

OGAKI KYORITSU



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THE OGAKI KYORITSU BANK, LTD.

ANNUAL REPORT 2001

~Frontier21~



The Ogaki Kyoritsu Bank, founded in 1896, is a regional financial institution headquartered in Gifu Prefecture, close to the center of the Japanese archipelago. Since its establishment, the Bank has made a valuable contribution to the economic development of the Tokai region, which plays a pivotal role in the national economy.

The Bank's network embraces 146 branches in Japan and 2 overseas. While continuing to perform its traditional banking role, amidst the ongoing reform of Japan's financial system, the Ogaki Kyoritsu Bank Group, notably Ogaki Kyoritsu Bank (Europe) S.A., continues to concentrate the strengths of all its members in providing a comprehensive range of financial services to meet the increasingly diverse and sophisticated needs of its customers.

As of March 31, 2001, the Bank's capitalization was ¥24,516 million (US\$197.8 million). Total assets amounted to ¥3,264.1 billion (US\$26,344.9 million), and total deposits were ¥2,908.5 billion (US\$23,475.0 million). The Bank's capital adequacy ratio according to international standards was 10.15%.

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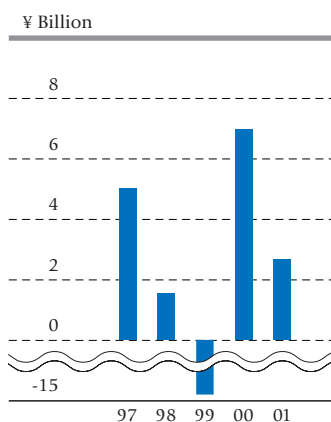
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FINANCIAL HIGHLIGHTS

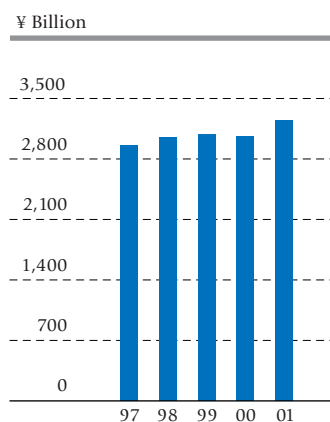
| Years ended March 31 | Consolidated | | | Non-Consolidated | | |
|-------------------------------|-----------------|------------|---------------------------|------------------|------------|---------------------------|
| | Millions of Yen | | Thousands of U.S. Dollars | Millions of Yen | | Thousands of U.S. Dollars |
| | 2001 | 2000 | 2001 | 2001 | 2000 | 2001 |
| For the Year | | | | | | |
| Total Income | ¥ 127,818 | ¥ 114,523 | \$ 1,031,629 | ¥ 95,683 | ¥ 84,485 | \$ 772,266 |
| Total Expenses | 121,921 | 102,151 | 984,029 | 91,337 | 72,776 | 737,188 |
| Income before | | | | | | |
| Income Taxes | 5,897 | 12,372 | 47,599 | 4,346 | 11,708 | 35,077 |
| Net Income | 2,976 | 7,059 | 24,025 | 2,666 | 7,011 | 21,519 |
| At Year-End | | | | | | |
| Deposits | ¥2,907,678 | ¥2,754,840 | \$23,467,945 | 2,908,560 | ¥2,758,330 | \$23,475,068 |
| Loans and Bills Discounted... | 2,188,579 | 2,132,141 | 17,664,080 | 2,204,251 | 2,152,167 | 17,790,572 |
| Securities | 763,270 | 665,215 | 6,160,371 | 752,181 | 656,063 | 6,070,873 |
| Total Assets | 3,332,119 | 3,143,277 | 26,893,623 | 3,264,134 | 3,079,085 | 26,344,907 |
| Stockholders' Equity | 139,388 | 111,320 | 1,125,005 | 139,914 | 111,460 | 1,129,255 |
| Common Stock | 24,516 | 24,500 | 197,869 | 24,516 | 24,500 | 197,869 |

Notes: 1. In this annual report, the Japanese yen in millions are indicated with fractions omitted.
 2. Figures stated in U.S. dollars in this annual report are translated from Japanese yen, solely for convenience, at the rate of ¥123.90 per U.S.\$1.00, the rate prevailing at March 31, 2001.

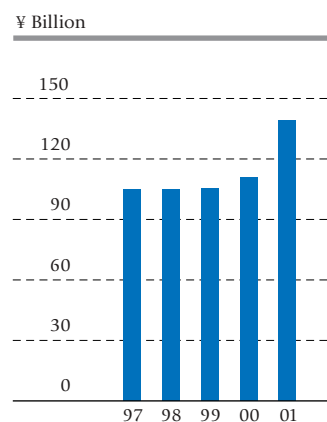
Net Income (Loss)



Total Assets



Stockholders' Equity



*Non-Consolidated basis.

A MESSAGE FROM THE PRESIDENT

Operating environment

In fiscal 2000, ended March 31, 2001, the Japanese economy failed to show any real sign of improvement over the term as a whole. Despite a steady trend toward recovery in the first half of the term, the U.S. economic slowdown in the second half put constraints on production activity in the domestic private sector.

Personal consumption was generally low-key despite some bright signs in the income environment and strong sales of certain durable items. Private-sector capital investment, by contrast, benefited from improved corporate earnings and other factors, which together served to underpin the economy.

Exports to the United States declined due to the deceleration of that nation's economy. Exports to countries in Asia also slipped.

Although the zero interest rate policy was lifted officially, uncertainty about the direction of the economy prompted the Bank of Japan to cut rates again while taking measures to reduce restrictions on volume transactions.

In the Tokai region, the Bank's main operating base, the economy continued to show moderate improvement thanks to stepped-up corporate production activity. Industries that performed particularly well were automobiles, which benefited from healthy new-car purchases, and electrical machinery, which was boosted by solid domestic demand.

The Ogaki Kyoritsu Bank, Ltd., and its consolidated group of subsidiaries and affiliates responded to these conditions by striving to assure stable earnings and build a strong financial foundation. The results of these efforts are described below.

Performance

During the year, the Bank worked assertively to meet the funding needs of regional customers,

centering on small and medium-sized companies and individuals. On a consolidated basis, the balance of loans and bills discounted at fiscal year-end was ¥2,188.5 billion (US\$17,664.0 million), up ¥56.4 billion from a year earlier. On a non-consolidated basis, the balance of loans and bills discounted rose ¥52.0 billion, to ¥2,204.2 billion (US\$17,790.5 million).

On a consolidated basis, the balance of deposits, including negotiable certificates of deposit (NCDs), as of March 31, 2001, was ¥2,907.6 billion (US\$23,467.9 million), up ¥152.8 billion from a year earlier. The non-consolidated balance climbed ¥150.2 billion, to ¥2,908.5 billion (US\$23,475.0 million).

The consolidated balance of securities increased ¥98.0 billion, to ¥763.2 billion (US\$6,160.3 million), and the non-consolidated balance was up ¥96.1 billion, at ¥752.1 billion (US\$6,070.8 million).

On October 1, 2000, the Bank merged with Gujo Credit Union, based in the Gujo area of Gifu Prefecture, taking over the operations of Gujo's four offices. As a result of the merger, the Bank's loan balance rose ¥13.3 billion, its deposit balance climbed ¥20.4 billion, and its capitalization increased by ¥15.0 million.

Turning to earnings, consolidated net income for the year amounted to ¥2,976 million (US\$24,025 thousand). Although gains on the sale of securities and other factors had a positive influence on earnings, the Bank increased the reserve for possible loan losses and other reserves as contingency against deteriorating performances of corporate customers in the wake of the prolonged economic recession. We also fully amortized the shortfall in reserves for employees' prior service obligations arising from the changeover to retirement benefit accounting. As a result, non-consolidated net income was held to ¥2,666



Takashi Tsuchiya, *President*

million (US\$21,519 thousand).

The Bank's capital ratio on a consolidated basis was 10.15%: the non-consolidated ratio was 10.20%.

On a non-consolidated basis, the balance of loans under risk management at fiscal year-end was ¥179,648 million (US\$1,449.9 million), or 8.15% of loans and bills discounted. Loans disclosed under Financial Revitalization Law standards amounted to ¥180.2 billion (US\$1,454.6 million). These were covered by the reserve for possible loan losses and through collateral or guarantees to the value of ¥154.0 billion (US\$1,243.1 million), for a coverage ratio of 85.4%.

Dividend policy

We at Ogaki Kyoritsu Bank are committed to fulfilling our social responsibilities as a regional bank. To

this end, we pursue a fundamental policy of paying stable cash dividends on a continuing basis while working to secure a sound operating foundation and reinforce our financial position.

Based on this policy, we declared annual cash dividends of ¥5.0 (US\$0.04) per share, including a ¥2.5 (US\$0.02) interim dividend. We will strive to maintain stable dividends in the future in line with our new medium-term plan, entitled Frontier 21, which began in April 2001. The plan calls for the Bank to "establish a reputation of unwavering reliability by earning high praise from customers, shareholders, and markets."

“Frontier 21” launched

Based on the foundations it has created to date, the Bank will seek to build on its role as a financial services institution. At the same time, we will create a solid business base underpinned by the trust that people in our region place in us. To this end, we will maximize the Bank’s innovativeness, originality and transparency, and relentlessly pursue the challenge of enhancing customer convenience. Meanwhile, we will set up a stable and highly profitable structure conducive to the creation of new added value.

The Bank’s new medium-term management plan, “Frontier 21,” was launched in April 2001. The three-year plan covers the pressing, high-priority issues that the Bank will need to address in order to fulfill its future vision. It also outlines clear and far-reaching major strategies incorporating both attacking and defensive maneuvers, as well as specific measures for implementing such strategies.

Deepening relationships

To become a “chosen bank,” it is essential for us to work harder than ever to deepen relations with our regional customers.

Aware of this need, we are actively engaged in a number of research and support initiatives aimed at benefiting regional society. For example, we established the Gifu Lifelong Nursing Care Research Council and the Kyoritsu PFI Net. We have also set up the Regionet Consortium, a portal site developed in collaboration with several regional entities. In addition, we formed the Kyoritsu Venture Support Center, which provides assistance to venture businesses in our region.

The Bank sponsored Welcome 21 GIFU, a historical exhibition OGAKI EXPO 2000, which took place in 1600 A.D. in the Bank’s home region of Gifu Prefecture. We also offered space in our Kuruwamachi Building to the City of Ogaki for use as an art gallery, displaying works of

New Medium-Term Management Plan

Frontier 21

SIGNIFICANT CHANGES IN FINANCIAL ENVIRONMENT

Ongoing Deregulation

- Entry of new players into banking business
- Rapid advance of IT

End to unlimited deposit guarantee

- Prolonged economic stagnation
- Adoption of new corporate accounting standards

Basic Philosophy

To be a bank that is loved and trusted by the local community

Expanding our marketing base within the region

Establishing a financial service that focuses on customer convenience

Our Goal

Establishing an unshakeable reputation for trust by raising our corporate value among our customers and stockholders, and market investors

Strengthening management by establishing high-earnings structure

Securing financial resources to create new businesses with high added value

Tadashi Moriya, a prominent artist from local area. Through these and other social contribution activities, we will continue to deepen ties with the region we serve.

Using IT to improve customer convenience

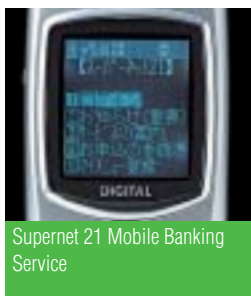
Amid rapid advances in information technology, the Bank actively utilizes IT to develop products and services ahead of its competitors, demonstrating its mission as a financial services institution.



Examples include [High-Class Pocket], a card loan service provided in conjunction with a consumer finance company, and [High-Class Plus],

which combines the functions of a postal savings cash card and the Bank's card loan. Teaming up with the post office, a freight company, and an overseas bank, we have also launched a cash-delivery courier service, nursing care products, a foreign currency exchange service, and other items. In addition, we accept personal loan applications via the Internet in a tie-up with E-Loan Japan Co., Ltd. Other services include [Supernet 21], an upgraded Internet and mobile banking service. We have also augmented the functions of our ATM services in alliance with the post office, credit companies, consumer finance companies, and others. And we handle lottery tickets in which customer can choose the numbers on their tickets.

Recognizing the growing interest among employees in managerial participation, we established an employee-driven IT Committee to formulate IT strategies for the Bank. The Committee is working to develop and promote original IT-based business models aimed at



enabling customers to access our services anywhere and at any time.

High-return assets and venture business support

The Bank actively promotes personal loans through such vehicles as Loan Plaza, Bank Navi O.K., and Loan Supporter. As a result, the balance of personal loans rose 12.4% in the year under review.

For entrepreneurs, we launched [@Your Money!] quick business loan, which features an automated screening system. Through this service, we are seeking to raise the number of customers and enhance speed and screening accuracy. In addition, we are working to achieve optimal interest margins by further enhancing the accuracy of our credit rating system and enhancing profit management through company-specific profit monitoring and other means.

Gifu Prefecture actively nurtures venture businesses. To help such businesses, the Bank established [the Kyoritsu Venture Support Financing System], through which Kyoritsu Capital Co., Ltd., a Group company, provides the relevant funding. In April 2001, we set up [the Kyoritsu Venture Support Center] within our head office. The Center boasts enhanced support functions, where public and academic institutions, as well as private sector corporations, team up to meet the various needs of venture businesses with speedy, specialized responses.





Full-service branch network

The Bank has long prioritized the face-to-face aspect of banking relationships. To this end, we have continued upgrading our branch network in an effort to encourage more customers to use our services.

In December 1999, we commenced operations in Gifu Prefecture’s northern Hida Region with the opening of a branch and sub-branch in Takayama City. We also launched two mobile offices — “Hida No. 1” and “Ikoi Lounge Car” — bringing our network in the Hida Region to four offices.

In October 2000, the Bank merged with Gujo Credit Union, holder of a 20% share of the market in Gifu Prefecture’s Gujo Region, where the Bank previously had no offices. In the following month, we opened Japan’s first full-banking in-store branch operating 365 days a year, within Colorful Town Gifu, a large-scale commercial complex in Yanaizu City. In three of the region’s home display centers, we also operate Loan Plaza sub-branches, which operate on everyday. As part of our Sohara Branch, we opened an O.K. Plaza in a low-cost, movable, prefabricated building unit. In these ways, we continued to reinforce our network in Gifu Prefecture.

The number of cashing stations incorporating [Bank Navi O.K.] automatic loan application machines now exceeds 20, illustrating our efforts to make our services more accessible for customers.

The number of cashing stations incorporating [Bank Navi O.K.] automatic loan application machines now exceeds 20, illustrating our efforts to make our services more accessible for customers.



“Ikoi Lounge Car”

Assuring a sound financial position ahead of the amended Deposit Insurance Law

As a regional bank, we are dedicated to benefiting the local economy by meeting the funding needs of customers. At the same time, we strive to expand high-quality loan assets by enhancing our ability to monitor the credit situations of borrowers and make appropriate lending decisions.

To assure a smooth transition to quality-oriented loan management, we have set a non-performing loan ratio target and are upgrading our risk management and profit

management systems. We are also expanding personal loans and other high-quality loan assets and setting more appropriate loan interest rates. In these ways, we are striving to improve our loan asset structure.

Meanwhile, we are aware of the need to allocate ample investments in certain areas, such as information systems and new business development. Due to the limitations of conventional cost-cutting measures, we are reshaping our cost structure through exhaustive rationalization measures, including a restructuring of the head office and branch systems. Among other things, this entails integrating processes at the head office level and studying joint operation with other financial institutions, as well as outsourcing.

Our efforts to ensure management soundness through improvements in marketing power and operating efficiency have helped strengthen our balance sheet. As of March 31, 2001, the Bank’s capital ratio on a consolidated basis was 10.15%, well above the 8% minimum set by authorities.

Social contribution and environmental initiatives

Fiscal 2000 was the fifth year of activities of the Committee for Promoting Social Contribution, formed by employees of the Bank and affiliated companies. The Committee actively arranges various group-wide volunteer activities, including environmental protection initiatives, aimed at benefiting regional society.

