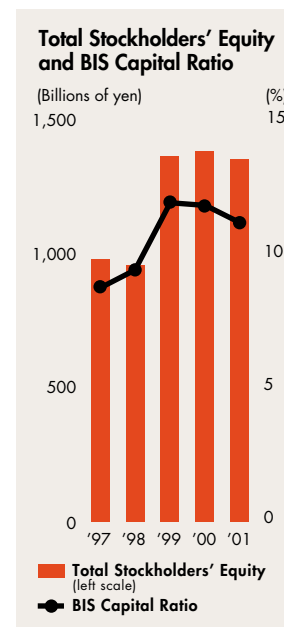
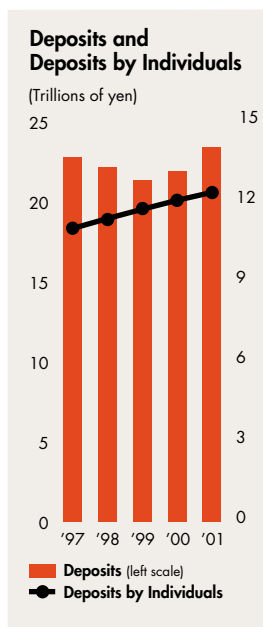
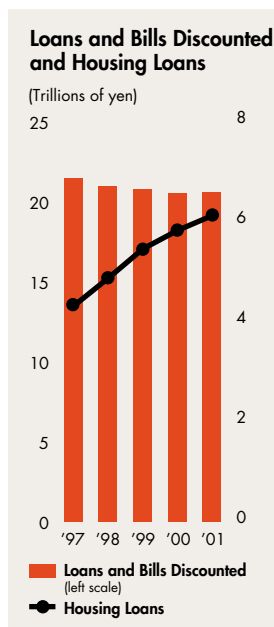
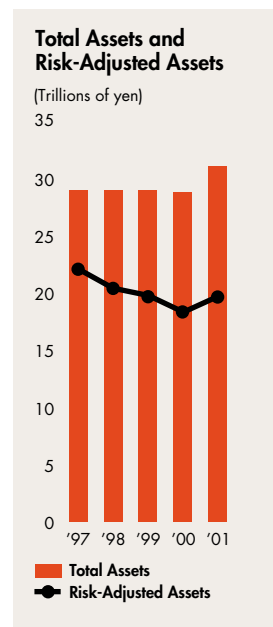


# CONSOLIDATED FINANCIAL HIGHLIGHTS

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
<b>For the year</b>			
Total income.....	¥944,143	¥1,160,755	\$7,620
Total expenses.....	963,371	1,082,225	7,775
(Loss) income before income taxes .....	(19,228)	78,529	(155)
Net (loss) income .....	(7,841)	31,404	(63)
<b>At year-end</b>			
Total assets .....	¥31,187,697	¥28,788,131	\$251,717
Deposits .....	23,404,958	21,897,556	188,902
Loans and bills discounted .....	20,616,328	20,581,734	166,395
Total stockholders' equity .....	1,358,711	1,388,104	10,966
<b>Per share data</b> (in yen and U.S. dollars)			
Net (loss) income .....	¥ (4.53)	¥ 9.39	\$(0.04)
Cash dividends declared			
Common stock.....	3.00	6.00	0.02
Preferred stock			
Preferred stock No. 1 .....	10.00	10.00	0.08
Class B preferred stock No. 1 .....	14.38	14.38	0.12
Class B preferred stock No. 2 .....	18.50	18.50	0.15
Stockholders' equity (book value) .....	337.95	347.95	2.73
<b>Shares issued and outstanding</b> (in thousands).....			
Common stock .....	3,147,121	3,141,264	
Preferred stock .....	2,825,145	2,817,354	
<b>BIS capital ratio</b> (%).....	11.14	11.80	
<b>Stock price</b> (yen and U.S. dollars)			
High.....	¥620	¥964	\$5.00
Low.....	261	436	2.11

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.90=U.S.\$1.00.  
2. Yen amounts are rounded down and U.S. dollar amounts are rounded off.

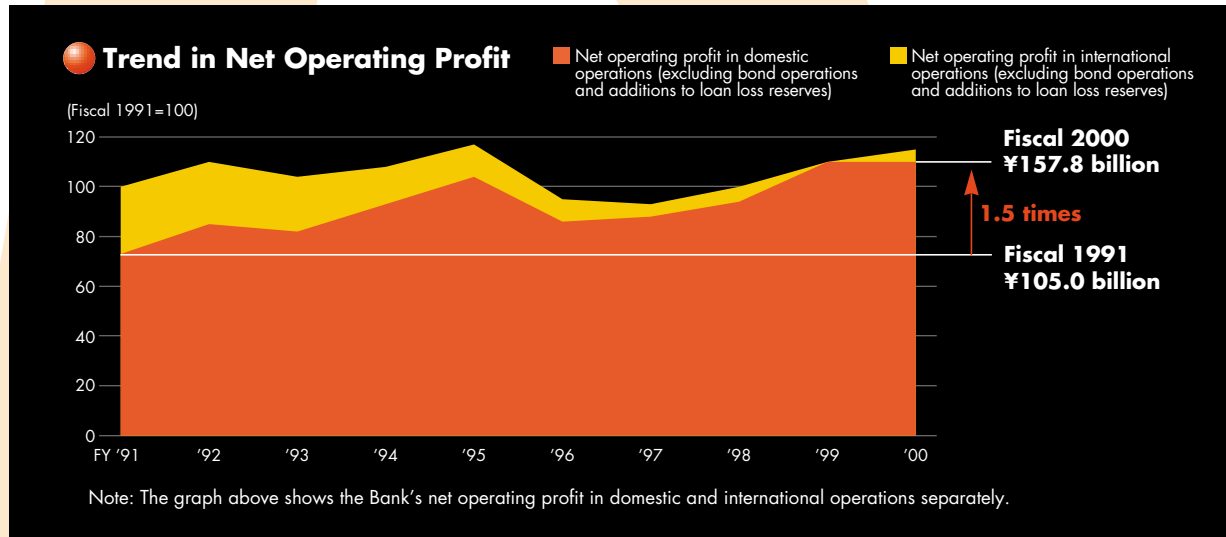




### **Retail Specialization Strategy**

- **Offering services and products of value that match the lifestyles and meet the needs of its customers**
- **Strengthening our regional franchise, focusing on the Tokyo metropolitan area**

***During March 2001, the Asahi Bank, Ltd., marked the 10th anniversary of its formation through the merger of its two predecessor banks. Over this period, referred to by some commentators as “The Lost Decade” for Japan, we dealt with a range of management issues in an unprecedentedly challenging environment. Most importantly, however, we took the lead among Japanese banks in focusing our corporate resources on domestic retail banking and have been able to show steady gains in this area as the accompanying graphs show.***



## Asahi Bank's Retail Banking Specialization Strategy—A Review of the Past 10 Years

As a result of our focusing on domestic retail banking activities, our real net operating profit in domestic operations has increased from ¥105.0 billion in the year of the merger to ¥157.8 billion in fiscal 2000, ended March 31, 2001—an increase of approximately 1.5 times. In addition, our real net operating profit for both domestic and international operations for the most recent fiscal year was ¥164.5 billion when adjusted for accounting changes, the highest level since the merger.

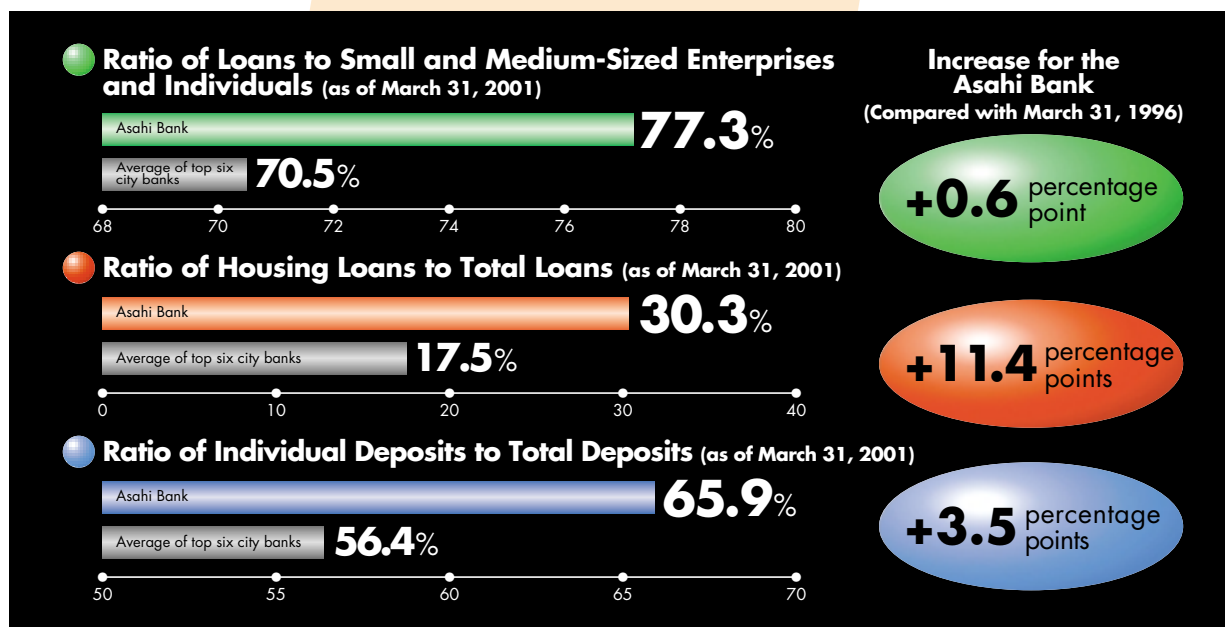
The key pillars of the Bank's retail specialization strategy were:

1. Offering services and products of value that match the lifestyles and meet the needs of its customers and
2. Strengthening our regional franchise, focusing on the Tokyo metropolitan area.

As a result of these basic strategies, we have been able to show stable increases in profitability.

### Offering Services and Products of Value that Match the Lifestyles and Meet the Needs of Its Customers

We have structured two business systems, one for individual customers and the other for corporations. For individual customers, we provide a range of products and services that meet the needs of their life stages and assist them in living more-affluent lifestyles. For corporate customers, we offer products and services that respond to their needs at various stages of their development, based on the concept of “providing support for small and medium-sized companies.” As a result, the indicators of our concentration in the retail banking field are considerably above the average for the leading city banks and have risen for the past five years, as the accompanying graphs show.



We have concentrated especially on housing loans and are continuing to work to build our brand image as “Asahi Bank—Japan’s Top Provider of Housing Loans.” Over the past five years, because of the annual average 10.8% increase in our housing loans outstanding, which has amounted to about ¥2,160.0 billion on a cumulative basis, we stand number one among the city banks, and our share has risen from 11% to 14%. Moreover, the difference between our ratio of housing loans to our total loans and the corresponding average ratio for the city banks continues to expand year by year.

As a result of our pioneering efforts to specialize in retail banking, we are clearly making the transition at an early date to a business structure differing from other city banks.

### Housing Loans

(Billions of yen)

As of March 31	2001	2000	1999	1998	1997	1996
Housing loans outstanding	6,152.8	5,832.0	5,426.0	4,832.5	4,266.4	3,994.1

Note: The balance for March 2001 is before the securitization of loans.

(Billions of yen)

As of March 31	2001	2000	1999	1998	1997	Five-year accumulated total/ Average	Ranking among the city banks
Increase for the year	320.8	406.0	593.5	566.1	272.3	2,158.7	1
Rate of increase for the year	5.5%	7.5%	12.3%	13.3%	6.8%	10.8%	1
Share of balance (among the city banks)	13.9%	13.5%	12.9%	12.0%	11.1%	+2.9 percent- age points	

(%)

As of March 31	2001	2000	1999	1998	1997	1996	Percentage point change over five-year period
Ratio of housing loans (to the Bank's total loans)	<b>30.3%</b>	28.4%	26.0%	23.0%	19.8%	18.9%	11.4
Ratio of housing loans (average for the city banks)	<b>17.5%</b>	17.0%	16.1%	14.5%	13.4%	13.0%	4.5
Difference (percentage points)	<b>12.8</b>	11.4	10.0	8.5	6.5	5.9	6.9

Note: The housing loan ratio equals the balance of housing loans at the end of the fiscal year to total loans and bills discounted at fiscal year-end multiplied by 100.

## Strengthening Our Regional Franchise, Focusing on the Tokyo Metropolitan Area

We have concentrated more than 80% of our corporate resources in the Tokyo metropolitan area and surrounding regions, and this strategy is meeting with success. The following table shows the Bank's share of loans to individuals over the past five years in the Tokyo metropolitan area.

### Share of Loans to Individuals

As of March 31	2001	2000	1999	1998	1997	1996	Percentage point change over five-year period
Greater Tokyo metropolitan area	<b>13.7%</b>	13.4%	12.8%	11.9%	11.0%	10.6%	3.1 percentage points
Saitama Prefecture	<b>48.5</b>	48.3	47.2	44.7	41.7	41.0	7.5 percentage points
Tokyo	<b>9.0</b>	8.6	8.3	7.9	7.4	7.2	1.8 percentage points
Kanagawa Prefecture	<b>9.8</b>	9.6	9.1	8.4	7.9	7.7	2.1 percentage points
Chiba Prefecture	<b>3.7</b>	3.7	3.4	3.3	3.4	3.2	0.5 percentage point

Our shares of the Tokyo metropolitan area as a whole and in its adjacent regions have risen continuously over the past five years. In this area, where we have our franchise, we are clearly building an ever-stronger presence.

## New Management Vision—A New Era in Retail Banking

In September 2000, the Bank announced a new management vision, entitled "A New Era in Retail Banking," intended to differentiate its positioning from those of megabanks and new entrants into the banking sector, by taking its retail banking specialization strategy another leap forward.

The concept of the new vision adds certain nonfinancial services, alliances, and other approaches to our existing retail specialization strategy to create a new kind of retail banking that will combine higher profitability, greater efficiencies, and enhanced stability.

In specific terms, the Bank will place emphasis on the following points:

- ◆ Emphasize relations with customers based on a long-term perspective
- ◆ Structure new business models that transcend the framework of banking and include nonfinancial services
- ◆ Expand the scope of our services and increase convenience for customers based on a diverse range of alliances
- ◆ Make major strides toward increasing the productivity of human resources by enhancing the capabilities of the Bank's service providers
- ◆ Implement corporate governance to speed up decision making and enhance transparency

Among these points, the most important concept is establishing relationships with customers from a long-term perspective.

We are emphasizing improving convenience for customers through offering a wide range of service delivery channels, including Internet banking, while, on the other hand, we are placing emphasis on face-to-face transactions with customers through our branches. The objective of these activities is to respond accurately to the needs of our customers and, at the same time, expand our opportunities for generating profits.

### **Structural Reforms to Make "A New Era in Retail Banking" a Reality**

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Continued implementation of our retail specialization strategy led to a firm financial performance for the year ended March 31, 2001, and confirmed the stability of our profitability in domestic banking operations. Nevertheless, the deterioration in the performance of our corporate customers owing to the stagnation in the domestic economy was more serious than we had anticipated and necessitated substantial additions to reserves for nonperforming loans aimed at fully resolving this issue. As a consequence, we reported a net loss for the fiscal year.

## Restructuring of the Bank's Operations

In view of these rapid changes in the operating environment, in March 2001, the Bank announced a business restructuring plan involving the accelerated implementation of the four key points listed below under its management vision, "A New Era in Retail Banking:"

- ① Reduce risk assets: Promote the final disposal of nonperforming assets and reduction in investment stocks
- ② Improve profitability: Promote the upgrading of domestic retail banking assets, secure appropriate margins, and implement new business models
- ③ Reform the Bank's business structure: Improve the skills of the Bank's service providers, innovate service delivery channels, and speed up business process reengineering in operations
- ④ Promote alliances: Increase convenience for customers and improve services through the active formation of alliances

The following paragraphs elaborate on these four key points.

**Reduce Risk Assets:** The Bank is giving highest priority to accelerating the final disposal of nonperforming loans and reducing its portfolio of investment stocks.

For nonperforming loans that are deemed to be difficult to recover, the Bank is resorting to the use of such measures as the bulk sale of loans, M&A, as well as the sale of assets pledged as collateral against such loans and is working aggressively to make the final disposal of such loan exposure. For those loan customers who sustain business activities in spite of experiencing a deterioration in financial position because of weak economic conditions, the Bank is continuing to provide support, while working to enhance the quality of its loan assets.

In addition, over the past two years, the Bank has reduced its investment stocks approximately ¥460.0 billion, and these amounted to about ¥1,800 billion at book value as of March 31, 2001. This fiscal year, investment stocks will be reduced another ¥500 billion to approximately ¥1,300 billion, with the medium-to-long term goal of lowering investment stocks to about one-half of stockholders' equity.

**Improve Profitability:** To enhance profitability, the Bank is engaged in a thorough review of its low-margin assets and is introducing new business models.

Specific initiatives include reducing the volume of low-margin transactions with large corporations, investment stocks, and overseas assets and replacing these with retail banking assets, including



loans to small and medium-sized companies and loans to individuals. In parallel with this, the Bank is endeavoring to secure loan spreads that are appropriate to credit risk and structure a sound, risk-diversified asset portfolio.

We have also developed a consumer loan product, mainly for customers already making use of our housing loans, that features relatively low interest rates and greater convenience.

***Reform the Bank's Business Structure:*** To further increase the value added of its retail banking services, the Bank is moving forward to reform its infrastructure processes for creating low-cost schemes based on restructuring the composition of personnel, reorganizing its delivery service channels, and restructuring its operations.

In restructuring the composition of personnel, the Bank has clearly distinguished between staff needed to provide professional services and those who offer standardized services and is training service providers optimal for each type of service to raise service quality and increase efficiency.

Specific activities have included reducing general administrative officers who work as professionals in offering retail financial services. Over the coming five years, plans call for making further reductions to two-thirds of the current level. On the other hand, the Bank has reassigned standardized services, depending on their value added, to a range of staff members, first, from general administrative officers to clerical staff as well as from clerical staff to part-time employees. Thus, through reassignments and training to correct imbalances between work content and service providers, the Bank will endeavor to lower its personnel expenses.

In its delivery service channel restructuring, the Bank is reorganizing its branch network into core branches—that can respond accurately to the growing diversity of its corporate customers as well as their needs for specialized services—and branches specializing in meeting the needs of individuals. Through these initiatives, the Bank aims to merge certain offices and thus reduce the number of offices from 318 as of March 2001, about 15% over the next two fiscal years.

In its operational restructuring, the Bank will introduce a New Operating System in fiscal 2001 that is expected to significantly improve the efficiency of operations and make possible reforms in branch operations, while maintaining high quality and realizing lower costs. The Bank is also working to increase efficiency and strengthen its relationships with its customers, through upgrading its customer relationship management (CRM) system, and the use of this enhanced system to implement one-to-one marketing and cross-selling.



**Promote Alliances:** In our retail banking activities, we are actively forging alliances to attain the key objectives of offering higher-value-added, more-convenient services to our customer base, further enhancing efficiency, and maximizing stockholder value. Major recent developments in this area were the conclusion of a basic agreement with the Bank of Tokyo-Mitsubishi, Ltd., for international banking operations and an ATM tie-up with IY Bank Co., Ltd., that allows our customers to use IY Bank's 24-hour ATM services. We are moving forward with a diverse range of other alliances to enhance convenience for our customers.

### **Aiming to Be a Financial Institution Fully Specialized in Retail Banking**

Asahi Bank's special strengths are its corporate culture, which has deep roots in retail banking, and its strong customer base. In the years to come, the Bank will continue to pursue its strategy of specializing in retail banking and further differentiate its activities from those of the megabanks.

We will introduce new business models, structure low-cost operating systems, draw on the comprehensive financial capabilities of the Asahi Bank Group, and aim to be a financial institution that is thoroughly specialized in retail banking. As we continue to move toward these objectives, we look forward to the continuing support of our stockholders.

July 2001



Tatsuro Itoh  
President

## MEASURES TO ENHANCE THE SOUNDNESS OF ASSETS

### Progress toward Disposal of Nonperforming Assets

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Asahi Bank is concentrating its resources in strategic businesses with the aim of increasing profitability. To use corporate resources as effectively as possible and win a favorable evaluation and the trust of stockholders and investors as well as customers and the market, the Bank believes that its most important task is to secure a sound financial position.

From this perspective, in view of the deterioration in the performance of certain customers accompanying the weakening of economic conditions in fiscal 2000, the Bank conducted stricter self-assessments of credit quality with the objectives of making its final disposal of nonperforming loans and enhancing the soundness of its financial position. Based on these stricter self-assessments, the Bank moved forward decisively to make appropriate write-offs and additions to reserves as well as the final disposal of problem assets. As a result, the Bank reported a substantial increase in the costs of the disposing of nonperforming exposure.

As a result of loan write-offs, additions to the specific reserve for possible loan losses, and certain other measures, the Bank reported special losses of ¥327.6 billion, an increase of ¥124.8 billion over the previous fiscal year. If the addition of ¥1.9 billion to the general reserve for possible loan losses is included, total costs of the disposing of nonperforming assets was ¥329.5 billion during the fiscal year under review.

Measures adopted, which accounted for these credit costs, included increases in reserves accompanying the application of stricter criteria in self-assessments and the classification of obligors by credit quality as well as the decline in value of real estate pledged as collateral. Moreover, as a consequence of the effects of major bankruptcies, the Bank took decisive steps to make write-offs and the final disposal of past due exposure through bulk loan sales.

Looking forward, the economic environment is expected to remain challenging, with shakeouts and realignments in certain industries triggered by the government's emergency economic policies, which are expected to bring changes in conditions in certain sectors. The Bank believes that it has taken appropriate steps to increase the soundness of its financial position through the disposal of nonperforming assets in fiscal 2000.

### Disclosure of Nonperforming Loans

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The Bank discloses nonperforming claims under the criteria of the Banking Law and the Law Concerning Emergency Measures for Reconstructing Financial Function (the Financial Reconstruction Law) after the required self-assessments of loan quality.

As a result of the application of stricter criteria in self-assessments, with the aim of making the final disposal of nonperforming assets, such exposure increased approximately ¥400 billion on a nonconsolidated basis and approximately ¥500 billion on a consolidated basis for the year under review.

Under the criteria of the Banking Law, the Bank's risk management loans were ¥1,261.2 billion on a nonconsolidated basis and ¥1,400.5 billion on a consolidated basis at fiscal year-end, accounting for 6.20% and 6.79%, respectively, of total loans and bills discounted.

Nonperforming exposure under the criteria of the Financial Reconstruction Law, inclusive through the category of claims in need of special attention, amounted to ¥1,269.3 billion. The Financial Reconstruction Law requires disclosure only on a nonconsolidated basis, but for reference, the Bank's

nonperforming exposure on a consolidated basis under the criteria of this law amounted to ¥1,440.4 billion at the end of the fiscal year under review.

The following paragraphs summarize the criteria for write-offs and additions to reserves based on self-assessments.

### **Borrowers in Bankruptcy or Effective Bankruptcy**

The expected losses on loans to borrowers in, or effectively in, legal bankruptcy are the full value of claims in categories III and IV. The full amounts of expected losses on these claims are either added to the specific reserve for loan losses or the full amount is written off directly. In addition, as a result of the continuing bulk sale and other measures to deal with loans past due, the Bank is either actively making direct write-offs or taking measures to remove such exposure from its balance sheet.

Note that the amount shown under unrecoverable or valueless loans according to the criteria of the Financial Reconstruction Law is after the deduction of partial direct write-offs from loans to borrowers in, or effectively in, legal bankruptcy.

In addition, among loans to borrowers in legal bankruptcy, loans to borrowers in legal bankruptcy under risk management loans are disclosed after partial direct write-offs, and, similarly, loans to borrowers in effective bankruptcy are disclosed as part of past due loans in arrears by six months or more.

### **Doubtful Borrowers**

The expected losses on loans to borrowers classified as doubtful are obtained in principle by multiplying the default ratios by the amounts of exposure in category III; the expected losses are then added to the specific reserve for possible loan losses. Default ratios are calculated according to a finely detailed classification of credit risk in detail for each category.

For those borrowers that have been classified as doubtful, the Bank decides on the final disposal policy on an individual basis, taking account of the business condition of the borrower, progress toward the implementation of the borrower's management reform plans, the support provided by other financial institutions, and other factors.

Exposure to doubtful borrowers is disclosed under risk claims according to the criteria of the Financial Reconstruction Law, and a portion of exposure in the doubtful category is classified under past due loans in arrears by six months or more under the risk management loans classification.

### **Special Mention and Normal Borrowers**

Assets in the normal and special mention categories are divided further into detail categories according to the level of credit risk, and the expected losses are calculated by multiplying the amount of exposure times historical default ratios. Amounts equivalent to these expected losses are then added to the general reserve for possible loan losses.

For special mention borrowers, exposure is disclosed under risk management loans in the categories of loans in arrears by three months or more and less than six months or restructured loans as a result of consideration and judgments on individual loans. Note that the total amount of loans in arrears by three months or more and less than six months and restructured loans is disclosed as claims in need of special attention under the Financial Reconstruction Law criteria.

## Definitions of Nonperforming Loans and Other Claims

### Definitions under the Financial Reconstruction Law Unrecoverable or Valueless

Unrecoverable or valueless assets are claims held against obligors that have been declared insolvent and are undergoing procedures under bankruptcy, corporate reconstruction, and similar laws and claims against obligors in similar condition.

### Risk Claims

Risk claims are those claims held against obligors that have not yet gone into bankruptcy but whose financial condition and business performance have deteriorated and for which there is a strong possibility that principal and/or interest on such claims may not be received according to contractual obligations.

