



The Awa Bank, Ltd.

Consolidated Financial Statements

The Awa Bank, Ltd. and its Consolidated Subsidiaries

Years ended March 31, 2000 and 2001

Report of Independent Certified Public Accountants

To the Shareholders and the Board of Directors  
The Awa Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Awa Bank, Ltd., (a Japanese corporation) and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, retained earnings and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of The Awa Bank, Ltd. and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except for the new accounting policies in the following paragraph.

As explained in Note 2, in the year ended March 31, 2001, The Awa Bank, Ltd., and its subsidiaries prospectively adopted new Japanese accounting standards for financial instruments and employees' retirement benefits. In the year ended March 31, 2000, The Awa Bank, Ltd., and its subsidiaries prospectively adopted new Japanese accounting standards for consolidation and equity method accounting and software costs.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.



Asahi & Co.

(Member Firm of Andersen Worldwide SC)

Osaka, Japan  
June 28, 2001

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

Consolidated Balance Sheets  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	2001	2001
<b>Assets</b>			
Cash and due from banks (Note 4)	¥ 76,079	¥ 40,780	\$ 329,136
Call loans and bills purchased	136,748	231,376	1,867,441
Commercial paper and other debt purchased	1,136	1,426	11,509
Trading account securities (Note 5)	2,318	3,669	29,613
Funds held in trust (Note 6)	5,980	15,903	128,354
Securities (Notes 5 & 10)	440,308	487,707	3,936,295
Loans and bills discounted (Notes 7, 8, 9, 10)	1,608,547	1,654,702	13,355,141
Foreign exchanges	2,969	3,031	24,463
Other assets (Note 10)	49,093	48,112	388,314
Premises and equipment (Notes 10, 11, 12)	40,358	39,673	320,202
Deferred tax assets (Note 13)	13,860	6,396	51,622
Customers' liabilities for acceptances and guarantees (Note 14)	33,801	32,465	262,026
Less: Reserve for possible loan losses	(27,803)	(37,047)	(299,007)
<b>Total assets</b>	<b>¥ 2,383,394</b>	<b>¥ 2,528,193</b>	<b>\$ 20,405,109</b>
<b>Liabilities</b>			
Deposits (Note 10)	¥ 2,113,989	¥ 2,211,099	\$ 17,845,835
Call money and bills sold	2,646	7,910	63,842
Borrowed money (Notes 10 & 15)	70,635	62,201	502,026
Foreign exchanges	13	28	226
Bonds (Note 16)	-	20,000	161,420
Other liabilities	28,956	37,520	302,825
Employees' severance and retirement benefits (Note 17)	5,765	8,560	69,088
Deferred tax liabilities for land revaluation account (Note 12)	4,159	3,787	30,565
Acceptances and guarantees (Note 14)	33,801	32,465	262,026
<b>Total liabilities</b>	<b>2,259,964</b>	<b>2,383,570</b>	<b>19,237,853</b>
Minority interest in consolidated subsidiaries	6,561	6,916	55,819
<b>Shareholders' equity</b>			
Common stock, par value ¥50 per share :			
Authorized - 497,533,000 shares (Note 18)			
Issued - 240,822,678 shares in 2001	23,453	23,453	189,290
Issued - 241,612,678 shares in 2000			
Capital surplus	16,233	16,233	131,017
Land revaluation account (Note 12)	5,804	5,286	42,663
Retained earnings	72,247	74,728	603,131
Net unrealized holding gains on securities	-	18,875	152,341
Sub-Total	117,737	138,575	1,118,442
Less: Treasury stock -at cost	(1)	(2)	(16)
Common stock held by subsidiaries	(867)	(866)	(6,989)
<b>Total shareholders' equity</b>	<b>116,869</b>	<b>137,707</b>	<b>1,111,437</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>¥ 2,383,394</b>	<b>¥ 2,528,193</b>	<b>\$ 20,405,109</b>

See accompanying notes.

Consolidated Statements of Income  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	2001	2001
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥ 41,214	¥ 40,690	\$ 328,410
Interest and dividends on securities	13,818	13,271	107,111
Other interest income	1,251	4,512	36,416
Fees and commissions	4,999	5,096	41,130
Other operating income	23,450	24,695	199,314
Other income:			
Gain on sale of securities for establishment of retirement benefit trust	-	3,457	27,902
Gain on sales of securities for the transition obligation of employees' severance and retirement benefit plans	-	3,307	26,691
Other income	2,006	4,600	37,126
Total income	<u>86,738</u>	<u>99,628</u>	<u>804,100</u>
Expenses:			
Interest expense:			
Interest on deposits	6,109	5,560	44,875
Interest on borrowings, rediscounts and bonds	1,823	1,834	14,802
Other interest expense	2,922	5,968	48,168
Fees and commissions	1,171	1,224	9,879
Other operating expenses	22,505	20,263	163,543
General and administrative expenses	30,983	30,322	244,730
Other expenses :			
Provision for loan losses	9,105	15,985	129,015
Transition obligation of employees' severance and retirement benefit plans	-	9,953	80,331
Other expenses	4,303	1,484	11,977
Total expenses	<u>78,921</u>	<u>92,593</u>	<u>747,320</u>
Income before income taxes	7,817	7,035	56,780
Income taxes (Note 13) :			
Current	6,969	9,552	77,094
Deferred	(3,531)	(6,453)	(52,082)
Minority interest	652	349	2,817
Net income	<u>¥ 3,727</u>	<u>¥ 3,587</u>	<u>\$ 28,951</u>

	Yen		U.S. dollars (Note 1)
	2000	2001	2001
Net income per share	¥ 15.49	¥ 14.95	\$ 0.121

See accompanying notes.

