

JOYO BANK

Annual Report 2002

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 124th 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.

CONTENTS

1	Financial Highlights	24	Non-Consolidated Balance Sheets
2	Message from the Management	25	Non-Consolidated Statements of Operation and Retained Earnings
4	Business Highlights	26	Notes to Non-Consolidated Financial Statements
5	Tackling Management Tasks	31	Report of Independent Certified Public Accountants
9	Consolidated Balance Sheets	32	Organization
10	Consolidated Statements of Operation and Retained Earnings	33	Board of Directors and Corporate Auditors/Market Business Group and Overseas Office
11	Consolidated Statements of Cash Flows	34	Service Network/Affiliated Companies
12	Notes to Consolidated Financial Statements	35	Corporate Data
23	Report of Independent Certified Public Accountants		

FINANCIAL HIGHLIGHTS

Consolidated

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Years Ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
For the Year Ended			
Total Income	¥ 188,173	¥ 226,057	\$ 1,412,180
Total Expenses	244,815	212,633	1,837,260
(Loss) Income before Income Taxes and Minority Interests	(56,642)	13,425	(425,080)
Net (Loss) Income	(32,788)	8,410	(246,063)
At the Year End			
Total Assets	¥6,887,944	¥7,119,707	\$51,691,887
Deposits	6,114,415	6,153,577	45,886,791
Loans and Bills Discounted	4,251,941	4,443,583	31,909,500
Securities	2,039,313	1,782,040	15,304,412
Shareholders' Equity	367,319	424,323	2,756,615
Capital Adequacy Ratio	11.83%	12.40%	
For the Year Ended			
Net Cash Provided by Operating Activities	¥ 453,898	¥ 216,622	\$ 3,406,363
Net Cash Used in Investing Activities	(288,233)	(205,873)	(2,163,099)
Net Cash Provided by (Used in) Financing Activities	4,964	(7,730)	37,253
Net Increase in Cash and Cash Equivalents	170,642	3,047	1,280,615
Cash and Cash Equivalents at End of Year	281,831	111,188	2,115,054

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 ¥133.25 to US\$1.00 on March 31, 2002.

Non-Consolidated

THE JOYO BANK, LTD.

Years Ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
For the Year Ended			
Total Income	¥ 168,871	¥ 206,996	\$ 1,267,324
Total Expenses	223,915	193,253	1,680,412
(Loss) Income before Income Taxes	(55,044)	13,742	(413,088)
Net (Loss) Income	(32,109)	8,368	(240,968)
At the Year End			
Total Assets	¥6,867,816	¥7,086,423	\$51,540,833
Deposits	6,125,315	6,162,518	45,968,592
Loans and Bills Discounted	4,278,683	4,459,233	32,110,191
Securities	2,039,529	1,782,152	15,306,033
Shareholders' Equity	368,007	424,408	2,761,778

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 ¥133.25 to US\$1.00 on March 31, 2002.

MESSAGE FROM THE MANAGEMENT



Toranosuke Nishino
Chairman

Isao Shibuya
President

Evolving into a comprehensive supplier of high-quality financial services under our “customer first” policy

Responding to a wide range of needs

The business environment of Japanese financial institutions is becoming increasingly difficult because of a persistent economic slump, ongoing asset deflation, and a continued extremely low level of interest rates. On the other hand, we are seeing unprecedentedly fierce competition as major financial institutions form alliances and companies from other sectors move into the banking business.

Finally, the pace of change was further ratcheted up in April of 2002 with the ending of the system of unlimited insurance guarantees on bank time deposits. In the event of bank failure, such deposits will now be guaranteed only up to a maximum principal amount of ¥10 million, plus interest.

Fiscal 2001 was the third and final year of the Company’s 7th medium-term management plan, under

which we planned a variety of bold measures to retain the trust of our customers and shareholders and to evolve into a comprehensive financial services company.

For example, we bolstered our marketing power by introducing a quadripartite marketing system of separate groups for retail banking, corporate banking, public banking, and market business. We also steadily replaced the conventional full branch system – in which each branch offered the full range of banking services – with an area-based marketing system in which different branches in the same marketing area specialize in separate, clearly defined services.

Furthermore, we have expanded our range of products and services to respond promptly and effectively to the diverse financial needs of today’s customers. We have taken advantage of the deregulation of the financial sector by offering mortgage loans with casualty insurance riders

and engaging in new business fields such as the investment management of defined contribution pension plan funds. From here on, too, we intend to take advantage of changes in the provisions of the law to expand the range of financial products we handle to embrace life insurance with pension plan riders and similar instruments.

We are taking an active approach to providing assistance to our corporate customers in improving their financial positions or reorganizing their business operations. To this end, we have set up a customer management support office which evaluates customers' financial situations and suggests remedial measures. In our view, it is an important part of our corporate mission to help revitalize the regional economy, and for this purpose we are exerting our full efforts toward the improvement of our customers' business conditions.

Growing into a comprehensive supplier of high-quality financial services

The Bank has incorporated measures designed to tackle the difficult operating environment in its 8th medium-term management plan, which took effect from April 2002.

The Bank's principal goal under the previous medium-term plan was to evolve into a comprehensive financial services company. The concept behind this is that by looking at matters from the customer's perspective, we would be better able to assess the customer's problems and understand his true needs, which we would then address through the provision of the most appropriate financial service. Such financial services, which go beyond the traditional scope of the banking business, characterize the sort of financial services company we wish to become, and will greatly help to raise customer satisfaction.

Under the current medium-term management plan, we aim to further refine this vision of the future course of Joyo Bank by delineating the ways in which we can become a high-quality provider of financial services.

Firstly, we must thoroughly imbue the Company with the concept of "customer first," so as to become the most trusted financial services company in our local region.

Secondly, we must strengthen the Bank's financial

position and raise profitability to create a financial services company with the potential for growth.

Thirdly, we must change our corporate culture to inject new vigor into the organization and build an creative and innovative enterprise.

Finally, to become a high-quality financial services company, we will seriously tackle the implementation of a variety of measures to achieve our basic goals – stronger earnings, improved asset quality, and higher efficiency.

To attain the goals set in the 8th medium-term management plan, we have mobilized our entire staff in a campaign to improve the quality of our services. By raising the efficiency of business operations, we will be able to offer our customers value-added products and services at reasonable prices. The improvement of the quality of clerical work processing, involving higher levels of accuracy and speed, will enable our customers to personally experience the reality of high-quality financial services. The provision of such services will lead to enhanced customer trust and greater loyalty.

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

Our corporate mission is to contribute to the economic development of the region. Despite the major changes occurring in the business and social environment, Joyo Bank will adhere to its philosophy of ensuring "Sound management, creation of value and living with the home region." As a regional bank, we will continue to work together with our customers, shareholders, and all other stakeholders to create a stable bank with high corporate value.

We look forward to the continued support of our shareholders and customers.



Isao Shibuya
President

BUSINESS HIGHLIGHTS

Revenues and Earnings

Non-consolidated business profits for the reporting period, prior to provision for possible loan losses (excluding specific reserves) rose by ¥7.8 billion, or 18.3%, over the previous business term, to ¥50.5 billion. Factors behind this include a strong level of revenue from handling fees on investment trusts and foreign currency deposits, as well as an increase in income on investment in overseas bonds and from the sale of domestic bonds.

During the term, the Bank reduced costs through the implementation of various measures to improve business efficiency, including reducing the workforce and concentrating operations at a smaller number of branches.

However, to solve the bad debt problem once and for all, the Bank made substantially larger provisions to reserves for possible loan losses, and after strict application of impairment accounting standards to shareholdings, a loss before income taxes of ¥55.0 billion and a net loss of ¥32.1 billion were registered.

Deposits, Loans and Securities

Non-consolidated deposits (including CDs) at fiscal year-end stood at ¥6,125.3 billion, down ¥37.2 billion from the previous year-end. Of this figure, time deposits decreased by ¥656.5 billion to ¥3,046.7 billion at fiscal year-end, but other deposits (excluding CDs) rose ¥598.8 billion to a term-end balance of ¥2,973.2 billion.

The overall balance of loans declined ¥180.5 billion during the term under review, to end the fiscal year at ¥4,278.6 billion. Of this, personal loans increased ¥24.5 billion to ¥769.5 billion. Meanwhile, despite active marketing of loans to small and medium-sized businesses, the balance of such loans decreased by ¥181.8 billion to a term-end balance of ¥2,030.4 billion owing to slack demand for funds and the efforts of companies' managements to improve their financial positions.

The balance of securities at fiscal year-end was up ¥257.3 billion year-on-year, at ¥2,039.5 billion (US\$15,306.0 million). To minimize its interest rate exposure, the Bank concentrated its investment on comparatively short-term Japanese government bonds and variable-interest bonds, while at the same time reducing

its portfolio of equities, which are highly sensitive to price fluctuation risk.

To effectively respond to customers' fund investment needs, we sharply increased customer assets. Public bonds, including Japanese government bonds, rose ¥21.8 billion year-on-year to ¥78.0 billion, an increase of 38.8%; investment trusts grew ¥54.7 billion to ¥84.8 billion, up a steep 181.8%; and foreign currency deposits were up by a massive 304.0%, or ¥57.8 billion, at ¥76.9 billion.

Consumer loans (other than mortgage loans) increased ¥25.8 billion to ¥257.0 billion, up 11.2% over the previous fiscal year. Mortgage loans rose 4.5%, or ¥24.9 billion, to ¥577.5 billion.

Capital Ratio

Banks that operate overseas bases are required to maintain a capital ratio according to international standards of at least 8%. The capital ratio of the Joyo Bank was 11.83% at term-end, both on a consolidated and a non-consolidated basis.