The Bank is active in a diversity of fields. For example, we sponsor regional events, arrange seminars, hold local welfare conferences, make donations to kindergartens and day-care centers, give blood, and organize events at our branches. These



“O.K. Plaza” Sohara



initiatives have prompted many local citizens to send letters and other expressions of gratitude.

We also serve as the Gifu Prefectural base for the nationwide “Small Kindness” campaign. In this role, we foster the creation of a comfortable regional society and demonstrate our commitment to making long-term contributions.

Eager to promote environmental protection and effective use of natural resources, the Bank decided to use a movable, prefabricated building unit for the O.K. Plaza at its Sohara branch. The energy-saving, resource-saving, barrier-free design of this structure heralds a new era in offices that are friendly to both people and the environment.

Truly valuable financial services

In our ongoing quest to become a “chosen bank,” we recognize the profound importance of bravely meeting all challenges with a dauntless “frontier” spirit. This is particularly important in view of changes in the financial environment, notably the

approaching amendment to the Deposit Insurance Law in April 2002, when the previously unlimited coverage will be capped at ¥10 million.

We understand that the provision of products and services that reflect our innovativeness, originality, and transparency will involve temporary increases in costs and time lags before we can reap direct benefits. Nevertheless, we will continue enhancing our ability to provide “truly valuable services” that earn the support of customers.

In April 2001, we launched the “Gold Account,” a new type account. The response has been overwhelming, exceeding our initial forecasts. By paying an annual fee of only ¥2,000, customers can use the Bank’s ATMs as many times as they like without incurring any additional charges (normally, each after-hours transaction incurs a 100 yen charge). Moreover, we have doubled the number of points that customers earn toward receiving gifts. This service, provided only by Ogaki Kyoritsu Bank, has other distinctive advantages, such as the ability to combine points earned by different family members. Moreover, the cash card linked to the account has a classy design and is gold in color. We will continue adding features to this service in the future.

Having recently welcomed the dawn of a new century, we will combine the energies of the entire Ogaki Kyoritsu Bank Group in our quest to become a preferred financial institution. To this end, we will seek to become an innovative “frontier bank” that relentlessly pursues all possibilities. We request the ongoing support and loyalty of customers and shareholders in our future endeavors.

Takashi Tsuchiya
President

RISK MANAGEMENT AND NON-PERFORMING LOANS

Rigorous credit risk management and swift disposal of non-performing loans

Ogaki Kyoritsu Bank has long recognized that bad debt is a major issue that greatly affects a bank's credibility. We continue working to secure a sound asset portfolio by preventing the occurrence of bad debt while swiftly disposing of existing non-performing loans.

On March 31, 2001, loans under risk management according to the Financial Revitalization Law amounted to ¥180.2 billion (US\$1,454.6 million), or 7.8% of total loans. To maintain the soundness of its assets, the Bank has appropriated ¥55.7 billion (US\$449.2 million) in a reserve for possible loan losses (the reserve for the Bank's entire assets

was ¥68.0 billion). The Bank continues working to maintain ample contingency reserves. (The coverage ratio, including collateral and guarantees, was 85.4% at fiscal year-end.)

On a non-consolidated basis, loans under risk management according to the Banking Law amounted to ¥179.6 billion (US\$1,449.9 million), or 8.1% of total loans. On consolidated basis, the balance was ¥179.8 billion (US\$1,451.8 million), or 8.2% of total loans.

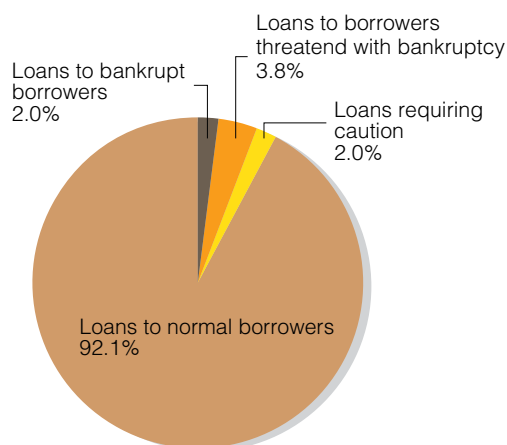
In the future, the Bank will expand its credit screening and management functions and pursue more rigorous risk management in order to maintain a sound asset portfolio.

LOANS UNDER RISK MANAGEMENT BASED ON THE BANKING LAW

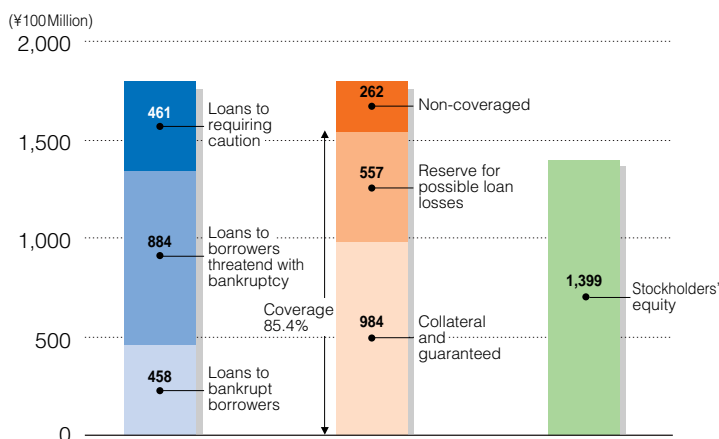
| | Billions of Yen | | | |
|---|------------------|--------------|------------------|--------------|
| | 2001 | | 2000 | |
| | Non-Consolidated | Consolidated | Non-Consolidated | Consolidated |
| Loans to companies legally bankrupt | ¥ 17.2 | ¥ 17.3 | ¥ 20.2 | ¥ 20.3 |
| Loans past due over 6 months | 116.1 | 116.2 | 80.3 | 80.4 |
| Loans past due over 3 months | 2.2 | 2.3 | 1.7 | 1.8 |
| Restructured loans..... | 43.9 | 43.9 | 31.8 | 31.8 |
| Total | ¥179.6 | ¥179.8 | ¥134.3 | ¥134.4 |

ASSET ASSESSMENT BASED ON THE FINANCIAL REVITALIZATION LAW

| Non-Consolidated | Billions of Yen | |
|--|-----------------|----------|
| | 2001 | 2000 |
| Loans to bankrupt borrowers | ¥ 45.8 | ¥ 42.1 |
| Loans to borrowers threatened with bankruptcy..... | 88.4 | 59.4 |
| Loans requiring caution | 46.1 | 33.5 |
| Subtotal | 180.2 | 134.9 |
| Loans to normal borrowers..... | 2,106.5 | 2,096.7 |
| Total..... | ¥2,286.7 | ¥2,231.5 |
| Coverage..... | 85.4% | 84.7% |



(Percentage figures are rounded down to the nearest first decimal place.)



Exhaustive pursuit of compliance and risk management

Policy on promoting financial products

To fulfill its social responsibilities and earn the trust of customers, Ogaki Kyoritsu Bank pursues corporate activities based on the principles of sincerity, fairness, and transparency. In addition to these principles, the Bank has adopted the following policies with respect to promoting financial products, pursuant to Article 8 of the Law on Sales of Financial Products.

1. Undertake proper marketing of financial products after affirming the knowledge, experience, and financial status of each customer.
2. Endeavor to ensure that customers attain an adequate understanding of important issues, such as the nature of the products and risks involved, so that they can make their own decisions with respect to product selection and purchase.

3. Conduct solicitation at branches during normal business hours. Other solicitation, such as visits to customers and telephone marketing, should be conducted in a way that will not inconvenience customers.
4. Emphasize sincerity and fairness by avoiding solicitation that may invite misunderstanding, such as offering judgmental opinions and providing information that differs from reality.

Credit Risk Management

Proper credit risk management is crucial to securing a sound asset base. The Bank works to maintain and improve its loan portfolio from two perspectives: the screening and management of each loan application, and ongoing management of the entire loan-asset portfolio.

In screening and managing specific loan applications, the Loan & Credit Supervision Division maintains independence from other divisions. Based on the principles of public interest, safety, profitability,

and growth potential, the Division conducts strict screening of each loan application.

The Bank has produced two documents: Credit Policies, which clearly outlines its fundamental approach to addressing credit risk, and Credit Risk Management Regulations, which specify its basic credit risk management policies and determine management methods and other fundamental items. Both documents are distributed to all employees involved in extending credit and illustrate how we are working to establish and appropriately maintain our credit risk management systems.

The Bank also works to achieve a balanced overall loan asset portfolio by performing regular checks of the portfolio to monitor such characteristics as industry-specific composition, loan size, and regional weightings.

Administrative Risk Management

The Bank is strengthening its administrative risk management system to address the increasing complexity and volume of bank transactions and guard against associated administrative risks. To improve administrative systems at our branches, specialist administrative guidance officers provide onsite assistance. We also conduct regular training sessions, according to specific business and management level, to ensure that employees are fully informed.

System Risk Management

System risk refers to the potential of incurring losses due to system failure resulting from the breakdown or faulty operation of computers, or from the improper use of computers.

The Bank is fully aware of the importance of data, computers, and other information-related assets. To ensure proper protection of data and stable operation of computers, we set up the System Risk Management Section to develop a system risk management framework. Our Security Policy manual clearly outlines our fundamental policies on protection of information assets, and our System Risk Management Regulations determine risk

management policies with respect to information assets. In these ways, we are devoting substantial resources to ensuring security of information.

Market Risk, Liquidity Risk, ALM, and Reputational Risk

1) MARKET RISK MANAGEMENT

Market risk refers to the possibility that the value of the Bank's assets (including off-balance-sheet transactions) and its earnings will be affected by market factors, including fluctuations in interest rates, stock prices, and currency exchanges rates. Adhering to its Market-Related Business Regulations, the Bank works to appropriately control such risks and create a risk management system that ensures a proper balance between risk and return.

2) LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the possibility of losses stemming from a number of factors. These include inadequacy of capital arising from fund-raising and fund-management mismatches and unprecedented capital outflows, as well as being forced to raise funds at unusually high interest rates. Referring to the Liquidity Risk Management Regulations, we strive to assure appropriate fund procurement through routine monitoring of the capital flow situation and control of fund-management and fund-raising activities.

3) ALM COMMITTEE

Every month, the Bank's ALM Committee holds meetings to discuss ways to control market and liquidity risk and stabilize earnings.

4) REPUTATIONAL RISK MANAGEMENT

Reputational risk refers to the possibility of sustaining major damage to the Bank's reputation as a result of false reporting by the media or general rumors. By pursuing well-timed, appropriate information disclosure, we are working to ensure transparent management and prepare ourselves for unforeseen circumstances.



BOARD OF DIRECTORS AND CORPORATE AUDITORS

(AS OF JULY 1, 2001)

President

Takashi Tsuchiya

Senior Managing Directors

Hisashi Kawai

Yasuo Tada

Managing Directors

Kuniki Sato

Shuji Kubota

Directors

Masahiko Hayano

Masahito Hayano

Yoshihisa Goto

Shiro Makino

Masatoshi Yasui

Corporate Auditors

Yuji Yamada

Kinji Iwai

Akira Kato

Susumu Ogawa



Takashi Tsuchiya

President



Hisashi Kawai

Senior Managing Director



Yasuo Tada

Senior Managing Director



Kuniki Sato

Managing Director



Shuji Kubota

Managing Director

FINANCIAL SECTION

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REVIEW OF OPERATIONS

Deposits

Amid prolonged low interest rates, the Bank actively provided new products and services. As a result, the balance of deposits, including negotiable certificates of deposit, amounted to ¥2,908.5 billion (US\$23,475.0 million) at fiscal year-end, up ¥150.2 billion from a year earlier. The increase is the result mainly of healthy deposits from individuals.

Loans and Bills Discounted

During the year, the Bank worked hard to meet the funding needs of regional customers, centering on small and medium-sized companies, as well as individuals.

Accordingly, the balance of loans and bills discounted rose ¥52.0 billion, to ¥2,204.2 billion (US\$17,790.5 million). Loans to individuals were particularly strong, with housing loans rising ¥41.3 billion.

Securities

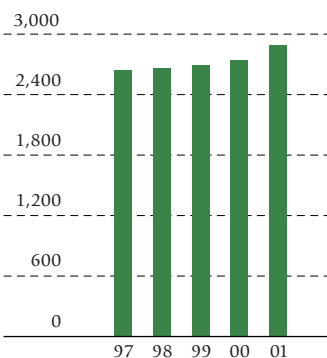
Carefully monitoring market movements, the Bank endeavored to improve its asset portfolio. The year-end balance of securities stood at ¥752.1 billion (US\$6,070.8 million).

Income

Although gains on the sale of securities and other factors had a beneficial effect on earnings, the Bank increased the reserve for possible loan losses and other reserves as contingency against deteriorating performances of corporate customers as a result of the prolonged economic recession. The Bank also fully amortized the shortfall arising from the changeover to retirement benefit accounting. As a result, net income amounted to ¥2,666 million (US\$21,519 thousand).

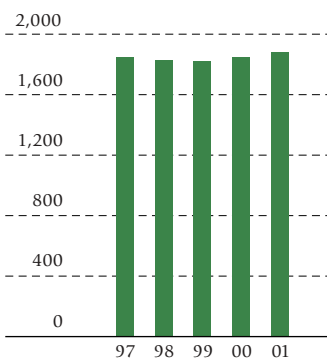
Deposits (including NCDs)

¥ Billion



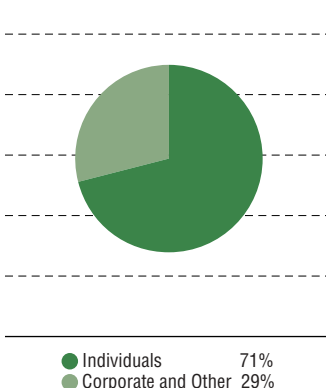
Time Deposits

¥ Billion



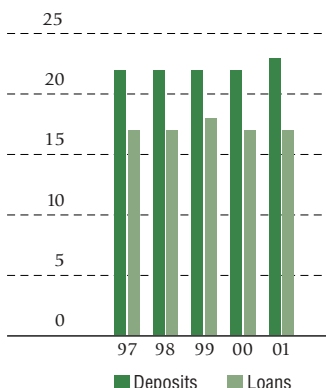
Deposits by Depositor (excluding NCDs and overseas branches)

%



Deposits and Loans per Office

¥ Billion



Breakdown of Deposits

| (Billions of Yen) | 2001 | 2000 |
|--|-----------------|-----------------|
| Current Deposits | ¥ 140.2 (5%) | ¥ 122.5 (4%) |
| Ordinary Deposits | 655.3 (23) | 564.4 (21) |
| Deposits at Notice | 26.7 (1) | 31.0 (1) |
| Time Deposits | 1,890.1 (65) | 1,859.9 (67) |
| Other Deposits | 158.2 (5) | 178.1 (7) |
| Negotiable Certificates of Deposit | 37.8 (1%) | 2.2 (0) |
| Total | ¥2,908.5 (100%) | ¥2,758.3 (100%) |

Loans and Bills Discounted by Industry

| (Billions of Yen) | 2001 | 2000 |
|-------------------------------|-----------------|-----------------|
| Manufacturing | ¥ 519.3 (24%) | ¥ 525.7 (25%) |
| Wholesale and Retailing | 423.7 (20) | 422.4 (20) |
| Service | 204.1 (10) | 197.8 (9) |
| Construction | 192.5 (9) | 184.5 (9) |
| Real Estate | 193.6 (9) | 178.8 (9) |
| Other | 630.9 (28) | 595.1 (28) |
| Total | ¥2,164.9 (100%) | ¥2,105.0 (100%) |

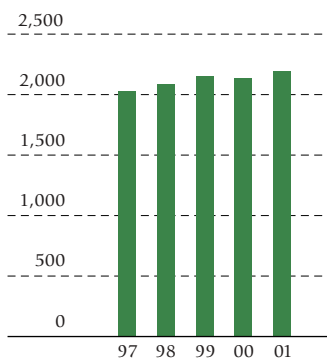
Note: Accounts for overseas branches and Japan offshore market are not included.