### Claims in Need of Special Attention

Claims in need of special attention are those held against obligors for which payments of principal or interest are three months or more in arrears (hereinafter, loans in arrears by three months or more and less than six months) after the exclusion of loans in the two categories defined above and loans (excluding those in the two previously defined categories and loans in arrears by three months or more and less than six months) for which terms and conditions have been altered in a manner favorable to the obligor, with the objective of restructuring or assisting such obligors that have experienced economic difficulties and facilitating the recovery, etc., of such loans.

### Nonclassified

Nonclassified claims are those against obligors that are not experiencing any particular problems

regarding their financial position or management performance and are not classified as unrecoverable or valueless, risk claims, or claims in need of special attention.

### Definitions under the Guidelines of the Japanese Bankers Association

#### Loans to Borrowers in Legal Bankruptcy

Loans to borrowers in legal bankruptcy are those for which there is a strong probability that the principal will not be recoverable. Specific conditions for inclusion in this category are (1) among those loans for which nonaccrual of interest has been approved under tax law criteria, those for which the borrowers have made application for procedures under the Corporate Reconstruction Act, Bankruptcy Law, liquidation under the Commercial Code, or liquidation under other legal provisions or (2) loans to borrowers for which transactions have been suspended by the Promissory Note Exchange.

#### Past Due Loans in Arrears by Six Months or More

Past due loans in arrears by six months or more are those for which there is a high probability that write-offs will be necessary in the future. Specifically, loans in this category are those for which nonaccrual of interest has been approved under tax law criteria, but after the exclusion of loans to borrowers in legal bankruptcy and loans for which interest payments have been suspended. Not all of the loans in this category will become unrecoverable. In certain cases, these loans have been secured by collateral or other measures and reserves for possible loan losses set aside after consideration of future recoverability.

### Risk Management Loans

Risk management loans are non-accrual loans (the former categories of loans to borrowers in legal bankruptcy and past due loans in arrears by six months or more), plus loans in arrears by three months or more and less than six months and restructured loans.

#### Loans in Arrears by Three Months or More and Less than Six Months

Loans in arrears by three months or more and less than six months are defined as those for which principal or interest has been in arrears for three months or more from the contract payment date but which are not classified and disclosed in notes to the balance sheets as loans to borrowers in legal bankruptcy or past due loans in arrears by six months or more.

### Restructured Loans

Restructured loans are those for which terms and conditions have been provided that are more favorable to the borrower than those in the original loan agreement, with the objective of restructuring and assisting borrowers in economic difficulty and facilitating recovery of such loans. Concessions on loan terms and conditions include reducing interest rates, rescheduling interest and principal payments, waiving claims on the borrower, providing cash, and accepting nonmonetary repayments. Restructured loans must be disclosed in the notes to the balance sheets and include loans for which interest rates have been reduced or exempted and loans to borrowers that are receiving assistance in restructuring.

## ■ Risk Management Loans

(Millions of yen, %)

Nonconsolidated Basis	March 31, 2001	Change	March 31, 2000	March 31, 1999
Loans to borrowers in legal bankruptcy	¥ 76,163	¥ 2,731	¥ 73,432	¥ 96,771
Past due loans in arrears by six months or more	744,566	133,547	611,019	662,304
Loans in arrears by three months or more and less than six months	100,784	15,864	84,920	50,587
Restructured loans	339,741	251,479	88,262	110,432
<b>Total</b>	<b>¥ 1,261,256</b>	<b>¥ 403,621</b>	<b>¥ 857,635</b>	<b>¥ 920,096</b>
<b>Total loans and bills discounted</b>	<b>¥20,327,355</b>	<b>¥(220,070)</b>	<b>¥20,547,425</b>	<b>¥20,843,509</b>
<b>Ratio of risk management loans to total loans and bills discounted (%)</b>	<b>6.20</b>	<b>2.03*</b>	<b>4.17</b>	<b>4.41</b>

(Millions of yen, %)

Consolidated Basis	March 31, 2001	Change	March 31, 2000	March 31, 1999
Loans to borrowers in legal bankruptcy	¥ 85,060	¥ 8,530	¥ 76,530	¥ 97,095
Past due loans in arrears by six months or more	845,424	197,964	647,460	665,341
Loans in arrears by three months or more and less than six months	123,516	34,726	88,790	50,805
Restructured loans	346,575	251,177	95,398	111,490
<b>Total</b>	<b>¥ 1,400,576</b>	<b>¥492,396</b>	<b>¥ 908,180</b>	<b>¥ 924,731</b>
<b>Total loans and bills discounted</b>	<b>¥20,616,328</b>	<b>¥ 34,594</b>	<b>¥20,581,734</b>	<b>¥20,806,683</b>
<b>Ratio of risk management loans to total loans and bills discounted</b>	<b>6.79%</b>	<b>2.38*</b>	<b>4.41%</b>	<b>4.44%</b>

\*Percentage points

## ■ Reserve for Possible Loan Losses

(Millions of yen)

Nonconsolidated Basis	March 31, 2001	Change	March 31, 2000	March 31, 1999
<b>Reserves for possible loan losses</b>	<b>¥416,570</b>	<b>¥17,790</b>	<b>¥398,780</b>	<b>¥413,195</b>
General reserve for possible loan losses	129,600	1,900	127,700	126,100
Specific reserve for possible loan losses	282,333	15,605	266,728	282,745
Specific reserve for certain overseas loans	4,636	285	4,351	4,350
Reserve for contingent liabilities related to loans sold	37,654	(26,419)	64,073	77,780
Reserve for losses incurred from supporting certain borrowers	22,000	15,397	6,603	—
Reserve for losses on investments and affiliates	—	—	—	6,040
<b>Total</b>	<b>¥476,225</b>	<b>¥ 6,769</b>	<b>¥469,456</b>	<b>¥497,016</b>

(Millions of yen)

Consolidated Basis	March 31, 2001	Change	March 31, 2000	March 31, 1999
<b>Reserves for possible loan losses</b>	<b>¥472,334</b>	<b>¥ 13,548</b>	<b>¥458,786</b>	<b>¥428,030</b>
General reserve for possible loan losses	154,397	9,120	145,277	126,451
Specific reserve for possible loan losses	313,300	4,144	309,156	297,229
Specific reserve for certain overseas loans	4,636	285	4,351	4,350
Reserve for contingent liabilities related to loans sold	37,654	(26,419)	64,073	77,780
Reserve for losses incurred from supporting certain borrowers	—	(6,603)	6,603	—
Reserve for losses on investments and affiliates	—	—	—	—
<b>Total</b>	<b>¥509,989</b>	<b>¥(19,473)</b>	<b>¥529,462</b>	<b>¥505,811</b>

## ■ Reserves Coverage Ratios (Ratio of Total Reserves for Possible Loan Losses to Total Risk Management Loans) (%)

	March 31, 2001	Change	March 31, 2000	March 31, 1999
Nonconsolidated Basis				
Before partial direct write-offs	52.3	(11.8)*	64.1	60.4
After partial direct write-offs	33.0	(13.4)*	46.4	44.9
				(%)
Consolidated Basis	March 31, 2001	Change	March 31, 2000	March 31, 1999
Before partial direct write-offs	54.0	(13.0)*	67.0	61.4
After partial direct write-offs	33.7	(16.8)*	50.5	46.3

\*Percentage points

## ■ Disclosure according to the Financial Reconstruction Law

(Millions of yen, %)

	March 31, 2001	Change	March 31, 2000	March 31, 1999
Nonconsolidated Basis				
Unrecoverable or valueless	¥ 174,895	¥ (11,870)	¥ 186,765	¥ 169,870
Risk claims	653,945	150,283	503,662	553,353
Claims in need of special attention	440,526	267,343	173,183	206,739
Financial Reconstruction Law total	¥ 1,269,366	¥ 405,755	¥ 863,611	¥ 929,962
Nonclassified claims	¥20,696,413	¥(371,187)	¥21,067,600	¥21,468,988
Financial Reconstruction Law total	21,965,779	34,568	21,931,211	22,398,951
Total reserves	¥ 416,570	¥ 17,790	¥ 398,780	¥ 413,195
Reserves coverage ratio	32.8%	(13.3)*	46.1%	44.4%

(Millions of yen)

	March 31, 2001	Change	March 31, 2000	March 31, 1999
Consolidated Basis				
Unrecoverable or valueless	¥ 225,885	¥ 11,680	¥214,205	¥173,434
Risk claims	744,428	188,422	556,006	593,844
Claims in need of special attention	470,092	285,904	184,188	208,014
Financial Reconstruction Law total	¥1,440,405	¥486,006	¥954,399	¥975,282

\*Percentage points

## ■ Coverage of Claims Disclosed under the Financial Reconstruction Law (Nonconsolidated)

(Billions of yen, %)

	Disclosed claims	Coverage (Coverage ratio)	Guarantees/collateral (Coverage ratio)	Reserves (Coverage ratio)
As of March 31, 2001				
Unrecoverable or valueless	¥ 174.8	¥174.8 (100.0)	¥151.8 (86.8)	¥ 23.0 (13.2)
Risk claims	653.9	498.9 (76.3)	245.4 (37.5)	253.5 (38.8)
Claims in need of special attention*	440.5	241.2 (54.8)	190.4 (43.2)	50.8 (11.5)
Total	¥1,269.3	¥914.9 (72.1)	¥587.6 (46.3)	¥327.3 (25.8)
As of March 31, 2000				
Unrecoverable or valueless	¥186.7	¥186.7 (100.0)	¥174.4 (93.4)	¥ 12.3 (6.6)
Risk claims	503.6	387.9 (77.0)	138.8 (27.6)	249.1 (49.5)
Claims in need of special attention*	173.1	105.2 (60.8)	84.1 (48.6)	21.1 (12.2)
Total	¥863.6	¥679.8 (78.7)	¥397.3 (46.0)	¥282.5 (32.7)

\*The coverage ratio is for the full amount of claims against borrowers with claims in need of special attention.

■ **Nonperforming Loans under Self-Assessment, Financial Reconstruction Law, and Risk Management Loans Criteria and Coverage Ratios**  
(March 31, 2001, Nonconsolidated)

(Billions of yen)

	Self-assessment criteria				Financial Reconstruction Law criteria	Risk management loans
	No categorization	Category II	Category III	Category IV		
Loans to borrowers in, or effectively in, legal bankruptcy (Loss) ¥174.8	¥174.8 Coverage by collateral or guarantees: 86.8%, Reserves: 13.2%	Reserve coverage ratio: 100% Included in no categorization	Direct write-offs		Unrecoverable or valueless ¥174.8 Coverage ratio: 100%	Loans to borrowers in legal bankruptcy ¥76.1 Assets other than loans
Doubtful ¥653.9	¥499.0 Coverage by collateral or guarantees: 37.5%, Reserves: 38.8%	¥154.9 Reserve coverage ratio: 62.1% Included in no categorization			Risk claims ¥653.9 Coverage ratio: 76.3%	Past due loans in arrears by six months or more ¥744.5
Special attention ¥641.5	¥641.5 Coverage by collateral or guarantees: 29.7%, Reserves: 7.9% *1 Reserve coverage ratio of portion not covered by collateral or guarantees: 11.3%	Reserves set aside based on expected default ratio over the next one to three years			Claims in need of special attention ¥440.5 *2 Coverage ratio: 54.8%	Loans in arrears by three months or more and less than six months ¥100.7 Restructured loans ¥339.7
Special mention					Overall coverage ratio: 72.1%	
Normal					Nonclassified ¥20,696.4	
¥21,965.7					¥1,269.3	¥1,261.2

Notes: 1. Amounts of claims disclosed are rounded down to the nearest unit.

2. Amounts for special attention borrowers include the full amount of exposure of all types outstanding to these borrowers.

3. The amount of reserves does not include reserves for assistance to designated borrowers.

\*1. The reserve coverage ratio for the portion of loans to special attention borrowers not covered by collateral or guarantees.

\*2. The coverage ratio for claims in need of special attention is computed using collateral, guarantees, other security, and reserves against special attention borrowers.

Reference: Reserve coverage ratio against the uncovered portion of claims in need of special attention: 20.3%

Reserve coverage ratio against the total exposure in the other special mention category: 2.0%

Reserve coverage ratio against the total exposure to normal borrowers: 0.1%



# CONSOLIDATED SIX-YEAR SUMMARY

The Asahi Bank, Ltd.  
Years ended March 31

	Millions of yen					
	2001	2000	1999	1998	1997	1996
<b>For the year</b>						
Total income .....	<b>¥944,143</b>	¥1,160,755	¥ 987,441	¥1,036,464	¥1,229,678	¥1,238,102
Total expenses .....	<b>963,371</b>	1,082,225	1,365,741	1,215,414	1,205,296	1,374,460
(Loss) income before income taxes ....	<b>(19,228)</b>	78,529	(378,299)	(178,950)	24,381	(136,358)
Net (loss) income .....	<b>(7,841)</b>	31,404	(254,065)	(105,957)	14,658	(73,499)
<b>At year-end</b>						
Total assets .....	<b>¥31,187,697</b>	¥28,788,131	¥28,868,162	¥28,509,415	¥29,270,414	¥29,107,025
Loans and bills discounted .....	<b>20,616,328</b>	20,581,734	20,806,683	20,999,375	21,526,052	21,206,065
Securities .....	<b>4,234,414</b>	3,639,112	3,914,008	3,838,424	3,507,733	3,295,312
Customers' liabilities for acceptances and guarantees .....	<b>1,977,877</b>	1,760,192	1,934,903	1,087,679	1,204,497	1,256,429
Deposits .....	<b>23,404,958</b>	21,897,556	21,210,851	22,171,353	22,788,626	23,154,843
Total stockholders' equity .....	<b>1,358,711</b>	1,388,104	1,370,325	962,079	984,545	984,565
<b>Per share data (in yen)</b>						
Net (loss) income .....	<b>¥ (4.53)</b>	¥ 9.39	¥(106.11)	¥(45.82)	¥ 6.31	¥ (31.65)
Cash dividends declared (on common stock) .....	<b>3.00</b>	6.00	6.00	6.00	7.00	7.00
Cash dividends declared (on preferred stock)						
Preferred stock No. 1 .....	<b>10.00</b>	10.00	10.00	10.00	—	—
Class B preferred stock No. 1 .....	<b>14.38</b>	14.38	0.04	—	—	—
Class B preferred stock No. 2 .....	<b>18.50</b>	18.50	0.06	—	—	—
Stockholders' equity (book value) .....	<b>337.95</b>	347.95	341.02	371.08	423.80	424.03

Notes: 1. Yen amounts are rounded down.

2. Beginning the year ended March 31, 2000, the reserve for possible loan losses, which was included in Liabilities through the previous fiscal year, is now included in Assets, after it has been subtracted from all assets covered by this reserve. Prior year amounts, which were included in Liabilities, have been reclassified to conform to the 2000 and 2001 presentation.

## SCOPE OF CONSOLIDATION

For fiscal 2000, ended March 31, 2001, the Bank had 25 consolidated subsidiaries, 2 fewer than for fiscal 1999. Developments accounting for this change were the establishment of subsidiary Asahi Claims Recovery Co., Ltd.; the consolidation of Kyodo Mortgage Acceptance Co., Ltd., a company that was formerly accounted for by the equity method; and the liquidation of four overseas subsidiaries, thus bringing a net decrease of two in the number of consolidated subsidiaries. In addition, the Bank had two subsidiaries accounted for by the equity method in fiscal 2000, compared with four in fiscal 1999. This change was due to the previously mentioned transition of Kyodo Mortgage Acceptance Co., Ltd., to fully consolidated status and the elimination of Fuji Warehouse & Transportation Co., Ltd., from consolidation by the equity method.

Members of the Asahi Bank Group (the Group) are engaged in trust and other financial services in addition to commercial banking, but, in terms of total income and other indicators, the Asahi Bank's commercial banking operations account for the largest portion. By geographical region, business operations of the Bank and consolidated subsidiaries are conducted primarily in Japan.

## REVIEW OF PRINCIPAL INDICATORS

	(Billions of yen)		
Years ended March 31	2001	2000	Change
Total income .....	<b>¥944.1</b>	¥1,160.7	¥(216.6)
Total expenses .....	<b>963.3</b>	1,082.2	(118.8)
(Loss) income before income taxes .....	<b>(19.2)</b>	78.5	(97.7)
Income taxes:			
Current .....	<b>11.8</b>	18.0	(6.2)
Deferred .....	<b>(22.9)</b>	29.4	(52.4)
Minority interests in net loss .....	<b>(0.2)</b>	(0.4)	0.1
Net (loss) income .....	<b>(7.8)</b>	31.4	(39.2)
Per share data (in yen):			
Net (loss) income .....	<b>¥ (4.53)</b>	¥ 9.39	¥(13.92)
Stockholders' equity .....	<b>337.95</b>	347.95	(9.99)
BIS capital ratio (%) .....	<b>11.14</b>	11.80	(0.66)

Total income of the Bank and consolidated subsidiaries and affiliates declined ¥216.6 billion, to ¥944.1 billion (U.S.\$7,620 million), owing mainly to a decline in the Parent's total income accompanying lower gains from the sale of stock and other factors. In addition, as a result of aggressive disposal of nonperforming loans, the Bank reported a loss before income taxes and minority interests of ¥19.2 billion (U.S.\$155 million) and a net loss of ¥7.8 billion (U.S.\$63 million). The net loss per common share on a consolidated basis was ¥4.53 (U.S.\$0.04). Stockholders' equity on a consolidated basis declined ¥29.3 billion from the previous fiscal year-end, to ¥1,358.7 billion (U.S.\$10,966 million), and stockholders' equity per share declined ¥9.99, to ¥337.95 (U.S.\$2.73). The Bank's capital adequacy ratio (BIS guidelines) stood at 11.14% at fiscal year-end.

## SUMMARY OF CONSOLIDATED STATEMENTS OF OPERATIONS

(Billions of yen)

Years ended March 31	2001	2000	Change
Interest income.....	<b>¥556.7</b>	¥589.1	¥(32.4)
Interest expenses.....	<b>175.0</b>	208.4	(33.4)
Net interest income .....	<b>381.7</b>	380.6	1.0
Fees and commissions income.....	<b>87.4</b>	86.4	1.0
Fees and commissions expenses.....	<b>20.1</b>	21.1	(0.9)
Fees and commissions, net.....	<b>67.2</b>	65.3	1.9
Trading income .....	<b>4.4</b>	1.7	2.6
Trading expenses .....	<b>—</b>	0	(0.0)
Trading income, net .....	<b>4.4</b>	1.7	2.6
Other operating income .....	<b>25.4</b>	24.2	1.2
Other operating expenses .....	<b>14.1</b>	23.8	(9.7)
Other operating income, net .....	<b>11.3</b>	0.3	11.0

Consolidated net interest income in fiscal 2000 amounted to ¥381.7 billion (U.S.\$3,081 million), an increase of ¥1.0 billion from the previous fiscal year. This rise was mainly due to a higher volume of earning assets in the domestic market. Net fees and commissions were up ¥1.9 billion, to ¥67.2 billion (U.S.\$542 million), principally because of higher fees from the exchange and remittance business of the Parent. Trading income, net, amounted to ¥4.4 billion (U.S.\$36 million), a ¥2.6 billion increase over the previous fiscal year, while other operating income, net, rose ¥11.0 billion, to ¥11.3 billion (U.S.\$91 million), because of higher income from bond operations of the Parent.

### Gross Operating Profit by Domestic and International Division

(Billions of yen)

Years ended March 31	Domestic		International		Eliminations and intercompany		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
Interest income .....	<b>¥491.8</b>	¥523.1	<b>¥75.7</b>	¥78.6	<b>¥10.8</b>	¥12.5	<b>¥556.7</b>	¥589.1
Interest expenses .....	<b>129.2</b>	174.4	<b>56.3</b>	46.4	<b>10.6</b>	12.4	<b>175.0</b>	208.4
Net interest income .....	<b>362.5</b>	348.6	<b>19.3</b>	32.1	<b>0.2</b>	0.1	<b>381.7</b>	380.6
Fees and commissions income .....	<b>100.8</b>	94.5	<b>1.1</b>	1.0	<b>14.5</b>	9.1	<b>87.4</b>	86.4
Fees and commissions expenses ....	<b>32.1</b>	29.4	<b>0.4</b>	0.7	<b>12.4</b>	9.0	<b>20.1</b>	21.1
Fees and commissions, net .....	<b>68.7</b>	65.0	<b>0.7</b>	0.3	<b>2.1</b>	0.0	<b>67.2</b>	65.3
Trading income .....	<b>4.5</b>	1.7	<b>(0.1)</b>	0.0	<b>—</b>	—	<b>4.4</b>	1.7
Trading expenses .....	<b>—</b>	0.0	<b>—</b>	—	<b>—</b>	—	<b>—</b>	0.0
Trading income, net .....	<b>4.5</b>	1.7	<b>(0.1)</b>	0.0	<b>—</b>	—	<b>4.4</b>	1.7
Other operating income .....	<b>25.5</b>	23.6	<b>0.6</b>	3.0	<b>0.7</b>	2.4	<b>25.4</b>	24.2
Other operating expenses .....	<b>13.4</b>	25.7	<b>0.6</b>	0.2	<b>—</b>	2.1	<b>14.1</b>	23.8
Other operating income, net .....	<b>12.1</b>	(2.1)	<b>0.0</b>	2.7	<b>0.7</b>	0.2	<b>11.3</b>	0.3

### Gross Operating Profit by Domestic and International Division (Nonconsolidated)

(Billions of yen)

Years ended March 31	Domestic			International		
	2001	2000	Change	2001	2000	Change
Net interest income .....	<b>¥358.0</b>	¥358.3	¥(0.2)	<b>¥16.0</b>	¥14.3	¥1.6
Fees and commissions, net .....	<b>31.5</b>	28.5	2.9	<b>2.0</b>	2.0	0.0
Trading income (expenses), net .....	<b>2.1</b>	1.5	0.6	<b>2.3</b>	0.2	2.0
Other operating income (loss), net .....	<b>5.0</b>	(4.1)	9.1	<b>7.1</b>	6.9	0.2
Gross operating profit .....	<b>¥396.7</b>	¥384.2	¥12.5	<b>¥27.5</b>	¥23.6	¥3.9

## NET INTEREST INCOME

Net interest income on a nonconsolidated basis for domestic and international operations rose ¥1.3 billion, or 0.3%, to ¥374.0 billion (U.S.\$3,019 million). The factors accounting for this were as follows.

On a nonconsolidated basis, net interest income from domestic operations declined approximately ¥0.2 billion, to ¥358.0 billion (U.S.\$2,889 million). This decline was due to the impact of the introduction of the purchase value amortization method accompanying the adoption of new standards for accounting for financial instruments, which reduced net interest income ¥3.6 billion. Excluding this factor, net interest income would have increased ¥3.4 billion, owing to the rise in housing loans and other earning assets.

Net interest income in international operations rose ¥1.6 billion, or 11.1%, to ¥16.0 billion (U.S.\$129 million). This increase was due to an improvement in the interest rate swap balance and the favorable impact of the introduction of the amortized cost method accompanying the adoption of new standards for accounting for financial instruments.

## SOURCE AND USE OF FUNDS IN DOMESTIC AND INTERNATIONAL OPERATIONS

The average balance of funds used in fiscal 2000 (before eliminations for consolidation) increased ¥1,762.4 billion, to ¥25,594.9 billion, in Japan and declined ¥673.5 billion, to ¥1,762.9 billion, overseas. In addition, the average balance of funds sourced (before eliminations) was ¥24,942.2 billion in Japan, an increase of ¥899.0 billion from the prior year-end, and ¥1,529.6 billion overseas, a decline of ¥167.0 billion.

The spread between the cost of funds and yield on uses of funds was 1.40%, and the spread between the cost of deposits and lending rates was 1.70%. Of these totals, the spread between the cost of funds and yield on uses of funds in Japan was 1.40%, and the spread between the cost of deposits and lending rates was 1.78%.

The average balance of earning assets on a nonconsolidated basis in international operations continued to decline, in line with the Bank's policy of focusing its resources on the domestic market. Total loans, however, increased, owing to a higher balance of housing loans as part of the Bank's strategy of retail specialization. Among other earning assets, the balance of securities rose ¥579.6 billion, as the Bank significantly increased its holdings of Japanese government bonds. As a result of the factors described above, the total average balance of earnings assets on a nonconsolidated basis in domestic operations increased more than ¥1 trillion. The overall gross return on earning assets edged downward 15 basis points as the net margin on loans fell 5 basis points and the yield on securities declined 27 basis points. As a result, on a nonconsolidated basis, total income from earning assets dropped 3.7%, or ¥17.6 billion.

On the funding side, the average balance of negotiable certificates of deposit and call money rose a significant margin, and liquid deposits placed with the Bank by individuals and corporations also increased. As a result, the average balance of funds used in fiscal 2000 (before eliminations for consolidation) was up ¥760.0 billion. The rate paid on deposits fell one basis point, and the cost of external liabilities dropped three basis points. As a result, the total cost of funds declined 15.9%, or ¥17.4 billion.

The average loan/deposit spread declined four basis points and the average interest spread fell six basis points. The net interest margin, which takes account of other expenses, shrank 6 basis points and stood at 45 basis points.