Consolidated Accounts

The bank has nine consolidated subsidiaries.

On a consolidated basis, Total Income of the year decreased ¥37.9 billion, to ¥188.1 billion. Total Expenses increased ¥32.2 billion, to ¥244.8 billion. As a result, Loss before Income Tax and Minority Interest amounted ¥56.6 billion, consolidated Net Loss for the year was ¥32.7 billion.

Net cash flow generated from operating activities increased by ¥453.8 billion, due mainly to a decrease in due from banks. On the other hand, net cash flow generated from investing activities decreased by ¥288.2 billion, due mainly to purchase of securities, mostly government bonds. Net cash flow from financing activities increased ¥4.9 billion, due to increase of subordinated borrowing.

As a result, cash and cash equivalent at fiscal year-end amounted to ¥281.8 billion, up ¥170.6 billion from the previous year.

Improving Asset Quality

Achievements in Fiscal 2001

In line with the results of self-assessment of loan assets and based on in-house rules for write-offs and provisions, expenses for write-offs of non-performing loans and provision for possible loan losses combined amounted to ¥88.3 billion for fiscal 2001. Details are shown in the accompanying table.

During the term under review, in view of the effects of the prolonged economic recession, the Bank adopted more conservative estimates of the probable business performances of its customers as well as of the realizable value of real estate collateral. Reserve was strengthened accordingly. Other steps were also taken to bolster the Bank's financial position, including final disposal measures such as the bulk sale of loans. In this manner, the Bank achieved an increase in the amount of disposal of non-performing loans.

The bulk sale of non-performing assets during the term amounted to ¥29.6 billion.

	Millions of Yen		
	March 2002	March 2001	Change
Write Off of Claims	43,176	30,489	12,686
Net Provision for Specific Reserve	35,915	22,265	13,650
Provision for Specific Foreign Borrowers	—	0	0
Losses on Sale of Loans to the Cooperative Credit Purchasing Co., Ltd.	494	370	124
Losses on Bulk Sale of Loans	4,444	638	3,805
Provision for Possible Losses on Sale of Loans	2,808	1,707	1,100
Provision for Other Contingent Losses	1,480	1,280	199
Other	0	—	0
Total	88,319	56,751	31,568

Reserve for Possible Loan Losses

We have provided reserve covering 100% of loans to legally and substantially bankrupt borrowers (after deduction of those loans covered by collateral or guarantees), the collectibility of which is deemed at risk. Regarding potentially bankrupt borrowers, on the basis of historical default rates, we have provided reserve covering 76.83% of the loans whose collectibility is deemed to be at risk. We have thus provided a total reserve coverage, through specified reserve, of loans in the amount of ¥56.7 billion, or 77.03% of the total amount of ¥73.6 billion in loans at risk.

Claims in the amount of ¥142.8 billion that are judged, through asset self-assessment, to be uncollectible or valueless, have been written down in the balance sheets through the application of partial direct charge-offs.

Of the funds procured in fiscal 1998 through securitization of assets, the Bank currently holds ¥5.5 billion in Euroyen-denominated bonds, but in view of the probability of the occurrence of loss in the future, taking the value of collateral into account, ¥4.1 billion out of this amount has been posted under "Reserve for Other Contingent Losses."

The Bank's reserve for possible loan losses (excluding specific reserve) has been provided in line with the recommendations of the Financial Inspection Manual issued by the Financial Services Agency. Borrowers requiring caution have been divided into three categories, including "borrowers requiring supervision." In each case, past loan repayment default rates have been applied to determine the appropriate amount of reserve. The Bank has redrawn its standards for inclusion in the category of "borrowers requiring supervision" to reflect a more conservative stance, and has consequently raised the reserve coverage ratio sharply. As a result, the reserve for possible loan losses (excluding specific reserve) at term-end was up ¥10.2 billion over the level at the previous term-end.

From here onward, we will focus our efforts on strengthening the Bank's credit risk management system and ensuring the provision of a sufficient level of reserve against non-performing loans, in addition to performing prompt write-offs. In this way, we will work to further enhance the soundness of the Bank's asset portfolio.

Reserve Based on Self-Assessment

	Billions of Yen			Total
	Potentially Bankrupt Borrowers	Substantially Bankrupt Borrowers	Legally Bankrupt Borrowers	
Claims of balance (i)	136.1	31.2	13.0	180.4
Claims Secured by Collateral (ii)	63.1	30.8	12.7	106.7
Claims with Uncertain Collectibility (A) = (i)-(ii)	73.0	0.3	0.2	73.6
Specific Reserve (B)	56.1	0.3	0.2	56.7
Reserve Ratio (B)/(A)	76.83%	100.00%	100.00%	77.03%

Reserve for Possible Loan Losses

	Billions of Yen		
	March 2002	March 2001	Change
General Loan Loss Reserve	33.5	23.3	10.2
Specific Reserve	56.7	49.5	7.2
Reserve for Specific Foreign Borrowers	—	—	—
Reserve for Possible Loan Losses	90.3	72.8	17.4
Reserve for Assistance to Specific Borrowers	—	—	—
Reserve for Possible Losses on Sale of Loans	6.4	6.5	(0.0)
Reserve for Other Contingent Losses	4.1	4.5	(0.3)

Increased Management Support for Customers in Financial Difficulty

To achieve our financial soundness objectives, we must actively and effectively address our customers' needs for a recovery in business results. To this end, we set up the Customer Management Support Office within the Credit Examination Division. The office offers customers a financial diagnosis service that identifies problems at the management level and draws up improvement plans to solve these problems.

Disclosure of Asset Portfolio

The management of Joyo Bank have continuously treated the improvement of Asset Quality as a matter of the highest priority. In line with this belief, we not only proactively carry out the disposal of non-performing assets, but also take a positive stance on the public disclosure of all information regarding such measures.

Risk-Monitored Loans Subject to Mandatory Disclosure under the Banking Law

Regarding loans subject to mandatory disclosure under the Banking Law, the Bank classified non-performing loans into the four categories of "loans in bankruptcy and dishonored bills," "delinquent loans," "loans past due with respect to interest payments for more than 3 months," and "restructured loans," based on asset self-assessment. Loans to legally bankrupt borrowers fall into the first category, and those to substantially bankrupt borrowers and to potentially bankrupt borrowers fall into the second category. Loans increased compared with the previous term, owing to stricter application of disclosure standards. A high coverage ratio of 79.39% was secured, however, and thus, in our opinion, sufficient provisions had been made.

Risk-Monitored Assets under the Banking Law

(Non-consolidated)	Billions of Yen		
	March 2002	March 2001	Change
Loans in Bankruptcy and Dishonored Bills	12.7	20.6	(7.9)
Delinquent Loans	166.7	200.4	(33.6)
Loans Past Due with Respect to Interest Payments for More than Three Months	3.2	2.3	0.8
Restructured Loans	138.0	84.6	53.3
Total (a)	320.8	308.2	12.6
Loans and Bills Discounted (b)	4,278.6	4,459.2	(180.5)
Ratio of Risk-Monitored Assets to Loans Outstanding (a)/(b)	7.49%	6.91%	0.58%
Portion Covered by Collateral and Guarantees (c)	254.7	269.9	(15.1)
Coverage Ratio (c)/(a)	79.39%	87.57%	(8.18%)

(Consolidated)	Billions of Yen		
	March 2002	March 2001	Change
Loans in Bankruptcy and Dishonored Bills	12.9	21.1	(8.2)
Delinquent Loans	172.7	208.3	(35.5)
Loans Past Due with Respect to Interest Payments for More than Three Months	3.6	2.6	0.9
Restructured Loans	140.2	85.5	54.6
Total	329.5	317.6	11.8

Mandatory Asset Disclosure under the Financial Revitalization Law

Financial institutions are obligated under the stipulations of the Financial Revitalization Law to disclose the results of their asset self-assessment.

Based on asset self-assessment, the Bank classified assets subject to mandatory disclosure into the three categories of (a) "bankrupt and quasi-bankrupt assets," (b) "doubtful assets," and (c) "substandard loans."

The claims on legally or substantially bankrupt borrowers fall into category (a); those to potentially bankrupt borrowers fall into category (b); and loans past due with respect to interest payments for a period of more than three months, as well as restructured loans, fall into category (c).

Claims meeting disclosure requirements (i.e. other than claims on normal obligors) for the business term ended March 2002 (a + b + c) amounted to ¥321.7 billion. The difference of ¥0.9 billion from the amount required to be disclosed under the Banking Law consists of claims on customers' liabilities for acceptances and guarantees, accrued interest, foreign exchange, and suspense payments.

Problem Assets under the Financial Revitalization Law

	Billions of Yen		
	March 2002	March 2001	Change
Bankrupt and Quasi-Bankrupt Assets (a)	44.3	76.1	(31.8)
Doubtful Assets (b)	136.1	146.3	(10.2)
Substandard Loans (c)	141.3	87.1	54.3
Problem Assets (A) = (a) + (b) + (c)	321.7	309.5	12.3
Normal Assets (d)	4,036.6	4,240.5	(203.9)
Total (B) = (A) + (d)	4,358.4	4,550.0	(191.6)
Ratio of Problem Assets (A)/(B)	7.38%	6.80%	+0.58%

Coverage Status at Fiscal 2001 Year-End

	Billions of Yen			
	Bankrupt and Quasi-Bankrupt Assets	Doubtful Assets	Substandard Loans	Total
Problem Assets (a)	44.3	136.1	141.3	321.7
Assets Secured by Collateral and Guarantees (b)	43.6	63.1	74.7	181.4
Reserve for Possible Loan Losses (c)	0.7	56.1	17.5	74.2
Coverage Ratio {(b) + (c)}/(a)	100.00%	87.57%	65.17%	79.44%

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

Self-Assessment: Classification of Borrowers and Disclosure-Based Assets (Billions of Yen)			
Self-Assessment Classification of Borrowers	Problem Assets under Financial Revitalization Law		Risk-Monitored Assets under the Banking Law
Legally Bankrupt	Bankrupt and Quasi-Bankrupt Assets 44.3	Legally Bankrupt 13.0	Loans in Bankruptcy and Dishonored Bills 12.7
Substantially Bankrupt		Substantially Bankrupt 31.2	Delinquent Loans 166.7
Potentially Bankrupt	Doubtful Assets 136.1		
Borrowers Requiring Caution	Substandard Loans 141.3		Loans Past Due with Respect to Interest Payments for More than Three Months 3.2
			Restructured loans 138.0
Normal Borrowers	Total 321.7		Total 320.8

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.

