BANK OF YOKOHAMA

Annual Report 2002

Year Ended March 31, 2002

横浜銀行

Earning Our Trust in the Region

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 ¥10,764.9 billion and deposits of ¥9,192.2 billion as of March 31, 2002. In addition to a domestic network of 185 branches and sub-branches, the Bank maintains representative offices in Hong Kong, 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	2002	2001	2002
At Yearend:			
Total assets	¥10,764,882	¥10,740,068	$80,787,107
Cash and due from banks	1,109,666	293,610	8,327,700
Deposits	9,192,156	9,072,508	68,984,285
Loans and bills discounted	7,593,463	7,720,134	56,986,589
Securities	953,716	1,460,242	7,157,343
Total stockholders' equity	451,267	454,894	3,386,619
Common stock	134,800	134,800	1,011,632
For the Year:			
Total income	¥ 310,904	¥ 357,475	$ 2,333,238
Total expenses	278,517	310,262	2,090,184
Net income	19,853	26,508	148,991

* U.S. dollar amounts are translated, for reference only, at the rate of ¥133.25=$1 effective on March 31, 2002.

This report contains information that constitutes forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the Bank or its officers with respect to the financial condition of the Bank. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this report identified important factors that could cause such differences, including but not limited to, change in overall economic conditions.

Sadaaki Hirasawa
President and CEO

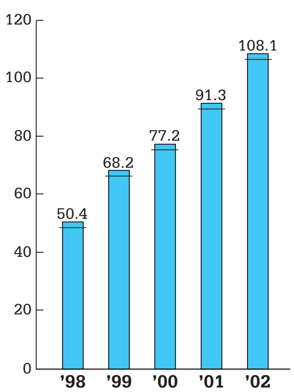
Operational Background and Performance

Amid the severe economic environment over the past year and a dramatically changing financial environment, I made extensive efforts to reinforce the Bank's structure and put all my strength into improving business performance by creating a management style where speed and efficiency are always emphasized, in order to meet the expectations of customers, investors and shareholders and uphold our role in developing the regional economy.

As a result, in fiscal 2001, ended March 31, 2002, gross operating income increased by 6.4% from the previous fiscal year to ¥202.5 billion, while net business profit before transfer to reserve for possible loan losses increased by 18.4% to ¥108.1 billion for the same period on a non-consolidated basis. Both figures were historical highs.

However, amid growing uncertainties about the outlook for the economy, the Bank will emphasize the implementation of three management strategies, i.e. "strengthening retail sales capabilities in the region," "establishing an efficient operational system based on a small, well-trained staff" and "fortifying the capital base" as important issues in order to enhance its sound management and obtain firm trust from the customers. The Bank also intends to become a highly profitable and efficient bank that can fully cope with the developing information-oriented society.

Net Business Profit
(Non-consolidated)
(¥ billion)



Strengthening Retail Sales Capabilities in the Region

The Bank has changed its policy from expanding its overall scale and diversifying its operations among multiple market segments to concentrating its business resources on regional retail operations since the mid 1990s.

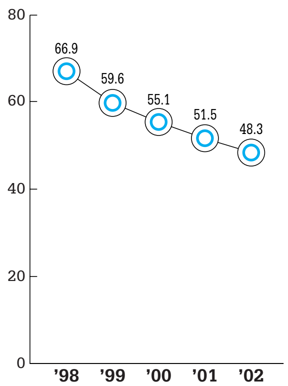
Credit risk has largely decreased from previous levels due to ongoing efforts to improve asset quality. On the other hand, the balance of loans to individuals showed steady growth, as a result of measures taken such as expansion of service channels for individual customers and development of new products designed to strengthen the Bank's retail sales competitiveness.

In the future, the Bank will continue to put emphasis on development of new products by conducting database marketing and provide good quality products and services to meet customers' needs in the region by effective use of information in our efficiently designed branch network, etc.

Furthermore, the Bank will continue to hold risk diversification of its asset portfolio as a management priority, and at the same time, strive to secure returns that are appropriate to the level of risk by increasing its ability to control risk exposures.

To do so, we consider it to be necessary for the entire Bank of Yokohama Group to understand customers' needs well and provide them with valuable information services, such as proposals for fundraising and fund management using our financial techniques, advice on capital management or restructuring of a business, and support for adopting appropriate financial strategies.

Overhead Ratio*
(Non-consolidated)
(%)



* The overhead ratio is defined as the ratio of expenses to gross operating income (excluding gains or losses on government bonds and other bonds)

Establishing an Efficient Operational System Based on a Small, Well-trained Staff

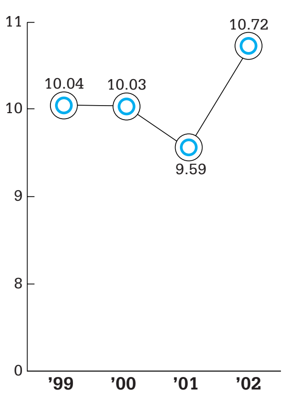
The Bank will continue to concentrate its business resources on the regional retail market, where our greatest strength lies, and will put greater emphasis on strengthening its operational capability. At the same time, the Bank will carry out a drastic review of the operational systems of the entire Group, further streamline operations and enhance management efficiency.

Specifically, the Bank will reduce the number of its employees on a non-consolidated basis to 3,500 by the year ending March 31, 2004 in order to achieve an efficient operational system. Furthermore, in recognition that the Bank's operational strength lies in the efficient branch network, the Bank will provide telephone and Internet banking services utilizing its branch network and will attempt to develop highly convenient and efficient service channels for the customers.

Under such a plan, the Bank will also undertake a thorough review of the overall work flow of the operational system to carry out tasks with a smaller number of employees.

These measures will enable the Bank to decrease its overhead ratio (OHR)* to approximately 45% for the year ending March 31, 2004.

Capital Adequacy Ratio
(Consolidated)
(%)



Fortifying the Capital Base

The capital adequacy ratio of the Bank on a consolidated basis as of March 31, 2002 was 10.72%, an increase of 1.13 points from the previous fiscal year. The current figure is sufficiently higher than the 4% standard set for domestic banks.

In November 2001, the Bank issued convertible bonds amounting to ¥60 billion with the aim of further strengthening its financial base. If the anticipated conversion of the convertible bonds to equity shares progresses smoothly, the Bank's capital adequacy ratio will increase, which is expected to create substantially stable capital.

By making these efforts, the Bank aims to become a "good quality bank" with a strong and stable financial base as well as a "bank that customers can always trust," as targeted in the medium-term management plan.

June 26, 2002

President and CEO
Sadaaki Hirasawa

Innovation 21 Stage 3

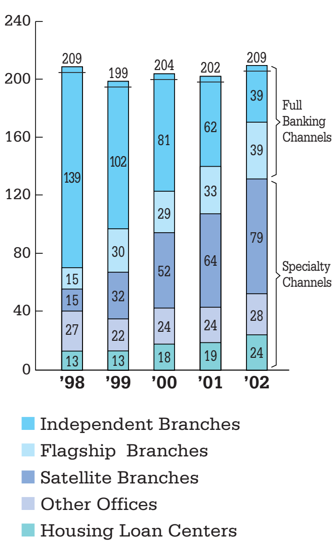
In April 2001, the Bank launched Innovation 21 Stage 3, a two-year phase of Innovation 21 medium-term management plan. Stage 3 calls for the Bank to further implement the regional retail strategies pursued over four years in the first two stages and to involve activities closely tied to the region we serve. At the same time, in order to establish a solid operating foundation amid realignment in the financial industry, we are working to further streamline operations, enhance management efficiency, and improve our risk management systems. In this way, we seek to become a highly profitable, slim and tenacious bank with a stable earnings base.

