

INTERIM REPORT

For the six months ended September 30, 2001

THE OGAKI KYORITSU BANK, LTD.

Consolidated Balance Sheets

The Ogaki Kyoritsu Bank, Ltd. and its Consolidated Subsidiaries

September 30	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
ASSETS			
Cash and Due from Banks	¥ 132,906	¥ 117,772	\$ 1,113,122
Call Loans and Bills Bought	104,828	46,683	877,958
Monetary Claims Bought	1	1	13
Trading Account Securities	4,533	3,899	37,968
Money Held in Trust	7,803	8,163	65,359
Securities	672,528	761,497	5,632,570
Loans and Bills Discounted	2,222,927	2,155,414	18,617,484
Foreign Exchanges	6,368	3,414	53,339
Other Assets	46,356	36,193	388,244
Premises and Equipment	93,844	97,445	785,965
Deferred Tax Assets	22,805	14,197	191,001
Customers' Liabilities for Acceptances and Guarantees	77,879	74,252	652,259
Less Reserve for Possible Loan Losses	(66,981)	(73,344)	(560,986)
Total Assets	¥3,325,803	¥3,245,591	\$27,854,302
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	¥2,933,675	¥2,820,887	\$24,570,145
Call Money and Bills Sold	38,049	54,536	318,670
Borrowed Money	88,894	84,913	744,512
Foreign Exchanges	597	137	5,005
Other Liabilities	42,075	60,262	352,392
Reserve for Employees' Bonuses	1,734	—	14,522
Employees' Severance and Retirement Benefits	4,971	5,082	41,636
Deferred Taxes on Revaluation Excess	2,950	2,950	24,708
Consolidation Difference	585	591	4,902
Acceptances and Guarantees	77,879	74,252	652,259
Total Liabilities	3,191,413	3,103,614	26,728,755
Minority Interests	3,642	4,770	30,508
Stockholders' Equity			
Common Stock	24,516	24,500	205,327
Capital Surplus	13,789	13,789	115,490
Land Revaluation Reserve	4,245	4,245	35,555
Retained Earnings	71,190	69,814	596,231
Net Unrealized Holding Gains on Securities	18,439	26,381	154,432
Foreign Currency Translation Adjustments	(969)	(1,059)	(8,117)
Treasury Stock, at Cost	(0)	(1)	(4)
Parent Company Stock Held by Subsidiaries	(462)	(462)	(3,877)
Total Stockholders' Equity	130,747	137,207	1,095,037
Total Liabilities, Minority Interests and Stockholders' Equity	¥3,325,803	¥3,245,591	\$27,854,302

Consolidated Statements of Income and Retained Earnings

The Ogaki Kyoritsu Bank, Ltd. and its Consolidated Subsidiaries

For the Six Months Ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Income			
Interest and Dividends on:			
Loans and Bills Discounted	¥23,613	¥23,794	\$197,768
Securities	8,910	10,141	74,628
Other	267	186	2,237
Fees and Commissions	4,467	3,976	37,413
Other Operating Income	1,088	589	9,115
Other Income	16,401	32,002	137,368
Total Income	¥54,748	70,691	458,531
Expenses			
Interest on:			
Deposits	3,181	4,182	26,648
Borrowings and Rediscounts	1,777	2,706	14,882
Other	2,002	2,156	16,772
Fees and Commissions	927	630	7,765
Other Operating Expenses	163	330	1,369
General and Administrative Expenses	21,902	21,197	183,437
Other Expenses	25,540	37,278	213,907
Total Expenses	55,495	68,481	464,784
(Loss) Income before Income Taxes	(746)	2,209	(6,252)
Income Taxes — Current	1,313	9,221	11,002
— Deferred	(1,828)	(8,416)	(15,315)
Minority Interest	(1,197)	207	(10,027)
Net Income	965	1,197	8,088
Retained Earnings			
Balance at the Beginning of the Interim Term	70,986	69,382	594,530
Appropriations:			
Cash Dividends	(728)	(727)	(6,098)
Bonuses to Directors and Corporate Auditors	(34)	(38)	(288)
Balance at the End of the Interim Term	¥71,190	¥69,814	\$596,231
Per Share of Common Stock (in Yen and U.S. Dollars)			
Net Income	¥ 3.32	¥ 4.12	\$0.027
Stockholders' Equity	¥450.29	¥473.05	\$3.771

* The Japanese yen figures in the financial statements are in millions with fractions omitted.

