange bills bought	1,623	1,718	15,293
Foreign exchange bills receivable	244	239	2,302
Total	¥ 2,224	¥ 2,426	\$ 20,953
Liabilities			
Foreign exchange bills sold	22	31	212
Foreign exchange bills payable	111	9	1,049
Total	¥ 133	¥ 41	\$ 1,261

7. Premises and equipment

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

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Land	¥ 25,872	¥ 27,658	\$ 243,734
Buildings	8,142	8,167	76,704
Equipment	5,544	5,372	52,236
Others	2,123	1,331	20,008
Total	¥ 41,683	¥ 42,528	\$ 392,682
Accumulated depreciation deducted.....	¥ 22,804	¥ 21,617	\$ 214,834

The book values of the premises and equipment as of March 31, 2000 and 1999, were stated after deduction of ¥4,401 million (U.S.\$41,462 thousand) and ¥4,644 million, respectively, which represent deferred capital gains to postpone income tax payment on such gains as permitted by the Japanese tax laws.

8. Deferred tax assets

(1) The statutory tax rates used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2000 and 1999, were 41.7% and 47.4%, respectively.

At March 31, 2000 and 1999, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Deferred tax assets:			
Reserve for possible loan losses	¥ 7,556	¥ 9,328	\$ 71,191
Reserve for retirement allowances	1,491	1,491	14,048
Depreciation and amortization	813	908	7,663
Others	1,369	1,015	12,899
Subtotal	¥ 11,230	¥ 12,742	\$ 105,801
Valuation allowance	(290)		(2,741)
Total deferred tax assets	¥ 10,939	¥ 12,742	\$ 103,060
Deferred tax liabilities	(51)		(482)
Total deferred tax assets (Net)	¥ 10,888	¥ 12,742	\$ 102,578

(2) The reconciliations between the effective income tax rate reflected in the accompanying statements of income and the effective statutory tax rate for the years ended March 31, 2000 and 1999 were as follows:

	2000	1999
Effective statutory tax rate.....	41.7%	47.4%
Increase (decrease) due to:		
Permanent non-deductible items including entertainment expenses	1.8	3.3
Permanent non-deductible items including dividend income.....	(0.6)	(1.2)
Resident tax per capita levy	0.7	0.9
Other.....	2.9	(0.5)
Effective income tax rate.....	46.5%	49.9%

9. Assets pledged

Assets pledged as collateral as of March 31, 2000, are as follows.

	Millions of yen	Thousands of U.S.dollars
Securities.....	¥ 62,128	\$ 585,294

Liabilities related to the above pledged assets are as follows:

	Millions of yen	Thousands of U.S.dollars
Deposits.....	¥ 28,371	\$ 267,277

In addition, securities totaling ¥38,299 million (\$360,810 thousand) are pledged as collateral for settlement of exchange, etc.

The above information has been disclosed in accordance with the Enforcement Regulations of the Banking Law since this year.

10. Borrowed money

Borrowed money included subordinated debt of ¥8,000 million (U.S.\$75,365 thousand) and ¥8,000 million as of March 31, 2000 and 1999.

11. Other expenses

Other expenses consist mainly of provision for possible loan losses and write-off of loans. The amounts of such items for the years ended March 31, 2000 and 1999, were as follows:

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Provision for possible loan losses	¥ 1,388	¥ 6,472	\$ 13,083
Write-off of loans	605	85	5,701

12. Cash and cash equivalents

Cash and cash equivalents consisted of:

	Millions of yen	Thousands of U.S.dollars
	2000	2000
Cash and due from banks	¥ 73,790	\$ 695,152
Due from banks (with interest).....	(6,480)	(61,046)
Others.....	(378)	(3,570)
Cash and cash equivalents.....	¥ 66,931	\$ 630,536

13. Lease transactions (1) Finance lease

Information of finance lease contracts without ownership-transfer, for the year ended March 31, 2000 and 1999, were as follows:

(i) Lessee side

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Acquisition cost	¥ 18	¥ 24	\$ 178
Accumulated depreciation	14	15	132
Net book value	¥ 4	¥ 8	\$ 46
Depreciation expenses	¥ 3	¥ 5	\$ 36

The acquisition cost includes interest expenses.

Depreciation is based on the straight line method over the lease term of the leased assets with no residual value.

