JOYO BANK

Annual Report 2001

PROFILE

The Joyo Bank, Ltd., was established in 1935 out of the merger of the Tokiwa Bank and Goju Bank (both founded in 1878), and celebrating its 123rd year in Business.

As a leading financial institution in Ibaraki Prefecture and surrounding regions, the Bank, with the philosophy of "Practicing sound management, creation of values, and living together with the home region," is contributing to the growth of its home region by providing stable and comprehensive financial services.

Management Philosophy

"Sound management, creation of value, and living together with the home region"

(1) Focusing on retail banking as our core business, Joyo Bank will pursue sound management and steady banking activities.

(2) Joyo Bank will create high-value business together with our customers, regional communities, and shareholders.

(3) By providing financial services in our base territory of Ibaraki Prefecture and adjacent areas, Joyo Bank will contribute to social and economic progress in the home region.

Action Guidelines

We will

— Provide the most appropriate products and services based on a keen understanding of our customers.

— Undertake steady banking activities and grow together with our customers.

— Seek to further improve our financial skills.

Annual Report 2001 on website

http://www.joyobank.co.jp/joyobank/eng/

Extended version of the Annual Report 2001 is available in HTML and PDF files.

Information/Functions available

- Financial Statements Download (Excel file, PDF)
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- Stock Information
- Links to Related Homepages
- Other

CONTENTS

FINANCIAL HIGHLIGHTS

Consolidated

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of Yen		Thousands of U.S. Dollars
Years Ended March 31	**2001**	2000	**2001**
For the Year Ended			
Total Income	**¥ 226,056**	¥ 208,422	**$ 1,824,503**
Total Expenses	**212,633**	191,097	**1,716,166**
Income before Income Taxes and Minority Interests	**13,425**	17,324	**108,353**
Net Income	**8,410**	10,930	**67,877**
At the Year End			
Total Assets	**¥7,119,707**	¥6,769,081	**$57,463,333**
Deposits	**6,153,577**	5,910,867	**49,665,673**
Loans and Bills Discounted	**4,443,583**	4,437,071	**35,864,269**
Securities	**1,782,040**	1,397,394	**14,382,889**
Shareholders' Equity	**424,323**	376,905	**3,424,721**
Capital Adequacy Ratio	**12.40%**	11.38%	
For the Year Ended			
Net Cash Provided by Operating Activities	**¥ 216,622**	¥ 372,192	**$ 1,748,361**
Net Cash Used in Investing Activities	**(205,873)**	(352,338)	**(1,661,606)**
Net Cash Used in Financing Activities	**(7,730)**	(8,622)	**(62,389)**
Net Increase in Cash and Cash Equivalents	**3,047**	11,207	**24,592**
Cash and Cash Equivalents at End of Year	**111,188**	108,141	**897,401**

Notes: 1. Japanese yen amounts are rounded down to the nearest million yen.
2. U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥123.90 to US$1.00 on March 31, 2001.

Non-Consolidated

THE JOYO BANK, LTD.

	Millions of Yen		Thousands of U.S. Dollars
Years Ended March 31	**2001**	2000	**2001**
For the Year Ended			
Total Income	**¥ 206,996**	¥ 189,691	**$ 1,670,669**
Total Expenses	**193,253**	170,587	**1,559,749**
Income before Income Taxes	**13,742**	19,103	**110,912**
Net Income	**8,368**	11,042	**67,538**
At the Year End			
Total Assets	**¥7,086,423**	¥6,730,441	**$57,194,697**
Deposits	**6,162,518**	5,918,971	**49,737,836**
Loans and Bills Discounted	**4,459,233**	4,445,943	**35,990,581**
Securities	**1,782,152**	1,397,083	**14,383,793**
Shareholders' Equity	**424,408**	376,965	**3,425,407**

Notes: 1. Japanese yen amounts are rounded down to the nearest million yen.
2. U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥123.90 to US$1.00 on March 31, 2001.

MESSAGE FROM THE MANAGEMENT

Toranosuke Nishino
Chairman

Isao Shibuya
President

The Joyo Bank seeks to become its customers' closest allies, providing them with high-value financial services.

Targeting enhanced corporate value

The Japanese financial services sector is in a period of unprecedented upheaval. Amid radical changes in the business environment — characterized by shifts in socioeconomic systems, deregulation, and the onset of the IT revolution — major movements are taking place. Such movements include consolidation in the industry which has led to the emergence of four large banking groups, entry of other industries into the financial sector, and the birth of electronic network banks. Meanwhile, banks began selling insurance products in April 2001, and unlimited bank deposit insurance protection will come to an end in April 2002. The operating environment promises to become even more severe in the future as competition intensifies beyond conventional industrial boarders.

In this era of "mega-competition," Joyo Bank is dedicated to fulfilling its responsibilities as a leading financial institution firmly rooted in its home base of Ibaraki Prefecture and its adjacent areas. We are also committed to building a solid business foundation that will win the trust and support of shareholders, customers, and the home region. To this end, in April 1999 we embarked on our 7th medium-term management plan. Under this three-year plan, we have been working hard to reform our business and management systems.

The basic objective of the plan is to enhance corporate value from the perspectives of all our customers, shareholders, and the home region. Guided by the plan, we will continue striving to satisfy customers by providing optimal, high-quality products and services while meeting the expectations of shareholders by reinforcing profitability and our financial position. In these ways, we will improve our corporate value.

Evolving into a comprehensive financial services company through "customer first" policy

Our ongoing quest is to become a bank that is chosen because of its ability to earn the trust of customers and satisfy their needs. To achieve this goal, it is important that we gain a keen understanding of customers' needs and provide high-quality products and services that meet those needs. Moreover, our products and services must be provided in a timely fashion via easily accessible channels.

With these beliefs in mind, in June 1999 we reorganized our marketing and administrative systems with the needs of customers foremost in our minds. Specifically, we introduced a quadripartite marketing system of separate groups for retail banking, corporate banking, public banking, and market business. Each group has systematically reassessed its marketing methods and is working to build new models that will allow the Bank to respond accurately to customers' diversifying needs.

We have also reorganized our marketing channels, replacing the conventional full branch system in which each branch offered a full range of banking services, with an area-based marketing system in which different branches of the same marketing area now specialize in clearly defined aspects of services. By the end of fiscal 2001, the entire prefecture will be served by the new marketing system.

In July 2000, the Bank introduced a direct banking service that is compatible with telephone, the Internet, and i-mode. Called "Access-J," the new service improves convenience for customers and enables us to expand our contact with them. By combining face-to-face service with "Access-J" we hope to provide our customers with both human warmth and high-level convenience.

Needless to say, achieving our goal of enhancing services requires employees to dedicate themselves to the ongoing improvement of their skills. For this reason, in fiscal 2000 we initiated the "J-Innovation Campaign," which is aimed at reforming the attitudes and behavior of all employees and places priority on the principles of "the customer comes first" and "putting policy into practice." To this end, we have improved our consulting capabilities to provide higher-quality financial services to our customers.

The Bank will continue to strive to improve its capability in the field of personalized consulting services so that our customers feel even more confident about approaching us with their concerns. Our overriding objective is to evolve into a comprehensive financial services company that meets all financial needs by placing customers first and working closely with them.

"Sound management, creation of value, and living together with the home region"

The social environment is expected to continue changing, and the roles required of Joyo Bank are expected to become more diverse and sophisticated. The Joyo Bank will continue to improve its services in response to such change, while protecting those aspects which are better left unchanged, no matter how difficult the business environment becomes.

We at Joyo Bank will contribute further to the development of our home region via sound management practices and steady marketing activities as we create a valuable business in partnership with customers, the home region, and shareholders. In other words, we will adhere to our philosophy: "Sound management, creation of value, and living together with the home region."

We look forward to your support in our current and future endeavors.

T. Nishino

Toranosuke Nishino
Chairman

Isao Shibuya

Isao Shibuya
President

BUSINESS HIGHLIGHTS

In April 1999, we embarked on our 7th medium-term (3 years) management plan, with the basic objective of enhancing corporate value. Since then we have reinforced our marketing capabilities and raised profitability by establishing a low-cost operating structure. As a result, the Bank again posted steady results in fiscal 2000.

Revenues and Earnings

In fiscal 2000, the Bank strove to strengthen earnings by expanding loans to small and medium-sized companies as well as retail customers, while placing high priority on credit risk management and profitability. Amid further declines in long-term interest rates, we undertook flexible adjustment of our securities portfolio. We also worked to provide and expand a diversified array of services.

Seeking to create a low-cost operating structure, we streamlined various processes and significantly reduced overall expenses from the previous year. As a result, business profits remained generally on a par with fiscal 1999.

Due to the bankruptcy of several major customers and increased provision for possible loan losses, disposal of non-performing assets exceeded the level of the previous year. During the year, we endeavored to sell stocks with high price volatility in response to the adoption of current value accounting.

From the perspective of maintaining sound operations, the Bank made a lump-sum amortization to cover the discrepancy arising from the introduction of retirement benefit accounting. This resulted in an extraordinary loss of ¥5,934 million.

As a result, net income for fiscal 2000 ended March 31, 2001 amounted to ¥8,368 million, down ¥2,674 million from fiscal 1999.

Deposits, Loans, and Securities

Non-consolidated deposits at fiscal year-end totaled ¥6,077.6 billion, up ¥172.9 billion from the previous year. The increase stemmed mainly from a rise in deposits by individuals.

Despite the disposal of non-performing loans and a decline in demand for funds from corporations, the overall balance of loans outstanding rose ¥13.2 billion, to ¥4,459.2 billion.

As a result of efficient asset allocation, the balance of securities at fiscal year-end rose ¥385.0 billion from the previous year to ¥1,782.1 billion. In response to the adoption of market price accounting, we reduced holdings of shares with high price volatility. At the same time, in order to control interest rate exposure, the Bank concentrated its investment on short-and medium-term notes.

Capital Ratio

The Bank's consolidated capital ratio at fiscal year-end was 12.40%. The non-consolidated ratio was 12.42%. Both figures exceeded the prescribed 8% minimum by a substantial margin.

Consolidated Accounts

The Bank has nine consolidated subsidiaries.

On a consolidated basis, ordinary income for the year rose ¥8,136 million, to ¥215,569 million. Ordinary expenses increased ¥6,085 million, to ¥196,365 million. As a result, ordinary profit amounted to ¥19,204 million, up ¥2,051 million.

Consolidated net income for the year was ¥8,410 million, down ¥2,520 million.

Net cash flow generated from operating activities increased by ¥216.6 billion, due mainly to an increase in deposits. On the other hand, net cash flow generated from investing activities decreased by ¥205.8 billion, due mainly to purchases of securities, mostly national and local government bonds. Net cash flow from financing activities decreased by ¥7.7 billion, due to payment of cash dividends and the use of net income to undertake stock buy-backs. As a result, cash and cash equivalents at fiscal year-end amounted to ¥111.1 billion, up ¥3.0 billion from the previous year.

TACKLING MANAGEMENT TASKS

With the goal of strengthening the Bank's marketing power and earning power, we introduced a new marketing system in June 1999 in which four new groups were set up to handle different marketing segments. Our marketing activities are now apportioned out among the Retail Banking Business Group, the Corporate Banking Business Group, the Public Business Group, and the Market Business Group. Each group is responsible for the planning, promotion, and supervision of its own strategies, both facilitating fast response and clearly placing responsibility for earnings on the groups themselves.

Reinforcing Marketing Power

Retail Banking

The Retail Banking Business Group is the core division responsible for providing retail services. In this role, the Group serves as a financial "partner" to the Bank's individual customers. Aware that the financial needs of customers differ depending on such factors as asset holdings, career, and lifestyle, we undertake meticulous marketing activities tailored to each customer's specific requirements.

Best Possible Financial Services

Customers often require financial assistance at various stages of their lives, such as when purchasing a home, getting married, and financing children's education. To meet these needs in a timely fashion, employees with specialist skills utilize the latest marketing techniques to provide these customers with comprehensive advice and the most appropriate products and services.

Broadening Interface with Customers

Given the increasingly diverse lifestyles of individuals, we need to maximize opportunities to make contact with customers and enhance the convenience of our services. For these reasons, we are reinforcing our traditional branch network with upgraded and expanded customer-access channels.

In July 2000, we began offering the "Access J" direct banking service, which allows customers to conduct banking transactions via the telephone and the Internet. In October 2000, financial advisory counters at four branches began providing services on the 2nd and 4th Saturdays of each month. Staff at these counters provide advice and information related to asset management and personal loans to customers who are unable to visit us on weekdays. We also established the Joyo Asset Management Consulting Plaza and the Joyo Home Loan Plaza as dedicated channels for providing advice related to asset management and home loans, respectively.

In March 2001, we formed an alliance with E-Net to provide a deposit and withdrawal service through an extended network of ATMs at convenience stores.

Extended Lineup of Products and Services

Joyo Bank continues to improve and upgrade its product planning capabilities to satisfy customers' wide-ranging needs.

To meet customers' asset management requirements, we offer a host of deposit-related products. We are also reinforcing our line of investment trusts, foreign-currency deposits and other products, and formulating plans tailored to specific asset performance objectives.

For borrowers, we offer the full spectrum of traditional products, such as home loans, education loans, and car loans, while providing new products such as nursing care loans and loans for homes with fixed-term land-lease right to meet emerging customer needs.

In addition, we have formed special-purpose membership clubs to offer various benefits to customers. These include the Yutori Life Club for pensioners and the Point Club for wage earners.

By packaging multiple products and services, we also provide proposal-based services customized to support the investment needs of customers.

In April 2001, we started handling insurance products related to home loans. This is a one-stop service in which customers can simultaneously apply for a home loan and enter into an insurance contract.

Strengthening Loan Services to Local Entrepreneurs

In the year under review, we significantly modified the content of the Joyo Small Loan, which was originally launched in February 2000. To make the product more attractive than ever to the numerous entrepreneurs in our region, new loan products, namely loans on deeds and overdrafts, were added. We also applied a new scoring model for screening purposes so that the product becomes applicable to a more diverse range of customers. Procedures are simple and swift, and applicants can borrow up to ¥10 million without collateral.

To further raise customer convenience, we established the Quick Business Center at our head office. Now, Joyo Small Loan customers can apply via telephone, fax, post, or the Internet in addition to the conventional methods of applying in person.

Insurance Products Launched

In April 2001, Joyo Bank concluded agency agreements with two non-life insurance companies. All branches that handle home loans now also offer related long-term fire insurance and loan repayment support insurance.

In addition to expanding our non-life insurance offerings, we look forward to the upcoming removal of the prohibition on banks entering the life insurance sector. Seizing new opportunities, we will continue to aggressively develop new fee-based business.

Corporate Financial Services

Apart from such basic function of providing advice and the financial products based on a thorough understanding of each customer, the Bank provides all-round support for the development and growth of corporate customers through maximum use of all the Bank's capabilities and marketing channels.

Marketing Channels for Corporate Clients

- Area-Based Marketing System
  To offer our corporate clients a more sophisticated and concentrated services, we have divided up our branch network into marketing areas, and established Area Corporate Business Division in each area as a new business frontier for corporate customers.
- Direct Marketing from Head Office
  Business with corporate clients whose operations range over a wide geographical area, as well as clients who is requiring specialist knowledge, are handled swiftly and efficiently by teams of specialists at our head office.
- Marshalling Group Strength to Offer Comprehensive Financial Services
  Member companies of the Bank's group provide customers support in various areas such as the collection and analysis of management and industry information, leasing, and computer system developments.

Active Marketing to Cultivate Loans to Local Small-Scale Corporate Customers

We believe that the prime strength of our highly competitive Corporate Business Group lies in business with small and medium-sized enterprises in our home region. We continue to focus our efforts on expanding transactions with such customers in the home region by offering comprehensive financial services through area-based marketing system.

In our ongoing quest to support the development of local businesses and individual entrepreneurs, we proactively offer a host of financing services. Core products include Active Plan 21 (a small-business loan with interest rate selectivity), Joyo Business Line, and Joyo My Town Card Loan.

Public Sector

As a financial institution deeply rooted in the region it serves, Joyo Bank works to meet the needs of local customers and society. By serving local government entities and public corporations, we also strive to help raise the region's living standards and nurture development of local industry by improving the region's infrastructure. At the same time, we provide an array of information services related to the IT-driven evolution of the information society.

Market Business

The Market Business Group participates in various financial markets to develop financial products and provide information designed to meet the increasingly sophisticated and diversified needs of customers. Products developed to date include foreign-currency deposits with special exchange-rate arrangements using currency options. The Group also handles investment trusts and provides custodial and administrative services for government bonds held by customers. Other services include overseas fund remittances, foreign exchange transactions, and foreign currency settlement services.

In the ALM field, where various risks associated with the Bank's assets and liabilities, including deposits held on behalf of customers, are managed, the Market Business Group undertakes asset management and fund-raising activities. In the area of asset management, in particular, we place top priority on strengthening our earning capabilities by diversifying asset management techniques and flexibly addressing expected changes in the market environment.

Rationalization Efforts

Overhaul of the Bank's Branch Network

We are working hard to set up new marketing channels, such as direct banking and ATMs at convenience stores. At the same time, we are closing and merging the operations of existing staffed branches, while converting some to unstaffed outlets.

The Bank plans to have streamlined 25 branches by the end of fiscal 2002. In the year under review, we closed three branches and streamlined six more. As a result, a total of 182 domestic branches were in operation at fiscal year-end.

During the year, we closed our branch in London. Consequently, our overseas bases now consist of a branch in New York and a representative office in Shanghai.

Rationalization of Operations

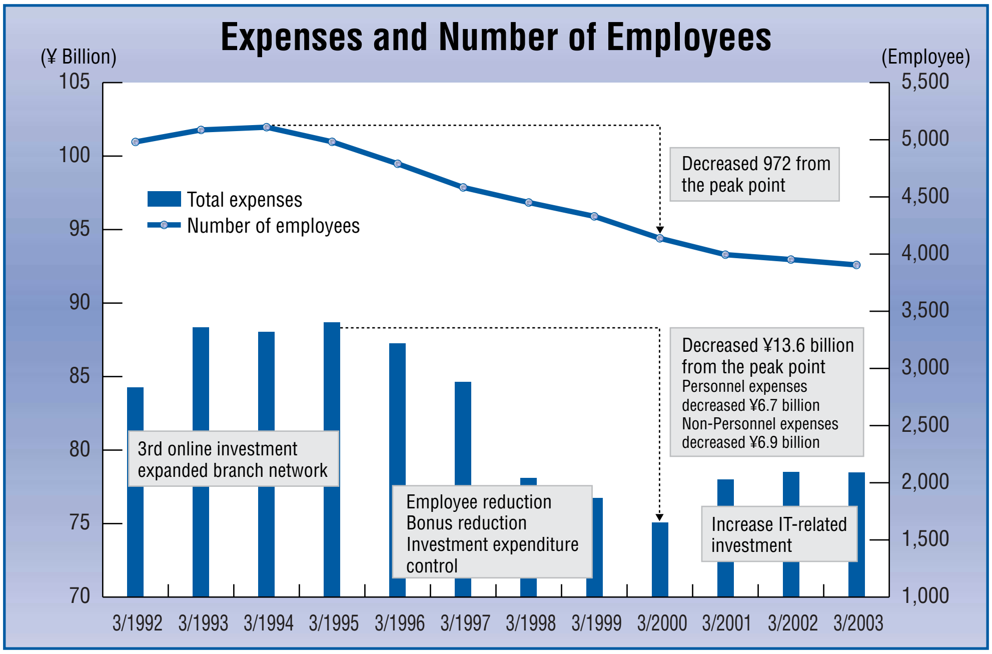
We are carrying out a complete overhaul of our administrative processing system with a view to centralizing all back office work. The process commenced in fiscal 1999, and we began implementation in all branches in fiscal 2000.

With these rationalization efforts, we are expecting to reduce the number of employees by 470 by the end of March 2003. In fiscal 2000, the number of staff declined by 192.

Reducing Personnel Expenses

In fiscal 2000, the Bank continued to hold down bonus payments to employees. As a result, personnel expenses dropped ¥1.4 billion compared with fiscal 1999. We will further refine our remuneration system to ensure that bonus payments reflect the Bank's performance and the individual contributions of employees.

Thanks to improved efficiency, the Bank's operating expenses fell ¥1.6 billion, to ¥75.0 billion, in fiscal 2000. This is ¥13.6 billion lower than the level in fiscal 1995, when such expenses reached a peak. Adhering to our plan to enhance operating efficiency, we will continue reducing costs in existing operations. Due to increased IT-related investments in growth areas, however, we expect operating expenses to remain largely unchanged.



