The Sakura Bank, Limited

INTERIM FINANCIAL REPORT

April–September 1998

SAKURA

BANK

Corporate Data

Head Office
3-1, Kudan Minami 1-chome, Chiyoda-ku,
Tokyo 100-8611, Japan
Tel: +81 3 3230 3111
Telex: J22378 MITKBK

Hibiya Headquarters
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
Tel: +81 3 3501 1111
Telex: J22378 MITKBK

Kansai Headquarters
56, Naniwa-machi, Chuo-ku,
Kobe 650-8660, Japan
Tel: +81 78 331 8101
Telex: J78823 MITKBK

Network

Total Domestic Offices	481
Branches	423
Subbranches	51
Agencies	7
Total Overseas Offices	84
Branches	20
Subbranches	3
Representative offices	13
Subsidiaries	21
Subsidiaries' branches	13
Affiliates and associates	14

(As of December 31, 1998)

Number of Employees 17,433
(As of September 31, 1998)

Investor Relations Department
Planning Division
The Sakura Bank, Limited
Tel: +81 3 3230 3111
http: //www.sakura.co.jp/bank/

Contents

Non-Consolidated Financial Highlights

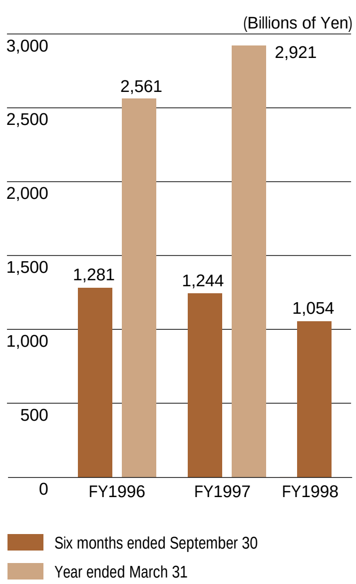
The Sakura Bank, Limited

Six Months Ended September 30	Millions of Yen 1998	Millions of Yen 1997	Millions of U.S. Dollars 1998	Percentage Change 1998/1997
For the Six Months				
Total Income	**¥ 1,054,841**	¥ 1,244,910	**$ 7,793**	(15.3)%
Total Expenses	**1,008,662**	1,223,501	**7,452**	(17.6)
Interim Income before Income Taxes	**46,178**	21,408	**341**	115.7
Interim Net Income	**32,234**	17,064	**238**	88.9
At Term End				
Total Assets	**51,221,593**	53,267,935	**378,438**	(3.8)
Loans and Bills Discounted	**34,876,084**	36,687,175	**257,673**	(4.9)
Securities	**6,662,654**	7,170,490	**49,225**	(7.1)
Deposits	**33,469,583**	38,345,644	**247,281**	(12.7)
Stockholders' Equity	**1,314,220**	1,551,906	**9,709**	(15.3)
Capital Ratio (Consolidated) (%)	**9.60%**	9.00%	**—**	5.3%

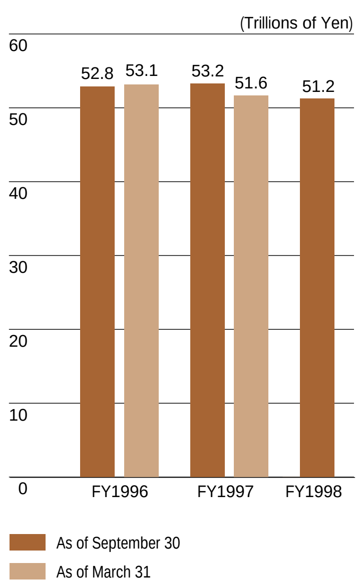
	Yen 1998	Yen 1997	U.S. Dollars 1998	Percentage Change
Per Share of Common Stock				
Interim Net Income	**¥ 8.55**	¥ 4.49	**$ 0.06**	90.4%
Stockholders' Equity	**336.69**	380.97	**2.48**	(11.6)
Cash Dividends per Share				
Common Stock	**4.25**	4.25	**0.03**	0
Preferred Stock:				
Series I	**—**	22.50	**—**	—
Series II	**7.50**	7.50	**0.05**	0

Notes: 1. All non-consolidated figures have been truncated rather than rounded.
2. The accompanying financial statements are presented, for convenience only, in U.S. dollars by arithmetically translating all Japanese yen amounts at ¥135.35=US$1, the exchange rate in effect on September 30, 1998.

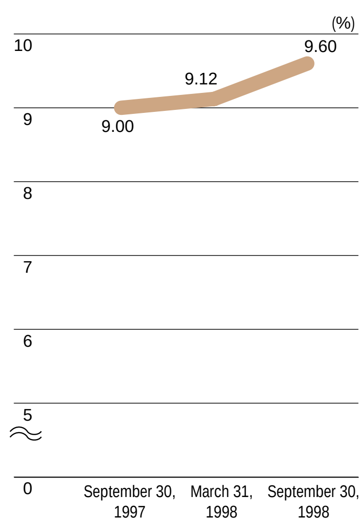
Total Income



Total Assets



Capital Ratio (Consolidated)



A Message from the Management

– Aiming to Ensure Customer Confidence –

In the first half of fiscal 1998, ended September 30, 1998, Japan's economic and financial conditions continued to worsen as the nation slid further into recession. The government has responded with economic stimulus measures, including a tax cut totaling ¥9.3 trillion and an aggressive budget proposal for fiscal 1999, which were announced in December 1998. Additional measures, such as structural reforms, are anticipated. Steps have also been taken to improve the financial situation, including the establishment of a legal framework to ensure the stability of Japan's financial system. Financial institutions are thus faced with an operating environment more difficult than any encountered to date—with the challenge of ensuring operating strategies reflect current realities and in redefining their own fundamental roles.

In this changing environment, the Bank continues to reaffirm its mission as a financial institution that responds to customer needs by earning the trust of customers and providing them with cutting-edge financial services. To this end, the Bank had reinforced its financial base as its primary objective, and in August 1998 announced a plan to increase its capital, which it successfully completed in December 1998. Through this initiative, the Bank raised additional capital amounting to approximately ¥345 billion. New shares were acquired by a total of 21 companies, including existing principal shareholders, key members of the Mitsui Group and existing major customers. This initiative also bolstered market confidence and international trust in the Bank and strengthened its financial base, positioning it well to respond assertively to Japan's Big Bang financial reforms.

As a consequence of the enhancement of its capital position, the Bank anticipates that its risk-adjusted capital adequacy ratio on March 31, 1999, will exceed 10%—a goal of its current medium-term management plan and considered a benchmark of fiscal soundness.

In October 1998, a scheme was introduced whereby ¥25 trillion in public funds were set aside by the government for potential capital injections into certain eligible Japanese institutions. The Bank sees using public funds as an effective way to further reinforce its financial base and is currently considering the benefits of this new option and its potential impact on returns to existing shareholders.

