

## Profile

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Since its establishment in 1879, The Akita Bank, Ltd., has worked diligently to extend comprehensive financial services geared to the funding requirements of Akita Prefecture. The Bank maintains a philosophy stressing regional prosperity, and its growth as a financial institution parallels the economic development of the community.

The Akita Bank Group, which comprises the Bank and eight consolidated subsidiaries, strives to offer a full line of financial services, including extending to guarantee and leasing services, with a focus on banking business.

Japan's financial sector has entered a period of intense transformation, typified by an accelerated movement that will, because of the end of the payoff system and other changes, culminate in the selection of one specific bank by each client for all financial needs.

Akita Bank is restructuring accordingly, but employees and executives alike will remain steadfast in their efforts to uphold the strong bonds of trust that the Bank has earned from the community by placing clients' needs first in the provision of services.

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*In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.*

# CONSOLIDATED FINANCIAL HIGHLIGHTS

The Akita Bank, Ltd. and Subsidiaries  
Years ended March 31, 2002 and 2001

| For the years ended March 31      | Millions of yen (Note 1) |         | Thousands of<br>U.S. dollars (Note 1) |
|-----------------------------------|--------------------------|---------|---------------------------------------|
|                                   | 2002                     | 2001    | 2002                                  |
| Total income                      | ¥ 61,620                 | ¥76,196 | \$ 462,439                            |
| Total expenses                    | 77,434                   | 71,373  | 581,122                               |
| Income (Loss) before income taxes | (15,814)                 | 4,822   | (118,682)                             |
| Net income (loss)                 | (9,528)                  | 2,494   | (71,511)                              |

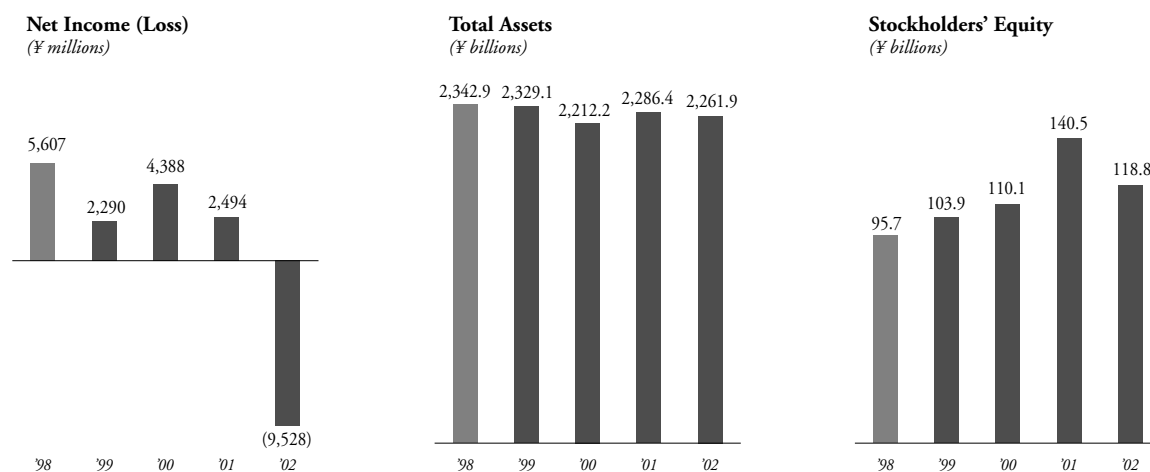
|                             | Yen      | U.S. dollars |
|-----------------------------|----------|--------------|
| Net income (loss) per share | ¥(47.49) | \$ (0.3563)  |

| As of March 31                    | Millions of yen |            | Thousands of<br>U.S. dollars |
|-----------------------------------|-----------------|------------|------------------------------|
|                                   | 2002            | 2001       | 2002                         |
| Total assets                      | ¥2,261,897      | ¥2,286,401 | \$16,974,843                 |
| Deposits                          | 2,055,087       | 2,059,266  | 15,422,793                   |
| Loans and bills discounted        | 1,302,063       | 1,290,572  | 9,771,583                    |
| Trading securities and securities | 726,375         | 670,832    | 5,451,220                    |
| Stockholders' equity              | 118,817         | 140,479    | 891,685                      |

Notes: (1) In this annual report, the Japanese yen in millions are indicated with fractions omitted.

(2) U.S. dollar amounts are translated, for convenience only, at ¥133.25=U.S.\$1.00, the rate prevailing as of March 31, 2002.

(3) Stockholders' equity ratio stood at 10.72% as of March 31, 2002 according to the domestic standard.



Note: The data for 1998 is non-consolidated as the Bank did not publish consolidated results for that fiscal year.

## CONSOLIDATED FIVE-YEAR SUMMARY

*The Akita Bank, Ltd. and Subsidiaries  
As of March 31*

|   | Millions of yen |         |         |         |         |
|---|-----------------|---------|---------|---------|---------|
|   | 2002            | 2001    | 2000    | 1999    | 1998    |
| Total income                              | <b>¥61,620</b>  | ¥76,195 | ¥67,494 | ¥77,415 | ¥70,860 |
| Net income (loss)                         | <b>(9,528)</b>  | 2,494   | 4,388   | 2,290   | 5,607   |
| Yen                                       |                 |         |         |         |         |
| Net income (loss) per share               | <b>¥(47.49)</b> | ¥12.31  | ¥21.14  | ¥10.99  | ¥26.93  |
| Percent                                   |                 |         |         |         |         |
| <b>Income Ratio</b>                       |                 |         |         |         |         |
| Net income (loss) to total assets         | <b>(0.42)%</b>  | 0.10%   | 0.19%   | 0.09%   | 0.24%   |
| Net income (loss) to stockholders' equity | <b>(7.35)</b>   | 1.99    | 4.10    | 2.20    | 6.01    |
| <b>Capital Adequacy Ratio</b>             |                 |         |         |         |         |
| Domestic standard                         | <b>10.72</b>    | 11.00   | 10.96   | 10.22   | 9.43    |

*Notes: (1) In this annual report, the Japanese yen in millions are indicated with fractions omitted.*

*(2) The Bank's Capital adequacy ratio is calculated using the method set forth by the Ministry of Finance as specified in Article 14, Paragraph 2 of the Banking Law of Japan.*

