

ANNUAL REPORT 2002

Year ended March 31, 2002



THE HOKURIKU BANK, LTD.

A Message from the President



Shigeo Takagi, President



These individuals are responsible for management at the Hokuriku Bank.

(From left)
Tsuguo Iwata, Managing Director
Shigeo Takagi, President
Satoshi Kawai, Senior Managing Director
Hideaki Haoka, Managing Director

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Introduction

The Hokuriku Bank, Ltd. will have celebrated its 125th birthday as of August 2002. We have made our way through this age of countless obstacles spawned by volatile change due to the support of our customers and with a forward-looking, indomitable spirit inspired by *Kitamae-bune* (“Northbound Ships”). With the support of customers including Toyama Prefecture, Toyama City and Takaoka City, a third-party allocation of new stocks in February 2002 enabled us to increase our capital by ¥39.1 billion, substantially exceeding initial targets. We have been quite touched by the warm support received by many people during this period.

While the climate surrounding the banking industry may remain severe, executives and employees are working as a whole to achieve each measure of the management strategy outlined in Reform Program XXI in order to achieve a rapid, total V-shaped recovery, secure stable earnings and promptly resume dividends.

We ask all of you for your continued support and understanding.

Four Oaths

1. Spare No Efforts

Raise the Number of Business Visits to Meet Customer Needs

- The Hokuriku Bank will spare no efforts in visiting customers to encourage the importance of meeting customers face-to-face. The Japanese Confucian philosopher Baien Miura (1723-1789) was noted as saying, “*Ashi no kawa wa atsuki ga yoshi. Tsuru no kawa wa usuki ga yoshi.*” “The soles of the feet should be thick, but the surface of the face should be fine.” This means that no matter how demanding the labor, one must remain gentle and kind to others. In much the same way, management aims to encourage “thicker soles” in its employees’ feet by raising the number of visits by executives and employees to customers as a means of adequately addressing their needs.
- Strive alongside partners to aid in the expansion and reinvigoration of their business

2. Greater Convenience

Extend Holiday Operating Hours

The Hokuriku Bank will increase the number of branches operating over holidays to more easily allow customers to visit for consultation with their families.

Develop an Infrastructure for Greater Convenience

The Hokuriku Bank has strengthened its marketing infrastructure through a tie-up with postal savings office and convenience store ATMs. In particular, it has gained access to over 4,000 convenience store-based ATMs that provide free access to Hokuriku Bank customers during regular daytime hours. Future initiatives will include further expanding the infrastructure through a wider variety of service tie-ups and raising convenience for customers.

3. More Friendly Service

Foster Personal Loans as a Core Marketing Focus

The Hokuriku Bank will develop and market loans for housing and other needs to enable customers to live the good life and make their dreams come true.

Make Aggressive Efforts Toward Developing New Business Loan Products

In line with the needs of entrepreneurial customers, the Hokuriku Bank will work to introduce business loan products for which customers can more easily qualify.

4. More Streamlined Operations—Restructuring

Push for a More Streamlined, Grounded Management Structure

- The Hokuriku Bank is reassessing its organization and business range while working to ensure efficient placement of personnel and concentration of management expenses in key fields.
- The Hokuriku Bank is strategically merging, closing and relocating branches to rebuild the management structure.

Business Performance (Non-Consolidated Basis)

Net Income

Core business profit—income from such basic sources as deposits, loans and exchange transactions—rose ¥3.4 billion to ¥44.7 billion as a result of improved profit margins and reduced expenses.

However, an ordinary loss of ¥155.9 billion and a net loss of ¥135.6 billion were recorded owing to the disposal of losses in marketable securities following a rigorous assessment of the operating environment, which has been plagued with a prolonged recession and lackluster stock market, as well as from the necessary reserves for bad loans in accordance with the core principles of the government's Advanced Reform Program.

Deposits

The Hokuriku Bank has worked to promote deposit inducements by augmenting its Internet banking capabilities, launching such new products as Yume Pack, which combines fixed deposits with mutual funds, and conducting marketing activities to enhance convenience for customers through expansion of ATM networks via tie-ups with postal savings offices and convenience stores. Tie-ups with the convenience store-based ATM network, in particular, exceed 4,000 locations providing free access to Hokuriku Bank customers during regular daytime hours. Nonetheless, the impact of controlling the taking of large-scale fixed deposits with high interest rates resulted in a ¥22.5 billion drop in the balance of deposits at end of period to ¥5,240.6 billion.

Loans and Bills Discounted

As a regional bank, the Hokuriku Bank has efficiently invested funds in fields with strong credit demand to aid regional businesses in their expansion. It has also made aggressive efforts to provide small- and medium-sized companies in particular with relatively low, fixed-rate loans for corporate customers and the business loan product Quick Support 300. Efforts have also been concentrated on consultative and support services for the financial plans of individual customers. The Hokuriku Bank has established Loan ABC desks providing personalized service and extended operating hours at Hokugin Loan Plaza, the financing specialist for non-corporate customers. While personal loans rose, sluggishness in demand for credit in loans for business as a whole resulted in a ¥33.6 billion decline in total loans to ¥4,411.7 billion.

Capital Adequacy Ratio

Drastic disposal of unrealized capital losses on marketable securities and the increase in the balance of loan loss reserves reduced the capital adequacy ratio to 6.57% for the interim period, but the third-party allocation of ¥39.1 billion produced a ratio at fiscal year-end of 7.07%. This figure considerably clears the minimum domestic guideline of 4%.

