



The Awa Bank, Ltd.

Consolidated Financial Statement s

The Awa Bank, Ltd. and its Consolidated Subsidiaries

Years ended March 31, 2001 and 2002

Report of Independent Certified Public Accountants

To the Shareholders and the Board of Directors of  
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 2002, 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 2002, 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 (Note 1) applied on a consistent basis during the periods, except for the new accounting policies in the following paragraph.

As explained in Notes 2 and 3, in the year ended March 31, 2001, The Awa Bank, Ltd., and its subsidiaries prospectively adopted new Japanese accounting standards for employees' retirement benefits and financial instruments.

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.

Osaka, Japan  
June 27, 2002



Asahi & Co.

Consolidated Balance Sheets  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2002	2002
<b>Assets</b>			
Cash and due from banks (Note 4)	¥ 40,780	¥ 151,366	\$ 1,135,955
Call loans and bills purchased	231,376	138,998	1,043,137
Commercial paper and other debt purchased	1,426	1,310	9,831
Trading account securities (Note 5)	3,669	6,438	48,315
Funds held in trust (Note 6)	15,903	15,653	117,471
Securities (Notes 5 & 10)	487,707	510,140	3,828,443
Loans and bills discounted (Notes 7, 8, 9, 10)	1,654,702	1,608,941	12,074,604
Foreign exchanges	3,031	2,975	22,326
Other assets (Note 10)	48,112	43,615	327,317
Premises and equipment (Notes 10, 11, 12)	39,673	39,180	294,034
Deferred tax assets (Note 13)	6,396	15,476	116,143
Customers' liabilities for acceptances and guarantees (Note 14)	32,465	21,643	162,424
Less: Reserve for possible loan losses	(37,047)	(32,920)	(247,054)
Total assets	<u>¥ 2,528,193</u>	<u>¥ 2,522,815</u>	<u>\$ 18,932,946</u>
<b>Liabilities</b>			
Deposits (Note 10)	¥ 2,138,229	¥ 2,216,816	\$ 16,636,518
Certificates of deposit	72,870	26,210	196,698
Call money and bills sold	7,910	-	-
Borrowed money (Notes 10 & 15)	62,201	56,678	425,351
Foreign exchanges	28	35	263
Bonds (Note 16)	20,000	20,000	150,094
Other liabilities	37,520	31,851	239,032
Accrued employees' bonuses (Note 2.(8))	-	37	278
Employees' severance and retirement benefits (Note 17)	8,560	7,544	56,615
Deferred tax liabilities for land revaluation account (Note 12)	3,787	3,730	27,992
Acceptances and guarantees (Note 14)	32,465	21,643	162,424
Total liabilities	<u>2,383,570</u>	<u>2,384,544</u>	<u>17,895,265</u>
Minority interests in consolidated subsidiaries	<u>6,916</u>	<u>7,342</u>	<u>55,099</u>
<b>Shareholders' equity</b>			
Common stock :			
Authorized - 497,533,000 shares (Note 18)			
Issued - 240,822,678 shares in 2001 and 2002	23,453	23,453	176,008
Capital surplus	16,233	16,233	121,824
Land revaluation account (Note 12)	5,286	5,205	39,061
Retained earnings	74,728	76,298	572,593
Net unrealized holding gains on securities	18,875	11,539	86,597
Sub-total	<u>138,575</u>	<u>132,728</u>	<u>996,083</u>
Less: Treasury stock -at cost	(2)	(933)	(7,002)
Common stock held by subsidiaries	(866)	(866)	(6,499)
Total shareholders' equity	<u>137,707</u>	<u>130,929</u>	<u>982,582</u>
Total liabilities, minority interest and shareholders' equity	<u>¥ 2,528,193</u>	<u>¥ 2,522,815</u>	<u>\$ 18,932,946</u>