Figures stated in U.S. dollars are computed, solely for convenience, at the rate of ¥119.40 per U.S.\$1.00, the rate prevailing on September 30, 2001

Consolidated Statements of Cash Flows

The Ogaki Kyoritsu Bank, Ltd. and its Consolidated Subsidiaries

For the Six Months Ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Cash Flows from Operating Activities			
Income (Loss) before Income Taxes	¥ (746)	¥ 2,209	¥ (6,252)
Depreciation	13,199	9,524	110,550
Amortization of Consolidated Difference	(82)	(68)	(694)
Increase (Decrease) in Reserve for Possible Loan Losses	(3,997)	13,753	(33,483)
Increase in Reserve for Employees' Bonuses	1,734	—	14,522
Increase in Employees' Severance and Retirement Benefits	1	5,082	11
Increase (Decrease) in Reserve for Retirement Allowances	—	(4,879)	—
Interest and Dividend Income	(32,791)	(33,241)	(274,634)
Interest Expense	6,961	9,045	58,304
Securities Gains, Net	3,399	(13,079)	28,469
Money Held in Trust Gains, Net	176	102	1,478
Losses on Sale of Premises and Equipment, Net	88	69	738
Net Changes in Trading Account Securities	185	(1,228)	1,551
Net Changes in Loans and Bills Discounted	(34,348)	(23,053)	(287,672)
Net Changes in Deposits	366	66,386	3,065
Net Changes in NCD	25,749	(1,200)	215,658
Net Changes in Borrowed Money Excluding Subordinated Borrowings	3,535	—	29,610
Net Changes in Deposits with Banks	37,150	(53,638)	311,146
Net Changes in Call Loans and Others	(104,698)	40,749	(876,874)
Net Changes in Call Money and Others	(10,001)	(1,854)	(83,761)
Net Changes in Collateral on Loaned Securities	(15,796)	(300)	(132,301)
Net Changes in Foreign Exchanges Assets	(2,359)	290	(19,762)
Net Changes in Foreign Exchanges Liabilities	361	(53)	3,028
Interest Income Received	34,366	32,586	287,827
Interest Expenses Paid	(8,155)	(10,140)	(68,307)
Net Changes in Lease Assets	(8,144)	(7,070)	(68,214)
Others	(4,864)	566	(40,740)
Sub-Total	(98,712)	30,557	(826,736)
Income Taxes Paid	(7,665)	(6,569)	(64,203)
Net Cash (Used in) Provided by Operating Activities	(106,378)	23,988	(890,939)
Cash Flows from Investing Activities			
Purchases of Securities	(156,109)	(172,100)	(1,307,448)
Proceeds from Sales of Securities	45,438	49,980	380,554
Proceeds from Maturities of Securities	179,005	84,854	1,499,206
Purchases of Premises and Equipment	(993)	(1,209)	(8,320)
Proceeds from Sales of Premises and Equipment	38	66	324
Net Cash Provided by (Used in) Investing Activities	67,379	(38,408)	564,317
Cash Flows from Financing Activities			
Increase in Subordinated Loans	—	2,000	—
Cash Dividends Paid	(728)	(727)	(6,098)
Cash Dividends Paid to Minority Interests	(8)	(8)	(70)
Purchases of Treasury Stock	(34)	(37)	(286)
Proceeds from Sales of Treasury Stock	36	169	309
Net Cash (Used in) Provided by Financing Activities	(733)	1,396	(6,145)
Effect of Foreign Exchange Rate Changes	(9)	49	(77)
Net Increase in Cash and Cash Equivalents	(39,741)	(12,974)	(332,845)
Cash and Cash Equivalents at Beginning of the Interim Term	80,562	60,521	674,727
Cash and Cash Equivalents at End of the Interim Term	¥ 40,820	¥ 47,547	¥ 341,882

Non-Consolidated Balance Sheets

The Ogaki Kyoritsu Bank, Ltd.

