

Daiwa Securities Group Inc.

2-6-4 Otemachi Chiyoda-ku
Tokyo 100-8101, Japan

January 28, 2000

Consolidated financial summary

(for the third quarter ended December 31, 1999)

(1) Operating results (from April 1, 1999 to December 31, 1999)

Note : All figures in the financial statements are rounded down to the nearest millionth.

"△" indicates a loss or negative figure.

	Operating revenues	Yr/yr % change	Operating income	Yr/yr % change	Ordinary income	Yr/yr % change
	million yen	%	million yen	%	million yen	%
Third quarter (99/12)	479,040	(79.9)	161,327	(-)	157,777	(-)
Fiscal year (99/3)	354,960		△88,566		△87,959	

	Net income	Yr/yr % change	Earnings per share	Return on stockholders' equity
	million yen	%	yen	%
Third quarter (99/12)	103,757	(-)	78.21	15.9
Fiscal year (99/3)	△127,889		△96.00	△18.1

(Note) Equity in earnings: Third quarter of fiscal 1999.....△397 million yen

Fiscal 1998.....1 million yen

(2) Financial conditions

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity/ share
	million yen	million yen	%	yen
As of December 31, 1999	7,712,471	665,477	11.5	501.62
As of March 31, 1999	6,268,596	639,858	12.9	480.47

Stockholders' equity ratio = Total stockholders' equity / (Total liabilities*) + Minority interest + Total stockholders' equity)

(*Excluding securities deposited by customers as collateral and short-term securities borrowed.

(3) Scope of consolidation and equity method

Consolidated subsidiaries..... 57 Affiliates applicable of equity method..... 4

(4) Change in accounting policies

(i) Scope of consolidation and equity method

Consolidation (New)..... 9 (Exclusion)..... 7 Equity method (New)..... 3

(ii) Changing in accounting policies..... none

(iii) Tax effect accounting is applied since fiscal 1998.

Note: Consolidated operating results of the three companies (from April 1, 1999 to December 31, 1999)

Operating revenue	Yr/yr % change	Operating income	Yr/yr % change	Ordinary income	Yr/yr % change
million yen	%	million yen	%	million yen	%
319,652	(78.1)	132,057	(17,806.0)	130,827	(34,253.2)

Net income	Yr/yr % change	Earnings per share	Total assets	Stockholders' equity
million yen	%	yen	million yen	million yen
112,222	(-)	84.59	6,458,550	728,146

The operating results mentioned above are not those of Daiwa Securities Group Inc. (parent basis), but of the three consolidated companies. (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd. and Daiwa Securities SB Capital Markets Co. Ltd.)

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Management Policy

1. Principle Management Policy

Daiwa aims to become Japan's strongest Securities Company. This will be achieved through utilizing the holding company structure to pursue maximizing group corporate value by concentrating group management resources on securities related businesses where we are most competitive.

2. Principle Policy on the Distribution of Profits

Our principle policy on dividends has been to ensure retaining profits to strengthen the profitability base while providing shareholders with a stable flow of dividends.

Our dividend policy going forward is to further reflect performance while being conscious of maintaining a stable dividend flow.

3. Mid to Long Term Management Targets

We are in the second term of the three year mid term management plan ending March 2001. The three main targets under this plan are ① ROE 10% on a consolidated basis ② Obtain rating of A or above (securities company subsidiaries) ③ Double held retail assets (securities company subsidiaries)

Due to the drastic change in group management structure incurred by the creation of a holding company, we are presently preparing a new "Group mid term management plan" which is to start this coming fiscal year.

4. Management Targets for this term and progress made as to date

To achieve the mid term targets mentioned above, we have set the following targets for this term ① Increase consolidated income ② Continue group reorganization and rationalization ③ Establish group corporate governance.