*(3) The data of 1998 is non-consolidated as the Bank did not publish consolidated results for that fiscal year.*

# CONSOLIDATED BALANCE SHEETS

*The Akita Bank, Ltd. and Subsidiaries  
As of March 31, 2002 and 2001*

|  | Millions of yen (Note 1) |                   | Thousands of<br>U.S. dollars (Note 1) |
|--|--------------------------|-------------------|---------------------------------------|
|  | 2002                     | 2001              | 2002                                  |
| <b>ASSETS</b>  |                          |                   |                                       |
| Cash and due from banks  | ¥ 73,453                 | ¥ 90,112          | \$ 551,243                            |
| Call loans   | 77,259                   | 63,201            | 579,810                               |
| Commercial paper and other debt purchased  | 51,225                   | 121,632           | 384,435                               |
| Trading account securities (Note 4)  | 810                      | 18                | 6,080                                 |
| Money held in trust  | 490                      | 1,551             | 3,684                                 |
| Securities (Note 5)  | 725,564                  | 670,814           | 5,445,140                             |
| Loans and bills discounted (Note 6)  | 1,302,063                | 1,290,572         | 9,771,583                             |
| Foreign exchanges (Note 7)   | 634                      | 726               | 4,761                                 |
| Other assets (Note 8)  | 20,931                   | 22,389            | 157,081                               |
| Premises and equipment (Note 9)  | 29,660                   | 31,274            | 222,590                               |
| Customers' liabilities for acceptances and guarantees (Note 17)  | 34,143                   | 39,032            | 256,236                               |
| Deferred tax assets  | 19,349                   | 878               | 145,214                               |
| Allowance for possible loan losses   | (73,681)                 | (45,802)          | (552,954)                             |
| Allowance for losses on investment securities  | (8)                      | —                 | (62)                                  |
| <b>Total Assets</b>  | <b>¥2,261,897</b>        | <b>¥2,286,401</b> | <b>\$16,974,843</b>                   |
| <b>LIABILITIES</b>   |                          |                   |                                       |
| Deposits (Note 10)   | ¥2,055,087               | ¥2,059,266        | \$15,422,793                          |
| Call moneys  | 16,604                   | 1,726             | 124,610                               |
| Borrowed money (Note 11)   | 6,828                    | 8,187             | 51,246                                |
| Foreign exchanges (Note 12)  | 282                      | 4                 | 2,117                                 |
| Other liabilities (Note 13)  | 14,538                   | 22,794            | 109,108                               |
| Bonus payment reserve  | 1,357                    | —                 | 10,188                                |
| Reserve for retirement benefits (Note 14)  | 6,623                    | 7,416             | 49,703                                |
| Deferred tax liability on land revaluation (Note 15)   | 3,071                    | 3,155             | 23,049                                |
| Acceptances and guarantees (Note 17)   | 34,143                   | 39,032            | 256,236                               |
| <b>Total Liabilities</b>   | <b>¥2,138,537</b>        | <b>¥2,141,583</b> | <b>\$16,049,058</b>                   |
| <b>Minority Interests in Consolidated Subsidiaries</b>   | <b>¥ 4,543</b>           | <b>¥ 4,337</b>    | <b>\$ 34,099</b>                      |
| <b>STOCKHOLDERS' EQUITY</b>  |                          |                   |                                       |
| Common stock   | ¥ 14,100                 | ¥ 14,100          | \$ 105,822                            |
| Capital surplus  | 6,268                    | 6,268             | 47,044                                |
| Land revaluation difference (Note 15)  | 4,419                    | 4,540             | 33,168                                |
| Earned surplus   | 74,142                   | 85,433            | 556,418                               |
| Net unrealized holding on securities in investment (Note 16)   | 19,982                   | 30,232            | 149,959                               |
| Treasury stock   | (1)                      | (0)               | (8)                                   |
| Parent bank's stock held by subsidiaries   | (95)                     | (95)              | (718)                                 |
| <b>Total Stockholders' Equity</b>  | <b>¥ 118,817</b>         | <b>¥ 140,479</b>  | <b>\$ 891,685</b>                     |
| <b>Total Liabilities, Minority Interests in<br/>Consolidated Subsidiaries and Stockholders' Equity</b> | <b>¥2,261,897</b>        | <b>¥2,286,401</b> | <b>\$16,974,843</b>                   |

See Notes to Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF INCOME AND APPROPRIATION OF PROFIT

*The Akita Bank, Ltd. and Subsidiaries*  
For the years ended March 31, 2002 and 2001

|  | Millions of yen (Note 1) |                | Thousands of<br>U.S. dollars (Note 1) |
|--|--------------------------|----------------|---------------------------------------|
|  | 2002                     | 2001           | 2002                                  |
| <b>Income</b>  |                          |                |                                       |
| Interest income  |                          |                |                                       |
| Interest on loans and discounts                                | ¥ 30,217                 | ¥33,741        | \$ 226,775                            |
| Interest and dividends on securities                           | 12,557                   | 15,234         | 94,243                                |
| Other interest income (Note 18)                                | 1,724                    | 1,083          | 12,938                                |
| Fees and commissions (Note 19)                                 | 5,919                    | 5,744          | 44,421                                |
| Other operating income (Note 20)                               | 8,016                    | 6,746          | 60,158                                |
| Other income (Note 21)   | 3,185                    | 13,646         | 23,902                                |
| <b>Total Income</b>  | <b>¥ 61,620</b>          | <b>¥76,196</b> | <b>\$ 462,439</b>                     |
| <b>Expenses</b>  |                          |                |                                       |
| Interest expenses  |                          |                |                                       |
| Interest on deposits   | ¥ 2,581                  | ¥ 4,531        | \$ 19,375                             |
| Interest on borrowings and rediscounts                         | 194                      | 272            | 1,462                                 |
| Other interest expenses (Note 22)                              | 4,392                    | 4,557          | 32,963                                |
| Fees and commissions (Note 23)                                 | 1,290                    | 1,445          | 9,681                                 |
| Other operating expenses (Note 24)                             | 6,582                    | 5,667          | 49,398                                |
| General and administrative expenses                            | 29,250                   | 29,360         | 219,516                               |
| Other expenses (Note 25)                                       | 33,142                   | 25,537         | 248,724                               |
| <b>Total Expenses</b>  | <b>¥ 77,434</b>          | <b>¥71,373</b> | <b>\$ 581,122</b>                     |
| <b>Income (Loss) before Income Taxes and Minority Interest</b> | <b>¥(15,814)</b>         | <b>¥ 4,822</b> | <b>\$(118,682)</b>                    |
| <b>Income Taxes</b> (Note 26)                                  |                          |                |                                       |
| Current  | 4,936                    | 10,339         | 37,049                                |
| Deferred   | (11,434)                 | (8,325)        | (85,809)                              |
| <b>Total Income Taxes</b>                                      | <b>¥ (6,497)</b>         | <b>¥ 2,013</b> | <b>\$ (48,759)</b>                    |
| <b>Minority Interest in Net Income</b>                         | <b>¥ 211</b>             | <b>¥ 314</b>   | <b>\$ 1,588</b>                       |
| <b>Net Income (Loss)</b>                                       | <b>¥ (9,528)</b>         | <b>¥ 2,494</b> | <b>\$ (71,511)</b>                    |

