

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS (September, 30 2001 / Unaudited)

November 26, 2001

The Asahi Bank, Ltd.

1-1-2 Otemachi, Chiyoda-ku, Tokyo, Japan

1. Financial Highlights (Six months ended September 30, 2001)

(1) Business Results (Amounts of less than one million yen have been rounded down)

	Ordinary Income	Change from previous interim	Ordinary Net Income	Change from previous interim	Net Income	Change from previous interim
	million yen		million yen		million yen	
Sep. 30, 2001	391,530	-18.0%	-73,125	- %	-40,981	- %
Sep. 30, 2000	477,193	13.9%	26,247	-20.9%	14,889	-12.7 %
Mar. 31, 2001	943,716		-11,747		-7,841	

	Net Income per share		Net Income per share (latent equity adjusted)	
	yen	sen	yen	sen
Sep. 30, 2001	- 14	49	-	-
Sep. 30, 2000	4	40	3	85
Mar. 31, 2001	- 4	54	-	-

Note: (1) Equity in net income of affiliated companies : ¥ 145 million (Six months ended September 30, 2001)

Equity in net loss of affiliated companies : ¥ 192 million (Six months ended September 30, 2000)

Equity in net loss of affiliated companies : ¥ 429 million (Fiscal year ended March 31, 2001)

(2) Average Number of ordinary shares issued (consolidated) : 2,827,420,516 shares (Six months ended September 30, 2001)

Average Number of ordinary shares issued (consolidated) : 2,818,273,664 shares (Six months ended September 30, 2000)

Average Number of ordinary shares issued (consolidated) : 2,821,403,728 shares (Fiscal year ended March 31, 2001)

(3) Accounting policies were not changed

(2) Financial Position

	Total Assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share	Capital ratio (BIS standard)
	million yen	million yen		yen sen	(preliminary)
Sep. 30, 2001	30,913,057	1,053,764	3.4%	230 58	10.07%
Sep. 30, 2000	30,886,625	1,392,523	4.5%	349 60	11.50%
Mar. 31, 2001	31,187,697	1,358,711	4.4%	337 95	11.14%

Note : Number of ordinary shares issued (consolidated) : 2,831,119,009 shares (As of September 30, 2001)

Number of ordinary shares issued (consolidated) : 2,818,942,190 shares (As of September 30, 2000)

Number of ordinary shares issued (consolidated) : 2,825,108,134 shares (As of March 31, 2001)

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and Cash Equivalents
	million yen	million yen	million yen	million yen
Sep. 30, 2001	1,601,246	-520,622	-1,511	1,500,344
Sep. 30, 2000	1,609,734	-1,596,027	-32,943	692,930
Mar. 31, 2001	81,831	-265,026	-107,871	421,280

(4) Principles of Consolidation and the application of the equity method

Number of consolidated subsidiaries : 23

Number of nonconsolidated subsidiaries applying the equity method : -

Number of affiliated companies accounted for by the equity method : 3

(5) Change of Consolidation and the application of the equity method

Added number of consolidated subsidiaries : -

Excluded number of consolidated subsidiaries : 2

Added number of affiliated companies accounted for by the equity method : 1

Excluded number of affiliated companies accounted for by the equity method : -

2. Forecast of Fiscal year's Performance (April 1, 2001 - March 31, 2002)

	Ordinary Income	Ordinary Net Income	Net Income
	million yen	million yen	million yen
Mar. 31, 2002	800,000	-660,000	-530,000

(Reference): Forecast of Net Income per share for Fiscal Year (¥ -187.21)

## 1. Situation of the Asahi Bank, Ltd. (the "Bank") group

### (1) Operations of the Bank group

The company group provides financial services which include banking, trust banking, general leasing business and so on.

### (2) business network

<u>The Asahi Bank, Ltd.</u>	<u>Domestic:</u>	Main office, branches 303, subbranches 15, agencies 2 Principal consolidated subsidiaries (operations) <ul style="list-style-type: none"><li>• Asahi Trust and Banking Co., Ltd. (trust banking business)</li><li>• Asahi Bank Investment Co., Ltd. (investment and financing for small and medium-sized businesses)</li><li>• Asahi Bank Retail Finance Co., Ltd. (financing business)</li><li>• Asahi Bank Finance Service Co., Ltd. (factoring business)</li><li>• Asahi Tokyo Investment Trust Management Co., Ltd. (sales of investment trust products business)</li><li>• Asahi Card Co., Ltd. (credit card administration business)</li><li>• Asahigin Guarantee Co., Ltd. (loan guarantee services business)</li><li>• Asahigin Systems Co., Ltd. (Information management, software development business)</li><li>• Kyodo Mortgage Acceptance Co., Ltd. (mortgage securities business)</li></ul> Principal affiliated companies (operations) <ul style="list-style-type: none"><li>• Asahigin Leasing Co., Ltd. (general leasing business)</li><li>• Showa Leasing Co., Ltd. (general leasing business)</li><li>• Asahi Retail Securities Co., Ltd. (securities business)</li></ul>
	<u>Americas:</u>	Branch 1 Principal consolidated subsidiaries (operations) <ul style="list-style-type: none"><li>• Asahi Bank of California (banking business)</li><li>• Asahi Finance (Cayman) Ltd. (financing business)</li></ul>
	<u>Europe:</u>	Branch 1
	<u>Asia/Oceania:</u>	Branches 6, subbranch 1

## **2. Management Policies**

### **1) Basic Management Policies**

As the Japanese economy fails to escape from stagnation, the operating environment for financial institutions is undergoing greater changes than any experienced in the past. These include the formation of megabanks through alliances and the full-scale entry of companies from other industries into the banking sector. Along with these developments, financial institutions are being required to substantially strengthen their operating and financial positions, as mark-to-market accounting is introduced for stocks held for customer relationship purposes and other securities and as the government places limitations on its guarantees of deposits at private financial institutions.

Under these circumstances, Asahi Bank had been giving consideration to forming alliances with other leading regional financial institutions with the same management principals and to building a new business model in its focused field of retail banking to develop and expand its former strategy of specializing in retail banking and to be a financial institution devoted to local regions thoroughly specializing in retail banking. For that purpose, Asahi Bank and the Daiwa Bank Group agreed to consolidate the operations of the banks in September 21, 2001.

### **2) Medium- to Long-Term Management Strategy**

Asahi Bank supports the Daiwa Bank Group's management vision of creating a superregional bank—which differs from the megabanks and other regional banks—through management consolidation and restructuring via the establishment of a holding company. Asahi Bank made a request to participate in the holding company to be formed by the Daiwa Bank Group, and, following discussions, on September 21, 2001, a basic agreement was reached that, in order to promote the evolution and expansion of an alliance concept that would create a regional financial institution based on close ties with the community, Asahi Bank would consolidate its operations and implement restructuring under this holding company.

Looking forward, the consolidation of Asahi Bank and the Daiwa Bank Group will create a powerful base of operations in the Tokyo metropolitan area and the Kansai region. To form a new financial group that can provide the highest level of services, Asahi Bank and the Daiwa Bank Group will combine their know-how in retail banking and trust business and work to offer a diverse range of services to regional small and medium-sized enterprises and individual customers and significantly increase the convenience of their customer services.

## **Outline of the Holding Company**

Asahi Bank will participate in the holding company of the Daiwa Bank Group basically through an exchange of shares with a target date of before the end of the current fiscal year. Asahi Bank will become a wholly owned subsidiary of the holding company. The details of the holding company are as follows.

### ***Corporate name:***

On December 12, 2001, The Daiwa Bank, Limited, The Kinki Osaka Bank, Limited, and The Nara Bank, Limited, will establish Daiwa Bank Holdings, Co., Ltd. After Asahi Bank participates in this holding company, plans call for changing its name.

### ***Location:***

The Head Office of the holding company is scheduled be located in Osaka.

### ***Management of the holding company:***

Takashi Kaiho, Chairman of Daiwa Bank is scheduled to become chairman, and Yasuhisa Katsuta, president of Daiwa Bank, will become president. Yasuhiro Takatani, president of Kinki Osaka Bank, and Masao Nomura, president of the Nara Bank, are scheduled to become directors. Following the participation of Asahi Bank in the holding company, Yukio Yanase, president of Asahi Bank, is scheduled to become deputy president.

### ***Activities:***

The holding company will be responsible for the overall corporate strategy of the Group, preparation of marketing and other strategies, allocation of the management resources of the Group, and management as well as administration of subsidiaries.

The restructuring of activities will be based on the fundamental concept of the Daiwa Bank Group, which is to form “an alliance of regional financial institutions.” The four banking subsidiaries within the Group will be realigned.

Asahi Trust and Banking Co., Ltd., which conducts the trust business of the Asahi Bank Group, will be merged into the trust division of Daiwa Bank, which will be spun off into a separate trust and banking company.

Taking into account the expected growth of revenues related to positive synergies from the management consolidation and cut in expenses related to rationalization measures, the group banks set consolidated capital adequacy ratio under BIS uniform standards approximately 10% and ROE (net operating profit / term-end balance of stockholders' equity) 16% or more for the fiscal year 2006.

In addition, Asahi Bank has designated the period from October 2001 through the end of March 2002, during which its operations will be consolidated with those of the Daiwa Bank Group under the holding company, as “180 Days of Reform.” To attain the goal of becoming a “Bank That Is Trusted and Provides Its Customers with the Most User-Friendly Services,” Asahi Bank will move forward with unswerving determination to implement management reforms.

The specific themes of management reforms include principally restructuring the Bank's corporate governance, restructuring its asset portfolio and restructuring its earning power, and its aim is to use these 180 days to make every possible advance in carrying out the four-year Managerial Reinvigoration Plan.

### **3) Measures for Improving the Management Organization**

As part of the 180 Days of Reform, we implemented a restructuring of our corporate governance systems with the aim of preparing our management systems for the creation of the new financial group. To fully renew and revitalize the management systems of the parent and associated companies, the chairman, president, and deputy president submitted their resignations and a new president was selected. In addition, other measures included changes in the management teams of associated companies and the elimination of the position of senior advisor. Along with these steps, the organization of the parent was also substantially simplified; this included

streamlining the decision-making process by leaving the position of chairman vacant and affirming the final decision-making powers of the president. We are also scheduled to implement other measures, including reducing the number of directors, substantially increasing the efficiency of the headquarters organization, and the introduction of a highly transparent evaluation system for directors making use of a third-party organization.

#### **4) Issues to Be Addressed**

With Asahi Bank at its center, the Asahi Bank Group must respond accurately and agilely to changes in the environment surrounding financial institutions to ensure its survival. In addition, the Bank has an important responsibility to society to steadily implement its Managerial Reinvigoration Plan and repay at an early date the public funds it received previously.

With this awareness, the Bank will move forward toward management consolidation with the Daiwa Bank Group and aim to create a “Superregional Bank” alliance that will be a key player among Japan’s financial institutions. Prior to management consolidation, Asahi Bank will aggressively implement management reforms as part of its 180 Days of Reform and, by moving ahead with active measures to strengthen its profit base, including restructuring its asset portfolio and restructuring its earnings power, create a strong management foundation for the new financial group.

### **3. Management Performance**

#### **1) Results for the Interim Period**

The Asahi Bank Group has its principal base of operations in the Tokyo metropolitan area, and primarily engages in the banking business through the parent bank, which has been making efforts to specialize in retail banking operations in Japan, as well as in trust services and other financial services.

Business performance on a consolidated basis for this interim period was as follows: ordinary income dropped 85.6 billion yen, as compared with the corresponding period in the previous fiscal year, to 391.5 billion yen, reflecting principally lower ordinary income of the parent bank, which resulted from a decline in gains on sales of stocks and other securities and other factors. Moreover, the Asahi Bank Group implemented aggressive measures aimed at strengthening its financial position and enhancing its soundness and, as a consequence, reported ordinary net loss of 73.1 billion yen.

Net operating profit of the parent bank, which is the best indicator of its performance in its core banking business, increased 16.6 billion yen as compared with the corresponding period in the previous fiscal year, to 97.2 billion yen, because gross ordinary income increased 22.8 billion yen as compared with the corresponding period in the previous fiscal year, which resulted from an increase in yen interest income and improvement in gains or losses on securities, and because operating expenses (mainly personnel expenses) dropped. However, as a result of the decline in gains on sales of stocks and other securities and other factors, ordinary income declined 78.5 billion yen as compared with the corresponding period in the previous fiscal year, to 358.2 billion yen. Also, because of the revaluation of securities according to the accounting standards for financial products and because of measures taken to deal with the failure of major customers, the Bank reported ordinary net loss of 54.4 billion yen and net loss of 29.7 billion yen for the interim period.

The Bank's capital adequacy ratio under the BIS uniform standards stood at 10.07% (provisional estimate) at the end of the interim term.