Conclusion

Management Goals

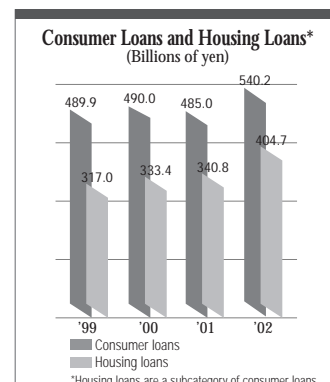
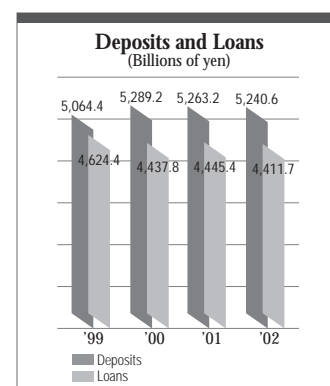
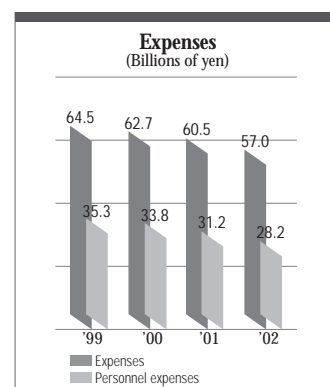
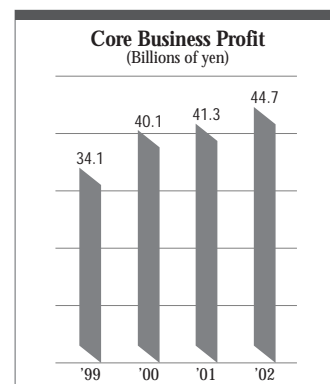
- Bolster regionally based activities to achieve marketing truly in tune with customers
- Create an atmosphere in which our customers feel comfortable visiting branches for financial advice
- Strive for transparent management and a rapid decision-making structure
- Steadily meet the targets of Reform Program XXI to achieve rapid V-shaped recovery in performance

The fierce management environment continues its onslaught. Just as there are no storms without end, however, there are no recessions without end. When considering the phrase "even in the best of times it is sometimes storming outside," it becomes clear that the time has come to begin making measurable advances toward reform. We aim to push forward as a management team to place ourselves at the core of the corporate reforms already under way.

While investing all of our energies into realizing an unparalleled level of regional expansion, we aim to make Groupwide efforts to streamline operations, raise efficiency for greater competitiveness and achieve fiscal soundness. In unison, we will rally both executives and employees around the goal of establishing an unwavering management base.

高木 繁雄

Shigeo Takagi
President



Financial Highlights (Consolidated Basis)

The Hokuriku Bank, Ltd. and Consolidated Subsidiaries Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2002	2001	2000	1999	1998	2002
FOR THE YEAR						
Total Income	¥ 154,516	¥ 170,171	¥ 367,406	¥ 397,615	—	\$ 1,159,602
Total Expenses	311,499	169,272	358,845	500,141	—	2,337,710
Income (Loss) Before Income						
Taxes	(156,982)	899	8,561	(102,525)	—	(1,178,108)
Net Income (Loss)	(135,697)	5,699	10,782	(69,904)	—	(1,018,365)
AT YEAR-END						
Total Assets	¥5,941,080	¥6,028,403	¥5,971,458	¥6,387,370	—	\$44,585,971
Deposits	5,253,535	5,385,870	5,296,955	5,111,577	—	39,426,156
Loans and Bills Discounted	4,377,066	4,414,698	4,405,388	4,600,466	—	32,848,528
Securities	813,574	863,866	881,906	769,740	—	6,105,623
Trading Assets	6,281	7,152	9,053	3,048	—	47,142
Trading Liabilities	527	734	512	965	—	3,960
Foreign Exchanges:						
Assets	14,086	12,999	12,653	15,355	—	105,717
Liabilities	94	214	208	180	—	709
Shareholders' Equity	179,214	284,493	280,239	194,145	—	1,344,947

Notes: (1) The Japanese yen figures are in millions with fractions omitted.

(2) Figures stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥133.25 per US\$1.00, the exchange rate prevailing at the end of March 2002.

(3) For the year ended March 31, 1998, consolidated financial statements have not been prepared due to the low significance of consolidation.

Financial Section

I Financial Review (Consolidated Financial Data)

The Hokuriku Bank, Ltd. and Consolidated Subsidiaries For the years ended March 31, 2002 and 2001

Total Income

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Interest on Loans and Discounts	¥ 91,545	¥ 97,978	\$ 687,019
Interest and Dividends on Securities	12,972	12,227	97,355
Other Interest Income	2,499	4,671	18,760
Fees and Commissions	13,146	12,828	98,660
Trading Revenue	222	435	1,673
Other Operating Income	2,293	3,679	17,211
Other Income	31,836	38,350	238,924
Total	¥154,516	¥170,171	\$1,159,602

Total Expenses

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Interest on Deposits	¥ 12,677	¥ 20,350	\$ 95,143
Interest on Borrowings and Rediscounts	1,760	2,447	13,214
Other Interest Expenses	3,179	3,239	23,859
Fees and Commissions	3,462	3,476	25,985
Trading Expenses	—	27	—
Other Operating Expenses	2,058	710	15,446
General and Administrative Expenses	59,431	63,328	446,013
Other Expenses	228,930	75,690	1,718,050
Total	¥311,499	¥169,272	\$2,337,710

Net Income

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Income before Income Taxes	¥(156,982)	¥ 899	\$ (1,178,108)
Income Taxes			
Current	272	97	2,049
Deferred	(22,006)	(4,333)	(165,152)
Minority Interests in Net Income	447	(564)	3,360
Net Income	¥(135,697)	¥ 5,699	\$ (1,018,365)

Main Accounts

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deposits	¥5,253,535	¥5,385,870	\$39,426,156
Loans and Bills Discounted	4,377,066	4,414,698	32,848,528
Securities	813,574	863,866	6,105,623

Capital Adequacy Ratio

	Percent	
	2002	2001
Total Risk-Based Capital Adequacy Ratio	7.09%	9.55%

II Consolidated Financial Statements

Consolidated Balance Sheets

The Hokuriku Bank, Ltd. and Consolidated Subsidiaries As of March 31, 2002 and 2001

