

The Tokai Bank, Limited

2000

ANNUAL REPORT

APRIL 1999 - MARCH 2000

Contents

Financial Highlights	1
A Message from the Management.....	2
Creating a New Financial Services Company	6
Integration with Sanwa Bank and Toyo Trust.....	6
Management Strategy.....	9
The Company System.....	13
Business Strategies by Division	15
Risk Management	24
Financial Section	39
Six-Year Financial Summary	40
Financial Review	41
Consolidated Financial Statements	51
Additional Non-Consolidated Financial Information	71
Top Management	91
Organization Chart	92
International Directory	94
Overseas Network	96
Corporate Data	101

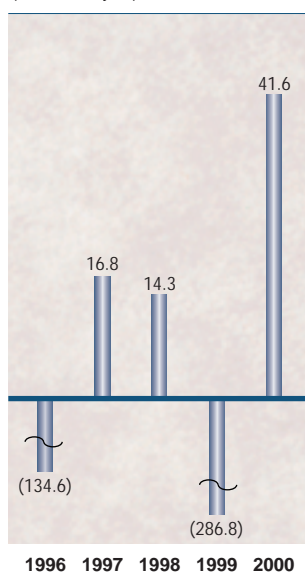
Financial Highlights

For the years ended March 31, 2000 and 1999
Selected Data for The Tokai Bank, Limited and Consolidated Subsidiaries

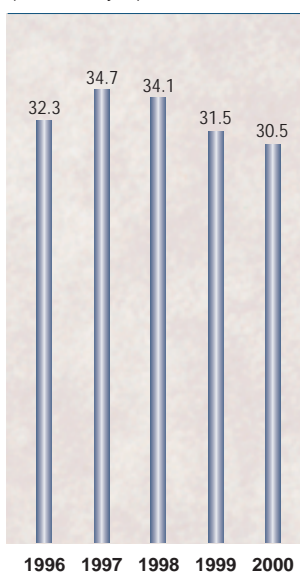
In millions, except per share data	Yen		U.S. Dollars
	2000	1999	2000
For the Fiscal Year			
Income (Loss) before Income Taxes and Minority Interests	¥ 121,830	¥ (368,620)	\$ 1,148
Net Income (Loss)	41,626	(286,763)	392
At Fiscal Year-end			
Total Assets	¥30,549,755	¥31,524,099	\$287,798
Securities	5,520,291	4,574,963	52,005
Loans and Bills Discounted	18,637,254	18,869,157	175,575
Deposits	20,631,193	20,842,935	194,359
Shareholders' Equity	1,584,663	1,564,430	14,929
Per Share Data			
Net Income (Loss)	¥ 14.43	¥ (143.01)	\$ 0.14
Shareholders' Equity	392.89	383.96	3.70
Cash Dividends	7.00	7.00	0.07

- Dollar amounts represent translation of yen at the rate of ¥106.15 to US\$1 prevailing on March 31, 2000.
- Yen and U.S. dollar amounts are rounded to the nearest whole number or decimal.
- Concurrent with the change in the method for indicating the reserve for possible loan losses as an aggregated single deduction from the relevant assets in the fiscal year ended March 2000, a retroactive application is made to total assets in the previous years.

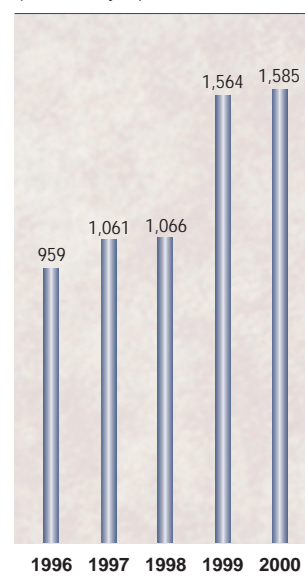
Net Income (Loss)
(Billions of yen)



Total Assets
(Trillions of yen)



Shareholders' Equity
(Billions of yen)



A Message from the Management

Under the Plan to Revitalize Management, Tokai Bank is taking aggressive steps to reform its asset composition, improve its earnings structure and raise efficiency. At the same time, the Bank is preparing for the integration of its businesses with Sanwa Bank and Toyo Trust to meet the challenge of an increasingly competitive business environment.



Hideo Ogasawara, President

Operating Environment

The implementation of the Financial Reconstruction Law and Financial Function Early Strengthening Law helped restore faith in Japan's financial system. The extended recession, however, has sapped the strength of many Japanese corporations and lowered land prices, indicating that Tokai Bank's operating environment will remain challenging over the short term. On the other hand, deregulation has allowed Tokai Bank to offer new products and services, while the information technology revolution has enabled the Bank to build a new business model, creating a broad array of new opportunities. The entry of non-bank entities is expected to further intensify the competition in the banking industry. Looking forward, I believe that the key to successful management of a bank lies in identifying its own areas of competitive advantage and concentrating management resources on those areas, while seizing new business opportunities.

Management Integration

In response to the changes in the operating environment, Tokai Bank has agreed to form a joint holding company with The Sanwa Bank, Limited and The Toyo Trust and Banking Company, Limited, targeting April 2001, and has started considering a merger

with Sanwa Bank under the umbrella of the holding company, targeting April 2002.

Reviewing the details of the agreement to date, at the outset Tokai Bank reached a basic agreement with The Asahi Bank, Limited in October 1999 regarding the establishment of a holding company as well as group operations under its umbrella. This agreement was aimed at forming a new financial group with a powerful presence in the market segments for medium- and small-sized companies and for individuals. Sanwa Bank later joined the proposed framework, and the three banks agreed in principle to create a new financial services company that would provide services of value to society. In March 2000, an agreement was reached on the integration of the three banks through a holding company.

However, as a result of candid discussions held among the three banks, the framework of this integration was reexamined in June 2000, and Asahi Bank decided to call off its participation. Then in July, with the participation anew by Toyo Trust, and together with Sanwa Bank, a basic agreement was reached to effect an integration through a holding company, targeting April 2001.

For further details of the management integration, please refer to "Integration with Sanwa Bank and Toyo Trust" on pages 6 to 8. As we prepare for the integration with Sanwa Bank and Toyo Trust, we will strive to create a new financial services company with a comprehensive lineup of innovative services that will win the confidence of shareholders, customers and society.

Fiscal Year Ended March 2000 in Review

In the fiscal year ended March 31, 2000, improved spreads supported higher core earnings. However, losses on sales of securities in recognition of unrealized losses ahead of mandatory application of marked-to-market accounting (in March 2001) caused bond-related gain to decrease. Gross business profit therefore decreased ¥21.1 billion from the previous fiscal year to ¥394.3 billion. While ongoing efforts to raise efficiency contributed to a reduction in operating expenses, net business profit (before provision for general reserve) decreased ¥11.7 billion year on year to ¥164.1 billion. By contrast, income before income taxes and others and net income, both of which had posted red ink in the previous fiscal year, showed significant recovery, totaling ¥119.0 billion and ¥44.7 billion, respectively. In the consolidated accounts, there was also a marked

improvement over the previous fiscal year, with income before income taxes, minority interests and others at ¥104.6 billion and net income at ¥41.6 billion.

Further asset deterioration due to Japan's prolonged recession, efforts to fully dispose of problem loans from the balance sheet and a fall in collateralized real estate prices resulted in credit related charges of ¥321.7 billion. Credit exposure under the Financial Reconstruction Law Disclosure decreased ¥74.8 billion to ¥678.5 billion, and the coverage ratio remained stable at above 80 percent. Looking forward, Tokai Bank is making preemptive provisions to loan loss reserves based on the Financial Inspection Manuals, and although we cannot be unconditionally optimistic, we are confident that we will be able to manage credit charges within the scope of earnings.

Despite disposing of a large amount of problem loans, Tokai Bank raised core earnings, continued to reduce expenses, and also recognized unrealized losses of securities ahead of mandatory application of marked-to-market accounting. These moves position Tokai Bank well to generate future growth.

Plan to Revitalize Management

In the year to March 1999, Tokai Bank received a capital injection of public funds and formulated its Plan to Revitalize Management. The Bank has since steadily implemented the Plan as a top management priority. Specifically, the Bank is taking aggressive initiatives geared toward restructuring its businesses and raising management effectiveness as set forth in the Plan.

Reform of Asset Composition

We intend to focus management resources on our core customer groups of medium- and small-sized companies and individuals, while reducing relationships with large-sized companies and overseas business with due regard to profitability.

Improvement of Earnings Structure

We will work to improve lending spreads significantly and bolster fee income.

Increased Efficiency

Tokai Bank is building a new marketing and support framework that raises efficiency in manpower and the branch network. Looking forward, to prepare for the integration with Sanwa Bank and Toyo Trust, the three banks will jointly establish the Plan to Revitalize Management.

Outlook

To restore confidence in Japan's financial system, banks must not only improve their financial condition, but also implement effective risk management, be proactive in disclosing information and strengthen corporate governance. Tokai Bank is aggressively moving ahead with management reform, having swiftly instituted a non-Board member executive director system while embracing effective new risk management techniques. For our investors in Japan and worldwide, we provide management information through our annual and semiannual reports and by holding regular investor relations meetings. Through these activities, we strive to present timely information and achieve greater management transparency.

Having overcome the challenges of the past, Tokai Bank is about to enter a new era. The execution of the Plan to Revitalize Management and the successful integration with Sanwa Bank and Toyo Trust to create new financial services will propel our growth. We at Tokai Bank will do our utmost to that end, and we respectfully seek the continuing support of our shareholders and customers.

July 2000

A handwritten signature in black ink that reads "Hideo Ogasawara". The signature is written in a cursive, flowing style.

Hideo Ogasawara

President

INTEGRATION WITH SANWA BANK AND TOYO TRUST

The Tokai Bank, Limited (“Tokai Bank”), The Sanwa Bank, Limited (“Sanwa Bank”) and The Toyo Trust and Banking Company, Limited (“Toyo Trust”) have reached a basic agreement to integrate their businesses through a holding company, subject to the consent of shareholders and approval from the related authorities.

Tokai Bank, Sanwa Bank and Toyo Trust entered into a basic agreement to create a new financial services company that will provide innovative, comprehensive financial services. The three banks aim to become a comprehensive financial group that uses innovation and speed to meet sophisticated, diverse customer needs better than any other financial institution in Japan through management that is at the vanguard of the rapidly changing business environment.

Integration Process

The three banks will jointly establish a holding company, targeting April 2001, with each becoming a wholly owned subsidiary under its umbrella. The holding company will exercise strong leadership in developing dynamic and comprehensive financial

PRINCIPLES OF INTEGRATION

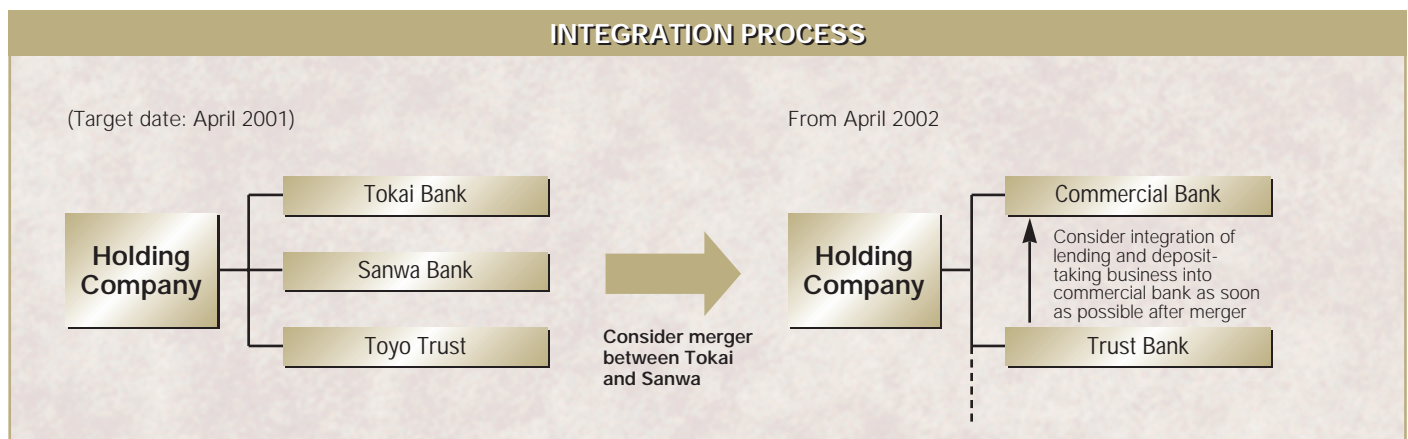
The principles of integration of the three banks are as follows:

1. Establish “a new financial services group,” creating new value for society.
2. Provide the most innovative and comprehensive financial services, focus on the “middle and retail” markets, aiming to become the foremost comprehensive financial group in Japan.
3. Pursue customer satisfaction and win the confidence of markets.
4. Enhance the net worth of the group and build value for shareholders through speedy, cutting-edge and dynamic business development under disciplined, transparent corporate governance.

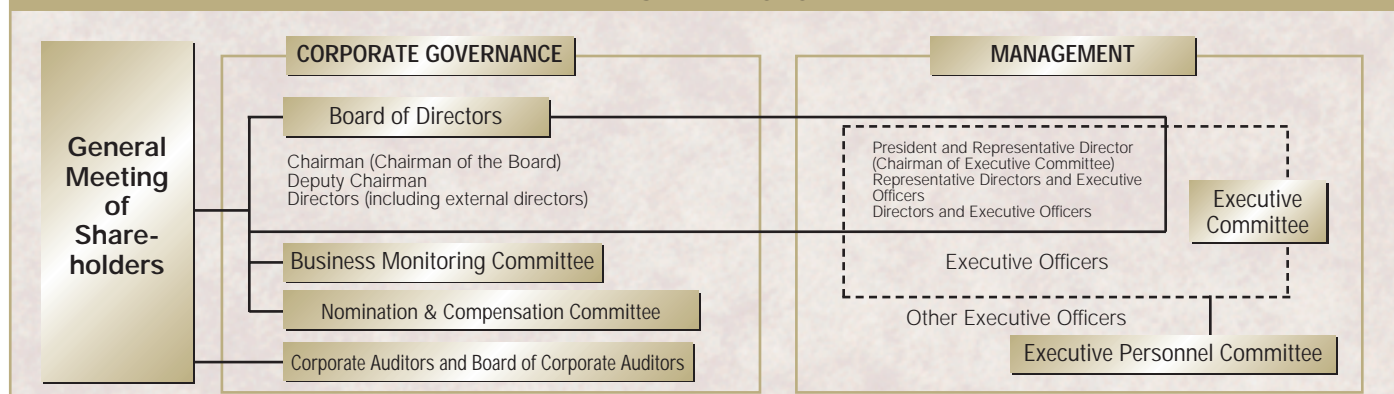
strategies. Specifically, the holding company will set overall management objectives for the group, devise group strategies and perform the planning, coordination and supervision required.

Furthermore, Tokai Bank and Sanwa Bank will consider merging under the holding company,




INTEGRATION PROCESS



MANAGEMENT SYSTEM



OVERVIEW OF THE THREE BANKS (AS OF MARCH 31, 2000)

	 TOKAI BANK	 Sanwa Bank	 TOYO TRUST
Establishment	June 1941	December 1933	November 1959
Location of Head Office	Naka-ku, Nagoya, Aichi Prefecture	Chuo-ku, Osaka	Chiyoda-ku, Tokyo
President	Hideo Ogasawara	Kaneo Muromachi	Shunroku Yokosuka
Number of Employees ¹	9,675	13,021	3,925
Number of Domestic Branches ²	274	310	57
Number of Overseas Branches ²	16	25	—
Capital	¥723.1 billion	¥843.0 billion	¥280.4 billion
Shareholders' Equity	¥1,636.2 billion	¥2,174.2 billion	¥585.6 billion
Total Assets	¥29,215.1 billion	¥45,185.0 billion	¥8,193.4 billion
Trust Assets	—	—	¥32,825.0 billion
Loans and Bills Discounted	¥18,438.5 billion	¥30,081.0 billion	¥6,652.6 billion
Deposits & NCD	¥20,563.4 billion	¥33,855.2 billion	¥19,811.0 billion ³
Gross Business Profit	¥394.2 billion	¥642.2 billion	¥192.2 billion ⁴
Net Business Profit	¥142.4 billion	¥326.6 billion	¥96.5 billion ⁴
Net Income	¥44.7 billion	¥83.0 billion	¥7.8 billion

Notes:

- Does not include temporary contract employees but includes locally hired overseas employees.
- Total of full branches, satellite offices and agencies (excluding special branches that maintain only designated accounts for transfers).
- Total of deposits, negotiable certificates of deposit, money trusts, pension trusts, property formation trusts, and loan trusts.
- Figure before loan losses in trust accounts.
- The monetary figures above are rounded down to the nearest ¥100 million.

targeting April 2002, to quickly yield greater benefits from integration. In addition, consideration will be given to integrating the lending and deposit-taking businesses of Toyo Trust into the new commercial bank and the trust-related businesses of the new bank into Toyo Trust as soon as possible after the merger, with an aim of optimizing efficiencies of operations.

Management System

Speed, transparency and fairness will be the central themes in structuring the management system of the holding company.

Corporate governance at the holding company will be strengthened by separating the decision-making and supervisory functions (corporate governance) of the Board of Directors from business execution functions (management). The President, who is

responsible for management, shall not co-assume the role of Chairman of the Board. More than half of the Board members, including an appropriate number of external directors, will not assume management functions but will devote themselves solely to corporate governance.

The number of directors shall be limited to just over 10 in order to facilitate quicker and more responsive decision making. Additionally, committees such as a business monitoring committee and a nomination & compensation committee, composed mainly of external directors, shall be established to ensure fairness and transparency.

An executive officer system will be introduced to perform the management function. An executive committee, composed of executive officers necessary for decision making, will be established, with the aim of carrying out speedy business execution.

Participation in “Financial One”

Tokai Bank plans to participate in the “Financial One” alliance targeting the second half of the fiscal year ending March 2001. Specifically, we plan to begin handling the Financial One Card, which carries the gateway function* of the Financial One alliance, at all of our branches.

Million Card Service Co., Ltd., an affiliate of Tokai Bank, is considering across-the-board cooperation with the Financial One alliance, including signing a franchise contract with Financial One Card Co., Ltd., targeting the second half of the fiscal year ending March 2001. Tokai Bank will encourage other companies with which it has a close relationship to join the alliance.

FINANCIAL ONE

A business alliance centered on the retail market and asset management business conducted by Sanwa Bank, Toyo Trust and five other financial companies from different sectors. The companies are jointly developing various businesses based on the unified brand “Financial One.”

*** Gateway Function**

A function that stores and analyzes customer data to tie up the products and services of the participating companies.

MANAGEMENT STRATEGY

Tokai Bank has been, and is implementing the Plan to Revitalize Management, and has made progress toward achieving the Plan's three main objectives – reforming asset composition, improving the Bank's earnings structure and creating a new marketing and support framework.

Under the 11th Long-Term Management Plan, which covers the three years ending March 2001 and preceded the Plan to Revitalize Management, Tokai Bank has restructured its operations by focusing management resources on core customer groups that will provide the foundation for future business. The same policy is incorporated, and further expanded upon, in the Plan to Revitalize Management, which was set concurrent with the capital injection of public funds, as part of the core strategies of improving our asset composition and creating a new marketing and support framework in order to simultaneously strengthen our earnings

PLAN TO REVITALIZE MANAGEMENT

1. Reform of Asset Composition
2. Improved Earnings Structure
3. A New Marketing and Support Framework

base and raise efficiency. During the fiscal year ended March 2000, the first year of the Plan to Revitalize Management, we made progress in reforming our asset composition, improving our earnings structure and creating a new marketing and support framework.

REFORM OF ASSET COMPOSITION

Tokai Bank has targeted medium- and small-sized companies (including large-sized companies with net assets of ¥50 billion or less) and individuals as core

customer groups, and is devoting management resources to activities serving their needs. We have set the objective of increasing lending to medium- and small-sized companies by ¥1.3 trillion (from the level in the fiscal year ended March 1998) by the end of March 2003. We also intend to increase loans to individuals by ¥1.0 trillion over the same time frame. By the end of March 2000, lending to medium- and small-sized companies had increased by ¥190.0 billion, including lending of ¥40 billion to large-sized companies with net assets of ¥50 billion or less. Loans to individuals increased by ¥320 billion.

We are reviewing relationships with large-sized companies and overseas business and are reducing those assets that are not sufficiently profitable. Our target for the fiscal year ending March 2003 is to

PROGRESS IN REFORM OF ASSET COMPOSITION (COMPARISON WITH FISCAL YEAR ENDED MARCH 1998)

	March 2003 Targets	Progress as of March 2000
Lending to medium- and small-sized companies ¹ (including large-sized companies with net assets of ¥50 billion or less)	+¥1.3 trillion	+¥190 billion (14.6%)
Loans to individuals ¹	+¥1 trillion	+¥320 billion (32.0%)
Cross-shareholdings	-¥500 billion	-¥320 billion (64.0%)
Reduction in lending to large-sized companies ²	-¥700 billion	-¥440 billion (62.9%)
Overseas business ³	-¥1 trillion	-¥810 billion (81.0%)

(Percentages represent progress toward total planned amounts.)

Notes:

1. Average balance excluding loans to high credit risk customers
2. Average balance based on revised transaction policies
3. Fiscal year-end risk-weighted assets

reduce lending to large-sized companies by ¥700 billion (from the level in March 1998), sell cross-shareholdings totaling ¥500 billion and reduce overseas lending business by ¥1 trillion. Up to March 2000, we had reduced lending to large-sized companies by ¥440 billion, sold cross-shareholdings totaling ¥320 billion and reduced overseas lending business by ¥810 billion, primarily transactions with non-Japanese-affiliated companies.

Lending to Small-Sized Companies and Loans to Individuals

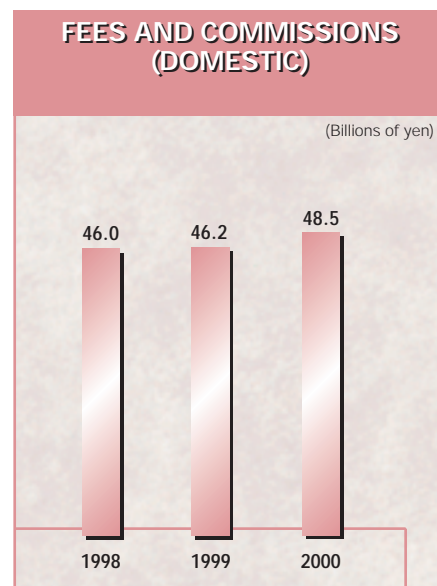
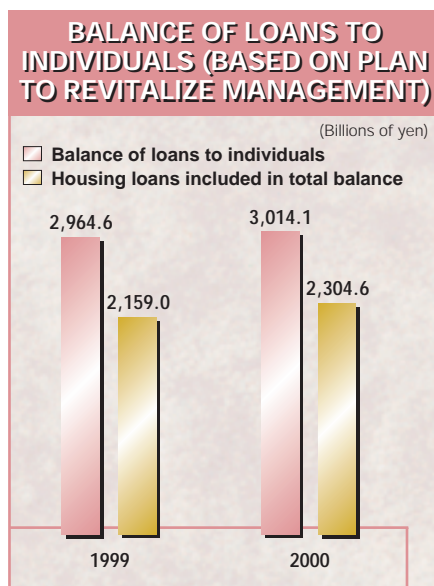
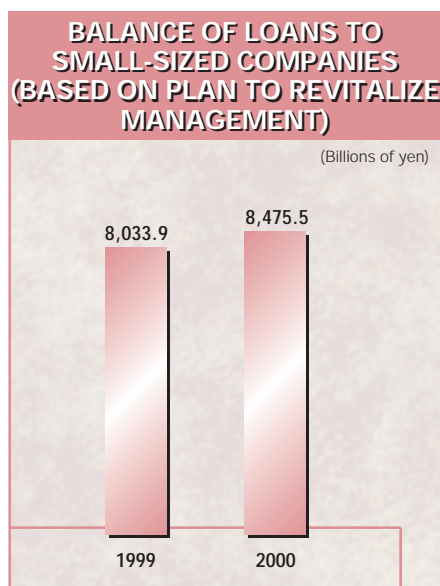
The Plan to Revitalize Management calls for increased lending (excluding impact loans) to small-sized companies. Such lending increased ¥441.6 billion during the fiscal year ended March 2000 to ¥8,475.5 billion. This significant increase may be ascribed to the various initiatives implemented from the first half of the fiscal year, namely, the provision of competitive “special funds” and the joint effort by branches and headquarters in the cultivation and selection in advance of potential borrowers. Loans to individuals increased ¥49.5 billion during the same period to ¥3,014.1 billion. The Bank will continue to work aggressively to achieve its targets.

IMPROVED EARNINGS STRUCTURE

In order to reduce earnings volatility and stabilize earnings, we are improving spreads on lending and bolstering fee income.

Improved Spreads on Lending

A primary management task is ensuring that lending spreads take credit risk fully into account. Tokai Bank has implemented return on assets (ROA) standards that reflect credit ratings, as well as pricing based on customer-specific spread criteria, with the aim of raising the efficiency of assets where profitability is low. In addition, branch budgets and performance evaluation include credit risk expenses, and by promoting maximization of risk-adjusted earnings on a branch-by-branch basis, the Bank has established a system for improving earnings with due consideration of the risks involved. The rate of application of the standard ROA by credit ratings improved by 10 percentage points to 87 percent in the fiscal year ended March 2000.



Increasing Fee Income

We are working aggressively on providing fee-based services with high added value in fields such as mergers and acquisitions, risk advisory and asset securitization as measures to bolster our fee income. Moreover, we are offering settlement services such as electronic banking, significantly increasing customer convenience and concentrating settlement accounts at the Bank, which lead to higher fee income for the Bank.

Furthermore, in the investment trust business, which is expected to show promising growth, Tokai Bank has enhanced its lineup of products by offering actively managed funds with a modest sales charge in addition to no-load funds. Also, from April 1999 we raised customer convenience by operating our ATMs, as a general rule, 365 days a year from 8:00 a.m. to 9:00 p.m., which has in turn increased fee income for the Bank.

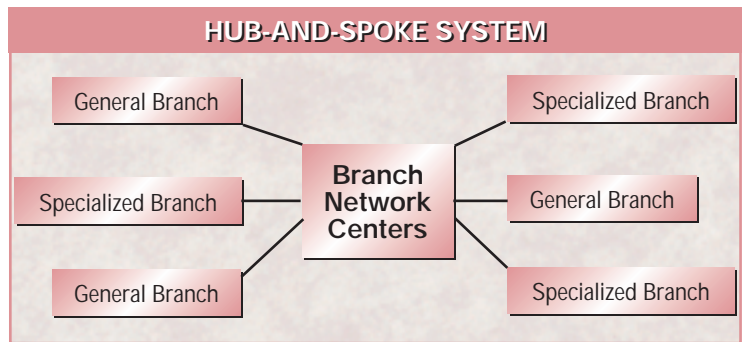
A NEW MARKETING AND SUPPORT FRAMEWORK

Tokai Bank is strengthening its marketing power by offering products and services that meet customer needs. It has also become important to build an efficient marketing and support framework

at the same time by reducing personnel and lowering operating costs. Tokai Bank is building a much more efficient and effective marketing and support framework by creating a hub-and-spoke system, thereby increasing the efficiency of branch administration and expanding marketing channels.

Hub-and-Spoke System

The “hub-and-spoke” system implemented in April 1998 changed our prior approach of having each branch offer a complete lineup of products and services in favor of a system with three types of branches: branch network centers at the “hub” of the regional branch networks; and serving as the “spokes” traditional general branches and specialized branches, the latter to meet particular customer needs. Operating as a unified group, branches under this system work in collaboration,



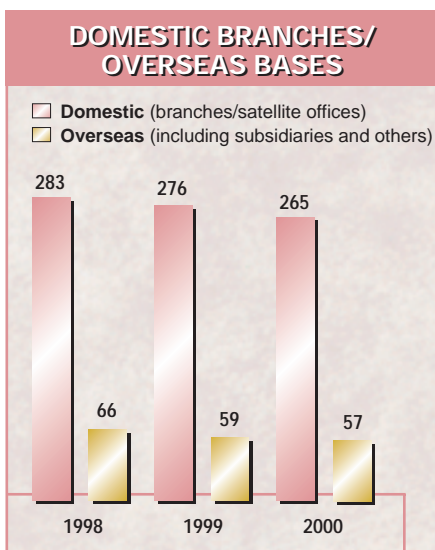
Branch Network Centers	
Regional Main Branches	Centralize large credit accounts, integrating each branch under its umbrella and expanding market share in their areas
Area Core Branches	Act as centers for middle-market customers and corporate customers within their areas
Core Branches	Centralize large-sized companies and large credit accounts, and act as centers for business with large-sized company groups.
Specialized Branches (Retail Specialty Boutiques)	
S Shops	Full service branches focusing on deposit and loan transactions with individuals
SS Shops	Mini-branches concentrating on areas such as retail ATM transactions with individuals
Personal Shop	Specialized branches for individuals that have new types of ATMs installed where customers can carry out transactions such as applying for loans, purchasing investment trust products and searching for information. In addition, consultation services are available at counters.
F Shops	Individual customers can handle all retail transactions at any F Shop, regardless of the branch where the customer's account was opened. Offer a full line of retail services, from loans to asset management. Various services, such as loan consultation, available even on bank holidays.
L Shops	Located in model home display areas, L Shops specialize in housing-related finance. Open during model home display area operating hours, even on bank holidays.

thereby improving our ability to provide customers with better products and services and raising the efficiency of our branch network in each of the regions we serve.

While reforming our branch network, we are also consolidating branches and changing the status of others. Compared with March 31, 1998, the Plan to Revitalize Management contains the targets of consolidating 42 domestic branches, changing the status of 75 domestic branches, and rationalizing 30 overseas bases by the end of March 2003. As of March 31, 2000, we had consolidated 21 domestic branches, changed the status of 71 domestic branches, and rationalized 11 overseas bases.

Improved Domestic Operating Structure

While reorganizing the domestic marketing and support framework, we are also reforming and improving our administration structure in areas such as domestic branches and centralized administrative divisions. As a result, we are lowering costs and



Note:
Domestic branches include 3 newly opened branches.
Overseas bases include 2 companies added upon increase in scope of consolidation.

raising efficiency. Specifically, we have concentrated administrative functions at centralized locations to create a “backless” system in which branches are relieved of back-office

operations. During the fiscal year ended March 2000, Tokai Bank created a backless system for 10 branches within Nagoya, and we intend to have 100 branches operating under this system by the end of March 2001, thus moving forward with our program of raising efficiency.

We are actively creating the infrastructure required to successfully execute the backless system, including the installation of new systems for recognizing seal imprints and for handling and sorting cash, as well as instituting systems for branch support and personnel training.

At the centralized administrative divisions, we are expanding their function as back offices that support the backless system. Such measures include building systems that increase the efficiency of the divisions themselves and allow them to respond to the changes when centralizing operations (by means of mutual support between persons in charge) through the centralization of administration centers and regional centers dispersed in each region.

Channel Expansion

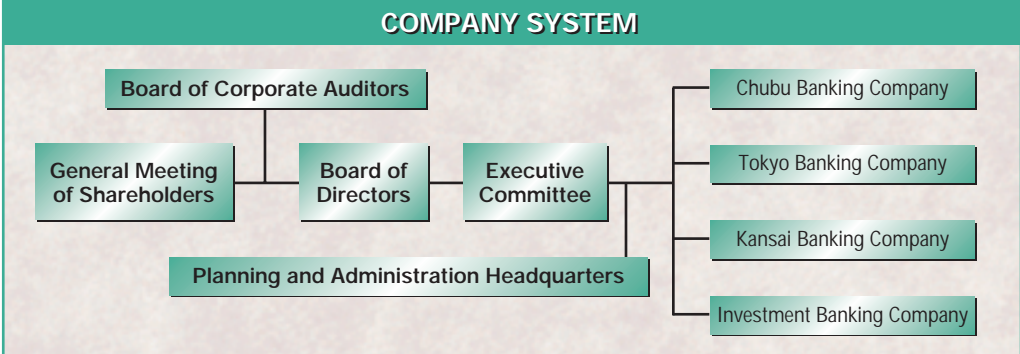
The use of direct banking methods such as telephone and electronic banking is increasing, and ATMs now offer more functions as well. Tokai Bank is actively developing these efficient, low-cost channels to make banking more convenient for customers and complement the functions of branches. Customers can now handle investment trust and foreign exchange transactions by telephone, and from June 2000, we began offering secure Internet-based services where a variety of banking products and services are available.

THE COMPANY SYSTEM

In May 1998, Tokai Bank introduced a decentralized business management system called the “company system” to create a framework for executing the 11th Long-Term Management Plan. In view of several changes that have since taken place, including the capital injection of public funds and the Plan to Revitalize Management, the company system has undergone a progressive reorganization so that the strategies and policies of the Plan to Revitalize Management may be more vigorously implemented.

We have divided domestic business divisions into banking companies based in the Chubu, Tokyo and Kansai regions, with due consideration of the characteristics of each region. We have also established an Investment Banking Company to handle investment banking business. With the aim of delegating authority as far as possible, a Banking Company Planning Department has been established within each regional banking company to carry out strategic planning and personnel administration for the company's region. Moreover, in order to improve our ability to meet specific needs in various customer segments, the Corporate Banking Planning Division and Retail Banking Planning Division have been established within the Planning and Administration Headquarters, which

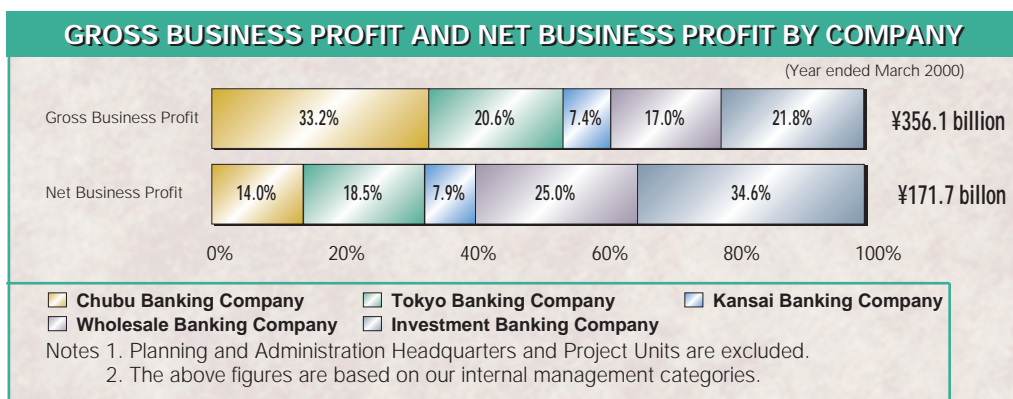
oversees each banking company, thus centralizing strategic planning and policy formulation relating to overall transactions. Also, a Corporate Banking Division and a Retail Banking Division have been established in each regional banking company to conduct direct marketing catering to different customer segments. This structure gives Tokai Bank the ability to develop business tailored to particular customer and regional needs, while allowing each regional company to make full use of its management resources in meeting its business objectives.



Results by Company for the Fiscal Year Ended March 2000

Results for the fiscal year ended March 2000 are presented below for the following five profit centers (on an internal management basis): the Chubu Banking Company; the Tokyo Banking Company; the Kansai Banking Company; the Wholesale Banking Company, which was integrated into the regional banking companies in the April 2000 reorganization; and the Investment Banking Company.