Among cash flow items, consolidated cash flows from investing and financing activities showed a net decline, but consolidated cash flows from operating activities improved. As a result, cash and cash equivalents at the end of the interim term showed a net increase of

1,079 billion yen in comparison with March 31, 2001.

## **2) Outlook for the Full Fiscal Year**

Looking to the consolidation of Asahi Bank 's operations with the Daiwa Bank Group, all the members of the Asahi Bank Group are working together to restructure its asset portfolio and its earnings power.

To put it concretely, for the full fiscal year ending March 31, 2002, the Bank plans to dispose of nonperforming loans totaling approximately 400 billion yen. The Bank will eliminate risk factors, which might unexpectedly reduce its profit, by accelerating final disposal of loans classified as unrecoverable or lower in quality and by increasing reserves with respect to debtors with large exposure. Also, the Bank will effect lump-sum write-offs of unrealized losses on investment stocks aggressively, will amortize almost all of the unrealized losses on investment securities of 400 billion yen as of September 30, 2001, and will accelerate selling investment stocks to substantially reduce the risk from stock price changes.

For the fiscal year ending March 31, 2002, on a consolidated basis, the Bank is expected to post ordinary income of 800 billion yen, ordinary net loss of 660 billion yen, and net loss of 530 billion yen as a result of aggressive measures taken to deal with “ negative assets ” as described above. On a nonconsolidated basis, the parent bank is expected to post ordinary income of 700 billion yen, ordinary net loss of 640 billion yen, and net loss of 520 billion yen.

Regarding cash dividends for the fiscal year ending March 31, 2002, the Bank expects that dividends will be paid by the holding company following the management consolidation with the Daiwa Bank Group. At present, however, the share exchange ratio with the Daiwa Bank Group has not been determined yet. In addition, the Bank has not obtained the necessary approval of its shareholders or the necessary approvals from the financial and other relevant authorities. As soon as these various matters are settled, Asahi Bank will release further information.



Consolidated Balance Sheet (Unaudited)

As of September 30, 2001

Millions of yen

		Millions of yen
<b>Assets</b>		
Cash and due from banks	¥	2,276,581
Call loans and bills purchased		444,529
Commercial paper and other debt purchased		50
Trading assets		785,056
Money held in trust		60,050
Securities		4,353,066
Loans and bills discounted		19,989,439
Foreign exchanges		110,624
Other assets		604,834
Premises and equipment		473,226
Deferred tax assets		411,214
Consolidation differences		5,978
Customers' liabilities for acceptances and guarantees		1,880,563
Reserve for possible loan losses		-482,158
<b>Total Assets</b>	<b>¥</b>	<b>30,913,057</b>
<b>Liabilities</b>		
Deposits	¥	18,974,857
Negotiable certificates of deposit		4,125,785
Call money and bills sold		2,172,835
Payables under repurchase agreements		282,773
Commercial papers		180,000
Trading liabilities		209,210
Borrowed money		755,274
Foreign exchanges		7,086
Bonds issued		474,935
Other liabilities		655,064
Reserve for bonus payments		7,282
Reserve for employees' retirement benefits		11,481
Reserve for contingent liabilities related to loans sold		30,616
Other reserves		0
Deferred tax liabilities on land revaluation		82,797
Acceptances and guarantees		1,880,563
<b>Total Liabilities</b>	<b>¥</b>	<b>29,850,563</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>¥</b>	<b>8,730</b>
<b>Stockholders' Equity</b>		
Common stock	¥	605,356
Capital surplus		509,486
Land revaluation difference		126,392
Retained earnings		74,630
Net unrealized gains on securities available for sale		-261,762
Foreign currency translation adjustments, net of taxes		-320
Common stock in treasury		-2
Common stock held by subsidiaries		-16
<b>Total Stockholders' Equity</b>	<b>¥</b>	<b>1,053,764</b>
<b>Total Liabilities, Minority interest in consolidated subsidiaries, and Stockholders' Equity</b>	<b>¥</b>	<b>30,913,057</b>

Note:

1. Amounts of less than one million yen have been rounded down.
2. 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” on the balance sheets as of the date on which the transactions have been contracted. “Trading assets” and “trading liabilities” are valued, in case of securities and commercial paper, etc., at the market value as of the date of the consolidated balance sheets and, in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were to be settled based on the date of the consolidated balance sheets.
3. Held-to-maturity securities are stated at amortized cost by the moving average cost method. Investments in nonconsolidated subsidiaries and affiliates are stated at cost by the moving average method. Securities available for sale with market value are stated at market value and carried at cost by the moving average method. The market value of stock are based on the average market prices during the last month of the interim period ended September 30, 2001. The market value of others are based on the market prices on September 30, 2001. Securities available for sale with no market value are stated at cost by the moving average method or at amortized cost by the moving average method.  
Net unrealized gains on securities available for sale have not been charged to income or expenses, but presented in the interim balance sheet as a component of the stockholders' equity.
4. Securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management are stated at market value.
5. Derivative transactions (excluding “Transaction for Specific Trading Purposes”) are stated at market value.
6. Depreciation of premises and equipment is calculated according to the straight-line method for buildings and the declining-balance method for equipment. The useful lives of main premises and equipment are as follows:
  - Buildings: 8 ~ 50 years
  - Equipment: 2 ~ 20 years

Consolidated subsidiaries compute the depreciation of premises and equipment by applying principally the straight-line method over the estimated useful lives.

7. Software has been depreciated by the straight-line method based on the estimated useful lives (principally 5 years) decided by the Bank and the domestic consolidated subsidiaries.

8. Foreign currency assets and liabilities are mainly translated into yen at the current rates prevailing at the balance sheet date, except for investments in subsidiaries and affiliates, which are translated into yen at the historical rates as of the acquisition date.

Until the year ended March 31, 2001, the Bank had been adopted "Accounting for the Assets Denominated in Foreign Currency and Currency Option Transactions by Banks" in accordance with "Temporary Treatment for Auditing of Consistent Application of Accounting for the Assets Denominated in Foreign Currency and Currency Option Transactions by Banks in the Banking Industry" (issued on April 10, 2000 by the Japanese Institute of Certified Public Accountants). From this period, the Bank adopted a revised Accounting Standards for Foreign Currency Transactions ("Opinion concerning revision of Accounting Standards for Foreign Currency Transactions" issued on October 22, 1999 by the Business Accounting Deliberation Council), except for transactions to which "Temporary Treatment for Accounting and Auditing of Application of Accounting for Foreign Currency Transactions in the Banking Industry" (the Japanese Institute of Certified Public Accountant's Industry Audit Committee Report No.20) is applied. This change has no material effect.

With regard to fund swap transactions, the amounts equivalent to the principals of receivables and payables translated into yen at the current rates prevailing on the interim balance sheet date are presented in the interim balance sheet, in accordance with the Japanese Institute of Certified Public Accountant's Industry Audit Committee Report No.20. Spreads between spot rate and futures rate which reflect interest rate differential in multiple currencies are accounted for as income or expenses on the accrual basis over fiscal years covered by the fund swap transactions in the interim statements of operations, and accrued income or accrued expenses are presented in the interim balance sheet.

Fund swap transactions, which are arranged in multiple currencies as finances or investments of funds, are a type of foreign exchange swap transactions. In fund swap transactions, spot buying exchanges or spot selling exchanges in the amount equivalent to the principal to be financed or invested are arranged, and at the same time futures buying exchanges or futures selling exchanges in the sum of the amount equivalent to the principal and the predetermined amount to be paid or received in the agreed future date are arranged.

When such a transaction is (i) arranged for the purpose of financing or investing funds in multiple currencies, (ii) the amount equivalent to the principal paid or received at the start of the currency swap contract is equal to the amount equivalent to the principal to be received or paid at the end of the contract, and (iii) a flat rate currency swap transaction whose rates applied to the principal portion and interest portion are reasonable (including a flat rate currency swap

transaction in which the amount equivalent to the principal is revised at every interest payment date based on the spot rate at the time but a revised flat rate is always applied for the period until next interest payment date), in accordance with the Japanese Institute of Certified Public Accountant's Industry Audit Committee Report No.20, the amount equivalent to the principal of receivable or payables have been translated into yen at the current rate prevailing at the interim balance sheet date and presented in the interim balance sheet, the amount equivalent to the interest has been charged to income or expenses on the accrual basis in the interim statement of operations, and accrued income or accrues expenses at the interim balance sheet date have been included in the interim balance sheet.

Foreign currency assets and liabilities of consolidated subsidiaries and affiliates are respectively translated into yen at the exchange rates prevailing at the interim balance sheet date.

9. The Bank has 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 reserves 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 that 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 (includes reserve for possible overseas investment losses in Article 55-2 of Special Taxation Measures Law) likely to become uncollectible due to political and economic circumstances of relevant countries.

Regarding each loan, the Credit Review Office, which is controlled separately from operating divisions, reviews asset valuations of 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 loan, consolidated subsidiaries provide reserves for possible loan losses at amounts considered adequate to cover such losses principally based on their historical experience. For the particular loans doubted with collection of all amounts of principal and interest, they individually provide reserve for possible loan losses.

For the Bank and a part of consolidated subsidiaries' loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are 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 are ¥ 571,420 million.

10. To provide for its employees' bonus payments, the Bank reserves for estimated bonus payments attributable to the services incurred during the interim period. Effective April 1, 2001, this reserve is shown as "Reserve for bonus payments" in the balance sheet in accordance with "Concerning Financial Statements Titles To Be Used for Accrued Bonuses for Employees" (the Japanese Institute of Certified Public Accountant's Research Center Review Information No.15). In previous years, the reserve was included in "Other Liabilities" in the balance sheet.
11. To provide for its employees' retirement benefits, the Bank reserves for the amount of severance payments and pension plans attributable to this interim period based on their projected benefit obligation and plan assets at the balance sheet date.  
The actuarial loss is to be amortized from the next fiscal year using the straight-line method for certain years (principally 10 years) within the average remaining service years of its employees.  
With regard to the difference caused by the accounting change (¥131,712 million), the Bank accounted for as expenses amounted to ¥40,413 million in the previous year due to establishment of pension benefits' trust and the rest of the amount has been proportionally amortized over a five-year period. For the interim period in review, the Bank records an expense equivalent to 6/12 of the annual amortization cost.
12. The reserve for contingent liabilities related to loans sold is set aside based on the estimated liabilities of further losses on the loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited.  
This reserve is set aside by the Bank in accordance with Article 287-2 of the Commercial Code of Japan.
13. Noncancelable lease transactions of the Bank and its domestic consolidated subsidiaries are accounted for as operating leases regardless of whether such leases are classified as operating leases or finance leases except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

14. The Bank uses the hedge-accounting technique of “macro-hedging,” which utilizes derivatives to comprehensively control the interest risk attendant with 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 hedging to account for unrealized gains or losses arising from derivatives mentioned above.

Also the Bank holds the risk amounts of 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 hedging, market value hedging and special treatment of interest rate swaps to certain assets and liabilities.

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

16. Other Reserves: The Reserve for financial futures transactions: 0 million yen

This reserve is set aside by the Bank in accordance with Article 82 of the Financial Futures Transactions Law.

17. Amount of accumulated depreciation of premises and equipment: ¥ 238,559 million

18. Amount of the reduction entry on acquisition cost of premises and equipment: ¥ 60,394 million

19. Loans to borrowers in legal bankruptcy amounted to ¥ 79,634 million, and past due loans amounted to ¥ 826,115 million.

Loans to borrowers in legal bankruptcy are those loans - among all loans for which payment of principal or interest has not been received for a substantial period and for which, for other reasons, there are no prospects for recovery or repayment of principal or interest, and, accordingly, no interest has been accrued (excluding loans written off and hereinafter referred to as nonaccrual loans) - for which the circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No.97, 1965), items i through v in Article 96, Section 1, Part 3 or the circumstances stated in Part 4 of the same article.

Past due loans are those nonaccrual loans other than Loans to borrowers in legal bankruptcy and other than loans for which interest payments have been rescheduled with the objective of assisting these borrowers in management restructuring.

20. Loans past due 3 months or more amounted to ¥ 108,139 million.

Loans past due 3 months or more are loans in respect of which payment of principal or interest has been over due by 3 months or more from the contract payment date, except “loans to borrowers in legal bankruptcy” or “past due loans”.

21. Restructured loans amounted to ¥ 394,909 million.

Restructured loans are those for which the Bank has provided terms and conditions - including reducing interest rates, rescheduling interest and principal payments, or waiving of claims on the borrower - more favorable to the borrower than those in the original loan agreement, excluding “loans to borrowers in legal bankruptcy”, “past due loans”, and “loans past due 3 months or more”.

22. Total amount of loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more, and restructured loans were ¥ 1,408,799 million.

The amounts in these notes from No. 19 to No. 22 are before deduction of reserve for possible loan losses.