September 30	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
ASSETS			
Cash and Due from Banks	¥ 132,509	¥ 118,311	\$ 1,109,797
Call Loans and Bills Bought	104,828	46,683	877,958
Monetary Claims Bought	1	1	13
Trading Account Securities	4,533	3,899	37,968
Money Held in Trust	7,803	8,162	65,359
Securities	661,092	751,651	5,536,784
Loans and Bills Discounted	2,239,434	2,175,672	18,755,732
Foreign Exchanges	6,368	3,414	53,339
Other Assets	28,368	17,575	237,590
Premises and Equipment	41,844	42,408	350,455
Deferred Tax Assets	20,517	13,199	171,835
Customers' Liabilities for Acceptances and Guarantees	77,879	74,252	652,259
Less Reserve for Possible Loan Losses	(63,515)	(70,401)	(531,954)
Total Assets	¥3,261,666	¥3,184,831	\$27,317,142
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	¥2,940,221	¥2,824,844	\$24,624,967
Call Money and Bills Sold	38,049	54,536	318,670
Borrowed Money	36,020	39,522	301,680
Foreign Exchanges	606	142	5,076
Other Liabilities	28,025	45,668	234,722
Reserve for Employees' Bonuses	1,552	—	13,000
Employees' Severance and Retirement Benefits	4,777	4,870	40,013
Deferred Tax Liability for Land Revaluation	2,950	2,950	24,708
Acceptances and Guarantees	77,879	74,252	652,259
Total Liabilities	3,130,082	3,046,787	26,215,099
Stockholders' Equity			
Common Stock	24,516	24,500	205,327
Capital Surplus	13,789	13,789	115,490
Legal Reserve	13,536	13,070	113,370
Land Revaluation Reserve	4,245	4,245	35,555
Voluntary Reserves	54,147	53,317	453,498
Retained Earnings	3,009	2,824	25,203
Net Unrealized Holding Gains on Securities	18,339	26,296	153,597
Total Stockholders' Equity	131,583	138,044	1,102,042
Total Liabilities and Stockholders' Equity	¥3,261,666	¥3,184,831	\$27,317,142

Non-Consolidated Statements of Income

The Ogaki Kyoritsu Bank, Ltd.

For the Six Months Ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Income			
Interest and Dividends on:			
Loans and Bills Discounted	¥23,415	¥23,634	\$196,111
Securities	8,495	9,792	71,148
Other	263	193	2,208
Fees and Commissions	3,637	3,286	30,467
Gains on Sales and Valuations of Bonds	781	234	6,547
Gains on Sales of Stocks	1,565	14,015	13,108
Gains on Sales and Valuations of Money Held in Trust	—	32	—
Gains on Sales and Valuations of Trading Accounts Securities	73	—	611
Other Income	792	3,755	6,638
Total Income	39,024	54,945	326,840
Expenses			
Interest on:			
Deposits	2,924	4,006	24,493
Borrowings and Rediscounts	1,317	2,209	11,030
Other	1,973	2,113	16,525
Fees and Commissions	1,136	634	9,521
Losses on Sales, Redemptions and Valuation of Bonds	72	102	609
General and Administrative Expenses	21,365	20,954	178,938
Losses on Sales and Valuation of Stocks	5,953	1,089	49,865
Losses on Sales and Valuations of Money Held in Trust	176	135	1,478
Losses on Sales and Valuations of Trading Accounts Securities	—	31	—
Other Expenses	2,264	21,953	18,962
Total Expenses	37,184	53,230	311,425
Income before Income Taxes	1,840	1,714	15,415
Income Taxes — Current	971	8,701	8,137
— Deferred	(366)	(8,039)	(3,072)
Net Income	¥ 1,235	¥ 1,052	\$ 10,350
Per Share of Common Stock (in Yen and U.S. Dollars)			
Net Income	¥ 4.24	¥ 3.62	\$0.035
Cash Dividends	¥ 2.50	¥ 2.50	\$0.020
Stockholders' Equity	¥451.76	¥474.45	\$3.783

* The Japanese yen figures in the financial statements are in millions with fractions omitted.

Figures stated in U.S. dollars are computed, solely for convenience, at the rate of ¥119.40 per U.S.\$1.00, the rate prevailing on September 30, 2001.

Operating Environment and Business Performance

Economic conditions in Japan remained severe in the six months to September 2001. Production volume fell as a result of a decline in exports caused by the slowdown of the U.S. economy, as well as a downturn in demand from the IT sector. These factors led to worsening unemployment and wage levels, which in turn depressed consumer spending, notably in some durable goods. Housing investment also remained weak, exacerbated by the tapering off of the effects of government stimulations measures such as preferential tax treatment for mortgage loans. Private-sector capital investment continued its downward trend, while public investment remained at a low level.