Although equity commission rates had been fully liberalized from the beginning of October, with the help of favorable market conditions since the end of the first half, both Daiwa Securities Co. which engages in retail operations and Daiwa SBCM which engages in wholesale operations have been performing well. Additionally due to ongoing restructuring, our domestic and overseas businesses have recovered and have contributed to the increase in consolidated income.

With regard to ②, which is the reorganization and rationalization of group operations, we are continuing to make progress from the first half. We have been reorganizing domestic affiliates through operations such as continuing to squeeze assets of non-bank operations and retreating from development and selling of condominiums, and by selling holdings in Daiwa International Trust Bank. Furthermore on January 19th, we have announced the merger of Nippon Investment Finance Co., Ltd. and Daiwa Finance Co., Ltd. together with the spinning off and establishment of a new company dedicated to credit card related services. Based on the plan to rationalize overseas operations which had been announced in the first half of this year, we have proceeded with the restructuring of our overseas offices through rationalization of our overseas offices, reduction of staff, and by cutting costs. As of 1 October, our subsidiaries in Europe and Asia have been integrated into Daiwa SB Capital Markets.

Regarding ③, establishing group corporate governance, we have the board of directors, auditors committee, management committee and advisory board to establish corporate governance. Starting this term, the advisory board which consists of three well established people in the management field will meet on a quarterly basis. They will provide us with comments and advice on a wide range of managerial skills through the advisory committee which we hope to utilize in managing our group.

As the holding company, we have increased our stakes in Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd. and Daiwa SB Investments Ltd. By doing so we aim to establish management control based on share ownership.

In moving to a holding company structure, we as well as our main group companies have installed an executive committee to firmly differentiate between the management decision making/administration and execution functions. This will enable efficient management and will activate discussions between the board of directors.

5. Issues Outstanding

As with the total liberalization of equity commissions and the lifting of restrictions for bank securities subsidiaries to engage in equity related businesses, we expect the management environment for securities companies to continue drastically changing into the 21st century. We will continue our efforts to meet the management targets for this term and endeavor to strengthen the group management structure through the next "Group mid term management plan" presently being constructed.

Consolidated operating results for the third quarter (nine months) of fiscal 1999

Consolidated operating revenues amounted to ¥479,040 million (179.9% of 3/4 of fiscal 1998) and consolidated operating expenses to ¥317,713 million (95.5% of 3/4 of fiscal 1998). Ordinary income turned round to ¥157,777 million from loss of ¥87,959 million of fiscal 1998.

Daiwa Securities SB Capital Markets Co. Ltd. posted net loss as the company wrote-off goodwill. On balance, consolidated net income swelled to ¥103,757 million, mainly due to minority interest (income for Daiwa Securities Group companies) of ¥36,717 million.

1. Commissions

Commissions which amounted to ¥259,871 million (186.8% of 3/4 of fiscal 1998) are the driving force behind an augmentation of revenues. They increased sharply compared to those of 3/4 of fiscal 1998 due to increase in trading volume of Tokyo Stock Exchange, brokerage commissions on stocks because of expansion of our share of Tokyo Stock Exchange, and commission income generated by new consolidated subsidiaries.

2. Net gains/losses on trading

Total net gains on trading increased vigorously to ¥91,923 million, which jumped from net loss of ¥20,725 million for fiscal 1998, as the net trading gains and losses of stock were in a good shape due to improvement of trading volume and net trading gains of bonds in overseas consolidated subsidiaries.

3. Financial income

Net financial income posted ¥13,517 million (101.4% of 3/4 of fiscal 1998), with interest and dividend income of ¥89,970 million, and financial expenses of ¥76,453 million.

4. Selling, general & administrative expenses

Selling, general and administrative expenses showed a slight increase to ¥211,247 million (103.9% of 3/4 of fiscal 1998), as our commitment to retrenchment offset an increase in swelling commissions and other expenses in line with trading volume increment and in expenses added by expansion of scope of consolidation.