Consolidated Statements of Income  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2002	2002
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥ 40,690	¥ 38,472	\$ 288,720
Interest and dividends on securities	13,271	12,155	91,220
Other interest income	4,512	2,747	20,615
Fees and commissions	5,096	5,188	38,934
Other operating income	24,695	22,770	170,882
Other income:			
Gain on sale of securities for establishment of retirement benefit trust	3,457	-	-
Gain on sales of securities for the transition obligation of employees' severance and retirement benefit plans	3,307	-	-
Other income	4,600	4,563	34,244
Total income	<u>99,628</u>	<u>85,895</u>	<u>644,615</u>
Expenses:			
Interest expense:			
Interest on deposits and certificates of deposit	5,560	3,295	24,728
Interest on borrowings, rediscounts and bonds	1,834	1,771	13,291
Other interest expense	5,968	4,720	35,422
Fees and commissions	1,224	1,270	9,531
Other operating expenses	20,263	18,898	141,824
General and administrative expenses	30,322	31,103	233,418
Other expenses :			
Provision for loan losses	15,985	13,898	104,300
Transition obligation of employees' severance and retirement benefit plans	9,953	-	-
Other expenses	1,484	5,183	38,897
Total expenses	<u>92,593</u>	<u>80,138</u>	<u>601,411</u>
Income before income taxes	7,035	5,757	43,204
Income taxes (Note 13) :			
Current	9,552	6,456	48,449
Deferred	(6,453)	(3,874)	(29,073)
Minority interests	349	455	3,415
Net income	<u>¥ 3,587</u>	<u>¥ 2,720</u>	<u>\$ 20,413</u>

Per share of common stock :

	Yen		U.S. dollars (Note 1)
	2001	2002	2002
Net income per share (Note 20)	¥ 14.95	¥ 11.38	\$ 0.085

Consolidated Statements of Retained Earnings  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2002	2002
Balance a t beginning of the year	¥ 72,247	¥ 74,728	\$ 560,811
Net income	3,587	2,720	20,413
Transfer from land revaluation account	517	80	600
Effect of changes in investments accounted for by the equity method	10	-	-
Cash dividends - ¥5 per share (Note 19)	(1,199)	(1,195)	(8,968)
Bonuses to directors and statutory auditors	(35)	(35)	(263)
Common stock retired	(399)	-	-
Balance a t end of year	<u>¥ 74,728</u>	<u>¥ 76,298</u>	<u>\$ 572,593</u>

Consolidated Statements of Cash Flows  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2002	2002
Cash flows from operating activities:			
Income before income taxes	¥ 7,035	¥ 5,757	\$ 43,204
Depreciation	16,907	15,512	116,413
Increase (decrease) in reserve for possible loan losses	9,244	(4,127)	(30,972)
Increase in accrued employees' bonuses	-	37	278
Increase (decrease) in employees' severance and retirement benefits	2,794	(1,015)	(7,617)
Interest and dividend income	(58,473)	(53,374)	(400,555)
Interest expense	13,361	9,785	73,433
Securities gains-net	(8,417)	(1,242)	(9,321)
Funds held in trust losses (gains), net	(36)	164	1,231
Foreign exchange gains-net	(3,782)	(3,582)	(26,882)
Losses on disposal of premises and equipment, net	273	418	3,137
Net increase in trading account securities	(1,351)	(2,769)	(20,780)
Net decrease (increase) in loans and bills discounted	(46,155)	45,761	343,422
Net increase in deposits	83,060	78,587	589,771
Net increase (decrease) in certificates of deposit	14,050	(46,660)	(350,169)
Net decrease in borrowed money ( except for subordinated borrowed money )	(2,833)	(4,524)	(33,951)
Net decrease (increase) in due from banks ( except for deposits with the Bank of Japan )	(5,312)	10,290	77,223
Net decrease (increase) in call loans, bills purchased, commercial paper and other debt purchased	(94,919)	92,495	694,146
Net increase (decrease) in call money	5,264	(7,910)	(59,362)
Net decrease (increase) in foreign exchanges (assets)	(70)	60	450
Net increase in foreign exchanges (liabilities)	15	8	60
Net increase in straight bonds	10,000	-	-
Gain on sale of securities for establishment of retirement benefit trust	(3,457)	-	-
Contribution to retirement benefit trust	6,681	-	-
Interest and dividend received	57,384	53,900	404,503
Interest paid	(14,665)	(11,292)	(84,743)
Other	(8,192)	(12,852)	(96,450)
Sub-total	(21,594)	163,427	1,226,469
Income taxes paid	(6,790)	(8,486)	(63,685)
Net cash provided by (used in) operating activities	(28,384)	154,941	1,162,784
Cash flows from investing activities:			
Payments for purchases of securities	(213,767)	(222,961)	(1,673,254)
Proceeds from sales of securities	146,379	131,225	984,803
Proceeds from maturities of securities	63,625	62,281	467,400
Increase of funds held in trust	(10,000)	-	-
Decrease in funds held in trust	109	73	548
Payments for purchases of premises and equipment	(2,221)	(1,694)	(12,713)
Payments for disposal of premises and equipment	(82)	(41)	(308)
Proceeds from sales of premises and equipment	933	190	1,426
Net cash used in investing activities	(15,024)	(30,927)	(232,098)

