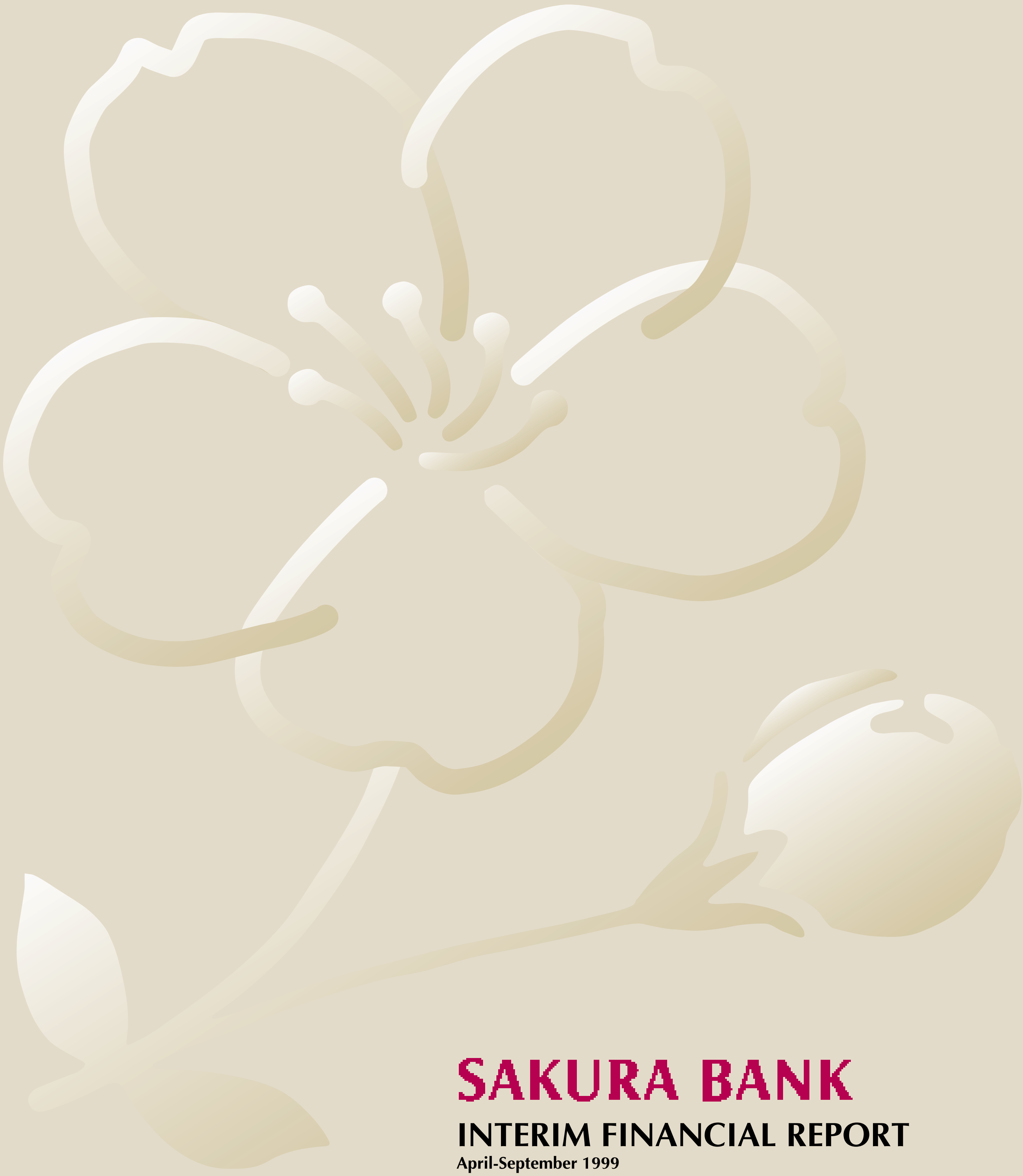

SAKURA BANK

INTERIM FINANCIAL REPORT

April-September 1999

Corporate Data

Head Office
3-1, Kudan Minami 1-chome, Chiyoda-ku,
Tokyo 100-8611, Japan
Tel: +81 3 3230 3111
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Kansai Headquarters
56, Naniwa-machi, Chuo-ku,
Kobe 650-8660, Japan
Tel: +81 78 331 8101
Telex: J78823 MITKBK

Network

Total Domestic Offices	436
Branches	388
Subbranches	42
Agencies	6
Total Overseas Offices	72
Branches	18
Subbranches	2
Representative offices	6
Subsidiaries	20
Subsidiaries' branches	13
Affiliates and associates	13

(As of December 31, 1999)

Number of Employees 15,885
(As of September 30, 1999)

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

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Consolidated Financial Highlights

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30	Millions of Yen 1999	Millions of U.S. Dollars 1999
For the Six Months		
Total Income	¥ 918,153	$ 8,584
Total Expenses	841,578	7,868
Interim Income before Income Taxes	76,574	715
Interim Net Income	40,803	381
At Term End		
Total Assets	48,825,915	456,530
Loans and Bills Discounted	32,592,302	304,743
Securities	6,612,666	61,829
Deposits	34,301,313	320,722
Stockholders' Equity	2,202,550	20,594
Capital Ratio (%)	12.43%	12.43%
	Yen	U.S. Dollars
Per Share of Common Stock		
Interim Net Income	¥ 8.63	$ 0.08
Stockholders' Equity	338.30	3.16

Non-Consolidated Financial Highlights

The Sakura Bank, Limited

Six Months Ended September 30	Millions of Yen 1999	1998	Millions of U.S. Dollars 1999	Change 1999/1998
For the Six Months				
Total Income	¥ 817,025	¥ 1,054,841	$ 7,639	¥ (237,816)
Total Expenses	762,733	1,008,662	7,131	(245,929)
Interim Income before Income Taxes	54,291	46,178	507	8,112
Interim Net Income	33,070	32,234	309	836
At Term End				
Total Assets	47,141,479	51,221,593	440,780	(4,080,114)
Loans and Bills Discounted	32,143,364	34,876,084	300,545	(2,732,720)
Securities	6,576,841	6,662,654	61,494	(85,813)
Deposits	34,005,767	33,469,583	317,959	536,185
Stockholders' Equity	2,244,015	1,314,220	20,981	929,795
Capital Ratio (%)	12.42%	—%	12.42%	—%
	Yen		U.S. Dollars	Change
Per Share of Common Stock				
Interim Net Income	¥ 6.74	¥ 8.55	$ 0.06	¥ (1.81)
Stockholders' Equity	348.18	336.69	3.26	11.49
Cash Dividends per Share				
Common Stock	3.00	4.25	0.02	(1.25)
Preferred Stock:				
Series II	7.50	7.50	0.07	—
Series III (Type-2)	6.85	—	0.06	6.85

Notes: 1. All consolidated figures and 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 ¥106.95=US$1, the exchange rate in effect on September 30, 1999.

In the first half of the fiscal year, Sakura Bank sowed the seeds of new and ongoing strategies that will position it for renewed growth in the 21st century.

The long downward spiral of the Japanese economy was put to a halt—thanks to progress achieved in adjusting inventories and government budgetary initiatives and support for the financial sector. The momentum toward a rally was accompanied by the improved expectations of corporate and individual market observers. However, the continued decline in capital spending indicated that the path to a domestic demand-led recovery in the private sector is far from assured and will continue to depend upon comprehensive government support.

In the financial sector, various strategies designed to bolster capital of major financial institutions in the prior fiscal year succeeded in restoring confidence in the financial system and calmness to the markets. Nevertheless, the sector has felt the repercussions of Japan's Big Bang and the structural changes introduced by the emergence of a networked society, which have required it to evolve at an unprecedented pace.

During the period, we committed ourselves to implementing the "Plan toward Soundness of Management." This involved restructuring, rationalizing administration and boosting profitability while bolstering our financial condition. The outcome was record-high core net operating profit—one of the key profitability indicators of our main business—on a half-year fiscal period basis. This figure represents profit before provisions and excludes bond-related profits. This achievement clearly shows the effectiveness of our strategy to increase gross operating income by improving lending margins and expanding individual loans.

On the strategic front, we endeavored to build on our top position among Japanese banks for personal lending to bolster our base of operations and profitability in commercial banking, the centerpiece of our expansion strategies. In our drive to strengthen customer contacts and realize a low-cost structure as part of the reformation of our service channels, we continued to consolidate existing branch operations while expanding next-generation service channels such as convenience store banking and Internet banking services. We are on track to expand the number of convenience store banking branches in major metropolitan areas to 500 within the fiscal year ended March 2000, and to 1,000 by the end of June 2000. We also extended our operating hours and added new functions to enhance the convenience of our Browser Banking service, which already can be accessed from corporate intranets, home-based personal computers (PCs) or NTT Mobile Communications Network, Inc.'s, iMode mobile telephones. We are developing this service as the nucleus of our network banking channel. Since its launch in July 1998, it has attracted more than 50,000 subscribers, placing us securely in the top echelon of the city banks in this field.

Among the new measures taken to create winning strategies for retail banking in the new millennium, we will launch two new enterprises with partners outside the traditional banking industry. To serve the needs of the emerging networked society, we joined Fujitsu Ltd. in establishing Japan's first Internet/online specialized bank. We are also establishing a consumer finance joint venture with several partners, which will focus on providing customers with convenient access to small-scale loans. We will work to organically integrate these enterprises with the components of our existing service channel strategies so as to maximize potential synergies. We believe that the full exploitation of these opportunities will strengthen our profitability and allow us to respond to customer needs in a timely fashion.

The forces of liberalization, globalization and intensifying cross-border competition continue to transform the securities business. Sakura Securities Co., Ltd., has strengthened the wholesale securities business through a tie-up with Deutsche Securities Co., Ltd., Tokyo branch. We also implemented a group-oriented strategy and expanded our equity participation in a related company in the retail securities market. In the investment management field, Sakura Investment Management Co., Ltd., has strengthened our capabilities through tie-ups with three leading overseas partners.

As we continue to implement our new business structure, we will also be preparing to align and integrate our operations with those of The Sumitomo Bank, Limited, as announced in the “Strategic Alliance between Sakura Bank and Sumitomo Bank” agreement on October 14, 1999. Under this agreement, the two banks will form an alliance culminating in full operational integration by April 2002. The alliance will allow the combined entity to achieve renewed growth at the start of the new millennium, raising its ability to contribute to economic development both within Japan and abroad. The basic principle behind the integration is cooperation in establishing a strong financial organization offering higher value-added products and services to its combined customer base in this era of rapid change.

Drawing on the combined expertise and strengths of each bank and focusing resources in fields where we enjoy a competitive edge, the alliance will aim to be a new type of financial services provider—going beyond the boundaries of conventional banking.

The two banks will maintain the existing pace of restructuring in their respective organizations up until the full integration. With the additional aim of maximizing cost savings and rationalization to be gained from the union, the two will take up mutual equity positions from the pool of issued shares, exchange management and personnel, consolidate business units, and harmonize administrative infrastructure and procedures. We will also advance the timetable for the personnel and branch restructuring contained in our respective plans to reach our targets one year before the actual integration. Moreover, we will work toward the resolution of our nonperforming loans and pursue other measures to reinforce our financial positions to make it possible to weather any storms that may arise in the financial sector.

As the financial industry passes through this period of major transition, the entire staff and management of Sakura Bank will work to realize our vision for renewed growth and increased shareholder value in the 21st century. We will also continue to meet the rising standard of disclosure asked of financial institutions and strive to provide clear and timely information. We look forward to your continued support and guidance as we greet the new millennium.

January 2000

Masahiro Takasaki
Chairman

Akishige Okada
President

We are pleased to report the progress made during the six-month period under review, ended September 30, 1999, on a non-consolidated basis, on the Plan toward Soundness of Management submitted in the prior fiscal year when the Bank applied for public funds.

1. Earnings

Core net operating profit, the primary indicator of profitability in our main business segment, rose ¥40.4 billion over the corresponding six months, to ¥159.4 billion, as a result of the progress achieved in improving lending margins and in expanding housing loans and other personal loans—the key components of our strategy to increase gross operating profit. This is a record-setting result for the Bank for this interim period, placing the Bank in the top earning ranks of Japanese city banks. This achievement clearly shows the effectiveness of our strategy to boost commercial banking operations as well as the effects of our accelerated restructuring measures.