IT Strategy

In October 2000, Joyo Bank established its IT Committee, charged with the responsibility of formulating a bank-wide IT strategy and creating a structure for screening potential investments and verifying their effectiveness.

Near-Term Investments

Our policy is to prioritize investments in areas where customers require comprehensive financial services. Specific near-term investments will be made in the fields of asset management consulting and loan operations.

• Asset management consulting
We will develop and procure highly attractive products that satisfy customers' diverse needs while reinforcing direct banking capabilities. We will also upgrade the support tools for employees.

• Loan operations
We will adopt more advanced scoring and loan management systems while streamlining and shortening the screening process to enhance convenience for customers.

• Building advanced business support systems
The Bank seeks to introduce new systems aimed at dramatically improving IT-structures, marketing frameworks, and business processes. In the area of marketing, we input customer transaction data and history into a common database accessible to employees in an effort to create a framework allowing accurate responses to customer needs.

In our drive to raise business efficiency, we will study the introduction of image processing technologies as a way to further centralize administrative operations and reduce paper usage. We have already started installing a customer seal retrieval system. We are also in the process of establishing a system whereby customers can use any branch for various procedures that were previously limited to the branch where their account was opened.

Raising IT investment efficiency

Our policy is to create a self-reinforcing investment system whereby resources are allocated in favor of high-importance areas with good future and profit potential, notably e-business. At the same time, we are reassessing systems-related expenses and pursuing strategies to ensure proper recovery of investments in systems.

Strategic Alliances

Kanto Regional Banks' Business Research Council

In May 1999, the Joyo Bank, together with The Gunma Bank, Ltd., The Yamanashi Chuo Bank, Ltd., and The Hachijuni Bank, Ltd., set up the Kanto Regional Banks' Business Research Council. The aim of the Council is to conduct collaborative research related to potential rationalization measures and new business initiatives for each of the four participating banks.

In July 2000, the four banks jointly set up the Promotion Office in Tokyo to reinforce the functions of the Council and further strengthen its promotional capabilities. The Office, staffed by specialists from each of the four participating banks, is responsible for initiating further alliances between relevant head office divisions of each bank to promote joint research and policy formulation, unification and refinement of approaches, as well as collaborative external activities.

Results of Integration Initiatives

• Integration of securities management systems
In the year under review, the specification of the Nihon Unisys securities management systems used by the four banks were integrated, and the four banks together refined the system further to incorporate necessary regional banking functions. The four banks intend to outsource operation and maintenance of the securities system to Nihon Unisys, Ltd. By integrating operations, the four banks will be able to reduce system-related expenses and lower operational and maintenance costs. They will also be able to hold down costs arising from renewal of machines.

• Integration of defined-contribution pension plans
Seeking to link up with a record-keeping company, the four banks worked with IBM Japan to develop a

connection method using a common center. This resulted in the adoption of the common connection system of Japan Record-Keeping Co., Ltd., in which more than 20 banks decided to participate. In addition, the four banks are studying ways to integrate products, employee education, and customer advisory systems.

• Integration of Tokyo clearing processes
The four banks have joined together to outsource their Tokyo clearing processes to the Bank of Tokyo-Mitsubishi. By integrating the four banks' clearing processes — tasks that are inefficient when carried out by a single institution — the banks hope to make administrative processes more efficient and thus reduce costs. They also hope to cut costs associated with the renewal of machinery. The four banks are also looking at other ways to integrate processes, including combining mail bound for Tokyo.

Integration of Systems

In our systems integration drive, we place top strategic emphasis on the common use of discrete systems. Integration of core systems is also a key research theme and will be the subject of ongoing study.

Future Plans

The Kanto Regional Bank's Business Research Council will continue researching ways to integrate the operations of its four members in a wide range of areas, including joint product development and market launching, joint entry into new business fields, and joint sales of insurance products.

Capital Strategy

In fiscal 2000, Joyo Bank continued buying back and retiring shares in line with its commitment to returning profits to shareholders and improving return on equity and other steps to improve capital efficiency. During the year, the Bank retired 8,483,000 shares, amounting to ¥3.2 billion. We also purchased 175,000 treasury shares in association with the introduction of a stock options system.

The retirement of own stock is a very valuable tool in clarifying the Bank's shareholder-focused management stance. From here onward, we intend to purchase and retire more own stock, as and when appropriate in light of the Bank's earnings and capital ratio.

FINANCIAL SOUNDNESS

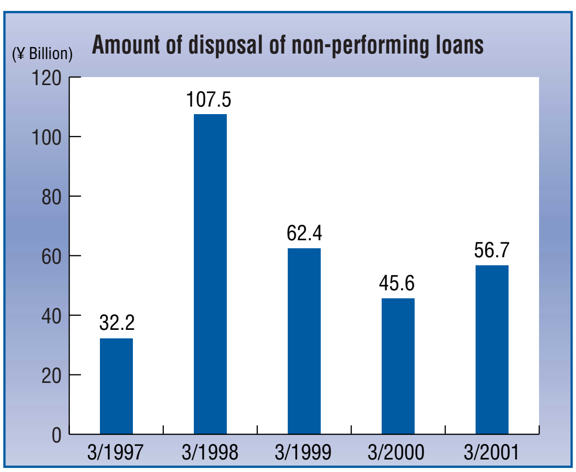
Bad Debt Disposal during the Term

During the term, the Bank made disposals of ¥56.7 billion in bad debts based on self-assessment. The breakdown was as follows.

	March 2001	March 2000	Change
	Millions of Yen		
Write Off of Claims	**¥30,489**	¥10,907	¥19,582
Net Provision for Specific Reserves	**22,265**	28,160	(5,895)
Provision of Specific Foreign Borrowers	**0**	(393)	392
Losses on Sales of Loans to the Cooperative Credit Purchasing Co., Ltd.	**370**	144	225
Losses on Bulk Sale of Loans	**638**	1,355	(717)
Provision for Possible Losses on Sales of Loans	**1,707**	2,658	(950)
Provision for Other Contingent Losses	**1,280**	2,675	(1,394)
Other	**—**	170	(170)
Total	**¥56,751**	¥45,679	¥11,072

The Bank sold ¥10.6 billion in bad debts by bulk sale in the year under review.

Over the past five years, annual disposals have declined since hitting a peak of ¥107.5 billion in fiscal 1997. In fiscal year ended March 2001, however, the disposed amount increased due to the financial collapse of major customers located mainly in the Tokyo Area, including a life insurance company and a major department store.



Provision of Reserves for Possible Loan Losses

Joyo Bank provided reserves for possible loan losses equivalent to 100% of possible loan loss amounts after deduction of secured amounts covered by collateral and guarantees for Legally Bankrupt Borrowers and Substantially Bankrupt Borrowers. The Bank also provided reserves equivalent to 71.02% of possible loan loss amounts after deduction of secured amounts covered by collateral and guarantees for Potentially Bankrupt Borrowers, on the basis of historical default ratios. As a result, against the potentially irrecoverable loans of ¥68.6 billion, the balance of specified reserves for possible loan losses amounted to ¥49.5 billion, making a reserve ratio of 72.18%.

The Bank applied Partial Direct Write-Off accounting methods, in which the irrecoverable loan amount classified as Category IV (¥87.1 billion of Substantially Bankrupt Borrowers and ¥28.6 billion of Legally Bankrupt Borrowers) under self-assessment is eliminated from the balance sheets. The Bank also holds Eurobonds amounting ¥8.4 billion as a result of the liquidation of non-performing loans executed in fiscal 1998. In relation to this matter, the Bank provided ¥4.5 billion as a Reserve for Other Contingent Losses, based on estimated future losses in the value of collateral.

The Bank provided a general reserve for possible loan losses in line with the Financial Institutions Inspection Manual of the Financial Supervisory Agency. The Bank classified borrowers requiring caution into three sub-categories including Substandard Borrowers, and provided reserves for possible loan losses based on historical default ratios in each sub-category.

The Bank will continue reinforcing credit risk management and adequately writing off claims to maintain the soundness of its assets.

Reserves Based on Self-Assessment

	Potentially Bankrupt Borrowers	Substantially Bankrupt Borrowers	Legally Bankrupt Borrowers	Total
	Billions of Yen			
Claims after Partial Write Off (i)	146.3	55.0	21.0	222.3
(Partial Write Off)	(0.0)	(87.1)	(28.6)	(115.8)
Claims Secured by Collateral (ii)	80.4	53.3	19.9	153.7
Claims with uncertain Collectibility (A) = (i)-(ii)	65.8	1.6	1.0	68.6
Specific Reserve (B)	46.7	1.6	1.0	49.5
Reserve Ratio (B)/(A)	71.02%	100.00%	100.00%	72.18%

Reserves for Possible Loan Losses

	March 2001	March 2000	Change
	Billions of Yen		
General Loan Loss Reserves	**23.3**	27.1	(3.7)
Specific reserves	**49.5**	68.6	(19.1)
Reserves for Specific Foreign Borrowers	**—**	0.0	0.0
Reserves for Possible Loan Losses	**72.8**	95.7	(22.9)
Reserves for Assistance to Specific Borrowers	**—**	—	—
Reserves for Possible Losses on Sales of Loans	**6.5**	5.8	0.6
Reserves for Other Contingent Losses	**4.5**	3.4	1.0

Asset Portfolio Disclosure

The Bank places top priority on maintaining the soundness of its asset portfolio. To this end, we prioritize disposal of bad debt and pursue a proactive financial disclosure policy.

1. Disclosure of Risk-Monitored Assets under the Banking Law

With respect to risk-monitored assets based on the Banking Law, the Bank is disclosing loans to Legally Bankrupt Borrowers under self-assessment of assets as "Loans in Bankruptcy and Dishonored Bills" and loans to Substantially Bankrupt Borrowers and Potentially Bankrupt Borrowers under self-assessment of assets as "Delinquent Loans." Despite an increase in Restructured Loans, during fiscal 2000, the Bank maintained an appropriate reserve of 87.57% to preserve the soundness of its financial position.

Risk-Monitored Assets under the Banking Law

< Non-consolidated >	March 2001	March 2000	Change
	Billions of Yen		
Loans in Bankruptcy and Dishonored Bills	**20.6**	19.5	1.0
Delinquent Loans	**200.4**	231.7	(31.3)
Loans Past Due with Respect to Interest Payments for a Period of More than Three Months	**2.3**	2.7	(0.3)
Restructured Loans	**84.6**	42.0	42.6
Total (a)	**308.2**	296.1	12.0
Loans and Bills Discounted (b)	**4,459.2**	4,445.9	13.2
Ratio of Risk-Monitored Assets to Loans Outstanding (a)/(b)	**6.91%**	6.66%	+0.25%
Portion Covered by Collateral and Guarantees (c)	**269.9**	—	—
Coverage Ratio (c)/(a)	**87.57%**	—	—

Note: Reserve ratio is calculated from the term ended March 2001.

< Consolidated >	March 2001	March 2000	Change
	Billions of Yen		
Loans in Bankruptcy and Dishonored Bills	**21.1**	20.0	1.1
Delinquent Loans	**208.3**	241.5	(33.2)
Loans Past Due with Respect to Interest Payments for a Period of More than Three Months	**2.6**	2.9	(0.2)
Restructured Loans	**85.5**	42.1	43.4
Total	**317.6**	306.6	11.0

2. Problem Assets under the Financial Revitalization Law

The Financial Revitalization Law requires banks to disclose the results of their asset assessments. Based on its self-assessment results, Joyo Bank is disclosing loans to Legally Bankrupt Borrowers and Substantially Bankrupt Borrowers as "Bankrupt and Quasi-Bankrupt Assets;" loans to Potentially Bankrupt Borrowers as "Doubtful Assets;" and Loans Past due with Respect to Interest Payments for More than Three Months and Restructured Loans as "Substandard Loans."

As of March 31, 2001, Problem Assets under the Financial Revitalization Law amounted to ¥309.5 billion, exceeding the corresponding Risk Monitored Assets under the Banking Law by ¥1.3 billion. The difference was attributable to additional assets other than loans and bills discounted to be covered under the Financial Revitalization Law, such as customers' liabilities for acceptance and guarantees, interest receivable, foreign exchange, and suspense payments.

Problem Assets under the Financial Revitalization Law

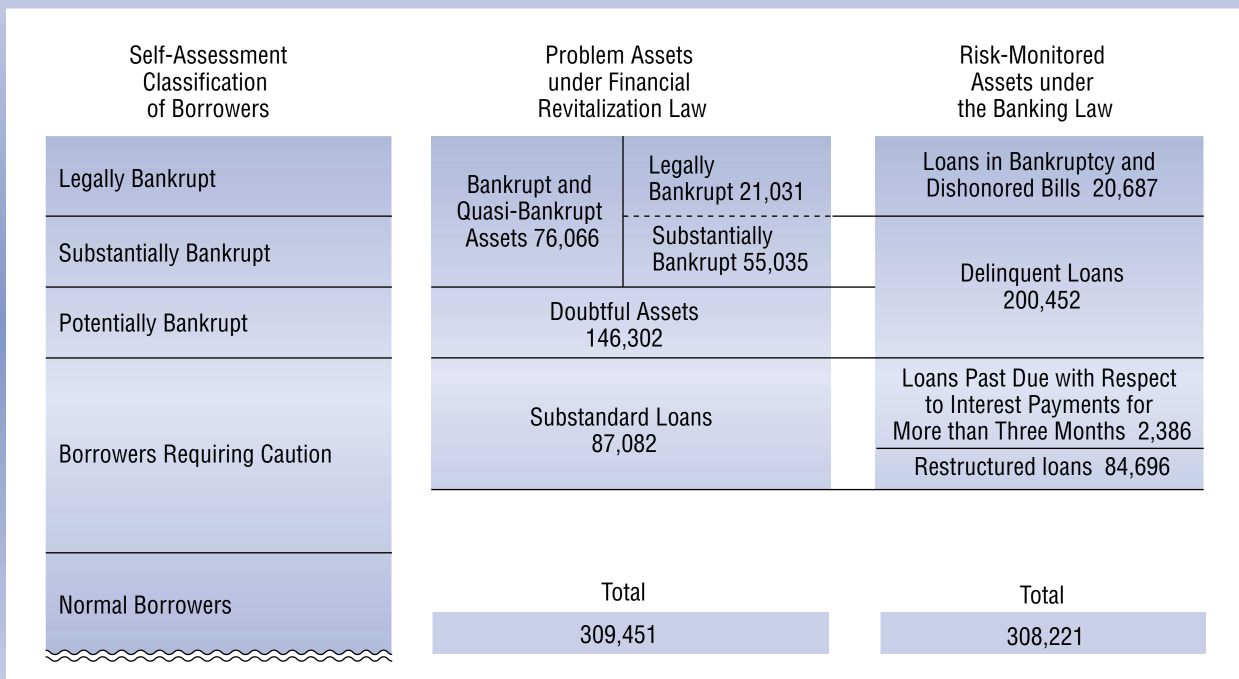
	March 2001	March 2000	Change
	Billions of Yen		
Bankrupt and Quasi-Bankrupt Assets (a)	76.1	71.2	4.8
Doubtful Assets (b)	146.3	181.4	(35.1)
Substandard Loans (c)	87.1	44.8	42.3
Problem Assets (A) = (a) + (b) + (c)	309.5	297.4	12.0
Normal Assets (d)	**4,240.5**	4,259.8	(19.2)
Total (B) = (A) + (d)	**4,550.0**	4,557.2	(7.2)
Ratio of Problem Assets (A)/(B)	6.80%	6.52%	+0.28%

Coverage Status at Fiscal 2000 Year-End

	Bankrupt and Quasi-Bankrupt Assets	Doubtful Assets	Substandard Loans	Total
	Billions of Yen			
Problem Assets (a)	76.1	146.3	87.1	309.5
Assets Secured by Collateral and Guarantees (b)	73.3	80.4	48.8	202.6
Reserves for Possible Loan Losses (c)	2.8	46.8	5.1	54.7
Coverage Ratio {(b) + (c)}/(a)	100.00%	86.95%	62.00%	83.13%

The disclosure-based assets for each borrower classification of self-assessment are summarized below.

Self-Assessment: Classification of Borrowers and Disclosure-Based Assets (Millions of Yen)



Note: Assets covered by disclosure standards

Financial Revitalization Law:
loans, securities lending, foreign exchange, interest receivable, suspense payments, and customers' liabilities for acceptance and guarantees

Banking Law:
Loans and bills discounted

Note: Categorization of Disclosure Standards

Financial Revitalization Law:
Categorized by borrower basis, in accordance with self-assessment results. (As an exception, Substandard Loans are categorized on individual loan basis.)

Banking Law:
Loans to Legally Bankrupt Borrowers, Substantially Bankrupt Borrowers, and Potentially Bankrupt Borrowers are categorized on an individual borrower basis, in accordance with self-assessment results. Loans to Borrowers Requiring Caution are disclosed on an individual loan basis.

RISK MANAGEMENT

Risks associated with financial institutions are becoming more and more diverse and complicated due to changes taking place in the operating environment. In response, and in recognition of the fact that risk cannot be entirely avoided, Joyo Bank is building a risk management structure that appropriately manages risk.

Internal Risk Management System

The Bank is building a risk management structure in which the responsibilities are clearly defined and checks and balances within the Bank function properly.

The Bank is also strengthening its internal auditing functions. In addition to conducting examinations related to operational processes, the Corporate Audit Division examines a number of other factors, including the effectiveness and reliability of the risk management processes of various businesses, the efficiency of business operations, and legal compliance status.

Risk Management Process

With respect to risk management, the Bank places great importance on implementing the following processes. When commencing new businesses or handling new products, the Bank also ascertains legal compliance as well as the application of an adequate risk management system.

(1) Recognition and identification

The process of recognizing and identifying the nature of risks

(2) Quantification

The process of measuring the size and the degree of risk involved in each transaction as well as the portfolio as a whole

(3) Control

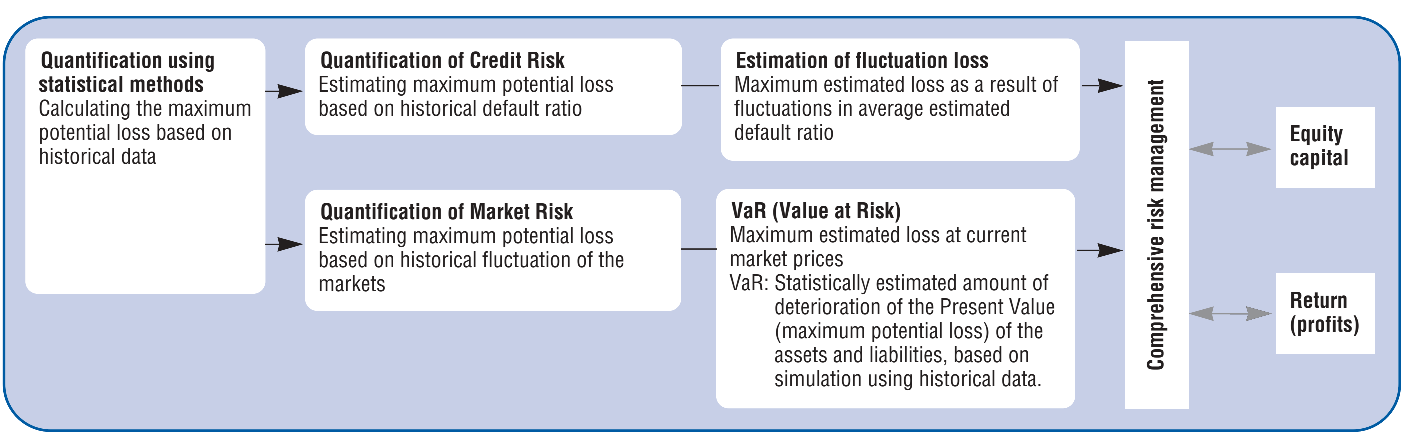
The process of establishing authority and ceilings for risks to be taken, and of evaluating and applying the most efficient risk management methods

(4) Monitoring

The size of risks and the status of their management must be monitored by a management section independent of business sections. This information is to be reported to the top management.

Comprehensive Risk Management

By quantifying different types of risk using statistical techniques, we have created an integrated risk management system which enables us to judge whether or not the overall risk is excessive in comparison with our equity capital, as well as how efficiently our managerial resources are being utilized.