Consolidated Statements of Cash Flows  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2002	2002
Cash flows from financing activities:			
Increase in subordinated borrowed money	-	5,000	37,523
Decrease in subordinated borrowed money	(5,600)	(6,000)	(45,028)
Proceeds from issues of subordinated bonds and convertible bonds	10,000	-	-
Dividends paid	(1,199)	(1,195)	(8,968)
Dividends paid to minority interests stockholders	(17)	(17)	(128)
Payments for purchases of treasury stock	(35)	(946)	(7,099)
Proceeds from sales of treasury stock	34	15	113
Common stock retired	(399)	-	-
Net cash provided by (used in) financing activities	<u>2,784</u>	<u>(3,143)</u>	<u>(23,587)</u>
Foreign currency translation adjustments	<u>13</u>	<u>5</u>	<u>38</u>
Net increase (decrease) in cash and cash equivalents	(40,611)	120,876	907,137
Cash and cash equivalents at beginning of year	<u>70,696</u>	<u>30,085</u>	<u>225,779</u>
Cash and cash equivalents at end of year (Note 4)	<u>¥ 30,085</u>	<u>¥ 150,961</u>	<u>\$ 1,132,916</u>

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

## 1. Basis of Presentation of Consolidated Financial Statements

The Awa Bank, Ltd. (the "Bank") and its consolidated 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"). Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of statements of retained earnings) from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation is not presented in the accompanying financial statements.

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, 2002, which was ¥133.25 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 2002 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.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

2. Significant Accounting Policies (cont'd.)

(2) Trading account securities

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.

(3) Securities

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.

(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.

Estimated useful lives of computers had been 6 years, but they have been changed to 4 years for personal computers (except computers used as servers) and 5 years for other computers commencing in the current fiscal year. This change had an immaterial effect on the financial statements.

At March 31, 2001 and 2002 the estimated useful lives are as follows:

	2001	2002
Buildings	19 ~ 50years	19 ~ 50years
Equipment	5 ~ 8years	4 ~ 8years

(5) Software costs

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

(6) Deferred assets

Bond issue costs of the Bank are expensed as incurred.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

2. Significant Accounting Policies (cont'd.)

(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 write-off amounts and 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.

For the fiscal year ended March 31, 2002, in the Bank and some consolidated subsidiaries, the portion that is estimated to be unrecoverable was written off from loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or in a similar financial condition. Estimated unrecoverable amounts were determined after excluding estimated recoverable amounts due to the existence of security interests or guarantees. As of March 31, 2002, estimated unrecoverable amounts were ¥ 10,597 million (\$ 79,527 thousand).

(8) Accrued employees' bonuses

Accrued employees' bonuses of the consolidated subsidiaries are recorded for payment of bonuses to employees for the fiscal year ended March 31, 2002. Of the estimated amount to be paid to employees, the necessary amount corresponding to the fiscal year ended March 31, 2001, is recorded in "other liabilities". At March 31, 2002 accrued bonuses are reported separately in the consolidated balance sheet. This change decreased "other liabilities" and increased "accrued employees' bonuses" by ¥37 million (\$ 278 thousand).

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

2. Significant Accounting Policies (cont'd.)

(9) Employees' severance and retirement benefits

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").

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.

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 and 2002 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets.

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, 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, 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, 2001 and 2002

2. Significant Accounting Policies (cont'd.)

(10) 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.

Formerly, the Bank applied the accounting standards for foreign currency transactions in the banking industry introduced in 1990. From this fiscal year, the Bank applies the revised accounting standard for foreign currency transactions ("Opinion Concerning Revision of Accounting Standard for Foreign Currency Transactions" issued by Business Accounting Deliberation Council on October 22, 1999), with the exception of "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No.20).

Financial swap transactions are accounted for pursuant to the Industry Audit Committee Report No.20 as follows:

Initial exchange cash flows are assumed as principal of claim and debt and are reported on the balance sheet at the exchange rate prevailing at the balance sheet date in the net amount.

The difference of the initial and final exchange cash flows by currency, which is the reflection of the difference in the yield between the currencies, is assumed as interest and is accounted for on an accrual basis on the balance sheet and the statement of income.

Financial swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold. The spot foreign exchange bought or sold is the swap transaction for borrowing or lending the principal equivalent of the funds. The forward foreign exchange bought or sold is the swap transaction of the foreign currency equivalent including the principal and corresponding interest to be paid or received, the amount and due date of which are predetermined.