As a benchmark for the profitability of each company on an internal management basis, Tokai Bank uses Risk Adjusted Return on Capital (RAROC), a benchmark for profitability that takes risk into consideration. Risk-adjusted earnings represent net business profit after subtracting expected (theoretical) losses. RAROC is an indicator of profitability showing risk-adjusted earnings generated based on the risk capital allocated to each company.



BUSINESS STRATEGIES BY DIVISION

Tokai Bank is overhauling its asset composition. We are emphasizing medium- and small-sized companies and individuals as core customers, and are focusing management resources on these sectors. At the same time, we are reducing transactions with large-sized companies and with non-Japanese businesses overseas from the standpoint of profitability. Customer-specific strategies described in the following paragraphs illustrate how the Bank concentrates its resources on these core customers to improve earnings while raising efficiency.

CORPORATE BANKING DIVISIONS

Corporate banking divisions in each regional banking company serve the core customer group of medium- and small-sized companies, including large-sized companies with total net assets of ¥50 billion or less. The corporate banking divisions offer a variety of products and services ranging from funding, fund management and settlement to more sophisticated services requiring specialized skills, such as risk advisory and asset securitization.

A Stronger Marketing and Support Framework

Hub-and-Spoke System

Tokai Bank is implementing a “hub-and-spoke” system for domestic marketing. Network centers at the “hub” of a regional branch network, namely, regional main branches and area core branches, are staffed with qualified personnel with expertise in fields including sales promotion, derivatives, M&A and finance, so as to meet customer needs and identify business opportunities. Together with the staff of the corporate banking division established at each regional banking company as a head office direct marketing section, they will be able to

respond to a variety of customer needs in their respective regions.

Specialist Staff

Personnel with extensive experience in lending are assigned to the branches of each regional banking company to provide support in structuring loan terms and conduct training for the branch staff responsible for relationship management and lending. In addition, the Corporate Research Department responsible for surveying industrial trends and conducting individual credit investigations has a “Preliminary Research Group” where specialized headquarters staff work closely with branch personnel in pre-selecting potential loan customers. From the implementation of this system in June 1999, up to March 2000 the group screened 950 companies, and transactions under the new initiatives totaled ¥150 billion.

Establishment of Corporate Development Offices

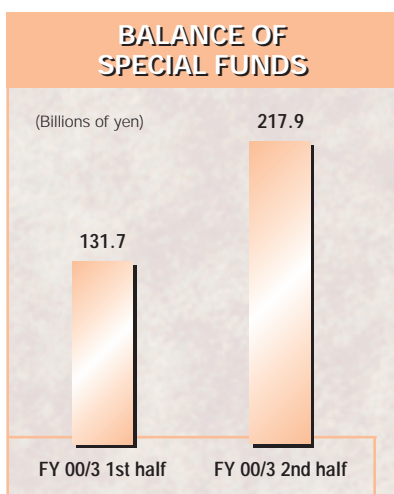
Tokai Bank is strengthening its business base by establishing corporate development offices in areas with a heavy concentration of companies. These

offices specialize in developing new businesses, primarily in consultation and intermediary support services, targeting medium- and small-sized companies. In March 2000, two such offices were established in Takayama and Kakegawa.

Meeting Fund Raising Needs

Special Funds

Tokai Bank is now offering medium- and small-sized companies special funds, which are loan



products that carry a competitive long-term fixed interest rate. The aggregate of these funds from their introduction in April 1999 to March 2000, amounted to approximately

¥350 billion. In the

first half of the fiscal year ending March 2001, ¥200 billion has been allocated to special funds, and Tokai Bank will continue to use them as an effective means of expanding loan assets.

Support for Fund Raising through Capital Markets

Employing the expertise of group companies in securities-related businesses, the Bank meets the individual needs of medium- and small-sized companies and large-sized companies through services including direct financing proposals, support in issuing bonds, and advice in initial public offerings (IPOs). Specific services that the Bank provides to meet customers' fund raising needs in domestic and overseas capital markets include banking services

such as acting as a fiduciary for corporate bond issues and providing advice for listing shares on stock exchanges or registering shares on over-the-counter markets. Since April 2000, Tokai Bank has also moved to meet the diversifying needs of small-sized companies by handling private placements of bonds backed by Credit Guarantee Associations (sponsored by municipal governments).

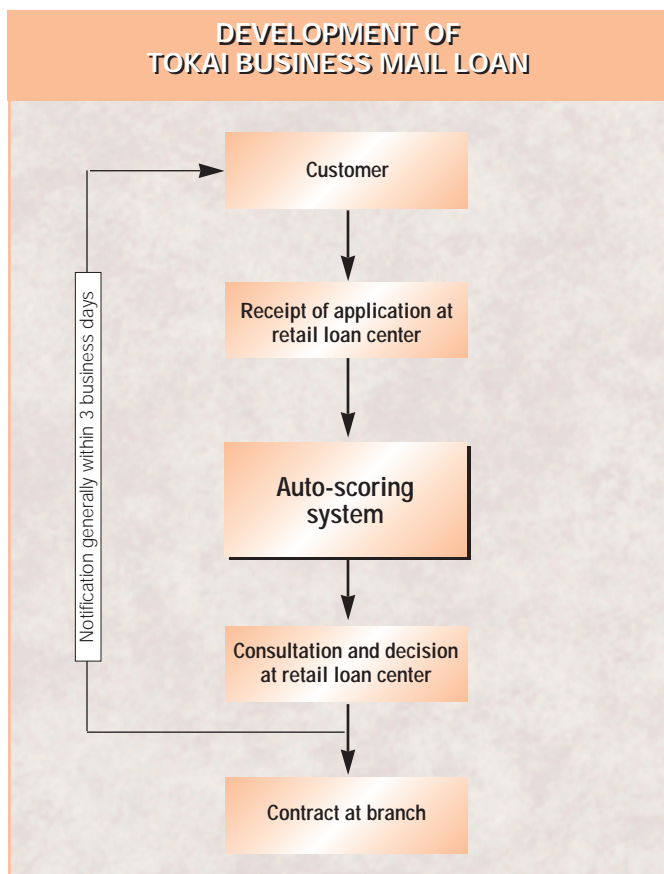
Support for Venture Companies

In 1995, Tokai Bank launched the New Frontier Company Support System to provide support for venture companies. In collaboration with affiliates The Central Capital Ltd. and Tokai Research & Consulting Inc., the Bank provides a comprehensive menu of support services tailored to each stage of corporate development to promote business growth and expansion. During the fiscal year ended March 2000, the Bank worked with Tokai Trust and Banking Co., Ltd. to create the "Tokai New Frontier Company Growth Fund," a seed capital system established through a public trust structure that supports the creation of venture enterprises.

Expedited Credit Reviews

The Bank has implemented an auto-scoring system to expedite the process and lower the cost of credit reviews. In order to enhance customer convenience, a number of functions traditionally handled by branches, from acceptance, review and approval regarding small-sized companies' loan applications to post-approval administration, have been centralized at the retail loan centers. Using the auto-scoring system, retail loan centers offer the "Tokai Business Mail Loan," in which decisions are made on credit extension to small-sized companies within three business days as a general rule. Retail

loan centers also carry out activities such as direct-mail programs and the placing of follow-up calls by



telephone. By March 2000, all branches in the Nagoya area and some branches in the Tokyo area had come under this system, and all branches will be covered by the end of March 2001.

Meeting Fund Management Needs

Trends in financial markets in areas such as interest rates and foreign exchange have a significant impact on the financial condition of customers. Applying highly complex mathematical theories and employing its expertise in market analysis and advanced systems, Tokai Bank provides derivative products, such as interest rate swaps, currency swaps, interest rate options and currency options, that match the financial structure and risk

hedging needs of customers. In addition, the Bank offers attractive loan and deposit products that incorporate derivatives.

The reform of derivative-related tax regulations and the mandatory implementation of marked-to-market accounting for financial products by listed companies from the financial year beginning in April 2000 or thereafter have increased the need for companies to understand and manage derivatives transactions. Tokai Bank has therefore begun providing professional services to its customers, such as market price evaluation tools for derivatives customers and explanatory seminars conducted by professionals.

Meeting Account Settlement Needs

Tokai Bank excels at providing the means for customers to settle and administer their accounts. Our electronic banking services allow corporate customers to connect to the Bank's computers to remit and receive funds electronically, transmit salary disbursement data and confirm deposit balances. We also offer optional services including centralized fund administration, corporate inhabitants' tax payment, and electronic foreign currency management. In addition, we provide cash management services such as netting and pooling to meet the group financial administration needs of companies arising from the introduction of international accounting standards. In April 2000, Tokai Bank also began offering the "Receipt Confirmation Service," which enables nearly 100% receipt confirmation using designated accounts for transfers, thus greatly increasing the efficiency of confirming payment of receivables.

Meeting Other Needs

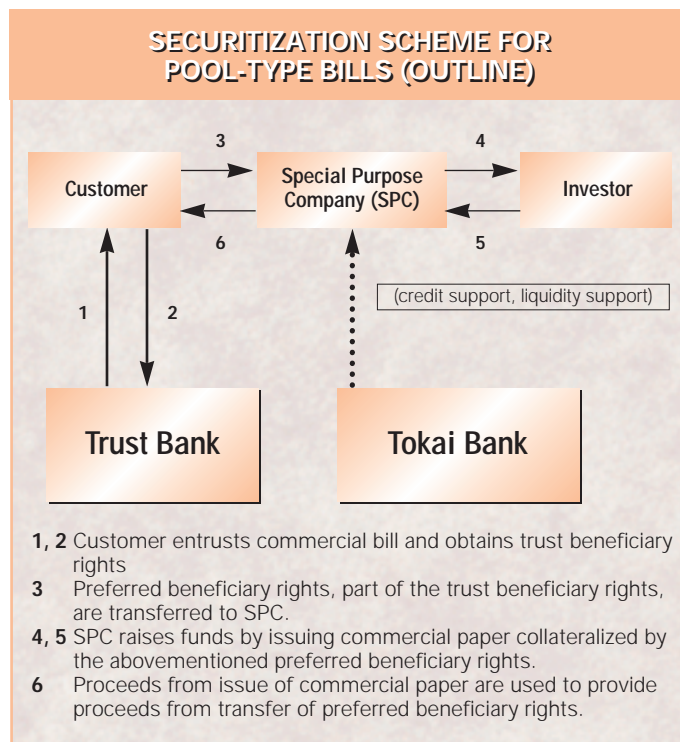
Business Expansion, M&A, Business Succession, and Other Services

Tokai Bank specialists working together with professionals, including those from our group companies, deploy the Bank's extensive information resources and expertise to provide information and propose specific strategies to meet the needs of corporate customers in areas including expansion of sales channels, business diversification, shifting production bases and the introduction of new products and technologies. We also provide clients with specialized advice for planning strategies and actual implementation concerning various M&A activities including mergers, acquisitions, capital participation, and business and technology tie-ups, in collaboration with professionals. Customers for whom business succession is a pressing concern may turn to Tokai Bank, which works with professionals in providing comprehensive, specialized advice that will help ensure a smooth succession with no interruption in business operations.

Asset Securitization

Asset securitization is a means for a customer to raise funds by transferring an asset to a third party, utilizing the value of the asset held. This method gives the customer an additional fund-raising option, and has the merit of improving the customer's

financial position by removing the subject asset from the balance sheet. Working to meet a wide range of customer needs, Tokai Bank and its group companies have added asset securitization schemes for real estate, credit receivables and leases to its existing portfolio of securitizing schemes for short-term receivables such as accounts receivable. Other sophisticated schemes the Bank offers include methods for securitizing receivables with higher credit risk in a large lot, such as securitization schemes for pool-type bills and loans that target many trade bills.



RETAIL BANKING DIVISIONS

Tokai Bank is conducting focused allocation of management resources in businesses for individual customers, who constitute a core customer segment along with medium- and small-sized companies. In providing competitive products and services, we are developing our private banking business to become the “main bank” of our customers. At the same time, we are expanding highly convenient and efficient service channels such as Internet banking and telephone banking.

Developing Efficient Service Channels

Branches with Specialized Functions

Tokai Bank was the first to begin reorganization of its domestic marketing system, and is building a branch network tailored to each region in which the Bank operates. In the retail banking divisions, we are developing specialty boutiques, called “shops,” that specialize in business for individual customers, primarily in the Nagoya region. “F Shops,” located in train station terminals, offer convenience for individual customers by operating even on bank holidays to provide loan consultations. In June 2000, we opened the first “Personal Shop,” a new type of branch equipped with automated acceptance machines that customers can use to submit loan applications and to purchase investment trusts.

Direct Channels

Another area of focus is developing direct banking channels such as telephone banking and Internet banking. In May 2000, we made new telephone banking services available, including transfers to and from foreign currency accounts and investment trust

purchases and cancellations. In Internet banking, we launched a new service in June 2000 that combines a high level of security with convenience. Another new service, “Tokai Direct,” allows users to instantly view information for their registered accounts on the portal screen.

ATMs Open 365 Days a Year

Individual customers conduct the bulk of their banking transactions through automated machines such as ATMs and cash dispensers. In addition to expanding ATM functions, we operate ATMs at all branches (excluding certain ATMs at commercial facilities) from 8 a.m. to 9 p.m., 365 days a year, making it easy for customers to know the operating hours. We are also making additional ATM services available such as foreign currency account deposits and withdrawals, and have begun reciprocal use of Tokai Bank and postal savings ATMs.

Providing Competitive Products and Services

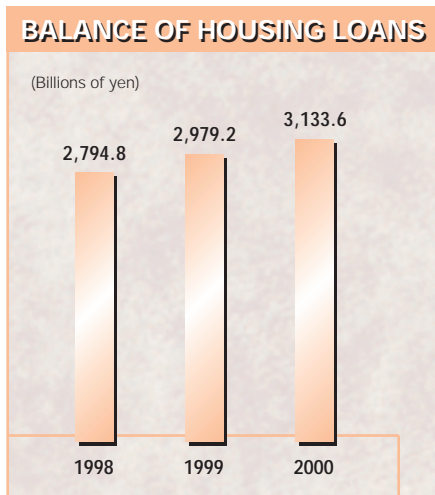
Housing Loans

Among loans targeting individual customers, Tokai Bank is placing particular emphasis on housing loans. Our housing loans employ a highly flexible repayment plan which allows the repayment amount to be adjusted according to the specific lifestyle needs of each customer. Additionally, we have revised our loan qualification criteria to focus more on the applicant’s ability to repay. Customers who satisfy certain conditions can borrow up to 100 percent of the appraised value estimated by the guarantee company. For customers who need to refinance their loan or change their place of residence, we offer housing loans that provide

financing to cover a shortfall in collateral value due to a drop in land prices, up to a specified amount, in addition to the appraised value of collateral estimated by the guarantee company.

Moreover, to support expansion of lending volume, we are adding staff to our Loan Centers, which were established as “windows” to handle inquiries from housing contractors. Furthermore, we are strengthening collaboration with housing contractors and increasing the number of such companies with which we have relationships

through means such as holding housing consultation sessions jointly with collaborating housing contractors and expediting the credit review through a system of



preliminary credit reviews by fax.

In addition, we promote public financing, which leads to increased loan referrals from housing contractors. We are also strengthening marketing of collaborative loans for employees of customer companies. In the markets for pre-owned housing and refurbishing, we are boosting referral business with collaborating housing contractors.

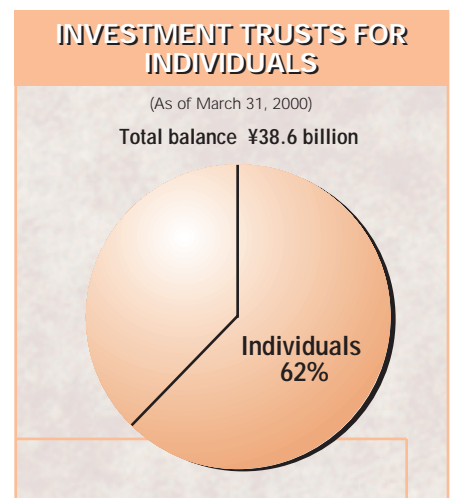
Shortening the Loan Review Period

We are shortening the time needed for decisions on consumer cash loans by concentrating application review operations in retail loan centers and using an auto-scoring system. Specifically, for uncollateralized consumer loans from Million Card Service Co., Ltd., loan applications received from branches and post offices, or by fax, are sent to the database at our retail loan centers and automatically rated by an auto-scoring system. This enables customers to receive a response as early as the same day the application was submitted. This system started in April 2000 at about 60 branches in Aichi Prefecture. In the fiscal year ending March 2001, we plan to introduce it at all branches and apply it to housing loans as well.

Meeting Customer Asset Management Needs

The progress of the Big Bang is increasing the importance of precisely meeting customer needs for financial consultation and financial asset management.

Tokai Bank has assigned specialized advisors at each regional banking company who offer advice concerning matters such as real estate utilization and



asset and business inheritance. They also provide advice on asset management in cooperation with professionals, mainly in the Tokai Bank Group. Furthermore, we are taking initiatives to meet customer needs by assigning specialized staff with expertise in private banking to certain network centers, including regional main branches, and to F Shops.

With the graying of Japan's population, Tokai Bank is also focusing on providing services tailored to senior citizens. These include preferred interest rates and a free telephone health consultation service.

Sales of investment trusts are handled by all branches, and 36 branches have counters with specialist staff on hand to provide consultation on asset management. With the addition of actively managed investment trusts, money market funds and other choices, we now offer a lineup of 21 products. We will continue enhancing our product lineup to match the needs of our customers, while expanding marketing channels such as Internet banking.

Strengthening Account Settlement Services

Information technology is being increasingly deployed in customer account settlement through means such as electronic money and e-commerce. Tokai Bank is actively participating in trials for this new business, and is studying ways to increase both convenience and security.

In March 2000, through a tie-up with Million Card Service Co., Tokai Bank began offering a cash card that also functions as a credit card. As a result, using a single card, customers can make cash deposits and withdrawals, as well as credit card purchases. In addition to raising convenience for customers, this card encourages them to use Tokai Bank for their account settlement needs, thus strengthening our retail banking base. As an added measure of security, users receive cash card insurance that indemnifies them against losses due to theft or loss of the card. In July 2000, Tokai Bank also introduced a debit card that has a high level of security.

INTERNATIONAL AND CAPITAL MARKETS DIVISIONS

The international and capital markets divisions develop products and services that meet customer needs for fund management, fund raising and risk hedging. The divisions are profit centers where the Bank aims to increase its earnings through activities in capital, securities and foreign exchange markets. A core emphasis is supporting the expansion of business overseas for Japanese-affiliated companies, and providing domestic clients with sophisticated financial technologies assimilated from around the world. At the same time, we are reassessing relationships with non-Japanese-affiliated companies, with a focus on profitability.

An Efficient Operating Structure

Tokai Bank has designated main branches in regions around the world and an operating structure that supports regional business promotion and internal efficiency. This helps ensure a productive network of operating bases that can provide optimal support to Japanese-affiliated customers internationally. The New York branch serves as the core operating base for the Americas, while the London branch fills this role for Europe, and the Singapore and Hong Kong branches for Asia. These core operating bases work in coordination with other bases within their respective regions to meet the

diverse needs of customers. At the same time, we are concentrating, restructuring and consolidating unprofitable offices and those that have become strategically less important, thus raising operating efficiency and reducing personnel and other expenses.

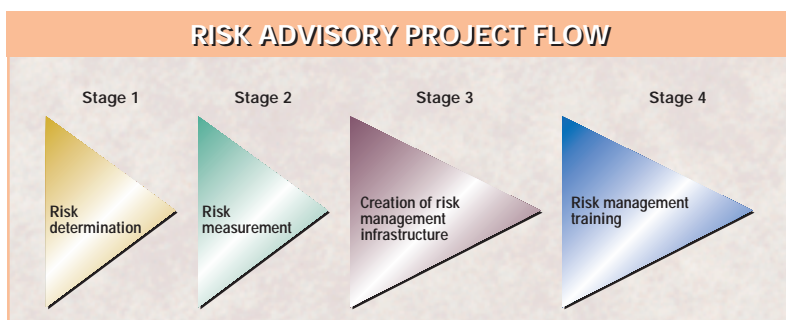
Risk Advisory

Risk Advisory is a consulting business that analyzes the financial risks inherent in customers' operations and proposes the optimal risk management strategies. Tokai Group professionals in London and Tokyo in fields including corporate finance, financial engineering and information technology employ cutting-edge technologies to provide solutions to government-related financial institutions and leading global corporations.

In Japan, the risks associated with interest rates, stocks and foreign exchange have increased, while tightened market risk regulations and the introduction of marked-to-market accounting have heightened financial risk management needs. Tokai Bank draws on know-how gathered over years of experience to provide risk advisory services that support the creation and implementation of ALM and risk management systems for all types of financial institutions. Moreover, we develop and provide foreign currency risk advisory and other types of services for customers ranging from large-sized to medium- and small-sized companies, to meet the broad range of needs these companies have.

Project Finance

Project Finance provides optimal financing strategies for heavily capital-

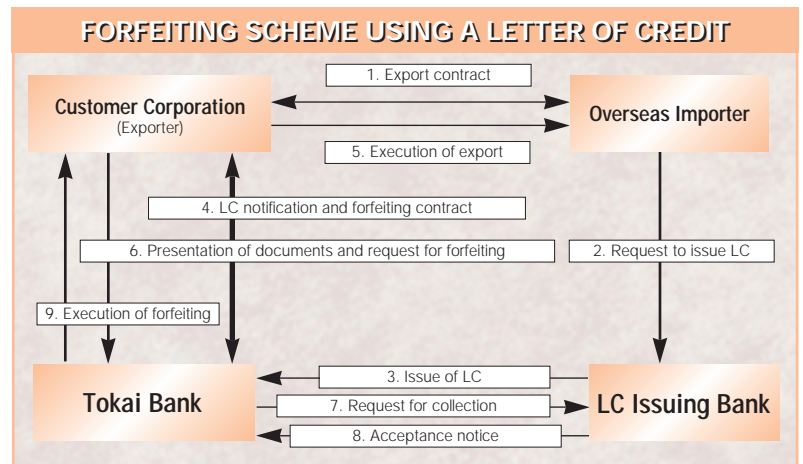


intensive projects such as power plants and natural resource development projects. Tokai Bank's Singapore-based Project & Structured Finance (P&SF) team deploys the Bank's extensive skills and experience in international project finance. Working with the Japan-based Project Finance Group, the P&SF team participates in project finance worldwide.

During 1999, Tokai Bank served as arranger for a water supply project in the Philippines and a power generation project in Thailand. In addition, the Bank served as financial advisor and arranger in structuring finance for Japan's first wind power project. Tokai Bank has received favorable recognition domestically and internationally for its role in these projects. Looking forward, focus is on Japanese Private Finance Initiatives (PFIs) as a new method of financing public projects, and Tokai Bank is aggressively extending its expertise to this field.

Structured Trade Finance

Structured Trade Finance operations have



developed from traditional trade finance capabilities. Today, Tokai Bank provides innovative trade finance schemes involving methods to mitigate a broad range of trade-related risks inherent in various financing methods and trading activities, including credit and country risk. Our trade finance specialists in Tokyo, Singapore, Hong Kong, Seoul and London utilize highly developed skills and technologies in providing comprehensive trade finance solutions that best meet customer needs. The Bank continues to develop business by meeting customer needs created by the changing international trade environment.

The shift from banking to capital market-based financing, the emergence of new capital markets such as "Mothers" (Market of the High-Growth and Emerging Stocks) and the increased challenge for asset management due to low interest rates have heightened the securities-related needs of both corporations and individuals. Tokai Bank has established a wholesale securities company, Tokai International Securities Co., Ltd., and is also strengthening its retail securities and asset management capabilities.

Strategy in Wholesale Securities

Tokai International Securities (TIS) serves the needs of institutional investors, regional financial institutions and corporations for bond underwriting and securities dealing, and also trades on its own account. In recent years, Tokai Bank has been bolstering its presence in structured deals, and deregulation has allowed us to enter stock-related businesses. TIS therefore created the Public Underwriting Division in February 2000 to further bolster this business.

Strategy in Retail Securities

Tokai Bank is further improving its ability to serve the needs of medium- and small-sized companies for fund raising and of individuals for asset management. As part of this effort, Tokai Bank strengthened its ties with Tokyo Securities Co., Ltd. by purchasing a portion of the company's shares from the Nikko Securities Group. In October 2000, Tokai Bank affiliate Tokai Maruman Securities Co., Ltd. will merge with Tokyo Securities to form Tokai Tokyo Securities Co., Ltd., which is expected to build upon a strong operating base in the Tokyo metropolitan and Chubu regions.

Asset Management

Tokai Asset Management Co., Ltd. was created by merging a Tokai Bank investment trust affiliate with an investment company in October 1997. It is now the core asset management company of the Tokai Group. Using the Bank's network, Tokai Asset Management collates and analyzes political, economic, financial and foreign exchange information on a real time basis, working in conjunction with London-based Tokai Deutsche Asset Management Limited to provide global asset management services.

RISK MANAGEMENT

RISK MANAGEMENT PHILOSOPHY

Banks face a variety of risks in the course of their normal business operations, including market risk, credit risk, liquidity risk, operational risk and systems risk. The impact of these risks upon bank management has increased as the diversity and complexity of the financial industry has grown.

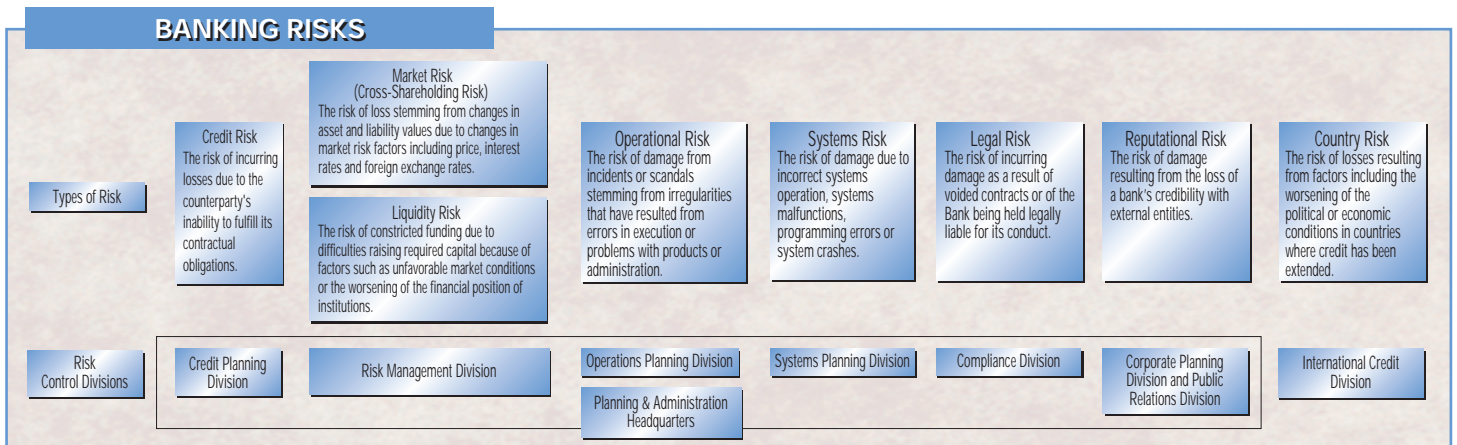
Different types of risk have different characteristics. Some can be quantified, some cannot; some are potential sources of profit, while others are not. Precise understanding and analysis of conditions of risk appropriate for its nature, and reporting such information to management so that management can control such risks effectively are critical to sound management and stable earnings. Tokai Bank has therefore been striving to enhance its risk management framework through initiatives such as establishing an independent division specifically in charge of risk management and creating a

framework for the integrated management of various types of risk.

RISK MANAGEMENT STRUCTURE

Concurrent with the introduction of the “company system” in May 1998, Tokai Bank reorganized the framework to monitor and manage risk throughout the Bank. The Risk Management Division, Credit Planning Division, Operations Planning Division and Systems Planning Division within the Planning and Administration Headquarters are primarily involved in such risk management.

The Risk Management Division is the independent risk management section, monitoring market risk as well as other risks from a bankwide perspective and reporting to top management. The Division serves as the coordinator for the Risk Management Committee (see note) and oversees all related divisions. In addition, it reports risk-related



Note: Risk Management Committee

The Risk Management Committee was formed to integrate and strengthen bankwide management of risks including market risk, credit risk and cross-shareholding risk. The Committee monitors risk positions and reports to management, and has the following functions:

- 1) Determines fundamental policies for managing market, credit, liquidity and other risks.
- 2) Conducts risk/return analyses using RAROC.

information directly to top management on a daily and monthly basis and as needs arise (such as in an emergency), and implements measures to control risks in cooperation with the relevant divisions.

To effectively manage credit risk and increasingly complex market risk, credit approval and credit reviews, as well as front-, middle- and back-office functions in trading activities, are clearly segregated, and their responsibilities are duly distinguished from one another. This ensures that the system of checks and balances works effectively between divisions.

The bankwide risk and revenue profile are reported to the Risk Management Committee and Executive Committee each month to ensure full understanding and control of risks by the Bank's management at large.

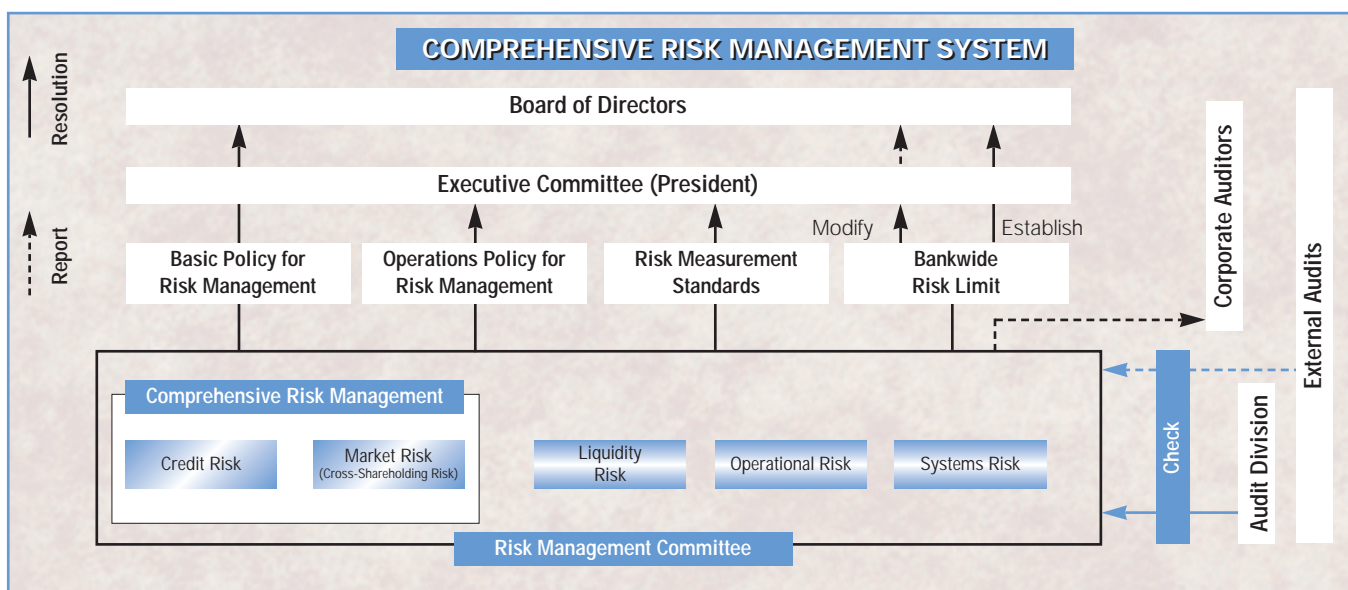
The Audit Division, staffed with personnel who have broad business knowledge and experience, performs comprehensive internal audits. The Division reports the results of audits directly to top management.

ENHANCEMENT OF RISK MANAGEMENT STRUCTURE

Tokai Bank has established a risk management framework that considers the special characteristics inherent in each particular type of risk, and controls risks under this framework according to the basic policies reviewed and approved by the Risk Management Committee and top management. Moreover, risks are not simply managed according to each individual risk factor; the Risk Management Committee anchors a system that gives the Bank a unified approach to measuring and controlling risks.

Integrated Management of Quantifiable Risk

The use of Value at Risk (VAR) to control market, credit and cross-shareholding risks gives the Bank a common yardstick for measuring risks involved in these different types of business. Beginning in the fiscal year ended March 2000, Tokai Bank has been taking an integrated approach to manage quantifiable risks. By bolstering risk management through the control of overall risk on an integrated basis (by



containing overall risk exposure below the level of the Bank's capital), the soundness and stability of management have been enhanced.

Comprehensive Risk Management

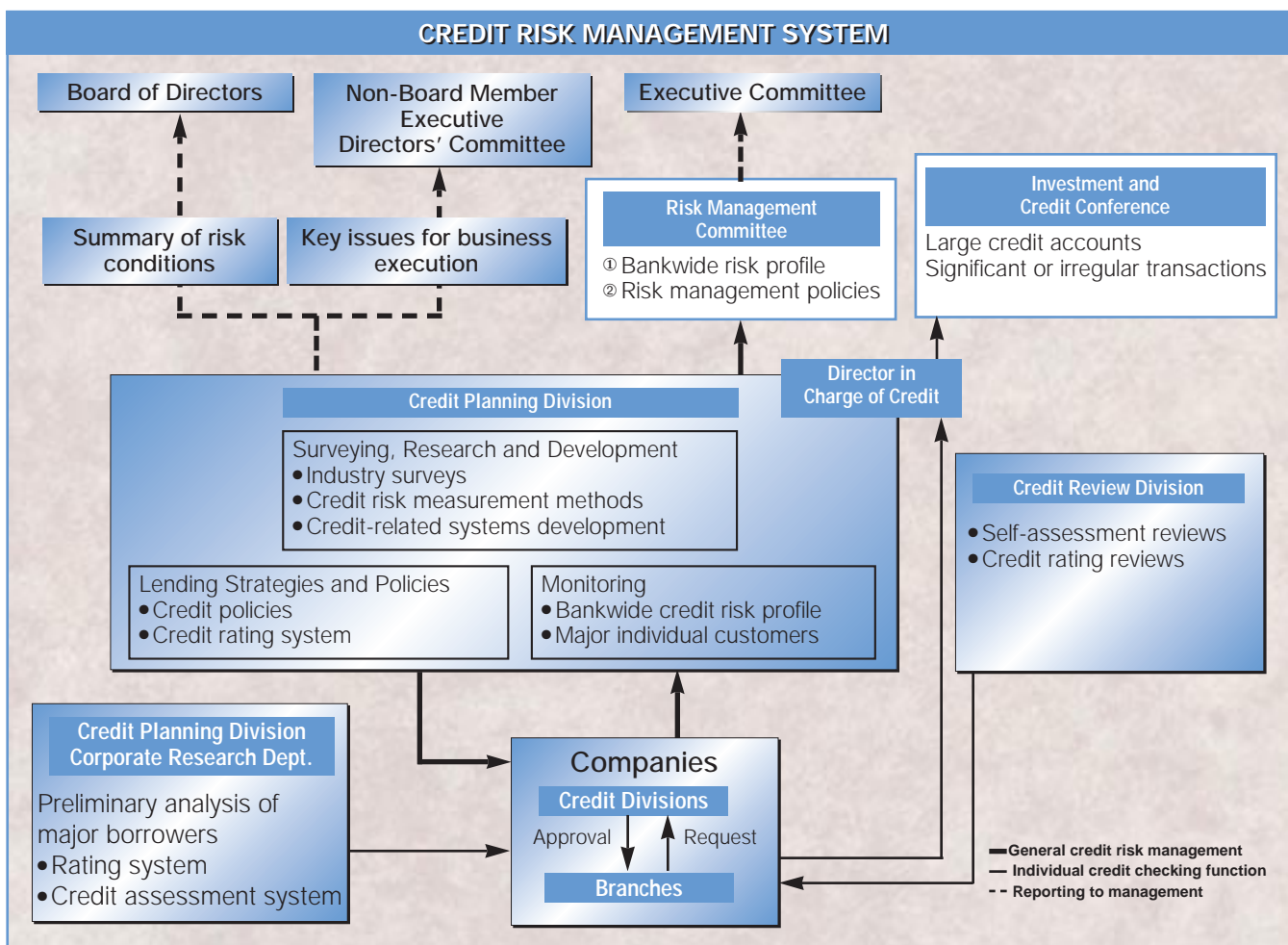
In addition to quantifiable risks, the Risk Management Committee also conducts assessments of and reports to management, on operational and systems risk. As a result of this comprehensive risk management framework, management is able to measure and control various risks on a bankwide basis.