Gross operating profit, ordinary profit and net income also reached levels approximately halfway to the plan's targets. These encouraging interim results reaffirm our good position to achieve the targeted levels for the fiscal year.

We disposed of nonperforming loans at a rate ahead of schedule to ward off the potential for increased risks, such as collateral deflation in the amount of ¥72.2 billion (including provisions for possible loan losses) in the first six months. Subsequently, we have determined that the target should be raised to ¥200.0 billion in light of the need to further enhance the Bank's financial condition in the current fiscal year and to provide a comprehensive approach in dealing with any future deterioration in asset quality. Accordingly, we will increase write-offs of nonperforming loans and transfers of nonaccural loans sold to Cooperative Credit Purchasing Co., Ltd. (CCPC), from our portfolio. At the same time, we will maintain a conservative approach to predicting the future deterioration of existing loan assets.

2. Rationalization Progress

Rationalizing administration is one of the major issues for the Bank. We are reviewing human resource (HR) requirements and salary levels to reduce personnel expenses and cut procurement expenditures to lower purchasing costs. As a result, these expenses were reduced ¥14.7 billion from the level of the corresponding period last fiscal year, to ¥203.7 billion. Consequently, the expenses to gross operating profit ratio fell 3.3%, to 56.1%, a major improvement.

We also accelerated the restructuring of our workforce and branch network. Through domestic channel reforms and branch consolidation, we reduced payrolls by 1,535 employees, from the fiscal 1997 level. In Japan, we eliminated 51 branches including subbranches and 13 branches overseas. We also plan to complete restructuring of our workforce and worldwide branch network by fiscal 2001, one year ahead of the original fiscal 2002 target.

Achievements and Targets (Non-Consolidated)

Billions of Yen

	Fiscal 1997	Fiscal 1998	Interim Fiscal 1998	**Interim Fiscal 1999**	Difference (Compared with Interim Fiscal 1998)	"The Plan"** Fiscal 1999
Gross Operating Profit	¥ 730.3	¥ 699.1	¥ 367.8	**¥ 362.8**	¥ (4.9)	**¥ 720.6**
Expenses	434.9	425.0	218.5	**203.7**	(14.7)	**416.1**
Net Operating Profit	293.7	172.9	143.3	**164.0**	20.7	**309.5**
Core Net Operating Profit*	250.5	223.0	118.9	**159.4**	40.4	**302.8**
Loan Losses	1,181.0	1,023.5	159.6	**72.2**	(87.3)	**100.0**
Ordinary Profit	(417.2)	(754.1)	25.1	**57.4**	32.2	**123.3**
Net Income	(220.5)	(375.3)	32.2	**33.0**	0.8	**75.7**
Ratio of Expenses	59.5%	60.8%	59.4%	**56.1%**	(3.3)%	**57.7%**

* Core net operating profit excludes general reserve for possible loan losses and gains (losses) on bonds.

	Mar. 31, 1998	Mar. 31, 1999	**Sep. 30, 1999**	Difference (Compared with Mar. 31, 1998)	"The Plan"** Mar. 31, 2000	"The Plan"** Mar. 31, 2003
Employees	17,420	16,330	**15,885**	(1,535)	**15,400**	**13,200**
Domestic Offices	493	469	**442**	(51)	**409**	**352**
Overseas Offices	40	32	**27**	(13)	**20**	**19**

** "The Plan toward Soundness of Management"

Strategic Alliance with Sumitomo Bank

Rationale

Sakura Bank has entered into a strategic alliance with Sumitomo Bank as a prelude to full integration. We recognize that a truly solid customer base, advanced cost competitiveness and a greatly strengthened financial condition are essential to maximize shareholder value in the face of borderless competition and rapid technological change in the financial industry. This integration is not being pursued to gain economies of scale alone. The primary intent is to combine the massive client bases of both banks and value-added products and services to establish strongholds in strategic fields. A parallel goal is to realize gains in operating efficiency greater than what could be achieved by either bank alone. Both banks also will aim to become a new financial services provider, linking up with a wide array of companies with expertise in information technology (IT), content provision, and networking in order to form a new-style multilayered financial services group to offer customers greater convenience in the 21st century.

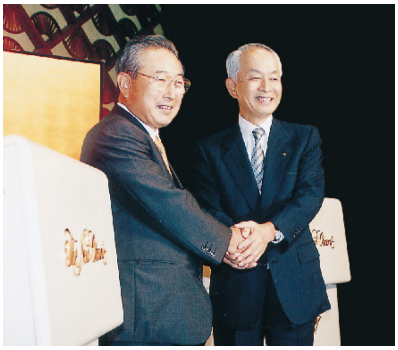
Integration Potential

The new bank will have the potential to establish a critical share in several strategic fields, especially in the domestic personal banking and small and medium-sized business segments, a core business. It will rank first in personal banking services in terms of the number of customers using accounts for salary and pension transfers. The same will apply to housing loans and sales of investment trust products, which form the other main components of the retail banking market. The bank will also hold a leading position among Japanese banks in the middle market and small and medium-sized business market in terms of the number of customers using it as their main bank, the size of its loan portfolio and the range and depth of services provided. This operating base will be further supported by the nation's largest branch network, which is carefully balanced geographically between Japan's Eastern and Western regions, and the bank's leading-edge telephone banking facilities and other diverse service channels. We are confident that this combination will greatly enhance the ability to satisfy customers' needs.

The use of IT in an advanced network society is becoming increasingly important to achieve greater operating efficiency, heighten customer convenience and respond to customer needs. The integration will significantly improve our ability to invest in strategic IT systems, boosting potential gains in efficiency, profitability and customer service.

Integration Schedule

Integration will be pursued in two stages. During the initial phase, the two banks are forming a comprehensive, close-knit alliance that has begun to harmonize operations while accelerating individual efforts to achieve the targets of their respective restructuring plans. The final phase will involve the actual integration in April 2002. An Integration Strategy Committee co-headed by the presidents of both banks has been created to implement the alliance and eventual integration. This committee has established 14 subcommittees, which have already begun discussion and planning. Within the current fiscal year, both banks will formulate major policies covering management philosophy and financial targets. They will also determine frameworks for business operations & business strategies and system integration. They have already set an action plan covering integration of transaction processing systems, interchange of personnel, and the elimination of counterparty handling charges for automated teller machine (ATM) withdrawals. We are utilizing IT to create a searchable database of the 3,000 or so items for studies related to the integration as well as the minutes of each meeting to increase the efficiency of the integration process.



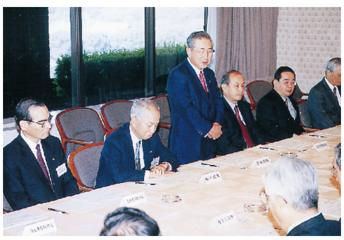
Strategic Alliance as a Step toward Integration

1. In fiscal 1999, the two banks will form a capital alliance through the exchange of previously issued shares.
2. Both banks will enhance customer service in the retail, corporate and international banking segments by jointly developing and offering products and services.
   — ATM service charges for withdrawals previously applicable to customers of the other bank were eliminated from January 17, 2000.
3. The two will raise their cost-competitiveness by integrating and realizing efficiencies in their management and operational infrastructures. We will cooperate in branch development, harmonize HR systems and invest jointly in IT systems.
   — The Sumitomo transaction processing system will be used as the basis in developing a new system while the deposit passbooks will be standardized in accordance with Sakura's current passbooks.
   — We will jointly develop a management information system to accommodate the new service channels being developed by Sakura, such as convenience store ATMs and Internet banking, as well as to enhance marketing and product development capabilities.
   — We will integrate e-mail networks by the end of February 2000.
   — We have commenced preparations to create a new computer system after the integration.
4. In addition to the above, the banks will jointly formulate operating strategies in each segment, cooperate in new businesses, exchange management and personnel, and consolidate and integrate the activities of subsidiaries and affiliates.
   — From December 1999 to February 2000, approximately 150 members from each bank will participate in an exchange program to harmonize personnel systems, prepare for smooth integration and provide a mutual understanding of the other's strengths and expertise. (The scope and scale of exchanges will be increased in future.)
   — Sumitomo Bank will make 10% equity investments in the joint ventures involving the development of an Internet/online bank and a consumer loan company.
   — We are negotiating with our partners in DLJdirect SFG Securities Inc. to allow equity participation by Sakura.

Issues Requiring Resolution before Integration

In the period leading up to the integration, both banks will be responsible for meeting their respective targets to make their operations sound and increase their corporate and shareholder value.

1. We will accelerate our restructuring efforts to achieve the goals of the Plan toward Soundness of Management one year ahead of schedule.
   Personnel—By March 2002, 6,300 positions and a further 3,000 positions will be eliminated after the integration.
   Branches—By the integration date, 151 branches in Japan and 32 overseas will be eliminated.
2. We will accelerate nonperforming loan disposal, in part to respond to potential deterioration in property values and to force post-integration annual credit costs below ¥200 billion.
3. We will reduce the balance of annual cross-held shares with customers in order to strengthen our balance sheets before the introduction of the mark-to-market valuation of this asset category.



Integration Schedule

- Alliance and start of integration process
  - Determination of:
    - Integration schedule
    - Key issues to be discussed
    - Details of initial business tie-ups

December 31, 1999

- Development of a new management framework for the New Bank
  - Determination of:
    - Refined management philosophy
    - Financial targets
    - Frameworks for business operation & business strategy
    - System integration policy
  - Execution of capital alliance

March 31, 2000

- Full-scale expansion of business alliance/Preparation for full integration
  - Determination of:
    - The New Bank's financial plan
    - Method of integration, the New Bank's name & brand
  - Execution of due diligence

Definitive Agreement

By April 2002

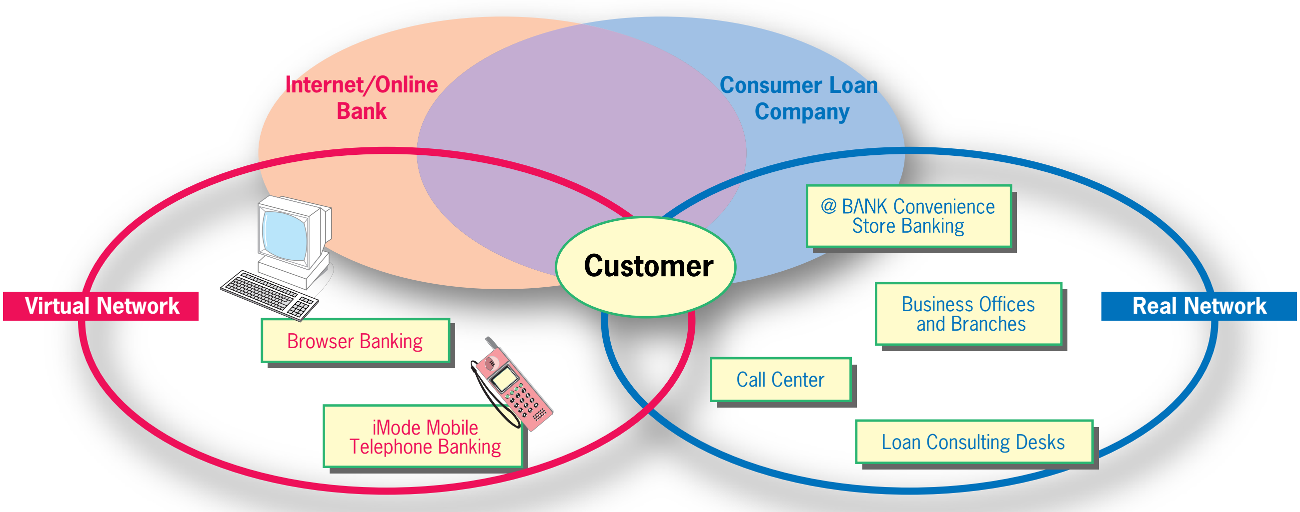
Merger

New Developments in Retail Banking Toward a New Business Model

Increasing contact with customers and shifting to a low-cost banking structure are key components for reforming our service channels in our retail banking strategy. To simultaneously achieve these goals, we are developing next-generation service channels for competing in the networked society of the 21st century. Toward this end, we are combining elements of our real and virtual networks to provide customers with access to our services at low cost whenever or wherever they may be. We are improving our real network by restructuring our branch network, expanding our call centers, and building up the @BΛNK convenience store banking network. We are also broadening our virtual network, which already encompasses such services as Browser Banking and iMode Mobile Browser Banking.