During the second half of fiscal 1998, ending March 31, 1999, the Bank will capitalize on its reinforced financial base to make appropriate additions to reserves to provide for every contingency arising from Japan's ongoing economic slump. The reserve for possible loan losses will be maintained at a level that significantly exceeds expected losses as calculated based on the actual past loan loss ratio. This will ensure the Bank's ability to cope with possible loan losses and increases in problem loans, and improve its financial base.

The Bank has formulated detailed debt reserve/disposal policies for problem loans. For loans classified as warranting "caution," the Bank will create categories based on credit risk and maintain reserves at levels well in excess of maximum losses anticipated during the next three years. For the most risky of these loans, categorized as "substandard," reserves will be maintained at approximately 15% of the total value, comparable to reserve ratios for substandard loans in the United States.

The Bank will also categorize loans classified as "possible bankruptcy" based on credit risk, and will maintain reserves at up to 70% of the total value. Reserves for outstanding loans to Asian countries will be increased and maintained at levels considered appropriate given the uncertain economic outlook in the region. Reserves will also be maintained for support to affiliated nonbank financial institutions. Support extended in fiscal 1998 has rendered recipient institutions capable of rebuilding on their own. However, as part of its plan to strengthen its retail banking services, the Bank will continue to extend support to affiliated nonbank financial institutions to assist them in reorganizing and integrating their operations and strengthening their balance sheets. In addition, the Bank will accelerate sales of problem loans to counter the risk of pledged collateral losing further value.

In line with the above, the Bank expects to dispose of an estimated ¥910 billion in problem loans in the fiscal year ended March 31, 1999. As a consequence, the Bank anticipates that it will post a net loss for the period. The Bank will continue to take advantage of its enhanced capital to further reinforce its financial base and contribute to the restoration of trust in Japan's financial sector—a key national priority.

In terms of in-house management priorities, the Bank will focus on strengthening its internal company and group systems, reforming its service delivery channels, enhancing ROE management and, based on the concept of "selectivity and concentration," allocating its resources to promising areas of business. On the strategic front, the Bank will place increased emphasis on the domestic retail banking market, focusing on the needs of small and medium-sized businesses and of individuals. In particular, the Bank will reinforce its capabilities in the consumer loan market, in which it is currently the top Japanese bank. As part of the Bank's drive to cultivate retail banking as a key business area in the future, in December 1998, it launched asset-management services targeted at individuals.

A detailed analysis of the Bank's operating results in the first half of fiscal 1998 is presented in the Financial Review section of this report. In the second half of fiscal 1998, the Bank is pushing ahead with plans to enhance its financial, profit and operating bases. The entire management and staff are committed to doing their utmost to create additional value for shareholders by strengthening the Bank's overall financial position, enhancing its revenue base and bolstering operational capabilities.

In closing, the Bank reaffirms its commitment to transparency and adequate disclosure of information in a manner that is easily accessible to investors and shareholders everywhere.

January 1999

Masahiro Takasaki
Chairman

Akishige Okada
President

Reinforcing Cost-Competitiveness through Reorganization and Structural Reform

The Bank has identified reinforcing its profit structure and financial strength as key tasks in ensuring its ability to respond effectively to the new operating environment emerging as a consequence of Japan's Big Bang. Since the merger that created Sakura Bank, management has endeavored to ensure a high level of operating efficiency by constantly promoting a more streamlined organization. The Bank is stepping up restructuring efforts and has outlined three key objectives related to improving the efficiency of its human resources and branch network by the end of fiscal 2000.

Restructure costs and reengineer business processes by reforming service delivery channels

As of March 31, 1998, the Bank had reduced its network of staffed branches in Japan by 125, to 493, from 618 at the time of the merger. The Bank is reforming its service delivery channels to facilitate a complete overhaul of its domestic branch network, reinforcing competitiveness, reallocating personnel and integrating settlement procedures at certain branches, and taking other steps aimed at creating a service channel structure suited to the needs of the next generation of customers. Through these efforts, the Bank intends to lower the number of staffed domestic branches by approximately 100, down almost 40% from the 1990 peak.

Focus services in overseas markets on Japanese corporations

The Bank's policy of focusing on services for Japanese customers operating in local markets enabled it to rationalize its overseas network by 10 branches during the period under review. By the end of fiscal 2000, the Bank intends to decrease its overseas network to 14 branches, down almost 70% from the peak of 44 in October 1996—comprising five core branches: New York, London, Singapore, Hong Kong and Bangkok; and nine function-specific offices.

Reduce the number of personnel

The Bank has reduced its personnel by 5,800, or approximately 25%, from 23,200 at the time of the merger in 1990. Through efforts such as reforming its service delivery channels, streamlining its overseas branch network and cutting back personnel at its head office, the Bank intends to further reduce its personnel by an additional 3,000, bringing the total number down to 14,400 by the end of fiscal 2000 and by just over 1,000 more in the two years thereafter, to approximately 13,200—nearly 10,000 people, or 50%, fewer than at the time of the merger.

Financial Review

Selected Non-Consolidated Financial Data

Six Months Ended September 30	Millions of Yen 1998	1997	Millions of U.S. Dollars 1998	Percentage Change 1998/1997
Interest Income	¥ 842,464	¥ 839,829	$ 6,224	0.3%
Interest Expenses	552,694	538,110	4,083	2.7
Net Interest Income	289,770	301,719	2,140	(4.0)
Provision for Possible Loan Losses	147,256	95,810	1,087	53.7
Net Interest Income after Provision for Possible Loan Losses	142,513	205,909	1,052	(30.8)
Fees and Commissions, Net	31,141	36,324	230	(14.3)
Trading Revenue	4,243	4,881	31	(13.1)
Other Operating Income, Net	40,187	21,528	296	86.7
General and Administrative Expenses	227,008	231,074	1,677	(1.8)
Other Income	100,756	313,992	744	(67.9)
Other Expenses	45,655	329,955	337	(86.2)
Transfer to Other Reserves	0	197	0	(100.0)
Interim Income before Income Taxes	46,178	21,408	341	115.7
Income Taxes	13,944	4,344	103	221.0
Interim Net Income	¥ 32,234	¥ 17,064	$ 238	88.9%

NET INCOME ANALYSIS

Net Interest Income

In the first half of fiscal 1998, ended September 30, 1998, Sakura Bank recorded a 3.9% decline in non-consolidated net interest income from the first half of fiscal 1997, to ¥292.2 billion. Net interest income from international operations declined 4.6%, to ¥30.9 billion, and low returns from marketable securities led to a 3.9% decrease in net interest income from domestic operations, to ¥261.2 billion. (Please see Note 2.)

The average rate on earning assets rose 0.26 percentage point, to 3.82%, with that for domestic earning assets down 0.03 percentage point, to 2.37%, and that for international operations climbed 2.09 percentage points, to 9.30%.