To accomplish this, we will maintain our sound management footing; continue to strive to be "a bank that customers can always trust," by providing high-quality services that meet our customers' financial needs through optimal service channels at appropriate prices at a time of increasing deregulation and remarkable dissemination of information technology. We have made "speed" the watchword for all officers and employees and are striving for the rapid execution of business processes and greater ability to adapt to the demands of the times.

In Stage 3 of Innovation 21 we have pressed on with implementation of the systems and structures completed in the first two stages and set our sights on further development. Therefore, we will further enhance the profitability of every employee by effectively allocating our business resources. In fiscal 2002, we are aiming to achieve especially the following two objectives:

> To further increase our customers' trust
> To fundamentally review our operational system

Review of Efficient Service Channels
(Number of Channels)



Reinforcing Area Operational Format

The Bank will reinforce its area operational format to maintain its dense network of branches and sub-branches concentrated mainly within Kanagawa Prefecture and engage in more efficient operation of our business. To this end, we will review the functions of branches and sub-branches, Housing Loan Centers and fully automated cash dispenser corners and pursue effective business operations adapted to the market characteristics of each of 27 areas, most of which are in the prefecture. With regard to the operating structure, to provide high-quality services we will promote a complementary branch network and assign employees based on expertise in specific business functions.

By establishing business bases aligned according to their functions we will reduce costs in our service channels and increase customer convenience. In Kanagawa Prefecture, we will reduce the number of branches with full banking functions to

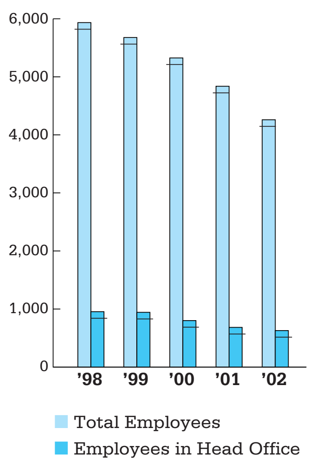
about 50, while at the same time increasing the number of branches with specialized functions to about 100. We will also strategically make use of mini-branches in the in-store branch and in-branch store formats.

We will establish an area operational department at core branches in each area and enhance our consultation and advisory functions for small- and medium-sized businesses and individuals to respond to increasingly sophisticated and diversified customer needs.

At the same time, at branches with specialized functions we will enhance services for customers, and we will put in place an operating structure that provides services suited to a variety of customer needs by strengthening ties between these branches and the flagship branch in the area.

We will also increase customer convenience by expanding and enhancing direct banking via telephone and the Internet and by installing fully automated cash dispenser corners.

Number of Employees
(Non-consolidated)



Increasing the Efficiency of Clerical Operations

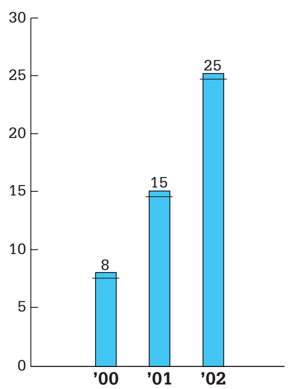
The Bank aims to increase clerical efficiency and reduce costs through such means as a review of loan business operations and centralization of work processes. In April 2002, the Bank reorganized to centralize loan business processes at the head office that were previously processed at the branches; we adopted an organizational structure centralized on the Loan Business Center of the Credit Department II and introduced arrangements for the fully integrated operation of the loan business, from planning to processing.

With regard to internal clerical work reviews, in addition to conducting a review of office management work at branches, we will centralize general affairs tasks. We are thoroughly improving our subsidiaries' business efficiency by outsourcing and reorganizing their operations. At the same time, we will make necessary investments to streamline operations and increase efficiency.

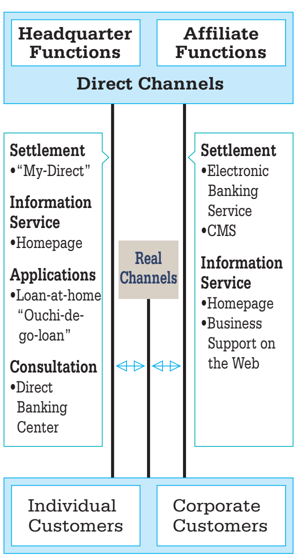
In this way, we are streamlining our sales structure and increasing its efficiency for lower-cost operation, and concentrating our management resources on regional retail business to further strengthen our sales capabilities. Specifically, the Bank will reduce the number of its employees on a non-consolidated basis to 3,500 by the year ending March 31, 2004 in order to achieve an efficient operational system.

Number of Applications for Internet and Mobile Banking Services

(thousands)



Direct Channel Scheme



Strengthening Retail Banking Operations

To strengthen our retail sales capabilities, the Bank of Yokohama Group aims to increase convenience for small- and medium-sized businesses and individuals and to expand banking services aimed at these customers, including enhanced consultation and advisory functions.

We will engage in efficient sales promotion activities based on market analysis, while at the same time strengthening the area operational format and implementing a drive to promote an increase in added value. Through this promotion, we aim to develop business relationships that deliver high customer satisfaction by concentrating the Group's collective strength on providing a variety of services such as management consultation, leasing and venture capital, as well as the Bank's financial services. While thoroughly pursuing low-cost operation, we will move toward the standardization and systematization of loan decisions using databases and work to speed up the credit assessment procedures.

Meanwhile, we have dramatically increased customer convenience and operating efficiency by means of enhancements to settlements and information services through direct channels. In the area of services for individuals, we offer telephone banking, Internet banking, and mobile banking services. We have also expanded and enhanced services for corporate customers, including a cash management service and a website that provides information on a membership basis. In July 2002, our Direct Banking Center began to offer investment products. In the future, we will enhance its inquiry and consultation functions.

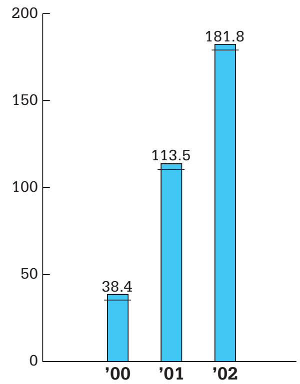
We will reinforce our competitive advantage in the region we serve by fostering close and direct contact with customers through multiple channels, even as we take advantage of our extensive branch network.

Services for Individual Customers

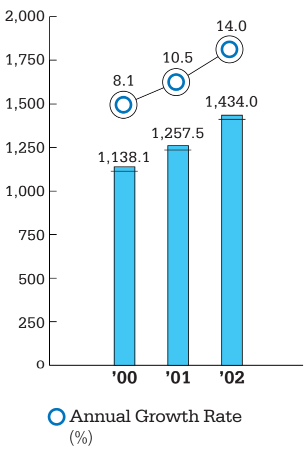
Providing Services Adapted to Each Stage of Life

The Bank is moving forward with a number of initiatives to enhance the services we provide to individual customers. Making use of information databases, we will efficiently provide a complete range of products and services adapted to our customers' stages of life. The range will encompass everything from direct salary deposit, multifunction cards, and consumer loans to housing loans, insurance products, and pensions. We will also aggressively offer products obtained through strategic alliances with other financial institutions.