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Future lease payments:			
Within one year	¥ 266	¥ 391	\$ 2,514
Over one year	622	730	5,865
Total	¥ 889	¥ 1,122	\$ 8,379

The amount of outstanding future lease payments includes the portion of interest.

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Lease expenses	¥ 3	¥ 5	\$ 36

(ii) Lessor side

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Acquisition cost.....	¥ 20,596	¥ 20,796	\$ 194,033
Accumulated depreciation.....	10,458	10,231	98,523
Net book value.....	¥ 10,138	¥ 10,564	\$ 95,510

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Future lease payments to be received:			
Within one year.....	¥ 3,730	¥ 3,797	\$ 35,141
Over one year	7,735	8,331	72,874
Total	¥ 11,465	¥ 12,129	\$ 108,015

	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Amount during the term:			
Lease receipt	¥ 4,356	¥ 4,361	\$ 41,042
Depreciaton	3,755	3,725	35,377
Estimated interest receipt.....	581	574	5,479

Estimated interest receipt was computed on the difference between the total lease receipt and the cost, which was spread over the lease term by the straight line method.

(2) Operating lease

Information of operating lease transactions for the year ended March 31, 2000 and 1999, were as follows:

(i) Lessee side	Millions of yen		Thousands of U.S.dollars
	2000	1999	2000
Future lease payments:			
Within one year	¥ 1	¥ 1	\$ 11
Over one year	0	1	4
Total	¥ 1	¥ 3	\$ 15

(ii) Lessor side

	Millions of yen		Thousands of U.S.dollars	
	2000	1999	2000	
Future lease payments to be received:				
Within one year	¥ 46	¥ 41	\$	439
Over one year				
Total	<u>¥ 46</u>	<u>¥ 41</u>	<u>\$</u>	<u>439</u>

14. Market values of securities

Book values, market values or estimated market values and unrealized profit (loss) of securities as of March 31, 2000, are shown below.
The following information has been disclosed in accordance with the Enforcement Regulations of the Banking Law since this year.
Market values of securities as of March 31, 2000 was as follows:

	Millions of yen				
	Book value	Market value	Unrealized profit (loss)		
			Net	Unrealized profit	Unrealized loss
Trading Account Securities					
Bonds.....	¥ 22	¥ 21	¥ (0)	¥ 0	¥ 0
Securities:					
Bonds.....	152,531	158,407	5,875	5,991	115
Stocks.....	6,008	11,677	5,668	5,673	4
Others.....	1,844	1,835	(9)	32	42
Total.....	<u>¥ 160,406</u>	<u>¥ 171,941</u>	<u>¥ 11,534</u>	<u>¥ 11,697</u>	<u>¥ 162</u>

	Thousands of U.S. dollars				
	Book value	Market value	Unrealized profit (loss)		
			Net	Unrealized profit	Unrealized loss
Trading account securities:					
Bonds	\$ 208	\$ 207	\$ (1)	\$ 0	\$ (1)
Securities:					
Bonds	1,436,943	1,492,299	55,356	56,440	1,084
Stocks	56,602	110,005	53,403	53,444	41
Others	17,379	17,288	(91)	310	401
Total	<u>\$ 1,511,132</u>	<u>\$ 1,619,799</u>	<u>\$ 108,667</u>	<u>\$ 110,194</u>	<u>\$ 1,527</u>

Notes:

- Trading account securities and securities on the above table include only listed trading account securities and other listed securities. Bonds include Japanese national government bonds, Japanese local government bonds and Japanese corporate bonds.
- Market values of listed securities are primarily calculated using the closing prices of the Tokyo Stock Exchange at the end of the fiscal year.

The following table shows the estimated market values of unlisted securities of which market values can be evaluated.