Return Ratios

| | 2001 | 2000 | 1999 | 1998 | 1997 |
|--|-------|-------|------|-------|-------|
| Return on Average Total Stockholders' Equity | 2.09% | 6.66% | —% | 1.48% | 4.96% |
| Return on Average Total Assets | 0.08% | 0.23% | —% | 0.05% | 0.17% |

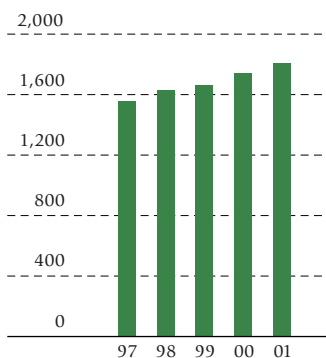
Loans and Bills Discounted

¥ Billion



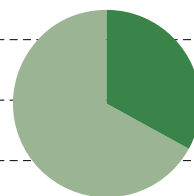
Loans to Small and Medium-Sized Enterprises

¥ Billion



Use of Loans

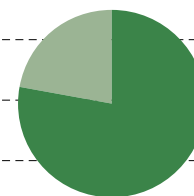
%



● Equipment 33%
● Operating 67%

Consumer Loans

%



● Housing 77.86%
● Other 22.14%

Capital Structure

| (Billions of Yen) | 2001 | 2000 |
|--|---------|---------|
| Tier I | | |
| Common Stockholders' Equity | ¥ 111.8 | ¥ 111.3 |
| Tier-II Capital Included as Tier I | — | — |
| Total Adjusted Tier-I Capital | 111.8 | 111.3 |
| Tier II | | |
| Unrealized Valuation Gains on Securities, after 45% Discount | — | 29.7 |
| Net Unrealized Holding Gains on Securities, after 45% Discount | 20.8 | — |
| Land Revaluation Reserve, after 45% Discount | 3.2 | 3.2 |
| Reserve for Possible Loan Losses, excluding Specific Reserves | 20.4 | 20.6 |
| Others | 33.3 | 35.0 |
| Tier-II Capital Included as Tier I | — | — |
| Total Adjusted Tier-II Capital | 77.8 | 88.6 |
| Tier-II Capital Included as Qualifying Capital | 77.8 | 88.6 |
| Total Capital | 188.6 | 198.9 |
| Total Risk-weighted Assets | 1,857.4 | 1,817.3 |
| Capital Adequacy Ratio | 10.15% | 10.94% |

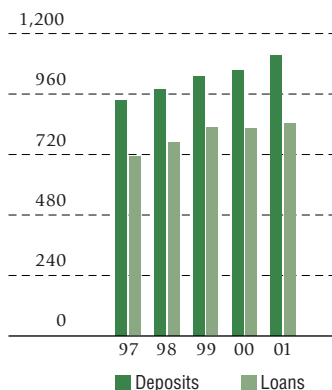
Notes: 1. The yen figures are presented with fractions of less than ¥100 million omitted.

2. The ratio of capital to risk-weighted assets is based on Ministry of Finance guidelines formulated in accordance with the BIS agreement.

3. Capital adequacy ratios are calculated on a consolidated basis.

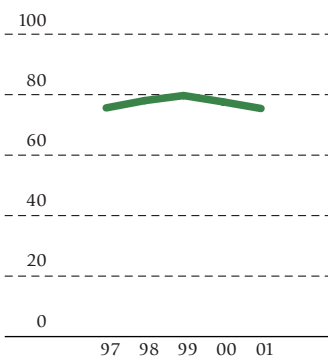
Deposits and Loans per Employee

¥ Million



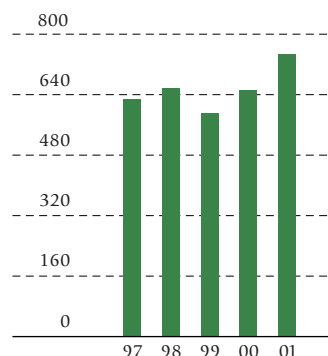
Loans-Deposits Ratio

%



Securities

¥ Billion



Off-Balance Sheet Transactions

(1) Derivatives Financial Instruments Transactions and Forward Foreign Exchange Contracts

| (Millions of Yen) | 2001 | | 2000 | |
|--|---|---------------------------|---|---------------------------|
| | Contract Amounts and Notional Principal Amounts | Credit Equivalent Amounts | Contract Amounts and Notional Principal Amounts | Credit Equivalent Amounts |
| Interest-Rate and Currency Swaps | ¥137,781 | ¥1,948 | ¥116,552 | ¥1,272 |
| Forward Foreign Exchange Contracts | 7,961 | 568 | 6,828 | 191 |
| Interest-Rate and Currency Options (Including Cap Transactions) | 370 | 1 | 710 | 3 |
| Total | ¥146,114 | ¥2,519 | ¥124,092 | ¥1,466 |

Note: The above figures are computed according to capital adequacy guidelines set by the BIS.
To compute the credit equivalent amounts, the current-exposure method was applied.

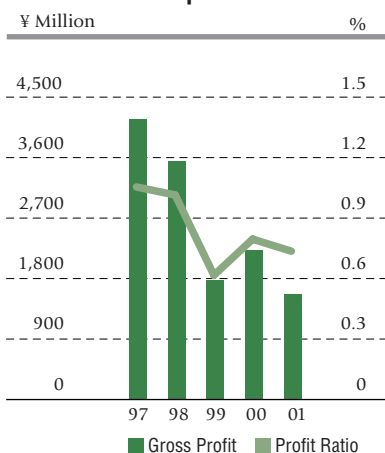
The contract and notional amounts of transactions that are excluded for capital adequacy guidelines set by the BIS, and foreign exchange related transactions for which the original contracts have a duration of 14 days or less are shown below.

| (Millions of Yen) | 2001 | 2000 |
|--|---|---|
| | Contract Amounts and Notional Principal Amounts | Contract Amounts and Notional Principal Amounts |
| Forward Foreign Exchange Contracts | ¥561 | ¥887 |

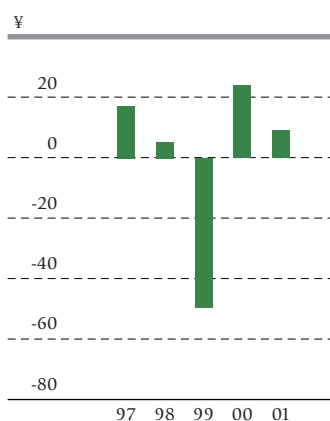
(2) Credit-Related Transactions

| (Millions of Yen) | 2001 | 2000 |
|---|------------------|------------------|
| | Contract Amounts | Contract Amounts |
| Commitments (Vacancy of Overdraft Facilities, etc.) | ¥742,156 | ¥668,757 |
| Guarantees (Acceptances and Guarantees, etc.) | 62,101 | 63,115 |
| Others | 14,119 | 14,655 |
| Total | ¥818,377 | ¥746,527 |

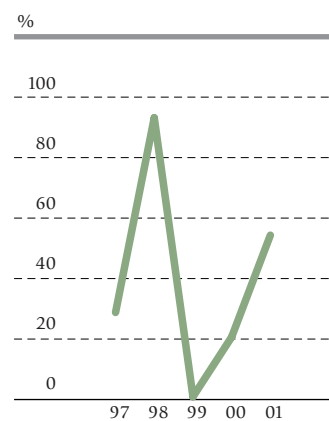
Gross Profit on International Operations



Net Income (Loss) per Share



Payout Ratio



CONSOLIDATED BALANCE SHEETS

| March 31, 2001 and 2000 | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------------------|-------------------|---------------------------------------|
| | 2001 | 2000 | 2001 |
| ASSETS | | | |
| Cash and Due from Banks | ¥ 209,801 | ¥ 77,087 | \$ 1,693,312 |
| Call Loans and Bills Bought | 130 | 83,432 | 1,050 |
| Monetary Claims Bought | 1 | 4,000 | 8 |
| Trading Account Securities (Note 14) | 4,718 | 2,671 | 38,085 |
| Money Held in Trust (Note 14) | 7,983 | 8,298 | 64,434 |
| Securities (Note 14) | 763,270 | 665,215 | 6,160,371 |
| Loans and Bills Discounted (Notes 4, 5, 17 and 19) | 2,188,579 | 2,132,141 | 17,664,080 |
| Foreign Exchanges | 4,009 | 3,678 | 32,357 |
| Other Assets | 35,059 | 29,523 | 282,962 |
| Premises and Equipment (Notes 6 and 13) | 97,973 | 98,827 | 790,742 |
| Deferred Tax Assets (Note 7) | 14,833 | 24,255 | 119,718 |
| Customers' Liabilities for Acceptances and Guarantees (Note 9) | 76,740 | 73,736 | 619,378 |
| Less Reserve for Possible Loan Losses (Note 2(i)) | (70,979) | (59,591) | (572,879) |
| Total Assets | ¥3,332,119 | ¥3,143,277 | \$26,893,623 |
| LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Deposits | ¥2,907,678 | ¥2,754,840 | \$23,467,945 |
| Call Money and Bills Sold | 48,050 | 44,589 | 387,816 |
| Borrowed Money (Note 8) | 85,359 | 93,829 | 688,936 |
| Foreign Exchanges | 236 | 195 | 1,905 |
| Other Liabilities | 61,207 | 51,829 | 494,006 |
| Reserve for Retirement Allowances | — | 4,879 | — |
| Employees' Severance and Retirement Benefits (Note 18) | 4,970 | — | 40,113 |
| Deferred Taxes on Revaluation Excess (Note 10) | 2,950 | 2,950 | 23,810 |
| Consolidation Difference | 668 | 97 | 5,393 |
| Acceptances and Guarantees (Note 9) | 76,740 | 73,736 | 619,378 |
| Total Liabilities | 3,187,861 | 3,026,948 | 25,729,307 |
| Minority Interests | 4,870 | 5,008 | 39,309 |
| STOCKHOLDERS' EQUITY | | | |
| Common Stock | 24,516 | 24,500 | 197,869 |
| Capital Surplus | 13,789 | 13,789 | 111,295 |
| Land Revaluation Reserve (Note 10) | 4,245 | 4,245 | 34,264 |
| Retained Earnings | 70,986 | 69,382 | 572,937 |
| Net Unrealized Holding Gains on Securities (Note 14) | 27,260 | — | 220,018 |
| Foreign Currency Translation Adjustments | (944) | — | (7,622) |
| Treasury Stock, at Cost | (2) | (0) | (20) |
| Parent Company Stock Held by Subsidiaries | (462) | (596) | (3,736) |
| Total Stockholders' Equity | 139,388 | 111,320 | 1,125,005 |
| Total Liabilities, Minority Interests and Stockholders' Equity | ¥3,332,119 | ¥3,143,277 | \$26,893,623 |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

| For the Years Ended March 31, 2001 and 2000 | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------------------|-----------------|---------------------------------------|
| | 2001 | 2000 | 2001 |
| INCOME | | | |
| Interest and Dividends on: | | | |
| Loans and Bills Discounted | ¥ 48,279 | ¥ 48,111 | \$ 389,666 |
| Securities | 20,430 | 22,545 | 164,893 |
| Other | 484 | 877 | 3,908 |
| Fees and Commissions | 8,097 | 7,727 | 65,351 |
| Other Operating Income | 2,107 | 1,778 | 17,012 |
| Other Income | 48,419 | 33,483 | 390,797 |
| Total Income | 127,818 | 114,523 | 1,031,629 |
| EXPENSES | | | |
| Interest on: | | | |
| Deposits | 8,881 | 9,113 | 71,683 |
| Borrowings and Rediscounts | 5,418 | 5,677 | 43,732 |
| Other | 4,295 | 4,632 | 34,668 |
| Fees and Commissions | 1,788 | 2,091 | 14,432 |
| Other Operating Expenses | 1,442 | 2,665 | 11,643 |
| General and Administrative Expenses..... | 42,454 | 41,675 | 342,651 |
| Other Expenses | 57,640 | 36,295 | 465,218 |
| Total Expenses | 121,921 | 102,151 | 984,029 |
| Income before Income Taxes | 5,897 | 12,372 | 47,599 |
| Income Taxes –Current | 11,578 | 6,667 | 93,450 |
| –Deferred | (9,213) | (1,689) | (74,358) |
| Minority Interest | 555 | 335 | 4,481 |
| Net Income | 2,976 | 7,059 | 24,025 |
| Retained Earnings: | | | |
| Balance at the Beginning of the Year | 69,382 | 63,796 | 559,986 |
| Effect of Merger with Gujo Credit Union | 120 | — | 973 |
| Appropriations: | | | |
| Cash Dividends..... | (1,454) | (1,454) | (11,741) |
| Bonuses to Directors and Statutory Auditors..... | (38) | (2) | (306) |
| Effect of a Company No Longer Accounted for by the Equity Method | — | (7) | — |
| Land Revaluation..... | — | (8) | — |
| Balance at End of Year | ¥ 70,986 | ¥ 69,382 | \$ 572,937 |
| Per Share of Common Stock (in Yen and U.S. Dollars): | | | |
| Net Income (Note 2(n)) | ¥ 10.25 | ¥ 24.35 | \$0.08 |
| Dividends | 5.00 | 5.00 | 0.04 |
| Stockholders' Equity | 480.06 | 384.13 | 3.87 |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| For the Years Ended March 31, 2001 and 2000 | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------------------|-----------|---------------------------------------|
| | 2001 | 2000 | 2001 |
| Cash Flows from Operating Activities: | | | |
| Income before Income Taxes | ¥ 5,897 | ¥ 12,372 | \$ 47,599 |
| Depreciation | 19,199 | 19,103 | 154,957 |
| Amortization of Consolidated Difference..... | (136) | (24) | (1,104) |
| Increase in Reserve for Possible Loan Losses | 9,788 | 410 | 79,002 |
| Increase (Decrease) in Reserve for Retirement Allowances..... | (4,879) | 205 | (39,380) |
| Increase in Employees' Severance and Retirement Benefits..... | 4,970 | — | 40,113 |
| Interest and Dividend Income..... | (69,194) | (71,534) | (558,467) |
| Interest Expense | 18,595 | 19,423 | 150,084 |
| Securities Gains, Net..... | (12,474) | (741) | (100,681) |
| Money in Trust Gains, Net..... | 312 | (981) | 2,519 |
| Losses on Sale of Premises and Equipment, Net..... | 108 | 475 | 877 |
| Net Changes in Trading Account Securities | (2,047) | (601) | (16,523) |
| Net Changes in Loans and Bills Discounted..... | (40,714) | 14,833 | (328,607) |
| Net Changes in Deposits..... | 124,182 | 61,835 | 1,002,283 |
| Net Changes in Deposits with Banks | (104,392) | 51,774 | (842,550) |
| Net Changes in Call Loans..... | 87,337 | (50,027) | 704,904 |
| Net Changes in Call Money..... | (12,282) | (25,067) | (99,134) |
| Net Changes in Collateral on Loaned Securities | 2,975 | 12,821 | 24,017 |
| Net Changes in Foreign Exchanges Assets..... | 78 | (37) | 636 |
| Net Changes in Foreign Exchanges Liabilities | 25 | (1) | 203 |
| Interest Income Received | 69,286 | 73,309 | 559,215 |
| Interest Expense Paid..... | (21,180) | (21,565) | (170,948) |
| Net Changes in Lease Assets | (15,896) | (13,744) | (128,300) |
| Others..... | (1,473) | 349 | (11,889) |
| Sub-Total | 58,087 | 82,588 | 468,827 |
| Income Taxes Paid..... | (9,979) | (805) | (80,543) |
| Net Cash Provided by Operating Activities | 48,108 | 81,782 | 388,283 |
| Cash Flows from Investing Activities: | | | |
| Purchases of Securities | (284,351) | (229,114) | (2,295,007) |
| Proceeds from Sales of Securities..... | 82,125 | 63,966 | 662,833 |
| Proceeds from Maturities of Securities | 179,062 | 91,169 | 1,445,216 |
| Decrease in Money Held in Trust | — | 12,626 | — |
| Purchases of Premises and Equipment | (2,274) | (6,499) | (18,354) |
| Proceeds from Sales of Premises and Equipment..... | 92 | 82 | 747 |
| Net Cash Used in Investing Activities | (25,345) | (67,769) | (204,564) |
| Cash Flows from Financing Activities: | | | |
| Increase in Subordinated Loans..... | 13,500 | — | 108,958 |
| Decrease in Subordinated Loans | (15,000) | — | (121,065) |
| Cash Dividends Paid | (1,454) | (1,454) | (11,741) |
| Cash Dividends Paid to Minority Interests..... | (8) | (9) | (69) |
| Purchases of Treasury Stock..... | (96) | (132) | (780) |
| Proceeds from Sales of Treasury Stock | 236 | 52 | 1,905 |
| Net Cash Used in Financing Activities..... | (2,824) | (1,544) | (22,793) |
| Effect of Foreign Exchange Rate Changes | (38) | (27) | (307) |
| Net Increase in Cash and Cash Equivalents | 19,900 | 12,440 | 160,617 |
| Cash and Cash Equivalents at Beginning of Year..... | 60,521 | 48,081 | 488,471 |
| Receipt of Cash and Cash Equivalents Due to Merger..... | 140 | — | 1,132 |
| Cash and Cash Equivalents at End of Year (Note 1) | ¥ 80,562 | ¥ 60,521 | \$ 650,221 |

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2001 and 2000

1. Basis of Presenting Consolidated Financial Statements

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

The accounts of an overseas-consolidated subsidiary are based on its accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in its country of domicile.