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
ASSETS			
Cash and Due from Banks	¥ 401,277	¥ 151,271	\$ 3,011,465
Call Loans	51,000	241,800	382,739
Commercial Paper and Other Debt Purchased (Note 9)	8,529	16,131	64,011
Trading Assets (Note 3)	6,281	7,152	47,142
Money Held in Trust	4,599	19,110	34,518
Securities (Notes 4 and 9)	813,574	863,866	6,105,623
Loans and Bills Discounted (Notes 5 and 9)	4,377,066	4,414,698	32,848,528
Foreign Exchanges (Note 6)	14,086	12,999	105,717
Other Assets (Note 9)	75,672	80,662	567,899
Premises and Equipment (Notes 7 and 9)	131,276	134,300	985,186
Deferred Tax Assets (Note 16)	104,096	77,464	781,210
Customers' Liabilities for Acceptances and Guarantees (Note 8)	112,338	122,781	843,069
Reserve for Possible Loan Losses	(158,718)	(113,836)	(1,191,136)
Total Assets	¥5,941,080	¥6,028,403	\$44,585,971
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits (Notes 9 and 10)	¥5,253,535	¥5,385,870	\$39,426,156
Call Money and Bills Sold (Note 9)	200,300	—	1,503,189
Trading Liabilities (Note 3)	527	734	3,960
Borrowed Money (Note 11)	73,729	91,161	553,319
Foreign Exchanges (Note 6)	94	214	709
Corporate Bonds (Note 12)	35,000	37,100	262,664
Other Liabilities (Note 9)	44,272	66,809	332,253
Reserve for Employee Bonuses	7	—	60
Reserve for Employee Retirement Benefit	12,707	12,903	95,363
Reserve for Possible Losses on Sales of Loans (Note 13)	6,006	2,349	45,073
Other Reserves	—	2	—
Deferred Tax Liabilities for Revaluation	22,609	23,693	169,677
Acceptances and Guarantees (Note 8)	112,338	122,781	843,069
Total Liabilities	5,761,129	5,743,621	43,235,492
Minority Interests	737	288	5,532
Shareholders' Equity			
Capital Stock (Note 14)	140,409	120,842	1,053,730
Capital Surplus	115,345	95,778	865,635
Revaluation Excess	32,055	33,661	240,567
Consolidated Retained Earnings	(99,439)	35,257	(746,260)
Net Unrealized Losses on Available-for-sale Securities	(8,135)	—	(61,055)
Less, Treasury Stock	(12)	(0)	(94)
Less, Parent Company Stocks Held by Subsidiaries	(1,009)	(1,045)	(7,576)
Total Shareholders' Equity	179,214	284,493	1,344,947
Total Liabilities, Minority Interests and Shareholders' Equity	¥5,941,080	¥6,028,403	\$44,585,971

See accompanying Notes to Financial Statements.

Consolidated Statements of Operations and Retained Earnings

The Hokuriku Bank, Ltd. and Consolidated Subsidiaries For the years ended March 31, 2002 and 2001

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Income			
Interest Income:			
Interest on Loans and Discounts	¥ 91,545	¥ 97,978	\$ 687,019
Interest and Dividends on Securities	12,972	12,227	97,355
Other Interest Income	2,499	4,671	18,760
Fees and Commissions	13,146	12,828	98,660
Trading Revenue (Note 15)	222	435	1,673
Other Operating Income	2,293	3,679	17,211
Other Income	31,836	38,350	238,924
Total Income	154,516	170,171	1,159,602
Expenses			
Interest Expenses:			
Interest on Deposits	12,677	20,350	95,143
Interest on Borrowings and Rediscounts	1,760	2,447	13,214
Other Interest Expenses	3,179	3,239	23,859
Fees and Commissions	3,462	3,476	25,985
Trading Expenses (Note 15)	—	27	—
Other Operating Expenses	2,058	710	15,446
General and Administrative Expenses	59,431	63,328	446,013
Other Expenses	228,930	75,690	1,718,050
Total Expenses	311,499	169,272	2,337,710
Income (Loss) before Income Taxes	(156,982)	899	(1,178,108)
Income Taxes (Note 16)			
Current	272	97	2,049
Deferred	(22,006)	(4,333)	(165,152)
Minority Interests in Net Income (Loss)	447	(564)	3,360
Net Income (Loss)	(135,697)	5,699	(1,018,365)
Retained Earnings			
Balance, Beginning of Year	35,257	29,661	264,596
Additions to Consolidated Retained Earnings:			
Transfer from Revaluation Account	1,578	1,057	11,843
Deductions of Consolidated Retained Earnings:			
Cash Dividends	577	1,161	4,334
Net Income (Loss)	(135,697)	5,699	(1,018,365)
Balance, End of Year	¥ (99,439)	¥ 35,257	\$ (746,260)

See accompanying Notes to Financial Statements.

Consolidated Statements of Cash Flows

The Hokuriku Bank, Ltd. and Consolidated Subsidiaries For the years ended March 31, 2002 and 2001

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
I. Cash Flows from Operating Activities			
Net Income (Loss) before Adjustments (Taxes, etc.)	¥(156,982)	¥ 899	\$ (1,178,108)
Depreciation	17,561	19,196	131,793
Increase in Reserve for Possible Loan Losses	112,464	32,033	844,014
Increase in Reserve for Devaluation of Investment Securities	—	(221)	—
Increase in Reserve for Losses on Sales of Loans	3,656	(139)	27,439
Increase in Other Reserve	(2)	2	(15)
Increase in Reserve for Employee Bonuses	(5)	—	(44)
Increase in Reserve for Retirement Allowances	—	(12,961)	—
Increase in Reserve for Employee Retirement Benefit	(196)	12,903	(1,473)
Income from Lending Activities	(107,017)	(114,877)	(803,134)
Funding Costs	17,617	26,038	132,217
Loss (Gain) Related to Securities	86,377	1,273	648,240
Loss (Gain) on Money Held in Trust	(162)	612	(1,217)
Loss (Gain) on Foreign Exchange Translations	(22)	(43)	(169)
Loss (Gain) on Sales of Premises and Equipment	1,659	574	12,455
Decrease (Increase) in Trading Account Assets	871	1,900	6,537
Increase (Decrease) in Trading Account Liabilities	(206)	222	(1,553)
Net Decrease (Increase) in Loans and Bills Discounted	(29,938)	(51,254)	(224,677)
Net Increase (Decrease) in Deposits	(28,196)	(21,721)	(211,603)
Net Increase (Decrease) in NCDs	(104,139)	110,636	(781,533)
Net Increase (Decrease) in Borrowed Money (excluding subordinated loans) ...	(4,432)	(7,329)	(33,261)
Net Decrease (Increase) in Deposits with Banks (excluding Central Bank) ...	44,215	12,904	331,827
Net Decrease (Increase) in Call Loans	198,405	(95,361)	1,488,973
Net Increase (Decrease) in Call Money	200,300	—	1,503,190
Net Increase (Decrease) in Funds Held as Collateral for Securities Lent Out ...	(5,213)	5,213	(39,125)
Net Decrease (Increase) in Foreign Exchanges (Assets)	(1,087)	(346)	(8,160)
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	(120)	6	(905)
Revenue from Lending Activities	94,026	101,315	705,641
Payments for Funding Expenses	(17,038)	(29,242)	(127,872)
Other	(15,986)	(7,722)	(119,970)
Subtotal	306,409	(15,489)	2,299,507
Corporate and Other Taxes Paid	(89)	(98)	(674)
Net Cash Provided by (Used in) Operating Activities	306,319	(15,587)	2,298,833
II. Cash Flows from Investing Activities			
Purchases of Securities	(568,836)	(519,091)	(4,268,940)
Proceeds from Sales of Securities	292,968	321,923	2,198,635
Proceeds from Redemption of Securities	217,870	228,304	1,635,049
Increase in Money Held in Trust	—	(1,700)	—
Decrease in Money Held in Trust	15,389	—	115,492
Revenue from Investment Activities	11,415	12,495	85,668
Proceeds from Sales of Premises and Equipment	(4,952)	5,993	(37,168)
Purchase of Premises and Equipment	2,026	(9,342)	15,205
Net Cash Provided by (Used in) Investing Activities	(34,119)	38,585	(256,059)
III. Cash Flows from Financing Activities			
Repayment of Subordinated Borrowings	(13,000)	(19,400)	(97,561)
Payments to Bonds and Convertible Bonds	(1,546)	(9,683)	(11,602)
Payments to Financing Activities	(2,034)	(2,661)	(15,271)
Issuance of Common Stock	39,134	—	293,693
Issuance of Common Stock for Minority Interests	—	570	—
Dividends Paid	(578)	(1,161)	(4,340)
Purchase of Treasury Stock	—	(370)	—
Proceeds from Sales of Treasury Stock	24	—	182
Net Cash Provided by (Used in) Financing Activities	21,999	(32,706)	165,101
IV. Effects of Changes in Exchange Rates on Cash and Cash Equivalents ..	22	43	169
V. Net Increase (Decrease) in Cash and Cash Equivalents	294,221	(9,665)	2,208,044
VI. Cash and Cash Equivalents at Beginning of Period	78,446	88,112	588,720
VII. Cash and Cash Equivalents at End of Period (Note 17)	¥ 372,668	¥ 78,446	\$ 2,796,764