Consolidated Balance Sheets

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2002	2001	2002	2001
Assets				
Cash and Due from Banks (Note 4)	¥ 312,668	¥ 499,594	\$ 2,346,476	\$ 3,749,298
Call Loans and Bills Purchased	3,264	102,983	24,495	772,855
Commercial Paper and Other Debt Purchased	10,018	23,058	75,181	173,043
Trading Assets (Note 6)	10,580	14,986	79,399	112,465
Securities (Notes 7, 9 and 24)	2,039,313	1,782,040	15,304,412	13,373,658
Loans and Bills Discounted (Notes 8, 10 and 12)	4,251,941	4,443,583	31,909,500	33,347,714
Foreign Exchange	2,134	3,020	16,015	22,664
Other Assets	60,832	60,361	456,525	452,990
Premises and Equipment (Notes 3 and 21)	125,695	128,190	943,302	962,026
Deferred Tax Assets (Note 14)	95,239	58,412	714,739	438,363
Customers' Liabilities for Acceptances and Guarantees	71,167	79,346	534,086	595,467
Reserve for Possible Loan Losses	(94,604)	(75,551)	(709,973)	(566,986)
Reserve for Devaluation of Investment Securities	(307)	(319)	(2,303)	(2,393)
Total Assets	¥6,887,944	¥7,119,707	\$51,691,887	\$53,431,196
Liabilities, Minority Interests and Shareholders' Equity				
Liabilities:				
Deposits (Notes 9 and 15)	¥6,114,415	¥6,153,577	\$45,886,791	\$46,180,690
Call Money and Bills Sold (Note 9)	29,935	178,134	224,652	1,336,840
Trading Liabilities (Note 16)	50	197	375	1,478
Borrowed Money (Note 11)	111,964	111,018	840,255	833,155
Foreign Exchange	189	135	1,418	1,013
Corporate Bonds	15,000	15,000	112,570	112,570
Due to Trust Account	14	18	105	135
Other Liabilities	135,013	113,389	1,013,230	850,949
Reserve for Retirement Benefits (Note 13)	19,527	19,803	146,544	148,615
Reserve for Possible Losses on Sales of Loans	6,492	6,547	48,720	49,133
Reserve for Other Contingent Losses	4,188	4,528	31,429	33,981
Deferred Tax Liabilities for Land Revaluation (Notes 3 and 14)	11,363	11,415	85,275	85,666
Acceptances and Guarantees	71,167	79,346	534,086	595,467
Total Liabilities	6,519,324	6,693,111	48,925,508	50,229,726
Minority Interests	1,300	2,272	9,756	17,050
Shareholders' Equity:				
Common Stock	85,113	85,113	638,746	638,746
Capital Surplus	58,574	58,574	439,579	439,579
Land Revaluation Reserve, Net of Taxes (Notes 3 and 14)	16,118	16,190	120,960	121,500
Retained Earnings	180,390	218,007	1,353,771	1,636,075
Unrealized Gain on Available-for-Sale Securities	27,559	46,742	206,821	350,784
Treasury Stock	(204)	(73)	(1,530)	(547)
The Bank's Stock Held by Subsidiaries	(231)	(231)	(1,733)	(1,733)
Total Shareholders' Equity	367,319	424,323	2,756,615	3,184,412
Total Liabilities, Minority Interests and Shareholders' Equity	¥6,887,944	¥7,119,707	\$51,691,887	\$53,431,196

See notes to consolidated financial statements.

Consolidated Statements of Operation and Retained Earnings

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

For the Years Ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2002	2001	2002	2001
Income				
Interest Income:				
Interest on Loans and Discounts	¥ 94,243	¥103,296	\$ 707,264	\$ 775,204
Interest and Dividends on Securities	34,214	36,717	256,765	275,549
Other Interest Income	4,563	7,097	34,243	53,260
Fees and Commissions	18,054	17,406	135,489	130,626
Trading Revenue (Note 17)	72	145	540	1,088
Other Operating Income	9,522	2,299	71,459	17,253
Other Income	27,500	59,092	206,378	443,467
Total Income	188,173	226,057	1,412,180	1,696,487
Expenses				
Interest Expenses:				
Interest on Deposits	11,973	20,040	89,853	150,393
Interest on Borrowings and Rediscounts (Note 18)	4,442	8,433	33,335	63,287
Other Interest Expenses	10,455	12,117	78,461	90,934
Fees and Commissions	4,548	4,649	34,131	34,889
Trading Expenses (Note 19)	1	3	7	22
Other Operating Expenses	1,742	1,564	13,073	11,737
General and Administrative Expenses	75,700	75,382	568,105	565,718
Other Expenses (Note 20)	135,950	90,439	1,020,262	678,716
Total Expenses	244,815	212,633	1,837,260	1,595,744
(Loss) Income before Income Taxes and Minority Interests	(56,642)	13,425	(425,080)	100,750
Income Taxes:				
Current	446	18,156	3,347	136,255
Deferred (Note 14)	(23,343)	(13,345)	(175,181)	(100,150)
Minority Interests in Net (Loss) Income of Consolidated Subsidiaries	(956)	203	(7,174)	1,523
Net (Loss) Income	(32,788)	8,410	(246,063)	63,114
Retained Earnings				
Balance at Beginning of Year	218,007	216,342	1,636,075	1,623,579
Reversal of Land Revaluation Reserve	72	926	540	6,949
Appropriations:				
Cash Dividends	(4,325)	(4,365)	(32,457)	(32,757)
Bonuses to Directors and Corporate Auditors	—	(30)	—	(225)
Retirement of Treasury Stock	(575)	(3,276)	(4,315)	(24,585)
Balance at End of Year	¥180,390	¥218,007	\$1,353,771	\$1,636,075

	Yen		U.S. Dollars (Note 2)	
Per Share				
Net (Loss) Income	¥(37.90)	¥9.64	\$(0.28)	\$0.07

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE JOYO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

For the Years Ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2002	2001	2002	2001
Cash Flows from Operating Activities:				
(Loss) Income before Income Taxes and Minority Interests	¥ (56,642)	¥ 13,425	\$ (425,080)	\$ 100,750
Depreciation	15,510	15,780	116,397	118,424
Net Increase (Decrease) in Reserve for Possible Loan Losses	19,052	(23,159)	142,979	(173,801)
Net (Decrease) Increase in Reserve for Devaluation of Investment Securities	(11)	316	(82)	2,371
Net (Decrease) Increase in Reserve for Possible Losses on Sales of Loans	(55)	697	(412)	5,230
Net (Decrease) Increase in Reserve for Other Contingent Losses	(339)	1,042	(2,544)	7,819
Net Decrease in Reserve for Retirement Allowances	—	(18,810)	—	(141,163)
Net (Decrease) Increase in Reserve for Retirement Benefits	(276)	19,803	(2,071)	148,615
Interest and Dividend Income	(136,321)	(148,758)	(1,023,046)	(1,116,382)
Interest Expenses	26,872	40,592	201,666	304,630
Net Gains Related to Securities Transactions	(7,410)	(27,775)	(55,609)	(208,442)
Net Losses on Money Held in Trust	—	140	—	1,050
Foreign Exchange Gains, Net	(24,680)	(42,231)	(185,215)	(316,930)
Losses on Disposal of Premises and Equipment	1,041	1,289	7,812	9,673
Net Decrease in Trading Assets	4,406	86,459	33,065	648,848
Net Decrease in Trading Liabilities	(146)	(548)	(1,095)	(4,112)
Net Decrease (Increase) in Loans and Bills Discounted	191,642	(6,512)	1,438,213	(48,870)
Net (Decrease) Increase in Deposits	(58,136)	172,109	(436,292)	1,291,624
Net Increase in Negotiable Certificates of Deposit	18,975	70,600	142,401	529,831
Net (Decrease) Increase in Borrowed Money Excluding Subordinated Borrowings	(9,053)	15,071	(67,939)	113,103
Net Decrease (Increase) in Due from Banks Excluding Cash Equivalents	357,568	(188,173)	2,683,437	(1,412,180)
Net Decrease in Call Loans and Others	112,759	96,114	846,221	721,305
Net (Decrease) Increase in Call Money and Bills Sold	(148,199)	48,771	(1,112,187)	366,011
Net Increase (Decrease) in Cash for Collateral on Securities Lending	43,274	(1,658)	324,757	(12,442)
Net Decrease in Foreign Exchange (Assets)	886	1,341	6,649	10,063
Net Increase in Foreign Exchange (Liabilities)	54	3	405	22
Net Increase in Issuance and Amortization of Bonds	—	15,000	—	112,570
Net (Decrease) Increase in Due to Trust Account	(3)	1	(22)	7
Interest and Dividends Received	141,702	141,711	1,063,429	1,063,497
Interest Paid	(34,638)	(42,900)	(259,947)	(321,951)
Other, Net	8,168	(7,776)	61,298	(58,356)
Subtotal	466,000	231,969	3,497,185	1,740,855
Income Taxes Paid	(12,102)	(15,347)	(90,821)	(115,174)
Net Cash Provided by Operating Activities	453,898	216,622	3,406,363	1,625,681
Cash Flows from Investing Activities:				
Purchases of Securities	(1,224,821)	(587,632)	(9,191,902)	(4,409,996)
Proceeds from Sales of Securities	812,273	283,155	6,095,857	2,124,990
Proceeds from Redemption of Securities	137,421	69,468	1,031,302	521,335
Increase in Money Held in Trust	—	(21,000)	—	(157,598)
Decrease in Money Held in Trust	—	60,860	—	456,735
Purchases of Premises and Equipment	(14,234)	(12,569)	(106,821)	(94,326)
Proceeds from Sales of Premises and Equipment	1,127	1,843	8,457	13,831
Net Cash Used in Investing Activities	(288,233)	(205,873)	(2,163,099)	(1,545,013)
Cash Flows from Financing Activities:				
Proceeds from issuance of subordinated debt	30,000	—	225,140	—
Repayment of subordinated debt	(20,000)	—	(150,093)	—
Cash Dividends Paid	(4,325)	(4,365)	(32,457)	(32,757)
Cash Dividends Paid to Minority Interests	—	—	—	—
Purchases for Retirement of Treasury Stock	(733)	(3,437)	(5,500)	(25,793)
Proceeds from Sales of Treasury Stock	23	73	172	547
Net Cash Provided by (Used in) Financing Activities	4,964	(7,730)	37,253	(58,011)
Translation Adjustment for Cash and Cash Equivalents	13	28	97	210
Net Increase in Cash and Cash Equivalents	170,642	3,047	1,280,615	22,866
Cash and Cash Equivalents at Beginning of Year	111,188	108,141	834,431	811,564
Cash and Cash Equivalents at End of Year (Note 4)	¥ 281,831	¥ 111,188	\$ 2,115,054	\$ 834,431