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

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

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2001, which was ¥123.90 to US\$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.

The Japanese yen amounts are presented in millions of yen and are rounded down to the nearest million. The U.S. dollar amounts are presented in thousands and are rounded down to the nearest thousand. Accordingly, columns may not add up to column totals.

2. Significant Accounting Policies

(a) Consolidation

The Bank prepared the consolidated financial statements for the year ended March 31, 2001 and 2000 in accordance with the revised accounting principles for consolidated financial statements effective from the year ended March 31, 2000.

The consolidated financial statements include the accounts of the Bank and 12 (11 in 2000) significant subsidiaries. Three subsidiaries are not consolidated and not accounted for by the equity method, because they are immaterial. All significant inter-company transactions 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 Company acquired control of the respective subsidiaries.

The Bank amortizes consolidation difference, the difference between the cost of investments and equity in their net assets at date of acquisition of consolidated companies, using the straight-line method over five years.

One consolidated subsidiary's year ends on December 31. Necessary adjustments have been made for significant transactions between the subsidiary's year-end and March 31.

(b) Cash Flow Statement

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.

(c) Appropriations of Retained Earnings

Appropriations of retained earnings approved by the stockholders after the end of the year are recorded in the consolidated financial statements in the year approved.

(d) Trading Account Securities

For the fiscal year ended March 31, 2001, listed trading account securities of the Bank and its consolidated subsidiaries 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 based on carrying value on April 1, 2000.

For the fiscal year ended March 31, 2000, trading account securities listed on stock exchanges were valued at the lower of moving average cost or market. Recoveries of write-downs were recorded in subsequent periods.

Trading account securities other than those mentioned above were valued at moving average cost.

(e) Securities

Effective April 1, 2000, the Bank and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999). Under the new standard, held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries that are not consolidated or accounted for using the equity method are stated at moving-average 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 based on carrying value on April 1, 2000. Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

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.

Securities loaned with transfer of legal title, amounting to ¥16,351 million (US\$131,970 thousand) are included in Securities.

For the fiscal year ended March 31, 2000, marketable securities listed on stock exchanges, convertible bonds and shares (including foreign securities) were valued at the lower of moving average cost or market. Recoveries of write-downs were recorded in subsequent periods. Securities other than those mentioned above were valued at moving average cost. Securities held in specified money trusts, whose purpose is mainly investment in securities, were accounted for by the same valuation methods as the securities noted above.

(f) Premises and Equipment

Premises and equipment are generally stated at cost less accumulated depreciation and deferred gains on sale of real estate.

With respect to the Bank, depreciation of premises and equipment is computed on an annual basis using the declining-balance method. The estimated useful lives are as follows:

Buildings 3 ~ 60 years
Equipment 2 ~ 20 years

With respect to consolidated subsidiaries, depreciation of premises and equipment is computed predominantly under the declining-balance method.

Depreciation of lease assets of the consolidated subsidiaries is computed on using the straight-line method based on the lease commitments.

(g) Software Costs

The Bank and its subsidiaries have included internal use software costs in expenses in accordance with the revised "Accounting Standard for Research and Development Costs."

(h) Foreign Currency Translation

Foreign currency assets and liabilities of the Bank and the consolidated subsidiaries are translated into Japanese yen at exchange rates prevailing at the end of each fiscal year.

Effective April 1, 2000, Bank and domestic consolidated subsidiaries adopted the revised accounting standard for foreign currency translation "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation" issued by the Business Accounting Deliberation Council on October 22, 1999 (the "Revised Accounting Standard"). The adopting had no effect on net income.

Due to the adoption of the Revised Accounting Standard, the Bank and its domestic subsidiaries report foreign currency translation adjustments in shareholders' equity. The prior year's amount, which is included in other assets, has not been reclassified.

(i) Reserve for Possible Loan Losses

A reserve for possible loan losses was provided according to the following write-off/reserve standards. For loans to normal borrowers and borrowers requiring special attention as stipulated in the "Practical Guidelines for the Verification of Compliance with Internal Regulations Governing Asset Self-Assessment by Banks and Other Financial Institutions and for Audits of Bad Loan Write-offs and Bad Loan Reserves" (Report No. 4 of the Special Committee for Audits of Banks and Other Financial Institutions by the Japanese Institute of Certified Public Accountants), a reserve was provided based on the loan loss ratio, which is calculated for each loan using the actual loan losses during a specified period in the past. For loans to borrowers threatened with bankruptcy, after deducting the portion deemed recoverable through the disposal of collateral and the enforcement of guarantees, a reserve was provided for the remainder to the amount deemed necessary. For loans to legally and essentially bankrupt borrowers, after deducting the portion deemed recoverable through the disposal of collateral and the enforcement of guarantees, a reserve was provided to cover the remainder. For specified overseas loans, a reserve was provided in the form of a reserve for specific foreign loans (including the reserve for loss from overseas investment as provided for in Article 55, Paragraph 2, of the Special Taxation Measures Law) to the amount deemed irrecoverable as a result of political and economic conditions in the countries in question.

Self-assessment of assets was conducted for all loans by the Bank's divisions in charge of self-assessment in cooperation with the relevant business divisions on the basis of the Bank's asset self-assessment standards, and the loans were classified in the accounts according to the results of this asset assessment.

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.

(j) 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 and its consolidated subsidiaries use 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 assets and liabilities, the Bank and its consolidated subsidiaries make use of market value hedging and special treatment of interest rate swaps.

The Bank and its consolidated subsidiaries use derivative transactions for hedging interest rate risk. Under the new method, the Bank and its consolidated subsidiaries defer 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, derivative risks were within limits on risk amounts.

(k) Accounting for Leases

Finance leases that do not transfer ownership are accounted for in the same manner as operating leases under Japanese GAAP.

(l) Employees' Severance and Retirement Benefits

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

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

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

Under the New Accounting Standard, the liability 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 for employees' severance and retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") amounted to ¥11,919 million (US\$96,198 thousand), of which ¥6,182 million (US\$49,897 thousand) was recognized as an expense as a result of contribution of investment securities, which were valued at ¥6,182 million (US\$49,897 thousand) to the employee retirement benefit trust at April 1, 2000. The remaining net transition obligation amounting to ¥ 5,736 million (US\$46,301 thousand) will be recognized in expenses in equal amounts primarily over 5

years commencing with the year ended March 31, 2001. Prior service costs are recognized as expense using the straight-line method over estimated average remaining service life of 5 years commencing from the fiscal year, and actuarial differences are recognized as expense using the straight-line method over estimated average remaining service life of 15 years commencing from 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 increased by ¥672 million (US\$5,431 thousand), compared with what would have been recorded under the previous accounting standard. And as a result of establishment of retirement benefit trust, income before income taxes decreased by ¥4,117 million (US\$33,235 thousand), compared with what would have been recorded under the previous accounting standard.

(m) Shareholders' Equity

The maximum amount that the Bank can distribute as dividends is calculated based on the unconsolidated financial statements of the Bank in accordance with the Commercial Code of Japan.

(n) Net Income per Share

The computations of net income per share of common stock are based on the weighted average numbers of shares outstanding during each period.

3. Additional Information

Financial instruments

In accordance with the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999), the Bank and its consolidated subsidiaries adopted new methods of evaluating securities, evaluating derivatives and hedging transactions, etc. As a result, income before income tax decreased by ¥323 million (US\$2,608 thousand).

4. Loans under Risk-Management Review

Loans under risk-management review at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|-----------------------------------|-----------------|-----------------|------------------------------|
| | 2001 | 2000 | 2001 |
| Loans to Companies | | | |
| Legally Bankrupt..... | ¥ 17,358 | ¥ 20,310 | \$ 140,100 |
| Loans Past Due Over 6 Months..... | 116,287 | 80,486 | 938,559 |
| Loans Past Due Over 3 Months..... | 2,320 | 1,808 | 18,727 |
| Restructured Loans..... | 43,923 | 31,892 | 354,510 |
| Total..... | <u>¥179,890</u> | <u>¥134,498</u> | <u>\$1,451,897</u> |

Notes:

1. Loans to Companies Legally Bankrupt:

The term "Loans to Companies Legally Bankrupt" refers to loans (excluding those written off as bad debts) for which interest is not being accrued, owing to the fact that there is no hope of repayment of the principal, nor collection of interest, because said repayment or collection has been overdue for a considerable period of time or for any other valid reason.

2. Loans Past Due Over 6 Months:

Loans Past Due Over 6 Months are loans for which interest is not being accrued. This category excludes Restructured Loans described below, as well as Loans to Companies Legally Bankrupt.

3. Loans Past Due Over 3 Months:

Loans Past Due Over 3 Months are loans for which the payment of principal or interest is delayed 3 months or more from the day following the date agreed as the payment date (excludes Loans to Companies Legally Bankrupt and Loans Past Due Over 6 Months).

4. Restructured Loans:

Restructured Loans are loans provided to facilitate loan recovery by making certain concessions to borrowers (reduced or waived interest, payment of interest suspended, repayment of principal delayed, etc.) to allow borrowers to implement business reconstruction or provide them with support. This category excludes loans in the three categories above.

5. Assets Pledged

Assets pledged as collateral at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Securities | ¥50,978 | ¥38,008 | \$411,451 |
| Lease Receivables and Installment Receivables | 49,359 | 54,509 | 398,382 |
| Loans and Bills Discounted..... | 26 | — | 215 |

The above pledged assets secure the following liabilities.

| | Millions of Yen | | Thousands of U.S. Dollars |
|----------------------|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Deposits..... | ¥56,243 | ¥42,181 | \$453,942 |
| Borrowed Money | 44,223 | 47,835 | 356,925 |

In addition, at March 31, 2001, certain investment securities, aggregating ¥59,350 million (US\$479,019 thousand) and trading securities ¥109 million (US\$887 thousand) were pledged as collateral for settlement of exchange at the Bank of Japan, as a substitute for margin payments, and for other purposes. Premises and Equipment include guarantees of ¥1,834 million (US\$14,808 thousand), Other Assets include margin payments of ¥35 million (US\$290 thousand).

At March 31, 2000, certain investment securities, aggregating ¥43,608 million and trading securities of ¥105 million were pledged as collateral for settlement of exchange at the Bank of Japan and for other purposes.

6. Premises and Equipment

Accumulated depreciation amounted to ¥110,450 million (US\$891,445 thousand) and ¥108,323 million as of March 31, 2001 and 2000, respectively.

7. Deferred Tax Assets and Liabilities

Significant components of the Bank and consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|------------------|----------------|------------------------------|
| | 2001 | 2000 | 2001 |
| Deferred Tax Assets | | | |
| Excess Reserve for Possible Loan Losses | ¥ 25,470 | ¥18,615 | \$ 205,576 |
| Excess Depreciation | 1,282 | 1,350 | 10,348 |
| Excess Reserve for Retirement Allowances..... | — | 1,339 | — |
| Excess Employees' Severance and Retirement Benefits | 1,411 | — | 11,391 |
| Employee Retirement Benefit Trust ... | 1,217 | — | 9,829 |
| Excess Amortization of Deferred Assets | 1,117 | 906 | 9,021 |
| Unrealized Losses of Unlisted Securities | 1,886 | 810 | 15,225 |
| Other | 1,531 | 1,232 | 12,363 |
| Total Deferred Tax Assets | <u>¥ 33,918</u> | <u>¥24,255</u> | <u>\$ 273,757</u> |
| Deferred Tax Liabilities | | | |
| Net Unrealized Holding Gains on Securities | ¥(19,037) | ¥ — | \$(153,648) |
| Other | (48) | — | (391) |
| Total Deferred Tax Liabilities..... | <u>¥(19,085)</u> | <u>¥ —</u> | <u>\$(154,039)</u> |
| Net Deferred Tax Assets | <u>¥ 14,833</u> | <u>¥24,255</u> | <u>\$ 119,718</u> |

8. Borrowed Money

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

| | Millions of Yen | | Average | Thousands of |
|---|-----------------|---------|---------|--------------|
| | 2001 | 2000 | Rate | U.S. Dollars |
| Borrowing from Banks, Life Insurance Companies and Others | ¥85,359 | ¥93,829 | 1.99% | \$688,936 |

At March 31, 2001 and 2000 borrowed money includes ¥35,500 million (US\$286,521 thousand) and ¥37,000 million in subordinated loans, whose subordinated status is expressly stated in the underlying loan agreements.

The aggregate annual maturities of borrowed money outstanding at March 31, 2001 is as follows:

| Year ending 31 at March | Millions of Yen | Thousands of U.S. Dollars |
|---------------------------|-----------------|---------------------------|
| 2002..... | ¥22,674 | \$183,010 |
| 2003..... | 10,960 | 88,466 |
| 2004..... | 8,296 | 66,959 |
| 2005..... | 5,133 | 41,434 |
| 2006..... | 13,592 | 109,707 |
| 2007 and thereafter | 24,700 | 199,358 |
| Total..... | ¥85,359 | \$688,936 |

9. 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.

10. Land Revaluation Reserve

Land for commercial use was revalued in accordance with the Land Revaluation Law in the year ended March 31, 1998. The Bank recorded the difference in value before and after revaluation, net of taxes, as "Land Revaluation Reserve" shown in stockholders' equity, and recorded under "liabilities" an amount equivalent to accrued taxes in relation to the revaluation difference as "Deferred Tax Liability for Land Revaluation."

At March 31, 2001 the total market price of land for commercial use, which was revalued in accordance with the above law, was below the book value after revaluation by ¥5,388 million (US\$43,492 thousand).

11. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of |
|---|-----------------|----------|--------------|
| | 2001 | 2000 | U.S. Dollars |
| Cash and Due from Banks in Consolidated Balance Sheets | ¥209,801 | ¥77,087 | \$1,693,312 |
| Due from Banks except Deposits with the Bank of Japan..... | (129,238) | (16,565) | (1,043,090) |
| Cash and Cash Equivalents in the Statements of Cash Flows | ¥ 80,562 | ¥60,521 | \$ 650,221 |

12. Significant Transactions

The Bank assumed the assets and the liabilities of Gujo Credit Union due to the merger completed in October 1, 2000. Consequently Common stock of the bank and it's consolidated subsidiaries increased by ¥15 million.

| Assets and Liabilities Assumed by the Merger | Millions of Yen | Thousands of U.S. Dollars |
|---|-----------------|---------------------------|
| Assets | | |
| Cash and Due from Banks | ¥ 8,175 | \$ 65,981 |
| Securities | 101 | 822 |
| Loans and Bills Discounted | 13,327 | 107,565 |
| Other Assets | 64 | 523 |
| Premises and Equipment | 259 | 2,096 |
| Deferred Tax Assets..... | 401 | 3,239 |
| Customers' Liabilities for Acceptances and Guarantees..... | 199 | 1,611 |
| Less Reserve for Possible Loan Losses... | (1,599) | (12,913) |
| Total | ¥20,930 | \$168,927 |

| Liabilities | Millions of Yen | Thousands of U.S. Dollars |
|---------------------------------|-----------------|---------------------------|
| Deposits | ¥20,487 | \$165,358 |
| Other Liabilities..... | 106 | 857 |
| Acceptances and Guarantees..... | 199 | 1,611 |
| Total | ¥20,793 | \$167,827 |

13. Leases

(a) Finance Leases

(1) As Lessee

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

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|------|---------------------------|
| | 2001 | 2000 | 2001 |
| Equipment, Cost if Capitalized..... | ¥115 | ¥117 | \$932 |
| Other, Cost if Capitalized | 53 | 44 | 431 |
| Less: Accumulated Depreciation..... | (81) | (60) | (659) |
| Total | ¥ 87 | ¥101 | \$703 |
| Lease Commitments | | | |
| Due within One Year..... | ¥ 31 | ¥ 30 | \$258 |
| Due after One Year | 59 | 75 | 479 |
| Total | ¥ 91 | ¥105 | \$737 |
| For the Years Ended | | | |
| March 31, 2001 and 2000 | | | |
| Lease Expense..... | ¥ 36 | ¥ 31 | \$291 |
| Depreciation Expense, if Capitalized... | 32 | 28 | 260 |
| Interest Expense, if Capitalized..... | 4 | 4 | 33 |

The above "as if capitalized" depreciation is calculated on the straight-line method over lease terms.

(2) As Lessor

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

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|----------|---------------------------|
| | 2001 | 2000 | 2001 |
| Equipment..... | ¥98,905 | ¥98,085 | \$798,264 |
| Other | 10,900 | 10,646 | 87,981 |
| Less: Accumulated Depreciation..... | (62,844) | (61,637) | (507,219) |
| Total | ¥46,961 | ¥47,094 | \$379,026 |
| Future Lease Payments | | | |
| Due within One Year..... | ¥15,789 | ¥15,923 | \$127,438 |
| Due after One Year | 33,423 | 33,556 | 269,765 |
| Total | ¥49,213 | ¥49,480 | \$397,204 |
| For the Years Ended | | | |
| March 31, 2001 and 2000 | | | |
| Lease Income..... | ¥19,662 | ¥19,561 | \$158,696 |
| Depreciation Expense | 17,170 | 16,966 | 138,579 |
| Interest Income included in Other Income | 2,411 | 2,514 | 19,462 |

(b) Operating Leases

Future minimum lease payments receivable for operating leases at March 31, 2001 and 2000 are as follows.

| | Millions of Yen | | Thousands of |
|-------------------------------|-----------------|------|--------------|
| | 2001 | 2000 | U.S. Dollars |
| Future Minimum Lease Payments | | | |
| Due within One Year..... | ¥ 38 | ¥ 49 | \$ 309 |
| Due after One Year..... | 122 | 104 | 990 |
| Total..... | ¥161 | ¥153 | \$1,299 |

14. Market Value Information for Securities and Money Held in Trust**Money Held in Trust**

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

(b) Held-to-maturity debt securities

| | Millions of Yen | | | | |
|---------------------------------|-----------------|------------|------------|-------------------|-------------------|
| | 2001 | | | | |
| | Book Value | Fair Value | Difference | Unrecognized Gain | Unrecognized Loss |
| Japanese Government Bonds | ¥ — | ¥ — | ¥ — | ¥ — | ¥— |
| Municipal Bonds | 2,745 | 3,121 | 375 | 375 | — |
| Corporate Bonds | 1,867 | 1,886 | 19 | 29 | 9 |
| Others | — | — | — | — | — |
| Total | ¥4,613 | ¥5,008 | ¥395 | ¥404 | ¥ 9 |

| | Thousands of U.S. Dollars | | | | |
|---------------------------------|---------------------------|------------|------------|-------------------|-------------------|
| | 2001 | | | | |
| | Book Value | Fair Value | Difference | Unrecognized Gain | Unrecognized Loss |
| Japanese Government Bonds | \$ — | \$ — | \$ — | \$ — | \$ — |
| Municipal Bonds | 22,160 | 25,192 | 3,031 | 3,031 | — |
| Corporate Bonds | 15,072 | 15,229 | 157 | 236 | 79 |
| Others | — | — | — | — | — |
| Total | \$37,233 | \$40,421 | \$3,188 | \$3,268 | \$79 |

(c) Available-for-sale securities:

| | Millions of Yen | | | | |
|---------------------------------|------------------|-------------------------|------------|---------|--------|
| | 2001 | | | | |
| | Acquisition Cost | Book Value (Fair Value) | Difference | Gains | Losses |
| Equity securities | ¥ 82,293 | ¥112,326 | ¥30,033 | ¥32,490 | ¥2,456 |
| Bonds | | | | | |
| Japanese Government Bonds | 323,010 | 333,418 | 10,407 | 10,440 | 32 |
| Municipal Bonds | 58,545 | 61,791 | 3,245 | 3,245 | — |
| Corporate Bonds | 80,266 | 82,748 | 2,481 | 2,496 | 14 |
| Others | 124,615 | 124,880 | 264 | 888 | 623 |
| Total | ¥668,731 | ¥715,165 | ¥46,434 | ¥49,560 | ¥3,126 |

| | Thousands of U.S. Dollars | | | | |
|---------------------------------|---------------------------|-------------------------|------------|-----------|----------|
| | 2001 | | | | |
| | Acquisition Cost | Book Value (Fair Value) | Difference | Gains | Losses |
| Equity Securities | \$ 664,189 | \$ 906,592 | \$242,403 | \$262,227 | \$19,824 |
| Bonds | | | | | |
| Japanese Government Bonds | 2,607,024 | 2,691,027 | 84,002 | 84,262 | 260 |
| Municipal Bonds | 472,523 | 498,718 | 26,195 | 26,195 | — |
| Corporate Bonds | 647,832 | 667,862 | 20,030 | 20,147 | 117 |
| Others | 1,005,777 | 1,007,916 | 2,138 | 7,173 | 5,034 |
| Total | \$5,397,347 | \$5,772,117 | \$374,769 | \$400,006 | \$25,236 |

| | Millions of Yen | Thousands of |
|---|-----------------|--------------|
| | 2001 | U.S. Dollars |
| Book Value (Fair Value) | ¥7,983 | \$64,434 |
| Amount of Net Unrealized Gains or Losses Included in the Income Statement | (134) | (1,084) |

Securities

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values as of March 31, 2001:

(a) Trading securities

| | Millions of Yen | Thousands of |
|---|-----------------|--------------|
| | 2001 | U.S. Dollars |
| Book Value (Fair Value) | ¥4,718 | \$38,085 |
| Amount of Net Unrealized Gains or Losses Included in the Income Statement | 16 | 130 |

B. The following table summarizes book values of securities with no available fair values as of March 31, 2001.

| | Millions of Yen | Thousands of U.S. Dollars |
|---|-----------------|---------------------------|
| | 2001 | 2001 |
| Held-to-Maturity Debt Securities | | |
| Bonds | ¥20,532 | \$165,716 |
| Non-Listed Municipal Bonds | 14,937 | 120,556 |
| Non-Listed Foreign Securities | 2,000 | 16,142 |
| Available-for-Sale Securities | | |
| Non-listed Equity Securities | ¥ 4,963 | \$ 40,064 |
| Other | 1,058 | 8,540 |

C. Available-for-sale securities with maturities and held-to-maturity debt securities mature as follows:

| | Millions of Yen | | | |
|---------------------------------|-----------------|--|---|----------------|
| | 2001 | 2001 | 2001 | 2001 |
| | Within One Year | Over One Year but within Five Years | Over Five Years but within Ten Years | Over Ten Years |
| Bonds | | | | |
| Japanese Government Bonds | ¥106,183 | ¥128,220 | ¥ 96,014 | ¥ 3,000 |
| Municipal Bonds | 9,685 | 30,636 | 24,215 | — |
| Corporate Bonds | 17,707 | 72,429 | 15,023 | — |
| Others | 10,313 | 33,560 | 22,775 | 75,197 |
| Total | <u>¥143,891</u> | <u>¥264,846</u> | <u>¥158,028</u> | <u>¥78,197</u> |

| | Thousands of Dollars | | | |
|---------------------------------|----------------------|--|---|------------------|
| | 2001 | 2001 | 2001 | 2001 |
| | Within One Year | Over One Year but within Five Years | Over Five Years but within Ten Years | Over Ten Years |
| Bonds | | | | |
| Japanese Government Bonds | \$ 857,008 | \$1,034,873 | \$ 774,932 | \$ 24,213 |
| Municipal Bonds | 78,175 | 247,263 | 195,440 | — |
| Corporate Bonds | 142,921 | 584,579 | 121,252 | — |
| Others | 83,243 | 270,867 | 183,823 | 606,922 |
| Total | <u>\$1,161,347</u> | <u>\$2,137,584</u> | <u>\$1,275,448</u> | <u>\$631,135</u> |

D. Total sales of available-for-sale securities sold in the year ended March 31, 2001 amounted to ¥79,057 million (US\$638,073 thousand) and the related gains and losses amounted to ¥15,970 million (US\$128,894 thousand) and ¥188 million (US\$1,518 thousand), respectively.

E. Net Unrealized Holding Gains on Securities
Net unrealized holding gains on securities that have been stated at market value were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|-----------------|------------------------------|
| | 2001 | 2001 |
| Available-for-Sale Securities | ¥46,434 | \$374,769 |
| Deferred Tax Liabilities | (19,037) | (153,648) |
| Net Unrealized Holding Gains on Securities (before Adjustment for Minority Interests) | 27,396 | 221,121 |
| Minority Interests | (136) | (1,103) |
| Net Unrealized Holding Gains on Securities | <u>¥27,260</u> | <u>\$220,018</u> |

F. At March 31, 2000, book value, market value and net unrealized gains of money held in trust were as follows:

| | Millions of Yen | |
|----------------------------|-----------------|--|
| | 2000 | |
| Book Value | ¥8,298 | |
| Market Value | 8,344 | |
| Net Unrealized Gains | <u>¥ 46</u> | |

At March 31, 2000, book value, market value and net unrealized gains of securities listed on stock exchanges were as follows:

| | Millions of Yen |
|----------------------------------|-----------------|
| | 2000 |
| Book Value: | |
| Trading Account Securities | ¥ 81 |
| Securities | 308,683 |
| Total | <u>¥308,764</u> |
| Market Value: | |
| Trading Account Securities | ¥ 84 |
| Securities | 379,274 |
| Total | <u>¥379,359</u> |
| Net Unrealized Gains | <u>¥ 70,594</u> |

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

| | Millions of Yen |
|----------------------------------|-----------------|
| | 2000 |
| Book Value: | |
| Trading Account Securities | ¥ 1,991 |
| Securities | 167,110 |
| Total | <u>¥169,101</u> |
| Market Value | |
| Trading Account Securities | ¥ 1,994 |
| Securities | 167,606 |
| Total | <u>¥169,601</u> |
| Net Unrealized Gains | <u>¥499</u> |

15. Derivative Transactions

The Bank and its consolidated subsidiaries enter 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 and its consolidated subsidiaries have established procedures and controls to minimize market and credit risk including limits on transaction levels, hedging exposed positions, daily reporting to management, and outside review of trading department activities. Outstanding derivatives were as follows:

(1) Interest rate related transactions

| | Millions of Yen | | | | Thousands of |
|--|-----------------|-----------------------------------|--------------|-----------------|-----------------|
| | 2001 | | | | U.S. Dollars |
| | Contract Amount | Portion Maturing over One Year | Market Value | Recognized Gain | Recognized Gain |
| (Loss) | | | | (Loss) | |
| Over-the-Counter Transactions: | | | | | |
| Swaps | | | | | |
| Receive Floating Rate and Pay Fixed Rate | ¥582 | ¥582 | ¥(40) | ¥(40) | \$(324) |
| Others | | | | | |
| Interest Cap..... | ¥741 | ¥603 | ¥ 0 | ¥ 0 | \$ 2 |

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 discounted present values and formulas for option prices.

| | Millions of Yen | | | |
|---|-----------------|-----------------------------------|--------------|---------------------------|
| | 2000 | | | |
| | Contract Amount | Portion Maturing over One Year | Market Value | Unrealized Gain (Loss) |
| Over-the-Counter Transactions: | | | | |
| Swaps | | | | |
| Receive Fixed Rate and Pay Floating Rate..... | ¥ 9,000 | ¥ 9,000 | ¥ 50 | ¥ 50 |
| Receive Floating Rate and Pay Fixed Rate..... | 113,641 | 91,723 | (3,817) | (3,817) |
| Caps | | | | |
| Sell | 710 | 597 | | |
| Option Premiums | 4 | | 0 | 4 |
| Buy | 2,610 | 2,497 | | |
| Option Premiums | 32 | | 13 | (18) |
| Others | | | | |
| Buy | 800 | 800 | | |
| Option Premiums | 10 | | 4 | (5) |

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

(2) Currency and foreign exchange transactions

At March 31, 2001, the Bank and its consolidated subsidiaries had no outstanding transactions of currency and foreign exchange transactions, except contracts for which hedge accounting has been applied and the following currency swaps.

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

| | Millions of Yen | | | Thousands of |
|--------------------------------|-----------------|--------------|---------------------------|---------------------------|
| | 2001 | | | U.S. Dollars |
| | Contract Amount | Market Value | Unrealized Gain (Loss) | Unrealized Gain (Loss) |
| Over-the-Counter Transactions: | | | | |
| Currency Swaps..... | ¥10,553 | ¥(744) | ¥(744) | \$(6,007) |

Certain forward foreign exchange contracts, currency options and other currency related derivative financial instruments are not disclosed above because they were revalued at the balance sheet date and their gains (losses) were included in the consolidated statements of income. At March 31, 2001, the Bank and its consolidated subsidiaries had contracts to purchase foreign currencies of ¥3,506 million (US\$28,304 thousand) and to sell foreign currencies of ¥4,324 million (US\$34,900 thousand).

At March 31, 2000, the Bank and its consolidated subsidiaries had the following currency swaps:

| | Millions of Yen | | | |
|--------------------------------|-----------------|-----------------------------------|--------------|---------------------------|
| | 2000 | | | |
| | Contract Amount | Portion Maturing over One Year | Market Value | Unrealized Gain (Loss) |
| Over-the-Counter Transactions: | | | | |
| Currency Swaps: | | | | |
| U.S. Dollars | ¥11,542 | ¥— | ¥(235) | ¥(235) |

Certain forward foreign exchange contracts, currency options and other currency related derivative financial instruments are not disclosed because they were revalued at the balance sheet date and their gains (losses) were included in the consolidated statements of income. At March 31, 2000, the Bank and its consolidated subsidiaries had contracts to purchase foreign currencies of ¥3,595 million and to sell foreign currencies of ¥4,133 million.

(3) Bond related transactions

| | Millions of Yen | | | | Thousands of U.S. Dollars |
|----------------------|-----------------|--------------------------------|--------------|------------------------|---------------------------|
| | 2001 | | | | 2001 |
| | Contract Amount | Portion Maturing over One Year | Market Value | Unrealized Gain (Loss) | Unrealized Gain (Loss) |
| Listed Transactions: | | | | | |
| Futures | | | | | |
| Buy | ¥1,317 | ¥— | ¥1,319 | ¥(1) | \$(15) |

At March 31, 2000, the Bank and its consolidated subsidiaries had no outstanding bond related transactions.