Notes to Consolidated Financial Statements

The Hokuriku Bank, Ltd. and Consolidated Subsidiaries

1. Basis of presentation

The accompanying consolidated financial statements of The Hokuriku Bank, Ltd. (the "Bank") and its consolidated subsidiaries (together referred to as "Hokuriku Group") have been prepared in conformity with generally accepted accounting principles and practices in Japan, which consist of several sources including, but not limited to, Financial Statements Regulations, Consolidated Financial Statements Regulations and the Securities and Exchange Law of Japan.

Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Also, accounting principles and practices generally accepted in Japan are different from International Accounting Standards in certain respects as to application and disclosure requirements.

The yen amounts of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding amounts less than ¥1 million. Therefore, total or subtotal amounts appearing in the accompanying consolidated financial statements and notes thereto do not necessarily correspond to the aggregation of such account balances.

The U.S. dollar amounts, included solely for convenience, represent the arithmetical results of translating original Japanese yen amounts to U.S. dollars at the rate of ¥133.25 to \$1.00, the exchange rate prevailing at the end of March 2002. The U.S. dollar amounts are then rounded to thousands.

2. Significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Bank and its eight subsidiaries after the elimination of all significant intercompany transactions, balances and unrealized profit.

The subsidiaries are Hokugin Jimu Daiko Co., Ltd.; Hokugin Business Services Co., Ltd.; Hokugin Office Services Co., Ltd.; Hokugin Real Estate Services Co., Ltd.; Hokugin Jimushuchu Co., Ltd.; Hokugin Shisankanri Co., Ltd.; Hokuriku International Cayman Ltd.; and Hokugin Lease Co., Ltd.

There are six affiliates for which the equity method does not apply as they do not have a significant impact on the consolidated financial statements.

These affiliates are Hokuriku Hosho Services Co., Ltd.; Hokuriku Card Co., Ltd.; Hokuriku Capital Co., Ltd.; Hokugin Software Co., Ltd.; Hokugin Investment Management Co., Ltd.; and Hokuriku Credit Service Co., Ltd.

(b) Trading accounts

Securities and monetary claims held by the Bank are stated at market value, and financial derivatives, such as swaps, futures and options held by the Bank, are stated at estimated value assuming that they were settled at the date of statement.

There are no trading assets held by the subsidiaries.

(c) Basis and method of evaluation of securities

Securities held to maturity are stated at amortized cost (straight-line method), cost being determined by the moving average method, and stocks of affiliated companies are stated at cost determined by the moving average method. Available-for-sale securities that have a market value are stated at mark-to-market on a current value basis at the fiscal year-end (the cost of sales, in principle, is computed by the moving average method) and other non-marketable securities are stated at cost or at amortized cost computed by the moving average method. From the fiscal year ended March 31, 2002, the evaluation method at mark-to-market on a current value basis was adapted to available-for-sale securities that have a market value. As a result, unrealized gains and losses on available-for-sale securities that have a market value are included as a separate component of shareholders' equity, net of tax.

Securities managed as trust assets in individually operated money trusts, mainly invested in securities, are stated at mark-to-market on a current value basis.

(d) Basis and method of evaluation of derivative transactions

Derivative transactions (excluding transactions for trading purposes) are stated at mark-to-market on a current value basis.

(e) Method of calculating depreciation

Equipment is depreciated using the declining-balance method and premises are depreciated using the straight-line method. The estimated ranges of useful lives are principally as follows:

Premises: 15-39 years

Equipment: 5-6 years

Depreciation of lease assets of the consolidated subsidiaries, which are included in other assets in the consolidated balance sheets, is recorded using the straight-line method based on the lease commitments.

In accordance with the Law for Revaluation of Land (Law 34, issued on March 31, 1998), the Bank revalued land held for business purposes. The unrealized gain on the revaluation of land, net of tax, was reported as "Revaluation Excess" within shareholders' equity, and the relevant deferred tax was included in liabilities as "Deferred Tax Liabilities for Revaluation."

Revaluation date: March 31, 1998

Revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation: The value of land is based on the official notice prices calculated as directed by public notification of the Commissioner of the National Tax Administration and as provided for in the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998), after making reasonable adjustments.

As of March 31, 2002, the book value of the land after revaluation was ¥27,391 million (U.S.\$205,566 thousand) less than its above-mentioned value.

(f) Software

Costs of computer software developed or obtained for internal use are principally deferred and amortized using the straight-line method over estimated useful lives of 6 years.