23. Bills accepted by banks, commercial bills and bills of exchange with freight which were acquired as bills discounted amounted to ¥ 370,131 million.

24. Assets pledged as collateral were as follows:

<input type="checkbox"/> Trading assets	¥ 243,773 million
<input type="checkbox"/> Securities	¥ 1,970,723 million
<input type="checkbox"/> Loans	¥ 350,802 million

Liabilities corresponding to assets which were pledged as collateral:

<input type="checkbox"/> Deposits	¥ 33,350 million
<input type="checkbox"/> Call money	¥ 157,000 million
<input type="checkbox"/> Payables under repurchase agreements	¥ 282,773 million
<input type="checkbox"/> Bills sold	¥ 50,000 million
<input type="checkbox"/> Other liabilities	¥ 13,613 million

Besides above, securities for exchange payment or securities for dealings in futures:

<input type="checkbox"/> Securities	¥ 568,427 million
<input type="checkbox"/> Loans	¥ 21,185 million

And premises and equipment include security deposits of ¥ 26,950 million, and other assets include deposit money for futures transactions of ¥ 210 million.

25. Unrealized gains or losses in respect of hedging are included in other assets as deferred hedge loss by net amount.

Prior to above offsetting, the gross deferred hedge losses and gains amounted to ¥ 123,652 million and ¥ 114,549 million, respectively.

26. The Bank had revalued land used for business purposes based on the Law Concerning Land Revaluation (Law 34, announced on March 31, 1998).

Deferred tax in the revaluation difference has been recorded in liabilities, and the rest has been recorded in stockholders' equity.

Revaluation date: March 31, 1998

Revaluation method as stated in Article 3-3 of the Land Revaluation Law:

The value of land is based on the official notice prices stated in the Law of the Public Notice of Land Price (assessed date, January 1, 1998), as stipulated in Article 2-1 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, announced on March 31, 1998), after making reasonable adjustments such as for location and quality of sites.

27. Borrowed money included subordinated debt amounting to ¥ 554,000 million, which, by special covenants, is subordinated to other obligations in the order of their performance.

28. Bonds issued include subordinated bonds of ¥ 374,935 million.

29. Net assets per share: 230 yen 58sen

30. Issues pertaining to market value and unrealized gain (net) of investment securities are presented below. Those comprise "Securities", trading account securities, negotiable certificates of deposit and commercial paper under Trading Assets and negotiable certificates of deposit under Cash and Due from Banks, as well as commercial paper and other debt purchased. This grouping applies through Note 34.

Securities Held for Trading Purposes:

Balance-sheet amount ¥ 574,094 million

Unrealized gain (net) included in profits and losses ¥ 90 million



Marketable Bonds Held to Maturity:

(Millions of Yen)

	Balance-Sheet Amount	Market Value	Unrealized Gain(Net)	Unrealized Gain (Gross)	Unrealized Loss(Gross)
Government Bond	9	9	0	0	—
Other	12	12	- 0	—	0
<b>Total</b>	<b>22</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>

Securities available for sale with Market Value:

(Millions of Yen)

	Acquisition cost	Balance-sheet amount	Unrealized gain (net)	(Gains)	(Losses)
Stock	1,495,461	1,203,296	-292,165	58,207	350,372
Bonds	2,670,250	2,684,295	14,044	15,592	1,547
Government Bonds	2,304,747	2,306,260	1,513	2,602	1,088
Local Government Bonds	180,729	188,714	7,984	8,012	27
Corporate Bonds	184,774	189,321	4,547	4,978	430
Others	268,005	232,270	-35,734	1,369	37,103
<b>Total</b>	<b>4,433,717</b>	<b>4,119,862</b>	<b>-313,854</b>	<b>75,168</b>	<b>389,023</b>

Net unrealized gains on securities available for sale are reported in a separate component of stockholders' equity. Net unrealized gains on securities available for sale, totally amounted to ¥ -261,762 million, consist of unrealized gain (net) above and deferred tax assets ¥ 52,478 million, with excluding amount equivalent to minority interests in consolidated subsidiaries ¥ 348 million and including the Bank's share of amount equivalent to unrealized gain (net) of securities available for sale owned by affiliated companies applying the equity method ¥ -37 million.

31. No held-to-maturity bonds were sold during the interim period.

32. Securities available for sale sold during the interim period are presented below:

(Millions of Yen)

Amount sold	Gain	Loss
2,758,240	34,301	16,593

33. Major components of other securities deemed non-marketable and their respective balance sheet amounts are as follows:

Securities available for sale	
Unlisted bonds	¥ 183,687 million
Unlisted securities (excluding over-the-counter securities)	¥ 47,998 million

34. Projected redemption amounts for other investment securities with maturities as well as bonds held to maturity are presented below according to the period of maturity.

(Millions of Yen)	One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
Bonds	1,162,353	1,260,235	444,808	596
Government Bonds	1,076,704	945,199	284,365	—
Local Government Bonds	20,909	75,989	122,553	596
Corporate Bonds	64,739	239,045	37,889	—
Other	69,397	115,157	22,929	110
<b>Total</b>	<b>1,231,751</b>	<b>1,375,392</b>	<b>467,737</b>	<b>707</b>

35. The breakdown of money held in trust is as follows:

Money held in trust for investment purposes

Balance-sheet amount      ¥ 60,050 million

There were no unrealized gains or losses included in earnings during the interim period.

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

The amount of unexercised loans related to such agreements amounted to ¥ 5,716,006 million. The amount of which the original agreement period was within a year or the Bank could cancel any time without any penalty was ¥ 5,632,520 million and included in above.

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

At the time of exercising loans to customers, the Bank is to request collateral of premises or securities if necessary. After exercising of loans, the Bank periodically checks the financial condition of customers based on its internal rule and performed certain actions for security of loans if necessary.

37. Effective April 1, 2001, in accordance with the accounting standard for financial instruments, the Bank accounts for financial instruments as follows:

- 1) Repurchase and resale transactions, which were accounted for as sell/buy transactions, are now accounted for as financing transactions using “Receivables under resale agreements” account or “Payables under repurchase agreements” account.
- 2) Unrealized gains and losses, net of income tax impact, of securities available for sale and money held in trust available for sale incurred by the marked to market method are included in “Net unrealized gains on securities available for sale”. As a result, due from banks decreases by ¥44 million and securities decreased by ¥ 313,810 million, and net unrealized gains on securities available for sale amounting to ¥ - 261,762 million are recorded.

## Consolidated Statement of Operations (Unaudited)

Six months ended September 30, 2001

Millions of yen

Income	
Operating Income	¥ 268,516
Interest on loans and discounts	( 214,434 )
Interest and dividends on securities	( 30,871 )
Fees and commissions	44,122
Trading income	3,723
Other operating income	17,566
Other income	57,602
<b>Total Income (Ordinary Income)</b>	<b>¥ 391,530</b>
Expenses	
Operating expenses	¥ 66,289
Interest on deposits	( 37,707 )
Fees and commissions	8,474
Trading expenses	16
Other operating expenses	7,708
General and administrative expenses	139,502
Other expenses	242,664
<b>Total Expenses (Ordinary Expenses)</b>	<b>¥ 464,656</b>
<b>Ordinary Net Loss</b>	<b>¥ 73,125</b>
Extraordinary profits	848
<b>Extraordinary losses</b>	<b>3,527</b>
Loss before Income Taxes	75,805
Income Taxes:	
Current	811
Deferred	-35,753
Minority interests in net income	118
<b>Net Loss</b>	<b>¥ 40,981</b>

Note:

1. Amounts of less than one million yen have been rounded down.

2. Net interim loss per share: 14 yen 49sen

3. Profits and losses from transactions of trading purposes are included in “Trading income” or “Trading expenses” in the consolidated statement of operations, as of the date when the transactions has been contracted.

“Trading income” and “trading expenses” include amounts of interest received or paid during plus the amount of difference between the profits or losses generated from valuation for securities, commercial papers, derivatives, etc. as at the end of the preceding period and those as at the end of this period.

4. Other ordinary income includes:

- |   |                  |
|---|------------------|
| <input type="checkbox"/> Gains on sale of stocks and other securities                       | ¥ 20,591 million |
| <input type="checkbox"/> Gains on establishment of trust for employees' retirement benefits | ¥ 21,764 million |

5. Other ordinary expenses include:

- |  |                  |
|--|------------------|
| <input type="checkbox"/> Provisions for reserve for possible loan losses   | ¥ 31,102 million |
| <input type="checkbox"/> Write-off of claims   | ¥ 32,971 million |
| <input type="checkbox"/> Losses on sale of stocks and other securities   | ¥ 12,861 million |
| <input type="checkbox"/> Write-off of stocks and other securities  | ¥ 91,483 million |
| <input type="checkbox"/> Provisions for reserve for contingent liabilities related to loans sold   | ¥ 3,591 million  |
| <input type="checkbox"/> Expenses for the difference caused by accounting change<br>with application of new criteria for employee retirement benefit | ¥ 9,129 million  |

Consolidated Statement of Retained Earnings (Unaudited)  
Six months ended September 30, 2001

	<u>Millions of yen</u>	
Balance of retained earnings at the beginning of the fiscal year	¥	117,360
Increase of retained earnings		727
Due to reversal of land revaluation difference	(	727 )
Decrease of retained earnings		2,475
Cash dividends	(	2,475 )
Net Loss		40,981
<u>Balance at end of the interim period</u>	<u>¥</u>	<u>74,630</u>

Amounts of less than one million yen have been rounded down.

Consolidated Statement of Cash Flows (September 30, 2001 / Unaudited)

(Millions of yen)

	Interim 2001		Interim 2001
Cash flows from operating activities:		Cash flows from investing activities:	
Net income (loss) before income taxes	-75,805	Payments for purchase of securities	-5,049,013
Depreciation	13,900	Proceeds from sales of securities	2,763,147
Amortization of consolidation difference	753	Proceeds from maturities of securities	1,766,168
Equity in net (income) loss of affiliated company	-145	Payments for increase of money held in trust	-32,700
Increase in reserve for possible loan losses	9,823	Proceeds from decrease of money held in trust	32,706
Increase in reserve for contingent liabilities related to loans sold	-7,038	Payments for acquisition of premises and equipment	-8,325
Increase in reserve for bonus payments	7,282	Proceeds from sales of premises and equipment	7,395
Increase in reserve for employees' retirement benefits	-11,406	Net cash provided by (used in) investing activities	-520,622
Operating income	-268,516	Cash flows from financing activities:	
Operating expenses	66,289	Payment of subordinated debt	-29,000
(Gains) losses in investment securities	80,161	Issue of subordinated bonds and convertible bonds	30,000
(Gains) losses from money held in trust	-6	Dividends paid	-2,494
(Gains) losses from exchange rate changes	-8,142	Payment of dividends to minority interests	-17
(Gains) losses from disposition of premises and equipment	3,491	Payments for purchase of common stocks in treasury	-31
Net (increase) decrease in trading assets	-3,645	Proceeds from sales of common stocks in treasury	30
Net increase (decrease) in trading liabilities	-2,302	Net cash provided by (used in) financing activities	-1,511
Net (increase) decrease in loans and bill discounted	626,888	Effect of exchange rate changes on cash and cash equivalents	-47
Net increase (decrease) in deposits	-1,465,305	Net increase (decrease) in cash and cash equivalents	1,079,064
Net increase (decrease) in negotiable certificate of deposit	1,160,989	Cash and cash equivalents at beginning of year	421,280
Net increase (decrease) in borrowed money (except subordinated debt)	-123,223	Cash and cash equivalents at end of the Interim 2001	1,500,344
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	381,138		
Net (increase) decrease in call loans and others	459,575		
Net increase (decrease) in call money and others	1,183,323		
Net increase (decrease) in commercial papers	-240,000		
Net increase (decrease) in collateral deposit on securities lent	-1,958		
Net (increase) decrease in foreign exchanges (assets)	-36,579		
Net increase (decrease) in foreign exchanges (liabilities)	-1,652		
Net increase (decrease) in due to trust account	62,854		
Proceeds from interest-earning assets	287,017		
Payments on interest-bearing liabilities	-77,536		
Others	-412,301		
Total	1,607,921		
Income taxes	-6,675		
Net cash provided by (used in) operating activities	1,601,246		

Note:

1. Amounts of less than one million yen have been rounded down.
2. In the consolidated statement of cash flow, scope of capital is cash and due from the Bank of Japan in “cash and due from banks” in the consolidated balance sheets.