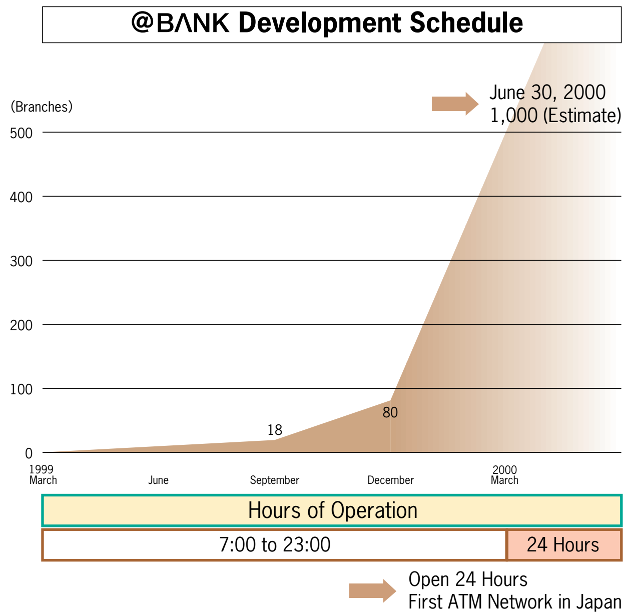
As a further strategy to meet the challenges of the 21st century, we are joining forces with companies outside our industry to develop new service channels. Examples include our Internet/online banking joint venture and our consumer finance joint venture, which we plan to co-develop with Sumitomo Bank and other partners.

Services through Multi Channels



Expansion of Convenience Store Banking

The roll-out of @BΛNK convenience store banking branches is an important means of reaching individual customers in our service channel strategy. As of December 1999, we established 80 locations in major metropolitan areas, which we plan to expand to 500 within the fiscal year 1999, and to 1,000 by the end of June 2000. In April 2000, all @BΛNK branches will begin offering 24-hour service. Our goal with @BΛNK is to provide a new hybrid service that transcends mere ATM access to offer banking and convenience store functions. Combined with our telephone banking services, @BΛNK will add a new element to customer convenience.

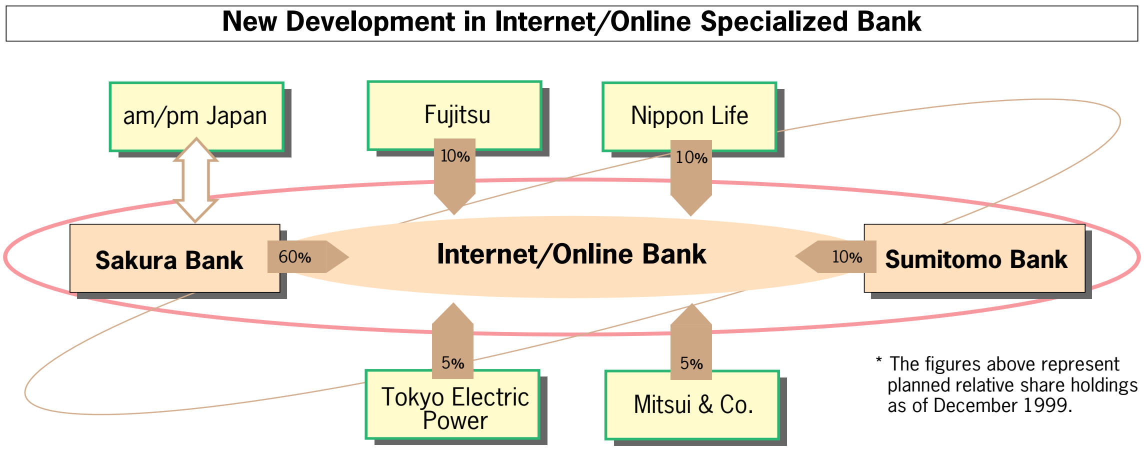


Japan's First Internet/Online Specialized Bank

Rapid IT development is quickly expanding opportunities for network banking over media such as the Internet. Our goal at Sakura Bank is to be the first to respond to these changes and to be recognized as the No. 1 Bank for service by delivering services via new network channels, such as PCs and mobile telephones. Internet users number approximately 20 million in Japan, and is expected to reach 60 million by 2005. The growing number of people using network banking represents an important market for our virtual network channel. Network banking is a highly-relevant growth field and we believe that supporting the development of the networked society is an important role for the banking industry.

From this perspective, we have selected partners such as Fujitsu Ltd., Nippon Life Insurance Co., Tokyo Electric Power Co., Inc., and Mitsui & Co., Ltd., who possess outstanding expertise, customer bases and HR to launch Japan's first Internet/online specialized bank. This Internet bank will be established in the first half of fiscal 2000.

Through our alliance with Fujitsu, which operates @nifty, Japan's largest Internet provider (3.5 million subscribers), this new Internet/online specialized bank will have a strong marketing presence to offer highly competitive financial services. Our current goal is to attract 1 million accounts and deposits of ¥1 trillion yen.



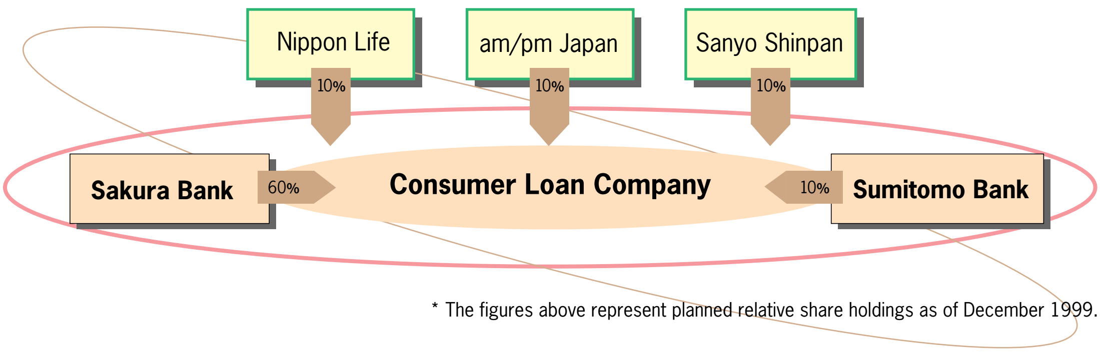
* The figures above represent planned relative share holdings as of December 1999.

New Development in Consumer Loan Business

We believe that providing customers with convenient, easy-to-use lifestyle-related loans at reasonable interest rates is part of our mandate as a financial institution. Consequently, we are joining am/pm Japan Co., Ltd., Sanyo Shinpan Finance Co., Ltd., and Nippon Life Insurance in establishing a consumer loan company in the first half of fiscal 2000. This new company will capitalize on the diverse strengths in the respective fields of these companies.

The new company will place highly advanced loan terminals in am/pm Japan stores. The terminals will make loan examinations and issue cards instantly, which will be processed over the Sakura Bank network. At this time, the targets for this company are a clientele of 15 million and a loan portfolio of ¥500 billion, making this a significant promotional vehicle for our consumer loan business.

Consumer Loan Company



* The figures above represent planned relative share holdings as of December 1999.

Recent Alliance Announcements

Sakura Bank recently concluded a basic agreement with Nippon Life Insurance in September 1999 to cooperate in new, high-potential business areas in recognition of opportunities provided by: the Internet and other IT areas; the demographic shift to an aging society; and changes in customer lifestyles and consumption patterns.

In October 1999, we implemented a strategy to install our banking software in PCs by concluding agreements with top Japanese PC makers Toshiba Corp., Fujitsu, IBM Japan Ltd. and NEC Corp. Subsequently we stepped up this effort by concluding similar agreements with leading Japanese consumer PC makers Sony Corp. and Sharp Corp. In line with these agreements, the companies will pre-install a demo version of our Browser Banking software and a new account application form on the PCs they sell. This will heighten the effectiveness of our network strategies and allow customers to apply for services from the comfort of their homes.

Toward a Strengthened Securities Profile

In the first half of fiscal 1999, we strengthened our presence in three segments of the securities business. In the wholesale market, Sakura Securities Co., Ltd., agreed to jointly market with Deutsche Securities Co., Ltd., Tokyo branch, in the provision of fixed income and equity market capabilities to clients. Since October 1999, Sakura Securities and Deutsche Securities, Tokyo branch, have been jointly assisting customer fund-raising transactions. This agreement provides customers with access to the overseas network, products and services of the Deutsche Bank Group, a leading bank in the Euro-region and the largest bank in the world in terms of assets.

In November 1999, the Bank increased its equity participation in Yamatane Securities Co., Ltd., to 43.36% with a ¥99.8-million third-party equity infusion. Yamatane Securities, an important partner for the Sakura Bank Group in the retail market, is slated to merge with Shinyei Ishino Securities Co., Ltd., on April 1, 2000, and change its name to Sakura Friend Securities Co., Ltd. The reorganized firm will follow an investor-friendly approach.

Sakura Investment Management Co., Ltd., signed letters of intent with Alliance Capital Management L.P., State Street Bank and Trust Company and Deutsche Asset Management to cooperate in their respective fields of expertise. These agreements will help Sakura Investment Management with asset allocation, its forte, to meet increasingly sophisticated and diverse customers needs. We plan to offer higher value-added investment management services by working closely with a variety of partners possessing complementary investment products, geographic strengths and investment styles.

A Smooth Transition to the Year 2000

As anticipated, the Bank's information systems entered the year 2000 without incident. Responding to the potential threat of the Y2K bug was, and continues to be, a priority issue at Sakura Bank. We are further upgrading our ability to monitor and respond to potentially problematic dates, such as those around the leap year, to ensure uninterrupted operation of service to our customers.

Selected Consolidated Financial Data

Six Months Ended September 30	Millions of Yen 1999	Millions of U.S. Dollars 1999
Interest Income	¥ 730,672	$ 6,831
Interest Expenses	402,380	3,762
Net Interest Income	328,292	3,069
Provision for Possible Loan Losses	13,579	126
Net Interest Income after Provision for Possible Loan Losses	314,713	2,942
Fees and Commissions, Net	59,486	556
Trading Revenue, Net	8,603	80
Other Operating Income, Net	21,861	204
General and Administrative Expenses	259,051	2,422
Other Income	57,000	532
Other Expenses	126,038	1,178
Transfer to Other Reserves	0	0
Interim Income before Income Taxes	76,574	715
Income Taxes:		
Current	7,397	69
Deferred	18,615	174
Minority Interest in Net Income of Consolidated Subsidiaries	9,758	91
Interim Net Income	¥ 40,803	$ 381

Indicators of Income (Consolidated)

Six Months Ended September 30

Millions of Yen	Domestic 1999	Overseas 1999	Interarea Eliminations 1999	Total 1999
Net Interest Income				
Interest Income	¥ 551,572	¥ 209,549	¥ 30,449	¥ 730,672
Interest Expenses	257,410	183,794	40,014	401,190
	294,161	25,754	(9,565)	329,481
Fees and Commissions, Net				
Fees and Commissions (Income)	80,629	4,534	—	85,163
Fees and Commissions (Expenses)	23,475	2,200	—	25,676
	57,153	2,333	—	59,486
Trading Revenue				
Trading Revenue	5,053	4,534	—	9,587
Trading Expenses	43	940	—	983
	5,009	3,594	—	8,603
Other Operating Income, Net				
Other Operating Income	30,952	4,777	—	35,729
Other Operating Expenses	11,006	2,861	—	13,867
	¥ 19,946	¥ 1,915	¥ —	¥ 21,861

Notes: 1. The term “domestic” refers to the parent company (excluding its overseas branches) and its Japanese subsidiaries.
2. The term “overseas” refers to the overseas branches of the parent company and the subsidiaries headquartered outside Japan.
3. Interest expenses are shown after deduction of expenses for money held in trust (¥1,189 million in the six months under review).
4. Among investment management income and expenses, the entire amounts eliminated as inter-company transactions among domestic and/or overseas offices are included as “inter-company transactions.”