Indicators of Income (Non-Consolidated)

Six Months Ended September 30 Millions of Yen	Domestic 1998	Domestic 1997	International 1998	International 1997	Total 1998	Total 1997
Net Interest Income						
Interest Income	¥ 418,172	¥ 433,970	¥ 424,915	¥ 406,551	¥ 842,464	¥ 839,829
Interest Expenses	156,880	162,208	393,960	374,103	550,217	535,619
	261,291	271,761	30,954	32,448	292,246	304,210
Fees and Commissions, Net						
Fees and Commissions (Income)	45,726	46,440	10,805	12,674	56,532	59,114
Fees and Commissions (Expenses)	17,114	16,936	8,276	5,853	25,391	22,790
	28,611	29,503	2,529	6,820	31,141	36,324
Trading Revenue						
Trading Revenue	2,277	953	1,972	3,927	4,250	4,881
Trading Expenses	6	—	—	—	6	—
	2,271	953	1,972	3,927	4,243	4,881
Other Operating Income, Net						
Other Operating Income	34,204	18,876	16,634	8,215	50,838	27,091
Other Operating Expenses	3,872	4,761	6,778	801	10,650	5,563
	30,331	14,114	9,855	7,413	40,187	21,528
Gross Operating Profit	¥ 322,507	¥ 316,333	¥ 45,311	¥ 50,610	¥ 367,819	¥ 366,944

Notes: 1. Domestic operating consists of yen-denominated transactions at branches in Japan. International operations comprise transactions in foreign currencies at branches in Japan and transactions at overseas branches. However, yen-denominated transactions with nonresidents of Japan, transactions included in the special account for international financial transactions and certain other transactions are included in international operations.

2. Expenses related to net income from earning assets exclude those expenses incurred in connection with the management of money held in trust, which were as follows: September 1997, ¥2,490 million; and September 1998, ¥2,476 million.

3. The totals for income from earning assets and expenses related to earning assets do not include in connection with lending or borrowing between domestic operations and international operations.

Overall Net Average Rate on Earning Assets (Non-Consolidated)

Six Months Ended September 30	Domestic		International		Total	
	1998	1997	**1998**	1997	**1998**	1997
Rate on Earning Assets (A)	**2.37%**	2.40%	**9.30%**	7.21%	**3.82%**	3.56%
Overall Cost of Funds (B)	**2.03**	1.96	**9.57**	7.23	**3.64**	3.25
Overall Net Average Rate on Earning Assets (A) – (B)	**0.34%**	0.44%	**(0.27)%**	(0.02)%	**0.18%**	0.31%

Provision for Possible Loan Losses
To strengthen resources for dealing with problem loans, the Bank increased its provision for possible loan losses by 53.7%, to ¥147.2 billion. This measure was necessitated by the impact of the recession in Japan, and by additions to reserves for possible losses on outstanding loans to Asian countries.

Fees and Commissions, Net
Fees and commissions, net, were down 14.3%, to ¥31.1 billion, as a consequence of a fall in fees and commission (income) and a rise in fees and commissions (expenses) paid by overseas offices for transactions associated with the disposal of outstanding loans.

Trading Revenue
Trading revenue and trading expenses include interest received and paid, the amount of increase or decrease in evaluation gains or losses on the balance sheet date for securities and monetary claims, and the amounts of increase or decrease of evaluation gains or losses incurred from the estimated settlement price, assuming settlement on the balance sheet date, for derivatives. Gains recorded by the Bank's domestic operations, were more than offset by losses of its international operations. As a result in the first half of fiscal 1998, trading revenue declined 13.1% from the corresponding period the previous year, to ¥4.2 billion.

Other Operating Income, Net
Other operating income, net, soared 86.7%, to ¥40.1 billion, owing to gains on foreign exchange transactions and sales of bonds.

General and Administrative Expenses
The Bank continued to take decisive steps aimed at improving efficiency. However, expenses were up 9.1%, owing to increased investments in information-related equipment and systems. As a consequence, general and administrative expenses edged down 1.8%, to ¥227.0 billion.

Other Income and Expenses
Other income, net, amounted to ¥55.1 billion, compared with other expenses, net, of ¥15.9 billion in the first half of fiscal 1998. Other income decreased to ¥100.7 billion, from ¥313.9 billion, reflecting lower gains on sales of stocks and other securities. Other expenses declined to ¥45.6 billion, from ¥329.9 billion. This fall is mainly attributable to the Bank's adoption of the cost method of financial accounting which reduced losses on the devaluation of stocks and other securities.

Indicators of Other Income and Expenses (Non-Consolidated)

Six Months Ended September 30	Millions of Yen		Millions of U.S. Dollars	Percentage Change
	1998	1997	**1998**	**1998**/1997
Other Income				
Gains on Sales of Stocks and Other Securities	**¥ 73,881**	¥ 299,219	**$ 545**	(75.3)%
Gains on Money Held in Trust	**1,658**	1,954	**12**	(15.1)
Gains on Dispositions of Premises and Equipment	**21,686**	6,093	**160**	255.9
Recoveries of Written–Off Claims	**4**	80	**0**	(95.0)
Other	**3,525**	6,645	**26**	(47.0)
Total	**100,756**	313,992	**744**	(67.9)
Other Expenses				
Written-Off Claims	**266**	7,350	**1**	(96.4)
Losses on Sales of Stocks and Other Securities	**15,466**	2,228	**114**	594.2
Losses on Devaluation of Stocks and Other Securities	**12,647**	224,856	**93**	(94.4)
Losses on Money Held in Trust	**285**	685	**2**	(58.4)
Enterprise Taxes	**3,372**	—	**24**	—
Losses on Dispositions of Premises and Equipment	**705**	2,312	**5**	(69.5)
Losses on Sales of Loans Collateralized by Real Estate to the Cooperative Credit Purchasing Company, Limited (CCPC)	**5,261**	50,658	**38**	(89.6)
Losses Arising from Financial Assistance Provided to Supported Companies	**—**	35,162	**—**	(100.0)
Other	**7,649**	6,699	**56**	14.2
Total	**45,655**	329,955	**337**	(86.2)
Other Income (Expenses), Net	**¥ 55,100**	¥ (15,962)	**$ 407**	445.2%

BALANCE SHEET ANALYSIS

Asset Portfolio

A rise in the balance of outstanding housing loans in the Bank's asset portfolio was more than offset by a contraction in the value of overseas assets. Total assets of the Bank amounted to ¥51,221.5 billion as of September 30, 1998, down 0.8% from March 31, 1998. Loans and bills discounted dipped 0.6%, to ¥34,876.0 billion, equivalent to 68.1% of total assets. This decline was due to a contraction in the value of overseas assets, which occurred despite an increase in the balance of outstanding housing and other loans. The Bank's securities portfolio was up 3.3%, to ¥6,662.6 billion.