Investment Trusts for Individual Customers
(¥ billion)



Housing Loans
(¥ billion)



Enhancing Asset Management Advisory Services

Emphasizing face-to-face contact with customers, we will enhance consulting and asset management advisory services for individual customers. To ensure that we respond appropriately to our customers' increasingly diverse needs, we have assigned financial advisors with highly specialized knowledge and extensive expertise to posts in each area and within the head office. In addition to expanding and enhancing our product line, we will implement a framework to promote sales of 401 (k) plans and individual pensions.

Augmenting Housing Loans

The Bank has opened Housing Loan Centers in six locations during the past year, expanding the network to a total of 25 locations, mainly in Kanagawa Prefecture. Our housing loans are in great demand, and the annual growth rate exceeds 10%. The strong demand has prompted us to assign specialists to the Housing Loan Centers to meet diverse customer needs related to housing acquisition, which has strengthened our framework for providing rapid, accurate customer response. We have also enhanced efficiency through such means as the integration of all housing loan functions from sales promotion to clerical operations. We will enhance and expand consultation on matters of asset utilization such as rental property management. We have also established a center to serve rental property owners, staffed by specialists who provide consultation on rental apartment house loans and accept loan applications.

Services for Corporate Customers

Augmenting Loans to Small- and Medium-sized Businesses

To contribute to the development and vitalization of the regional economy, we have developed new products for small- and medium-sized business customers who are engaged in business expansion or diversification. We will continue to support the business activities of these customers.

Services for the Retail Market

The Bank's aggressive involvement with "Retail 48," which we have been handling since May 2001, has enabled us to establish rapid credit assessment, simplify application procedures, and respond to the needs for funds from small- and medium-sized business customers.

The Bank established the Business Loan Plaza within the head office in March 1999 as a direct banking center for our corporate customers. At the Business Loan Plaza we make use of channels such as telephone, direct mail, and e-mail to handle inquiries and provide advice concerning loans guaranteed by Credit Guarantee Corporation and quick business loans, and perform credit assessment. In the future we will further expand and enhance the direct banking systems at this facility to increase opportunities for contact with customers.

Responding to Diversifying Customer Needs

The Bank will respond to customer requirements for syndicated loans, factoring, derivatives and other products and services. To respond to increasingly diversifying customer needs we will engage in a continuing information provision program such as seminars on 401 (k) plans.

Knowledge Management

In December 2001, the Bank launched a knowledge management initiative as a means of enhancing the service we provide our customers. Within each area and branch we appoint an “information meister,” a promotion leader, who performs the function of an information clearinghouse, coordinating information within the area and engaging in information matching. By reinforcing the information flow centralized around the “information meister” and utilizing an extensive network that includes the head office and affiliated companies, we strive for more sophisticated use of information, within the bounds of thoroughgoing privacy assurance.

The Bank regards the knowledge, wisdom, and expertise of each employee as a company-wide asset and promotes knowledge sharing. We plan to refine our system for providing, with impeccable timing, valuable information that will truly benefit our customers. We will also use approaches based on accumulated customer data and statistics to develop various sales and marketing initiatives and new products.

Reinforcing Activities in the Market Sector

In market operations, the Bank engages in trading on various treasury markets involving funds, foreign exchange, bonds, derivatives and other financial markets to respond to increasingly sophisticated and diversified customer needs. These activities are also used appropriately to cope with a variety of risks associated with interest rates, equity prices, foreign exchange rates and liquidity borne by the Bank as part of its asset and liability management (ALM) program.

Offering Derivatives and Other Investment Products

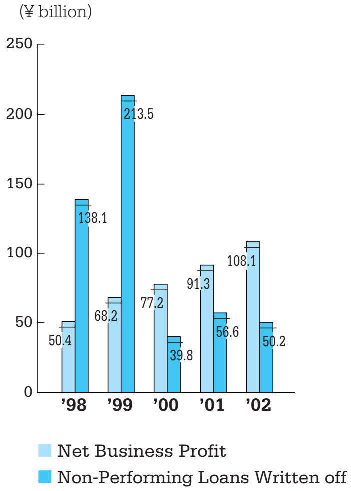
In order to respond to various customer requirements we are expanding and enhancing our selection of derivative products. We offer interest rate caps, currency options and other derivative products to assist customers in hedging against interest rate risk, foreign exchange rate risk, and other types of risk.

We also make available various investment products such as public bonds, including local government bonds issued by Kanagawa Prefecture, the City of Yokohama, and Kawasaki City.

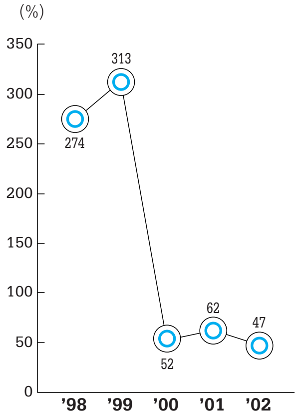
Increasing Earnings through Investment Products

In response to changes in the Bank's funds investment and procurement structure, we agilely invest in corporate bonds, asset-backed securities (ABS), and foreign bonds to increase earnings.

Non-performing Loans Written off (Non-consolidated)



Ratio of Non-performing Loans Written off to Net Business Profit (Non-consolidated)



Successful Disposal of Non-performing Loans

The bad debt problem resulting from the bursting of the bubble economy and subsequent business slump has affected the financial position of Japan's banks, and The Bank of Yokohama has been no exception. The Bank has taken this problem seriously, and has continued to actively dispose of bad debts. The amount of write-offs peaked in fiscal 1998 (ended March 31, 1999).

In Fiscal 2001, ended March 31, 2002, the harsh economic climate continued, and as a result of conducting a rigorous assessment of collateral and the bad debt provision in response to falling land prices, the total amount of non-performing loans written off reached ¥50.2 billion. And the ratio of loans written off to net business profit fell sharply from 62% for the previous year to 47% for the year under review.

As a result of aggressive efforts to remove bad debt from the balance sheet and collect debts, bad debt calculated according to the standards of the Financial Reconstruction Law decreased ¥59.8 billion compared to the previous year to ¥476.7 billion for the year under review.