16. Segment Information

1. Segment Information by Type of Business

Segment information by type of business for the years ended March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | | | | |
|--|--------------------|-----------------------------|---------|------------|-------------|--------------|
| | 2001 | | | | | |
| | Banking Operations | Leasing & Installment Sales | Other | Total | Elimination | Consolidated |
| Ordinary Income: | | | | | | |
| Ordinary Income with External Customers | ¥ 92,670 | ¥27,230 | ¥ 4,684 | ¥ 124,585 | ¥ — | ¥ 124,585 |
| Ordinary Income from Internal Transactions | 675 | 511 | 3,090 | 4,277 | (4,277) | — |
| Total | 93,346 | 27,741 | 7,774 | 128,862 | (4,277) | 124,585 |
| Ordinary Expenses | 84,574 | 26,736 | 7,414 | 118,725 | (4,246) | 114,479 |
| Ordinary Income | ¥ 8,771 | ¥ 1,005 | ¥ 360 | ¥ 10,137 | ¥ (30) | ¥ 10,106 |
| Assets | ¥3,276,094 | ¥71,952 | ¥17,889 | ¥3,365,936 | ¥(33,816) | ¥3,332,119 |
| Depreciation | 2,887 | 16,233 | 106 | 19,227 | (28) | 19,199 |
| Capital Expenditure | 2,179 | 18,383 | 97 | 20,659 | (312) | 20,347 |

| | Thousands of U.S. Dollars | | | | | |
|--|---------------------------|-----------------------------|-----------|--------------|-------------|--------------|
| | 2001 | | | | | |
| | Banking Operations | Leasing & Installment Sales | Other | Total | Elimination | Consolidated |
| Ordinary Income: | | | | | | |
| Ordinary Income with External Customers | \$ 747,947 | \$219,776 | \$ 37,811 | \$ 1,005,535 | \$ — | \$ 1,005,535 |
| Ordinary Income from Internal Transactions | 5,451 | 4,129 | 24,939 | 34,520 | (34,520) | — |
| Total | 753,399 | 223,906 | 62,750 | 1,040,056 | (34,520) | 1,005,535 |
| Ordinary Expenses | 682,603 | 215,792 | 59,844 | 958,239 | (34,272) | 923,967 |
| Ordinary Income | \$ 70,795 | \$ 8,114 | \$ 2,906 | \$ 81,816 | \$ (248) | \$ 81,568 |
| Assets | \$26,441,442 | \$580,731 | \$144,383 | \$27,166,557 | \$(272,934) | \$26,893,623 |
| Depreciation | 23,303 | 131,023 | 860 | 155,187 | (230) | 154,957 |
| Capital Expenditure | 17,589 | 148,373 | 783 | 166,745 | (2,520) | 164,225 |

| | Millions of Yen | | | | | |
|--|--------------------|-----------------------------|---------|------------|-------------|--------------|
| | 2000 | | | | | |
| | Banking Operations | Leasing & Installment Sales | Other | Total | Elimination | Consolidated |
| Ordinary Income: | | | | | | |
| Ordinary Income with External Customers | ¥ 84,446 | ¥25,685 | ¥ 4,312 | ¥ 114,444 | ¥ — | ¥ 114,444 |
| Ordinary Income from Internal Transactions | 630 | 506 | 2,832 | 3,968 | (3,968) | — |
| Total | 85,076 | 26,191 | 7,144 | 118,413 | (3,968) | 114,444 |
| Ordinary Expenses | 72,824 | 25,660 | 7,027 | 105,512 | (3,853) | 101,659 |
| Ordinary Income | ¥ 12,252 | ¥ 531 | ¥ 117 | ¥ 12,900 | ¥ (115) | ¥ 12,785 |
| Assets | ¥3,088,187 | ¥75,245 | ¥16,620 | ¥3,180,053 | ¥(36,775) | ¥3,143,277 |
| Depreciation | 3,191 | 15,813 | 117 | 19,122 | (18) | 19,103 |
| Capital Expenditure | 7,206 | 16,023 | 34 | 23,264 | (335) | 22,928 |

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

2. Segment Information by Location

As Japan accounts for over 90% of total ordinary income for all segments and total assets for all segments, information by location has been omitted.

3. Ordinary Income from International Operations

As ordinary income from international operations is under 10% of total ordinary income, for the year ended March 31, 2001, the information of ordinary income from international operations has been omitted.

17. Commitment Line

Loan agreements and commitment line agreements relating to loans are agreements, which oblige the Bank and its consolidated subsidiaries to lend funds up to a certain limit, agreed in advance. The Bank and its consolidated subsidiaries make the loans upon the request of an obligor to draw down funds under such loan agreements, as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balance relating to these loan agreements at March 31, 2001 amounted to ¥792,996 million (US\$6,400,290 thousand). Of this amount, ¥792,453 million (US\$6,395,912 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 flow. 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 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's and its consolidated subsidiaries' established internal procedures confirming the obligor's financial condition etc. at regular intervals.

18. 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.

| | Millions of Yen | Thousands of U.S. Dollars |
|---|-----------------|---------------------------|
| Benefit Obligation at End of Year | ¥(44,674) | \$(360,571) |
| Fair Value of Plan Assets at End of Year (Including Employees' Retirement Benefit Trust)..... | 31,286 | 252,517 |
| Funded Status: | | |
| Benefit Obligation in Excess of Plan Assets..... | (13,387) | (108,053) |
| Less Unamortized | | |
| Net Transition Obligation | 4,589 | 37,040 |
| Unrecognized Actuarial Differences..... | 5,015 | 40,479 |
| Unrecognized Prior Service Costs | (1,168) | (9,428) |
| Accrued Retirement Benefits | (4,951) | (39,960) |
| Prepaid Expense | 19 | 153 |
| Employee Retirement Benefit in the Consolidated Balance Sheets | ¥ (4,970) | \$ (40,113) |

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

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

| | Millions of Yen | Thousands of U.S. Dollars |
|--|-----------------|---------------------------|
| Service Cost | ¥1,526 | \$12,323 |
| Interest Cost | 1,295 | 10,458 |
| Expected Return on Plan Assets | (1,118) | (9,030) |
| Amortization: | | |
| Amortization of Prior Service Costs | (106) | (857) |
| Amortization of Net Transition Obligation | 7,329 | 59,157 |
| Net Periodic Benefit Cost | ¥8,927 | \$72,052 |

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

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

| | |
|--|---------------------|
| Discount Rate | 3.00% |
| Long-Term Rates of Return on Fund Assets | |
| A Funded Contributory Pension Plan | 4.00% |
| Employees' Retirement Benefit Trust | 4.00% |
| Method of Attributing Benefit to Periods of Service ... | Straight-Line Basis |
| Amortization Period for Prior Service Cost | 5 years |
| Amortization Period for Actuarial Losses | 15 years |
| Amortization Period for Transition Obligation at Date of Adoption | 5 years |

19. Commercial Bills

The total face value of commercial bills obtained as a result of discounting was ¥97,833 million (US\$789,613 thousand) at March 31, 2001.

20. Transactions with Related Parties

There are no significant transactions with related parties.

Report of Independent Public Accountants

To the Board of Directors and the Stockholders of The Ogaki Kyoritsu Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Ogaki Kyoritsu Bank, Ltd. (a Japanese corporation) and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income and 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.

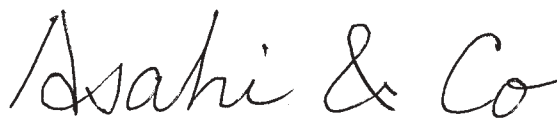
In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of The Ogaki Kyoritsu Bank, Ltd. and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years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

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

As explained in Note 2(a), in the year ended March 31, 2000, The Ogaki Kyoritsu Bank, Ltd., and subsidiaries prospectively adopted new Japanese accounting standards for consolidation and equity method accounting.

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.

Gifu, Japan
June 26, 2001



Asahi & Co.

(A Member Firm of Arthur Andersen)

Statement on Accounting Principles and Auditing Standards

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

NON-CONSOLIDATED BALANCE SHEETS

| March 31, 2001 and 2000 | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------------------|-------------------|---------------------------------------|
| | 2001 | 2000 | 2001 |
| ASSETS | | | |
| Cash and Due from Banks | ¥ 209,396 | ¥ 75,867 | \$ 1,690,044 |
| Call Loans | 130 | 83,432 | 1,050 |
| Monetary Claims Bought | 1 | 4,000 | 8 |
| Trading Account Securities (Note 4) | 4,718 | 2,671 | 38,085 |
| Money Held in Trust | 7,982 | 8,297 | 64,426 |
| Securities (Notes 5 and 8) | 752,181 | 656,063 | 6,070,873 |
| Loans and Bills Discounted (Notes 6, 7, 8, 24 and 25) | 2,204,251 | 2,152,167 | 17,790,572 |
| Foreign Exchanges (Note 9) | 4,009 | 3,678 | 32,357 |
| Other Assets (Note 10) | 16,574 | 10,125 | 133,773 |
| Premises and Equipment (Note 11) | 42,213 | 42,734 | 340,702 |
| Deferred Tax Assets (Note 12) | 14,031 | 23,434 | 113,251 |
| Customers' Liabilities for Acceptances and Guarantees (Note 16) | 76,740 | 73,736 | 619,378 |
| Less Reserve for Possible Loan Losses (Note 2(g)) | (68,097) | (57,124) | (549,616) |
| Total Assets | ¥3,264,134 | ¥3,079,085 | \$26,344,907 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Deposits (Notes 8 and 13) | ¥2,908,560 | ¥2,758,330 | \$23,475,068 |
| Call Money | 48,050 | 44,589 | 387,816 |
| Borrowed Money (Notes 8 and 15) | 36,036 | 45,593 | 290,853 |
| Foreign Exchanges (Note 9) | 242 | 195 | 1,959 |
| Other Liabilities (Note 14) | 46,881 | 37,610 | 378,381 |
| Reserve for Retirement Allowances (Note 2(j)) | — | 4,618 | — |
| Employees' Severance and Retirement Benefits (Note 2(j)) | 4,755 | — | 38,384 |
| Deferred Tax Liability for Land Revaluation (Note 17) | 2,950 | 2,950 | 23,810 |
| Acceptances and Guarantees (Note 16) | 76,740 | 73,736 | 619,378 |
| Total Liabilities | 3,124,219 | 2,967,624 | 25,215,652 |
| STOCKHOLDERS' EQUITY | | | |
| Common Stock (Note 18) | 24,516 | 24,500 | 197,869 |
| Capital Surplus | 13,789 | 13,789 | 111,295 |
| Legal Reserve | 13,336 | 12,870 | 107,638 |
| Land Revaluation Reserve (Note 17) | 4,245 | 4,245 | 34,264 |
| Voluntary Reserves | 53,317 | 48,878 | 430,330 |
| Retained Earnings (Note 26) | 3,565 | 7,176 | 28,776 |
| Net Unrealized Holding Gains on Securities | 27,144 | — | 219,080 |
| Total Stockholders' Equity | 139,914 | 111,460 | 1,129,255 |
| Total Liabilities and Stockholders' Equity | ¥3,264,134 | ¥3,079,085 | \$26,344,907 |

See Notes to Non-Consolidated Financial Statements.

NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

| For the Years Ended March 31, 2001 and 2000 | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------------------|----------------|---------------------------------------|
| | 2001 | 2000 | 2001 |
| INCOME | | | |
| Interest and Dividends on: | | | |
| Loans and Bills Discounted | ¥47,962 | ¥47,765 | \$387,103 |
| Securities | 19,678 | 21,839 | 158,826 |
| Other (Note 19)..... | 509 | 947 | 4,115 |
| Fees and Commissions (Note 20)..... | 6,633 | 6,311 | 53,542 |
| Gains on Sales and Valuations of Trading Accounts Securities..... | 30 | — | 247 |
| Gains on Sales, Redemptions and Valuations of Bonds..... | 1,423 | 1,359 | 11,489 |
| Gains on Sales of Stocks | 15,157 | 4,405 | 122,333 |
| Gains on Sales and Valuations of Money Held in Trust..... | — | 981 | — |
| Other Income | 4,287 | 875 | 34,607 |
| Total Income | 95,683 | 84,485 | 772,266 |
| EXPENSES | | | |
| Interest on: | | | |
| Deposits | 8,444 | 8,856 | 68,156 |
| Borrowings and Rediscounts | 4,437 | 4,552 | 35,815 |
| Other (Note 21)..... | 4,229 | 4,474 | 34,134 |
| Fees and Commissions | 1,936 | 2,179 | 15,632 |
| Losses on Sales and Valuations of Trading Accounts Securities..... | — | 33 | — |
| Losses on Sales, Redemptions and Valuations of Bonds..... | 1,311 | 2,628 | 10,587 |
| General and Administrative Expenses..... | 41,933 | 41,077 | 338,446 |
| Losses on Sales and Valuations of Stocks | 2,959 | 2,341 | 23,882 |
| Losses on Sales and Valuations of Money Held in Trust..... | 312 | — | 2,519 |
| Other Expenses (Note 22) | 25,772 | 6,632 | 208,012 |
| Total Expenses..... | 91,337 | 72,776 | 737,188 |
| Income before Income Taxes..... | 4,346 | 11,708 | 35,077 |
| Income Taxes –Current..... | 10,738 | 6,300 | 86,674 |
| –Deferred..... | (9,059) | (1,602) | (73,116) |
| Net Income | 2,666 | 7,011 | 21,519 |
| Retained Earnings: | | | |
| Balance at the Beginning of the Year | 7,176 | (2,125) | 57,924 |
| Appropriations: | | | |
| Transfer to Legal Reserve | (345) | (345) | (2,788) |
| Cash Dividends..... | (1,454) | (1,454) | (11,741) |
| Bonuses to Directors and Statutory Auditors..... | (37) | — | (302) |
| Transfer to Voluntary Reserves..... | (4,439) | (8) | (35,834) |
| Transfer from Voluntary Reserves..... | — | 4,100 | — |
| Balance at End of Year (Note 26)..... | ¥ 3,565 | ¥ 7,176 | \$28,776 |
| Per Share of Common Stock (in Yen and U.S. Dollars): | | | |
| Net Income (Note 2(k)) | ¥ 9.15 | ¥ 24.09 | \$0.07 |
| Cash Dividends | 5.00 | 5.00 | 0.04 |
| Stockholders' Equity | 480.36 | 383.08 | 3.87 |

See Notes to Non-Consolidated Financial Statements.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2001 and 2000

1. Basis of Presenting Non-Consolidated Financial Statements

The Ogaki Kyoritsu Bank, Ltd. (the "Bank") maintains its accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different from the accounting and disclosure requirements of International Accounting Standards. The accompanying non-consolidated financial statements are a translation of the audited non-consolidated financial statements of the Bank which were prepared in accordance with Japanese GAAP from the accounts and records maintained by the Bank and were filed with appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law.

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

The translation of the Japanese yen amounts into U.S. Dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2001, which was ¥123.90 to US\$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.

The Japanese yen amounts are presented in millions of yen and are rounded down to the nearest million. The U.S. dollar amounts are presented in thousands and are rounded down to the nearest thousand. Accordingly, columns may not add up to column totals.

2. Significant Accounting Policies

(a) Reporting Entity

The accompanying financial statements of the Bank are non-consolidated and do not include the accounts of the Bank's subsidiaries.

(b) Trading Account Securities

For the fiscal year ended March 31, 2001, listed trading account securities 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 based on carrying value at April 1, 2000.

For the fiscal year ended March 31, 2000, trading account securities listed on stock exchanges were valued at the lower of moving average cost or market. Recoveries of write-downs were recorded in subsequent periods.

Trading account securities other than those mentioned above were valued at moving average cost.

(c) Securities

Effective April 1, 2000, the Bank adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999). Under the new standard, held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies are stated at moving-average 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 based on carrying value at April 1, 2000. Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

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.

Securities loaned with transfer of legal title, amounting to ¥16,351 million (US\$131,970 thousand) are included in Securities.

For the fiscal year ended March 31, 2000, marketable securities listed on stock exchanges, convertible bonds and shares (including foreign securities) were valued at the lower of moving average cost or market. Recoveries of write-downs were recorded in subsequent periods. Securities other than those mentioned above were valued at moving average cost. Securities held in specified money trusts, whose purpose is mainly investment in securities, were accounted for by the same valuation methods as the securities noted above.

(d) Premises and Equipment

Premises and equipment are generally stated at cost less accumulated depreciation and deferred gain on sale of real estate.

Depreciation of premises and equipment of the Bank is computed using the declining-balance method.