## CONSOLIDATED STATEMENTS OF EARNED SURPLUS

*The Akita Bank, Ltd. and Subsidiaries*

|   | Millions of yen (Note 1) |                | Thousands of<br>U.S. dollars (Note 1) |
|---|--------------------------|----------------|---------------------------------------|
|   | 2002                     | 2001           | 2002                                  |
| <b>Balance, Beginning of Year</b>                         | <b>¥85,433</b>           | <b>¥85,178</b> | <b>\$641,153</b>                      |
| Increase in earned surplus—Reversal of land revaluation   | 120                      | 119            | 907                                   |
| Dividends—Paid  | 1,005                    | 1,118          | 7,542                                 |
| Bonuses for directors and statutory auditors              | 15                       | 15             | 112                                   |
| Reduction of treasury stock by distribution of net profit | 862                      | 1,226          | 6,475                                 |
| Net income (loss)   | (9,528)                  | 2,494          | (71,511)                              |
| <b>Balance, End of Year</b>                               | <b>¥74,142</b>           | <b>¥85,433</b> | <b>\$556,418</b>                      |
|   | Yen (Note 1)             |                | U.S. dollars (Note 1)                 |
| <b>Net Income (Loss) per Share</b>                        | <b>¥ (47.49)</b>         | <b>¥ 12.31</b> | <b>\$ (0.3563)</b>                    |

See Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

*The Akita Bank, Ltd. and Subsidiaries*  
As of March 31, 2002 and 2001

|   | Millions of yen (Note 1) |                   | Thousands of<br>U.S. dollars (Note 1) |
|---|--------------------------|-------------------|---------------------------------------|
|   | 2002                     | 2001              | 2002                                  |
| <b>Cash Flows from Operating Activities</b>                             |                          |                   |                                       |
| Income (Loss) before income taxes and minority interest                 | ¥ (15,814)               | ¥ 4,822           | \$ (118,682)                          |
| Depreciation and amortization   | 1,886                    | 2,132             | 14,156                                |
| Net change in reserve for possible loan losses                          | 27,878                   | 4,395             | 209,220                               |
| Net change in reserve for allowance for losses on investment securities | 8                        | —                 | 60                                    |
| Net change in reserve for bonus payment reserve                         | 1,357                    | —                 | 10,183                                |
| Net change in reserve for retirement allowances                         | —                        | (5,057)           | —                                     |
| Net change in reserve for retirement benefit                            | (793)                    | 7,416             | (5,958)                               |
| Interest income   | (44,499)                 | (50,058)          | (333,957)                             |
| Interest expenses   | 7,169                    | 9,361             | 53,801                                |
| Net (gain) loss related to securities transactions                      | (1,567)                  | (7,157)           | (11,767)                              |
| Net (income) loss from money held in trust                              | 43                       | 73                | 328                                   |
| Net exchange (gain) loss  | (109)                    | (120)             | (821)                                 |
| Net (gain) loss from disposition of premises and equipment              | 278                      | 136               | 2,093                                 |
| Net change in loans and bills discounted                                | (14,448)                 | 9,163             | (108,433)                             |
| Net change in deposits  | 73,657                   | (63,970)          | 552,779                               |
| Net change in negotiable certificates of deposit                        | (77,837)                 | 103,850           | (584,146)                             |
| Net change in borrowed money  | (1,358)                  | (277)             | (10,195)                              |
| Net change in call loans, commercial paper and other debt purchased     | 56,348                   | (43,653)          | 422,875                               |
| Net change in call money and borrowed money                             | 14,878                   | (251)             | 111,656                               |
| Net change in due from banks (excluding due from Bank of Japan)         | 24,302                   | (42,469)          | 182,383                               |
| Net change in foreign exchanges (assets)                                | 92                       | 427               | 693                                   |
| Net change in foreign exchanges (liabilities)                           | 394                      | 132               | 2,957                                 |
| Interest income received on cash basis                                  | 46,066                   | 50,086            | 345,718                               |
| Interest expenses paid on cash basis                                    | (8,672)                  | (9,777)           | (65,085)                              |
| Net change in trading account securities                                | (779)                    | (10)              | (5,850)                               |
| Other, net  | 4,647                    | 8,559             | 34,881                                |
| Sub-total   | 93,127                   | (22,245)          | 698,896                               |
| Income taxes paid   | (12,096)                 | (5,008)           | (90,778)                              |
| <b>Net Cash Provided by (Used in) Operating Activities</b>              | <b>¥ 81,031</b>          | <b>¥ (27,253)</b> | <b>\$ 608,117</b>                     |
| <b>Cash Flows from Investing Activities</b>                             |                          |                   |                                       |
| Purchases of securities   | ¥(257,963)               | ¥(152,567)        | \$(1,935,932)                         |
| Proceeds from sales of securities                                       | 90,793                   | 53,827            | 681,378                               |
| Proceeds from maturity of securities                                    | 95,162                   | 71,783            | 714,167                               |
| Purchases of money held in trust  | —                        | (233)             | —                                     |
| Proceeds from money held in trust                                       | 1,050                    | —                 | 7,887                                 |
| Purchases of premises and equipment                                     | (683)                    | (1,320)           | (5,126)                               |
| Proceeds from sales of premises and equipment                           | 132                      | 362               | 992                                   |
| <b>Net Cash Provided by (Used in) Investing Activities</b>              | <b>¥ (71,506)</b>        | <b>¥ (28,148)</b> | <b>\$ (536,634)</b>                   |
| <b>Cash Flows from Financing Activities</b>                             |                          |                   |                                       |
| Dividends paid  | ¥ (1,005)                | ¥ (1,118)         | \$ (7,542)                            |
| Dividends paid for minority   | (7)                      | (7)               | (58)                                  |
| Purchases of treasury Stock   | (862)                    | (1,226)           | (6,475)                               |
| <b>Net Cash Provided by (Used in) Financing Activities</b>              | <b>¥ (1,875)</b>         | <b>¥ (2,352)</b>  | <b>\$ (14,076)</b>                    |
| Effect of currency rate exchanges on cash and cash equivalents          | ¥ (6)                    | ¥ (13)            | \$ 46                                 |
| Net increase (decrease) in cash and cash equivalents                    | 7,643                    | (57,768)          | 57,360                                |
| Cash and cash equivalents at beginning of year                          | 36,840                   | 94,608            | 276,474                               |
| <b>Cash and Cash Equivalents at End of Year (Note 29)</b>               | <b>¥ 44,483</b>          | <b>¥ 36,840</b>   | <b>\$ 333,835</b>                     |