Selected Non-Consolidated Financial Data

Six Months Ended September 30	Millions of Yen 1999	1998	Change 1999/1998	Millions of U.S. Dollars 1999
Interest Income	**¥ 696,568**	¥ 842,464	¥ (145,896)	**$ 6,513**
Interest Expenses	**391,978**	552,694	(160,716)	**3,665**
Net Interest Income	**304,589**	289,770	14,819	**2,847**
Provision for Possible Loan Losses	**9,033**	147,256	¥ (138,223)	**84**
Net Interest Income after Provision for Possible Loan Losses	**295,556**	142,513	153,043	**2,763**
Fees and Commissions, Net	**31,488**	31,141	347	**294**
Trading Revenue, Net	**3,519**	4,243	(724)	**32**
Other Operating Income, Net	**22,041**	40,187	(18,146)	**206**
General and Administrative Expenses	**223,335**	227,008	(3,673)	**2,088**
Other Income	**29,412**	100,756	(71,344)	**275**
Other Expenses	**104,390**	45,655	58,735	**976**
Transfer to Other Reserves	**0**	0	0	**0**
Interim Income before Income Taxes	**54,291**	46,178	8,113	**507**
Income Taxes:				
Current	**2,130**	13,944	(11,814)	**19**
Deferred	**19,090**	—	19,090	**178**
Interim Net Income	**¥ 33,070**	¥ 32,234	¥ 836	**$ 309**

INCOME ANALYSIS (NON-CONSOLIDATED)

Net Interest Income

Although the appreciation of the yen and its translation effects on foreign currency denominated assets inhibited earnings from our international divisions, improved interest rate spreads and an increase in high-quality assets such as housing loans contributed to stronger earnings in our domestic banking divisions. As a result, overall net interest income for the period increased 5.1%, to ¥304.5 billion, improving upon the performance of the corresponding period of the prior fiscal year.

Fees and Commissions, Net

Net fees and commissions increased 1.1% for the period under review, to ¥31.4 billion, largely owing to the reduction in fee and commission expenses resulting from the disposal of overseas assets.

Trading Revenue, Net

The lackluster performance of the futures markets contributed to a 17.1% decrease in trading revenue from the corresponding period of the prior fiscal year, to ¥3.5 billion.

Other Operating Income, Net

Net other operating income fell below the first half of the last fiscal year, amounting to ¥22.0 billion, chiefly as a result of the decrease in gains on sales of bonds.

General and Administrative Expenses

General and administrative expenses were pared down through savings in labor costs, achieved by reducing staff and benefits reductions, and through lower building expenses. A reduction in taxes added further savings, bringing the period total to ¥223.3 billion.

Other Income and Expenses

Decreased sales of stock and other items were the primary cause of a drop in other income, to ¥29.4 billion. Losses accruing from sales of nonperforming assets and stock decreased, pulled down other expenses to ¥104.3 billion.

Asset Portfolio

On a consolidated basis, total assets shrank ¥189.0 billion, to ¥48,825.9 billion at September 30, 1999. The corresponding non-consolidated decrease was ¥67.2 billion, to ¥47,141.4 billion. The strong yen's effect on overseas assets reduced loans and bills discounted by ¥370.5 billion, to ¥32,592.3 billion on a consolidated basis, and by ¥147.8 billion, to ¥32,143.3 billion on a non-consolidated basis. We note however, that loans to small and medium-sized businesses and other domestic parties actually increased ¥46.4 billion, when the direct expense method and extraordinary items, such as accelerated loan loss provisions, are excluded and the portfolio is viewed separately from impact loans.

Marketable securities were up ¥347.7 billion, to ¥6,612.6 billion on a consolidated basis and ¥359.2 billion, to ¥6,576.8 billion on a non-consolidated basis.

Balance Sheet Data (Consolidated)

	Millions of Yen		Change	Millions of U.S. Dollars
	Sep. 30, 1999	Mar. 31, 1999		**Sep. 30, 1999**
Total Assets	**¥ 48,825,915**	¥ 49,015,005	¥ (189,090)	**$ 456,530**
Loans and Bills Discounted	**32,592,302**	32,962,873	(370,571)	**304,743**
Securities	**6,612,666**	6,264,893	347,773	**61,829**
Deposits	**34,301,313**	33,368,615	932,698	**320,722**
Reserves	**742,198**	824,393	(82,195)	**6,939**
Total Stockholders' Equity	**¥ 2,202,550**	¥ 2,174,486	¥ 28,064	**$ 20,594**

Balance Sheet Data (Non-Consolidated)

	Millions of Yen		Change	Millions of U.S. Dollars
	Sep. 30, 1999	Mar. 31, 1999		**Sep. 30, 1999**
Total Assets	**¥ 47,141,479**	¥ 47,208,716	¥ (67,237)	**$ 440,780**
Loans and Bills Discounted	**32,143,364**	32,291,263	(147,899)	**300,545**
Securities	**6,576,841**	6,217,570	359,271	**61,494**
Deposits	**34,005,767**	32,965,621	1,040,146	**317,959**
Reserves	**801,484**	886,867	(85,383)	**7,494**
Total Stockholders' Equity	**¥ 2,244,015**	¥ 2,223,521	¥ 20,494	**$ 20,981**

Deposits

Deposits in Japan and abroad rose across-the-board, rising ¥932.6 billion, to ¥34,301.3 billion, on a consolidated basis, and by ¥1,040.1 billion, to ¥34,005.7 billion, on a non-consolidated basis.

Reserves

The overall figure for reserves decreased to ¥742.1 billion on a consolidated basis, to ¥801.4 billion, on a non-consolidated basis, primarily reflecting a decrease in the net addition to specific reserves.

Stockholders' Equity

Increased net income contributed to a ¥28.0 billion gain in stockholders' equity, to ¥2,202.5 billion, on a consolidated basis, and a ¥20.4 billion rise, to ¥2,244.0 billion, on a non-consolidated basis.

Capital Adequacy

The Bank's capital ratio, calculated in accord with the guidelines established by the Bank for International Settlements (BIS), fell marginally on both a consolidated and non-consolidated basis, because the increase in Tier 1 capital arising from higher net income was more than offset by the strong yen's effect on the assets included in Tier 2 capital.

Capital Ratio (Consolidated)

	Sep. 30, 1999	Mar. 31, 1999	Sep. 30, 1998	Sep. 30, 1999
			Billions of Yen	Billions of U.S. Dollars
Tier I Capital	¥ 2,425.5	¥ 2,396.8	¥ 1,725.0	$ 22.6
Tier II Capital	1,685.5	1,724.7	1,725.0	15.7
Unrealized Gains on Securities, after 55% Discount	—	—	—	—
Reserve for Possible Loan Losses	242.3	242.6	124.8	2.2
Reserve for Unrealized Appreciation of Land, after 55% Discount	52.2	53.2	86.4	0.4
Subordinated Term Debt	1,390.9	1,428.8	1,546.5	13.0
Cross Holdings with Other Financial Institutions	(0.9)	(0.9)	—	(0.0)
Total Qualifying Capital	4,110.1	4,120.6	3,450.1	38.4
Risk-adjusted Assets	¥ 33,049.5	¥ 33,399.2	¥ 35,914.3	$ 309.0
Capital Ratio (%)	12.43	12.33	9.60	12.43

Capital Ratio (Non-Consolidated)

	Sep. 30, 1999	Mar. 31, 1999	Sep. 30, 1998	Sep. 30, 1999
			Billions of Yen	Billions of U.S. Dollars
Tier I Capital	¥ 2,464.1	¥ 2,448.4	¥ —	$ 23.0
Tier II Capital	1,540.7	1,584.4	—	14.4
Unrealized Gains on Securities, after 55% Discount	—	—	—	—
Reserve for Possible Loan Losses	208.4	213.4	—	1.9
Reserve for Unrealized Appreciation of Land,after 55% Discount	36.8	37.8	—	0.3
Subordinated Term Debt	1,295.4	1,333.1	—	12.1
Cross Holdings with Other Financial Institutions	(0.9)	(0.9)	—	(0.0)
Total Qualifying Capital	4,003.9	4,031.9	—	37.4
Risk-adjusted Assets	¥ 32,218.6	¥ 32,560.7	¥ —	$ 301.2
Capital Ratio (%)	12.42	12.38	—	12.42

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.
3. In connection with the amendment of Article 14-2 of the Japanese Banking Law, capital ratio both for the Bank and for the consolidation are calculated.

Disposal of Nonperforming Assets

During the six months ended September 30, 1999, the Bank continued to dispose of problem assets following the write-off and reserve ratios specified in the audit manual produced by the Financial Supervisory Agency (FSA), etc. Based on the result of asset sales and reversals for sales of assets to the Cooperative Credit Purchasing Company, Limited (CCPC), we disposed of problem assets amounting to ¥77.2 billion, which included losses on the sales of assets taken to lighten the burden losses in the latter half of the fiscal year. This amount was down ¥76.3 billion from the corresponding period of the previous fiscal year, reflecting improved asset quality.

Approximately ¥62.9 billion of this was accounted for by the disposal of loans to reclassified borrowers, write-downs of loans with significant deflation of real estate collateral, and transfers to the specific reserve. Losses on bulk sales amounted to ¥3.1 billion. Transfers of reserves for sales of assets to the CCPC, amounted to ¥8.5 billion and losses on sales to the CCPC totaled ¥4.0 billion.

Loan Losses (Non-Consolidated)

Millions of Yen

	Sep. 30, 1999	Sep. 30, 1998	Change
Direct Writen-off	**¥ 50,726**	¥ 266	¥ 50,460
Net Addition to Specific Reserve	**12,205**	134,788	(122,583)
Losses on Bulk Sales	**3,143**	2,856	287
Net Addition to Reserve for Possible Losses from Loans Sold to CCPC	**8,546**	—	8,546
Net Reversals from Reserve for Loans to Restructuring Countries	**(1,438)**	7,238	(8,676)
Losses on Sales of Loans to CCPC, etc.	**4,042**	8,430	(4,388)
Total	**¥ 77,225**	¥ 153,580	¥ (76,355)

Risk-monitored Loans

At period-end, non-consolidated assets subject to heightened risk monitoring amounted to ¥1,756.6 billion, ¥3.9 billion less than at the end of fiscal 1998. This change is primarily accounted for by a decrease of ¥130.7 billion in Past due loans through collection or reclassified borrowers, which was partially offset by a ¥113.0 billion increase in restructured loans to non-bank affiliates and reclassified from Past due loans.

In fiscal 1998, ended March 31, 1999, approximately ¥330.0 billion was provided to non-bank affiliates in addition to the existing loan balances to shore up the capital of these companies in the factoring, leasing and loan guarantee businesses, which will play an integral role in our retail banking strategy. In the six-month period under review, one of the supported non-bank affiliates in the leasing industry merged with another, unrelated leasing company, which is considered sound. Although the loans are now extended to the unrelated company, the sums are included in the loans to non-bank affiliates. Excluding these factors, the total amount of risk-monitored loans were decreased by ¥67.7 billion.

Consolidated risk-monitored loans decreased ¥27.9 billion, to ¥1,738.9 billion. When the consolidated and non-consolidated outstanding loan balances to non-bank affiliates are compared, it is notable that while the consolidated balance rose ¥364.1 billion, the non-consolidated balance, net of ¥381.8 billion in inter-company transactions, shrank by ¥17.7 billion.