Consolidated Statements of Retained Earnings  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	2001	2001
Balance at beginning of the year	¥ 70,116	¥ 72,247	\$ 583,107
Net income	3,727	3,587	28,951
Cash dividends - ¥5 per share (Note 19)	(1,203)	(1,199)	(9,677)
Bonuses to directors and statutory auditors	(35)	(35)	(282)
Transfer from land revaluation account	64	517	4,171
Effect of changes in investments accounted for by the equity method	(56)	10	81
Common stock retired	(366)	(399)	(3,220)
Balance at end of year	¥ 72,247	¥ 74,728	\$ 603,131

See accompanying notes.

Consolidated Statements of Cash Flows  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	2001	2001
Cash flows from operating activities:			
Income before income taxes	¥ 7,817	¥ 7,035	\$ 56,780
Depreciation	17,861	16,907	136,457
Amortization of consolidation difference	(9)	-	-
Increase in reserve for possible loan losses	6,243	9,244	74,609
Increase in employees' severance and retirement benefits	141	2,794	22,550
Interest and dividend income	(56,282)	(58,473)	(471,937)
Interest expense	10,853	13,361	107,837
Securities losses (gains), net	2,510	(8,417)	(67,934)
Funds held in trust gains-net	(65)	(36)	(291)
Foreign exchange losses (gains), net	1,529	(3,782)	(30,525)
Losses on disposal of premises and equipment, net	178	273	2,203
Net increase in trading account securities	(69)	(1,351)	(10,904)
Net decrease (increase) in loans and bills discounted	1,041	(46,155)	(372,518)
Net increase in deposits	76,394	83,060	670,379
Net increase in certificates of deposit	19,960	14,050	113,398
Net decrease in borrowed money ( except for subordinated borrowed money )	(1,759)	(2,833)	(22,865)
Net increase in due from banks ( except for deposits with the Bank of Japan )	(3,875)	(5,312)	(42,873)
Net increase in call loans, bills purchased, commercial paper and other debt purchased	(35,957)	(94,919)	(766,094)
Net increase (decrease) in call money, bills sold and borrowed money	(126)	5,264	42,486
Net increase in foreign exchanges (assets)	(671)	(70)	(565)
Net increase (decrease) in foreign exchanges (liabilities)	(16)	15	121
Net increase in straight bonds	-	10,000	80,710
Gain on sale of securities for establishment of retirement benefit trust	-	(3,457)	(27,902)
Contribution to retirement benefit trust	-	6,681	53,923
Interest and dividend received	56,250	57,384	463,148
Interest paid	(11,507)	(14,665)	(118,362)
Other	(15,110)	(8,192)	(66,117)
Sub Total	75,331	(21,594)	(174,286)
Income taxes paid	(7,729)	(6,790)	(54,802)
Net cash provided by (used in) operating activities	67,602	(28,384)	(229,088)
Cash flows from investing activities:			
Payments for purchases of securities	(193,937)	(213,767)	(1,725,319)
Proceeds from sales of securities	124,502	146,379	1,181,429
Proceeds from maturities of securities	42,667	63,625	513,519
Increase of funds held in trust	(14)	(10,000)	(80,710)
Decrease in funds held in trust	2,080	109	880
Payments for purchases of premises and equipment	(1,068)	(2,221)	(17,926)
Payments for disposal of premises and equipment	(43)	(82)	(662)
Proceeds from sales of premises and equipment	219	933	7,530
Net cash used in investing activities	(25,594)	(15,024)	(121,259)

See accompanying notes

Consolidated Statements of Cash Flows  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
March 31, 2000 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	2001	2001
Cash flows from financing activities:			
Payments for subordinated borrowed money	(2,400)	(5,600)	(45,198)
Proceeds from issues of subordinated bonds and convertible bonds	-	10,000	80,710
Dividends paid	(1,203)	(1,199)	(9,677)
Dividends paid to minority stockholders	(72)	(17)	(137)
Payments for purchases of treasury stock	(56)	(35)	(282)
Proceeds from sales of treasury stock	38	34	274
Common stock retired	(366)	(399)	(3,220)
Net cash provided by (used in) financing activities	<u>(4,059)</u>	<u>2,784</u>	<u>22,470</u>
Foreign currency translation adjustments	<u>(10)</u>	<u>13</u>	<u>105</u>
Net increase (decrease) in cash and cash equivalents	37,939	(40,611)	(327,772)
Cash and cash equivalents at beginning of year	<u>32,757</u>	<u>70,696</u>	<u>570,589</u>
Cash and cash equivalents at end of year (Note 4)	<u>¥ 70,696</u>	<u>¥ 30,085</u>	<u>\$ 242,817</u>

See accompanying notes

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

## 1. Basis of Presentation Consolidated Financial Statements

The Awa Bank, Ltd. (the "Bank") and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Japanese Banking Law, and generally conform with the Japanese Uniform Rules for Bank Accounting and the guidelines of Japanese regulatory authorities and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different from the accounting and disclosure requirements of International Accounting Standards.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Bank which were prepared in accordance with Japanese GAAP from the accounts and records maintained by the Bank and its consolidated subsidiaries and were filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law.

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

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the readers, using the prevailing exchange rate at March 31, 2001, which was ¥123.90 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

## 2. Significant Accounting Policies

### (1) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2001 and 2000 include the accounts of the Bank and all five of its subsidiaries that are listed below:

- The Awagin Lease Company Limited
- The Awagin Card Company Limited
- The Awagin Guaranty Company Limited
- The Awagin Business Service Company Limited
- The Awagin System Service Company Limited

All significant inter-company balances, transactions and unrealized profits and losses included in assets and liabilities have been eliminated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiaries.

For the year ended March 31, 2000. The Bank adopted the revised Accounting Principles for Consolidated Financial Statements.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

2. Significant Accounting Policies (cont'd.)

(2) Trading account securities

For the fiscal year ended March 31, 2001, listed trading account securities of the Bank are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Cost is calculated based on the moving average method.

For the fiscal year ended March 31, 2000, listed trading account securities of the Bank were stated at the lower of cost or market value. Recoveries of write-downs were recorded in subsequent periods. Other trading account securities were stated at moving average cost. Cost was calculated based on the moving average method.