This change has no impact on the financial statements.

(11) Accounting for leases

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

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

2. Significant Accounting Policies (cont'd.)

(12) 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. 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 at March 31, 2001 and 2002 are represented as deferred hedge losses. The gross amounts of deferred hedge losses and gains before netting were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Total deferred hedge losses:	¥ 1,457	¥ 1,139	\$ 8,548
Total deferred hedge gains:	¥ 110	¥ 123	\$ 923

Gains and losses on derivative transactions for hedging purpose were netted while gains and losses were recorded gross in the year ended March 31, 2000. This change had no effect on income before income tax, however it decreased total income and total expenses by ¥26 million each in 2001.

(13) 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.

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

2. Significant Accounting Policies(cont'd.)

(14) 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.

(15) 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

For the year ended March 31, 2001, 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, derivatives, 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 compared with what would have been recorded under the previous accounting standard.

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, 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Cash and due from banks -----	¥ 40,780	¥ 151,366	\$ 1,135,955
Deposits in foreign currencies -----	(10,000)	-	-
Other -----	(695)	(405)	(3,039)
Cash and cash equivalents -----	<u>¥ 30,085</u>	<u>¥ 150,961</u>	<u>\$ 1,132,916</u>

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

5. Securities

(1) The following tables summarize acquisition costs, book values and fair values of securities with available fair values as of March 31, 2001 and 2002:

Trading securities

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Book value (fair value) -----	¥ 3,669	¥ 6,438	\$ 48,315
Amount of net unrealized gains included in the income statement -----	27	12	90

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	-	
Total	¥ 7,332	¥ 7,769	¥ 437	¥ 437	¥ -	

	Millions of yen					
	2002					
	Book value	Fair value	Difference	Unrecognized		
			Gains	Losses		
Other-----	¥ 4,779	¥ 5,085	¥ 306	¥ 307	¥ 1	

	Thousands of U.S. dollars					
	2002					
	Book value	Fair value	Difference	Unrecognized		
			Gains	Losses		
Other-----	\$ 35,865	\$ 38,161	\$ 2,296	\$ 2,304	\$ 8	

Notes to Consolidated Financial Statements  
The Awa Bank, Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2001 and 2002

5. Securities (cont'd)

Available-for-sale securities:

Millions of yen					
2001					
	Acquisition cost	Book (fair) value	Difference	Unrealized	
				Gains	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
Other -----	53,296	53,131	(165)	826	991
Total -----	¥ 437,828	¥ 470,282	¥ 32,454	¥ 36,057	¥ 3,603

  

Millions of yen					
2002					
	Acquisition cost	Book (fair) value	Difference	Unrealized	
				Gains	Losses
Equity securities -----	¥ 36,336	¥ 45,417	¥ 9,081	¥ 11,117	¥ 2,036
Bonds -----	359,398	371,210	11,812	12,756	944
Japanese government bonds	149,188	152,925	3,737	3,812	75
Municipal bonds	108,532	115,260	6,728	6,728	-
Corporate bonds	101,678	103,025	1,347	2,216	869
Other -----	78,831	77,779	(1,052)	693	1,745
Total -----	¥ 474,565	¥ 494,406	¥ 19,841	¥ 24,566	¥ 4,725

  

Thousands of dollars					
2002					
	Acquisition cost	Book (fair) value	Difference	Unrealized	
				Gains	Losses
Equity securities -----	\$ 272,691	\$ 340,841	\$ 68,150	\$ 83,430	\$ 15,280
Bonds -----	2,697,171	2,785,816	88,645	95,729	7,084
Japanese government bonds	1,119,610	1,147,655	28,045	28,608	563
Municipal bonds	814,499	864,990	50,491	50,491	-
Corporate bonds	763,062	773,171	10,109	16,630	6,521
Other -----	591,602	583,707	(7,895)	5,201	13,096
Total -----	\$ 3,561,464	\$ 3,710,364	\$ 148,900	\$ 184,360	\$ 35,460

(2) Total sales of available-for-sale securities in the year ended March 31, 2001 amounted to ¥146,413 million and the related gains and losses amounted to ¥9,533 million and ¥337 million, respectively.

Total sales of available-for-sale securities in the year ended March 31, 2002 amounted to ¥131,225 million (\$ 984,803 thousand) and the related gains and losses amounted to ¥ 5,390 million (\$ 40,450 thousand) and ¥ 1,021 million (\$ 7,662 thousand), respectively.