Millions of yen						
	Book value	Estimated market value	Unrealized profit (loss)			
			Net	Unrealized profit	Unrealized loss	
Trading account securities:						
Bonds	¥ 1,707	¥ 1,707	¥ 0	¥ 1	¥ 1	
Securities:						
Bonds	79,889	83,640	3,751	3,754	3	
Stocks	218	572	354	417	63	
Others	-	-	-	-	-	
Total	<u>¥ 81,814</u>	<u>¥ 85,920</u>	<u>¥ 4,105</u>	<u>¥ 4,172</u>	<u>¥ 67</u>	

Thousands of U.S. dollars						
	Book value	Estimated market value	Unrealized profit (loss)			
			Net	Unrealized profit	Unrealized loss	
Trading Account Securities:						
Bonds	\$ 16,084	\$ 16,084	\$ 1	\$ 13	\$ 12	
Securities:						
Bonds	752,608	787,945	35,337	35,365	28	
Stocks	2,057	5,392	3,335	3,932	597	
Others	-	-	-	-	-	
Total	<u>\$ 770,749</u>	<u>\$ 809,421</u>	<u>\$ 38,673</u>	<u>\$ 39,310</u>	<u>\$ 637</u>	

Notes:

Estimated market values are calculated as follows:

1. Securities traded over-the-counter
Transaction prices announced by the Japan Securities Dealers Association
2. Public placed bonds
Prices calculated using indicated yields announced by the Japan Securities Dealers Association
3. Securities of unit trust
Market prices announced by authorized fund management companies

15. Market values of money held in trust

The book and market values of money held in trust, as of March 31, 2000 and 1999, are shown below.

	Millions of yen			
	2000		1999	
	Book value	Market value	Book value	Market value
Money held in trust	¥ 6,000	¥ 6,327	-	-

	Thousands of U.S. dollars			
	2000		1999	
	Book value	Market value	Book value	Market value
Money held in trust	\$ 56,524	\$ 59,606	-	-

16. Derivative financial instruments

The following information has been disclosed in accordance with the Enforcement Regulations of the Banking Law since this year.

(1) Derivative financial instruments used by the Bank

The Bank uses the following derivatives transactions. To hedge against interest-rate risk, the Bank uses interest-rate swaps and interest-rate futures. To hedge against risk from currency fluctuation, it uses currency swaps, currency options, and forward exchange contracts.

To hedge against risk from bond price fluctuation, it uses bond futures and over-the-counter bond options.

(2) Policy

The Bank uses derivatives transactions to respond to customers' need to hedge against the currency risk from exchange transactions and as a tool of ALM (Assets and Liabilities Management) with the aim of effectively managing its own market risk. In addition, within strict position and loss limits established by the Bank, derivatives transactions are conducted to take advantage of short-term price differences.

The Bank does not enter into complex or speculative transactions.

(3) Purpose

Interest-rate swaps, interest-rate futures, bond futures, and over-the-counter bond options are used to hedge against assets and liabilities risk. Currency swaps, currency options, and forward exchange contracts are concluded with customers and on the market to lock in a yen exchange rate for the time of settlement of foreign currency denominated claims and debts.

(4) Risks Involved

The main risks involved with derivatives transactions are market risk related to losses resulting from fluctuations in interest rates and/or exchange rates, and credit risk related to losses brought about by a counterparty's default on a contract.

(5) Risk Management

To effectively manage risk, each group in charge of derivatives transactions has established internal regulations, a system of frequent reports, and clearly defined authority limits, as well as operating a mutual checking system resulting from a clear separation between the operational and administrative sections. In addition, the Bank's ALM Committee has a system through which it conducts the unified management of contract amounts and evaluation losses on a monthly basis. The Basis Point Value and Value at Risk methods have also been partially adopted.

(6) Supplementary Explanation of Market Price of Transactions, etc.

Contracted amounts and notional principal amounts for "Items related to the market price of transactions, etc.," do not reflect the exposure to market risk from derivatives transactions faced by the Bank.

17. Market value of derivative transactions

The following information has been disclosed in accordance with the Enforcement Regulations of the Banking Law since this year.

Information of derivative financial instruments as of March 31, 2000 was as follows:

Contractual amounts of derivative financial instruments stated in the table below represent nominal contract amounts of notional principal amounts. They do not represent by themselves the risks related to the derivative financial instruments.