CREDIT RISK

Credit risk, which is inherent in our core lending

business, is the possibility of a loan becoming unrecoverable due to the bankruptcy or deterioration in credit quality of a borrower. Managing credit risk entails maintaining the total amount of credit risk at a reasonable level in light of the Bank's capital and not avoiding risks, as well as taking on risks while securing an appropriate level of coverage and profitability corresponding to the risk.

Tokai Bank has in place a credit risk management system to manage its entire organization in line with this fundamental philosophy. Specifically, we have a credit policy that provides guidelines to all staff involved in lending; a credit rating system to establish standards for credit risk management; a management system based on the quantification of



credit risk to secure stable earnings while controlling risks; and credit risk management procedures and credit-related systems to provide infrastructural support for all of these systems and procedures.

Credit Risk Management System

Integrated Credit Risk Management

To control bankwide credit risk, the Credit Planning Division is independent of the activities of each company. The Credit Planning Division establishes fundamental credit-related strategies and rules, including credit policies and the credit rating system. In addition, the Division monitors the Bank's overall credit profile, and develops appropriate measures to respond to problems that arise. In monitoring risks, the Division develops the quantification of credit risk to effectively manage the Bank's credit portfolio.

In addition, the Credit Planning Division studies credit risk management methodologies and develops credit-related systems. The Division's Corporate Research Department is responsible for developing rating models and conducting surveys of industries as well as trends among major companies. This department also provides opinions from a professional perspective in connection with credit approval and ratings for customers who are important in terms of credit management.

Reporting to Management

The Credit Planning Division compiles and analyzes information on Tokai Bank's total credit risk profile, and reports the results to the Executive Committee on a monthly basis after reviews by the Risk Management Committee. A summary is given to the Board of Directors, while key issues for business execution are reported to the Non-Board

Member Executive Directors' Committee.

Authority for Credit Extension at Companies

For approval of specific credits, Tokai Bank conducts specialized and timely reviews through the credit divisions established within each company in order to accurately meet the needs of each customer. To ensure effective credit risk management, credit extension limits are set for each credit rating. Decisions to extend large amounts of credit that exceed the scope of authority of credit divisions require the approval of the director in charge of credit and the Investment and Credit Conference.

Credit Reviews

Tokai Bank's internal credit rating system, including decision making concerning credit limits, is a critical part of our risk management system. Moreover, accurate execution of the self-assessment system is vital to our ability to maintain a sound financial position through additions to the reserve for possible loan losses that reflect the degree of deterioration in the quality of loan assets. Our Credit Review Division is therefore independent of the activities of each company. The Credit Review Division reviews the credit ratings assigned for each customer and the accuracy of the self-assessment of assets, and examines the effectiveness of systems for these functions.

Credit Policy

Our credit policy sets forth guidelines and procedures that serve as the basis for credit risk management at Tokai Bank. In addition to delineating basic lending principles and the laws and regulations

with which we must comply, our credit policy adheres to global standards in areas such as portfolio management and setting credit limits that control the concentration of credit with specific borrowers.

GIST OF CREDIT POLICY	
•	Basic lending principles
•	Compliance with applicable laws and regulations
•	Matters to be considered in lending
•	Authority and independence of credit approval
•	Credit rating system and rating reviews
•	Credit limit system
•	Profitability standards and customer transaction policies
•	Portfolio management

Credit Rating System

To ensure objectivity and consistency in the management of credit risk, Tokai Bank assigns credit ratings to all borrowers other than the public sector and loans to individuals.

We focus on quantitative evaluation to maintain objectivity in rating procedures. For the corporate borrowers that constitute a majority of our domestic lending business, we use a highly reliable statistical rating model based on insolvency data of the Bank's customers.

Credit ratings are used in credit extension decisions and in individual credit administration activities such as those described in the chart. They also serve as the basis for a management system based on the quantification of credit risk.

Measurement of Credit Risk

Centered on credit ratings, credit-related data are quantified and analyzed by our credit risk

management system and deployed in management administration from the perspective of portfolio management.

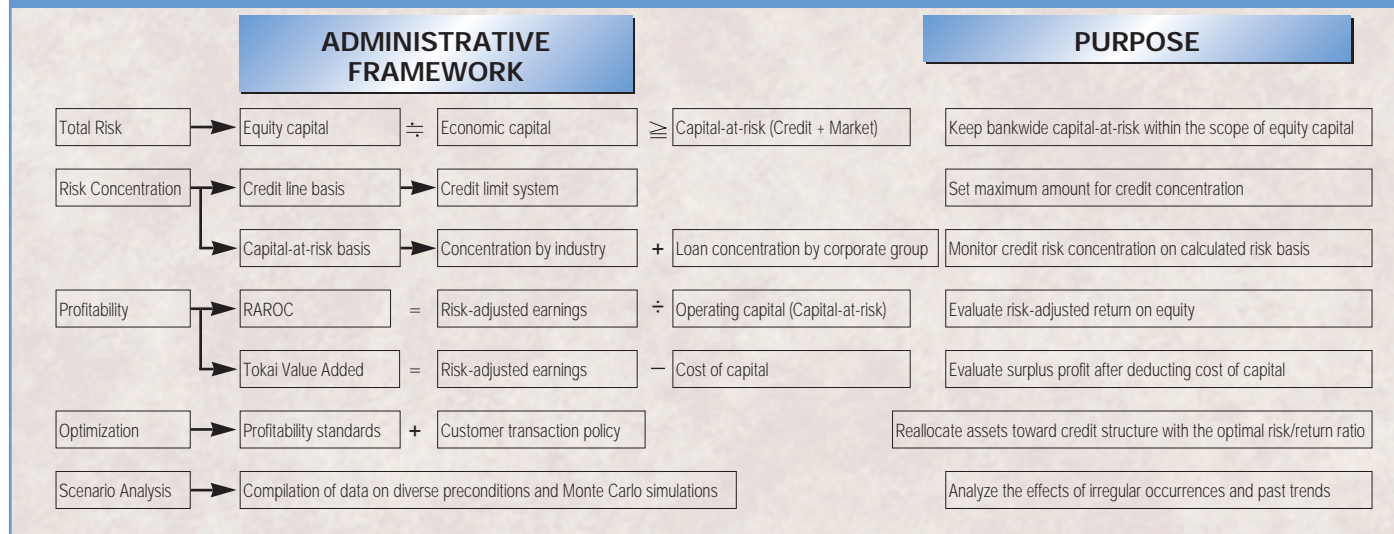
Credit Risk Management Procedures and Credit-Related Systems

Tokai Bank implements sophisticated risk management procedures and computer support for lending decisions. These systems are important for improving the Bank's risk management and strengthening profitability, as well as for boosting the Bank's competitiveness through enhanced service to customers. In addition to rating models for domestic corporations, recent development themes are outlined in the chart on page 29.

FIELDS OF APPLICATION OF CREDIT RATINGS	
Self-assessments	Implemented based on credit ratings
Credit approval	Set permissible amounts for each credit rating
Problem loan administration	Use credit ratings for automatic screening and elimination of special watch borrowers
Collateral evaluation cycle	Implement short-cycle evaluations for very low ratings
Coverage standard guidelines	Set coverage ratio standards for each rating
Credit limit system	Set credit limits for corporate and group borrowers at each credit rating

CREDIT RATINGS			
Rating		Self-assessment	
		Borrower category	Classification
1	Prime A	Normal	I (nonclassified)
2	Prime B		
3	Prime C		
4	Good		
5	Satisfactory		
6	Fair		
7	Acceptable		
8	Borderline watch		
9	Watch A	Watch	II
10A	Watch B		
10B	Special watch		
11	Bankruptcy risk	Bankruptcy risk	III
12A	De facto bankruptcy	De facto bankruptcy	
12B	Formal bankruptcy	Formal bankruptcy	

MEASUREMENT OF CREDIT RISK



CREDIT RISK MANAGEMENT PROCEDURES AND CREDIT-RELATED SYSTEMS

Auto-Scoring System	Evaluation of low-volume business loans is computer supported to speed the decision process. This helps Tokai Bank meet the fund needs of customers such as small-sized businesses and sole proprietors.
Credit Risk Management System	This system is designed to measure bankwide credit risk exposure, based on a data warehouse for all credit-related data, including domestic and overseas, on- and off-balance sheet, and lending and market transactions. Basic functions came on-line in April 1998, and all other functions were in operation by January 1999. The system can perform both Monte Carlo simulations and analytic evaluations to estimate the expected loss and maximum possible loss in the Bank's credit portfolio. It can also calculate the marginal increase in expected losses on the overall portfolio of loans to individual customers. Moreover, it can perform simulations of changes in risk factors based on hypothetical conditions.
Electronic Data Exchange and Approval Systems	Tokai Bank has developed and given all branches access to an electronic data exchange and approval system for use in credit consultation. This system enables relevant parties to share and use customer-related data to improve the speed and efficiency of the credit approval process.

Credit risk	The possibility that the Bank will incur a loss due to a counterparty's inability to meet the original contracted interest and principal payments because of bankruptcy, etc.
Expected loss	The predictable loss on uncollectible loans based on bankruptcy statistics. Statistical benchmarks are used to measure the appropriate level for the general reserve for possible loan losses.
Unexpected loss	Losses on uncollectible loans exceeding the predictable amount. Measured by standard deviation of the possibility of actual losses deviating from forecast losses.
Maximum loss	The maximum expected loss. The 'worst case scenario' standard uses a 99% probability (the possibility of losses exceeding maximum expected losses is 1%).
Risk-adjusted earnings	Gross loan profit minus loan expenses minus expected loss. Equivalent to loan profit after elimination of loan loss reserve cost.
Capital-at-risk	Maximum expected loss minus expected loss. This represents the amount of capital that would be set aside in the worst-case scenario to cover the portion of loan losses not covered by the general loan loss reserve. Latent loss, namely, the concept of 'risk' itself, is used to determine the existence and scale of risk.
Economic capital	The amount of capital allocated to each company, and the maximum limit on risk-based capital that can be used by each company.
Cost of capital	The level of profit necessary to achieve the Bank's ROE target.
RAROC	Risk-Adjusted Return on Capital (risk-adjusted earnings/capital-at-risk)
Tokai Value Added	A measure of the added value generated by the Bank's lending business, defined as surplus after deducting cost of capital.
Profitability standards	The profit level set according to the Bank's lending strategy, using the standard of loan costs + loan loss reserve costs (expected loss) + cost of capital.
Customer transaction policy	The lending policy set by the Bank, taking into account not only borrower credit ratings and profit criteria but also the borrower's overall business relationship with the Bank.

COUNTRY RISK

Country risk includes political and cross-border risk as well as the risk of economic downturns in specific countries. To avoid the deterioration of overseas loan assets in cases where country risk becomes material, Tokai Bank implements the measures outlined below.

We conduct quantitative and qualitative analyses for each country to assign national ratings using both proprietary information collected at overseas offices and information from other institutions. Based on the risk ratio corresponding to the national rating and on the size of each country's economy, we calculate a fixed ratio applicable to each country, and multiply the Bank's capital by this ratio to determine the limits for extension of credit to each country; the higher the rating and the larger the economy, the higher the credit limit. Within the scope of the credit limit, we also set country limits, and the amount of individual loans is kept within this country limit.

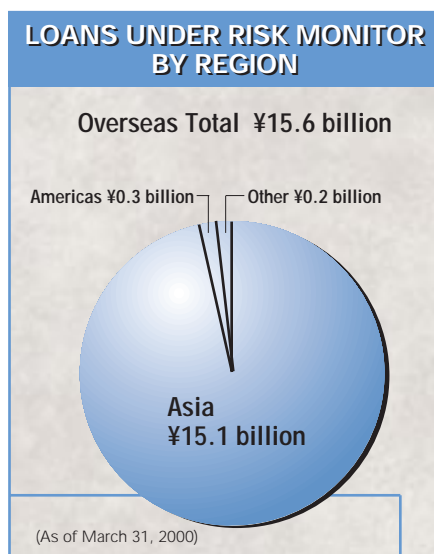
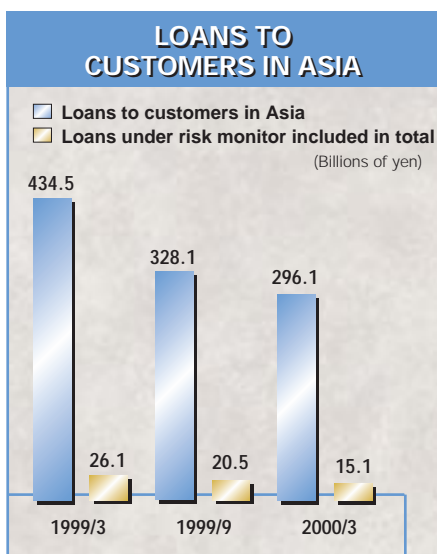
Even after extending credit, we continue to regularly monitor key economic indicators of the subject countries, and have in place a system for

taking prompt actions in the event that signs of economic deterioration appear. As of March 31, 2000, the balance of loans to Asian countries stood at ¥296.1 billion, a decrease of ¥138.4 billion from a year earlier. This total included loans under risk monitor of ¥15.1 billion, a decrease of ¥11.0 billion from a year earlier.

Furthermore, if country risk deteriorates below a certain level and causes concerns about recoverability under the original lending terms, we provide a reserve for specific overseas loan losses to make appropriate preparations in the event country risk materializes. This reserve totaled ¥7.4 billion at the end of March 2000, primarily covering credits outstanding to Indonesia.

Political risk: The possibility that the Bank may be unable to recover loans due to the nationalization of borrowers or because of the effects of war, rioting, civil disturbances or other incidents.

Cross-border risk: The possibility that borrowers will be unable to convert local currency into the loan currency on the maturity date (convertibility risk), and the possibility that the borrower may be unable to transfer funds to the payment location in the loan currency on the maturity date due to factors such as government restrictions on fund transfers (transfer risk).



MARKET RISK

Market risk is the possibility of losses arising from changes in the value of assets and liabilities due to changes in market risk factors such as prices, interest rates and exchange rates.

In addition to the growing complexity and diversity of market operations, the financial environment worldwide has become more uncertain. This has further raised the importance of effective control of market risk in securing stable earnings.

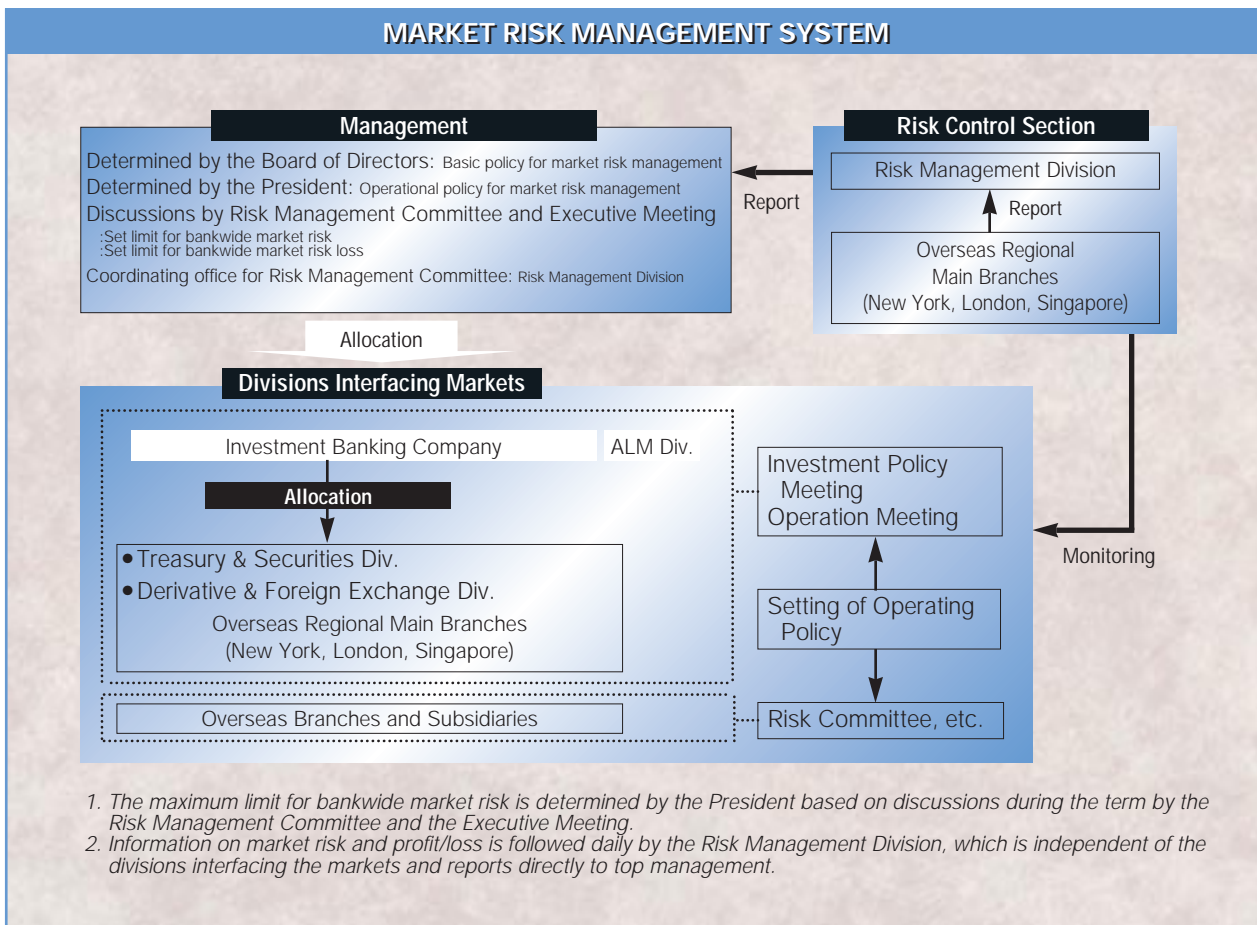
Market Risk Management System

Tokai Bank calculates the maximum risk exposure in market transactions by taking into account the Bank's capital and the risk/return standards shown by RAROC, and allocates this amount to each business division.

The Risk Management Division, an independent risk management section, keeps a daily watch on profit and loss conditions as well as conditions related to market risk bankwide, including the Bank itself and its subsidiaries, and reports directly to top management.

Market Risk Management Procedures

Tokai Bank employs rigorous market risk management techniques based on advanced know-how from the United States and Europe in setting limits for risk exposure, managing loss limits and measuring risk using Value at Risk (VAR) analysis. VAR estimates the maximum possible loss due to market changes using statistical means.



VAR Standards for Tokai Bank

Calculation method:	Historical simulation
Confidence interval:	99%
Holding period:	One day and ten days
Observation period:	Two years

Risk Management Profile for Fiscal Year Ended March 2000

VAR and Profit and Loss

Tokai Bank's VAR profile in trading operations for the fiscal year ended March 2000 is shown in the table below (major domestic and overseas bases).

	(Billions of yen)	
	Holding period: 1 day	Holding period: 10 days
Maximum VAR	¥1.7	¥4.2
Minimum VAR	¥0.4	¥1.1
Average VAR	¥0.9	¥1.9

VAR is an estimate of the maximum expected loss that would occur at a statistical probability of 1 percent if, for example, an equity or foreign exchange instrument were held continuously for one day and the interest rate or market conditions turned unfavorable. The VAR amount does not necessarily represent the loss that would actually occur.

VAR for the fiscal year ended March 2000, as shown in the line graph in Chart 1, fluctuated within a range of ¥400 million to ¥1.8 billion. The bar graph in the same chart shows that actual day-to-day market valuation gains and losses moved within a range of minus ¥400 million to plus ¥700 million. At

CHART 1: DAILY VALUE AT RISK FOR THE FISCAL YEAR ENDED MARCH 31, 2000

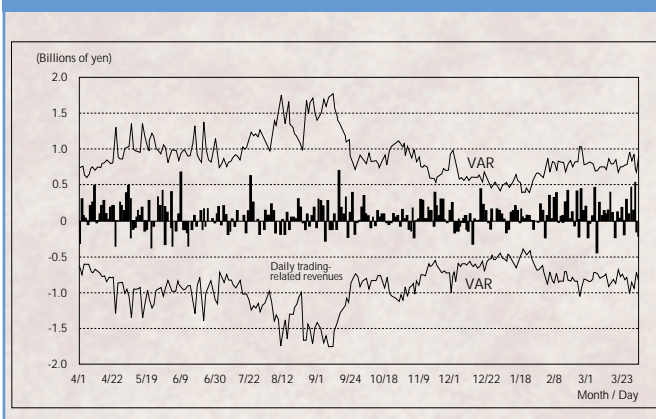
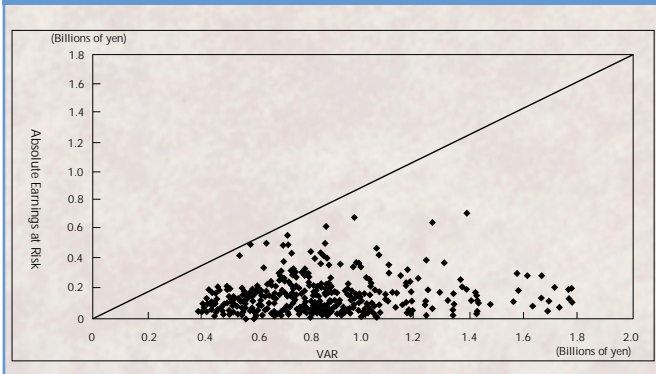


CHART 2: BACK TESTING



no point in the subject period did the actual gains and losses exceed projected VAR.

Back Testing

Back testing is the model used to evaluate the accuracy of risk calculations by comparing the VAR with actual gains and losses. The dots shown in Chart 2 show daily value at risk and the fluctuations in market valuation gains and losses. Dots above the

diagonal median line signify gains or losses that exceeded projected VAR, a situation that did not occur during the past fiscal year.

THE HISTORICAL SIMULATION METHOD

The historical simulation method was developed through joint research by Tokai Bank Europe and the London Business School. Its main features are as follows:

- Since VAR uses simulations based on data from actual past market changes, it provides a better estimate of current market trends than the variance/covariance method used by many other financial institutions, which assumes a normal distribution for changes in market risk factors.
- Profit and loss simulations based on various market change data are carried out in the process of calculating VAR. This allows concrete determination of the market scenarios that would have a major impact on the Bank's current portfolio.
- The use of simulations employing a market valuation model for options enables a better estimate of the nonlinear risks associated with options transactions.

This confirms that Tokai Bank's risk calculation model is a reasonably accurate measure of market risk.

Stress Testing

As described above, VAR is the maximum expected loss estimated at a statistical probability of 1 percent. However, this is an estimated value and we must still consider the possibility that sudden, abnormal movements in market factors could lead to significant losses that are not predictable by VAR calculations. Tokai Bank therefore supplements VAR with stress testing. Stress testing uses past market data and hypothetical scenarios to measure potential losses in the event of extreme market movements.

The use of both VAR and stress testing allows Tokai Bank to ensure that losses under any conditions stay within the scope of the Bank's equity capital. These methods thus serve as constant safety checks.

STRESS TEST PROFILE (Domestic trading; holding period 10 days)	
VAR	¥1.0 billion
Stress value	¥1.6 billion*

(as of March 31, 2000)
*Assumes reverse market movements (interest rates and stock price appreciation) on the magnitude of Black Monday (in October 1987)

Asset-Liability Management (ALM)

Tokai Bank concentrates interest rate risks associated with areas such as deposits and loans in the ALM Division. Using a centrally managed spread banking system, we have successfully achieved effective and efficient control of interest rate risk.

ALM aims at maintaining an appropriate balance between bankwide assets and liabilities such as deposits, market funding and loans using interest

rate projections to secure stable earnings. To ensure optimal management of increasingly complex market risk, we are further raising the efficiency and effectiveness of our ALM techniques.

Cross-Shareholdings

Due to the large balance of our cross-shareholdings, we cannot overlook the risk of losses due to changes in stock prices. With the anticipated introduction of marked-to-market accounting of cross-shareholdings in the year ending March 2002, the task of managing this risk is becoming increasingly important. Tokai Bank is therefore using VAR to calculate the risk amount for cross-shareholdings as well, and sets maximum limits for risk exposure. In addition, the Risk Management Committee is strengthening control of this type of risk through measures such as checking the progress of plans for reducing cross-shareholdings, as set forth in the Plan to Revitalize Management.

Note: "Cross-shareholdings" refers to stock held in companies with which the Bank has close business relationships. These shares are typically held for the long term and are treated separately from shares held for trading and investment purposes.

CREDIT RISK MANAGEMENT IN OFF-BALANCE-SHEET TRANSACTIONS

Off-balance-sheet transactions such as derivative transactions are an indispensable part of the banking business. As such transactions increase, precise measurement of the risks in each transaction and rigorous management of these risks as a collective whole have become important tasks for a bank's management.

Derivative Products and Forward Foreign Exchange Transactions

As is the case with stocks and bonds, derivative products and forward foreign exchange transactions carry the risk of unrealized losses arising from changes in interest rates, stock prices or foreign

exchange rates (market risk). In addition to these, there is also the credit risk that assets might become unrecoverable due to the bankruptcy of counterparties.

In the event of a counterparty's bankruptcy, the potential loss is not linked to the contractual amount (the notional amount) itself, as is the case with loans, but is equivalent to the replacement cost, i.e., the amount that would be required to conclude the same transaction with another counterparty. This replacement cost is shown as the credit risk amount in the chart below.

As in lending operations, credit risk for individual transaction counterparties is managed by setting limits on transaction amounts for each counterparty and thus ensuring that each type of transaction does

DERIVATIVE PRODUCTS AND FORWARD FOREIGN EXCHANGE TRANSACTIONS (CONSOLIDATED BASIS)

	Years ended March 31 (Billions of yen)					
	Contract/Notional Amounts			Credit Risk Amount		
	2000	1999	1998	2000	1999	1998
Interest rate swaps	62,884.8	61,141.9	50,174.5	635.8	822.1	670.6
Currency swaps	1,248.3	1,137.2	979.9	86.0	86.5	124.0
Forward foreign exchange contracts	1,702.6	7,073.9	13,907.2	40.2	248.9	565.6
Interest rate options (bought)	2,305.4	3,071.0	2,758.5	20.5	18.8	27.4
Currency options (bought)	1,930.5	414.7	3,142.2	24.3	15.6	95.7
Other derivative financial instruments	5,381.8	4,986.7	6,756.0	68.2	24.9	18.1
Effect of netting	—	—	—	(477.4)	(690.5)	(687.2)
Total	75,453.5	77,825.6	77,718.4	397.7	526.6	814.5

- Notes: 1) The amounts stated above are based on the risk-adjusted capital ratio (BIS international standard). The current exposure method is generally employed to calculate the credit risk amount.
2) Contract and notional amounts for exchange-traded contracts to which international standards do not apply, and foreign exchange-related contracts with original contract terms of 14 days or less, were as follows:

	Years ended March 31 (Billions of yen)		
	Contract/Notional Amounts		
	2000	1999	1998
Interest rate swaps	—	—	—
Currency swaps	—	—	—
Forward foreign exchange contracts	914.4	1,004.8	1,771.4
Interest rate options (written)	2,092.7	5,085.5	5,632.7
Interest rate options (bought)	1,996.9	5,879.0	5,190.9
Currency options (written)	9.0	30.6	16.6
Currency options (bought)	2.1	21.2	25.1
Other derivative financial instruments*	7,577.2	9,053.7	13,749.8
Total	12,592.3	21,074.8	26,386.5

* Currency futures, interest rate futures, bond futures, bond options, stock futures and stock options

not exceed the limit. The overall replacement cost (credit risk amount) is assessed periodically and incorporated into the management of credit risk.

Credit-Related Transactions

Off-balance-sheet transactions also encompass commitments and guarantee contracts. Unlike derivative financial instruments and forward foreign exchange contracts, the maximum risk in the event of a counterparty's bankruptcy in these transactions would be the contract amount.

For these types of transactions, as in lending, credit risk is managed by setting limits on transaction amounts individually for each counterparty.

CREDIT-RELATED TRANSACTIONS (CONSOLIDATED BASIS)

	Years ended March 31 (Billions of yen)		
	Contract Amount		
	2000	1999	1998
Commitments to extend credit	7,211.5	7,715.0	8,409.3
Guarantee contracts	1,038.0	1,165.8	1,370.3
Others	1,031.9	254.5	593.3
Total	9,281.5	9,135.3	10,372.9

LIQUIDITY RISK

Liquidity risk is the risk of tightening in funding due to difficulty in procuring the necessary funds as a result of deterioration in market conditions or in the financial conditions of financial institutions.

Tokai Bank emphasizes stable fund procurement as a fundamental policy. The Risk Management Division coordinates efforts among related divisions to conduct proper management of funding operations. This results in smooth execution of operations without any concerns about procuring the necessary funds in yen and foreign currencies.

Risk Management System

The ALM Division raises funds in yen, while the Treasury & Securities Division is in charge of funding in foreign currencies. While these divisions bear responsibility for funding, the Risk Management

Division supervises overall liquidity risk management operations.

Action plans are also prepared according to the prevailing market environment so that marketable assets can be readied for immediate conversion to cash. These and other measures ensure that the Bank is prepared to deal with sudden changes in the environment.

Risk Management Procedures

Relevant divisions and the Risk Management

Division monitor the status of funding and compliance with rules relating to funding (the upper limit for funds to be raised, etc.) on a daily basis by calculating the Bank's funding needs.

Liquidity risk is also monitored regularly by the Risk Management Committee. The committee deliberates policies for dealing with risk and reports to top management.

SYSTEMS RISK

Systems risk refers to the risk that the Bank may incur losses due to the failure or erroneous operation of computer systems, or as a result of defects in, or illicit use of, systems. Tokai Bank devotes its fullest efforts to controlling these risks properly, so as to assure secure, stable operation of systems.

Systems Risk Management System

The Systems Planning Division collaborates with other related divisions to carry out bankwide systems risk management. The division updates the systems risk management policy every six months based on the Bank's security policy, and routinely checks monitoring conditions and reports to management.

Systems Risk Management Procedures

Tokai Bank carries out research and analysis (scoring) of risks for each system to determine the frequency at which risks materialize, the size of losses, and risk control conditions in a comprehensive manner. The scoring results help to reduce risk by clarifying which systems require the highest priority from the standpoint of risk management. Dual systems are in place for all critical equipment such as computers and networks, so that in the unlikely event of a systems failure, normal business operations could continue using the backup equipment. In addition, we are preparing for any foreseeable situation by establishing emergency measures such as a crisis management system and systems recovery procedures to deal with systems failures and conducting periodic drills.

As part of Tokai Bank's efforts to raise the level of systems risk management, in the second half of the fiscal year ended March 2000 we began the examinations into the quantification of systems risk.

Year 2000 Problem

Tokai Bank placed the highest priority on dealing with the Year 2000 (Y2K) computer problem, and took all necessary preparatory measures, including conducting compliance testing throughout the Bank and drawing up contingency plans.

As a result of these preparations, the Bank's systems, facilities and equipment ran smoothly at the end of 1999 and the beginning of 2000, the period when problems were deemed most likely to occur, as well as on February 29, a special leap day, and the Bank conducted its business as usual.

We would like to thank our shareholders and customers for their understanding and cooperation as we dealt with the challenges of the Y2K problem.

We will continue to give our attention to this issue.

OPERATIONAL RISK

Banks execute various operations in a variety of business activities, ranging from deposit-taking and lending to foreign exchange. Executing each of these operations in a speedy and precise manner is essential to winning the trust of customers.

With the rapid changes taking place in the banking environment in recent years, banks are handling a more diverse range of businesses and products, creating a need for more sophisticated management of operational risk, which is the risk arising from processing errors or deficiencies in management systems. Based on this awareness, Tokai Bank strives to maintain and improve administration quality in order to prevent the occurrence of problems, and is bolstering its efforts to properly manage and control operational risk.

Management System and Status of Initiatives

The Operations Planning Division is in charge of the Bank's operational risk management, and it collaborates with all relevant sections in promoting bankwide risk management throughout all managing processes, starting from awareness and assessment of risk, to control and monitoring activities.

Comprehensive audits are performed by the Audit Division and General Managers of branches and divisions are responsible for carrying out self-assessment at their own branches or divisions, thereby enhancing the internal audit. Furthermore, the senior manager in charge of operations is appointed to each branch or division and specialized staff for providing guidance in branch administration are assigned to the Operations Planning Division. This structure facilitates internal checks and

balances, and prompt correction of problem areas.

To prevent irregularities, Tokai Bank is enhancing its administrative procedures in the areas including operating processes, scope of authority and management methods. In addition, we provide administrative training at all levels of responsibility, including General Managers of branches and divisions, upgrade office equipment to provide support for speedy, accurate administrative processing and implement systems to strengthen monitoring functions.

Furthermore, we are relieving each branch of internal back-office administration by centralizing it at a specialized administrative processing center through a “backless” operation. We are thus raising the efficiency of internal administrative processes and enhancing the cross-verification system between branches and centers, thereby building a framework that allows the Bank to respond more swiftly to changes in the operating environment.

Audit System

The Audit Division conducts on-site audits at least once a year at every branch, including those overseas, and each head office division. These audits are performed to assess the effectiveness of internal management systems and to correct any problems identified, thus facilitating prevention of irregularities and ensuring sound, balanced management at branches.

Specifically, the division audits cash, securities and other cash instruments, checks for discrepancies in the various accounts, and inspects each type of custodial and contract matter and its maintenance. In addition, the division conducts multifaceted checks on branch management conditions in areas such as compliance systems and execution of

branch cross-checks and provides guidance where needed.

Tokai Bank is also fortifying the Branch Administration Center, which conducts audits of small branches and spot audits of newly established branches.

In our overseas operations and treasury and securities operations, we are taking measures against various risks by strengthening internal audits and branch inspections conducted by the International & Investment Banking Audit Department. In systems related operations, efforts are focused on bolstering audits of systems risk management structure, such as the audit of the outsourcing of work of the Systems Division and audits of small, decentralized systems at headquarters.

With the centralization of branch administration and the increasing sophistication and diversification of business activities, we are conducting audits of branches, headquarters and affiliates to enhance the audit function for risk management in interrelated fields.

LEGAL RISK MANAGEMENT AND COMPLIANCE SYSTEM

Based on Tokai Bank’s philosophy --- “Earning the trust of our customers, we aim to foster growth and prosperity in partnership with the community we serve” — the Tokai Bank Charter on Ethics and Code of Conduct set forth Tokai Bank’s fundamental policies and standards concerning compliance. They establish the principle that the Bank shall comply with the laws and rules of society, conducting its business fairly and in good faith, and shall not be found lacking in its ethical and compliance standards, and clarify the Bank’s stance that

compliance with laws and regulations is a matter of the highest management priority. They also incorporate the spirit of compliance the Bank expects its employees to embrace in abiding by the laws and rules of society and rules at the workplace.

