BANK OF YOKOHAMA

Annual Report 2001

Year Ended March 31, 2001

横浜銀行

PROFILE

The Bank of Yokohama, Ltd., was founded in 1920 to serve the needs of individuals and companies in Kanagawa Prefecture and southwest Tokyo.

With a main business focus on its home region, the Bank has since grown to become one of Japan's leading regional banks, with consolidated total assets of ¥10,740.1 billion and deposits of ¥9,072.5 billion as of March 31, 2001. In addition to a domestic network of 183 branches and sub-branches, the Bank maintains representative offices in Hong Kong, Beijing, Shanghai, New York, and London to serve customers in the global arena.

CONTENTS

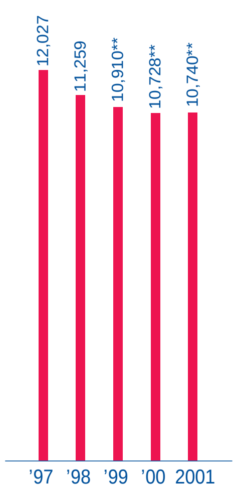
CONSOLIDATED FINANCIAL HIGHLIGHTS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars*
Years ended March 31	**2001**	2000	**2001**
At Year-End:			
Total assets**	**¥10,740,068**	¥10,728,230	**$ 86,683,358**
Cash and due from banks	**293,610**	450,776	**2,369,734**
Deposits	**9,072,508**	8,853,324	**73,224,439**
Loans and bills discounted	**7,720,134**	7,848,804	**62,309,395**
Securities	**1,460,242**	1,448,130	**11,785,650**
Total stockholders’ equity	**454,894**	429,728	**3,671,461**
Common stock	**134,800**	134,800	**1,087,974**
For the Year:			
Total income	**¥ 357,475**	¥ 373,777	**$ 2,885,190**
Total expenses	**310,262**	318,646	**2,504,133**
Net income	**26,508**	27,901	**213,946**

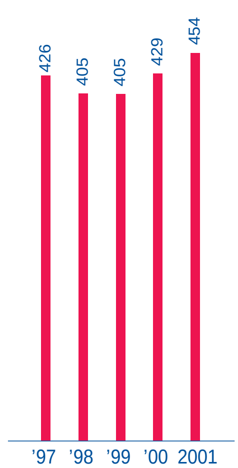
* U.S. dollar amounts are translated, for reference only, at the rate of ¥123.90=$1 effective on March 31, 2001.

**In line with revisions to the Enforcement Regulations for Banking Laws, the reserves for possible loan losses, listed under Liabilities until 1998 (fiscal year ended March 31, 1998), will be shown as a one time deduction from Underlying Assets in the Assets section for the current consolidated year. Introduction of this new procedure has resulted in a reduction of ¥134,920 million in both the Assets and Liabilities figures. In order to provide accurate year-on-year comparisons, the figures for the previous year have been calculated using the same method.



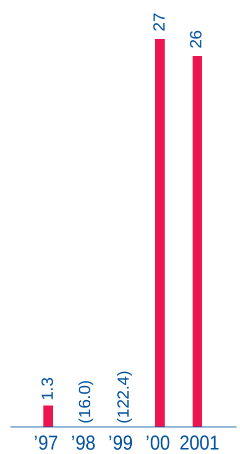
Total Assets

(¥ billions)



Total Stockholders' Equity

(¥ billions)



Net Income (Loss)

(¥ billions)

Business Results

In fiscal 2000, ended March 31, 2001, the Bank achieved the highest net business profit in its history on a non-consolidated basis. Net business profit (the net of earnings and expenses from core deposit and loan services, as well as fees and commissions from remittances and transfers after general provision) increased by 5.3%, to ¥91.1 billion, thanks to the Bank's extensive efforts to reinforce its profit structure. Improved margins and higher fees and commissions contributed to this favorable result. Savings in personnel and other costs, due to the outsourcing of system-related processes, also greatly benefited the Bank's profitability.

In an effort to improve the soundness of its asset portfolio, the Bank wrote off nonperforming loans and reduced holdings of shares and other risk assets while applying new accounting standards. As a result, non-consolidated net income rose 1.6%, to ¥26.9 billion. Consolidated net income fell 5.0%, to ¥26.5 billion.

Amid a continuation of low interest rates, the Bank endeavored to cultivate new customers and expand the scope of transactions to existing customers. As a result, the year-end balance of deposits, including negotiable certificates of deposit amounted to ¥9,072.5 billion, up ¥219.1 billion from a year earlier. Throughout the year, we strove to expand our loan business in the face of weak demand for funds from individual and corporate customers. However, the balance of loans and bills discounted fell ¥128.7 billion, to ¥7,720.1 billion, as we stepped up disposal of nonperforming loans.

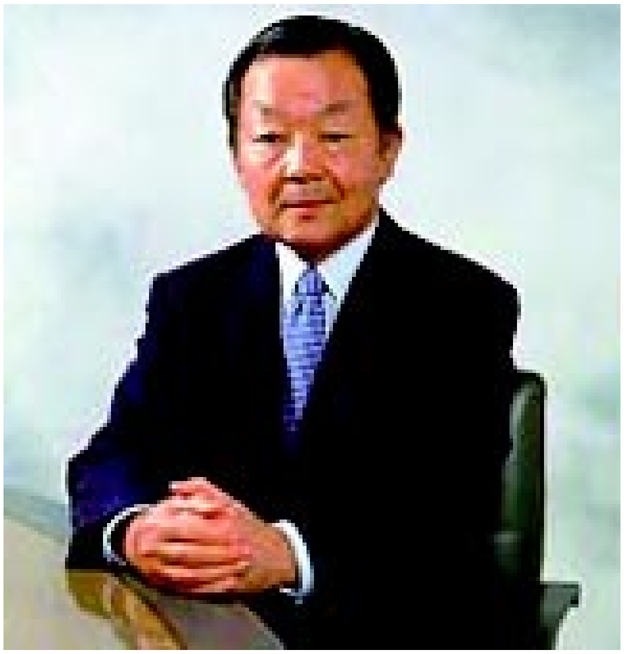
The Bank continued maintaining a sound financial position. Its consolidated capital adequacy ratio was 9.59% at fiscal year-end.

Despite the decline in net income, the Bank declared cash dividends of ¥5.00 per share, the same level as the previous year. This reflected our basic policy of paying stable dividends irrespective of our business results.

Focusing on the Regional Retail Market

In the year under review, we focused on serving regional retail customers in an effort to provide financial services that utilize our distinctive strengths, which had been previously spread among multiple market segments, such as overseas operations and wholesale customers. We believe that to maintain our superior edge in the intensely competitive markets of Kanagawa Prefecture and southwest Tokyo, we need to concentrate our managerial resources on the regional retail market, where our greatest strength lies.

Meanwhile, the needs of local customers continue to grow more diversified and sophisticated. To better serve these important customers, we have been strategically



SADAAKI HIRASAWA
PRESIDENT AND CEO

placing employees with special marketing and finance expertise in core branches in our region.

During the year, we also worked to expand opportunities for customer interface. Specifically, we opened new branches within large-scale commercial complexes to provide immediate advice related to personal loans on both weekdays and weekends.

Management Strategies: An Innovative Approach (Stage 3)

The Japanese financial services industry is undergoing a major upheaval, characterized by major alliances and mergers among institutions, as well as the entry of new players in the banking sector. Under these conditions, financial institutions are facing increased pressure to strengthen their operating foundations and upgrade their services.

Back in April 1997, we embarked on a medium-term management plan, entitled Innovation 21. Following the completion of Stage 2 of the plan in fiscal 2000, we launched Stage 3 in April 2001. Covering the two-year period to March 2003, Stage 3 is aimed at making us a “bank that customers can always trust.” Specifically, it calls for the Bank to further implement its regional retail strategies, pursued in the first two stages, and undertake sales activities closely tied to the region it serves. At the same time, we are working to set transaction conditions that reflect the risk of doing business. In these ways, we are providing a smooth supply of funds to high-quality companies that previously had no transactions with the Bank. We will also strive to further streamline operations, enhance management efficiency, and improve our risk management systems in order to establish a solid operating foundation that can withstand the challenges of restructuring in the domestic financial services industry. To this end, we will seek to become a “slim and tenacious bank” with a stable earnings base.

Meanwhile, we are integrating unprofitable and low-profit sections of the Bank and outsourcing other functions. Through these measures, we are streamlining and raising the efficiency of the entire Bank of Yokohama Group and thus strengthening our competitive edge and our business foundation.

Management Organization

Since April 2001, we have been undertaking steps to improve corporate governance and our management organization. Specifically, we separated the marketing/promotion function from the management function in order to strengthen our business and facilitate decision-making in our operations. To this end, the managing executive officers are designated to serve as district managing officers, each responsible for the Bank's performance in his or her district within our region. We have also created the titles of CEO, CRO, CFO, and COO to clearly define the authority and responsibilities of respective officers.

In the previous fiscal year, we introduced a stock option plan for management-level personnel. We will continue widening the scope of the plan in an effort to emphasize the importance of shareholder return.

Strategies and Vision for the Future

In the future, the Bank will continue implementing measures designed to improve the health of its operations. In addition to our ongoing strategy of concentrating managerial resources on the regional retail market, we will more rigorously target rationalization and enhanced efficiency. We will also pursue business alliances with entities in other industries and actively employ information technology to benefit our operations. In these ways, we will diversify opportunities for customer contact and thus raise the convenience of our offerings while providing high-quality financial products and services that satisfy customer needs.

Moreover, we will build up our information-intensive database and conduct database marketing to more efficiently meet the financial needs of customers. At the same time, we will emphasize face-to-face contact, the basic form of customer interface. By focusing on both of these channels, we will develop our business in the future.

By implementing various strategies in our quest to enhance operating soundness, we anticipate a 13.2% gain in consolidated net income for fiscal 2001, to ¥30.0 billion.

We look forward to the understanding and cooperation of shareholders and customers in our current and future endeavors.

June 27, 2001

S. Hirasawa

SADAAKI HIRASAWA
PRESIDENT AND CEO

In March 1999, the Bank, along with other major banks, received an infusion of public funds and submitted its Corporate Revitalization Plan to the government. Under the Plan, each year the Bank formulates specific objectives for earnings, loans, rationalization, and other important items. This is part of a government measure to quickly restore the functions of the Japan's financial system by assisting institutions having difficulties addressing their bad debt burdens. Since that time, the Bank has aggressively written off non-performing loans and restructured its operations aimed at building a sound financial base.

The Bank has since made steady progress under the Plan, achieving practically all of its fiscal 2000 objectives. Although the net income of ¥26.9 billion was slightly short of our target, due to major write-downs of non-performing loans, we are nevertheless confident of maintaining a high level of earnings.

We attained our objectives with respect to mortgage loans and personal loans in fiscal 2000, reflecting our efforts to reinforce the sales capabilities of our Housing Loan Centers and launch new services for individual customers. By contrast, we fell short of our targets for loans to corporate customers, due to weak demand for funds. Within this category, however, we have achieved our goal for loans to small and medium-sized companies thanks to a strong effort to provide financing to soundly managed local enterprises.

Regarding rationalization and efficiency-enhancing measures, the Bank attained most of its targets owing to rigorous cost-cutting and other initiatives.

In the year under review, we reduced the number of employees by 9.5%, to 4,815 at year-end. As a result, personnel costs declined 5.6%, to ¥44.8 billion, and cost of supplies fell 6.6%, to ¥47.9 billion.

Earnings

Billions of Yen

For the year ended March 31,	2000	2001 (Actual)	2001 (Planned)	2001 (+/-)
Operating Profits	¥182.4	¥190.2	¥186.7	¥ 3.5
Operating Costs	105.1	98.9	107.0	– 8.1
Operating Income	77.2	91.3	79.7	11.6
Net Income	26.5	26.9	27.6	– 0.7
OHR (%)	57.6	51.9	57.3	– 5.4

Regional Retail Marketing

Billions of Yen

At March 31,	2000	2001 (Actual)	2001 (Planned)	2001 (+/-)
(a) For individuals and mortgage loans:				
Loans for individuals	¥2,327.2	¥2,432.4	¥2,397.0	¥ 35.4
(Mortgage loans)	(1,138.2)	(1,257.5)	(1,224.7)	(32.8)
(b) Domestic loans and bills discounted for small businesses:				
Domestic loans	7,919.7	7,783.3	7,926.6	–143.3
(Loans to small businesses)	(3,573.5)	(3,641.6)	(3,608.2)	(33.4)

Contributing to Regional Progress

The Bank of Yokohama is one of Japan's largest regional banks, with a major service area focusing on Kanagawa Prefecture—home to international port cities of Yokohama and Kawasaki—and southwest Tokyo. Since the early days of industrialization, our service area has enjoyed steady economic growth as Japan's principal industrial corridor. At the same time, the area's cultural richness has helped make it an ideal place to live.