The estimated useful lives are as follows:

| | |
|-----------|--------------|
| Buildings | 3 ~ 60 years |
| Equipment | 2 ~ 20 years |

(e) Software Costs

The Bank has included internal use software costs in expenses in accordance with the revised "Accounting Standard for Research and Development Costs."

(f) Foreign Currency Translation

Foreign currency assets and liabilities of the Bank are translated into Japanese yen at exchange rates prevailing at the end of each fiscal year.

(g) Reserve for Possible Loan Losses

A reserve for possible loan losses was provided according to the following write-off/reserve standards. For loans to normal borrowers and borrowers requiring special attention as stipulated in the "Practical Guidelines for the Verification of Compliance with Internal Regulations Governing Asset Self-Assessment by Banks and Other Financial Institutions and for Audits of Bad Loan Write-offs and Bad Loan Reserves" (Report No. 4 of the Special Committee for Audits of Banks and Other Financial Institutions by the Japanese Institute of Certified Public Accountants), a reserve was provided based on the loan loss ratio, which is calculated for each loan using the actual loan losses during a specified period in the past. For loans to borrowers threatened with bankruptcy, after deducting the portion deemed recoverable through the disposal of collateral and the enforcement of guarantees, a reserve was provided for the remainder to the amount deemed necessary. For loans to legally and essentially bankrupt borrowers, after deducting the portion deemed recoverable through the disposal of collateral and the enforcement of guarantees, a reserve was provided to cover the remainder. For specified overseas loans, a reserve was provided in the form of a reserve for specific foreign loans (including the reserve for loss from overseas investment as provided for in Article 55, Paragraph 2, of the Special Taxation Measures Law) to the amount deemed irrecoverable as a result of political and economic conditions in the countries in question.

Self-assessment of assets was conducted for all loans by the Bank's divisions in charge of asset self-assessment in cooperation with the relevant business divisions on the basis of the Bank's asset self-assessment standards, and the loans were classified in the accounts according to the results of this asset assessment.

(h) Derivatives and Hedge Accounting

The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires the Bank 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 assets and liabilities, the Bank makes use of market value hedging and special treatment of interest rate swaps.

The Bank use derivative transactions for hedging interest rate risk. Under the new method, the Bank defers recognition of gains and losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the

hedged items are recognized. Also, in accordance with established policies for derivative and hedging transactions, derivative risks were within limits on risk amounts.

(i) Accounting for Leases

Finance leases that do not transfer ownership are accounted for in the same manner as operating leases under Japanese GAAP.

(j) Employees' Severance and Retirement Benefits

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

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

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

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

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

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") amounted to ¥12,150 million (US\$98,064 thousand), of which ¥6,182 million (US\$49,897 thousand) was recognized as an expense as a result of contribution of investment securities, which were valued at ¥6,182 million (US\$49,897 thousand) to the employee retirement benefit trust at April 1, 2000. The remaining net transition obligation amounting to ¥5,967 million (US\$48,166 thousand) will be recognized in expenses in equal amounts primarily over 5 years commencing with the year ended March 31, 2001. Prior service costs are recognized as expense using the straight-line method over estimated average remaining service life of 5 years commencing from the fiscal year, and actual differences are recognized as expense using the straight-line method over estimated average remaining service life of 15 years commencing from 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 increased by ¥684 million (US\$5,522 thousand), compared with what would have been recorded under the previous accounting standard. And as a result of establishment of retirement benefit trust, income before income taxes decreased by ¥4,164 million (US\$33,608 thousand), compared with what would have been recorded under the previous accounting standard.

(k) Net Income per Share

The computations of net income per share of common stock are based on the weighted average numbers of shares outstanding during each period.

3. Additional Information

Financial instruments

In accordance with the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999), the Bank adopted new methods of evaluating securities, evaluating derivatives and hedging transactions, etc. As a result, income before income tax increased by ¥75 million (US\$608 thousand).

4. Trading Account Securities

Trading account securities at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of |
|--------------------------------|-----------------|--------|--------------|
| | 2001 | 2000 | U.S. Dollars |
| National Government Bonds..... | ¥4,718 | ¥2,671 | \$38,085 |

5. Securities

Securities at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of |
|--------------------------------|-----------------|----------|--------------|
| | 2001 | 2000 | U.S. Dollars |
| National Government Bonds..... | ¥333,418 | ¥259,986 | \$2,691,027 |
| Local Government Bonds..... | 64,536 | 66,989 | 520,879 |
| Corporate Bonds..... | 104,991 | 95,320 | 847,392 |
| Shares | 115,235 | 95,720 | 930,066 |
| Other Securities..... | 133,998 | 138,045 | 1,081,506 |
| Total | ¥752,181 | ¥656,063 | \$6,070,873 |

6. Loans and Bills Discounted

Loans and bills discounted at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of |
|------------------------|-----------------|------------|--------------|
| | 2001 | 2000 | U.S. Dollars |
| Bills Discounted | ¥ 97,833 | ¥ 92,330 | \$ 789,613 |
| Loans on Bills | 396,617 | 381,256 | 3,201,113 |
| Loans on Deeds | 1,453,321 | 1,382,676 | 11,729,790 |
| Overdrafts | 256,479 | 295,903 | 2,070,055 |
| Total | ¥2,204,251 | ¥2,152,167 | \$17,790,572 |

7. Loans under Risk-Management Review

Loans under risk-management review at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | | | Thousands of |
|---|-----------------|--------|----------|--------|--------------|
| | 2001 | | 2000 | | U.S. Dollars |
| Loans to Companies Legally Bankrupt | ¥ 17,292 | 0.78%* | ¥ 20,269 | 0.94%* | \$ 139,565 |
| Loans Past Due Over 6 Months..... | 116,151 | 5.27 | 80,399 | 3.74 | 937,458 |
| Loans Past Due Over 3 Months..... | 2,280 | 0.10 | 1,785 | 0.08 | 18,409 |
| Restructured Loans | 43,923 | 1.99 | 31,892 | 1.48 | 354,510 |
| Total (A) | ¥179,648 | 8.15 | ¥134,347 | 6.24 | \$1,449,944 |
| Reserve for Possible Loan Losses (B)..... | ¥ 68,097 | | ¥ 57,124 | | \$ 549,616 |
| Ratio of Reserve for Possible Loan Losses (B)/(A) | 37.9% | | 42.5% | | |

*Ratio to total loans and bills discounted.

Notes:

1. Loans to Companies Legally Bankrupt:

The term "Loans to Companies Legally Bankrupt" refers to loans (excluding those written off as bad debts) for which interest is not being accrued, owing to the fact that there is no hope of repayment of the principal, nor collection of interest, because said repayment or collection has been overdue for a considerable period of time or for any other valid reason.

2. Loans Past Due Over 6 Months:

Loans Past Due Over 6 Months are loans for which interest is not being accrued. This category excludes Restructured Loans described below, as well as Loans to Companies Legally Bankrupt.

3. Loans Past Due Over 3 Months:

Loans Past Due Over 3 Months are loans for which the payment of principal or interest is delayed 3 months or more from the day following the date agreed as the payment date (excludes Loans to Companies Legally Bankrupt and Loans Past Due Over 6 Months).

4. Restructured Loans:

Restructured Loans are loans provided to facilitate loan recovery by making certain concessions to borrowers (reduced or waived interest, payment of interest suspended, repayment of principal delayed, etc.) to allow borrowers to implement business reconstruction or provide them with support. This category excludes loans in the three categories above.

8 Assets Pledged

Assets pledged as collateral at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|----------------------------------|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Securities | ¥50,978 | ¥37,050 | \$411,451 |
| Loans and Bills Discounted | 26 | — | 215 |

The above pledged assets secure the following liabilities.

| | Millions of Yen | | Thousands of U.S. Dollars |
|----------------------|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Deposits..... | ¥56,243 | ¥41,180 | \$453,942 |
| Borrowed Money | 24 | — | 193 |

In addition, at March 31, 2001, certain investment securities, aggregating ¥59,350 million (US\$479,019 thousand) and trading securities ¥109 million (US\$887 thousand) were pledged as collateral for settlement of exchange at the Bank of Japan, as a substitute for margin payments, and for other purposes.

At March 31, 2000, certain investment securities, aggregating ¥43,608 million and trading securities of ¥105 million were pledged as collateral for settlement of exchange at the Bank of Japan and for other purposes.

9. Foreign Exchanges

Foreign exchange at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|--------|------------------------------|
| | 2001 | 2000 | 2001 |
| Assets | | | |
| Due from Foreign Correspondents..... | ¥1,080 | ¥ 507 | \$ 8,722 |
| Foreign Bills of Exchange Bought | 928 | 822 | 7,493 |
| Foreign Bills of Exchange Receivable..... | 1,999 | 2,348 | 16,141 |
| Total | ¥4,009 | ¥3,678 | \$32,357 |
| Liabilities | | | |
| Due to Foreign Correspondents..... | ¥ 6 | ¥ 11 | \$ 54 |
| Foreign Bills of Exchange Sold..... | 203 | 169 | 1,645 |
| Foreign Bills of Exchange Payable | 32 | 14 | 259 |
| Total | ¥ 242 | ¥ 195 | \$ 1,959 |

10. Other Assets

Other assets at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|-------------------------------------|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Domestic Exchange Settlement | | | |
| Account Debit | ¥ 1,157 | ¥ 601 | \$ 9,343 |
| Prepaid Expenses | 114 | 150 | 926 |
| Accrued Income | 5,717 | 5,362 | 46,143 |
| Deferred Hedge Losses | 4,971 | — | 40,122 |
| Other | 4,613 | 4,011 | 37,238 |
| Total | ¥16,574 | ¥10,125 | \$133,773 |

11. Premises and Equipment

Accumulated depreciation amounted to ¥35,961 million (US\$290,242 thousand) and ¥33,855 million as of March 31, 2001 and 2000, respectively.

12. Deferred Tax Assets

The following table summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the year ended March 31, 2001:

| | 2001 |
|--|--------------|
| Statutory Tax Rate | 41.0% |
| Expenses not Deductible for Income Tax Purposes..... | 5.1 |
| Non-Taxable Dividend Income | (17.3) |
| Per Capita Inhabitant Tax..... | 1.5 |
| Effect of Gujo Credit Union..... | 3.1 |
| Other | 5.2 |
| Effective Tax Rate | <u>38.6%</u> |

Significant components of the Bank's deferred tax assets as of March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---------------------------------------|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Deferred Tax Assets | | | |
| Excess Reserve for | | | |
| Possible Loan Losses | ¥ 24,705 | ¥17,907 | \$199,402 |
| Excess Depreciation | 1,282 | 1,350 | 10,348 |
| Excess Reserve for | | | |
| Retirement Allowances..... | — | 1,268 | — |
| Excess Employees' Severance | | | |
| and Retirement Benefits | 2,585 | — | 20,863 |
| Excess Amortization | | | |
| of Deferred Assets | 1,097 | 891 | 8,856 |
| Unrealized Losses of Securities | 1,810 | 784 | 14,611 |
| Other | 1,462 | 1,231 | 11,801 |
| Total Deferred Tax Assets | ¥ 32,943 | ¥23,434 | \$265,884 |
| Deferred Tax Liabilities | | | |
| Net Unrealized Holding | | | |
| Gains on Securities | (18,862) | — | (152,242) |
| Other | (48) | — | (391) |
| Total Deferred Tax Liabilities... | ¥(18,911) | ¥ — | \$(152,633) |
| Net Deferred Tax Assets | ¥ 14,031 | ¥23,434 | \$ 113,251 |

13. Deposits

Deposits at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|------------|------------------------------|
| | 2001 | 2000 | 2001 |
| Current Deposits | ¥ 140,213 | ¥ 122,519 | \$ 1,131,668 |
| Ordinary Deposits | 655,371 | 564,410 | 5,289,520 |
| Deposits at Notice | 26,743 | 31,010 | 215,847 |
| Time Deposits | 1,890,133 | 1,859,991 | 15,255,312 |
| Other Deposits | 158,279 | 178,136 | 1,277,481 |
| Sub-Total | 2,870,741 | 2,756,068 | 23,169,830 |
| Negotiable Certificates of Deposit | 37,819 | 2,261 | 305,238 |
| Total | ¥2,908,560 | ¥2,758,330 | \$23,475,068 |

14. Other Liabilities

Other liabilities at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Domestic Exchange Settlement Account Credit | ¥ 1,486 | ¥ 1,550 | \$ 11,995 |
| Accrued Taxes | 7,031 | 5,964 | 56,754 |
| Accrued Expenses | 7,291 | 9,367 | 58,853 |
| Unearned Income | 1,510 | 2,359 | 12,194 |
| Employees' Saving Deposits | 2,856 | 2,901 | 23,055 |
| Other | 26,703 | 15,465 | 215,527 |
| Total | ¥46,881 | ¥37,610 | \$378,381 |

15. Borrowed Money

At March 31, 2001 and 2000 borrowed money includes ¥35,500 million (US\$286,521 thousand) and ¥37,000 million in subordinated loans, whose subordinated status is expressly stated in the underlying loan agreements.

16. 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.

17. Land Revaluation Reserve

Land for commercial use was revalued in accordance with the Land Revaluation Law in the year ended March 31, 1998. The Bank recorded the difference in value before and after revaluation, net of taxes, as "Land Revaluation Reserve" shown in stockholders' equity, and recorded under "liabilities" an amount equivalent to accrued taxes in relation to the revaluation difference as "Deferred Tax Liability for Land Revaluation."

At March 31, 2001 the total market price of land for commercial use, which was revalued in accordance with the above law, was below the book value after revaluation by ¥5,388 million (US\$43,492 thousand).

18. Common Stock

Information with respect to common stock of the Bank as of March 31, 2001 and 2000 are as follows:

| | 2001 | 2000 |
|------------------|---------------|---------------|
| Par Value | ¥50 per share | ¥50 per share |
| Number of Shares | | |
| Authorized | 400,000,000 | 400,000,000 |
| Issued | 291,268,975 | 290,955,467 |

The number of outstanding shares is increased due to the merger with Gujo Credit Union.

19. Other Interest Income

Other interest income at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---------------------------|-----------------|------|------------------------------|
| | 2001 | 2000 | 2001 |
| Deposits with Banks | ¥175 | ¥524 | \$1,413 |
| Interest Swaps | 64 | 128 | 519 |
| Other | 270 | 294 | 2,182 |
| Total | ¥509 | ¥947 | \$4,115 |

20. Fees and Commissions

Fees and commissions at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|--------------------------------------|-----------------|--------|------------------------------|
| | 2001 | 2000 | 2001 |
| Domestic and Foreign Exchanges | ¥3,147 | ¥3,014 | \$25,406 |
| Other | 3,485 | 3,296 | 28,135 |
| Total | ¥6,633 | ¥6,311 | \$53,542 |

21. Other Interest Expense

Other interest expenses at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|----------------------|-----------------|--------|------------------------------|
| | 2001 | 2000 | 2001 |
| Interest Swaps | ¥2,372 | ¥2,640 | \$19,148 |
| Other | 1,856 | 1,833 | 14,985 |
| Total | ¥4,229 | ¥4,474 | \$34,134 |

22. Other Expenses

Other expenses at March 31, 2001 and 2000 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|----------------------------|-----------------|--------|------------------------------|
| | 2001 | 2000 | 2001 |
| Transfer to Reserve for | | | |
| Possible Loan Losses | ¥17,804 | ¥5,595 | \$143,698 |
| Other | 7,968 | 1,037 | 64,313 |
| Total | ¥25,772 | ¥6,632 | \$208,012 |

23. Finance Leases

As Lessee

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

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|---------|------------------------------|
| | 2001 | 2000 | 2001 |
| Equipment, Cost if Capitalized..... | ¥2,231 | ¥2,104 | \$18,011 |
| Less: Accumulated Depreciation..... | (1,455) | (1,275) | (11,747) |
| Total | ¥ 776 | ¥ 828 | \$ 6,264 |
| Lease Commitments | | | |
| Due within One Year..... | ¥ 271 | ¥ 312 | \$ 2,189 |
| Due after One Year | 516 | 531 | 4,166 |
| Total | ¥ 787 | ¥ 843 | \$ 6,356 |
| For the Years Ended | | | |
| March 31, 2001 and 2000 | | | |
| Lease Expense..... | ¥ 411 | ¥ 419 | \$ 3,318 |
| Depreciation Expense, if Capitalized... | 341 | 362 | 2,758 |
| Interest Expense, if Capitalized..... | 27 | 28 | 221 |

The above "as if capitalized" depreciation is calculated on the straight-line method over lease terms.