(3) Securities

Effective April 1, 2000, the Bank and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

Under the new standard, held-to-maturity debt securities are stated at moving average amortized cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on sale of such securities are computed using moving average cost. Available-for-sale securities with no available fair market value are stated at moving average cost or at moving average amortized cost. Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible.

Securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management are stated at fair market value.

For the fiscal year ended March 31, 2000, securities held by the Bank were stated at moving average cost. Securities held by its consolidated subsidiaries were principally stated at the lower of moving average cost or market value. Recoveries of write-downs were recorded in subsequent periods. Listed securities such as convertible bonds and stocks included in funds held in trust, which were designated for investment in securities and separately managed from other beneficiaries were stated at the lower of moving average cost or market value. Other securities included in funds held in trust were stated at moving average cost.

(4) Premises and equipment

Premises and equipment are generally stated at cost, less accumulated depreciation and deferred gains on sale of real estate. Depreciation of premises and equipment owned by the Bank and its consolidated subsidiaries is computed on the declining balance method except for buildings acquired after April 1, 1998 which are depreciated using the straight-line method. The estimated useful lives of the assets are 19 – 50 years for buildings and 5 – 8 years for equipment.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

2. Significant Accounting Policies (cont'd.)

(5) Software cost

Internal use software costs of the Bank and its consolidated subsidiaries are amortized using the straight-line method over the estimated useful lives (five years).

For the year ended March 31, 2000, software used by the Bank is amortized over a useful life at five years in accordance with new accounting standards in Japan.

(6) Deferred assets

Bond issue cost of the Bank is recognized as expense as incurred.

(7) Reserve for possible loan losses

The Bank writes off loans and makes provisions for possible loan losses as follows:

For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or in a similar financial condition, the reserve for possible loan losses is provided in the full amount of such loans, excluding the portion that is estimated to be recoverable due to the existence security interests or guarantees.

For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances, but for which there is a high probability of so becoming, the reserve for possible loan losses is provided for estimated unrecoverable amounts determined after an evaluation of the customer's overall financial condition.

For other loans such as normal loans and loans requiring special attention, the reserve for possible loan losses is provided based on the Bank's actual rate of loan losses in the past.

The self-assessment and classification has been made by each business department and credit supervision department and has been audited by the Credit Administration Department, an independent department. The above reserve for possible loan losses is provided based on such auditing results.

The consolidated subsidiaries write off loans and make provisions for possible loan losses based on their actual rate of loan losses in the past. However, unrecoverable amounts of loans to customers who have high probability of becoming bankrupt are estimated and the reserve for possible loan losses is provided based on the estimation.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

2. Significant Accounting Policies (cont'd.)

(8) Employees' severance and retirement benefit

The Bank and its consolidated subsidiaries provide two post-employment benefit plans, an unfunded lump-sum payment plan and a funded contributory pension plan, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

At March 31, 2000, the Bank and its consolidated subsidiaries accrued liabilities for lump-sum severance and retirement payments equal to the total of the amount which would be required if all eligible employees voluntarily terminated their employment at the balance sheet date. The Bank and its consolidated subsidiaries recognized pension expense when, and to the extent, payments were made to the pension fund.

Effective April 1, 2000, the Bank and its consolidated subsidiaries adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998 (the "New Accounting Standard").

Under the New Accounting Standard, the liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Bank and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") amounted to ¥9,953 million (\$80,331 thousand), all of which was recognized as an expense as a result of the contribution of securities, valued at fair value, at April 1, 2000. Prior service costs are recognized in expenses as incurred, and actuarial gains and losses are recognized in expenses using the straight-line method over 10 years commencing with the following period.

As a result of the adoption of the new accounting standard, in the year ended March 31, 2001, income before income taxes decreased by ¥ 9,064 million (\$73,156 thousand), compared with what would have been recorded under the previous accounting standard.

(9) Translation of foreign currencies

Foreign currency assets and liabilities of the Bank are translated into yen at the current rates prevailing at the consolidated balance sheet date.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

## 2. Significant Accounting Policies (cont'd.)

### (10) Accounting for leases

Finance leases of the Bank and its consolidated subsidiaries which do not transfer ownership are accounted for in the same manner as operating leases in accordance with Japanese GAAP.

### (11) Derivatives and hedge accounting

The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires the Bank and its consolidated subsidiaries to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

The Bank uses the hedge-accounting technique of "macro-hedging" which utilizes derivatives to comprehensively control the interest rate risks attendant with numerous financial assets and liabilities, such as loans and deposits. Macro-hedging is a form of risk management based on the risk adjustment approach provided for in the Provisional Treatment for Accounting and Auditing for Application of Accounting Standards for Financial Instruments in the Banking Industry (contained in Report No. 15 of the Japanese Institute of Certified Public Accountants' Industry Audit Committee). The Bank applies deferred hedging to account for unrealized gains or losses arising from the derivatives mentioned above.

In addition the Bank maintains the risk amounts of derivatives, which form the risk-adjustment mechanism, within the range of permissible risk set by its management policy and evaluates the integrity of its hedging approach by verifying that the interest risk of the hedging target has been nullified.

For certain liabilities, the Bank makes use of special treatment for interest rate swaps.

The Bank uses derivative transactions for hedging interest rate risk. Under the new method, the Bank defers recognition of gains and losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized. Also, in accordance with established policies for derivative and hedging transactions, derivatives risks were within limits on risk amounts.

The net realized and unrealized gains and losses from hedging instruments are represented as deferred hedge losses. The gross amounts of deferred hedge losses and gains before netting were as follows:

Total deferred hedge losses:	¥1,457 million (\$11,759 thousand)
Total deferred hedge gains:	¥ 110 million (\$ 888 thousand)

Gains and losses on derivative transactions for hedging purpose were netted while gains and losses were recorded gross in the previous period. This change has no effect on income before income tax, however it decreased total income and total expenses by ¥26 million (\$210 thousand) each.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

2. Significant Accounting Policies (cont'd.)

(12) Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand and deposits with the Bank of Japan are considered to be cash and cash equivalents.