5. Extraordinary gains/losses

Extraordinary gains posted to ¥17,263 million in total of gain on sale of investment securities of ¥11,623 million, gains on sale of investments in related companies of ¥4,015 million. Extraordinary losses amounted to ¥56,453 million in total of provision for allowance for doubtful accounts of ¥29,674 million for mainly consolidated subsidiaries of non-bank business under restructuring, expenses for reorganization to related companies of ¥2,319 million, loss on disposal and sale of fixed assets of ¥5,046 million, write-off of goodwill of ¥8,000 million, non-deductible consumption taxes derived from goodwill of ¥4,359 million, expenses for foundation for subsidiaries of ¥3,134 million and other expenses.

Change in scope of consolidation

One subsidiary founded this fiscal period and eight domestic related companies are started to be consolidated to accompanying financial summary due to the adoption of "control basis" in accordance with amendment of the Regulations of Financial Statements. Equity method is newly applied to three companies due to the adoption of so-called "substantial influence basis".

Operating results of overseas subsidiaries for the third quarter (nine months) of fiscal 1999

Ordinary income by geographic areas:

America.....	1,132 million yen
Europe.....	6,498 million yen
Asia & Oceania.....	1,349 million yen
Total.....	8,980 million yen

Consolidated balance sheets

(millions of yen)

	December 31, 1999	March 31, 1999	Increase/ decrease
<i>Assets</i>			
Current assets:	6,853,589	5,686,007	1,167,582
Cash and time deposits	807,721	566,454	241,266
Cash segregated as deposits	8,506	14,752	△ 6,246
Notes Receivable and accounts receivable	15,282	—	15,282
Receivables	41,277	65,551	△ 24,273
Trade date accrual	—	345,474	△ 345,474
Advance payments on securities subscribed	3,947	199	3,748
Short-term loans	349,401	179,815	169,585
Securities	61,444	—	61,444
Operating investment securities	41,340	—	41,340
Less: Allowance for investment losses	△ 614	—	△ 614
Trading assets:	1,841,266	1,678,742	162,523
Trading securities and other	1,676,605	1,467,780	208,824
Options transactions	11,411	19,967	△ 8,556
Derivative valuation accounts	153,249	190,994	△ 37,744
Other inventories	28,070	—	28,070
Receivables related to margin transactions:	313,621	141,261	172,359
Loans receivable from customers for margin transactions	268,877	72,451	196,425
Cash deposits as collateral for securities borrowed from securities finance companies	44,743	68,810	△ 24,066
Receivables related to gensaki transactions	2,398	320,062	△ 317,663
Cash deposits as collateral for securities borrowed	1,385,123	858,051	527,071
Securities in custody	1,922,228	1,317,327	604,901
Deferred income taxes assets-current	6,350	81,954	△ 75,604
Other current assets	179,540	119,558	59,981
Less: Allowance for doubtful accounts	△ 153,316	△ 3,201	△ 150,115
Non-current assets:	829,672	571,801	257,871
Tangible fixed assets	348,977	67,388	281,588
Intangible fixed assets	30,480	1,156	29,323
Investments and others:	450,214	503,255	△ 53,041
Investment securities	249,184	318,050	△ 68,866
Long-term loans	38,991	73,278	△ 34,287
Long-term guarantee deposits	33,493	68,869	△ 35,375
Deferred income tax assets-non-current	88,880	1,598	87,281
Other investments	43,865	49,873	△ 6,008
Less: Allowance for doubtful accounts	△ 4,199	△ 8,415	4,215
Translation adjustments	29,209	10,788	18,421
Total assets	7,712,471	6,268,596	1,443,874

(millions of yen)