3. Cash and cash equivalents as of September 30, 2001 consisted of the following:

	(Millions of yen)
Cash and due from banks	2,276,581
Due from banks excluding due from The Bank of Japan	-776,236
<hr/> Cash and cash equivalents	<hr/> 1,500,344



## Consolidated Balance Sheets (Main Items) (Unaudited)

Millions of yen

	Interim 2001(A)	Interim 2000(B)	A - B	Fiscal 2000 (C)	A - C
<b>Assets</b>					
Cash and due from banks	¥ 2,276,581	¥ 1,314,409	¥ 962,172	¥ 1,578,655	¥ 697,925
Call loans and bills purchased	444,529	154,251	290,278	901,695	-457,166
Commercial paper and other debt purchased	50	2,723	-2,673	2,458	-2,408
Trading assets	785,056	649,323	135,732	777,686	7,369
Money held in trust	60,050	60,050	0	60,050	0
Securities	4,353,066	5,464,119	-1,111,052	4,234,414	118,652
Loans and bills discounted	19,989,439	20,522,283	-532,844	20,616,328	-626,888
Foreign exchanges	110,624	70,388	40,235	74,045	36,579
Other assets	604,834	533,510	71,324	621,894	-17,060
Premises and equipment	473,226	471,412	1,814	484,778	-11,551
Deferred tax assets	411,214	328,615	82,598	323,312	87,901
Consolidation differences	5,978	7,686	-1,708	6,832	-854
Customers' liabilities for acceptances and guarantees	1,880,563	1,757,298	123,264	1,977,877	-97,314
Reserve for possible loan losses	-482,158	-449,446	-32,711	-472,334	-9,823
<b>Total Assets</b>	<b>¥ 30,913,057</b>	<b>¥ 30,886,625</b>	<b>¥ 26,431</b>	<b>¥ 31,187,697</b>	<b>¥ -274,639</b>
<b>Liabilities</b>					
Deposits	¥ 18,974,857	¥ 20,418,305	¥ -1,443,447	¥ 20,440,163	¥ -1,465,305
Negotiable certificates of deposit	4,125,785	2,298,240	1,827,544	2,964,795	1,160,989
Call money and bills sold	2,172,835	2,111,230	61,605	1,272,285	900,550
Payables under repurchase agreements	282,773	-	282,773	-	282,773
Commercial papers	180,000	150,000	30,000	420,000	-240,000
Trading liabilities	209,210	86,793	122,417	211,496	-2,285
Borrowed money	755,274	815,558	-60,284	907,498	-152,223
Foreign exchanges	7,086	5,141	1,944	8,739	-1,652
Bonds issued	474,935	410,800	64,135	445,390	29,545
Other liabilities	655,064	1,244,785	-589,721	1,028,505	-373,440
Reserve for bonus payments	7,282	-	7,282	-	7,282
Reserve for employees' retirement benefits	11,481	34,184	-22,703	22,887	-11,406
Reserve for contingent liabilities related to loans sold	30,616	61,582	-30,966	37,654	-7,038
Reserve for supporting specific borrowers	-	6,603	-6,603	-	-
Other reserves	0	0	-	0	-
Deferred tax liabilities on land revaluation	82,797	84,713	-1,916	83,167	-370
Acceptances and guarantees	1,880,563	1,757,298	123,264	1,977,877	-97,314
<b>Total Liabilities</b>	<b>¥ 29,850,563</b>	<b>¥ 29,485,236</b>	<b>¥ 365,326</b>	<b>¥ 29,820,461</b>	<b>¥ 30,101</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>¥ 8,730</b>	<b>¥ 8,866</b>	<b>¥ -136</b>	<b>¥ 8,524</b>	<b>¥ 205</b>
<b>Stockholders' Equity</b>					
Common stock	¥ 605,356	¥ 605,356	¥ -	¥ 605,356	¥ -
Capital surplus	509,486	509,486	-	509,486	-
Land revaluation difference	126,392	129,587	-3,195	127,223	-831
Retained earnings	74,630	148,682	-74,051	117,360	-42,729
Net unrealized gains on securities available for sale	-261,762	-	-261,762	-	-261,762
Foreign currency translation adjustments, net of taxes	-320	-569	249	-697	377
Common stock in treasury	-2	-4	1	-2	-0
Common stock held by subsidiaries	-16	-16	-	-16	-
<b>Total Stockholders' Equity</b>	<b>¥ 1,053,764</b>	<b>¥ 1,392,523</b>	<b>¥ -338,759</b>	<b>¥ 1,358,711</b>	<b>¥ -304,947</b>
<b>Total Liabilities, Minority interests in consolidated subsidiaries, and Stockholders' Equity</b>	<b>¥ 30,913,057</b>	<b>¥ 30,886,625</b>	<b>¥ 26,431</b>	<b>¥ 31,187,697</b>	<b>¥ -274,639</b>

## Consolidated Statements of Operations (Main Items) (Unaudited)

Millions of yen

	Interim 2001 (A)	Interim 2000 (B)	A - B	Fiscal 2000
<b>Income</b>				
Operating Income	¥ 268,516	¥ 285,730	¥ -17,214	¥ 556,792
Interest on loans and discounts	( 214,434)	( 220,717)	( -6,283)	( 452,248)
Interest and dividends on securities	( 30,871)	( 27,514)	( 3,356)	( 53,544)
Fees and commissions	44,122	43,054	1,068	87,465
Trading income	3,723	1,731	1,992	4,455
Other operating income	17,566	6,913	10,652	25,481
Other income	57,602	139,763	-82,161	269,521
<b>Total Income (Ordinary Income)</b>	<b>¥ 391,530</b>	<b>¥ 477,193</b>	<b>¥ -85,662</b>	<b>¥ 943,716</b>
<b>Expenses</b>				
Operating expenses	¥ 66,289	¥ 97,426	¥ -31,137	¥ 175,074
Interest on deposits	( 37,707)	( 42,568)	( -4,861)	( 103,942)
Fees and commissions	8,474	9,250	-776	20,166
Trading expenses	16	5	11	-
Other operating expenses	7,708	5,466	2,242	14,100
General and administrative expenses	139,502	136,053	3,449	275,080
Other expenses	242,664	202,742	39,921	471,041
<b>Total Expenses (Ordinary Expenses)</b>	<b>¥ 464,656</b>	<b>¥ 450,946</b>	<b>¥ 13,710</b>	<b>¥ 955,463</b>
<b>Ordinary Net Income (loss)</b>	<b>¥ -73,125</b>	<b>¥ 26,247</b>	<b>¥ -99,373</b>	<b>¥ -11,747</b>
Extraordinary profits	848	273	574	427
Extraordinary losses	3,527	3,553	-25	7,908
Income (loss) before Income Taxes	-75,805	22,967	-98,772	-19,228
Income Taxes:				
Current	811	34,701	-33,890	11,807
Deferred	-35,753	-26,662	-9,090	-22,945
Minority interests in net income (loss)	118	38	79	-249
<b>Net Income (loss)</b>	<b>¥ -40,981</b>	<b>¥ 14,889</b>	<b>¥ -55,870</b>	<b>¥ -7,841</b>

Consolidated Statements of Retained Earnings (Unaudited)

Millions of yen

	Interim 2001 (A)	Interim 2000 (B)	A - B	Fiscal 2000
Balance of retained earnings at the beginning of the fiscal year	¥ 117,360	¥ 141,886	¥ -24,526	¥ 141,886
Increase of retained earnings	727	2,843	-2,115	5,192
Due to reversal of land revaluation difference	( 727 )	( 2,627 )	( -1,900 )	( 4,976 )
Due to decrease of the affiliates accounted for by the equity method	( - )	( 215 )	( -215 )	( 215 )
Decrease of retained earnings	2,475	10,937	-8,461	21,877
Cash dividends	( 2,475 )	( 10,937 )	( -8,461 )	( 21,877 )
Net income (loss)	-40,981	14,889	-55,870	-7,841
Balance of retained earnings at the end of the interim period (fiscal year)	¥ 74,630	¥ 148,682	¥ -74,051	¥ 117,360

## Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	Interim 2001 (A)	Interim 2000 (B)	(A) - (B)	Fiscal 2000
<b>Cash flows from operating activities:</b>				
Net income (loss) before income taxes	-75,805	22,967	-98,772	-19,228
Depreciation	13,900	11,867	2,033	24,777
Amortization of consolidation difference	753	565	187	1,962
Equity in net (income) loss of affiliated company	-145	192	-338	429
Increase in reserve for possible loan losses	9,823	-9,339	19,162	-11,155
Increase in reserve for contingent liabilities related to loans sold	-7,038	-2,490	-4,547	-26,418
Increase in reserve for supporting specific borrowers	-	-	-	-6,603
Increase in reserve for bonus payments	7,282	-	7,282	-
Increase in reserve for severance payments	-	-27,224	27,224	-27,224
Increase in reserve for employees' retirement benefits	-11,406	34,184	-45,590	22,861
Operating income	-268,516	-285,730	17,214	-556,792
Operating expenses	66,289	97,426	-31,137	175,074
(Gains) losses in investment securities	80,161	-84,142	164,303	-193,435
(Gains) losses from money held in trust	-6	-49	42	-116
(Gains) losses from exchange rate changes	-8,142	-3,771	-4,370	-5,739
(Gains) losses from disposition of premises and equipment	3,491	3,508	-17	7,808
Net (increase) decrease in trading assets	-3,645	-164,689	161,043	-334,268
Net increase (decrease) in trading liabilities	-2,302	2,536	-4,839	171,186
Net (increase) decrease in loans and bill discounted	626,888	59,451	567,437	217,904
Net increase (decrease) in deposits	-1,465,305	496,840	-1,962,145	518,758
Net increase (decrease) in negotiable certificate of deposit	1,160,989	322,148	838,840	988,703
Net increase (decrease) in borrowed money (except subordinated debt)	-123,223	4,099	-127,323	-19,017
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	381,138	-145,829	526,968	-682,465
Net (increase) decrease in call loans and others	459,575	-2,982	462,557	-750,162
Net increase (decrease) in call money and others	1,183,323	832,393	350,930	-4,776
Net increase (decrease) in commercial papers	-240,000	30,000	-270,000	300,000
Net increase (decrease) in collateral deposit on securities lent	-1,958	-72,811	70,852	-57,712
Net (increase) decrease in foreign exchanges (assets)	-36,579	-5,247	-31,331	-8,904
Net increase (decrease) in foreign exchanges (liabilities)	-1,652	366	-2,019	3,964
Net increase (decrease) from issue and payment of bonds	-	50,000	-50,000	100,000
Net increase (decrease) in due to trust account	62,854	-216,818	279,673	-215,429
Proceeds from interest-earning assets	287,017	287,701	-683	563,721
Payments on interest-bearing liabilities	-77,536	-91,865	14,328	-172,266
Others	-412,301	482,226	-894,528	94,406
<b>Total</b>	<b>1,607,921</b>	<b>1,625,484</b>	<b>-17,562</b>	<b>99,841</b>
Income taxes	-6,675	-15,750	9,075	-18,010
<b>Net cash provided by (used in) operating activities</b>	<b>1,601,246</b>	<b>1,609,734</b>	<b>-8,487</b>	<b>81,831</b>

(Millions of yen)

	Interim 2001 (A)	Interim 2000 (B)	(A) - (B)	Fiscal 2000
Cash flows from investing activities:				
Payments for purchase of securities	-5,049,013	-7,153,546	2,104,532	-11,781,261
Proceeds from sales of securities	2,763,147	3,636,263	-873,115	6,843,367
Proceeds from maturities of securities	1,766,168	1,775,486	-9,318	4,552,876
Payments for increase of money held in trust	-32,700	-504	-32,195	-504
Proceeds from decrease of money held in trust	32,706	150,503	-117,797	150,571
Payments for acquisition of premises and equipment	-8,325	-9,098	773	-38,301
Proceeds from sales of premises and equipment	7,395	4,868	2,527	8,225
Payments for purchase of securities of subsidiaries, caused the change of scope of consolidation	-	-	-	0
Net cash provided by (used in) investing activities	-520,622	-1,596,027	1,075,405	-265,026
Cash flows from financing activities:				
Payment of subordinated debt	-29,000	-12,000	-17,000	-59,000
Issue of subordinated bonds and convertible bonds	30,000	48,000	-18,000	54,000
Payment of subordinated bonds and convertible bonds	-	-58,000	58,000	-81,000
Dividends paid	-2,494	-10,931	8,437	-21,861
Payment of dividends to minority interests	-17	-17	-	-17
Payments for purchase of common stocks in treasury	-31	-72	40	-119
Proceeds from sales of common stocks in treasury	30	77	-46	126
Net cash provided by (used in) financing activities	-1,511	-32,943	31,432	-107,871
Effect of exchange rate changes on cash and cash equivalents	-47	47	-95	227
Net increase (decrease) in cash and cash equivalents	1,079,064	-19,190	1,098,254	-290,840
Cash and cash equivalents at beginning of year	421,280	712,120	-290,840	712,120
Cash and cash equivalents at end of the interim period (fiscal year)	1,500,344	692,930	807,413	421,280

## **Principles of consolidation for consolidated financial statements (September 30, 2001)**

### 1. Scope of consolidation

#### (1) Consolidated subsidiaries: 23

Principal consolidated subsidiaries are Asahi Trust and Banking Co., Ltd., Asahigin Guarantee Co., Ltd. and Asahi Card Co., Ltd.