(Billions of yen)				
Year ended March 31, 2001	Domestic	International	Eliminations and intercompany	Total
<b>Interest-bearing assets</b>				
Average balance .....	<b>¥25,594.9</b>	<b>¥1,762.9</b>	<b>¥672.1</b>	<b>¥26,685.8</b>
Interest .....	<b>491.8</b>	<b>75.7</b>	<b>10.8</b>	<b>556.7</b>
Returns (%) .....	<b>1.92</b>	<b>4.29</b>	<b>—</b>	<b>2.08</b>
<b>Loans and bills discounted</b>				
Average balance .....	<b>19,699.7</b>	<b>1,317.8</b>	<b>547.2</b>	<b>20,470.3</b>
Interest .....	<b>415.6</b>	<b>47.1</b>	<b>10.5</b>	<b>452.2</b>
Returns (%) .....	<b>2.11</b>	<b>3.57</b>	<b>—</b>	<b>2.20</b>
<b>Securities</b>				
Average balance .....	<b>4,544.3</b>	<b>73.3</b>	<b>30.1</b>	<b>4,587.5</b>
Interest .....	<b>49.0</b>	<b>4.6</b>	<b>0.2</b>	<b>53.5</b>
Returns (%) .....	<b>1.08</b>	<b>6.39</b>	<b>—</b>	<b>1.16</b>
<b>Call loans and bills bought</b>				
Average balance .....	<b>594.4</b>	<b>13.8</b>	<b>—</b>	<b>608.2</b>
Interest .....	<b>1.4</b>	<b>0.9</b>	<b>—</b>	<b>2.3</b>
Returns (%) .....	<b>0.24</b>	<b>6.52</b>	<b>—</b>	<b>0.38</b>
<b>Due from banks</b>				
Average balance .....	<b>702.9</b>	<b>332.1</b>	<b>94.6</b>	<b>940.3</b>
Interest .....	<b>18.2</b>	<b>20.2</b>	<b>0.0</b>	<b>38.4</b>
Returns (%) .....	<b>2.59</b>	<b>6.09</b>	<b>—</b>	<b>4.09</b>
<b>Interest-bearing liabilities</b>				
Average balance .....	<b>¥24,942.2</b>	<b>¥1,529.6</b>	<b>¥676.8</b>	<b>¥25,794.9</b>
Interest .....	<b>129.2</b>	<b>56.3</b>	<b>10.6</b>	<b>175.0</b>
Returns (%) .....	<b>0.51</b>	<b>3.68</b>	<b>—</b>	<b>0.67</b>
<b>Deposits</b>				
Average balance .....	<b>19,738.1</b>	<b>767.7</b>	<b>88.2</b>	<b>20,417.6</b>
Interest .....	<b>63.8</b>	<b>40.1</b>	<b>0.0</b>	<b>103.9</b>
Returns (%) .....	<b>0.32</b>	<b>5.22</b>	<b>—</b>	<b>0.50</b>
<b>Negotiable certificates of deposit</b>				
Average balance .....	<b>2,120.7</b>	<b>40.5</b>	<b>9.3</b>	<b>2,152.0</b>
Interest .....	<b>6.1</b>	<b>2.6</b>	<b>—</b>	<b>8.8</b>
Returns (%) .....	<b>0.28</b>	<b>6.58</b>	<b>—</b>	<b>0.40</b>
<b>Call money and bills sold</b>				
Average balance .....	<b>1,640.1</b>	<b>1.2</b>	<b>—</b>	<b>1,641.4</b>
Interest .....	<b>6.9</b>	<b>0.0</b>	<b>—</b>	<b>7.0</b>
Returns (%) .....	<b>0.42</b>	<b>6.38</b>	<b>—</b>	<b>0.42</b>
<b>Commercial paper</b>				
Average balance .....	<b>249.2</b>	<b>—</b>	<b>—</b>	<b>249.2</b>
Interest .....	<b>0.8</b>	<b>—</b>	<b>—</b>	<b>0.8</b>
Returns (%) .....	<b>0.33</b>	<b>—</b>	<b>—</b>	<b>0.33</b>
<b>Borrowed money</b>				
Average balance .....	<b>937.2</b>	<b>369.4</b>	<b>543.9</b>	<b>762.7</b>
Interest .....	<b>21.8</b>	<b>5.8</b>	<b>10.5</b>	<b>17.1</b>
Returns (%) .....	<b>2.33</b>	<b>1.58</b>	<b>—</b>	<b>2.24</b>

(Billions of yen)

Year ended March 31, 2000	Domestic	International	Eliminations and intercompany	Total
<b>Interest-bearing assets</b>				
Average balance .....	¥23,832.5	¥2,436.5	¥763.7	¥25,505.2
Interest .....	523.1	78.6	12.5	589.1
Returns (%) .....	2.19	3.22	—	2.30
<b>Loans and bills discounted</b>				
Average balance .....	18,932.2	2,203.2	533.6	20,601.8
Interest .....	413.8	56.5	11.7	458.6
Returns (%) .....	2.18	2.56	—	2.22
<b>Securities</b>				
Average balance .....	3,961.8	78.7	51.6	3,988.8
Interest .....	54.6	1.6	0.1	56.1
Returns (%) .....	1.37	2.15	—	1.40
<b>Call loans and bills bought</b>				
Average balance .....	384.3	5.9	—	390.3
Interest .....	0.4	0.2	—	0.6
Returns (%) .....	0.10	4.55	—	0.17
<b>Due from banks</b>				
Average balance .....	480.0	125.7	178.4	427.2
Interest .....	7.1	6.3	0.7	12.8
Returns (%) .....	1.49	5.07	—	3.00
<b>Interest-bearing liabilities</b>				
Average balance .....	¥24,043.2	¥1,696.7	¥699.6	¥25,040.3
Interest .....	174.4	46.4	12.4	208.4
Returns (%) .....	0.72	2.73	—	0.83
<b>Deposits</b>				
Average balance .....	19,616.9	923.8	169.6	20,371.2
Interest .....	57.1	17.5	0.6	74.0
Returns (%) .....	0.29	1.89	—	0.36
<b>Negotiable certificates of deposit</b>				
Average balance .....	1,748.0	20.9	11.8	1,757.2
Interest .....	2.5	1.2	0.0	3.7
Returns (%) .....	0.14	5.86	—	0.21
<b>Call money and bills sold</b>				
Average balance .....	1,357.2	0.8	—	1,358.0
Interest .....	2.4	0.0	—	2.4
Returns (%) .....	0.18	5.35	—	0.18
<b>Commercial paper</b>				
Average balance .....	230.1	—	—	230.1
Interest .....	0.4	—	—	0.4
Returns (%) .....	0.20	—	—	0.20
<b>Borrowed money</b>				
Average balance .....	836.9	379.8	429.9	786.8
Interest .....	21.4	10.6	11.7	20.4
Returns (%) .....	2.56	2.80	—	2.59

## FEES AND COMMISSIONS IN JAPAN AND OVERSEAS

Fees and commissions amounted to ¥87.4 billion (U.S.\$706 million), an increase of ¥1.0 billion from the previous year. Expenses related to fees and commission income amounted to ¥20.1 billion (U.S.\$163 million).

Fees and commissions, net, on a nonconsolidated basis increased ¥2.9 billion, or 9.7%, to ¥33.5 billion (U.S.\$271 million). Fees from domestic operations, including remittance fees, commissions from the sale of investment trusts, and certain other sources, rose ¥2.9 billion from the previous year, to ¥31.5 billion. Fees and commissions, net, from international operations amounted to ¥2.0 billion, approximately the same level as for the previous year.

### Trading Income

Primarily as a result of an increase in income from derivatives trading in Japan, consolidated trading income rose ¥2.6 billion, to ¥4.4 billion (U.S.\$36 million).

Trading income, net, on a nonconsolidated basis for the year under review rose ¥2.6 billion, or 149.7%, to ¥4.4 billion (U.S.\$36 million). As a result of an increase in other trading income in domestic operations, trading income in domestic operations expanded ¥600 million, to ¥2.1 billion. In international operations, trading income was up ¥2.0 billion, to ¥2.3 billion, because of higher income from derivatives trading.

### Balance of Trading Assets and Liabilities (End of fiscal year, consolidated)

As a consequence of the rise in trading assets in Japan, consolidated total trading assets were up ¥338.7 billion, to ¥777.6 billion (U.S.\$6,277 million). On the other hand, total trading liabilities increased ¥171.1 billion, to ¥211.4 billion (U.S.\$1,707 million), principally in connection with the rise in domestic derivatives trading.

### Other Operating Income

On a nonconsolidated basis, other operating income, net, rose significantly, to ¥12.2 billion, representing an increase of ¥9.4 billion, or 340.7%. Of this total—although the introduction of the purchase value amortization method accompanying the adoption of new accounting standards for financial instruments makes simple comparison difficult—as a result of the flexible management of bond operations, income from this source rose ¥4.0 billion. In addition, the Bank had unrealized gains on its bond portfolio amounting to ¥18.2 billion at fiscal year-end. Profits from foreign currency trading, which are also included in this category, rose ¥3.1 billion, to ¥7.6 billion.

### Expenses

The Bank continued to take active measures to increase the efficiency of its operations, including the consolidation of its branches and offices, while also increasing expenditures for computer and other systems. As a result, the Bank was able to reduce recurring expenses. By principal expense item, on a consolidated basis, general and administrative expenses showed a decline of ¥357 million, to ¥275.0 billion (U.S.\$2,220 million).



**General and Administrative Expenses**

(Billions of yen)

Years ended March 31	2001	2000	Change
Personnel expenses .....	<b>¥126.8</b>	¥125.0	¥ 1.7
Other expenses .....	<b>132.6</b>	134.4	(1.8)
Taxes .....	<b>15.5</b>	15.8	(0.2)
Total .....	<b>¥275.0</b>	¥275.4	¥(0.3)

However, as a result of the adoption of revised accounting standards for employees' retirement benefits, increased costs of disposal of nonperforming loans, and other factors, certain expense items included in other expenses increased. Other expenses as a whole, however, for the reasons cited below declined ¥74.3 billion, to ¥478.9 billion (U.S.\$3,866 million), compared with ¥553.3 billion in the previous fiscal year.

The principal credit-related items pushing other expenses upward were (1) an increase in the provision for the reserve for possible loan losses, from ¥32.1 billion in fiscal 1999 to ¥134.7 billion in fiscal 2000, (2) an increase in write-offs of claims from ¥68.0 billion in the previous year to ¥115.9 billion in the year under review, and (3) ¥50.8 billion in losses on the waiver of claims for the support of customers compared with no such losses in fiscal 1999.

Among employees' retirement benefit items, temporary expenses for the establishment of an employees' retirement benefit trust rose from zero in fiscal 1999 to ¥40.4 billion for the year under review and expenses arising from the initial adoption of revised accounting standards for employees' retirement benefits amounting to ¥18.2 billion versus none for the previous fiscal year. These increases, however, were more than offset by a decline in losses on sales of stocks and other securities from ¥161.1 billion in fiscal 1999 to ¥2.2 billion in fiscal 2000, a drop in losses on the devaluation of stocks and other securities from ¥93.2 billion in fiscal 1999 to ¥10.4 billion in fiscal 2000. As a consequence, the total amount of other expenses declined as previously mentioned. Further details on the content and trends in other expenses may be found in Note 18 to Notes to the Consolidated Financial Statements.

**NET INCOME (LOSS)**

As a result of the factors previously mentioned, on a consolidated basis, total income declined ¥216.6 billion, to ¥944.1 billion (U.S.\$7,620 million), and total expenses dropped ¥188.8 billion, to ¥963.3 billion (U.S.\$7,775 million). As a consequence, the Bank reported a loss before income taxes and minority interests of ¥19.2 billion (U.S.\$155 million), compared with income of ¥78.5 billion for the previous fiscal year. The net loss for the year, after taking current and deferred income taxes into account, was ¥7.8 billion (U.S.\$63 million) compared with net income of ¥31.4 billion for the previous fiscal year.

## SUMMARY OF BALANCE SHEETS (CONSOLIDATED)

As of March 31, 2001, the key features of the Bank's financial position were as follows. Total assets amounted to ¥31,187.6 billion (U.S.\$251.7 billion), representing an increase of ¥2,399.5 billion from the previous fiscal year-end. Total liabilities were ¥29,820.4 billion (U.S.\$240.6 billion), an increase of ¥2,429.0 billion from the previous fiscal year-end. Stockholders' equity declined ¥29.3 billion, to ¥1,358.7 billion (U.S.\$10,966 million). Among principal asset and liability items, deposits were up ¥518.6 billion over the previous fiscal year-end, to ¥20,440.1 billion (U.S.\$165.0 billion), NCDs rose ¥988.7 billion, to ¥2,964.7 billion (U.S.\$23.9 billion), while loans and bills discounted posted a gain of ¥34.5 billion, to ¥20,616.3 billion (U.S.\$166.3 billion).

### Loans and Bills Discounted by Industry

(Billions of yen)

March 31	2001	2000
Domestic operations		
Manufacturing .....	¥ 2,696.2 13.46%	¥ 2,612.0 13.32%
Retail, wholesale, and food services .....	2,781.9 13.89%	2,767.5 14.12%
Financial services .....	945.8 4.72%	1,039.8 5.30%
Construction .....	1,106.0 5.52%	1,126.3 5.74%
Electric power, gas, and other public enterprises.....	83.4 0.42%	93.1 0.48%
Real estate .....	2,210.4 11.04%	2,241.2 11.43%
Transportation, communications, and other utilities .....	612.8 3.06%	529.5 2.70%
Services .....	2,049.8 10.24%	1,885.0 9.61%
Agriculture, forestry, fishing, and mining .....	50.0 0.25%	47.4 0.24%
Local governments .....	395.0 1.97%	428.9 2.19%
Others .....	7,094.5 35.43%	6,836.2 34.87%
	¥20,026.2 100%	¥19,607.4 100%
International operations		
Governments .....	¥ 19.2 2.48%	¥ 18.3 1.66%
Financial institutions .....	59.8 7.73%	97.3 8.76%
Others .....	695.8 89.79%	995.0 89.58%
	¥ 774.9 100%	¥ 1,110.8 100%
Elimination and intercompany .....	(184.8)	(136.5)
Total .....	¥20,616.3	¥20,581.7

**Loans to Specified Countries**

(Millions of yen)

March 31	2001	2000
Indonesia .....	<b>¥24,335</b>	¥22,663
Brazil .....	—	84
Bulgaria .....	—	14
Argentina .....	—	9
Algeria .....	<b>5</b>	5
Total .....	<b>¥24,340</b>	¥22,777
Percentage of total assets	<b>0.07</b>	0.07

**Loans to Small and Medium-Sized Companies (Nonconsolidated)**

(Billions of yen)

March 31	2001	2000	Ratio to total loans	
			2001	2000
Individuals and small and medium-sized companies .....	<b>¥15,124.8</b>	¥14,967.7	<b>77.3%</b>	76.9%

**Loans to Individuals (Nonconsolidated)**

(Billions of yen)

March 31	2001	2000	Change
Consumer .....	<b>¥6,377.0</b>	¥6,101.5	¥275.5
Housing .....	<b>6,125.5</b>	5,832.0	293.5

**Composition of Deposits (Consolidated)**

(Billions of yen)

March 31	2001	2000	Change
Liquid deposits .....	<b>¥ 7,984.1</b>	¥ 7,114.6	¥ 869.4
Time deposits .....	<b>11,647.4</b>	12,122.8	(475.3)
Others .....	<b>3,773.3</b>	2,660.0	1,113.3
Total .....	<b>¥23,404.9</b>	¥21,897.5	¥1,507.4

**RISK MANAGEMENT LOANS**

Risk management loans on a consolidated basis were up ¥492.3 billion, to ¥1,400.5 billion, while nonperforming loans under the criteria of the Financial Reconstruction Law increased ¥486.0 billion, to ¥1,440.4 billion.

Deregulation and globalization of financial service activities, along with the increasing sophistication of financial technology, are making banking operations more diverse and complex. Accompanying these trends, it has become more important than ever for banks to appropriately manage the various types of risks they confront, including credit, market, liquidity, operations, and computer systems risk. To manage these risks, it is important not only for business units to respond appropriately to individual types of risk and to continue to upgrade their risk management capabilities but also for the Bank as a whole to measure and manage risk volumes accurately from a centralized perspective.

The Bank measures the various types of risk from a centralized perspective and maintains the total volume of risk within the limits of its capital. In addition, through appropriate risk control, the Bank endeavors to maximize profits through the development of an integrated risk management system.

In its risk management activities, the Bank employs Value at Risk (VaR) and other indicators as uniform measures of risk and to accurately monitor the level of profit generated by various risk-taking activities. The Bank is also working to increase the sophistication of its risk management activities, with the aim of achieving a more-efficient and profitable allocation of risk volumes among activities.

In addition, the Bank manages risk at all levels throughout its operations and has established units to manage various types of risk. The Risk Management Department supervises risk from a Bankwide perspective, and committees that include members of management have been established to manage various types of risk with the goals of strengthening risk management and control.

## Organization for Management of Bankwide Risk and Return

Frequency of meeting	Formulation of policies	Reporting system
Every six months	<p>ALM, Credit Risk, and other committees</p> <ol style="list-style-type: none"> <li>1 Preparation of Bankwide risk/return plans</li> <li>2 Preparation of profit plans and capital ratio plans</li> <li>3 Setting of risk and loss-cutting limits</li> <li>4 Preparation of risk management and operating plans</li> </ol>	<p>Executive Committee, Investment Committee, and Board of Directors</p> <ol style="list-style-type: none"> <li>1 Reports on Bankwide risk/return (quarterly)</li> <li>2 Reports on credit portfolio and related matters</li> <li>3 Bankwide risk management conditions and related matters</li> </ol>
Monthly	<p>ALM, Credit Risk, and other committees</p> <ol style="list-style-type: none"> <li>1 Follow-up on profit plans</li> <li>2 Discussion of risk/return policies and related matters</li> </ol>	<p>Executive Committee, Investment Committee, and other committees</p> <ol style="list-style-type: none"> <li>1 Reports on Bankwide risk/return conditions</li> <li>2 Reports on market risk conditions and related matters</li> </ol>
Weekly and daily	<p>ALM committees of individual business units (internal)</p> <ol style="list-style-type: none"> <li>1 Follow-up on profit plans</li> <li>2 Discussion of operating policies</li> </ol>	<p>Director (executive officer) in charge</p> <ol style="list-style-type: none"> <li>1 Reports on market risk conditions</li> <li>2 Daily operating reports and related matters</li> </ol>

## Types of Risk and Units in Charge of Risk Management

Types of Risk	Risk Management Activities	Risk Management		Internal Inspection and Auditing Units (Internal Audit Division, Business Audit Department, and Branch Audit Department)
		Overall Risk Management Department		
		Departments in charge of Risk Management		
Credit Risk	Risk of not being able to recover loans and other exposure because of deterioration in the business conditions and other circumstances of counterparties in transactions	● Credit Policy Planning Department		
Market Risk	Risk of losses due to fluctuations in interest rates, currency exchange rates, stock prices, and other market variables	● Risk Management Department		
Liquidity Risk	Risk that the Bank may be short of funds to meet its obligations or may be obliged to pay high rates of interest on funds	● Risk Management Department		
Operations Risk	Risk of losses due to errors, unethical conduct, or other circumstances in the conduct of operations	● Operations Department		
Computer Systems Risk	Risk of losses due to errors, unethical conduct, or other circumstances related to computer systems	● Planning Department, System Planning Office		
Legal Risk	Risk of incurring losses owing to legal uncertainties and other problems related to contracts	● Compliance Department		
Reputational Risk	Risk that the Bank's reputation may be adversely affected	● Corporate Communications Department		
Major Natural and Other Disasters	Risk of earthquakes and other natural disasters	● Facility Management Department		

## CREDIT RISK MANAGEMENT

Credit risk is the contingency that the Bank may be unable to recover principal and interest on its loans and other claims outstanding due to the deterioration in the financial condition of the borrower. The Bank works to strengthen its capabilities for the evaluation of individual credits and the management of its credit portfolio from a Bankwide perspective, with the aim of enhancing its credit risk management activities.

To conduct the rapid, yet sufficient, analysis of individual loan applications, the Bank trains personnel to act as credit officers in its branches, conducts inspections, and provides guidance to individual branches. In addition, the Bank has formed a team of credit specialists in the Head Office, who act independently of business promotion divisions, to conduct thorough analyses of credit applications that exceed the approval limits of general managers.

In addition to enhancements in its credit analysis and approval systems, the Bank has linked its twice-yearly self-assessments of asset quality with its customer credit rating system to measure the volume of credit risk in its activities. Moreover, through the conduct of research and analysis from a macroeconomic perspective, the Bank is working to develop an early warning system for potential credit problems.

### Relationships among Customer Credit Ratings and Self-Assessment Systems and Write-Offs and Reserves

Ratings	Type of Borrower	Loan Categorization	Write-Offs and Reserves
A B C D E F	Normal	No Categorization	Default Ratios
G	Special Mention	Category II	Default Ratios
H	Doubtful	Category III	Amount Deemed Necessary
I	Loss	Category IV	Write-Offs or Additions to Reserves

## MARKET RISK MANAGEMENT

Market risk is the contingency that banks may incur losses due to movements in interest rates, foreign currency exchange rates, stock prices, and other market indicators. Based on the awareness that market transactions have the inherent potential for substantial losses, the Bank implements strict market risk management measures.

The maximum risk volumes and loss-cutting rules for each business unit (front offices) engaged in market transactions are set by the Board of Directors and the Executive Committee. The results of operations and profit/loss of the front offices are reported daily to the directors in charge, and reports are presented to the Executive Committee on a monthly basis.

Moreover, units in charge of operations management (the back offices) and the Market Risk Management Office (the middle office) have been established to monitor the activities of the front offices. In addition, members of the Inspection Department have the responsibility for carrying out strict examinations of the conduct and management of market-related operations.

### Actual VaR during the Fiscal Year

Period	Maximum VaR	Minimum VaR	Average VaR
April 1, 2000, to March 31, 2001	¥0.8 billion	¥100 million	¥400 million

Note: VaR is the total volume of risk in trading transactions involving financial instruments that are subject to market price accounting foreign exchange transactions.

#### VaR Criteria

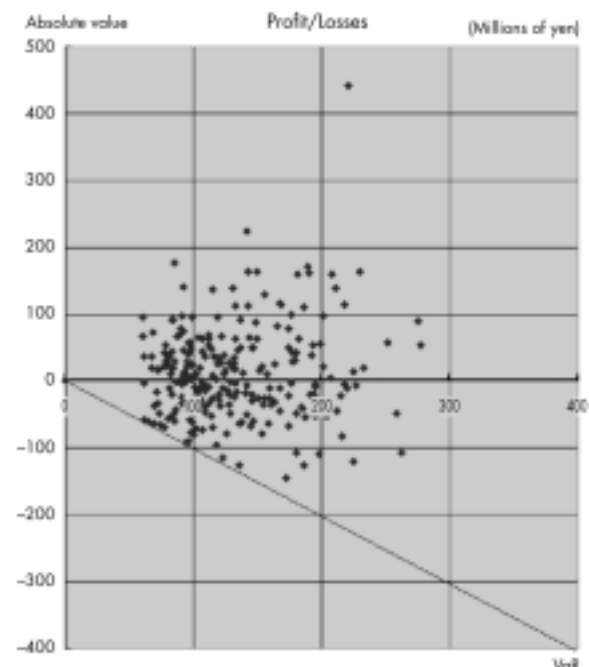
- (1) Confidence level: Single-sided, 99% (standard deviation of 2.33 times)
- (2) Holding period: 10 business days
- (3) Observation period for market data: One year
- (4) Correlation among price fluctuations of financial instruments: Taken into account

### Results of Stress Testing

Maximum loss under stress scenario

VaR value	¥500 million
Profit/loss under stress testing	¥700 million

### Results of Static Back Testing (Covering the Period from April 1, 2000, to March 31, 2001)



VaR due to interest and foreign currency exchange rate fluctuations with a confidence interval of 99% and a liquidation period of one day



## **LIQUIDITY RISK MANAGEMENT**

Liquidity risk is the contingency that a financial institution may run short of funds, owing to a decline in its credit standing or an extreme gap between its maturities for fund use and funding, and may therefore be obliged to pay prohibitively high interest rates to borrow funds for its operations. The Bank recognizes the management of liquidity risk as a basic and essential aspect of its operations and has developed effective systems to ensure sufficient liquidity to meet its needs.

To manage liquidity risk, the Bank conducts periodic examinations of the structure of its fund sources and uses and then implements measures needed to improve this structure. In addition, guidelines are established for the funds gap (the amount of funds that must be raised), taking into account the size of assets, the Bank's funding capabilities, and other factors.

Information of all types on liquidity risk is reported by all units in charge of managing the Bank's cash flow to the Risk Management Department, which is in overall charge of managing the cash flow. In addition, periodic reports on the Bank's overall cash flow are submitted to the Executive Committee.

To deal with any sudden changes in the market funding environment that may lead to the risk of a shortage of liquidity, the Bank has prepared contingency plans suited to various levels of crisis to respond quickly and flexibly according to the magnitude of the emergency.

## **OPERATIONS RISK MANAGEMENT**

Operations risk refers to the possibility of errors, unethical conduct, and certain other circumstances that may occur in the processing of transactions. Accurate and speedy conduct of processing operations is the basis for trust in banking operations, and, as banking operations have become more diverse and sophisticated, it has become essential to have appropriate risk management systems to reduce and minimize operations risk.

The Bank has created the Operations Department to take overall charge of operations risk management. The department's activities include refining operating procedures and implementing system upgrades as well as reviewing operational processes to make it possible to conduct them more efficiently. In addition, to provide an internal checking system, each of the Head Office departments and branches conducts periodic internal inspections. Similarly, staff from the Operations Department visit each of the Bank's branches to inspect and provide guidance, with the aim of assuring the proper conduct of operations and preventing possible problems.

## **MANAGEMENT OF SYSTEMS RISK**

Systems risk arises when computer systems malfunction or are used in an unethical manner, thereby resulting in losses and damages. For financial institutions, which are highly dependent on these systems, the emergence of systems risk may have a major impact on society at large and have serious implications for management and corporate performance. Accordingly, the Bank views the management of systems risk as more than just a matter of dealing with technical problems and conducts risk management from a Bankwide perspective.

Specific activities include strengthening measures to deal with system malfunctions, the impact of natural and other disasters, and problems arising because of the misuse of external networks. In addition, based on a basic policy for Bankwide systems risk management, the management control units in charge conduct periodic monitoring.