As the main financial institution in this important service area, we have made substantial contributions to progress in the region. We have also been appointed the official financial institution by many local governments within Kanagawa Prefecture, and we play an active role in major regional development projects.

Deposits and Loans

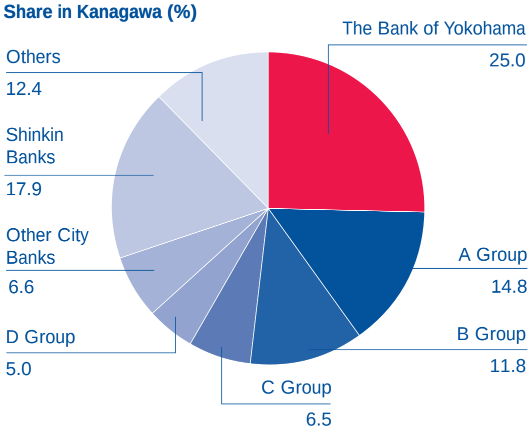
Despite continued low interest rates in the year under review, the balance of deposits at fiscal year-end was ¥8,869.9 billion, up ¥230.0 billion from a year earlier. In particular, deposits from individuals showed notable growth, up ¥207.5 billion for the year. Such deposits,which are mostly small in size and dispersed over a large number of individuals account for around 70% of the total deposit balance and represent a stable and expanding source of funds for the Bank.

The year-end balance of loans and bills discounted declined as a whole due to the Bank's assertive disposal of non-performing loans. Due to our basic policy of specializing in the regional retail market, however, we made an aggressive sales effort, which helped raise the balance of loans to small and medium-sized companies, as well as to individual customers.

Loans to small and medium-sized companies amounted to ¥3,641.6 billion, or ¥33.4 billion higher than the target specified in the Corporate Revitalization Plan. Loans to individuals stood at ¥2,432.4 billion, or ¥105.2 billion above the previous result. Our Housing Loan Centers, which were increased in number in the year under

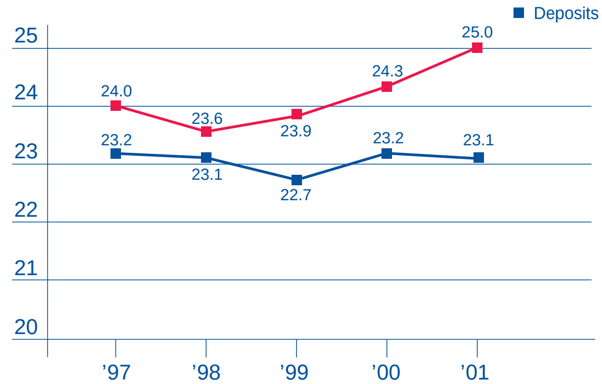
■Loans

Share in Kanagawa (%)



At March 31

Change (%)



review, made a substantial contribution to our progress in the serving the regional retail market.

As a result of these endeavors, the Bank has become the leading bank in Kanagawa Prefecture, with a market share in excess of 20% in terms of both deposits and loans. Specifically, our share of outstanding loans in the Prefecture has grown for the fourth successive year, ending the term at 25.0%. The share of deposits stood at 23.1%, down 0.1 percentage point.

Close Ties to Local Governments

The Bank's secure position as the leading financial institution in the region derives partly from its position as the officially designated financial institution of Kanagawa Prefecture, Yokohama City, Kawasaki City, and many other local governments in the region. Handling such tasks as tax payments, pension payments, and government financial business, as well as coordinating syndicates to underwrite local government bond issues, we have cemented close ties with both individual and small and medium-sized corporate customers in the local region.

The Bank also collaborates with local government entities on large development projects in Kanagawa Prefecture by providing finance, specialized personnel, and project management expertise. At present, we are engaged in such major projects as Minato Mirai 21 and Shonan International Village, as well as various inner city development projects.

Reforming Our Risk Asset Structure

In the past four years, the Bank has worked to sell its holdings of shares in order to better control the risk exposure of its securities portfolio. In fiscal 2000, we reduced these holdings by ¥98.6 billion. The year-end non-consolidated balance based on market value was ¥352.5 billion, down 21.8% from a year earlier and equivalent to 78.2% of total stockholders' equity.

In the year under review, the Bank made a lump amortization of the transition amount relating to its introduction of retirement benefit accounting, by setting up a retirement benefit trust in September 2000.

We also brought forward the application of market price valuation accounting for "Other securities," boosting the transparency of our accounting system.

By further pursuing reforms of our risk asset structure, we hope to build a stable, high-quality financial base.

Alliances with External Entities

In December 2000, the Bank outsourced its banking system administration to NTT DATA FORCE Corp. as part of a strategy to raise convenience for customers and enhance operating efficiency. We also connected online with ATMs operated by the nation's post offices, and we formed an alliance with Asahi Bank, under which the two banks provide full access to each other's ATMs. In these ways, we have strengthened our sales channels. We also continue to make active IT-related investments with a view to creating "virtual service channels" in the future. And in May 2001, we upgraded the functions of our telephone, internet, and mobile banking services and commenced a comprehensive new service that integrates these functions.

Also in May 2001, we started selling Retail 48, a loan product that was developed jointly by Asahi Bank and a general insurance company. The service features an automatic screening system, which makes a judgment on whether or not to extend a loan within only 48 hours of the initial application. We expect this convenient service to attract new demand for funds from high-quality borrowers.

Joint Branch Initiatives

As an effective means to expand business with individual customers, the Bank continues promoting the concept of "in-store branches" and "in-branch stores" in collaboration with external entities.

In-store branches enable us to take advantage of major commercial complexes, which attract many people, and expand direct contact with more customers. In June 2000, we opened a sub-branch within Espa Kawasaki, a major retail and entertainment complex. In January 2001, we opened a sub-branch in Sotetsu Rosen, a commercial complex in Shin-Koyasu.

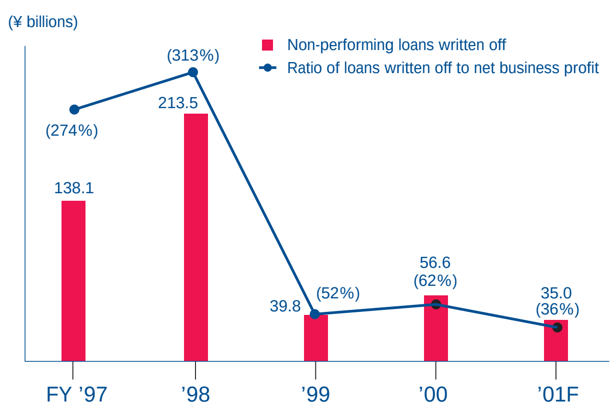
The in-branch store concept entails allowing retail businesses to open stores within the Bank's branches. In July 2000, McDonald's Japan opened a store in our Yokodai branch, followed by another in our Shonan Katsuradai sub-branch in December. In September 2000, Doutor Coffee Shop opened an outlet in our Chofu branch.

The Bank continued actively disposing of bad debt, writing off ¥56.6 billion in non-performing loans in fiscal 2000.

The balance of risk-managed assets, calculated on a non-consolidated basis in accordance with provisions of the Banking Law, rose 37.0%, to ¥533.7 billion at fiscal year-end. This significant increase stemmed primarily from the adoption of much more rigorous assessment standards for restructured loans, which are a component of risk-managed assets, and did not reflect a decline in the quality of the Bank's loan asset portfolio.

Calculated according to provisions of the Financial Rehabilitation Law, the sum of loans to clients that are bankrupt or effectively bankrupt, loans to clients in danger of bankruptcy, and loans in need of special attention rose 36.5%, to ¥536.5 billion, representing 6.5% of extended assets as of March 31, 2001.

In the current fiscal year, ending March 2002, the Bank expects that it will only need to dispose of around ¥35.0 billion in loans even if the value of collateral attached to loans declines more significantly than originally forecast, or if credit risk associated with normal borrowers, as well as market risk and other types of risk, places extra burden on our loan portfolio management efforts.



Credit Risk

The responsibility for credit evaluation lies with the Bank's two credit departments, which perform rigorous credit assessments of loan applications based on prescribed criteria and standards clearly defined in the Bank's credit policy. Our Risk Management Department is in charge of credit portfolio management.

The Credit Portfolio Committee—a group of directors who meet quarterly to review the Bank's credit exposure—examines important credit issues and establishes the Bank's basic policy with respect to credit exposure. The Credit Portfolio Committee was established in August 1996. As part of efforts to improve portfolio management, in March 1997 the Bank introduced an internal, industry-specific credit risk management system to avoid excessive exposure to particular industries.

In October 1999, the Bank instituted a system whereby the Board of Directors gives approval for managing credit for major customers of the overall Bank of Yokohama Group. Such credit management covers securities, corporate bonds, and derivatives, in addition to loans.

In May 1999, a group of 58 regional banks, including the Bank, completed the development of a credit risk quantification system. The system comprises the following three main components:

Common database:
This database provides information on loan defaults from almost every regional bank in Japan. Because of the comprehensive coverage of this database, it is a particularly valuable tool for credit risk management.

Standard credit scoring system:
This system has three functions. First, it provides a common measure of credit to be attached to loan data transferred to the common database center. This enables data to be processed in a uniform format. Second, it calculates an independent credit rating for each loan. Third, in the future it will serve as a convenient reference for participating banks when purchasing or selling each other's loan assets.

Credit risk quantification system:
Calculations are performed using customized software developed jointly by the Industrial Bank of Japan and NTT Data Corp. The main feature has been the addition of a simulation function. The system takes into account the effects of changes in regional demographic and structural economic conditions, as well as the effects of changes in the composition of loan portfolios.

Market Risk

The primary responsibility for managing market risk lies with the Risk Management Department and the Treasury and Capital Markets Department.

The risk position limit—the maximum tolerable potential loss for the Bank's combined market transactions—is established by the Executive Committee, the Bank's highest decision-making body under the Board of Directors. Risk positions, as well as loss-cutting rules for each trading section and business department, are then set based on this value. Each department in turn observes the loss-cutting rules and devises operating strategies to achieve profit targets based on its assigned risk limits.

The Risk Management Department, which is independent of the Bank's market operations, measures risk exposure for individual business sections on a daily basis and reports this information to the directors in charge of the respective departments. The front office (Treasury and Capital Markets Department), middle office (Risk Management Department), and back office (Market Operations

Department) operate completely independently of each other in order to minimize the potential for unauthorized dealings and to facilitate cross-checking.

In March 2001, we adopted a set of an interest risk guidelines in banking section in order to further improve management of market risk, which is expected to become more diversified and complex in the future.

The Bank adopts the value-at-risk (VaR) method to manage the risk involved in trading account transactions. VaR is the maximum estimated loss that may occur due to adverse market movements over a specified period of time, as estimated through probability analysis of historical market data. In making VaR calculations, the Bank assumes a holding period of one day and a confidence level of 99.0% [2.33σ].

Liquidity Risk

Liquidity risk refers to the potential of insufficient fund availability due to mistiming between fund-raising and fund management or unprecedented flows of funds in the market. In September 2000, the Bank formulated its Liquidity Policy to deal with such risk.

With respect to yen-based fund-raising, the Bank undertakes management by specific periods in order to avoid excessive reliance on short-term fund-raising. As for foreign-currency-based fund-raising, the Bank focuses on longer-term fund-raising and constantly works to avoid excessive dependence on certain fund sources or lenders.

Meanwhile, the Bank strives to diversify its fund-raising methods by incorporating foreign exchange and currency swap agreements. In these ways, we aim to secure greater liquidity while reducing our liquidity risk by lowering overseas assets. In addition, we remain constantly aware of liquidity risk as it pertains to the Bank's overall fund-raising and fund-management situation, through interest rate and currency forecasting done by our ALM Committee and sectional meetings devoted to market risk.

Operational Risk

The Bank is taking steps to address operational risk, which refers to the possibility of clerical processes, human resources, and systems functioning inappropriately, as well as the potential for losses stemming directly or indirectly from changes in the external environment. The Bank controls the operational risk which consists of administrative, system and legal risks.

Administrative Risk

In fiscal 2000, the Inspection Department was reorganized into the Internal Audit Department, which was created as part of an internal system of checks and balances to conduct regular internal inspections and thereby prevent occurrences of administrative error. In February 2000, the Bank adopted its Business Processing Policy to reduce administrative risk.

The Bank is taking measures to counteract the growing sophistication of crimes committed in recent years. In July 1999, for example, we strengthened administrative procedures for creating accounts by mail order service providers. Instituted as a measure to go hand-in-hand with enactment of the Organized Crime Prevention Law in February 2000, the Bank established a supervisory mechanism to enable suspicious transactions to be reported to the Financial Supervisory Agency as part of a move to strengthen systems used to prevent money laundering.

System Risk

In January 2000, the Bank introduced a new security risk control mechanism, based on its new security policy, designed to protect its information resources and computer systems. Security standards based on the new security policy were implemented in March 2000. The new standards categorize information and computer systems into three levels of importance in order to maintain stringent control over system risk.