(13) Income taxes

Tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting are recognized. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(14) Net income per share

Net income per share is computed on the basis of the weighted average number of shares of common stock outstanding during each year.

3. Additional Information

Financial instruments

In accordance with the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments " issued by the Business Accounting Deliberation Council on January 22, 1999), the Bank and its consolidated subsidiaries adopted new methods of evaluating securities, derivative, and hedging transactions, etc. As a result of the new accounting standard, in the year ended March 31, 2001, income before income tax decreased by ¥ 820 million (\$ 6,618 thousand) compared with what would have been recorded under the previous accounting standard.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

4. Cash and Cash Equivalents

The reconciliations between "Cash and due from banks" in the consolidated balance sheets and "Cash and cash equivalents" in the consolidated statements of cash flows, at March 31, 2000 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Cash and due from banks -----	¥ 76,079	¥ 40,780	\$ 329,136
Deposits in foreign currencies -----	(5,000)	(10,000)	(80,710)
Other -----	(383)	(695)	(5,609)
Cash and cash equivalents -----	<u>¥ 70,696</u>	<u>¥ 30,085</u>	<u>\$ 242,817</u>

5. Securities

(1) The following tables summarize acquisition costs, book values and fair value of securities with available fair values as of March 31, 2001:

Trading securities

	Millions of yen	Thousands of U.S. dollars
	2001	2001
Book value (fair value)-----	¥ 3,669	\$ 29,613
Amount of net unrealized gains included in the income statement -----	27	218

Held-to-maturity debt securities:

	Millions of yen					
	2001					
	Book value	Fair value	Difference	Unrecognized		
			Gains	Losses		
Municipal bonds	¥ 52	¥ 53	¥ 1	¥ 1	¥ -	
Other	7,280	7,716	436	436	0	
Total	<u>¥ 7,332</u>	<u>¥ 7,769</u>	<u>¥ 437</u>	<u>¥ 437</u>	<u>¥ 0</u>	

	Thousands of U.S. dollars					
	2001					
	Book value	Fair value	Difference	Unrecognized		
			Gains	Losses		
Municipal bonds	\$ 420	\$ 428	\$ 8	\$ 8	\$ -	
Other	58,757	62,276	3,519	3,519	0	
Total	<u>\$ 59,177</u>	<u>\$ 62,704</u>	<u>\$ 3,527</u>	<u>\$ 3,527</u>	<u>\$ 0</u>	

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

5. Securities(cont'd)

Available-for-sale securities:

	Millions of yen				
	2001				
	Acquisition cost	Book (fair) value	Difference	Unrealized gains	Unrealized losses
Equity securities -----	¥ 39,689	¥ 53,327	¥ 13,638	¥ 16,015	¥ 2,377
Bonds -----	344,843	363,824	18,981	19,216	235
Japanese government bonds	125,670	132,411	6,741	6,768	27
Municipal bonds	119,863	128,303	8,440	8,459	19
Corporate bonds	99,310	103,110	3,800	3,989	189
Others -----	53,296	53,131	(165)	826	991
Total -----	<u>¥ 437,828</u>	<u>¥ 470,282</u>	<u>¥ 32,454</u>	<u>¥ 36,057</u>	<u>¥ 3,603</u>
	Thousands of dollars				
	2001				
	Acquisition cost	Book (fair) value	Difference	Unrealized gains	Unrealized losses
Equity securities -----	\$ 320,331	\$ 430,404	\$ 110,073	\$ 129,257	\$ 19,185
Bonds -----	2,783,236	2,936,432	153,196	155,093	1,897
Japanese government bonds	1,014,286	1,068,692	54,406	54,625	219
Municipal bonds	967,417	1,035,537	68,120	68,273	153
Corporate bonds	801,533	832,203	30,670	32,195	1,525
Others -----	430,154	428,822	(1,332)	6,667	7,998
Total -----	<u>\$ 3,533,721</u>	<u>\$ 3,795,658</u>	<u>\$ 261,937</u>	<u>\$ 291,017</u>	<u>\$ 29,080</u>

(2) Total sales of available-for-sale securities in the year ended March 31, 2001 amounted to ¥146,413 million (\$1,181,703 thousand) and the related gains and losses amounted to ¥9,533 million (\$76,941 thousand) and ¥337 million (\$2,720 thousand), respectively.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

5. Securities(cont'd)

(3) The following table summarizes book values of securities with no available fair values as of March 31, 2001 Available-for-sale securities:

	Millions of yen	Thousands of U.S. dollars
	2001	2001
Non-listed domestic bonds -----	¥ 6,704	\$ 54,108
Non-listed equity securities-----	3,434	27,716
Total-----	<u>¥ 10,138</u>	<u>\$ 81,824</u>

(4) Available-for-sale securities with maturities and held-to-maturity debt securities mature as follows:

	Millions of yen			
	2001			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Bonds -----	¥ 37,098	¥ 206,204	¥ 126,277	¥ 1,000
Japanese government bonds	12,098	64,963	54,350	1,000
Municipal bonds	7,821	70,531	50,003	-
Corporate bonds	17,179	70,710	21,924	-
Others -----	4,371	25,405	17,892	-
Total -----	<u>¥ 41,469</u>	<u>¥ 231,609</u>	<u>¥ 144,169</u>	<u>¥ 1,000</u>

	Thousands of U.S. dollars			
	2001			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Bonds -----	\$ 299,419	\$ 1,664,278	\$ 1,019,185	\$ 8,071
Japanese government bonds	97,643	524,318	438,660	8,071
Municipal bonds	63,124	569,258	403,576	-
Corporate bonds	138,652	570,702	176,949	-
Others -----	35,278	205,044	144,407	-
Total -----	<u>\$ 334,697</u>	<u>\$ 1,869,322</u>	<u>\$ 1,163,592</u>	<u>\$ 8,071</u>