In particular, the Bank has established a security policy to clarify the appropriate level of security needed, with the objective of dealing with the increase in systems risk along with the growing use of IT. All Bank employees are acquainted with this policy, and, by implementing counter-measures for risk, the Bank is working to ensure appropriate safety of its information assets.

To deal with various circumstances that may arise, the Bank has prepared a Contingency Plan and is working to further refine its content to deal with a wider range of possibilities as well as prevent or minimize risks before they arise.

## **PROGRESS TOWARD STRENGTHENING COMPLIANCE SYSTEMS**

The Bank regards compliance with laws, rules, and social norms as one of the most important management issues and has prepared a Compliance Program containing specific plans for its compliance systems. This plan is reviewed and approved by the Board of Directors on an annual basis. The Bank is devoting its fullest efforts to establishing the necessary systems and raising the awareness of the importance of compliance among management and staff.

Among specific activities, the Bank's Compliance Department has overall responsibility for compliance matters, and compliance officers appointed to the Bank's departments and offices work closely with this department. The Compliance Department is working to establish compliance systems in each of the headquarters and departments that are responsible for planning and implementing increasingly diverse and sophisticated banking activities and to promote the enhancement of compliance systems throughout the Bank. Another important role of this department is to examine in advance the decisions to be taken by the Executive Committee and the Investment Committee as well as contracts with customers and new products to confirm that they are in compliance with applicable laws and regulations, with the aim of minimizing the Bank's legal risk.

In addition, in line with the implementation of the Financial Products Sales Law in April 2001, the department established policies for product solicitation, made these available to the public, and conducted a thorough internal program to promote awareness based on revised and upgraded internal rules for appropriate sales to and solicitations of customers. The department is continuing to work to strengthen compliance systems through ongoing compliance training for all management and staff.

## **FUTURE ACTIVITIES**

With the aim of increasing the sophistication of the compliance systems created thus far, efforts are under way to structure compliance systems for each operating division, and, by strengthening the legal checking functions of the Compliance Department, the Bank is working to improve teamwork within the organization and create systems that are more effective in actual operation. In addition, by enhancing the content of training activities on the theme of compliance at the business unit level and in group training sessions as well as emphasizing the repeated training of management and employees on the job, the Bank is working to create a thoroughgoing awareness of the importance of compliance with legal regulations and promote a spirit of compliance in the workplace.

To carry out these activities systematically, in April 2001, the Compliance Program for the current fiscal year was approved by the Board of Directors, and, at present, activities are under way to strengthen internal systems in line with this program. The Bank will check periodically on the implementation of this program, identify problems, and continue to make improvements deemed necessary with the objectives of creating a corporate culture that emphasizes compliance and thereby meeting the requirements of stockholders and customers for trustworthiness and reliability in the conduct of the Bank's operations.

# CONSOLIDATED BALANCE SHEETS

The Asahi Bank, Ltd.  
March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 1)
	2001	2000	2001
<b>Assets</b>			
Cash and due from banks (Notes 2 (s), 19) .....	¥ 1,578,655	¥ 1,187,769	\$ 12,741
Call loans and bills purchased .....	901,695	153,563	7,278
Commercial paper and other debt purchased .....	2,458	429	20
Trading assets (Notes 2 (b), 3) .....	777,686	438,962	6,277
Money held in trust (Note 22) .....	60,050	210,000	485
Securities (Notes 2 (d), 4, 6, 22) .....	4,234,414	3,639,112	34,176
Loans and bills discounted (Notes 2 (h), 5, 6, 7) .....	20,616,328	20,581,734	166,395
Foreign exchange (Note 2 (l)) .....	74,045	65,141	598
Other assets (Notes 6, 8, 9) .....	621,894	419,820	5,019
Premises and equipment (Notes 2 (f), 6, 10, 14) .....	484,778	478,342	3,913
Deferred tax assets (Note 20) .....	323,312	303,657	2,609
Consolidation differences (Note 2 (q)) .....	6,832	8,192	55
Customers' liabilities for acceptances and guarantees (Note 13) .....	1,977,877	1,760,192	15,963
Reserve for possible loan losses (Note 2 (h)) .....	(472,334)	(458,786)	(3,812)
<b>Total Assets</b> .....	<b>¥31,187,697</b>	<b>¥28,788,131</b>	<b>\$251,717</b>
<b>Liabilities</b>			
Deposits (Note 6) .....	¥23,404,958	¥21,897,556	\$188,902
Call money and bills sold (Note 6) .....	1,272,285	1,278,836	10,269
Commercial paper .....	420,000	120,000	3,390
Trading liabilities (Notes 2 (b), 3) .....	211,496	40,310	1,707
Borrowed money (Notes 6, 11) .....	907,498	823,458	7,324
Foreign exchange (Note 2 (l)) .....	8,739	4,775	71
Bonds (Notes 2 (g), 15) .....	445,390	370,615	3,595
Other liabilities (Notes 6, 12) .....	1,028,505	910,490	8,301
Reserve for severance payments (Note 2 (i)) .....	—	27,224	—
Reserve for employees' retirement benefits (Notes 2 (i), 24) .....	22,887	—	185
Reserve for contingent liabilities related to loans sold (Note 2 (j)) .....	37,654	64,073	304
Other reserves (Note 2 (k)) .....	0	6,603	0
Deferred tax liability on land revaluation (Notes 14, 20) .....	83,167	87,272	671
Acceptances and guarantees (Note 13) .....	1,977,877	1,760,192	15,963
<b>Total Liabilities</b> .....	<b>29,820,461</b>	<b>27,391,409</b>	<b>240,682</b>
Minority interests in consolidated subsidiaries .....	8,524	8,617	69
<b>Stockholders' Equity (Note 16)</b>			
Common stock .....	403,380	401,446	3,256
Preferred stock .....	201,976	203,910	1,630
Capital surplus .....	509,486	509,486	4,112
Land revaluation difference (Note 14) .....	127,223	131,400	1,027
Consolidated retained earnings .....	117,360	141,886	947
Translation adjustments, net of taxes .....	(697)	—	(6)
Common stock in treasury .....	(2)	(9)	(0)
Parent company stock held by subsidiaries .....	(16)	(16)	(0)
<b>Total Stockholders' Equity</b> .....	<b>1,358,711</b>	<b>1,388,104</b>	<b>10,966</b>
<b>Total Liabilities, Minority Interests and Stockholders' Equity</b> .....	<b>¥31,187,697</b>	<b>¥28,788,131</b>	<b>\$251,717</b>

See accompanying notes.

# CONSOLIDATED STATEMENTS OF OPERATIONS

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 1)
	2001	2000	2001
Income			
Interest on loans and discounts .....	<b>¥454,614</b>	¥ 459,378	<b>\$3,669</b>
Interest and dividends on securities .....	<b>53,544</b>	56,136	<b>432</b>
Other interest income .....	<b>48,634</b>	73,634	<b>393</b>
Fees and commissions .....	<b>87,465</b>	86,453	<b>706</b>
Trading income (Note 2 (c)) .....	<b>4,455</b>	1,787	<b>36</b>
Other operating income (Note 17) .....	<b>25,481</b>	24,207	<b>206</b>
Other income (Note 18) .....	<b>269,948</b>	459,158	<b>2,179</b>
Total Income .....	<b>944,143</b>	1,160,755	<b>7,620</b>
Expenses			
Interest on deposits .....	<b>112,762</b>	77,748	<b>910</b>
Interest on borrowings and rediscounts .....	<b>24,982</b>	23,424	<b>202</b>
Other interest expenses .....	<b>37,329</b>	107,317	<b>301</b>
Fees and commissions .....	<b>20,166</b>	21,117	<b>163</b>
Trading expenses (Note 2 (c)) .....	<b>—</b>	3	<b>—</b>
Other operating expenses (Note 17) .....	<b>14,100</b>	23,857	<b>114</b>
General and administrative expenses .....	<b>275,080</b>	275,437	<b>2,220</b>
Other expenses (Note 18) .....	<b>478,949</b>	553,319	<b>3,866</b>
Total Expenses .....	<b>963,371</b>	1,082,225	<b>7,775</b>
(Loss) income before income taxes and minority interests .....	<b>(19,228)</b>	78,529	<b>(155)</b>
Income taxes (Note 20):			
Current .....	<b>11,807</b>	18,069	<b>95</b>
Deferred .....	<b>(22,945)</b>	29,462	<b>(185)</b>
Minority interests in net loss of consolidated subsidiaries .....	<b>(249)</b>	(407)	<b>(2)</b>
Net (loss) income .....	<b>¥ (7,841)</b>	¥ 31,404	<b>\$ (63)</b>
	Yen		U.S. dollars (Note 1)
Net (loss) income per share .....	<b>¥(4.53)</b>	¥ 9.39	<b>\$(0.04)</b>
Cash dividends declared per share:			
Common stock .....	<b>3.00</b>	6.00	<b>0.02</b>
Preferred stock			
Preferred stock No. 1 .....	<b>10.00</b>	10.00	<b>0.08</b>
Class B preferred stock No. 1 .....	<b>14.38</b>	14.38	<b>0.12</b>
Class B preferred stock No. 2 .....	<b>18.50</b>	18.50	<b>0.15</b>

See accompanying notes.

# CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen							
			Common stock	Preferred stock	Capital surplus	Land revaluation difference (Note 14)	Consolidated retained earnings (Note 2 (r))	Translation adjustments, net of taxes	Common stock in treasury	Parent company stock held by subsidiaries
Balance at March 31, 1999 .....	2,805,887	326,735	¥398,552	¥206,735	¥509,416	¥131,466	¥124,183	¥ —	¥ (12)	¥(16)
Conversion from convertible bonds to common stock .....	87	—	69	—	69	—	—	—	—	—
Conversion from preferred stock to common stock .....	11,379	(2,825)	2,825	(2,825)	—	—	—	—	—	—
Increase due to reversal of land revaluation difference .....	—	—	—	—	—	—	4,329	—	—	—
Decrease due to change in scope of consolidation .....	—	—	—	—	—	—	(35)	—	—	—
Revaluation reserve for land .....	—	—	—	—	—	(65)	—	—	—	—
Purchases of treasury stock .....	—	—	—	—	—	—	—	—	(303)	—
Proceeds from sales of treasury stock .....	—	—	—	—	—	—	—	—	307	—
Cash dividends .....	—	—	—	—	—	—	(17,996)	—	—	—
Net income .....	—	—	—	—	—	—	31,404	—	—	—
Balance at March 31, 2000 .....	2,817,354	323,910	¥401,446	¥203,910	¥509,486	¥131,400	¥141,886	¥ —	¥ (9)	¥(16)
Conversion from preferred stock to common stock .....	7,790	(1,934)	1,934	(1,934)	—	—	—	—	—	—
Increase due to reversal of land revaluation difference .....	—	—	—	—	—	—	4,976	—	—	—
Revaluation reserve for land .....	—	—	—	—	—	(4,177)	—	—	—	—
Increase due to decrease in affiliated companies by the equity method .....	—	—	—	—	—	—	215	—	—	—
Purchases of treasury stock .....	—	—	—	—	—	—	—	—	(119)	—
Proceeds from sales of treasury stock .....	—	—	—	—	—	—	—	—	126	—
Foreign currency translation adjustments ...	—	—	—	—	—	—	—	(697)	—	—
Cash dividends .....	—	—	—	—	—	—	(21,877)	—	—	—
Net loss .....	—	—	—	—	—	—	(7,841)	—	—	—
<b>Balance at March 31, 2001 .....</b>	<b>2,825,145</b>	<b>321,976</b>	<b>¥403,380</b>	<b>¥201,976</b>	<b>¥509,486</b>	<b>¥127,223</b>	<b>¥117,360</b>	<b>¥(697)</b>	<b>¥ (2)</b>	<b>¥(16)</b>

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of U.S. dollars (Note 1)							
			Common stock	Preferred stock	Capital surplus	Land revaluation difference (Note 14)	Consolidated retained earnings (Note 2 (r))	Translation adjustments, net of taxes	Common stock in treasury	Parent company stock held by subsidiaries
Balance at March 31, 2000 .....	2,817,354	323,910	\$3,240	\$1,646	\$4,112	\$1,061	\$1,145	\$ —	\$(0)	\$(0)
Conversion from preferred stock to common stock .....	7,790	(1,934)	16	(16)	—	—	—	—	—	—
Increase due to reversal of land revaluation difference .....	—	—	—	—	—	—	40	—	—	—
Revaluation reserve for land .....	—	—	—	—	—	(34)	—	—	—	—
Increase due to decrease in affiliated companies by the equity method .....	—	—	—	—	—	—	2	—	—	—
Purchases of treasury stock .....	—	—	—	—	—	—	—	—	(1)	—
Proceeds from sales of treasury stock .....	—	—	—	—	—	—	—	—	1	—
Foreign currency translation adjustments ...	—	—	—	—	—	—	—	(6)	—	—
Cash dividends .....	—	—	—	—	—	—	(177)	—	—	—
Net loss .....	—	—	—	—	—	—	(63)	—	—	—
<b>Balance at March 31, 2001 .....</b>	<b>2,825,145</b>	<b>321,976</b>	<b>\$3,256</b>	<b>\$1,630</b>	<b>\$4,112</b>	<b>\$1,027</b>	<b>\$ 947</b>	<b>\$(6)</b>	<b>\$(0)</b>	<b>\$(0)</b>

See accompanying notes.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars (Note 1)
	2001	2000	2001
<b>Cash flows from operating activities:</b>			
(Loss) income before income taxes and minority interests	¥ (19,228)	¥ 78,529	\$ (155)
Depreciation	24,777	23,179	200
Amortization of consolidation differences	1,962	6,555	16
Equity in net loss of affiliated companies	429	385	3
Increase in reserve for possible loan losses	(11,155)	(18,201)	(90)
Increase in reserve for contingent liabilities related to loans sold	(26,418)	(13,706)	(213)
(Decrease) increase in reserve for supporting specific borrowers	(6,603)	6,603	(53)
(Decrease) increase in reserve for severance payments	(27,224)	1,511	(220)
Increase in reserve for employees' retirement benefits	22,861	—	185
Operating income	(556,792)	(589,148)	(4,494)
Operating expenses	175,074	208,490	1,413
Gains on investment securities	(193,435)	(252,537)	(1,561)
Gains on money held in trust	(116)	(365)	(1)
(Gain) loss on exchange rate changes	(5,739)	12,961	(46)
Loss (gain) on disposition of premises and equipment	7,808	(15,736)	63
Net increase in trading assets	(334,268)	(155,873)	(2,698)
Net increase in trading liabilities	171,186	5,977	1,382
Net decrease in loans and bills discounted	217,904	390,628	1,759
Net increase in deposits	1,507,461	686,705	12,167
Net decrease in borrowed money (other than subordinated debt)	(19,017)	—	(153)
Net increase in due from banks (excluding due from the Bank of Japan)	(682,465)	(223,664)	(5,508)
Net increase in call loans and others	(750,162)	(47,606)	(6,055)
Net decrease in call money and others	(4,776)	(1,074,258)	(39)
Net increase in commercial paper	300,000	50,000	2,421
Net (decrease) increase in collateral deposited on securities lent	(57,712)	11,364	(466)
Net (increase) decrease in foreign exchange (assets)	(8,904)	44,791	(72)
Net increase (decrease) in foreign exchange (liabilities)	3,964	(1,293)	32
Net increase from issuance of bonds	100,000	—	807
Net (decrease) increase in due to trust account	(215,429)	133,977	(1,739)
Proceeds from interest-earning assets	563,721	588,768	4,550
Payments on interest-bearing liabilities	(172,266)	(234,704)	(1,390)
Others	94,406	267,072	762
Total	99,841	(109,596)	806
Income taxes paid	(18,010)	(3,415)	(145)
Net cash provided by (used in) operating activities	81,831	(113,012)	660
<b>Cash flows from investing activities:</b>			
Payments for purchases of securities	(11,781,261)	(6,786,305)	(95,087)
Proceeds from sales of securities	6,843,367	6,591,092	55,233
Proceeds from maturities of securities	4,552,876	610,399	36,746
Payments for increase in money held in trust	(504)	(190,000)	(4)
Proceeds from decrease in money held in trust	150,571	63,316	1,215
Payments for acquisition of premises and equipment	(38,301)	(24,965)	(309)
Proceeds from sales of premises and equipment	8,225	5,416	66
Payment for purchases of securities of subsidiaries, resulting from change in scope of consolidation	0	(33)	0
Net cash (used in) provided by investing activities	(265,026)	268,920	(2,139)
<b>Cash flows from financing activities:</b>			
Payment of subordinated debt	(59,000)	(25,000)	(476)
Proceeds from issuance of subordinated bonds	54,000	—	436
Redemption of subordinated bonds and convertible bonds	(81,000)	(2,988)	(654)
Dividends paid	(21,861)	(17,996)	(176)
Payment of dividends to minority interests	(17)	(180)	(0)
Purchases of treasury stock	(119)	—	(1)
Proceeds from sales of treasury stock	126	—	1
Net cash used in financing activities	(107,871)	(46,165)	(871)
Effect of exchange rate changes on cash and cash equivalents	227	(189)	2
Net (decrease) increase in cash and cash equivalents	(290,840)	109,553	(2,347)
Cash and cash equivalents at beginning of year	712,120	602,563	5,748
Net increase in cash and cash equivalents resulting from change in scope of consolidation	—	4	—
Cash and cash equivalents at end of year	¥ 421,280	¥ 712,120	\$ 3,400

See accompanying notes.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

## NOTE 1

### BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Asahi Bank, Ltd. (the "Bank") in accordance with the provisions set forth in the Commercial Code of Japan and in conformity with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and are compiled from the consolidated financial statements prepared by the Bank as required by the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥123.90=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2001, has been used. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate. As a result, the totals in U.S. dollars do not necessarily agree with the sum of the individual amounts.

Amounts of less than one million yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen do not necessarily agree with the sum of the individual amounts.

## NOTE 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Principles of consolidation

##### Consolidated subsidiaries

###### 1) Consolidated subsidiaries: 25

The principal consolidated subsidiaries for the year ended March 31, 2001 were Asahi Trust and Banking Co., Ltd., Asahigin Guarantee Co., Ltd. and Asahi Card Co., Ltd.

Kyodo Mortgage Acceptance Co., Ltd., which was accounted for by the equity method in the previous fiscal year, has been included in consolidation effective the current fiscal year as a result of additional acquisition of its shares.

Asahi Servicer Co., Ltd. was established as a consolidated subsidiary. Asahi Finance (U.K.) Ltd., Asahi Bank (Schweiz) AG, Asahi Finance (Hong Kong) Ltd., and Asahi Financial Futures (Singapore) Pte. Ltd. were liquidated and have been excluded from consolidation effective this fiscal year. Asahi Bank Factoring Co., Ltd. changed its name to Asahi Bank Retail Finance Co., Ltd. during this fiscal year.

###### 2) Nonconsolidated subsidiaries

The principal nonconsolidated subsidiary was Yamabun Securities Co., Ltd. The total assets, ordinary income, net income (based on owned interest), and retained earnings (based on owned interest) of the nonconsolidated subsidiaries had no material effect on the Bank's consolidated financial statements for the year ended March 31, 2001, and thus these subsidiaries have been excluded from consolidation.

##### Affiliated companies accounted for by the equity method

###### 1) The equity method was not applied to any of the nonconsolidated subsidiaries.

###### 2) The affiliated companies accounted for by the equity method: 2

The affiliated companies accounted for by the equity method are Showa Leasing Co., Ltd., and Asahigin Leasing Co., Ltd.

Kyodo Mortgage Acceptance Co., Ltd. was not accounted for by the equity method, because, effective this fiscal year, it has been included in consolidation.

As for Fuji Warehouse & Transportation Co., Ltd., the Bank's voting right in this affiliate decreased to less than 20%, and thus it has not been accounted for by the equity method.

###### 3) The principal nonconsolidated subsidiary not accounted for by the equity method was Yamabun Securities Co., Ltd.

###### 4) The principal affiliated companies not accounted for by the equity method are Siam City-Showa Leasing Co., Ltd., and Asahigin Leasing (U.S.A.) Inc.



The net income (based on owned interest) and retained earnings (based on owned interest) of these nonconsolidated subsidiaries and affiliated companies not accounted for by the equity method had no material effect on the Bank's consolidated financial statements, and thus were not accounted for by the equity method.

#### **Balance sheet date of consolidated subsidiaries**

1) The balance sheet dates of consolidated subsidiaries are as follows:

December 31: 5 subsidiaries

March 31: 20 subsidiaries

2) The subsidiaries mentioned above have been consolidated based on their financial statements as of each balance sheet date. The accounts of these subsidiaries have been adjusted for any material transactions during the period between December 31 and March 31.

#### **(b) Trading assets and trading liabilities**

Balances incurred by transactions whose purpose is to earn a profit by taking advantage of short-term fluctuations in a market or discrepancies in different markets of interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as "trading purpose") are included in "Trading assets" or "Trading liabilities" in the consolidated balance sheets at the trading date. "Trading assets" and "trading liabilities" are valued, in the case of securities and commercial paper, etc., at the market value as of the consolidated balance sheet date, and in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were settled on the consolidated balance sheet date.

#### **(c) Trading income and trading expenses**

Gain and loss on trading transactions have been included in "Trading income" or "Trading expenses" in the consolidated statement of operations at the trading date.

"Trading income" and "Trading expenses" include interest received or paid in the fiscal year, and gain or loss incurred in the revaluation of securities, commercial paper, derivatives, etc., is included in "Trading assets" or "Trading liabilities" as explained in Note 2 (b).

#### **(d) Securities**

Until the year ended March 31, 2000, securities were principally carried at cost, determined by the moving average method. Marketable securities held as assets in individually managed money trusts were valued at the lower of cost or market, cost being determined by the moving average method in accordance with the reversion method (reversion to original cost at the beginning of the next period). Non-marketable securities held as trust assets were carried at cost determined by the moving average method.

The new accounting standard for financial instruments, which became effective on April 1, 2000, requires that securities be classified into three categories: held-to-maturity, equity security issued by subsidiaries and affiliated companies or other securities. Under the new standard, held-to-maturity securities are carried at amortized cost by the moving average method, equity security issued by subsidiaries and affiliated companies are stated at cost determined by the moving average method and other securities are carried at cost by the moving average method or at amortized cost by the moving average method.

Securities held as assets in individually managed money trusts are stated at market value.

The effect of the adoption of this new standard for financial instruments was to increase ordinary loss by ¥2,977 million (U.S.\$24 million) and to increase loss before income taxes and minority interests by ¥2,977 million (U.S.\$24 million) for the year ended March 31, 2001.

#### **(e) Derivatives**

In accordance with the new accounting standard for financial instruments mentioned above, derivative transactions (excluding "Transactions for Specific Trading Purposes") have been stated at market value. The effect of the adoption of this new standard for financial instruments was to decrease ordinary loss by ¥610 million (U.S.\$5 million) and to decrease loss before income taxes and minority interests by ¥610 million (U.S.\$5 million) for the year ended March 31, 2001.

**(f) Depreciation****Premises and equipment**

Depreciation of premises and equipment is calculated by the straight-line method for buildings and the declining-balance method for equipment.

The useful lives of the major premises and equipment are as follows:

- Buildings: 8~50 years
- Equipment: 2~20 years

The consolidated subsidiaries compute the depreciation of premises and equipment principally by the straight-line method over the estimated useful lives of the respective assets.

**Software**

Software is depreciated by the straight-line method based on the estimated useful life (principally 5 years) determined by the Bank and the domestic consolidated subsidiaries.

**(g) Bond issuance expenses**

The expenses incurred upon issuance of corporate bonds are charged to operations as incurred.

**(h) Reserve for possible loan losses**

The Bank and the principal consolidated subsidiaries have made provisions for possible loan losses as follows.

For loans to insolvent customers who are undergoing bankruptcy or special liquidation (hereinafter, "borrowers under bankruptcy proceedings") or who are in a similar financial condition while not yet in bankruptcy (hereinafter, "borrowers substantially in bankruptcy"), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deduction of the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from the disposal of collateral pledged and from guarantees which are deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but in a high probability of becoming so, the reserve for loan losses is provided for estimated unrecoverable amounts determined after a valuation of collateral pledged, guarantees and the customer's overall financial condition.

For other loans, the reserve for possible loan losses is provided at the amount based on anticipated loss rates calculated by reasonable methods.

The reserve includes a special reserve for possible losses on overseas loans (including the reserve for possible overseas investment losses in Article 55-2 of the Special Taxation Measures Law) likely to become uncollectible due to political and economic circumstances of relevant countries.

Regarding each loan, the Credit Review Office of the Bank, which is controlled separately from the operating divisions, reviews the asset valuation and the collectibility of each loan made by operating divisions based on the Bank's assets self-assessment standards. Provisions for possible loan losses are based on the results of these reviews.

For general loans, other consolidated subsidiaries provide reserves for possible loan losses at amounts considered adequate to cover such losses principally based on their historical experience. For particular doubtful loans, a reserve for the possible losses of principal and interest is provided.

For the Bank's and certain consolidated subsidiaries' loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated value of recoveries from the disposal of the collateral and the amounts deemed recoverable from guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). The amounts of such direct write-offs for the year ended March 31, 2001 and 2000 were ¥656,136 million (U.S.\$5,296 million) and ¥472,518 million, respectively.

**(i) Reserve for employees' retirement benefits**

Until the year ended March 31, 2000, the Bank and its domestic consolidated subsidiaries set aside reserves for severance payments equivalent to the amount which would be required to be paid if all eligible employees voluntarily retired at the balance sheet date. In addition, the Bank adopted a qualified pension plan for a portion of its pension plan and certain consolidated subsidiaries also adopted such pension plans.