See Notes to Consolidated Financial Statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*The Akita Bank, Ltd. and Subsidiaries*

## **1. BASIS OF PRESENTING FINANCIAL STATEMENTS**

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Akita Bank, Ltd. (the "Bank" and consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to \$1.00, the rate of exchange in effect at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

## **2. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of The Akita Bank, Ltd. and its subsidiaries. The consolidated subsidiaries are listed below.

The Akigin Business Service Ltd.  
Akita Grand Lease Co., Ltd.  
The Akita Guarantee Service, Ltd.  
Akigin Staff Service Co., Ltd.  
The Akigin Computer Service Co., Ltd.  
The Akigin Property Research Service, Ltd.  
The Akita International Card Co., Ltd.  
Akita JCB Card Co., Ltd.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### ***(a) Trading Account Securities***

Trading account securities are carried at fair value with unrealized Holding gain and losses included in earnings.

### ***(b) Securities***

Held-to-maturity securities are amortized or accumulated to face value. Other securities with a fair value are carried at fair value with unrealized Holding gain and losses excluded from earnings and reported as a net amount in a separate component of stockholders' equity until realized. Other securities without a fair value are carried at cost or are amortized or accumulated to face value. The cost of other securities is determined under the moving average method.

Securities held in the money held in trusts, of which funds are principally invested in securities and separately managed from other beneficiaries are carried at fair value with unrealized Holding gain and losses included in earnings.

### ***(c) Derivatives***

Derivatives are carried at fair value with unrealized holding gain and losses included in earnings.

### ***(d) Premises and Equipment***

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the declining balance method over the estimated useful lives of properties under the Japanese Income Tax Law. The straight line method is applied to buildings acquired after April 1, 1998 because of the Japanese Income Tax Law reforms.

Incidentally the principal useful life is listed below

Buildings : 3–50years

Equipment : 3–20years

For consolidated subsidiaries Depreciation is computed mainly on the declining balance method by estimated useful life.

### ***(e) Software***

Depreciation of the software used on the bank and consolidated subsidiaries is computed on the straight line method over the estimated useful lives properties (mainly 5 years).

### ***(f) Reserve for Possible Loan Losses***

A reserve for possible loan losses is provided as follows, in conformity with the standard established in advance.

The Bank has established a credit rating system in accordance with the provisions set forth in the Guidelines issued by the Japanese Institute of Certified Public Accountants under which customers are classified into five categories for self assessment purposes such as "legal bankruptcy," "virtual bankruptcy," "possible bankruptcy," "caution" and "normal."

The Bank provided for reserve for possible loan losses at amount deemed necessary to cover possible losses which is estimated based on the fair value of collateral and guarantee for the legal bankruptcy and the virtual bankruptcy category loans the fair value of collateral as well as other factors of solvency including borrower's future cash flows for the possible bankruptcy category loans and the actual past loss experience for the caution and the normal category loans.

The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and inspection division in accordance with the Bank's policy and rules for self assessment of asset quality.

The consolidated subsidiaries provided for reserve for possible loan losses at amount deemed necessary to cover possible losses which is estimated based on the loan loss ratio, which is calculated for each ordinary loan using actual loan losses during a specified period in the past, and based on the fair value of collateral and guarantee for the specific loans like the possible bankruptcy category loans.

### ***(g) Bonus Payment Reserve***

The Company and its consolidated subsidiaries follow the Japanese practice of paying bonuses to employees. Bonus payment reserve is calculated based on the accrued employees' bonuses estimated as of the balance sheet date.

Until the fiscal year 2001, accrued employees' bonuses were booked as "Accrued expenses" included in "Other liabilities". From the fiscal year 2002, the classification of such item in the consolidated balance sheet are changed as "Bonus payment reserve" due to the issuance of report concerning the reclassification of accrued employees' bonuses by Japanese Institute Certified Public Accountant.

The effect of this change was to decrease "Accrued expenses" included in "Other liabilities" by ¥1,357 million (\$10,183 Thousand) and to increase "Bonus payment reserve" by the same amount.

#### (b) Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the end of each fiscal year.

Foreign currency accounts held by consolidated subsidiaries are translated into the currency of the subsidiary at the exchange rate prevailing at the respective year-ends.

#### (i) Lease Transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transaction.

#### (j) Consumption Tax

Transactions are recorded at the amounts not including consumption tax, which is an indirect tax introduced on April 1, 1989.

#### (k) Cash Flows

For the purposes of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

#### (l) Net Income per share

Net income per share is computed by dividing net income by the weighted average number of shares outstanding during each year.