Credit Risk Management

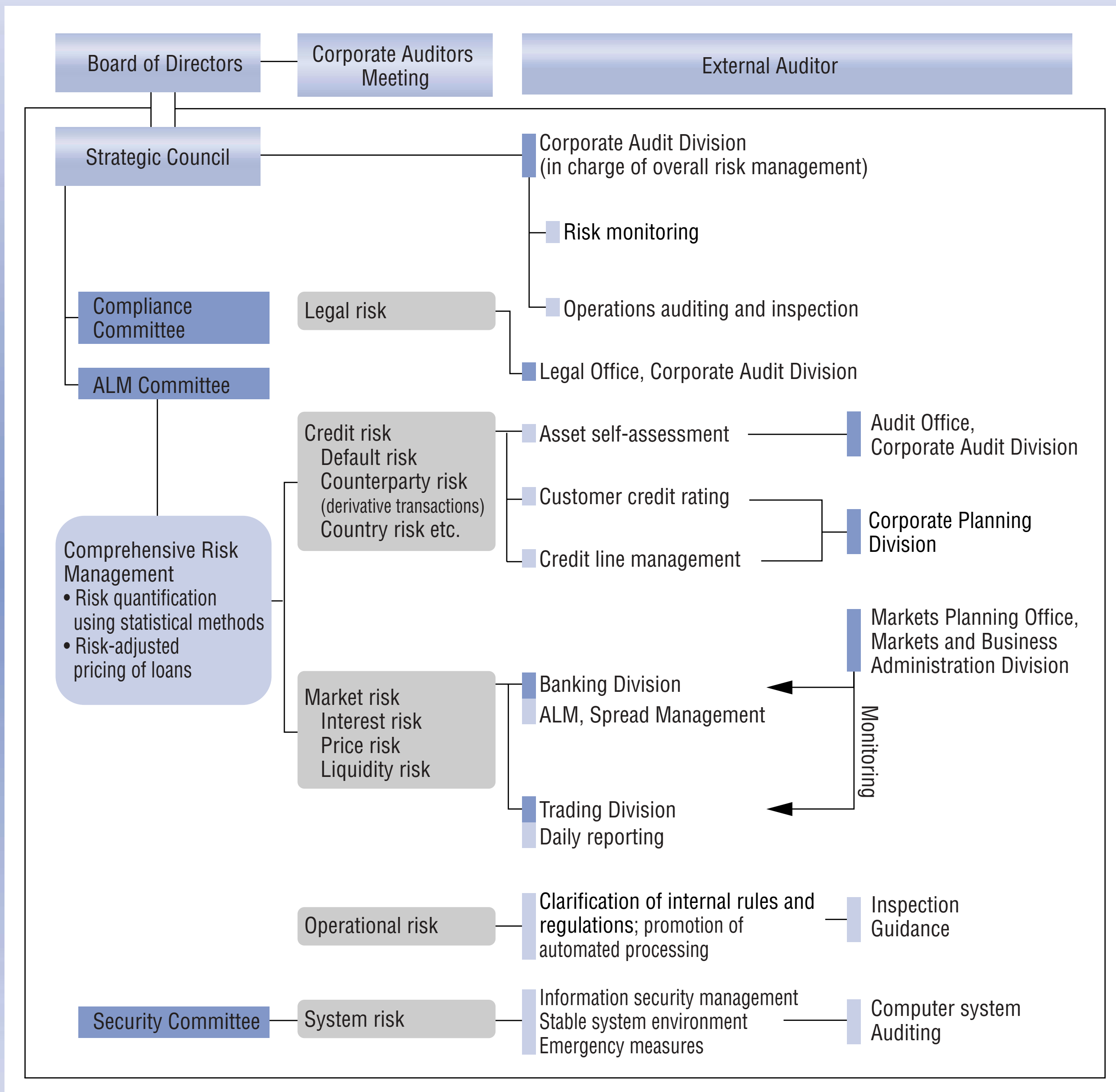
Credit risk refers to one of the most important risks the Banks must face, by which principal and interests may become uncollectible due to deterioration in the financial conditions of borrowers.

The Bank is making its utmost efforts to vigorously manage credit risk in order to prevent the emergence of new problem loans and to improve the quality of its loan portfolio.

Credit Risk Management Structure

The Bank is working to ensure effective credit screening by clearly separating the credit risk management group from the business promotion sections. At the same time, the Bank is preventing deterioration of its loan portfolio through continuous monitoring of borrowers. The Corporate Audit Division monitors the quality of assets based on self-assessment results, while the Corporate Planning Division performs such tasks as quantification of credit risk held by the Bank and upgrading the corporate ratings system.

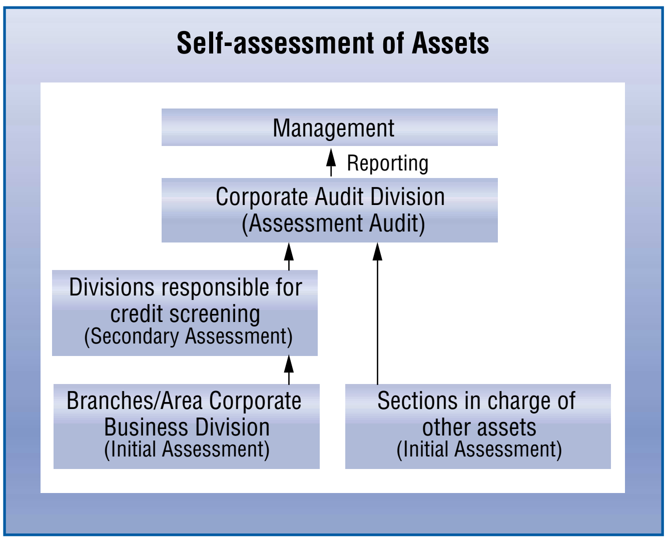
The Bank's Internal Risk Management System



The self-assessment of assets is first conducted at the branch level (initial assessment), and then verified by the head office division in charge of credit screening (secondary assessment). Finally, the Corporate Audit Department audits the results. The Bank provides appropriate reserves and writes down problem loans based on the assessments.

In order to maintain the soundness of its asset portfolio, the Bank assigns a dedicated team to assist borrowers in need of management improvement.

In addition, the Bank has introduced a credit scoring system for small loans to unify credit screening standards and improve efficiency. Using its branch PC network, the Bank also shares and upgrades credit-related information to further raise the efficiency of screening processes.



Quantification of Credit Risk Amounts

The Bank quantifies credit risk on the basis of the borrowers' "corporate rating" which reflects the financial conditions and qualitative evaluation of each borrower as well as the degree of coverage by collateral or guarantees.

The size of the credit risk is recognized in terms of both normal credit risk based on the average default ratios in the past and additional credit risk that will be caused by external factors such as substantial fluctuation in economic factors.

The quantification of credit risk enabled the Bank to recognize the existence and the magnitude of the actual credit risk exposure, and therefore to calculate such parameters as the risk-return ratio and the degree of concentration. The Bank strives to improve the accuracy of measurement and continues to accumulate data to achieve optimal asset allocation incorporating actual risks involved.

Loan Portfolio Management

The Bank carries out credit risk management regarding the entire loan assets as a portfolio. Based on the quantitative data, the Bank regularly monitors its overall credit risk exposure to avoid over-concentration of credit risk on specific industries or corporations.

We will strive to improve our profitability and risk-taking capabilities by reducing the amount of credit risk through appropriate diversification.

In addition, we are making further efforts to directly control the quantity of credit risks by such measures as liquidation of loan assets.

Market Risk Management

Market risk refers to fluctuations in revenue caused by changes in interest rates, foreign exchange rates, and supply-demand conditions of funds, which always affect such assets and liabilities as loans, securities, and deposits.

Market Risk Management System

To address market risk, the Bank has separated front and back office departments and established a middle office risk management department, thus creating an effective system of mutual checks and balances.

Asset and Liability Management (ALM) System

The Bank utilizes the latest ALM method to control market risk exposure facing the Bank. The Bank is carrying out various analyses with regard to the risks involved in assets and liabilities, such as simulation of interest rate fluctuations, Value at Risk (VaR), and Earning at Risk (EaR) to make appropriate decisions for efficient asset allocation and risk management.

Derivative Transactions

The Bank engages in derivative transactions to meet customers' diversified needs and hedge the Bank's own risk.

In order to quantify risk, the Bank is carrying out such measures as daily revaluation, sensitivity analysis, and calculation of Value at Risk. At the same time, we are setting out various risk management rules such as credit limits, position limits, and stop-loss rules.

Measures for Information Security

Strengthening of Information Security

• Security Policy

We have drawn up a security policy that lays down basic guidelines regarding information security. These guidelines clearly identify priority information requiring protection, prescribe standards of conduct that promote tight security, and provide an implementation plan, while identifying staff roles and responsibilities.

Furthermore, we have established detailed security regulations — comprising roughly 300 items — that address standards for installment of equipment, operating procedures, and technical standards.

• Administration Structure

The Bank maintains a Comprehensive Security Management Department that is headed by the Executive Director in Charge of information security aided by the Security Deliberation Committee. Additionally, information administrators and information security officers have been appointed for all work places, while data handling is regulated by explicit guidelines. This security structure provides protection against external threats and prevents unauthorized actions by employees. Moreover, information asset protection is further assured by assigning system administrators, information administrators, and network administrators to each system.

Compliance System

The Bank places a high priority on strengthening its compliance system to ensure sound banking operations, fulfill its social responsibility and public mission, and maintaining the trust of customers, shareholders and other stakeholders.

In fiscal 2000, we took steps to strengthen our compliance system still further.

The Bank's Compliance Manual, which provides specific guidelines on compliance-related matters, is distributed to all employees. We have also formulated a practical Compliance Program, based on which employees can enforce compliance in their respective jurisdictions.

Dedicated Compliance Officers have been assigned to each major division to undertake a broad variety of checks to determine how divisions are addressing legal issues.

The Bank set up a Compliance Auditing Committee, consisting of outside professionals including a lawyer and a CPA. The committee fairly evaluates and audits the Bank's compliance activities. Internal compliance activities should be supplemented by outside audits to inject the required professional knowledge and objectivity.

The Bank is striving to further strengthen and improve its compliance activities.

Policy on Promoting Financial Products

Joyo Bank has adopted the following policies with respect to promoting financial products, pursuant to Article 8 of the Law Concerning Sale of Financial Products.

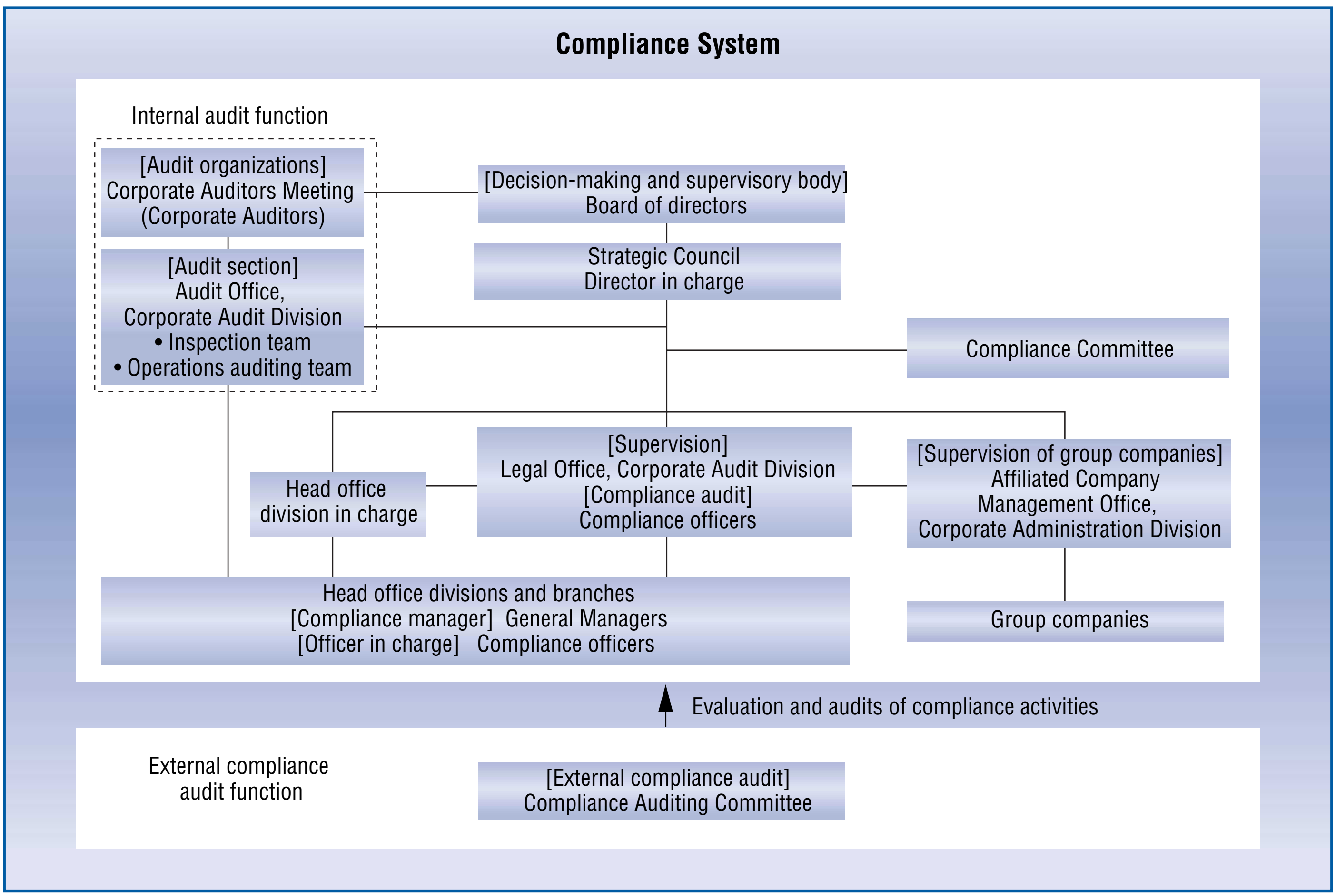
1. Undertake proper solicitation of financial products after affirming the knowledge, experience, and financial status of each customer.

2. Explain products in an easy-to-understand way to help customers attain an adequate understanding of the products and risks involved, so that they can make their own decisions and take responsibility for such decisions.

3. Avoid solicitation that may invite misunderstanding, such as offering judgmental opinions and providing information that differs from reality.

4. Avoid solicitation at times and in locations that are inconvenient for customers.

5. Create an adequate in-house research system that enables employees to undertake appropriate solicitation from the perspective of customers.



Bank Data File

THE JOYO BANK, LTD.

Breakdown of Depositors

March 31	Billions of Yen 2001	Billions of Yen 2000	Percentage against the Total 2001	Percentage against the Total 2000
Domestic Offices:				
Individuals	**¥4,392**	¥4,250	**73.04%**	73.17%
Corporations	**1,007**	994	**16.75**	17.12
Other	**613**	564	**10.21**	9.71
Total	**6,013**	5,808	**100.00**	100.00
Foreign Offices:				
Total	**63**	95		—
Total	**¥6,077**	¥5,904		

Deposits exclude negotiable certificates of deposit.

Lendings / Deposits Ratio

(%)

March 31	2001	2000	1999	1998	1997
	72.36	75.11	81.17	83.28	78.63

Deposits per Branch and per Employee

Millions of Yen and U.S. Dollars

March 31	Deposit Balance per Branch		Deposit Balance per Employee	
2001	**¥40,016**	**US$322**	**¥1,543**	**US$12**
2000	37,461		1,419	
1999	37,081		1,359	
1998	37,632		1,331	
1997	39,950		1,359	

US$1=¥123.90

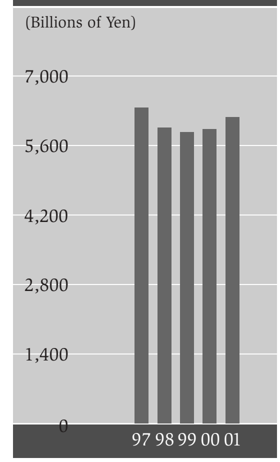
Composition of Time Deposits by Type and Maturity

Billions of Yen

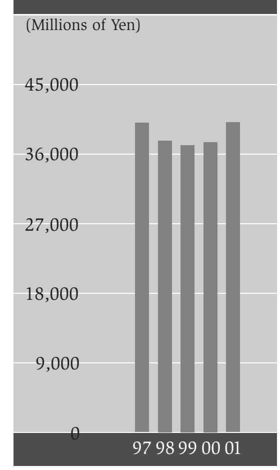
March 31,2001	Less than 3 Months	3 Months to Less than 6 Months	6 Months to Less than 1 Year	1 Year to Less than 2 Years	2 Years to Less than 3 Years	3 Years and Over	Total
Time Deposits with							
Deregulated Interest Rate (Fixed)	¥1,019	¥640	¥1,136	¥364	¥400	¥73	¥3,635
Time Deposits with							
Deregulated Interest Rate (Floating)	0.1	0.1	0.3	0.9	0.9	—	2.4
Other	52	12	—	—	—	—	65
Total	¥1,072	¥652	¥1,137	¥365	¥401	¥73	¥3,702

Note: Installment time deposits are not included.

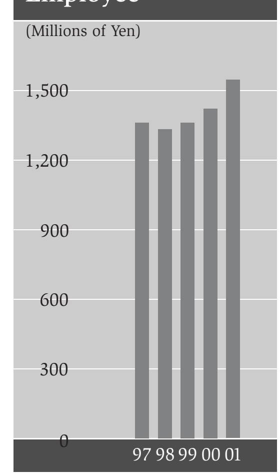
Deposits



Deposits per Branch



Deposits per Employee



Breakdown of Borrowers

March 31	2001 (Millions of Yen)	Component Ratio	2000 (Millions of Yen)	Component Ratio
Manufacturing	**¥ 651,966**	**14.63%**	¥ 708,628	15.96%
Agriculture	**10,643**	**0.24**	15,188	0.34
Forestry	**391**	**0.01**	414	0.01
Fishery	**7,551**	**0.17**	10,144	0.23
Mining	**18,546**	**0.42**	17,789	0.40
Construction	**313,342**	**7.03**	337,681	7.60
Utilities (Electricity, Gas, Water Supplies)	**22,959**	**0.52**	17,985	0.41
Transportation and Communication	**112,000**	**2.51**	108,534	2.44
Wholesale and Retailing	**748,683**	**16.80**	796,005	17.92
Banking and Insurance	**196,553**	**4.41**	242,593	5.46
Real Estate	**575,468**	**12.92**	585,532	13.18
Services	**484,039**	**10.86**	534,724	12.04
Municipalities	**398,892**	**8.95**	380,008	8.56
Others	**914,972**	**20.53**	685,923	15.45
Total	**¥4,456,011**	**100.00%**	¥4,441,156	100.00%

Overdrafts and loans through foreign branches are not included.

Analysis of Loans by Application

March 31	Capital Investments (%)	Operating Funds (%)	Total (%)
2001	**39.1**	**60.9**	**100.0**
2000	38.7	61.3	100.0
1999	36.5	63.5	100.0
1998	34.0	66.0	100.0
1997	32.3	67.7	100.0

Secured and Guaranteed Loans

March 31	2001 (%)	2000	1999	1998	1997
Secured Loans	**22.9**	25.2	28.2	29.0	30.1
Guaranteed Loans	**47.2**	44.8	41.6	38.0	37.2
Credit Loans	**29.9**	30.0	30.2	33.0	32.7
Total	**100.0**	100.0	100.0	100.0	100.0

Lendings per Branch and per Employee

March 31	Lendings Balance per Branch (Millions of Yen and U.S. Dollars)		Lendings Balance per Employee (Millions of Yen and U.S. Dollars)	
2001	**¥28,956**	**US$233**	**¥1,116**	**US$9**
2000	28,138		1,066	
1999	30,102		1,103	
1998	31,340		1,109	
1997	31,413		1,069	

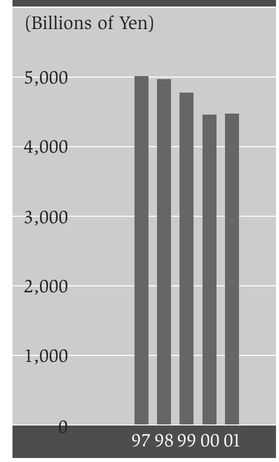
US$1=¥123.90

Loans to Small- and Medium-sized Enterprises

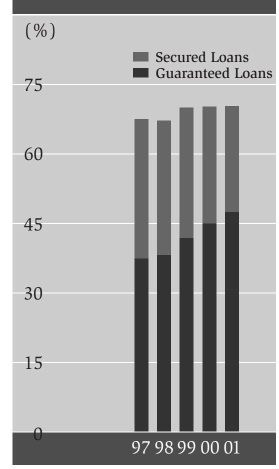
March 31	Billions of Yen 2001	2000	Percentage against the Total 2001	2000
Small- and Medium-sized Enterprises	**¥2,957**	¥3,042	**66.36%**	68.50%
Other	**1,498**	1,399	**33.64**	31.50
Total	**¥4,456**	¥4,441	**100.00%**	100.00%

Note: The figures represent those before in-house transit accounts are reconciled, and no overdrafts and no special international financial transaction accounts at the overseas and domestic offices are included.