Risk Management

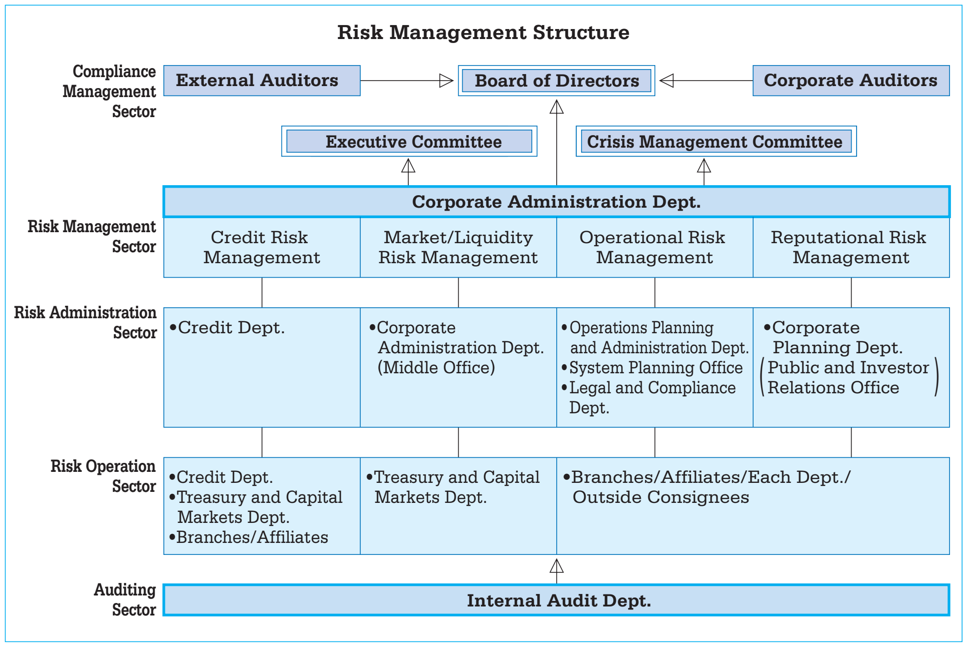
The risks confronting banks are becoming varied and complicated as financial technology evolves and customer needs become sophisticated and diversified. Accordingly, the Bank has positioned risk management as a critical management issue from the standpoint of maintaining and increasing the soundness of management, and constantly strives to develop its risk management capabilities.

Specific risk management measures go beyond individual management of credit risk, market risk, liquidity risk and other forms of risk. Based on the concept that it is necessary to calculate risk and return on the basis of centralized tracking of quantifiable risk and allocate management resources appropriately within the scope of the Bank's capital, we are putting in place systems and infrastructure with a view to realizing comprehensive risk management. Taking into consideration the characteristics of each kind of risk, we distinguish between "risks that should be taken" and "risks that should be prevented" and engage in balanced risk management. We have constructed a monitoring system comprised of the risk administration sectors and the risk operation sectors.

Crisis Management Structure

To guard against crisis situations such as loss of trust, instability in the financial market, and a disruption of supply to the Bank's funding base, which can be triggered, not only by natural disasters, but also by events such as computer system failure, scandal or a liquidity crisis, the Bank established its Contingency Plan and the Crisis Management Committee headed by the Chief Risk-managing Officer (CRO) in April

2001. When a crisis occurs, headquarters to respond to the emergency, set up by the Crisis Management Committee, respond according to the nature of the emergency.



Enhancing Corporate Governance

In April 2001, the Bank launched Innovation 21 Stage 3, a two-year phase of the medium-term management plan, bringing further clarity to the direction the Bank will pursue as a regional financial institution. To achieve the objectives laid down in the plan, the Bank has clearly distinguished between the roles of the management section and the marketing section and further clarified responsibilities and authority in order to strengthen our business and accelerate decision making in our operations. Specific measures include the designation in April 2001 of managing executive officers to serve as district managing officers, each responsible for the Bank's performance in his or her assigned district. In the management section, we have simplified the flow of decision making, establishing two executive management positions: Representative Director and Director. We have also established the titles for Representative Directors to clearly reflect the authority and responsibilities (see p. 49 Board of Directors).

Compliance Structure

The Bank is fully conscious of its social responsibilities as a financial institution rooted in the region we serve. We have positioned observance of laws and regulations as a management issue of the utmost importance and are working to strengthen the Bank's compliance structure. The Bank's basic compliance policy is established each year in a Compliance Program laid down by the Board of Directors, and the Bank carries out activities in accordance with the Program.

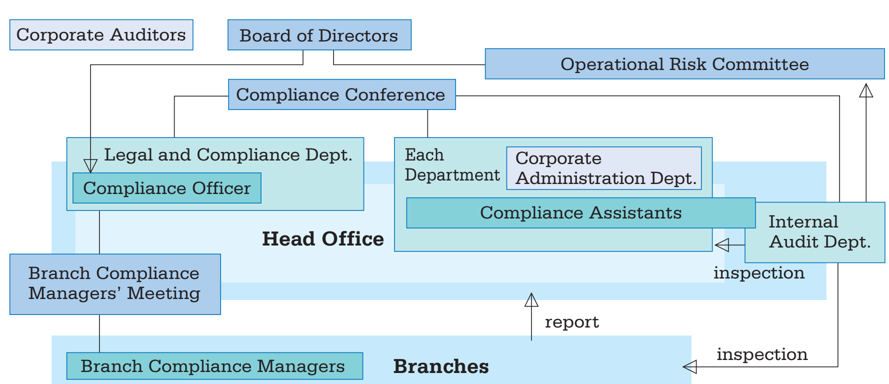
The Bank makes every effort to thoroughly implement the compliance structure, including issuing a compliance manual to every employee. In addition, we produce compliance manuals for each department based on the specific operation performed in every department, and enforce compliance with laws and regulations for each business operation.

The general manager of the Legal and Compliance Department within the Corporate Administration Department presides over compliance matters as the Bank's compliance officer. The Bank assigns compliance assistants to each department and compliance managers to each branch and monitors each business operation within each department and branch. If a violation of laws and regulations occurs, the Legal and Compliance Department will be responsible for investigating its cause and establishing measures to prevent a recurrence.

The Operational Risk Committee, convened quarterly by the President, enforces compliance with the laws and regulations and monitors and reports the operational risk stemming from the potential malfunction of clerical processes or systems. The Committee also receives reports from the Internal Audit Department on the results of operation audits conducted at each department, branch, and affiliated company and the results of verification of compliance with the laws and regulations as well as reports from the Legal and Compliance Department on case examples of compliance problems, their causes, and measures to prevent recurrence. It deliberates and provides guidance on matters such as the advance prevention of violations of laws and regulations.

The strict observation of statutes, articles of association and internal rules is one of the highest importance, and four corporate auditors, including two outside auditors, conduct audits in accordance with generally accepted standards of compliance.

Compliance Structure



Financial Review (Consolidated)

Deposits and Loans

The performance of Bank of Yokohama Group for the consolidated fiscal year under review is as described below.

As a result of efforts to increase deposits by developing general business promotion, despite continuation of low interest rates, deposits increased ¥119.6 billion or 1.3%, compared to the previous term, to ¥ 9,192.2 billion. Time deposits decreased ¥681.4 billion or 15.1% to ¥ 3,837.9 billion and negotiable CDs decreased ¥109.4 billion or 54.0%, to ¥ 93.1 billion.

Although the Group strove to increase loan transactions, primarily loans to individuals, overall weak demand for funds brought an overall reduction in loans of ¥126.7 billion. The yearend balance of loans decreased 1.6%, to ¥7,593.5 billion.

Securities

Securities decreased ¥506.5 billion during the year under review. The balance at the fiscal yearend decreased 34.7%, to ¥953.7 billion.

Total Assets

Total assets increased ¥24.8 billion or 0.2% during the year under review, for a balance at fiscal yearend of ¥10,764.9 billion.

Profit and Loss

The continuing low-interest situation brought a drop-off in interest income from loans. This and other factors brought a decrease in total income of ¥46.6 billion or 13.0%, compared to the previous term, to ¥310.9 billion. Despite the increase in valuation losses on securities, reflecting the fall in stock prices, total expenses decreased ¥31.7 billion or 10.2%, compared to the previous term, to ¥278.5 billion due to a decrease in interest on deposits and efforts to control costs. As a result, income before income taxes and minority interests decreased ¥14.8 billion or 31.4%, to ¥32.4 billion. Net income decreased ¥6.7 billion or 25.1%, to ¥19.9 billion.