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 ¥133.25 = US\$1.00, the exchange rate prevailing on March 31, 2002.

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. Four subsidiaries have not been consolidated because they are immaterial.

The equity method has not been applied to investments in the Bank's four 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

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

Effective from this period, the Bank has changed the estimated useful lives of computers of which it had been six years, to four years for personal computers, excluding servers and to five years for other computers. Due to this change, loss before income taxes increased by ¥7 million.

Depreciation of premises and equipment held by the consolidated subsidiaries is calculated principally by 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 for the year ended March 31, 2001 were 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 ¥149,315 million and ¥123,657 million as of March 31, 2002 and 2001, 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

Reserve for Employees' Retirement Benefits of the Bank and its subsidiaries is provided for the amount deemed necessary, based on estimated pension benefits obligations and pension plan assets at the fiscal year end, to cover required retirement benefits for eligible employees.

Prior service cost are deferred and amortized using the straight-line method over certain years (10 years) within the average remaining service period of the eligible employees.

Unrealized actuarial losses are deferred and amortized using the straight-line method over certain years (10 years) within the average remaining service period of the eligible employees.

(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

The Bank continued to adopt a macro-hedging for 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 deferred 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 a 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, 2002 and March 31, 2001 of approximately 41.3%.

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 (loss) income per share

The computation of net (loss) 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.

March 31,	Millions of Yen	
	2002	2001
Cash and Due from Banks	¥312,668	¥499,594
Deposits with Banks Other than the Bank of Japan	(30,717)	(388,255)
Time Deposits of the Consolidated Subsidiaries	(120)	(150)
Cash and Cash Equivalents	¥281,831	¥111,188

5. Additional Information

(a) Accounting standard for financial instruments

The Bank has continued to follow an accounting standard for financial instruments, securities, derivatives, hedges, and so forth, as outlined in "Opinion Concerning the Establishment of Accounting Standards for Financial Instruments" (Business Accounting Deliberation Council, January 22, 1999).

(b) Accounting standards for foreign currency-denominated transactions

In the prior year, the Bank applied the "New Foreign Exchange Accounting Standard," pursuant to "Temporary Auditing Treatment for Continuous Application of the 'New Foreign Exchange Accounting Standard' in the Banking Industry" (the Japanese Institute of Certified Public Accountants, "JICPA," April 10, 2000) for foreign currency transactions. Effective from this fiscal year, the Bank applied the revised accounting standard for foreign currency transactions ("Opinion Concerning Revision of Accounting Standards for Foreign Currency Transactions," issued by the Business Accounting Deliberation Council, October 22, 1999), with the exception for the accounting treatment stipulated in "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry

Audit Committee, Report No. 20).

For funding-related swaps, the Bank reports, on the balance sheet, the net yen equivalents of the notional principal amounts translated at the exchange rate prevailing at the fiscal year end, in accordance with Report No. 20 of JICPA Industry Audit Committee. The difference between spot and forward rates, which reflects the interest rate gap between different currencies, is reported on the statement of income on an accrual basis over the period from the spot settlement date to the forward settlement date.

Funding-related swaps are foreign exchange swaps that are executed for the purpose of raising and investing funds in different currencies, for which the Bank records the notional principal amounts of the funds as spot exchange purchased or spot exchange sold, with the notional principal amounts plus the amounts of interest income or interest expense due at the maturity dates being recorded as forward foreign exchange purchased or forward foreign exchange sold.

For cross currency swaps, which meet the following criteria indicated in Report No. 20 of the JICPA Industry Audit Committee, the Bank is reporting, on the balance sheet, the net yen equivalents, translated using exchange rates prevailing at the fiscal year end, of the notional principal amounts, with the related interest income and interest expense being accrued and reported on the statement of income.

Cross currency swaps mentioned above are entered into by the Bank for the purpose of raising and investing funds in different currencies, for which the notional principal amounts of the spot exchange and the forward exchange are identical, i.e. the notional principal amounts paid or received at the value date correspond to the notional amounts to be received or paid at the maturity of the swap agreements and the swap rates used for calculating principal and interest amounts of the swaps are considered reasonable (including cross currency swaps for which the principal amounts in one currency are updated at the reset dates to reflect the spot exchange rate at the reset dates and the notional principal amounts of the spot exchange and the forward exchange are identical in each reset period).

(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 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), a by law enacted April 1, 2000, the Bank has reported enterprise tax assessed by the Tokyo Metropolitan Government under other operating expenses. The applicable amount for the year ended March 31, 2001 was ¥120 million.

6. Trading Assets

March 31,	Millions of Yen	
	2002	2001
Trading Securities	¥ 540	¥ 966
Trading-Related Financial Derivatives	40	122
Other Trading Assets	9,998	13,898
Total	¥10,580	¥14,986

7. Securities

March 31,	Millions of Yen	
	2002	2001
Japanese Government Bonds	¥ 713,844	¥ 550,078
Japanese Local Government Bonds	243,207	283,348
Corporate Bonds	213,510	188,336
Corporate Stocks	181,163	221,335
Other Securities	687,587	538,940
Total	¥2,039,313	¥1,782,040

Notes: 1. Securities include investments in unconsolidated subsidiaries as of March 31, 2002 and 2001, of ¥98 million and ¥174 million, respectively.

2. Loaned securities as of March 31, 2002 and 2001, of ¥73,337 million and ¥30,277 million, respectively, 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 as of March 31, 2002 and 2001, totaled ¥87,096 million and ¥101,643 million, respectively.

9. Pledged Assets

Assets pledged as collateral at March 31, 2002 and 2001 were as follows:

March 31,	Millions of Yen	
	2002	2001
Pledged Assets:		
Securities	¥146,319	¥183,315
Liabilities Covered by Pledged Assets:		
Deposits	¥ 41,268	¥ 46,010
Call Money	—	34,285
Bills Sold	—	72,300

In addition to the above, securities amounting to ¥58,134 million and ¥60,466 million at book value were pledged as collateral in connection with exchange settlements and futures transactions as of March 31, 2002 and 2001, respectively.

One consolidated subsidiary had pledged its lease receivables amounting to ¥10,670 million and ¥16,374 million as collateral for borrowed money of ¥8,570 million and ¥13,440 million as of March 31, 2002 and 2001, respectively.

Lease deposits as of March 31, 2002 and 2001 of ¥5,511 million and ¥5,687 million, respectively, 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 ¥1,166,117 million and ¥994,190 million at March 31, 2002 and 2001, respectively. Of this amount, facilities/contracts with a period of one year or less until expiration or which are unconditionally cancelable at any time, totaled ¥1,125,946 million and ¥953,320 million at March 31, 2002 and 2001, respectively.

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, 2002 and 2001 included subordinated borrowings of ¥65,000 million and ¥55,000 million, respectively.

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, 2002 and 2001 included the following non-performing loans:

March 31,	Millions of Yen	
	2002	2001
(a) Loans in Bankruptcy and Dishonored Bills	¥ 12,961	¥ 21,163
(b) Delinquent Loans	172,729	208,317
(c) Loans Past Due with Respect to Interest		
Payments for More than Three Months	3,603	2,661
(d) Restructured Loans	140,228	85,535
Total	¥329,523	¥317,677

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, 2002 and 2001:

	Millions of Yen	
	2002	2001
Retirement Benefit Obligation	¥(86,352)	¥(80,808)
Fair Value of Plan Assets	49,241	50,614
Unfunded Retirement Benefit Obligation	(37,110)	(30,194)
Unrecognized Net Retirement Benefit Obligation at Transition	—	—
Unrealized Actuarial Loss	19,592	10,390
Unrecognized Prior Service Cost	(2,008)	—
Net Retirement Benefit Obligation	(19,527)	(19,803)
Prepaid Pension Cost	—	—
Reserve for Retirement Benefits	¥(19,527)	¥(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. Effective this fiscal year, a bylaw of the government-sponsored portion of the benefits under the welfare pension plans has revised to raise the receivable age, prior service cost (deduction of obligation) 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 years ended March 31, 2002 and 2001:

	Millions of Yen	
	2002	2001
Service Cost	¥2,381	¥ 2,441
Interest Cost	2,162	2,073
Expected Return on Plan Assets	(1,477)	(1,601)
Amortization:		
Amortization of Prior Service Cost	(16)	—
Amortization of Unrealized Actuarial Loss	1,039	—
Amortization of Net Retirement Benefit Obligation at Transition	—	14,691
Other	—	—
Total	¥4,087	¥17,605

- Notes: 1. The Bank established an employees' retirement benefit trust prior to September 30, 2000. Accordingly, the amount of March 31, 2001 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 of consolidated subsidiaries which are calculated by simplified method have been included in "service cost" referred to above.