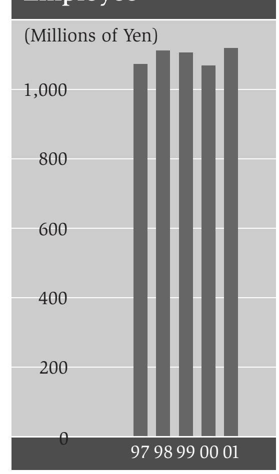
Loans and Bills Discounted



Secured and Guaranteed Loans



Lendings per Employee



Consumer / Housing Loans

March 31	Billions of Yen 2001	2000
Consumer Loans	**¥231**	¥220
Housing Loans	**552**	487
Total	**¥783**	¥707

Composition of Loans Type and Maturity

March 31,2001	Less than 1 Year	More than 1 Year to 3 Years	More than 3 Year to 5 Years	More than 5 Year to 7 Years	Over 7 Years	Unspecified Over	Total
	Billions of Yen						
Floating Interest Rate	/	¥434.2	¥263.7	¥123.3	¥364.5	¥205.8	/
Fixed Interest Rate	/	226.2	208.7	161.3	476.2	147.5	/
Total	¥1,847.4	¥660.4	¥472.4	¥284.6	¥840.7	¥353.3	¥4,459.2

Analysis of Reserve for Possible Loan Losses

March 31	Millions of Yen 2001	2000
General Reserve	**¥23,324**	¥27,103
Specific Reserve	**49,531**	68,674
Country Risk Reserve	**—**	0
Total	**¥72,855**	¥95,778

Non-Performing Loans

Risk-Monitored Assets under The Banking Law

Non-Consolidated

March 31	Millions of Yen 2001	2000
Loans in bankruptcy and Dishonored Bills	**¥ 20,687**	¥ 19,597
Delinquent Loans	**200,452**	231,752
Loans Past Due with Respect to Interest Payments for a Period of More than Three Months	**2,386**	2,707
Restructured Loans	**84,696**	42,086
Total	**¥308,221**	¥296,144
Ratio of Risk Management Assets to Loans outstanding	**6.91%**	6.66%

Consolidated

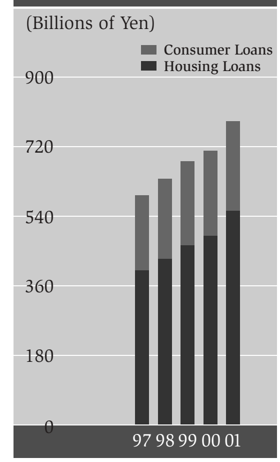
March 31	Millions of Yen 2001	2000
Loans in bankruptcy and Dishonored Bills	**¥ 21,163**	¥ 20,048
Delinquent Loans	**208,317**	241,525
Loans Past Due with Respect to Interest Payments for a Period of More than Three Months	**2,661**	2,909
Restructured Loans	**85,535**	42,130
Total	**¥317,677**	¥306,613
Ratio of Risk Management Assets to Loans outstanding	**7.14%**	6.91%

Problem Assets under the Financial Revitalization Law

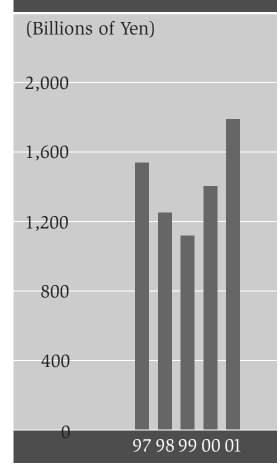
Non-Consolidated

March 31	Millions of Yen 2001	2000
Bankrupt and Quasi-Bankrupt Assets	**¥ 76,066**	¥ 71,221
Doubtful Assets	**146,302**	181,400
Substandard Loans	**87,082**	44,795
Normal Assets	**4,240,547**	4,259,780
Total	**¥4,549,999**	¥4,557,198
Ratio of Problem Assets	**6.80%**	6.52%

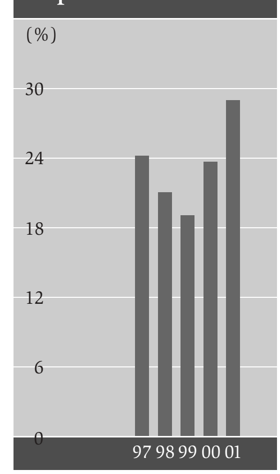
Consumer/Housing Loans



Securities



Securities/ Deposits Ratio



Securities / Deposits Ratio

March 31	2001	2000	1999	1998	1997
	(%)				
Securities / Deposits Ratio	**28.91**	23.60	18.98	20.96	24.1

Deposits include negotiable certificates of deposit.

Composition of Securities Holdings by Type and Maturity

March 31,2001	Less than 1 Year	More than 1 Year to 3 Years	More than 3 Years to 5 Years	More than 5 Years to 7 Years	More than 7 Years to 10 Years	Over 10 Years	Unspecified Over	Total
	Billions of Yen							
Government Bonds	¥46.1	¥216.9	¥182.8	¥20.9	¥ 83.2	¥ —	¥ —	¥550.0
Local Government Bonds	0.8	5.8	46.3	78.6	150.6	1.0	—	283.3
Corporate Bonds	14.5	62.3	93.8	10.8	6.6	—	—	188.2
Corporate Stocks	/	/	/	/	/	/	221.5	221.5
Others	25.8	254.3	101.8	20.1	27.9	91.9	16.8	538.9
Foreign Corporate Bonds	25.6	219.1	94.4	17.1	25.0	91.9	8.3	481.8
Foreign Corporate Stocks	/	/	/	/	/	/	0	0
Securities Lent	—	—	—	—	—	—	—	—

Note: Corporate Bonds including treasury stocks.

International Business Assets

March 31	2001	2000	1999	1998	1997
	Billions of Yen				
	¥916	¥617	¥623	¥762	¥1,211

Shareholders' Equity

March 31	Common Stock	Surplus & Reserves	Shareholders' Equity	
	Millions of Yen and U.S. Dollars			
2001	**¥85,113**	**¥339,295**	**¥424,408**	**US$3,425**
2000	85,113	291,852	376,965	
1999	85,113	289,343	374,456	
1998	85,113	213,676	298,790	
1997	85,113	275,292	360,405	

US$1=¥123.90

Earnings

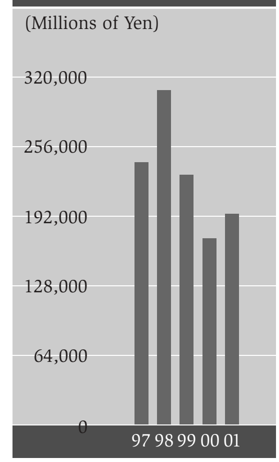
Years Ended March 31	Total Income	Total Expenses	Income (Loss) before Income Taxes	Net Income (Loss)	
	Millions of Yen and U.S. Dollars				
2001	**¥206,996**	**¥193,253**	**¥ 13,742**	**¥ 8,368**	**US$67**
2000	189,691	170,587	19,103	11,042	
1999	241,461	229,370	12,090	5,351	
1998	263,414	306,765	(43,352)	(57,215)	
1997	246,748	240,565	6,183	6,029	
1996	319,319	281,371	37,948	5,240	

US$1=¥123.90

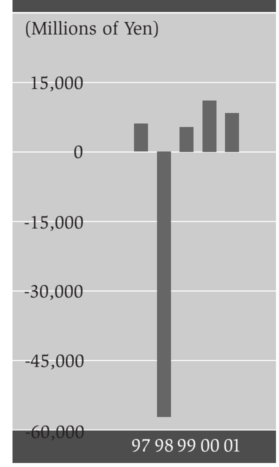
Per Share of Common Stock

Years Ended March 31	2001	2000	1999	1998	1997
	Yen				
Per Share Earnings	**¥9.58**	¥12.52	¥6.04	¥(64.67)	¥7.26
Per Share Dividends	**5.00**	5.00	5.00	5.00	5.00
Dividend Propensity (%)	**51.9**	39.8	82.7	—	68.8

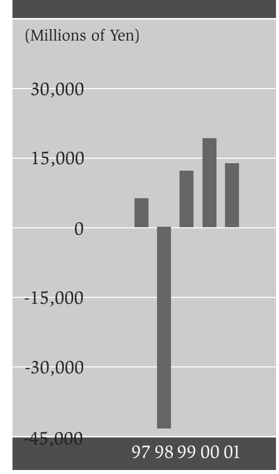
Total Expenses



Net Income (Loss)



Income (Loss) before Income Taxes



Average Balances, Interest and Average Interest Rates

	Millions of Yen					
	2001			2000		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Interest Earning Assets:						
Domestic Operations	**¥6,119,273**	**¥120,662**	**1.97%**	¥6,041,879	¥126,358	2.09%
	372,504*	**875***		344,776*	1,041*	
International Operations	**679,179**	**27,434**	**4.03**	597,924	27,111	4.53%
Total	**¥6,425,948**	**¥147,220**	**2.29%**	¥6,295,027	¥152,428	2.42%
Interest Bearing Liabilities:						
Domestic Operations	**¥5,923,862**	**¥ 14,686**	**0.24%**	¥5,783,108	¥ 18,202	0.31%
International Operations	**682,235**	**26,104**	**3.82**	612,738	24,497	3.99%
	372,504*	**875***		344,777*	1,041*	
Total	**¥6,233,593**	**¥ 39,915**	**0.64%**	¥6,051,069	¥ 41,658	0.68%

*: Internal transaction between domestic sector and international sector.

Margin on Funds

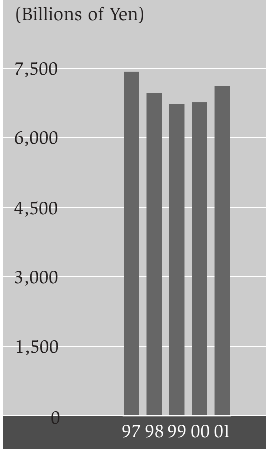
	%	
March 31	**2001**	2000
Yield on Funds		
Domestic Operations	**1.97**	2.09
International Operations	**4.03**	4.53
Total	**2.29**	2.42
Cost of Funds		
Domestic Operations	**1.47**	1.59
International Operations	**4.12**	4.37
Total	**1.83**	1.95
Overall Margin on Funds		
Domestic Operations	**0.50**	0.50
International Operations	**(0.09)**	0.16
Total	**0.46**	0.47

Capital Structure

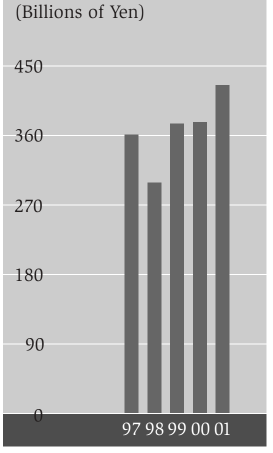
	Billions of Yen	
Consolidated	**2001**	2000
Tier I Capital		
Common Shareholders' Equity	**¥ 359.2**	¥ 357.5
Minority Interest	**2.2**	2.0
Tier I Capital	**361.4**	359.6
Tier II Capital		
Net Unrealized Gains on Securities Available for Sale, after 55% Discount	**35.8**	0
Land Revaluation Excess, after 55% Discount	**12.4**	13.1
Reserve for Possible Loan Losses, Excluding Specific Reserve	**24.6**	28.4
Other	**52.0**	55.0
Tier II Capital	**124.9**	96.6
Deduction	**0.1**	—
Total Capital	**486.3**	456.2
Risk-adjusted Assets		
On-balance-sheet	**3,841.1**	3,906.5
Off-balance-sheet	**72.9**	91.7
Asset Equivalent of Market Risk	**6.3**	8.1
Total Risk-adjusted Assets	**3,920.4**	4,006.4
Capital Adequacy Ratio (BIS guidelines)	**12.40%**	11.38%

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

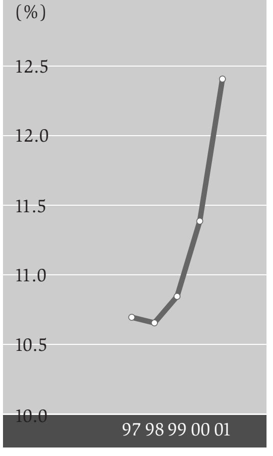
Total Assets



Shareholders' Equity



Capital Adequacy Ratio (BIS guidelines)



Off-Balance Sheet Transactions

Derivative Financial Instruments Transactions and Forward Foreign Exchange Contracts

Consolidated March 31	2001 Contract Amounts and Notional Principal Amounts	2001 Credit Risk Equivalent Amounts	2000 Contract Amounts and Notional Principal Amounts	2000 Credit Risk Equivalent Amounts
	Billions of Yen			
Interest-Rate and Currency Swaps	**¥594.5**	**¥ 9.5**	¥534.0	¥17.4
Forward Foreign Exchange Contracts	**177.1**	**1.8**	45.5	1.1
Interest-Rate and Currency Options	**2.4**	**0**	—	—
Other Derivative Financial Instruments (Including Cap Transactions)	**0.9**	**0**	0	0
Total	**¥775.1**	**¥11.4**	¥579.6	¥18.5

Notes: 1. The above figures are computed according to capital adequacy guidelines set by the BIS. To compute the credit risk equivalent amounts, the current-exposure method was applied.

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

Consolidated March 31	2001 Contract Amounts and Notional Principal Amounts	2000 Contract Amounts and Notional Principal Amounts
	Billions of Yen	
Interest-Rate and Currency Swaps	**¥ —**	¥ —
Forward Foreign Exchange Contracts	**0.4**	1.2
Interest-Rate and Currency Options	**2.4**	—
Other Derivative Financial Instruments	**—**	13.2
Total	**¥2.9**	¥14.5

Credit-Related Transactions

Consolidated March 31	2001 Contract Amounts	2000 Contract Amounts
	Billions of Yen	
Commitments to Extend Credit	**¥ 956.8**	¥898.3
Guarantee Contracts	**78.1**	88.7
Others	**—**	—
Total	**¥1,034.9**	¥987.0

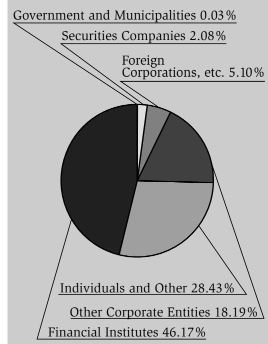
Note: The above figures are computed according to capital adequacy guidelines set by the BIS. To compute the credit risk equivalent amounts, the current-exposure method was applied.

Stock Quotations

Months	Number of Shares Transacted (in thousands)	High Quotation (Yen)	Lowest Quotation (Yen)
March 2001	11,336	436	374
February 2001	9,897	415	379
January 2001	8,438	380	360

Breakdown of Shareholders

(%)



Time Series Summary of Financial Data

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Consolidated	2001	2000	1999
	Millions of Yen		
Balance Sheets			
(As of March 31)			
Securities*	**¥1,782,040**	¥1,397,394	¥1,141,326
Loans and Bills Discounted	**4,443,583**	4,437,071	4,746,698
Foreign Exchange	**3,020**	4,362	3,866
Other Assets	**966,615**	1,028,964	1,012,226
Reserve for Possible Loan Losses**	**(75,551)**	(98,710)	(165,919)
Total Assets	**7,119,707**	6,769,081	6,738,197
Deposits	**6,153,577**	5,910,867	5,845,111
Foreign Exchange	**135**	131	215
Other Liabilities	**539,399**	479,119	513,327
Total Liabilities	**6,693,111**	6,390,117	6,358,653
Minority Interests	**2,272**	2,058	4,329
Common Stock	**85,113**	85,113	85,113
Reserves and Retained Earnings***	**339,211**	291,793	290,102
Total Liabilities, Minority Interests and Shareholders' Equity	**¥7,119,707**	¥6,769,081	¥6,738,197
Statements of Income			
(For the Years Ended March 31)			
Total Income	**¥ 226,056**	¥ 208,422	¥ 262,710
Total Expenses	**212,633**	191,097	253,120
Income before Income Taxes and Minority Interests	**13,425**	17,324	9,590
Income Taxes	**4,812**	8,640	5,685
Minority Interests in Net Income (Loss) of Consolidated Subsidiaries	**203**	(2,245)	181
Net Income	**¥ 8,410**	¥ 10,930	¥ 3,724

THE JOYO BANK, LTD.

Non-Consolidated	2001	2000	1999	1998	1997
	Millions of Yen				
Balance Sheets					
(As of March 31)					
Securities*	**¥1,782,152**	¥1,397,083	¥1,112,353	¥1,246,637	¥1,533,627
Loans and Bills Discounted	**4,459,233**	4,445,943	4,756,216	4,951,788	4,994,740
Foreign Exchange	**3,020**	4,362	3,871	4,556	4,858
Other Assets	**914,873**	978,831	976,671	881,664	920,310
Reserve for Possible Loan Losses**	**(72,855)**	(95,778)	(160,283)	(156,400)	(64,227)
Total Assets	**7,086,423**	6,730,441	6,688,828	6,928,245	7,389,308
Deposits	**6,162,518**	5,918,971	5,858,946	5,945,868	6,352,170
Foreign Exchange	**135**	131	220	441	336
Other Liabilities	**499,362**	434,374	455,206	683,145	676,397
Total Liabilities	**6,662,015**	6,353,476	6,314,372	6,629,454	7,028,903
Common Stock	**85,113**	85,113	85,113	85,113	85,113
Reserves and Retained Earnings***	**339,295**	291,852	289,343	213,676	275,292
Total Liabilities and Shareholders' Equity	**¥7,086,423**	¥6,730,441	¥6,688,828	¥6,928,245	¥7,389,308
Statements of Income					
(For the Years Ended March 31)					
Total Income	**¥ 206,996**	¥ 189,691	¥ 241,461	¥ 263,414	¥ 246,748
Total Expenses	**193,253**	170,587	229,370	306,765	240,565
Income (Loss) before Income Taxes	**13,742**	19,103	12,090	(43,352)	6,182
Income Taxes	**5,374**	8,060	6,739	13,863	153
Net Income (Loss)	**¥ 8,368**	¥ 11,042	¥ 5,351	¥ (57,215)	¥ 6,029

* Includes Securities Lent.
** In conformity with a revision of the enforcement regulations of the Banking Law, with effect from the year ended March 31, 2001, the Reserve for possible Loan Losses formerly shown in the liabilities, is presented as deduction from assets on the Balance Sheets.
*** Includes capital surplus, reserves, and retained earnings which are classified under Shareholders' Equity on the Balance Sheets.