Capital Adequacy Ratio

The Consolidated capital adequacy ratio at the fiscal yearend was 10.72% based on domestic criteria, a 1.13-point increase against the previous term. Although Tier 1 capital including common and preferred stock, capital surplus, legal reserve, and appropriated retained earnings decreased ¥2.3 billion, Tier 2 capital increased ¥38.3 billion due to an increase in the balance of subordinated loans. This resulted in a year-on-year increase of ¥38.0 billion in owned capital at fiscal yearend, to ¥699.8 billion.

Segment Information

Information on business performance by business segment is as follows.

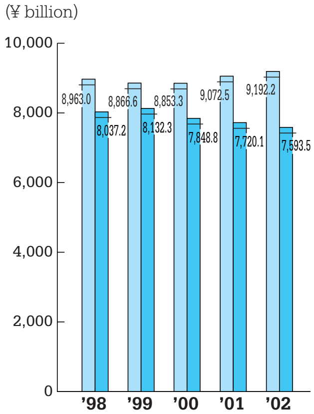
Banking Business

Ordinary income decreased ¥24.7 billion, compared to the previous term, to ¥260.3 billion, and ordinary expenses decreased ¥9.4 billion to ¥226.3 billion. As a result, ordinary profit decreased ¥15.3 billion to ¥34.0 billion.

Leasing Business

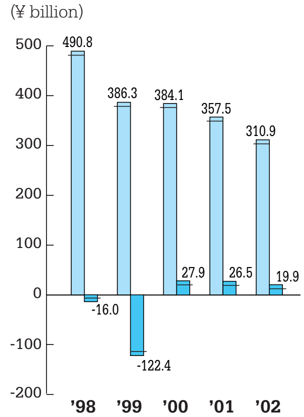
Ordinary income decreased ¥2.6 billion, compared to the previous term, to ¥44.5 billion and ordinary expenses decreased ¥2.4 billion to ¥44.0 billion. As a result, ordinary profit decreased ¥0.2 billion to ¥0.4 billion.

Deposits and Loans Outstanding (Consolidated)
(¥ billion)



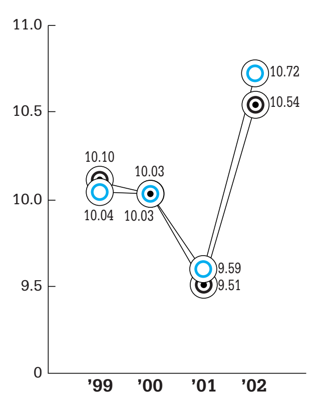
Deposits
Loans Outstanding

Total Income and Net Income (Consolidated)
(¥ billion)



Total Income
Net Income

Capital Adequacy Ratio
(%)



Consolidated
Non-consolidated

Other Businesses

Ordinary income decreased ¥3.0 billion, compared to the previous term, to ¥11.6 billion and ordinary expenses decreased ¥2.2 billion to ¥12.7 billion. As a result, an ordinary loss of ¥1.0 billion was posted (by comparison with an ordinary loss of ¥0.2 billion posted the year before).

Cash Flows

Net cash flows from operating activities include increases or decreases in call loans, call money or other instruments linked to market rates, increases or decreases in loans or deposits, and other factors. For the year under review, net cash provided by operating activities increased ¥230.0 billion, compared to the previous term, to ¥319.7 billion. Net cash flows from investing activities include items such as purchases or sales of securities and purchases or sales of premises and equipment. For the year under review, ¥432.1 billion in net cash was provided by investing activities, compared to ¥5.5 billion used in investing activities the year before. Net cash flows from financing activities include repayments of subordinated loans and issuance or repayment of subordinated bonds. For the year under review, ¥75.5 billion in net cash was provided by financing activities, compared to ¥129.5 billion used in financing activities the year before. As a result, the balance of cash and cash equivalents at the fiscal yearend increased ¥827.3 billion, compared to the previous term, to ¥1,069.1 billion.

Deposits and Loans

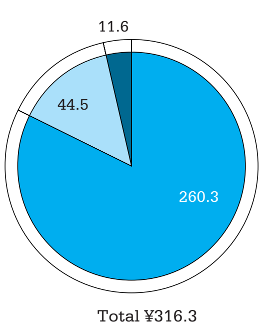
Despite continuation of low interest rates during the year under review, comprehensive business promotion rooted in the region we serve resulted in an increase of ¥138.1 billion or 1.5% in deposits, compared with the previous term, to a balance of ¥9,279.4 billion. The chief source of growth was deposits from individuals within Kanagawa Prefecture.

Continued weak demand for funds and aggressive write-offs of bad debt brought an overall reduction in loans of ¥66.2 billion or 0.8% to ¥7,735.0 billion. However, an aggressive effort to place loans, primarily housing loans, with individual customers resulted in an increase in the balance of loans to individuals of ¥183.5 billion or 7.5% to ¥2,615.9 billion. The ratio of loans to individuals to total loans increased 2.6 points, compared to the previous term, to 33.8%.

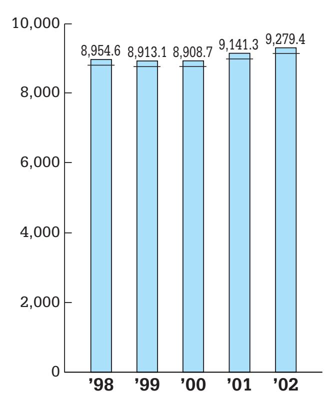
Securities

In order to control risk of fluctuations in equity prices, the Bank has continued outright sales and at yearend, the book value of corporate stocks decreased ¥100.3 billion or 27.3%, compared to the previous term, to ¥267.2 billion. The fiscal yearend balance of securities on the balance sheet decreased ¥512.9 billion or 35.5% to ¥931.5 billion.

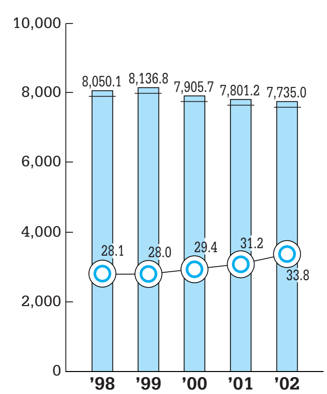
Ordinary Income by Segment
(Before eliminations/Consolidated)
(¥ billion)



Deposits (Non-consolidated)
(¥ billion)



Loans Outstanding (Non-consolidated)
(¥ billion/%)



Foreign Exchange

The volume of foreign exchange transactions during the year under review increased US$16,424 million or 38.1%, compared to the previous term, to US$59,498 million.

Profit and Loss

Although income from fees and commissions and other operating income increased, interest income decreased on account of lower interest on loans and bills discounted and on securities. These developments resulted in a decrease in total income of ¥40.2 billion or 13.4%, compared to the previous term, to ¥260.5 billion.

At the same time, reductions in other operating expenses, general and administrative expenses, and interest on deposits brought a decrease in total expenses. Also, losses of ¥50.2 billion on disposal of bad debts and losses of ¥18.7 billion on securities were booked. As a result of these developments, income before income taxes decreased ¥14.0 billion or 29.8% to ¥32.9 billion. Net income decreased ¥6.5 billion or 24.1% to ¥20.5 billion.