(d) The assumptions used in accounting for the defined benefit plans for the years ended March 31, 2002 and 2001 were as follows:

	2002	2001
Discount Rate	2.5%	3.0%
Expected Rate of Return on Plan Assets	4.5%	4.5%
Periodical Allocation of Estimated Retirement Amount Straight-Line Method		
Amortization Period of Prior Service Cost	10 years	—
Amortization Period of Actuarial Difference	10 years	10 years
Amortization Period of Transitional Obligation	—	1 year

14. Deferred Tax Assets

March 31,	Millions of Yen	
	2002	2001
Deferred Tax Assets:		
Reserve for Possible Loan Losses	¥ 84,548	¥67,941
Reserve for Retirement Benefits	10,948	10,922
Excess Depreciation	7,863	3,259
Net Operating Loss Carry Forwards	3,227	—
Transfer to Reserve for Possible Losses on Sales of Loans	—	2,707
Other	15,526	12,390
Valuation Allowance	(1,543)	(858)
Total	¥120,569	¥96,362
Deferred Tax Liabilities:		
Unrealized Gain on Securities Available for Sale	(19,427)	(32,962)
Retirement Benefit Trust	(4,962)	(4,962)
Reversal of Reserve for Possible Loan Losses after Elimination of Debt and Credit	(23)	(16)
Other	(916)	(9)
Total	(25,330)	(37,950)
Net Deferred Tax Assets	¥ 95,239	¥58,412

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:

	2002	2001
Statutory Tax Rates	—	41.3%
Items Not Permanently Included in Income, such as Dividends Received	—	(4.7)
Adjustment for Year-End Deferred Tax Assets Due to Tax Rate Revision	—	—
Increase in Valuation Allowance	—	(3.3)
Other	—	2.5
Effective Tax Rates	—	35.8%

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	
	2002	2001
Current Deposits	¥2,787,814	¥2,161,222
Time Deposits	3,041,322	3,696,960
Negotiable Certificates of Deposit	103,875	84,900
Other	181,403	210,494
Total	¥6,114,416	¥6,153,577

16. Trading Liabilities

March 31,	Millions of Yen	
	2002	2001
Trading-Related Financial Derivatives	¥50	¥197

17. Trading Revenue

March 31,	Millions of Yen	
	2002	2001
Revenue from Trading Securities	¥60	¥ 47
Other Trading Revenue	12	98
Total	¥72	¥145

18. Interest on Borrowings and Rediscounts

March 31,	Millions of Yen	
	2002	2001
Call Money and Bills Sold	¥2,880	¥6,719
Borrowings	1,562	1,714
Total	¥4,442	¥8,433

19. Trading Expenses

March 31,	Millions of Yen	
	2002	2001
Expenses on Trading-Related Financial Derivatives Transactions	¥1	¥3

20. Other Expenses

March 31,	Millions of Yen	
	2002	2001
Provision for Possible Loan Losses	¥ 48,026	¥19,684
Losses on Disposal of Premises and Equipment	1,112	1,359
Other	86,811	69,396
Total	¥135,950	¥90,439

Notes: 1. For the year ended March 31, 2002, “Other Expenses – Other” included write off claims of ¥45,399 million and write off stocks of ¥13,479 million.

2. 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, 2002 and 2001 amounted to ¥145,653 million and ¥155,698 million, respectively.

22. Segment Information

(a) Segment information by type of business

Segment information by type of business for the years ended March 31, 2002 and 2001 are summarized as follows:

March 31, 2002	Millions of Yen				
	Banking Operations	Other	Total	Eliminations	Consolidated
Ordinary Income:					
Ordinary Income from External Customers	¥ 166,065	¥19,916	¥ 185,981	¥ —	¥ 185,981
Ordinary Income from Internal Transactions	805	6,506	7,311	(7,311)	—
Total	166,870	26,422	193,292	(7,311)	185,981
Ordinary Expenses	222,803	28,264	251,067	(7,364)	243,703
Ordinary Income (Loss), Net	¥ (55,933)	¥ (1,841)	¥ (57,774)	¥ (52)	¥ (57,721)
Assets	¥6,870,766	¥76,935	¥6,947,701	¥(59,756)	¥6,887,944
Depreciation	2,788	12,722	15,511	(0)	15,510
Capital Expenditures	1,726	13,574	15,300	—	15,300

March 31, 2001	Millions of Yen				
	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

Note: Ordinary income represents total income excluding gain on disposal of premises and equipment, collection of claims previously written off, and lump-sum amortization expenses for a portion of the retirement benefit obligation for the year ended March 31, 2001.

Ordinary expenses represent total expenses excluding loss on disposal of premises and equipment, and losses on sales of loans with real estate mortgages to the Cooperative Credit Purchasing Co., Ltd. and to other institutions for the year ended March 31, 2001.

(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 has 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, 2002 and 2001 are summarized as follows:

March 31,	Millions of Yen	
	2002	2001
Equipment	¥32	¥32
Other	—	—
Accumulated Depreciation	(18)	(21)
Total	¥13	¥11
Lease Payments Receivable for Finance Leases:		
Within One Year	¥ 5	¥ 5
Over One Year	7	5
Total	¥13	¥11

Total lease payments received and depreciation under finance leases for the year ended March 31, 2002 were ¥7 million and ¥7 million, respectively.

Finance leases, as lessor, at March 31, 2002 and 2001 are summarized as follows:

March 31,	Millions of Yen	
	2002	2001
Equipment	¥57,173	¥59,064
Other	5,241	5,035
Accumulated Depreciation	(30,168)	(32,111)
Total	¥32,245	¥31,989
Lease Payments Receivable for Finance Leases:		
Within One Year	¥11,761	¥11,991
Over One Year	26,274	26,067
Total	¥38,035	¥38,058

Total lease payments received and depreciation under finance leases for the year ended March 31, 2002 were ¥13,268 million and ¥11,214 million, respectively.

(b) Operating leases

Future minimum lease payments for operating leases at March 31, 2002 were ¥238 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

	Millions of Yen	
	2002	2001
Carrying Value	¥10,539	¥14,864
Holding Gains Charged to Income	¥ 3	¥ 11

(b) Marketable debt securities being held to maturity

March 31, 2002	Millions of Yen				
	Book Value	Market Value	Unrealized Gain (Net)	Unrealized Gain (Gross)	Unrealized Loss (Gross)
National Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Municipal Bonds	27,104	30,651	3,546	3,546	—
Corporate Bonds	5,507	5,442	(65)	56	122
Other	34,882	35,676	794	794	—
Total	¥67,494	¥71,770	¥4,275	¥4,398	¥122

March 31, 2001	Millions of Yen				
	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

March 31, 2002	Millions of Yen				
	Cost	Book Value	Unrealized Gain (Net)	Unrealized Gain (Gross)	Unrealized Loss (Gross)
Equity Securities	¥ 146,870	¥ 176,576	¥29,705	¥44,662	¥14,957
Debt Securities:					
Government Bonds	709,312	713,844	4,532	5,738	1,206
Municipal Bonds	202,049	216,102	14,053	14,055	2
Corporate Bonds	205,437	208,002	2,564	2,663	98
Other	651,287	647,414	(3,872)	2,454	6,327
Total	¥1,914,958	¥1,961,940	¥46,982	¥69,575	¥22,592

Notes: 1. Market value is based on the market prices at the fiscal year end.

2. Pursuant to "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Committee Report No. 14, amended on July 3, 2001), the Bank consider that the market price of the securities at the fiscal year end, decline 30% or lower than original cost a significant decline, considering the recoverability, devalue the securities and recognize the loss. This fiscal year, the bank devaluated the available-for-sale securities which have market price, recognized ¥13,330 million as a loss.

March 31, 2001	Millions of Yen				
	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

Note: Market value is based on the market prices at the fiscal year end.