Financial Statements

Consolidated Balance Sheets

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

March 31,	Millions of Yen 2001	Millions of Yen 2000	Thousands of U.S. Dollars (Note 2) 2001	Thousands of U.S. Dollars (Note 2) 2000
Assets				
Cash and Due from Banks (Note 4)	**¥ 499,594**	¥ 308,372	**$ 4,032,235**	$ 2,488,878
Call Loans and Bills Purchased	**102,983**	156,007	**831,178**	1,259,136
Commercial Paper and Other Debt Purchased	**23,058**	66,149	**186,101**	533,890
Trading Assets (Note 6)	**14,986**	101,446	**120,952**	818,773
Money Held in Trust	**—**	40,000	**—**	322,841
Securities (Notes 7, 9 and 24)	**1,782,040**	1,397,394	**14,382,889**	11,278,401
Loans and Bills Discounted (Notes 8, 10 and 12)	**4,443,583**	4,437,071	**35,864,269**	35,811,711
Foreign Exchange	**3,020**	4,362	**24,374**	35,205
Other Assets	**60,361**	56,051	**487,175**	452,389
Premises and Equipment (Notes 3 and 21)	**128,190**	133,547	**1,034,624**	1,077,861
Deferred Tax Assets (Note 14)	**58,412**	78,683	**471,444**	635,052
Customers' Liabilities for Acceptances and Guarantees	**79,346**	88,707	**640,403**	715,956
Reserve for Possible Loan Losses	**(75,551)**	(98,710)	**(609,774)**	(796,690)
Reserve for Devaluation of Investment Securities	**(319)**	(2)	**(2,574)**	(16)
Total Assets	**¥7,119,707**	¥6,769,081	**$57,463,333**	$54,633,422
Liabilities, Minority Interests and Shareholders' Equity				
Liabilities				
Deposits (Notes 9 and 15)	**¥6,153,577**	¥5,910,867	**$49,665,673**	$47,706,755
Call Money and Bills Sold (Note 9)	**178,134**	129,363	**1,437,723**	1,044,092
Trading Liabilities (Note 16)	**197**	745	**1,589**	6,012
Borrowed Money (Note 11)	**111,018**	95,947	**896,029**	774,390
Foreign Exchange	**135**	131	**1,089**	1,057
Corporate Bonds	**15,000**	—	**121,065**	—
Due to Trust Account	**18**	16	**145**	129
Other Liabilities	**113,389**	124,115	**915,165**	1,001,735
Reserve for Retirement Allowances	**—**	18,810	**—**	151,815
Reserve for Retirement Benefits (Note 13)	**19,803**	—	**159,830**	—
Reserve for Possible Losses on Sales of Loans	**6,547**	5,850	**52,841**	47,215
Reserve for Other Contingent Losses	**4,528**	3,485	**36,545**	28,127
Deferred Tax Liabilities for Land Revaluation (Notes 3 and 14)	**11,415**	12,077	**92,130**	97,473
Acceptances and Guarantees	**79,346**	88,707	**640,403**	715,956
Total Liabilities	**6,693,111**	6,390,117	**54,020,266**	51,574,794
Minority Interests	**2,272**	2,058	**18,337**	16,610
Shareholders' Equity				
Common Stock	**85,113**	85,113	**686,949**	686,949
Capital Surplus	**58,574**	58,574	**472,752**	472,752
Land Revaluation Reserve, Net of Taxes (Notes 3 and 14)	**16,190**	17,108	**130,669**	138,079
Retained Earnings	**218,007**	216,342	**1,759,539**	1,746,101
Unrealized Gain on Available-for-Sale Securities	**46,742**	—	**377,255**	—
Treasury Stock	**(73)**	(1)	**(589)**	(8)
The Bank's Stock Held by Subsidiaries	**(231)**	(231)	**(1,864)**	(1,864)
Total Shareholders' Equity	**424,323**	376,905	**3,424,721**	3,042,009
Total Liabilities, Minority Interests and Shareholders' Equity	**¥7,119,707**	¥6,769,081	**$57,463,333**	$54,633,422

See notes to consolidated financial statements.

Consolidated Statements of Income and Retained Earnings

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
For the Years Ended March 31,	**2001**	2000	**2001**	2000
Income				
Interest Income:				
Interest on Loans and Discounts	**¥103,296**	¥109,372	**$ 833,704**	$ 882,744
Interest and Dividends on Securities	**36,717**	34,453	**296,343**	278,071
Other Interest Income	**7,097**	8,483	**57,280**	68,466
Fees and Commissions	**17,406**	16,602	**140,484**	133,995
Trading Revenue (Note 17)	**145**	111	**1,170**	895
Other Operating Income	**2,299**	3,000	**18,555**	24,213
Other Income	**59,091**	36,397	**476,924**	293,761
Total Income	**226,056**	208,422	**1,824,503**	1,682,179
Expenses				
Interest Expenses:				
Interest on Deposits	**20,040**	19,080	**161,743**	153,995
Interest on Borrowings and Rediscounts (Note 18)	**8,433**	6,528	**68,062**	52,687
Other Interest Expenses	**12,117**	16,762	**97,796**	135,286
Fees and Commissions	**4,649**	4,261	**37,522**	34,390
Trading Expenses (Note 19)	**3**	45	**24**	363
Other Operating Expenses	**1,564**	4,982	**12,623**	40,209
General and Administrative Expenses	**75,382**	77,567	**608,410**	626,045
Other Expenses (Note 20)	**90,439**	61,868	**729,935**	499,338
Total Expenses	**212,633**	191,097	**1,716,166**	1,542,348
Income before Income Taxes and Minority Interests	**13,425**	17,324	**108,353**	139,822
Income Taxes:				
Current	**18,156**	15,686	**146,537**	126,602
Deferred (Note 14)	**(13,345)**	(7,046)	**(107,707)**	(56,868)
Minority Interests in Net (Loss) Income of Consolidated Subsidiaries	**203**	(2,245)	**1,638**	(18,119)
Net Income	**8,410**	10,930	**67,877**	88,216
Retained Earnings				
Balance at Beginning of Year	**216,342**	213,548	**1,746,101**	1,723,551
Reversal of Land Revaluation Reserve	**926**	1,214	**7,473**	9,798
Appropriations:				
Cash Dividends	**(4,365)**	(4,411)	**(35,230)**	(35,601)
Bonuses to Directors and Corporate Auditors	**(30)**	—	**(242)**	—
Decrease Resulting from Exclusion of a Subsidiary	**—**	(762)	**—**	(6,150)
Retirement of Treasury Stock	**(3,276)**	(4,177)	**(26,440)**	(33,712)
Balance at End of Year	**¥218,007**	¥216,342	**$1,759,539**	$1,746,101

	Yen		U.S. Dollars (Note 2)	
Per Share				
Net Income	**¥9.64**	¥12.40	**$0.07**	$0.10

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

For the Years Ended March 31, 2001 and 2000	Millions of Yen 2001	Millions of Yen 2000	Thousands of U.S. Dollars (Note 2) 2001	Thousands of U.S. Dollars (Note 2) 2000
Cash Flows from Operating Activities:				
Income before Income Taxes and Minority Interests	**¥ 13,425**	¥ 17,324	**$ 108,353**	$ 139,822
Depreciation	**15,780**	16,094	**127,360**	129,895
Amortization of Consolidation Differences	**—**	4	**—**	32
Net Decrease in Reserve for Possible Loan Losses	**(23,159)**	(67,208)	**(186,916)**	(542,437)
Net Increase in Reserve for Devaluation of Investment Securities	**316**	2	**2,550**	16
Net Increase in Reserve for Possible Losses on Sales of Loans	**697**	2,570	**5,625**	20,742
Net Increase in Reserve for Other Contingent Losses	**1,042**	2,303	**8,410**	18,587
Net Decrease in Reserve for Retirement Allowances	**(18,810)**	(8)	**(151,815)**	(64)
Net Increase in Reserve for Retirement Benefits	**19,803**	—	**159,830**	—
Interest and Dividend Income	**(148,758)**	(152,309)	**(1,200,629)**	(1,229,289)
Interest Expenses	**40,592**	42,372	**327,619**	341,985
Net Gains Related to Securities Transactions	**(27,775)**	(11,431)	**(224,172)**	(92,259)
Net Losses (Gains) on Money Held in Trust	**140**	(599)	**1,129**	(4,834)
Foreign Exchange (Gains) Losses, Net	**(42,231)**	57,897	**(340,847)**	467,288
Losses on Disposal of Premises and Equipment	**1,289**	670	**10,403**	5,407
Net Decrease (Increase) in Trading Assets	**86,459**	(3,404)	**697,812**	(27,473)
Net Decrease in Trading Liabilities	**(548)**	(701)	**(4,422)**	(5,657)
Net (Increase) Decrease in Loans and Bills Discounted	**(6,512)**	309,624	**(52,558)**	2,498,983
Net Increase in Deposits	**172,109**	65,426	**1,389,096**	528,054
Net Increase in Negotiable Certificates of Deposit	**70,600**	7,066	**569,814**	57,029
Net Increase (Decrease) in Borrowed Money Excluding Subordinated Borrowings	**15,071**	(5,489)	**121,638**	(44,301)
Net Increase in Due from Banks Excluding Cash Equivalents	**(188,173)**	(12,924)	**(1,518,748)**	(104,309)
Net Decrease in Call Loans and Others	**96,114**	5,339	**775,738**	43,091
Net Increase in Call Money and Bills Sold	**48,771**	3,476	**393,631**	28,054
Net Decrease in Cash for Collateral on Securities Lending	**(1,658)**	(3,414)	**(13,381)**	(27,554)
Net Decrease (Increase) in Foreign Exchange (Assets)	**1,341**	(495)	**10,823**	(3,995)
Net Increase (Decrease) in Foreign Exchange (Liabilities)	**3**	(83)	**24**	(669)
Net Increase in Issuance and Amortization of Bonds	**15,000**	—	**121,065**	—
Net Increase (Decrease) in Due to Trust Account	**1**	(16)	**8**	(129)
Interest and Dividends Received	**141,711**	151,800	**1,143,753**	1,255,181
Interest Paid	**(42,900)**	(45,167)	**(346,246)**	(364,543)
Other, Net	**(7,776)**	19,052	**(62,760)**	153,769
Subtotal	**231,969**	397,771	**1,872,227**	3,210,419
Income Taxes Paid	**(15,347)**	(25,578)	**(123,866)**	(206,440)
Net Cash Provided by Operating Activities	**216,622**	372,192	**1,748,361**	3,003,970
Cash Flows from Investing Activities:				
Purchases of Securities	**(587,632)**	(758,293)	**(4,742,792)**	(6,120,201)
Proceeds from Sales of Securities	**283,155**	314,703	**2,285,351**	2,539,975
Proceeds from Redemption of Securities	**69,468**	109,815	**560,677**	886,319
Increase in Money Held in Trust	**(21,000)**	(9,000)	**(169,491)**	(72,639)
Decrease in Money Held in Trust	**60,860**	1,000	**491,202**	8,071
Purchases of Premises and Equipment	**(12,569)**	(13,645)	**(101,444)**	(110,129)
Proceeds from Sales of Premises and Equipment	**1,843**	3,080	**14,874**	24,858
Net Cash Used in Investing Activities	**(205,873)**	(352,338)	**(1,661,606)**	(2,843,728)
Cash Flows from Financing Activities:				
Cash Dividends Paid	**(4,365)**	(4,411)	**(35,230)**	(35,601)
Cash Dividends Paid to Minority Interests	**—**	(10)	**—**	(80)
Purchases for Retirement of Treasury Stock	**(3,437)**	(4,296)	**(27,740)**	(34,673)
Proceeds from Sales of Treasury Stock	**73**	95	**589**	766
Net Cash Used in Financing Activities	**(7,730)**	(8,622)	**(62,389)**	(69,588)
Translation Adjustment for Cash and Cash Equivalents	**28**	(24)	**225**	(193)
Net Increase in Cash and Cash Equivalents	**3,047**	11,207	**24,592**	90,451
Cash and Cash Equivalents at Beginning of Year	**108,141**	96,934	**872,808**	782,356
Effect of Decrease in Scope of Consolidated Subsidiaries, Net of Cash and Cash Equivalents	**—**	(0)	**—**	(0)
Cash and Cash Equivalents at End of Year (Note 4)	**¥111,188**	¥108,141	**$ 897,401**	$ 872,808

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

1. Basis of Preparation of Consolidated Financial Statements

The Joyo Bank, Ltd. (the "Bank") and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted and applied in Japan.

The accompanying consolidated financial statements have been prepared from the audited consolidated financial statements of the Bank which were prepared in accordance with accounting principles and practices generally accepted in Japan and from the accounts and records maintained by the Bank and its consolidated subsidiaries and were filed with the Ministry of Finance as required by the Securities and Exchange Law. Accordingly, the accompanying consolidated financial statements may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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

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. Japanese Yen and U.S. Dollar Amounts

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. Solely for the convenience of the reader, the U.S. dollar amounts represent a translation of the Japanese yen amounts at ¥123.90 = US$1.00, the exchange rate prevailing on March 31, 2001.

3. Land Revaluation Reserve

In accordance with the Law concerning the Revaluation of Land, the Bank revalued the land held for its operations on March 31, 1998. The net unrealized gain is presented in shareholders' equity net of the applicable income taxes as land revaluation reserve, net of taxes.

4. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and nine significant subsidiaries. Six subsidiaries have not been consolidated because they are immaterial.

The equity method has not been applied to investments in the Bank's six affiliated companies because they are immaterial. Investments in unconsolidated subsidiaries and affiliates are stated at cost.

All significant intercompany transactions have been eliminated in consolidation. The difference between the cost of investments and the equity in their net assets has been fully charged to income in the year of acquisition.

(b) Translation of foreign currencies

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the rates prevailing at the balance sheet date. No foreign currency-denominated assets and liabilities were held by the consolidated subsidiaries.

(c) Transactions for trading purposes

Transactions for "trading purposes" (seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from arbitrage between markets) are valued at market or fair value, and have been included in trading assets and trading liabilities on a trading-date basis. Gain or loss on such trading transactions are reflected as trading revenue or trading expenses in the consolidated balance sheets.

Among the trading assets and liabilities, securities and monetary claims are carried at market value as of the balance sheet date. Derivatives including swaps, futures, and options are valued assuming settlement on the balance sheet date.

No consolidated subsidiaries have engaged in trading activities or other transactions in order to generate profit from short-term price fluctuations.

(d) Securities

Prior to April 1, 2000, securities were carried at cost determined by the moving-average cost method. Securities invested in certain trust funds and included in money held in trust were also carried at cost determined by the moving-average cost method. Securities held by the consolidated subsidiaries were carried principally at cost determined by the moving-average cost method.

Effective April 1, 2000, securities have been accounted for by the following methods:

Marketable debt securities held to maturity are stated at amortized cost by the moving-average cost method. Stocks in non-consolidated subsidiaries are stated at cost by the moving-average cost method. Other available-for-sale securities for which market prices are available are stated at fair value based on the market prices, etc. at the fiscal year end, whereas, those for which fair value is not available, are stated at cost or amortized cost by the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) have been reported as a component of shareholders' equity.

(e) Derivatives

Derivatives positions held by the Bank and consolidated subsidiaries (not including transactions for trading purposes) are stated at fair value.

(f) Depreciation of premises and equipment
Depreciation of premises and equipment held by the Bank is calculated by the declining-balance method, except for buildings acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method. The estimated useful lives are as follows:

Buildings: 6~50 years
Equipment: 3~20 years

Depreciation of premises and equipment held by the consolidated subsidiaries is calculated principally the declining-balance method, based on the respective estimated useful lives of the assets.

Depreciation of the leased assets of a consolidated subsidiary is calculated by the straight-line method over the lease terms.

(g) Deferred assets
Costs related to the issuance of corporate debentures are expensed upon payment.

(h) Reserve for possible loan losses
The reserve for possible loan losses of the Bank is provided as detailed below, in accordance with the internal rules for providing reserves for possible loan losses:

For claims to debtors who are legally bankrupt (as a result of bankruptcy, special liquidation, etc.) or who are substantially bankrupt, a reserve is provided based on the amount of the claims, net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For claims to debtors who are not currently bankrupt, but are likely to become bankrupt, a reserve is provided based on the amount considered necessary based on an overall solvency assessment of the amount of claims net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For other claims, a reserve is provided based on the Bank's historical loan-loss experience.

All claims are assessed by the Business Section (at the branches and the related head office divisions) based on the Bank's internal rules for the self-assessment of asset quality. The Corporate Audit Department, which is independent of the Business Section, subsequently conducts audits of such assessments, and a reserve is provided based on the audit results.

The reserves of the consolidated subsidiaries are provided for general claims at an amount based on the actual historical rate of loan losses and for specific claims (from potentially bankrupt customers, etc.) at an estimate of the amounts deemed uncollectible based on the respective assessments.

For collateralized or guaranteed claims from debtors who are legally or substantially bankrupt, the amounts of the claims deemed uncollectible in excess of the estimated value of the collateral or guarantees have been written off in aggregate amounts of ¥123,657 million and ¥75,650 million as of March 31, 2001 and 2000, respectively.

(i) Reserve for devaluation of investment securities
A reserve for the devaluation of investment securities is provided at the amount deemed necessary to cover estimated possible losses on investments which the Bank and its consolidated subsidiaries may incur in the future.

(j) Reserve for retirement benefits
Until the year ended March 31, 2000, accrued retirement benefits were stated at the amount which would be required to be paid if all employees covered by the retirement benefit plans voluntarily terminated their employment at the balance sheet date, less the amounts expected to be covered by the pension plans. Costs with respect to the pension plans were funded at an amount determined actuarially.

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

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of 10 years, which is shorter than the average remaining years of service of the eligible employees.

The effect of the adoption of this standard for retirement benefits was to decrease income before income taxes and minority interests by ¥1,067 million for the year ended March 31, 2001.

(k) Reserve for possible losses on sales of loans
The reserve for possible losses on sales of loans is provided for future losses on sales of loans of real estate mortgages to the Cooperative Credit Purchasing Co., Ltd. based on the estimated fair value of each respective mortgage.

(l) Reserve for other contingent losses
The reserve for other contingent losses is provided based on the estimated future losses on real estate mortgages associated with certain loans sold upon the liquidation of the related assets.

(m) Leases
Finance leases other than those which transfer the ownership of the leased property to the Bank and its consolidated subsidiaries are accounted for as operating leases.

(n) Hedging

Effective April 1, 2000, the Bank has adopted macro-hedging in accounting for the hedge transactions which it manages on a gross basis, and to cover interest rate risk arising from numerous financial assets and liabilities, such as loans and deposits. Macro-hedging is a risk management tool allowed under the risk-management approach stipulated in "Temporary Treatment for Accounting and Auditing in the Application of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountants' Industry Audit Committee, Report No. 15). The Bank applies hedge accounting under accounting and auditing guidance. The Bank assesses hedge effectiveness by testing whether the risk on derivatives (the hedging instrument(s)) stays within the permissible risk level predetermined under the Bank's risk management policy, and whether the interest rate risk on the hedged items has been reduced.

The Bank has adopted deferred hedge accounting and has applied the special rule for interest rate swaps with respect to certain assets and liabilities.

One of the consolidated subsidiaries has applied a special rule for interest rate swaps with respect to certain of its liabilities.

(o) Accounting for consumption tax and regional consumption tax

With respect to the Bank and the domestic consolidated subsidiaries, all amounts are stated exclusive of consumption tax and regional consumption tax.

(p) Income taxes

Income taxes comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in statutory tax rates at March 31, 2001 and 2000 of approximately 41.3% and 41.6%, respectively.

The provision for income taxes is based on income recorded for consolidated financial statement purposes. Temporary differences in the recognition of income and expense items for financial statement and income tax purposes are presented as deferred income taxes.

(q) Net income per share

The computation of net income per share of common stock is based on the weighted average number of shares outstanding during each year.

(r) Statements of cash flows

Cash and cash equivalents in the statements of cash flows represent cash and due from banks in the consolidated balance sheets, excluding deposits with banks other than the Bank of Japan as well as the time deposits of certain consolidated subsidiaries.

	Millions of Yen	
March 31,	**2001**	2000
Cash and Due from Banks	**¥499,594**	¥308,372
Deposits with Banks Other than the Bank of Japan	**(388,255)**	(200,071)
Time Deposits of the Consolidated Subsidiaries	**(150)**	(160)
Cash and Cash Equivalents	**¥111,188**	¥108,141

5. Additional Information

(a) Accounting standard for financial instruments

Effective this fiscal year, the Bank has adopted a new accounting standard for financial instruments and modified the valuation methods used for securities, derivatives and hedges, and so forth, an outlined in "Opinion Concerning the Establishment of Accounting Standards for Financial Instruments" (Business Accounting Deliberation Council, January 22, 1999). The effect of the adoption of this standard for financial instruments was to increase income before income taxes and minority interests by ¥133 million for the year ended March 31, 2001.

Gain and loss on derivatives which meet the criteria for hedge accounting comprise the same items as in prior fiscal years. However, presentation of income and expenses has been made on a net basis instead of a gross basis effective the current fiscal year pursuant to the implementation of the revised accounting standard for financial instruments. Income before income taxes was unaffected by the change referred to above; however, income and expenses decreased by ¥793 million each.

Following discussions with the Japanese Institute of Certified Public Accountants concerning presentation of gain and loss on derivatives which meet the criteria for hedge accounting, the Bank determined in the second half of the fiscal year that the net amounts would be more appropriate than the gross amounts. Amounts at the end of the first half, however, were reported under the previous disclosure method. If gain and loss on derivatives which meet the criteria for hedge accounting had been presented on a net basis, interim income before income taxes would have remained unchanged, but income and expenses would have decreased by ¥645 million.

Pursuant to the application of the new accounting standard for financial instruments, the presentation in consolidated balance sheets has been changed by the Banking Law Enforcement regulation. Unrealized gain and loss on available-for-sale securities are presented as unrealized gain on available-for-sale securities in shareholders' equity, net of the tax effect.