Balance Sheet Data (Non-Consolidated)

			Millions of Yen	Millions of U.S. Dollars
	September 30, 1998	March 31, 1998	September 30, 1997	**September 30, 1998**
Total Assets	**¥ 51,221,593**	¥ 51,650,386	¥ 53,267,935	**$ 378,438**
Loans and Bills Discounted	**34,876,084**	35,083,771	36,687,175	**257,673**
Securities	**6,662,654**	6,449,372	7,170,490	**49,225**
Deposits	**33,469,583**	36,380,770	38,345,644	**247,281**
Reserves	**1,237,179**	1,200,616	956,685	**9,140**
Total Stockholders' Equity	**¥ 1,314,220**	¥ 1,298,113	¥ 1,551,906	**$ 9,709**

Funding

Total liabilities were ¥49,907.3 billion, 0.9% lower than at the end of fiscal 1997. Deposits fell 8.0%, to ¥33,469.5 billion, from March 31, 1998, primarily owing to a decline in deposits at overseas branches, reflecting a scaling-back of the Bank's overseas operations.

Reserves

The Bank makes provisions for possible loan losses, the reserve for retirement allowances, and other reserves, in accordance with the Accounting Standards for Banks in Japan. As of September 30, 1998, the Bank's total reserves amounted to ¥1,237.1 billion, up 3.0% from March 31, 1998. Reserves were boosted to make provision against possible loan losses precipitated by the worsening economic situation in Japan and other Asian countries.

Stockholders' Equity

Stockholders' equity totaled ¥1,314.2 billion, up 1.2% from the end of fiscal 1997. This rise reflected the turnaround in the Bank's performance in the six-month period ended September 30, 1998, following a net loss in the preceding fiscal year.

Capital Adequacy

The Bank's capital ratio, calculated on a consolidated basis and in accordance with the guidelines established by the Bank for International Settlements (BIS), was 9.60% at the end of the first half of fiscal 1998, compared with 9.12% on March 31, 1998. This change reflected the disposal of risk-adjusted assets caused by the contraction of the Bank's overseas asset management operations.

Capital Ratio (Consolidated)

			Billions of Yen	Billions of U.S. Dollars
	September 30, 1998	March 31, 1998	September 30, 1997	**September 30, 1998**
Tier I Capital	**¥ 1,725.0**	¥ 1,711.3	¥ 1,822.4	**$ 12.7**
Tier II Capital	**1,725.0**	1,711.3	1,822.4	**12.7**
Including:				
Unrealized Gains on Investment Securities, Calculated in Tier II	**—**	—	304.2	**—**
Reserve for Unrealized Appreciation of Land, Calculated in Tier II	**53.6**	23.2	—	**0.3**
Outstanding Subordinated Term Debt	**1,546.5**	1,570.3	1,404.4	**11.4**
Total Capital	**3,450.1**	3,422.7	3,644.9	**25.4**
Risk-Adjusted Assets	**¥ 35,914.3**	¥ 37,500.7	¥ 40,469.0	**$ 265.3**
Capital Ratio (%)	**9.60**	9.12	9.00	**—**

Notes: 1. The above figures were calculated in accordance with guidelines established by the Ministry of Finance.
2. Following the introductions of BIS market risk regulations on January 1, 1998, an amount corresponding to the volume of market risk has been included as a supplementary item.

LOAN LOSSES AND PROBLEM LOANS

The Bank continues to make appropriate provisions against credit risk in its loan portfolio, based on the strict self-assessment of relevant assets. Owing to increases in problem loans—a consequence of Japan's recession, which has worsened beyond initial expectations—and to additions to specific reserves for possible losses on loans to Asian countries, particularly Indonesia, the Bank wrote off loan losses of ¥153.5 billion during the period under review. Of this total, net addition to specific reserves amounted to ¥134.7 billion; and net reversals from reserves for loans to restructuring countries totaled ¥7.2 billion; losses on sales of loans to the Cooperative Credit Purchasing Company, Limited (CCPC), were ¥5.2 billion; and other losses were ¥5.2 billion.

Dealing Effectively with Problem Loans

The Bank has disclosed information on problem loans, in line with U.S. Securities and Exchange Commission (SEC) regulations, since fiscal 1997, ended March 31, 1998. At the end of the first half of fiscal 1999, ended September 30, 1998, the balance of problem loans was ¥1,591.5 billion, up ¥116.1 billion from the end of fiscal 1997. This increase is attributable primarily to the deterioration of the domestic economy and to worsening economic conditions elsewhere in Asia. The reserve for possible loan losses amounted to ¥1,085.4 billion, of which 68.2%, or 111.1% assuming tax effect, was accounted for by reserves for problem loans as of September 30, 1998.

Problem Loans (Non-Consolidated)

	Millions of Yen		Millions of U.S. Dollars
Six Months Ended	**September 30, 1998**	March 31, 1998	**September 30, 1998**
Loans to Borrowers in Legal Bankruptcy	**¥ 418,784**	¥ 402,878	**$3,094**
Past Due Loans	**661,581**	592,489	**4,887**
Total	**1,080,366**	995,368	**7,982**
Past Due Loans (3 Months or More) (Note 1)	**250,095**	216,713	**1,847**
Restructured Loans (Note 2)	**261,059**	263,321	**1,928**
Total	**1,591,520**	1,475,402	**11,758**
% to Loans and Bills Discounted	**4.56%**	4.21%	**—%**
% to Reserve for Possible Loan Losses	**68.2%**	70.8%	**—%**
After Assuming Tax Effect	**111.1%**	115.3%	**—%**
Loan Losses	**153,580**	1,179,309	**1,134**
Direct Written-Off Claims	**266**	11,845	**1**
Net Addition to Specific Reserves	**134,788**	604,653	**995**
Loss on Financial Assistance to Supported Companies	**—**	305,738	**—**
Losses on Sales of Loans Collateralized by Real Estate to the Cooperative Credit Purchasing Company, Limited (CCPC)	**5,261**	99,985	**38**
Net Addition to Reserve for Possible Losses from Loans Sold to CCPC	**—**	77,608	**—**
Net Reversals from Reserve for Loans to Restructuring Countries	**7,238**	(4,367)	**53**
Losses on Sales of Loans to Restructuring Countries	**750**	4,592	**5**
Other Losses	**5,275**	79,254	**38**

Notes: 1. "Past Due Loans (3 Months or More)" consist of loans for which the principal and/or interest is three months or more past due but exclude "Loans to Borrowers in Bankruptcy" and "Past Due Loans."

2. "Restructured loans" are loans in respect of which the Bank is relaxing lending conditions to support the borrowers' reorganization and/or promote the collection of such loans.