Risk-monitored Loans (Non-Consolidated)

Millions of Yen

	Sep. 30, 1999	Mar. 31, 1999	Change
Loans to Borrowers in Legal Bankruptcy	**¥ 172,391**	¥ 165,105	¥ 7,286
Past Due Loans	**864,068**	994,862	(130,794)
Past Due Loans (3 Months or More)	**65,538**	58,962	6,576
Restructured Loans	**654,663**	541,634	113,029
Non-Bank Affiliates	**381,826**	318,011	63,815
Total	**¥ 1,756,660**	¥ 1,760,563	¥ (3,903)
Ratio to Total Loans	**5.5%**	5.5%	0.0%
Reserve for Possible Loan Losses	**¥ 659,259**	¥ 735,562	¥ (76,303)
General Reserve	**208,420**	213,427	(5,007)
Specific Reserve	**442,008**	511,863	(69,855)
Reserve for Loans to Restructuring Countries	**8,830**	10,271	(1,441)

Risk-monitored Loans (Consolidated)

	Sep. 30, 1999	Mar. 31, 1999	Change
			Millions of Yen
Loans to Borrowers in Legal Bankruptcy	¥ 199,604	¥ 169,347	¥ 30,257
Past Due Loans	1,189,008	1,276,109	(87,101)
Past Due Loans (3 Months or More)	71,600	84,304	(12,704)
Restructured Loans	278,723	237,105	41,618
Total	¥ 1,738,936	¥ 1,766,867	¥ (27,931)
Ratio to Total Loans	5.3%	5.4%	0.1%
Reserve for Possible Loan Losses	¥ 593,486	¥ 666,692	¥ (73,206)
General Reserve	242,312	242,654	(342)
Specific Reserve	341,601	412,930	(71,329)
Reserve for Loans to Restructuring Countries	9,572	11,108	(1,536)

Notes: 1. "Loans to borrowers in legal bankruptcy" is defined as loans outstanding to borrowers that have begun bankruptcy proceedings under one or more of the laws pertaining to bankruptcy, including the Corporate Reorganization Law, the Bankruptcy Law and the Commission Law, in Japan, or have had their transactions with the promissory note clearinghouse suspended.
2. "Past due loans" are defined as loans for which interest is not accrued but exclude "loans to borrowers in legal bankruptcy."
3. "Past due loans (3 months or more)" are defined as loans for which principal and/or interest is three months or more past due but exclude "loans to borrowers in legal bankruptcy" and "past due loans."
4. "Restructured loans" are defined as loans in respect of which the Bank is relaxing lending conditions, such as reduction of the original interest rate forebearance of interest payments to support the borrowers' reorganization, but exclude "loans to borrowers in bankruptcy," "past due loans" or "past due loans (3 months or more)."

Disclosure Based on the Revitalization Law

Assets classified under the terms of the Revitalization Law as requiring disclosure increased ¥9.2 billion from the fiscal 1998 year-end, to ¥1,809.3 billion. Underlying this change, during the six months under review, "in danger of bankruptcy" loans decreased ¥136.5 billion, as a result of collection or the change of the borrowers' status. This was more than offset by a ¥ 119.6 billion increase in "special attention" loans, which was primarily accounted for by the increase in loans extended to non-bank affiliates, and a ¥26.2 billion increase in loans subject to "bankruptcy, etc." If the amount corresponding to the additional funds extended to the non-bank affiliates is excluded, the assets requiring disclosure fell ¥54.5 billion, to ¥1,427.5 billion.

Coverage ratio was a little lower than fiscal 1998 year-end, however, excluding the factors of partial direct deduction and non-bank affiliates, the coverage ratio improved 0.7%, to 87% against the claims, indicating that adequate provisions have been taken against any potential future losses.

Disclosure Based on Revitalization Law (Non-Consolidated)
(After Partial Direct Deduction of Claims)

	Sep. 30, 1999	Mar. 31, 1999	Change
			Millions of Yen, %
Bankruptcy, etc.	¥ 416,461	¥ 390,242	¥ 26,219
In Danger of Bankruptcy	672,683	809,241	(136,558)
Special Attention	720,201	600,596	119,605
Non-Bank Affiliates	381,826	318,011	63,815
Total (a)	¥ 1,809,345	¥ 1,800,079	¥ 9,266
Excluding Non-Bank Affiliates	1,427,519	1,482,068	(54,549)
Amount of Coverage (b)	1,244,851	1,312,515	(67,664)
Reserve (c)	461,007	531,903	(70,896)
Collateral and Guarantees (d)	783,844	780,612	3,232
Coverage Ratio (b) / (a)			
Before Partial Direct Deduction	79.0%	81.2%	(2.2)%
Excluding Non-Bank Affiliates	87.0	86.3	0.7
After Partial Direct Deduction	68.8	72.9	(4.1)
Excluding Non-Bank Affiliates	79.1	78.9	0.2

Self-assessment Standard and Policy for Write-off and Reserves (Non-Consolidated)

Billions of Yen

Self-assessment	Disclosure based on the Revitalization Law	Classification based on Self-assessment: Unclassified	Class II	Class III	Class IV	Reserve for Possible Loan Losses	Reserve Ratio (*2)
Legal Virtual Bankruptcy	Bankruptcy, etc. 416.4	Claims Secured by Collateral and Guarantees 391.7		100% for Specific Reserve 24.7	Directly Written-off (*1)	24.7	100%
Possible Bankruptcy	In Danger of Bankruptcy 672.6	Claims Secured by Collateral and Guarantees 279.6		Necessary Amount for Specific Reserve 393.0		275.2	70.0%
Caution	Special Attention 720.2	Claims Secured by Collateral and Guarantees 112.4				346.7	26.5%
	Normal Loans 33,421.8	"Caution" category excluding "Special Attention"					4.8%
Normal		Normal Loans					0.14%

Total					Coverage Ratio
Total 35,231.1	A: Total Amounts 1,809.3	B: Claims Secured by Collateral and Guarantees 783.8	Unsecured Claims excluding B 1,025.5	C: Reserve for claims by Revitalization Law 461.0	Coverage Ratio $\frac{B+C}{A}$ After Partially Written-off 68.8% (79.1%) Before Partially Written-off 79.0% (87.0%) (*3)

Notes: (*1) ¥876.9 billion for direct deduction is included.
(*2) Reserve Ratio is calculated based on the reserve amount to the claims for "Normal" category and on claims which are secured by collateral, etc., for other categories.
(*3) The figures in ( ) represent the coverage ratio excluding non-bank affiliates.

- "Bankruptcy, etc." are claims extended to borrowers who are in a state of bankruptcy, company financial reorganization under bankruptcy proceedings, or who have lapsed into a state of operational bankruptcy because of creditor claims, as well as corresponding debts arising from these loans. This category corresponds to the "legal bankruptcy" and "virtual bankruptcy" categories of the self-assessment disclosure standards.
- "In Danger of Bankruptcy" are loans extended to borrowers who, although not in a state of operational bankruptcy, have an unsound financial position or weakened earnings, and bear a high risk of not being capable of repaying the principle or interest according to the repayment schedule. This category corresponds to the "possibly bankrupt customers" category of the self-assessment disclosure standards.
- "Special Attention" are loans that are three or more months past due or have been restructured. These loans correspond to a portion of the "customers requiring caution" category of the self-assessment disclosure standards.
- "Normal Loans" are loans to borrowers with no particular impairment to their financial condition or earnings and include all loans not included in "Bankruptcy, etc.," "In Danger of Bankruptcy" and "Special Attention." These loans correspond to the portion of the "caution" category that is not potentially bankrupt and to the full "normal customers" categories of the self-assessment disclosure standards.

Differences between the "Revitalization Law" Standard and "Risk-monitored Loans"

Billions of Yen

Self-assessment of Asset Quality (Loans Included and Total Credit)	Disclosure Based on the Revitalization Law (Subject Debts and Total Credit)	Risk-monitored Loans (Loans Included and Loan Amounts)
Legal Bankruptcy/ Virtual Bankruptcy	Bankruptcy, etc. 416.4	Loans to Borrowers in Legal Bankruptcy/Past Due Loans 1,036.4
Possible Bankruptcy	In Danger of Bankruptcy 672.6	Non-Loan Amount 52.6 (*)
Caution	Special Attention 720.2	Past Due for Three Months or More 65.5 Restructured Loans 654.6 (Amount to Non-Bank Affiliates 381.8)
Normal	Normal Loans 33,421.8	
Total (Excluding Normal)	1,809.3 Non-Loan Amount 52.6	1,756.6

Note: The amount disclosed according to the Revitalization Law for the "Bankruptcy, etc." and "In Danger of Bankruptcy" categories include debts other than loans while the risk-monitored loans items include loans only.

Loans and Bills Discounted by Industry (Non-Consolidated)

	September 30, 1999	March 31, 1999
	Millions of Yen	
Domestic Offices*	**¥ 29,170,798**	¥ 29,178,199
Manufacturing	**3,911,627**	3,738,558
Agriculture	**105,910**	113,840
Forestry	**11,783**	11,325
Fisheries	**6,603**	6,312
Mining	**100,344**	95,257
Construction	**1,572,103**	1,530,732
Public Enterprises	**437,810**	356,770
Transportation, Communications	**1,045,288**	998,329
Wholesaling and Retailing	**4,448,528**	4,451,630
Financing and Insurance	**2,639,008**	2,624,339
[Excluding Non-Bank Affiliates]	**[2,257,182]**	[2,306,328]
Real Estate	**4,376,615**	4,426,746
Services	**3,124,686**	3,383,015
Local Governments	**229,605**	307,141
Others	**¥ 7,160,888**	¥ 7,134,205

*The special account for international financial transactions is excluded.

Risk-monitored Loans by Industry (Non-Consolidated)

	September 30, 1999	March 31, 1999
	Millions of Yen	
Domestic Offices*	**¥ 1,679,971**	¥ 1,672,815
Manufacturing	**82,007**	105,185
Agriculture	**4,120**	4,623
Forestry	**910**	910
Fisheries	**—**	104
Mining	**3,063**	3,998
Construction	**124,293**	89,363
Public Enterprises	**121**	74
Transportation, Communications	**15,337**	13,826
Wholesaling and Retailing	**226,369**	242,286
Financing and Insurance	**427,076**	366,420
[Excluding Non-Bank Affiliates]	**[45,250]**	[48,409]
Real Estate	**331,235**	342,033
Services	**371,754**	369,924
Local Governments	**—**	—
Others	**¥ 93,686**	¥ 134,069

* The special account for international financial transactions is excluded.

Disclosure based on Revitalization Law by Industry (Non-Consolidated)

	September 30, 1999	Coverage Amount	Coverage Ratio
			Millions of Yen, %
Domestic Offices*	**¥ 1,726,157**	¥ 1,183,001	68.5%
Manufacturing	**84,240**	80,622	95.7
Agriculture	**4,121**	4,041	98.1
Forestry	**910**	738	81.1
Fisheries	**—**	—	—
Mining	**3,825**	3,825	100.0
Construction	**125,058**	82,681	66.1
Public Enterprises	**124**	124	100.0
Transportation, Communications	**15,366**	10,954	71.3
Wholesaling and Retailing	**236,679**	212,506	89.8
Financing and Insurance	**433,040**	163,657	37.8
[Excluding Non-Bank Affiliates]	**[51,214]**	[47,491]	[92.7]
Real Estate	**337,992**	294,611	87.2
Services	**373,028**	220,059	59.0
Local Governments	**—**	—	—
Others	**¥ 111,774**	¥ 109,183	97.7%

* The special account for international financial transactions is excluded.