(1) Interest rate related transactions

	Millions of yen			
	Contractual value	Including over one year	Market value	Unrealized profit/(loss)
Over-the-counter transactions				
Interest rate swaps:				
Receipts floating-payments fixed.....	¥ 51,061	¥ 51,061	¥ (368)	¥ (368)

	Thousands of U.S. dollars			
	Contractual value	Including over one year	Market value	Unrealized profit/(loss)
Over-the-counter transactions				
Interest rate swaps:				
Receipts floating-payments fixed.....	\$ 481,032	\$ 481,032	\$ (3,476)	\$ (3,476)

Notes:

- Market values of over-the-counter transactions are based on the discount present values.
- The detailed information for interest rate swap contracts is as follows:

	Millions of yen		
	Within one year	Over one year less than three years	over three years
Receipts floating-payments fixed:			
Notional amount	-	-	¥ 51,061
Average floating rate received	-	-	0.32%
Average fixed rate paid	-	-	1.99%

(2) Foreign exchange-related transactions

	Millions of yen			
	Contractual value	Including over one year	Market value	Unrealized profit/(loss)
Over-the-counter transactions				
Currency swaps:				
U.S. dollars	¥ 13,268	-	¥ (48)	¥ (48)
Other currencies	1,499	-	10	10
Total	¥ 14,768	-	¥ (37)	¥ (37)

	Thousands of U.S. dollars			
	Contractual value	Including over one year	Market value	Unrealized profit/(loss)
Over-the-counter transactions				
Currency swaps:				
U.S. dollars	\$ 124,996	-	\$ (452)	\$ (452)
Other currencies	14,130	-	99	99
Total	\$ 139,126	-	\$ (353)	\$ (353)

Notes:

- Market values are based on the discounted present values.
- Foreign exchange forward contracts, currency options and some other transactions are excluded from the above table because they are revalued at the end of the fiscal year and their profits or losses are affected to the non-consolidated statements of income and retained earnings.
- The above table includes the contractual value of forward foreign exchange contracts of ¥14,768 million (U.S.\$139,126 thousand) as of March 31, 2000 which was made to hedge the risks involved in foreign currency financing and investing activities.

The following table shows the contractual values of foreign exchange related transactions affecting the consolidated statements of income and retained earnings by revaluation at the end of the fiscal year.

	Contractual value	
	Millions of yen	Thousands of U.S.dollars
Over-the-counter transactions		
Foreign exchange forward contracts:		
Sold	¥ 1,702	\$ 16,036
Bought	1,794	16,904

	Contractual value	
	Millions of yen	Thousands of U.S.dollars
Over-the-counter transactions		
Currency option:		
Sold		
Call	¥ 7,473	\$ 70,408
	(7)	(71)
Put	43	408
	(0)	(3)
Bought		
Call	43	408
	(0)	(5)
Put	43	408
	(0)	(3)

The amounts in parentheses are option premium accounted for balance sheet.

(3) Bond-related transactions

	Millions of yen			
	Contractual value	Including over one year	Market value	Unrealized profit/(loss)
Over-the-counter transactions				
Bond option:				
Sold				
Call.....	¥52,000	-	¥ 997	¥ (124)
	(873)			
Put.....	-	-	-	-
	(-)			
Bought				
Call.....	-	-	-	-
	(-)			
Put.....	-	-	-	-
	(-)			
Thousands of U.S. dollars				
	Contractual value	Including over one year	Market value	Unrealized profit/(loss)
Over-the-counter transactions				
Bond option:				
Sold				
Call.....	\$489,873	-	\$ 9,396	\$ (1,169)
	(8,228)			
Put.....	-	-	-	-
	(-)			
Bought				
Call.....	-	-	-	-
	(-)			
Put.....	-	-	-	-
	(-)			

Notes:

1. Market values are calculated by values based on option pricing models.
2. The amount in parentheses at Contractual Value are option premium accounted for balance sheet.

18. Subsequent event The ordinary shareholders' meeting of the Bank, which was held on June 25, 2000, approved the following year-end appropriation of retained earnings for the year ended March 31, 2000.

	Millions of yen	Thousands of U.S. dollars
Retained earnings as of March 31, 2000	¥ 5,321	\$ 50,128
Appropriations:		
Transfer to legal reserve	6	62
Cash dividends (¥3.00 per share including memorial dividend ¥0.50 per share)	730	6,880
Bonuses to directors and statutory auditors	45	424
Transfer to voluntary reserves	66	629
Retained earnings carried forward	¥ 4,472	\$ 42,133

19. Segment information

(1) Segment information by type of business

Some subsidiaries conduct businesses other than banking, such as leasing. The following tables present assets, depreciation, capital expenditure, and ordinary profit information relating to the banking and others such as leasing businesses of the bank by type of business as of March 31, 2000.