(g) Reserve for possible loan losses

In accordance with the Bank's own reserve and charge-off policy, the reserve for possible loan losses has been set aside as follows. For borrowers that are actually in legal bankruptcy proceedings (hereafter "formal bankruptcy") or borrowers in a similar situation (hereafter, "de facto bankruptcy"), the reserve in the amount equivalent to the amount outstanding, after subtracting the possible disposal amount of collateral and possible recovery amount from guarantees, is provided. For borrowers that are not yet in bankruptcy, but have a high possibility of becoming so hereafter, the possible disposal amount of collateral and possible recovery amount from guarantees are subtracted from the amount of the outstanding loans. The necessary amount is then set aside as reserve, after determining the payment capabilities of the borrower, from the amount remaining. For borrowers other than those indicated above, the amount set aside as reserve is based on several factors, including the percentage of the credit losses as calculated based upon the specific actual past loss ratio.

As for specific overseas borrowers, the expected amount of losses incurred due to a political or economic crisis in the country will be provided for as a specific reserve for overseas loan losses (including reserves for losses on overseas investments, etc., as prescribed in Article 55-2 of the Exceptions to Tax Laws Act).

All claims of the Bank are subject to asset quality reviews conducted by the business units, using the guidelines the Bank has adopted for its "self-assessment," and the results of such reviews are also subject to further review audit by the credit review section, which is independent from these business units.

For consolidated subsidiaries, reserves are set aside in accordance with the Bank's own reserve and charge-off policy.

With respect to loans with collateral and/or guarantees extended to borrowers in formal bankruptcy or borrowers in de facto bankruptcy, the unrecoverable amount is estimated by deducting from the loan amount the realizable value of collateral or the amount likely to be recovered based on guarantees. The outstanding amount thus determined is then directly charged off from the loan amount as the amount that is not likely to be recovered, which was ¥196,998 million (U.S.\$1,478,416 thousand) at March 31, 2002.

5. Loans and bills discounted

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Bills Discounted	¥ 170,384	¥ 196,979	\$ 1,278,682
Loans on Bills	961,781	1,056,248	7,217,872
Loans on Deeds	2,482,537	2,475,858	18,630,673
Overdrafts	762,363	685,612	5,721,301
Total	¥4,377,066	¥4,414,698	\$32,848,528

Loans and Bills Discounted includes loans to borrowers under bankruptcy proceedings, overdue loans, loans overdue for at least three months and restructured loans.

The amounts of these loans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Loans to Borrowers under Bankruptcy			
Proceedings	¥107,343	¥ 34,920	\$ 805,581
Overdue Loans	232,032	270,918	1,741,330
Loans Overdue for at Least Three Months	2,631	2,531	19,746
Restructured Loans	80,017	103,852	600,507
Total	¥422,024	¥411,594	\$3,167,164

These amounts represent the amounts before deduction of the reserve for possible loan losses.

6. Foreign exchanges

Assets	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Due from Foreign Banks	¥ 3,087	¥ 968	\$ 23,168
Foreign Exchange Bills Bought	3,305	4,366	24,804
Foreign Exchange Bills Receivable	7,694	7,664	57,745
Total	¥14,086	¥12,999	\$105,717

Liabilities	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Due to Foreign Banks	¥ 0	¥ 72	\$ 5
Foreign Exchange Bills Sold	82	80	621
Foreign Exchange Bills Payable	11	61	83
Total	¥94	¥214	\$709

7. Premises and equipment

The accumulated depreciation as of March 31, 2002 and 2001 amounted to ¥82,238 million (U.S.\$617,173 thousand) and ¥86,250 million, respectively.

8. Customers' liabilities for acceptances and guarantees All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liability for acceptances and guarantees is also shown on the assets side, which represents the Bank's right of indemnity from the applicants.

9. Pledged assets Assets that are pledged as collateral as of March 31, 2002 are as follows:

	Millions of yen		Thousand of U.S. dollars
	2002	2001	2002
Assets that are pledged as collateral:			
Securities	¥304,369	¥118,415	\$2,284,199
Loans and Bills Discounted	1,150	12,490	8,630
Commercial Paper	1,000	—	7,505
Obligations corresponding to collateral assets:			
Deposits	¥ 38,216	¥39,467	286,806
Call Money and Bills Sold	200,300	—	1,503,189
Other Liabilities (Securities Lending Transactions with Pledged Money)	—	5,213	—

In addition to the above, as collateral relating to transactions on exchange settlements or as substitutes for futures transaction margins, securities of ¥76,154 million (U.S.\$571,516 thousand) and other assets of ¥8 million (U.S.\$64 thousand) are deposited items. Of equipment and premises, ¥2,591 million (U.S.\$19,445 thousand) consists of guarantee deposits.

10. Deposits

	Millions of yen		Thousand of U.S. dollars
	2002	2001	2002
Current Deposits, Ordinary Deposits, Saving Deposits and Deposits at Notice	¥2,124,974	¥1,539,526	\$15,947,278
Time Deposits and Installment Savings	2,925,069	3,520,897	21,951,738
Other Deposits	181,322	199,138	1,360,768
Subtotal	5,231,366	5,259,562	39,259,784
NCDs	22,169	126,308	166,372
Total	¥5,253,535	¥5,385,870	\$39,426,156

11. Borrowed money Borrowed money includes ¥57,000 million (U.S.\$427,767 thousand) in subordinated borrowings as of March 31, 2002.

12. Corporate bonds Corporate bonds include ¥35,000 million (U.S.\$262,664 thousand) of subordinate bonds as of March 31, 2002.

13. Reserve for possible losses on sales of loans Consideration is given to the value of the collateral of loans collateralized by real estate which were sold to the Cooperative Credit Purchasing Company. An estimate is made of future possible losses, and the necessary amount is accounted for under the above reserve.

14. Capital stock Information with respect to capital stock of the Bank as of March 31, 2002 and 2001, is as follows:

	2002	2001
Number of Shares:		
Authorized:		
Common	1,700,000,000	1,700,000,000
Preferred	300,000,000	300,000,000
Issued and Outstanding:		
Common	987,146,185	686,111,185
Preferred	150,000,000	150,000,000

Per Share Information

Net Assets per Share:	¥105.95	¥306.81
Basic Earnings per Share:	(185.21)	6.64

The fully diluted earnings per share are not shown, as there are no dilutive potential shares.

15. Trading revenue and expenses (a) *Trading revenue*

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Revenue from Trading Securities	¥165	—	\$1,240
Revenue from Trading Derivatives	57	¥435	433
Total	¥222	¥435	\$1,673

(b) *Trading expenses*

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Expenses on Trading Securities	¥—	¥27	\$—
Total	¥—	¥27	\$—

16. Income taxes

(a) The Bank and its domestic consolidated subsidiaries are subject to a number of income taxes, which in the aggregate resulted in a statutory tax rate of approximately 41.5% for the year ended March 31, 2001. Due to net loss for the year ended March 31, 2002, description is omitted.