Asahi Bank (Nederland) N.V. and Asahi Bank (Deutschland) GmbH were liquidated and excluded from consolidation from this interim period.

#### (2) Nonconsolidated subsidiaries

Principal nonconsolidated subsidiary is Asahi S/C Ltda.

The total assets, ordinary income, net income (based on the owned interest), and retained earnings (based on the owned interest) of these nonconsolidated subsidiaries have no material effect on the Bank's consolidated financial statements. So these subsidiaries are excluded from consolidation.

### 2. Application of the equity method

#### (1) Affiliated companies accounted for by the equity method: 3

Principal affiliated company accounted for by the equity method is Showa Leasing Co., Ltd.

Chiyoda Securities Co., Ltd., and Yamabun Securities Co., Ltd., which had been an affiliated company accounted for by the equity method in the last fiscal year, merged to form The Asahi Retail Securities Co., Ltd., an affiliated company accounted for by the equity method, effective April 1, 2001.

#### (2) Affiliated companies not accounted for by the equity method

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 the owned interest), and retained earnings (based on the owned interest) of these nonconsolidated subsidiaries and affiliated companies not applying the equity method have no material effect on the Bank's consolidated financial statements. So these subsidiaries and companies are not accounted for by the equity method.

### 3. Fiscal balance sheet date of consolidated subsidiaries

#### (1) Fiscal balance sheet dates of consolidated subsidiaries are as follows:

June 30: 3 subsidiaries

September 30: 20 subsidiaries

(2) The subsidiaries mentioned above are consolidated based on their financial statements as of each balance sheet date. The accounts of these subsidiaries have been made appropriate adjustments for any material transactions during the period between June 30th and September 30th.

## Segment Information

### 1. Business Segment Information

Some of the 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.

### 2. Geographical Segment Information

Six months ended September 30, 2000

(millions of yen)

	Japan	Americas	Europe	Asia / Oceania	Combined total	Eliminations and intercompany	Consolidated total
Ordinary income							
(1) Customers	441,171	13,479	3,966	18,575	477,193	-	477,193
(2) Inter-segment	11,405	7,374	1,955	2,482	23,217	(23,217)	-
Total	452,577	20,853	5,921	21,057	500,411	(23,217)	477,193
Ordinary expenses	425,712	21,772	6,129	18,021	471,635	(20,689)	450,946
Ordinary net income (loss)	26,865	-919	-207	3,036	28,775	(2,528)	26,247

Six months ended September 30, 2001

(millions of yen)

	Japan	Americas	Europe	Asia / Oceania	Combined total	Eliminations and intercompany	Consolidated total
Ordinary income							
(1) Customers	361,052	13,890	4,687	11,900	391,530	-	391,530
(2) Inter-segment	6,096	6,622	707	2,601	16,028	(16,028)	-
Total	367,148	20,513	5,395	14,502	407,559	(16,028)	391,530
Ordinary expenses	448,043	19,412	5,851	7,077	480,385	(15,728)	464,656
Ordinary net income (loss)	-80,895	1,101	-456	7,424	-72,825	(300)	-73,125

Fiscal year ended March 31, 2001

(millions of yen)

	Japan	Americas	Europe	Asia / Oceania	Combined total	Eliminations and intercompany	Consolidated total
I. Ordinary income							
(1) Customers	858,442	38,502	7,846	38,925	943,716	-	943,716
(2) 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
II. Assets	29,851,163	937,119	536,714	1,123,629	32,448,627	(1,260,930)	31,187,697

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 in stead 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

- Six months ended September 30, 2000

##### (1) Influence of application of new criteria for accounting for employee 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 with the interim period ended September 30, 2001 in review.

As a result, in "Japan" ordinary expenses increased ¥ 6,645 million and ordinary net income decreased by the same amount.

And the Bank and some consolidated subsidiaries established pension benefits' trust in the interim 2001. Consequently, in "Japan" ordinary income increased by ¥ 21,216 million, ordinary expenses increased by ¥ 40,413 million, and ordinary net income decreased by ¥ 19,197 million.

##### (2) Influence of application of new criteria 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" in January 22 1999 issued by Business Accounting Deliberation Council), effective with the interim 2001 in review and made changes to evaluation methods for investment securities and for derivatives and to hedge accounting. Consequently, as compared with calculations made by previous methods, in "Japan" ordinary income increased by ¥ 3,546 million, ordinary expenses increased by ¥ 5,260 million, and million yen, ordinary net income decreased by ¥ 1,714 million.

In "Americas" ordinary income increased by ¥ 484 million, ordinary expenses increased ¥ 488 million, and ordinary net income decreased by ¥ 4 million.

In "Europe" ordinary income increased by ¥ 235 million, ordinary expenses increased by ¥ 148 million, and ordinary net income increased by ¥ 86 million.

In "Asia/Oceania" ordinary income increased by ¥ 176 million, ordinary expenses increased by ¥ 1million, and ordinary net income increased by ¥ 175 million.

·Fiscal year ended March 31, 2001

(1) Influence of application of new criteria for accounting for employee 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 with the fiscal year ended March 31, 2001 in review.

As a result, in "Japan" ordinary expenses decreased ¥ 22,115 million and ordinary net loss decreased by the same amount.

And the Bank and some consolidated subsidiaries established pension benefits' trust in the fiscal 2001. Consequently, in "Japan" ordinary income increased by ¥ 21,216 million, ordinary expenses increased by ¥ 40,413 million, and ordinary net loss increased by ¥ 19,197 million.

(2) Influence of application of new criteria 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" in January 22 1999 issued by Business Accounting Deliberation Council), effective with the fiscal 2001 in review and made changes to evaluation methods for investment securities and for derivatives and to hedge accounting. Consequently, as compared with calculations made by previous methods, in "Japan" ordinary income increased by ¥ 3,327 million, ordinary expenses increased by ¥ 8,647 million, and ordinary net losses increased by ¥ 5,320 million.

In "Americas" ordinary income increased by ¥ 359 million, ordinary expenses increased ¥ 189 million, and ordinary net loss decreased by ¥ 169 million.

In "Europe" ordinary income increased by ¥ 200 million, and ordinary net loss decreased by ¥ 200 million.

In "Asia/Oceanis" ordinary income increased by ¥ 221 million, ordinary expenses increased ¥ 1million, and ordinary net loss decreased by ¥ 220 million.

3. Overseas ordinary income

(millions of yen)

	Overseas ordinary income (A)	Consolidated ordinary income (B)	(A) / (B)
Six months ended September 30, 2000	36,021	477,193	7.5%
Six months ended September 30, 2001	30,478	391,530	7.8%
Fiscal year ended March 31, 2001	85,274	943,716	9.0%

Notes: 1. The Bank reports "overseas ordinary income" to show overseas transactions in stead 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 geographical segment information, it is therefore not presented here.



1. Securities

- including "securities" on consolidated balance sheet, negotiable certificates of deposit in "cash and due from banks", and commercial paper in "commercial paper and other debt purchased".

(1) Marketable bonds held to maturity

(millions of yen)

	As of Sep. 30, 2000				
	Balance Sheet Amount (consolidated) X	Market Value Y	Unrealized Gains/Losses Y - X	Unrealized Gains/Losses	
				Gains	Losses
Japanese government bonds	33	34	0	0	-
Others	10	9	-0	-	0
<b>Total</b>	<b>43</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: 1. Market values are based on the market prices on September 30, 2000.

2. "Gains" and "Losses" are breakdowns of "Unrealized Gains/Losses".

(2) Investment securities in subsidiaries and affiliates with market value (nonconsolidated)

None

(3) Securities available for sale for which market values can be calculated

• Securities available for sale with market value are not stated at market value at the interim balance sheet date.

• Securities available for sale carries on the interim balance sheet according to Ordinance No. 11, 2000, of the Ministry of Finance, Supplementary Provision Clause 3 are as follows:

(millions of yen)

	As of Sep. 30, 2000				
	Balance Sheet Amount (consolidated) X	Market Value Y	Unrealized Gains/Losses Y - X	Unrealized Gains/Losses	
				Gains	Losses
Stock	1,948,778	2,148,885	200,106	322,524	122,418
bonds	2,848,679	2,859,825	11,145	13,549	2,403
Japanese government bonds	2,495,850	2,498,267	2,417	4,151	1,733
Japanese local government bonds	59,896	63,239	3,343	3,425	82
corporate bonds	292,933	298,317	5,384	5,971	587
Others	194,608	197,282	2,674	7,832	5,157
<b>Total</b>	<b>4,992,066</b>	<b>5,205,993</b>	<b>213,926</b>	<b>343,906</b>	<b>129,979</b>

Note: 1. Market values of stock are based on the average market prices of the last one month of the interim period ended September 30, 2000.

Market values of others are based on the market prices on September 30, 2000.

2. "Gains" and "Losses" are breakdowns of "Unrealized Gains/Losses".

(4) The major components of securities with which market value is not available and their respective balance sheet amounts

(millions of yen)

Securities available for sale	As of Sep. 30, 2000
	Unlisted domestic bonds
Unlisted stocks (except over-the-counter securities)	52,516
Unlisted international securities	42,379

2. Money held in trust

(1) Held-to-maturity money held in trust

None

(2) Money held in trust available for sale (excluding investment purposes or held-to-maturity)

None

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

(millions of yen)

	As of Sep. 30, 2000
Difference (Market value - Interim balance sheet amount)	213,926
Other securities	213,926
Other money held in trust	-
Amount equivalent to deferred tax liabilities	84,661
Amount equivalent to unrealized gain (Net) of other securities (before adjustment of amount equivalent to interest)	129,265
Amount equivalent to minority interest	1,408
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	-14
Amount equivalent to unrealized gain (Net) of securities available for sale	127,842

Securities, etc.

1. Securities

- including "securities " on consolidated balance sheet, 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)

	As of Mar. 31, 2001	
	Balance-sheet amount	Unrealized gain (net) included in profits and losses
Securities Held for Trading Purposes	589,942	95

(2) Marketable bonds held to maturity

(millions of yen)

	As of Mar. 31, 2001				
	Balance Sheet Amount (consolidated)	Market Value	Unrealized Gains/Losses	Unrealized Gains/Losses	
				Gains	Losses
X	Y	Y-X			
Japanese government bonds	19	19	0	0	-
Others	99	100	0	0	0
Total	119	120	1	1	0

Note: 1. Market values are based on the market prices on March 31, 2001.

2. "Gains" and "Losses" are breakdowns of "Unrealized Gains/Losses".

(3) Investment securities in subsidiaries and affiliates with market value (nonconsolidated)

None

(4) Securities available for sale for which market values can be calculated

Securities available for sale with market value are not stated at market value at the consolidated balance sheet date.

Securities available for sale carries on the balance sheet according to Ordinance No.9, 2000 of the Ministry of Finance, Supplementary Provision Clause 3 are as follows:

(millions of yen)

	As of Mar. 31, 2001				
	Balance Sheet Amount (consolidated)	Market Value	Unrealized Gains/Losses	Unrealized Gains/Losses	
				Gains	Losses
X	Y	Y-X			
Stock	1,759,897	1,643,319	-116,577	120,132	236,709
bonds	1,793,870	1,812,923	19,052	21,071	2,018
Japanese government bonds	1,498,856	1,508,003	9,147	10,440	1,292
Japanese local government bonds	45,951	50,192	4,241	4,241	-
corporate bonds	249,062	254,727	5,664	6,390	725
Others	291,849	275,676	-16,172	1,970	18,142
Total	3,845,617	3,731,920	-113,697	143,174	256,871

Note: 1. Market values of stocks are based on the average market prices of the last one month of the fiscal year ended March 31, 2001.

Market values of others are based on the market prices on March 31, 2001.

2. "Gains" and "Losses" are breakdowns of "Unrealized Gains/Losses".