(b) Accounting standards for foreign currency-denominated transactions

The Bank has continued to follow the Revised Accounting Standards for Foreign Currency-Denominated Transactions in accordance with the relevant statement issued by the Japanese Institute of Certified Public Accountants dated April 10, 2000.

(c) External standard taxation

Enterprise tax, other than tax for which the tax base is designated to the amounts pertinent to income, is presented in other operating expenses.

In prior fiscal years, enterprise tax assessed by the Tokyo Metropolitan Government was presented in income taxes. However, in line with the enforcement of the "Municipal Ordinance Concerning Special Treatment of the Tax Base, etc., for Enterprise Tax on Banking Business, etc., in the Tokyo Metropolis," (Tokyo Municipal ordinance No. 145), the Bank has reported enterprise tax under other operating expenses, effective the fiscal year beginning April 1, 2000. The applicable amount for the year ended March 31, 2001 was ¥120 million.

6. Trading Assets

	Millions of Yen	
March 31,	**2001**	2000
Trading Securities	**¥ 966**	¥ 1,151
Trading-Related Financial Derivatives	**122**	558
Other Trading Assets	**13,898**	99,737
Total	**¥14,986**	¥101,446

7. Securities

	Millions of Yen	
March 31,	**2001**	2000
Japanese Government Bonds	**¥ 550,078**	¥ 391,442
Japanese Local Government Bonds	**283,348**	283,156
Corporate Bonds	**188,336**	117,626
Corporate Stocks	**221,316**	201,504
Other Securities	**538,959**	403,663
Total	**¥1,782,040**	¥1,397,394

Note: Investments in unconsolidated subsidiaries of ¥174 million and loaned securities of ¥30,277 million, for which the borrowers have rights of sale, have been included in securities.

8. Bills Discounted

The face amounts of commercial bills etc. acquired through the discounting of bills totaled ¥101,643 million as of March 31, 2001.

9. Pledged Assets

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

	Millions of Yen	
March 31,	**2001**	2000
Pledged Assets:		
Securities	**¥183,315**	¥16,208
Liabilities Covered by Pledged Assets:		
Deposits	**¥ 46,010**	¥59,185
Call Money	**34,285**	—
Bills Sold	**72,300**	—

In addition to the above, securities amounting to ¥60,466 million and ¥65,249 million at book value were pledged as collateral in connection with exchange settlements and futures transactions as of March 31, 2001 and 2000, respectively.

One consolidated subsidiary had pledged its lease receivables amounting to ¥16,374 million and ¥19,055 million as collateral for borrowed money of ¥13,440 million and ¥15,334 million as of March 31, 2001 and 2000, respectively.

Lease deposits of ¥5,687 million have been included in premises and equipment.

10. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements which, subject to compliance with the contractual conditions, pledge to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank. The unused amount related to such facilities/contracts stood at ¥994,190 million at March 31, 2001. Of this amount, facilities/contracts with a period of one year or less until expiration or which are unconditionally cancelable at any time, totaled ¥953,320 million at March 31, 2001.

Most of these agreements will expire without the clients' having utilized the financial resources available to them, and the amount of the nonexecuted financing will not necessarily impact on the Bank or its consolidated subsidiaries' future cash flows. Most of these facilities/contracts contain a clause which allows the Bank or its consolidated subsidiaries to reject a loan application or to reduce the upper limit requested in view of changing financial conditions, credit maintenance and other reasonable concerns.

When necessary, the Bank will demand collateral such as real estate or marketable securities at the date on which an agreement is entered into. In addition, after facilities/contracts are set forth the Bank will regularly assess the business status of the clients, based on predetermined internal procedures and, when prudent, will revise the agreements or reformulate their policies to maintain creditworthiness.

11. Borrowed Money

Borrowed money at March 31, 2001 and 2000 included subordinated borrowings of ¥55,000 million.

12. Non-Performing Loans

In accordance with the disclosure requirements under the Rules for Bank Accounting in Japan which became effective April 1, 1995, the balance of loans and bills discounted at March 31, 2001 and 2000 included the following non-performing loans:

	Millions of Yen	
March 31,	**2001**	2000
(a) Loans in Bankruptcy and Dishonored Bills	**¥ 21,163**	¥ 20,048
(b) Delinquent Loans	**208,317**	241,525
(c) Loans Past Due with Respect to Interest Payments for More than Three Months	**2,661**	2,909
(d) Restructured Loans	**85,535**	42,130
Total	**¥317,677**	¥306,613

Note: The above amounts are stated before the deduction of the reserve for possible loan losses.

13. Retirement Benefits

(a) Outline of current retirement benefit system

The Bank and its consolidated subsidiaries have adopted defined employees' retirement benefit plans, i.e., the employees' welfare pension fund supplemented by the employees' public pension system and lump-sum retirement benefits. In addition, extra benefits may be paid on a case-by-case basis. The Bank has established a employees' retirement benefit trust. As of the end of the year under audit, the Bank and nine consolidated subsidiaries had adopted a lump-sum retirement benefit system. In addition, a union pension fund for the above-mentioned employees' welfare pension system was established by the Bank and its consolidated subsidiaries.

(b) The following tables set forth the changes in the net retirement benefit obligation, the plan assets and the funded status of the Bank and its consolidated subsidiaries at March 31, 2001:

	Millions of Yen
Retirement Benefit Obligation	¥(80,808)
Fair Value of Plan Assets	50,614
Unfunded Retirement Benefit Obligation	(30,194)
Unrecognized Net Retirement Benefit Obligation at Transition	—
Unrealized Actuarial Loss	10,390
Unrecognized Prior Service Cost	—
Net Retirement Benefit Obligation	(19,803)
Prepaid Pension Cost	—
Reserve for Retirement Benefits	¥(19,803)

Notes: 1. The government-sponsored portion of the benefits under the welfare pension plans has been included in the amounts shown in the above table.
2. No new prior service cost was generated during the year.
3. The above amounts do not include any extra benefits.
4. The consolidated subsidiaries have adopted a simplified method for the calculation of their retirement benefit obligation.

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

	Millions of Yen
Service Cost	¥ 2,441
Interest Cost	2,073
Expected Return on Plan Assets	(1,601)
Amortization:	
Amortization of Prior Service Cost	—
Amortization of Unrealized Actuarial Loss	—
Amortization of Net Retirement Benefit Obligation at Transition	14,691
Other	—
Total	¥17,605

Notes: 1. The Bank established an employees' retirement benefit trust prior to September 30, 2000. Accordingly, the amount included ¥12,001 million in lump-sum amortization expenses for a portion of the retirement benefit obligation at the beginning of the term, which was equivalent to the market value of the assets when the trust was established.
2. Retirement benefit expenses for consolidated subsidiaries have been included in "service cost" referred to above.

(d) The assumptions used in accounting for the defined benefit plans for the year ended March 31, 2001 were as follows:

Discount Rate	3.0%
Expected Rate of Return on Plan Assets	4.5%

14. Deferred Tax Assets

March 31,	Millions of Yen 2001	2000
Deferred Tax Assets:		
Reserve for Possible Loan Losses	**¥67,941**	¥60,621
Excess Reserve for Retirement Allowances	**—**	5,212
Reserve for Retirement Benefits	**10,922**	—
Excess Depreciation	**3,259**	4,468
Transfer to Reserve for Possible Losses on Sales of Loans	**2,707**	2,420
Other	**12,390**	7,285
Valuation Allowance	**(858)**	(1,311)
Total	**¥96,362**	¥78,697
Deferred Tax Liabilities:		
Unrealized Gain on Securities Available for Sale	**(32,962)**	—
Retirement Benefit Trust	**(4,962)**	—
Reversal of Reserve for Possible Loan Losses after Elimination of Debt and Credit	**(16)**	(14)
Other	**(9)**	—
Total	**(37,950)**	(14)
Net Deferred Tax Assets	**¥58,412**	¥78,683

The major reasons for the significant differences between the statutory tax rates and the effective tax rates (including the corporate income tax rate and other tax rates) after the adoption of tax-effect accounting are summarized as follows:

	2001	2000
Statutory Tax Rates	**41.3%**	41.6%
Items Not Permanently Included in Income, such as Dividends Received	**-4.7**	-3.4
Adjustment for Year-End Deferred Tax Assets Due to Tax Rate Revision	**—**	2.3
Increase in Valuation Allowance	**-3.3**	7.5
Other	**2.5**	1.8
Effective Tax Rates	**35.8%**	49.8%

On June 9, 2000 the “Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka” was promulgated. With this legislation, the standard for applying enterprise tax was amended from the fiscal year beginning April 1, 2001. The enterprise tax is to be levied on gross profit rather than income. This means that enterprise tax will not be included in the tax calculations for deferred tax accounting. Therefore, the tax rate applied when calculating the Bank’s deferred tax assets and deferred tax liabilities was 41.35% for the year ended March 31, 2001, as opposed to 41.38% for the previous year. The effect of this change resulted in a decrease in deferred tax assets of ¥54 million, and an increase in income tax expenses – deferred and the booked for the year ended March 31, 2001 of ¥54 million. There was also a decrease in deferred tax liability for land revaluation of ¥8 million, and an increase in the land revaluation account of ¥8 million at March 31, 2001.

15. Deposits

March 31,	Millions of Yen 2001	2000
Current Deposits	**¥2,161,222**	¥2,023,048
Time Deposits	**3,696,960**	3,719,481
Negotiable Certificates of Deposit	**84,900**	14,299
Other	**210,494**	154,037
Total	**¥6,153,577**	¥5,910,867

16. Trading Liabilities

March 31,	Millions of Yen 2001	2000
Trading-Related Financial Derivatives	**¥197**	¥745

17. Trading Revenue

March 31,	Millions of Yen 2001	2000
Revenue from Trading Securities	**¥ 47**	¥ 55
Other Trading Revenue	**98**	55
Total	**¥145**	¥111

18. Interest on Borrowings and Rediscounts

March 31,	Millions of Yen 2001	2000
Call Money and Bills Sold	**¥6,719**	¥4,802
Borrowings	**1,714**	1,726
Total	**¥8,433**	¥6,528

19. Trading Expenses

March 31,	Millions of Yen 2001	2000
Expenses on Trading-Related Financial Derivatives Transactions	**¥3**	¥45

20. Other Expenses

March 31,	Millions of Yen 2001	2000
Provision for Possible Loan Losses	**¥19,684**	¥22,955
Losses on Disposal of Premises and Equipment	**1,359**	818
Other	**69,396**	38,095
Total	**¥90,439**	¥61,868

For the year ended March 31, 2001, “Other Expenses-Other” included losses on sales of loans with real estate mortgages to the Cooperative Credit Purchasing Co., Ltd. of ¥370 million, and to other institutions of ¥685 million. This account also included amortization of the net retirement benefit obligation at transition of ¥14,691 million.

21. Accumulated Depreciation of Premises and Equipment

Accumulated depreciation of premises and equipment at March 31, 2001 and 2000 amounted to ¥155,698 million and ¥156,689 million, respectively.

22. Segment Information

(a) Segment information by type of business

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

	Millions of Yen				
March 31, 2001	Banking Operations	Other	Total	Eliminations	Consolidated
Ordinary Income:					
Ordinary Income from External Customers	¥ 195,926	¥19,642	¥ 215,569	¥ —	¥ 215,569
Ordinary Income from Internal Transactions	736	6,519	7,255	(7,255)	—
Total	196,663	26,162	222,825	(7,255)	215,569
Ordinary Expenses	176,985	26,631	203,616	(7,251)	196,365
Ordinary Income (Loss), Net	¥ 19,677	¥ (469)	¥ 19,208	¥ (4)	¥ 19,204
Assets	¥7,089,302	¥79,052	¥7,168,354	¥(48,647)	¥7,119,707
Depreciation	3,043	12,737	15,781	(0)	15,780
Capital Expenditures	1,081	12,492	13,574	—	13,574

	Millions of Yen				
March 31, 2000	Banking Operations	Other	Total	Eliminations	Consolidated
Ordinary Income:					
Ordinary Income from External Customers	¥ 187,924	¥19,509	¥ 207,433	¥ —	¥ 207,433
Ordinary Income from Internal Transactions	788	6,462	7,251	(7,251)	—
Total	188,712	25,971	214,684	(7,251)	207,433
Ordinary Expenses	169,769	27,685	197,454	(7,175)	190,279
Ordinary Income (Loss), Net	¥ 18,942	¥ (1,713)	¥ 17,229	¥ (75)	¥ 17,153
Assets	¥6,733,392	¥78,229	¥6,811,621	¥(42,540)	¥6,769,081
Depreciation	3,208	12,886	16,094	(0)	16,094
Capital Expenditures	5,656	12,250	17,907	—	17,907

Note: Ordinary income represents total income excluding gain on disposal of premises and equipment and collection of claims previously written off. Ordinary expenses represent total expenses excluding loss on disposal of premises and equipment.

(b) Geographic segment information

Segment information by geographic area has not been disclosed since over 90% of the total consolidated assets of the Bank and consolidated subsidiaries are in Japan.

(c) Ordinary income from foreign operations

Segment information related to the Bank's foreign operations have not been disclosed since the income generated from foreign operations is considered immaterial to the Bank's total consolidated income.

23. Leases

(a) Finance leases

Finance leases, as lessee, at March 31, 2001 and 2000 are summarized as follows:

	Millions of Yen	
March 31,	**2001**	2000
Equipment	**¥32**	¥371
Other	**—**	—
Accumulated Depreciation	**(21)**	(334)
Total	**¥11**	¥ 36
Lease Payments Receivable for Finance Leases:		
Within One Year	**¥ 5**	¥ 25
Over One Year	**5**	11
Total	**¥11**	¥ 36

Total lease payments received and depreciation under finance leases for the year ended March 31, 2001 were ¥25 million and ¥25 million, respectively.

Finance leases, as lessor, at March 31, 2001 and 2000 are summarized as follows:

	Millions of Yen	
March 31,	**2001**	2000
Equipment	**¥59,064**	¥59,217
Other	**5,035**	4,866
Accumulated Depreciation	**(32,111)**	(31,533)
Total	**¥31,989**	¥32,550
Lease Payments Receivable for Finance Leases:		
Within One Year	**¥11,991**	¥12,348
Over One Year	**26,067**	26,577
Total	**¥38,058**	¥38,925

Total lease payments received and depreciation under finance leases for the year ended March 31, 2001 were ¥13,496 million and ¥11,338 million, respectively.

(b) Operating leases

Future minimum lease payments for operating leases at March 31, 2001 were ¥266 million, of which ¥45 million was due within one year.

24. Securities Information

The information includes trading account securities and commercial paper in trading assets; trust beneficiary rights in commercial paper and other debt purchased and investments in other assets in addition to securities.

(a) Securities held for trading purposes

Carrying Value at the Current Fiscal Year End	¥14,864 million
Holding Gains Charged to Income in the Current Fiscal Year	¥11 million

(b) Marketable debt securities being held to maturity

	Millions of Yen				
March 31, 2001	Book Value	Market Value	Unrealized Gain (Net)	Unrealized Gain (Gross)	Unrealized Loss (Gross)
National Government Bonds	¥ —	¥ —	¥ —	¥ —	¥—
Municipal Bonds	35,736	40,604	4,867	4,867	—
Corporate Bonds	4,026	4,082	56	117	61
Other	23,874	24,481	606	611	5
Total	¥63,638	¥69,168	¥5,530	¥5,596	¥66

(c) Marketable available-for-sale securities

	Millions of Yen				
March 31, 2001	Cost	Book Value	Unrealized Gain (Net)	Unrealized Gain (Gross)	Unrealized Loss (Gross)
Equity Securities	¥ 164,526	¥ 216,442	¥51,915	¥65,707	¥13,791
Debt Securities:					
Government Bonds	539,575	550,078	10,502	10,583	81
Municipal Bonds	232,437	247,611	15,173	15,175	2
Corporate Bonds	180,330	184,057	3,726	3,730	4
Other	508,416	506,812	(1,603)	1,720	3,323
Total	¥1,625,286	¥1,705,002	¥79,715	¥96,918	¥17,202

(d) Total sales of marketable available-for-sale securities

Total marketable available-for-sale securities sold during the year ended March 31, 2001 amounted to ¥268,968 million and the related gain and loss were ¥31,813 million and ¥1,510 million, respectively.

(e) Major components and balance sheet amounts of non-marketable securities

	Millions of Yen
March 31, 2001	Book Value
Marketable Debt Securities Being Held to Maturity:	
Trust Beneficiary Rights	¥23,036
Marketable Available-for-Sale Securities:	
Unlisted Equity Securities	4,719
Unlisted Foreign Securities	8,420

(f) Projected redemption amounts of marketable available-for-sale securities with maturity dates and marketable debt securities being held to maturity

	Millions of Yen			
March 31, 2001	One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
Debt Securities:				
Government Bonds	¥ 46,168	¥399,769	¥104,139	¥ —
Municipal Bonds	813	52,206	229,306	1,021
Corporate Bonds	14,564	156,247	17,523	—
Others	48,899	356,177	48,038	91,981
Total	¥110,447	¥964,401	¥399,009	¥93,002

(g) Unrealized gain on available-for-sale securities

March 31, 2001	Millions of Yen
Unrealized Gain:	
Available-for-Sale Securities	¥79,715
Other Money Held in Trust	—
Deferred Tax Liabilities	32,962
Net Unrealized Gains on Available-for-Sale Securities	46,753
Minority Interests	10
Unrealized Gains on Available-for-Sale Securities	¥46,742

25. Derivatives

(1) Transactions

[1] Transactions include interest rate futures, options, swaps, and interest-related forward delivery, currency swaps, options, as well as forward foreign exchange contracts, and bond futures and options.

[2] Policies: The Bank enters into derivative transactions mainly for hedging purposes to avoid the risk of interest-rate fluctuations in the context of managing its overall assets and liabilities. The transactions are also used for trading purposes to increase earnings over a short-term period within certain predetermined position limits and cumulative loss limits.

The consolidated subsidiaries engage in derivative transactions under similar policies to those of the Bank.

[3] Purposes: The Bank has carried out its derivatives transactions in accordance with the above-mentioned policies. The Bank has partially adopted hedge accounting for its derivatives position.

a. Methods of hedge accounting

The Bank has adopted ordinary treatment for deferred hedges and extraordinary treatment for interest-rate swaps. Currency swaps are subject to periodic calculation of gain (loss) as these transactions are similar in nature to transactions which qualify under hedge accounting.

b. Policies and implementation of hedging transactions

The Bank uses hedging transactions to minimize its risk exposure on interest rates, foreign exchange rates, stock price fluctuation and credit fluctuation in accordance with its internal rules (Rules on Transactions under Hedge Accounting) based on the Practical Guidelines on Hedge Accounting (Interim Report).

Hedge accounting has been applied to the following financial instruments and assets and liabilities being hedged:

Hedging instruments: Interest-rate swaps and bond futures

Assets and liabilities being hedged:

(Yen-denominated) Loans and bills discounted, securities; deposits, corporate bonds, and borrowed money

(Foreign-currency denominated) Loans and bills discounted, securities; deposits

c. Assessment of hedging effectiveness

The effectiveness of hedging was assessed in accordance with the Regulations on Hedge Accounting. The Bank adopted the so-called macro-hedging methodology, a risk management method categorized as a "Risk Adjusted Approach" in "Tentative Accounting and Auditing Treatment relating to the Adoption of Accounting for Financial Instruments for Banks (Japanese Institute of Certified Public Accountants; Industry Audit Committee Report No. 15). The Bank confirmed that the total at risk in relation to derivatives used as hedging instruments was within the established risk limits, utilizing the mark-to-fair-value method for hedge accounting and the deferral method on a quarterly basis. The Bank also confirmed that individually hedged instruments met the required criteria, utilizing the mark-to-fair-value method for hedge accounting and the deferral method on a quarterly basis. In addition, the Bank confirmed that its hedging methods for its extraordinary treatment of interest-rate swaps met the required criteria, utilizing the deferral method in question.

[4] Nature of Risks:

Derivative transactions involve market risk and credit risk. Market risk means the risk of losses from fluctuations in the interest rate/currency exchange market, etc. Credit risk is the risk that a position cannot be settled according to the original contract terms due to the bankruptcy or insolvency of the counterparty.

Basically, the Bank believes that it has incurred no market risk, as transactions for the purpose of hedging are carried out on the basis of assets and liabilities which are equivalent to the transaction values. Market risk is limited to short-term trading transactions which are aimed at increasing earnings.

As for credit risk, a credit limit is established for each customer in an effort to avoid a concentration of risk within a limited number of customers.