In accordance with a new accounting standard for retirement benefits which became effective April 1, 2000, accrued retirement benefits for employees at March 31, 2001 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2001, as adjusted for unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss, and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 5 years by the straight-line method.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (mainly 10 years) which are shorter than the average remaining years of service of the employees.

The effect of the adoption of the new standard for employees' retirement benefits was to decrease ordinary loss by ¥22,115 million (U.S.\$178 million) and to decrease net loss before income taxes and minority interests by ¥22,115 million (U.S.\$178 million) for the year ended March 31, 2001.

Effective April 1, 2000, the Bank and certain domestic consolidated subsidiaries established an employees' retirement benefit trust. The effect of this change related to the employees' retirement benefit trust was to increase ordinary loss by ¥19,197 million (U.S.\$155 million) and to decrease net loss before income taxes and minority interests by ¥19,197 million (U.S.\$155 million) for the year ended March 31, 2001.

#### **(j) Reserve for contingent liabilities related to loans sold**

The reserve for contingent liabilities related to loans sold is provided based on the estimated liability for further losses on loans collateralized by real estate which have been sold to the Cooperative Credit Purchasing Company, Limited.

#### **(k) Other reserves**

The Bank has provided a legal reserve as follows:

The reserve for financial futures transactions: ¥0 million (U.S.\$0 million)

To provide for losses which may be incurred on financial futures trading, the Bank has provided a reserve calculated in accordance with the provisions of Article 82 of the Financial Futures Transactions Law and Article 29 of the Implementation Rules for this Law.

#### **(l) Translation of foreign currencies**

Foreign currency assets and liabilities held by the Bank are translated into yen at the market rates prevailing at the balance sheet date. However, (1) those assets which represent investments in foreign corporations (excluding those for which the funds were raised in foreign currencies), (2) foreign currency convertible bonds, and (3) other assets and liabilities which are deemed inappropriate for banks to include among spot foreign currency assets and liabilities are treated as exceptions. Such foreign currency assets are carried at their historical purchase prices and are converted at the market rates prevailing when the liabilities are incurred. Accounts of overseas branches and an agency are translated into yen at the market rates prevailing at the balance sheet dates.

Foreign currency accounts held by consolidated subsidiaries are translated into the currency of each subsidiary at the exchange rates prevailing at the respective balance sheet dates.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity which are translated at their historical exchange rates. Income and expense accounts are translated at the average rate of exchange in effect during the year. A revised accounting standard for foreign currency translation became effective April 1, 2000. The effect of the adoption of the revised standard on the consolidated financial statements had no impact for the year ended March 31, 2001. Due to a change effective the year ended March 31, 2001 in the regulations relating to the presentation of translation adjustments, the Bank has presented translation adjustments as a component of shareholders' equity and minority interests in consolidated subsidiaries (instead of as a component of assets or liabilities) in its consolidated financial statements for the year ended March 31, 2001, and has restated the previously reported consolidated financial statements for the year ended March 31, 2000.

**(m) Leases**

Noncancelable leases of the Bank and its domestic consolidated subsidiaries are accounted for as operating leases regardless of whether they are classified as operating or finance leases except that leases which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

**(n) Hedge accounting**

The Bank uses the hedge-accounting technique of “macro-hedging,” which utilizes derivatives to comprehensively control the interest risk connected with its numerous financial assets and liabilities, such as loans and deposits. Macro-hedging is a risk-management tool hinging on the risk-adjustment approach established in “Temporary Treatment for Accounting and Auditing for Application of Accounting Standards for Financial Instruments in the Banking Industry” (the Japanese Institute of Certified Public Accountants’ Industry Audit Committee, Report No. 15). The Bank applies deferred hedge accounting for the unrealized gain or loss arising from derivatives mentioned above.

Also the Bank holds the risk on derivatives, which form the risk-adjustment mechanism, within a range of permissible risk established in its risk-management policy, and evaluates the integrity of its hedging approach by verifying that the interest risk of the hedging target has been nullified.

The Bank applies deferred hedge accounting, market value hedging and special treatment of interest rate swaps to certain assets and liabilities.

**(o) Accounting for consumption tax**

The Bank and its domestic consolidated subsidiaries account for consumption tax and local consumption tax principally by the tax-excluded method.

**(p) Valuation of assets and liabilities of consolidated subsidiaries**

The partial revaluation method is applied in the valuation of the assets and the liabilities of the consolidated subsidiaries.

**(q) Amortization of consolidation differences**

Consolidation differences are being amortized, in principle, in equal amounts over 5 years by the straight-line method. Immaterial differences are amortized immediately in the year in which they arise.

**(r) Retained earnings**

Changes in retained earnings are made based on decisions approved in the previous fiscal year.

**(s) Cash and cash equivalents in the consolidated statements of cash flows**

In the consolidated statements of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan which is presented as “Cash and due from banks” in the consolidated balance sheets.

**(t) Income taxes**

The Bank and its domestic consolidated subsidiaries are subject to corporation tax, inhabitants’ taxes and enterprise tax, which are based on income. Income taxes are provided on the basis of current tax liabilities, and reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes.

**(u) Differences between accounting principles and practices adopted in the accompanying consolidated financial statements and International Accounting Standards**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles and practices generally accepted and applied in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as the methods for the valuation of securities, accounting for leases and accounting for the impairment of assets.

## NOTE 3

TRADING ASSETS AND  
TRADING LIABILITIES

Trading assets as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Trading securities .....	¥ 22,137	¥ 12,299	\$ 179
Trading-related derivatives .....	187,744	37,144	1,515
Other trading assets .....	567,805	389,518	4,583
Total .....	¥777,686	¥438,962	\$6,277

Trading liabilities as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Trading securities sold for short sales .....	¥ 26,587	¥ 4,008	\$ 215
Derivatives of trading securities .....	13	17	0
Trading-related derivatives .....	184,895	36,283	1,492
Total .....	¥211,496	¥40,310	\$1,707

## NOTE 4

## SECURITIES

Securities as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Japanese government bonds .....	¥1,498,875	¥ 733,673	\$12,097
Japanese local government bonds .....	246,289	274,032	1,988
Corporate bonds .....	389,330	359,175	3,142
Corporate stocks .....	1,812,632	2,102,138	14,630
Other .....	287,286	170,093	2,319
Total .....	¥4,234,414	¥3,639,112	\$34,176

As of March 31, 2001 and 2000, securities included stock in nonconsolidated subsidiaries and affiliates of ¥3,652 million (U.S.\$29 million) and ¥4,781 million, and capital subscriptions of ¥0 million (U.S.\$0 million) and ¥213 million, respectively.

As of March 31, 2001, lending securities amounting to ¥15,023 million (U.S.\$121 million) by loan agreement were included in government bonds in the securities account.

## NOTE 5

LOANS AND BILLS  
DISCOUNTED

Loans and bills discounted as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Bills discounted .....	¥ 447,512	¥ 430,493	\$ 3,612
Loans on notes .....	2,561,786	2,453,742	20,676
Loans on deeds .....	14,720,580	14,714,472	118,810
Overdrafts .....	2,886,448	2,983,026	23,297
Total .....	¥20,616,328	¥20,581,734	\$166,395

Among loans and bills discounted, the following loans are included.

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Loans to borrowers in legal bankruptcy .....	¥ 85,060	¥ 76,530	\$ 687
Past due loans in arrears by six months or more .....	845,424	647,460	6,823
Loans in arrears by three months or more and less than six months .....	123,516	88,790	997
Restructured loans .....	346,575	95,398	2,797
Total .....	¥1,400,576	¥908,180	\$11,304

Loans to borrowers in legal bankruptcy are those for which there is a strong probability that the principal will not be recoverable. Specific conditions for inclusion in this category are (1) among those loans for which nonaccrual of interest has been approved under tax law criteria, those for which

the borrowers have made application for procedures under the Corporate Reconstruction Act, Bankruptcy Law, Composition Law, liquidation under the Commercial Code, or liquidation under other legal provisions or (2) loans to borrowers for which transactions have been suspended by the Promissory Note Exchange.

Past due loans in arrears by six months or more are those for which there is a high probability that write-offs will be necessary in the future. Specifically, loans in this category are those for which non-accrual of interest has been approved under tax law criteria, but after the exclusion of loans to borrowers in legal bankruptcy and loans for which interest payments have been suspended. Not all of the loans in this category will become unrecoverable. In certain cases, these loans have been secured by collateral or other measures and reserves for possible loan losses set aside after consideration of future recoverability.

Loans in arrears by three months or more and less than six months are defined as those for which principal or interest has been in arrears for three months or more from the contract payment date but which are not classified and disclosed in notes to the balance sheets as loans to borrowers in legal bankruptcy or past due loans in arrears by six months or more.

Restructured loans are those for which terms and conditions have been provided that are more favorable to the borrower than those in the original loan agreement, with the objective of restructuring and assisting borrowers in economic difficulty and facilitating recovery of such loans. Concessions on loan terms and conditions include reducing interest rates, rescheduling interest and principal payments, waiving claims on the borrower, providing cash, and accepting nonmonetary repayments. Restructured loans must be disclosed in the notes to the balance sheets and include loans for which interest rates have been reduced or exempted and loans to borrowers that are receiving assistance in restructuring.

## NOTE 6

### ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debts collateralized as of March 31, 2001 were as follows:

	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Securities .....	<b>¥1,445,568</b>	<b>\$11,667</b>
Loans .....	<b>39,160</b>	<b>316</b>
Debts collateralized:		
Deposits .....	<b>77,873</b>	<b>629</b>
Call money and bills sold .....	<b>38,600</b>	<b>312</b>
Borrowed money .....	<b>14,875</b>	<b>120</b>
Other liabilities .....	<b>473</b>	<b>4</b>

In addition to the above-mentioned assets pledged as collateral, the Bank provided securities of ¥280,118 million (U.S.\$2,261 million) and loans of ¥336,823 million (U.S.\$2,718 million) as collateral for foreign exchange settlements and deposits for futures transactions at March 31, 2001.

Premises and equipment includes security deposits of ¥28,210 million (U.S.\$228 million), and other assets includes deposit money for futures transactions of ¥348 million (U.S.\$3 million).

## NOTE 7

### COMMITMENT LINE AGREEMENTS

Commitment line agreements related to negative checking accounts and loans represent agreements to loan customers up to a limit at the customers' request as long as no violation against the condition of the agreement exists.

The amount of unexercised loans related to such agreements at March 31, 2001 amounted to ¥5,529,660 million (U.S.\$44,630 million). The amount of commitment line agreements, with the condition that the original agreement period was within a year or the Bank and consolidated subsidiaries could cancel any time without any penalty, was ¥5,424,498 million (U.S.\$43,781 million) and is included in the above.

The amount of unexercised loans does not necessarily affect the future cash flows of the Bank and consolidated subsidiaries because most of such agreements were terminated without being exercised. The majority of these agreements contain provisions which stipulate that the Bank and consolidated subsidiaries may deny making loans or decrease the commitment line when there are certain changes in financial condition, security loans or other reasons.

Entering into loan agreements with the customers, the Bank and consolidated subsidiaries request collateral in the form of premises or securities if necessary. After entering into loan agreements, the Bank and consolidated subsidiaries periodically check the financial condition of the customers based on their internal rules and performs certain actions for the security of the loans if necessary.

# NOTE 8

## DEFERRED HEDGE ACCOUNTING

Unrealized gain or loss in respect of hedging is included in other assets as a deferred hedge loss by the net amount. Prior to offsetting, the gross deferred hedge loss and gain as of March 31, 2001 amounted to ¥136,909 million (U.S.\$1,105 million) and ¥110,995 million (U.S.\$896 million), respectively.

# NOTE 9

## OTHER ASSETS

Other assets as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Prepaid expenses .....	¥ 3,002	¥ 3,172	\$ 24
Accrued income receivable .....	103,955	105,064	839
Other .....	514,937	311,583	4,156
Total .....	¥621,894	¥419,820	\$5,019

# NOTE 10

## PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Land, buildings and equipment .....	¥690,639	¥677,906	\$5,574
Less accumulated depreciation .....	(234,074)	(228,800)	(1,889)
Construction in progress .....	1	257	0
Subtotal .....	456,567	449,363	3,685
Lease deposits .....	28,210	28,978	228
Total .....	¥484,778	¥478,342	\$3,913

# NOTE 11

## BORROWED MONEY

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

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Subordinated loans .....	¥583,000	¥642,000	\$4,705
Bills rediscounted .....	1,170	1,344	9
Other borrowed money .....	323,327	180,113	2,610
Total .....	¥907,498	¥823,458	\$7,324

Subordinated loans are contractually less senior in standing than other liabilities.

# NOTE 12

## OTHER LIABILITIES

Other liabilities as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Accrued expenses .....	¥ 85,585	¥ 81,960	\$ 691
Unearned income .....	14,633	17,340	118
Accrued income taxes .....	10,497	16,694	85
Other .....	917,788	794,495	7,407
Total .....	¥1,028,505	¥910,490	\$8,301

## NOTE 13

CUSTOMERS' LIABILITIES  
FOR ACCEPTANCES  
AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown on the assets side of the balance sheets representing the Bank's right of indemnity from the applicants.

Customers' liabilities for acceptances and guarantees as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Letters of credit .....	¥ —	¥ 0	\$ —
Other guarantees .....	1,977,877	1,760,192	15,963
Total .....	¥1,977,877	¥1,760,192	\$15,963

## NOTE 14

LAND REVALUATION  
DIFFERENCE

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998), the Bank has revalued its landholdings used for business purposes. The tax payable on the difference between the previous book value of such landholdings and the revalued amount is presented in "Total Liabilities" on the balance sheets in the item "Deferred tax liability on land revaluation." The difference between the previous book value and the revalued amount net of the deferred tax liability is presented in "Total Stockholders' Equity" in the item "Land revaluation difference."

Land revaluation was conducted as of March 31, 1998, in accordance with Article 3-3 of the Law Concerning Land Revaluation as follows:

The value of the land was based on the official notice prices (with a base date of January 1, 1998), as stipulated in Article 2-1 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998), after taking into account reasonable adjustments for location, land parcels and other matters affecting land values.

The difference between the total market value of the Bank's landholdings as of the balance sheet date (calculated as prescribed in Article 10 of the Law Concerning Land Revaluation) and the total value of such landholdings following revaluation was ¥78,697 million (U.S.\$635 million) and ¥53,836 million as of March 31, 2001 and 2000.

## NOTE 15

## BONDS

Bonds issued included subordinated bonds of ¥345,390 million (U.S.\$2,788 million) as of March 31, 2001 and all bonds issued were subordinated bonds as of March 31, 2000.

## NOTE 16

STOCKHOLDERS'  
EQUITY

Common stock as of March 31, 2001 and 2000 was as follows:

	2001	2000
Par value (per share) .....	¥50	¥50
Number of shares:		
Authorized .....	6,000,000,000	6,000,000,000
Issued and outstanding .....	2,825,145,079	2,817,354,551

Preferred stock as of March 31, 2001 and 2000 was as follows:

	2001	2000
Preferred stock without par value:		
Number of shares (Preferred stock No. 1):		
Authorized .....	51,976,000	53,910,000
Issued and outstanding .....	1,976,000	3,910,000
Number of shares (Class B preferred stock):		
Authorized .....	600,000,000	600,000,000
Issued and outstanding No. 1 .....	240,000,000	240,000,000
Issued and outstanding No. 2 .....	80,000,000	80,000,000
Number of shares (Class C preferred stock):		
Authorized .....	100,000,000	100,000,000
Issued and outstanding .....	—	—
Total number of shares of preferred stock:		
Authorized .....	751,976,000	753,910,000
Issued and outstanding .....	321,976,000	323,910,000



The maximum amount of cash dividends which the Bank can distribute is calculated based on the nonconsolidated financial statements of the Bank in accordance with the Commercial Code of Japan.

# NOTE 17

## OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the years ended March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Other operating income:			
Gain on foreign exchange transactions .....	¥ 6,904	¥ 2,015	\$ 56
Gain on sales of bonds .....	17,657	19,030	143
Gain on redemption of bonds .....	—	3,037	—
Other .....	919	122	7
Total .....	¥25,481	¥24,207	\$206
Other operating expenses:			
Loss on sales of bonds .....	¥13,536	¥22,530	\$109
Loss on redemption of bonds .....	—	1,281	—
Loss on devaluation of bonds .....	134	26	1
Other .....	429	18	3
Total .....	¥14,100	¥23,857	\$114

# NOTE 18

## OTHER INCOME AND EXPENSES

Other income and expenses for the years ended March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Other income:			
Gain on sales of stocks and other securities .....	¥202,186	¥415,456	\$1,632
Gain on money held in trust .....	116	365	1
Gain on disposition of premises and equipment .....	99	221	1
Gain on establishment of employees' retirement benefit trust .....	21,216	—	171
Other .....	46,329	43,115	374
Total .....	¥269,948	¥459,158	\$2,179
Other expenses:			
Provision for reserve for possible loan losses .....	¥134,756	¥ 32,121	\$1,088
Write-off of claims .....	115,921	68,097	936
Loss on the waiver of claims for support of customers .....	50,800	—	410
Provision for reserve for contingent liabilities related to loans sold .....	12,128	22,556	98
Loss on sales of loans collateralized by real estate sold to the CCPC .....	11,538	15,899	93
Loss on sales of past due and other loans .....	5,616	9,960	45
Loss on sales of stocks and other securities .....	2,238	161,174	18
Loss on devaluation of stocks and other securities .....	10,498	93,273	85
Loss on disposition of premises and equipment .....	7,908	15,957	64
Temporary expenses for establishment of employees' retirement benefit trust .....	40,413	—	326
Expenses arising from initial adoption of revised accounting standard for employees' retirement benefits .....	18,260	—	147
Other .....	68,873	134,279	556
Total .....	¥478,949	¥553,319	\$3,866

## NOTE 19

## CASH FLOWS

## 1) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

The relationship between cash and cash equivalents and cash and due from banks in the consolidated balance sheets was as follows:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Cash and due from banks .....	<b>¥1,578,655</b>	¥1,187,769	<b>\$12,741</b>
Due from banks except for the Bank of Japan.....	<b>(1,157,375)</b>	(475,648)	<b>(9,341)</b>
Cash and cash equivalents .....	<b>¥ 421,280</b>	¥ 712,120	<b>\$ 3,400</b>

## 2) Principal Assets and Liabilities of the Companies Newly Consolidated Owing to the Increased Equity Holdings of the Parent in These Companies

In the year ended March 31, 2001, Kyodo Mortgage Acceptance Co., Ltd., and in the year ended March 31, 2000, Asahi Bank Factoring Co., Ltd., and Asahi Bank Finance Service Co., Ltd., respectively, have been newly consolidated as a result of the increased equity ownership of the Bank in these companies. The composition of their principal assets and liabilities on consolidation, the purchase prices of the shares of these companies, and the net expenditure for acquiring these companies were as follows:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Loans and bills discounted .....	<b>¥252,943</b>	¥165,679	<b>\$2,042</b>
Borrowed money .....	<b>(162,057)</b>	(149,789)	<b>(1,308)</b>
Other assets and liabilities .....	<b>(91,124)</b>	(24,024)	<b>(735)</b>
Value of existing stockholdings calculated by the equity method.....	<b>(333)</b>	(110)	<b>(3)</b>
Minority interests in net loss.....	<b>0</b>	(259)	<b>0</b>
Consolidation differences .....	<b>571</b>	8,541	<b>5</b>
Purchase prices of shares in newly consolidated companies (A) .....	<b>0</b>	37	<b>0</b>
Cash and cash equivalents of newly consolidated companies (B) .....	<b>0</b>	4	<b>0</b>
Net expenditure for acquiring newly consolidated companies (A-B) ....	<b>¥ (0)</b>	¥ 33	<b>\$ (0)</b>

## 3) Significant Noncash Transactions in the Consolidated Statements of Cash Flows

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Increase in common stock due to conversion of convertible bonds .....	<b>¥—</b>	¥ 69	<b>\$—</b>
Increase in capital surplus due to conversion of convertible bonds .....	<b>—</b>	69	<b>—</b>
Decrease in convertible bonds due to conversion of convertible bonds .....	<b>¥—</b>	¥139	<b>\$—</b>

## NOTE 20

## INCOME TAXES

Income taxes consist of corporation, inhabitants' and enterprise taxes. The effective tax rates were approximately 39.53% and 39.91% for the years ended March 31, 2001 and 2000, respectively.

## 1) In the year ended March 31, 2001

On June 9, 2000, the Osaka Prefectural Government passed and enacted the Special Ordinance Concerning Taxation Standards for Enterprise Taxes in Relation to Banks in Osaka Prefecture. This measure changed the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 39.91% in the previous consolidated accounting period to 39.53%. As a result of this change, deferred tax assets were reduced by ¥2,891 million (U.S.\$23 million), and an equivalent increase in the corporate income tax adjustment was shown in the accounts for the current period. Further, as deferred tax liability on land revaluation decreased by ¥799 million (U.S.\$6 million) due to this change, the land revaluation difference increased by the same amount.

2) In the year ended March 31, 2000

On March 30, 2000, the Tokyo Metropolitan Government passed and enacted the Special Ordinance Concerning Taxation Standards for Enterprise Taxes in Relation to Banks in the Tokyo metropolis. This measure changed the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 41.86% in the previous consolidated accounting period to 39.91%. As a result of this change, deferred tax assets were reduced by ¥13,833 million, and an equivalent increase in the corporate income tax adjustment was shown in the accounts for the current period. Further, as deferred tax liability on land revaluation decreased by ¥4,264 million due to this change, the land revaluation difference increased by the same amount.

On June 9, 2000, the Osaka Prefectural Government promulgated the Special Ordinance Concerning Taxation Standards for Enterprise Taxes in Relation to Banks in Osaka Prefecture, which will apply in business years starting on or after April 1, 2001. The effect of this measure is to change the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities from 39.91% to 39.52%. Due to this change, deferred tax assets and deferred tax liabilities on land revaluation were reduced ¥2,766 million and ¥852 million, respectively. As the actual amounts of the effect due to the change will be calculated based on the conditions as of March 31, 2001, they may differ from the amounts above.

Deferred tax assets and deferred tax liabilities as of March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Nondeductible reserves for possible loan losses .....	<b>¥242,152</b>	¥213,857	<b>\$1,954</b>
Loss carried forward .....	—	5,173	—
Loss on devaluation of stocks and other securities disallowed .....	<b>21,575</b>	26,207	<b>174</b>
Reserve for losses on the sale of loans .....	<b>14,885</b>	25,563	<b>120</b>
Other .....	<b>47,961</b>	35,033	<b>387</b>
Gross deferred tax assets .....	<b>326,574</b>	305,834	<b>2,636</b>
(Less) valuation allowance .....	<b>(3,258)</b>	(2,174)	<b>(26)</b>
Total deferred tax assets .....	<b>323,315</b>	303,660	<b>2,609</b>
(Deferred tax liabilities)			
Reserve for losses on overseas investments .....	<b>(3)</b>	(3)	<b>(0)</b>
Net deferred tax assets .....	<b>¥323,312</b>	¥303,657	<b>\$2,609</b>

When the effective tax rate is materially different from the income tax rate after the application of tax-effect accounting for companies issuing consolidated financial statements, a reconciliation of the difference is prepared. For the Bank, the breakdown as of March 31, 2000 was as follows:

	2000
Statutory tax rate .....	41.8%
Adjustment:	
Effect of change in tax rate .....	17.6
Permanent differences .....	0.6
Inhabitants' per capita taxes .....	0.5
Equity in earnings of affiliates .....	0.2
Amortization of consolidation differences .....	3.5
Decrease due to evaluation reserves .....	(4.7)
Other factors .....	1.0
Effective tax rate after application of tax-effect accounting .....	60.5

Note: As the Bank recorded a loss before income taxes for the year ended March 31, 2001, a reconciliation of the difference has been omitted in the above table.

## NOTE 21

## LEASES

Finance leases as of March 31, 2001 and 2000, except for lease agreements which stipulate the transfer of ownership of the leased property to the lessee, were as follows:

Amounts corresponding to the year-end acquisition costs and accumulated depreciation of the leased items:

	Millions of yen					Millions of U.S. dollars		
	2001			2000		2001		
	Equipment	Other	Total	Equipment	Total	Equipment	Other	Total
Acquisition costs.....	<b>¥27,454</b>	<b>¥54</b>	<b>¥27,509</b>	¥23,004	¥23,004	<b>\$222</b>	<b>\$0</b>	<b>\$222</b>
Accumulated depreciation .....	<b>11,301</b>	<b>9</b>	<b>11,310</b>	6,156	6,156	<b>91</b>	<b>0</b>	<b>91</b>
Net book value .....	<b>¥16,153</b>	<b>¥45</b>	<b>¥16,198</b>	¥16,847	¥16,847	<b>\$130</b>	<b>\$0</b>	<b>\$131</b>

Lease commitments, exclusive of interest expense:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Due within one year .....	<b>¥ 5,369</b>	¥ 4,466	<b>\$ 43</b>
Due after one year .....	<b>11,188</b>	12,553	<b>90</b>
Total .....	<b>¥16,557</b>	¥17,019	<b>\$134</b>

Lease fees and the amounts corresponding to depreciation and interest expense:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Lease fees .....	<b>¥5,617</b>	¥4,518	<b>\$45</b>
Depreciation expense .....	<b>5,528</b>	4,208	<b>45</b>
Interest expense .....	<b>253</b>	262	<b>2</b>

*Computation of amounts corresponding to depreciation:*

The duration of the lease term is taken as equivalent to the useful lives of the equipment, and the straight-line method is applied to fully depreciate the asset.

*Computation of amounts corresponding to interest expense:*

The difference between the total amount of the lease payments and the purchase value of the asset is taken as the amount corresponding to interest expense and the interest method is used to allocate this amount to the appropriate consolidated accounting years.