### 4. TRADING ACCOUNT SECURITIES

| March 31                  | Millions of yen<br>(Note 1) |      | Thousands of<br>U.S. dollars<br>(Note 1) |
|---------------------------|-----------------------------|------|--|
|                           | 2002                        | 2001 | 2002                                     |
| National government bonds | ¥810                        | ¥18  | \$6,080                                  |

### 5. SECURITIES

| March 31                  | Millions of yen<br>(Note 1) |          | Thousands of<br>U.S. dollars<br>(Note 1) |
|---------------------------|-----------------------------|----------|--|
|                           | 2002                        | 2001     | 2002                                     |
| National government bonds | ¥286,244                    | ¥254,050 | \$2,148,177                              |
| Local government bonds    | 140,371                     | 188,899  | 1,053,443                                |
| Corporate bonds           | 210,720                     | 148,535  | 1,581,389                                |
| Share stocks              | 47,920                      | 56,722   | 359,627                                  |
| Other securities          | 40,308                      | 22,605   | 302,502                                  |
| Total                     | ¥725,564                    | ¥670,814 | \$5,445,140                              |

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| Securities deposited as collateral: | ¥18,613 million (\$139,684 thousand) |
| Debt for collateral: Deposits       | ¥23,220 million (\$174,258 thousand) |
| : Bill sold                         | ¥15,000 million (\$112,570 thousand) |
| Others estimated:                   | ¥78,924 million (\$592,300 thousand) |

Next information includes "Securities", "Trading Account Securities", Negotiable Certificates of Due from Banks in "Cash and Due from Banks", "Commercial Paper" and the part of "Other Dept Purchased".

#### (a) Trading Account Securities

| March 31                          | Millions of yen |   |
|-----------------------------------|-----------------|---|
|                                   | Book Value      | Difference between<br>Historical Cost and<br>Book Value |
|                                   | 2002            | 2002  |
| Securities for buying and selling | ¥810            | ¥1  |

a. Difference between Historical Cost and Book Value was included in Income and Expenses at this financial year.

b. Book Value is the fair value based on the market value at March 31, 2002.

#### (b) Marketable Other Securities

| March 31                  | Millions of yen |            |   |
|---------------------------|-----------------|------------|---|
|                           | Historical Cost | Book Value | Difference between<br>Historical Cost and<br>Book Value |
|                           | 2002            | 2002       | 2002  |
| Share stocks              | ¥ 29,576        | ¥ 46,613   | ¥17,037   |
| National government bonds | 276,924         | 286,244    | 9,320   |
| Local government bonds    | 134,945         | 140,371    | 5,426   |
| Corporate bonds           | 206,440         | 209,184    | 2,743   |
| Others                    | 51,313          | 50,659     | (654)   |
| Total                     | ¥699,200        | ¥733,073   | ¥33,872   |

a. Book Value is the fair value based on the market value at March 31, 2002.

#### (c) Other Securities were sold at this financial year

|                  | Millions of yen |                |              |
|------------------|-----------------|----------------|--------------|
|                  | Selling Price   | Profit on Sale | Loss on Sale |
|                  | 2002            | 2002           | 2002         |
| Other Securities | ¥92,669         | ¥4,545         | ¥816         |

#### (d) Non-marketable Other Securities

| March 31                                 | Millions of yen |
|--|-----------------|
|  | Book Value      |
|  | 2002            |
| Held-to-maturity securities              | ¥ —             |
| Other securities:                        |                 |
| Unlisted stock (except over-the-counter) | 1,306           |
| Private placement straight bonds         | 1,535           |
| Dept purchased                           | 18,830          |
| Foreign share stocks                     | 35              |
| Golf seat                                | 13              |



(e) *Information about the contractual maturities of held-to-maturity securities and other securities with contractual maturities at March, 2002 is as follows:*

| March 31                  | Millions of yen |                                   |                                    |                 |
|---------------------------|-----------------|-----------------------------------|------------------------------------|-----------------|
|                           | Within One year | After one year through five years | After five years through ten years | After ten years |
|                           | <b>2002</b>     |                                   |                                    |                 |
| National Government bonds | ¥ 34,045        | ¥191,283                          | ¥ 47,908                           | ¥13,007         |
| Local Government bonds    | 11,558          | 68,378                            | 59,948                             | 485             |
| Corporate bonds           | 24,210          | 164,247                           | 22,262                             | —               |
| Others                    | 32,775          | 15,088                            | 5,603                              | 460             |
| <b>Total</b>              | <b>¥102,590</b> | <b>¥438,998</b>                   | <b>¥135,722</b>                    | <b>¥13,953</b>  |

## 6. LOANS AND BILLS DISCOUNTED

(a) *Loans and Bills Discounted as of March 31, 2002 and 2001 consisted of the following:*

| March 31         | Millions of yen<br>(Note 1) |                   | Thousands of<br>U.S. dollars<br>(Note 1) |
|------------------|-----------------------------|-------------------|--|
|                  | 2002                        | 2001              | 2002                                     |
| Bills discounted | ¥ 27,413                    | ¥ 36,418          | \$ 205,729                               |
| Loans on notes   | 284,270                     | 313,111           | 2,133,359                                |
| Loans on deeds   | 826,819                     | 796,074           | 6,205,023                                |
| Overdrafts       | 163,560                     | 144,967           | 1,227,471                                |
| <b>Total</b>     | <b>¥1,302,063</b>           | <b>¥1,290,572</b> | <b>\$9,771,583</b>                       |

(b) *Non-Accrual Loans*

| March 31                                   | Millions of yen<br>(Note 1) |         | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|-----------------------------|---------|--|
|  | 2002                        | 2001    | 2002                                     |
| Loans to companies<br>legally bankrupted   | ¥15,640                     | ¥ 9,863 | \$117,373                                |
| Non-Accrual loans                          | 86,475                      | 18,364  | 648,968                                  |
| Loans past due over 3 months               | 114                         | 51      | 855                                      |
| Loans with interest reduced<br>or exempted | 18,104                      | 47,303  | 135,864                                  |

The aggregate face amount of banker's bill, commercial bill and documentary bill, which were acquired by discounting of a bill, are ¥27,413 million (\$205,726 thousand).

The bank is under the Commitment Line Contract about overdraft facilities and loans to some customers. Under this contract, the bank has

to lend loans to the customer for a fixed credit line unless they breach the condition of this contract when they apply for loans. The amount of outstanding loans by the contract is ¥396,095 million (\$2,972,570 thousand). The contract term of them is within one year. And, the bank can expire absolutely these contracts at an optional time.

Furthermore, the amount not always affect the future cash flow, because the most of these contracts will expire without extension of loan.