(5) Marketable bonds held to maturity which were sold in the fiscal year 2000

None

(6) Securities available for sale which were sold in the fiscal year 2000

(millions of yen)

	Fiscal 2000		
	Sold	Gains	Losses
Securities available for sale	6,848,634	219,846	5,481

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

(millions of yen)

Securities available for sale	As of Mar. 31, 2001
Unlisted domestic bonds	340,605
Unlisted stocks (except over-the-counter securities)	49,082

(8) Securities of which purpose to hold were changed

None

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

(millions of yen)

	As of Mar. 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	-
Japanese government bonds	699,953	517,540	281,381	-
Japanese 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

## 2. Money held in trust

(1) Investment purpose money held in trust

(millions of yen)

	As of Mar. 31, 2001	
	Balance-sheet amount	Unrealized gain (net) included in profits and losses
Investment purpose money held in trust	60,050	-

(2) Held-to-maturity money held in trust

None

(3) Money held in trust available for sale (excluding investment purposes or held-to-maturity)

None

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

(millions of yen)

	As of Mar. 31, 2001
Difference (Market value - Balance sheet amount)	-113,697
Securities available for sale	-113,697
Money held in trust available for sale	-
Amount equivalent to deferred tax liabilities	44,868
Amount equivalent to unrealized gain (Net) of securities available for sale (before adjustment of amount equivalent to interest)	-68,829
Amount equivalent to minority interest	312
Amount equivalent to parent company interest of amount equivalent to unrealized gain (Net) of securities available for sale owned by the companies accounted for the equity method	18
Amount equivalent to unrealized gain (Net) of securities available for sale	-69,123

# Derivatives

## (1) Interest Rate Related Transactions

(Millions of Yen)

		Sep. 30, 2001		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Listed	Futures	578,412	-307	-307
	Options	-	-	-
Unlisted	Forward Rate Agreements	-	-	-
	Swaps	3,276,537	279	279
	Options	-	-	-
	Caps	265,282	-24	1,095
	Floors	100	14	4
	Others	2,000	-	11
	Total		-37	1,083

Note: Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the interim consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting.

## (2) Foreign Exchange Related Transactions

(Millions of Yen)

		Sep. 30, 2001		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Unlisted	Swaps	572,516	1,756	1,756
	Forward	-	-	-
	Options	-	-	-
	Others	-	-	-

Note: 1. Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting and transactions in below Note 2.  
2. Figures on currency-related transactions calculated by accrual basis based on "Temporary Treatment for Accounting and Auditing for Application of Accounting Standard for Foreign Currency Transaction in the Banking Industry" (the Japanese Institute of Certified Public Accountants' Industry Audit Committee, Report 20).

Contract Values or notional principal amounts and market values of derivatives mentioned above are as follows:

(Millions of Yen)

		Sep. 30, 2001		
		Contract Value or Notional Principal Amount	Market value	Unrealized Gains/Losses
Swaps		79,135	150	150

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

Above mentioned transactions related to currency are as follows:

(Millions of Yen)

		Sep. 30, 2001	
		Contract Value or Notional Principal Amount	
Listed	Futures		-
	Options		-
Unlisted	Forward	1,001,880	
	Options	188,245	
	Others		-

(3) Equity Related Transactions

(Millions of Yen)

		Sep. 30, 2001		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Listed	Stock Index Futures	-	-	-
	Stock Index Options	-	-	-
Unlisted	Security Options (Over-the-counter)	-	-	-
	Security Index Swaps (Over-the-counter)	-	-	-
	Others	-	-	-
	Total	-	-	-

Note: Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the interim consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting.

(4) Bond Related Transactions

(Millions of Yen)

		Sep. 30, 2001		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Listed	Futures	17,676	-40	-40
	Futures Options	-	-	-
Unlisted	Options (Over-the-counter)	-	-	-
	Others	-	-	-
	Total	-	-40	-40

Note: Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the interim consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting.

(5) Commodity Related Transactions

None

(6) Credit Derivative Transactions

None

# Derivatives

## (1) Interest Rate Related Transactions

(Millions of Yen)

		Sep. 30, 2000		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Listed	Futures	257,428	281	281
	Options	-	-	-
Unlisted	Forward Rate Agreements	50,380	6	6
	Swaps	4,675,993	-2,706	-2,706
	Options	-	-	-
	Caps	100,285	-129	403
	Floors	-	-	-
	Others	-	-	-
	Total			-2,547

Note: Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the interim consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting.

## (2) Foreign Exchange Related Transactions

(Millions of Yen)

		Sep. 30, 2000		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Unlisted	Swaps	198,912	537	537
	Forward	-	-	-
	Options	-	-	-
	Others	-	-	-
		-	-	-

Note: 1. Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting and transactions in below Note 2.  
2. Figures on currency-related transactions calculated by accrual basis based on "accounting for the asset denominated in foreign currency and currency option transactions by bank" (issued on April 10, 2000 by Japanese Institute of Certified Public Accountants).  
Contract Values or notional principal amounts and market values of derivatives mentioned above are as follows:

(Millions of Yen)

		Sep. 30, 2000		
		Contract Value or Notional Principal Amount	Market value	Unrealized Gains/Losses
Swaps		99,769	201	201

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

Above mentioned transactions related to currency are as follows:

(Millions of Yen)

		Sep. 30, 2000	
		Contract Value or Notional Principal Amount	
Listed	Futures		-
	Options		-
Unlisted	Forward	1,920,037	
	Options	69,622	
	Others		-

(3) Equity Related Transactions

(Millions of Yen)

		Sep. 30, 2000		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Listed	Stock Index Futures	-	-	-
	Stock Index Options	-	-	-
Unlisted	Security Options (Over-the-counter)	-	-	-
	Security Index Swaps (Over-the-counter)	-	-	-
	Others	-	-	-
	Total	-	-	-

Note: Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the interim consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting.

(4) Bond Related Transactions

(Millions of Yen)

		Sep. 30, 2000		
		Contract Value or Notional Principal Amount	Market value	Revaluation Gains/Losses
Listed	Futures	19,006	-63	-63
	Futures Options	-	-	-
Unlisted	Options (Over-the-counter)	-	-	-
	Others	-	-	-
	Total	-	-63	-63

Note: Above transactions are revaluated at the market rates prevailing at the interim consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the interim consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting.

(5) Commodity Related Transactions

None

(6) Credit Derivative Transactions

None

# Derivatives

## (1) Interest Rate Related Transactions

(Millions of Yen)

		Mar. 31, 2001			
		Contract Value or Notional Principal Amount	Over 1 Year	Market value	Revaluation Gains/Losses
Listed	Futures				
	Sold	97,331	7,593	-135	-135
	Bought	216,138	8,643	1,362	1,362
	Options				
	Sold	-	-	-	-
	Bought	-	-	-	-
Unlisted	Forward Rate Agreements				
	Sold	-	-	-	-
	Bought	17,710	17,710	-62	-62
	Swaps				
	Receive-fix	1,951,715	1,101,445	39,754	39,754
	Pay-fix	1,795,706	1,149,820	-38,779	-38,779
	Basis	21,000	20,000	-35	-35
	Options				
	Sold	-	-	-	-
	Bought	-	-	-	-
	Caps				
	Sold	89,300	85,600	190	1,059
	Bought	74,985	72,985	159	-329
	Floors				
	Sold	-	-	-	-
Bought	100	100	3	3	
Others					
Sold	-	-	-	-	
Bought	-	-	-	-	
Total			2,457	2,837	

Note: 1. Above transactions are revaluated at the market rates prevailing at the consolidated balance sheet date.

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

And the above schedule excludes derivatives accounted for the 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 net present value or value based on option pricing models.



(2) Foreign Exchange Related Transactions

(Millions of Yen)

		Mar. 31, 2001			
		Contract Value or Notional Principal Amount	Over 1 Year	Market value	Revaluation Gains/Losses
Unlisted	Swaps	586,122	429,277	1,386	1,386
	Others	-	-	-	-

- Note: 1. Above transactions are revaluated at the market rates prevailing at the consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the hedge accounting and transactions in below Note 3.
2. Market values are calculated based on the discounted present value.
3. Figures on currency-related transactions calculated by accrual basis based on "accounting for the asset denominated in foreign currency and currency option transactions by bank" (issued on April 10, 2000 by Japanese Institute of Certified Public Accountants).  
Contract Values or notional principal amounts and market values of derivatives mentioned above are as follows:

(Millions of Yen)

	Mar. 31, 2001		
	Contract Value or Notional Principal Amount	Market value	Unrealized Gains/Losses
Swaps	81,453	166	166

Similarly, the above schedule excludes transactions related to currency, for example foreign exchange forward contracts and currency options, because these transactions are revaluated at the market rates prevailing at the consolidated balance sheet date. The gains (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.  
Above mentioned transactions related to currency are as follows:

(Millions of Yen)

		Mar. 31, 2001	
		Contract Value or Notional Principal Amount	
Listed	Futures		
	Sold		-
	Bought		-
	Options		
	Sold		-
	Bought		-
Unlisted	Forward		
	Sold		851,167
	Bought		628,721
	Options		
	Sold		131,571
	Bought		133,971
	Others		
	Sold		-
Bought		-	

(3) Equity Related Transactions

None

(4) Bond Related Transactions

(Millions of Yen)

		Mar. 31, 2001			
		Contract Value or Notional Principal Amount	Over 1 year	Market value	Revaluation Gains/Losses
Listed	Futures				
	Sold	1,390	-	0	0
	Bought	13,636	-	-14	-14
	Futures Options				
	Sold	-	-	-	-
	Bought	-	-	-	-
Unlisted	Options (Over-the-counter)				
	Sold	-	-	-	-
	Bought	-	-	-	-
	Others				
	Sold	-	-	-	-
	Bought	-	-	-	-
	Total			-13	-13

Note: 1. Above transactions are revaluated at the market rates prevailing at the consolidated balance sheet date.  
The gain (or losses) in consequence of the revaluation credited (or debited) to the consolidated statements of operations.  
And the above schedule excludes derivatives accounted for the 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 net present value or value based on option pricing models.

(5) Commodity Related Transactions

None

(6) Credit Derivative Transactions

None

## SUMMARY OF NONCONSOLIDATED FINANCIAL RESULTS (September 30, 2001 / Unaudited)

November 26, 2001  
The Asahi Bank, Ltd.  
1-1-2 Otemachi, Chiyoda-ku, Tokyo, Japan

### 1. Financial Highlights (April 1, 2001 - September 30, 2001)

(1) Business Results (Amounts of less than one million yen have been rounded down)

	Ordinary Income	Change from previous interim	Ordinary Net Income	Change from previous interim	Net Income	Change from previous interim	Net Income per share	
	million yen		million yen	%	million yen	%	yen	sen
Sep. 30, 2001	358,258	-18.0%	-54,408	—	-29,780	—	-10	53
Sep. 30, 2000	436,837	11.0%	27,552	-22.9%	15,178	-17.1%	4	50
Mar. 31, 2001	872,017		-13,112		-9,841		-5	25

Notes: (1) Average Number of ordinary shares issued --- 2,827,450,516 shares (Six months ended September 30, 2001)  
Average Number of ordinary shares issued --- 2,818,316,384 shares (Six months ended September 30, 2000)  
Average Number of ordinary shares issued --- 2,821,455,208 shares (Fiscal year ended March 31, 2001)  
(2) Accounting policies were not changed.

### (2) Dividends

	Dividends per share			
	Interim		Year-end	
	yen	sen	yen	sen
Sep. 30, 2001	0	00	—	—
Sep. 30, 2000	3	00	—	—
Mar. 31, 2001	—	—	3	00

### (3) Financial Position

	Total Assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share	Capital Ratio (Nonconsolidated)
	million yen	million yen	%	yen sen	(Preliminary)
Sep. 30, 2001	30,153,572	1,064,072	3.5%	234 22	10.47%
Sep. 30, 2000	30,182,798	1,395,470	4.6%	350 64	11.73%
Mar. 31, 2001	30,264,719	1,359,494	4.5%	338 23	11.41%

Note: (1) Number of shares issued  
September 30, 2001 2,831,149,009 shares (Ordinary)  
September 30, 2000 2,818,981,939 shares (Ordinary)  
March 31, 2001 2,825,145,079 shares (Ordinary)

(2) Number of common stock in treasury September 30, 2001 18,220 shares (Ordinary)

### 2. Forecast of Fiscal year's Performance (April 1, 2001 - March 31, 2002)

	Ordinary Income	Ordinary Net Income	Net Income	Annual Dividends per share			
				Year-end			
	million yen	million yen	million yen	yen	sen	yen	sen
Mar. 31, 2002	700,000	-640,000	-520,000	(Note 2)	(Note 2)	(Note 2)	(Note 2)

Note: (1) Forecast of Net Income per share for Fiscal Year ( -183.67 yen)

(2) Annual dividends will be paid by a holding company which Asahi Bank and Daiwa Bank Holdings, Inc. will establish to consolidate the operations of Asahi Bank and Daiwa Bank Group through transfer of shares.

A further announcement will be made at a later date when the detail is decided after the approvals of shareholders and regulatory authorities.