As of March 31, 2001, lease commitments inclusive of interest expense under noncancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Due within one year .....	<b>¥ 792</b>	¥ 730	<b>\$ 6</b>
Due after one year .....	<b>1,566</b>	2,044	<b>13</b>
Total .....	<b>¥2,358</b>	¥2,775	<b>\$20</b>

**In the year ended March 31, 2001****1. Securities**

The following information is included in “securities” in the consolidated balance sheets, securities, negotiable certificates of deposit, commercial paper in “trading assets,” negotiable certificates of deposit in “cash and due from banks,” and commercial paper in “commercial paper and other debt purchased.”

## (1) Securities held for trading purposes

	Millions of yen		Millions of U.S. dollars	
	<b>As of March 31, 2001</b>		<b>As of March 31, 2001</b>	
	Book value	Unrealized gains (net) included in profits and losses	Book value	Unrealized gains (net) included in profits and losses
Securities held for trading purposes .....	<b>¥589,942</b>	<b>¥95</b>	<b>\$4,761</b>	<b>\$1</b>

## (2) Marketable bonds held to maturity

	Millions of yen					Millions of U.S. dollars				
	<b>As of March 31, 2001</b>					<b>As of March 31, 2001</b>				
	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y - X)	Gain	(Loss)	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y - X)	Gain	(Loss)
Japanese government bonds .....	<b>¥ 19</b>	<b>¥ 19</b>	<b>¥0</b>	<b>¥0</b>	<b>¥(—)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$(—)</b>
Others .....	<b>99</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Total .....	<b>¥119</b>	<b>¥120</b>	<b>¥1</b>	<b>¥1</b>	<b>¥ (0)</b>	<b>\$1</b>	<b>\$1</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ (0)</b>

Note: Market values are based on the market prices on March 31, 2001.

(3) As of March 31, 2001, there were no investment securities with market value of subsidiaries or affiliates.

(4) Other securities for which market values can be calculated

Other securities with market value are not stated at market value at the consolidated balance sheet date.

Other investment securities carried on the consolidated balance sheet at according to Ordinance No. 9, 2000 of the Ministry of Finance, Supplementary Provision Clause 3 are as follows:

	Millions of yen					Millions of U.S. dollars				
	<b>As of March 31, 2001</b>					<b>As of March 31, 2001</b>				
	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y - X)	Gain	(Loss)	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y - X)	Gain	(Loss)
Stocks .....	<b>¥1,759,897</b>	<b>¥1,643,319</b>	<b>¥(116,577)</b>	<b>¥120,132</b>	<b>¥(236,709)</b>	<b>\$14,204</b>	<b>\$13,263</b>	<b>\$(941)</b>	<b>\$ 970</b>	<b>\$(1,910)</b>
Bonds: .....	<b>1,793,870</b>	<b>1,812,923</b>	<b>19,052</b>	<b>21,071</b>	<b>(2,018)</b>	<b>14,478</b>	<b>14,632</b>	<b>154</b>	<b>170</b>	<b>(16)</b>
Japanese government bonds .....	<b>1,498,856</b>	<b>1,508,003</b>	<b>9,147</b>	<b>10,440</b>	<b>(1,292)</b>	<b>12,097</b>	<b>12,171</b>	<b>74</b>	<b>84</b>	<b>(10)</b>
Municipal bonds .....	<b>45,951</b>	<b>50,192</b>	<b>4,241</b>	<b>4,241</b>	<b>(—)</b>	<b>371</b>	<b>405</b>	<b>34</b>	<b>34</b>	<b>(—)</b>
Corporate bonds .....	<b>249,062</b>	<b>254,727</b>	<b>5,664</b>	<b>6,390</b>	<b>(725)</b>	<b>2,010</b>	<b>2,056</b>	<b>46</b>	<b>52</b>	<b>(6)</b>
Others .....	<b>291,849</b>	<b>275,676</b>	<b>(16,172)</b>	<b>1,970</b>	<b>(18,142)</b>	<b>2,356</b>	<b>2,225</b>	<b>(131)</b>	<b>16</b>	<b>(146)</b>
Total .....	<b>¥3,845,617</b>	<b>¥3,731,920</b>	<b>¥(113,697)</b>	<b>¥143,174</b>	<b>¥(256,871)</b>	<b>\$31,038</b>	<b>\$30,120</b>	<b>\$(918)</b>	<b>\$1,156</b>	<b>\$(2,073)</b>

Note: The market value of stocks is based on the average market prices of the last month of the fiscal year ended March 31, 2001. The market value of others is based on the market prices on March 31, 2001.

(5) There were no marketable bonds held to maturity sold during year ended March 31, 2001.

(6) Other securities which were sold in year ended March 31, 2001

	Millions of yen			Millions of U.S. dollars		
	As of March 31, 2001			As of March 31, 2001		
	Sold	Gain	(Loss)	Sold	Gain	(Loss)
Other securities .....	¥6,848,634	¥219,846	¥(5,481)	\$55,275	\$1,774	\$(44)

(7) The major components of securities whose market value is not available and their respective balance sheet amounts:

As of March 31, 2001	Millions of yen	Millions of U.S. dollars
Other securities:		
Unlisted internal bonds .....	¥340,605	\$2,749
Unlisted stocks (except for over-the-counter securities) .....	49,082	396

(8) As of March 31, 2001, there were no securities whose intent in holding had been changed.

(9) Projected redemption amounts for other securities with maturities and bonds held to maturity.

	Millions of yen			
	As of March 31, 2001			
	One year or less	One to five years	Five to 10 years	More than 10 years
Bonds: .....	¥783,507	¥ 903,076	¥447,911	¥—
Government bonds .....	699,953	517,540	281,381	—
Local government bonds .....	20,361	102,646	123,282	—
Corporate bonds .....	63,193	282,889	43,248	—
Others .....	108,551	152,881	34,939	81
Total .....	¥892,059	¥1,055,957	¥482,851	¥81

	Millions of U.S. dollars			
	As of March 31, 2001			
	One year or less	One to five years	Five to 10 years	More than 10 years
Bonds: .....	\$6,324	\$7,289	\$3,615	\$—
Government bonds .....	5,649	4,177	2,271	—
Local government bonds .....	164	828	995	—
Corporate bonds .....	510	2,283	349	—
Others .....	876	1,234	282	1
Total .....	\$7,200	\$8,523	\$3,897	\$ 1

## 2. Money held in trust

(1) Investment purpose money held in trust

	Millions of yen		Millions of U.S. dollars	
	As of March 31, 2001		As of March 31, 2001	
	Book value	Unrealized gains (net) included in profits and losses	Book value	Unrealized gains (net) included in profits and losses
Investment purpose money held in trust .....	¥60,050	¥—	\$485	\$—

(2) As of March 31, 2001, there was no held-to-maturity money held in trust.

(3) As of March 31, 2001, there was no other money held in trust (excluding investment or held-to-maturity securities).

### 3. Net unrealized gains on securities available for sale, net of taxes

	Millions of yen	Millions of U.S. dollars
<b>As of March 31, 2001</b>		
Difference (market value—balance sheet amount) .....	<b>¥(113,697)</b>	<b>\$(918)</b>
Other securities .....	<b>(113,697)</b>	<b>(918)</b>
Other money held in trust .....	—	—
Amount equivalent to deferred tax liabilities .....	<b>44,868</b>	<b>362</b>
Amount equivalent to unrealized gain (net) of other securities (before adjustment of amount equivalent to interest) .....	<b>(68,829)</b>	<b>(556)</b>
Amount equivalent to minority interests .....	<b>(312)</b>	<b>(3)</b>
Amount equivalent to parent company interest of amount equivalent to unrealized gain (net) of other securities owned by the companies accounted for the equity method .....	<b>18</b>	<b>0</b>
Amount equivalent to unrealized gain (net) of other securities .....	<b>¥ (69,123)</b>	<b>\$(558)</b>

#### In the year ended March 31, 2000

##### 1. Market values of securities

Book value, estimated market value and unrealized gain/(loss) on securities at March 31, 2000 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

	Millions of yen				
	March 31, 2000				
	Book value (X)	Estimated market value (Y)	Unrealized gain/(loss) (Y - X)	Gain	(Loss)
Listed securities					
Securities:					
Bonds .....	¥ 66,703	¥ 67,188	¥ 484	¥ 484	¥ (—)
Stocks .....	2,002,648	2,515,354	512,706	572,281	(59,574)
Others .....	47,236	54,582	7,346	7,403	(57)
Total .....	¥2,116,588	¥2,637,125	¥520,536	¥580,169	¥(59,632)

Notes: 1. Trading securities and securities shown above are listed securities. Bonds include Japanese government, municipal and corporate bonds. The market value of the listed securities is based on their closing prices mainly on the Tokyo Stock Exchange.

2. Unlisted securities for which market values can be calculated were as follows:

	Millions of yen				
	March 31, 2000				
	Book value (X)	Estimated market value (Y)	Unrealized gain/(loss) (Y - X)	Gain	(Loss)
Unlisted securities					
Securities:					
Bonds .....	¥828,658	¥838,571	¥ 9,912	¥11,694	¥(1,781)
Stocks .....	38,997	62,988	23,991	25,011	(1,020)
Others .....	8,601	8,671	69	276	(206)
Total .....	¥876,257	¥910,231	¥33,974	¥36,982	¥(3,008)

Calculation of estimated market value for unlisted securities: Valuation of over-the-counter securities is derived from trading prices released by the Japan Securities Dealers Association ("JSDA"), valuation of publicly issued bonds are derived from the interest rates published in "Quotations for over-the-counter government and corporate bonds (base rates)" by the JSDA, and valuation of securities held in securities investment trusts is derived from the market prices announced by the authorized fund management companies.

3. Book values of significant securities not included in the above disclosure were summarized as follows:

	Millions of yen
	March 31, 2000
	Book value
Securities:	
Unlisted bonds .....	¥471,518
Unlisted stocks .....	60,492
Others .....	114,255

## 2. Market values of money held in trust

Book value, estimated market value and the unrealized gain/(loss) on money held in trust at March 31, 2000 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

	Millions of yen				
	March 31, 2000				
	Book value	Estimated market value	Unrealized gain/(loss)	Gain	(Loss)
Money held in trust .....	¥210,000	¥210,000	¥—	¥—	¥(—)

Notes: The market value is calculated appropriately by the trustees of the money held in trust as follows:

1. Listed securities—The final closing prices for the year-end, primarily on the Tokyo Stock Exchange
2. Over-the-counter securities—Trading price tables published by the JSDA

## NOTE 23

### DERIVATIVES

## In the year ended March 31, 2001

Contract value or notional principal amounts, market value or estimated market value and unrealized gain/(loss) on derivative financial instruments as of March 31, 2001 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

### (a) Interest rate related transactions

		Millions of yen			
		March 31, 2001			
		Contract value or notional principal amount	Market value	Revaluation gain/(loss)	
		Over 1 year			
Listed	Futures .....	¥ 313,469	¥ 16,236	¥ 1,226	¥ 1,226
	Sold .....	97,331	7,593	(135)	(135)
	Bought .....	216,138	8,643	1,362	1,362
	Options .....	—	—	—	—
	Sold .....	—	—	—	—
	Bought .....	—	—	—	—
Unlisted	Forward rate agreements .....	17,710	17,710	(62)	(62)
	Sold .....	—	—	—	—
	Bought .....	17,710	17,710	(62)	(62)
	Swaps .....	3,768,421	2,271,266	940	940
	Receivable fixed rate .....	1,951,715	1,101,445	39,754	39,754
	Payable fixed rate .....	1,795,706	1,149,820	(38,779)	(38,779)
	Basis .....	21,000	20,000	(35)	(35)
	Options .....	—	—	—	—
	Sold .....	—	—	—	—
	Bought .....	—	—	—	—
	Caps .....	164,285	158,585	350	730
	Sold .....	89,300	85,600	190	1,059
	Bought .....	74,985	72,985	159	(329)
	Floors .....	100	100	3	3
	Sold .....	—	—	—	—
	Bought .....	100	100	3	3
	Others .....	—	—	—	—
	Sold .....	—	—	—	—
	Bought .....	—	—	—	—
Total .....		¥ /	¥ /	¥ 2,457	¥ 2,837

- Notes: 1. The above transactions are revaluated at market, at the rates prevailing on the consolidated balance sheet date. The gain (or loss) in consequence of the revaluation has been credited (or debited) to the consolidated statements of operations.
- The above schedule excludes derivatives accounted for by hedge accounting.
2. The market value listed represents the closing prices on the Tokyo International Financial Futures Exchange and other exchanges at the end of March 31, 2001.
- Over-the-counter transactions are calculated by their net present value or value based on option pricing models.



(b) Foreign exchange related transactions

		Millions of yen		
		March 31, 2001		
		Contract value or notional principal amount	Market value	Revaluation gain/(loss)
		Over 1 year		
Unlisted	Swaps .....	¥586,122	¥429,277	¥1,386
	Others .....	—	—	—

Notes: 1. The above transactions are revalued at market, at the rates prevailing on the consolidated balance sheet date.

The gain (or loss) in consequence of the revaluation has been credited (or debited) to the consolidated statements of operations.

The above schedule excludes derivatives accounted for by hedge accounting and transactions in Note 3 below.

2. Market values are calculated based on the discounted present value.

3. Figures on currency-related transactions calculated on an accrual basis are based on "Accounting for the asset denominated in foreign currencies and currency option transactions by banks" (issued on April 10, 2000 by the Japanese Institute of Certified Public Accountants).

The contract value or notional principal amounts and market values of derivatives mentioned above are as follows:

		Millions of yen		
		March 31, 2001		
		Contract value or notional principal amount	Market value	Unrealized gain/(loss)
	Swaps .....	¥81,453	¥166	¥166

Similarly, the above schedule excludes currency-related transactions, for example, forward foreign exchange contracts and currency options, because these transactions are revalued at the market rates prevailing on the consolidated balance sheet date. The gain (or loss) in consequence of the revaluation is credited (or debited) to the consolidated statements of operations.

The above-mentioned transactions are as follows:

		Millions of yen	
		March 31, 2001	
		Contract value or notional principal amount	
Listed	Futures .....	¥	—
	Sold .....		—
	Bought .....		—
	Options .....		—
	Sold .....		—
	Bought .....		—
Unlisted	Forwards .....	1,479,888	
	Sold .....	851,167	
	Bought .....	628,721	
	Options .....	265,542	
	Sold .....	131,571	
	Bought .....	133,971	
	Others .....	—	
	Sold .....	—	
	Bought .....	—	

(c) As of March 31, 2001, there were no equity-related transactions.

## (d) Bond-related transactions

		Millions of yen			
		March 31, 2001			
		Contract value or notional principal amount		Market value	Revaluation gain/(loss)
		Over 1 year			
Listed	Futures .....	¥15,027	¥—	¥(13)	¥(13)
	Sold .....	1,390	—	0	0
	Bought .....	13,636	—	(14)	(14)
	Futures options .....	—	—	—	—
	Sold .....	—	—	—	—
	Bought .....	—	—	—	—
Listed	Options (Over-the counter) .....	—	—	—	—
	Sold .....	—	—	—	—
	Bought .....	—	—	—	—
	Others .....	—	—	—	—
	Sold .....	—	—	—	—
	Bought .....	—	—	—	—
Total .....		¥ /	¥ /	¥(13)	¥(13)

Notes: 1. The above transactions are revalued at the market rates prevailing at the consolidated balance sheet date.  
The gain (or loss) in consequence of the revaluation has been credited (or debited) to the consolidated statements of operations.

The above schedule excludes derivatives accounted for by hedge accounting.

2. The market value listed represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of March 31, 2001.

Over-the-counter transactions are calculated by their net present value or value based on option pricing models.

(e) As of March 31, 2001, there were no commodity-related transactions.

(f) As of March 31, 2001, there were no credit derivative transactions.

### In the year ended March 31, 2000

Contract value or notional principal amounts, market value or estimated market value and unrealized gain/(loss) on derivative financial instruments as of March 31, 2000 were as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

#### (a) Interest rate-related transactions

				Millions of yen				
				March 31, 2000				
				Contract value or notional principal amount (option premium)		Market value	Unrealized gain/(loss)	
				Over 1 year				
Listed	Futures		Sold .....	¥ 144,769	¥ —	¥144,560	¥ 209	
			Bought .....	64,622	—	64,502	(119)	
	Options	Sold	Call .....	—	—	—	—	
				(—)				
		Put	.....	—	—	—	—	
				(—)				
		Bought	Call .....	—	—	—	—	
				(—)				
	Put	.....	—	—	—	—		
			(—)					
Unlisted	Forward rate agreements		Sold .....	—	—	—	—	
			Bought .....	—	—	—	—	
	Swaps		Receivable fixed rate/ Payable floating rate...	5,063,877	3,047,759	92,348	92,348	
			Receivable floating rate/ Payable fixed rate .....	6,409,162	3,698,938	(111,617)	(111,617)	
			Receivable floating rate/ Payable floating rate...	965,788	735,788	(703)	(703)	
			Receivable fixed rate/ Payable fixed rate.....	—	—	—	—	
		Options	Sold	Call .....	—	—	—	—
					(—)			
	Put		.....	—	—	—	—	
				(—)				
	Bought		Call .....	—	—	—	—	
				(—)				
	Put	.....	—	—	—	—		
			(—)					
	Caps		Sold	36,300 (88)	31,300	65	23	
			Bought	428,000 (2,535)	353,000	1,395	(1,140)	
	Floors		Sold .....	—	—	—	—	
				(—)				
			Bought .....	—	—	—	—	
				(—)				
	Others		Sold .....	530 (—)	—	13	(13)	
			Bought .....	—	—	—	—	
					(—)			
	Total .....				¥ /	¥ /	¥ /	¥ (21,014)

Notes: 1. The listed market value represents the closing prices on the Tokyo International Financial Futures Exchange and other exchanges at the end of March 31, 2000. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Figures in ( ) are option fees included in the consolidated balance sheets.

3. Notional principal amounts and average interest rates relating to interest swaps by type and remaining term as of March 31, 2000 were as follows:

	Millions of yen, %		
	March 31, 2000		
	Less than 1 year	1 year to 3 years	Over 3 years
Receiveable fixed rate/Payable floating rate .....	¥2,016,117	¥1,623,348	¥1,424,410
Average receiveable fixed rate .....	3.31%	1.14%	2.16%
Average payable floating rate .....	2.57%	1.03%	1.62%
Receiveable floating rate/Payable fixed rate .....	2,710,223	1,875,516	1,823,421
Average receiveable floating rate .....	1.34%	0.82%	1.37%
Average payable fixed rate .....	1.98%	1.39%	2.07%
Receiveable floating rate/Payable floating rate.....	230,000	250,000	485,788
Average receiveable floating rate .....	0.32%	1.19%	1.51%
Average payable floating rate .....	0.40%	1.17%	1.48%
Receiveable fixed rate/Payable fixed rate .....	—	—	—
Average receiveable fixed rate .....	—	—	—
Average payable fixed rate .....	—	—	—

4. Gain/(loss) generated or incurred from the valuation for derivatives in trading accounts is included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts were as follows:

				Millions of yen	
				March 31, 2000	
				Contract amount (option premium)	Market value
Listed	Futures	Sold	.....	¥ 167,125	¥167,128
			Bought .....	212,881	212,620
	Options	Sold	Call .....	—	—
			.....	(—)	—
			Put .....	—	—
			.....	(—)	—
		Bought	Call .....	—	—
			.....	(—)	—
			Put .....	—	—
			.....	(—)	—
Unlisted	Forward rate agreements	Sold	.....	45,905	(17)
			Bought .....	118,535	33
	Swaps	Receiveable fixed rate/ Payable floating rate .....	.....	1,941,248	19,820
			.....		
		Receiveable floating rate/ Payable fixed rate .....	.....	2,083,426	(18,683)
			.....		
		Receiveable floating rate/ Payable floating rate .....	.....	1,000	(2)
			.....		
		Receiveable fixed rate/ Payable fixed rate .....	.....	—	—
			.....		
	Options	Sold	Call .....	—	—
			.....	(—)	—
			Put .....	—	—
			.....	(—)	—
		Bought	Call .....	—	—
			.....	(—)	—
			Put .....	—	—
			.....	(—)	—
	Caps	Sold	.....	23,466	
			.....	(233)	93
		Bought	.....	33,500	
			.....	(54)	33
	Floors	Sold	.....	—	—
			.....	(—)	—
		Bought	.....	—	—
			.....	(—)	—
	Others	Sold	.....	—	—
			.....	(—)	—
		Bought	.....	—	—
			.....	(—)	—

Notes: 1. Figures in ( ) are the initial option fees received and paid on contract amounts, etc.

2. Notional principal amounts and average interest rates relating to interest swaps by type and remaining term as of March 31, 2000 were as follows:

	Millions of yen, %		
	March 31, 2000		
	Less than 1 year	1 year to 3 years	Over 3 years
Receivable fixed rate/Payable floating rate .....	¥723,026	¥875,356	¥342,866
Average receivable fixed rate .....	3.27%	1.77%	1.76%
Average payable floating rate .....	3.28%	1.53%	1.47%
Receivable floating rate/Payable fixed rate .....	860,039	883,936	339,450
Average receivable floating rate .....	3.64%	1.53%	1.43%
Average payable fixed rate .....	3.66%	1.83%	1.56%
Receivable floating rate/Payable floating rate .....	—	1,000	—
Average receivable floating rate .....	—	0.79%	—
Average payable floating rate .....	—	0.82%	—
Receivable fixed rate/Payable fixed rate .....	—	—	—
Average receivable fixed rate .....	—	—	—
Average payable fixed rate .....	—	—	—

(b) Currency-related transactions

				Millions of yen		
				March 31, 2000		
				Contract value or notional principal amount Over 1 year	Market value	Unrealized gain/(loss)
Unlisted	Currency swaps	U.S. dollars .....	¥315,660	¥28,810	¥(1,227)	¥(1,227)
		Swiss francs .....	15,985	—	(205)	(205)
		Hong Kong dollars .....	13,633	8,180	(5)	(5)
		Others .....	15,500	2,816	(13)	(13)
		Total	¥360,780	¥39,807	¥(1,453)	¥(1,453)

- Notes: 1. Current prices are computed by discounting to their present value and by other means.  
2. Gain/(loss) generated or incurred from the valuation of derivatives in trading accounts is included in the statements of operations. The contract amounts and market values of derivatives in trading accounts as of March 31, 2000 were as follows:

				Millions of yen	
				March 31, 2000	
				Contract value or notional principal amount	Market value
Unlisted	Currency swaps	U.S. dollars .....		¥31,625	¥47
		Swiss francs .....		23,179	11
		Others .....		4,624	1
		Total		¥59,429	¥61

3. The above table excludes currency-related transactions, for example, forward foreign exchange contracts and currency options, because these transactions are valued at the market rates prevailing at the balance sheet date. The gain/(loss) generated or incurred from the valuation is credited (or debited) directly to the statements of operations.

The previously mentioned currency-related transactions as of March 31, 2000 were as follows:

				Millions of yen
				March 31, 2000
				Contract value or notional principal amount (option premium)
Listed	Futures	Sold	.....	¥ —
		Bought	.....	—
	Options	Sold	Call	.....
			.....	(—)
			Put	.....
			.....	(—)
		Bought	Call	.....
			.....	(—)
			Put	.....
			.....	(—)
Unlisted	Forward exchange contracts	Sold	.....	722,599
		Bought	.....	730,093
	Options	Sold	Call	15,108
			.....	(102)
			Put	12,040
			.....	(231)
		Bought	Call	16,273
			.....	(185)
			Put	11,523
			.....	(251)
	Others	Sold	.....	—
		Bought	.....	—

(c) As of March 31, 2000, there were no equity-related transactions.

(d) Bond-related transactions

				Millions of yen			
				March 31, 2000			
				Contract value or notional principal amount (option premium)		Market value	Unrealized gain/(loss)
				Over 1 year			
Listed	Futures		Sold .....	¥80,036	¥—	¥80,215	¥(178)
			Bought .....	—	—	—	—
		Sold	Call .....	—	—	—	—
				(—)		—	—
			Put .....	—	—	—	—
				(—)		—	—
		Bought	Call .....	—	—	—	—
				(—)		—	—
	Put .....	—	—	—	—		
		(—)		—	—		
Unlisted	Options	Sold	Call .....	20,016	—		
				(23)		4	19
			Put .....	19,876	—		
				(25)		—	25
		Bought	Call .....	—	—		
				(—)		—	—
			Put .....	24,897	—		
				(63)		26	(37)
Others	Sold .....	—	—	—	—		
	Bought .....	—	—	—	—		
Total .....				¥ /	¥ /	¥ /	¥(170)

Notes: 1. The listed market value represents the closing prices on the Tokyo Stock Exchange and other exchanges at the end of March 31, 2000. Over-the-counter transactions are stated at their net present value and calculated by option pricing models.

2. Figures in ( ) are option fees included in the consolidated balance sheets.

3. Gain/(loss) generated or incurred from the valuation of derivatives in trading accounts is included in the statements of operations. The contract amounts, market values and option premiums of derivatives in trading accounts as of March 31, 2000 were as follows:

				Millions of yen				
				March 31, 2000				
				Contract value or notional principal amount (option premium)	Market value			
Listed	Futures		Sold .....	¥4,190	¥4,208			
			Bought .....	525	526			
	Futures options	Sold	Call .....	— (—)	—			
			Put .....	— (—)	—			
		Bought	Call .....	— (—)	—			
			Put .....	— (—)	—			
			Unlisted	Options	Sold	Call .....	— (—)	—
						Put .....	— (—)	—
	Bought	Call .....		— (—)	—			
		Put .....		— (—)	—			
Others				Sold .....	—	—		
				Bought .....	—	—		

Note: Figures in ( ) are the initial option fees received and paid on the respective contracts.

(e) As of March 31, 2000, there were no commodity derivatives.

## NOTE 24

### RETIREMENT BENEFIT PLANS

The Bank and certain domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic salary, length of service, and the conditions under which termination occurs.