In the area of on-line systems, the Bank takes measures to ensure compliance with the safety measures for computer systems used by financial institutions. We also built a backup center to protect online systems in the event of earthquake or other major disaster.

Legal Risk

This refers to the possibility of incurring losses due to inadequate legal arrangements related to transactions, as well as the failure of Bank managers and employees to comply with laws and regulations. Our Legal and Compliance Department formulates basic policies, produces manuals for employees, and takes other steps to better control the Bank's exposure to legal risk.

Reputational Risk

We are taking active steps to address reputational risk, which refers to the potential of our image being negatively affected by the words and deeds of employees of the Bank or related parties. Specifically, we have compiled a set of behavior guidelines, compliance with which is monitored by the Public and Investor Relations Office of the General Planning Department.

Contingency Plan Management

In recent years, financial institutions are increasingly exposed to a variety of other risks. These include not only the risk of losses from natural disasters and computer damage, but also the advent of a crisis situation, such as upheaval due to scandal, loss of trust due to the spread of rumors, and instability of the financial system due, for instance, to the upcoming amendment to the Deposit Insurance Law. To prepare for such risks, the Bank formulated its Contingency Plan in April 2001. We also established the Crisis Management Committee, headed by CRO, to ensure consistent decision-making in the event of a crisis situation.

Off-Balance-Sheet Transactions

The Bank engages in off-balance-sheet transactions as means of controlling its own interest rate and foreign exchange risk exposure. Because such transactions also incur market risk, credit risk, and liquidity risk, it is necessary to manage them using the same systems of rigorous risk management applied to the Bank's regular business activities.

The Bank's system for managing off-balance-sheet transactions involves assessing various risk factors, implementing allowable loss limits and a position framework, and conducting regular reviews. We are also putting in place a sophisticated system for managing financial derivative products as a way of effectively meeting a broader range of customer needs.

Securities

The carrying amounts and aggregate fair value of securities included trading securities and commercial paper classified as trading assets at March 31, 2001, were as follows:

	Millions of yen			
	2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥113,609
Available-for-sale:				
Equity securities	¥361,324	¥40,239	¥54,501	347,062
Debt securities	954,742	21,348	111	975,979
Other securities	34,045	418	69	34,394
Held-to-maturity	300	2		302

	Thousands of U.S. dollars			
	2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				$ 916,941
Available-for-sale:				
Equity securities	$2,916,255	$324,770	$439,879	2,801,146
Debt securities	7,705,746	172,300	896	7,877,150
Other securities	274,778	3,374	557	277,595
Held-to-maturity	2,421	16		2,437

Principal items of securities whose fair value is not readily determinable as of March 31, 2001, were as follows:

	Carrying Amount	
	Millions of yen	Thousands of U.S. dollars
	2001	2001
Available-for-sale	¥18,713	$151,033
Held-to-maturity	81,445	657,345

Proceeds from sales by early redemption of held-to-maturity debt securities for the year ended March 31, 2001, were ¥497 million ($4,011 thousand). Net realized gains on these sales, computed on the amortized cost basis, were ¥49 million ($395 thousand).

Proceeds from sales of available-for-sale securities for the year ended March 31, 2001, were ¥845,853 million ($6,826,901 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥25,044 million ($202,131 thousand) and ¥6,910 million ($55,771 thousand), respectively.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2001.

	Millions of yen			
	2001			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	¥184,284	¥594,483	¥226,817	¥7,750
Other	14,856	53,417	11,958	901
Total	¥199,140	¥647,900	¥238,775	¥8,651

	Thousands of U.S. dollars			
	2001			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	$1,487,360	$4,798,087	$1,830,646	$62,550
Other	119,903	431,130	96,513	7,272
Total	$1,607,263	$5,229,217	$1,927,159	$69,822

Market Value of Derivatives

a. Interest-Rate-Related Transactions

	Millions of yen			
	2001			
	Contract value or notional principal amount			
At March 31	Total	Over one year	Market value	Unrealized gain (loss)
Standardized Contracts:				
Interest rate futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Interest rate options:				
Sold Call	— (—)	—	—	—
Put	— (—)	—	—	—
Bought Call	— (—)	—	—	—
Put	— (—)	—	—	—
Over-the-Counter Contracts:				
Forward rate agreements (FRAs):				
Sold	—	—	—	—
Bought	—	—	—	—
Interest rate swaps:				
Receive fixed･Pay floating	267,591	185,621	6,893	6,893
Receive floating･Pay fixed	224,233	184,237	(6,075)	(6,075)
Receive floating･Pay floating	6,033	4,120	0	0
Others:				
Sold	43,232	36,232	(193)	491
Bought	18,213	11,213	71	(100)
Total			¥ 696	¥ 1,209

Note 1: Market price valuations apply to transactions in the above table. Unrealized gains and losses are recognized in the Consolidated Statements of Income. Derivatives that qualify for hedge accounting are not included in the above table.

Note 2: Market values for exchange-traded transactions are based on the closing prices on the Tokyo Stock Exchange. Market values of over-the-counter transactions are based on discount present value, option pricing models, etc.

b. Currency-Related Transactions

Currency-related transactions are not applicable.

Note 1: Derivatives that qualify for hedge accounting and/or are applicable to Note 3 below are not included in the following table.
Note 2: Market prices are calculated based on discount present value, etc.
Note 3: Currency swaps that are accounted for on an accrual basis (based on the report issued on April 10, 2000, by the Japanese Institute of Certified Public Accounts entitled "Tentative Treatments in Auditing for Banks on Application of New Foreign Exchange Accounting Standards") are not included in the following table. Contract amounts for such currency swaps are shown below.

	Millions of yen		
	2001		
At March 31	Contract value or notional principal amount	Market value	Unrealized gain (loss)
Over-the-Counter Contracts:			
Currency swaps:	**¥554,008**	**¥5,258**	**¥5,258**

Note: Excluded from the above table are forward exchange contracts and currency options that were valued at fiscal year-end, with gains/losses recognized in the Consolidated Statements of Income. Also excluded are forward exchange contracts and currency options with attached foreign-currency-denominated liabilities (such contracts and options are recognized in the Consolidated Balance Sheets), as well as foreign-currency-denominated liabilities that have been eliminated in the process of consolidation. Notional principal or contract amounts of currency-related derivative transactions are shown in the table below.

	Millions of yen
	2001
At March 31	Contract value or notional principal amount
Over-the-Counter Contracts:	
Forward rate agreements:	
Sold	**¥ 38,199**
Bought	**52,395**
Currency options:	
Sold	**36,863**
Bought	**33,167**
Others:	
Sold	**—**
Bought	**—**

CONSOLIDATED FIVE-YEAR SUMMARY

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

At March 31	Millions of yen 2001	2000	1999	1998	1997
ASSETS:					
Cash and due from banks	**¥ 293,610**	¥ 450,776	¥ 490,401	¥ 559,367	¥ 1,034,808
Call loans	**205,670**	76,380	976	46,876	3,990
Commercial paper and other debt purchased	**24,168**	23,811	23,003	4,138	3,815
Trading assets	**118,706**	44,565	52,909	148,428	
Trading account securities					19,404
Money held in trust			40,030	25,833	55,036
Securities	**1,460,242**	1,448,130	1,462,075	1,594,880	1,607,533
Loans and bills discounted	**7,720,134**	7,848,804	8,132,302	8,037,192	8,448,031
Foreign exchanges	**7,669**	8,217	10,729	27,039	41,710
Other assets	**137,313**	104,153	133,087	117,816	150,776
Premises and equipment	**242,995**	259,245	267,371	185,808	127,393
Deferred tax assets	**146,093**	168,443	193,003	128,781	108,069
Goodwill	**271**	384	158		
Customers' liabilities for acceptances and guarantees	**498,928**	430,349	453,504	383,544	426,778
Reserve for possible loan losses	**(115,534)**	(134,920)	(349,138)		
Reserve for possible losses on investments	**(197)**	(107)			
Total	**¥10,740,068**	¥10,728,230	¥10,910,410	¥11,259,702	¥12,027,343
LIABILITIES:					
Deposits	**¥ 9,072,508**	¥ 8,853,324	¥ 8,866,637	¥ 8,962,955	¥ 9,754,311
Call money and bills sold	**132,586**	255,435	217,268	320,934	550,837
Trading liabilities	**5,206**	3,364	4,760	2,144	
Borrowed money	**286,863**	376,543	443,479	374,319	276,407
Foreign exchanges	**162**	185	82	505	7,970
Bonds and notes	**30,717**	95,888	146,944	153,570	144,796
Convertible bonds			3,274	3,274	3,427
Other liabilities	**195,930**	201,517	271,169	298,126	208,552
Reserve for possible loan losses				254,434	201,504
Liability for employees retirement benefits	**182**	15,621	15,675	15,499	14,926
Reserve for possible losses on collateralized real estate loans sold	**22,693**	26,321	30,846	26,042	8,118
Reserve for contingent liabilities	**3,778**	5,005	2,449		
Acceptances and guarantees	**498,928**	430,349	453,504	383,544	426,778
Deferred tax liabilities	**620**	350			
Deferred tax liabilities for land revaluation excess	**23,464**	23,905	24,793		
Total liabilities	**10,273,637**	10,287,807	10,495,881	10,854,552	11,600,460
MINORITY INTERESTS	**11,537**	10,695	9,295		
STOCKHOLDERS' EQUITY:					
Common stock	**134,800**	134,800	134,547	134,547	134,547
Preferred stock	**50,000**	50,000	50,000		
Surplus, reserves and other	**270,094**	244,928	220,687	270,603	292,336
Total stockholders' equity	**454,894**	429,728	405,234	405,150	426,883
Total	**¥10,740,068**	¥10,728,230	¥10,910,410	¥11,259,702	¥12,027,343

Consolidated Statements of Operations

Years ended March 31	Millions of yen 2001	2000	1999	1998	1997
INCOME:					
Interest on loans and discounts	**¥177,538**	¥ 181,791	¥ 194,392	¥210,593	¥222,305
Other	**179,937**	191,986	191,933	280,205	341,613
Total income	**357,475**	373,777	386,325	490,798	563,918
EXPENSES:					
Interest on deposits	**25,342**	25,177	53,151	101,516	107,003
Other	**284,920**	293,469	515,995	425,498	452,285
Total expenses	**310,262**	318,646	569,146	527,014	559,288
Income (loss) before income taxes and minority interest	**47,213**	55,131	(182,821)	(36,216)	4,630
Total income taxes	**20,198**	25,429	(60,100)	(20,172)	3,263
Minority interest in net income	**(507)**	(1,801)	365		(101)
Net income (loss)	**¥ 26,508**	¥ 27,901	¥(122,356)	¥(16,044)	¥ 1,266

INDEPENDENT AUDITORS' REPORT

Tohmatsu & Co.
MS Shibaura Building
13-23, Shibaura 4-chome,
Minato-ku, Tokyo 108-8530, Japan

Tel: +81-3-3457-7321
Fax: +81-3-3769-8508
www.tohmatsu.co.jp

Deloitte
Touche
Tohmatsu

To the Board of Directors of
The Bank of Yokohama, Ltd.:

We have examined the consolidated balance sheets of The Bank of Yokohama, Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations 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 consolidated financial statements referred to above present fairly the financial position of The Bank of Yokohama, Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As discussed in Note 2, effective April 1, 2000, the consolidated financial statements have been prepared in accordance with new accounting standards for employees' retirement benefits and financial instruments and a revised accounting standard for foreign currency transactions.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2001

CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2001 and 2000	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars (Note 1) 2001
ASSETS:			
Cash and due from banks (Notes 3 and 11)	**¥ 293,610**	¥ 450,776	**$ 2,369,734**
Call loans	**205,670**	76,380	**1,659,967**
Commercial paper and other debt purchased	**24,168**	23,811	**195,061**
Trading assets (Notes 4 and 5)	**118,706**	44,565	**958,079**
Securities (Notes 5 and 11)	**1,460,242**	1,448,130	**11,785,650**
Loans and bills discounted (Notes 6 and 11)	**7,720,134**	7,848,804	**62,309,395**
Foreign exchanges (Note 7)	**7,669**	8,217	**61,897**
Other assets (Nots 8 and 11)	**137,313**	104,153	**1,108,257**
Premises and equipment (Notes 9 and 11)	**242,995**	259,245	**1,961,219**
Deferred tax assets (Note 23)	**146,093**	168,443	**1,179,120**
Goodwill	**271**	384	**2,187**
Customers' liabilities for acceptances and guarantees (Note 10)	**498,928**	430,349	**4,026,860**
Reserve for possible loan losses	**(115,534)**	(134,920)	**(932,478)**
Reserve for possible losses on investments	**(197)**	(107)	**(1,590)**
Total	**¥10,740,068**	¥10,728,230	**$86,683,358**
LIABILITIES:			
Deposits (Notes 11 and 12)	**¥ 9,072,508**	¥ 8,853,324	**$73,224,439**
Call money and bills sold (Note 11)	**132,586**	255,435	**1,070,105**
Trading liabilities (Note 4)	**5,206**	3,364	**42,018**
Borrowed money (Notes 11 and 13)	**286,863**	376,543	**2,315,278**
Foreign exchanges (Note 7)	**162**	185	**1,308**
Bonds and notes (Note 14)	**30,717**	95,888	**247,918**
Other liabilities (Note 15)	**195,930**	201,517	**1,581,356**
Liability for employees' retirement benefits (Note 16)	**182**	15,621	**1,469**
Reserve for possible losses on collateralized real estate loans sold	**22,693**	26,321	**183,156**
Reserve for contingent liabilities	**3,778**	5,005	**30,492**
Acceptances and guarantees (Note 10)	**498,928**	430,349	**4,026,860**
Deferred tax liabilities (Note 23)	**620**	350	**5,004**
Deferred tax liabilities for land revaluation excess	**23,464**	23,905	**189,379**
Total liabilities	**10,273,637**	10,287,807	**82,918,782**
MINORITY INTERESTS	**11,537**	10,695	**93,115**
STOCKHOLDERS' EQUITY:			
Capital stock (Note 17):			
Common stock	**134,800**	134,800	**1,087,974**
Preferred stock	**50,000**	50,000	**403,551**
Capital surplus (Note 17)	**146,277**	146,277	**1,180,605**
Land revaluation excess	**33,253**	33,878	**268,386**
Earned surplus (Notes 18 and 28)	**86,868**	66,771	**701,114**
Net unrealized gain on available-for-sale securities	**4,049**		**32,680**
Foreign currency translation adjustment	**(80)**		**(646)**
Treasury stock	**(273)**	(1,998)	**(2,203)**
Total stockholders' equity	**454,894**	429,728	**3,671,461**
Total	**¥10,740,068**	¥10,728,230	**$86,683,358**

See notes to consolidated financial statements.

Consolidated Statements of Income

Years ended March 31, 2001 and 2000	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars (Note 1) 2001
INCOME:			
Interest on:			
Loans and discounts	**¥177,538**	¥181,791	**$1,432,914**
Securities	**25,321**	35,500	**204,366**
Other	**14,637**	7,335	**118,136**
Fees and commissions	**35,367**	34,549	**285,448**
Trading profits	**609**	255	**4,915**
Other operating income (Note 19)	**56,800**	57,082	**458,434**
Other income (Note 20)	**47,203**	57,265	**380,977**
Total income	**357,475**	373,777	**2,885,190**
EXPENSES:			
Interest on:			
Deposits	**25,342**	25,177	**204,536**
Borrowings and rediscounts	**10,229**	12,430	**82,559**
Other	**21,326**	23,638	**172,123**
Fees and commissions	**7,436**	7,585	**60,016**
Trading losses	**5**		**40**
Other operating expenses (Note 21)	**47,215**	57,127	**381,073**
General and administrative expenses	**103,403**	109,056	**834,568**
Provision for possible loan losses	**30,983**	22,595	**250,065**
Other expenses (Note 22)	**64,323**	61,038	**519,153**
Total expenses	**310,262**	318,646	**2,504,133**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**47,213**	55,131	**381,057**
INCOME TAXES (Note 23)**:**			
Current	**1,127**	1,049	**9,096**
Deferred	**19,071**	24,380	**153,923**
Total income taxes	**20,198**	25,429	**163,019**
MINORITY INTERESTS IN NET INCOME	**(507)**	(1,801)	**(4,092)**
NET INCOME	**¥ 26,508**	¥ 27,901	**$ 213,946**

	Yen 2001	Yen 2000	U.S. dollars 2001
PER SHARE INFORMATION (Note 2.s)**:**			
Net income per share	**¥22.13**	¥23.48	**$0.18**
Dividend on common stock	**5.00**	5.00	**0.04**
Dividend on the first preferred stock	**5.66**	5.66	**0.05**
Dividend on the second preferred stock	**9.46**	9.46	**0.08**

See notes to consolidated financial statements.

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Stockholders' Equity

	Thousands	
	Outstanding number of shares	
Years ended March 31, 2001 and 2000	Common stock	Preferred stock
BALANCE, APRIL 1, 1999	1,137,998	200,000
Net income		
Cash dividends, ¥5.00 per share for common stock and ¥15.12 per share for preferred stock		
Reversal of land revaluation excess		
Disposal of treasury stock—net		
Conversion of convertible bonds	626	
BALANCE, MARCH 31, 2000	1,138,624	200,000
Net income		
Cash dividends, ¥5.00 per share for common stock and ¥15.12 per share for preferred stock		
Reversal of land revaluation excess		
Disposal of treasury stock—net		
Adoption of new accounting standards in Japan (Notes 2.c and 2.o)		
BALANCE, MARCH 31, 2001	**1,138,624**	**200,000**

BALANCE, MARCH 31, 2000
Net income
Cash dividends, $0.04 per share for common stock and $0.13 per share for preferred stock
Reversal of land revaluation excess
Disposal of treasury stock—net
Adoption of new accounting standards in Japan (Notes 2.c and 2.o)
BALANCE, MARCH 31, 2001

See notes to consolidated financial statements.

Millions of yen							
Common stock	Preferred stock	Capital surplus	Land revaluation excess	Earned surplus	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
¥ 134,547	¥ 50,000	¥ 146,024	¥ 34,252	¥ 44,457			¥ (4,046)
				27,901			
				(6,319)			
			(374)	732			
							2,048
253		253					
134,800	50,000	146,277	33,878	66,771			(1,998)
				26,508			
				(7,036)			
			(625)	625			
							1,725
					¥ 4,049	¥ (80)	
¥ 134,800	**¥ 50,000**	**¥ 146,277**	**¥ 33,253**	**¥ 86,868**	**¥ 4,049**	**¥ (80)**	**¥ (273)**

Thousands of U.S. dollars (Note 1)							
Common stock	Preferred stock	Capital surplus	Land revaluation excess	Earned surplus	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
$ 1,087,974	$ 403,551	$ 1,180,605	$ 273,431	$ 538,910			$ (16,126)
				213,946			
				(56,787)			
			(5,045)	5,045			
							13,923
					$ 32,680	$ (646)	
$1,087,974	**$403,551**	**$1,180,605**	**$268,386**	**$701,114**	**$32,680**	**$(646)**	**$(2,203)**

Consolidated Statements of Cash Flows

Years ended March 31, 2001 and 2000	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars (Note 1) 2001
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 47,213	¥ 55,131	$ 381,057
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	39,181	42,260	316,231
Amortization of goodwill	113	113	912
Decrease in reserve for possible loan losses	(19,386)	(214,218)	(156,465)
Increase in reserve for possible losses on investments	90	107	726
Decrease in reserve for possible losses on collateralized real estate loans sold	(3,628)	(4,525)	(29,282)
Increase (decrease) in reserve for contingent liabilities	(1,227)	2,556	(9,903)
Decrease in liability for employees' retirement benefits	(15,439)	(54)	(124,609)
Interest income	(217,496)	(234,952)	(1,755,416)
Interest expenses	56,897	71,571	459,218
Securities gains — net	(13,051)	(16,071)	(105,335)
Gains on monetary trust funds		(140)	
Foreign exchange losses (gains) — net	(4,070)	6,637	(32,849)
Losses (gains) on disposal of premises and equipment — net	2,469	(766)	19,927
Net decrease (increase) in trading assets	(74,141)	8,344	(598,394)
Net increase (decrease) in trading liabilities	1,842	(1,396)	14,867
Net decrease in loans	128,670	283,498	1,038,499
Net increase (decrease) in deposits	219,184	(13,313)	1,769,039
Net decrease in other borrowings	(30,680)	(38,936)	(247,619)
Net decrease in due from bank	111,912	36,015	903,245
Net increase in call loans and others	(129,647)	(76,212)	(1,046,384)
Net increase (decrease) in call money and others	(122,849)	38,167	(991,517)
Net decrease in commercial paper		(15,000)	
Net decrease in margin money received under securities lending transactions	(13,942)	(36,356)	(112,526)
Net decrease in foreign exchange (assets)	548	2,512	4,423
Net increase (decrease) in foreign exchange (liabilities)	(23)	103	(186)
Interest and dividends received	215,884	241,007	1,742,405
Interest paid	(67,626)	(83,497)	(545,811)
Other — net	(20,288)	(6,371)	(163,745)
Subtotal	90,510	46,214	730,508
Income tax paid	(845)	(1,142)	(6,820)
Net cash provided by operating activities — (Forward)	¥ 89,665	¥ 45,072	$ 723,688

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	2000	**2001**
Net cash provided by operating activities — (Forward)	**¥ 89,665**	¥ 45,072	**$ 723,688**
INVESTING ACTIVITIES:			
Purchases of securities	**(1,064,857)**	(961,268)	**(8,594,487)**
Proceeds from sales of securities	**865,856**	816,977	**6,988,345**
Proceeds from maturities of securities	**211,255**	160,103	**1,705,044**
Increase in monetary trust funds		(1,500)	
Decrease in monetary trust funds		41,670	
Expenditures for premises and equipment	**(31,267)**	(35,782)	**(252,356)**
Proceeds from sales of premises and equipment	**13,521**	9,662	**109,128**
Net cash provided by (used in) investing activities	**(5,492)**	29,862	**(44,326)**
FINANCING ACTIVITIES:			
Repayments of subordinated loans	**(59,000)**	(28,000)	**(476,191)**
Proceeds from subordinated bonds	**21,000**		**169,491**
Repayments of subordinated bonds and convertible bonds	**(86,700)**	(47,343)	**(699,758)**
Dividends paid	**(7,036)**	(6,319)	**(56,787)**
Dividends paid to minority interests stockholders	**(20)**	(19)	**(161)**
Purchase of treasury stock	**(135)**	(0)	**(1,090)**
Proceeds from sales of treasury stock	**2,406**	3,188	**19,419**
Net cash used in financing activities	**(129,485)**	(78,493)	**(1,045,077)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**58**	(50)	**469**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(45,254)**	(3,609)	**(365,246)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**287,013**	290,622	**2,316,489**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥241,759**	¥287,013	**$1,951,243**
NONCASH FINANCING ACTIVITIES:			
Convertible bonds converted into common stock		¥506	

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2001 and 2000

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Bank of Yokohama, Ltd. (the "Bank or the "Parent Company") and consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulation and the Enforcement Regulation for the Banking Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥123.90 to $1, the rate of exchange at March 31, 2001. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in 2000 financial statements to conform to the classifications used in 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation — The consolidated financial statements include the accounts of the Bank and its 16 significant subsidiaries in 2001 and 2000 (together, the "Banks"), including Yokohama Finance (Europe) S.A. (a Belgian corporation) and Hamagin Finance Co., Ltd. (a Japanese corporation).

Under the control or influence concept, those companies in which the Parent Company, directly or indirectly, is able to exercise control over operations are to be fully consolidated, and those companies over which the Banks, directly or indirectly, has the ability to exercise significant influence are accounted by the equity method.

Thirteen of the consolidated subsidiaries have a fiscal year ending on March 31, which is the same as the fiscal year of the Bank.

Of the subsidiaries consolidated at March 31, 2001, three of the consolidated subsidiaries have a fiscal year ending on December 31, which differs from the Bank's fiscal year. The consolidated financial statements include the financial statements of these subsidiaries for their respective fiscal years after making appropriate adjustments for significant transactions during the periods from their respective year-ends to the date of the consolidated financial statements.

An associated company, Yokohama Shoji Co., LTD. (a Japanese corporation), is accounted for by the equity method of accounting.

The consolidated financial statements do not include the accounts of Hamagin Leasing (USA) Inc. (a United States corporation) in 2001 and 2000, because the total asset, total income, net income and earned surplus of this entity would not have had a material effect on the consolidated financial statements. Investments in this unconsolidated subsidiary and three other associated companies are stated at cost.

All significant intercompany balances, transactions and unrealized profits included in assets are eliminated in consolidation.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisition of subsidiaries is amortized using the straight-line method over five years.

b. Trading Purpose Transactions — "Transactions for Trading purposes" (the purpose of 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 gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at fair value and trading-related financial derivatives are at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profit and losses on transactions for trading purposes are shown as “Trading profits” or “Trading losses” on a trade date basis.

c. Securities — Prior to April 1, 2000, all securities were stated at cost, cost being determined using the moving-average cost method. When the market price of securities is substantially less than cost and the decline in the market price is considered to be permanent, the securities are valued at the market price. Securities owned by consolidated subsidiaries are principally stated at cost determined by the moving-average cost method.

Effective April 1, 2000, the Bank and domestic consolidated subsidiaries adopted a new accounting standard for financial instruments, including securities.