Nonconsolidated Balance Sheet (Unaudited)

As of September 30, 2001

Millions of yen

	Millions of yen	
<b>Assets</b>		
Cash and due from banks	¥	2,274,990
Call loans		191,264
Bills purchased		250,000
Trading assets		785,056
Money held in trust		60,000
Securities		4,331,762
Loans and bills discounted		19,805,462
Foreign exchanges		110,635
Other assets		470,325
Premises and equipment		446,522
Deferred tax assets		381,383
Customers' liabilities for acceptances and guarantees		1,464,062
Reserve for possible loan losses		-417,895
<b>Total Assets</b>	<b>¥</b>	<b>30,153,572</b>
<b>Liabilities</b>		
Deposits	¥	19,041,139
Negotiable certificates of deposit		4,125,785
Call money		2,122,835
Payables under repurchase agreements		282,773
Bills sold		50,000
Commercial paper		180,000
Trading liabilities		209,210
Borrowed money		981,027
Foreign exchanges		7,021
Bonds issued		130,000
Other liabilities		349,315
Reserve for bonus payments		5,655
Reserve for employees' retirement benefits		9,460
Reserve for contingent liabilities related to loans sold		30,616
Reserve for possible losses on investments		17,800
Other reserves		0
Deferred tax liabilities on land revaluation		82,797
<b>Acceptances and guarantees</b>		<b>1,464,062</b>
<b>Total Liabilities</b>	<b>¥</b>	<b>29,089,500</b>
<b>Stockholders' Equity</b>		
Common stock	¥	605,356
Legal reserves		585,553
Land revaluation difference		126,392
Retained earnings		9,831
Voluntary reserves		25,100
Undisposed loss		15,268
Net Loss		29,780
Net unrealized gains on securities available for sale		-263,059
Common stocks in treasury		-2
<b>Total Stockholders' Equity</b>	<b>¥</b>	<b>1,064,072</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>¥</b>	<b>30,153,572</b>

Note:

1. Amounts of less than one million yen have been rounded down.
2. 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” on the balance sheets as of the date on which the transactions have been contracted.  
“Trading assets” and “trading liabilities” are valued, in case of securities and commercial paper, etc., at the market value as of the date of the balance sheets and, in the case of derivatives, including swaps, futures and options, at the amount due if the transactions were to be settled based on the date of the balance sheets.
3. Held-to-maturity securities are stated at amortized cost determined by the moving average method. Investments in subsidiaries and affiliates are stated at cost by the moving average method. Securities available for sale with market value are stated at market value. The market value of equity securities of such securities available for sale are based on the average market prices during the last month of the interim period ended September 30, 2001. The market value of the rest of securities available for sale with market value are based on the market prices on September 30, 2001, and the cost of such securities available for sale sold in the period has been calculated using the moving average cost method. Securities available for sale which have no market value are stated at cost or at amortized cost determined by the moving average method.  
Net unrealized gains on securities available for sale have not been charged to income or expenses, but presented in the interim balance sheet as a component of the stockholders' equity.
4. Securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management are stated at market value.
5. Derivative transactions (excluding “Transaction for Trading Purposes”) are stated at market value.

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

The useful lives of main premises and equipment are as follows:

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

7. Software used by the Bank has been depreciated by the straight-line method based on the estimated useful lives (principally 5 years) decided by the Bank.

8. Issuing expenses of corporate bonds are charged to operations as incurred.

9. Foreign currency assets and liabilities are mainly translated into yen at the current rates prevailing at the balance sheet date, except for investments in subsidiaries and affiliates, which are translated into yen at the historical rates as of the acquisition date.

Until the year ended March 31, 2001, the Bank had been adopted "Accounting for the Assets Denominated in Foreign Currency and Currency Option Transactions by Banks" in accordance with "Temporary Treatment for Auditing of Consistent Application of Accounting for the Assets Denominated in Foreign Currency and Currency Option Transactions by Banks in the Banking Industry" (issued on April 10, 2000 by the Japanese Institute of Certified Public Accountants). From this period, the Bank adopted a revised Accounting Standards for Foreign Currency Transactions ("Opinion concerning revision of Accounting Standards for Foreign Currency Transactions" issued on October 22, 1999 by the Business Accounting Deliberation Council), except for transactions to which "Temporary Treatment for Accounting and Auditing of Application of Accounting for Foreign Currency Transactions in the Banking Industry" (the Japanese Institute of Certified Public Accountant's Industry Audit Committee Report No.20) is applied. This change has no material effect.

With regard to fund swap transactions, the amounts equivalent to the principals of receivables and payables translated into yen at the current rates prevailing on the interim balance sheet date are presented in the interim balance sheet, in accordance with the Japanese Institute of Certified Public Accountant's Industry Audit Committee Report No.20. Spreads between spot rate and futures rate which reflect interest rate differential in multiple currencies are accounted for as income or expenses on the accrual basis over fiscal years covered by the fund swap transactions in the interim statements of operations, and accrued income or accrued expenses are presented in the interim balance sheet.

Fund swap transactions, which are arranged in multiple currencies as finances or investments of funds, are a type of foreign exchange swap transactions. In fund swap transactions, spot buying exchanges or spot selling exchanges in the amount equivalent to the principal to be financed or invested are arranged, and at the same time futures buying exchanges or futures selling exchanges in the sum of the amount equivalent to the principal and the predetermined amount to be paid or received in the agreed future date are arranged.

When such a transaction is (i) arranged for the purpose of financing or investing funds in multiple currencies, (ii) the amount equivalent to the principal paid or received at the start of the currency swap contract is equal to the amount equivalent to the principal to be received or paid at the end of the contract, and (iii) a flat rate currency swap transaction whose rates applied to the principal portion and interest portion are reasonable (including a flat rate currency swap transaction in which the amount equivalent to the principal is revised at every interest payment date based on the spot rate at the time but a revised flat rate is always applied for the period until next interest payment date), in accordance with the Japanese Institute of Certified Public Accountant's Industry Audit Committee Report No.20, the amount equivalent to the principal of receivable or payables have been translated into yen at the current rate prevailing at the interim balance sheet date and presented in the interim balance sheet, the amount equivalent to the interest has been charged to income or expenses on the accrual basis in the interim statement of operations, and accrued income or accrues expenses at the interim balance sheet date have been included in the balance sheet.

10. The Bank has 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 reserves 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 that 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 (includes reserve for possible overseas investment losses in Article 55-2 of Special Taxation Measures Law) likely to become uncollectible due to political and economic circumstances of relevant countries.

Regarding each loan, the Credit Review Office, which is controlled separately from operating divisions, reviews asset valuations of 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 the Banks' loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are 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 are ¥438,832 million.

11. To provide for its employees' bonus payments, the Bank reserves for estimated bonus payments attributable to the services incurred during the interim period. Effective April 1, 2001, this reserve is shown as "Reserve for bonus payments" in the balance sheet in accordance with "Concerning Financial Statements Titles To Be Used for Accrued Bonuses for Employees" (the Japanese Institute of Certified Public Accountant's Research Center Review Information No.15). In previous years, the reserve was included in "Other Liabilities" in the balance sheet.
12. To provide for its employees' retirement benefits, the Bank reserves for the amount of severance payments and pension plans attributable to this interim period based on their projected benefit obligation and plan assets at the balance sheet date.  
The actuarial loss is to be amortized from the next fiscal year using the straight-line method for certain years (10 years) within the average remaining service years of its employees.  
With regard to the difference caused by the accounting change (¥131,588 million), the Bank accounted for as expenses amounted to ¥40,290 million in the previous year due to establishment of pension benefits' trust and the rest of the amount has been proportionally amortized over a five-year period. For the interim period in review, the Bank records an expense equivalent to 6/12 of the annual amortization cost.
13. The reserve for contingent liabilities related to loans sold is set aside based on the estimated liabilities of further losses on the loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited.  
This reserve is set aside by the Bank in accordance with Article 287-2 of the Commercial Code of Japan.
14. The reserve for possible losses on investments is provided based on the estimated amount of future losses on investments.  
This reserve is provided by the Bank in accordance with Article 287-2 of the Commercial Code of Japan.
15. Noncancelable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating leases or finance leases except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.
16. The Bank uses the hedge-accounting technique of "macro-hedging," which utilizes derivatives to comprehensively control the interest risk attendant with 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 hedging to account for unrealized gains or losses arising from derivatives mentioned above.

Also the Bank holds the risk amounts of 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 hedging, market value hedging and special treatment of interest rate swaps to certain assets and liabilities.

17. The Bank accounts for consumption taxes and local consumption taxes using the tax-excluded method.

18. Other Reserves: The Reserve for financial futures transactions ¥ 0 million

This reserve is set aside in accordance with Article 82 of the Financial Futures Transactions Law.

19. Amount of accumulated depreciation of premises and equipment: ¥ 226,547 million

20. Amount of the reduction entry on acquisition cost of premises and equipment: ¥ 60,394 million

21. Loans to borrowers in legal bankruptcy amounted to ¥ 71,920 million, and past due loans amounted to ¥ 730,300 million.

Loans to borrowers in legal bankruptcy are those loans - among all loans for which payment of principal or interest has not been received for a substantial period and for which, for other reasons, there are no prospects for recovery or repayment of principal or interest, and, accordingly, no interest has been accrued (excluding loans written off and hereinafter referred to as nonaccrual loans) - for which the circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No.97, 1965), items i through v in Article 96, Section 1, Part 3 or the circumstances stated in Part 4 of the same article.

Past due loans are those nonaccrual loans other than Loans to borrowers in legal bankruptcy and other than loans for which interest payments have been rescheduled with the objective of assisting these borrowers in management restructuring.

22. Loans past due 3 months or more amounted to ¥ 86,121 million.

Loans past due 3 months or more are loans in respect of which payment of principal or interest has been over due by 3 months or more from the contract payment date, except “loans to borrowers in legal bankruptcy” or “past due loans”.

23. Restructured loans amounted to ¥ 388,178 million.

Restructured loans are those for which the Bank has provided terms and conditions - including reducing interest rates, rescheduling interest and principal payments, or waiving of claims on the borrower - more favorable to the borrower than those in the original loan agreement, excluding “loans to borrowers in legal bankruptcy”, “past due loans”, and “loans past due 3 months or more”.

24. Total amount of loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more, and restructured loans were ¥ 1,276,521 million.

The amounts in these notes from No. 21 to No. 24 are before deduction of reserve for possible loan losses.

25. Bills accepted by banks, commercial bills and bills of exchange with freight which were acquired as bills discounted amounted to ¥ 370,131 million.

26. Assets pledged as collateral were as follows:

- Trading assets ¥ 243,773 million
- Securities ¥ 1,970,249 million
- Loans ¥ 350,802 million

Liabilities corresponding to assets which were pledged as collateral:

- Deposits ¥ 33,350 million
- Call money ¥ 157,000 million
- Payables under repurchase agreements ¥ 282,773 million
- Bills sold ¥ 50,000 million
- Other liabilities ¥ 13,140 million

Besides above, securities for exchange payment or securities for dealings in futures:

- Securities ¥ 568,412 million
- Loans ¥ 21,185 million

And premises and equipment include security deposits of ¥ 24,854 million, and other assets include deposit money for futures transactions of ¥ 210 million.

27. Unrealized gains or losses in respect of hedging are included in other assets as deferred hedge loss by net amount.

Prior to above offsetting, the gross deferred hedge losses and gains amount to ¥ 123,652 million and ¥ 114,549 million, respectively.

28. The Bank had revalued land used for business purposes based on the Law Concerning Land Revaluation (Law 34, announced on March 31, 1998).

Deferred tax in the revaluation difference has been recorded in liabilities, and the rest has been recorded in stockholders' equity.

Revaluation date: March 31, 1998

Revaluation method as stated in Article 3-3 of the Land Revaluation Law:

The value of land is based on the official notice prices stated in the Law of the Public Notice of Land Price (assessed date, January 1, 1998), as stipulated in Article 2-1 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance announced on March 31, 1998), after making reasonable adjustments such as for location and quality of sites.

29. Borrowed money included subordinated debt amounting to ¥ 898,935 million, which, by special covenants, is subordinated to other obligations in the order of their performance.

30. Bonds issued include subordinated bonds amounting to ¥ 30,000 million.

31. Issues pertaining to market value and unrealized gain (net) of investment securities are presented below. Those data encompasses securities, trading account securities, negotiable certificates of deposit and commercial paper under Trading Assets, as well as negotiable certificates of deposit under Cash and Due from Banks and commercial paper under Monetary receivables bought. This grouping applies through Note 35.

Securities Held for Trading Purposes:

Balance-sheet amount	¥ 574,094 million
Unrealized gain (net) included in profits and losses	¥ 90 million

There is no Marketable Bonds Held to Maturity

There is no marketable equity interests in subsidiaries and affiliates.