Reserve for Possible Loan Losses

Six Months Ended	September 30, 1998 (Millions of Yen)	March 31, 1998 (Millions of Yen)	September 30, 1998 (Millions of U.S. Dollars)
General Reserve	**¥ 118,279**	¥ 112,251	**$ 873**
Specific Reserve	**957,976**	929,928	**7,077**
Taxable	**729,875**	709,885	**5,392**
Reserve for Loans to Restructuring Countries	**9,148**	1,902	**67**
Taxable	**9,132**	1,870	**67**
Total	**¥ 1,085,404**	¥ 1,044,082	**$ 8,019**

LOAN BALANCE TO COUNTRIES IN ASIA, LATIN AMERICA AND RUSSIA

Approximately half of the Bank's exposure to Asia comprises loans to Japanese companies operating in the region and local sovereign entities and financial institutions, while the remainder consists of loans to leading local companies. Of the Bank's balance of loans to Latin America, approximately half is accounted for by loans to sovereign entities and financial institutions.

Loan Balance to Asia, Latin America and Russia

Billions of Yen

Six Months Ended September 30, 1998	Japanese	Non-Japanese	Financial Institutions	Sovereign	Total
Asia					
Indonesia	¥ 43.2	¥ 111.2	¥ 56.0	¥ 7.8	¥ 218.3
Thailand	122.0	155.2	13.2	0.6	291.1
Republic of Korea	1.3	73.8	100.0	0.5	175.8
Republic of China	32.8	66.7	—	30.5	130.1
Hong Kong	59.5	226.1	—	—	285.7
Malaysia	8.6	21.5	0.7	9.2	40.1
Singapore	66.1	36.8	2.5	—	105.4
India	2.8	52.3	—	4.2	59.3
Others (Note 1)	0	11.9	1.1	0	13.1
Total	¥ 336.6	¥ 755.7	¥ 173.7	¥ 53.0	¥ 1,319.2
Latin America					
Chile	¥ —	¥ 5.9	¥ 1.2	¥ 2.9	¥ 10.2
Columbia	—	3.0	4.4	4.6	12.0
Mexico	—	3.1	—	0.1	3.2
Brazil	—	1.3	—	2.3	3.6
Others (Note 2)	—	3.8	—	—	3.8
Total	¥ —	¥ 17.2	¥ 5.6	¥ 10.0	¥ 33.0
Russia	¥ —	¥ —	¥ —	¥ 0.1	¥ 0.1

Notes: 1. "Others" in the "Asia" category comprises loans to customers in the Philippines, Taiwan, Pakistan and Vietnam.
2. "Others" in the Latin America category comprises loans to customers in the Trinidad and Tobago, Argentina and Venezuela.
3. Translation into Japanese yen has been made on the basis of ¥135.35=US$1, the exchange rate in effect on September 30, 1998.

Non-Consolidated Interim Balance Sheets

The Sakura Bank, Limited

September 30, 1998 and 1997	Millions of Yen 1998	Millions of Yen 1997	Millions of U.S. Dollars (Note 1) 1998
Assets			
Cash and Due from Banks	**¥ 1,949,549**	¥ 2,745,464	**$ 14,403**
Call Loans	**157,292**	319,015	**1,162**
Commercial Paper and Other Debt Purchased	**2,477**	9,446	**18**
Trading Assets	**1,442,979**	1,064,058	**10,661**
Money Held in Trust	**183,063**	222,181	**1,352**
Securities	**6,662,654**	7,170,490	**49,225**
Loans and Bills Discounted	**34,876,084**	36,687,175	**257,673**
Foreign Exchanges	**427,852**	498,398	**3,161**
Other Assets	**1,956,668**	933,287	**14,456**
Premises and Equipment	**461,660**	301,905	**3,410**
Customers' Liabilities for Acceptances and Guarantees	**3,101,310**	3,316,512	**22,913**
Total Assets	**¥ 51,221,593**	¥ 53,267,935	**$ 378,438**
Liabilities and Stockholders' Equity			
Liabilities			
Deposits	**¥ 33,469,583**	¥ 38,345,644	**$ 247,281**
Call Money	**4,553,181**	5,004,597	**33,640**
Trading Liabilities	**273,601**	563,195	**2,021**
Borrowed Money	**2,070,512**	2,201,580	**15,297**
Foreign Exchanges	**41,900**	54,941	**309**
Bonds	**100,000**	—	**738**
Convertible Bonds	**5,365**	5,365	**39**
Other Liabilities	**4,862,632**	1,267,505	**35,926**
Reserve for Possible Loan Losses	**1,085,404**	854,935	**8,019**
Reserve for Retirement Allowances	**39,103**	40,234	**288**
Reserve for Possible Losses from Loans Sold to CCPC	**112,663**	39,605	**832**
Other Reserves	**9**	21,910	**0**
Acceptances and Guarantees	**3,101,310**	3,316,512	**22,913**
Reserve for Unrealized Appreciation of Land	**192,106**	—	**1,419**
Total Liabilities	**49,907,373**	51,716,028	**368,728**
Stockholders' Equity			
Capital Stock:			
Common Stock	**574,269**	475,747	**4,242**
Preferred Stock	**25,176**	123,698	**186**
Capital Surplus	**456,534**	456,534	**3,372**
Legal Reserve	**114,855**	108,388	**848**
Earned Surplus	**143,385**	387,538	**1,059**
Total Stockholders' Equity	**1,314,220**	1,551,906	**9,709**
Total Liabilities and Stockholders' Equity	**¥ 51,221,593**	¥ 53,267,935	**$ 378,438**

See accompanying Notes to Non-Consolidated Interim Financial Statements.

Non-Consolidated Interim Statements of Income

The Sakura Bank, Limited

Six Months Ended September 30, 1998 and 1997	Millions of Yen 1998	Millions of Yen 1997	Millions of U.S. Dollars (Note 1) 1998
Income			
Interest Income:			
Interest on Loans and Discounts	**¥ 467,947**	¥ 485,420	**$ 3,457**
Interest and Dividends on Securities	**75,420**	88,996	**557**
Other Interest Income	**299,096**	265,412	**2,209**
Fees and Commissions	**56,532**	59,114	**417**
Trading Revenue	**4,250**	4,881	**31**
Other Operating Income	**50,838**	27,091	**375**
Other Income	**100,756**	313,992	**744**
Total Income	**1,054,841**	1,244,910	**7,793**
Expenses			
Interest Expenses:			
Interest on Deposits	**216,980**	254,383	**1,603**
Interests on Borrowings, Bonds and Rediscounts	**58,980**	77,620	**435**
Other Interest Expenses	**276,732**	206,105	**2,044**
Fees and Commissions	**25,391**	22,790	**187**
Trading Expenses	**6**	—	**0**
Other Operating Expenses	**10,650**	5,563	**78**
General and Administrative Expenses	**227,008**	231,074	**1,677**
Provision for Possible Loan Losses	**147,256**	95,810	**1,087**
Other Expenses	**45,655**	329,955	**337**
Transfer to Other Reserves	**0**	197	**0**
Total Expenses	**1,008,662**	1,223,501	**7,452**
Interim Income before Income Taxes	**46,178**	21,408	**341**
Income Taxes	**13,944**	4,344	**103**
Interim Net Income	**¥ 32,234**	¥ 17,064	**$ 238**

See accompanying Notes to Non-Consolidated Interim Financial Statements.