The above transactions pose few substantial risks, as the Bank's transactions were with highly trustworthy financial institutions and corporations.

[5] Risk Management System: Balances at risk, unrealized gain/loss, etc. on derivative transactions are managed on a daily basis by the division in charge, and are reported to the Management Administration Division which is independently responsible for overall risk management, and are then submitted to the Bank's executives.

For trading transactions for the purpose of increasing short-term earnings, transaction risk is managed within certain limits established in an attempt to avoid excessive risk exposure.

[6] Supplementary Explanation of Quantitative Information: Most interest-rate swaps are mainly for the purpose of hedging fixed-rate loans. Accordingly, the contract amounts presented do not represent the actual market risk exposure relating to all derivatives positions.

(2) Interest-Rate Derivatives

	Millions of Yen			
	Contract Amounts		Market	Unrealized
At March 31, 2001	Total	Over 1 Year	Value	Gain (Loss)
Transactions Listed on Exchanges:				
Interest-Rate Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Interest-Rate Options:				
Sold Calls	—	—	—	—
Puts	—	—	—	—
Bought Calls	—	—	—	—
Puts	—	—	—	—
Over-the-Counter Transactions:				
Forward Rate Agreements:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest-Rate Swaps:				
Receivable Fixed/ Payable Floating	11,239	1,239	96	96
Receivable Floating/ Payable Fixed	11,239	1,239	(149)	(149)
Receivable Floating/ Payable Floating	16,000	—	(21)	(21)
Interest-Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	834	834	(4)	(4)
Bought	22	—	—	(0)
Total			¥(79)	¥(79)

Notes: 1. The above derivatives are valued at market and unrealized gain (loss) is accounted for in the consolidated statements of income. Derivatives to which hedge accounting is applied have not been included in the above table.
2. Calculation of market value
The market value of transactions listed on exchanges has been calculated on the basis of the closing prices on the Tokyo International Financial Futures Exchange. The market value of over-the-counter transactions has been calculated at their discounted current value or by utilizing calculation models for options prices.

	Millions of Yen			
	Contract Amounts		Market	Unrealized
At March 31, 2000	Total	Over 1 Year	Value	Gain (Loss)
Transactions Listed on Exchanges:				
Interest-Rate Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Interest-Rate Options:				
Sold Calls	—	—	—	—
Puts	—	—	—	—
Bought Calls	—	—	—	—
Puts	—	—	—	—
Over-the-Counter Transactions:				
Forward Rate Agreements:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest-Rate Swaps:				
Receivable Fixed/ Payable Floating	188,152	131,000	1,850	1,850
Receivable Floating/ Payable Fixed	185,977	139,729	(5,293)	(5,293)
Receivable Floating/ Payable Floating	2,536	—	3	3
Interest-Rate Options:				
Sold Calls	—	—	—	—
Puts	—	—	—	—
Bought Calls	—	—	—	—
Puts	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	54	44		
Total				¥(3,438)

Notes: 1. Determination of Market Value:
Market value for contracts listed on exchanges is determined by the closing prices on the Tokyo International Financial Futures Exchange or on other exchanges.
2. The "Contract Amount" column lists the notional value of the swaps and the contract value of the futures, options and other derivatives.
3. Trading-related financial derivatives have not been included in the above amounts because the gain (loss) is realized at the year-end and recorded in the consolidated statements of income.

(3) Currency Derivatives

At March 31, 2001	Millions of Yen Contract Amounts	Market Value	Unrealized Gain (Loss)
Over-the-Counter Transactions:			
Currency Swaps	¥—	¥—	¥—
Forward Foreign Exchange Contracts	—	—	—
Currency Options	—	—	—
Others	—	—	—
Total		¥—	¥—

Notes: 1. The transactions in this table have been revalued at the market rate prevailing on March 31, 2001, and have been accounted for in the consolidated statements of income. Derivatives which qualify as hedges have been excluded from this table.
2. The "Contract Amounts" column represents the notional value of the swaps.
3. Based on the notification (issued on April 10, 2000 by the Japanese Institute of Certified Public Accountants) entitled "Provisional Accounting Procedures for Banks Continuing to Apply the New Foreign Currency Accounting Standards," currency swaps accounted for on an accrual basis have been excluded from this table. The contract amounts of the currency swaps accounted for on an accrued basis are presented as follows:

At March 31, 2001	Millions of Yen Contract Amounts	Market Value	Unrealized Gain (Loss)
Currency Swaps	¥242,319	¥1,301	¥1,301

Similarly, the above schedule excludes those transactions related to foreign currencies, such as forward foreign exchange contracts and currency options, which have been revalued at the market rates prevailing at the closing date of the year, and for which gain (loss) after revaluation has been credited (or debited) to income in the consolidated statements of income.

The schedule also excludes transactions pertaining to those foreign currency monetary assets and liabilities reflected in the consolidated balance sheets and certain assets and liabilities which have been eliminated in consolidation.

The contract value or notional principal amounts of foreign currency-related derivatives which have been revalued are presented as follows:

At March 31, 2001	Millions of Yen Contract Amounts
Listed:	
Currency Futures	¥ —
Currency Options	—
Unlisted:	
Forward Foreign Exchange Contracts	
Sold	1,489
Bought	1,916
Currency Options:	
Sold	2,472
Bought	2,472
Others	—

(4) Stock Derivatives

Not applicable as of March 31, 2001 and 2000.

(5) Bond Derivatives

Not applicable as of March 31, 2001.

At March 31, 2000		Millions of Yen Contract Amounts Total	Contract Amounts Over 1 Year	Market Value	Unrealized Gain (Loss)
Transactions Listed on Exchanges:					
Bond Futures:					
Sold		¥13,570	¥—	¥13,929	¥(359)
Bought		—	—	—	—
Bond Futures Options:					
Sold	Calls	—	—	—	—
	Puts	—	—	—	—
Bought	Calls	—	—	—	—
	Puts	—	—	—	—
Over-the-Counter Transactions:					
Bond Options:					
Sold	Calls	—	—	—	—
	Puts	—	—	—	—
Bought	Calls	—	—	—	—
	Puts	—	—	—	—
Other:					
Sold		—	—	—	—
Bought		—	—	—	—
Total					¥(359)

Note: Trading-related financial derivatives have not been included in these amounts because the gain (loss) realized at the year-end has been accounted for in the consolidated statements of income.

(6) Commodity Derivatives

Not applicable as of March 31, 2001 and 2000.

(7) Credit Derivatives

Not applicable as of March 31, 2001 and 2000.

Report of Independent Certified Public Accountants

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The Board of Directors
The Joyo Bank, Ltd.

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

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of The Joyo Bank, Ltd. and consolidated subsidiaries at March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the two years in the period ended March 31, 2001 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 4, The Joyo Bank, Ltd. and consolidated subsidiaries have adopted new accounting standards for employees' retirement benefits and financial instruments effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Century Ota Showa & Co.

June 28, 2001

See Note 1 which explains the basis of preparation of the consolidated financial statements of The Joyo Bank, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Non-Consolidated Balance Sheets

THE JOYO BANK, LTD.

	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
March 31,	**2001**	2000	**2001**	2000
Assets				
Cash and Due from Banks	**¥ 497,432**	¥ 307,106	**$ 4,014,786**	$ 2,478,660
Call Loans and Bills Purchased	**102,983**	156,007	**831,178**	1,259,136
Commercial Paper and Other Debt Purchased	**23,058**	66,129	**186,101**	533,728
Trading Assets (Note 5)	**14,986**	101,446	**120,952**	818,773
Money Held in Trust	**—**	40,000	**—**	322,841
Securities (Notes 6 and 7)	**1,782,152**	1,397,083	**14,383,793**	11,275,891
Loans and Bills Discounted (Notes 9 and 10)	**4,459,233**	4,445,943	**35,990,581**	35,883,317
Foreign Exchange (Note 11)	**3,020**	4,362	**24,374**	35,205
Other Assets (Note 12)	**48,759**	44,765	**393,535**	361,299
Premises and Equipment (Note 13)	**94,349**	99,058	**761,493**	799,499
Deferred Tax Assets (Note 14)	**54,201**	75,611	**437,457**	610,258
Customers' Liabilities for Acceptances and Guarantees	**79,346**	88,707	**640,403**	715,956
Reserve for Possible Loan Losses	**(72,855)**	(95,778)	**(588,014)**	(773,026)
Reserve for Devaluation of Investment Securities	**(245)**	(2)	**(1,977)**	(16)
Total Assets	**¥7,086,423**	¥6,730,441	**$57,194,697**	$54,321,557
Liabilities and Shareholders' Equity				
Liabilities				
Deposits (Notes 7 and 15)	**¥6,162,518**	¥5,918,971	**$49,737,836**	$47,772,163
Call Money and Bills Sold	**178,134**	129,363	**1,437,723**	1,044,092
Trading Liabilities (Note 16)	**197**	745	**1,589**	6,012
Borrowed Money	**86,488**	66,683	**698,046**	538,200
Foreign Exchange (Note 11)	**135**	131	**1,089**	1,057
Corporate Bonds	**15,000**	—	**121,065**	—
Due to Trust Account	**18**	16	**145**	129
Other Liabilities (Note 17)	**99,197**	109,942	**800,621**	887,344
Reserve for Retirement Allowances	**—**	18,722	**—**	151,105
Reserve for Retirement Benefits	**19,708**	—	**159,063**	—
Reserve for Possible Losses on Sales of Loans	**6,547**	5,850	**52,841**	47,215
Reserve for Other Contingent Losses	**4,528**	3,485	**36,545**	28,127
Deferred Tax Liabilities for Land Revaluation (Note 14)	**10,194**	10,855	**82,276**	87,610
Acceptances and Guarantees	**79,346**	88,707	**640,403**	715,956
Total Liabilities	**6,662,015**	6,353,476	**53,769,289**	51,279,063
Shareholders' Equity				
Common Stock	**85,113**	85,113	**686,949**	686,949
Capital Surplus	**58,574**	58,574	**472,752**	472,752
Legal Reserve	**54,817**	52,381	**442,429**	422,768
Land Revaluation Reserve, Net of Taxes	**14,459**	15,378	**116,698**	124,116
Voluntary Reserves	**152,370**	151,469	**1,229,782**	1,222,510
Retained Earnings	**12,332**	14,048	**99,531**	113,381
Unrealized Gain on Available-for-Sale Securities	**46,741**	—	**377,247**	—
Total Shareholders' Equity	**424,408**	376,965	**3,425,407**	3,042,493
Total Liabilities and Shareholders' Equity	**¥7,086,423**	¥6,730,441	**$57,194,697**	$54,321,557

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Income and Retained Earnings

THE JOYO BANK, LTD.

For the Years Ended March 31,	Millions of Yen 2001	Millions of Yen 2000	Thousands of U.S. Dollars (Note 2) 2001	Thousands of U.S. Dollars (Note 2) 2000
Income				
Interest Income:				
Interest on Loans and Discounts	**¥103,367**	¥109,456	**$ 834,277**	$ 883,422
Interest and Dividends on Securities	**36,705**	34,439	**296,246**	277,958
Other Interest Income	**7,146**	8,532	**57,675**	68,861
Fees and Commissions (Note 18)	**14,898**	14,479	**120,242**	116,860
Trading Revenue (Note 19)	**145**	111	**1,170**	895
Other Operating Income (Note 20)	**2,198**	3,000	**17,740**	24,213
Other Income (Note 21)	**42,532**	19,670	**343,276**	158,757
Total Income	**206,996**	189,691	**1,670,669**	1,531,000
Expenses				
Interest Expenses:				
Interest on Deposits	**20,052**	19,099	**161,840**	154,148
Interest on Borrowings and Rediscounts (Note 22)	**8,715**	6,528	**70,338**	52,687
Other Interest Expenses	**11,227**	16,134	**90,613**	130,217
Fees and Commissions (Note 23)	**5,231**	4,738	**42,219**	38,240
Trading Expenses (Note 24)	**3**	45	**24**	363
Other Operating Expenses (Note 25)	**1,559**	4,982	**12,582**	40,209
General and Administrative Expenses (Note 26)	**75,134**	77,268	**606,408**	623,631
Other Expenses (Note 28)	**71,324**	41,788	**575,657**	337,271
Total Expenses	**193,253**	170,587	**1,559,749**	1,376,811
Income before Income Taxes	**13,742**	19,103	**110,912**	154,180
Income Taxes:				
Current	**17,572**	15,093	**141,824**	121,815
Deferred (Note 14)	**(12,198)**	(7,033)	**(98,450)**	(56,763)
Net Income	**8,368**	11,042	**67,538**	89,120
Retained Earnings				
Balance at Beginning of Year	**14,048**	63,646	**113,381**	513,688
Reversal of Reserve for Retirement of Treasury Stock	**4,098**	4,177	**33,075**	33,712
Reversal of Land Revaluation Reserve	**926**	1,214	**7,473**	9,798
Retirement of Treasury Stock	**(3,276)**	(4,177)	**(26,440)**	(33,712)
Appropriations:				
Transfer to Legal Reserve	**(2,435)**	(2,440)	**(19,652)**	(19,693)
Cash Dividends	**(4,367)**	(4,413)	**(35,246)**	(35,617)
Bonuses to Directors and Corporate Auditors	**(30)**	—	**(242)**	—
Transfer to Voluntary Reserves	**(5,000)**	(55,000)	**(40,355)**	(443,906)
Balance at End of Year	**¥ 12,332**	¥ 14,048	**$ 99,531**	$ 113,381

	Yen 2001	Yen 2000	U.S. Dollars (Note 2) 2001	U.S. Dollars (Note 2) 2000
Per Share				
Net Income	**¥9.58**	¥12.52	**$0.07**	$0.10
Cash Dividends Applicable to the Year	**5.00**	5.00	**0.04**	0.04

See notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

THE JOYO BANK, LTD.

The accompanying non-consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and the notes thereto. In preparing the notes to the non-consolidated financial statements, certain notes found in the consolidated financial statements have been omitted.

1. Basis of Preparation

The accompanying financial statements of The Joyo Bank, Ltd. (the "Bank") do not include the accounts of its subsidiaries. The Bank's accounting procedures and principles are in conformity with accounting principles generally accepted and applied in Japan and with the Commercial Code of Japan, the Banking Law of Japan, and the Uniform Rules for Bank Accounting issued by the Japanese Ministry of Finance. Accordingly, the accompanying non-consolidated financial statements may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In the preparation of these financial statements, certain reclassifications and rearrangements have been made to the original Japanese-language statements and additional notes have been included in order to present them in a form that is familiar to readers outside Japan.

2. Japanese Yen and U.S. Dollar Amounts

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. Solely for the convenience of the reader, the U.S. dollar amounts represent a translation of Japanese yen amounts at ¥123.90 = US$1.00, the exchange rate prevailing on March 31, 2001.

3. Significant Accounting Policies

(a) Securities

Prior to April 1, 2000, securities were carried at cost determined by the moving-average cost method. Securities invested in certain trust funds and included in money held in trust were also carried at cost determined by the moving-average cost method.

Effective April 1, 2000, securities have been accounted for by the following methods:

Marketable debt securities being held to maturity are stated at amortized cost by the moving-average cost method. Stocks in subsidiaries are stated at cost by the moving-average cost method. Other securities (available-for-sale securities), for which market prices are available are stated at fair value based on their market prices as of the fiscal year-end. Those for which fair value is not available are stated at cost or amortized cost by the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) is reported in shareholders' equity.

(b) Reserve for possible loan losses

The reserve for possible loan losses is provided, as detailed below, in accordance with the Bank's internal rules for providing reserves for possible loan losses:

For claims to debtors who are legally bankrupt (as a result of bankruptcy, special liquidation, etc.) or who are substantially bankrupt, a reserve is provided based on the amount of the claims, net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For claims to debtors who are not currently bankrupt, but are likely to become bankrupt, a reserve is provided based on the amount considered necessary based on an overall solvency assessment of the amount of claims net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For other claims, a reserve is provided based on the Bank's historical loan-loss experience.

All claims are assessed by the Business Section (at the branches and the related head office divisions) based on the Bank's internal rules for the self-assessment of asset quality. The Corporate Audit Department, which is independent of the Business Section, subsequently conducts audits of such assessments, and a reserve is provided based on the audit results.

For collateralized or guaranteed claims from debtors who are legally or substantially bankrupt, the amounts of the claims deemed uncollectable in excess of the estimated value of the collateral or guarantees have been written off in aggregate amounts of ¥116,055 million and ¥70,974 million as of March 31, 2001 and 2001, respectively.

4. Additional Information

Accounting standard for financial instruments

Effective this fiscal year, the Bank has adopted a new accounting standard for financial instruments and modified the valuation methods used for securities, derivatives and hedges, and so forth, as outlined in "Opinion Concerning the Establishment of Accounting Standards for Financial Instruments" (Business Accounting Deliberation Council, January 22, 1999). The effect of the adoption of this standard for financial instruments was to increase income before income taxes and minority interests by ¥231 million for the year ended March 31, 2001.

Gain and loss on derivatives which meet the criteria for hedge accounting comprise the same items as in prior fiscal years. However, presentation of income and expenses has been made on a net basis (instead of a gross basis) effective the current fiscal year pursuant to the implementation of the revised accounting standard for financial instruments.

While income before income taxes was unaffected by this change, both interest received and paid on interest rate swaps as well as gain and loss on sales of bonds decreased by ¥768 million and ¥24 million, respectively. As a result, income and expenses decreased by ¥793 million each.

Following discussions with the Japanese Institute of Certified Public Accountants regarding the presentation of income and expenses relating to derivatives which meet the criteria for hedge accounting, the Bank determined in the second half of the fiscal year that the net amounts would be more appropriate than the gross amounts. Amounts at the end of the first half, however, were reported under the previous disclosure method. If gain and loss arising from derivative financial instruments which meet the criteria of hedge accounting had been presented on a net basis, interim income before income taxes would have remained unchanged, but income and expenses would have decreased by ¥645 million.

Pursuant to the application of the new accounting standard for financial instruments, the presentation in the balance sheets has been changed by the Banking Law Enforcement Regulation. Unrealized gain and loss on available-for-sale securities are presented as unrealized gain on securities-for-sale available in shareholders' equity, net of the tax effect.

5. Trading Assets

	Millions of Yen	
March 31,	**2001**	2000
Trading Securities	**¥ 966**	¥ 1,151
Trading-Related Financial Derivatives	**122**	558
Other Trading Assets	**13,898**	99,737
Total	**¥14,986**	¥101,446

6. Securities

	Millions of Yen	
March 31,	**2001**	2000
Japanese Government Bonds	**¥ 550,078**	¥ 391,440
Japanese Local Government Bonds	**283,348**	283,156
Corporate Bonds	**188,283**	117,409
Corporate Stocks	**221,427**	201,423
Other Securities	**538,940**	403,648
Securities Lent	**—**	2
Treasury Stock	**73**	1
Total	**¥1,782,152**	¥1,397,083

7. Pledged Assets

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

	Millions of Yen	
March 31,	**2001**	2000
Pledged Assets:		
Securities	**¥183,315**	¥16,208
Liabilities Covered by Pledged Assets:		
Deposits	**¥ 46,010**	¥59,185
Call Money	**34,285**	—
Bills Sold	**72,300**	—

In addition to the above, securities amounting to ¥60,466 million and ¥65,247 million at book value were pledged as collateral in connection with exchange settlements and futures transactions as of March 31, 2001 and 2000, respectively.

8. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements which, subject to compliance with the contractual conditions, pledge to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank. The unused amount related to such facilities/contracts stood at ¥956,847 million at March 31, 2001. Of this amount, facilities/contracts with a period of one year or less remaining until expiration or which are unconditionally cancelable at any time totaled ¥953,320 million at March 31, 2001.

Most of these agreements will expire without the clients' having utilized the financial available to them, and the amount of the nonexecuted financing will not necessarily impact on the Bank's future cash flows. Most of these facilities/contracts contain a clause which allows the Bank to reject a loan application or to reduce the upper limit requested in view of changing financial conditions, credit maintenance and other reasonable concerns.

When necessary, the Bank may demand collateral such as real estate or marketable securities at the date an agreement is entered into. In addition, after facilities/contracts are set forth, the Bank will regularly assess the business status of the clients based on predetermined internal procedures and, when prudent, will revise the agreements and reformulate new policies to maintain creditworthiness.

