

3. Performance

1. Overview of Consolidated Performance for the First Half of Fiscal 2000

(a) Profit and Loss

Operating expense decreased because both income and expense relating to derivative transactions to which hedge accounting is applied are recognized by net amount on each account applying the new accounting standards for financial instruments. The decrease of operating income was comparatively limited because a consolidated subsidiary in the U.S. recognized profits on sales of stocks, and moreover, net income/loss from unconsolidated entities by equity method was improved. Consequently, operating income becomes to 1,294.4 billion yen (down 3.2% from the first half of fiscal 1999) and operating expense becomes to 1,032.1 billion yen (down 13.4%).

In summary, operating profits becomes to 262.3 billion yen (up 81.4%) and net income becomes to 75.8 billion yen (up 41.9%).

(b) Assets and Liabilities

Deposits become 29,435.1 billion yen (up 1,073.0 billion yen from fiscal 1999) and negotiable certificates of deposit become 5,016.5 billion yen (down 1,852.7 billion yen).

Loans and bills discounted become 33,332.0 billion yen (up 391.2 billion yen).

Total assets become 56,610.0 billion yen (up 2,842.5 billion yen).

(c) Shareholders' Equity

Shareholders' Equity becomes 1,813.1 billion yen (up 8.8 billion yen from fiscal 1999) though, because of revision of the accounting standard, 60.7 billion yen of foreign currency translation adjustments, net of tax, are recognized and reduce shareholders' equity.

(d) Cash Flows

Transition of market environment invited replacement within the Bank's funding portfolio. Since a zero interest rate policy by the Bank of Japan ended and institutional investors return their money from deposits and negotiable certificates of deposit toward financial market, the Bank's deposits and negotiable certificates of deposit decreased and borrowings from market such as call money increased substitutively. On the asset side, the Bank's loan and bills discounted increased, and consequently, the amount of cash and cash equivalents becomes 846.2 billion yen (down 476.9 billion yen from fiscal 1999).

As for the influence of the adoption of the new accounting standards for financial instruments, the category of certain transactions under resale agreement or repurchase agreement is changed from 'Cash Flows from investing activities' as sale and purchase of securities into 'Cash Flows from operating activities'. Consequently, 'Cash Flows from operating activities' becomes (1,731.6 billion) yen and 'Cash Flows from investing activities' becomes 1,328.1 billion yen.

(e) Operating Income by Segmentation

In terms of business segments, the share of operating income before elimination of internal transactions becomes 62% (down 4 points from the first half of fiscal 1999) for banking business, 18% (the same point) for leasing business, and 20% (up 4 points) for other business.

In terms of geographic segments, the share of operating income before elimination of internal transactions becomes 71% (down 1 point) for Japan, 17% (up 3 points) for the Americas, 7% (down 1 point) for Europe, and 5% (down 1 point) for Asia and Oceania.

(f) Capital Ratio (BIS Guideline) (for immediate release)

Capital ratio becomes 11.33% by consolidated basis, and 12.15% by non-consolidated basis.

2. Performance Projection for Fiscal 2000

(1) Performance Projection

Through the fiscal 2000, by efficient management of assets and liabilities in domestic and international market and by restructuring of every aspect of business, the Bank will aim to enhance its profitability and resolve problem assets. As for financial forecast by consolidated basis, operating income, operating profits and net income is projected to be 2,600 billion yen, 390 billion yen, and 125 billion yen, respectively. By non-consolidated basis, operating income, operating profits and net income is projected to be 1,750 billion yen, 260 billion yen, and 100 billion yen, respectively.

(2) Forecast of Dividend

In view of enriching capital by appropriate retained earnings, the Bank will maintain the year-end dividend on common stock at 3.00 yen per share, which is the same as the last year-end and interim one. Added to the interim dividend, the annual dividend will come to 6.00 yen per share. The dividend on preferred stock will be kept as prescribed: 10.50 yen annually per share for First Series Type 1, and 28.50 yen annually per share for Second Series Type 1.