The economy of the Tokai region remained on track thanks to the firm performance of the region's leading industry, vehicle manufacturing, which benefited from the launching of new car models. In the aftermath of the terrorist attacks in the U.S., however, future prospects are unclear. Moreover, the machine tool industry and the information equipment and materials sector are suffering from slack domestic demand as well as a downturn in exports, and overall industrial production volume in the six months under review was low.

Amid these economic circumstances, the Ogaki Kyoritsu Bank Group recorded the following business results.

Deposits, excluding negotiable certificates of deposit, as of the six-month period, stood at ¥2,870.1 billion, while the balance of certificates of deposit increased by ¥25.7 billion during the half-term, to reach ¥63.5 billion. Loans and bills discounted rose ¥34.3 billion to ¥2,222.9 billion, as a result of the Bank's positive stance on the supply of funds to regional small and medium-sized enterprises as well as individuals. The Bank maintained its policy of flexible securities investment in response to market movements, as a result of which securities at the end of the six-month period stood at ¥672.5 billion.

Turning to earnings, amid a difficult business environment, the Bank worked to efficiently raise and invest funds, as well as to streamline its overall management. We took steps to improve the soundness of the Bank's assets by implementing write-downs of equity shares under strict evaluation standards, and write-offs of bad debts and provisions to reserves in accordance with strict asset self-assessment, as well as increasing depreciation expenses on assets for lease. Net income for the six months came to ¥965 million.

Outlook for the Fiscal Year 2001

The Japanese economy is in recession, exacerbated by the recent slowdown of the U.S. economy, and we can only hope that the government's avowed aim of rethinking its policies and promoting the thorough restructuring of the economy under the slogan of "not treating anything as a sacred cow."

In conformity with our new medium-term management plan, under the name of "Frontier 21," continuing efforts will be made to raise the Group's earning power, achieve further management streamlining, and improve operational efficiency.

Capital Structure (BIS agreement)

September 30, 2001	Millions of Yen
Total Adjusted Tier-I Capital	¥ 110,863
Total Adjusted Tier-II Capital	66,077
Total Risk-weighted Assets	1,847,175
Capital Adequacy Ratio	9.51%

- Notes: 1. The yen figures are presented with fractions of less than ¥1 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.

Loans under Risk Management Based on the Banking Law (Consolidated Basis)

September 30, 2001	Millions of Yen	
Loans to Companies Legally Bankrupt	¥ 15,755	0.70%*
Loans Past Due Over 6 Months	114,701	5.15%*
Loans Past Due Over 3 Months	2,036	0.09%*
Restructured Loans	46,591	2.09%*
Total	<u>¥179,084</u>	<u>8.05%*</u>

*Ratio to total loans and bills discounted

Reserve for Possible Loan Losses ¥66,981 million

March 31, 2001	Millions of Yen	
Loans to Companies Legally Bankrupt	¥ 17,358	0.79%*
Loans Past Due Over 6 Months	116,287	5.31%*
Loans Past Due Over 3 Months	2,320	0.10%*
Restructured Loans	43,923	2.00%*
Total	<u>¥179,890</u>	<u>8.21%*</u>

*Ratio to total loans and bills discounted

Reserve for Possible Loan Losses ¥70,979 million

Market Value Information for Securities (Consolidated Basis)

1. Held-to-maturity Debt Securities

September 30, 2001	Millions of Yen				
	Book Value	Fair Value	Difference	Unrealized Gain	Unrealized Loss
Japanese Government					
Bonds	¥ 500	¥ 498	¥ (1)	¥ —	¥ 1
Municipal Bonds	2,512	2,843	330	330	—
Corporate Bonds	2,758	2,787	28	38	9
Others	—	—	—	—	—
Total	<u>¥5,771</u>	<u>¥6,129</u>	<u>¥357</u>	<u>¥368</u>	<u>¥10</u>

Note: Market values are calculated using the market prices etc. at the end of term.

2. Available-for-sale Securities

September 30, 2001	Millions of Yen				
	Acquisition Cost	Book (Fair) Value	Difference	Gains	Losses
Equity Securities	¥ 76,015	¥ 91,741	¥15,725	¥17,343	¥1,617
Japanese					
Government					
Bonds	262,634	271,269	8,635	8,779	144
Municipal Bonds ...	64,649	67,811	3,162	3,167	5
Corporate Bonds ...	79,222	81,670	2,447	2,482	35
Others	111,400	112,878	1,477	1,781	303
Total	<u>¥593,923</u>	<u>¥625,372</u>	<u>¥31,448</u>	<u>¥33,555</u>	<u>¥2,106</u>

Note: Book value on the interim balance sheets are primarily calculated by using the market values based on the market prices etc. at the end of term.