Millions of yen					
	Banking Operation	Others	Total	Elimination	Consolidated
Ordinary income					
Customers.....	¥ 58,157	¥ 5,886	¥ 64,044	¥ -	¥ 64,044
Intersegment	370	1,293	1,663	(1,663)	-
Total.....	¥ 58,528	¥ 7,179	¥ 65,707	¥ (1,663)	¥ 64,044
Ordinary expenses.....	50,686	7,322	58,009	(2,223)	55,786
Ordinary net income.....	¥ 7,841	¥ (143)	¥ 7,697	¥ 560	¥ 8,258
Assets.....	¥2,053,858	¥ 18,858	¥2,072,716	¥(18,935)	¥2,053,780
Depreciation.....	1,701	673	2,374	-	2,374
Capital Expenditure.....	2,480	1,162	3,642	-	3,642

Thousands of U.S. dollars					
	Banking Operation	Others	Total	Elimination	Consolidated
Ordinary income					
Customers.....	\$ 547,884	\$ 55,453	\$ 603,337	\$ -	\$ 603,337
Intersegment	3,488	12,184	15,672	(15,672)	-
Total.....	\$ 551,372	\$ 67,637	\$ 619,009	\$ (15,672)	\$ 603,337
Ordinary expenses.....	477,502	68,987	546,489	(20,950)	525,539
Ordinary net income.....	\$ 73,870	\$ (1,350)	\$ 72,520	\$ 5,278	\$ 77,798
Assets.....	\$ 19,348,640	\$ 177,658	\$ 19,526,298	\$ (178,387)	\$ 19,347,911
Depreciation.....	16,026	6,343	22,369	-	22,369
Capital Expenditure.....	23,370	10,947	34,317	-	34,317

However, since the ratio of businesses other than banking, such as leasing to the whole was not material, segment information by the type of business as of March 31, 1999 was not provided. Ordinary income represents " Total income "excluding mainly " Gains on sales of premises and equipment, " Collection of written-off claims." Ordinary expenses represent " Total expenses " excluding mainly " Losses on sales of premises and equipment. " Ordinary income and ordinary net income are presented in substitute for net sales and operating profit (loss) for non-financial companies.

(2) Segment information by location

Since there is no subsidiary outside Japan, segment information by location is not provided.

(3) Operating income from international operations

Since the operating income from international operations is not material, the information about the operating income from international operations is not provided.

Report of Independent Certified Public Accountants

To the Board of Directors
The Fukui Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Fukui Bank, Ltd. (the “Bank”) and its subsidiaries as of March 31, 2000 and 1999, the related consolidated statements of income and of changes in shareholders’ equity for the years then ended, and the related consolidated statement of cash flows for the year ended on March 31, 2000, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of the Bank and its subsidiaries as of March 31, 2000 and 1999, the consolidated results of their operations for the years then ended, and the consolidated results of their cash flows for the year ended on March 31, 2000 in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Chuo Aoyama Audit Corporation

ChuoAoyama Audit Corporation
Tokyo, Japan
June 25, 2000

CORPORATE DATA

Date of Establishment

December 19, 1899

Authorized Shares

565,647 thousand shares

Number of Shares Issued and Outstanding

243,446 thousand shares

Paid-in Capital

¥17,965 million

Number of Employees

1,640

(As of March 31, 2000)

SERVICE NETWORK

Head Office

1-1 Junka 1-chome,
Fukui 910-8660, Japan
Telephone: 0776-24-2030

Capital Market Division (Fukui)

1-1 Junka 1-chome,
Fukui 910-8660, Japan
Telephone: 0776-26-9841
Telex: J24307FUKUIB
SWIFT: FKUIJPJT

Capital Market Division (Tokyo)

1-2 Kyobashi 2-chome, Chuo-ku,
Tokyo 104-0031, Japan
Telephone: 03-3281-8861

Number of Domestic Offices

(As of March 31, 2000)

Fukui Prefecture	95
Ishikawa Prefecture	13
Toyama Prefecture	4
Shiga Prefecture	1
Tokyo	1
Nagoya	1
Kyoto	2
Osaka	2
Total	119

Correspondent Banking Network

49 countries
175 cities
247 banks