9. Loans and Bills Discounted

	Millions of Yen	
March 31,	**2001**	2000
Bills Discounted	**¥ 103,037**	¥ 94,146
Loans on Notes	**850,576**	889,933
Loans on Deeds	**2,979,250**	2,832,911
Overdrafts	**526,369**	628,951
Total	**¥4,459,233**	¥4,445,943

10. Non-Performing Loans

In accordance with the disclosure requirements under the Rules for Bank Accounting in Japan which became effective April 1, 1995, the balance of loans and bills discounted at March 31, 2001 and 2000 included the following non-performing loans:

	Millions of Yen	
March 31,	**2001**	2000
(a) Loans in Bankruptcy and Dishonored Bills	**¥ 20,687**	¥ 19,597
(b) Delinquent Loans	**200,452**	231,752
(c) Loans Past Due with Respect to Interest Payments for More than Three Months	**2,386**	2,707
(d) Restructured Loans	**84,696**	42,086
Total	**¥308,221**	¥296,144

Note: The above amounts are stated before the deduction of the reserve for possible loan losses.

11. Foreign Exchange

March 31,	Millions of Yen 2001	2000
Assets:		
Due from Foreign Banks	**¥ 582**	¥ 413
Foreign Exchange Bills Bought	**219**	577
Foreign Exchange Bills Receivable	**2,218**	3,370
Total	**¥3,020**	¥4,362
Liabilities:		
Due to Foreign Banks	**¥ 6**	¥ 6
Foreign Exchange Bills Sold	**90**	99
Foreign Exchange Bills Payable	**39**	25
Total	**¥ 135**	¥ 131

12. Other Assets

March 31,	Millions of Yen 2001	2000
Domestic Exchange Settlement Account—Debit	**¥ 443**	¥ 532
Prepaid Expenses	**399**	538
Accrued Income	**21,278**	15,787
Derivatives	**999**	—
Loss on Deferred Hedge Accounting	**8,173**	—
Other	**17,464**	27,907
Total	**¥48,759**	¥44,765

13. Premises and Equipment

March 31,	Millions of Yen 2001	2000
Land, Buildings and Equipment	**¥172,517**	¥176,753
Construction in Progress	**—**	150
Leasehold Guarantees and Deposits	**7,158**	7,921
Total	**179,675**	184,824
Less Accumulated Depreciation	**85,326**	85,766
Net Book Value	**¥ 94,349**	¥ 99,058

Note: Accumulated depreciation of premises and equipment: ¥85,326 million
Advanced depreciation: ¥5,782 million

14. Deferred Tax Assets

March 31,	Millions of Yen 2001	2000
Deferred Tax Assets:		
Excess Reserve for Possible Loss on Loans	**¥65,346**	¥58,122
Excess Reserve for Retirement Allowances	**—**	5,190
Reserve for Retirement Benefits	**10,895**	—
Excess Depreciation	**2,922**	3,326
Transfer to Reserve for Possible Losses on Sales of Loans	**2,707**	2,420
Other	**10,255**	6,550
Total	**¥92,127**	¥75,611
Deferred Tax Liabilities:		
Unrealized Gain on Available-for-Sale Securities	**(32,954)**	—
Retirement Benefit Trust	**(4,962)**	—
Other	**(9)**	—
Total	**(37,926)**	—
Net Deferred Tax Assets	**¥54,201**	¥75,611

The major reasons for the significant differences between the statutory tax rates and the effective tax rates (including the corporate income tax rate and other tax rates) after the adoption of tax-effect accounting are summarized as follows:

	2001	2000
Statutory Tax Rates	**41.3%**	41.6%
Items Not Permanently Included in Income such as Dividends Received	**-4.6**	-3.1
Adjustment for Year-End Deferred Tax Assets Due to Tax Rate Revision	**—**	2.1
Other	**2.4**	1.6
Effective Tax Rates	**39.1%**	42.2%

On June 9, 2000, the “Ordinance regarding the imposition of enterprise tax through external standards taxation on banks in Osaka” was promulgated. With this legislation, the standards for applying enterprise tax will be amended from the fiscal year beginning April 1, 2001. The enterprise tax is to be levied on gross profit rather than income. This means that enterprise tax will not be included in the tax calculations for deferred tax accounting. Therefore, the tax rate applied when calculating the Bank’s deferred tax assets and deferred tax liabilities was 41.35% for the year ended March 31, 2001, as opposed to 41.38% for the previous year. The effect of this change resulted in a decrease in deferred tax assets of ¥54 million, and an increase in income tax expenses–deferred and booked for the year ended March 31, 2001 of ¥54 million. There was also a decrease in the deferred tax liability for land revaluation of ¥8 million, and an increase in the land revaluation account of ¥7 million at March 31, 2001.

15. Deposits

March 31,	Millions of Yen 2001	2000
Current Deposits	**¥ 142,608**	¥ 111,462
Ordinary Deposits	**1,882,933**	1,720,190
Savings Deposits	**92,236**	102,362
Deposits at Notice	**46,084**	91,894
Time Deposits	**3,702,801**	3,721,703
Installment Savings	**459**	2,977
Negotiable Certificates of Deposit	**84,900**	14,299
Other	**210,494**	154,081
Total	**¥6,162,518**	¥5,918,971

16. Trading Liabilities

March 31,	Millions of Yen 2001	2000
Trading-Related Financial Derivatives	**¥197**	¥745

17. Other Liabilities

March 31,	Millions of Yen 2001	2000
Domestic Exchange Settlement Account—Credit	**¥ 1,378**	¥ 1,278
Accrued Taxes	**9,812**	6,882
Accrued Expenses	**18,336**	21,316
Unearned Income	**3,506**	4,985
Employees' Deposits	**2,063**	1,776
Derivatives	**8,597**	—
Deferred Hedge Accounting Liabilities	**943**	—
Deposits on Bonds Loaned	**29,763**	31,421
Other	**24,812**	42,298
Total	**¥99,215**	¥109,959

18. Fees and Commissions (Income)

March 31,	Millions of Yen 2001	2000
Exchange Settlement	**¥ 7,841**	¥ 7,764
Other Fees and Commissions	**7,057**	6,715
Total	**¥14,898**	¥14,479

19. Trading Revenue

March 31,	Millions of Yen 2001	2000
Revenue from Trading Securities	**¥ 47**	¥ 55
Other Trading Revenue	**98**	55
Total	**¥145**	¥111

20. Other Operating Income

March 31,	Millions of Yen 2001	2000
Gain on Foreign Exchange Transactions	**¥ 112**	¥ 644
Gain on Sales of Bonds	**2,085**	2,304
Other	**0**	51
Total	**¥2,198**	¥3,000

21. Other Income

March 31,	Millions of Yen 2001	2000
Gain on Sales of Stocks and Other Securities	**¥29,683**	¥15,995
Gain on Money Held in Trust	**282**	599
Other Current Revenues	**2,232**	2,096
Other	**10,333**	979
Total	**¥42,532**	¥19,670

22. Interest on Borrowings and Rediscounts

March 31,	Millions of Yen 2001	2000
Call Money	**¥6,642**	¥4,796
Bills Sold	**76**	5
Borrowings	**1,714**	1,726
Bonds	**283**	—
Total	**¥8,715**	¥6,528

23. Fees and Commissions (Expenses)

March 31,	Millions of Yen 2001	2000
Exchange Settlement	**¥1,547**	¥1,518
Other Fees and Commissions	**3,683**	3,219
Total	**¥5,231**	¥4,738

24. Trading Expenses

March 31,	Millions of Yen 2001	2000
Expenses on Trading-Related Financial Derivatives Transactions	**¥3**	¥45

25. Other Operating Expenses

March 31,	Millions of Yen 2001	2000
Loss on Sales of Bonds	**¥1,439**	¥2,908
Loss on Redemption and Write-offs of Bonds	**—**	2,074
Amortization Bond Issuance Expenses	**120**	—
Total	**¥1,559**	¥4,982

26. General and Administrative Expenses

March 31,	Millions of Yen 2001	2000
Salaries and Allowances	**¥38,903**	¥40,383
Retirement Benefits	**—**	514
Welfare Expenses	**287**	309
Depreciation	**3,043**	3,208
Rent and Lease Expenses	**4,681**	4,847
Taxes and Public Dues	**3,382**	3,687
Other	**24,838**	24,320
Total	**¥75,134**	¥77,268

27. Leases

(a) Finance Leases

Finance leases at March 31, 2001and 2000 were as follows:

March 31,	Millions of Yen 2001	2000
Equipment	**¥6,115**	¥6,757
Other	**1,318**	852
Accumulated Depreciation	**(3,435)**	(3,875)
Total	**¥3,997**	¥3,734
Lease Payments Receivable for Finance Leases:		
Within One Year	**¥1,329**	¥1,259
Over One Year	**2,668**	2,474
Total	**¥3,997**	¥3,734

Total lease payments received and depreciation under finance leases for the year ended March 31, 2001 were ¥1,417 million and ¥1,417 million, respectively.

(b) Operating Leases

Future minimum lease payments for operating leases at March 31, 2001 were ¥266 million, of which ¥45 million was due within one year.

28. Other Expenses

March 31,	Millions of Yen 2001	2000
Provision for Possible Loss on Loans	**¥18,485**	¥20,885
Provision for Loss on Sales of Loans and Other	**3,230**	5,336
Write-offs of Claims	**30,489**	10,907
Loss on Devaluation of Stocks and Other Securities	**703**	1,490
Loss on Sales of Stocks	**190**	498
Loss on Disposal of Premises and Equipment	**1,359**	818
Other	**16,864**	1,851
Total	**¥71,324**	¥41,788

For the year ended March 31, 2001, other expenses – other included loss on sales of loans with real estate mortgages to the Cooperative Credit Purchasing Co., Ltd. of ¥370 million, and to other institutions of ¥638 million.

29. Shareholders' Equity

As of March 31, 2001, 2,182,149 thousand shares of common stock of the Bank, with a par value of ¥50 per share, were authorized and 866,865 thousand shares were issued. Under the Commercial Code of Japan, at least 50% of the issue price of new shares, with a minimum of the par value thereof, is required to be designated as stated capital. The portion which is to be credited to stated capital is determined by resolution of the Board of Directors. Accordingly, the aggregate amount of the par value of the issued shares does not equal the stated capital of the Bank.

30. Dividends and Interim Dividends

The Bank pays dividends twice a year. Annual dividends are paid to shareholders of record as of March 31 and are reflected in the non-consolidated statements of income and retained earnings when duly approved and paid. In addition, the Bank pays interim dividends to shareholders of record as of September 30.

31. Subsequent Event

Appropriation of Retained Earnings

The following appropriations of retained earnings were approved at a general shareholders' meeting held on June 28, 2001:

	Millions of Yen
Retained Earnings at March 31, 2001	¥12,332
Reversal of Voluntary Reserves	1,723
Appropriations:	
Transfer to Legal Reserve	500
Cash Dividends	2,166
Transfer to Voluntary Reserves	5,000
Retained Earnings Carried Forward	¥ 6,389

Century Ota Showa & Co.

Certified Public Accountants
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Phone: 03 3503-1100
Fax: 03 3503-1197

The Board of Directors
The Joyo Bank, Ltd.

We have audited the non-consolidated balance sheets of The Joyo Bank, Ltd. as of March 31, 2001 and 2000, and the related non-consolidated statements of income and retained earnings for each of the two years in the period ended March 31, 2001, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above, expressed in yen, present fairly the financial position of The Joyo Bank, Ltd.at March 31, 2001 and 2000, and the results of its operations for each of the two years in the period ended March 31, 2001 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 3 and 4, The Joyo Bank, Ltd. has adopted new accounting standards for employees' retirement benefits and financial instruments effective the year ended March 31, 2001 in the preparation of their financial statements.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Century Ota Showa & Co.

June 28, 2001

See Note 1 which explains the basis of preparation of the non-consolidated financial statements of The Joyo Bank, Ltd. under Japanese accounting principles and practices.

Organization

THE JOYO BANK, LTD.

- General Meeting of Shareholders
  - Corporate Auditors Meeting
  - Corporate Auditors
- Board of Directors
- Strategic Council
  - Corporate Management Section
    - Corporate Planning Division
      - Publicity Office
      - Tokyo Sub-Headquarters
    - Corporate Administration Division
      - Staff Counseling Office
      - Affiliated Company Management Office
      - Executive Secretariat
    - Corporate Audit Division
      - Legal Office
      - Audit Office
  - Credit Risk Management Group
    - Credit Examination Division
    - Credit Supervision Division
  - Business Section
    - Business Planning Division
      - Business Development Office
      - International Business Office
      - Overseas Representative Office (Shanghai)
    - Retail Banking Business Group
      - Retail Banking Division
        - Customer Counseling Office
        - Call Center
        - Quick Business Center
        - Loan Operation Centers
        - Consumer Finance Centers
        - Living and Business Consulting Center
      - Operation Planning Division
        - Data Processing Center
        - Area Data Processing Center
      - Computer System Division
    - Corporate Banking Business Group
      - Corporate Banking Business Division
        - Hokuto District Business Division
        - Area Corporate Business Division
    - Public Business Group
      - Government and Municipal Business Division
    - Market Business Group
      - Treasury and Securities Division
      - Markets and Business Administration Division
        - Markets Planning Office
          - New York Branch
        - International Operations Office

Head Office
Tokyo Business Div. (Tokyo Main Office)
151 Branches, 29 Sub-Branches
7 Agencies

As of June 28, 2001

Board of Directors and Corporate Auditors

Chairman
Toranosuke Nishino

President
Isao Shibuya

Senior Managing Directors
Shigeru Otaka
Shinichi Yamada
Yuto Kawahara

Managing Directors
Noboru Ehashi
Kunio Onizawa
Teruo Fukuda
Yasuhiro Kida
Shinichi Inaba

Director
Itaru Ishikawa

Standing Corporate Auditors
Takashi Iwakami
Kozo Suzuki

Corporate Auditors
Suguru Kurosawa
Tadao Kanazawa
Kazumitsu Tsurumi

As of June 29, 2001

Market Business Group and Overseas Office

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Managing Director
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Telefax: 03-3242-3726
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Joint General Manager
Sotaro Yamada
Councilor
Kuniharu Harashima

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Senior Manager
Osato Aizawa

• **Operations Group (Mito)**
Senior Manager
Keno Ochiai

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Kazuo Komuro
Deputy General Manager
Shigeki Morita

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• **Business Promotion Group**
Senior Manager
Akira Iwato

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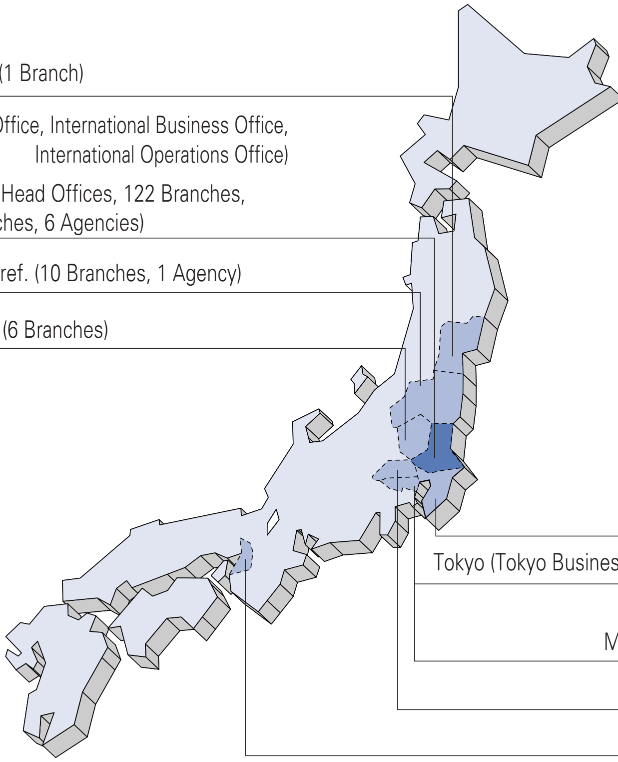
Telefax: 86-21-6209-0508
Chief Representative
Michihiro Ono
Deputy Chief Representative
Michio Kato

As of July 23, 2001

Service Network



Overseas:

New York Branch
Shanghai Representative Office

As of April 30, 2001

Affiliated Companies

■ The Joyo Lease Co., Ltd.

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1974, Capital Stock: ¥100 million
Joyo's Equity Share: 5%
This company rapidly and flexibly accommodates diversifying customer needs by supplying a wide range of financial services, centering on leasing of machinery and equipment for any business field.

■ The Joyo Credit Guarantee Co., Ltd.

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1978, Capital Stock: ¥30 million
Joyo's Equity Share: 5%
This company is mainly in charge of guarantee business for customers requesting loans from the Bank such as housing loans. The separate and dedicated operations for loan guarantees allow customers to use the service through a simple and quick procedure.

■ The Joyo Credit Co., Ltd.

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1982, Capital Stock: ¥100 million
Joyo's Equity Share: 5%
This credit company was founded as a franchise of the DC Card system. The "DC Master Card" and the "DC VISA Card" meet diversified customers' needs and serve to establish the reputation of DC as an international brand.

■ The Joyo Business Service Co., Ltd.

8-1, Sasano-machi 1-chome, Hitachinaka, Ibaraki
Established 1984, Capital Stock: ¥100 million
Joyo's Equity Share: 100%
This company is an agent mainly in charge of administrative work for Joyo Bank such as maintenance of CDs and ATMs. It contributes to improving convenience for customers, as well as improving the Bank's operations by establishing an efficient operation processing support system.

■ The Joyo Staff Service Co., Ltd.

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1991, Capital Stock: ¥30 million
Joyo's Equity Share: 100%
This company is dedicated to human resource development and personnel dispatch services. It contributes to upgrading the efficiency and services of the Bank by securing and quickly supplying good human resources and providing profession training.

■ The Joyo Financial Service Co., Ltd.

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1991, Capital Stock: ¥100 million
Joyo's Equity Share: 5%
This company is actively engaged in meeting diversified customer demands, including the need for products such as mortgage-backed securities, and offers consulting services for corporations going public.

■ The Joyo Equipment Management Co., Ltd.

5-5, Minami-machi 2-chome, Mito, Ibaraki
Established 1999, Capital Stock: ¥100 million
Joyo's Equity Share: 100%
This company is engaged in maintenance and management of operational properties and equipment of the Bank.

■ The Joyo Cash Service Co., Ltd.

3-1, Jonan 1-chome, Mito, Ibaraki
Established 1999, Capital Stock: 50 million
Joyo's Equity Share: 100%
This company is engaged in management and maintenance of ATMs and CDs.

■ The Joyo Total Maintenance Co., Ltd.

3-23, Minami-machi 1-chome, Mito, Ibaraki
Established 2000, Capital Stock: ¥200 million
Joyo's Equity Share: 100%
This company is engaged in liquidation of real estate collateralized in relation to the loans made by the Joyo Bank.

As of March 31, 2001

Corporate Data

■ Date of Establishment
July 30, 1935

■ Head Office
5-5, Minami-machi 2-chome, Mito, Ibaraki 310-0021, Japan
Phone: 029-231-2151
Telefax: 029-231-2193
URL: http://www.joyobank.co.jp/
http://www.joyobank.co.jp/joyobank/eng/ (English Page)

■ Domestic Network
Head Office, Tokyo Business Division (Tokyo Main Office), and 151 Branches, 29 Sub-branches, and 7 Agencies

■ Overseas Network
1 Branch: New York
1 Representative Office: Shanghai

■ Number of Employees
4,138

■ Stock Exchange Listing
Tokyo Stock Exchange

■ Paid-in Capital
¥85,113 million

■ Number of Shares of Common Stock
(as of March 31, 2001)

Authorized	2,182,149 thousand
Issued and Outstanding	866,865 thousand

■ Number of Shareholders

Number ofShareholders with 1,000 shares or more:	27,858
Total Number of Shareholders:	36,990

■ Principal Shareholders
The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2001 were as follows:

	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding (%)
The Bank of Tokyo-Mitsubishi, Ltd.	41,795	4.82 %
The Nippon Fire and Marine Insurance Company, Limited	40,973	4.72
The Sumitomo Bank, Limited	30,429	3.51
Nippon Life Insurance Company	29,531	3.40
Japan Trustee Services Bank, Ltd.	18,414	2.12
Mizuho Trust & Banking Co., Ltd.	18,005	2.07
The Dai-ichi Mutual Life Insurance Company	17,050	1.96
Sumitomo Life Insurance Company	16,448	1.89
The Industrial Bank of Japan, Limited	16,358	1.88
J.P. Morgan Trust Bank Ltd.	13,539	1.56
Total	242,544	27.97 %

As of March 31, 2001

For further information, please write to:
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