	2002	2001
Statutory Tax Rate	/	41.47%
Valuation Allowance	/	(496.54%)
Tax Rate Change	/	29.36%
Dividend Income, Not Permanently Taxable	/	(68.97%)
Entertainment Expenses, Not Permanently Deductible	/	14.62%
Other	/	9.12%
Actual Effective Tax Rate	/	(470.92%)

(b) Significant components of deferred tax assets and liabilities for the years ended March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred Tax Assets			
Reserve for Possible Loan Losses	¥117,326	¥ 80,029	\$ 880,498
Depreciation	2,691	2,931	20,203
Employee Retirement Benefit	5,296	3,798	39,752
Net Unrealized Losses on Other Securities	5,737	—	43,058
Other	41,062	6,470	308,158
Operating Loss Carryforwards	19	7,771	145
Subtotal	172,134	101,001	1,291,814
Less: Valuation Allowance	67,922	23,412	509,737
Deferred Tax Assets	104,211	77,589	782,077
Deferred Tax Liabilities	115	124	867
Net of Deferred Tax Assets	¥104,096	¥ 77,464	\$ 781,210

17. Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows excluding due from banks except for deposits with the Bank of Japan are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and due from banks in balance sheet	¥401,277	¥151,271	\$3,011,465
Due from banks except for deposits with the Bank of Japan	(28,608)	(72,824)	(214,701)
Cash and cash equivalents in the statements of cash flows	¥372,668	¥78,446	\$2,796,764

18. 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, 2002 amounted to ¥1,079,041 million (\$8,097,873 thousand). Of this amount, ¥1,078,282 million (\$8,092,176 thousand) 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 their credit. Such measures include having the obligor pledge collateral to the Bank and its consolidated subsidiaries in the form of real estate, securities, etc. on signing the loan agreement, or in accordance with the Bank and its consolidated subsidiaries' established internal procedures confirming the obligor's financial condition, etc. at regular intervals.

19. Segment information (a) Segment information by business

For the fiscal year ended March 31, 2002 and 2001 on a consolidated basis is as follows:

	Millions of yen					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
2002						
I Ordinary Revenue						
(1) Ordinary Revenue from Outside						
Customers	¥ 130,942	¥21,645	¥ 1,577	¥ 154,165	¥ —	¥ 154,165
(2) Ordinary Revenue from Intersegment Transactions	1,788	515	3,862	6,166	6,166	—
Total	132,730	22,161	5,440	160,331	6,166	154,165
Ordinary Expenses	288,636	20,848	5,531	315,015	5,579	309,436
Ordinary Income (Loss)	¥ (155,906)	¥ 1,313	¥ (90)	¥ (154,683)	¥ 586	¥ (155,270)
II Identifiable Assets	¥5,977,188	¥54,620	¥53,182	¥6,084,991	¥143,910	¥5,941,080
Depreciation Expenses	3,818	13,469	273	17,561	—	17,561
Capital Expenditures	4,830	14,978	121	19,931	—	19,931

Note: Under Japanese accounting principles, ordinary income and expenses are defined as total income and expenses less those income and expense items classified as extraordinary income and expenses (such as gains or losses on the sale of real estate).

Thousands of U.S. dollars						
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I Ordinary Revenue						
(1) Ordinary Revenue from Outside						
Customers	\$ 982,682	\$162,442	\$ 11,842	\$ 1,156,966	\$ —	\$ 1,156,966
(2) Ordinary Revenue from Intersegment						
Transactions	13,419	3,871	28,985	46,275	46,275	—
Total	996,101	166,313	40,827	1,203,241	46,275	1,156,966
Ordinary Expenses	2,166,129	156,458	41,509	2,364,096	41,872	2,322,224
Ordinary Income (Loss)	\$ (1,170,028)	\$9,855	\$ (682)	\$ (1,160,855)	\$ 4,403	\$ (1,165,258)
II Identifiable Assets						
Depreciation Expenses	28,656	101,082	2,055	131,793	—	131,793
Capital Expenditures	36,253	112,409	915	149,577	—	149,577

Note: Under Japanese accounting principles, ordinary income and expenses are defined as total income and expenses less those income and expense items classified as extraordinary income and expenses (such as gains or losses on the sale of real estate).

Millions of yen						
2001	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I Ordinary Revenue						
(1) Ordinary Revenue from Outside						
Customers	¥ 143,764	¥24,224	¥ 1,824	¥ 169,813	¥ —	¥ 169,813
(2) Ordinary Revenue from Intersegment						
Transactions	2,073	401	3,855	6,330	6,330	—
Total	145,837	24,626	5,679	176,143	6,330	169,813
Ordinary Expenses	135,414	23,846	5,944	165,206	5,528	159,677
Ordinary Income (Loss)	¥ 10,422	¥ 779	¥ (264)	¥ 10,937	¥ 801	¥ 10,135
II Identifiable Assets						
Depreciation Expenses	3,853	15,036	306	19,196	—	19,196
Capital Expenditures	9,271	12,975	70	22,317	—	22,317

Note: Under Japanese accounting principles, ordinary income and expenses are defined as total income and expenses less those income and expense items classified as extraordinary income and expenses (such as gains or losses on the sale of real estate).

(b) As operations in Japan, in terms of all segments and total assets for all segments, accounted for more than 90% of total ordinary income, information by location has been omitted.

(c) As ordinary income from international operations accounted for less than 10% of total ordinary income, information about the ordinary income from international operations has been omitted.

20. Lease transactions

Finance lease transactions that do not transfer ownership of the leased property to the lessee for the year ended March 31, 2002 are as follows:

(Lessee)

• Pro forma information with respect to the leased property, such as acquisition cost, accumulated depreciation and net book value at March 31, 2002 and 2001 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acquisition Cost	¥40	¥42	\$307
Accumulated Depreciation	37	30	281
Net Book Value	¥ 3	¥11	\$ 26

• Pro forma amounts of obligations under finance lease at March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Within one year	¥ 3	¥ 8	\$26
Over one year	—	3	—
Total	¥ 3	¥11	\$26

• Pro forma information concerning lease payment and depreciation expenses for the years ended March 31, 2002 and 2001 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Lease payments	¥8	¥8	\$63
Depreciation expenses	8	8	63

• The method of calculating the pro forma amounts of depreciation expenses for the years ended March 31, 2002 and 2001 is as follows:

Depreciation is computed based on the straight-line method over the period of the lease, with no residual value.