These provisions reflect our awareness of the highly public nature of the banking business and the social responsibility we bear, as well as our understanding that compliance with laws and regulations is a fundamental requirement for earning the confidence of customers, shareholders and society. Furthermore, legal compliance is a basic prerequisite in carrying out risk management activities.

To instill an organizational culture of compliance, we had established the Compliance Committee headed by the President, which formulated a basic policy and created internal compliance systems. In April 1999, however, we created the Compliance Division, which has managed legal risk, a task previously performed by the Legal Division, and carried out in addition the planning, guidance and management of compliance-related systems in the Bank. Furthermore, the branch (or division general) manager and the joint general (or division deputy general) manager have been appointed as the person in charge of compliance and the compliance officer, respectively, at each branch (or division) to create compliance systems at individual branches (or divisions). The thorough implementation of compliance systems is ensured through audits

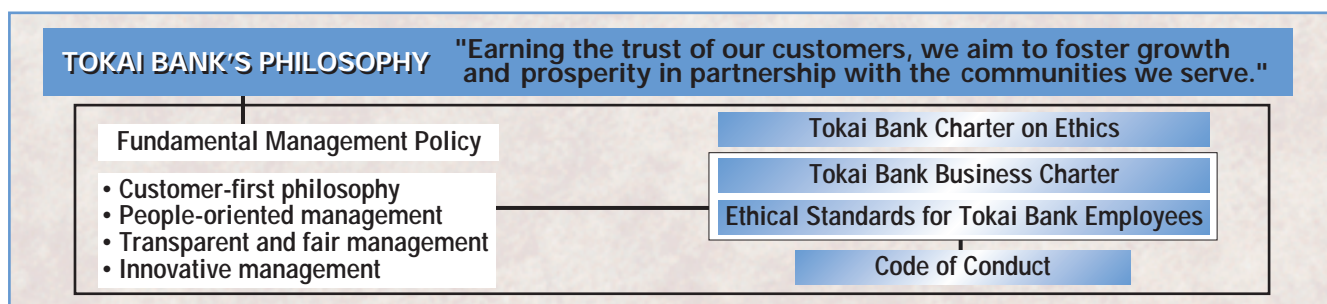
performed by the Audit Division.

Management of legal risk is centralized in the Compliance Division. The Division verifies the legal risks in each area of the banking business and manages them appropriately, thus proactively preventing and minimizing losses and protecting the Bank's rights.

Specifically, the Division checks the matters on the agendas discussed at the Executive Committee and Board of Directors meetings, new products and businesses, customer contracts and important internal documents to ensure that they do not breach any laws and are appropriate in view of the public nature of the banking business. Its efforts extend also to preventing the materialization of legal risk by fielding legal inquiries from headquarters and branches and providing guidance and assistance regarding concrete measures. The Compliance Division maintains close contact with legal advisors with respect to its activities to preserve its specialization and objectivity.

The Division has also prepared a compliance manual that covers such topics as legal checkpoints and relevant laws pertaining to business execution. At the same time, it is also strengthening group training and workplace education in these areas.

Based on the compliance promotion plan adopted at the Board of Directors meeting in March 2000, Tokai Bank will continue during the current fiscal year to further strengthen its compliance system.



FINANCIAL SECTION

SIX-YEAR FINANCIAL SUMMARY	40
FINANCIAL REVIEW	41
CONSOLIDATED FINANCIAL STATEMENTS	51
CONSOLIDATED BALANCE SHEETS	51
CONSOLIDATED STATEMENTS OF OPERATIONS	52
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	53
CONSOLIDATED STATEMENTS OF CASH FLOWS	54
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	55
ADDITIONAL NON-CONSOLIDATED FINANCIAL INFORMATION	71

SIX-YEAR FINANCIAL SUMMARY

The Tokai Bank, Limited and Consolidated Subsidiaries

Years ended March 31

Millions of Yen

STATEMENTS OF OPERATIONS DATA FOR THE FISCAL YEAR

	2000	1999	1998	1997	1996	1995
Total Income	¥ 1,646,168	¥ 1,343,238	¥ 1,563,184	¥ 1,786,743	¥ 1,968,388	¥ 1,523,370
Interest income	860,179	959,239	1,021,732	1,366,362	1,390,235	1,309,492
Fees and commissions	69,578	65,476	64,187	62,977	60,045	55,688
Trading profits	55,011	18,560	90,719	—	—	—
Other operating income	121,885	130,603	116,085	153,675	195,854	79,465
Other income	539,514	169,360	270,461	203,729	322,253	78,726
Total Expenses	¥ 1,524,338	¥ 1,711,858	¥ 1,546,854	¥ 1,745,572	¥ 2,215,623	¥ 1,499,551
Interest expenses	512,753	637,447	707,180	1,049,498	1,021,346	984,343
Fees and commissions	12,688	11,214	19,875	10,800	16,601	17,064
Trading losses	29,034	4,042	72,047	—	—	—
Other operating expenses	131,688	74,755	30,079	87,498	127,451	57,129
General and administrative expenses ..	234,911	273,287	288,858	285,550	264,882	251,326
Provision for possible loan losses	17,467	150,668	306,542	39,553	533,029	46,703
Other expenses	585,797	560,445	122,273	272,673	252,314	142,985
Income (loss) before income taxes and minority interests	121,830	(368,620)	16,330	41,171	(247,235)	23,819
Net Income (Loss)	¥ 41,626	¥ (286,763)	¥ 14,257	¥ 16,800	¥ (134,605)	¥ 4,624

BALANCE SHEET DATA AT FISCAL YEAR-END

Total Assets	¥30,549,755	¥31,524,099	¥34,116,429	¥34,669,112	¥32,345,180	¥32,149,809
Call loans	366,082	622,698	371,531	98,641	195,295	329,998
Trading assets	883,989	1,252,664	1,943,701	—	—	—
Trading account securities	—	—	—	1,555,970	1,033,837	956,037
Securities	5,520,291	4,574,963	4,279,644	4,629,023	4,282,067	3,848,231
Loans and bills discounted	18,637,254	18,869,157	20,504,164	20,635,319	20,137,064	19,796,083
Reserve for possible loan losses	(286,750)	315,611	804,298	731,186	789,704	315,976
Total Liabilities	¥28,844,998	¥29,825,539	¥32,916,617	¥33,607,756	¥31,385,717	¥31,036,568
Deposits	20,631,193	20,842,935	22,051,406	22,791,499	22,417,533	22,268,179
Trading liabilities	990,794	637,564	1,131,428	—	—	—
Minority Interests	¥ 120,094	¥ 134,130	¥ 134,025	¥ —	¥ —	¥ —
Total Shareholders' Equity	¥ 1,584,663	¥ 1,564,430	¥ 1,065,787	¥ 1,061,356	¥ 959,463	¥ 1,113,241
Capital stock	723,138	722,969	361,972	361,972	311,972	311,931

PER SHARE DATA FOR THE FISCAL YEAR

Net income (loss)	¥ 14.43	¥ (143.01)	¥ 5.33	¥ 6.59	¥ (66.34)	¥ 2.28
Shareholders' equity	392.89	383.96	475.98	473.80	472.86	548.67

Notes: Concurrent with the change in the method for indicating the reserve for possible loan losses as an aggregated single deduction from the relevant assets in the fiscal year ended March 2000, a retroactive application is made to figures in the previous fiscal years.

FINANCIAL REVIEW

Scope of Consolidation

Central Mortgage Acceptance Corp. and three other companies have become subsidiaries under the scope of consolidation beginning with the consolidated financial statements for the fiscal year ended March 2000, as a result of additional acquisitions of their shares by the parent bank. Tokai Market Operation Service Co., Ltd. and six other companies are now excluded from consolidation as a result of mergers.

Hanil Leasing Co., Ltd. and four other affiliated companies accounted for using the equity method have been excluded from the consolidated financial statements because they no longer satisfy the conditions required for affiliated company status. Central Mortgage Acceptance Corp. and two other companies have been excluded since they are now consolidated subsidiaries.

Analysis of Consolidated Statements of Operations

For the fiscal year ended March 31, 2000, consolidated total income, including extraordinary profit, increased 22.6 percent from the previous fiscal year to ¥1,646.2 billion (US\$15,508 million). Total expenses, including extraordinary losses, decreased 11.0 percent to ¥1,524.3 billion (US\$14,360 million). As a result, income before income taxes and minority interests totaled ¥121.8 billion (US\$1,148 million).

Income Summary

Years ended March 31	Billions of yen		Millions of U.S. dollars
	2000	1999	2000
Net interest income	¥347.4	¥321.8	\$3,272.7
Net fees & commissions	56.9	54.3	536.0
Net trading profits	26.0	14.5	244.9
Net other operating income (loss)	(9.8)	55.8	(92.3)
Subtotal (income from business activities)	420.5	446.4	3,961.4
General and administrative expenses	234.9	273.3	2,212.9
Provision for possible loan losses	17.5	150.7	164.9
Net other (expenses) income	(46.3)	(391.1)	(436.0)
Stock related gain*	318.6	64.8	3,001.4
Disposal of problem loans*	300.1	564.9	2,827.1
Loan charge-offs*	114.6	211.7	1,080.0
Loss on sales of problem loans to CCPC*	10.8	27.1	101.6
Loss on bulk sales*	5.2	32.7	48.7
Loss on extending support to customers	178.2	179.4	1,678.4
Net income (loss)	41.6	(286.8)	392.1

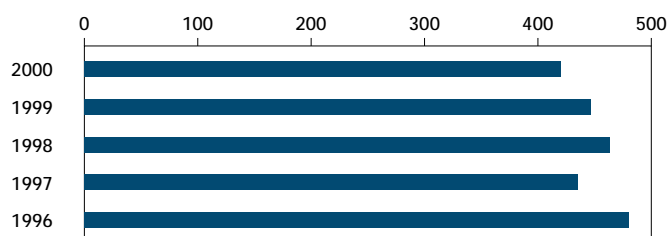
* Figure for parent company only

Net interest income rose 8.0 percent to ¥347.4 billion (US\$3,273 million) due mainly to an improved net interest margin on deposits and loans. Net fees and commissions increased 4.8 percent to ¥56.9 billion (US\$536 million). Net trading profits jumped 78.9 percent to ¥26.0 billion (US\$245 million). Net other operating loss totaled ¥9.8 billion (US\$92 million). This loss was due to a weak market for bonds and a loss on sales of bonds, as Tokai Bank recognized losses on sales of foreign bonds with unrealized losses in advance of the mandatory introduction of marked-to-market accounting for financial products.

As a result, income from business activities decreased 5.8 percent to ¥420.5 billion (US\$3,961 million). General and administrative expenses decreased 14.0 percent to ¥234.9 billion (US\$2,213 million) as a result of Tokai Bank's continued efforts to reduce expenses.

In addition, credit charges incurred as a result of the parent bank's disposal of problem loans totaled ¥300.1 billion (US\$2,827 million), down 46.9 percent from the prior fiscal year, and the parent bank recorded stock related profit of ¥318.6 billion (US\$3,001 million). Consequently, net income amounted to ¥41.6 billion (US\$392 million), and net income per share was ¥14.43.

Income from Business Activities (Billions of yen)



General and Administrative Expenses (Billions of yen)



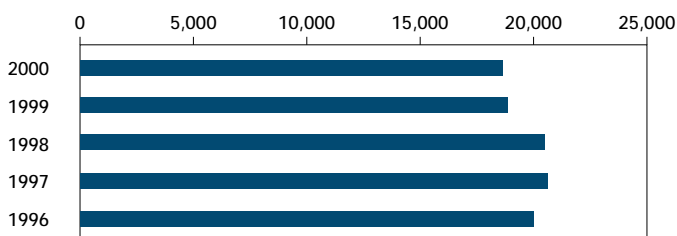
Analysis of Consolidated Balance Sheets

Assets

Total assets at March 31, 2000 decreased 3.1 percent from a year earlier to ¥30,549.8 billion (US\$287,798 million) due to a decrease in loans and other assets.

Loans and bills discounted decreased 1.2 percent from a year earlier to ¥18,637.3 billion (US\$175,575 million) due to the removal of problem loans from the balance sheet and the Bank's efforts to raise asset efficiency, particularly for overseas assets.

Loans and Bills Discounted (Billions of yen)



Liabilities

Total liabilities decreased 3.3 percent to ¥28,845.0 billion (US\$271,738 million) due to a decline in deposits, including negotiable certificates of deposit.

Loans Under Risk Monitor (After Partial Direct Charge-Offs)

Loans under risk monitor (after partial direct charge-offs) as of March 31, 2000 decreased ¥19.7 billion from a year earlier to ¥701.6 billion, representing 3.76 percent of total loans and bills discounted. Beginning in September 1999, disclosure of loans under risk monitor has been revised to correspond to changes in borrower categories based on the payment or suspension of interest as determined by assessment of assets. Figures for the year ended March 1999 have been restated to reflect the change.

As of March 31	Billions of yen		
	2000	1999	Change
Loans to borrowers in legal bankruptcy	¥ 72.0	¥ 97.6	¥ (25.6)
Overdue loans	513.5	510.3	3.3
Loans overdue for at least 3 months	47.0	49.9	(2.9)
Loans with concessions in terms	69.1	63.5	5.5
Total	¥ 701.6	¥ 721.2	¥ (19.7)
Loans outstanding (term end)	¥18,637.3	¥18,869.2	¥(231.9)

Reserves for Possible Loan Losses

As of March 31	Billions of yen		
	2000	1999	Change
General reserve	¥118.9	¥ 97.9	¥ 21.0
Specific loan loss reserve	160.4	209.5	(49.1)
Specific reserve for overseas loan losses	7.4	8.2	(0.7)
Total	¥286.7	¥315.6	¥ (28.9)

Reserve Ratio for Loans Under Risk Monitor

As of March 31	%		
	2000	1999	Change
Before partial direct charge-offs	66.3	66.2	0.1
After partial direct charge-offs	40.8	43.7	(2.8)

Credit Exposure (After Partial Direct Charge-Offs) Under Financial Reconstruction Law Disclosure Standards (Financial Reconstruction Law, Article 7)

Total credit exposure under the new disclosure standards of the Financial Reconstruction Law decreased ¥90.9 billion from March 31, 1999 to ¥747.3 billion as of March 31, 2000.

As of March 31	Billions of yen		
	2000	1999	Change
Bankrupt and quasi-bankrupt claims	¥ 217.0	¥ 284.6	¥ (67.7)
Doubtful claims	414.1	411.0	3.1
Substandard claims	116.2	142.5	(26.3)
Subtotal	747.3	838.2	(90.9)
Normal	19,706.4	20,187.5	(481.1)
Total	¥20,453.7	¥21,025.6	¥(571.9)

Total Shareholders' Equity and Capital Adequacy

Total shareholders' equity increased 1.3 percent to ¥1,584.7 billion (US\$14,929 million). Shareholders' equity per share increased to ¥392.89, compared to ¥383.96 a year earlier.

Tokai Bank's capital ratio at March 31, 2000 was 12.61 percent, remaining consistently above 12 percent. Risk-weighted assets decreased 1.6 percent to ¥20,294.1 billion (US\$19,183 million) concurrent with the appreciation of the yen and the decline in loans and bills outstanding.

BIS Capital Ratio

As of March 31	Billions of yen		
	2000	1999	1998
Tier I			
Capital stock	¥ 723	¥ 723	¥ 362
Noncumulative perpetual preference shares	350	350	0
Original value of new shares	—	—	—
Capital reserve	649	649	288
Consolidated earned surplus	111	92	—
Legal reserve	—	—	66
Voluntary reserve	—	—	33
Profits carried forward	—	—	296
Minority interests in consolidated subsidiaries	120	134	134
Preferred securities issued by an overseas special purpose company	106	121	132
Goodwill	—	—	—
Consolidation adjustment accounts	—	—	—
Total (A)	<u>1,604</u>	<u>1,598</u>	<u>1,179</u>
Tier II			
45% of unrealized gains on securities	—	—	—
45% of difference from land revaluation	67	71	65
General reserve	119	98	90
Balance of subordinated loans (bonds)	771	834	900
Amount not included in Tier II	—	—	—
Total (B)	<u>957</u>	<u>1,003</u>	<u>1,055</u>
Tier III			
Subordinated liabilities with short-term maturity Amount included in Tier III	—	—	—
Total (C)	<u>—</u>	<u>—</u>	<u>—</u>
Total capital (A)+(B)+(C) (D)	<u>2,561</u>	<u>2,602</u>	<u>2,234</u>
Deductions (E)	<u>1</u>	<u>1</u>	<u>—</u>
Total capital (D)-(E) (F)	<u>2,560</u>	<u>2,601</u>	<u>2,234</u>
Risk-weighted assets			
Balance sheet amount	19,137	19,558	20,377
Off-balance sheet amount	997	948	1,158
Risk-weighted assets compiled for market risk (G) / 8% (G)	160	127	248
(Reference) Market risk amount	13	10	20
Total (H)	<u>¥20,294</u>	<u>¥20,633</u>	<u>¥21,783</u>
Capital Ratio (F/H)x100	12.61%	12.60%	10.25%

- Notes: 1. Figures above that are calculated according to the methods prescribed in the Ministry of Finance bulletin based on regulation 14-2 of the Banking Law represent consolidated figures.
2. Land revaluation excess, which is the difference between the total market value and total book value after revaluation of the subject assets, was ¥33.7 billion. The 45 percent appropriate adjustment for land revaluation excess is the difference between land revaluation and book value prior to revaluation.
3. The line items "Earned reserve," "Voluntary reserves" and "Retained earnings brought forward to the next year" for the year ended March 1998 have been presented under "Consolidated earned surplus" for the years ended March 1999 and 2000 in conformance with the regulations for consolidated financial statements.

4. The following outlines the "Preferred securities issued by an overseas special purpose company" under "Tier 1":
- a. Issuer: Tokai Preferred Capital Company L.L.C. (hereafter "LLC")
 - b. Type of Preferred Securities: Non-cumulative perpetual preferred securities
 - c. Redemption Period: Perpetual (no redemption period). However, beginning from the June 2008 dividend payment date, the LLC may redeem all or part of the preferred securities at its discretion. In addition, the said preferred securities may be redeemed only after the requirements for such redemption as provided under the law, including the approval by the authorities in advance, have been fully satisfied.
 - d. Dividend rate: Fixed for the first ten years. Thereafter, variable based on the U.S. dollar LIBOR.
 - e. Amount of issue: US\$1 billion
 - f. Funding date: March 26, 1998
 - g. Payment of dividends: Dividends are paid twice annually on the last day of June and December using interest paid on a Credit-Linked Note issued by Tokai Bank and held by the LLC.
 - h. Suspension of dividend payment: Dividend payments may be suspended at the discretion of Tokai Preferred Capital Holdings, Inc., a wholly owned subsidiary of Tokai Bank. However, if Tokai Bank pays any dividends to the holders of its common or preferred shares with respect to any fiscal year of the Bank, then dividends on the preferred securities must be paid on the dividend payment dates that occur in December of the calendar year in which such fiscal year ends and June of the next succeeding calendar year.
 - i. Ranking of claim on assets: Each certificate of US\$1,000 has claim on assets of \$1,000, with substantially the same priority as Tokai Bank's preferred shares.

Market Prices of Securities & Other Marketable Instruments

Prices of Marketable Securities

Fiscal year ended March 31, 2000	Book Value	Market Value	Billions of yen		
			Difference		
			Net	Profit	Loss
Securities					
Bonds	¥ 760.4	¥ 732.0	¥ (28.4)	¥ 1.1	¥ 29.5
Stocks	2,352.6	2,923.2	570.5	710.7	140.2
Others	218.9	216.5	(2.4)	16.1	18.5
Total	¥3,331.9	¥3,871.6	¥539.7	¥727.9	¥188.2

- Notes: 1. The above table covers only listed trading securities (bonds include government bonds, regional government bonds and corporate bonds). Market prices of stocks and/or bonds for the year ended March 31, 2000, may be determined based on the closing prices on the Tokyo Stock Exchange and/or calculated from yields announced by the Japan Securities Dealers Association. In most cases, the market prices of other listed securities are determined by using the closing prices on the Tokyo Stock Exchange.
2. The table below covers unlisted securities for which it is possible to estimate a market value.

Prices of Unlisted Securities

Fiscal year ended March 31, 2000	Book Value	Market Value	Billions of yen		
			Difference		
			Net	Profit	Loss
Securities					
Bonds	¥502.5	¥500.3	¥(2.1)	¥ 1.8	¥ 3.9
Stocks	22.0	40.3	18.2	22.3	4.1
Others	158.7	152.0	(6.7)	3.0	9.6
Total	¥683.1	¥692.6	¥ 9.5	¥27.1	¥17.7

The market values of unlisted securities are determined as follows: transaction prices announced by the Japan Securities Dealers Association in the case of securities traded over the counter; prices calculated from yields announced by the Japan Securities Dealers Association in the case of bonds sold through public offering; market prices announced by authorized fund management companies in the case of beneficiary certificates in securities investment trusts; and, transaction prices on the NASDAQ of the National Association of Securities Dealers of the USA in the case of securities traded over-the-counter in the USA.

3. The table below shows the book values on the consolidated balance sheets for March 31, 2000 for unlisted securities, which are not subject to market price valuation disclosure as below.

Fiscal year ended March 31, 2000	Billions of yen
Securities	
Bonds	¥1,316.9
Stocks	67.6
Others	¥120.7

4. Trading securities and securities held for trading purposes, which are accounted for in the trading accounts, are revaluated at the market prices, and the relevant profit or loss evaluations are reflected in the consolidated statements of operations for the year ended March 31, 2000. This description is therefore omitted here.

INCOME AND EXPENSES

(Consolidated Basis)

Domestic and Overseas Operating Income by Division

Year ended March 31

Billions of yen

	2000			
	Domestic	Overseas	Eliminations	Total
Interest income	¥788.3	¥285.1	¥213.2	¥860.2
Interest expenses	468.8	253.5	213.2	509.1
Net interest income	319.4	31.6	—	351.0
Fees and commission income	65.8	6.0	2.2	69.6
Fees and commission expenses	11.6	3.2	2.2	12.7
Net fees and commissions	54.1	2.7	—	56.9
Trading profits	15.7	41.4	2.1	55.0
Trading losses	—	31.1	2.1	29.0
Net trading profits	15.7	10.3	—	26.0
Other operating income	119.7	4.1	2.0	121.9
Other operating expenses	127.8	5.9	2.0	131.7
Other operating income, net	(8.1)	(1.7)	—	(9.8)

Notes:

1. "Domestic" refers to the Bank (excluding overseas branches) and its consolidated subsidiaries with head offices in Japan (hereafter "domestic consolidated subsidiaries").
"Overseas" refers to the overseas branches of the Bank and the Bank's consolidated subsidiaries with head offices overseas (hereafter "overseas consolidated subsidiaries").
2. Intercompany transactions between domestic and overseas are shown under "Eliminations."
3. "Interest expenses" are shown after deduction of an amount equivalent to interest expenses on money held in trust (¥3.6 billion at March 31, 2000).
4. For "Trading profits" and "Trading losses," the net figures are shown for each of the categories "Profits (losses) from trading securities," "Profits (losses) from securities held for trading purposes," "Profits (losses) from derivative financial instruments" and "Other trading profits (losses)."

Interest-Earning Assets and Liabilities

Domestic Operations

Year ended March 31

Billions of yen/%

	2000		
	Average balance	Interest	Yield (%)
Interest-earning assets	¥25,484.4	¥788.3	3.09%
Loans and bills discounted	18,676.2	399.9	2.14
Securities	5,375.9	95.3	1.77
Call loans and bills purchased	446.1	0.6	0.13
Due from banks	667.4	14.7	2.20
Interest-bearing liabilities	23,980.9	468.8	1.95
Deposits	17,370.5	68.1	0.39
Negotiable certificates of deposit	1,732.6	1.8	0.10
Call money and bills sold	2,062.2	8.6	0.41
Commercial paper	258.7	0.6	0.23
Borrowed money	2,579.6	111.1	4.30

Notes:

1. Average balance is calculated, in principle, based on the daily average balance. For consolidated subsidiaries that do not operate in the banking or trust businesses, however, the average balance based on balances at half-year intervals is used.
2. "Domestic" refers to the Bank (excluding overseas branches) and its domestic consolidated subsidiaries.
3. "Interest-earning assets" are shown after deduction of the average balance of non-interest-earning assets due from banks of the Bank (excluding overseas branches) (¥215.9 billion). "Interest-bearing liabilities" are shown after deduction of an amount equivalent to the average balance of money held in trust (¥184.5 billion) and interest (¥3.6 billion).

Overseas Operations

Year ended March 31

Billions of yen/%

	2000		
	Average balance	interest	Yield (%)
Interest-earning assets	¥4,851.0	¥285.1	5.87
Loans and bills discounted	4,202.5	160.7	3.82
Securities	136.7	5.7	4.16
Call loans and bills purchased	32.5	1.6	4.79
Due from banks	414.8	16.4	3.96
Interest-bearing liabilities	4,967.2	253.5	5.10
Deposits	1,354.4	49.6	3.66
Negotiable certificates of deposit	143.0	6.6	4.62
Call money and bills sold	34.2	1.2	3.58
Commercial paper	—	—	—
Borrowed money	2,977.5	102.2	3.43

Notes:

1. Average balance is calculated, in principle, based on the daily average balance. For consolidated subsidiaries that do not operate in the banking or trust businesses, however, the average balance based on balances at half-year intervals is used.
2. "Overseas" refers to the overseas branches of the Bank and its overseas consolidated subsidiaries.
3. Interest-earning assets are shown after deduction of the average balance of non-interest-earning assets due from banks of the Bank's overseas branches (¥5.8 billion).

Total

Year ended March 31

Billions of yen/%

	2000						
	Average			Interest			Yield
	Subtotal	Eliminations	Total	Subtotal	Eliminations	Total	
Interest-earning assets	¥30,335.4	¥4,698.8	¥25,636.6	¥1,073.4	¥213.2	¥860.2	3.35%
Loans and bills discounted	22,878.7	4,534.1	18,344.5	560.6	179.5	381.1	2.07
Securities	5,512.5	98.4	5,414.2	100.9	—	100.9	1.86
Call loans and bills purchased	478.6	—	478.6	2.1	—	2.1	0.44
Due from banks	1,082.2	63.5	1,018.7	31.1	0.3	30.8	3.02
Interest-bearing liabilities	28,948.1	4,631.3	24,316.9	722.3	213.2	509.1	2.09
Deposits	18,724.9	43.2	18,681.7	117.7	1.1	116.7	0.62
Negotiable certificates of deposit	1,875.7	—	1,875.7	8.5	—	8.5	0.45
Call money and bills sold	2,096.4	—	2,096.4	9.8	—	9.8	0.46
Commercial paper	258.7	—	258.7	0.6	—	0.6	0.23
Borrowed money	5,557.0	4,586.9	970.1	213.3	179.9	33.5	3.45

Notes:

1. Interest-earning assets are stated after deduction of average balance of non-interest-earning assets due from banks of the Bank (¥221.7 billion), and interest-bearing liabilities are shown after deduction of an amount equivalent to the average balance of money held in trust (¥184.5 billion) and interest (¥3.6 billion).
2. The average balance and interest of intercompany transactions between domestic and overseas are shown under "Eliminations."

Domestic and Overseas Fees and Commissions

Year ended March 31

Billions of yen

	2000			
	Domestic	Overseas	Eliminations	Total
Fees and commissions (income)	¥65.8	¥6.0	¥2.2	¥69.6
Deposits and loans	5.8	1.7	0.5	7.0
Remittances and transfers	29.4	1.0	0.1	30.2
Securities	6.2	—	—	6.2
Proxy	1.9	0.1	0.1	1.9
Custody and safe box services	1.4	—	—	1.4
Guarantees	7.2	1.0	—	8.2
Fees and commissions (expenses)	11.6	3.2	2.2	12.7
Remittances and transfers	5.5	0	0.1	5.4

Notes:

1. "Domestic" refers to the Bank (excluding overseas branches) and its domestic consolidated subsidiaries. "Overseas" refers to the Bank's overseas branches and overseas consolidated subsidiaries.
2. Intercompany transactions between domestic and overseas are shown under "Eliminations."

Domestic and Overseas Trading Income

Breakdown of Trading Profits and Losses

Year ended March 31

Billions of yen

	2000			
	Domestic	Overseas	Eliminations	Total
Trading Profits	¥15.7	¥41.4	¥2.1	¥55.0
Profits from trading securities	1.6	—	—	1.6
Profits from securities held for trading purposes	2.1	—	2.1	—
Profits from derivative financial instruments	11.3	41.4	—	52.7
Other trading profits	0.8	—	—	0.8
Trading Losses	—	31.1	2.1	29.0
Losses on trading securities	—	—	—	—
Losses on securities held for trading purposes	—	31.1	2.1	29.0
Losses on derivative financial instruments	—	—	—	—
Other trading losses	—	—	—	—

Notes:

1. "Domestic" refers to the Bank (excluding overseas branches) and its domestic consolidated subsidiaries. "Overseas" refers to the Bank's overseas branches and overseas consolidated subsidiaries.
2. Intercompany transactions between domestic and overseas are shown under "Eliminations."
3. Breakdown items are eliminated in both income and expenses. The amount is stated as a net amount under "Profits" if profits exceed losses, and under "Losses" if losses exceed profits.

Breakdown of Trading Assets and Liabilities

As of March 31

Billions of yen

	2000			
	Domestic	Overseas	Eliminations	Total
Trading Assets	¥529.0	¥357.6	¥2.7	¥884.0
Trading securities	166.5	—	—	166.5
Derivatives associated with trading account securities	0.5	—	—	0.5
Securities held for trading purposes	—	236.5	—	236.5
Derivatives associated with securities held for trading purposes	0	0	—	0
Derivative financial instruments	291.5	121.1	2.7	410.0
Other trading assets	70.5	—	—	70.5
Trading Liabilities	518.4	475.0	2.7	990.8
Trading securities sold for short sales	225.7	—	—	225.7
Derivatives associated with trading account securities	0.2	—	—	0.2
Securities sold for trading purposes	—	326.5	—	326.5
Derivatives associated with securities held for trading purposes	—	0	—	0
Derivative financial instruments	292.6	148.5	2.7	438.4
Other trading liabilities	—	—	—	—

Notes:

1. "Domestic" refers to the Bank (excluding overseas branches) and its domestic consolidated subsidiaries. "Overseas" refers to the Bank's overseas branches and overseas consolidated subsidiaries.
2. Intercompany transactions between domestic and overseas are shown under "Eliminations."

SUMMARY OF OPERATIONS

Deposits

Domestic and Overseas Balance of Deposits by Category

As of March 31

	Billions of yen		
	2000		
	Domestic	Overseas	Total
Demand deposits	¥ 7,155.1	¥ 138.4	¥ 7,293.5
Fixed term deposits	9,231.6	1,094.4	10,326.0
Other deposits	876.3	103.5	979.8
Subtotal	17,263.0	1,336.3	18,599.3
Certificates of deposit	1,983.1	48.9	2,031.9
Total	¥19,246.0	¥1,385.2	¥20,631.2

Notes:

- "Domestic" refers to the Bank (excluding overseas branches) and its domestic consolidated subsidiaries. "Overseas" refers to the Bank's overseas branches and overseas consolidated subsidiaries.
- Deposits are classified as follows:
 - Demand deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
 - Fixed term deposits = Time deposits + Installment savings

Securities

Domestic and Overseas Securities Holdings

As of March 31

	Billions of yen		
	2000		
	Domestic	Overseas	Total
National government bonds	¥2,054.9	¥ —	¥2,054.9
Regional government bonds	283.3	—	283.3
Corporate bonds	240.7	0.8	241.5
Stocks	2,441.9	0.3	2,442.2
Other securities	402.7	95.6	498.3
Total	¥5,423.7	¥96.6	¥5,520.3

Notes:

- "Domestic" refers to the Bank (excluding overseas branches) and its domestic consolidated subsidiaries. "Overseas" refers to the Bank's overseas branches and overseas consolidated subsidiaries.
- "Other securities" include foreign bonds and overseas stocks.