Dividend Policy

The Bank's basic policy concerning dividends is to continue to pay stable dividends, and management intends to strive to meet the expectations of shareholders with regard to dividends. Based on this policy, the Bank declared a cash dividend on common stock of ¥5.00 per share for the year under review.

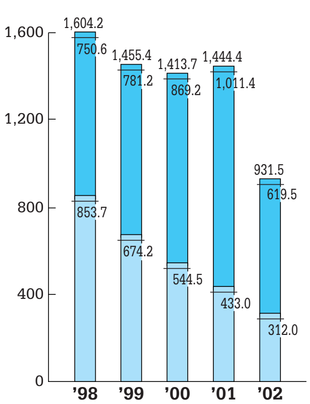
The dividend on the first preferred stock was ¥5.66 per share and the dividend on the second preferred stock was ¥9.46 per share.

Capital Adequacy Ratio

The capital adequacy ratio at the fiscal yearend improved 1.03 points, compared to the previous term, to 10.54% on a non-consolidated basis on domestic criteria.

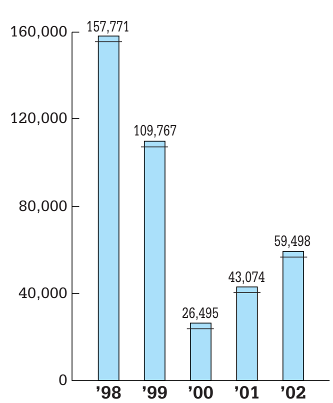
Although Tier 1 capital including common and preferred stock, capital surplus, legal reserve, and appropriated retained earnings decreased ¥2.5 billion, Tier 2 capital increased ¥39.2 billion, due to an increase in the balance of subordinated loans. This resulted in an increase of ¥38.7 billion in owned capital at fiscal yearend to ¥682.5 billion.

Securities (Non-consolidated)
(¥ billion)

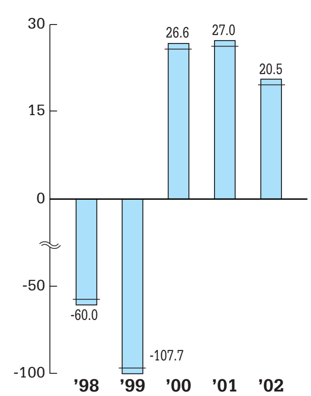


■ Bonds
■ Corporate Stocks and Other Securities

Foreign Exchange Transactions (Non-consolidated) (US$ million)



Net Income (Non-consolidated)
(¥ billion)



Five-year Summary of Consolidated Balance Sheets

	Millions of Yen				
	2002	2001	2000	1999	1998
ASSETS:					
Cash and due from banks	¥1,109,666	293,610	¥450,776	¥490,401	¥559,367
Call loans	61,900	205,670	76,380	976	46,876
Commercial paper and other debt purchased	20,658	24,168	23,811	23,003	4,138
Trading assets	52,311	118,706	44,565	52,909	148,428
Money held in trust				40,030	25,833
Securities	953,716	1,460,242	1,448,130	1,462,075	1,594,880
Loans and bills discounted	7,593,463	7,720,134	7,848,804	8,132,302	8,037,192
Foreign exchange	10,294	7,669	8,217	10,729	27,039
Other assets	258,074	137,313	104,153	133,087	117,816
Premises and equipment	230,936	242,995	259,245	267,371	185,808
Deferred tax assets	147,825	146,093	168,443	193,003	128,781
Goodwill	157	271	384	158	
Customers' liabilities for acceptances and guarantees	436,139	498,928	430,349	453,504	383,544
Allowance for possible loan losses	(110,257)	(115,534)	(134,920)	(349,138)	(254,434)
Allowance for possible losses on investments		(197)	(107)		
TOTAL	¥10,764,882	¥10,740,068	¥10,728,230	¥10,910,410	¥11,005,268
LIABILITIES:					
Deposits	¥9,192,156	¥9,072,508	¥8,853,324	¥8,866,637	¥8,962,955
Call money and bills sold	1,774	132,586	255,435	217,268	320,934
Commercial paper				15,000	
Trading liabilities	4,687	5,206	3,364	4,760	2,144
Borrowed money	241,210	286,863	376,543	443,479	374,319
Foreign exchange	83	162	185	82	505
Bonds and notes	55,998	30,717	95,888	146,944	153,570
Convertible bonds	60,000			3,274	3,274
Other liabilities	267,689	195,930	201,517	271,170	298,128
Liability for employees' retirement benefits	71	182	15,621	15,675	15,499
Reserve for possible losses on collateralized real estate loans sold	14,295	22,693	26,321	30,846	26,042
Reserve for contingent liabilities	4,201	3,778	5,005	2,449	
Acceptances and guarantees	436,139	498,928	430,349	453,504	383,544
Deferred tax liabilities	484	620	350		
Deferred tax liabilities for land revaluation excess	23,370	23,464	23,905	24,793	
Land revaluation excess					59,204
Total liabilities	10,302,157	10,273,637	10,287,807	10,495,881	10,600,118
MINORITY INTERESTS	11,458	11,537	10,695	9,295	
STOCKHOLDERS' EQUITY:					
Common stock	134,800	134,800	134,800	134,547	134,547
Preferred stock excess	50,000	50,000	50,000	50,000	
Surplus, reserves and other	266,467	270,094	244,928	220,687	270,603
Total stockholders' equity	451,267	454,894	429,728	405,234	405,150
TOTAL	¥10,764,882	¥10,740,068	¥10,728,230	¥10,910,410	¥11,005,268

Five-year Summary of Consolidated Statements of Operations

	Millions of Yen				
	2002	2001	2000	1999	1998
INCOME:					
Interest on loans and discounts	¥165,882	¥177,538	¥181,791	¥194,392	¥210,593
Other	145,022	179,937	191,986	172,586	280,205
Total income	310,904	357,475	373,777	366,978	490,798
EXPENSES:					
Interest on deposits	14,471	25,342	25,177	53,151	101,516
Other	264,046	284,920	293,469	496,648	425,498
Total expenses	278,517	310,262	318,646	549,799	527,014
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	32,387	47,213	55,131	(182,821)	(36,216)
TOTAL INCOME TAXES	12,834	20,198	25,429	(60,100)	(20,172)
MINORITY INTERESTS IN NET INCOME (LOSS)	300	(507)	(1,801)	365	
NET INCOME (LOSS)	¥19,853	¥26,508	¥27,901	¥(122,356)	¥(16,044)

See notes to consolidated financial statements.