And under the most of the contract, the bank can refuse the loan application and can cut the credit line if the financial situation change or for preservation a claim, at a good excuse. The collateral has been collected at the conclusion of the contract in necessary, furthermore, the business results of the customers are regularly caught by the procedure of the bank, and the contract is reexamined if necessary, the measures of credit control are taken.

## 7. FOREIGN EXCHANGES—ASSETS

| March 31                          | Millions of yen<br>(Note 1) |             | Thousands of<br>U.S. dollars<br>(Note 1) |
|-----------------------------------|-----------------------------|-------------|--|
|                                   | 2002                        | 2001        | 2002                                     |
| Due from foreign banks            | ¥265                        | ¥140        | \$1,989                                  |
| Foreign exchange bills bought     | 12                          | 3           | 91                                       |
| Foreign exchange bills receivable | 357                         | 583         | 2,679                                    |
| <b>Total</b>                      | <b>¥634</b>                 | <b>¥726</b> | <b>\$4,761</b>                           |

## 8. OTHER ASSETS

| March 31                              | Millions of yen<br>(Note 1) |                | Thousands of<br>U.S. dollars<br>(Note 1) |
|---------------------------------------|-----------------------------|----------------|--|
|                                       | 2002                        | 2001           | 2002                                     |
| Domestic exchange settlement a/c, Dr. | ¥ 52                        | ¥ 81           | \$ 397                                   |
| Prepaid expenses                      | 20                          | 42             | 152                                      |
| Accrued income                        | 5,132                       | 5,799          | 38,514                                   |
| Others                                | 15,725                      | 16,465         | 118,017                                  |
| <b>Total</b>                          | <b>¥20,931</b>              | <b>¥22,389</b> | <b>\$157,081</b>                         |

## 9. PREMISES AND EQUIPMENT

The accumulated depreciation of premises and equipment as of March 31, 2002 and 2001 amounted to ¥32,929 million (\$247,121 thousand) and ¥32,321 million, respectively.

The guaranties and foregift of Premises and Equipment amounts to ¥677 million (\$5,080 Thousand).

## 10. DEPOSITS

| March 31                           | Millions of yen<br>(Note 1) |            | Thousands of<br>U.S. dollars<br>(Note 1) |
|------------------------------------|-----------------------------|------------|--|
|                                    | 2002                        | 2001       | 2002                                     |
| Current deposits                   | ¥ 65,572                    | ¥ 75,504   | \$ 492,104                               |
| Ordinary deposits                  | 635,798                     | 493,570    | 4,771,472                                |
| Deposits at notice                 | 25,301                      | 38,132     | 189,878                                  |
| Time deposits                      | 1,166,222                   | 1,225,646  | 8,752,138                                |
| Other deposits                     | 120,899                     | 107,281    | 907,313                                  |
| Sub-total                          | 2,013,794                   | 1,940,136  | 15,112,906                               |
| Negotiable certificates of deposit | 41,292                      | 119,130    | 309,886                                  |
| Total                              | ¥2,055,087                  | ¥2,059,266 | \$15,422,793                             |

## 11. BORROWED MONEY

| March 31         | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|------------------|-----------------------------|--------|--|
|                  | 2002                        | 2001   | 2002                                     |
| Loans from banks | ¥6,828                      | ¥8,187 | \$51,246                                 |
| Total            | ¥6,828                      | ¥8,187 | \$51,246                                 |

## 12. FOREIGN EXCHANGES—LIABILITIES

| March 31                       | Millions of yen<br>(Note 1) |      | Thousands of<br>U.S. dollars<br>(Note 1) |
|--------------------------------|-----------------------------|------|--|
|                                | 2002                        | 2001 | 2002                                     |
| Foreign exchange bills sold    | ¥282                        | ¥4   | \$2,177                                  |
| Foreign exchange bills payable | 0                           | 0    | 4  |
| Total                          | ¥282                        | ¥4   | \$2,121                                  |

## 13. OTHER LIABILITIES

| March 31                              | Millions of yen<br>(Note 1) |         | Thousands of<br>U.S. dollars<br>(Note 1) |
|---------------------------------------|-----------------------------|---------|--|
|                                       | 2002                        | 2001    | 2002                                     |
| Domestic exchange settlement a/c, Cr. | ¥ 213                       | ¥ 166   | \$ 1,601                                 |
| Income tax payable                    | 229                         | 7,389   | 1,721                                    |
| Accrued expenses                      | 2,117                       | 4,959   | 15,893                                   |
| Unearned income                       | 3,987                       | 4,364   | 29,928                                   |
| Others                                | 7,989                       | 5,915   | 59,960                                   |
| Total                                 | ¥14,538                     | ¥22,794 | \$109,108                                |

## 14. RETIREMENT BENEFITS

Reserve for retirement benefits is provided at an amount calculated based on the projected retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2002 as adjusted for unrecognized actuarial gain or loss.

Furthermore, the bank has established the trust of the retirement benefit.

The following information pertains to the Bank's defined benefits pension plan.

### (a) Retirement benefits obligation

| March 31                                 | Millions of yen<br>(Note 1) |           | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|-----------------------------|-----------|--|
|  | 2002                        | 2001      | 2002                                     |
| Projected benefit obligation             | ¥(32,439)                   | ¥(32,657) | \$243,444                                |
| Plan assets at fair value                | 21,326                      | 23,052    | 160,045                                  |
| Unfunded retirements benefits obligation | (11,112)                    | (9,605)   | 83,392                                   |
| Unrecognized actuarial loss              | 4,489                       | 2,188     | 33,688                                   |
| Reserve for retirement benefits          | ¥ (6,623)                   | ¥ (7,416) | \$ 49,703                                |

### (b) Pension cost

| March 31                                | Millions of yen<br>(Note 1) |         | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|-----------------------------|---------|--|
|   | 2002                        | 2001    | 2002                                     |
| Service cost                            | ¥ 962                       | ¥ 1,035 | \$ 7,219                                 |
| Interest cost                           | 949                         | 937     | 7,121                                    |
| Expected return on plan assets          | (624)                       | (671)   | (4,682)                                  |
| Amortization of prior service cost      | (940)                       | —       | (7,054)                                  |
| Amortization of actuarial loss          | 218                         | —       | 1,636                                    |
| Amortization of transitional obligation | —                           | (9,406) | —  |
| Net periodic benefit costs              | ¥ 564                       | ¥10,707 | \$ 4,232                                 |