(Lessor)

• Acquisition cost, accumulated depreciation and balance at March 31, 2002 and 2001 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acquisition Cost	¥66,036	¥73,923	\$495,584
Accumulated Depreciation	34,255	40,610	257,078
Balance at Year-End	¥31,780	¥33,312	\$238,506

• The pro forma amounts of lease receivable under finance lease at March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Within one year	¥12,995	¥ 6,390	\$ 97,530
Over one year	22,008	30,176	165,164
Total	¥35,003	¥36,567	\$262,694

Lease payment received and depreciation expenses for the years ended March 31, 2002 and 2001 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Lease payments received	¥15,652	¥17,173	\$117,467
Depreciation expenses	13,469	15,036	101,083

21. Retirement benefits

(a) Overview of retirement benefits

The Bank has a welfare pension fund, a qualified retirement pension fund, and an unfunded lump-sum benefit plan, all operated as defined benefit plans.

Domestic consolidated subsidiaries maintain unfunded lump-sum pension benefit plans.

(b) Retirement benefits

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Retirement benefit obligations (A)	¥(73,314)	¥(70,296)	\$(550,201)
Pension assets (B)	36,558	36,559	274,358
Retirement benefit obligations in excess of pension assets (C) = (A) + (B)	(36,756)	(33,737)	(275,843)
Unrecognized transitional obligation (D)	16,381	17,641	122,938
Unrecognized actuarial loss (E)	10,606	3,192	79,598
Unrecognized prior service costs (F)	(2,939)	—	(22,056)
Net retirement benefit obligations recognized on consolidated balance sheets (G) = (C) + (D) + (E) + (F)	(12,707)	(12,903)	(95,363)
Prepaid pension costs (H)	—	—	—
Reserve for employee retirement benefit (G) - (H)	¥(12,707)	¥(12,903)	\$(95,363)

(c) Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Prior service costs	¥1,611	¥1,956	\$12,091
Interest costs on projected benefit obligations ..	2,340	2,418	17,562
Estimated return on pension assets	(1,278)	(1,310)	(9,598)
Amortization of unrecognized prior service costs	(326)	—	(2,451)
Amortization of unrecognized actuarial gain or loss	319	—	2,396
Amortization of transitional obligation	1,260	1,260	9,457
Other (additional payments, including premium retirement benefits)	553	828	4,157
Net periodic benefit expenses	¥4,479	¥5,153	\$33,614

(d) Basis for calculation of retirement benefit obligations

	Consolidated fiscal year, as of March 31	
	2002	2001
(1) Discount rate	3.0%	3.5%
(2) Expected rate of return on pension assets	3.0%	3.5%
(3) Method of benefit attribution	Straight-line method using “benefit/year- of-service” approach	Straight-line method using “benefit/year- of-service” approach
(4) Period of amortization of unrecognized prior service costs	10 years	10 years
(5) Period of amortization of unrecognized actuarial gain or loss	10 years	10 years
(6) Period of amortization of transitional obligation	15 years	15 years

Market Value Information (Consolidated Financial Data)

1. Securities

Securities transactions in trading accounts are excluded from the table below because they are revalued at the end of the fiscal year and evaluation gains or losses are recognized in the Financial Statements.

2002

• Held-to-Maturity Bonds That Have a Market Value

Millions of yen					Thousands of U. S. dollars				
Book Value	Market Value	Net (A)-(B)	Unrealized Gain (A)	Unrealized Loss (B)	Book Value	Market Value	Net (A)-(B)	Unrealized Gain (A)	Unrealized Loss (B)
¥71,663	¥72,813	¥1,150	¥1,150	—	\$537,809	\$546,442	\$8,633	\$8,633	—

• Available-for-sale Securities That Have a Market Value

Millions of yen					Thousands of U. S. dollars				
Acquisition Cost	Book Value	Net (A)-(B)	Unrealized Gain (A)	Unrealized Loss (B)	Acquisition Cost	Book Value	Net (A)-(B)	Unrealized Gain (A)	Unrealized Loss (B)
¥706,512	¥692,639	¥(13,872)	¥21,762	¥35,633	\$5,302,150	\$5,198,044	\$(104,106)	\$163,312	\$267,418

2001

• Held-to-Maturity Bonds That Have a Market Value

Millions of yen				
Book Value	Market Value	Net (A)-(B)	Unrealized Gain (A)	Unrealized Loss (B)
¥71,989	¥72,752	¥763	¥804	¥41

• Available-for-sale Securities That Have a Market Value

Millions of yen				
Book Value	Market Value	Net (A)-(B)	Unrealized Gain (A)	Unrealized Loss (B)
¥771,636	¥717,090	¥(54,545)	¥17,502	¥72,047

2. Derivatives

2002

• Interest Rate Related Transactions

Millions of yen			Thousands of U.S. dollars		
Contract Value	Market Value	Recognized Gain (Loss)	Contract Value	Market Value	Recognized Gain (Loss)
¥50,021	¥55	¥153	\$375,396	\$418	\$1,153

• Currency Related Transactions

Millions of yen			Thousands of U.S. dollars		
Contract Value	Market Value	Recognized Gain (Loss)	Contract Value	Market Value	Recognized Gain (Loss)
¥38,837	¥32	¥32	\$291,464	\$247	\$247

2001

• Interest Rate Related Transactions

Millions of yen		
Contract Value	Market Value	Recognized Gain (Loss)
¥247,349	¥289	¥544

• Currency Related Transactions

Millions of yen		
Contract Value	Market Value	Recognized Gain (Loss)
¥19,477	¥14	¥14

At March 31, 2002 and 2001, the Bank and its consolidated subsidiaries had no outstanding contracts in stock related transactions, bond related transactions, product related transactions and credit derivative transactions.

Report of Independent Certified Public Accountants

The Board of Directors and Shareholders
The Hokuriku Bank, Ltd.

We have audited the consolidated balance sheets of The Hokuriku Bank, Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations, retained earnings, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied 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, expressed in yen, present fairly the financial position of The Hokuriku Bank, Ltd. and consolidated subsidiaries at March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan, applied on a consistent basis.