	December 31, 1999	March 31, 1999	Increase/ decrease
<i>Liabilities</i>			
Current liabilities:	6,235,832	5,240,815	995,016
Notes payable and accounts payable	4,508	—	4,508
Short-term borrowings	716,665	431,426	285,239
Commercial paper	146,100	33,170	112,929
Bonds due within one year	57,184	26,872	30,311
Mortgage backed securities sold	60,510	—	60,510
Deposits received	167,492	250,540	△ 83,047
Trade date accrual	26,679	—	26,679
Advance receipts on securities subscribed	3,634	2,741	892
Trading liabilities:	992,106	808,981	183,124
Trading securities and others	838,831	609,217	229,613
Option transactions	7,054	6,590	463
Derivative valuation accounts	146,220	193,172	△ 46,952
Payables related to margin transactions:	61,216	64,440	△ 3,224
Loans from securities finance companies for margin transactions	45,191	18,098	27,093
Proceeds of securities sold for margin transactions	16,024	46,341	△ 30,317
Payables to gensaki transactions	594,096	593,315	780
Cash deposits as collateral for securities loaned	1,223,172	1,439,821	△ 216,648
Short-term securities borrowed	1,416,994	907,038	509,956
Cash deposits received from customers	120,991	46,500	74,490
Securities deposits by customers as collateral	511,053	416,951	94,101
Accrued income taxes	45,891	1,378	44,512
Deferred income tax liabilities-current	—	393	△ 393
Accrued bonuses	10,105	11,934	△ 1,828
Provision for financial assistance to related companies	—	58,200	△ 58,200
Other current liabilities	77,428	147,107	△ 69,678
Non-current liabilities:	672,761	385,380	287,381
Bonds	125,183	72,306	52,876
Convertible bonds	135,705	94,371	41,334
Long-term borrowings	382,356	216,458	165,898
Long-term securities borrowed	14,850	—	14,850
Accrued retirement benefits	8,917	1,663	7,254
Other non-current liabilities	5,749	580	5,168
Statutory reserves	639	783	△ 143
Total liabilities	6,909,233	5,626,979	1,282,254
Minority interest	137,760	1,757	136,002
<i>Stockholders' equity</i>			
Common stock	138,426	138,424	1
Additional paid-in capital	117,781	117,779	1
Consolidated retained earnings	412,871	383,671	29,200
Treasury stock	△ 3,602	△ 17	△ 3,585
Total stockholders' equity	665,477	639,858	25,618
Total liabilities, minority interest and stockholders' equity	7,712,471	6,268,596	1,443,874

Consolidated income statement

	(millions of yen)		
	Third quarter (Apr.1 - Dec.31, 1999) (A)	Fiscal 1998 (B)	Comparison ratio A/0.75B (%)
Operating revenues	479,040	354,960	179.9
Commissions	259,871	185,450	186.8
Net gain on trading securities	91,923	△ 20,725	—
Net gain on other commodities trading	232	16	1,823.3
Interest and dividend income	89,970	190,219	63.1
Other sales revenues	37,043	—	—
Operating expenses	317,713	443,527	95.5
Interest expenses	76,453	172,442	59.1
Cost of sales	30,012	—	—
Selling, general and administrative expenses	211,247	271,085	103.9
Commission and other expenses	35,574	37,147	127.7
Employee's compensation and benefits	104,669	126,890	110.0
Real estate expenses	30,053	49,909	80.3
Data processing and office supplies	15,870	30,614	69.1
Depreciation expenses	10,142	8,534	158.5
Taxes other than income taxes	5,199	9,210	75.3
Others	9,736	8,777	147.9
Operating income	161,327	△ 88,566	—
Non-operating income	5,425	2,840	254.6
Equity in earnings	—	1	—
Others	5,425	2,839	254.8
Non-operating expenses	8,974	2,234	535.6
Equity in earnings	397	—	—
Others	8,577	2,234	511.9
Ordinary income	157,777	△ 87,959	—
Extraordinary gains	17,263	54,694	42.1
Extraordinary losses	56,453	175,273	42.9
Income before adjusting income taxes and others	118,587	△ 208,538	—
Income taxes	48,458	1,157	5,584.4
Refunds of income taxes	—	2,829	—
Income taxes-deferred	3,089	△ 78,952	—
Minority interest	36,717	24	203,470.6
Net income	103,757	△ 127,889	—