Notes to Consolidated Financial Statements  
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5. Securities (cont'd)

(3) The following table summarizes book values of available-for-sale securities with no available fair values as of March 31, 2001 and 2002:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Non-listed domestic bonds -----	¥ 6,704	¥ 6,870	\$ 51,557
Non-listed equity securities -----	3,434	4,130	30,994
Total -----	¥ 10,138	¥ 11,000	\$ 82,551

(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	-
Other -----	4,371	25,405	17,892	-
Total -----	¥ 41,469	¥ 231,609	¥ 144,169	¥ 1,000

	Millions of yen			
	2002			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Bonds -----	¥ 50,121	¥ 186,234	¥ 140,220	¥ 1,504
Japanese government bonds	22,499	41,021	87,901	1,504
Municipal bonds	10,445	72,053	32,762	-
Corporate bonds	17,177	73,160	19,557	-
Other -----	8,617	38,195	23,284	229
Total -----	¥ 58,738	¥ 224,429	¥ 163,504	¥ 1,733

	Thousands of U.S. dollars			
	2002			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Bonds -----	\$ 376,142	\$ 1,397,628	\$ 1,052,308	\$ 11,287
Japanese government bonds	168,848	307,850	659,670	11,287
Municipal bonds	78,386	540,735	245,869	-
Corporate bonds	128,908	549,043	146,769	-
Other -----	64,668	286,642	174,739	1,719
Total -----	\$ 440,810	\$ 1,684,270	\$ 1,227,047	\$ 13,006

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5. Securities (cont'd)

(5) Net unrealized holding gains on securities that have been stated at market value at March 31, 2001 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Valuation gains			
Available-for-sale securities	¥ 32,454	¥ 19,841	\$ 148,901
Deferred tax liabilities	(13,547)	(8,282)	(62,154)
Net unrealized holding gains on securities (before adjustment for minority interests)	18,907	11,559	86,747
Minority interests	32	20	150
Net unrealized holding gains on securities	¥ 18,875	¥ 11,539	\$ 86,597

6. Funds Held in Trust

At March 31, 2001 and 2002, 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:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Book value (fair value) -----	¥ 15,903	¥ 15,653	\$ 117,471
Amount of net unrealized losses included in the income statements -----	¥ 33	¥ 61	\$ 458

7. Loans and Bills Discounted

At March 31, 2001 and 2002 loans and bills discounted include the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Loans to bankrupt customers-----	¥ 15,345	¥ 8,421	\$ 63,197
Loans past due six months or more-----	33,624	32,899	246,897
Loans past due three months or more-----	978	1,208	9,065
Restructured loans -----	15,178	19,487	146,244
Total	¥ 65,125	¥ 62,015	\$ 465,403

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#### 7. Loans and Bills Discounted (cont'd)

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 of customers in financial difficulties.

#### 8. Commercial Bills

The total face value of commercial bills obtained as a result of discounting was ¥63,329 million and ¥ 51,870 million (\$ 389,268 thousand) at March 31, 2001 and 2002.

#### 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 and 2002 amounted to ¥537,767 million and ¥ 549,184 million (\$ 4,121,456 thousand) which relates to agreements where the term 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.

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10. Asset Pledged

At March 31, 2001 and 2002, assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Securities -----	¥ 24,602	¥ 25,110	\$ 188,443
Lease receipts -----	460	393	2,949

The above pledged amounts secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Deposits -----	¥ 3,658	¥ 12,235	\$ 91,820
Borrowed money -----	340	260	1,951

In addition, at March 31, 2001 and 2002, certain investment securities, aggregating ¥44,383 million and ¥ 51,909 million (\$ 389,561 thousand), respectively, were pledged as collateral for settlement of exchange at The Bank of Japan and for other purposes. At March 31, 2001 and 2002, premises and equipment include guarantees of ¥516 million and ¥ 504 million (\$ 3,782 thousand), and other assets include deposits on future exchange of ¥2 million and ¥ 2 million (\$ 15 thousand), respectively.

11. Accumulated for Depreciation

At March 31, 2001 and 2002, accumulated depreciation of premises and equipment were ¥ 34,828 million and ¥ 31,835 million (\$ 238,912 thousand), 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 2002, the current market values of the revalued land decreased from the revalued amount by ¥1,885 million and ¥ 2,665 million (\$ 20,000 thousand), respectively.

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### 13 . Income Taxes

The Bank and its consolidated 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, 2001 and 2002. 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, 2001 and 2002.