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

5. Securities(cont'd)

(5) Net unrealized holding gains on securities that have been stated at market value at March 31, 2001 were as follows:

	<u>Millions of yen</u> <u>2001</u>	<u>Thousands of</u> <u>U.S. dollars</u> <u>2001</u>
Valuation gains		
Available-for-sale securities	¥ 32,454	\$ 261,937
Deferred tax liabilities	<u>(13,547)</u>	<u>(109,338)</u>
Net unrealized holding gains on securities (before adjustment for minority interests)	18,907	152,599
Minority interests	32	258
Net unrealized holding gains on securities	<u>¥ 18,875</u>	<u>\$ 152,341</u>

(6) At March 31, 2000, book value, market value and net unrecognized gains of trading account securities and on securities listed stock exchanges were as follows:

	<u>Millions of yen</u> <u>2000</u>
Book value:	
Trading account securities -----	¥ 7
Securities -----	<u>157,219</u>
Total -----	<u>157,226</u>
Market value:	
Trading account securities -----	7
Securities -----	<u>192,817</u>
Total -----	<u>192,824</u>
Net unrecognized gains -----	<u>¥ 35,598</u>

At March 31, 2000, book value, market value and net unrealized gains of unlisted trading account securities and unlisted securities for which quoted values were available were as follows:

	<u>Millions of yen</u> <u>2000</u>
Book value:	
Trading account securities -----	¥ 2,157
Securities -----	<u>86,804</u>
Total -----	<u>88,961</u>
Market value:	
Trading account securities -----	¥ 2,152
Securities -----	<u>90,500</u>
Total -----	<u>92,652</u>
Net unrecognized gains -----	<u>¥ 3,691</u>

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

6 . Funds Held in Trust for Investment

At March 31, 2001, book values (fair values) and net unrealized gains or losses included in the income statements for funds held in trust for investment were as follows:

	<u>Millions of yen</u> <u>2001</u>	<u>Thousands of</u> <u>U.S. dollars</u> <u>2001</u>
Book value (fair value) -----	¥ 15,903	\$ 128,354
Amount of net unrealized losses included in the income statements -----	¥ 33	\$ 266

At March 31, 2000, book value, market value and net unrealized gains or losses on funds held in trust were as follows:

	<u>Millions of yen</u> <u>2000</u>
Book value -----	¥ 5,980
Market value -----	6,036
Net unrealized gains -----	¥ 56

7 . Loans and Bills Discounted

At March 31, 2000 and 2001 loans and bills discounted include the following:

	<u>Millions of yen</u>		<u>Thousands of</u> <u>U.S. dollars</u>
	<u>2000</u>	<u>2001</u>	<u>2001</u>
Loans to bankrupt customers-----	¥ 6,361	¥ 15,345	\$ 123,850
Loans past due six months or more-----	7,489	33,624	271,380
Loans past due three months or more-----	2,375	978	7,894
Restructured loans -----	17,428	15,178	122,502
Total	<u>¥ 33,653</u>	<u>¥ 65,125</u>	<u>\$ 525,626</u>

Loans to bankrupt customers are loans to customers undergoing bankruptcy, similar proceedings, or in similar financial condition. Interest is not being accrued on these loans as there is a strong likelihood that the principal and interest are uncollectible.

Loans past due six months or more are loans not included in the above category or in restructured loans, for which payments are past due six months or more. Interest is not being accrued on these loans.

Loans past due three months or more are loans, not included in the above categories, or in restructured loans, for which payments are past due three months or more.

Restructured loans are loans, not included in the above categories, for which the Bank has granted concessions, such as reduced interest rates, and deferral or waiver of interest or principal payments in support

8. Commercial Bills

The total face value of commercial bills obtained as a result of discounting was ¥63,329 million (\$511,130 thousand) at March 31, 2001.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

## 9. Commitment Lines

Loan agreements and commitment line agreements relating to loans are agreements which oblige the Bank and its consolidated subsidiaries to lend funds up to a certain limit agreed in advance. The Bank and its consolidated subsidiaries make the loans upon the request of an obligor to draw down funds under such loan agreements, as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balance relating to these loan agreements at March 31, 2001 amounted to ¥537,767 million (\$4,340,331 thousand) which relates to loans where the term of the agreement is one year or less, or unconditional cancellation of the agreement is allowed at any time.

In many cases the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Bank and its consolidated subsidiaries either to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial condition, or when it is necessary to do so in order to protect the Bank's and its consolidated subsidiaries' credit. The Bank and its consolidated subsidiaries take various measures to protect its credit. Such measures include having the obligor pledge collateral in the form of real estate, securities etc. on signing the loan agreement, or in accordance with the Bank's and its consolidated subsidiaries' established internal procedures confirming the obligor's financial condition, etc. at regular intervals.

## 10. Asset Pledged

At March 31, 2000 and 2001, assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Securities -----	¥ 5,071	¥ 24,602	\$ 198,563
Lease receipts -----	7,097	460	3,713

The above pledged amounts secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Deposits -----	¥ 5,824	¥ 3,658	\$ 29,524
Borrowed money -----	5,878	340	2,744

In addition, at March 31, 2001 and 2000, certain investment securities, aggregating ¥44,383 million (\$358,216 thousand) and ¥37,056 million, respectively, were pledged as collateral for settlement of exchange at The Bank of Japan and for other purposes. Premises and equipment include guarantees of ¥516 million (\$4,165 thousand), and other assets include deposits on future exchange of ¥2 million (\$16 thousand) at March 31, 2001.

## 11. Accumulated for Depreciation

At March 31, 2001 and 2000, accumulated depreciation of premises and equipment were ¥ 34,828 million (\$ 281,098 thousand) and ¥33,985 million, respectively.