Consolidated statement of retained earnings

(millions of yen)

	Third quarter, 1999 〔 Apr.1, 1999 〕 〔 Dec.31, 1999 〕	Fiscal 1998 〔 Apr.1, 1998 〕 〔 Mar.31, 1999 〕
Beginning balance of retained earnings	383,671	521,545
Beginning balance of other retained earnings	—	474,794
Provision for retained earnings of previous year	—	43,732
Tax effect adjustments of prior year	—	3,017
Increase in retained earnings	7,336	—
Increase in retained earnings due to expanding scope of equity method	7,336	—
Decrease in retained earnings	81,894	9,983
Decrease in retained earnings due to expanding scope of consolidation	75,227	—
Dividends	6,658	8,012
Directors' bonuses	8	—
Retirement of treasury stocks	—	1,970
Net income	103,757	△ 127,889
Ending balance of retained earnings	412,871	383,671

Notes to consolidated financial statements

The consolidated financial statement of the Company is prepared in accordance with the “Ministerial Ordinance Concerning Securities Companies” (Prime Minister’s Office Ordinance and MOF Ordinance No.32, 1998), and the “Uniform Accounting Standards of Securities Companies” (set by the board of directors of the Japan Securities Dealers’ Association, November 14, 1974) based on the “Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements” (MOF Ordinance No.28, 1976) and its Article 46 and 68. It should be noted that the presentation of the financial statements for the third quarter of 1999 might be provisional and amended, as the Company has not reached the final agreement with the authorities concerned regarding the method of terminology and forms.

Basis of consolidated financial statements for the third quarter of fiscal 1999

1. Scope of consolidation

(1) Consolidated subsidiaries.....57

Major companies:

Daiwa Securities Co. Ltd.
 Daiwa Securities SB Capital Markets Co. Ltd.
 Daiwa Asset Management Co. Ltd.
 Daiwa International Trust Bank Limited
 Daiwa Business Center Co., Ltd
 Nippon Investment & Finance Co. Ltd.
 Daiwa Finance Co. Ltd
 Daiwa Institute of Research Ltd
 The Daiwa Real Estate Co., Ltd
 Daiwa SB Capital Markets Europe Limited
 Daiwa Europe Bank plc
 Daiwa Europe Property plc
 Daiwa America Corporation
 Daiwa Securities America Inc.
 Daiwa Securities SB Capital Markets Asia Holding B.V.
 Daiwa Securities SB Capital Markets H.K. Limited
 Daiwa Securities SB Capital Markets Singapore Limited

One subsidiary founded this fiscal year and eight subsidiaries newly consolidated under control basis from the current fiscal year, and seven subsidiaries excluded from the scope of consolidation due to liquidations are as follows.

(New)

Daiwa Asset Management Co. Ltd.
 Nippon Investment & Finance Co. Ltd.
 Daiwa Finance Co. Ltd
 Daiwa Institute of Research Ltd
 The Daiwa Real Estate Co., Ltd
 Daiwa Building Management Co., Ltd.
 Daiwa Residential Properties, Ltd.
 Daiwa Sanko Co., Ltd.
 Daiwa SBCM (Cayman)

(Exclusion)

Daiwa Middle East E.C.
 Daiwa Europe (Spain) Socieda de Valores S.A.
 Daiwa Europe (Polska) Sp.z o.o.
 Others.....4

(2) Non-consolidated subsidiaries

Major companies:

Daiwa Software Research Co., Ltd.

Each amount of assets, operating revenues (or sales), net gains/losses and retained earnings of non-consolidated subsidiaries has little influence on this consolidated financial statement and has little materiality as a whole.

2. Application of equity method

- (1) Non-consolidated subsidiaries applicable of equity method.....none
 (2) Affiliates applicable of equity method.....4

Major companies:

Daiwa SB Investments Ltd.