	<u>2001</u>	<u>2002</u>
Statutory tax rate	41.7%	41.7%
Non-deductible expenses	1.3	1.5
Non-taxable dividend income	(0.1)	(0.2)
Per capita inhabitant tax	0.6	0.8
Other	0.6	1.1
Effective tax rate	<u>44.1%</u>	<u>44.9%</u>

Significant components of deferred tax assets and liabilities as of March 31, 2001 and 2002 are as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2001</u>	<u>2002</u>	<u>2002</u>
Deferred tax assets:			
Excess reserve for possible loan losses	¥ 12,105	¥ 15,123	\$ 113,493
Excess employees' severance and retirement benefits	1,740	1,840	13,809
Excess depreciation	4,204	3,869	29,036
Other	2,145	3,203	24,037
Total deferred tax assets	<u>¥ 20,194</u>	<u>¥ 24,035</u>	<u>\$ 180,375</u>
Deferred tax liabilities:			
Deferred gains on real properties	¥ (249)	¥ (274)	\$ (2,056)
Unrealized gains on securities	(13,546)	(8,282)	(62,154)
Other	(3)	(3)	(22)
Total deferred tax liabilities	<u>(13,798)</u>	<u>(8,559)</u>	<u>(64,232)</u>
Net deferred tax assets:	<u>¥ 6,396</u>	<u>¥ 15,476</u>	<u>\$ 116,143</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.

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15. Borrowed Money

Borrowed money at March 31, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Borrowing from banks -----	¥ 62,201	¥ 56,678	\$ 425,351

The weighted average interest rates on outstanding borrowings from banks at March 31, 2002 was 2.20%.

Borrowing from banks at March 31, 2001 and 2002 includes subordinated debt of ¥28,600 million and ¥ 27,600 million (\$ 207,129 thousand), respectively.

The following is a summary of maturities of borrowing from banks at March 31, 2002.

Year ending March 31:	Millions of yen		Thousands of U.S. dollars
2003-----	¥ 13,858		\$ 104,000
2004-----	7,570		56,810
2005-----	6,673		50,079
2006-----	4,538		34,056
2007-----	5,769		43,295
2008 and thereafter-----	18,270		137,111
Total -----	¥ 56,678		\$ 425,351

16. Bonds

Bonds at March 31, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
1.44% bonds, due November 10, 2005 -----	¥ 10,000	¥ 10,000	\$ 75,047
2.00% bonds, due December 22, 2010 -----	10,000	10,000	75,047
Total-----	¥ 20,000	¥ 20,000	\$ 150,094

Bonds at March 31, 2001 and 2002 includes subordinated debt of ¥10,000 million and ¥ 10,000 million (\$ 75,047 thousand).

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17. Employees' Severance and Retirement Benefits

The following table 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 and 2002.

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Benefit obligation at end of year -----	¥ (42,709)	¥ (48,829)	\$ (366,446)
Fair value of plan assets at end of year (including employees' retirement benefit trust)-	29,842	28,195	211,595
Funded status:			
Benefit obligation in excess of plan assets--	(12,867)	(20,634)	(154,851)
Unamortized actuarial differences -----	4,307	13,090	98,236
Accrued retirement benefits in the consolidated balance sheets -----	¥ (8,560)	¥ (7,544)	\$ (56,615)

Note: The consolidated subsidiaries have adopted the allowed alternative treatment of the accounting standards for retirement benefits for an unfunded lump - sum payment plan.

Expenses for retirement benefits of the Bank and its consolidated subsidiaries included the following components for the years ended March 31, 2001 and 2002.

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Service cost -----	¥ 1,146	¥ 1,142	\$ 8,570
Interest cost -----	1,459	1,488	11,167
Expected return on plan assets -----	(1,018)	(970)	(7,280)
Amortization of prior service costs ---	196	(829)	(6,221)
Amortization of actuarial differences	-	431	3,235
Transition obligation at date of adoption -	9,953	-	-
Net benefit cost -----	¥ 11,736	¥ 1,262	\$ 9,471

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 years ended March 31, 2001 and 2002, are as follows:

	2001	2002
Discount rate -----	3.5%	2.7%
Long-term rates of return on fund assets		
A funded contributory pension plan -----	4.00%	4.00%
Employees' retirement benefit trust -----	0.00%	0.00%
Method of attributing benefits to periods of service ----	Straight-line basis	Straight-line basis
Amortization period for actuarial differences -----	10 years	10 years
Amortization period for transition obligation at date of adoption -----	Fully expensed	-

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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.