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

	Millions of Yen	
	2002	2001
Total Marketable Available-for-Sale Securities Sold	¥726,872	¥268,968
Gains	12,133	31,813
Losses	2,324	1,510

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

March 31,	Millions of Yen	
	2002	2001
Marketable Debt Securities Being Held to Maturity:		
Trust Beneficiary Rights	¥10,001	¥23,036
Marketable Available-for-Sale Securities:		
Unlisted Equity Securities	4,488	4,719
Unlisted Foreign Securities	5,552	8,420

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

March 31, 2002	Millions of Yen			
	One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
Debt Securities:				
Government Bonds	¥ 81,109	¥ 422,182	¥116,398	¥ 94,153
Municipal Bonds	1,376	78,840	162,820	170
Corporate Bonds	10,672	182,757	20,080	—
Others	111,070	453,413	46,511	57,117
Total	¥204,228	¥1,137,193	¥345,811	¥151,441

March 31, 2001	Millions of Yen			
	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,	Millions of Yen	
	2002	2001
Unrealized Gain:		
Available-for-Sale Securities	¥46,982	¥79,715
Other Money Held in Trust	—	—
Deferred Tax Liabilities	19,427	32,962
Net Unrealized Gains on Available-for-Sale Securities	27,555	46,753
Minority Interests	(3)	10
Unrealized Gains on Available-for-Sale Securities	¥27,559	¥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

At March 31, 2002	Millions of Yen			
	Contract Amounts		Market Value	Unrealized Gain (Loss)
	Total	Over 1 Year		
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	1,332	—	40	40
Receivable Floating/ Payable Fixed	1,332	—	(50)	(50)
Receivable Floating/ Payable Floating	—	—	—	—
Interest-Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	502	502	(2)	(2)
Bought	—	—	—	—
Total			¥(12)	¥(12)

At March 31, 2001	Millions of Yen			
	Contract Amounts		Market Value	Unrealized Gain (Loss)
	Total	Over 1 Year		
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, etc. The market value of over-the-counter transactions has been calculated at their discounted current value or by utilizing calculation models for options prices.

(3) Currency Derivatives

At March 31, 2002	Millions of Yen		
	Contract Amounts	Market Value	Unrealized Gain (Loss)
Over-the-Counter Transactions:			
Currency Swaps	¥—	¥—	¥—
Forward Foreign Exchange Contracts	—	—	—
Currency Options	—	—	—
Others	—	—	—
Total		¥—	¥—

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 the balance sheet date, and have been accounted for in the consolidated statements of income. Derivatives which qualify as hedges have been excluded from this table.

2. Calculation of market value

Market value is calculated at their discount current value, etc.

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, 2002	Millions of Yen		
	Contract Amounts	Market Value	Unrealized Gain (Loss)
Currency Swaps	¥162,733	¥446	¥446

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:

March 31,	Millions of Yen	
	Contract Amounts	
	2002	2001
Listed:		
Currency Futures	¥ —	¥ —
Currency Options	—	—
Unlisted:		
Forward Foreign Exchange Contracts:		
Sold	6,640	1,489
Bought	4,744	1,916
Currency Options:		
Sold	119,390	2,472
Bought	119,390	2,472
Others	—	—

(4) Stock Derivatives

Not applicable as of March 31, 2002 and 2001.

(5) Bond Derivatives

Not applicable as of March 31, 2002 and 2001.

(6) Commodity Derivatives

Not applicable as of March 31, 2002 and 2001.

(7) Credit Derivatives

Not applicable as of March 31, 2002 and 2001.

Report of Independent Certified Public Accountants



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, 2002 and 2001, and the related consolidated statements of operation and retained earnings, and cash flows for each of the two years in the period ended March 31, 2002, 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, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the two years in the period ended March 31, 2002 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for 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.

Shin Nihon & Co.

June 27, 2002

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.

March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 2)	
	2002	2001	2002	2001
Assets				
Cash and Due from Banks	¥ 311,512	¥ 497,432	\$ 2,337,801	\$ 3,733,073
Call Loans and Bills Purchased	3,264	102,983	24,495	772,855
Commercial Paper and Other Debt Purchased	10,018	23,058	75,181	173,043
Trading Assets (Note 5)	10,580	14,986	79,399	112,465
Securities (Notes 6 and 7)	2,039,529	1,782,152	15,306,033	13,374,499
Loans and Bills Discounted (Notes 8, 9 and 10)	4,278,683	4,459,233	32,110,191	33,465,163
Foreign Exchange (Note 11)	2,134	3,020	16,015	22,664
Other Assets (Note 12)	49,637	48,759	372,510	365,921
Premises and Equipment (Note 13)	91,138	94,349	683,962	708,060
Deferred Tax Assets (Note 14)	90,728	54,201	680,885	406,761
Customers' Liabilities for Acceptances and Guarantees	71,167	79,346	534,086	595,467
Reserve for Possible Loan Losses	(90,346)	(72,855)	(678,018)	(546,754)
Reserve for Devaluation of Investment Securities	(233)	(245)	(1,748)	(1,838)
Total Assets	¥6,867,816	¥7,086,423	\$51,540,833	\$53,181,410
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits (Note 15)	¥6,125,315	¥6,162,518	\$45,968,592	\$46,247,789
Call Money and Bills Sold	29,935	178,134	224,652	1,336,840
Trading Liabilities (Note 16)	50	197	375	1,478
Borrowed Money	96,314	86,488	722,806	649,065
Foreign Exchange (Note 11)	189	135	1,418	1,013
Corporate Bonds	15,000	15,000	112,570	112,570
Due to Trust Account	14	18	105	135
Other Liabilities (Note 17)	121,565	99,197	912,307	744,442
Reserve for Retirement Benefits	19,429	19,708	145,808	147,902
Reserve for Possible Losses on Sales of Loans	6,492	6,547	48,720	49,133
Reserve for Other Contingent Losses	4,188	4,528	31,429	33,981
Deferred Tax Liabilities for Land Revaluation (Note 14)	10,143	10,194	76,120	76,502
Acceptances and Guarantees	71,167	79,346	534,086	595,467
Total Liabilities	6,499,808	6,662,015	48,779,046	49,996,360
Shareholders' Equity:				
Common Stock (Note 28)	85,113	85,113	638,746	638,746
Capital Surplus	58,574	58,574	439,579	439,579
Legal Reserve	55,317	54,817	415,136	411,384
Land Revaluation Reserve, Net of Taxes	14,386	14,459	107,962	108,510
Voluntary Reserve	155,071	152,370	1,163,759	1,143,489
Retained Earnings (Deficit)	(27,809)	12,332	(208,697)	92,547
Unrealized Gain on Available-for-Sale Securities	27,559	46,741	206,821	350,776
Treasury Stock	(204)	—	(1,530)	—
Total Shareholders' Equity	368,007	424,408	2,761,778	3,185,050
Total Liabilities and Shareholders' Equity	¥6,867,816	¥7,086,423	\$51,540,833	\$53,181,410

See notes to non-consolidated financial statements.

Non-Consolidated Statements of Operation and Retained Earnings

THE JOYO BANK, LTD.

For the Years Ended March 31,	Millions of Yen		Thousands of U.S. Dollars (Note 2)					
	2002	2001	2002	2001				
Income								
Interest Income:								
Interest on Loans and Discounts	¥ 94,254	¥103,367	\$ 707,347	\$ 775,737				
Interest and Dividends on Securities	34,207	36,705	256,712	275,459				
Other Interest Income	4,609	7,146	34,589	53,628				
Fees and Commissions (Note 18)	15,565	14,898	116,810	111,804				
Trading Revenue (Note 19)	72	145	540	1,088				
Other Operating Income (Note 20)	9,522	2,198	71,459	16,495				
Other Income (Note 21)	10,637	42,532	79,827	319,189				
Total Income	168,871	206,996	1,267,324	1,553,440				
Expenses								
Interest Expenses:								
Interest on Deposits	11,980	20,052	89,906	150,484				
Interest on Borrowings and Rediscounts (Note 22)	4,442	8,432	33,335	63,279				
Other Interest Expenses	10,107	11,510	75,849	86,378				
Fees and Commissions (Note 23)	5,170	5,231	38,799	39,257				
Trading Expenses (Note 24)	1	3	7	22				
Other Operating Expenses (Note 25)	1,740	1,559	13,058	11,699				
General and Administrative Expenses	75,554	75,134	567,009	563,857				
Other Expenses (Note 27)	114,915	71,324	862,401	535,264				
Total Expenses	223,915	193,253	1,680,412	1,450,303				
(Loss) Income before Income Taxes	(55,044)	13,742	(413,088)	103,129				
Income Taxes:								
Current	119	17,572	893	131,872				
Deferred (Note 14)	(23,054)	(12,198)	(173,013)	(91,542)				
Net (Loss) Income	(32,109)	8,368	(240,968)	62,799				
Retained Earnings								
Balance at Beginning of Year	12,332	14,048	92,547	105,425				
Reversal of Reserve for Retirement of Treasury Stock	2,298	4,098	17,245	30,754				
Reversal of Land Revaluation Reserve	72	926	540	6,949				
Retirement of Treasury Stock	(575)	(3,276)	(4,315)	(24,585)				
Appropriations:								
Transfer to Legal Reserve	(500)	(2,435)	(3,752)	(18,273)				
Cash Dividends (Note 29)	(4,327)	(4,367)	(32,472)	(32,772)				
Bonuses to Directors and Corporate Auditors	—	(30)	—	(225)				
Transfer to Voluntary Reserve	(5,000)	(5,000)	(37,523)	(37,523)				
Balance at End of Year	¥ (27,809)	¥ 12,332	\$ (208,697)	\$ 92,547				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"></td> <td style="text-align: center; border-bottom: 1px solid black;">Yen</td> <td style="width: 50%;"></td> <td style="text-align: center; border-bottom: 1px solid black;">U.S. Dollars (Note 2)</td> </tr> </table>						Yen		U.S. Dollars (Note 2)
	Yen		U.S. Dollars (Note 2)					
Per Share								
Net (Loss) Income	¥(37.09)	¥9.58	\$(0.28)	\$0.07				
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 ¥133.25 = US\$1.00, the exchange rate prevailing on March 31, 2002.

3. Significant Accounting Policies

(a) Securities

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 available-for-sale securities for which market prices are available are stated at fair value based on their 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.

(b) 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.

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 ¥142,806 million and ¥116,055 million as of March 31, 2002 and 2001, respectively.

4. Additional Information

Treasury stock

In the prior year, treasury stock was included in Securities as an asset. Effective this fiscal year, the Bank applied the revised accounting standard for the treasury stock, which is to present treasury stock as a separate component of stockholders' equity, which has been changed by the Banking Law Enforcement regulation.