The Bank and certain domestic consolidated subsidiaries have established an employees' retirement benefit trust.

The following table sets forth the funded and accrued status of the plans as of March 31, 2001.

March 31, 2001	Millions of yen	Millions of U.S. dollars
Retirement benefit obligation .....	<b>¥(400,782)</b>	<b>\$(3,235)</b>
Plan assets at fair value .....	<b>274,994</b>	<b>2,219</b>
Unfunded retirement benefit obligation .....	<b>(125,787)</b>	<b>(1,015)</b>
Unrecognized net retirement benefit obligation at transition .....	<b>73,038</b>	<b>589</b>
Unrecognized actuarial gain or loss .....	<b>48,742</b>	<b>393</b>
Net retirement benefit obligation .....	<b>(4,006)</b>	<b>(32)</b>
Prepaid pension cost .....	<b>18,880</b>	<b>152</b>
Accrued retirement benefits .....	<b>¥ (22,887)</b>	<b>\$ (185)</b>

The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

In addition, the fair value of the Bank's plan assets related to a Multiple-Employer Plan, in which plan assets corresponding to an employer's contribution can not be reasonably calculated, amounted to ¥2,251 million based on certain assumptions.

The components of retirement benefit expenses for the year ended March 31, 2001 are as follows:

Year ended March 31, 2001	Millions of yen	Millions of U.S. dollars
Service cost .....	¥ 9,467	\$ 76
Interest cost .....	13,778	111
Expected return on plan assets .....	(12,733)	(103)
Amortization of net retirement benefit obligation at transition .....	58,674	474
Others .....	2,699	22
Retirement benefit expenses .....	¥71,886	\$580

The effect of the establishment of the employees' retirement benefit trust was to increase the amortization of the net retirement benefit obligation at transition by ¥40,413 million.

The assumptions used in accounting for the above plans were as follows:

March 31, 2001		
Discount rate .....		3.5%
Expected return on plan assets .....		5.4%

## NOTE 25

### SEGMENT INFORMATION

#### (a) Business segment information

Certain consolidated subsidiaries are engaged in the trust and other businesses in addition to commercial banking. As those activities are not deemed material, the business segment information has not been disclosed.

#### (b) Geographic segment information

	Millions of yen						
	Year ended March 31, 2001						
	Japan	Americas	Europe	Asia/Oceania	Combined total	Eliminations and intercompany	Consolidated total
Ordinary income:							
Customers .....	¥ 858,442	¥ 38,502	¥ 7,846	¥ 38,925	¥ 943,716	¥ —	¥ 943,716
Inter-segment .....	19,798	13,760	2,872	5,989	42,420	(42,420)	—
Total .....	878,241	52,262	10,718	44,915	986,137	(42,420)	943,716
Ordinary expenses .....	898,017	50,522	11,067	35,990	995,598	(40,134)	955,463
Ordinary net income (loss) .....	¥ (19,776)	¥ 1,739	¥ (349)	¥ 8,925	¥ (9,461)	¥ (2,285)	¥ (11,747)
Assets .....	¥29,851,163	¥937,119	¥536,714	¥1,123,629	¥32,448,627	¥(1,260,930)	¥31,187,697

	Millions of U.S. dollars						
	Year ended March 31, 2001						
	Japan	Americas	Europe	Asia/Oceania	Combined total	Eliminations and intercompany	Consolidated total
Ordinary income:							
Customers .....	\$ 6,929	\$ 311	\$ 63	\$ 314	\$ 7,617	\$ —	\$ 7,617
Inter-segment .....	160	111	23	48	342	(342)	—
Total .....	7,088	422	87	363	7,959	(342)	7,617
Ordinary expenses .....	7,248	408	89	290	8,035	(324)	7,712
Ordinary net income (loss) .....	\$ (160)	\$ 14	\$ (3)	\$ 72	\$ (76)	\$ (18)	\$ (95)
Assets .....	\$240,929	\$7,564	\$4,332	\$9,069	\$261,894	\$(10,177)	\$251,717



Millions of yen							
Year ended March 31, 2000							
	Japan	Americas	Europe	Asia/Oceania	Combined total	Eliminations and intercompany	Consolidated total
Ordinary income:							
Customers .....	¥ 1,089,045	¥ 19,385	¥ 4,136	¥ 47,699	¥ 1,160,265	¥ —	¥ 1,160,265
Inter-segment .....	36,777	22,021	3,931	4,825	67,554	(67,554)	—
Total .....	1,125,822	41,406	8,067	52,524	1,227,820	(67,554)	1,160,265
Ordinary expenses .....	1,030,299	44,366	8,805	53,657	1,137,129	(70,914)	1,066,214
Ordinary net income (loss) .....	¥ 95,522	¥ (2,960)	¥ (737)	¥ (1,133)	¥ 90,691	¥ 3,359	¥ 94,051
Assets .....	¥26,946,182	¥694,619	¥545,815	¥1,371,235	¥29,557,853	¥(769,721)	¥28,788,131

- Notes: 1. Branches of the Bank and consolidated subsidiaries are divided into four segments in consideration of geographic proximity, similarity of economic activity, and interrelation of business activity. The Bank shows ordinary income and ordinary net income in these four segments instead of sales and operating income figures.
2. The Americas comprises the United States; Europe includes the United Kingdom and certain other countries; and Asia/Oceania comprises Hong Kong, Australia, and certain other countries.
3. Change of accounting policies

**Year ended March 31, 2001**

(1) Influence of application of new standards for accounting for employees' retirement benefits

The Bank adopted new accounting standards related to retirement benefits ("the Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Deliberation Council), effective from the fiscal year ended March 31, 2001 in review.

As a result, in "Japan" ordinary expenses decreased ¥22,115 million (U.S.\$178 million) and ordinary net loss decreased by the same amount.

And the Bank and certain consolidated subsidiaries established pension benefits' trust in fiscal 2001. Consequently, in "Japan" ordinary income increased by ¥21,216 million (U.S.\$171 million), ordinary expenses increased by ¥40,413 million (U.S.\$326 million), and ordinary net loss increased by ¥19,197 million (U.S.\$155 million).

(2) Influence of application of new standards for accounting for financial instruments

The Bank adopted new accounting standards related to financial products ("the Opinion Concerning the Establishment of Accounting Standard for Financial Instruments" on January 22, 1999 issued by the Business Accounting Deliberation Council), effective from fiscal 2001 in review and made changes to evaluation methods for investment securities, derivatives and hedge accounting. Consequently, as compared with calculations made by previous methods, in "Japan" ordinary income increased by ¥3,327 million (U.S.\$27 million), ordinary expenses increased by ¥8,647 million (U.S.\$70 million), ordinary net losses increased by ¥5,320 million (U.S.\$43 million).

In "Americas", ordinary income increased by ¥359 million (U.S.\$3 million), ordinary expenses increased by ¥189 million (U.S.\$2 million), and ordinary net loss decreased by ¥169 million (U.S.\$1 million).

In "Europe", ordinary income increased by ¥200 million (U.S.\$2 million) and ordinary net loss decreased by ¥200 million (U.S.\$2 million).

In "Asia/Oceania", ordinary income increased by ¥221 million (U.S.\$2 million), ordinary expenses increased ¥1 million (U.S.\$0 million), and ordinary net loss decreased by ¥220 million (U.S.\$2 million).

**Year ended March 31, 2000**

Change of forms regulated by "Bank Law Enforcement Regulations"

Although the "reserve for possible loan losses" had been recorded under liabilities until the fiscal year ended March 31, 1999, the account is recorded in the assets of the balance sheets as a deduction item from the fiscal year ended March 31, 2000. Due to this change, in "Japan" assets decreased by ¥434,852 million, ¥2,830 million in "Americas," ¥88 million in "Europe," and ¥21,014 million in "Asia/Oceania" compared with the former description.

**(c) Overseas ordinary income**

	Millions of yen		Millions of U.S. dollars
	Year ended March 31, 2001	Year ended March 31, 2000	Year ended March 31, 2001
(A) Overseas ordinary income .....	¥ 85,274	¥ 71,220	\$ 688
(B) Consolidated ordinary income .....	943,716	1,160,265	7,617
(A)/(B) .....	9.0%	6.1%	

Notes: 1. The Bank reports "overseas ordinary income" to show overseas transactions instead of overseas sales.

2. Ordinary income from international operations comprises transactions of parent companies that are customers of the Bank with their overseas offices, and ordinary income arising from transactions with consolidated overseas subsidiaries (excluding inter-company ordinary income generated among consolidated subsidiaries).

As the breakdown into countries or regions is the same as geographic segment information, it is therefore not presented here.

## NOTE 26

### RELATED PARTY DISCLOSURES

The transactions with related parties for the year ended March 31, 2001 were as follows:

Relation	Name of company	Nature of transactions	Amount (Millions of yen)	Amount (Millions of U.S. dollars)
Subsidiary	Kyodo Mortgage Acceptance Co., Ltd.	"Loss on waiver of claims for support of customers"	<b>¥28,800</b>	<b>\$232</b>

## NOTE 27

### SUBSEQUENT EVENT

On June 27, 2001, the stockholders of the Bank approved the following appropriations of retained earnings as of March 31, 2001.

	Millions of yen	Millions of U.S. dollars
Transfer to legal reserve .....	<b>¥ 500</b>	<b>\$ 4</b>
Cash dividends:		
Common stock .....	—	—
Preferred stock:		
Preferred stock No. 1 (¥5.00 per share) .....	<b>9</b>	<b>0</b>
Class B preferred stock No. 1 (¥7.19 per share) .....	<b>1,725</b>	<b>14</b>
Class B preferred stock No. 2 (¥9.25 per share) .....	<b>740</b>	<b>6</b>
General reserves .....	—	—

# INDEPENDENT AUDITORS' REPORT

The Board of Directors


The Asahi Bank, Ltd.

We have audited the consolidated balance sheets of The Asahi Bank, Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of The Asahi Bank, Ltd. and consolidated subsidiaries at 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 and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2 to the consolidated financial statements, The Asahi Bank, Ltd. and consolidated subsidiaries have adopted new accounting standards for employees' retirement benefits, financial instruments and translation of foreign currencies effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

  
Century Ota Showa & Co.

  
Asahi & Co.

Tokyo, Japan

June 27, 2001

*See Note 1 to the consolidated financial statements which explains the basis of presentation of the consolidated financial statements of The Asahi Bank, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.*

# NONCONSOLIDATED BALANCE SHEETS

The Asahi Bank, Ltd.  
March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
<b>Assets</b>			
Cash and due from banks .....	¥ 1,575,845	¥ 1,181,358	\$ 12,719
Call loans .....	97,800	151,515	789
Bills purchased .....	801,600	—	6,470
Commercial paper and other debt purchased .....	—	401	—
Trading assets .....	777,686	438,962	6,277
Money held in trust .....	60,000	210,000	484
Securities .....	4,216,032	3,619,912	34,028
Loans and bills discounted .....	20,327,355	20,547,425	164,063
Foreign exchange .....	74,054	65,147	598
Other assets .....	481,051	280,913	3,883
Premises and equipment .....	451,803	460,659	3,647
Deferred tax assets .....	300,756	283,097	2,427
Customers' liabilities for acceptances and guarantees .....	1,517,303	1,262,061	12,246
Reserve for possible loan losses .....	(416,570)	(398,780)	(3,362)
<b>Total Assets .....</b>	<b>¥30,264,719</b>	<b>¥28,102,676</b>	<b>\$244,267</b>
<b>Liabilities</b>			
Deposits .....	¥23,426,607	¥22,133,354	\$189,077
Call money .....	1,233,685	1,263,836	9,957
Bills sold .....	38,600	15,000	312
Commercial paper .....	420,000	120,000	3,390
Trading liabilities .....	211,496	40,310	1,707
Borrowed money .....	1,027,207	1,110,898	8,291
Foreign exchange .....	8,706	4,764	70
Bonds .....	100,000	—	807
Other liabilities .....	757,868	578,839	6,117
Reserve for severance payments .....	—	25,246	—
Reserve for employees' retirement benefits .....	20,926	—	169
Reserve for contingent liabilities related to loans sold .....	37,654	64,073	304
Other reserves .....	22,000	6,603	178
Deferred tax liability on land revaluation .....	83,167	87,272	671
Acceptances and guarantees .....	1,517,303	1,262,061	12,246
<b>Total Liabilities .....</b>	<b>28,905,224</b>	<b>26,712,262</b>	<b>233,295</b>
<b>Stockholders' Equity</b>			
Common stock .....	403,380	401,446	3,256
Preferred stock .....	201,976	203,910	1,630
Capital surplus .....	509,486	509,486	4,112
Legal reserve .....	75,567	71,189	610
Land revaluation difference .....	127,223	131,400	1,027
Retained earnings .....	41,860	72,980	338
<b>Total Stockholders' Equity .....</b>	<b>1,359,494</b>	<b>1,390,413</b>	<b>10,973</b>
<b>Total Liabilities and Stockholders' Equity .....</b>	<b>¥30,264,719</b>	<b>¥28,102,676</b>	<b>\$244,267</b>

# NONCONSOLIDATED STATEMENTS OF OPERATIONS

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
Income			
Interest on loans and discounts .....	<b>¥445,865</b>	¥ 451,624	<b>\$3,599</b>
Interest and dividends on securities .....	<b>53,033</b>	55,318	<b>428</b>
Interest on bills bought .....	<b>571</b>	70	<b>5</b>
Other interest income .....	<b>47,990</b>	72,528	<b>387</b>
Fees and commissions .....	<b>64,121</b>	58,778	<b>518</b>
Trading income .....	<b>4,455</b>	1,787	<b>36</b>
Other operating income .....	<b>26,223</b>	26,351	<b>212</b>
Other income .....	<b>230,050</b>	416,864	<b>1,857</b>
Total Income .....	<b>872,313</b>	1,083,324	<b>7,040</b>
Expenses			
Interest on deposits .....	<b>112,471</b>	77,762	<b>908</b>
Interest on borrowings and rediscounts .....	<b>32,459</b>	33,167	<b>262</b>
Other interest expense .....	<b>28,858</b>	96,757	<b>233</b>
Fees and commissions .....	<b>30,553</b>	28,187	<b>247</b>
Trading expenses .....	<b>—</b>	3	<b>—</b>
Other operating expenses .....	<b>14,021</b>	23,583	<b>113</b>
General and administrative expenses .....	<b>259,251</b>	263,511	<b>2,092</b>
Other expenses .....	<b>415,133</b>	478,636	<b>3,351</b>
Total Expenses .....	<b>892,749</b>	1,001,609	<b>7,205</b>
(Loss) income before income taxes .....	<b>(20,436)</b>	81,715	<b>(165)</b>
Income taxes:			
Current .....	<b>10,368</b>	2,175	<b>84</b>
Deferred .....	<b>(20,964)</b>	47,980	<b>(169)</b>
Net (loss) income .....	<b>¥ (9,841)</b>	¥ 31,558	<b>\$ (79)</b>
		Yen	U.S. dollars
Net (loss) income per share .....	<b>¥(5.24)</b>	¥ 9.45	<b>\$(0.04)</b>
Cash dividends declared per share:			
Common stock .....	<b>3.00</b>	6.00	<b>0.02</b>
Preferred stock:			
Preferred stock No. 1 .....	<b>10.00</b>	10.00	<b>0.08</b>
Class B preferred stock No. 1 .....	<b>14.38</b>	14.38	<b>0.12</b>
Class B preferred stock No. 2 .....	<b>18.50</b>	18.50	<b>0.15</b>

# NONCONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Asahi Bank, Ltd.  
Years ended March 31, 2001 and 2000

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen					
			Common stock	Preferred stock	Capital surplus	Legal reserve	Land revaluation difference	Retained earnings
Balance at March 31, 1999 .....	2,805,887	326,735	¥398,552	¥206,735	¥509,416	¥67,582	¥131,466	¥58,694
Conversion from convertible bonds to common stock .....	87	—	69	—	69	—	—	—
Conversion from preferred stock to common stock .....	11,379	(2,825)	2,825	(2,825)	—	—	—	—
Increase due to reversal of land revaluation difference .....	—	—	—	—	—	—	—	4,329
Revaluation reserve for land .....	—	—	—	—	—	—	(65)	—
Cash dividends .....	—	—	—	—	—	—	—	(17,996)
Transfer to legal reserve .....	—	—	—	—	—	3,606	—	(3,606)
Net income .....	—	—	—	—	—	—	—	31,558
Balance at March 31, 2000 .....	2,817,354	323,910	401,446	203,910	509,486	71,189	131,400	72,980
Conversion from preferred stock to common stock .....	7,790	(1,934)	1,934	(1,934)	—	—	—	—
Increase due to reversal of land revaluation difference .....	—	—	—	—	—	—	—	4,976
Revaluation reserve for land .....	—	—	—	—	—	—	(4,177)	—
Cash dividends .....	—	—	—	—	—	—	—	(21,877)
Transfer to legal reserve .....	—	—	—	—	—	4,378	—	(4,378)
Net loss .....	—	—	—	—	—	—	—	(9,841)
<b>Balance at March 31, 2001 .....</b>	<b>2,825,145</b>	<b>321,976</b>	<b>¥403,380</b>	<b>¥201,976</b>	<b>¥509,486</b>	<b>¥75,567</b>	<b>¥127,223</b>	<b>¥41,860</b>

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of U.S. dollars					
			Common stock	Preferred stock	Capital surplus	Legal reserve	Land revaluation difference	Retained earnings
Balance at March 31, 2000 .....	2,817,354	323,910	\$3,240	\$1,646	\$4,112	\$575	\$1,061	\$589
Conversion from preferred stock to common stock .....	7,790	(1,934)	16	(16)	—	—	—	—
Increase due to reversal of land revaluation difference .....	—	—	—	—	—	—	—	40
Revaluation reserve for land .....	—	—	—	—	—	—	(34)	—
Cash dividends .....	—	—	—	—	—	—	—	(177)
Transfer to legal reserve .....	—	—	—	—	—	35	—	(35)
Net loss .....	—	—	—	—	—	—	—	(79)
<b>Balance at March 31, 2001 .....</b>	<b>2,825,145</b>	<b>321,976</b>	<b>\$3,256</b>	<b>\$1,630</b>	<b>\$4,112</b>	<b>\$610</b>	<b>\$1,027</b>	<b>\$338</b>

# NONCONSOLIDATED SUPPLEMENTAL DATA

## Loans and Bills Discounted by Collateral

March 31	Billions of yen	
	2001	2000
Securities.....	¥ 202.7 1.00%	¥ 254.3 1.24%
Claims .....	447.5 2.20%	531.7 2.58%
Real estate .....	4,001.9 19.69%	4,149.7 20.20%
Others .....	24.1 0.12%	21.9 0.11%
	4,676.4 23.01%	4,957.8 24.13%
Guarantees .....	10,649.9 52.39%	10,344.3 50.34%
Unsecured .....	5,000.9 24.60%	5,245.2 25.53%
Total .....	¥20,327.3 100%	¥20,547.4 100%

## Loans and Bills Discounted by Maturity and Interest Rate

	Billions of yen							Total
	Maturity							
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	Over 7 years	Unspecified term		
<b>March 31, 2001</b>								
Floating interest rate.....	¥ —	¥1,146.5	¥1,078.1	¥418.8	¥4,799.2	¥1,655.5	¥ —	
Fixed interest rate.....	—	842.8	716.0	344.5	3,329.0	1,434.3	—	
Total.....	¥4,562.1	¥1,989.4	¥1,794.2	¥763.4	¥8,128.2	¥3,089.8	¥20,327.3	

March 31, 2000	Billions of yen							Total
	Maturity							
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	Over 7 years	Unspecified term		
Floating interest rate.....	¥ —	¥ 925.7	¥1,323.8	¥420.3	¥5,040.6	¥1,718.6	¥ —	
Fixed interest rate.....	—	858.8	841.7	380.2	2,987.0	1,378.4	—	
Total.....	¥4,671.8	¥1,784.6	¥2,165.5	¥800.6	¥8,027.6	¥3,097.0	¥20,547.4	

Note: Loans and bills discounted with maturities of one year or less are not categorized by type of interest rate.

## Loans and Bills Discounted by Use of Funds

March 31	Billions of yen	
	2001	2000
Funds for capital investments.....	¥ 9,914.8	¥ 9,847.6
Funds for working capital.....	10,412.5	10,699.7
Total.....	¥20,327.3	¥20,547.4

## DEPOSITS

### Deposits

	Billions of yen	
March 31	2001	2000
Liquid deposits.....	¥ 7,989.9	¥ 7,347.4
Time deposits.....	11,646.3	12,125.7
Other deposits .....	3,790.3	2,660.2
Total.....	¥23,426.6	¥22,133.3

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice  
Time deposits = Time deposits + Periodic time deposits

### Deposits by Type of Depositor

	Billions of yen	
March 31	2001	2000
Individuals.....	¥12,331.9	¥12,043.7
Corporations .....	5,609.5	5,210.7
Others.....	763.5	1,373.7
Total.....	¥18,705.0	¥18,628.2

Note: Domestic depositors only and excluding CDs

### Time Deposits by Maturity and Interest Rate

	Billions of yen						
	Maturity						
	3 months or less	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years	Total
<b>March 31, 2001</b>							
Time deposits with fixed interest rates .....	¥3,646.1	¥1,762.1	¥2,678.6	¥982.0	¥944.3	¥515.3	¥10,528.5
Time deposits with variable interest rates .....	0.3	0.2	0.6	0.8	0.6	—	2.7
Other .....	669.6	352.0	77.3	0.0	15.2	—	1,114.2
Total .....	¥4,316.1	¥2,114.4	¥2,756.6	¥982.8	¥960.2	¥515.3	¥10,645.5

	Billions of yen						
	Maturity						
	3 months or less	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years	Total
March 31, 2000							
Time deposits with fixed interest rates .....	¥3,681.0	¥2,128.3	¥2,921.1	¥899.7	¥771.4	¥541.2	¥10,942.9
Time deposits with variable interest rates .....	0.3	0.2	0.7	0.5	0.8	—	2.8
Other .....	945.7	185.6	47.6	—	—	—	1,179.0
Total.....	¥4,627.1	¥2,314.2	¥2,969.5	¥900.2	¥772.3	¥541.2	¥12,124.8

Note: Time deposits outstanding do not include installment time deposits.