24. Commitment Line

Loan agreements and commitment line agreements relating to loans are agreements, which oblige the Bank to lend funds up to a certain limit, agreed in advance. The Bank makes the loans upon the request of an obligor to draw down funds under such loan agreements, as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balance relating to these loan agreements at March 31, 2001 amounted to ¥742,156 million (US\$5,989,962 thousand). Of this amount, ¥741,613 million (US\$5,985,584 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 flow. Conditions are included in certain loan agreements which allow the Bank 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 credit. The Bank takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Bank in the form of real estate, securities etc. on signing the loan agreement, or in accordance with the Bank established internal procedures confirming the obligor's financial condition etc. at regular intervals.

25. Commercial Bills

The total face value of commercial bills obtained as a result of discounting was ¥97,833 million (US\$789,613 thousand) at March 31, 2001.

26. Subsequent Event

The ordinary stockholders' meeting, which was held on June 26, 2001, duly approved the following year-end appropriation of retained earnings as of March 31, 2000.

| | Thousands of Millions of Yen | | U.S. Dollars |
|---|---------------------------------|--------------|--------------|
| | Millions of Yen | U.S. Dollars | |
| Retained Earnings at March 31, 2001 | ¥3,565 | | \$28,776 |
| Transfer from the Reserves | | | |
| for Extraordinary Depreciation | 5 | | 46 |
| Appropriations: | | | |
| Transfer to Legal Reserve..... | (200) | | (1,614) |
| Cash Dividends | (728) | | (5,877) |
| Bonuses to Directors | | | |
| and Statutory Auditors..... | (33) | | (274) |
| Transfer to Voluntary Reserves | (800) | | (6,456) |
| Transfer to the Reserves | | | |
| for Extraordinary Depreciation | (35) | | (286) |
| Retained Earnings Carried Forward | ¥1,773 | | \$14,313 |

Report of Independent Public Accountants

To the Stockholders and the Board of Directors of The Ogaki Kyoritsu Bank, Ltd.

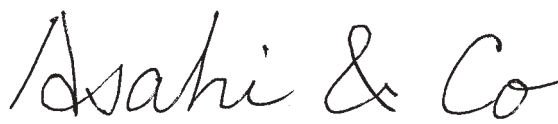
We have audited the accompanying non-consolidated balance sheets of The Ogaki Kyoritsu Bank, Ltd. (a Japanese corporation) as of March 31, 2001 and 2000, and the related non-consolidated statements of income and retained earnings for the years then ended, all expressed in Japanese yen. Our audits were 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 non-consolidated financial statements referred to above present fairly the non-consolidated financial position of The Ogaki Kyoritsu Bank, Ltd. as of March 31, 2001 and 2000, and the non-consolidated results of its operations for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except for the new accounting policies, in the following paragraph.

As explained in Notes 2 and 3, in the year ended March 31, 2001, The Ogaki Kyoritsu Bank, Ltd., 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 non-consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

Gifu, Japan
June 26, 2001



Asahi & Co.

(A Member Firm of Arthur Andersen)

Statement on Accounting Principles and Auditing Standards

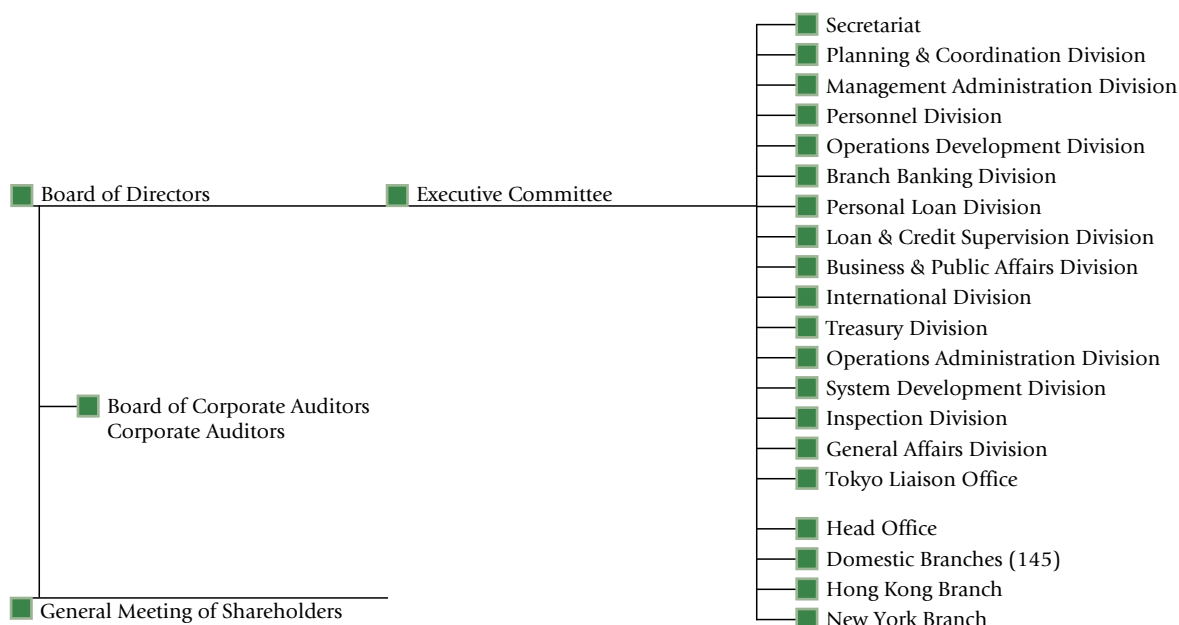
This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based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

FIVE-YEAR SUMMARY

| Years ended March 31 | Millions of Yen | | | | |
|--|-----------------|------------|------------|------------|------------|
| | 2001 | 2000 | 1999 | 1998 | 1997 |
| For the Year | | | | | |
| Income | | | | | |
| Interest on Loans and Bills Discounted | ¥ 47,962 | ¥ 47,765 | ¥ 49,942 | ¥ 49,868 | ¥ 50,225 |
| Other Income | 47,721 | 36,720 | 43,057 | 57,715 | 39,470 |
| Total Income | 95,683 | 84,485 | 92,999 | 107,584 | 89,695 |
| Expenses | | | | | |
| Interest on Deposits | 8,444 | 8,856 | 13,687 | 19,802 | 26,536 |
| Other Expenses | 82,893 | 63,920 | 103,339 | 70,434 | 58,024 |
| Total Expenses | 91,337 | 72,776 | 117,027 | 90,236 | 84,561 |
| Income (Loss) before Income Taxes | 4,346 | 11,708 | (24,027) | 17,347 | 5,134 |
| Income (Loss) Taxes and Deferred Taxes | 1,679 | 4,698 | (9,601) | 15,793 | 102 |
| Net Income (Loss) | ¥ 2,666 | ¥ 7,011 | ¥ (14,425) | ¥ 1,554 | ¥ 5,031 |
| At Year-End | | | | | |
| Assets | | | | | |
| Securities | ¥ 752,181 | ¥ 656,063 | ¥ 594,344 | ¥ 661,036 | ¥ 631,895 |
| Loans and Bills Discounted | 2,204,251 | 2,152,167 | 2,166,733 | 2,099,054 | 2,018,275 |
| Foreign Exchange | 4,009 | 3,678 | 3,962 | 5,608 | 5,606 |
| Other Assets | 226,948 | 193,436 | 255,844 | 223,117 | 248,041 |
| Customers' Liabilities for Acceptances and Guarantees | 76,740 | 73,736 | 74,458 | 74,830 | 71,960 |
| Total Assets | ¥3,264,134 | ¥3,079,085 | ¥3,095,344 | ¥3,063,647 | ¥2,975,779 |
| Liabilities | | | | | |
| Deposits | ¥2,908,560 | ¥2,758,330 | ¥2,705,691 | ¥2,676,826 | ¥2,656,112 |
| Foreign Exchange | 242 | 195 | 212 | 169 | 304 |
| Convertible Bonds | — | — | — | — | 1,044 |
| Other Liabilities | 138,672 | 135,360 | 209,077 | 198,527 | 140,763 |
| Acceptances and Guarantees | 76,740 | 73,736 | 74,458 | 74,830 | 71,960 |
| Land Revaluation Reserve | — | — | — | 7,648 | — |
| Total Liabilities | 3,124,219 | 2,967,624 | 2,989,440 | 2,958,003 | 2,870,184 |
| Stockholders' Equity | | | | | |
| Common Stock | 24,516 | 24,500 | 24,500 | 24,500 | 24,500 |
| Reserves and Retained Earnings | 115,396 | 86,958 | 81,403 | 81,143 | 81,094 |
| Total Stockholders' Equity | 139,914 | 111,460 | 105,903 | 105,644 | 105,594 |
| Total Liabilities and Stockholders' Equity | ¥3,264,134 | ¥3,079,085 | ¥3,095,344 | ¥3,063,647 | ¥2,975,779 |
| Number of Offices | 148 | 142 | 141 | 138 | 137 |
| Number of Employees | 2,517 | 2,530 | 2,800 | 2,810 | 2,832 |
| Capital Adequacy Ratio* | 10.15% | 10.94% | 9.55% | 9.33% | 9.57% |

* These figures are based on BIS guidelines and include transitional adjustments. The ratios at March 31, 2001, 2000 and 1999 are calculated on a consolidated basis.

ORGANIZATION CHART



(as of July 1, 2001)

SUBSIDIARIES AND AFFILIATES

(as of March 31, 2001)

| Company Name | Business Lines | Established | Capital (Millions of Yen) | Equity (%) |
|---------------------------------------|--|-------------------|------------------------------|---------------|
| Kyoyu Lease Co., Ltd. | Leasing | July 14, 1964 | 120 | 5.0 |
| Kyoritsu Business Service Co., Ltd. | Close examination and adjustment of cash accounts, maintenance of CDs | December 15, 1979 | 10 | 100.0 |
| Kyoritsu Computer Service Co., Ltd. | Computing service and software development | December 3, 1980 | 45 | 5.0 |
| Kyoritsu Guarantee Co., Ltd. | Credit guarantee and investigation | July 1, 1982 | 30 | 5.0 |
| Kyoritsu Credit Co., Ltd. | Credit card business | July 15, 1983 | 30 | 5.0 |
| Kyoritsu Bunsho Daiko Co., Ltd. | Forms order control, receiving and forwarding, preparation and printing of documents | April 3, 1984 | 10 | 100.0 |
| Kyoritsu Capital Co., Ltd. | Securities investment | October 1, 1984 | 80 | 5.0 |
| Kyoritsu Office Service Co., Ltd. | Clerical operations for the Bank, centralized processing | June 27, 1986 | 10 | 100.0 |
| The Kyoritsu Million Card Co., Ltd. | Credit card business | April 8, 1994 | 30 | 5.0 |
| Kyoritsu Research Institute Co., Ltd. | Research on economy, industry, information processing technology, and culture | July 22, 1996 | 50 | 5.0 |
| Kyoritsu Fudosan Chosa Co., Ltd. | Appraisal of real estate collateral | June 20, 2000 | 10 | 100.0 |
| Ogaki Kyoritsu Bank (Europe) S.A. | Banking | January 10, 1992 | BFR700 million | 100.0 |

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of The Ogaki Kyoritsu Bank, Ltd. as of March 31, 2001 were as follows:

| Shareholders | Number of Shares (in thousands) | Percentage of Total Shares in Issue |
|---|------------------------------------|--|
| The Fuji Bank, Limited | 12,345 | 4.23 |
| The Tokai Bank, Limited | 8,901 | 3.05 |
| Giken Co., Ltd. | 8,210 | 2.81 |
| The Yasuda Mutual Life Insurance Company | 7,910 | 2.71 |
| The Industrial Bank of Japan, Limited | 5,827 | 2.00 |
| Japan Trustee Service Bank, Ltd. | 5,472 | 1.87 |
| Makimura & Co., Ltd. | 5,300 | 1.81 |
| The Yasuda Fire & Marine Insurance Co., Ltd. | 5,254 | 1.80 |
| Ogaki Kyoritsu Bank Employees' Shareholding Association | 5,042 | 1.73 |
| Sanyo Electric Co., Ltd. | 2,971 | 1.02 |
| Total | 67,237 | 23.08 |

SERVICE NETWORK

HEAD OFFICE

98, Kuruwamachi 3-chome,
Ogaki, Gifu
Phone: (0584) 74-2111
WEB: <http://www.okb.co.jp/>

INTERNATIONAL DIVISION

98, Kuruwamachi 3-chome,
Ogaki, Gifu
Phone: (0584) 74-2111
Telex: 4793677 OGAKIB J
SWIFT Address: OGAK JPJT

TREASURY DIVISION

98, Kuruwamachi 3-chome,
Ogaki, Gifu
Phone: (0584) 74-2111
Telex: 4793640 OGAKIB J
SWIFT Address: OGAK JPJT

OVERSEAS OFFICES

Hong Kong Branch

Suite 2201, Alexandra House,
16-20 Chater Road, Central,
Hong Kong S. A. R. The People's
Republic of China
Phone: 2523-2058
Telex: 81819 OGAKI HX

New York Branch

One Liberty Plaza, 47th Floor,
165 Broadway, New York,
New York 10006, U.S.A.
Phone: (212) 962-5800
Telex: 422246 OGKB UI

OVERSEAS SUBSIDIARY

Ogaki Kyoritsu Bank (Europe) S.A.

287 Avenue Louise, Boite 9,
1050 Brussels, Belgium
Phone: (02) 640-6340
Telex: 20130 OGAKIB B

FOREIGN EXCHANGE OFFICES

Head Office Business Division

98, Kuruwamachi 3-chome,
Ogaki, Gifu
Phone: (0584) 74-2111

Gifu Branch

1-1, Kandamachi 5-chome, Gifu
Phone: (058) 265-2271

Nagoya Branch

14-7, Sakae 3-chome,
Naka-ku, Nagoya
Phone: (052) 263-2111

Seki Branch

20, Honmachi 6-chome, Seki, Gifu
Phone: (0575) 22-2031

Osaka Branch

3-7, Awajimachi 3-chome,
Chuo-ku, Osaka
Phone: (06) 6202-4461

Tokyo Branch

6-1, Hatchobori 2-chome,
Chuo-ku, Tokyo
Phone: (03) 3552-5151

Tajimi Branch

6-1, Shinmachi 2-chome, Tajimi,
Gifu
Phone: (0572) 22-6101

Ozone Branch

2-4, Ozone 2-chome, Kita-ku,
Nagoya
Phone: (052) 911-7521

Kikuicho Branch

10-17, Nagono 2-chome, Nishi-ku,
Nagoya
Phone: (052) 571-3571

Arimatsu Branch

8-1, Arimatsuura, Narumi-cho,
Midori-ku, Nagoya
Phone: (052) 624-1211

Kakamigahara Branch

16, Higashi-nakamachi, Naka,
Kakamigahara, Gifu
Phone: (0583) 82-1221

Kuwana Branch

39, Misakidori, Kuwana, Mie
Phone: (0594) 22-3321

Gifu-ekimae Branch

7, Koganemachi 7-chome, Gifu
Phone: (058) 265-5171

Konan Branch

24, Oyado, Akadoji-cho, Konan,
Aichi
Phone: (0587) 55-6111

Hashima Branch

102-1, Takehana-cho, Hashima, Gifu
Phone: (058) 392-5511

Akasaka Branch

265-2, Akasaka-cho, Ogaki, Gifu
Phone: (0584) 71-1151

Nagahama Branch

4-2, Takada-cho, Nagahama, Shiga
Phone: (0749) 62-1800

Bisai Branch

51, Gouminami, Konobunakashima,
Bisai, Aichi
Phone: (0586) 62-5181

Takayama Branch

33-3, Hanasatomachi 3-chome,
Takayama, Gifu
Phone: (0577) 35-3331