## 12. Land Revaluation Account

In accordance with the Revaluation Act of Land Properties, the Bank revalued land used in the ordinary course of business as of March 31, 1999. The revaluation excess, net of deferred taxes, is shown as a separate component of shareholders' equity.

At March 31, 2001 and 2000, the current market value of the revalued land decreased from the revalued amount by ¥1,885 million (\$15,214 thousand) and ¥1,078 million, respectively.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

13 . Income Taxes

The Bank and its consolidated domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, indicate a statutory rate in Japan of approximately 41.7% for the years ended March 31, 2000 and 2001. The following table summarizes the significant differences between the statutory tax rate and effective tax rate for financial statement purposes for the fiscal years ended March 31, 2000 and 2001.

	<u>2000</u>	<u>2001</u>
Statutory tax rate	41.7%	41.7%
Non-deductible expenses	1.2	1.3
Non-taxable dividend income	(0.4)	(0.1)
Per capita inhabitant tax	0.6	0.6
Other	0.9	0.6
Effective tax rate	<u>44.0%</u>	<u>44.1%</u>

Significant components of deferred tax assets and liabilities as of March 31, 2000 and 2001 are as follows:

	<u>Millions of yen</u>		<u>Thousands of</u>
	<u>2000</u>	<u>2001</u>	<u>U.S. dollars</u>
			<u>2001</u>
Deferred tax assets:			
Excess reserve for possible loan losses	¥ 8,629	¥ 12,105	\$ 97,700
Excess employees' severance and retirement benefits	1,612	1,740	14,044
Excess depreciation	1,861	4,204	33,931
Other	1,797	2,145	17,311
Total deferred tax assets	<u>¥ 13,899</u>	<u>¥ 20,194</u>	<u>\$ 162,986</u>
Deferred tax liabilities:			
Deferred gains on real properties	¥ (38)	¥ (249)	(2,010)
Unrealized gains on securities	-	(13,546)	(109,330)
Other	(1)	(3)	(24)
Total deferred tax liabilities	<u>(39)</u>	<u>(13,798)</u>	<u>(111,364)</u>
Net deferred tax assets:	<u>¥ 13,860</u>	<u>¥ 6,396</u>	<u>\$ 51,622</u>

14 . Acceptances and Guarantees

All commitments and contingent liabilities arising in compliance with customers' needs in foreign trade and other transactions are included in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown on the asset side, representing the Bank's right of indemnity from customers.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

15. Borrowed Money

Borrowed money at March 31, 2000 and 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
Borrowing from banks -----	¥ 70,635	¥ 62,201	\$ 502,026

The weighted average interest rates on outstanding borrowings from borrowings from banks at March 31, 2001 was 2.19%.

Borrowing from banks at March 31, 2001 and 2000 includes subordinated debt of ¥28,600 million (\$230,831 thousand) and ¥34,200 million, respectively.

The following is a summary of maturities of borrowing from banks at March 31, 2001.

Year ending March 31:	Millions of yen	Thousands of U.S. dollars
2002 -----	¥ 13,373	\$ 107,934
2003 -----	10,322	83,309
2004 -----	6,356	51,299
2005 -----	5,460	44,068
2006 -----	3,367	27,175
2007 and thereafter -----	23,323	188,241
Total -----	<u>¥ 62,201</u>	<u>\$ 502,026</u>

16 . Bonds

Bonds at March 31, 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	2001	2001
1.44% bonds, due November 10, 2005 -----	¥ -	¥ 10,000	\$ 80,710
2.00% bonds, due December 22, 2010 -----	-	10,000	80,710
Total -----	<u>¥ -</u>	<u>¥ 20,000</u>	<u>\$ 161,420</u>

Bonds at March 31, 2001 includes subordinated debt of ¥10,000 million (\$80,710 thousand).

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

17. Employees' Severance and Retirement Benefits

The following tables sets forth the changes in benefit obligation, plan assets and funded status of the Bank's and its consolidated subsidiaries' retirement benefit plans at March 31, 2001.

	Millions of yen	Thousands of U.S. dollars
Benefit obligation at end of year -----	¥ (42,709)	\$ (344,705)
Fair value of plan assets at end of year (including employees' retirement benefit trust)-----	29,842	240,855
Funded status:		
Benefit obligation in excess of plan assets-----	(12,867)	(103,850)
Unamortized actuarial differences -----	4,307	34,762
Accrued retirement benefits in the consolidated balance sheets -----	¥ (8,560)	\$ (69,088)

Note: Some consolidated subsidiaries have adopted the allowed alternative treatment of the accounting for retirement benefits for small business entities.

Expenses for retirement benefits of the Bank and its consolidated subsidiaries included the following components for the year ended March 31, 2001.

	Millions of yen	Thousands of U.S. dollars
Service cost -----	¥ 1,146	\$ 9,249
Interest cost -----	1,459	11,776
Expected return on plan assets -----	(1,018)	(8,216)
Amortization of prior service costs -----	196	1,582
Transition obligation at date of adoption -----	9,953	80,331
Net benefit cost -----	¥ 11,736	\$ 94,722

Note: Contributions of employees to the funded contributory pension plan are not included in service cost.

Assumptions used in accounting for retirement plans for the year ended March 31, 2001, are as follows:

Discount rate -----	3.5%
Long-term rates of return on fund assets	
A funded contributory pension plan -----	4.00%
Employees' retirement benefit trust -----	0.00%
Method of attributing benefits to periods of service -----	Straight-line basis
Amortization period for actuarial differences -----	10 years
Amortization period for transition obligation at date of adoption -----	Fully expensed

18 . Common Stock

During the year ended March 31, 2001, the Bank purchased and retired 790,000 shares of common stock. As a result, the authorized share capital of the Bank was reduced to 497,533,000 shares.