Loans and Bills Discounted by Area (Non-Consolidated)

Millions of Yen

	September 30, 1999	March 31, 1999	September 30, 1998
Indonesia	**¥ 129,960**	¥ 163,223	¥ 218,360
Thailand	**111,743**	172,684	291,097
Korea	**99,006**	115,718	175,806
Hong Kong	**165,379**	188,706	285,696
China	**68,089**	83,259	130,125
Singapore	**47,173**	60,087	105,437
India	**29,903**	37,917	59,391
Malaysia	**23,529**	31,463	40,104
Pakistan	**1,839**	2,037	2,179
Others	**5,443**	8,342	11,004
Asia Total	**¥ 682,068**	¥ 863,440	¥ 1,319,202
Chile	**10,181**	10,560	10,219
Columbia	**8,652**	10,487	12,046
Mexico	**5,294**	2,097	3,248
Argentina	**21**	24	27
Brazil	**294**	330	3,695
Venezuela	**1,497**	1,687	1,895
Others	**—**	—	1,895
Latin America Total	**¥ 25,941**	¥ 25,187	¥ 33,025
Russia	**¥ 106**	¥ 120	¥ 135

Risk-monitored Loans by Area (Non-Consolidated)

Millions of Yen

	September 30, 1999	March 31, 1999
Indonesia	**¥ 25,840**	¥ 32,271
Thailand	**12,482**	15,759
Korea	**1,412**	2,271
Hong Kong	**7,338**	8,221
China	**12,570**	8,814
Singapore	**296**	250
India	**2,481**	1,140
Malaysia	**2,187**	2,568
Pakistan	**543**	—
Others	**—**	—
Asia Total	**¥ 65,149**	¥ 71,294
Chile	**—**	—
Columbia	**—**	—
Mexico	**—**	—
Argentina	**—**	—
Brazil	**—**	—
Venezuela	**—**	—
Others	**—**	—
Latin America Total	**¥ —**	¥ —
Russia	**¥ 106**	¥ 64

Disclosure based on Revitalization Law by Area (Non-Consolidated)

Millions of Yen, %

	September 30, 1999	Coverage Amount	Coverage Ratio
Overseas	**¥ 83,188**	¥ 61,850	74.3%
Asia	**71,635**	51,523	71.9
Indonasia	**28,288**	20,116	71.1
Thailand	**13,020**	9,200	70.7
China	**12,928**	8,963	69.3
HongHong	**7,468**	5,924	79.3
Others	**9,931**	7,320	73.7
North America	**8,695**	7,744	89.1
West Europe	**2,312**	2,049	88.6
East Europe	**546**	534	97.8

Loans and Bills Discounted to Small and Medium-sized Enterprises (Non-Consolidated)

Billions of Yen, %

	September 30, 1999	March 31, 1999
Loan Balance	**¥ 20,332.9**	¥ 20,367.2
Total Loans	**¥ 29,170.7**	¥ 29,178.1
Ratio to Total Loans	**69.7%**	69.8%

Note: Impact Loans are excluded from the balance and special factors such as write-off or sales are excluded.

Loans to Individuals (Non-Consolidated)

Millions of Yen

	September 30, 1999	March 31, 1999
Total	**¥ 7,846,734**	¥ 7,687,746
Housing Loans	**6,432,500**	6,173,138
Other Loans	**1,414,234**	1,514,607

Consolidated Interim Balance Sheet

The Sakura Bank, Limited and Subsidiaries

September 30, 1999	Millions of Yen 1999	Millions of U.S. Dollars 1999
Assets		
Cash and Due from Banks	¥ 1,465,029	$ 13,698
Call Loans	51,025	477
Commercial Paper and Other Debt Purchased	18,868	176
Trading Assets	1,443,889	13,500
Money Held in Trust	107,843	1,008
Securities	6,612,666	61,829
Loans and Bills Discounted	32,592,302	304,743
Foreign Exchange	292,519	2,735
Other Assets	3,123,043	29,200
Premises and Equipment	804,778	7,524
Deferred Income Taxes	670,232	6,266
Customers' Liabilities for Acceptances and Guarantees	1,643,713	15,368
Total Assets	¥ 48,825,915	$456,530
Liabilities, Minority Interests in Consolidated Subsidiaries and Stockholders' Equity		
Liabilities		
Deposits	¥ 34,301,313	$320,722
Call Money and Bills Sold	2,403,540	22,473
Commercial Paper	69,000	645
Trading Liabilities	563,345	5,267
Borrowed Money	1,621,683	15,163
Foreign Exchanges	56,582	529
Bonds	844,654	7,897
Convertible Bonds	2,208	20
Other Liabilities	4,017,537	37,564
Reserve for Possible Loan Losses	593,486	5,549
Reserve for Retirement Allowances	39,602	370
Reserve for Possible Losses from Loans Sold to CCPC	109,096	1,020
Other Reserves	12	0
Deferred Income Tax Liabilities	527	4
Deferred Income Tax Liabilities for Land Revaluation	48,869	456
Acceptances and Guarantees	1,643,713	15,368
Total Liabilities	46,315,174	433,054
Minority Interests in Consolidated Subsidiaries	308,190	2,881
Stockholders' Equity		
Capital Stock	1,042,706	9,749
Capital Surplus	899,521	8,410
Land Revaluation Excess	67,347	629
Earned Surplus	193,991	1,813
Total	2,203,567	20,603
Treasury Stock	15	0
Stock of Parent Company Owned by Consolidated Subsidiaries	1,000	9
Total Stockholders' Equity	2,202,550	20,594
Total Liabilities, Minority Interests in Consolidated Subsidiaries and Stockholders' Equity	¥ 48,825,915	$456,530

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statement of Income

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30, 1999	Millions of Yen 1999	Millions of U.S. Dollars 1999
Income		
Interest Income:	¥ 730,672	$ 6,831
Interest on Loans and Discounts	384,595	3,596
Interest and Dividends on Securities	61,013	570
Other Interest Income	285,063	2,665
Fees and Commissions	85,163	796
Trading Revenue	9,587	89
Other Operating Income	35,729	334
Other Income	57,000	532
Total Income	918,153	8,584
Expenses		
Interest Expenses:	402,380	3,762
Interest on Deposits	83,595	781
Interest on Borrowings, Bonds and Rediscounts	41,528	388
Other Interest Expenses	277,256	2,592
Fees and Commissions	25,676	240
Trading Expenses	983	9
Other Operating Expenses	13,867	129
General and Administrative Expenses	259,051	2,422
Provision for Possible Loan Losses	13,579	126
Other Expenses	126,038	1,178
Transfer to Other Reserves	0	0
Total Expenses	841,578	7,868
Interim Income before Income Taxes	76,574	715
Income Taxes:		
Current	7,397	69
Deferred	18,615	174
Minority Interests in Net Income of Consolidated Subsidiaries	9,758	91
Interim Net Income	¥ 40,803	$ 381

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30, 1999	Millions of Yen 1999	Millions of U.S. Dollars 1999
I. Cash Flows from Operating Activities		
Interim Income before Income Taxes	¥ 76,574	$ 715
Depreciation	17,334	162
Amortization of Consolidation Difference	577	5
Increase in Reserve for Possible Loan Losses	13,579	126
Equity in Earnings of Affiliates	(347)	(3)
Decrease in Reserve for Possible Losses from Loans Sold to CCPC	(6,435)	(60)
Decrease in Reserve for Retirement Allowances	(2,310)	(21)
Interest Income	(730,672)	(6,831)
Interest Expenses	402,380	3,762
Net Gains on Sales, Redemption, and Devaluation of Securities	(3,259)	(30)
Net Losses on Money Held in Trust	311	2
Exchange Losses	58,604	547
Net Gains on Dispositions of Premises and Equipment	(1,530)	(14)
Net Increase in Trading Assets	(25,021)	(233)
Net Increase in Trading Liabilities	201,308	1,882
Net Decrease in Loans and Bills Discounted	180,238	1,685
Net Increase in Deposits	966,502	9,036
Net Decrease in Call Loans and Other Debt Purchased	661	6
Net Increase in Deposit for Security Borrowing Transaction	(135,513)	(1,267)
Net Decrease in Call Money, Bills Sold and Commercial Paper	(455,870)	(4,262)
Net Decrease in Deposit for Security Lending Transactions	(550,235)	(5,144)
Net Decrease in Due From Banks (Except Demand Deposits with the Bank of Japan)	27,111	253
Net Decrease in Foreign Exchanges (Assets)	16,849	157
Net Increase in Foreign Exchanges (Liabilities)	34,229	320
Interest Receipts	622,365	5,819
Interest Payments	(461,783)	(4,317)
Others, Net	209,221	1,956
Subtotal	454,869	4,253
Income Taxes Paid	(10,417)	(97)
Net Cash from Operating	444,452	4,155
II. Cash Flows from Investing Activities		
Purchase of Securities	(2,044,075)	(19,112)
Proceeds from Sales of Securities	1,412,599	13,208
Proceeds from Redemption of Securities	188,220	1,759
Payments for Increase in Money Held in Trust	(19,120)	(178)
Receipts for Decrease in Money Held in Trust	66,363	620
Proceeds from Sales of Premises and Equipment	24,867	232
Purchase of Premises and Equipment	(8,261)	(77)
Net Cash from Investing Activities	(379,406)	(3,547)
III. Cash Flows from Financing Activities		
Increase in Subordinated Bonds	50,000	467
Dividends Paid	(12,366)	(115)
Dividends Paid to the Minority Shareholders	(6,415)	(59)
Net Cash from Financing Activities	31,217	291
IV. Effects of Exchange Rate Changes on Cash and Cash Equivalents	2,236	20
V. Net Increase in Cash and Cash Equivalents	98,501	921
VI. Cash and Cash Equivalents at Beginning of Period	905,496	8,466
VII. Cash and Cash Equivalents at End of Period	¥ 1,003,997	$ 9,387

See accompanying notes to consolidated interim financial statements.

1. Basis of Consolidated Interim Financial Statements and Summary of Significant Accounting Policies

The accompanying unaudited 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 Consolidated Financial Statements Regulation" and the "Accounting for Banking" and are compiled from the interim financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

Accordingly, the accompanying consolidated interim financial statements are not intended to present the consolidated interim financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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

In addition, the accompanying notes include information which is not required under accounting principles and practices generally accepted in Japan, but is presented herein as additional information.

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 consolidated interim financial statements and notes thereto represent the arithmetical results of translating original Japanese yen amounts of respective account balances to U.S. dollars on a basis of ¥106.95 to US$1, the exchange rate effective at the latest balance sheet date of September 30, 1999. 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.

2. Principles of Consolidation

The consolidated financial statements of The Sakura Bank, Limited (the "Bank") include accounts of the Bank and its significant subsidiaries. Major consolidated subsidiaries for the interim period ended September 30, 1999, are listed below:

Name	Location	Percentage Ownership
Sakura Securities Co., Ltd.	Tokyo	100%
Manufacturers Bank	Los Angeles	100%
Sakura Finance International Limited	London	100%
Sakura Finance Australia Limited	Sydney	100%

Effective April 1, 1998, the Bank changed its consolidation scope from the application of the ownership concept to the control and influence concept. Under the control and influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are to be fully consolidated and those companies in which the Bank, directly or indirectly, is able to exercise significant influence over operations are to be accounted for by the equity method.

The number of consolidated subsidiaries and affiliates as of September 30, 1999, was as follows:

	1999
Consolidated subsidiaries	**50**
Subsidiaries and affiliates accounted for by the equity method	**38**

All significant intercompany transactions, account balances and unrealized profits and losses have been eliminated in consolidation.

As for those unrealized profits and losses arising from transactions among the Bank and the subsidiaries and affiliates which have been newly consolidated from fiscal 1998 under the control and influence concept, those that arose from the transactions held in or after fiscal 1998 have been eliminated in consolidation.

The interim financial statements of consolidated subsidiaries, whose interim period of fiscal year are principally June 30, are included in the consolidated interim financial statements on the basis of their respective interim period of fiscal year after making appropriate adjustments for significant transactions during the period from their respective interim period of fiscal year to the date of the consolidated interim financial statements.

Any difference between the cost of an investment in a subsidiary and the Bank's share of the underlying equity in the net assets of the subsidiary is charged or credited to income, as the case may be, in the period incurred.

3. Summary of Significant Accounting Policies

(a) Translation of Foreign Currency Accounts

(i) The financial statements of foreign consolidated subsidiaries and affiliates are translated into Japanese yen at exchange rates as of the balance sheet date, except for stockholders' equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Other Assets" in the accompanying Consolidated Interim Balance Sheets.

(ii) (a) 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 are translated at the relevant historical exchange rates.

(b) Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiary at the respective interim period-end exchange 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, 1999, securities held by the Bank and its domestic banking subsidiaries 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. Securities held by other consolidated subsidiaries are principally carried at cost, determined primarily by the moving average method.

(d) Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment owned by the Bank and its domestic banking subsidiaries is computed by the declining balance method over the estimated useful lives of the relevant assets while the straight-line method is applied to buildings acquired on or after April 1, 1998. Depreciation of premises and equipment computed by the declining balance method 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 existed the end of the interim period.

Also, as the estimated useful lives of buildings were shortened from fiscal 1998. Depreciation of premises and equipment owned by other consolidated subsidiaries is principally computed by the straight-line method over the estimated useful lives of the relevant assets.

(e) Accounting for Leases

All leases have been accounted for as operating leases at the Bank and consolidated domestic subsidiaries. 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 financial statements.