Loans

Balance of Specific Overseas Loans

As of March 31, 2000

	Billions of yen/%
Indonesia	¥50.1
Other six countries	0.6
Total	¥50.6
Percentage of total assets	0.16%

CONSOLIDATED BALANCE SHEETS

The Tokai Bank, Limited and Consolidated Subsidiaries
March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
ASSETS			
Cash and cash equivalents (Note 4)	¥ 791,123	¥ 644,386	\$ 7,452,878
Due from banks other than due from The Bank of Japan	603,865	676,040	5,688,789
Call loans	366,082	622,698	3,448,724
Commercial paper and other debt purchased	40,703	185,964	383,448
Trading assets (Notes 5 and 12)	883,989	1,252,664	8,327,734
Money held in trust (Note 6)	106,821	254,512	1,006,321
Securities (Notes 7 and 12)	5,520,291	4,574,963	52,004,626
Loans and bills discounted (Notes 8 and 12)	18,637,254	18,869,157	175,574,696
Foreign exchanges (Note 9)	306,504	366,782	2,887,461
Other assets (Notes 10 and 12)	1,879,596	2,476,536	17,706,981
Premises and equipment (Note 11)	349,370	363,696	3,291,286
Customers' liabilities for acceptances and guarantees (Note 13)	1,049,637	1,171,592	9,888,243
Deferred tax assets (Note 23)	303,703	380,720	2,861,074
Reserve for possible loan losses	(286,750)	(315,611)	(2,701,366)
Reserve for possible investment losses	(2,433)	—	(22,920)
Total	¥30,549,755	¥31,524,099	\$287,797,975
LIABILITIES			
Deposits (Notes 12 and 14)	¥20,631,193	¥20,842,935	\$194,358,860
Call money (Note 12)	2,181,498	2,222,484	20,551,088
Commercial paper	375,000	58,000	3,532,737
Trading liabilities (Note 5)	990,794	637,564	9,333,905
Borrowed money (Notes 12 and 15)	730,308	699,751	6,879,962
Foreign exchanges (Note 9)	50,062	119,599	471,616
Other liabilities (Notes 12 and 16)	2,253,647	3,446,876	21,230,777
Reserve for possible losses on collateralized real estate loans sold	55,455	70,186	522,421
Reserve for retirement allowances	36,204	36,296	341,065
Other reserves	16	9	151
Bonds and notes (Note 17)	430,847	452,313	4,058,851
Convertible debt (Note 18)	—	1,799	—
Acceptances and guarantees (Note 13)	1,049,637	1,171,592	9,888,243
Deferred tax liabilities (Note 23)	27	282	254
Deferred tax liabilities relating to land revaluation excess	60,310	65,853	568,158
Total Liabilities	28,844,998	29,825,539	271,738,088
MINORITY INTERESTS	120,094	134,130	1,131,361
SHAREHOLDERS' EQUITY			
Capital stock (Note 19):			
Common stock	373,138	372,969	3,515,195
Preferred stock	350,000	350,000	3,297,221
Capital surplus (Note 19)	649,202	649,032	6,115,893
Land revaluation excess	88,714	92,372	835,742
Earned surplus (Notes 20 and 28)	123,834	100,306	1,166,594
Treasury stock	(225)	(249)	(2,119)
Total Shareholders' Equity	1,584,663	1,564,430	14,928,526
Total	¥30,549,755	¥31,524,099	\$287,797,975

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

The Tokai Bank, Limited and Consolidated Subsidiaries

Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
INCOME			
Interest on:			
Loans and discounts	¥ 383,063	¥ 482,738	\$ 3,608,695
Securities	100,950	105,443	951,013
Other	376,167	371,058	3,543,731
Fees and commissions	69,578	65,476	655,469
Trading profits	55,011	18,560	518,238
Other operating income	121,885	130,603	1,148,234
Other income (Note 21)	539,514	169,360	5,082,562
Total Income	1,646,168	1,343,238	15,507,942
EXPENSES			
Interest on:			
Deposits	125,102	233,110	1,178,540
Borrowings and rediscounts	43,882	58,268	413,396
Other	343,769	346,069	3,238,521
Fees and commissions	12,688	11,214	119,529
Trading losses	29,034	4,042	273,519
Other operating expenses	131,688	74,755	1,240,584
General and administrative expenses	234,911	273,287	2,213,010
Provision for possible loan losses	17,467	150,668	164,550
Other expenses (Note 22)	585,797	560,445	5,518,577
Total Expenses	1,524,338	1,711,858	14,360,226
Income (Loss) before Income Taxes and Minority Interests	121,830	(368,620)	1,147,716
Income Taxes (Note 23):			
Current	4,998	6,111	47,085
Deferred	74,234	(85,776)	699,331
Total Income Taxes	79,232	(79,665)	746,416
Minority Interests in Net Income (Loss)	(972)	2,192	(9,157)
Net Income (Loss)	¥ 41,626	¥ (286,763)	\$ 392,143
Per Share of Capital Stock (Note 2(r))			
Net income (loss)	¥14.43	¥(143.01)	\$0.14
Cash dividends of common stock	7.00	7.00	0.07
Cash dividends of the first preferred stock	68.75	68.75	0.65
Cash dividends of the second preferred stock	18.60	0.06	0.18
Cash dividends of the third preferred stock	19.40	0.06	0.18

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

The Tokai Bank, Limited and Consolidated Subsidiaries

Years Ended March 31, 2000 and 1999

Years ended March 31

	Thousands		Millions of Yen					
	Outstanding Number of Shares		Common Stock	Preferred Stock	Capital Surplus	Land Revaluation Excess	Earned Surplus	Treasury Stock
Balance, April 1, 1998	2,029,059	50,000	¥311,972	¥50,000	¥288,035		¥415,790	¥(10)
Adjustment for newly consolidated subsidiaries							172	
Inclusion of affiliated companies previously not included in consolidated accounts							741	
Exclusion of subsidiaries previously included in consolidated accounts							149	
Adjustment for deferred income taxes due to increase of consolidated subsidiaries							331	
Net loss							(286,763)	
Cash dividends							(31,026)	
Land revaluation						¥92,372		
Merger with Tosho Co., Ltd.							912	
Purchase of treasury stock-net								(239)
Issuance of common stock	222,617		60,997		60,997			
Issuance of preferred stock		300,000		300,000	300,000			
Balance, March 31, 1999	2,251,676	350,000	372,969	350,000	649,032	92,372	100,306	(249)
Exclusion of affiliated companies previously included in consolidated accounts							2,025	
Inclusion of consolidated subsidiaries previously not included in consolidated accounts							(2,021)	
Exclusion of affiliated companies previously included in consolidated accounts							(1,757)	
Net income							41,626	
Cash dividends							(20,378)	
Bonuses to directors							(1)	
Reversal of land revaluation excess						(3,658)	4,033	
Merger with NYB Co., Ltd.							1	
Disposal of treasury stocks-net								24
Conversion of convertible bonds	330		169		170			
Balance, March 31, 2000	2,252,006	350,000	¥373,138	¥350,000	¥649,202	¥88,714	¥123,834	¥(225)

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Preferred Stock	Capital Surplus	Land Revaluation Excess	Earned Surplus	Treasury Stock
Balance, March 31, 1999	\$3,513,603	\$3,297,221	\$6,114,291	\$870,203	\$944,946	\$(2,345)
Exclusion of affiliated companies previously included in consolidated accounts					19,076	
Inclusion of consolidated subsidiaries previously not included in consolidated accounts					(19,039)	
Exclusion of affiliated companies previously included in consolidated accounts					(16,552)	
Net income					392,143	
Cash dividends					(191,974)	
Bonuses to directors					(9)	
Reversal of land revaluation excess				(34,461)	37,994	
Merger with NYB Co., Ltd.					9	
Disposal of treasury stocks						226
Conversion of convertible bonds	1,592		1,602			
Balance, March 31, 2000	\$3,515,195	\$3,297,221	\$6,115,893	\$835,742	\$1,166,594	\$(2,119)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Tokai Bank, Limited and Consolidated Subsidiaries
Years Ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥121,830	¥(368,620)	\$1,147,716
Adjustments for:			
Income taxes — paid	(8,279)	(6,438)	(77,993)
Depreciation and amortization	14,179	18,422	133,575
Equity in earnings of unconsolidated affiliates and associated companies	11,751	—	110,702
Provision for reserve for possible loan losses	17,467	150,668	164,550
Provision for reserve for possible losses on collateralized real estate loans sold	(12,951)	10,089	(122,007)
Net gain on sales and maturities of securities	(297,580)	(99,830)	(2,803,391)
Loss on sales and exchange of loans	311,156	451,407	2,931,286
Changes in assets and liabilities:			
Decrease (increase) in call loans	246,848	(251,167)	2,325,463
Decrease (increase) in commercial paper and other debt purchased	145,261	(181,372)	1,368,450
Decrease in trading assets	307,836	1,266,664	2,900,009
(Increase) decrease in loans and bills discounted	(149,731)	527,840	(1,410,560)
Decrease in deposits for repurchased agreements	306,874	51,584	2,890,947
Decrease in other assets	27,969	1,285,853	263,485
Increase (decrease) in deposits	77,278	(1,208,471)	728,008
Decrease (increase) in trading liabilities	411,434	(1,079,829)	3,875,968
Decrease in deposits received for repurchased agreements	(119,613)	(130,757)	(1,126,830)
(Decrease) increase in call money	(28,620)	556,202	(269,618)
Issuance of commercial paper	317,000	58,000	2,986,340
Increase (decrease) in other borrowed money	11,084	(747,401)	104,418
Decrease in other liabilities	(67,113)	(790,617)	(632,247)
Other — Net	(868,816)	19,565	(8,184,795)
Total adjustments	653,434	(99,588)	6,155,760
Net Cash Provided by (Used in) Operating Activities	775,264	(468,208)	7,303,476
INVESTING ACTIVITIES:			
Purchases of securities	(10,606,118)	(5,016,899)	(99,916,326)
Proceeds from sales and maturities of securities	9,872,784	4,821,410	93,007,857
Increase in money held in trust	(23,807)	(73,354)	(224,277)
Decrease in money held in trust	165,574	107,371	1,559,811
Increase in premises and equipment	(22,194)	(35,029)	(209,081)
Other — Net	7,627	—	71,851
Net Cash Used in Investing Activities	(606,134)	(196,501)	(5,710,165)
FINANCING ACTIVITIES:			
Issuance of common and preferred stock	—	718,896	—
Proceeds from subordinated debt	—	43,000	—
Repayments of subordinated debt	(1,002)	(59,462)	(9,439)
Issuance of bonds and notes	—	12,160	—
Dividends paid	(20,378)	(31,026)	(191,974)
Other — Net	(403)	—	(3,797)
Net Cash (Used in) Provided by Financing Activities	(21,783)	683,568	(205,210)
Foreign Currency Translation Adjustment On Cash and Cash Equivalents	(610)	(530)	(5,746)
Net Increase in Cash and Cash Equivalents	146,737	18,329	1,382,355
Cash and Cash Equivalents, Beginning of Year	644,386	626,057	6,070,523
Cash and Cash Equivalents, End of Year	¥791,123	¥ 644,386	\$7,452,878
NONCASH FINANCING ACTIVITIES:			
Convertible bonds converted into common stock and capital surplus	¥ 339	—	\$ 3,194

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Tokai Bank, Limited and Consolidated Subsidiaries
Years Ended March 31, 2000 and 1999

1. BASIS OF PRESENTING THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Tokai Bank, Limited (the "Bank" or the "Parent Company") and consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Accounting Standards for Banks issued by the Japanese Bankers Association and in accordance 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.

The consolidated balance sheets and statements of cash flows for the year ended March 31, 1999 have been reclassified to conform to the presentation for the year ended March 31, 2000.

Certain notes to the consolidated financial statements for the year ended March 31, 1999 are not presented herein as retroactive application and disclosure are not required in Japan.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and 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 \$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 of March 31, 2000 include the accounts of the Bank and its consolidated subsidiaries, including Tokai Bank of California (a U.S. corporation), Tokai Bank Europe plc (a U.K. corporation), Tokai Bank Nederland N.V. (a Dutch corporation), Tokai Asia Limited (a Grand Cayman corporation) and 37 other subsidiaries in 2000 (40 other subsidiaries in 1999) (together, the "Group").

The consolidated financial statements do not include the accounts of CS Networks Computer (a Singapore corporation) in 2000 (two other subsidiaries in 1999), because the combined total assets, total income, net income and earned surplus would not have had a material effect on the consolidated financial statements.

Investments in eight (16 in 1999) affiliated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Certain consolidated subsidiaries use a fiscal year ending on December 31 which is different from the Bank's fiscal year. The consolidated financial statements include the financial statements of these subsidiaries for their respective fiscal years after making appropriate adjustments for significant intercompany transactions during the periods from their respective fiscal year ends to the date of the consolidated financial statements.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiaries at the date of acquisition is charged to income when incurred. On the other hand, the fair value of the net assets of subsidiaries acquired over the cost of an acquisition is being amortized over a period of five years.

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

(b) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include due from The Bank of Japan.

The scope of cash equivalents in 1999 was changed from including amounts due from all banks to due from The Bank of Japan to conform with the presentation in 2000.

(c) Trading Purpose Transactions

Transactions for trading purposes (the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value and trading-related financial derivatives are at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profits and losses on transactions for trading purposes are shown as "Trading profits" or "Trading losses" on a trade date basis.

(d) Securities

Securities are valued principally at average cost.

Shares of stock, debentures and other securities included in money held in trust of the Bank listed on stock exchanges are valued at the lower of cost or market, and unlisted other securities included in money held in trust of the Bank are valued at amortized cost.

(e) Premises and Equipment

Premises and equipment are stated at cost. Depreciation of premises and equipment of the Bank and its consolidated domestic subsidiaries is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

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

(f) Land Revaluation

Under the "Law of Land Revaluation," promulgated and revised on March 31, 1998 and 1999, respectively, the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998, partially as of March 31, 1999.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There is no effect on the statement of operations. Continuous readjustment is not permitted unless the value of the land subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities. The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥33,764 million (\$318,078 thousand) and ¥22,016 million at March 31, 2000 and 1999, respectively.

(g) Software

Effective April 1, 1999, the purchased software costs are depreciated over the estimated useful lives of the software (principally five years).

(h) Deferred Charges

Stock issuance costs are charged to income as incurred.

(i) Reserve for Possible Loan Losses

The amount of the provision for reserve for possible loan losses is determined based on management's judgment and assessment of future losses.

The Bank has implemented a self-assessment system for its asset quality. The quality of all loans is assessed by branches and business units with a subsequent audit by the Credit Review Division in accordance with the Bank's policy and rules for self-assess-

ment of asset quality.

The Bank has established a credit rating system under which customers are classified into five categories. All loans are classified for self assessment purposes in the following categories "formal bankruptcy," "de facto bankruptcy," "bankruptcy risk," "watch" and "normal."

The Bank provides a reserve for possible loan losses at an amount deemed necessary to cover possible losses. The reserve is estimated based on the fair value of collateral and guarantee for the formal bankruptcy and the de facto bankruptcy category loans, the fair value of collateral as well as other factors of solvency including borrower's future cash flows for the bankruptcy risk category and the actual past loss experience for the watch and the normal category loans.

Provision for possible loan losses relating to restructuring countries is made to cover possible losses caused by political or economic difficulties of such countries.

With respect to loans with collateral and/or guarantees extended to borrowers in formal bankruptcy or borrowers in de facto bankruptcy, the unrecoverable amount is estimated by deducting from the loan amount the realizable value of collateral or the amount likely to be recovered based on guarantees. The outstanding amount thus determined is then directly written off from the loan amount as the amount that is not likely to be recovered, which is ¥427,257 million (\$4,025,031 thousand) and ¥385,376 million at March 31, 2000 and 1999, respectively.

Each of the consolidated subsidiaries maintains a reserve for possible loan losses which is provided at amounts deemed necessary to cover such losses, based on their own experience in the past and their own estimate of future recoverability. Each of the domestic consolidated subsidiaries maintains a reserve for possible loan losses which is calculated in the same manner as the Bank.

(j) Reserve for Possible Investment Losses

The reserve for possible investment losses is provided at an amount deemed necessary based on the estimate for possible future losses.

(k) Reserve for Possible Losses on Collateralized Real Estate Loans Sold

The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited ("CCPC") is provided at an amount deemed necessary to cover possible losses based on the estimated fair value of real estate. In accordance with the terms of the loans collateralized by real estate sales contracts, the Bank is required to cover certain portions of losses incurred as defined in the contract, when CCPC disposes of real estate in satisfaction of debt.

(l) Reserve for Retirement Allowances and Pension Plans

Under most circumstances, employees of the Bank and its consolidated domestic subsidiaries terminating their employment are entitled to lump-sum payments determined by reference to the basic rate of pay at the time of termination, length of service and other conditions under which the termination occurs. If the termination is involuntary, employees are usually entitled to greater payment than in the case of voluntary termination. The reserve for retirement allowances represents the amount which would be required if all employees terminated their employment under voluntary conditions at each balance sheet date. The accrued provisions are not funded.

In addition, the Bank has a contributory pension plan covering substantially all employees. The policy for the plan is to fund and charge to income normal costs as accrued, on the basis of an accepted actuarial method.

Substantially all of the foreign consolidated subsidiaries have funded pension plans for employees.

(m) Other Reserves

Other reserves include the reserve for contingent liabilities from brokering of futures transactions and the reserve for securities transaction liabilities.

The reserve for contingent liabilities from brokering of futures transactions is required to be provided under the Financial Futures Transaction Law of Japan. The reserve for securities transaction liabilities is required to be provided under the Securities and Exchange Law of Japan.

(n) Lease Transactions

All leases of the Bank and its domestic subsidiaries 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.

(o) Income Taxes

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.

(p) Foreign Currency Items

The income statement items of foreign consolidated subsidiaries and affiliates are translated into Japanese yen at average exchange rates of the respective year. The balance sheet items of foreign consolidated subsidiaries and affiliates are translated into Japanese yen at exchange rates as of each balance sheet date, except for the common stock and capital surplus of certain consolidated subsidiaries, which are translated at historical rates. The differences resulting from applying different exchange rates to the shareholders' equity accounts are included in "Other assets" in the consolidated balance sheets.

Assets and liabilities denominated in foreign currencies held by the Bank at the year end are translated into Japanese yen at exchange rates prevailing at the end of each fiscal year except that certain special accounts are translated at historical rates. Accounts of the Bank's foreign branches are combined with those of the head office after translation into Japanese yen at exchange rates prevailing at the end of each fiscal year.

Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year-end exchange rates.

(q) Dividends

Dividends are generally paid semiannually. Interim and year-end dividends are authorized subsequent to the end of the period to which they are related, and are reflected in the consolidated statements of shareholders' equity when duly declared and authorized.

(r) Per Share Information

The computation of net income per share is based on the weighted average number of common shares outstanding during each year. In arriving at the net income per share, preferred stock dividends are deducted in each year presented. Diluted net income per share is not disclosed because it is anti-dilutive in 2000 and the net loss is stated in 1999.

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

3. ACCOUNTING CHANGE

Prior to April 1, 1999, income from guarantee fees in The Million Credit Co., Ltd., which is a consolidated subsidiary of the Bank, is recognized over the guarantee period. Effective April 1, 1999, this subsidiary changed its method of accounting for guarantee fees such that lump-sum amounts are recognized at the time of contract and estimated refund amounts resulting from prepayments are stated as a liability. The effect of this change is to increase income before income taxes and minority interests by ¥23,599 million (\$222,317 thousand) for the year ended March 31, 2000.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at March 31, 2000 and 1999 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Cash on hand	¥401,950	¥443,566	\$3,786,623
Due from The Bank of Japan	389,173	200,820	3,666,255
Total	¥791,123	¥644,386	\$7,452,878

5. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2000 and 1999 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Trading assets:			
Trading securities	¥166,457	¥ 69,659	\$1,568,129
Derivatives associated with trading account securities	511	37	4,814
Securities held for trading purposes	236,487	297,234	2,227,857
Derivatives associated with securities held for trading purposes	27	187	254
Derivative financial instruments	394,637	460,270	3,717,730
Other trading assets	85,870	425,277	808,950
Total	¥883,989	¥1,252,664	\$8,327,734
Trading liabilities:			
Trading securities sold for short sales	¥225,658	¥ 25,316	\$2,125,841
Derivatives associated with trading account securities	183	187	1,724
Securities sold for trading purposes	326,527	115,912	3,076,090
Derivatives associated with securities held for trading purposes	28	13	264
Derivative financial instruments	423,007	471,134	3,984,993
Other trading liabilities	15,391	25,002	144,993
Total	¥990,794	¥637,564	\$9,333,905

6. MONEY HELD IN TRUST

The carrying values and aggregate market values of the money held in trust, which are based on the prices listed on stock exchanges or over-the-counter markets, at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Money held in trust:		
Carrying value	¥106,821	\$1,006,321
Aggregate market value	108,893	1,025,841

7. SECURITIES

Securities at March 31, 2000 and 1999 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
National government			
bonds	¥2,055,209	¥ 771,154	\$19,361,366
Local government bonds			
283,336	307,492	2,669,204	
Debentures			
241,500	341,712	2,275,083	
Shares of stock			
2,442,219	2,425,733	23,007,244	
Other securities			
498,027	728,872	4,691,729	
Total	¥5,520,291	¥4,574,963	\$52,004,626

The carrying values and aggregate market values of the securities, which are listed on stock exchanges or over-the-counter markets, at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Securities:		
Carrying value	¥4,015,074	\$37,824,532
Aggregate market value	4,564,213	42,997,767

Securities excluded from above are principally unlisted securities.

	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
Securities	¥1,505,217	\$14,180,094

8. LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Bills discounted	¥ 375,575	¥ 401,639	\$ 3,538,153
Loans on notes	3,894,365	3,872,336	36,687,376
Loans on deeds	11,260,969	11,619,574	106,085,436
Overdrafts	3,106,345	2,975,608	29,263,731
Total	¥18,637,254	¥18,869,157	\$175,574,696

Loans to borrowers in legal bankruptcy amount to ¥71,951 million (\$677,824 thousand) and ¥76,595 million at March 31, 2000 and 1999, respectively. Such borrowers are categorized as formal bankruptcy as a result of the implementation of the self assessment system for asset quality. The Bank does not accrue interest on such loans.

Overdue loans amount to ¥513,536 million (\$4,837,833 thousand) and ¥257,111 million at March 31, 2000 and 1999, which are categorized as de facto bankruptcy or bankruptcy risk as a result of self assessment procedures. The Bank has not accrued interest on such loans. Furthermore, in consequence of the reclassification of loans to borrowers in legal bankruptcy and overdue loans for the year ended March 31, 2000, loans to borrowers in legal bankruptcy increased by ¥14,959 million (\$140,923 thousand) and overdue loans increased by ¥270,062 million (\$2,544,154 thousand).

Loans overdue for at least three months amount to ¥47,015 million (\$442,911 thousand) and ¥64,469 million at March 31, 2000 and 1999, for which payment of principal or interest is overdue for at least three months from the day following the contractual payment date, and excludes loans to borrowers in legal bankruptcy or overdue loans as above.

Loans with concessions in terms amount to ¥69,054 million (\$650,532 thousand) and ¥93,791 million at March 31, 2000 and 1999. The Bank and consolidated subsidiaries have made concessions in terms beneficial to the borrower, such as, reduction or forgiveness of interest rate, suspension of interest payment or of principal payment, waiver of claims for the purpose of restructuring the business of, or supporting the borrower, except for those falling under loans to borrowers in legal bankruptcy, overdue loans and loans overdue for at least three months.

The total of loans to borrowers in legal bankruptcy, overdue loans, loans overdue for at least three months and loans with concessions in terms amounts to ¥701,556 million (\$6,609,100 thousand) and ¥491,966 million at March 31, 2000 and 1999.

9. FOREIGN EXCHANGES

Foreign exchanges at March 31, 2000 and 1999 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Assets:			
Due from foreign correspondents	¥ 40,924	¥ 76,682	\$ 385,530
Foreign bills of exchange bought	188,451	210,925	1,775,327
Foreign bills of exchange receivable	77,129	79,175	726,604
Total	¥306,504	¥366,782	\$2,887,461
Liabilities:			
Due to foreign correspondents	¥ 47,022	¥117,894	\$ 442,977
Foreign bills of exchange sold	1,013	628	9,543
Foreign bills of exchange payable	2,027	1,077	19,096
Total	¥ 50,062	¥119,599	\$ 471,616

10. OTHER ASSETS

Other assets consist primarily of deposits for repurchased agreements, accrued income and securities held in custody.

11. PREMISES AND EQUIPMENT

Accumulated depreciation amounts to ¥202,567 million (\$1,908,309 thousand) and ¥205,210 million at March 31, 2000 and 1999, respectively.

12. COLLATERAL

The carrying amounts of assets pledged as collateral and the collateralized debt at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Trading assets	¥ 50,833	\$ 478,879
Securities	338,235	3,186,387
Loans	611,037	5,756,354
Other assets	9,000	84,786
Total	¥1,009,105	\$ 9,506,406
Deposits	¥ 227,976	\$ 2,147,678
Call money	637,536	6,005,991
Borrowed money	18,476	174,056
Other liabilities	193,372	1,821,686
Total	¥1,077,360	\$10,149,411

In addition, the following assets are pledged or deposited with respect to foreign exchange settlements and derivatives at March 31, 2000:

	Millions of Yen	Thousands of U.S. Dollars
Cash and due from banks	¥ 47,768	\$ 450,005
Securities	536,275	5,052,049
Loans and bills discounted	7,037	66,293
Other assets	112,731	1,061,997
Total	¥703,811	\$6,630,344

13. 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 of indemnity from customers.

14. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current deposits	¥ 635,785	¥ 463,053	\$ 5,989,496
Ordinary deposits	5,993,688	5,078,072	56,464,324
Deposits at notice	664,027	516,233	6,255,553
Time deposits	10,325,975	11,124,030	97,277,202
Negotiable certificates of deposit	2,031,925	2,298,897	19,142,016
Other deposits	979,793	1,362,650	9,230,269
Total	¥20,631,193	¥20,842,935	\$194,358,860

15. BORROWED MONEY

The weighted average annual interest rates applicable to the borrowed money are 2.8% at March 31, 2000.

Borrowed money includes subordinated borrowings of the Bank, which amounts to ¥577,000 million (\$5,435,704 thousand) at March 31, 2000 and 1999.

Annual maturities of borrowed money as of March 31, 2000 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2000	2000
2001	¥151,842	\$1,430,448
2002	115,434	1,087,461
2003	147,662	1,391,069
2004	10,066	94,828
2005	27,970	263,495
2006 and thereafter	277,334	2,612,661
Total	¥730,308	\$6,879,962

16. OTHER LIABILITIES

Other liabilities consist primarily of accrued expenses, borrowed securities, deposits received for repurchased agreements and accounts payable for trading transactions.

17. BONDS AND NOTES

Bonds and notes at March 31, 2000, consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Fixed rate subordinated bonds, payable in Japanese yen, no due date, 2.4% interest	¥ 40,000	¥ 40,000	\$ 376,825
Fixed rate subordinated bonds, payable in Japanese yen, no due date, 2.5% interest	50,000	50,000	471,032
Fixed rate subordinated bonds, payable in Japanese yen, due 2005-no limit, 0.4%-4.9% interest	329,200	329,200	3,101,272
Fixed rate subordinated bonds, payable in U.S. dollar, due 2007- no limit, 6.4%-6.8% interest	4,246	4,822	40,000
Other miscellaneous bonds and notes	7,401	28,291	69,722
Total	¥430,847	¥452,313	\$4,058,851

Annual maturities of bonds and notes as of March 31, 2000 are as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
2001	¥ 60		\$ 565
2002	321		3,024
2003	36		339
2006 and thereafter	430,430		4,054,923
Total	¥430,847		\$4,058,851

18. CONVERTIBLE DEBT

Convertible debt consists of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
2-3/8% U.S. dollar convertible bonds due 2001	¥—	¥1,799	\$—

The 2-3/8% U.S. dollar convertible bonds due 2001 were convertible into common stock at a conversion price of ¥992.20 per share at March 31, 1999. The bond had a fixed rate of exchange applicable upon conversion of U.S.\$1 = ¥155.50.

19. CAPITAL STOCK AND CAPITAL SURPLUS

The authorized numbers of shares at March 31, 2000 and 1999, are 4,750 million shares of common stock with a par value of ¥50 per share and 650 million shares of non-voting, non-cumulative preferred stock without par value.

Under the Commercial Code of Japan (the "Code"), at least 50% of the issue price of new shares, with a minimum of the par value thereof, is to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to capital surplus. The Bank may transfer portions of capital surplus and legal reserve to stated capital by resolution of the Board of Directors.

The Bank may also transfer portions of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Under the Code, the Bank may issue new shares of its common stock to the existing shareholders without consideration pursuant to resolution of the Board of Directors as a stock split. The Bank may make such a stock split to the extent that the amount calculated by multiplying the number of issued shares after the stock split by par value per common share does not exceed the stated capital and that the amount calculated by dividing the total amount of shareholders' equity by the number of issued shares after the stock split shall not be less than ¥50.

On March 31, 1999, the Bank issued 222,617,000 shares of common stock with a par value of ¥50 per share at the issue price of ¥548 per share.

Under the Law Concerning Emergency Measures for the Revitalization of the Functions of the Financial System, the Bank has aimed to increase its capital base through the injection of public funds. On March 31, 1999, the Bank issued 300,000,000 shares of convertible non-voting and non-cumulative preferred stock without par value convertible to 3.552 shares of common stock at the issue price of ¥2,000 per share, which were totally subscribed for by the Resolution and Collection Bank, Limited (renamed the Resolution and Collection Corporation).

Preferred stock consists of the following:

	Millions of Yen	Thousands of U.S. Dollars
Preferred stock without par value-authorized, 50,000,000 shares; issued and outstanding, 50,000,000 shares of first preferred stock	¥ 50,000	\$ 471,031
Preferred stock without par value-authorized, 150,000,000 shares; issued and outstanding, 50,000,000 shares of second preferred stock . .	150,000	1,413,095
Preferred stock without par value-authorized, 150,000,000 shares; issued and outstanding, 50,000,000 shares of third preferred stock . . .	150,000	1,413,095
Total	¥350,000	\$3,297,221

All preferred stock classes are non-voting and have equal preference over the Bank's common stock for the payment of dividends and the distribution of assets in the event of a liquidation or dissolution of the Bank. They are all noncumulative and non-participating for dividend payments. Preferred stock shareholders receive a liquidation at ¥2,000 per share and do not have the right to participate in any further liquidation distributions.

Each share of first preferred stock is convertible into 1.423 shares of common stock at the issue price of ¥2,000 per share.

20. LEGAL RESERVE AND EARNED SURPLUS

Under the Bank Law of Japan, an amount equivalent to at least 20% of cash dividends and bonuses to directors and statutory auditors must be appropriated as a legal reserve, until the reserve equals 100% of the Bank's stated capital. This reserve amount, which is included in earned surplus, totals ¥72,058 million (\$678,831 thousand) and ¥67,969 million as of March 31, 2000 and 1999, respectively, and is not available for dividends, but may be used to reduce a deficit by resolution of the shareholders or may be capitalized by resolution of the Board of Directors.

Under the Code, the amount available for dividends is based on earned surplus as recorded on the Bank's books. At March 31, 2000, earned surplus recorded on

the Bank's books was ¥103,107 million (\$971,333 thousand) which is available for future dividends subject to the approval of shareholders and legal reserve requirements.

21. OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gain on sales of stocks and other securities	¥469,411	¥115,681	\$4,422,148
Gain on money held in trust	6,304	7,280	59,388
Gain on dispositions of premises and equipment	301	3,894	2,835
Recoveries of claims written off . .	164	57	1,545
Other	63,334	42,448	596,646
Total	¥539,514	¥169,360	\$5,082,562

22. OTHER EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Write-off of claims	¥117,463	¥223,734	\$1,106,576
Loss on sales of stocks and other securities	144,625	34,620	1,362,459
Loss on devaluation of stocks and other securities	6,876	20,601	64,776
Loss on money held in trust	6,451	2,245	60,772
Loss on dispositions of premises and equipment	4,763	3,591	44,870
Other	305,619	275,654	2,879,124
Total	¥585,797	¥560,445	\$5,518,577

Loss on sales of loans of the Bank collateralized by real estate to the CCPC which amounted to ¥10,782 million (\$101,573 thousand) and ¥27,112 million in 2000 and 1999, respectively, and losses from financial assistance provided to customers amounted to ¥178,161 million (\$1,678,389 thousand) and ¥179,387 million in 2000 and 1999, are included in "Other."

23. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 40% and 47% for the years ended March 31, 2000 and 1999, respectively.

The effect of the decreased statutory rate results in a decrease in deferred tax assets and an increase in income taxes—deferred by approximately ¥8,517 million (\$80,236 thousand) for the year ended March 31, 2000.

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

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deferred tax assets:			
Tax loss carryforwards	¥147,933	¥188,686	\$1,393,622
Loss on devaluation of securities	13,212	15,135	124,465
Reserve for possible losses on collateralized real estate loans sold	22,443	28,471	211,427
Reserve for possible loan losses ..	104,231	123,275	981,922
Other	28,114	25,153	264,852
Less valuation allowance	(10,808)		(101,818)
Total	305,125	380,720	2,874,470
Deferred tax liabilities	1,449	282	13,650
Net deferred tax assets	¥303,676	¥380,438	\$2,860,820

At March 31, 2000, the Bank has tax loss carryforwards which are available to be offset against taxable income of the Bank in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ended March 31	Thousands of U.S. Dollars	
	Millions of Yen	Thousands of U.S. Dollars
2003	¥132,726	\$1,250,363
2004	213,860	2,014,696
Total	¥346,586	\$3,265,059

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2000, and the actual effective tax rates reflected in the accompanying consolidated statements of operations is as follows:

Year Ended March 31, 2000	
Normal effective statutory tax rate	40.5%
Effect of statutory tax rate reduction	8.2
Increase in valuation allowance from foreign income tax credit	6.6
Increase in valuation allowance from loss of the affiliated company	6.2
Devaluation of securities	1.6
Other — net	1.9
Actual effective tax rate	65.0%

On June 9, 2000, the "Ordinance relating to the special case for tax standards regarding the business tax on banking businesses operating in Osaka prefecture"

(Ordinance 131 of Osaka prefecture of June 9, 2000) was promulgated in Japan, which might decrease the normal effective statutory tax rate by 0.4%, effective for years beginning April 1, 2000. The effect of this change would be to decrease deferred tax assets and to increase income taxes—deferred by approximately ¥3,110 million (\$29,298 thousand) for the year ended March 31, 2001.

24. LEASE TRANSACTIONS

Lessee

The Bank and consolidated subsidiaries lease certain equipment and other assets.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense, and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999, is as follows:

For the year ended March 31, 2000

	Millions of Yen			Thousands of U.S. Dollars		
	Equipment	Other	Total	Equipment	Other	Total
Acquisition cost	¥23,060	¥340	¥23,400	\$217,240	\$3,203	\$220,443
Accumulated depreciation	15,441	109	15,550	145,464	1,027	146,491
Net leased property	¥ 7,619	¥231	¥ 7,850	\$ 71,776	\$2,176	\$ 73,952

For the year ended March 31, 1999

	Millions of Yen		
	Equipment	Other	Total
Acquisition cost	¥27,097	¥324	¥27,421
Accumulated depreciation	17,080	38	17,118
Net leased property	¥10,017	¥286	¥10,303

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥3,638	¥ 3,895	\$34,272
Due after one year	4,802	7,133	45,238
Total	¥8,440	¥11,028	\$79,510

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

Depreciation expense and interest expense under finance leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Depreciation expense	¥3,868	¥4,151	\$36,439
Interest expense	563	722	5,304
Total	¥4,431	¥4,873	\$41,743

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statement of operations, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2000 and 1999, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥115	¥174	\$1,083
Due after one year	463	574	4,362
Total	¥578	¥748	\$5,445

Lessor

The consolidated subsidiaries lease certain equipment and other assets.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, rights under finance leases, depreciation expense, and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999, is as follows:

Equipment	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Acquisition cost	¥531	¥640	\$5,002
Accumulated depreciation	473	480	4,456
Net leased property	¥ 58	¥160	\$ 546

Rights under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥59	¥ 101	\$556
Due after one year	7	75	66
Total	¥66	¥ 176	\$622

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

Depreciation expense and interest expense under finance leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Depreciation expense	¥77	¥ 99	\$725
Interest expense	3	9	28
Total	¥80	¥108	\$753

Depreciation expense and interest income, which are not reflected in the accompanying consolidated statements of operations, are computed by the straight-line method and the interest method, respectively.

25. DERIVATIVES

The Bank and consolidated subsidiaries use various derivative financial instruments. As a result of adoption of mark-to-market accounting for trading purpose transactions from April 1, 1997, the purposes are clearly separated into two types as follows:

Banking Purpose Transactions

These transactions are entered into to adjust portfolio of assets and liabilities and to hedge and reduce the exposure to fluctuation in market rates.

Trading Purpose Transactions

These transactions are entered into to meet the financing needs of customers and to seek to capture gains from short-term changes in market rates and other market related indices or from gaps among markets within the proper risk limits.

Derivatives are subject to credit risk and market risk. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of contract. Market risk is the exposure created by potential fluctuations in market conditions, including interest rate, equity price and forward exchange rate.

The amounts of credit risk exposure of the Bank and certain subsidiaries, at March 31, 2000 and 1999, are estimated as follows:

	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Interest rate swaps	¥636	¥822	\$5,992
Currency swaps	86	87	810
Foreign exchange forward contracts	40	249	377
Interest rate options purchased	20	19	188
Currency options purchased	25	16	235
Other derivative instruments	68	25	641
Netting effect	(477)	(691)	(4,494)
Total	¥398	¥527	\$3,749

To manage market risk, the Bank and consolidated subsidiaries use Value at Risk ("VaR") analysis. VaR is a means of statistically analyzing past market conditions and trends to estimate the maximum amount of capital at risk at a particular time. VaR of the Bank and certain subsidiaries and certain subsidiaries for the years ended March 31, 2000 and 1999, is estimated as follows:

	Billions of Yen		Millions of U.S. Dollars
	2000	1999	2000
Maximum.....	¥4.2	¥6.8	\$40
Minimum.....	1.1	1.0	10
Average.....	1.9	2.8	18

The VaR is measured in accordance with guidelines of Bank for International Settlements (BIS), which call for a holding period of ten business days and a 99% confidence interval in 2000 and 1999.