The standard requires all applicable securities to be classified and accounted for, depending on management’s intent, as follows: (1) held-to-maturity debt securities which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost computed by straight-line method and (2) available-for-sale securities, securities not classified as held-to-maturity dept securities, are classified as available-for-sale securities. Marketable available-for-sale securities are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders’ equity. Available-for-sale securities for which fair value is not readily determined are stated at cost computed by the moving-average method.

The effect of adoption of the new standard was to increase income before income taxes and minority interests by ¥91 million ($734 thousand).

d. Premises and Equipment — Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment owned by the Bank is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

The range of useful lives is from 2 to 60 years for buildings and from 2 to 20 years for equipment.

Depreciation of premises and equipment owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased property and equipment is provided on the straight-line method over lease periods.

e. Software — Cost of computer software obtained for internal use is principally amortized using the straight-line method over the estimated useful lives of 5 years.

f. Land Revaluation — Under the “Law of Land Revaluation,” promulgated on March 31, 1998 and revised on March 31, 1999 and 2001, the Bank elected a one-time revaluation of its own-use land to a value based on a real estate appraisal information as of March 31, 1998.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of stockholders’ equity. There is no effect on the consolidated statements of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and deferred tax liabilities. The details of the one-time revaluation as of March 31, 1998 were as follows:

	Millions of yen
	1998
Land before revaluation	¥26,419
Land after revaluation	85,623
Land revaluation excess	¥59,204

The difference between reevaluated carrying amount and fair value of land is ¥20,722 million ($167,248 thousand) and ¥16,539 million as of March 31, 2001 and 2000, respectively.

g. Stock and Bond Issue Costs—Issuance costs of stocks and bonds are charged to income when paid.

h. Reserve for Possible Loan Losses—The Bank and certain consolidated finance companies provide reserve for possible loan losses which is determined based on management’s judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank has implemented the self-assessment system to determine its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and inspection division in accordance with the Bank’s policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as “normal,” “caution,” “possible bankruptcy,” “virtual bankruptcy” and “legal bankruptcy.”

Reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including future cash flows for other self-assessment categories. In addition, effective April 1, 2000, for claims to debtors (except legal or virtual bankruptcy categories) for which future cash flows could be reasonably estimated, a reserve is provided for the difference between the present value of excepted future cash flows discounted at the contracted interest rate and carrying value of the claims.

Reserve for loans to specific foreign borrowers is provided based on the amount of expected losses due to the political and economic situation of their respective countries.

For collateralized or guaranteed claims to debtors who are in “virtual bankruptcy” or “legal bankruptcy,” the amount exceeding the estimated value of collateral or guarantees is deducted as deemed uncollectible, directly from those claims. As of March 31, 2001 and 2000, the deducted amount is ¥221,249 million ($1,785,706 thousand) and ¥217,550 million, respectively.

Other consolidated subsidiaries maintain reserves for possible loan losses which are provided as deemed necessary to cover expected losses based on their own experience.

i. Reserve for Possible Losses on Investments—Reserve for possible losses on investments is provided based on the estimated possible losses on investments.

j. Reserve for Possible Losses on Collateralized Real Estate Loans Sold—The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited (“CCPC”) is provided at an amount deemed necessary to cover possible losses based on the estimated fair value of real estate. In accordance with the terms of the loans collateralized by real estate sales contracts, the Bank is required to cover certain portions of losses incurred, as defined in the contract, when CCPC disposes of real estate in satisfaction of debt.

k. Reserve for Contingent Liabilities—Reserve for contingent liabilities is provided at an amount deemed necessary to cover possible losses based on the estimated fair value of loans sold under loan participation agreements.

l. Liability for Employees’ Retirement Benefits—The Bank and domestic consolidated subsidiaries have lump-sum retirement benefits plans. The Bank has a contributory funded pension plan and a domestic consolidated subsidiary has non-contributory funded pension plan covering substantially all of their employees. Prior to April 1, 2000, reserve for retirement allowances is determined based on the amount that would have been required if all employees had voluntarily retired at the balance sheet date. The accrued provisions are not funded. The policy for a contributory and non-contributory funded pension plan is to fund and charge its costs, including past service costs of the Bank amortized over 4 years and 11 months, to income as accrued on the basis of an accepted actuarial method.

Effective April 1, 2000, the Bank and domestic consolidated subsidiaries adopted a new accounting standard for employees’ retirement benefits and accounted for the liability for employees’ retirement benefits based on projected benefit obligation and plan assets at the balance sheet date. Prior service cost is amortized using the straight-line method over 2 years. Net actuarial gain (loss) is amortized using the straight-line method over 15 years commencing from the next fiscal year of incurrence. The transitional obligation of ¥15,981 million ($128,983 thousand) at the beginning of the year has been charged to income.

In September 2000, the Bank contributed certain available-for-sale securities with a fair value of ¥32,377 million ($261,316 thousand) to the employees’ retirement benefit trust for the Bank’s non-contributory pension plans, and recognized a non-cash gain of ¥15,848 million ($127,910 thousand). The securities held in this trust are qualified as plan assets.

As a result of adopting this new standard and contributing such securities to the trust, income before income taxes and minority interests increased by ¥1,227 million ($9,903 thousand).

m. Leases—All leases of the Bank and the consolidated domestic subsidiaries are accounted for as operating leases. Under the Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

n. Derivatives and Hedging Activities—Prior April 1, 2000, derivatives for trading purposes were stated at fair value, other derivatives were principally accounted for by the accrual method.

Effective April 1, 2000, the Bank and domestic consolidated subsidiaries adopted a new accounting standard for derivative financial instruments. This standard requires that: (a) all derivatives except for trading purpose be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of income, and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

In addition, the Bank applies a "macro-hedge," which is permitted for Japanese banks until the year ending March 31, 2002, for interest rate derivatives to manage interest rate risk from various financial assets and liabilities as a whole. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

As a result of adopting the new accounting standards for derivative financial instruments, income before income taxes and minority interests decreased by ¥830 million ($6,699 thousand).

Income and expense on derivatives included macro-hedges, which were previously presented on a gross basis, are offset in each income/expense account and presented on a net basis, to conform to the classification used in 2001.

o. Translation of Foreign Currencies—The financial statements of foreign consolidated subsidiaries are translated into Japanese yen at exchange rates as of the balance sheet date, except for stockholders' equity, which is translated at historical exchange rate. Prior to April 1, 2000, differences arising from such translation were included in other assets.

Effective April 1, 2000, such differences are shown as "Foreign currency translation adjustment" in separate component of stockholders' equity in accordance with the revised accounting standard for foreign currency transactions.

Assets and liabilities denominated in foreign currencies held by the Bank at year end are translated into Japanese yen at exchange rates prevailing at the end of each fiscal year, except certain special accounts that are translated at historical rates.

Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year end exchange rates.

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

q. Statements of Cash Flows—For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from The Bank of Japan.

r. Cash Dividends—Cash dividends are generally paid semiannually. Cash dividends charged to earned surplus are those actually paid during the year and represent year-end dividends for the preceding year and interim dividends for the current year.

s. Per Share Information—Net income per share calculations represent net income less dividends on preferred shares, divided by the weighted average number of shares of common stock outstanding during each fiscal year.

Diluted net income per share is not disclosed because the Bank has no securities with dilutive effect in 2001 and 2000.

Cash dividends per share of common stock presented in the accompanying consolidated statements of income are dividends applicable to the respective years including year-end dividends to be paid after the end of the year.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents at end of year" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2001 and 2000, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Cash and due from banks	**¥293,610**	¥450,776	**$2,369,734**
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	**(51,851)**	(163,763)	**(418,491)**
Cash and cash equivalents	**¥241,759**	¥287,013	**$1,951,243**

4. TRADING ASSETS AND LIABILITIES

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Trading assets:			
Trading securities	**¥ 53,615**	¥20,296	**$432,728**
Trading-related financial derivatives	**5,097**	3,272	**41,138**
Other	**59,994**	20,997	**484,213**
Total	**¥118,706**	¥44,565	**$958,079**
Trading liabilities—			
Trading-related financial derivatives	**¥ 5,206**	¥ 3,364	**$ 42,018**

5. SECURITIES

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Japanese national government bonds	**¥ 284,030**	¥ 355,315	**$ 2,292,413**
Japanese local government bonds	**277,034**	179,306	**2,235,949**
Japanese corporate bonds	**452,268**	337,808	**3,650,266**
Japanese corporate stocks	**365,772**	474,146	**2,952,155**
Other securities	**81,138**	101,555	**654,867**
Total	**¥1,460,242**	¥1,448,130	**$11,785,650**

The carrying amounts and aggregate fair value of securities included trading securities and commercial paper classified as trading assets at March 31, 2001, were as follows:

	Millions of yen			
	2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥113,609**
Available-for-sale:				
Equity securities	**¥361,324**	**¥40,239**	**¥54,501**	**347,062**
Debt securities	**954,742**	**21,348**	**111**	**975,979**
Other securities	**34,045**	**418**	**69**	**34,394**
Held-to-maturity	**300**	**2**		**302**

	Thousands of U.S. dollars			
	2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 916,941**
Available-for-sale:				
Equity securities	**$2,916,255**	**$324,770**	**$439,879**	**2,801,146**
Debt securities	**7,705,746**	**172,300**	**896**	**7,877,150**
Other securities	**274,778**	**3,374**	**557**	**277,595**
Held-to-maturity	**2,421**	**16**		**2,437**

Principal items of securities whose fair value is not readily determinable as of March 31, 2001, were as follows:

	Carrying Amount	
	Millions of yen	Thousands of U.S. dollars
	2001	**2001**
Available-for-sale	**¥18,713**	**$151,033**
Held-to-maturity	**81,445**	**657,345**

Proceeds from sales by early redemption of held-to-maturity debt securities for the year ended March 31, 2001, were ¥497 million ($4,011 thousand). Net realized gains on these sales, computed on the amortized cost basis, were ¥49 million ($395 thousand).

Proceeds from sales of available-for-sale securities for the year ended March 31, 2001, were ¥845,853 million ($6,826,901 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥25,044 million ($202,131 thousand) and ¥6,910 million ($55,771 thousand) respectively.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2001.

	Millions of yen			
	2001			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	**¥184,284**	**¥594,483**	**¥226,817**	**¥7,750**
Other	**14,856**	**53,417**	**11,958**	**901**
Total	**¥199,140**	**¥647,900**	**¥238,775**	**¥8,651**

	Thousands of U.S. dollars			
	2001			
	Due in 1 Yea or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	**$1,487,360**	**$4,798,087**	**$1,830,646**	**$62,550**
Other	**119,903**	**431,130**	**96,513**	**7,272**
Total	**$1,607,263**	**$5,229,217**	**$1,927,159**	**$69,822**

The carrying values and aggregate market values of the securities which are listed on stock exchanges or over-the-counter markets, at March 31, 2000, as follows:

	Millions of yen
	2000
Securities:	
Carrying value	¥1,154,351
Aggregate market value	1,214,256

Securities not included above are generally not listed on stock exchanges or over-the-counter markets and are as follows:

	Millions of yen
	2000
Securities	¥293,779

Corporate stocks in unconsolidated subsidiaries and associated companies total ¥386 million ($3,115 thousand) and ¥386 million at March 31, 2001 and 2000, respectively.

6. LOANS AND BILLS DISCOUNTED

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Bills discounted	**¥ 160,009**	¥ 135,417	**$ 1,291,437**
Loans on bills	**748,471**	794,667	**6,040,928**
Loans on deeds	**5,276,510**	5,262,643	**42,586,844**
Overdrafts	**1,535,144**	1,656,077	**12,390,186**
Total	**¥7,720,134**	¥7,848,804	**$62,309,395**

"Past due loans" includes loans classified as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self-assessment guidelines. Accrual interest receivable for these categories is not recognized as accruals for accounting purposes.

The loans and bills discounted include loans held by the Bank and certain consolidated subsidiaries to borrowers in bankruptcy totaling ¥20,333 million ($164,108 thousand) and ¥20,429 million as of March 31, 2001 and 2000, respectively, as well as past due loans held by the Bank and certain consolidated subsidiaries totaling ¥331,181 million ($2,672,970 thousand) and ¥332,307 million as of March 31, 2001 and 2000, respectively.

In addition to "past due loans" as defined, certain other loans classified as "caution" under the Bank's self-assessment guidelines include "Past due loans (3 months or more)."

"Past due loans (3 months or more)" consisted of loans for which the principal and/or interest is three months or more past due but exclude "loans to borrowers in bankruptcy" and "past due loans." The balances of past due loans (3 months or more) as of March 31, 2001 and 2000, were ¥8,933 million ($72,098 thousand) and ¥13,488 million, respectively.