(f) Reserve for Possible Loan Losses

The reserve for possible loan losses of the Bank has been established based on the Bank's internal rules for establishing a reserve for possible loan losses.

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.

For the interim period ended September 30, 1999, the reserve for possible loan losses was 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.

The consolidated subsidiaries provide reserves for possible loan losses at the amounts considered reasonable in accordance with local accounting standards and also based on prior experience with loan losses.

For collateral or guaranteed claims of "virtual bankruptcy" and "legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees was deducted, as deemed uncollectible, directly from those claims. The deducted amount was ¥1,538,232 million.

(g) Reserve for Retirement Allowances and Pension Plans

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 Bank's reserve for retirement allowances is recognized by allocated amounts over a six-month period, based on the estimated amount which would be required to be paid if all employees eligible for retirement allowances plan were to terminate their employment voluntarily at the financial year-end.

In addition, the Bank has a contributory pension plan for eligible employees. Consolidated subsidiaries principally have funded pension plans for employees.

(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 it 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) Land Revaluation Excess

Under the "Law of Land Revaluation," promulgated and revised on March 31, 1998 and 1999, respectively, the Bank elected for fiscal 1997 the one-time revaluation of its own-use land to current value based on real estate appraisal information.

There is no credit to the profit and loss. 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 deferred income tax liabilities.

The reassessment was made on March 31, 1998.

(j) Income Taxes

Deferred taxes relating to temporary differences between financial and tax reporting have been recognized.

(k) Scope of Cash and Cash Equivalents in Consolidated Interim Statement of Cash Flows

In the consolidated interim statement of cash flows, cash and cash equivalents consist of cash and demand deposits with the Bank of Japan.

Those are included in "Cash and Due from Banks" on the balance sheet.

(l) Differences between the Accounting Principles and Practices Adopted in the Accompanying Consolidated Interim Financial Statements and International Accounting Standards

The accompanying consolidated interim financial statements conform with accounting principles and practices generally accepted in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as methods for valuation of securities, accounting for leases and accounting for pension plans, among others.

4. Segment Information

(a) Business Segment Information

Some of the consolidated subsidiaries are engaged in securities, trust, leasing and other businesses in addition to the commercial banking business. As those activities are not deemed material, business segment information has not been disclosed.

(b) Geographic Segment Information

Millions of Yen

Six Months Ended September 30, 1999	Domestic	Americas	Europe	Asia and Oceania	Interarea Elimination	Subtotal	Reclassi-fication	Consolidated Total
Ordinary Income/ Total Income								
Customers	¥740,266	¥ 66,772	¥42,762	¥62,029	¥ —	¥911,831	¥6,322	¥918,153
Inter-segment	101,418	45,663	11,784	5,812	(164,678)	—	—	—
Total	841,684	112,436	54,546	67,842	(164,678)	911,831	6,322	918,153
Ordinary Expenses/ Total Expenses	788,988	104,293	50,584	58,234	(164,344)	837,756	3,822	841,578
Ordinary Profit (Loss)/ Income (Loss) before Income Taxes	¥ 52,696	¥ 8,143	¥ 3,961	¥ 9,607	¥ (334)	¥ 74,075	¥2,499	¥ 76,574
Millions of U.S. Dollars	$ 492	$ 76	$ 37	$ 89	$ (3)	$ 692	$ 23	$ 715

Millions of Yen

Year Ended March 31, 1999	Domestic	Americas	Europe	Asia and Oceania	Interarea Elimination	Subtotal	Reclassi-fication	Consolidated Total
Ordinary Income/ Total Income								
Customers	¥ 1,602,689	¥ 188,936	¥ 168,259	¥ 179,341	¥ —	¥ 2,139,226	¥ 73,996	¥ 2,213,222
Inter-segment	172,340	101,640	1,951	2,325	(278,257)	278,257	—	—
Total	1,775,029	290,576	170,210	181,666	(278,257)	2,417,484	73,996	2,213,222
Ordinary Expenses/ Total Expenses	2,555,086	292,774	176,029	169,107	3,192,997	(277,580)	4,064	2,919,480
Ordinary Profit (Loss)/ Income (Loss) before Income Taxes	¥ (780,057)	¥ (2,198)	¥ (5,819)	¥ 12,558	¥ (676)	¥ (775,514)	¥(59,933)	¥ (706,257)
Millions of U.S. Dollars	$ (6,470)	$ (18)	$ (48)	$ 104	$ (5)	$ (7,251)	$ (580)	$ (5,858)
Assets	¥45,516,552	¥2,577,289	¥1,070,154	¥2,887,072	¥(3,036,064)	¥52,051,068	¥ —	¥49,015,005
Millions of U.S. Dollars	$ 377,574	$ 21,379	$ 8,877	$ 23,949	$ (25,185)	$ 486,686	$ —	$ 406,594

The Bank reported ordinary income and ordinary profit (loss) which correspond to sales and operating profit for other types of enterprises for its Head Office and consolidated subsidiaries according to the classification domestic and country or region, in view of the geographical proximity, similarities in economic activities, and interrelationships among these activities.

Countries or economies in the regions shown include, but are not limited to, the following: Americas: the United States and Canada; Europe: the United Kingdom and Germany; and Asia and Oceania: Singapore, Hong Kong and Australia.

(c) Ordinary Income from Overseas Operations

Six Months Ended September 30, 1999	Millions of Yen
Ordinary Income from Overseas Operations (A)	171,564
Ordinary Income (B)	911,831
(A) / (B)	18.8%

Notes: 1. For the banking industry, total income from overseas operations is generally seen as corresponding to the net export sales figures ordinarily cited here by non-financial companies. Thus, ordinary income from overseas operations is shown in the above table.

2. Ordinary income from overseas operations include that related to transactions of the Bank's foreign branches and foreign subsidiaries. Segment information by countries and regions has not been disclosed here as the counter parties of the transactions have not been separated by such manner.

(d) Ordinary Income from International Operations

Year Ended March 31, 1999	Millions of Yen
Ordinary Income from International Operations (A)	839,959
Ordinary Income (B)	2,139,226
(A) / (B)	39.3%

Notes: 1. For the banking industry, total income from international operations is generally seen as corresponding to the net export sales figures ordinarily cited here by non-financial companies. Thus, ordinary income from overseas operations is shown in the above table.

2. Ordinary income from international operations include that foreign currency transactions in Japan, yen denominated trading bills transactions, Japan offshore banking transactions, and transactions of the Bank's foreign branches and foreign subsidiaries. Segment information by countries and regions has not been disclosed here as the counter parties of the transactions have not been separated by such manner.

Market Value of Marketable Securities (Consolidated)

Millions of Yen

September 30, 1999	Book Value	Market Value	Net Unrealized Gain (Loss)	Unrealized Gain	Unrealized Loss
Bonds	¥ 653,420	¥ 622,815	¥(30,604)	¥ 3,643	¥ 34,247
Stocks	3,068,291	3,366,603	298,312	592,005	293,693
Others	453,853	445,739	(8,114)	2,439	10,553
Total	¥4,175,565	¥4,435,158	¥259,593	¥598,087	¥338,494

Notes: 1. Figures on Securities listed in the above table are for marketable securities listed on Securities Exchanges.
The fair market value is calculated using the closing prices on the Tokyo Stock Exchange at the Balance Sheet Date or the prices calculated under the yield published on the Japan Securities Dealers Association's Indication Chart in most cases. "Others" in securities are mainly foreign bonds.
2. Treasury Stock is not included in "Stocks." Treasury Stock amount to ¥1,016 million and Unrealized Gain on Treasury Stock amount to ¥856 million.
3. Listed below are figures calculated to correspond to the fair market value of the Bank and consolidated subsidiaries marketable securities not listed on Exchanges, when it is possible to calculate such market value.

Millions of Yen

September 30, 1999	Book Value	Market Value	Net Unrealized Gain (Loss)	Unrealized Gain	Unrealized Loss
Bonds	¥1,401,571	¥1,412,667	¥11,095	¥16,341	¥ 5,245
Stocks	40,680	99,982	59,301	65,024	5,723
Others	102,937	102,394	(542)	2,090	2,633
Total	¥1,545,189	¥1,615,044	¥69,854	¥83,457	¥13,602

Values of non-listed securities are calculated using the Japan Securities Dealers Association's figures for securities traded over the counter, using the prices calculated under the yield published on the Japan Securities Dealers 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.
4. Securities excluded from the above information on the book values of the consolidated balance sheet are principally as follows:

Millions of Yen

September 30, 1999	Book Value
Bonds	¥386,953
Stocks	118,851
Others	386,105

5. 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 consolidated interim statement of income.

Money Held in Trust (Consolidated)

Millions of Yen

September 30, 1999	Book Value	Market Value	Net Unrealized Loss	Unrealized Gain	Unrealized Loss
Money Held in Trust	¥107,843	¥107,725	¥(118)	¥118	¥236

Note: The market value represents the prices that the fiduciaries of money held in trust calculated in accordance with the following methods:
a. The fair market value of listed securities represents the closing prices on the Tokyo Stock Exchange at the Balance, in most cases.
b. 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 (Consolidated)

Billions of Yen	September 30, 1999 Contract Value or Notional Principal Amount	September 30, 1999 Credit Equivalent Amount	March 31, 1999 Contract Value or Notional Principal Amount	March 31, 1999 Credit Equivalent Amount
Interest Rate Swaps	**¥ 80,086.4**	**¥ 1,151.7**	¥ 85,027.2	¥ 1,457.8
Currency Swaps	**3,765.7**	**454.6**	4,498.6	425.7
Foreign Exchange Forward Contracts	**5,345.7**	**236.7**	9,371.8	336.7
Interest Rate Options (Buy)	**2,495.0**	**49.9**	2,668.9	52.4
Currency Options (Buy)	**269.8**	**8.2**	466.2	12.5
Other Derivative Instruments	**5,034.2**	**68.3**	6,669.7	64.9
Effects of Master Netting Agreements		**(726.8)**		(1,024.3)
Total	**¥ 96,997.0**	**¥ 1,242.9**	¥ 108,702.5	¥ 1,325.8

Notes: 1. Figures given above were computed according to capital adequacy guidelines set by the BIS. For the interim period 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, 1999 Contract Value or Notional Principal Amount	March 31, 1999 Contract Value or Notional Principal Amount
Interest Rate Swaps	**¥ —**	¥ —
Currency Swaps	**—**	—
Foreign Exchange Forward Contracts	**925.8**	2,477.0
Interest Rate Options (Sell)	**28,533.3**	15,302.3
Interest Rate Options (Buy)	**23,041.5**	7,005.2
Currency Options (Sell)	**246.2**	472.2
Currency Options (Buy)	**1.0**	7.2
Interest Rate Futures Transactions	**48,493.1**	38,028.5
Other	**3.9**	1.1
Total	**¥ 101,245.2**	¥ 63,293.8

Credit-related Transactions (Consolidated)

Billions of Yen	September 30, 1999 Contract Value	March 31, 1999 Contract Value
Commitments	**¥ 6,118.8**	¥ 6,699.5
Guarantees	**1,642.7**	1,968.1
Other Credit-related Transactions	**655.5**	1,186.4
Total	**¥ 8,417.1**	¥ 9,854.0