### (c) Actuarial assumption used to determine costs and benefits obligation

|   |                                     |
|---|-------------------------------------|
| a. Discount rate  | 3.0%                                |
| b. Expected rate of return on plan assets                 | 4.0%                                |
| c. Term allocation method of expected retirement benefits | Straight line basis over the period |
| d. Amortization period of prior service cost              | 1 year                              |
| e. Recognition period of actuarial gain/loss              | 10 years                            |
| f. Amortization period of transitional obligation         | 1 year                              |

## 15. LAND REVALUATION DIFFERENCE

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998), the Bank recorded their owned land at the fair value and related net unrealized gain, applicable income tax portion were reported as “Deferred tax liabilities on land revaluation” in liabilities and net of applicable income taxes were reported as “Land revaluation difference” in stockholders’ equity.

Revaluation date: March 31, 2000

Revaluation method as stated in Article 3, Section 3 of the Law Concerning Land Revaluation:

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

Difference between the market value and the book value after the revaluation: ¥1,570 million (\$11,782 thousand)

## 16. NET UNREALIZED HOLDING ON SECURITIES IN INVESTMENT

|  | Millions of yen<br>(Note 1) |          | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|-----------------------------|----------|--|
|  | 2002                        | 2001     | 2002                                     |
| March 31   |                             |          |  |
| Variance of the estimate   | ¥33,872                     | ¥51,242  | \$254,198                                |
| Other securities   | 33,872                      | 51,242   | 254,198                                  |
| Other money held in trust  | —                           | —        | —  |
| Deferred tax liabilities   | (13,887)                    | (21,009) | (104,217)                                |
| Net unrealized holding on securities in investment (before worth interests adjustment) | 19,984                      | 30,232   | 149,973                                  |
| Worth minority interests   | 2                           | 0        | 15                                       |
| In consolidated subsidiaries   |                             |          |  |
| Net unrealized holding on securities in investment                                     | 19,982                      | 30,232   | 149,958                                  |

## 17. ACCEPTANCES AND GUARANTEES

The Bank provides guarantees for liabilities of its customers for payment of loans from other financial institutions. As a contra account, “Customers’ Liabilities for Acceptances and Guarantees” are shown on the assets side, indicating the Bank’s right of indemnity from the applicants.

## 18. OTHER INTEREST INCOME

|                                 | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|---------------------------------|-----------------------------|--------|--|
|                                 | 2002                        | 2001   | 2002                                     |
| Interest on deposits with banks | ¥1,471                      | ¥ 562  | \$11,045                                 |
| Other interest income           | 252                         | 521    | 1,893                                    |
| Total                           | ¥1,724                      | ¥1,083 | \$12,938                                 |

## 19. FEES AND COMMISSIONS—INCOME

|                               | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|-------------------------------|-----------------------------|--------|--|
|                               | 2002                        | 2001   | 2002                                     |
| Domestic and foreign exchange | ¥2,432                      | ¥2,451 | \$18,254                                 |
| Others                        | 3,486                       | 3,293  | 26,166                                   |
| Total                         | ¥5,919                      | ¥5,744 | \$44,421                                 |

## 20. OTHER OPERATING INCOME

|  | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|-----------------------------|--------|--|
|  | 2002                        | 2001   | 2002                                     |
| Gains on trading account securities    | ¥ 12                        | ¥ 6    | \$ 95                                    |
| Gains on sales of bonds                | 2,813                       | 1,144  | 21,112                                   |
| Gains on redemption of bonds           | —                           | —      | —  |
| Gains on foreign exchange transactions | 109                         | 120    | 821                                      |
| Others                                 | 5,080                       | 5,475  | 38,129                                   |
| Total                                  | ¥8,016                      | ¥6,746 | \$60,158                                 |

## 21. OTHER INCOME

|   | Millions of yen<br>(Note 1) |         | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|-----------------------------|---------|--|
|   | 2002                        | 2001    | 2002                                     |
| Gains on sales of stocks and other securities   | ¥1,732                      | ¥ 7,418 | \$13,002                                 |
| Gains on money held in trust                    | 2                           | 0       | 18                                       |
| Gains on dispositions of premises and equipment | 14                          | 44      | 105                                      |
| Trust of the retirement benefit                 | —                           | 5,715   | —  |
| Others  | 1,436                       | 467     | 10,776                                   |
| Total   | ¥3,185                      | ¥13,646 | \$23,902                                 |

## 22. OTHER INTEREST EXPENSES

|                            | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|----------------------------|-----------------------------|--------|--|
|                            | 2002                        | 2001   | 2002                                     |
| Interest on interest-swaps | ¥1,026                      | ¥ 998  | \$ 7,702                                 |
| Other interest expenses    | 3,365                       | 3,559  | 25,260                                   |
| Total                      | ¥4,392                      | ¥4,557 | \$32,963                                 |

## 23. FEES AND COMMISSIONS—EXPENSES

|                               | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|-------------------------------|-----------------------------|--------|--|
|                               | 2002                        | 2001   | 2002                                     |
| Domestic and foreign exchange | ¥ 402                       | ¥ 394  | \$3,019                                  |
| Others                        | 887                         | 1,051  | 6,661                                    |
| Total                         | ¥1,290                      | ¥1,445 | \$9,681                                  |

## 24. OTHER OPERATING EXPENSES

|                               | Millions of yen<br>(Note 1) |        | Thousands of<br>U.S. dollars<br>(Note 1) |
|-------------------------------|-----------------------------|--------|--|
|                               | 2002                        | 2001   | 2002                                     |
| Losses on redemption of bonds | ¥ —                         | ¥ —    | \$ —                                     |
| Losses on sales of bonds      | 815                         | 224    | 6,123                                    |
| Others                        | 5,766                       | 5,443  | 43,275                                   |
| Total                         | ¥6,582                      | ¥5,667 | \$49,398                                 |