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Deloitte
Touche
Tohmatsu

INDEPENDENT AUDITORS' REPORT

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, 2002 and 2001, 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, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

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 26, 2002

Consolidated Financial Statements

Consolidated Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
ASSETS:			
Cash and due from banks (Notes 3 and 11)	¥ 1,109,666	¥ 293,610	$ 8,327,700
Call loans	61,900	205,670	464,540
Commercial paper and other debt purchased	20,658	24,168	155,032
Trading assets (Note 4)	52,311	118,706	392,578
Securities (Notes 5 and 11)	953,716	1,460,242	7,157,343
Loans and bills discounted (Notes 6 and 11)	7,593,463	7,720,134	56,986,589
Foreign exchange (Note 7)	10,294	7,669	77,253
Other assets (Notes 8 and 11)	258,074	137,313	1,936,766
Premises and equipment (Notes 9 and 11)	230,936	242,995	1,733,103
Deferred tax assets (Note 23)	147,825	146,093	1,109,381
Goodwill	157	271	1,178
Customers' liabilities for acceptances and guarantees (Note 10)	436,139	498,928	3,273,088
Allowance for possible loan losses	(110,257)	(115,534)	(827,444)
Allowance for possible losses on investments		(197)	
TOTAL	¥10,764,882	¥10,740,068	$ 80,787,107
LIABILITIES:			
Deposits (Notes 11 and 12)	¥ 9,192,156	¥ 9,072,508	$68,984,285
Call money and bills sold (Note 11)	1,774	132,586	13,313
Trading liabilities (Note 4)	4,687	5,206	35,175
Borrowed money (Notes 11 and 13)	241,210	286,863	1,810,206
Foreign exchange (Note 7)	83	162	623
Bonds and notes (Note 14)	55,998	30,717	420,248
Convertible bonds (Note 15)	60,000		450,281
Other liabilities (Note 16)	267,689	195,930	2,008,923
Liability for employees' retirement benefits (Note 17)	71	182	533
Reserve for possible losses on collateralized real estate loans sold	14,295	22,693	107,280
Reserve for contingent liabilities	4,201	3,778	31,527
Acceptances and guarantees (Note 10)	436,139	498,928	3,273,088
Deferred tax liabilities (Note 23)	484	620	3,632
Deferred tax liabilities for land revaluation excess (Note 23)	23,370	23,464	175,385
Total liabilities	10,302,157	10,273,637	77,314,499
MINORITY INTERESTS	11,458	11,537	85,989
STOCKHOLDERS' EQUITY (Notes 18, 23 and 28):			
Capital stock:			
Common stock	134,800	134,800	1,011,632
Preferred stock	50,000	50,000	375,234
Capital surplus	146,277	146,277	1,097,764
Land revaluation excess	32,943	33,253	247,227
Earned surplus	103,433	86,868	776,233
Net unrealized gain (loss) on available-for-sale securities	(15,943)	4,049	(119,647)
Foreign currency translation adjustment		(80)	
Treasury stock—at cost, 608,370 shares of common stock in 2002 and 699,415 shares of common stock in 2001	(243)	(273)	(1,824)
Total stockholders' equity	451,267	454,894	3,386,619
TOTAL	¥10,764,882	¥10,740,068	$80,787,107

See notes to consolidated financial statements.

Consolidated Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
INCOME:			
Interest on:			
Loans and discounts	¥165,882	¥177,538	$1,244,893
Securities	20,142	25,321	151,159
Other	7,815	14,637	58,649
Fees and commissions	37,813	35,367	283,775
Trading profits	637	609	4,781
Other operating income (Note 19)	60,749	56,800	455,902
Other income (Note 20)	17,866	47,203	134,079
Total income	310,904	357,475	2,333,238
EXPENSES:			
Interest on:			
Deposits	14,471	25,342	108,600
Borrowings and rediscounts	5,930	10,229	44,503
Other	10,178	21,326	76,383
Fees and commissions	7,634	7,436	57,291
Trading losses	7	5	53
Other operating expenses (Note 21)	44,430	47,215	333,433
General and administrative expenses	99,956	103,403	750,139
Provision for possible loan losses	14,417	30,983	108,195
Other expenses (Note 22)	81,494	64,323	611,587
Total expenses	278,517	310,262	2,090,184
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	32,387	47,213	243,054
INCOME TAXES (Note 23):			
Current	871	1,127	6,536
Deferred	11,963	19,071	89,779
Total income taxes	12,834	20,198	96,315
MINORITY INTERESTS IN NET INCOME (LOSS)	300	(507)	2,252
NET INCOME	¥ 19,853	¥ 26,508	$ 148,991

	Yen		U.S. Dollars
	2002	2001	2002
PER SHARE INFORMATION (Note 2. s.):			
Net income per share	¥16.25	¥22.13	$0.12
Diluted net income per share	15.16		0.11
Dividend on common stock	5.00	5.00	0.04
Dividend on the first preferred stock	5.66	5.66	0.04
Dividend on the second preferred stock	9.46	9.46	0.07

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Years Ended March 31, 2002 and 2001

	Thousands		Millions of Yen							
	Issued Number of Shares									
	Common Stock	Preferred Stock	Common Stock	Preferred Stock	Capital Surplus	Land Revaluation Excess	Earned Surplus	Net Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustment	Treasury Stock
BALANCE, APRIL 1, 2000	1,138,624	200,000	¥134,800	¥50,000	¥146,277	¥33,878	¥ 66,771			¥(1,998)
Net income							26,508			
Cash dividends, ¥5.00 per share for common stock, ¥5.66 per share for first preferred stock and ¥9.46 per share for second preferred stock							(7,036)			
Reversal of land revaluation excess						(625)	625			
Decrease in treasury stock (4,663,088 shares)										1,725
Net increase in unrealized gain (loss) on available-for-sale securities								¥ 4,049		
Net decrease in foreign currency translation adjustment									¥(80)	
BALANCE, MARCH 31, 2001	1,138,624	200,000	134,800	50,000	146,277	33,253	86,868	4,049	(80)	(273)
Net income							19,853			
Cash dividends, ¥2.50 per share for common stock, ¥2.83 per share for first preferred stock and ¥4.73 per share for second preferred stock							(3,525)			
Reversal of land revaluation excess						(310)	237			
Decrease in treasury stock (91,045 shares)										30
Net decrease in unrealized gain (loss) on available-for-sale securities								(19,992)		
Net increase in foreign currency translation adjustment									80	
BALANCE, MARCH 31, 2002	1,138,624	200,000	¥134,800	¥50,000	¥146,277	¥32,943	¥103,433	¥(15,943)		¥ (243)