Non-Consolidated Interim Balance Sheets

The Sakura Bank, Limited

September 30, 1999 and 1998	Millions of Yen 1999	Millions of Yen 1998	Millions of U.S. Dollars (Note 1) 1999
Assets			
Cash and Due from Banks	**¥ 1,444,931**	¥ 1,949,549	**$ 13,510**
Call Loans	**140,842**	157,292	**1,316**
Commercial Paper and Other Debt Purchased	**948**	2,477	**8**
Trading Assets	**1,033,071**	1,442,979	**9,659**
Money Held in Trust	**107,843**	183,063	**1,008**
Securities	**6,576,841**	6,662,654	**61,494**
Loans and Bills Discounted	**32,143,364**	34,876,084	**300,545**
Foreign Exchanges	**291,485**	427,852	**2,725**
Other Assets	**1,756,230**	1,956,668	**16,421**
Premises and Equipment	**334,875**	461,660	**3,131**
Deferred Income Taxes	**657,761**	—	**6,150**
Customers' Liabilities for Acceptances and Guarantees	**2,653,283**	3,101,310	**24,808**
Total Assets	**¥ 47,141,479**	¥ 51,221,593	**$ 440,780**
Liabilities and Stockholders' Equity			
Liabilities			
Deposits	**¥ 34,005,767**	¥ 33,469,583	**$ 317,959**
Call Money	**2,126,286**	4,083,281	**19,881**
Bills Sold	**251,400**	469,900	**2,350**
Commercial Paper	**69,000**	168,800	**645**
Trading Liabilities	**241,321**	273,601	**2,256**
Borrowed Money	**1,997,413**	1,901,712	**18,676**
Foreign Exchanges	**57,107**	41,900	**533**
Bonds	**100,000**	100,000	**935**
Convertible Bonds	**2,208**	5,365	**20**
Other Liabilities	**2,557,728**	4,862,632	**23,915**
Reserve for Possible Loan Losses	**659,259**	1,085,404	**6,164**
Reserve for Retirement Allowances	**33,811**	39,103	**316**
Reserve for Possible Losses from Loans Sold to CCPC	**108,403**	112,663	**1,013**
Other Reserves	**9**	9	**0**
Deferred Income Liabilities for Land Revaluation	**34,462**	—	**322**
Acceptances and Guarantees	**2,653,283**	3,101,310	**24,808**
Reserve for Unrealized Appreciation of Land	**—**	192,106	**—**
Total Liabilities	**44,897,463**	49,907,373	**419,798**
Stockholders' Equity			
Capital Stock:			
Common Stock	**631,819**	574,269	**5,907**
Preferred Stock	**410,887**	25,176	**3,841**
Capital Surplus	**899,521**	456,534	**8,410**
Legal Reserve	**120,557**	114,855	**1,127**
Land Revaluation Excess	**47,492**	—	**444**
Earned Surplus	**133,738**	143,385	**1,250**
Total Stockholders' Equity	**2,244,015**	1,314,220	**20,981**
Total Liabilities and Stockholders' Equity	**¥ 47,141,479**	¥ 51,221,593	**$ 440,780**

See accompanying Notes to Non-Consolidated Interim Financial Statements.

Non-Consolidated Interim Statements of Income

The Sakura Bank, Limited

Six Months Ended September 30, 1999 and 1998	Millions of Yen 1999	Millions of Yen 1998	Millions of U.S. Dollars (Note 1) 1999
Income			
Interest Income:	**¥ 696,568**	¥ 842,464	**$ 6,513**
Interest on Loans and Discounts	**365,428**	467,947	**3,416**
Interest and Dividends on Securities	**57,733**	75,420	**539**
Other Interest Income	**273,406**	299,096	**2,556**
Fees and Commissions	**52,883**	56,532	**494**
Trading Revenue	**3,985**	4,250	**37**
Other Operating Income	**34,175**	50,838	**319**
Other Income	**29,412**	100,756	**275**
Total Income	**817,025**	1,054,841	**7,639**
Expenses			
Interest Expenses:	**391,978**	552,694	**3,665**
Interest on Deposits	**80,669**	216,980	**754**
Interest on Borrowings, Bonds and Rediscounts	**39,436**	58,980	**368**
Other Interest Expenses	**271,871**	276,732	**2,542**
Fees and Commissions	**21,394**	25,391	**200**
Trading Expenses	**466**	6	**4**
Other Operating Expenses	**12,134**	10,650	**113**
General and Administrative Expenses	**223,335**	227,008	**2,088**
Provision for Possible Loan Losses	**9,033**	147,256	**84**
Other Expenses	**104,390**	45,655	**976**
Transfer to Other Reserves	**0**	0	**0**
Total Expenses	**762,733**	1,008,662	**7,131**
Interim Income before Income Taxes	**54,291**	46,178	**507**
Income Taxes:			
Current	**2,130**	13,944	**19**
Deferred	**19,090**	—	**178**
Interim Net Income	**¥ 33,070**	¥ 32,234	**$ 309**

See accompanying Notes to Non-Consolidated Interim Financial Statements.

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 for Banking" and are compiled from the interim financial statements as required by the Securities and Exchange Law of Japan.

Accordingly, the accompanying non-consolidated financial statements are not intended to present the non-consolidated financial interim position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than 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.

In addition, the accompanying notes include information which is not required under accounting principles and practices generally accepted in Japan, but is presented herein as additional information.

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 ¥106.95 to US$1, the exchange rate effective at the latest balance sheet date of September 30, 1999. 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.

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 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, 1999 and 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.

(d) Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment computed by the declining balance method 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 existed the end of each interim period.

Depreciation of premises and equipment owned by the Bank is computed by the declining balance method over the estimated useful lives of the relevant assets while the straight-line method is applied to buildings acquired on or after April 1, 1998.

Also, as the estimated useful lives of buildings were shortened from fiscal 1998.

(e) Accounting for Leases

All leases have been accounted for as operating leases in the 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 financial statements.

(f) Reserve for Possible Loan Losses

For the interim periods ended September 30, 1999 and 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.

Customers are initially classified into 10 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 was 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.

For collateral or guaranteed clams of "virtual bankruptcy" and "legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees was deducted, as deemed uncollectible, directly from those claims. The deducted amount as of September 30, 1999, was ¥879,606 million.

(g) Reserve for Retirement Allowances and Pension Plans

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 Bank's reserve for retirement allowances is recognized by allocated amounts over a six-month period, based on the estimated amount which would be required to be paid if all employees eligible for retirement allowances plan were to terminate their employment voluntarily at the financial year-end.

In addition, the Bank has a contributory pension plan for eligible employees.

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

The reserve for possible losses from loans sold to CCPC 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) Land Revaluation Excess

Under the "Law of Land Revaluation," promulgated and revised on March 31, 1998 and 1999, respectively, the Bank elected for fiscal 1997 the one-time revaluation of its own-use land to current value based on real estate appraisal information.

The revision of the Law on March 31, 1999, requires reclassification of the land revaluation excess (or the reserve for unrealized appliciation of land) account in stockholders' equity rather than in liabilities with the related deferred tax portion remaining in liability for the interim period of fiscal 1999. The effect of this reclassification was to decrease total liabilities and to increase total stockholders' equity by ¥47,492 million, respectively.

There is no credit to the profit and loss. Continuous readjustment is not permitted unless the value of the land has subsequently significant declines such that the amount of the decline in value should be taken from the reserve for unrealized appreciation of land account.

The reassessment was made on March 31, 1998.

(j) Income Taxes

For the interim period ended September 30, 1999, deferred taxes relating to temporary difference between financial and tax reporting have been recognized following newly adapted tax effect accounting. The effect of this change was to increase total assets by ¥657,761 million and to decrease interim net income by ¥19,090 million.

Enterprise tax was presented in "other expenses" and "income taxes" for the interim period of fiscal 1998 and fiscal 1999, respectively.

(k) Differences between the Accounting Principles and Practices Adopted in the Accompanying Interim Financial Statements and International Accounting Standards

The accompanying financial statements conform with accounting principles and practices generally accepted in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as methods for valuation of securities, accounting for leases and accounting for pension plans, among others.

International Banking

Deputy President:
Yasuhiro Uehara
Executive Officer:
Takashi Fujishima

Asia and Oceania

Branches and Representative Offices

Guangzhou Branch
Shanghai Branch
Tianjin Branch
General Representative Office in China
Hong Kong Branch
Mumbai Branch
New Delhi Branch
Seoul Branch
Labuan Branch
Kuala Lumpur Marketing Office
Kuala Lumpur Representative Office
Singapore Branch
Bangkok Branch
Ayudhya Branch
Chonburi Branch
Manila Representative Office

Subsidiaries

Sakura Finance Australia Limited
Sakura Finance Asia Limited
Sakura Bank Hong Kong Trustee Limited
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.
Hua Tong International Leasing Co., Ltd.
P.T. Perjahl Leasing Indonesia
RHB Capital Berhad
RHB Bank Berhad (Affiliate of RHB Capital Berhad)
RHB Sakura Merchant Bankers Berhad (Affiliate of RHB Capital Berhad)
Far East Bank and Trust Company
Bangkok Sakura Leasing Co., Limited
Bangkok Sakura Software Service Co., Limited
SBCS Co., Limited
Sakura Management Services Co., Limited
Thai Sakura Finance and Securities Co., Limited

The Americas

Branches, Agencies and Representative Offices

New York Branch
Chicago Branch
Los Angeles Agency
Cayman Branch
São Paulo Representative Office

Subsidiaries

Manufacturers Bank
Headquarters Office
Beverly Hills Office
City of Industry Office
Encino Office
Little Tokyo Office
Newport Beach Office
Ninth and Los Angeles 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
Sakura Preferred Capital (Cayman) Limited

Affiliates and Associates

CB Bancshares, Inc. (City Bank)
Banco Bozano, Simonsen S.A.
CIA Bozano, Simonsen

Europe, Middle East and Africa

Branches and Representative Offices

London Branch
Brussels Branch
Düsseldorf Branch
Representative Office for the Middle East, Bahrain
Tashkent Representative Office

Subsidiaries

Sakura Finance International Limited
Sakura Trust International Limited
Sakura Dellsher, Inc. London Office
Sakura Finanz (Deutschland) GmbH
Sakura Bank (Luxembourg) S.A.

(As of December 31, 1999)

Directors, Excecutive Officers and Auditors

(As of December 31, 1999)

Chairman
Masahiro Takasaki

President
Akishige Okada

Deputy Presidents
Yasuhiro Uehara
Tadayoshi Nishimura

Senior Managing Directors
Kouichi Nishina
Eiichi Takizawa

Managing Directors
Tsutomu Sakuma
Hirokazu Ishikawa
Tsuyoshi Kuriyama
Hidemitsu Nakao
Yoshihiro Takizawa
Hidenori Hiramatsu
Hideharu Kadowaki

* The above 13 directors are also executive officers.

Standing Auditors
Masaharu Kamoshita
Takehisa Hiraiwa
Taro Sumitani
Toyokazu Sato

Auditors
Gaishi Hiraiwa
Yasutaka Okamura

First Senior Executive Officer
Mitsuhiro Masumi

Senior Executive Officers
Toshiro Ishii
Keizo Ogawa
Takemasa Tsukamoto

Executive Officers
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
Jumpei Ishii
Takao Umino
Masayuki Yamazaki
Mitsuaki Yahagi
Hitoshi Yoshimatsu
Hideaki Shigi

Stock Information

(As of September 30, 1999)

Paid-in Capital	¥1,042,706 million
Number of Shares Authorized	11,035,887 thousand
Common	10,000,000 thousand
Preferred (Type-1)	35,887 thousand
Preferred (Type-2)	1,000,000 thousand
Number of Shares Issued	4,895,690 thousand
Common	4,084,803 thousand
Preferred Series II	10,887 thousand
Preferred Series III (Type-2)	800,000 thousand
Number of Stockholders	
Common	117,697
Preferred Series II	1
Preferred Series III (Type-2)	1

Stock Exchange Listings

Common	Tokyo, Osaka, Kyoto, Sapporo, Frankfurt, Paris, Zürich, London
Preferred Series II	—
Preferred Series III (Type-2)	—

Transfer Agent and Registar
The Sakura Bank, Limited

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

Auditors
Tohmatsu & Co.
Showa Ota & Co.

Major Stockholders

(As of September 30, 1999)	Number of Shares (Thousands)	Percentage (%)
Common		
The Taiyo Mutual Life Insurance Company	147,752	3.61
Nippon Life Insurance Company	147,752	3.61
Mitsui Mutual Life Insurance Company	147,752	3.61
The Chase Manhattan Bank, N.A. London	103,056	2.52
State Street Bank and Trust Company	102,645	2.51
Toyota Motor Corporation	89,588	2.19
The Mitsui Trust & Banking Co., Ltd.	83,787	2.05
The Dai-ichi Mutual Life Insurance Company	71,528	1.75
Toshiba Corporation	64,956	1.59
Mitsui Fudosan Co., Ltd	56,557	1.38
Preferred Series II		
Sakura Finance (Bermuda) Trust	10,887	100.00
Preferred Series III (Type-2)		
Resolution and Collection Corporation	800,000	100.00

This interim financial report is printed entirely on recycled paper.

SAKURA BANK

Printed in Japan