5. Trading Assets

March 31,	Millions of Yen	
	2002	2001
Trading Securities	¥ 540	¥ 966
Trading-Related Financial Derivatives	40	122
Other Trading Assets	9,998	13,898
Total	¥10,580	¥14,986

6. Securities

March 31,	Millions of Yen	
	2002	2001
Japanese Government Bonds	¥ 713,844	¥ 550,078
Japanese Local Government Bonds	243,207	283,348
Corporate Bonds	213,510	188,283
Corporate Stocks	181,379	221,427
Other Securities	687,587	538,940
Treasury Stock	—	73
Total	¥2,039,529	¥1,782,152

7. Pledged Assets

Assets pledged as collateral at March 31, 2002 and 2001 were as follows:

March 31,	Millions of Yen	
	2002	2001
Pledged Assets:		
Securities	¥146,319	¥183,315
Liabilities Covered by Pledged Assets:		
Deposits	¥ 41,268	¥ 46,010
Call Money	—	34,285
Bills Sold	—	72,300

In addition to the above, securities amounting to ¥58,134 million and ¥60,466 million at book value were pledged as collateral in connection with exchange settlements and futures transactions as of March 31, 2002 and 2001, 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 ¥1,122,434 million and ¥956,847 million at March 31, 2002 and 2001, respectively. 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 ¥1,118,768 million and ¥953,320 million at March 31, 2002 and 2001, respectively.

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'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

March 31,	Millions of Yen	
	2002	2001
Bills Discounted	¥ 87,753	¥ 103,037
Loans on Notes	736,472	850,576
Loans on Deeds	2,944,371	2,979,250
Overdrafts	510,086	526,369
Total	¥4,278,683	¥4,459,233

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, 2002 and 2001 included the following non-performing loans:

March 31,	Millions of Yen	
	2002	2001
(a) Loans in Bankruptcy and Dishonored Bills	¥ 12,736	¥ 20,687
(b) Delinquent Loans	166,788	200,452
(c) Loans Past Due with Respect to Interest Payments for More than Three Months	3,277	2,386
(d) Restructured Loans	138,064	84,696
Total	¥320,866	¥308,221

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

11. Foreign Exchange

March 31,	Millions of Yen	
	2002	2001
Assets:		
Due from Foreign Banks	¥ 660	¥ 582
Foreign Exchange Bills Bought	239	219
Foreign Exchange Bills Receivable	1,233	2,218
Total	¥2,134	¥3,020
Liabilities:		
Due to Foreign Banks	¥ —	¥ 6
Foreign Exchange Bills Sold	173	90
Foreign Exchange Bills Payable	16	39
Total	¥ 189	¥ 135

12. Other Assets

March 31,	Millions of Yen	
	2002	2001
Domestic Exchange Settlement		
Account—Debit	¥ 2,000	¥ 443
Prepaid Expenses	414	399
Accrued Income	15,419	21,278
Derivatives	148	999
Loss on Deferred Hedge Accounting	7,292	8,173
Other	24,361	17,464
Total	¥49,637	¥48,759

13. Premises and Equipment

March 31,	Millions of Yen	
	2002	2001
Land, Buildings and Equipment	¥161,159	¥172,517
Construction in Progress	361	—
Leasehold Guarantees and Deposits	6,987	7,158
Total	168,507	179,675
Less Accumulated Depreciation	77,369	85,326
Net Book Value	¥ 91,138	¥ 94,349

Note: Advanced depreciation: ¥5,782 million

14. Deferred Tax Assets

March 31,	Millions of Yen	
	2002	2001
Deferred Tax Assets:		
Excess Reserve for Possible Loss on Loans	¥ 82,297	¥65,346
Reserve for Retirement Benefits	10,922	10,895
Excess Depreciation	—	2,922
Excess Amortization of Securities	7,832	—
Transfer to Reserve for Possible Losses on Sales of Loans	2,684	2,707
Other	12,306	10,255
Total	¥116,043	¥92,127
Deferred Tax Liabilities:		
Unrealized Gain on Available-for-Sale Securities	(19,430)	(32,954)
Retirement Benefit Trust	(4,962)	(4,962)
Other	(921)	(9)
Total	(25,314)	(37,926)
Net Deferred Tax Assets	¥ 90,728	¥54,201

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:

	2002	2001
Statutory Tax Rates	—	41.3%
Items Not Permanently Included in Income such as Dividends Received	—	(4.6)
Adjustment for Year-End Deferred Tax Assets Due to Tax Rate Revision	—	—
Other	—	2.4
Effective Tax Rates	—	39.1%

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	
	2002	2001
Current Deposits	¥ 137,747	¥ 142,608
Ordinary Deposits	2,483,666	1,882,933
Savings Deposits	83,115	92,236
Deposits at Notice	87,295	46,084
Time Deposits	3,046,694	3,702,801
Installment Savings	37	459
Negotiable Certificates of Deposit	105,355	84,900
Other	181,403	210,494
Total	¥6,125,315	¥6,162,518

16. Trading Liabilities

March 31,	Millions of Yen	
	2002	2001
Trading-Related Financial Derivatives	¥50	¥197

17. Other Liabilities

March 31,	Millions of Yen	
	2002	2001
Domestic Exchange Settlement Account—Credit	¥ 1,517	¥ 1,378
Accrued Taxes	62	9,812
Accrued Expenses	9,682	18,336
Unearned Income	2,970	3,506
Employees’ Deposits	1,847	2,063
Derivatives	19,125	8,597
Deferred Hedge Accounting Liabilities	75	943
Deposits on Bonds Loaned	73,038	29,763
Other	13,244	24,794
Total	¥121,565	¥99,197

18. Fees and Commissions (Income)

March 31,	Millions of Yen	
	2002	2001
Exchange Settlement	¥ 7,829	¥ 7,841
Other Fees and Commissions	7,736	7,057
Total	¥15,565	¥14,898

19. Trading Revenue

March 31,	Millions of Yen	
	2002	2001
Revenue from Trading Securities	¥60	¥ 47
Other Trading Revenue	12	98
Total	¥72	¥145

20. Other Operating Income

March 31,	Millions of Yen	
	2002	2001
Gain on Foreign Exchange Transactions	¥1,230	¥ 112
Gain on Sales of Bonds	8,288	2,085
Other	2	0
Total	¥9,522	¥2,198

21. Other Income

March 31,	Millions of Yen	
	2002	2001
Gain on Sales of Stocks and Other Securities	¥ 3,804	¥29,683
Gain on Money Held in Trust	0	282
Other Current Revenues	4,831	2,232
Other	2,001	10,333
Total	¥10,637	¥42,532

22. Interest on Borrowings and Rediscounts

March 31,	Millions of Yen	
	2002	2001
Call Money	¥2,872	¥6,642
Bills Sold	8	76
Borrowings	1,562	1,714
Total	¥4,442	¥8,432

23. Fees and Commissions (Expenses)

March 31,	Millions of Yen	
	2002	2001
Exchange Settlement	¥1,549	¥1,547
Other Fees and Commissions	3,621	3,683
Total	¥5,170	¥5,231

24. Trading Expenses

March 31,	Millions of Yen	
	2002	2001
Expenses on Trading-Related Financial Derivatives Transactions	¥1	¥3

25. Other Operating Expenses

March 31,	Millions of Yen	
	2002	2001
Loss on Sales of Bonds	¥ 1,740	¥ 1,439
Amortization Bond Issuance Expenses	—	120
Total	¥ 1,740	¥ 1,559

26. Leases

(a) Finance Leases

Finance leases at March 31, 2002 and 2001 were as follows:

March 31,	Millions of Yen	
	2002	2001
Equipment	¥6,822	¥6,115
Other	1,330	1,318
Accumulated Depreciation	(3,898)	(3,435)
Total	¥4,254	¥3,997
Lease Payments Receivable for Finance Leases:		
Within One Year	¥1,442	¥1,329
Over One Year	2,812	2,668
Total	¥4,254	¥3,997

Total lease payments received and depreciation under finance leases for the year ended March 31, 2002 were ¥1,522 million and ¥1,522 million, respectively.

(b) Operating Leases

Future minimum lease payments for operating leases at March 31, 2002 were ¥238 million, of which ¥44 million was due within one year.

27. Other Expenses

March 31,	Millions of Yen	
	2002	2001
Provision for Possible Loss on Loans	¥ 46,175	¥18,485
Provision for Loss on Sales of Loans and Other	4,307	3,230
Write-offs of Claims	43,176	30,489
Loss on Devaluation of Stocks and Other Securities	13,422	703
Loss on Sales of Stocks	715	190
Loss on Disposal of Premises and Equipment	1,112	1,359
Other	6,004	16,864
Total	¥114,915	¥71,324

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 ¥638 million, and amortization of the net retirement benefit obligation at transition of ¥14,691 million.

28. Shareholders' Equity

As of March 31, 2002, 2,180,515 thousand shares of common stock of the Bank have been authorized and 865,231 thousand shares have been issued. Under the Commercial Code of Japan, at least 50% of the issue price of new shares 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. One unit consists of 1,000 shares.

29. 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 operations and retained earnings when duly approved and paid. In addition, the Bank pays interim dividends to shareholders of record as of September 30.

30. Subsequent Event

Appropriation of Retained Earnings

The following appropriations of retained earnings were approved at a general shareholders' meeting held on June 27, 2002:

	Millions of Yen
Deficit at March 31, 2002	¥(27,809)
Reversal of Voluntary Reserves	34,639
Cash Dividends	(2,161)
Retained Earnings Carried Forward	¥ 4,667

Report of Independent Certified Public Accountants



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, 2002 and 2001, and the related non-consolidated statements of operation and retained earnings for each of the two years in the period ended March 31, 2002, 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, 2002 and 2001, and the results of their operations for each of the two years in the period ended March 31, 2002 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2002 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.