"Restructured loans" are loans in which the Bank and its subsidiaries restructure lending conditions, such as reduction of the original interest rate, forbearance of interests payments or principal repayments to support the borrowers' reorganization, but exclude "loans to borrowers in bankruptcy," "past due loans" or "past due loans (3 months or more)." The outstanding balance of restructured loans as of March 31, 2001 and 2000, were ¥185,088 million ($1,493,850 thousand) and ¥38,915 million respectively.

Reserve for possible loan losses are not deducted from the amounts of loans shown in the above three paragraphs.

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. At March 31, 2001, the unused commitments upon is ¥1,234,617 million ($9,964,625 thousand) and the amount of unused commitments whose original contract terms are within one year is ¥735,381 million ($5,935,278 thousand).

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank can refuse customers' application of loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank performs periodic reviews of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2001 and 2000, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Assets			
Foreign exchange bills bought	**¥3,025**	¥5,137	**$24,415**
Foreign exchange bills receivable	**4,359**	2,354	**35,182**
Due from foreign correspondent accounts	**285**	726	**2,300**
Total	**¥7,669**	¥8,217	**$61,897**
Liabilities			
Foreign exchange bills sold	**¥ 96**	¥ 106	**$ 775**
Foreign exchange bills payable	**4**	3	**32**
Due to foreign correspondent accounts	**62**	76	**501**
Total	**¥ 162**	¥ 185	**$ 1,308**

8. OTHER ASSETS

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Accrued income	**¥ 29,426**	¥ 29,057	**$ 237,498**
Prepaid expenses	**11,901**	4,702	**96,053**
Financial derivatives	**14,724**		**118,838**
Deferred hedge losses	**12,774**		**103,099**
Other	**68,488**	70,394	**552,769**
Total	**¥137,313**	¥104,153	**$1,108,257**

9. PREMISES AND EQUIPMENT

The accumulated depreciation of premises and equipment at March 31, 2001 and 2000, amounted to ¥269,027 million ($2,171,324 thousand) and ¥252,552 million, respectively.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's and its certain consolidated subsidiary's rights of indemnity from the applicants.

11. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2001 and 2000, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Assets pledged as collateral:			
Securities	**¥429,504**	¥201,629	**$3,466,538**
Loans and bills discounted	**67,440**	164,370	**544,310**
Premises and equipment		925	
Relevant liabilities to above assets:			
Deposits	**47,733**	52,383	**385,254**
Bills sold	**3,700**	28,000	**29,863**
Borrowed money	**1,000**	3,546	**8,071**

Additionally, securities amounting to ¥90,514 million ($730,541 thousand) and ¥140,315 million deposits amounting to ¥1,000 million ($76,037 thousand) and ¥1,000 million are pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for initial margin on future transactions and others at March 31, 2001 and 2000, respectively. Other than the items shown above, rights under finance leases amounting to ¥26,902 million ($217,127 thousand) and ¥29,296 million are pledged for borrowed money amounting to ¥22,006 million ($177,611 thousand) and ¥22,696 million, at March 31, 2001 and 2000, respectively.

12. DEPOSITS

Deposits at March 31, 2001 and 2000, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Current deposits	**¥ 404,034**	¥ 368,252	**$ 3,260,968**
Ordinary deposits	**3,014,858**	2,754,960	**24,332,994**
Savings deposits	**324,658**	310,977	**2,620,323**
Deposits at notice	**145,006**	303,128	**1,170,347**
Time deposits	**4,519,345**	4,657,035	**36,475,747**
Negotiable certificates of deposit	**202,570**	213,420	**1,634,948**
Other deposits	**462,037**	245,552	**3,729,112**
Total	**¥9,072,508**	¥8,853,324	**$73,224,439**

13. BORROWED MONEY

At March 31, 2001 and 2000, the weighted average annual interest rates applicable to the borrowed money are 2.4% and 2.4%, respectively.

Borrowed money includes rediscounted bills and borrowings from The Bank of Japan and other financial institutions. The subordinated borrowed money included in borrowed money at March 31, 2001 and 2000, amounted to ¥165,000 million ($1,331,719 thousand) and ¥224,000 million, respectively.

Annual maturities of borrowed money as of March 31, 2001, are as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2002	¥ 55,214	$ 445,634
2003	16,662	134,479
2004	10,145	81,881
2005	47,556	383,826
2006	5,951	48,031
2007 and thereafter	151,335	1,221,427
Total	¥286,863	$2,315,278

14. BONDS AND NOTES

Bonds and notes at March 31, 2001 and 2000, consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Unsecured fixed subordinated bond, payable in Japanese yen, due in April 2010, 2.3% interest	**¥10,000**		**$ 80,710**
Unsecured fixed subordinated bond, payable in Japanese yen, due in September 2010, 2.0% interest	**10,000**		**80,710**
Unsecured floating subordinated note, payable in Japanese yen, due from July 2007 through November 2010, 0.9% to 1.3% in 2001 and 0.7% to 1.7% in 2000 interest	**7,000**	¥92,704	**56,497**
Unsecured floating subordinated note, payable in U.S. dollars, due in July 2007, 6.0% in 2001 and 6.8% in 2000 interest	**3,717**	3,184	**30,001**
Total	**¥30,717**	¥95,888	**$247,918**

Annual maturities of bonds and notes as of March 31, 2001, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2007 and thereafter	**¥30,717**	**$247,918**

15. OTHER LIABILITIES

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Domestic exchange settlement account credit (see below)	**¥ 4,477**	¥ 17,758	**$ 36,134**
Accrued expenses	**33,391**	42,031	**269,500**
Unearned income	**24,140**	25,531	**194,835**
Income taxes	**1,195**	914	**9,645**
Margin money received under securities lending transactions		13,942	
Financial derivatives	**28,067**		**226,529**
Other	**104,660**	101,341	**844,713**
Total	**¥195,930**	¥201,517	**$1,581,356**

The domestic exchange settlement account consists of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks which have not been settled.

16 EMPLOYEES' RETIREMENT BENEFITS

Under the unfunded lump-sum retirement benefits plans, the employees of the Bank and domestic consolidated subsidiaries terminating their employment are, under most circumstances, entitled to lump-sum payments determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs.

In addition under the pension plan of the Bank, employees terminating their employment after more than 15 years of participation are entitled to pension benefits.

Effective April 1, 2000, the Bank and domestic consolidated subsidiaries adopted a new accounting standard for employees' retirement benefits.

The liability (asset) for employees' retirement benefits at March 31, 2001, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	2001	**2001**
Projected benefit obligation	**¥(107,574)**	**$(868,232)**
Fair value of plan assets	**93,314**	**753,140**
Unaccumulated projected benefit obligation	**(14,260)**	**(115,092)**
Unrecognized prior service cost	**(3,177)**	**(25,642)**
Unrecognized actuarial loss	**25,192**	**203,325**
Net liability recognized	**7,755**	**62,591**
Prepaid pension cost	**7,937**	**64,060**
Liability for employees' retirement benefits	**¥ (182)**	**$ (1,469)**

The component of net periodic retirement benefit costs are as follows:

	Millions of yen	Thousands of U.S. dollars
	2001	**2001**
Service cost	**¥ 2,693**	**$ 21,735**
Interest cost	**3,912**	**31,574**
Expected return on plan assets	**(4,135)**	**(33,374)**
Amortization of prior service cost	**(3,177)**	**(25,642)**
Charge for transitional obligations for retirement benefits	**15,981**	**128,983**
Other retirement cost (non-actuarial basis cost)	**1,535**	**12,389**
Net periodic retirements benefit costs	**¥16,809**	**$135,665**

Assumption used for the year ended March 31, 2001, is set forth as follows:

	2001
Discount rate	**3.50%**
Expected rate of return on plan assets	**5.50%**
Amortization period of prior service cost	**2 years**
Recognition period of actuarial gain/loss	**15 years**

17. CAPITAL STOCK AND CAPITAL SURPLUS

At March 31, 2001 and 2000, the authorized numbers of shares were 2,600 million shares of common stock with a par value of ¥50 per share and 400 million shares of non-voting, non-cumulative preferred stock without par value.

The Japanese Commercial Code (the "Code") requires at least 50% of the issue price of new shares, with a minimum of the par value, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to capital surplus.

The Bank may transfer capital surplus to stated capital by resolution of the Board of Directors and also portions of unappropriated earned surplus, available for dividends, to stated capital by resolution of the stockholders.

Under the Code, the Bank may issue new common shares to existing stockholders without consideration as a stock split pursuant to resolution of the Board of Directors. The Bank may make such a stock split to the extent that the aggregate par value of the shares outstanding after the issuance does not exceed the stated capital. However, the amount calculated by dividing the total amount of stockholders' equity by the number of outstanding shares after the issuance shall not be less than ¥50.

Under the Code, the amount available for dividends is based on earned surplus as recorded on the Bank's books. At March 31, 2001, earned surplus recorded on the Bank's books which is available for future dividends subject to the approval of stockholders and legal reserve requirements amounted to ¥49,637 million ($400,621 thousand) (see Note 27).

On March 31, 1999, the Bank issued 200,000,000 shares of non-voting, non-cumulative preferred stock without par value convertible into 1.550 shares of common stock at the issue price of ¥500 per share. The preferred stock shall be entitled, in priority to any payment of dividends on or in respect of any other class of shares, to an annual dividend of ¥5.66 (the first preferred) and ¥9.46 (the second preferred) per share.

18. EARNED SURPLUS

Under the Bank Law of Japan, an amount equivalent to at least 20% of all cash payments made as an appropriation of earned surplus must be appropriated as a legal reserve until the reserve equals 100% of the Bank's stated capital. This reserve amount, which is included in earned surplus, totals ¥32,382 million ($261,356 thousand) and ¥30,967 million as of March 31, 2001 and 2000, respectively, and is not available for dividends but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors.

19. OTHER OPERATING INCOME

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Gain on foreign exchange transactions—net	**¥ 2,467**	¥ 2,257	**$ 19,911**
Gain on sales and redemption of bonds and other securities	**3,673**	4,529	**29,645**
Lease receipt	**37,491**	38,647	**302,591**
Gain on derivatives	**2,488**		**20,081**
Other	**10,681**	11,649	**86,206**
Total	**¥56,800**	¥57,082	**$458,434**

20. OTHER INCOME

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Gain on sales of stocks and other securities	**¥21,925**	¥49,366	**$176,957**
Gain on money held in trust		173	
Gain on sales of premises and equipment	**1,407**	2,228	**11,356**
Gain on contribution of the employees' retirement benefit trust	**15,848**		**127,910**
Other	**8,023**	5,498	**64,754**
Total	**¥47,203**	¥57,265	**$380,977**

21. OTHER OPERATING EXPENSES

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Losses on sales and redemption of bonds and other securities	**¥ 5,138**	¥12,801	**$ 41,469**
Losses on write-down of bonds and other securities	**46**		**371**
Lease costs	**33,343**	34,081	**269,112**
Other	**8,688**	10,245	**70,121**
Total	**¥47,215**	¥57,127	**$381,073**

22. OTHER EXPENSES

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

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Provision for possible losses on collateralized real estate loans sold	**¥ 5,395**	¥ 2,180	**$ 43,543**
Loss on sales of stocks and other securities	**3,290**	16,775	**26,554**
Loss on money held in trust		33	
Loss on write-down of stocks and other securities	**4,073**	8,248	**32,873**
Loss on sales of premises and equipment	**3,876**	1,462	**31,283**
Loss on sales of loans and bills discounted	**518**	1,676	**4,181**
Loss on write-down of loans	**24,696**	22,449	**199,323**
Charge for the Bank's full amount of transitional obligations for retirement benefits	**15,860**		**128,006**
Other	**6,615**	8,215	**53,390**
Total	**¥64,323**	¥61,038	**$519,153**

23. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41.4% and 42.0% for the years ended March 31, 2001 and 2000, respectively.

On March 30, 2000, "Municipal Ordinance concerning Special Treatment of Tax Base Etc. for Enterprise Tax on Banking Business etc. in Tokyo Metropolis ("the Ordinance") was adopted by the Tokyo Metropolitan Assembly. Pursuant to the Ordinance, "gross business profit is the new basis for calculating enterprise taxes imposed by the Tokyo Metropolitan Government from the fiscal periods beginning on or after April 1, 2000. Since such new enterprise taxes can no longer be included in the calculation of the effective statutory tax rate of the Bank, it decreased to approximately 41.4% at March 31, 2000, which is used in the calculation of deferred income tax. As a result, deferred tax assets decreased by ¥2,433 million, and income taxes—deferred increased by the same amount. In addition, deferred tax liabilities on land revaluation excess decreased by ¥358 million, and land revaluation excess increased by the same amount.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 2001 and 2000, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Deferred tax assets:			
Reserve for possible loan losses	**¥101,805**	¥103,204	**$ 821,671**
Securities	**9,321**	10,138	**75,230**
Reserve for possible losses on collateralized real estate loans sold	**9,388**	10,889	**75,771**
Tax loss carryforwards	**17,598**	27,782	**142,034**
Other	**18,036**	16,618	**145,569**
Total deferred tax assets	**156,148**	168,631	**1,260,275**
Deferred tax liabilities:			
Gain on contribution of the employees' retirement benefit trust	**6,556**		**52,914**
Others	**4,119**	538	**33,245**
Total deferred tax liabilities	**10,675**	538	**86,159**
Net of deferred tax assets	**¥145,473**	¥168,093	**$1,174,116**

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2001, and the actual effective tax rates reflected in the accompanying consolidated statement of income is not required under Japanese accounting standards due to immaterial differences of tax rates.