Notes to Non-Consolidated Interim Financial Statements

The Sakura Bank, Limited

1. Basis of Non-Consolidated Interim Financial Statements

The accompanying unaudited non-consolidated interim financial statements have been prepared on the basis of accounting principles and practices generally accepted in Japan and in conformity with the "Interim Financial Statements Regulation" and the "Accounting Standards for Banks" and are compiled from the interim financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

Certain reclassifications and rearrangements have been made to present the accompanying non-consolidated interim financial statements in a form which is familiar to readers outside Japan.

As permitted by the Securities and Exchange Law of Japan, amounts less than one million yen have been omitted. As a result, the totals do not necessarily agree with the sum of the individual amounts.

The U.S. dollar amounts shown in the accompanying non-consolidated interim financial statements represent the arithmetical results of translating original Japanese yen amounts of respective account balances to U.S. dollars on a basis of ¥135.35 to US$1, the exchange rate effective at the latest balance sheet date of September 30, 1998. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could have been converted, realized or settled in dollars at that or at any other rate.

The accounting and reporting standards of non-consolidated interim financial statements are based on the presumption that an interim financial period is an integral part of an annual financial period. Essentially, the same accounting principles and procedures have been followed as those applied to the annual financial periods in preparing the accompanying interim financial statements. Due to the presumption mentioned above, however, the following modifications are reflected in the interim financial statements: (1) depreciation of premises and equipment is recognized by properly allocated amounts over a six-month period, based on the estimated amounts to be provided for the annual financial period, and on the assets that exist at the end of each interim period, and (2) provision for employees' retirement allowances is recognized by properly allocated amounts over a six-month period, based on the estimated amounts to be provided for the annual financial period.

2. Summary of Significant Accounting Policies

(a) Translation of Foreign Currency Accounts

Foreign currency denominated assets and liabilities and the accounts of overseas branches are translated into yen at the exchange rates prevailing at the balance sheet date, except that certain assets and liabilities as prescribed in the Accounting Standards for Banks issued by Federation of Bankers Association of Japan, are translated at the relevant historical rates.

(b) Valuation of Trading Assets and Trading Liabilities

Trading account positions representing earnings or losses derived from trades made for 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 financial derivatives related to trading transactions are at the amounts that would be settled if they were terminated at the balance sheet date.

(c) Valuation of Securities

For the interim period ended September 30, 1998, securities are carried at cost determined by the moving average method. Values of securities held in individually managed money trusts for asset management purposes are determined by the same method.

For the interim period ended September 30, 1997, convertible bonds, bonds with warrants, stocks and other securities listed on stock exchanges held by the Bank were carried at the lower of cost or market value. Other securities are carried at cost. Values of securities held in individually managed money trusts for asset management purposes are determined by the same method.

As permitted under the amended Accounting Standards for Banks, the Bank changed the valuation method from the lower of cost or market method to cost method for those listed securities mentioned above. If the Bank had adopted the cost method for the interim period ended September 30, 1997, interim income before income taxes for that period would have increased by ¥224,763 million.

(d) Premises and Equipment

For the interim period ended September 30, 1997, the Bank computed depreciation for buildings at 160% of the standard rate as prescribed by the Corporate Tax Law in accordance with the Accounting Standards for Banks. For the interim period ended September 30, 1998, as those standards were amended to eliminate the requirement for additional depreciation, the Bank ceased providing such additional depreciation. Also, the estimated useful lives of depreciable assets prescribed by the Corporate Tax Law were shortened from the fiscal year beginning April 1, 1998.

The effect of these changes was to increase interim income before income taxes by ¥2,135 million.

Depreciation of premises and equipment is computed as follows:

Buildings:

Acquired before April 1, 1998: Computed by the declining balance method at the rate prescribed by the Corporate Tax Law.

Acquired on and after April 1, 1998: Computed by the straight-line method at the rate prescribed by the Corporate Tax Law according to the amendment of the Corporate Tax Law. The effect of this application was to increase interim income before income taxes by ¥3 million.

Equipment: Computed by the declining balance method at the rate prescribed by the Corporate Tax Law.

Others: Computed by the method prescribed by the Corporate Tax Law.

(e) Accounting for Leases

All leases have been accounted for as operating leases in the non-consolidated financial statements. Under Japanese accounting standards for leases, finance leases where the ownership of the property is deemed to transfer to the lessee are capitalized, while other finance leases can be accounted for as operating leases if necessary information is disclosed in the notes to the lessee's non-consolidated financial statements.

(f) Reserve for Possible Loan Losses

For the interim period ended September 30, 1997, the reserve for possible loan losses comprises three categories of reserves. A general reserve is established based on a fixed percentage (currently 0.3 percent) of certain outstanding loans as specified by Japanese tax regulations and the Accounting Standards for Banks. Secondly, further provisions are made for specific loans based on management's evaluation of the status of such loans. Thirdly, the Accounting Standards for Banks provide that a reserve be provided for possible loan losses relating to restructuring countries. Such provision as of September 30, 1997, was made at 25 percent of the related loans.

For the interim period ended September 30, 1998, the reserve for possible loan losses has been established based on the Bank's internal rules for establishing a reserve for possible loan losses, in accordance with the Accounting Standards for Banks.

Customers are initially classified into ten categories, in accordance with the Bank's own credit rating system. All claims that the Bank extended to its customers are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy," as defined by the report of the Japanese Institute of Certified Public Accountants.

The reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories as a general reserve, and the fair value of the collateral for collateral-dependent loans and other factors of solvency for other self-assessment categories for a specific reserve.

For foreign claims, there is a reserve for loans to restructuring countries which has been established based on losses estimated by considering political and economic situations in those countries.

All claims are being assessed by the branches and credit supervision divisions based on the Bank's internal rules for the self-assessment of asset quality. The Assets Review and Inspection Division, which is independent from branches and credit supervision divisions, conducts audits of these assessments.

(g) Reserve for Retirement Allowances

Under most circumstances, employees terminating their employment are entitled to certain severance payments based on the rate of pay at the time of termination, years of service and certain other factors. If the termination is involuntary, employees are usually entitled to greater payments than in the case of voluntary termination. The accrued provision for retirement allowances is calculated to state the estimated liability at the amount which would be required if all employees eligible for retirement allowances were to voluntarily terminate their employment at the balance sheet date.

(h) Reserve for Possible Losses from Loans Sold to CCPC

The reserve for possible losses from loans sold to CCPC (Cooperative Credit Purchasing Company, Limited) is made to provisions in amounts which the Bank views to be necessary based on estimates of possible losses it may sustain in the future on loans sold to the CCPC, taking account of the value of real estate collateral securing these loans.

(i) Reserve for Unrealized Appreciation of Land

Under the "Law of Land Revaluation," effective on March 31, 1998, the Bank elected the one-time revaluation for its own-use land to current value based on real estate appraisal information as of March 31, 1998.