Securities available for sale with Market Value:

	Acquisition cost	Balance-sheet amount	Unrealized gain (net)	(Millions of Yen)	
				(Gains)	(Losses)
Stock	1,483,345	1,189,098	-294,246	54,663	348,910
Bonds	2,661,730	2,674,918	13,187	14,735	1,547
Government Bonds	2,304,732	2,306,245	1,513	2,602	1,088
Local Government Bonds	172,872	180,064	7,191	7,219	27
Corporate Bonds	184,126	188,608	4,482	4,913	430
Others	267,766	232,065	-35,700	1,362	37,062
<b>Total</b>	<b>4,412,842</b>	<b>4,096,082</b>	<b>-316,759</b>	<b>70,761</b>	<b>387,520</b>

Unrealized gain (net) with deferred tax assets ¥ 53,700 million, totally amounted to ¥ -263,059 million, is reported in a separate component of stockholders' equity as net unrealized gains on securities available for sale.

32. No held-to-maturity bonds were sold during the interim period.

33. Securities available for sale sold during the interim period are as follows:

(Millions of yen)

Amount sold	Gain	Loss
2,755,523	33,302	16,209

33. Major components of securities available for sale deemed non-marketable and their respective balance sheet amounts are as follows:

Securities of subsidiaries and affiliates

Subsidiaries	¥ 17,680 million
Affiliates	¥ 1,989 million

Securities available for sale

Unlisted domestic bonds	¥ 181,198 million
Unlisted securities(excluding over-the-counter securities)	¥ 38,206 million

35. Projected redemption amounts for securities available for sale with maturities are presented below according to the period of maturity.

(Millions of Yen)	One Year or Less	One to Five Years	Five to 10 Years	More than 10 years
Bonds	1,162,122	1,258,297	435,101	596
Government Bonds	1,076,704	945,175	284,365	
Local Government Bonds	20,909	75,989	113,903	596
Corporate Bonds	64,508	237,132	36,831	
Other	68,027	114,851	21,551	
<b>Total</b>	<b>1,230,149</b>	<b>1,373,148</b>	<b>456,652</b>	<b>596</b>

36. The breakdown of money held in trust is as follows:

Money held in trust for investment purposes

Balance-sheet amount ¥ 60,000 million

There were no unrealized gains or losses included in earnings during the interim period.

There were no held-to-maturity money held in trust.

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

The amount of unexercised loans related to such agreements amounted to ¥ 5,473,840 million. The amount of which the original agreement period was within a year or the Bank could cancel any time without any penalty was ¥ 5,390,397 million and included in above.

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

At the time of exercising loans to customers, the Bank is to request collateral of premises or securities if necessary. After exercising of loans, the Bank periodically checks the financial condition of customers based on its internal rule and performed certain actions for security of loans if necessary.

38. Effective April 1, 2001, in accordance with the Supplementary Provision Clause 3 of "Cabinet Ordinance for the Revision of the Rules Implementing the Banking Law (Ordinance No.85, 2001 of Cabinet Office), common stock in treasury, which was included in securities through the prior years, has been shown as a separate component of stockholders' equity which is to be deducted from stockholders' equity. The effect of the adoption of the new method of presentation in comparison with the previous method is decrease of assets by ¥ 2 million and decrease of stockholders' equity by ¥ 2 million.

39. Effective April 1, 2001, in accordance with the accounting standard for financial instruments, the Bank accounts for financial instruments as follows:

- 1) Repurchase and resale transactions, which were accounted for as sell/buy transactions, are now accounted for as financing transactions using “Receivables under resale agreements” account or “Payables under repurchase agreements” account.
- 2) Unrealized gains and losses, net of income tax impact, of securities available for sale and money held in trust available for sale incurred by the marked to market method are included in “Net unrealized gains on securities available for sale”. As a result, due from banks decreases by ¥ 44 million and securities decreased by ¥ 316,715 million, and net unrealized gains on securities available for sale amounting to ¥ - 263,059 million are recorded.

## Nonconsolidated Statement of Operations (Unaudited)

Six months ended September 30, 2001

	Millions of yen	
Income		
Operating Income	¥	261,027
Interest on loans and discounts	(	207,697 )
Interest and dividends on securities	(	30,442 )
Fees and commissions		32,082
Trading income		3,723
Other operating income		17,566
Other income		43,858
<b>Total Income (Ordinary Income)</b>	<b>¥</b>	<b>358,258</b>
Expenses		
Operating expenses	¥	64,939
Interest on deposits	(	37,590 )
Fees and commissions		14,087
Trading expenses		16
Other operating expenses		7,498
General and administrative expenses		130,527
Other expenses		195,596
<b>Total Expenses (Ordinary Expenses)</b>	<b>¥</b>	<b>412,666</b>
<b>Ordinary Net Loss</b>	<b>¥</b>	<b>54,408</b>
Extraordinary profits		769
Extraordinary loss		3,332
Loss before Income Taxes		56,971
Income Taxes:		
Current		210
Deferred		-27,402
<b>Net Loss</b>	<b>¥</b>	<b>29,780</b>
Profit brought forward from previous fiscal year		13,783
Reversal of land revaluation difference		727
<b>Undisposed loss at the end of the interim period ended September 30, 2001</b>	<b>¥</b>	<b>15,268</b>

Note:

1. Amounts of less than one million yen have been rounded down.
2. Profits and losses from transactions of trading purposes are included in "Trading income" or "Trading expenses" in the statement of operations, as of the date when the transactions has been contracted.

Trading income and trading expenses include amounts of interest received or paid during the period plus the amount of difference between the profits or losses generated from valuation for securities, commercial papers, derivatives, etc. as at the end of the preceding period and those as at the end of this period.

3. Other ordinary income includes:

<input type="checkbox"/> Gains on sale of stocks and other securities	¥ 19,593 million
<input type="checkbox"/> Gains on establishment of trust for employee retirement benefit	¥ 21,764 million

4. Other ordinary expenses include:

<input type="checkbox"/> Provisions for reserve for possible loan losses	¥ 22,896 million
<input type="checkbox"/> Write-off of claims	¥ 31,570 million
<input type="checkbox"/> Losses on sale of stocks and other securities	¥ 12,482 million
<input type="checkbox"/> Write-off of stocks and other securities	¥ 90,664 million
<input type="checkbox"/> Provisions for reserve for contingent liabilities related to loans sold	¥ 3,591 million
<input type="checkbox"/> Provisions for reserve for possible losses on investments	¥ 17,800 million
<input type="checkbox"/> Expenses for the difference caused by accounting change with application of new criteria for employee retirement benefit	¥ 9,129 million



Nonconsolidated Balance Sheets (Main Items) (Unaudited)

	Millions of yen				
	A Interim 2001	B Interim 2000	A - B	C Fiscal 2000	A - C
<b>Assets</b>					
Cash and due from banks	¥ 2,274,990	¥ 1,312,648	¥ 962,342	¥ 1,575,845	¥ 699,145
Call loans	191,264	153,196	38,068	97,800	93,463
Bills purchased	250,000	-	250,000	801,600	-551,600
Commercial paper and other debt purchased	-	401	-401	-	-
Trading assets	785,056	649,323	135,732	777,686	7,369
Money held in trust	60,000	60,000	-	60,000	-
Securities	4,331,762	5,446,537	-1,114,774	4,216,032	115,730
Loans and bills discounted	19,805,462	20,488,594	-683,131	20,327,355	-521,892
Foreign exchange	110,635	70,396	40,239	74,054	36,581
Other assets	470,325	346,426	123,899	481,051	-10,726
Premises and equipment	446,522	454,274	-7,751	451,803	-5,280
Deferred tax assets	381,383	306,180	75,203	300,756	80,626
Customers' liabilities for acceptances and guarantees	1,464,062	1,282,707	181,355	1,517,303	-53,240
Reserve for possible loan losses	-417,895	-387,887	-30,008	-416,570	-1,324
<b>Total Assets</b>	¥ 30,153,572	¥ 30,182,798	¥ -29,225	¥ 30,264,719	¥ -111,146
<b>Liabilities</b>					
Deposits	¥ 19,041,139	¥ 20,427,785	¥ -1,386,646	¥ 20,444,811	¥ -1,403,672
Negotiable certificates of deposit	4,125,785	2,298,240	1,827,544	2,981,795	1,143,989
Call money	2,122,835	2,088,830	34,005	1,233,685	889,150
Payables under repurchase agreements	282,773	-	282,773	-	282,773
Bills sold	50,000	22,400	27,600	38,600	11,400
Commercial paper	180,000	150,000	30,000	420,000	-240,000
Trading liabilities	209,210	86,793	122,417	211,496	-2,285
Borrowed money	981,027	1,087,733	-106,706	1,027,207	-46,179
Foreign exchange	7,021	4,985	2,035	8,706	-1,685
Bonds issued	130,000	50,000	80,000	100,000	30,000
Other liabilities	349,315	1,102,601	-753,285	757,868	-408,552
Reserve for bonus payments	5,655	-	5,655	-	5,655
Reserve for employees' retirement benefits	9,460	32,352	-22,892	20,926	-11,466
Reserve for contingent liabilities related to loans sold	30,616	61,582	-30,966	37,654	-7,038
Reserve for supporting specific borrowers	-	6,603	-6,603	22,000	-22,000
Reserve for possible losses on investments	17,800	-	17,800	-	17,800
Other reserves	0	0	-	0	-
Deferred tax Liabilities on land revaluation	82,797	84,713	-1,916	83,167	-370
Acceptances and guarantees	1,464,062	1,282,707	181,355	1,517,303	-53,240
<b>Total Liabilities</b>	¥ 29,089,500	¥ 28,787,328	¥ 302,172	¥ 28,905,224	¥ 184,276
<b>Stockholders' Equity</b>					
Common stock	605,356	605,356	-	605,356	-
Legal reserves	585,553	582,865	2,688	585,053	500
Land revaluation difference	126,392	129,587	-3,195	127,223	-831
Retained earnings	9,831	77,659	-67,827	41,860	-32,028
Voluntary reserves	25,100	44,100	-18,999	44,100	-18,999
Unappropriated profit (loss)	-15,268	33,558	-48,827	-2,240	-13,028
Net income (loss)	-29,780	15,178	-44,959	-9,841	-19,938
Net unrealized gains on securities available for sale	-263,059	-	-263,059	-	-263,059
Common stocks in treasury	-2	-	-2	-	-2
<b>Total Stockholders' Equity</b>	¥ 1,064,072	¥ 1,395,470	¥ -331,397	¥ 1,359,494	¥ -295,422
<b>Total Liabilities and Stockholders' Equity</b>	¥ 30,153,572	¥ 30,182,798	¥ -29,225	¥ 30,264,719	¥ -111,146

Nonconsolidated Statements of Operations (Main Items) (Unaudited)

	Millions of yen							
	A	Interim	B	Interim	A - B	B	Fiscal	
		2001		2000			2000	
<b>Income</b>								
Operating income	¥	261,027	¥	281,000	¥	-19,973	¥	547,461
Interest on loans and discounts	(	207,697	(	216,711	(	-9,013	(	444,186
Interest and dividends on securities	(	30,442	(	27,153	(	3,289	(	53,033
Fees and commissions		32,082		31,322		760		64,121
Trading income		3,723		1,731		1,992		4,455
Other operating income		17,566		6,644		10,921		26,223
Other income		43,858		116,138		-72,279		229,754
<b>Total Income (Ordinary Income)</b>	¥	358,258	¥	436,837	¥	-78,579	¥	872,017
<b>Expenses</b>								
Operating expenses	¥	64,939	¥	96,767	¥	-31,827	¥	173,789
Interest on deposits	(	37,590	(	42,464	(	-4,873	(	103,651
Fees and commissions		14,087		13,624		462		30,553
Trading expense		16		5		11		-
Other operating expenses		7,498		5,466		2,031		14,021
General and administrative expenses		130,527		129,565		962		259,251
Other expenses		195,596		163,854		31,742		407,513
<b>Total Expenses (Ordinary Expenses)</b>	¥	412,666	¥	409,285	¥	3,381	¥	885,129
<b>Ordinary Net Income</b>	¥	-54,408	¥	27,552	¥	-81,960	¥	-13,112
Extraordinary profits		769		212		557		296
Extraordinary losses		3,332		3,387		-54		7,620
<b>Income (loss) before Income Taxes</b>		-56,971		24,377		-81,349		-20,436
<b>Income Taxes :</b>								
Current		210		34,025		-33,815		10,368
Deferred		-27,402		-24,827		-2,575		-20,964
<b>Net Income (loss)</b>	¥	-29,780	¥	15,178	¥	-44,959	¥	-9,841
Profit brought forward from previous fiscal year		13,783		15,752		-1,968		15,752
Reversal of land revaluation difference		727		2,627		-1,900		4,976
Interim dividends		-		-		-		10,940
Transfer to legal reserve		-		-		-		2,188
<b>Unappropriated profit(loss) at the end of interim period (fiscal year)</b>	¥	-15,268	¥	33,558	¥	-48,827	¥	-2,240