The Tokyo Tanshi Co., Ltd

Equity method is applied to three affiliates under significant influence basis from this period.

(New)

Daiwa SB Investments Ltd.

The Tokyo Tanshi Co., Ltd.

Osaka Securities Credit Co., Ltd.

(3) Non-consolidated subsidiaries and affiliates inapplicable of equity method

Major companies (non-consolidated subsidiaries inapplicable of equity method):

Daiwa Software Research Co., Ltd.

Major companies (affiliates inapplicable of equity method):

Daiko Denishi Tsushin, Ltd.

Each amount of net gains/losses and retained earnings of both non-consolidated subsidiaries and affiliates inapplicable of equity method has little influence on this consolidated financial statement and has little materiality as a whole.

3. Third quarter of consolidated subsidiaries

- (1) The closing date of consolidated subsidiaries for the third quarter of fiscal 1999 is as follows.

At the end of December.....55

At the end of September.....2

- (2) Out of two subsidiaries with closing account date of the end of September, DBP-Daiwa Securities SB Capital Markets Philippines Inc. is consolidated to accompanying financial statements based on the closing account for the third quarter of fiscal 1999 and the other at the date of closing account as December 31, 1999.

4. Accounting policies

- (1) Discrepancies from accounting policies and procedures for the annual financial statements

- (i) With regard to domestic consolidated companies, 3/4 of the annual estimated amounts of allowance for accrued retirement benefits, which included in "Operating expenses," is provided, as the actual amount for this fiscal year is determined at the end of fiscal year.
 (ii) With regard to domestic consolidated companies, depreciation expense is determined as 3/4 of the annual charge based on the non-current assets held as of December 31, 1999.

- (2) Valuation of specified trading account

In terms of domestic consolidated subsidiaries, securities, assets and derivative transactions in specified trading account are recorded on a trade date basis at market value. In terms of overseas subsidiaries, those policies are mainly applied.

- (3) Valuation of non-trading securities and commodities other than securities

Listed securities are valued on a settlement date basis at the lower of cost-or-market, cost being

determined by the moving average method. Unlisted securities and commodities other than securities are valued on a settlement date basis at cost determined by the moving average method. In terms of lower of cost-or-market method, reversal method is applied for domestic subsidiaries instead of separation method in accordance with 1998 amendment of the Corporate Tax Law.

(4) Valuation of other inventories

Cost method determined by the specific identification method is mainly applied.

(5) Depreciation of tangible fixed assets

Depreciation is mainly computed under declining-balance method.

(6) Accounting policies for various provisions

(i) Provision for doubtful accounts

In terms of domestic consolidated companies, the ceiling of allowance at the historical deterioration rate stipulated by the Corporate Tax Law and the respective estimated amount is mainly provided in case of loss on bad debts. Estimated amounts of allowance for doubtful accounts are provided with the collection possibility of each receivable mainly being into consideration as to overseas consolidated subsidiaries.

(ii) Accrued employees' bonuses

Estimated amount of employees' bonuses for this period are accrued in case of the payment of bonuses to employees.

(iii) Accrued retirement bonuses

Estimated amount of retirement bonuses and directors' bonuses for this third quarter are mainly accrued, based on the regulations of each company in case of payment of retirement bonuses to employees and directors.

(7) Translation of foreign currency denominated assets and liabilities

In terms of domestic consolidated companies, foreign currency denominated assets and liabilities are translated in accordance with the "Accounting for Foreign Currency Transactions" (The Corporate Accounting Deliberation Council Release, June 26, 1979, as amended on May 26, 1995). For overseas consolidated subsidiaries, foreign exchange rates at closing date are mainly applied apart from forward exchange contract.

(8) Accounting for certain lease transactions

Finance leases which do not transfer ownership to a lessee are accounted for in the same manner as operating leases.