The Bank and consolidated subsidiaries have the following derivatives contracts, which are quoted on listed exchanges, outstanding at March 31, 2000:

	Millions of Yen		Thousands of U.S. Dollars	
	Contract or Notional Amount	Fair Value	Contract or Notional Amount	Fair Value
Banking Transactions				
Interest rate contracts:				
Futures written.....	¥7,864,561	¥7,831,006	\$74,089,129	\$73,773,019
Futures purchased.....	7,342,425	7,318,929	69,170,278	68,948,931
Options written.....	30,397		286,359	
Options purchased.....	324,236		3,054,508	
Bonds contracts –				
Futures written.....	628,847	635,915	5,924,136	5,990,721
Trading Transactions				
Interest rate contracts:				
Futures written.....	7,269,283	7,247,114	68,481,234	68,272,388
Futures purchased.....	7,996,387	7,968,002	75,331,013	75,063,608
Options written.....	2,056,997	1,218	19,378,210	11,474
Options purchased.....	1,718,115	793	16,185,728	7,471
Bonds contracts:				
Futures written.....	77,136	77,602	726,670	731,060
Futures purchased.....	315,428	314,545	2,971,531	2,963,212
Futures options written.....	869,068	144	8,187,169	1,357
Futures options purchased.....	2,382,228	274	22,442,091	2,581
Equity contracts:				
Futures written.....	11,427	11,576	107,650	109,053
Futures purchased.....	2,787	2,839	26,255	26,745
Options written.....	8,837	301	83,250	2,836
Options purchased.....	8,417	579	79,293	5,455
Foreign exchange:				
Futures written.....	9,686		91,248	
Futures purchased.....	3,273		30,834	

Credit risk of each individual counterparty is measured through the credit line approved by the credit divisions. The Bank and consolidated subsidiaries also periodically oversees the overall costs which would be necessary to contract the transactions on the same conditions if a counterparty defaults.

For monitoring market risk, risk limits of the Bank and consolidated subsidiaries are approved by the executive committee. Derivative transactions entered into by the Bank and consolidated subsidiaries have been made in accordance with internal policies which regulate the authorization. The procedures to control and monitor market risk also include daily review of both risk positions for compliance with policy limits or regulations and profit, which is conducted by the Risk Management Division, which is independent from the divisions interfacing with markets.

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

	Millions of Yen		Thousands of U.S. Dollars	
	2000		2000	
	Contract or Notional Amount	Fair Value	Contract or Notional Amount	Fair Value
Banking Transactions				
Interest rate contracts:				
Forward rate agreements written	¥ 63,690	¥ (3)	\$ 600,000	\$ (28)
Forward rate agreements purchased	63,690	75	600,000	707
Interest rate swaps	37,422,573	(30,143)	352,544,258	(283,966)
Cap written	387,917	(5,427)	3,654,423	(51,126)
Cap purchased	308,667	1,485	2,907,838	13,990
Floor written	22,480	(216)	211,776	(2,035)
Floor purchased	40,824	1,214	384,588	11,437
Bonds Contracts:				
Bonds OTC options written	170,000	459	1,601,507	4,324
Bonds OTC options purchased	170,000		1,601,507	
Foreign exchange-				
Currency swaps	616,754	494	5,810,212	4,654
Trading Transactions				
Interest rate contracts:				
Forward rate agreements written	2,716,052	24	25,586,924	226
Forward rate agreements purchased	2,188,110	(113)	20,613,377	(1,065)
Interest rate swaps	53,385,189	(20,268)	502,922,176	(190,937)
Cap written	1,595,453	(6,817)	15,030,174	(64,220)
Cap purchased	1,493,532	5,877	14,070,014	55,365
Floor written	558,229	(1,396)	5,258,870	(13,151)
Floor purchased	500,522	4,126	4,715,233	38,870
Other written	336,608	(3,935)	3,171,060	(37,070)
Other purchased	294,614	22,405	2,775,450	211,069
Bonds contracts:				
Bonds OTC options written	85,074	182	801,451	1,715
Bonds OTC options purchased	85,613	1,098	806,528	10,344
Other written	13,715	(320)	129,204	(3,015)
Other purchased	13,715	343	129,204	3,231
Equity contracts:				
Options written	33,981	(19,333)	320,122	(182,129)
Options purchased	113,240	46,673	1,066,792	439,689
Swaps	43,348	(3,905)	408,366	(36,788)
Other written	1,292	(402)	12,171	(3,787)
Other purchased	402		3,787	
Credit derivative contracts:				
Credit default swaps written	13,874	(324)	130,702	(3,052)
Credit default swaps purchased	13,874	347	130,702	3,269
Foreign exchange:				
Forward exchange contracts written	898,167		8,461,300	
Forward exchange contracts purchased	1,639,804		15,447,989	
Currency swaps	1,183,803	(3,537)	11,152,171	(33,321)
Options written	1,787,945		16,843,570	
Options purchased	1,932,200		18,202,544	
Other purchased	106,445		1,002,779	

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 exposure of the Bank and consolidated subsidiaries to credit or market risk.

Derivative transactions for trading purposes are stated at market value in the accompanying consolidated financial statements.

26. SEGMENT INFORMATION

The Bank and its consolidated subsidiaries operate predominantly in the banking business and certain subsidiaries operate in securities, trust and leasing industries, although those comprise a minor share of the Bank's total business.

The operations of the Bank and consolidated subsidiaries for the years ended March 31, 2000 and 1999, are summarized by geographic area as follows:

Year Ended March 31, 2000	Millions of Yen					Consolidated
	Japan	America	Europe	Others	Eliminations	
Ordinary income:						
Outside customers.....	¥ 1,399,106	¥ 64,756	¥ 57,764	¥ 102,554	¥ —	¥ 1,624,180
Interarea transfer.....	84,255	35,880	7,869	88,352	(216,356)	—
	<u>1,483,361</u>	<u>100,636</u>	<u>65,633</u>	<u>190,906</u>	<u>(216,356)</u>	<u>1,624,180</u>
Ordinary expenses.....	1,384,205	104,397	65,797	181,525	(216,356)	1,519,568
Ordinary income — Net.....	¥ 99,156	¥ (3,761)	¥ (164)	¥ 9,381	¥ —	104,612
Other income — Net.....						17,218
Income before income taxes and minority interests..						¥ 121,830
Assets.....	¥27,796,360	¥1,327,890	¥1,227,261	¥2,121,820	¥(1,923,576)	¥30,549,755

Year Ended March 31, 1999	Millions of Yen					Consolidated
	Japan	America	Europe	Others	Eliminations	
Ordinary income:						
Outside customers.....	¥ 1,004,259	¥ 101,574	¥ 97,172	¥ 105,022	¥ —	¥ 1,308,027
Interarea transfer.....	134,161	43,005	19,119	111,665	(307,950)	—
	<u>1,138,420</u>	<u>144,579</u>	<u>116,291</u>	<u>216,687</u>	<u>(307,950)</u>	<u>1,308,027</u>
Ordinary expenses.....	1,524,763	130,243	131,974	222,793	(303,258)	1,706,515
Ordinary income — Net.....	¥ (386,343)	¥ 14,336	¥ (15,683)	¥ (6,106)	¥ (4,692)	(398,488)
Other income — Net.....						29,868
Income before income taxes and minority interests..						¥ (368,620)
Assets.....	¥28,696,456	¥1,948,690	¥1,318,984	¥2,284,029	¥(2,724,060)	¥31,524,099

Year Ended March 31, 2000	Thousands of U.S. Dollars					Consolidated
	Japan	America	Europe	Others	Eliminations	
Ordinary income:						
Outside customers.....	\$ 13,180,462	\$ 610,042	\$ 544,173	\$ 966,123	\$ —	\$ 15,300,800
Interarea transfer.....	793,735	338,012	74,131	832,332	(2,038,210)	—
	<u>13,974,197</u>	<u>948,054</u>	<u>618,304</u>	<u>1,798,455</u>	<u>(2,038,210)</u>	<u>15,300,800</u>
Ordinary expenses.....	13,040,085	983,486	619,849	1,710,080	(2,038,210)	14,315,290
Ordinary income — Net.....	\$ 934,112	\$ (35,432)	\$ (1,545)	\$ 88,375	\$ —	\$ 985,510
Other income — Net.....						162,206
Income before income taxes and minority interests..						\$ 1,147,716
Assets.....	\$261,859,256	\$12,509,562	\$11,561,573	\$19,988,884	\$(18,121,300)	\$287,797,975

"Others" consist principally of People's Republic of China and Singapore.

"Ordinary income" is total income less certain special income included in other income in the accompanying consolidated statements of operations.

Ordinary income is summarized by geographic area based on the countries where branches or subsidiaries are located.

Ordinary income arising from foreign operations which are produced both in foreign branches and subsidiaries is ¥225,074 million (\$2,120,339 thousand) and 13.8% of total ordinary income for the year ended March 31, 2000.

27. FINANCIAL INFORMATION OF THE PARENT COMPANY

Non-consolidated Balance Sheets Information

March 31, 2000 and 1999

	Millions of Yen		Thousands of
	2000	1999	U.S. Dollars 2000
ASSETS			
Cash and cash equivalents	¥ 787,533	¥ 635,853	\$ 7,419,058
Due from banks other than due from The Bank of Japan	555,620	671,701	5,234,291
Call loans	364,695	616,986	3,435,657
Commercial paper and other debt purchased	37,008	175,728	348,638
Trading assets	435,759	791,655	4,105,125
Money held in trust	103,544	248,860	975,450
Securities	5,628,853	4,677,838	53,027,348
Loans and bills discounted	18,438,562	18,676,833	173,702,892
Foreign exchanges	303,044	364,484	2,854,866
Other assets	719,507	1,182,003	6,778,210
Premises and equipment	335,819	346,025	3,163,627
Customers' liabilities for acceptances and guarantees	1,473,969	1,604,825	13,885,718
Deferred tax assets	299,773	370,405	2,824,051
Reserve for possible loan losses	(266,367)	(264,137)	(2,509,345)
Reserve for possible investment losses	(2,140)	—	(20,160)
Total	¥29,215,179	¥30,099,059	\$275,225,426
LIABILITIES			
Deposits	¥20,563,402	¥20,771,122	\$193,720,226
Call money	2,139,137	2,164,371	20,152,021
Trading liabilities	396,227	395,869	3,732,708
Borrowed money	1,562,323	1,256,856	14,718,069
Foreign exchanges	51,210	120,903	482,431
Other liabilities	1,242,553	2,003,214	11,705,634
Reserve for possible losses on collateralized real estate loans sold	55,455	68,406	522,421
Reserve for retirement allowances	34,370	34,691	323,787
Other reserves	4	3	38
Convertible debt	—	1,799	—
Acceptances and guarantees	1,473,969	1,604,825	13,885,718
Deferred tax liabilities relating to land revaluation excess	60,310	65,853	568,158
Total Liabilities	27,578,960	28,487,912	259,811,211
SHAREHOLDERS' EQUITY			
Capital stock:			
Common stock	373,138	372,969	3,515,195
Preferred stock	350,000	350,000	3,297,221
Capital surplus	649,202	649,032	6,115,893
Legal reserve	72,058	67,969	678,831
Land revaluation excess	88,714	92,372	835,742
Earned surplus	103,107	78,805	971,333
Total Shareholders' Equity	1,636,219	1,611,147	15,414,215
Total	¥29,215,179	¥30,099,059	\$275,225,426

Non-consolidated Statements of Operations Information

Years Ended March 31, 2000 and 1999

Millions of Yen		Thousands of
2000	1999	U.S. Dollars
		2000

INCOME

Interest on:			
Loans and discounts	¥ 381,387	¥ 468,181	\$3,592,906
Securities	99,842	85,686	940,575
Other	358,964	327,696	3,381,667
Fees and commissions	59,741	58,287	562,798
Trading profits	12,965	12,208	122,138
Other operating income	117,247	121,154	1,104,541
Other income	483,059	164,068	4,550,721
Total Income	1,513,205	1,237,280	14,255,346

EXPENSES

Interest on:			
Deposits	121,601	232,158	1,145,558
Borrowings and rediscounts	46,504	58,970	438,097
Other	330,623	286,516	3,114,677
Fees and commissions	15,711	17,602	148,008
Trading losses	224	—	2,110
Other operating expenses	126,099	68,617	1,187,932
General and administrative expenses	235,563	244,774	2,219,152
Provision for possible loan losses	4,875	116,604	45,926
Other expenses	517,235	525,809	4,872,680
Total Expenses	1,398,435	1,551,050	13,174,140
Income (Loss) before Income Taxes	114,770	(313,770)	1,081,206
Income Taxes	70,034	(128,048)	659,765
Net Income (Loss)	¥ 44,736	¥ (185,722)	\$ 421,441

	Yen	U.S. Dollars
Per Share of Common Stock:		
Net Income (Loss) per Share	¥15.81	¥(93.21) \$0.15

Non-consolidated Shareholders' Equity Information

Years Ended March 31, 2000 and 1999

	Thousands		Millions of Yen					
	Outstanding Number of Shares		Common Stock	Preferred Stock	Capital Surplus	Legal Reserve	Land Revaluation Excess	Earned Surplus
	Common stock	Preferred Stock						
Balance, April 1, 1998	2,029,059	50,000	¥311,972	¥50,000	¥288,035	¥61,675		¥66,753
Adjustment of earned surplus for newly applied accounting for tax allocation.								234,181
Net loss								(185,722)
Cash dividends.								(31,026)
Transfer to legal reserve						6,268		(6,268)
Land revaluation							¥92,372	
Merger with Tosho Co.,Ltd						26		887
Issuance of common stock	222,617		60,997		60,997			
Issuance of preferred stock		300,000		300,000	300,000			
Balance, March 31, 1999	2,251,676	350,000	372,969	350,000	649,032	67,969	92,372	78,805
Reversal of land revaluation excess.							(3,658)	4,033
Net income.								44,736
Cash dividends.								(20,378)
Transfer to legal reserve						4,089		(4,089)
Conversion of convertible bonds	330		169		170			
Balance, March 31, 2000	2,252,006	350,000	¥373,138	¥350,000	¥649,202	¥72,058	¥88,714	¥103,107

	Thousands of U.S. Dollars					
	Common Stock	Preferred Stock	Capital Surplus	Legal Reserve	Land Revaluation Excess	Earned Surplus
Balance, March 31, 1999	\$3,513,603	\$3,297,221	\$6,114,291	\$640,310	\$870,203	\$742,393
Reversal of land revaluation excess.					(34,461)	37,994
Net income.						421,441
Cash dividends.						(191,974)
Transfer to legal reserve				38,521		(38,521)
Conversion of convertible bonds	1,592		1,602			
Balance, March 31, 2000	\$3,515,195	\$3,297,221	\$6,115,893	\$678,831	\$835,742	\$971,333

Non-consolidated statements of cash flows information of the Parent Company are not presented herein as they are not required in Japan.

28. SUBSEQUENT EVENTS — APPROPRIATION OF EARNED SURPLUS

The following plan of the Bank for the appropriation of unappropriated profit was approved at the ordinary shareholders meeting held on June 28, 2000:

	Millions of Yen	Thousands of U.S. Dollars
Appropriations — Legal reserve	¥ 2,500	\$ 23,552
Year-end dividends:		
The first preferred, ¥34.375 (\$0.3238) per share	1,719	16,194
The second preferred, ¥9.30 (\$0.0876) per share	1,395	13,142
The third preferred, ¥9.70 (\$0.0914) per share	1,455	13,707
Common, ¥3.50 (\$0.0330) per share.	7,882	74,253
Total	¥14,951	\$140,848

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
The Tokai Bank, Limited:

We have examined the consolidated balance sheets of The Tokai Bank, Limited and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, 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 Tokai Bank, Limited and consolidated subsidiaries as of March 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period, except for the change, with which we concur, in the accounting for guarantee fees, as described in Note 3.

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 28, 2000

ADDITIONAL NON-CONSOLIDATED FINANCIAL INFORMATION

Composition of Profit/Loss

Years ended March 31	Billions of yen		
	2000	1999	Change
Gross business profit	¥394.3	¥415.4	¥ (21.1)
Earnings from domestic operations	357.8	345.4	12.5
Interest income	316.4	285.3	31.2
Fees and commissions	39.0	37.0	2.1
Trading income	4.5	1.6	2.9
Other operating income	(2.1)	21.6	(23.7)
Earnings from international operations	36.5	70.0	(33.6)
Interest income	29.9	24.7	5.3
Fees and commissions	5.0	3.7	1.3
Trading income	8.3	10.7	(2.4)
Other operating income	(6.8)	31.0	(37.7)
Expenses (except non-recurring expenses)	230.2	239.6	(9.4)
Personnel expenses	104.3	110.6	(6.3)
Supplies expenses	111.5	114.2	(2.6)
Taxes	14.4	14.9	(0.4)
Net business profit (before provision for general reserve)	164.1	175.8	(11.7)
Credit related charges (provision for general reserve)	21.6	12.7	9.0
Net business profit	142.4	163.1	(20.7)
Non-recurring profit (loss)	(18.6)	(496.3)	477.8
Stock related profit (loss)	318.6	64.8	253.8
Credit related charges	300.1	564.9	(264.8)
Income (loss) before income taxes and others	119.0	(339.3)	458.2
Extraordinary profit (loss)	(4.2)	25.5	(29.7)
Gain (loss) on dispositions of premises & equipment	(4.3)	0.4	(4.7)
Income (loss) before income taxes	114.8	(313.8)	428.5
Provision for corporate, inhabitants' and business tax	2.3	2.9	(0.6)
Income taxes deferred	67.8	(130.9)	198.7
Net income	44.7	(185.7)	230.5
Cash dividends per share of common stock (annual) (yen)	7.0	7.0	—

Bond & Stock Related Profit/Loss

Years ended March 31	Billions of yen		
	2000	1999	Change
Bond related profit (loss)	¥ (18.4)	¥ 38.9	¥(57.3)
Gain on sales of bonds	101.7	102.7	(1.0)
Gain on redemptions of bonds	6.0	4.8	1.2
Loss on sales of bonds	118.0	53.1	64.9
Loss on redemptions of bonds	7.4	15.0	(7.6)
Loss on devaluation of bonds	0.7	0.5	0.2
Stock related profit (loss)	318.6	64.8	253.8
Gain on sales of stocks	469.8	117.0	352.8
Loss on sales of stocks	144.6	34.5	110.0
Loss on devaluation of stocks	6.7	17.7	(11.0)

Gross Business Profit

For the fiscal year ended March 31, 2000, gross business profit decreased ¥21.1 billion to ¥394.3 billion. Earnings from domestic operations improved ¥12.5 billion to ¥357.8 billion as the gross interest margin rose 20 basis points to 0.44 percent and net interest income increased ¥31.2 billion. This improved performance compensated for a ¥23.7 billion drop in other operating income that resulted from the year-on-year change in bond related profit to a loss, mainly because of recognition of unrealized losses on bonds. In international operations, despite a ¥5.3 billion increase in net interest income, other operating income decreased ¥37.7 billion due to the year-on-year change in bond related profit to a loss. As a result, earnings from international operations decreased ¥33.6 billion to ¥36.5 billion. While gross business profit decreased overall, the rise in interest income demonstrated improvement in Tokai Bank's core earnings.

Operating Expenses

Personnel expenses were reduced by ¥6.3 billion because of personnel reductions, the freeze on base salaries and continued cuts in bonuses. Supplies expenses were reduced by ¥2.6 billion through means such as revising procurement practices. For the fiscal year, the ratio of operating expenses to gross business profit was 58 percent.

Net Business Profit

The increase in core interest income and the reduction in operating expenses did not fully compensate for the year-on-year change in bond related profit to a loss that resulted in lower other operating income. This led to an ¥11.7 billion decrease in net business profit (before provision for the general reserve) to ¥164.1 billion. Tokai Bank prudently increased provision for the general reserve by ¥9.0 billion to ¥21.6 billion to protect future earnings, resulting in a ¥20.7 billion decrease in net business profit (after provision for the general reserve) to ¥142.4 billion.

Non-Recurring Profit/Loss

Stock related profit increased ¥253.8 billion to ¥318.6 billion as gain on sales of stocks rose ¥352.8 billion partly because Tokai Bank sold cross-shareholdings totaling ¥230.0 billion. Disposal of problem loans decreased by ¥264.8 billion, totaling ¥300.1 billion that included the deterioration in asset quality from the prolonged recession, the final disposal of problem loans through removal from the balance sheet, erosion in value of collateralized real estate and loss from extending support to customers. Removal of problem loans from the balance sheet entailed ¥5.2 billion in sales of loans to the Cooperative Credit Purchasing Company, Ltd., bulk sales totaling ¥86.4 billion and sales of loans to the Resolution Collection Corp. of ¥20.5 billion.

Non-Recurring Profit/Loss

Years ended March 31	Billions of yen		
	2000	1999	Change
Disposal of problem loans	¥300.1	¥564.9	¥(264.8)
Charge off	114.6	211.7	(97.0)
Provision for specific loan loss reserve	(16.0)	95.8	(111.8)
Loss on sales of loans to Cooperative			
Credit Purchasing Co.	10.8	27.1	16.3
Loss on bulk sales	5.2	32.7	(27.5)
Loss on sales of loans to Resolution Collection Corp.	1.7	—	1.7
Provision for reserve for possible losses			
on collateralized real estate loans sold	6.4	10.1	(3.7)
Loss on extending support to customers	178.2	179.4	(1.2)
Provision for specific reserve for overseas loan losses	(0.7)	8.1	(8.9)
Other loans sold	—	0.0	(0.0)
Stock related gain/loss	318.6	64.8	253.8
Gain on sales of stocks	469.8	117.0	352.8
Loss on sales of stocks	144.6	34.5	110.0
Loss on devaluation of stocks	6.7	17.7	(11.0)

Income Before Income Taxes and Others and Net Income

The above factors resulted in a ¥458.2 billion increase in income before income taxes and others to ¥119.0 billion. Net income increased ¥230.5 billion to ¥44.7 billion.

ROE

Net business profit basis (after provision for general reserve)	%		
	2000	1999	Change
ROE	14.43	20.08	(5.65)
ROE (including preference shares)	8.77	13.65	(4.88)

Net income basis	%		
	2000	1999	Change
ROE	3.85	—	—
ROE (including preference shares)	2.76	—	—

Note: Calculation formula:

$$\frac{\{ \text{net business profit (net income)} - \text{dividend payout amount for preference shares} \}}{\{ [\text{Shareholders' equity at fiscal year start} - \text{number of preference shares at fiscal year start} \times \text{issue price}] + [\text{Shareholders' equity at fiscal year end} - \text{number of preference shares at fiscal year end} \times \text{issue price}] \} / 2}$$

Implementation of New Accounting Standards and Marked-to-Market Accounting

As per new accounting standards for financial products implemented beginning in the year to March 2000, Tokai Bank recognized losses in an accelerated manner through cancellations of derivative contracts and for the disposal of unrealized losses on foreign bonds. In addition, as for the unfunded projected benefit obligation of the Bank's pension liabilities totaled ¥110.0 billion as of the end of March 2000, using discount rate at 3.5%. The Bank plans to amortize over five years the ¥70.0 billion remaining after the establishment of a pension trust of approximately ¥40.0 billion.

Assets and Liabilities

At March 31, 2000, total assets decreased ¥883.9 billion from a year earlier to ¥29,215.2 billion. Main reasons included a decrease in loans and bills discounted due to the reduction in lending overseas concurrent with a review of overseas lending business and a decline in other assets resulting from a reduction in securities in custody and margins deposited due to a decrease in the use of bond repurchase agreements in fund management. Liabilities decreased ¥909.0 billion to ¥27,579.0 billion. Primary factors included a decline in other liabilities resulting from a reduction in securities borrowed and margins received due to the decrease in the use of bond repurchase agreements in fund management. Beginning with the year ended March 2000, in line with the change of accounting standards, Tokai Bank began disclosing the reserve for possible loan losses as an aggregated single deduction from the relevant assets. Concurrent with this change, a retroactive application is made to figures in the fiscal year ended March 1999.

Assets & Liabilities

As of March 31	Billions of yen		
	2000	1999	Change
Total assets	¥29,215	¥30,099	¥(884)
Loans and bills discounted	18,439	18,677	(238)
Other assets	720	1,182	(462)
Liabilities	27,579	28,488	(909)
Other liabilities	1,243	2,003	(761)

Loans Under Risk Monitor

Loans under risk monitor as of March 31, 2000 decreased by ¥80.2 billion from a year earlier to ¥651.9 billion, and represented 3.53 percent of loans and bills discounted, down 0.39 percentage points from a year earlier.

Beginning in September 1999, disclosure of loans under risk monitor has been revised to correspond changes in borrower categories based on the payment or suspension of interest as determined by assessment of assets. Figures for the year ended March 1999 have been restated to reflect the change.

Loans Under Risk Monitor (After Partial Direct Charge-Offs)

As of March 31	Billions of yen		
	2000	1999	Change
Loans to borrowers in legal bankruptcy	¥ 68.3	¥ 96.7	¥ (28.4)
Overdue loans	477.7	524.5	(46.9)
Loans overdue for at least 3 months	37.9	48.9	(10.9)
Loans with concessions in terms	68.0	62.1	5.9
Total	¥ 651.9	¥ 732.1	¥ (80.2)
Percentage of total loans	3.53%	3.92%	-0.39
Loans outstanding	¥18,438.6	¥18,676.8	¥(238.3)

Notes:

1. Accrued interest is not stated (Self-assessment borrower categories).
2. Partial direct charge-offs: Non-consolidated ¥310.4 billion, consolidated ¥373.8 billion

Credit Exposure Under Financial Reconstruction Law Disclosure (Financial Reconstruction Law, Article 7)

As of March 31, 2000, credit exposure under Financial Reconstruction Law disclosure decreased ¥74.8 billion from a year earlier to ¥678.5 billion. The coverage ratio of 82.7 percent remained above the 80 percent level. The total of such credits subject to disclosure represented 3.3 percent of loans and bills discounted.

Credit Exposure Under Financial Reconstruction Law Disclosure (After Partial Direct Charge-Offs)

As of March 31

Billions of yen

	2000	1999	Change
Bankrupt and quasi-bankrupt claims	¥ 188.3	¥ 215.5	¥ (27.2)
Doubtful claims	384.2	426.8	(42.6)
Substandard claims	105.9	111.0	(5.0)
Total	¥ 678.5	¥ 753.2	(74.8)
Normal	19,441.7	19,964.8	(523.1)
Total claims	¥20,120.2	¥20,718.1	¥(597.9)

Coverage for Credit Exposure Under Financial Reconstruction Law Disclosure

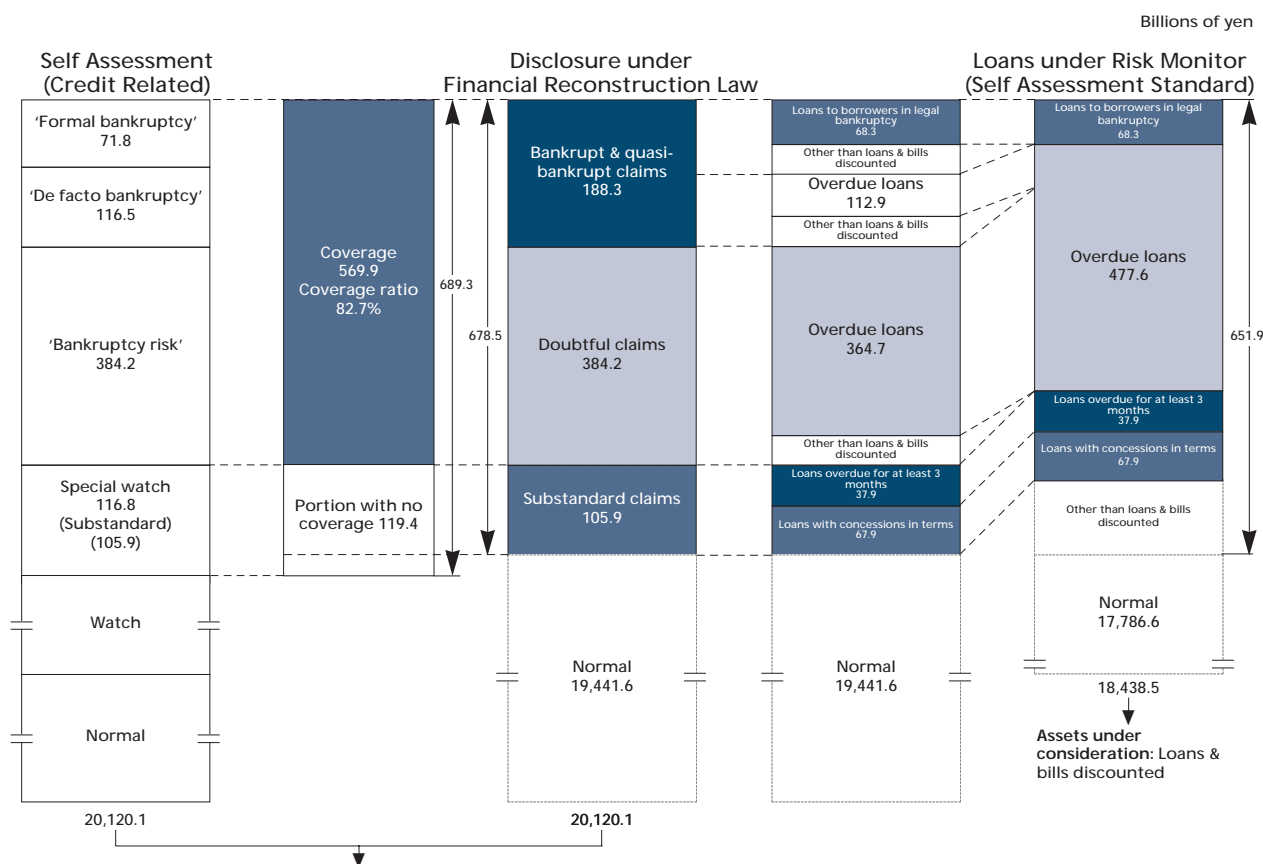
As of March 31, 2000

Billions of yen/%

	Loan amount	Coverage amount	Coverage ratio		
			Collateral guarantees and other	Reserve	
Bankrupt and quasi-bankrupt claims	¥188.3	¥188.3	¥179.8	¥ 8.6	100.0%
Doubtful claims	384.2	323.7	182.4	141.2	84.2
Special watch claims	116.8	57.9	49.0	9.0	49.6
Total	¥689.3	¥569.9	¥411.1	¥158.8	82.7%
Percentage of total disclosed problem loans		82.7%	59.6%	23.0%	

Note: For the coverage amount and coverage ratio, figures for special watch claims (including non-loan claims not included in substandard claims) are used instead of substandard claims.

Comparison of Self Assessment of Assets, Disclosure Under Financial Reconstruction Law and Loans Under Risk Monitor for Fiscal Year Ended March 31, 2000 (Non-Consolidated)



INCOME AND EXPENSES

(Non-Consolidated Basis)

Domestic and International Operating Income by Division

Years ended March 31		Billions of yen		
		2000	1999	1998
Domestic operations	Net interest income	¥316.4	¥285.3	¥277.8
	Net fees and commissions	39.0	37.0	36.4
	Net trading income	4.5	1.6	(1.0)
	Other	(2.1)	21.6	56.0
	Gross business profit	357.8	345.4	369.2
International operations	Net interest income	29.9	24.7	30.2
	Net fees and commissions	5.0	3.7	6.1
	Net trading income	8.3	10.7	8.0
	Other	(6.8)	31.0	27.5
	Gross business profit	36.5	70.0	71.7
Gross business profit		¥394.3	¥415.4	¥440.9
Gross business profit margin		1.54%	1.56%	1.58%

Notes:

- Domestic operations include yen-denominated transactions at domestic branches. International operations include foreign-currency transactions at domestic branches and transactions at overseas branches. International operations also include yen-denominated transactions for non-residents and transactions in Tokyo special offshore accounts (International Banking Facility (IBF)).
- Gross business profit margin = (Gross business profit/Average balance of interest-earning assets) × 100

Interest-Earning Assets and Liabilities, Interest Rate and Yield

Domestic Operations

	Billions of yen								
	2000			1999			1998		
	Average balance	interest	Yield (%)	Average balance	interest	Yield (%)	Average balance	interest	Yield (%)
Interest-earning assets	¥22,028.0	¥478.9	2.16	¥22,112.1	¥483.0	2.18	¥21,951.7	¥484.6	2.20
	(860.2)	(2.5)		(819.4)	(4.7)		(1,197.7)	(7.6)	
Loans and bills discounted	15,778.6	298.0	1.88	17,111.5	329.8	1.92	16,748.8	334.0	1.99
Trading account securities	—	—	—	—	—	—	—	—	—
Securities	4,708.9	63.4	1.34	3,877.0	56.8	1.46	3,830.0	73.5	1.91
Call loans	29.5	0.1	0.23	10.8	0.1	0.54	18.2	0.2	0.86
Bills purchased	412.2	0.2	0.03	129.7	0.5	0.40	5.7	0.1	0.99
Due from banks	175.5	0.3	0.16	158.7	1.5	0.94	149.7	1.2	0.83
Interest-bearing liabilities	20,761.3	162.6	0.78	20,482.0	197.7	0.96	20,714.4	206.8	0.99
Deposits	16,287.6	36.7	0.22	15,256.1	61.7	0.40	14,883.1	72.7	0.48
Negotiable certificates of deposit	1,732.6	2.7	0.15	2,419.0	14.5	0.60	2,320.6	14.8	0.63
Call money	1,851.9	3.5	0.18	2,016.5	11.5	0.57	2,089.3	10.7	0.51
Bills sold	100.6	0	0.04	226.7	1.1	0.47	309.7	1.9	0.62
Commercial paper	258.7	0.6	0.23	74.7	0.4	0.49	—	—	—
Borrowed money	617.3	16.8	2.71	651.1	18.8	2.88	1,276.8	23.3	1.82

Notes:

- "Interest-earning assets" are shown after deduction of the average balance of non-interest-earnings due from banks (1998: ¥191.5 billion, 1999: ¥196.5 billion, 2000: ¥215.8 billion). "Interest-bearing liabilities" are shown after deduction of an amount equivalent to the average balance of money held in trust (1998: ¥221.1 billion, 1999: ¥209.9 billion, 2000: ¥133.5 billion) and interest (1998: ¥2.2 billion, 1999: ¥2.0 billion, 2000: 1.0 billion).
- Figures in parentheses indicate the average balances of lending and borrowings or interest payments made between domestic and international operations.