## SECURITIES

### Securities

	Billions of yen	
March 31	2001	2000
Japanese and local government bonds .....	<b>¥1,737.2</b>	¥ 999.8
Japanese corporate bonds.....	<b>386.1</b>	358.5
Japanese corporate stocks.....	<b>1,802.8</b>	2,092.2
Other securities .....	<b>289.8</b>	169.3
Total book value .....	<b>¥4,216.0</b>	¥3,619.9

### Securities by Type and Maturity

	Billions of yen						
	Maturity						
	1 year or less	More than 1 year to 5 years	5 years to 10 years	More than 10 years	Unspecified term		Total
<b>March 31, 2001</b>							
Japanese government bonds.....	<b>¥699.9</b>	<b>¥517.5</b>	<b>¥281.3</b>	<b>¥—</b>	<b>¥ —</b>		<b>¥1,498.8</b>
Japanese local government bonds.....	<b>20.3</b>	<b>102.6</b>	<b>115.4</b>	<b>—</b>	<b>—</b>		<b>238.4</b>
Japanese corporate bonds.....	<b>62.8</b>	<b>281.0</b>	<b>42.2</b>	<b>—</b>	<b>—</b>		<b>386.1</b>
Japanese corporate stocks .....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,785.2</b>		<b>1,785.2</b>
Other .....	<b>107.9</b>	<b>151.4</b>	<b>33.8</b>	<b>—</b>	<b>32.0</b>		<b>325.2</b>
Foreign corporate bonds and stocks .....	<b>47.6</b>	<b>77.9</b>	<b>6.8</b>	<b>—</b>	<b>0.2</b>		<b>132.7</b>
Other .....	<b>60.2</b>	<b>73.4</b>	<b>26.9</b>	<b>—</b>	<b>31.8</b>		<b>192.4</b>

(Billions of yen)

	Maturity								
	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	More than 10 years	Unspecified term		Total
March 31, 2000									
Japanese government bonds .....	¥ 40.3	¥321.7	¥308.9	¥ —	¥62.6	¥—	¥ —		¥ 733.6
Japanese local government bonds.....	11.3	41.6	83.2	64.9	65.0	—	—		266.1
Japanese corporate bonds .....	103.5	102.6	104.0	39.1	9.0	—	—		358.5
Japanese corporate stocks .....	—	—	—	—	—	—	2,092.2		2,092.2
Other.....	46.2	41.6	52.3	1.4	2.4	—	25.2		169.3
Foreign corporate bonds....	46.1	11.4	51.7	0.1	—	—	—		109.4
Foreign corporate stocks....	—	—	—	—	—	—	3.2		3.2
Other.....	0.1	30.1	0.6	1.2	2.4	—	22.0		56.5

# INTERNATIONAL NETWORK

(As of June 30, 2001)

## HEAD OFFICE

INTERNATIONAL BANKING  
DEPARTMENT

## ASIA/PACIFIC

### ● Hong Kong Branch

Level 32, One Pacific Place  
88 Queensway, Hong Kong  
The People's Republic  
of China  
Phone: 852-2532-0500  
Telex: 86021 ASHHK HX  
Fax: 852-2868-4503

### ● Singapore Branch

1 Temasek Avenue  
#40-01 Millenia Tower  
Singapore 039192  
Singapore  
Phone: 65-3330378  
Telex: 22059 ASHSP  
Fax: 65-3330797

### ● Seoul Branch

18th Floor, Kyobo Life  
Insurance Building  
1, Chongro 1-ka  
Chongro-ku, Seoul  
The Republic of Korea  
Phone: 82-2-738-5183  
Telex: 23356 ASHSLA  
Fax: 82-2-736-1242

### ● Labuan Branch

Level 12 (D)  
Main Office Tower  
Financial Park Labuan  
Jalan Merdeka 87000  
Federal Territory  
of Labuan, Malaysia  
Phone: 60-87-422516  
Telex: 85074 ASHLBL  
Fax: 60-87-422517

### ● Labuan Branch, Kuala Lumpur Marketing Office

18th Floor  
Arab-Malaysian Building  
Letter Box 18 B  
55 Jalan Raja Chulan  
50200, Kuala Lumpur  
Malaysia  
Phone: 60-3-2042001  
Telex: 32680 AQSHLBK  
Fax: 60-3-2042100

### ● Shanghai Branch

Room 2001, Jin Mao Tower  
88 Century Boulevard  
Pu Dong New Area  
Shanghai 200120  
The People's Republic  
of China  
Phone: 86-21-5047-1188  
Telex: 337238 ASHSH CN  
Fax: 86-21-5047-0808

### ● Sydney Branch

5th Floor, 25 Bligh Street  
Sydney, NSW 2000 Australia  
Phone: 61-2-9221-5511  
Telex: 170199 ASHSY  
Fax: 61-2-9221-3337

### ■ Beijing Representative Office

Suite 2513  
China World Tower  
China World Trade Center  
#1 Jian Guo Men Wai  
Avenue, Beijing  
The People's Republic  
of China  
Phone: 86-10-6505-1337  
Fax: 86-10-6505-1338

### ■ Bangkok Representative Office

31st Floor, Abdulrahim Place  
990 Rama 4 Road  
Silom, Bangkok 10500  
Thailand  
Phone: 66-2-636-2311  
Telex: 22061 ASHBK TH  
Fax: 66-2-636-2316

### ■ Kuala Lumpur Representative Office

18th Floor  
Arab-Malaysian Building  
Letter Box 18 B  
55 Jalan Raja Chulan  
50200, Kuala Lumpur  
Malaysia  
Phone: 60-3-2024001  
Fax: 60-3-2024002

### ■ Jakarta Representative Office

7th Floor  
Menara Cakrawala  
Jl. M.H. Thamrin No. 9  
Jakarta 10340, Indonesia  
Phone: 62-21-3143187  
Fax: 62-21-322189

### ■ Manila Representative Office

26th Floor, Citibank Tower  
8741 Paseo de Roxas  
Makati City  
Manila, Philippines  
Phone: 632-848-0593  
Fax: 632-848-0573

### ■ Taipei Representative Office

9th Floor-H  
Hung-Tai Center  
No. 168  
Tun Hwa North Road  
Taipei, Taiwan  
Phone: 886-2-2545-9777  
Fax: 886-2-2545-9776

## THE AMERICAS

### ● New York Branch

One World Trade Center  
Suite 6011  
New York, NY 10048-0476  
U.S.A.  
Phone: 1-212-432-6400  
Telex: 422943 ASHNY  
Fax: 1-212-432-1135

### ■ Los Angeles Representative Office

350 South Grand Avenue  
Suite 3800  
Los Angeles, CA 90071  
U.S.A.  
Phone: 1-213-473-3300  
Fax: 1-213-624-0172

### ■ São Paulo Representative Office

Avenida Paulista 1938-18  
Andar  
01310-200 São Paulo  
S.P., Brazil  
Phone: 55-11-285-5417  
Telex: 1133877 ASAH  
Fax: 55-11-283-4078

### ▲ Asahi Bank of California

Bank's equity  
ownership: 100%  
350 South Grand Avenue  
Suite 3810  
Los Angeles, CA 90071  
U.S.A.  
Phone: 1-213-626-6266  
Telex: 674929 ASHLAA  
Fax: 1-213-683-0712

### ▲ Asahi Finance (Cayman) Ltd.

Bank's equity  
ownership: 100%  
George Town  
Grand Cayman  
British West Indies

## EUROPE

### ● London Branch

30 Cannon Street  
London EC4M 6XH, U.K.  
Phone: 44-20-7248-7000  
Telex: 886400 ASHLDA G  
Fax: 44-20-7248-3862

● Branches and Marketing Office

■ Representative Offices

▲ Subsidiaries

Note: A branch, representative offices, and subsidiaries under liquidation  
have been omitted.

# CONSOLIDATED SUBSIDIARIES AND AFFILIATES

(As of June 30, 2001)

## DOMESTIC

### ■ Asahi Trust and Banking Co., Ltd.

6-5, Takasago 2-chome  
Saitama-shi, Saitama, Japan  
Established: 1996  
Capital: ¥10,000 million  
Bank's equity ownership:  
100%  
Operations:  
Trust banking business

### ■ Asahi Servicer Co., Ltd.

5-6, Kudan Minami 1-chome  
Chiyoda-ku, Tokyo, Japan  
Established: 2000  
Capital: ¥500 million  
Bank's equity ownership:  
100%  
Operations:  
Servicing business

### ■ Asahi Sogo Kanri Co., Ltd.

1-3, Kyobashi 3-chome  
Chuo-ku, Tokyo, Japan  
Established: 1995  
Capital: ¥300 million  
Bank's equity ownership:  
100%  
Operations:  
Auctioning and administration of collateral real estate

### ■ Asahigin Software Co., Ltd.

5-5, Kitaurawa 4-chome  
Saitama-shi, Saitama, Japan  
Established: 1983  
Capital: ¥80 million  
Bank's equity ownership:  
100%  
Operations:  
Systems engineering

### ■ Asahi Bank Career Service Co., Ltd.

1-9, Kanda Surugadai 2-chome  
Chiyoda-ku, Tokyo, Japan  
Established: 1987  
Capital: ¥60 million  
Bank's equity ownership:  
100%  
Operations: Personnel agency

### ■ Asahi Bank Sogo Service Co., Ltd.

1-1, Itabashi 3-chome  
Itabashi-ku, Tokyo, Japan  
Established: 1973  
Capital: ¥50 million  
Bank's equity ownership:  
100%  
Operations:  
Employee welfare services and administration of procurement activities

### ■ Asahi Bank Building Co., Ltd.

1-2, Otemachi 1-chome  
Chiyoda-ku, Tokyo, Japan  
Established: 1988  
Capital: ¥50 million  
Bank's equity ownership:  
100%  
Operations:  
Building maintenance and office leasing

### ■ Asahi Bank Business Service Co., Ltd.

4-10, Urawa-Nakamachi  
1-chome, Saitama-shi  
Saitama, Japan  
Established: 1980  
Capital: ¥30 million  
Bank's equity ownership:  
100%  
Operations:  
Cash adjustment and mailing and printing services

### ■ Asahi Bank Jimu Service Co., Ltd.

7-8, Kyobashi 3-chome  
Chuo-ku, Tokyo, Japan  
Established: 1980  
Capital: ¥30 million  
Bank's equity ownership:  
100%  
Operations:  
Office administration services

### ■ Asahi Bank Property Co., Ltd.

14-6, Shiba Daimon 1-chome  
Minato-ku, Tokyo, Japan  
Established: 1984  
Capital: ¥10 million  
Bank's equity ownership:  
100%  
Operations:  
Collateral evaluation and administration services

### ■ Asahi Bank Loan Business Co., Ltd.

4-10, Urawa-Nakamachi  
1-chome, Saitama-shi  
Saitama, Japan  
Established: 1995  
Capital: ¥10 million  
Bank's equity ownership:  
100%  
Operations:  
Individual customers' loan administration services

### ■ Asahi Bank Building Maintenance Co., Ltd.

2-3, Kamimeguro 3-chome  
Meguro-ku, Tokyo, Japan  
Established: 1979  
Capital: ¥10 million  
Bank's equity ownership:  
100%  
Operations:  
Building maintenance

### ■ Asahi Bank Investment Co., Ltd.

3-1, Kyobashi 1-chome  
Chuo-ku, Tokyo, Japan  
Established: 1988  
Capital: ¥4,450 million  
Bank's equity ownership:  
48.25%  
Operations:  
Investment and financing for small and medium-sized businesses

### ■ Kyodo Mortgage Acceptance Co., Ltd.

1-7, Nihombashi  
Hon-cho 2-chome  
Chuo-ku, Tokyo, Japan  
Established: 1984  
Capital: ¥2,400 million  
Bank's equity ownership:  
41.11%  
Operations:  
Mortgage securities business

### ■ Asahi Bank Retail Finance Co., Ltd.

21-5, Minami-Ikebukuro  
1-chome, Toshima-ku,  
Tokyo, Japan  
Established: 1979  
Capital: ¥200 million  
Bank's equity ownership:  
39.50%  
Operations:  
Financing for individuals, financing for small and medium-sized businesses

■ Consolidated Subsidiaries

▲ Affiliates

Note: Subsidiaries under liquidation have been omitted.

■ **Asahi Bank Finance Service Co., Ltd.**

10-5, Nihombashi  
Kayabacho 1-chome  
Chuo-ku, Tokyo, Japan  
Established: 1978  
Capital: ¥200 million  
Bank's equity ownership:  
39.00%  
Operations:  
Receivables purchasing

■ **Asahi Tokyo Investment Trust Management Co., Ltd.**

2-15, Nihombashi  
Muromachi 3-chome  
Chuo-ku, Tokyo, Japan  
Established: 1987  
Capital: ¥780 million  
Bank's equity ownership:  
26.69%  
Operations:  
Sales of investment trust  
products and investment  
advisory services

■ **Asahi Card Co., Ltd.**

2-6, Nihombashi  
Muromachi 1-chome  
Chuo-ku, Tokyo, Japan  
Established: 1983  
Capital: ¥200 million  
Bank's equity ownership: 5%  
Operations:  
Credit card administration

■ **Asahigin Guarantee Co., Ltd.**

13-10, Tokiwa 10-chome  
Saitama-shi, Saitama, Japan  
Established: 1975  
Capital: ¥300 million  
Bank's equity ownership: 5%  
Operations:  
Loan guarantee services

■ **Asahigin Systems Co., Ltd.**

10-43, Minami-Aoyama  
3-chome, Minato-ku  
Tokyo, Japan  
Established: 1971  
Capital: ¥650 million  
Bank's equity ownership: 5%  
Operations:  
Information management  
and software development

■ **Asahi Bank Research Institute Co., Ltd.**

3-1, Kyobashi 1-chome  
Chuo-ku, Tokyo, Japan  
Established: 1986  
Capital: ¥400 million  
Bank's equity ownership: 5%  
Operations:  
Research and business  
consulting services

▲ **Asahigin Leasing Co., Ltd.**

13-7, Nihombashi Koami-cho  
Chuo-ku, Tokyo, Japan  
Established: 1976  
Capital: ¥710 million  
Bank's equity ownership: 5%  
Operations: General leasing

▲ **Showa Leasing Co., Ltd.**

12, Yotsuya 3-chome  
Shinjuku-ku, Tokyo, Japan  
Established: 1969  
Capital: ¥7,199 million  
Bank's equity ownership: 5%  
Operations: General leasing

**The Asahi Retail Securities Co., Ltd.\***

2-15, Nihombashi  
Muromachi 3-chome  
Chuo-ku, Tokyo, Japan  
Established: 1947  
Capital: ¥4,727 million  
Bank's equity ownership:  
12.82%  
Operations:  
Securities business

**OVERSEAS**

■ **Asahi Bank of California**

350 South Grand Avenue  
Suite 3810, Los Angeles  
CA 90071, U.S.A  
Established: 1978  
Capital: \$9.2 million  
Bank's equity ownership:  
100%  
Operations: Banking

■ **Asahi Finance (Cayman) Ltd.**

George Town, Grand Cayman  
British West Indies  
Established: 1994  
Capital: \$10.0 thousand  
Bank's equity ownership:  
100%  
Operations: Financing

■ Consolidated Subsidiaries

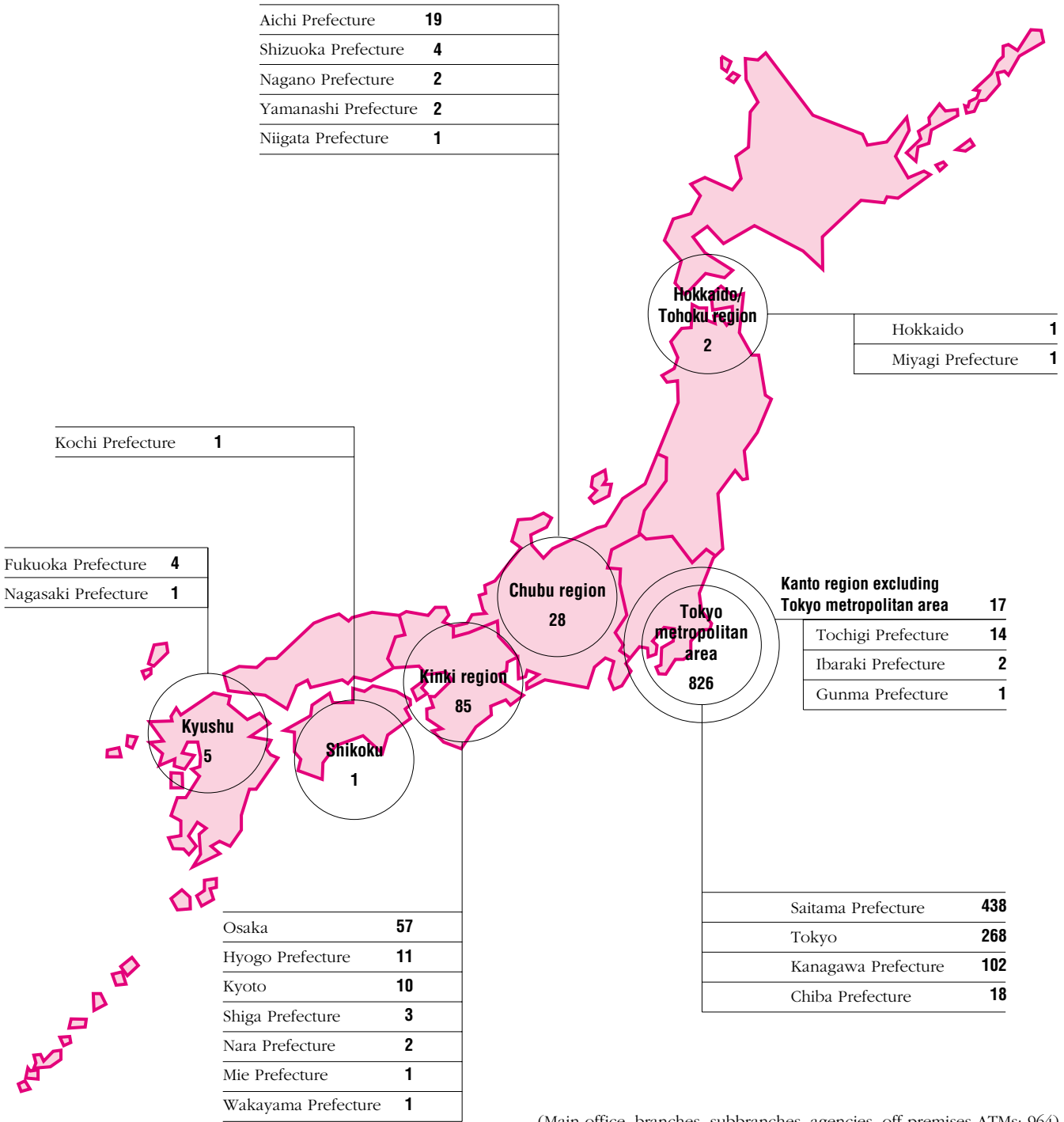
▲ Affiliates

Notes: Subsidiaries under liquidation have been omitted.

\*Chiyoda Securities Co., Ltd., and Yamabun Securities Co., Ltd., merged in April 2001 to form The Asahi Retail Securities Co., Ltd., an associated company of the Asahi Bank.

# DOMESTIC NETWORK

(As of March 31, 2001)



(Main office, branches, subbranches, agencies, off-premises ATMs: 964)

# BOARD OF DIRECTORS, CORPORATE AUDITORS, AND EXECUTIVE OFFICERS

(As of June 27, 2001)

## BOARD OF DIRECTORS AND CORPORATE AUDITORS

**Tadashi Tanaka**  
*Chairman*

**Yasushi Mizutani**  
*Corporate Auditor*

**Tatsuro Itoh**  
*President*

**Hideo Yoda**  
*Corporate Auditor*

**Kazutaka Kubota**  
*Deputy President*

**Tatsusaburo Tsuji**  
*Outside Corporate Auditor*

**Hirotsune Koide\***  
*Deputy President*

**Toshihiko Nishiyama**  
*Outside Corporate Auditor*

**Yukio Yanase\***  
*Senior Managing Director*

**Katsuyoshi Iwashiro\***  
*Senior Managing Director*

## EXECUTIVE OFFICERS

**Tadahiro Tone**  
*Senior Executive Officer*

**Shinsuke Ohsawa**  
*Executive Officer*

**Sanji Arai**  
*Senior Executive Officer*

**Toshinobu Onuki**  
*Executive Officer*

**Harumi Takimoto**  
*Senior Executive Officer*

**Tetsuo Kubo**  
*Executive Officer*

**Nobuyasu Horiuchi**  
*Senior Executive Officer*

**Keiji Yokooji**  
*Executive Officer*

**Tatsuya Ogonuki**  
*Senior Executive Officer*

**Masayuki Matsumura**  
*Executive Officer*

**Hiroshi Aikawa**  
*Senior Executive Officer*

**Tomoaki Sano**  
*Executive Officer*

**Akihiko Umeda**  
*Senior Executive Officer*

**Toru Morita**  
*Executive Officer*

**Osamu Monoe**  
*Senior Executive Officer*

**Kenji Kawada**  
*Executive Officer*

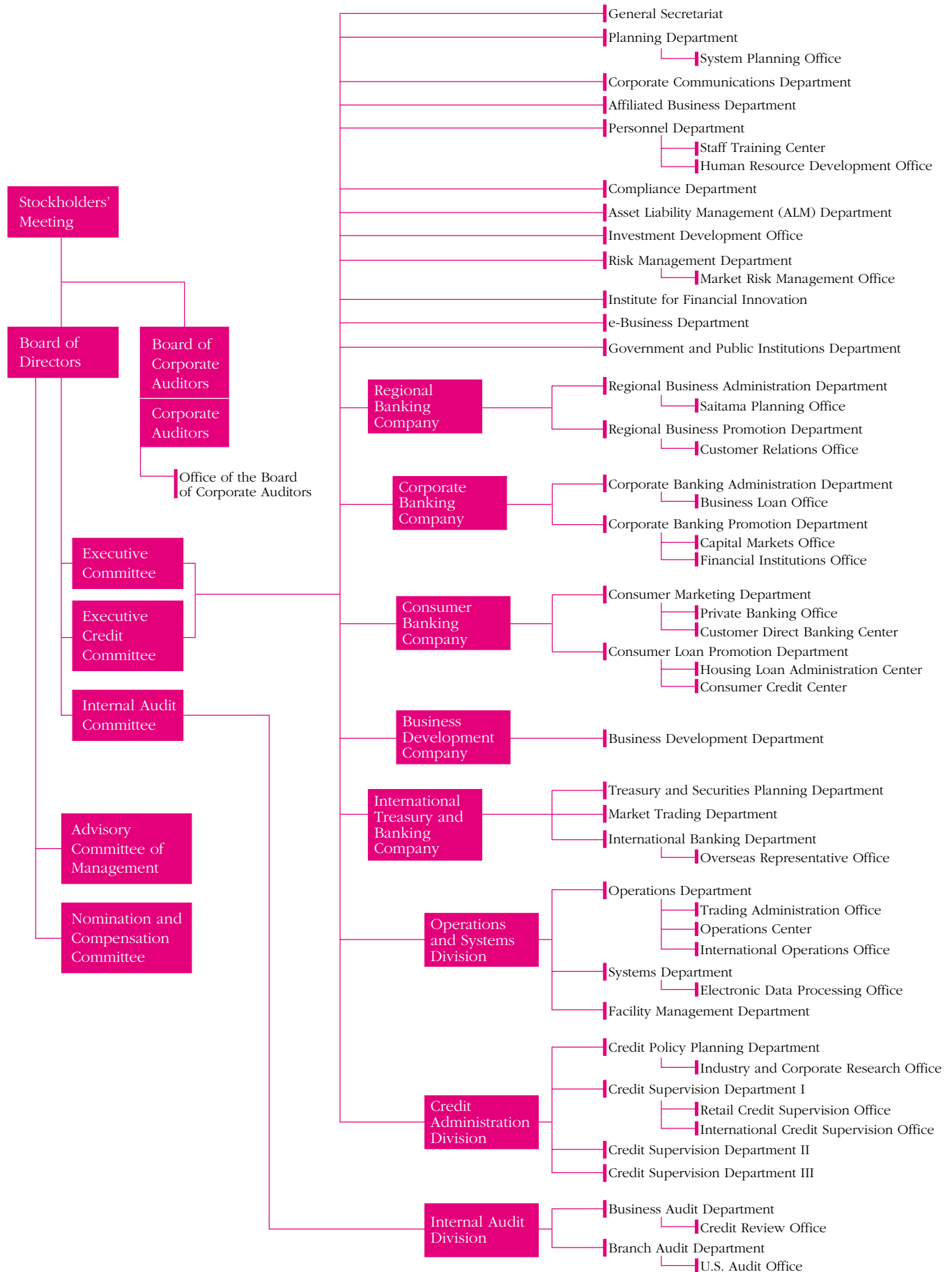
**Koji Nishijima**  
*Executive Officer*

**Tokuji Takei**  
*Executive Officer*

\*These directors are also executive officers.

# ORGANIZATION CHART

(As of April 2, 2001)



# INVESTOR INFORMATION

(As of March 31, 2001)

## Management

Chairman: Tadashi Tanaka  
President: Tatsuro Itoh

## Head Office

Corporate Communications Department  
Investor Relations Group  
1-2, Otemachi 1-chome, Chiyoda-ku  
Tokyo 100-8106, Japan  
Phone: 81-3-3287-2111  
Fax: 81-3-3212-3663

International Banking Department  
1-2, Otemachi 1-chome, Chiyoda-ku  
Tokyo 100-8106, Japan  
Phone: 81-3-3287-2111  
Fax: 81-3-3212-3484

International Operations Office  
2-6, Nihombashi Muromachi 1-chome  
Chuo-ku, Tokyo 103-0022, Japan  
Phone: 81-3-3276-6107  
Fax: 81-3-3276-6199  
Telex: J24275 ASAHITKI  
Cable Address: ASAHIBANK TOKYO  
SWIFT: SAIBJPJT

## Network

Domestic offices: 964  
Branches ..... 318  
Subbranches ..... 19  
Agencies ..... 2  
Off-premises ATMs ..... 625

Overseas offices: 23

Branches ..... 8  
Marketing office ..... 1  
Representative offices ..... 8  
Subsidiaries and affiliates and  
associated companies ..... 6

## Paid-in Capital

¥605,356 million

## Number of Stockholders

74,552

## Common Stock

Authorized: 6,000,000 thousand shares  
Issued: 2,825,145 thousand shares

## Preferred Stock

Preferred stock No. 1  
Authorized: 51,976 thousand shares  
Issued: 1,976 thousand shares  
Class B preferred stock  
Authorized: 600,000 thousand shares  
Issued: 240,000 thousand shares of  
Class B preferred stock No. 1  
80,000 thousand shares of  
Class B preferred stock No. 2  
Class C preferred stock  
Authorized: 100,000 thousand shares  
Issued: 0 shares

## Quarterly Stock Price Range on the Tokyo Stock Exchange

(First Section)

	Fiscal 2000		Fiscal 2001
	3rd	4th	1st
High	¥508	¥399	¥372
Low	361	261	252

## Stock Exchange Listings

Tokyo, Osaka, London, Zürich

## Transfer Agent and Registrar

Japan Securities Agents, Ltd.  
2-4, Nihombashi, Kayabacho 1-chome  
Chuo-ku, Tokyo 103-0025, Japan

## Independent Accountants

Asahi & Co.  
Shin Nihon & Co.  
(Century Ota Showa & Co. changed its  
corporate name to Shin Nihon & Co.,  
effective July 1, 2001.)

## Number of Employees

(As of March 31, 2001)

11,841 (registered basis)

## Major Stockholders

	Number of shares (Thousands)	Percentage of stocks outstanding
The Dai-ichi Mutual Life Insurance Company .....	115,891	4.10
The Yasuda Mutual Life Insurance Company .....	79,039	2.79
Japan Trustee Services Bank, Ltd. (Trust Account) .....	66,428	2.35
Asahi Mutual Life Insurance Company .....	59,489	2.10
Nippon Life Insurance Company .....	50,597	1.79
Daido Life Insurance Company .....	50,000	1.76
Sanyo Electric Co., Ltd. ....	43,569	1.54
The Chase Manhattan Bank, N.A. London (Agent: The Fuji Bank, Limited) .....	42,883	1.51
Matsushita Electric Industrial Co., Ltd. ....	38,545	1.36
The Tokai Bank, Ltd. ....	35,293	1.24
Dai-Tokyo Fire & Marine Insurance Co., Ltd. ....	31,836	1.12
The Nippon Fire & Marine Insurance Co., Ltd. ....	27,437	0.97
Euroclear Bank SA. NV. (Agent: The Bank of Tokyo-Mitsubishi, Ltd.) .....	27,188	0.96
The Mitsubishi Trust and Banking Company, Limited (Trust Account) .....	25,727	0.91
Kajima Corporation .....	25,247	0.89
The Nichido Fire & Marine Insurance Co., Ltd. ....	24,732	0.87
The Nisshin Fire & Marine Insurance Co., Ltd. ....	24,273	0.85
Asahi Bank Employee Stock Ownership Association .....	21,923	0.77
Deutsche Trust Bank Limited .....	20,423	0.72
The Toyo Trust and Banking Company, Limited (Trust Account A) .....	20,189	0.71
Total .....	830,717	29.40