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2000, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2000
Normal effective statutory tax rate	42.0%
Effect of tax rate reduction	4.4
Other—net	(0.3)
Actual effective tax rate	46.1%

24. LEASES

a. Lessee

The Bank and its consolidated subsidiaries lease certain equipment and other assets.

Lease payments under finance leases for the years ended March 31, 2001 and 2000, amounted to ¥670 million ($5,408 thousand) and ¥576 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Equipment		Equipment
	2001	2000	**2001**
Acquisition cost	**¥3,122**	¥2,469	**$25,198**
Accumulated depreciation	**1,265**	998	**10,210**
Net leased property	**¥1,857**	¥1,471	**$14,988**

Obligations under finance leases as of March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥ 527**	¥ 474	**$ 4,253**
Due after one year	**1,226**	1,098	**9,895**
Total	**¥1,753**	¥1,572	**$14,148**

Depreciation expense and interest expense under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Depreciation expense	**¥507**	¥426	**$4,092**
Interest expense	**74**	58	**597**
Total	**¥581**	¥484	**$4,689**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statement of income, are computed by the straight-line method and the interest, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥ 77**	¥111	**$ 621**
Due after one year	**202**	250	**1,630**
Total	**¥279**	¥361	**$2,251**

b. Lessor

The consolidated subsidiaries lease certain equipment and other assets to various customers.

Lease receipts under finance leases for the years ended March 31, 2001 and 2000, were ¥37,134 million ($299,709 thousand) and ¥38,017 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest income of finance leases that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2001 and 2000, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2001			**2001**		
	Equipment	Other Assets	Total	Equipment	Other Assets	Total
Acquisition cost	**¥134,285**	**¥21,220**	**¥155,505**	**$1,083,818**	**$171,267**	**$1,255,085**
Accumulated depreciation	**66,175**	**10,869**	**77,044**	**534,100**	**87,724**	**621,824**
Net leased property	**¥ 68,110**	**¥10,351**	**¥ 78,461**	**$ 549,718**	**$ 83,543**	**$ 633,261**

	Millions of yen		
	2000		
	Equipment	Other Assets	Total
Acquisition cost	¥199,153	¥25,759	¥224,912
Accumulated depreciation	124,029	13,976	138,005
Net leased property	¥ 75,124	¥11,783	¥ 86,907

Rights under finance leases at March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥27,875**	¥28,762	**$224,980**
Due after one year	**54,876**	58,991	**442,906**
Total	**¥82,751**	¥87,753	**$667,886**

Depreciation expense and interest income under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Depreciation expense	**¥25,855**	¥28,647	**$208,676**
Interest income	**4,300**	4,475	**34,705**
Total	**¥30,155**	¥33,122	**$243,381**

Depreciation expense and interest income, which are not reflected in the accompanying consolidated statement of income, are computed by the straight-line method and the interest, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within one year	**¥497**	¥ 631	**$4,011**
Due after one year	**415**	541	**3,349**
Total	**¥912**	¥1,172	**$7,360**

25. SEGMENT INFORMATION

a. Business Segment Information

The Banks are engaged in business in banking, leasing and other related activities such as security trading, credit guarantee and other. The business segment information for the years ended March 31, 2001 and 2000, is summarized as follows:

	Millions of yen				
	2001				
	Banking Business	Leasing Business	Other Business	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 283,510	¥ 45,916	¥ 10,689		¥ 340,115
Intersegment income	1,478	1,122	3,956	¥(6,556)	
	284,988	47,038	14,645	(6,556)	340,115
Ordinary expense	235,748	46,423	14,872	(6,517)	290,526
Ordinary profit (loss)	¥49,240	¥615	¥(227)	¥(39)	49,589
Other income and expense—net					(2,376)
Income before income taxes and minority interests					¥47,213
Assets, depreciation and amortization, and capital expenditure:					
Assets	¥10,551,978	¥170,393	¥204,327	¥(186,630)	¥10,740,068
Depreciation and amortization	8,739	30,164	278		39,181
Capital expenditure	10,193	25,331	2,071		37,595

	Thousands of U.S.dollars				
	2001				
	Banking Business	Leasing Business	Other Business	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	$ 2,288,216	$ 370,589	$ 86,271		$ 2,745,076
Intersegment income	11,929	9,056	31,929	$ (52,914)	
	2,300,145	379,645	118,200	(52,914)	2,745,076
Ordinary expense	1,902,728	374,681	120,032	(52,599)	2,344,842
Ordinary profit (loss)	$397,417	$4,964	$(1,832)	$(315)	400,234
Other income and expense—net					(19,177)
Income before income taxes and minority interests					$381,057
Assets, depreciation and amortization, and capital expenditure:					
Assets	$85,165,279	$1,375,246	$1,649,128	$(1,506,295)	$86,683,358
Depreciation and amortization	70,533	243,454	2,244		316,231
Capital expenditure	82,268	204,447	16,715		303,430

	Millions of yen				
	2000				
	Banking Business	Leasing Business	Other Business	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 322,519	¥ 48,262	¥ 11,077		¥ 381,858
Intersegment income	1,348	2,315	8,004	¥ (11,667)	
	323,867	50,577	19,081	(11,667)	381,858
Ordinary expense	272,356	49,625	17,525	(11,997)	327,509
Ordinary profit	¥51,511	¥952	¥1,556	¥330	54,349
Other income and expense—net					782
Income before income taxes and minority interests					¥55,131
Assets, depreciation and amortization, and capital expenditure:					
Assets	¥10,490,124	¥173,319	¥219,872	¥(155,085)	¥10,728,230
Depreciation and amortization	7,925	26,896	187		35,008
Capital expenditure	8,123	26,711	947		35,781

Notes: 1. "Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statements of income. Such ordinary income and ordinary expenses are summarized by type of consolidated companies.
2. "Ordinary expenses" represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.
3. Effective April 1, 2000, the Bank and domestic consolidated subsidiaries adopted a new accounting standard for employees' retirement benefits. As a result, ordinary expense of the "Banking business" segment decreased by ¥1,349 million ($10,888 thousand) and ordinary profit of the "Banking business segment increased by ¥1,349 million ($10,888 thousand) and ordinary expense and ordinary loss of the "Other business" segment decreased by ¥110 million ($888 thousand), respectively.
4. Effective April 1, 2000, the Bank and domestic consolidated subsidiaries adopted a new accounting standard for financial instruments. As a result, ordinary income, ordinary expense and ordinary profit of the "Banking business" increased by ¥2,782 million ($22,454 thousand), ¥1,840 million ($14,851 thousand) and ¥943 million ($7,611 thousand), respectively, and ordinary expense of the "Leasing business" increased by ¥21 million ($169 thousand) and ordinary profit of the "Leasing business" decreased by ¥21 million ($169 thousand).

b. Segment Information by Geographic Area

Ordinary income and total assets as of and for the years ended March 31, 2001 and 2000 were primarily concentrated in Japan. Accordingly, the presentation of segment information by geographic area is not required under the related regulations.

c. Ordinary Income from International Operations

Ordinary income arising from international operations both in and outside Japan was minor in relation to the total ordinary income for the years ended March 31, 2001 and 2000. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations.

26. DERIVATIVE INFORMATION

The Bank and certain consolidated subsidiaries use swap, futures, forward and option contracts, and other similar types of contracts based on either interest rates or foreign exchange rates. These financial instruments are used in trading activities to generate trading revenues and fee income and also used in Asset and Liability management ("ALM") activities to control exposure to fluctuations in interest and foreign exchange rates.

The Bank and certain consolidated subsidiaries use derivatives to provide customers with risk hedging methods, to complement their ALM activities, to hedge market risks and to strengthen earnings. The Bank and certain consolidated subsidiaries carefully study the risks involved with derivatives transactions and maintains a policy of limiting the volume of the risks within a range which they are capable of managing based on its financial strength.

Derivatives used for hedging purposes are recorded on the basis of hedge accounting in accordance with new Japanese accounting standard for financial instruments. Such derivatives are interest rate swap transaction and others, which are made to control the risks from deposits, loans, bonds, securities and other financial instruments. The Bank applies a risk adjustment approach to review the effectiveness of "macro-hedge." The effectiveness of other hedging activities are reviewed by the methods recognized in the new accounting standard.

Similar to other market transactions, derivatives transactions are subject to a variety of risks, including market, credit, liquidity, systematic and legal risks. Among those risks, the Bank and certain consolidated subsidiaries emphasize the management of market risk and credit risk. At March 31, 2001 and 2000, the estimated amount of derivative-related credit risk exposure of Bank and certain consolidated subsidiaries were ¥46.0 billion ($ 371 million) and ¥53 billion, respectively.

The Bank and certain consolidated subsidiaries have adopted an integrated management approach in developing an organization wide risk management system that is based on global standards. The Bank has established the Risk Management Department (“RMD”) to perform the integrated management of all market, credit and operational risks. With their middle office function, teams from RMD are monitoring the Treasury and Capital Markets Department (“TCMD”) on a daily basis. To secure the independence of its market risk management sections, the Bank’s front (TCMD), middle (RMD) and back (Market Operations Department) office activities are completely separated.

The volume of risk associated with interest rate, currency, securities and other transactions is gathered and managed on an integrated basis. The ultimate decision on a risk position limit is made by the Executive Committee. Based on this limit, each department establishes loss-cutting rules and maximum risk exposures for each type of derivatives transaction and product. The middle office ensures that risk exposure limits and other rules are observed while using value-at-risk (“VaR”), basis points value, and other methods to calculate quantitative measures of risk volume. The RMD reports the total volume of the Bank’s market risk to the ALM Committee. Credit risk associated with derivatives transactions are managed in conjunction with other off-balance-sheet as well as on-balance-sheet transactions. RMD calculates the Bank’s total credit exposure and reports this amount to the Credit Portfolio Committee.

The Banks have following derivatives contracts, which are not quoted on listed exchanges, outstanding at March 31, 2001:

	Millions of yen			Thousands of U.S. dollars		
	2001			**2001**		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:						
Interest rate swaps:						
Receive fixed and pay floating	**¥267,591**	**¥ 6,893**	**¥ 6,893**	**$2,159,734**	**$ 55,634**	**$ 55,634**
Receive floating and pay fixed	**224,233**	**(6,075)**	**(6,075)**	**(49,031)**	**(49,031)**	**(49,031)**
Receive floating and pay floating	**6,033**	**1**	**1**	**48,692**	**8**	**8**
Cap written	**43,232**	**(194)**	**491**	**348,927**	**(1,566)**	**3,963**
Cap purchased	**18,213**	**71**	**(100)**	**146,998**	**573**	**(807)**
Foreign exchange:						
Currency swap	**554,009**	**5,259**	**5,259**	**4,471,421**	**42,446**	**42,446**
Forward exchange contracts written	**38,200**					
Forward exchange contracts purchased	**52,395**					
Option written	**36,864**					
Option purchased	**33,167**					

Notes: 1. Derivatives which qualify for hedge accounting are excluded in the above table.
2. Valuation gain or loss except for foreign currency swaps is recorded in the consolidated statement of income. In accordance with “Temporary Treatment of Auditing on Continuous Adoption of the Accounting Standard for Foreign Currency Transitions in Banking Industry” published by Japanese Institute of Certified Public Accountants, foreign currency swaps which are accounted for by accrual basis.
3. Foreign exchange forward exchange contracts and options have been valued at market rates for accounting purposes and the gain (loss) has been reflected in the consolidated statements of income.

The Bank and consolidated subsidiaries have the following derivatives contracts, which are quoted on listed exchanges, outstanding at March 31, 2000:

	Millions of yen	
	2000	
	Contract or Notional Amount	Fair Value
Bond contracts—futures written	¥4,856	¥4,866

The Bank and consolidated subsidiaries have the following derivatives contracts, which are not quoted on listed exchanges, outstanding at March 31, 2000:

	Millions of yen	
	2000	
	Contract or Notional Amount	Fair Value (Loss)
Interest rate contracts:		
Interest rate swaps:		
Receive fixed and pay floating	¥402,388	¥ 12,835
Receive floating and pay fixed	672,776	(38,085)
Receive floating and pay floating	13,994	2
Interest rate swaps for trading purpose:		
Receive fixed and pay floating	234,923	2,187
Receive floating and pay fixed	231,823	(2,279)
Cap written	16,575	65
Cap purchased	16,663	63
Foreign exchange:		
Forward exchange contracts written	125,035	
Forward exchange contracts purchased	129,406	
Currency swap	340,191	6,729
Options written	3,070	
Options purchased	3,240	

Note: Foreign exchange forward exchange contracts and options have been valued at market rates for accounting purposes and the gain (loss) has been reflected in the consolidated statements of income.