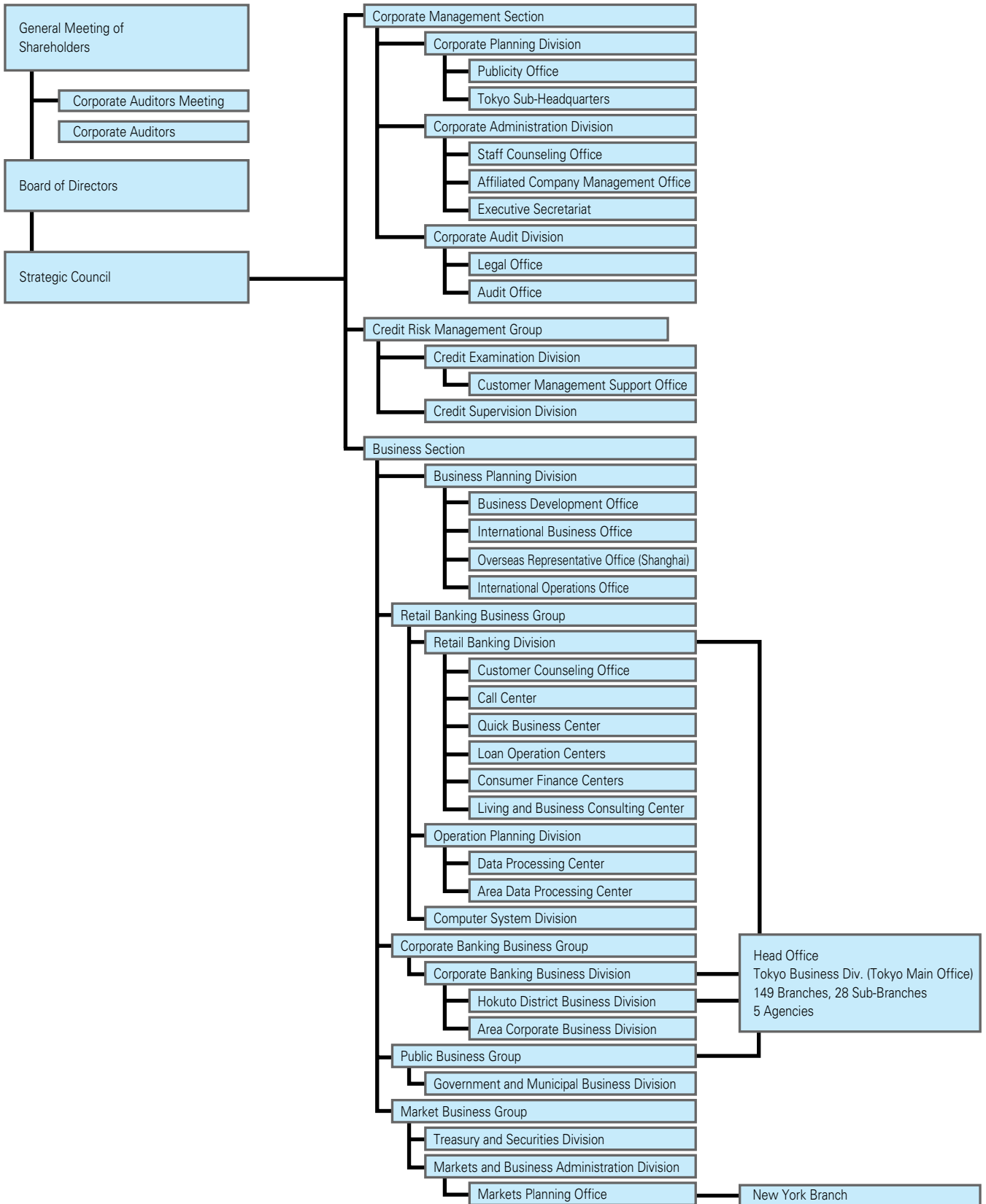
Shin Nihon & Co.

June 27, 2002

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.



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

Masamitsu Tsurumi

As of March 31, 2002

Market Business Group and Overseas Office

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Ibaraki 310-0021, Japan
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Joint General Manager

Sotaro Yamada

Councilor

Kuniharu Harashima

• Operations Group (Tokyo)

Senior Manager

Osato Aizawa

• Operations Group (Mito)

Senior Manager

Keno Ochiai

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Deputy General Manager

Shigeki Morita

• Investment Group

Senior Manager

Hirofumi Watanabe

• Business Promotion Group

Senior Manager

Akira Iwato

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Yasuhiro Katada

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Phone: 86-21-6209-0258

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Chief Representative

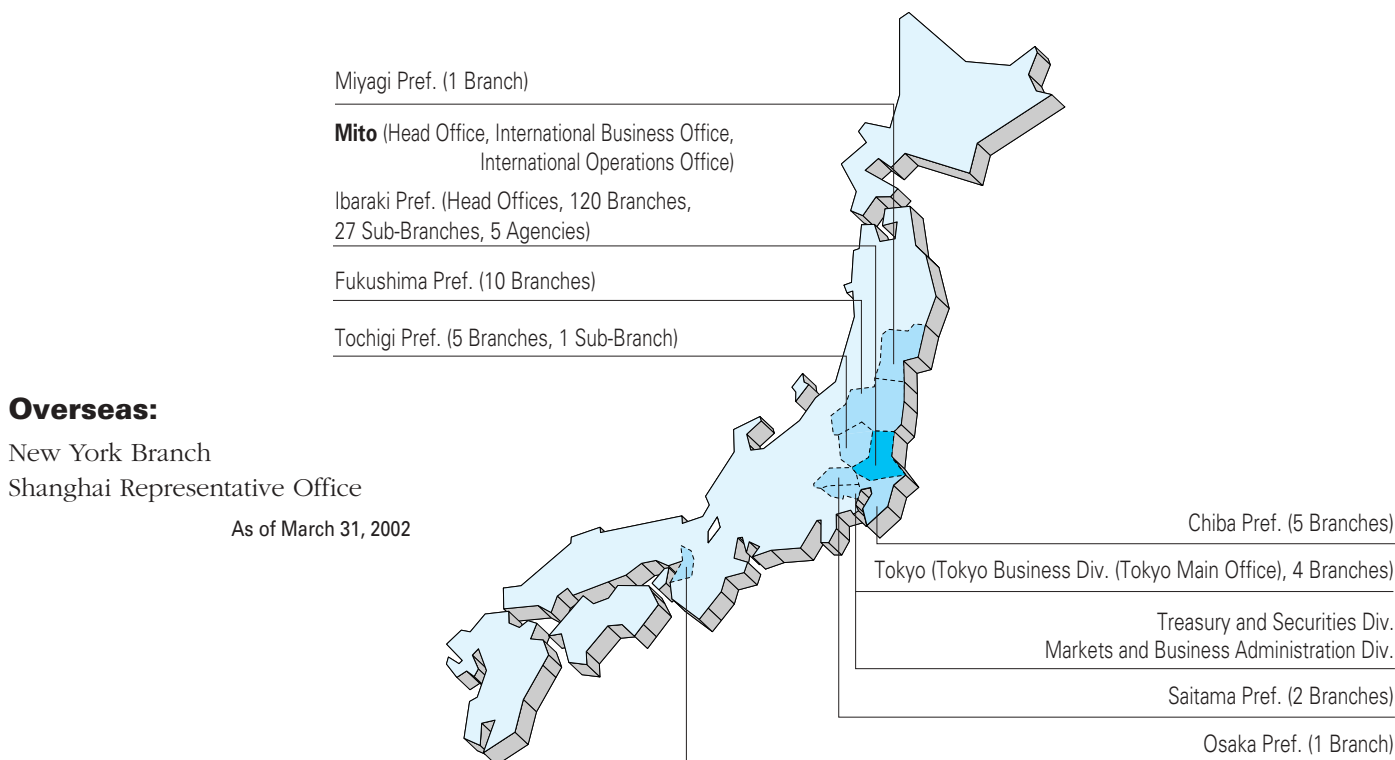
Michihiro Ono

Deputy Chief Representative

Michio Kato

As of March 31, 2002

Service Network



Overseas:

New York Branch
Shanghai Representative Office

As of March 31, 2002

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, 2002

■ 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 149 Branches, 28 Sub-branches, and 5 Agencies
■ Overseas Network	1 Branch: New York 1 Representative Office: Shanghai
■ Number of Employees	3,924
■ Stock Exchange Listing	Tokyo Stock Exchange
■ Paid-in Capital	¥85,113 million
■ Number of Share Trading Units (as of March 31, 2002)	Authorized 2,180,515 thousand Issued and Outstanding 865,231 thousand
■ Number of Shareholders (1 trading unit = 1,000 shares)	27,799

■ **Principal Shareholders**

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2002 were as follows:

	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding (%)
The Bank of Tokyo-Mitsubishi, Ltd.	41,792	4.83 %
NIPPONKOA Insurance Company, Limited	40,973	4.73
Sumitomo Mitsui Banking Corporation	30,230	3.49
Nippon Life Insurance Company	29,531	3.41
Japan Trustee Services Bank, Ltd.	18,920	2.18
The Dai-ichi Mutual Life Insurance Company	17,049	1.97
J.P. Morgan Trust Bank Ltd.	17,031	1.96
Sumitomo Life Insurance Company	16,448	1.90
The Industrial Bank of Japan, Limited	16,358	1.89
The Mitsubishi Trust and Banking Corporation	13,258	1.53
Total.....	241,592	27.92 %

As of March 31, 2002

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