Interest Rate and Margin Information

Years ended March 31		%				
		2000	1999	1998	1997	1996
Domestic operations	Return on earning assets	2.16%	2.18%	2.20%	2.68%	3.20%
	Cost of funds	1.72	1.94	2.00	2.44	2.78
	Gross interest margin	0.44	0.23	0.20	0.24	0.41

Fees and Commissions

Years ended March 31

Billions of yen

	Domestic operations			International operations			Total		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Fees and commissions (income)	¥48.5	¥46.3	¥46.0	¥11.2	¥12.0	¥14.1	¥59.7	¥58.3	¥60.1
Deposits and loans	5.8	5.6	5.8	1.2	1.9	2.6	7.0	7.5	8.3
Remittances and transfers	24.7	24.0	23.9	5.6	5.7	6.4	30.2	29.7	30.3
Securities	4.4	5.3	4.8	—	—	—	4.4	5.3	4.8
Proxy	1.8	1.8	2.2	0	0	0.2	1.9	1.9	2.3
Custody and safe box services	1.4	1.4	1.4	—	—	—	1.4	1.4	1.4
Guarantees	0.8	0.8	0.7	3.0	3.3	3.9	3.8	4.1	4.6
Fees and commissions (expenses)	9.5	9.3	9.6	6.2	8.3	8.0	15.7	17.6	17.7
Remittances and transfers	4.3	4.2	4.3	1.2	1.4	1.6	5.4	5.6	5.9

Trading Income

Years ended March 31

Billions of yen

	Domestic operations			International operations			Total		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Trading income (loss)	¥4.5	¥1.6	¥(1.0)	¥8.3	¥10.7	¥7.9	¥12.7	¥12.2	¥7.0
Income (loss) from trading securities	1.5	0.8	(0.5)	0	—	0	1.6	0.8	(0.5)
(Loss) income from securities-related transactions	—	0.9	(0.5)	(0.2)	1.1	(1.3)	(0.2)	2.0	(1.8)
Income (loss) from trading-related financial derivatives transactions	2.5	(2.1)	(0.8)	8.5	9.6	9.2	10.9	7.5	8.4
Other trading income (loss)	0.5	1.9	0.8	—	—	—	0.5	1.9	0.8

Net Other Operating Income

Years ended March 31

Billions of yen

	2000	1999	1998	1997	1996
Domestic operations	¥ (2)	¥22	¥56	¥30	¥61
Profits on trading account securities	—	—	—	1	2
Bond related profit	(2)	22	56	29	60
Other operating income	0	0	0	0	0
International operations	(7)	31	27	13	14
Profits on foreign exchange transactions	10	14	11	12	10
Bond related profit	(16)	17	16	2	4
Other operating expenses	—	—	—	—	—
Total	¥ (9)	¥53	¥83	¥44	¥76

General and Administrative Expenses

Years ended March 31

Billions of yen

	2000	1999	1998	1997	1996
Salaries and allowances	¥ 86.9	¥ 92.5	¥ 99.3	¥100.2	¥ 97.5
Retirement allowances	2.8	2.6	2.9	3.1	2.9
Transfer to reserve for retirement allowances	3.0	3.1	3.1	2.9	2.9
Welfare expenses	18.6	19.9	18.7	19.0	19.4
Depreciation	15.3	15.7	15.3	18.2	18.0
Leases on buildings and equipment	21.7	23.4	22.8	23.0	22.0
Repair expenses	0.6	0.7	0.6	1.0	1.0
General supplies	3.4	3.9	3.6	4.8	4.5
Lighting and heating expenses	2.7	2.9	3.1	3.0	3.1
Travel expenses	1.3	1.5	1.8	1.9	1.7
Telephone, fax and others	4.5	4.5	4.6	4.9	4.7
Advertising expenses	2.6	2.9	3.5	4.0	4.0
Taxes	14.4	14.9	16.3	15.0	15.7
Other	57.6	56.3	57.8	56.8	47.0
Total	¥235.6	¥244.8	¥253.4	¥257.7	¥244.5

Profitability Ratios

Years ended March 31

%

	2000	1999	1998	1997	1996
Pre-tax return on assets	0.42%	—	—	0.15%	—
Pre-tax return on equity	7.43	—	—	5.80	—
Return on assets	0.16	—	0.02%	0.13	—
Return on equity	2.79	—	0.73	5.29	—

Notes:

1. Pre-tax return on assets = (Income before income taxes and others/Average total assets-excluding customers' liabilities for acceptances and guarantees) × 100
Return on assets = (Net income/Average total assets — excluding customers' liabilities for acceptances and guarantees) × 100
2. Pre-tax return on equity = (Income before income taxes and others/Average total stockholders' equity) × 100
Return on equity = (Net income/Average total stockholders' equity) × 100
3. Figures are not presented for the fiscal years ended March 1996 and March 1999 because losses before income taxes and others and net losses were recorded for those years.
4. Pre-tax return on assets and equity are not presented for the fiscal year ended March 1998 because a loss before income taxes and others was recorded for that year.
5. Concurrent with the change in the method for indicating the reserve for possible loan losses as an aggregated single deduction from the relevant assets in the fiscal year ended March 2000, a retroactive application is made to average total assets in the previous fiscal years.

SUMMARY OF OPERATIONS

(Non-Consolidated Basis)

Deposits

Balance of Deposits by Category

Fiscal Year End Balance (As of March 31)

Billions of yen/%

	2000	1999	1998	1997	1996
Domestic operations					
Demand deposits	¥ 7,255 (44.2)	¥ 5,991 (37.8)	¥ 5,474 (35.3)	¥ 5,059 (33.9)	¥ 4,860 (33.0)
Interest-bearing deposits	6,736 (41.0)	5,646 (35.6)	5,124 (33.0)	4,680 (31.4)	4,332 (29.4)
Time deposits	8,852 (53.9)	9,586 (60.4)	9,780 (63.0)	9,553 (64.1)	9,692 (65.8)
Fixed-rate time deposits	8,836 (53.8)	9,568 (60.3)	9,763 (62.9)	9,535 (64.0)	9,599 (65.2)
Market-linked time deposits	12 (0.1)	14 (0.1)	11 (0.1)	10 (0.1)	11 (0.1)
Other deposits	311 (1.9)	287 (1.8)	266 (1.7)	296 (2.0)	173 (1.2)
Subtotal	16,418 (100.0)	15,864 (100.0)	15,520 (100.0)	14,908 (100.0)	14,725 (100.0)
Certificates of deposit	1,983	2,260	1,734	2,150	1,907
Total	18,401	18,125	17,254	17,059	16,632
International operations					
Demand deposits	42 (2.0)	39 (1.5)	42 (1.0)	49 (0.9)	30 (0.5)
Interest-bearing deposits	15 (0.7)	15 (0.6)	11 (0.3)	9 (0.2)	7 (0.1)
Time deposits	1,426 (67.0)	1,566 (59.9)	2,682 (61.8)	3,368 (64.3)	3,946 (71.6)
Fixed-rate time deposits	—	—	—	—	—
Market-linked time deposits	—	—	—	—	—
Other deposits	659 (31.0)	1,011 (38.6)	1,613 (37.2)	1,820 (34.8)	1,534 (27.9)
Subtotal	2,128 (100.0)	2,616 (100.0)	4,337 (100.0)	5,237 (100.0)	5,509 (100.0)
Certificates of deposit	35	30	253	254	193
Total	2,162	2,646	4,590	5,491	5,701
Total	¥20,563	¥20,771	¥21,844	¥22,550	¥22,334

Note: Figures in parentheses represent percentage of total.

Average Balance (Years ended March 31)

Billions of yen/%

	2000	1999	1998	1997	1996
Domestic operations					
Demand deposits	¥ 6,613 (40.6)	¥ 5,273 (34.6)	¥ 4,834 (32.5)	¥ 4,394 (30.3)	¥ 3,904 (27.1)
Interest-bearing deposits	5,787 (35.5)	4,531 (29.7)	4,077 (27.4)	3,666 (25.3)	3,208 (22.2)
Time deposits	9,548 (58.6)	9,858 (64.6)	9,929 (66.7)	9,956 (68.8)	10,413 (72.1)
Fixed-rate time deposits	9,531 (58.5)	9,841 (64.5)	9,911 (66.6)	9,929 (68.6)	10,136 (70.2)
Market-linked time deposits	13 (0.1)	13 (0.1)	11 (0.1)	11 (0.1)	11 (0.1)
Other deposits	128 (0.8)	125 (0.8)	120 (0.8)	129 (0.9)	119 (0.8)
Subtotal	16,288 (100.0)	15,256 (100.0)	14,883 (100.0)	14,479 (100.0)	14,435 (100.0)
Certificates of deposit	1,733	2,419	2,321	2,245	2,126
Total	18,020	17,675	17,204	16,724	16,561
International operations					
Demand deposits	34 (1.4)	35 (1.0)	46 (0.9)	38 (0.7)	27 (0.4)
Interest-bearing deposits	12 (0.5)	11 (0.3)	11 (0.2)	10 (0.2)	7 (0.1)
Time deposits	1,661 (67.8)	2,256 (63.1)	3,241 (65.8)	4,085 (70.6)	3,965 (72.3)
Fixed-rate time deposits	—	—	—	—	—
Market-linked time deposits	—	—	—	—	—
Other deposits	755 (30.8)	1,285 (35.9)	1,636 (33.3)	1,658 (28.7)	1,492 (27.2)
Subtotal	2,450 (100.0)	3,575 (100.0)	4,923 (100.0)	5,781 (100.0)	5,484 (100.0)
Certificates of deposit	37	103	280	249	151
Total	2,487	3,678	5,203	6,030	5,635
Total	¥20,507	¥21,353	¥22,407	¥22,754	¥22,196

Notes:

- Demand deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
- Time deposits = Time deposits + Installment savings deposits
Fixed-rate time deposits are time deposits with interest rates set at a fixed level throughout the term of the deposit.
Market-linked time deposits are time deposits with interest rates that fluctuate with changes in market rates during the term of the deposit.
- The average balance of foreign-currency-denominated transactions of domestic branches, included in international operations, is calculated using the monthly current method (in which the telegraphic transfer figure at the end of the previous month is applied to non-exchange transactions for the applicable month).
- Figures in parentheses represent percentage of total.

Deposits by Depositor Type

As of March 31

Billions of yen/%

	2000	1999	1998	1997	1996
Corporations	¥ 6,646 (38.8)	¥ 6,326 (38.1)	¥ 5,998 (37.1)	¥ 5,986 (38.0)	¥ 6,315 (41.1)
Individuals	9,135 (53.4)	8,874 (53.5)	8,705 (53.9)	8,164 (51.9)	7,745 (50.4)
Others	1,337 (7.8)	1,386 (8.4)	1,453 (9.0)	1,596 (10.1)	1,303 (8.5)
Total	¥ 17,118 (100.0)	¥16,585 (100.0)	¥16,156 (100.0)	¥15,746 (100.0)	¥ 15,362 (100.0)

Notes:

1. The balance of deposits shown above is for domestic branches and does not include certificates of deposit, deposits of overseas branches and transactions in Tokyo special offshore accounts (IBF).
2. Figures in parentheses represent percentage of total.

Time Deposits Classified by Residual Maturity

As of March 31, 2000

Billions of yen/%

	3 months or less	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years	Total
Time deposits	¥4,721	¥1,849	¥2,210	¥653	¥621	¥225	¥10,278
Fixed-rate time deposits	3,568	1,601	2,202	642	604	221	8,836
Market-linked time deposits	6	5	—	—	—	—	12

As of March 31, 1999

Billions of yen/%

	3 months or less	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years	Total
Time deposits	¥5,562	¥1,815	¥2,093	¥884	¥556	¥242	¥11,152
Fixed-rate time deposits	4,352	1,517	2,061	875	546	217	9,568
Market-linked time deposits	8	6	—	—	—	—	14

Note: Deposit balances shown in this chart do not include installment time deposits.

Loans

Deposit-to-Loan Ratio

Years ended March 31

		%				
		2000	1999	1998	1997	1996
Domestic operations	Year-end	88.18	87.52	96.88	97.13	99.09
	Average for the year	87.55	96.81	97.35	99.41	100.38
International operations	Year-end	102.27	106.32	78.29	70.15	59.10
	Average for the year	96.07	85.69	78.03	64.62	58.59
Total	Year-end	89.66	89.91	92.97	90.56	88.88
	Average for the year	88.59	94.89	92.86	90.19	89.77

Note: Deposits include certificates of deposit.

Loan Composition by Collateral

As of March 31

		Billions of yen				
		2000	1999	1998	1997	1996
Securities	¥	358	341	321	381	451
Receivables		135	282	296	338	370
Merchandise		0	1	1	3	3
Real estate		2,654	2,734	2,956	3,163	3,467
Other		143	116	168	153	133
	¥	3,291	3,474	3,742	4,037	4,424
Guarantees		7,741	7,558	7,697	7,657	6,973
Credits		7,407	7,645	8,870	8,728	8,456
Total	¥	18,439	18,677	20,310	20,422	19,852

Customers' Liabilities for Acceptances and Guarantees Composition by Collateral

As of March 31

		Billions of yen				
		2000	1999	1998	1997	1996
Securities	¥	2	8	18	22	25
Receivables		1	2	3	11	11
Merchandise		—	0	0	—	0
Real estate		32	42	83	93	93
Other		5	13	16	20	45
	¥	40	65	120	146	174
Guarantees		269	280	311	336	316
Credits		1,165	1,260	1,462	1,458	1,204
Total	¥	1,474	1,605	1,893	1,940	1,695

Loan Composition by Industry

As of March 31

		Billions of yen/%									
		2000		1999		1998		1997		1996	
		Loans outstanding	(Percent of total)	Loans outstanding	(Percent of total)	Loans outstanding	(Percent of total)	Loans outstanding	(Percent of total)	Loans outstanding	(Percent of total)
Domestic: (excluding IBF)											
Manufacturing	¥	2,574	(15.7)	2,419	(15.0)	2,547	(14.9)	2,539	(14.9)	2,696	(15.8)
Agriculture, forestry, fisheries and mining ..		40	(0.2)	45	(0.3)	55	(0.3)	54	(0.3)	68	(0.4)
Construction		1,025	(6.2)	936	(5.8)	978	(5.7)	917	(5.4)	818	(4.8)
Wholesale/retail/restaurants		2,727	(16.6)	2,684	(16.6)	2,885	(16.8)	2,798	(16.4)	2,815	(16.5)
Financial services		1,753	(10.7)	1,429	(8.8)	1,583	(9.2)	1,719	(10.1)	1,627	(9.5)
Real estate		2,125	(12.9)	2,099	(13.0)	2,412	(14.1)	2,323	(13.6)	1,858	(10.9)
Transportation/ communications		527	(3.2)	525	(3.2)	533	(3.1)	508	(3.0)	584	(3.4)
Utilities		90	(0.6)	107	(0.7)	83	(0.5)	34	(0.2)	83	(0.5)
Services		2,152	(13.1)	2,350	(14.5)	2,800	(16.4)	2,933	(17.2)	3,198	(18.8)
National government ..		54	(0.3)	197	(1.2)	—	(—)	—	(—)	—	(—)
Local governments		242	(1.5)	262	(1.6)	195	(1.1)	189	(1.1)	218	(1.3)
Others		3,119	(19.0)	3,118	(19.3)	3,057	(17.9)	3,049	(17.8)	3,086	(18.1)
Subtotal	¥	16,429	(100.0)	16,171	(100.0)	17,127	(100.0)	17,063	(100.0)	17,051	(100.0)
Overseas: (including IBF)											
Public sector	¥	65	(3.3)	78	(3.1)	99	(3.1)	123	(3.7)	145	(5.2)
Financial institutions ..		241	(12.0)	324	(12.9)	511	(16.0)	498	14.8	406	(14.5)
Others		1,703	(84.7)	2,104	(84.0)	2,573	(80.9)	2,738	(81.5)	2,250	(80.3)
Subtotal		2,009	(100.0)	2,506	(100.0)	3,183	(100.0)	3,359	(100.0)	2,801	(100.0)
Total	¥	18,439		18,677		20,310		20,422		19,852	

Loans Under Risk Monitor by Industry

As of March 31, 2000

	Billions of yen/%	
	Loans Outstanding	Percent of Total
Domestic: (excluding IBF)		
Manufacturing	¥ 67	10.6%
Agriculture, forestry, fisheries and mining	1	0.1
Construction	29	4.6
Wholesale/retail/restaurants	128	20.2
Financial services	15	2.5
Real estate	116	18.3
Transportation/communications	15	2.4
Utilities	1	0.1
Services	171	27.0
Local governments	—	—
Others	90	14.2
Total	¥633	100.0%

Loans and Bills Discounted Classified by Residual Maturity

As of March 31, 2000

	Billions of yen						Total
	1 year or less	More than 1 year through 3 years	More than 3 years through 5 years	More than 5 years through 7 years	More than 7 years	No designated term	
Loans and Bills Discounted	¥6,771	¥3,117	¥1,648	¥831	¥2,938	¥3,134	¥18,439
Market-linked interest rate	—	1,897	1,052	542	1,962	3,134	—
Fixed interest rate	—	1,220	596	289	975	—	—

As of March 31, 1999

	Billions of yen						Total
	1 year or less	More than 1 year through 3 years	More than 3 years through 5 years	More than 5 years through 7 years	More than 7 years	No designated term	
Loans and Bills Discounted	¥7,041	¥3,093	¥1,836	¥851	¥2,916	¥2,941	¥18,677
Market-linked interest rate	—	2,010	1,146	564	1,759	2,941	—
Fixed interest rate	—	1,083	690	287	1,157	—	—

Note: Loans and bills discounted with a remaining term of one year or less are not divided into market-linked or fixed interest rate categories.

Loans to Small-Sized Companies and Percentage of Total

As of March 31

	Billions of yen/%				
	2000	1999	1998	1997	1996
Loans to small-sized companies	¥11,788	¥10,566	¥11,502	¥11,955	¥11,851
Percentage of total loans	71.7%	65.3%	67.1%	70.0%	69.5%

Notes:

- Loan balances shown in this chart do not include loans of overseas branches and transactions in Tokyo special offshore accounts (IBF).
- Figures under small-sized companies are those companies capitalized at less than ¥300 million (¥100 million for wholesalers and ¥50 million for retailers, restaurants and service companies) or those companies with 300 or fewer employees (100 or fewer for wholesalers, 50 or fewer for retailers, and 100 or fewer for restaurants and service companies), and individuals. Further, on December 3, 1999, a law which revised a part of the "Medium and Small Enterprise Basic Law" (law no. 146 of 1999) was promulgated and enacted, and the scope of "medium and small enterprises" was expanded. Concurrently, the amounts for the year ended March 2000 are recorded due to the amended scope for such enterprises. As a result of this change, the "average balance for loans to small-sized companies" for the year ended March 2000 has increased ¥858 billion as compared with the scope for medium and small enterprises prior to the revision in the law.

Consumer Loans

As of March 31

Billions of yen

	2000	1999	1998	1997	1996
Housing loans	¥3,134	¥2,979	¥2,795	¥2,699	¥2,568
Other loans	466	557	638	713	775
Total	¥3,599	¥3,536	¥3,433	¥3,412	¥3,343

Reserve for Possible Loan Losses

Years ended March 31

Billions of yen

	2000				1999				1998			
	Balance at beginning of term	Increase during term	Decrease during term	Balance at end of term	Balance at beginning of term	Increase during term	Decrease during term	Balance at end of term	Balance at beginning of term	Increase during term	Decrease during term	Balance at end of term
General reserve	¥ 88.5 (-3.5)	¥ 110.2	¥ 88.5	¥ 110.2	¥ 79.4 (-2.0)	¥ 92.1	¥ 79.4	¥ 92.1	¥ 62.9 (0.3)	¥ 81.4	¥ 62.9	¥ 81.4
Specific loan-loss provision (formerly reserve for specific loan loss)	162.3 (-1.6)	148.8	547.7	148.8	713.0 (-1.3)	163.9	713.0	163.9	655.2 (1.1)	355.4	296.4	714.3
incl. loans to nonresidents	2.3 (-0.3)	2.3	2.3	2.3	19.7 (-1.2)	2.6	19.7	2.6	27.2 (1.1)	0.2	6.5	20.9
Specific reserve for overseas loan losses	8.2	7.4	8.2	7.4	0 (0)	8.2	0	8.2	5.4 (0.2)	0	5.4	0
Total	¥259.0 (-5.1)	¥266.4	¥644.4	¥266.4	¥792.4 (-3.3)	¥264.1	¥792.4	¥264.1	¥723.5 (1.6)	¥436.8	¥364.6	¥795.7
	[385.4]	[330.2]	[330.2]									

Notes: 1. Figures for the beginning of term in parentheses are foreign exchange translation differentials.

2. Figures in brackets are partial direct charge-offs, and the balances as at March 31, 2000 are calculated by adding the respective figures.

Loan Charge-Offs

Years ended March 31

Billions of yen

	2000	1999	1998	1997	1996
Loan charge-offs	¥114.6	¥211.7	¥19.6	¥8.1	¥32.3

Sales of Loans to the Cooperative Credit Purchasing Company (CCPC)

As of March 31

Billions of yen/%

	2000	1999
Balance of sales of loans to the CCPC	¥85.5	¥117.4
Reserve for possible losses on sale of loans	55.4	68.4
Reserve ratio	64.7%	58.3%

Securities

Securities Holdings

Fiscal Year End Balance (As of March 31)

Billions of yen/%

	2000	1999	1998	1997	1996
Domestic operations					
National government bonds . . .	¥ 2,054 (39.8)	¥ 781 (19.7)	¥1,014 (26.0)	¥ 737 (18.8)	¥ 531 (14.1)
Regional government bonds . . .	283 (5.5)	307 (7.7)	234 (6.0)	331 (8.4)	263 (7.0)
Corporate bonds	233 (4.5)	335 (8.4)	159 (4.1)	525 (13.4)	741 (19.7)
Stocks	2,479 (48.1)	2,455 (61.9)	2,427 (62.4)	2,276 (58.2)	2,203 (58.5)
Other securities	108 (2.1)	90 (2.3)	58 (1.5)	45 (1.2)	26 (0.7)
Foreign bonds	—	—	—	—	—
Foreign stocks	—	—	—	—	—
Total	5,157 (100.0)	3,969 (100.0)	3,892 (100.0)	3,914 (100.0)	3,763 (100.0)
International operations					
National government bonds . . .	—	—	—	—	—
Regional government bonds . . .	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Stocks	—	—	—	—	—
Other securities	472 (100.0)	709 (100.0)	523 (100.0)	844 (100.0)	655 (100.0)
Foreign bonds	325 (68.8)	557 (78.6)	341 (65.1)	656 (77.8)	473 (72.3)
Foreign stocks	147 (31.2)	152 (21.4)	183 (34.9)	187 (22.2)	182 (27.7)
Total	472 (100.0)	709 (100.0)	523 (100.0)	844 (100.0)	655 (100.0)
Total	¥5,629	¥4,678	¥4,416	¥4,757	¥4,418

Average Balance (Years ended March 31)

Billions of yen/%

	2000	1999	1998	1997	1996
Domestic operations					
National government bonds . . .	¥1,725 (36.6)	¥ 835 (21.5)	¥ 838 (21.9)	¥ 623 (16.2)	¥ 552 (14.6)
Regional government bonds . . .	274 (5.8)	270 (7.0)	280 (7.3)	343 (8.9)	476 (12.6)
Corporate bonds	268 (5.7)	241 (6.2)	306 (8.0)	633 (16.5)	816 (21.5)
Stocks	2,355 (50.0)	2,458 (63.4)	2,359 (61.6)	2,216 (57.5)	1,916 (50.6)
Other securities	87 (1.9)	73 (1.9)	47 (1.2)	35 (0.9)	26 (0.7)
Foreign bonds	—	—	—	—	—
Foreign stocks	—	—	—	—	—
Total	4,709 (100.0)	3,877 (100.0)	3,830 (100.0)	3,850 (100.0)	3,786 (100.0)
International operations					
National government bonds . . .	—	—	—	—	—
Regional government bonds . . .	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Stocks	—	—	—	—	—
Other securities	809 (100.0)	757 (100.0)	789 (100.0)	719 (100.0)	543 (100.0)
Foreign bonds	660 (81.5)	576 (76.1)	600 (76.0)	535 (74.4)	364 (67.0)
Foreign stocks	149 (18.5)	181 (23.9)	189 (24.0)	184 (25.6)	179 (33.0)
Total	809 (100.0)	757 (100.0)	789 (100.0)	719 (100.0)	543 (100.0)
Total	¥5,518	¥4,634	¥4,619	¥4,570	¥4,330

Notes:

1. Loaned securities are included in the relevant categories above.
2. The average balance of foreign-currency-denominated transactions at domestic branches included in international operations is calculated using the current month method (the telegraphic transfer rate at the end of the prior month is applied to non-exchange transactions).
3. Figures in parentheses represent percentage of totals.

Balance of Securities Classified by Residual Maturity

As of March 31, 2000

Billions of yen

	1 year or less	More than 1 year through 3 years	More than 3 years through 5 years	More than 5 years through 7 years	More than 7 years through 10 years	More than 10 years	No designated term	Total
National government bonds	¥ 912	¥ 8	¥137	¥465	¥499	¥ 35	¥ —	¥ 2,054
Regional government bonds	16	39	46	71	110	1	—	283
Corporate bonds	20	58	98	36	20	—	—	233
Stocks							2,479	2,479
Other securities	30	20	61	22	150	72	226	580
Foreign bonds	18	16	55	15	101	72	48	325
Foreign stocks							147	147
Loaned securities	—	0	0	—	—	—	—	0

As of March 31, 1999

Billions of yen

	1 year or less	More than 1 year through 3 years	More than 3 years through 5 years	More than 5 years through 7 years	More than 7 years through 10 years	More than 10 years	No designated term	Total
National government bonds	¥ 3	¥65	¥ 28	¥244	¥407	¥ 35	¥ —	¥ 781
Regional government bonds	19	48	39	57	142	1	—	307
Corporate bonds	22	97	121	40	55	—	—	335
Stocks							2,455	2,455
Other securities	80	38	245	23	84	103	227	799
Foreign bonds	63	8	235	23	59	103	65	557
Foreign stocks							152	152
Loaned securities	—	0	0	—	—	—	—	0

Note: Treasury stock is included in "Stocks."

CAPITAL AND STOCK

Number of Stock Issuances

As of March 31

	2000	1999	1998	1997	1996
Capital (Billions of yen)	¥723.1	¥723.0	¥362.0	¥362.0	¥312.0
Stock Issuances (Thousands of Shares)					
Common stocks	2,252,005	2,251,676	2,029,059	2,029,059	2,029,059
First preference shares	50,000	50,000	50,000	50,000	
Second preference shares	150,000	150,000			
Third preference shares	150,000	150,000			

Composition of Capital Increase

For the years ended March 31

Billions of yen

	2000	1999	1998	1997	1996
Capital increase.....	¥ —	¥ 61.0	¥ —	¥ —	¥ —
Conversion of convertible bonds.....	0.2	—	—	—	0
Issue of preference shares.....	—	300.0	—	50.0	—
Total.....	¥ 0.2	¥361.0	¥ —	¥ 50.0	¥ 0
Capital.....	¥723.1	¥723.0	¥362.0	¥362.0	¥312.0

Stock Issuances

	Registered or Bearer and Par Value or Non-Par Value	Type	Number of shares issued	Exchange and Section
			As of March 31, 2000	
Stock Issued	Registered par value shares (par value ¥50)	Common stock*	2,252,005,510	Nagoya Stock Exchange (1st Section) Tokyo Stock Exchange (1st Section) Osaka Securities Exchange (1st Section) London Stock Exchange Paris Stock Exchange Swiss Stock Exchange
	Registered non-par value shares	First preference shares (type A)	50,000,000	
		Second preference shares (type B)	150,000,000	
		Third preference shares (type B)	150,000,000	
	Total		2,602,005,510	

*Note: Carries voting rights.

Per Share and Other Information

Years ended March 31

	2000	1999	1998	1997	1996
Cash dividends per share (yen)	Common stocks	Common stocks	Common stocks	Common stocks	Common stocks
	¥ 7.00	¥ 7.00	¥ 8.50	¥ 8.50	¥6.50
		Common stocks (New)			
		2.75			
	First preference shares	First preference shares	First preference shares	First preference shares	
	68.75	68.75	68.75	68.75	
	Second preference shares	Second preference shares			
	18.60	0.06			
	Third preference shares	Third preference shares			
	19.40	0.06			
Interim cash dividends per share (yen)	Common stocks	Common stocks	Common stocks	Common stocks	Common stocks
	3.50	4.25	—	4.25	4.25
	First preference shares	First preference shares	First preference shares	First preference shares	
	34.375	34.375	—	34.375	
	Second preference shares				
	9.30				
	Third preference shares				
	9.70				
Net income (loss) per share (yen) (Figures in parentheses indicate net loss per share)	15.80	(93.21)	1.10	17.79	(170.63)
Year-end market price per share (yen)	620	764	824	965	1,330
Net assets per share (yen)	415.72	404.65	334.36	336.66	324.52
Dividend payout ratio (%)	44.27	—	769.68	47.76	—

Notes:

1. Net income (loss) per share is calculated using net income (loss) after deducting cash dividends for preference shares from net income (loss), divided by the average number of common stocks for the fiscal year.
2. Net assets per share is calculated by deducting (number of preference shares at fiscal year end x issue price) from net asset amount at fiscal year end, divided by the number of common stocks at fiscal year (excluding treasury stock).
3. The dividend payout ratio is calculated using the cash dividends for common stocks for the fiscal year, divided by net income, after deducting cash dividends for preference shares.

Issuance of Preference Shares

As of March 31, 2000

	Shareholder	Shares held (thousands)	Percentage held of total shares issued
First preference shares (type A)	TB Finance (Cayman) Limited	50,000	100.00%
Second preference shares (type B)	Resolution and Collection Bank, Limited*	150,000	100.00
Third preference shares (type B)	Resolution and Collection Bank, Limited*	150,000	100.00

* Note: Renamed Resolution and Collection Corporation on April 1, 1999, with the merger of Resolution and Collection Bank, Limited and Housing Loan Administration Corporation

Common Shareholders by Type

As of March 31, 2000

	Stock Information (1 unit = 1,000 shares)							Shares totaling less than one unit
	National and regional government bodies	Financial institutions	Securities companies	Other corporate entities	Foreign corporations (individuals included therein)	Individuals and others	Total	
Number of shareholders	1	191	48	5,742	328 (15)	39,489	45,799	
Shares held (units)	102	623,221	25,889	1,263,437	140,164 (47)	189,314	2,242,127	9,878,510
Percentage of total	0.00	27.80	1.16	56.35	6.25 (0.00)	8.44	100.00	

Notes:

1. Out of a total of 11,788 shares of treasury stock, 11 units are included in "Individuals and others" and 788 units are included in "Shares totaling less than one unit." Also, 11,788 shares of treasury stock are registered in the names of the shareholders, but the actual number of shares held at the end of the fiscal year was 9,788 shares.
2. The columns "Other corporate entities" and "Shares totaling less than one unit" include 123 units and 1,948 shares, respectively, of shares held at the Japan Securities Depository Center.

Major Shareholders (Shares in Thousands)

As of March 31, 2000

Shareholder	Number of Shares	% of Total Shares
1. Toyota Motor Corporation	114,765	5.09
2. The Chiyoda Mutual Life Insurance Co.	81,110	3.60
3. Nippon Life Insurance Co.	67,753	3.00
4. Toyoshima Co., Ltd.	55,866	2.48
5. The Dai-ichi Mutual Life Insurance Co.	38,957	1.72
6. The Asahi Bank, Ltd.	38,044	1.68
7. Asahi Mutual Life Insurance Co.	33,655	1.49
8. Meiji Life Insurance Co.	32,607	1.44
9. Chiyoda Fire & Marine Insurance	28,844	1.28
10. Sumitomo Life Insurance Co.	27,142	1.20
11. The Nippon Credit Bank, Ltd.	22,624	1.00
12. Kondo Bosekijo K.K.	21,922	0.97
13. Toho Gas Co., Ltd.	18,737	0.83
14. Mitsubishi Trust & Banking Corporation	18,633	0.82
15. The Chase Manhattan Bank N.A., London	18,073	0.80
16. Suzuki Motor Corporation	17,194	0.76
17. Chubu Electric Power Co., Inc.	16,956	0.75
18. Nagoya Railroad Co., Ltd.	16,813	0.74
19. The Nikko Securities Co., Ltd.	16,589	0.73
20. Tokai Bank Employee Stock Ownership Association	15,846	0.70

Consolidated Subsidiaries and Affiliates

Overseas

As of March 31, 2000

Company Name	Principal Business	Date Established	Capital	Percent of Investment*
Americas				
Tokai Bank of California	Commercial Banking	6/74	US\$116.3m	100.0
Tokai California Finance Corporation	Leasing	8/86	US\$0.05m	(100.0)
Tokai Bank Canada	Commercial Banking	1/87	Can\$56.6m	100.0
Tokai Finance (Curaçao) N.V.	Commercial Finance	1/91	US\$0.2m	100.0
Tokai Preferred Capital Holdings, Inc.	Investment	3/98	US\$125m	100.0
Tokai Preferred Capital Company L.L.C.	Commercial Finance	3/98	US\$125m	(100.0)
Europe & Middle East				
Tokai Bank Nederland N.V.	Commercial Banking	1/76	D.Gl.80.5m	100.0
Tokai Bank (Switzerland) Ltd.	Banking/Securities	4/84	SFr57.4m	100.0
Tokai Bank (Deutschland) GmbH	Banking/Securities	5/90	DM50.0m	100.0
Tokai Bank Europe plc	Banking/Securities	1/92	Stg£224.5m	100.0
TBE Leasing Limited	Leasing	12/92	Stg£100	(99.0)
Tokai Trust Europe Limited	Trustee Services	10/96	Stg£0.25m	(100.0)
Tokai Derivative Products Ltd.	Derivatives	1/95	Stg£0.1m	(100.0)
Tokai Capital Markets Limited	Securities	1/92	Stg£105.9m	(100.0)
TCM Leasing Limited	Leasing	12/92	Stg£100	(99.0)
TCM Leasing II Limited	Leasing	6/96	Stg£100	(99.0)
Tokai Airfinance Europe Limited	Leasing	12/91	US\$0.02m	99.99
Asia & Oceania				
Tokai Asia Limited	Securities	1/77	US\$84.6m	100.0
Tokai Australia Finance Corporation Ltd.	Commercial Finance	5/85	A\$70.0m	100.0
Tokai Financial Futures (Singapore) Pte., Ltd.	Operations in Financial Futures Market	9/85	S\$3.3m	100.0
P.T. Tokai Lippo Bank	Commercial Banking	12/89	Rp136,977m	84.39
Bangkok First Tokai Company Ltd.	Commercial Finance	4/73	B180.0m	45.0
Affiliates				
Global Business Bank, Inc.	Commercial Banking	1/97	P2,000.0m	30.0
Industrial & Commercial International Leasing Co., Ltd.	Leasing	4/88	US\$5.0m	25.0
Tokai Deutsche Asset Management Ltd.	Investment Advisor	3/90	Stg£0.15m	9.0
P.T. Bapindo Loka Sentra Leasing	Leasing	4/85	Rp10,000m	30.0

*Figures in parentheses represent investments of subsidiaries.