During the year ended March 31, 2000, the Bank purchased and retired 700,000 shares of common stock. As a result, the authorized share capital of the Bank was reduced to 498,323,000 shares.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

19 . Dividends

Dividends are normally paid to shareholders recorded in the Bank's shareholder book as of the financial year-end date. If the requirements set by the Uniform Accounting Standard for Banks are met, the Bank can pay interim dividends to shareholders of record on September 30. For the years ended March 31, 2001 and 2000, the Bank paid interim dividends of ¥2.50 per share, for a total of ¥604 million (\$4,875 thousand) and ¥605, respectively.

20 . Finance Leases

(1) As lessee

Non-capitalized finance leases at March 31, 2000 and 2001 were as follows:

	Millions of		Thousands of
	2000	2001	U.S. dollars 2001
Equipment, cost if capitalized-----	¥ 351	¥ 351	\$ 2,833
Less: estimated accumulated depreciation-----	(137)	(207)	(1,671)
Total -----	<u>¥ 214</u>	<u>¥ 144</u>	<u>\$ 1,162</u>
Lease commitments			
Due within one year -----	¥ 134	¥ 122	\$ 985
Due after one year -----	240	125	1,009
Total -----	<u>¥ 374</u>	<u>¥ 247</u>	<u>\$ 1,994</u>
For the years ended March 31, 2000 and 2001			
Lease expense -----	¥ 70	¥ 70	\$ 565
Depreciation expense, if capitalized -----	70	70	565

(2) As Lessor

Other assets include the following leased assets at March 31, 2000 and 2001.

	Millions of yen		Thousands of
	2000	2001	U.S. dollars 2001
Leased assets-cost-----	¥ 120,114	¥ 116,617	\$ 941,219
Less: accumulated depreciation -----	(80,858)	(79,467)	(641,380)
	<u>¥ 39,256</u>	<u>¥ 37,150</u>	<u>\$ 299,839</u>
Future lease payments			
Due within one year -----	¥ 16,196	¥ 15,173	\$ 122,462
Due after one year -----	28,974	27,658	223,228
Total -----	<u>¥ 45,170</u>	<u>¥ 42,831</u>	<u>\$ 345,690</u>
For the years ended March 31, 2000 and 2001			
Lease income -----	¥ 18,617	¥ 17,932	\$ 144,730
Depreciation expense -----	15,380	14,905	120,299

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

21. Derivative Transaction

The Bank enters into various contracts, including swaps, options, forwards and futures covering interest rates, foreign currencies, stocks and bonds in order to meet customers' needs and manage risk of market fluctuations related to the assets, liabilities and interest rates of the Bank and its consolidated subsidiaries. The Bank has established procedures and controls to minimize market and credit risk including limits on transaction levels, hedging exposed positions, daily reporting to management, and outside review of trading department activities. Outstanding derivatives were as follows:

(1) Interest rate related transactions

	Millions of yen				Thousands of U.S. dollars
	2001				2001
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)
Over-the-counter transactions:					
Swaps:					
Receive fixed rate and pay floating rate	¥ 11,500	¥ 500	¥ 195	¥ 195	\$ 1,574
Receive floating rate and pay fixed rate	33,217	29,217	(745)	(745)	(6,013)

The above transactions were listed at market values and recognized gains (losses) were included in the consolidated statement of income. The derivatives transactions for which hedge accounting has been applied were excluded from the above transactions. Market values for over-the-counter transactions are calculated at discounted present values and formulas for option prices.

	Millions of yen			
	2000			
	Contract amount	Portion maturing over one year	Market value	Unrecognized gain (loss)
Over-the-counter transactions:				
Swaps:				
Receive fixed rate and pay floating rate	¥ 11,100	¥ 10,100	¥ 618	¥ 618
Receive floating rate and pay fixed rate	51,900	40,500	(1,641)	(1,641)

Market values for over-the-counter transactions are calculated at discounted present values and formulas for option prices.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

21. Derivative Transaction(cont'd)

(2) Currency and foreign exchange transactions

	Millions of yen				Thousands of U.S. dollars
	2001				2001
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)
Over-the-counter transactions:					
Currency swaps:	¥ 22,202	¥ 14,514	¥ (18)	¥ (18)	\$ (145)

The above transactions were listed at market values and recognized gains (losses) were included in the consolidated statement of income. Market values for over-the-counter transactions are calculated at discounted present values. The derivatives transactions for which hedge accounting has been applied and the following currency swaps were excluded from the above transactions.

The following currency swaps were revalued at the balance sheet date and the gains (losses) are allocated each year to the consolidated statement of income:

	Millions of yen			Thousands of U.S. dollars
	2001			2001
	Contract amount	Market value	Unrealized gain (loss)	Unrealized gain (loss)
Over-the-counter transactions:				
Currency swaps:	¥ 85,298	¥ (407)	¥ (407)	\$ (3,285)

Forward foreign exchange contracts are not disclosed above because they were revalued at the balance sheet date and their gains (losses) were included in the consolidated statements of income. At March 31, 2001, the Bank had contracts to purchase foreign currencies of ¥658 million (\$5,311 thousand) and to sell foreign currencies of ¥954 million (\$7,700 thousand).

At March 31, 2000 the Bank had the following currency swaps:

	Millions of yen			
	2000			
	Contract amount	Portion maturing over one year	Market value	Unrealized gain (loss)
Over-the-counter transactions:				
Currency swaps:				
U.S. dollars	¥ 73,962	¥ 2,654	¥ (733)	¥ (733)
Euro	1,532	-	(43)	(43)

Market values for over-the-counter transactions are calculated at discounted present values. Certain forward foreign exchange contracts, currency options and other currency related derivative financial instruments are not disclosed because they were revalued at the balance sheet date and their gains (losses) were included in the consolidated statements of income. At March 31, 2000, the Bank had contracts to purchase foreign currencies of ¥1,878 million and to sell foreign currencies of ¥1,152 million.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

21. Derivative Transaction(cont'd)

(3) Bond related transactions

	Millions of yen				Thousands of
	2001				U.S. dollars
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	2001 Recognized gain (loss)
Transactions listed on exchanges:					
Sell futures	¥ 1,500	¥ -	¥ (7)	¥ (7)	\$ (56)
Buy futures	500	-	1	1	8

The above transactions were listed at market values and recognized gains (losses) were included in the consolidated statement of income. The derivative transactions for which hedge accounting has been applied were excluded from the above transactions. Market values for over-the-counter transactions are calculated at formulas for option prices.