(9) Accounting for consumption taxes

Consumption taxes are computed separately. Non-deductible consumption taxes are accrued in the fiscal period when incurred.

(10) Provision (statutory reserves)

In terms of reserve for securities transaction liabilities and reserve for financial futures transaction liabilities, the same accounting policies applied as those for the annual financial statements. These reserves are reversed, as the parent company transformed into a holding company from securities house.

(11) Period allocation of income taxes

As the "Regulation Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance, Ministerial Order No. 28, 1976) was amended (Ministry of Finance, Ministerial Order No. 173, 1998), tax effect accounting is applied since fiscal 1998 in accordance with the annexed Article 3 of the Regulation.

5. Bond issue costs

Bond issue costs of the parent company is amortized in a lump sum when incurred.

Notes to consolidated balance sheet

1. Guarantee:

As of December 31, 1999.....	1,876 million yen
As of March 31, 1999.....	141,840 million yen

Substantial guarantees noted as similar guarantees since fiscal 1998 on "Notes to balance sheet" in Accordance with JICPA Auditing Committee Report No. 61 "Audit Treatment of Accounting and Reporting of Debt Guarantees and Similar Acts."

2. Intangible fixed assets

Software included in Other investments until the previous year is reclassified as Intangible fixed assets in accordance with amendment (Ministry of Finance, Ministerial Order number 135, 1998) of "Regulation Concerning the Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance, Ministerial Order No. 59, 1963).

3. Subordinated borrowings

Long-term borrowings include the subordinated borrowings stipulated by the "Ministerial Ordinance on the Capital Adequacy Rule for Securities Companies" (the Prime Minister's Office Ordinance and Ministry of Finance ("MOF") Ordinance No. 28, Article 2, 1999)

As of December 31, 1999.....	40,000 million yen
As of March 31, 1999.....	195,000 million yen

Notes to consolidated income statement

1. Provision for reserve for trading losses

Reserve for trading losses has been abolished due to the amendment of the Securities and Exchange Law, enforced on December 1, 1998. Resultantly, it is reversed in a lump sum at the end of the previous year.

2. Details of extraordinary gains/losses

	Third quarter (nine months) (Dec. 31, 1999)	(millions of yen) Fiscal 1998 (Mar. 31, 1999)
<i>Extraordinary gains</i>		
Adjustment gain for expenses of transferring overseas subsidiaries.	-	4,263
Gain on sale of fixed assets.	841	-
Gain on sale of investments in related companies.	4,015	-
Gain on sale of investment securities.	11,623	4,304
Reversal of reserve for stock trading losses.	-	34,603
Reversal of reserve for bond trading losses.	-	11,522
Reversal of reserve for securities transaction liabilities.	779	-
Reversal of reserve for financial futures transaction liabilities.	4	1
<i>Extraordinary losses</i>		
Write-off of securities.	-	1,199
Write-off of investment securities.	670	-
Provision for prior-periods retirement benefits of directors.	-	1,033
Loss on financial assistance to related companies.	-	115,800
Loss on liquidation of employee's retirement plans.	-	12,805
Provision for doubtful accounts.	29,674	1,904
Expenses for reorganization to related companies.	2,319	-
Expenses for rationalization of overseas business.	-	6,176
Expenses for transferring a domestic subsidiary.	434	-
Expenses for the holding company structure.	-	2,561
Expenses for rationalization of equipment.	-	2,268
Loss on disposal and sale of fixed assets.	5,046	-
Valuation loss on fixed assets.	-	20,137
Loss on transferring of investment securities.	-	2,383
Loss on sale of investment securities.	995	-
Valuation loss on investment securities.	1,178	8,759
Write-off of goodwill.	8,000	-
Non-deductible consumption taxes derived from goodwill.	4,359	-
Expenses for foundation for related companies.	3,134	-
Provision for reserve for securities transaction liabilities.	639	243
Provision for reserve for financial futures transaction liabilities.	0	-