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 2002, the Bank paid interim dividends of ¥2.50 per share, for a total of ¥604 million and ¥ 602 million (\$ 4,518 thousand), respectively.

20. Net Income Per Share

Net income per share is based on the weighted average number of share of common stock issued.

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21 . Finance Leases

(1) As lessee

Non-capitalized finance leases at March 31, 2001 and 2002 were as follows:

	Millions of		Thousands of
	2001	2002	U.S. dollars
Equipment, cost if capitalized -----	¥ 351	¥ 294	\$ 2,206
Less: estimated accumulated depreciation ----	(207)	(220)	(1,651)
Total -----	<u>¥ 144</u>	<u>¥ 74</u>	<u>\$ 555</u>
Lease commitments			
Due within one year -----	¥ 122	¥ 97	\$ 728
Due after one year -----	125	34	255
Total -----	<u>¥ 247</u>	<u>¥ 131</u>	<u>\$ 983</u>
For the years ended March 31, 2000 and 2001			
Lease expense -----	¥ 70	¥ 70	\$ 525
Depreciation expense, if capitalized -----	70	70	525

(2) As Lessor

Other assets include the following leased assets at March 31, 2001 and 2002.

	Millions of yen		Thousands of
	2001	2002	U.S. dollars
Leased assets-cost -----	¥ 116,617	¥ 111,476	\$ 836,593
Less: accumulated depreciation -----	(79,467)	(78,079)	(585,959)
	<u>¥ 37,150</u>	<u>¥ 33,397</u>	<u>\$ 250,634</u>
Future lease payments			
Due within one year -----	¥ 15,173	¥ 13,895	\$ 104,278
Due after one year -----	27,658	24,605	184,653
Total -----	<u>¥ 42,831</u>	<u>¥ 38,500</u>	<u>\$ 288,931</u>
For the years ended March 31, 2001 and 2002			
Lease income -----	¥ 17,932	¥ 16,544	\$ 124,158
Depreciation expense -----	14,905	13,639	102,356

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22. Derivative Transactions

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					
		2001					
		Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)		
Over - the-counter transactions:							
Swaps:							
Receive fixed rate and pay floating rate	¥	11,500	¥ 500	¥ 195	¥	195	
Receive floating rate and pay fixed rate		33,217	29,217	(745)		(745)	
		Millions of yen				Thousands of U.S. dollars	
		2002				2002	
		Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)	Recognized gain (loss)
Over - the-counter transactions:							
Swaps:							
Receive fixed rate and pay floating rate	¥	500	¥ -	¥ 1	¥	1	\$ 8
Receive floating rate and pay fixed rate		42,828	41,328	(684)		(684)	(5,133)

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.

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22. Derivative Transactions (Cont'd)

(2) Currency and foreign exchange transactions

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

  

		Millions of yen				Thousands of U.S. dollars
		2002				2002
		Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)
Over-the-counter transactions:						
Currency swaps		¥ 48,368	¥ 18,434	¥ (14)	¥ (14)	\$ (105)

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				
		2001				
		Contract amount	Market value	Unrealized gain (loss)		
Over-the-counter transactions:						
Currency swaps		¥ 85,298	¥ (407)	¥ (407)		

  

		Millions of yen			Thousands of U.S. dollars
		2002			2002
		Contract amount	Market value	Unrealized gain (loss)	Unrealized gain (loss)
Over-the-counter transactions:					
Currency swaps		¥ 14,851	¥ (72)	¥ (72)	\$ (540)

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22. Derivative Transactions (Cont'd)

(2) Currency and foreign exchange transactions (Cont'd)

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 and 2002, the Bank had contracts to purchase foreign currencies of ¥658 million and ¥ 1,361 million (\$ 10,214 thousand), and to sell foreign currencies of ¥954 million and ¥ 1,554 million (\$ 11,662 thousand), respectively.

(3) Bond related transactions

		Millions of yen					
		2001					
		Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)		
Transactions listed on exchanges:							
	Sell futures	¥ 1,500	¥ -	¥ (7)	¥ (7)		
	Buy futures	500	-	1	1		
		Millions of yen				Thousands of U.S. dollars	
		2002				2002	
		Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)	Recognized gain (loss)
Transactions listed on exchanges:							
	Sell futures	¥ 2,500	¥ -	¥ (11)	¥ (11)	\$ (83)	
	Buy futures	4,000	-	10	10	75	

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.