As described in Note 2 (c) to the consolidated financial statements, The Hokuriku Bank, Ltd. and consolidated subsidiaries adopted new accounting standards for Available-for-sale Securities effective April 1, 2001 in the preparation of the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for the convenience of the reader. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Toyama, Japan
June 27, 2002


Shin Nihon & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of The Hokuriku Bank, Ltd. under Japanese accounting principles and practices.

III Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

The Hokuriku Bank, Ltd. As of March 31, 2002 and 2001

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
ASSETS			
Cash and Due from Banks	¥ 399,877	¥ 150,155	\$ 3,000,956
Call Loans	51,000	241,800	382,739
Commercial Paper and Other Debt Purchased	8,529	16,131	64,011
Trading Assets	6,281	7,152	47,142
Money Held in Trust	4,599	18,997	34,518
Securities	813,071	862,019	6,101,849
Loans and Bills Discounted	4,411,792	4,445,404	33,109,135
Foreign Exchanges	14,086	12,999	105,717
Other Assets	32,276	33,494	242,222
Premises and Equipment	124,571	129,178	934,873
Deferred Tax Assets	103,462	76,866	776,452
Customers' Liabilities for Acceptances and Guarantees	164,528	177,866	1,234,738
Reserve for Possible Loan Losses	(156,888)	(111,976)	(1,177,402)
Total Assets	¥5,977,188	¥6,060,089	\$44,856,950
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits	¥5,262,848	¥5,392,509	\$39,496,046
Call Money and Bills Sold	200,300	—	1,503,189
Trading Liabilities	527	734	3,960
Borrowed Money	92,097	107,241	691,166
Foreign Exchanges	94	214	709
Other Liabilities	36,269	58,051	272,188
Reserve for Employee Retirement Benefit	12,591	12,790	94,494
Reserve for Possible Losses on Sales of Loans	6,006	2,349	45,073
Other Reserves	—	2	—
Deferred Tax Liabilities for Revaluation	22,609	23,693	169,677
Acceptances and Guarantees	164,528	177,866	1,234,738
Total Liabilities	5,797,872	5,775,454	43,511,240
Shareholders' Equity			
Capital Stock	140,409	120,842	1,053,730
Capital Surplus	115,345	95,778	865,635
Legal Reserve	15,794	15,678	118,531
Revaluation Excess	32,055	33,661	240,567
Retained Earnings	(116,141)	18,672	(871,603)
Net Unrealized Losses on Available-for-sale Securities	(8,135)	—	(61,056)
Less, Treasury Stock	(12)	—	(94)
Total Shareholders' Equity	179,315	284,634	1,345,710
Total Liabilities and Shareholders' Equity	¥5,977,188	¥6,060,089	\$44,856,950

Non-Consolidated Statements of Operations and Retained Earnings

The Hokuriku Bank, Ltd. For the years ended March 31, 2002 and 2001

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Income			
Interest Income:			
Interest on Loans and Discounts	¥ 92,226	¥ 98,738	\$ 692,128
Interest and Dividends on Securities	13,514	13,005	101,424
Other Interest Income	2,499	4,669	18,758
Fees and Commissions	12,995	12,690	97,524
Trading Revenue	222	435	1,673
Other Operating Income	2,293	3,679	17,212
Other Income	9,252	12,949	69,438
Total Income	133,004	146,167	998,157
Expenses			
Interest Expenses:			
Interest on Deposits	12,679	20,353	95,155
Interest on Borrowings and Rediscounts	2,072	2,704	15,551
Other Interest Expenses	2,453	2,434	18,415
Fees and Commissions	3,394	3,412	25,478
Trading Expenses	—	27	—
Other Operating Expenses	2,058	710	15,446
General and Administrative Expenses	58,938	62,747	442,316
Other Expenses	208,917	52,177	1,567,858
Total Expenses	290,514	144,567	2,180,219
Income (Loss) before Income Taxes	(157,509)	1,600	(1,182,062)
Income Taxes			
Current	160	78	1,201
Deferred	(21,970)	(4,211)	(164,882)
Net Income (Loss)	(135,699)	5,734	(1,018,381)
Retained Earnings			
Balance, Beginning of Year	18,672	13,274	140,135
Additions to Retained Earnings:			
Reversal of Land Revaluation Excess	1,578	1,057	11,843
Deductions of Retained Earnings:			
Transfer to Legal Reserve	115	232	867
Cash Dividends*	577	1,161	4,334
Net Income (Loss)	(135,699)	5,734	(1,018,381)
Balance, End of Year	¥(116,141)	¥ 18,672	\$ (871,604)

Cash Dividends represents the aggregation of cash dividends paid during the respective year.

Subsidiaries and Affiliated Companies

Name	Line of Business	Capital (Millions of yen)	Bank's share in capital (%)	Established
Hokugin Jimu Daiko Co., Ltd.	Printing & delivery of printed matter	20	100	1953
Hokugin Business Services Co., Ltd.	Collecting, counting, transporting cash & maintenance of ATMs	10	100	1980
Hokugin Office Services Co., Ltd.	Delegating of personnel	20	100	1986
Hokugin Real Estate Services Co., Ltd.	Real estate	50	100	1988
Hokugin Jimushuchu Co., Ltd.	Service center to back up branch operations	20	100	1998
Hokugin Shisankanri Co., Ltd.	Auctioning collateralized real estate	300	100	2000
Hokuriku International Cayman Limited	Finance	US\$ 1 thousand	100	1993
Hokuriku Hosho Services Co., Ltd.	Credit guaranteeing	50	5	1978
Hokuriku Card Co., Ltd.	Credit cards	30	5	1983
Hokugin Lease Co., Ltd.	Leasing	800	5	1983
Hokuriku Capital Co., Ltd.	Venture capital	100	5	1985
Hokugin Software Co., Ltd.	Developing software	30	5	1986
Hokugin Investment Management Co., Ltd.	Financial consultant	150	5	1986
Hokuriku Credit Service Co., Ltd.	Credit cards	30	5	1989

Service Network (As of July 31, 2002)

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Number of Domestic Branches

191

(including 47 Foreign Exchange Offices and 48
Foreign Money Exchange Offices)

The *Kitamae-bune*, or "Northbound Ships," played a key role in the commerce of the provinces bordering the Japan Sea from the 17th century until early modern times. These bustling vessels brought prosperity to the ports of the Hokuriku area. Shipowners in these cities often became major commercial figures.

It was these men who were the pioneers of modern Japan's industry and banks in this area. Today, our Bank keeps alive this spirit of challenge and innovation, as manifested by the broad scope of our activities.



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