The reserve for unrealized appreciation of land represents unrealized appreciation of land and is stated as a liability. There is no credit to the profit and loss. Continuous readjustment is not permitted unless the value of the land has subsequently significant declines where the amount of the decline in value should be taken from the reserve for unrealized appreciation of land account.

(j) Income Taxes

Income taxes are provided for amounts currently payable for each year. No tax effect for timing differences between tax and financial reporting is recorded.

Enterprise taxes, which are deductible for tax purposes when paid, are reflected as other expenses.

Market Value of Marketable Securities

Billions of Yen	September 30, 1998 Book Value	Market Value	Net Unrealized Gains (Losses)	September 30, 1997 Book Value	Market Value	Net Unrealized Gains (Losses)	March 31, 1998 Book Value	Market Value	Net Unrealized Gains (Losses)
Bonds	**¥ 645.1**	**¥ 695.6**	**¥ 50.5**	¥ 333.2	¥ 351.3	¥ 18.1	¥ 339.4	¥ 351.4	¥ 11.9
Stocks	**3,059.8**	**2,545.8**	**(514.0)**	3,512.5	4,180.7	668.2	3,128.9	3,091.0	(37.9)
Treasury Stock	**0**	**0**	**(0)**	0	0	0	0	0	(0)
Others	**477.2**	**442.2**	**(35.0)**	318.9	338.1	19.2	333.6	318.9	(14.6)
Affiliated Company Related	**23.3**	**14.1**	**(9.2)**	17.2	23.5	6.2	22.6	22.4	(0.1)
Total	**¥ 4,182.3**	**¥ 3,683.7**	**¥ (498.5)**	¥ 4,164.6	¥ 4,870.2	¥ 705.6	¥ 3,802.0	¥ 3,761.4	¥ (40.6)

Notes: 1. *Figures on Trading Account Securities and Securities listed in the above table are for marketable securities listed on securities exchanges. In most cases, the fair market value listed represents the closing prices on the Tokyo Stock Exchange (TSE) at the Balance Sheet Date. "Others" in securities are mainly foreign bonds.*

2. *Listed below are figures calculated to correspond to the fair market value of the Bank's marketable securities not listed on exchanges, when it is possible to calculate such market value. Values of non-listed securities are calculated using the Securities Industry Association's figures for securities traded over the counter, using the prices calculated under the yield published on the Securities Industry Association's Indication Chart for public bonds, and using standard prices for the beneficiary certificate of securities investment trusts. "Others" in securities are mainly beneficiary certificates of securities investment trust.*

Billions of Yen	September 30, 1998 Book Value	Market Value	Net Unrealized Gains (Losses)	September 30, 1997 Book Value	Market Value	Net Unrealized Gains (Losses)	March 31, 1998 Book Value	Market Value	Net Unrealized Gains (Losses)
Bonds	**¥ 1,234.4**	**¥ 1,280.9**	**¥ 46.5**	¥ 1,188.7	¥ 1,223.4	¥ 34.6	¥ 1,021.8	¥ 1,048.4	¥ 26.5
Stocks	**66.9**	**47.2**	**(19.6)**	69.6	67.1	(2.4)	67.5	58.1	(9.3)
Others	**33.9**	**30.2**	**(3.7)**	66.4	46.3	(20.0)	56.2	53.6	(2.5)
Total	**¥ 1,335.3**	**¥ 1,358.4**	**¥ 23.1**	¥ 1,324.9	¥ 1,337.0	¥ 12.0	¥ 1,145.6	¥ 1,160.3	¥ 14.7

3. *Securities excluded from the above information on fair market values are principally as follows:*

Billions of Yen	Book Value September 30, 1998	September 30, 1997	March 31, 1998
Securities			
Unlisted Domestic Bonds by Private Placement	**¥ 280.3**	¥ 453.3	¥ 470.0

4. *Figures on Trading Account Securities and Securities Related to Trading Transactions are omitted from the above tables because those securities are valued at market prices and evaluation gains (losses) are stated in the statements of income.*

Money Held in Trust

Billions of Yen	September 30, 1998 Book Value	Market Value	Net Unrealized Gains (Losses)	March 31, 1998 Book Value	Market Value	Net Unrealized Gains (Losses)
Money Held in Trust	**¥ 183.0**	**¥ 182.3**	**¥ (6)**	¥ 239.9	¥ 239.8	¥ (0)

Notes: *The market value represents the prices that the fiduciaries of money held in trust calculated in accordance with the following methods:*

1. *The fair market value of listed securities represents the closing prices on the TSE at the Balance, in most cases.*
2. *Values of non-listed stocks are calculated using the Securities Industry Association's figures for securities traded over the counter.*

Derivative Financial Instruments and Foreign Exchange Forward Contracts

Billions of Yen	September 30, 1998 Contract Value or Notional Principal Amount	September 30, 1998 Credit Equivalent Amount	March 31, 1998 Contract Value or Notional Principal Amount	March 31, 1998 Credit Equivalent Amount
Interest Rate Swaps	¥ 77,871.8	¥ 1,382.5	¥ 72,845.9	¥ 1,315.9
Currency Swaps	4,901.9	551.3	5,397.4	572.2
Foreign Exchange Forward Contracts	17,320.0	681.2	21,947.9	1,006.9
Interest Rate Options (Buy)	2,457.4	54.0	2,957.1	43.8
Currency Options (Buy)	1,398.4	22.2	1,557.0	43.2
Other Derivative Instruments	8,770.3	72.1	3,213.7	71.8
Effects of Master Netting Agreements		(1,251.4)		(1,244.8)
Total	¥ 112,720.1	¥ 1,512.1	¥ 107,919.2	¥ 1,809.2

Notes: 1. Figures given above were computed according to capital adequacy guidelines set by the BIS. For the fiscal years under review, the current exposure method was used in computing the credit equivalent amounts.

2. Master netting agreements mitigate credit risk by permitting the offset of amounts due from and to individual counterparties in the event of counterparty default.