At March 31, 2000 the Bank had the following currency swaps:

	Millions of yen			
	2000			
	Contract amount	Portion maturing over one year	Market value	Unrecognized gain (loss)
Transactions listed on exchanges:				
Sell futures	¥ 1,310	¥ -	¥ 1315	¥ (5)
Buy futures	5,251	-	5,260	9

Market values for over-the-counter transactions are calculated at formulas for option prices.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

22. Segment Information

The Bank and its consolidated subsidiaries are engaged in the commercial banking, leasing and other businesses. Information by industry segment as of and for the years ended March 31, 2001 and 2000 is, as follows:

Millions of yen						
2001						
	Commercial banking	Leasing	Other businesses	Total	Elimination	Consolidated total
Ordinary income						
Customers -----	¥ 73,665	¥ 19,083	¥ 60	¥ 92,808	¥ -	¥ 92,808
Intersegment -----	168	291	253	712	(712)	-
Total	73,833	19,374	313	93,520	(712)	92,808
Ordinary expenses ----	64,296	18,486	256	83,038	(702)	82,336
Ordinary net income --	¥ 9,537	¥ 888	¥ 57	¥ 10,482	¥ (10)	¥ 10,472
Assets -----	¥ 2,493,185	¥ 43,481	¥ 276	¥ 2,536,942	¥ (8,749)	¥ 2,528,193
Depreciation -----	1,799	15,106	2	16,907	-	16,907
Capital expenditure ---	2,501	13,927	1	16,429	-	16,429

Thousands of U.S. Dollars						
2001						
	Commercial banking	Leasing	Other businesses	Total	Elimination	Consolidated total
Ordinary income						
Customers -----	\$ 594,552	\$ 154,020	\$ 484	\$ 749,056	\$ -	\$ 749,056
Intersegment -----	1,356	2,348	2,042	5,746	(5,746)	-
Total	595,908	156,368	2,526	754,802	(5,746)	749,056
Ordinary expenses ----	518,935	149,201	2,066	670,202	(5,666)	664,536
Ordinary net income --	\$ 76,973	\$ 7,167	\$ 460	\$ 84,600	\$ (80)	\$ 84,520
Assets -----	\$ 20,122,559	\$ 350,936	\$ 2,228	\$ 20,475,722	\$ (70,613)	\$ 20,405,109
Depreciation -----	14,520	121,921	16	136,457	-	136,457
Capital expenditure ---	20,186	112,405	8	132,599	-	132,599

Millions of yen						
2000						
	Commercial banking	Leasing	Other businesses	Total	Elimination	Consolidated total
Ordinary income						
Customers -----	¥ 66,749	¥ 19,884	¥ 77	¥ 86,710	¥ -	¥ 86,710
Intersegment -----	176	322	239	737	(737)	-
Total	66,925	20,206	316	87,447	(737)	86,710
Ordinary expenses ----	60,004	19,116	303	79,423	(699)	78,724
Ordinary net income --	¥ 6,921	¥ 1,090	¥ 13	¥ 8,024	¥ (38)	¥ 7,986
Assets -----	¥ 2,346,592	¥ 45,125	¥ 242	¥ 2,391,959	¥ (8,565)	¥ 2,383,394
Depreciation -----	2,297	15,559	5	17,861	-	17,861
Capital expenditure ---	982	15,224	4	16,210	-	16,210

Ordinary income represents total income excluding gains on dispositions of premises and equipment and collection of written-off claims. Ordinary expenses represent total expenses excluding losses on disposition of premises and equipment.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2000 and 2001

22. Segment Information(cont'd)

As mentioned in Note 2 " Summary of significant accounting policies " , effective April 1, 2000, the Bank adopted the new accounting standard for employees ' severance and pension benefits. Due to this change, the ordinary net income of " Commercial banking " , " Leasing " , and " Other businesses " , increased by ¥646 million (\$5,214 thousand), ¥3 million (\$24 thousand) and ¥6 million (\$48 thousand) for the year ended March 31, 2001, compared with what would have been recorded under the previous accounting standard.

As mentioned in Note 3 "Addiitional Information", effective April 1,2000 the Bank adopted the new accounting standard for financial instruments. Due to this charge , the ordinary net income of "Commercial Banking" and "Leasing", decreased by ¥764 million (\$6,166 thousand) and ¥56 million (\$452 thousand) for the year ended March 31, 2001, compared with what would have been recorded under the previous accounting standard.

23. Transaction with Related Parties

A statutory auditor of the Bank, Mr. Tkeaki Nishino is also a director of Nishinokinryo Co, Ltd. At March 31, 2001 and 2000, the Bank had outstanding loans to Nishinokinryo Co, Ltd. of ¥4,899 million (\$39,540 thousand) and ¥4,579 million, respectively.

24. Subsequent Event

The ordinary shareholders' meeting of the Bank, which was held on June 28, 2001, duly approved the following appropriations of retained earnings as of March 31, 2001.

	Millions of yen	Thousands of U.S. dollars
Retained earnings at March 31, 2001-----	¥ 6,038	\$ 48,733
Appropriations:		
Cash dividends (¥ 2.50 per share) -----	(602)	(4,859)
Officers' bonuses -----	(35)	(282)
Transfer to general reserves -----	(500)	(4,036)
Revenue reserves -----	(1,295)	(10,452)
Retained earnings carried forward-----	<u>¥ 3,606</u>	<u>\$ 29,104</u>



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