27. STOCK OPTION PLAN

At the stockholders meeting held on June 25, 1999, the Bank's stock option plan for directors and executive officers was approved. The plan provides for granting options to directors and executive officers to purchase up to 310 thousand shares of the Bank's common stock in the period from June 26, 2001 to June 25, 2009. The issue price of the stock is ¥369 per share.

At the stockholders meeting held on June 28, 2000, the Bank's stock option plan for directors, executive officers and managers was approved. The plan provides for granting options to directors, executive officers and managers to purchase up to 1,504 thousand shares of the Bank's common stock in the period from June 29, 2002 to June 28, 2010. The issue price of the stock is ¥498 per share.

Another stock option plan was approved at the stockholders meeting held on June 27, 2001. (See Note 28.)

28. SUBSEQUENT EVENTS

At the general stockholders meeting held on June 27, 2001, the Bank's stockholders approved the following appropriations of earned surplus as of March 31, 2001, and stock option plan:

a. Appropriation of Earned Surplus as of March 31, 2001

	Millions of yen	Thousands of U.S. dollars
Transfer to legal reserve	¥ 710	$ 5,730
Dividends:		
The first preferred (¥2.83 — $0.02 per share)	396	3,196
The second preferred (¥4.73 — $0.04 per share)	284	2,292
Common (¥2.5 — $0.02 per share)	2,847	22,978

b. Stock Option Plan

The plan provides for granting options to directors, executive officers and managers to purchase up to 1,489 thousand shares of the Company's common stock in the period from June 28, 2003 to June 27, 2011. The options will be granted at the price of 105% of the fair market value at the date of option grant.

Non-Consolidated Balance Sheets

March 31, 2001 and 2000	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars 2001
ASSETS:			
Cash and due from banks	¥ **288,193**	¥ 443,271	**$ 2,326,013**
Call loans	**205,670**	76,380	**1,659,967**
Commercial paper and other debt purchased	**3,729**	4,797	**30,097**
Trading assets	**118,706**	44,565	**958,079**
Securities	**1,444,412**	1,413,670	**11,657,886**
Loans and bills discounted	**7,801,194**	7,905,657	**62,963,632**
Foreign exchanges	**7,669**	8,217	**61,897**
Other assets	**106,832**	72,749	**862,244**
Premises and equipment	**147,149**	156,537	**1,187,643**
Deferred tax assets	**140,131**	163,136	**1,131,001**
Customers' liabilities for acceptances and guarantees	**400,738**	418,857	**3,234,366**
Reserve for possible loan losses	**(109,244)**	(128,223)	**(881,711)**
Reserve for possible losses on investments	**(127)**	(96)	**(1,025)**
Total	**¥10,555,052**	¥10,579,517	**$85,190,089**
LIABILITIES:			
Deposits	**¥9,141,305**	¥8,908,705	**$73,779,701**
Call money and bills sold	**132,586**	255,435	**1,070,105**
Trading liabilities	**5,206**	3,364	**42,018**
Borrowed money	**216,263**	363,649	**1,745,463**
Foreign exchanges	**162**	185	**1,308**
Subordinated bonds	**20,000**		**161,421**
Other liabilities	**138,063**	131,537	**1,114,310**
Reserve for employees' retirement benefit		15,551	
Reserve for possible losses on collateralized real estate loans sold	**22,693**	26,321	**183,156**
Reserve for contingent liabilities	**3,778**	5,005	**30,492**
Acceptances and guarantees	**400,738**	418,857	**3,234,366**
Deferred tax liabilities for land revaluation excess	**23,464**	23,905	**189,379**
Total liabilities	**10,104,258**	10,152,514	**81,551,719**
Stockholders' equity:			
Capital stock:			
Common stock	**134,800**	134,800	**1,087,974**
Preferred stock	**50,000**	50,000	**403,551**
Capital surplus	**146,277**	146,277	**1,180,605**
Land revaluation excess	**33,253**	33,878	**268,386**
Earned surplus	**82,595**	62,048	**666,627**
Net unrealized gain on available-for-sale securities	**3,869**		**31,227**
Total stockholders' equity	**450,794**	427,003	**3,638,370**
Total	**¥10,555,052**	¥10,579,517	**$85,190,089**

Non-Consolidated Statements of Income

Years ended March 31, 2001 and 2000	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars 2001
INCOME:			
Interest on:			
Loans and discounts	**¥177,124**	¥180,554	**$1,429,572**
Securities	**24,443**	34,475	**197,280**
Other	**14,605**	7,298	**117,877**
Fees and commissions	**32,557**	31,710	**262,768**
Trading profits	**609**	238	**4,915**
Other operating income	**8,532**	6,717	**68,862**
Other income	**42,807**	51,363	**345,497**
Total income	**300,677**	312,355	**2,426,771**
EXPENSES:			
Interest on:			
Deposits	**25,370**	25,198	**204,762**
Borrowings and rediscounts	**8,368**	10,668	**67,538**
Other	**19,817**	20,974	**159,944**
Fees and commissions	**8,859**	9,022	**71,501**
Trading losses	**5**		**40**
Other operating expenses	**5,180**	12,749	**41,808**
General and administrative expenses	**100,649**	107,502	**812,341**
Provision for possible loan losses	**28,652**	19,026	**231,251**
Other expenses	**56,861**	56,697	**458,926**
Total expenses	**253,761**	261,836	**2,048,111**
Income before income taxes	**46,916**	50,519	**378,660**
INCOME TAXES:			
Current	**107**	120	**864**
Deferred	**19,834**	23,847	**160,081**
Total income taxes	**19,941**	23,967	**160,945**
Net income	**¥ 26,975**	¥ 26,552	**$ 217,715**

	Yen 2001	Yen 2000	U.S. dollars 2001
Net income per share	**¥22.50**	¥22.13	**$0.18**

Non-Consolidated Statements of Earned Surplus

Years ended March 31, 2001 and 2000	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars 2001
Balance, beginning of year	**¥62,048**	¥41,139	**$500,791**
Increase — Reversal of land revaluation excess	**625**	732	**5,045**
Dcrease — Dividends	**(7,053)**	(6,375)	**(56,924)**
Net income	**26,975**	26,552	**217,715**
Balance, end of year	**¥82,595**	¥62,048	**$666,627**

- General Meeting of Stockholders
  - Corporate Auditors / Board of Corporate Auditors
    - Corporate Auditor's Office
  - Board of Directors
  - Executive Committee
    - Business Supervisory and Coordination Department
    - Retail Business Planning Department
    - Strategic Database Management Office
    - Branch Network Planning Department
    - Retail and Private Banking Department
    - Corporate Banking Department
    - Institutions Business Department
    - Public Institutions Department
    - Treasury and Capital Markets Department
    - Credit Department
    - Credit Department II
    - Operations Planning and Administration Department
    - Market Operations Department
    - General Affairs Department
    - Credit Examination Office
    - Internal Audit Department
    - Legal and Compliance Department
    - Personnel Department
    - Risk Management Department
    - General Planning Department
      - Public and Invester Relations Office
    - Secretariat
    - Overseas Representative Offices

JAPAN

HEAD OFFICE
1-1, Minatomirai 3-chome,
Nishi-ku, Yokohama,
Kanagawa 220-8611, Japan
Tel: 81 (45) 225-1111
Fax: 81 (45) 225-1160
URL: http://www.boy.co.jp

General Planning Department
Representative Director and CFO
Norito Ikeda

Public and Investor Relations Office
Tel: 81 (45) 225-1980
Fax: 81 (45) 225-1340
General Manager
Kentaro Nihei

Credit Department
Overseas Loan Group
Tel: 81 (45) 225-1354
Fax: 81 (45) 225-1854
Telex: J24945 HAMABK
Deputy General Manager
Mineaki Tsushima

TOKYO OFFICE
8-2, Nihonbashi 2-chome
Chuo-ku, Tokyo 103-0027, Japan
Tel: 81 (3) 3272-4171

Treasury and Capital Markets Department
Executive Officer and General Manager
Toshio Wakui

Bank Relations
Senior Deputy General Manager
Masato Kawase
Tel: 81 (3) 3272-4227

Market Operations Department
General Manager
Kazuo Ishida

International Operations Center
Tel: 81 (3) 3275-9129
Fax: 81 (3) 3281-6535
Cable Address: FOREXHAMA
SWIFT Address: HAMAJPJT
Telex: J24945 HAMABK
General Manager
Toshiaki Hayakawa

ASIA

Hong Kong Representative Office
Suites 2113-15, Jardine House,
Connaught Place 1, Central,
Hong Kong, S.A.R.,
People's Republic of China
Tel: 852-2523-6041
Fax: 852-2845-9022
Chief Representative
Hitoshi Uemura

Beijing Representative Office
2209 China World Tower,
China World Trade Center,
No. 1, Jian Guo Men Wai Avenue,
Beijing, People's Republic of China
Tel: 86 (10) 6505-1157
Fax: 86 (10) 6505-1158
Chief Representative
Sumio Ai

Shanghai Representative Office
Room No. 1411, Ruijin Building,
205 Mao Ming Nan Lu, Shanghai,
People's Republic of China
Tel: 86 (21) 6472-5930
Fax: 86 (21) 6472-9255
Chief Representative
Lu Zun Yi

NORTH AMERICA

New York Representative Office
One World Trade Center,
Suite 4623, New York,
NY 10048, U.S.A.
Tel: 1 (212) 321-1700
Fax: 1 (212) 321-9687
Chief Representative
Yasuhiro Ohashi

EUROPE

London Representative Office
40 Basinghall Street,
London EC2V 5DE, U.K.
Tel: 44 (20) 7628-9973
Fax: 44 (20) 7638-1886
Chief Representative
Masaki Kimura

BOARD OF DIRECTORS As of June 30, 2001

President and CEO
Sadaaki Hirasawa

Management Section

Representative Director and CRO
Kazumi Shimizu

Representative Director and CFO
Norito Ikeda

Directors
Koichi Okubo
Masuo Yokota
Takao Kobayashi

Marketing Section

Director and COO
Hiroshi Matsuzaki

Managing Executive Officer
Isao Yamashita

Director and Managing Executive Officer
Yasunaka Fujikawa

Managing Executive Officer
Hiroshi Hayakawa

Executive Officers
Toshio Wakui
Junzo Ogita
Tadashi Mike
Kazutaka Tsumura
Kiyohito Imai
Chiyuki Okubo
Shinobu Suzuki

Corporate Auditors

Nobuyuki Shimizu
Yoshihiro Nozaki
Takehiko Sekine
Yutaka Ueno

CORPORATE DATA As of March 31, 2001

Date of Establishment
December 16, 1920

Number of Branches and Offices
190
Domestic: 183
Overseas: 7

Number of Employees
4,815

Authorized Stocks
3,000,000 thousand
Common stock: 2,600,000 thousand
Preferred stock: 400,000 thousand

Outstanding Stocks
1,338,624 thousand
(Including 7,347 thousand incomplete stock units)
Common Stocks: 1,138,624 thousand
Preferred Stocks: 200,000 thousand

Paid-in Capital
¥184,800 million

Number of Stockholders
24,733
(Incomplete stock units are not included)

Stock Listing
First Section of the Tokyo
Stock Exchange

Head Office
1-1, Minatomirai 3-chome,
Nishi-ku, Yokohama,
Kanagawa 220-8611, Japan
Tel: 81 (45) 225-1111
Fax: 81 (45) 225-1160

Major Stockholders (Common stocks)

	Number of stocks held (thousand)	%
Meiji Life Insurance Company	36,494	3.20
The Yasuda Mutual Life Insurance Company	36,494	3.20
The Dai-ichi Mutual Life Insurance Company	36,494	3.20
Nippon Life Insurance Company	28,732	2.52
Sumitomo Life Insurance Company	18,194	1.59
The Bank of Yokohama Employees' Shareholdings Association	12,444	1.09
Yokohama Maruuo Co., Ltd.	12,320	1.08
Nishino Trading Corporation	11,689	1.02
State Street Bank and Trust Company	11,215	0.98
The Dowa Fire and Marine Insurance Co., Ltd.	11,000	0.96
Morgan Stanley and Company International Limited	10,296	0.90

Stockholder Area (Common stocks)

	Number of stocks held (thousand)	%
Kanagawa	312,253	27.59
Tokyo	633,232	55.96
Osaka	29,536	2.61
Other areas	47,728	4.21
Overseas	108,792	9.61
Total	1,131,541	100.00

THE BANK OF YOKOHAMA, LTD.
1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa 220-8611, Japan

Internet URL Address: www.boy.co.jp
E-mail: intldept@boy.co.jp

Printed in Japan