3. The amounts of transactions excluded from capital adequacy guidelines are transactions on public exchanges and foreign exchange related transactions for which the original contract has a duration of 14 days or less.
The amounts of such transactions are shown below:

Billions of Yen	September 30, 1998 Contract Value or Notional Principal Amount	March 31, 1998 Contract Value or Notional Principal Amount
Interest Rate Swaps	¥ —	¥ —
Currency Swaps	1.8	—
Foreign Exchange Forward Contracts	2,758.6	2,857.6
Interest Rate Options (Sell)	9,775.0	3,145.6
Interest Rate Options (Buy)	9,295.4	16,053.2
Currency Options (Sell)	1,499.1	1,726.6
Currency Options (Buy)	—	1.3
Interest Rate Futures Transactions	65,925.2	47,287.1
Other	2.3	—
Total	¥ 89,257.7	¥ 71,071.7

Credit-Related Transactions

Billions of Yen	September 30, 1998 Contract Value	March 31, 1998 Contract Value
Commitments	¥ 7,400.4	¥ 8,529.5
Guarantees	1,818.0	1,974.9
Other Credit-Related Transactions	586.9	740.7
Total	¥ 9,805.4	¥ 11,245.2

Overseas Offices

International Banking

Senior Managing Director
Tatsuo Abiru
Director
Takashi Fujishima

Asia and Oceania

Branches and Representative Offices
Guangzhou Branch
Shanghai Branch
Tianjin Branch
General Representative Office in China
Dalian Representative Office
Taipei Representative Office
Hong Kong Branch
Mumbai Branch
New Delhi Branch
Seoul Branch
Labuan Branch
Kuala Lumpur Marketing Office
Kuala Lumpur Representative Office
Singapore Branch
Bangkok Branch
Chonburi Branch
Ayudhya Branch
Jakarta Representative Office
Manila Representative Office
Ho Chi Minh City Representative Office
Yangon Representative Office

Subsidiaries
Sakura Finance Australia Limited
Sakura Finance Asia Limited
Sakura Bank Hong Kong Trustee Limited
Sakura Global Capital Asia Limited (Subsidiary of Sakura Global Capital, Inc.)
Sakura Dellsher (Hong Kong) Ltd. (Subsidiary of Sakura Dellsher, Inc.)
Sakura Capital India, Limited
P.T. Bank Sakura Swadharma
Sakura Financial Futures (Singapore) Pte. Limited
Sakura Merchant Bank (Singapore) Limited

Affiliates and Associates
China United International Leasing Co., Ltd.
Tianjin International Leasing Co., Ltd.
Hua Tong International Leasing Co., Ltd.
P.T. Perjahl Leasing Indonesia
RHB Capital Berhad
Far East Bank and Trust Company
Bangkok Sakura Leasing Co., Limited
Bangkok Sakura Software Service Co., Limited
SBCS Co., Limited
Thai Sakura Finance and Securities Co., Limited

The Americas

Branches, Agencies and Representative Offices
New York Branch
Chicago Branch
Houston Agency
Los Angeles Agency
Cayman Branch
São Paulo Representative Office
Mexico Representative Office

Subsidiaries
Manufacturers Bank
Headquarters Office
Beverly Hills Office
Encino Office
Little Tokyo Office
Newport Beach Office
Ninth and Los Angeles Street Office
San Diego Office
San Francisco Office
San Jose Office
Warner Center Office
Sakura Business Finance, Inc.
Sakura Global Capital, Inc.
Sakura Trust Company
Sakura Dellsher, Inc.
Head Office
New York Office
San Antonio Office
Sakura Bank (Canada)
Sakura Capital Funding (Cayman) Limited
Sakura Finance (Cayman) Limited

Affiliates and Associates
CB Bancshares, Inc. (City Bank)
Mitsui Vendor Leasing (U.S.A.) Inc.
Banco Bozano, Simonsen S.A.
CIA Bozano, Simonsen

Europe, Middle East and Africa

Branches and Representative Offices
London Branch
Brussels Branch
Madrid Branch
Paris Branch
Düsseldorf Branch
Representative Office for the Middle East, Bahrain
Budapest Representative Office
Tashkent Representative Office

Subsidiaries
Sakura Finance International Limited
Sakura Trust International Limited
Sakura Global Capital Limited (Subsidiary of Sakura Global Capital, Inc.)
Sakura Dellsher, Inc. London Office
Sakura Finanz (Deutschland) GmbH
Sakura Bank (Luxembourg) S.A.
Sakura Bank (Schweiz) AG
Turk Sakura Bank A.S.
Head Office
Izmir Branch

(As of December 31, 1998)

Board of Directors

Chairman
Masahiro Takasaki*

President
Akishige Okada*

Deputy Presidents
Yasuhiro Uehara*
Tadayoshi Nishimura*

Senior Managing Directors
Isao Okazaki*
Kouichi Nishina*
Tatsuo Abiru*
Eiichi Takizawa*

Managing Directors
Mitsuhiro Masumi
Tsutomu Sakuma
Hirokazu Ishikawa
Rikuyuki Tentaku
Tsuyoshi Kuriyama
Hidemitsu Nakao
Yoshihiro Takizawa
Toshiro Ishii
Hidenori Hiramatsu
Nadamu Takata
Jiro Nishibori
Hideharu Kadowaki

Directors
Taro Fukawa
Hiroyuki Inagaki
Keizo Ogawa
Takemasa Tsukamoto
Fumio Gotan
Masahiro Oba
Nobuo Iijima
Nobuhiro Yabumoto
Kakuei Miyagi
Toshikatsu Sano
Takashi Fujishima
Taisuke Ota
Teisuke Kitayama
Ryoji Miura
Kouichi Yanagimura
Toichiro Mizushima
Shigetada Takahashi
Akira Sato
Hiroshi Kii
Shuichi Fujimori
Morio Kusunoki
Junpei Ishii
Takao Umino
Masayuki Yamazaki
Mitsuaki Yahagi

Auditors
Masaharu Kamoshita**
Takehisa Hiraiwa**
Taro Sumitani**
Toyokazu Sato**
Gaishi Hiraiwa
Yasutaka Okamura

(As of December 31, 1998)

* Representative Director
** Standing Auditor

Stock Information

Paid-in Capital	¥599,445 million
Number of Shares Authorized	4,450,176 thousand
Common	4,400,000 thousand
Preferred	50,176 thousand
Number of Shares Issued	3,779,017 thousand
Common	3,753,841 thousand
Preferred Series II	25,176 thousand
Number of Stockholders	
Common	133,484
Preferred Series II	1

Stock Exchange Listings
Tokyo, Osaka, Kyoto, Sapporo,
Frankfurt, Paris, Zürich, London

Transfer Agent and Registrar
The Sakura Bank, Limited

Stockholders' Meeting
The Ordinary General Meeting of Stockholders is held in Tokyo in June.

Auditors
Showa Ota & Co.
Tohmatsu & Co.

Major Stockholders

	Number of Shares (Thousands)	Percentage (%)
Mitsui Mutual Life Insurance Company	116,006	3.09
The Taiyo Mutual Life Insurance Company	116,006	3.09
Nippon Life Insurance Company	116,006	3.09
The Dai-ichi Mutual Life Insurance Company	89,861	2.39
Toyota Motor Corporation	89,588	2.38
The Mitsui Trust & Banking Co., Ltd.	75,792	2.01
The Chase Manhattan Bank, N.A. London	74,853	1.99
The Sumitomo Trust and Banking Co., Limited	52,719	1.40
Toshiba Corporation	51,426	1.36
The Toyo Trust and Banking Co., Limited	43,527	1.15

(As of September 30, 1998)

This interim financial report is printed entirely on recycled paper.

SAKURA BANK

Printed in Japan