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23. 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					Consolidated total
	Commercial banking	Leasing	Other businesses	Total	Elimination	
Recurring income						
Customers -----	¥ 73,665	¥ 19,083	¥ 60	¥ 92,808	¥ -	¥ 92,808
Intersegment ----	168	291	253	712	(712)	-
Total	<u>73,833</u>	<u>19,374</u>	<u>313</u>	<u>93,520</u>	<u>(712)</u>	<u>92,808</u>
Recurring expenses -	64,296	18,486	256	83,038	(702)	82,336
Recurring net income	<u>¥ 9,537</u>	<u>¥ 888</u>	<u>¥ 57</u>	<u>¥ 10,482</u>	<u>¥ (10)</u>	<u>¥ 10,472</u>
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

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

As mentioned in Note 2 "Significant Accounting Policies", effective April 1, 2000, the Bank adopted the new accounting standard for employees' severance and retirement benefits. Due to this change, the recurring net income of "Commercial banking", "Leasing", and "Other businesses", increased by ¥646 million, ¥3 million and ¥6 million, respectively, for the year ended March 31, 2001, compared with what would have been recorded under the previous accounting standard.

As mentioned in Note 3 "Additional Information", effective April 1, 2000 the Bank adopted the new accounting standard for financial instruments. Due to this change, the recurring net income of "Commercial banking" and "Leasing", decreased by ¥764 million and ¥56 million, respectively, for the year ended March 31, 2001, compared with what would have been recorded under the previous accounting standard.

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23. Segment Information (Cont'd)

	Millions of yen					
	2002					
	Commercial banking	Leasing	Other businesses	Total	Elimination	Consolidated total
Recurring income						
Customers -----	¥ 68,480	¥ 17,311	¥ 60	¥ 85,851	¥ -	¥ 85,851
Intersegment ----	147	259	227	633	(633)	-
Total	<u>68,627</u>	<u>17,570</u>	<u>287</u>	<u>86,484</u>	<u>(633)</u>	<u>85,851</u>
Recurring expenses --	63,289	16,812	231	80,332	(620)	79,712
Recurring net income	<u>¥ 5,338</u>	<u>¥ 758</u>	<u>¥ 56</u>	<u>¥ 6,152</u>	<u>¥ (13)</u>	<u>¥ 6,139</u>
Assets -----	¥ 2,490,831	¥ 38,857	¥ 262	¥ 2,529,950	¥ (7,135)	¥ 2,522,815
Depreciation -----	1,700	13,812	-	15,512	-	15,512
Capital expenditure --	2,340	10,562	-	12,902	-	12,902

	Thousands of U.S. Dollars					
	2002					
	Commercial banking	Leasing	Other businesses	Total	Elimination	Consolidated total
Recurring income						
Customers -----	\$ 513,921	\$ 129,914	\$ 450	\$ 644,285	\$ -	\$ 644,285
Intersegment ----	1,103	1,944	1,704	4,751	(4,751)	-
Total	<u>515,024</u>	<u>131,858</u>	<u>2,154</u>	<u>649,036</u>	<u>(4,751)</u>	<u>644,285</u>
Recurring expenses --	474,964	126,169	1,734	602,867	(4,653)	598,214
Recurring net income	<u>\$ 40,060</u>	<u>\$ 5,689</u>	<u>\$ 420</u>	<u>\$ 46,169</u>	<u>\$ (98)</u>	<u>\$ 46,071</u>
Assets -----	\$ 18,692,916	\$ 291,610	\$ 1,966	\$ 18,986,492	\$ (53,546)	\$ 18,932,946
Depreciation -----	12,758	103,655	-	116,413	-	116,413
Capital expenditure --	17,561	79,265	-	96,826	-	96,826

Recurring income represents total income excluding gains on dispositions of premises and equipment and collection of written-off claims. Recurring 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, 2001 and 2002

24. Transaction with Related Party

A statutory auditor of the Bank, Mr. Takeaki Nishino is also a director of Nishinokinryo Co, Ltd. At March 31, 2001 and 2002, the Bank had outstanding loans to Nishinokinryo Co, Ltd. of ¥4,899 million and ¥ 4,802 million (\$ 36,038 thousand), respectively.

25. Subsequent Event

The ordinary shareholders' meeting of the Bank, which was held on June 27, 2002, duly approved the following appropriations of retained earnings as of March 31, 2002.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥ 2.50 per share) -----	¥ 598	\$ 4,488
Officers' bonuses -----	35	263