3. Securities with No Available Fair Values

September 30, 2001	Millions of Yen Book Value
Held-to-maturity Debt Securities:	
Bonds	¥21,520
No-listed Municipal Bonds	11,705
No-listed Foreign Securities	2,000
Available-for-sale Securities:	
No-listed Equity Securities	¥ 4,846
Others	1,313

4. Net Unrealized Holding Gains on Securities

September 30, 2001	Millions of Yen
Available-for-sale Securities	¥ 31,448
Deferred Tax Liabilities	(12,893)
Net Unrealized Holding Gains on Securities (before Adjustment for Minority Interests)	18,555
Minority Interests	(116)
Net Unrealized Holding Gains on Available-for-sale Securities	¥ 18,439

Consolidated Subsidiaries

Company Name	Business Lines	Established	Capital (Millions of Yen)	Equity (%)
Kyoyu Lease Co., Ltd.	Leasing	July 14, 1964	¥120	5.0
Kyoritsu Computer Service Co., Ltd.	Computing service and software development	December 3, 1980	¥ 45	5.0
Kyoritsu Research Institute Co., Ltd.	Research on economy, industry, information processing technology, and culture	July 22, 1996	¥ 50	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 Capital Co., Ltd.	Securities investment	October 1, 1984	¥ 80	5.0
Kyoritsu Business Service Co., Ltd.	Close examination and adjustment of cash accounts, maintenance of CDs, clerical operations for the Bank, centralized processing	December 15, 1979	¥ 20	100.0
Kyoritsu Bunsho Daiko Co., Ltd.	Forms order control, receiving and forwarding, preparation and printing of documents	April 3, 1984	¥ 10	100.0
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	EUR 17 million	100.0

Loans under Risk Management Based on the Banking Law (Non-Consolidated Basis)

September 30, 2001	Millions of Yen	
Loans to Companies Legally Bankrupt	¥ 15,676	0.70%*
Loans Past Due Over 6 Months	114,552	5.11%*
Loans Past Due Over 3 Months	2,014	0.08%*
Restructured Loans	46,591	2.08%*
Total	<u>¥178,834</u>	<u>7.98%*</u>

*Ratio to total loans and bills discounted

Reserve for Possible Loan Losses ¥63,515 million

March 31, 2001	Millions of Yen	
Loans to Companies Legally Bankrupt	¥ 17,292	0.78%*
Loans Past Due Over 6 Months	116,151	5.26%*
Loans Past Due Over 3 Months	2,280	0.10%*
Restructured Loans	43,923	1.99%*
Total	<u>¥179,648</u>	<u>8.15%*</u>

*Ratio to total loans and bills discounted

Reserve for Possible Loan Losses ¥68,097 million

Asset Assessment Based on Financial Revitalization Law (Non-Consolidated Basis)

September 30, 2001	Millions of Yen
	Credit Balance
Loans to Bankrupt Borrowers	¥ 42,627
Loans to Borrowers Threatened with Bankruptcy	89,239
Loans Requiring Caution	<u>48,315</u>
Sub-Total (a)	<u>180,181</u>
Amounts Secured by Collateral, Guarantees and Reserve for Possible Loan Losses (b)	154,769
Coverage Ratio (b/a)	85.8%

March 31, 2001	Millions of Yen
	Credit Balance
Loans to Bankrupt Borrowers	¥ 45,775
Loans to Borrowers Threatened with Bankruptcy	88,360
Loans Requiring Caution	<u>46,096</u>
Sub-Total (a)	<u>180,232</u>
Amounts Secured by Collateral, Guarantees and Reserve for Possible Loan Losses (b)	154,021
Coverage Ratio (b/a)	85.4%

Notes:1. The above amounts include Loans, Foreign Exchange, Customers' Liabilities for Acceptances and Guarantees, Securities Lending, Accrued Interest and Suspense Payment.

2. Amounts secured by collateral and guarantees have been calculated in accordance with the Bank's prescribed evaluation method based on "major road" land prices and publicly announced land prices.

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