## 25. OTHER EXPENSES

|   | Millions of yen<br>(Note 1) |         | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|-----------------------------|---------|--|
|   | 2002                        | 2001    | 2002                                     |
| Provision for reserve<br>for possible loan losses       | ¥30,595                     | ¥14,284 | \$229,609                                |
| Written-off claims                                      | 643                         | 615     | 4,832                                    |
| Losses on sales of<br>stocks and other securities       | 0                           | 5       | 1  |
| Losses on devaluation of<br>stocks and other securities | 1,125                       | 699     | 8,448                                    |
| Losses on money held in trust                           | 46                          | 73      | 347                                      |
| Losses on dispositions of<br>premises and equipment     | 292                         | 181     | 2,198                                    |
| Net periodic benefit cost                               | —                           | 9,406   | —  |
| Others  | 437                         | 271     | 3,286                                    |
| Total   | ¥33,142                     | ¥25,537 | \$248,724                                |

## 26. INCOME TAXES

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial report in purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The tax effects of significant temporary differences that result in deferred tax assets and liabilities at March 31, 2002 and 2001 are as follows:

|  | Millions of yen<br>(Note 1) |          | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|-----------------------------|----------|--|
|  | 2002                        | 2001     | 2002                                     |
| Deferred tax assets:   |                             |          |  |
| Reserve for retirement benefits                                    | ¥ 5,131                     | ¥ 5,380  | \$ 38,506                                |
| Reserve for possible loan losses                                   | 27,402                      | 15,436   | 205,643                                  |
| Reserve for retirement allowance                                   | —                           | —        | —  |
| Net unrealized holding on<br>securities in investment              | 777                         | 495      | 5,831                                    |
| Depreciation   | 1,641                       | 1,615    | 12,315                                   |
| Deferred assets  | 172                         | 292      | 1,290                                    |
| Enterprise taxes payable   | 8                           | 645      | 60                                       |
| Others   | 1,365                       | 997      | 10,243                                   |
| Total deferred tax assets  | 36,500                      | 24,863   | 273,921                                  |
| Deferred tax liabilities:  |                             |          |  |
| Net unrealized holding on<br>securities in investment              | (14,665)                    | (21,504) | 110,056                                  |
| Profit by the establishment of<br>the trust of retirement benefits | (2,343)                     | (2,343)  | 17,583                                   |
| Allowance for compressed<br>entry of fixed assets                  | (112)                       | (137)    | (840)                                    |
| Others   | (29)                        | —        | (217)                                    |
| Total deferred tax liabilities                                     | (17,150)                    | (23,985) | 128,705                                  |
| Net deferred tax assets  | ¥ 19,349                    | ¥ 878    | \$145,214                                |

## 27. LEASE TRANSACTION

Finance lease transactions, except for those that meet the conditions that the ownership of the lease assets is substantially transferred to the lessee.

(a) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of March 31, 2002 concerning the finance lease assets are as follows:

|                          | Equipment                            |
|--------------------------|--------------------------------------|
| Acquisition Costs        | ¥20,315 million (\$152,457 thousand) |
| Accumulated Depreciation | ¥10,387 million (\$ 77,951 thousand) |
| Net balance              | ¥ 9,928 million (\$ 74,506 thousand) |

(b) Future payment obligations of finance lease expenses as of March 31, 2002 is as follows:

Portion due within one year: ¥2,677 million (\$20,090 thousand)

Thereafter: ¥7,251 million (\$54,416 thousand)

(c) Lease expenses paid and amounts equivalent to depreciation expenses and interest expenses during fiscal year 2002 are as follows:

Lease payments received: ¥4,022 million (\$30,183 thousand)

Depreciation expenses: ¥4,022 million (\$30,183 thousand)

Amounts equivalent to depreciation expenses are calculated by straight-line method over the period of finance lease.

## 28. OFF-BALANCE-SHEET TRANSACTIONS

### Derivatives and Forward Foreign Exchanges

|  | Amount Equivalent to the Credit Risk |      |  |
|--|--------------------------------------|------|--|
|  | Millions of yen<br>(Note 1)          | 2001 | Thousands of<br>U.S. dollars<br>(Note 1)<br>2002 |
| March 31                               | <b>2002</b>                          |      | <b>2002</b>                                      |
| Interest rate and currency swaps       | <b>¥201</b>                          | ¥326 | <b>\$1,508</b>                                   |
| Forward foreign exchanges transactions | <b>738</b>                           | 305  | <b>5,538</b>                                     |
| Interest rate and currency options     | —                                    | —    | —  |
| Other derivatives                      | —                                    | —    | —  |
| <b>Total</b>                           | <b>¥940</b>                          | ¥632 | <b>\$7,054</b>                                   |

The above amounts equivalent to the risk are calculated using the original exposure method, in accordance with international standards.

## 29. STATEMENTS OF CASH FLOWS

Relationship between the closing balance of cash and cash equivalents, and the figure on consolidated balance sheets:

| March 31                         | Millions of yen<br>(Note 1) |          | Thousands of<br>U.S. dollars<br>(Note 1) |
|----------------------------------|-----------------------------|----------|--|
|                                  | 2002                        | 2001     | 2002                                     |
| Cash and due from banks          | <b>¥ 73,453</b>             | ¥ 90,112 | <b>\$ 551,243</b>                        |
| Due without interest             | <b>(250)</b>                | (56)     | <b>1,876</b>                             |
| Ordinary due                     | <b>(583)</b>                | (631)    | <b>4,375</b>                             |
| Fixed due                        | <b>(140)</b>                | (150)    | <b>1,050</b>                             |
| Negotiable due                   | <b>(10,000)</b>             | —        | <b>(75,046)</b>                          |
| Other due                        | <b>(17,995)</b>             | (52,434) | <b>(135,046)</b>                         |
| <b>Cash and Cash Equivalents</b> | <b>¥ 44,483</b>             | ¥ 36,840 | <b>\$ 333,835</b>                        |

## 30. SUBSEQUENT EVENT

The Appropriation of retained earnings applicable to the year ended March 31, 2002 was approved at the stockholders' meeting of the Bank held on June 27, 2002.

## INDEPENDENT AUDITORS' REPORT

**The Board of Directors and Shareholders  
The Akita Bank, Ltd.**

We have audited the consolidated balance sheets of The Akita Bank, Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in yen, present fairly the consolidated financial position of The Akita Bank, Ltd. and its consolidated subsidiaries at March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan, applied on a consistent basis.

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

*Shin Nihon & Co.*

Tokyo, Japan  
June 27, 2002

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