Domestic

As of March 31, 2000

Company Name	Principal Business	Date Established	Capital*	Percent of Investment**
Tokai International Securities Co., Ltd.	Securities	1/95	22,222	90.0
The Tokai Trust and Banking Co., Ltd.	Trust	8/95	10,000	100.0
Tokai Area Maintenance Co., Ltd.	Cash Handling and Delivery/ ATM Maintenance	6/95	10	100.0
Tokai Real Estate Management Co., Ltd.	Real Estate	10/94	200	100.0
Tokai Business Aid Co., Ltd.	Balance Inquiry and Cash Transfer Services	4/96	50	100.0
Tokai Business Service Co., Ltd.	Proxy Service	8/80	95	100.0
Tokai Facility Service Co., Ltd.	Building Maintenance and Management	10/87	20	100.0
Central Mortgage Acceptance Corporation***	Mortgage Securities	10/83	18,550	5.0
Million Card Service Co., Ltd.	Credit Card	4/68	1,399	5.0
The Million Credit Co., Ltd.	Loan Guarantee	2/71	200	5.0
The Central Capital Ltd.	Investment/Loan	1/74	860	37.2
Bangkok Central Capital Co., Ltd.	Investment/Loan	3/90	B35.0m	(58.5)
Central Systems Co., Ltd.	Information Processing	7/70	1,310	5.0
System Support Co., Ltd.	Information Processing/ Computer Staff Dispatch	2/71	33	(100.0)
CST Co., Ltd.	Computer Office Management/Software Development/Data Entry	12/72	30	(100.0)
CS Seven Co., Ltd.	Data Entry Agency/ Staff Dispatch	7/79	12	(100.0)
CSA Co., Ltd.	Clerical Consignment/ Staff Dispatch	8/87	81	(100.0)
CS Delivery Co., Ltd.	Cargo Shipping	3/77	12	(100.0)
Central Information Systems Co., Ltd.	Software Development/ Hardware Sales	2/82	173	(55.1)
Tokai Research & Consulting Inc.	Consulting/Research	9/79	200	5.0
Tokai Asset Management Co., Ltd.	Investment Trust Management and Investment Advisory	9/94	1,200	9.4
Tokai Maruman Finance Co., Ltd.	Investment/Loan	6/83	300	5.0
Nippon Mutual Housing Loan Co., Ltd.	Mutual Housing Loan	10/13	80	5.0

*Millions of yen

**Figures in parentheses represent investments of subsidiaries.

***As of April 1, 2000, Central Mortgage Acceptance Corporation was merged into The Million Credit Co., Ltd.

TOP MANAGEMENT

BOARD OF DIRECTORS



Shoji Tokumitsu
Chairman of the Board



Hideo Ogasawara
President & CEO



Fumio Suzuki
Senior Managing Director



Kazuyoshi Tanaka
Senior Managing Director



Tatsuo Tsuchikawa
Senior Managing Director



Takeshi Sugihara
Senior Managing Director

Chairman of the Board

Shoji Tokumitsu

President & CEO

Hideo Ogasawara

Senior Managing Directors

Fumio Suzuki

Kazuyoshi Tanaka

Tatsuo Tsuchikawa

Takeshi Sugihara

Managing Directors

Yoshio Hirata

Yoshihiko Takeda

Toshihide Kubo

Kazuo Sassa

Directors

Kazuo Takeuchi

Yasuhisa Fujita

Senior Corporate Auditor

Masaru Hashizume

Corporate Auditors

Takashi Inayoshi

Nobuo Sugie

Shinichiro Mizuno

Masami Iwasaki

Seitaro Taniguchi

NON-BOARD MEMBER EXECUTIVE DIRECTORS

Senior Managing Directors

Ikuo Suzuki

Kenji Sueyasu

Kyosuke Watanabe

Managing Directors

Tetsuo Komori

Yoshiki Hama

Yoshiyuki Hamaya

Hirohisa Aoki

Masato Nakamura

Directors

Toshihiko Takamoto

Hiroyuki Itakura

Kazuo Yoshihara

Sadao Akiyama

Kenji Iwata

Tamotsu Kokado

Takahiro Shono

Shozo Somiya

Gen Tomii

Kohtaro Niwa

Motohisa Fujino

Fumiyasu Mori

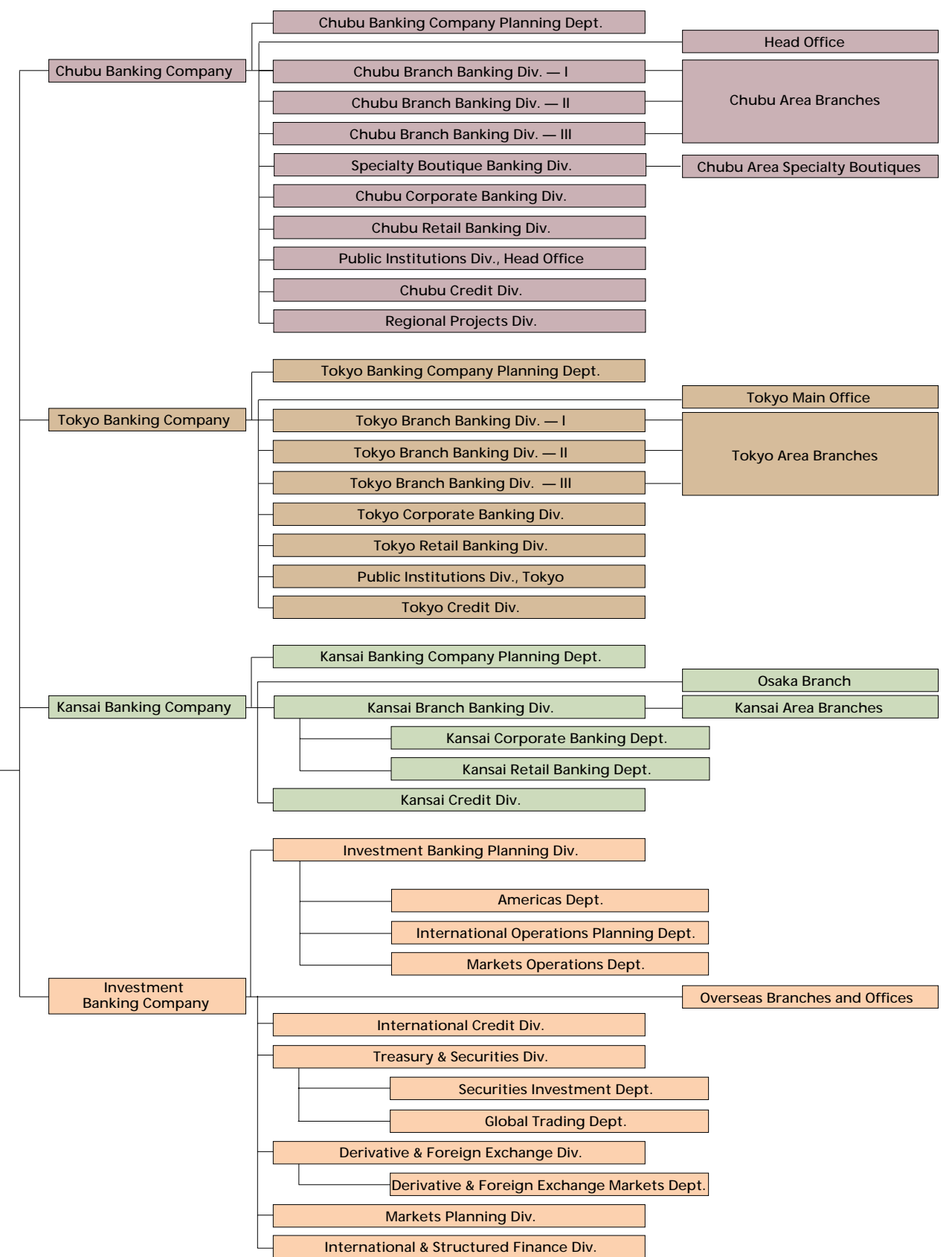
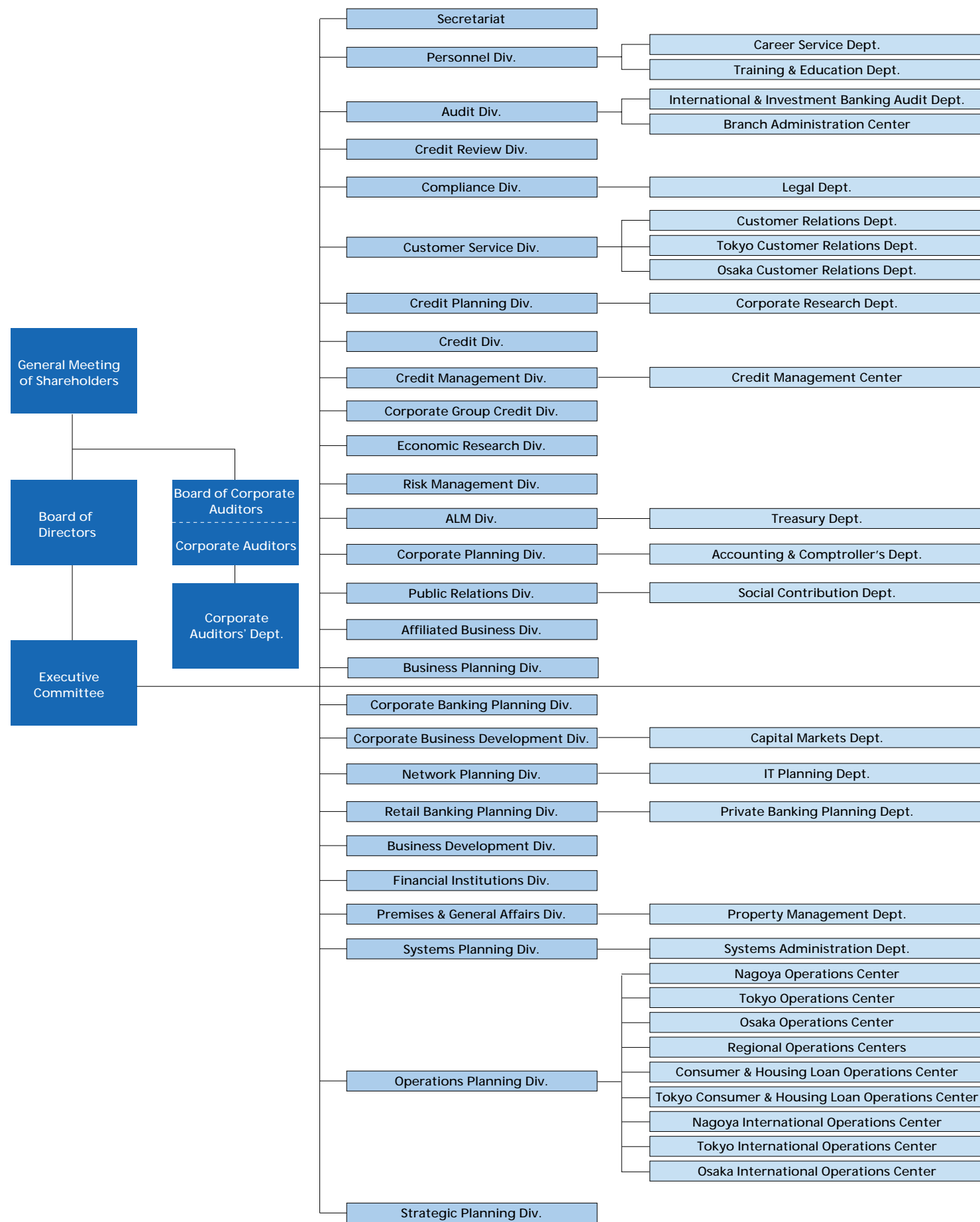
Takeshi Morishita

Hisami Moroto

Yoshimitsu Yamagata

(As of June 30, 2000)

ORGANIZATION CHART



(As of June 30, 2000)

INTERNATIONAL DIRECTORY

Senior Managing Director, President of Investment Banking Company **Kyosuke Watanabe**

Managing Director, Member of the Board of Directors **Yoshio Hirata**
(responsible for investment banking planning, international credit, treasury & securities)

Director **Yoshimitsu Yamagata**
(responsible for derivative & foreign exchange, markets planning, international & structured finance)

INVESTMENT BANKING PLANNING DIVISION

- PLANNING GROUP
- BUSINESS ADMINISTRATION GROUP
- IT PLANNING GROUP
- ACCOUNTING GROUP
- INVESTMENT STRATEGY ASSESSMENT GROUP
- INTERNATIONAL OPERATIONS PLANNING DEPT.
 - INTERNATIONAL OPERATIONS PLANNING GROUP
 - CLS PLANNING GROUP
- MARKETS OPERATIONS DEPT.
 - CORRESPONDENTS' ACCOUNTS SECTION
 - SECURITIES OPERATIONS GROUP
- AMERICAS DEPT.

General Manager **Koichi Fukamizu**
 General Manager **Yoshimi Maemura**
 Deputy General Manager **Yasuhiko Morinaga**
 Planning
 Deputy General Manager **Satoshi Todo**
 Assistant General Manager **Hiroshi Goto**
 Assistant General Manager **Hiroshi Maezono**
 Business Administration
 Deputy General Manager **Akira Komori**
 Assistant General Manager **Toshiyuki Miyawaki**
 IT Planning
 Assistant General Manager **Atsushi Tanaka**
 Accounting
 Assistant General Manager **Kunihiko Nakai**
 Investment Strategy Assessment
 Assistant General Manager **Satoshi Kawahara**
 International Operations Planning Dept.
 International Operations Planning
 Deputy General Manager and Chief of
 International Operations
 Planning Dept. **Mikio Ishihama**
 CLS Planning
 Assistant General Manager **Masahiro Kato**
 Markets Operations Dept.
 Deputy General Manager and Chief of
 Markets Operations Dept. **Yuji Fujita**
 Correspondents' Accounts
 Assistant General Manager **Yoshio Matsumoto**
 Securities Operations
 Assistant General Manager (Tokyo) **Takashi Miyoshi**
 Assistant General Manager (Nagoya) **Takashi Zaitso**

Americas Dept. (Located in New York)

Head of Americas **Sadao Akiyama**
 Deputy General Manager and
 Chief of Americas Dept. **Yasushi Goto**
 General Counsel and
 Deputy General Manager **George T. Bujarski**
 Assistant General Manager **Hidetoshi Cho**

INTERNATIONAL CREDIT DIVISION

- CREDIT PLANNING GROUP
- AMERICAS & EUROPE GROUP
- SOUTHEAST ASIA GROUP
- EAST ASIA & PROJECT FINANCE GROUP
- LOAN ADMINISTRATION GROUP

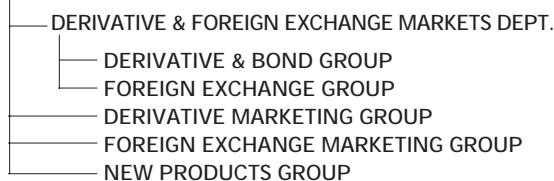
General Manager **Reijiro Yamazaki**
 Credit Planning
 Senior Manager **Toshihiro Yabuuchi**
 Manager (New York) **Shinjo Obata**
 Americas & Europe
 Deputy General Manager **Tsutomu Tezuka**
 Senior Manager **Yoshiaki Shimizu**
 Southeast Asia
 Assistant General Manager **Hidekazu Tanaka**
 Senior Manager **Takayuki Okuno**
 East Asia & Project Finance
 Assistant General Manager **Shingo Kawamura**
 Loan Administration
 Manager **Kazuyoshi Asami**

TREASURY & SECURITIES DIVISION

- SECURITIES INVESTMENT DEPT.
 - SECURITIES INVESTMENT GROUP
 - INTERNATIONAL ALM GROUP
 - ALTERNATIVE INVESTMENT GROUP
- GLOBAL TRADING DEPT.
 - STRATEGY TRADING GROUP
 - BOND TRADING GROUP
 - GLOBAL TRADING GROUP

General Manager **Akira Enomoto**
 Securities Investment Dept.
 Deputy General Manager and Chief of
 Securities Investment Dept. **Kenji Fujii**
 Securities Investment
 Assistant General Manager **Michio Iida**
 International ALM
 Senior Manager **Yoshiki Ueda**
 Alternative Investment
 Assistant General Manager **Masaki Okada**
 Global Trading Dept.
 Strategy Trading
 Deputy General Manager and
 Chief of Global Trading Dept. **Shuzo Imanishi**
 Bond Trading
 Senior Manager **Masao Yamashiro**
 Global Trading
 Assistant General Manager **Kazuyori Nagata**

DERIVATIVE & FOREIGN EXCHANGE DIVISION



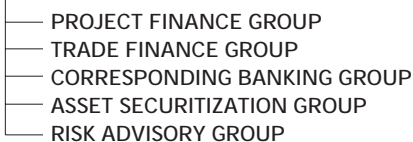
General Manager **Yukiyoshi Higo**
Derivative & Foreign Exchange Markets Dept.
Derivative & Bond
Deputy General Manager and Chief
of Derivative & Foreign Exchange
Markets Dept. **Hitoshi Shimamura**
Foreign Exchange
Senior Manager **Hideki Yomo**
Derivative Marketing
Assistant General Manager **Katsuyuki Tsuzuki**
Foreign Exchange Marketing
Senior Manager **Hiroshi Yoshinami**
New Products
Senior Manager **Hiroshi Kasugai**

MARKETS PLANNING DIVISION



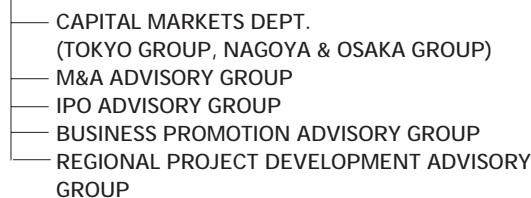
General Manager **Kunihide Fukuda**
Planning
Deputy General Manager **Masayoshi Kitahara**
Investment Strategy Planning
Assistant General Manager **Keiji Yamaoka**

INTERNATIONAL & STRUCTURED FINANCE DIVISION



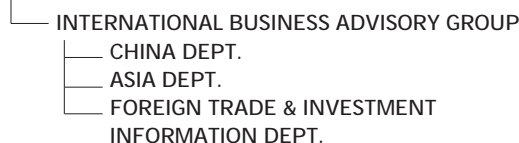
General Manager **Takeshi Ogasawara**
Project Finance
Global Head **Peter Higginbotham**
Deputy Head **William Ho**
Deputy General Manager **Katsuhiko Inayoshi**
Assistant General Manager **Toshihiko Goto**
Trade Finance
Global Head **Sean Aston**
Deputy Head **David Barnes**
Assistant General Manager **Takatoshi Haruna**
Corresponding Banking
Manager **Enko Sueoka**
Asset Securitization
Deputy General Manager **Masataka Sato**
Risk Advisory
Manager **Takeshi Kasai**

CORPORATE BUSINESS DEVELOPMENT DIVISION



General Manager **Tsunehiro Tanaka**
Capital Markets Dept.
Chief of Capital Markets Dept. and
Deputy General Manager **Makoto Morita**
Assistant General Manager (Tokyo) **Toshio Horide**
Assistant General Manager
(Nagoya & Osaka) **Hisayoshi Miyata**
M&A Advisory and IPO Advisory
Assistant General Manager **Nobuyuki Nozu**
Business Promotion Advisory & Regional
Project Development Advisory
Senior Manager **Kenji Igarashi**

CORPORATE BANKING PLANNING DIVISION



Managing Director, Member of the
Board of Directors **Kazuo Sassa**
General Manager **Kiyoshi Tada**
International Business Advisory
Assistant General Manager (Nagoya) **Toshiaki Kato**
Assistant General Manager (Tokyo)
and Chief of China Dept. **Tetsuya Tsunekawa**
Senior Manager
and Chief of Asia Dept. **Atsushi Kobayashi**
Manager, Foreign Trade &
Investment Information Dept. **Ryohei Itoh**

OPERATIONS PLANNING DIVISION



Director, General Manager **Shozo Somiya**
Foreign Operations Planning
Assistant General Manager **Toshikazu Nakano**

REGIONAL PROJECTS DIVISION

General Manager **Hisamitsu Mizutani**
Assistant General Manager **Kiyoto Kusano**

(As of June 30, 2000)

OVERSEAS NETWORK



AMERICAS

Overseas Offices

New York Branch
Park Avenue Plaza
55 East 52nd Street
New York, NY 10055, U.S.A.
DIRECTOR, HEAD OF AMERICAS,
GENERAL MANAGER:
Sadao Akiyama
Telex: 422857 TOKAI
Tel: 1-212-339-1200
Fax: 1-212-754-2153

Los Angeles Agency
300 South Grand Avenue
One California Plaza, 7th Floor
Los Angeles, CA 90071, U.S.A.
GENERAL MANAGER and AGENT:
Kazunori Nishimoto
Telex: 215245 TOKAIBANK LSA
Tel: 1-213-972-8400
Fax: 1-213-689-1700

Chicago Branch
1 North Franklin Street, Suite 1920
Chicago, IL 60606, U.S.A.
HEAD OF BRANCH:
Masanori Nakagawa
Telex: 206269 TOKAI CGO
Tel: 1-312-853-3400
Fax: 1-312-977-0003

Cayman Branch
P.O. Box 707, Grand Cayman
British West Indies
DIRECTOR, HEAD OF AMERICAS,
GENERAL MANAGER:
Sadao Akiyama

Kentucky Representative Office
7310 Turfway Road, Suite 210
Florence, KY 41042, U.S.A.
CHIEF REPRESENTATIVE:
Shuji Tanaka
Tel: 1-859-746-1800
Fax: 1-859-746-1799

Overseas Offices

London Branch

One Exchange Square
London EC2A 2EH, U.K.
REGIONAL MANAGER FOR EUROPE,
MIDDLE EAST & AFRICA,
GENERAL MANAGER:
Tatsuro Suzuki
Telex: 887375/6 TOKAIL G
Tel: 44-20-7496-8000
Fax: 44-20-7638-1144/1155

Düsseldorf Branch

Immermannstrasse 13
40210 Düsseldorf
Germany

GENERAL MANAGERS:
Naoyoshi Shibamoto
Rudolf Bachfeld
Telex: 8586948 TKAD D
Tel: 49-211-164760
Fax: 49-211-162282

Birmingham Representative Office

63 Temple Row
Birmingham, B2 5LS, U.K.

CHIEF REPRESENTATIVE:
Hiroshi Kawai
Telex: 335989 TOKBIR
Tel: 44-121-616-2161
Fax: 44-121-616-2712

Frankfurt Representative Office

Bockenheimer Landstrasse 51-53
60325 Frankfurt/Main
Germany

CHIEF REPRESENTATIVE:
Naoyoshi Shibamoto
Tel: 49-69-1700950
Fax: 49-69-17009522

Brussels Representative Office

Avenue Louise 283
1050 Brussels, Belgium

CHIEF REPRESENTATIVE:
Takeshi Miyata
Telex: 20446 TOKAIB
Tel: 32-2-646-7940
Fax: 32-2-646-8690

Tehran Representative Office

4th Floor of a Building Registered
under No. 6933/6985
No. 34/1 Haghani Expressway,
Tehran, The Islamic Republic of Iran
CHIEF REPRESENTATIVE:

Kaoru Masuda
Telex: 215254 TOKB 1R
Tel: 98-21-879-1105
Fax: 98-21-879-1106

Mexico Representative Office
Paseo de la Reforma No. 199
Despacho 503, Col. Cuauhtemoc
06500 Mexico D.F., Mexico
CHIEF REPRESENTATIVE:

Michihiko Nakamura
Telex: 1777596 TOKBME
Tel: 52-5-566-2966
Fax: 52-5-592-6538

São Paulo Representative Office

Av. Dr. Arnaldo 1973
01255-000 São Paulo, Brazil
CHIEF REPRESENTATIVE:

Michihiko Nakamura
Tel: 55-11-3661-6300
Fax: 55-11-3661-6371

Subsidiaries

Tokai Bank of California

Main Office:
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One California Plaza, 6th Floor
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PRESIDENT:

Kazunori Nishimoto
Tel: 1-213-972-0200
Fax: 1-213-972-0204

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San Francisco, CA 94111, U.S.A.
Telex: 340633 TOKAISFO
Tel: 1-415-399-0660

Sacramento Office

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Sacramento, CA 95833
Tel: 1-916-567-7076

Little Tokyo Office

333 South Alameda Street
Los Angeles, CA 90013
Tel: 1-213-625-2628

Alhambra Office

333 S. Garfield Avenue
Alhambra, CA 91803
Tel: 1-626-570-6240

Huntington Beach Office

19006 Brookhurst Street
Huntington Beach, CA 92646
Tel: 1-714-963-5651

Orange County Office

18831 Von Karman
Irvine, CA 92612
Tel: 1-714-752-1133

Pasadena Office

200 E. Colorado Boulevard
Pasadena, CA 91105
Tel: 1-626-577-4515

Playa Del Rey Office

8000 West Manchester Avenue
Playa del Rey, CA 90293
Tel: 1-310-823-9281

San Diego Office

4350 La Jolla Village Drive
Suite 100 San Diego, CA 92122
Tel: 1-858-404-0155

Temple City Office

9934 East Las Tunas Drive
Temple City, CA 91780
Tel: 1-626-286-6550

South Bay Office

19191 South Vermont Avenue
Torrance, CA 90502
Tel: 1-310-768-8895

Inland Empire Office

800 N. Haven Avenue
Ontario, CA 91764
Tel: 1-909-989-8311

Encino Office

16027 Ventura Boulevard
Encino, CA 61436
Tel: 1-818-995-7814

Fresno Office

7110 North Fresno Street
Suite 330 Fresno, CA 93720
Tel: 1-559-447-6525

Tokai Bank Canada

Box 84, Suite 2401
Sun Life Centre, 150 King St. West
Toronto, Ontario M5H 1J9, Canada
PRESIDENT:

Ryuji Kurihara
Telex: 3771546 (Country Code 23)
Answer Back: TOKAI BANK TOR
Tel: 1-416-597-2210
Fax: 1-416-591-7415

Tokai Finance (Curaçao) N.V.

14 John B Gorsiraweg
P.O. Box 3889, Curaçao
Netherlands Antilles

Tokai Preferred Capital

Holdings Inc.
One Rodney Square
10th Floor, Tenth and King Street
Wilmington, New Castle County
DE 19801, U.S.A.

Bahrain Representative Office
Room No. 302, 3F, Part 1
Manama Centre, Government Road
P.O. Box 2217
Manama, State of Bahrain
CHIEF REPRESENTATIVE:
Hiroshi Tamano
Telex: 7361 TOKBAH BN
Tel: 973-224121
Fax: 973-224436

Subsidiaries

Tokai Bank Nederland N.V.
Keizersgracht 452, 1016 GD
Amsterdam, The Netherlands
MANAGING DIRECTOR:
Yukitoshi Harayama
Telex: 12606, 11664, 15626
TOKAINL
Tel: 31-20-6271616
Fax: 31-20-6241872

Tokai Bank Europe plc
One Exchange Square
London EC2A 2JL, U.K.
DIRECTOR,
PRESIDENT & CEO:
Motohisa Fujino
Telex: 8812649 TOKEUR G
Tel: 44-20-7638-6030
Fax: 44-20-7588-5875

Tokai Bank (Switzerland) Ltd.
Bahnhofstrasse 12
8001 Zurich, Switzerland
PRESIDENT:
Fusayoshi Nakanishi
Telex: 822244 TOK CH
Tel: 41-1-212-6464
Fax: 41-1-212-6550

Tokai Bank (Deutschland) GmbH
Immermanstrasse 13, 40210
Düsseldorf, Germany
PRESIDENT:
Naoyoshi Shibamoto
Telex: 4175983 TOK D
Tel: 49-211-164760
Fax: 49-211-1712266

Tokai Airfinance Europe Limited
P.O. Box 301
Queen's House
Don Road
St. Helier, Jersey
British Isles

Affiliates

**Tokai Deutsche Asset
Management Ltd.**
One Appold Street
London EC2A 2UU, U.K.
MANAGING DIRECTOR:
Patrick Walker
Tel: 44-20-7545-0565
Fax: 44-20-7545-0552

ASIA AND OCEANIA

Overseas Offices

Singapore Branch
80 Raffles Place, #16-01
UOB Plaza 1, Singapore 048624
Singapore
DIRECTOR, HEAD OF SOUTH EAST ASIA,
GENERAL MANAGER:
Gen Tomii
Telex: 21848 TOKAIBK RS
26289/26290
(For foreign exchange)
Tel: 65-5358222
Fax: 65-5355972

Hong Kong Branch
25th Alexandra House
16-20 Chater Road
Central, Hong Kong
HEAD OF EAST ASIA,
GENERAL MANAGER:
Hiromichi Ishida
Tel: 85801 TOKBK HX
Tel: 852-25265861
Fax: 852-28684401

Labuan Branch
Level 7 (D) Main Office Tower
Financial Park Labuan
Jalan Merdeka
Federal Territory of Labuan
Malaysia
GENERAL MANAGER:
Masahiko Yamada
Tel: MA85008 TOKLAB
Tel: 60-87-408025
Fax: 60-87-419193

Kuala Lumpur Marketing Office
18th Floor, Bangunan Arab-
Malaysian, Letter Box No. 18A
55 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Telex: MA031782 TOK LMO
Tel: 60-3-201-5234
Fax: 60-3-201-5239

Taipei Branch
33F Shin Kong Life Tower
66, Sec. 1, Chung-Hsiao W. Rd.
Taipei, Taiwan
GENERAL MANAGER:
Toshiyuki Sasaki
Tel: 26020 TKAIROCT
Tel: 886-2-2371-8888
Fax: 886-2-2371-8000

Tianjin Branch

Rm. 811, Tianjin International Building
75 Nanjing Lu, Tianjin
People's Republic of China
GENERAL MANAGER:
Fumio Ochiai
Telex: 234203 TOKAICN
Tel: 86-22-2330-4852
Fax: 86-22-2330-4660

Shanghai Branch

18th Floor, Nextage Business Center No. 1111
Pudong South Road
Pudong New District, Shanghai
People's Republic of China
GENERAL MANAGER:
Masafumi Shimura
Telex: 33533 TOKSH A CN
Tel: 86-21-5830-6570
Fax: 86-21-5830-6450

Bangkok International Banking Facility

25th Floor, C.P. Tower Building
313 Silom Road, Bangrak
Bangkok, 10500 Thailand
GENERAL MANAGER:
Hitoshi Ozawa
Telex: 82471 TOKAIBK TH
Tel: 66-2-231-0952
Fax: 66-2-231-0955

Seoul Representative Office

17th Floor, Kyobo Building 1
Chongro 1-ka, Chongro-ku
Seoul, Republic of Korea
CHIEF REPRESENTATIVE:
Osamu Kishii
Tel: 82-2-739-9810
Fax: 82-2-739-9814

Beijing Representative Office

Rm. 3202, Jing Guang Centre
Hujialou, Chaoyang District
Beijing, People's Republic of China
CHIEF REPRESENTATIVE:
Masato Yanagimoto
Tel: 86-10-6597-3868
Fax: 86-10-6597-3079

Guangzhou Representative Office

Room No. 510
China Hotel Office Tower
Liu Hua Lu
Guangzhou, People's Republic of China
CHIEF REPRESENTATIVE:
Yukiyoshi Morikawa
Telex: 440685 TOKAI CN
Tel: 86-20-8667-7731
86-20-8666-3388 (Ext. 2519)
Fax: 86-20-8667-7720

Mumbai Representative Office

81, Maker Chambers VI
Nariman Point, Mumbai
400021, India
CHIEF REPRESENTATIVE:
Kazushige Tajima
Tel: 91-22-281-0645
Fax: 91-22-281-0646

Yangon Representative Office

Wizaya Plaza 5th Floor
226, U Wizara Road
Dagon Township, Yangon
Union of Myanmar
CHIEF REPRESENTATIVE:
Masayoshi Yamada
Tel: 95-1-248191
Fax: 95-1-243094

Ho Chi Minh City Representative Office

Suite E, 9th Floor, OSIC Building No. 8
Nguyen Hue Street, District 1
Ho Chi Minh City
Socialist Republic of Vietnam
CHIEF REPRESENTATIVE:
Hisayuki Kikuchi
Tel: 84-8-8242-230
Fax: 84-8-8241-962

Kuala Lumpur Representative Office

18th Floor
Bangunan Arab-Malaysian
Letter Box No. 18
55 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
CHIEF REPRESENTATIVE:
Grace Ng Chee Hui
Tel: 60-3-2380933
Fax: 60-3-2301059

Subsidiaries

Bangkok First Tokai Company Limited

C.P. Tower Building 25th Floor
313 Silom Road, Bangrak
Bangkok, 10500 Thailand
MANAGING DIRECTOR:
Hitoshi Ozawa
Telex: 82187 BFTOKAITH
Tel: 66-2-231-0946
Fax: 66-2-231-0955

Tokai Asia Limited

(Incorporated in the Cayman Islands)
28th Alexandra House
16-20 Chater Road
Central, Hong Kong
MANAGING DIRECTOR and CEO:
Nobuyuki Hidaka
Telex: 85214 TOKHK HX
Tel: 852-2978-6888
Fax: 852-2840-0069

Tokai Australia Finance Corporation Limited

19th Level, Colonial Centre
52 Martin Place
Sydney, N.S.W. 2000, Australia
MANAGING DIRECTOR:
Masahiro Nakajima
Telex: 176327 TAFCOL
Tel: 61-2-9231-6599
Fax: 61-2-9221-1775

P.T. Tokai Lippo Bank

Citibank Tower, 25th Floor, Jl. Jend.
Sudirman Kav 54-55 Jakarta 12190
Indonesia
PRESIDENT:
Hajime Kato
Telex: 60937 TOKAIL IA
Tel: 62-21-5266820
Fax: 62-21-5266840

Affiliates

Industrial & Commercial

International Leasing Co., Ltd.
Room No. 2728, Dongfang Hotel
1 Liu Hua Lu, Guangzhou
The People's Republic of China
Telex: 441033 ICIL CN
Tel: 86-20-8666-6248
Fax: 86-20-8666-6148

Associates

Asia Financial Holdings, Ltd.

Clarendon House
Church Street
Hamilton HM11, Bermuda

Asia Commercial Bank Ltd.

(owned by Asia Financial Holdings)
Asia Financial Centre, 120
Des Voeux Road, Central,
Hong Kong
Telex: 73085 HKACB HX
Tel: 852-2541-9222
Fax: 852-2541-0009

AMMB Holdings Berhad

22nd Floor
Bangunan Arab-Malaysian
Jalan Raja Chulan
P.O. Box 10233
50708 Kuala Lumpur, Malaysia

Arab-Malaysian Merchant Bank Berhad

(owned by AMMB Holdings Berhad)
21st-26th Floor
Bangunan Arab-Malaysian
Jalan Raja Chulan
P.O. Box 10233
50708 Kuala Lumpur, Malaysia
Telex: MA 31167 & 31169 ABMAL
Tel: 60-3-2382633
Fax: 60-3-2382842

Arab-Malaysian Bank Berhad

(owned by AMMB Holdings Berhad)
18th Floor, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel: 60-3-2063939
Fax: 60-3-2066270

Global Business Bank, Inc.

Global Bank Building
(Formerly Phil Bank Building)
6778 Ayala Avenue
Makati City, Philippines
Tel: 63-2-845-0388
Fax: 63-2-845-0393

Bangkok Central Leasing Co., Ltd.

16th Floor, Sethiwan Tower 139
Pan Road, Silom
Bangkok, Thailand
Tel: 66-2-266-6040
Fax: 66-2-237-4492

Domestic Operations Centers

Nagoya Operations Center

Central P.O. Box 22, Nagoya
Cable Address: TOKAIBANK NAGOYA
Telex: J59930 TOKAIBKA
Fax: 052-211-0937

Tokyo Operations Center

Central P.O. Box 134, Tokyo
Cable Address: TOKAIBANK TOKYO
Telex: J22277 TOKAIBK
Tel: 03-3456-3318

Osaka Operations Center

Central P.O. Box 435, Osaka
Cable Address: TOKAIBANK OSAKA
Telex: J63355 TOKAIBKA
Fax: 06-226-1462

(As of June 30, 2000)

CORPORATE DATA

The Tokai Bank, Limited

21-24, Nishiki 3-chome, Naka-ku, Nagoya 460-8660, Japan

Telex: J59930 TOKAIBK

Tel: +81-52-211-1111

Contact: +81-3-3242-2111 (Tokyo)

Investment Banking Planning Division

6-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8105, Japan

Cable Address: TOKAIBANK TOKYO

Tel: +81-3-3242-2111

Fax: +81-3-3245-1487

+81-3-3245-1489

Telex: J29234 TOKAITOK

J22277 TOKAIBK

SWIFT Code: TKAIJPJT

URL: <http://www.csweb.co.jp/TBK/>

Shares Outstanding as of March 31, 2000:

Common Stocks: 2,252,005,510

First Preference Shares: 50,000 thousand

Second Preference Shares: 150,000 thousand

Third Preference Shares: 150,000 thousand

Number of Shareholders:*

Common Stocks: 45,799

First Preference Shares: 1

Second Preference Shares: 1

Third Preference Shares: 1

Number of Employees: 9,675

Securities Traded: Tokyo Stock Exchange (8321)
Osaka Securities Exchange (8321)
Nagoya Stock Exchange (8321)
London Stock Exchange (6895341)
Paris Stock Exchange (14184)
Swiss Stock Exchange (765140)

Transfer Agent and Registrar: The Chuo Trust & Banking Co., Ltd.**

Auditor: Deloitte Touche Tohmatsu
(by Tohmatsu & Co., the Japanese member firm of Deloitte Touche Tohmatsu International)

* Shareholders who hold at least 1,000 shares.

**On April 1, 2000, The Chuo Trust & Banking Co., Ltd. merged with The Mitsui Trust & Banking Co., Ltd. and changed its name to The Chuo Mitsui Trust & Banking Co., Ltd.

(As of March 31, 2000)