	Thousands of U.S. Dollars (Note 1)							
	Common Stock	Preferred Stock	Capital Surplus	Land Revaluation Excess	Earned Surplus	Net Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustment	Treasury Stock
BALANCE, March 31, 2001	$1,011,632	$375,234	$1,097,764	$249,553	$651,917	$30,386	$(600)	$(2,049)
Net income					148,991			
Cash dividends, $0.02 per share for common stock, $0.02 per share for first preferred stock and $0.04 per share for second preferred stock					(26,454)			
Reversal of land revaluation excess				(2,326)	1,779			
Decrease in treasury stock (91,045 shares)								225
Net decrease in unrealized gain (loss) on available-for-sale securities						(150,033)		
Net increase in foreign currency translation adjustment							600	
BALANCE, March 31, 2002	$1,011,632	$375,234	$1,097,764	$247,227	$776,233	$(119,647)		$(1,824)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥32,387	¥47,213	$243,054
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	36,814	39,181	276,277
Amortization of goodwill	114	113	855
Decrease in allowance for possible loan losses	(5,277)	(19,386)	(39,602)
Increase (decrease) in allowance for possible losses on investments	(70)	90	(525)
Decrease in reserve for possible losses on collateralized real estate loans sold	(8,398)	(3,628)	(63,024)
Increase (decrease) in reserve for contingent liabilities	423	(1,227)	3,174
Decrease in liability for employees' retirement benefits	(111)	(15,439)	(833)
Interest income	(193,839)	(217,496)	(1,454,701)
Interest expenses	30,579	56,897	229,486
Securities losses (gains)—net	12,959	(13,051)	97,253
Foreign exchange gains—net	(2,176)	(4,070)	(16,330)
Losses on disposal of premises and equipment—net	1,335	2,469	10,019
Net decrease (increase) in trading assets	66,395	(74,141)	498,274
Net increase (decrease) in trading liabilities	(519)	1,842	(3,895)
Net decrease in loans	126,671	128,670	950,626
Net increase in deposits	119,648	219,184	897,921
Net decrease in other borrowings	(39,653)	(30,680)	(297,583)
Net decrease in due from banks	11,282	111,912	84,668
Net decrease (increase) in call loans and others	147,280	(129,647)	1,105,291
Net increase in margin money deposited under securities lending transactions	(69,317)		(520,203)
Net decrease in call money and others	(130,812)	(122,849)	(981,703)
Net decrease in margin money received under securities lending transactions		(13,942)	
Net decrease (increase) in foreign exchange (assets)	(2,625)	548	(19,700)
Net decrease in foreign exchange (liabilities)	(79)	(23)	(593)
Interest and dividends received	208,414	215,884	1,564,082
Interest paid	(36,647)	(67,626)	(275,024)
Other—net	15,946	(20,288)	119,670
Subtotal	320,724	90,510	2,406,934
Income tax paid	(1,013)	(845)	(7,602)
Net cash provided by operating activities—(Forward)	¥319,711	¥89,665	$2,399,332

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Net cash provided by operating activities—(Forward)	¥319,711	¥89,665	$2,399,332
INVESTING ACTIVITIES:			
Purchases of securities	(769,563)	(1,064,857)	(5,775,332)
Proceeds from sales of securities	929,263	865,856	6,973,831
Proceeds from maturities of securities	292,712	211,255	2,196,713
Expenditures for premises and equipment	(23,504)	(31,267)	(176,390)
Proceeds from sales of premises and equipment	3,181	13,521	23,872
Net cash provided by (used in) investing activities	432,089	(5,492)	3,242,694
FINANCING ACTIVITIES:			
Repayments of subordinated loans	(6,000)	(59,000)	(45,028)
Proceeds from subordinated bonds and convertible bonds	85,000	21,000	637,899
Repayments of subordinated bonds		(86,700)	
Dividends paid	(3,525)	(7,036)	(26,454)
Dividends paid to minority interests stockholders	(20)	(20)	(150)
Purchase of treasury stock	(101)	(135)	(758)
Proceeds from sales of treasury stock	153	2,406	1,148
Net cash provided by (used in) financing activities	75,507	(129,485)	566,657
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	30	58	225
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	827,337	(45,254)	6,208,908
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	241,759	287,013	1,814,326
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥1,069,096	¥241,759	$8,023,234

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2002 and 2001

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Bank of Yokohama, Ltd. (the "Bank") 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 ¥133.25 to $1, the rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation**—The consolidated financial statements include the accounts of the Bank and its 15 in 2002 and 16 in 2001 significant subsidiaries (together, the "Banks"), respectively, including Yokohama Business Service Co., Ltd. and Hamagin Finance Co., Ltd. (Japanese corporations). Yokohama Finance (Europe) S.A. (a Belgian corporation), a previously consolidated subsidiary, was liquidated during fiscal year 2002.

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, have 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.

Two in 2002 and three in 2001 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 yearends to the date of the consolidated financial statements.

The consolidated financial statements do not include the accounts of two subsidiaries in 2002 and a subsidiary in 2001, respectively, including Hamagin Leasing (USA) Inc. (a United States corporation), because the total assets, total income, net income and earned surplus of these entities would not have had material effects on the consolidated financial statements.

Although an associated company was accounted for by equity method in 2001, none of the five associated companies are accounted for by equity method in 2002, because it was established that net income and earned surplus of these entities attributed to the Bank would not have had material effects on the consolidated financial statements.

Investments in these unconsolidated subsidiaries and all five 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 at the date of acquisition. Goodwill on acquisition of subsidiaries is amortized using the straight-line method over 5 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 stated 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—Securities are 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, which are not classified as held-to-maturity debt securities, are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders' equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

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 excess of the reevaluated carrying amount of the land over fair value was ¥26,657 million ($200,053 thousand) and ¥20,722 million as of March 31, 2002 and 2001, respectively.

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

h. Allowance for Possible Loan Losses—The Bank and certain consolidated finance companies provide allowance 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."

The allowance for possible loan losses is calculated based on the specific actual historical 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. For claims to debtors (except legal or virtual bankruptcy categories) for which future cash flows could be reasonably estimated, an allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and carrying value of the claims.

The allowance 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 has been deducted as deemed uncollectible, directly from those claims. As of March 31, 2002 and 2001, the deducted amounts were ¥216,902 million ($1,627,782 thousand) and ¥221,249 million, respectively.

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

i. Allowance for Possible Losses on Investments—The allowance 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—The 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 benefit plans. The Bank has a contributory funded pension plan and a domestic consolidated subsidiary has a non-contributory funded pension plan covering substantially all of their employees. Effective April 1, 2000, the Bank and domestic consolidated subsidiaries account 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 at the beginning of the year ended March 31, 2001 has been charged to income.

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

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**—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives except those entered into "for trading purposes" will be recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the statements 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 as temporary treatment, 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.

Income and expenses on derivatives included in macro-hedges are offset in each income/expense account and presented on a net basis.

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 the historical exchange rate. Differences arising from such translations are shown as "Foreign Currency Translation Adjustment" as a separate component of stockholders' equity.

Assets and liabilities denominated in foreign currencies held by the Bank have been translated at exchange rates prevailing as of the balance sheet date.

Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective yearend 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 and rates 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 yearend 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 stocks, divided by the weighted average number of shares of common stock outstanding during each fiscal year. The weighted average number of common stocks used in the computation was 1,138,063,099 shares and 1,136,474,876 shares for the years ended March 31, 2002 and 2001, respectively.

Diluted net income per share was not disclosed in 2001 because the Bank had no securities with dilutive effects.

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

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents, end of year" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Cash and due from banks	¥1,109,666	¥293,610	$8,327,700
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	(40,570)	(51,851)	(304,466)
Cash and cash equivalents	¥1,069,096	¥241,759	$8,023,234

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Trading assets:			
Trading securities	¥47,717	¥53,615	$358,101
Trading-related financial derivatives	4,594	5,097	34,477
Other		59,994	
Total	¥52,311	¥118,706	$392,578

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Trading liabilities:			
Trading-related financial derivatives	¥ 4,687	¥ 5,206	$ 35,175

5. SECURITIES

Securities at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Japanese national government bonds	¥141,449	¥284,030	$1,061,531
Japanese local government bonds	205,985	277,034	1,545,854
Japanese corporate bonds	283,315	452,268	2,126,191
Japanese corporate stocks	242,567	365,772	1,820,390
Other securities	80,400	81,138	603,377
Total	¥953,716	¥1,460,242	$7,157,343

The carrying amounts and aggregate fair value of securities at March 31, 2002 and 2001, were as follows:

	Millions of Yen							
	2002				2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:								
Available-for-sale:								
Equity securities	¥261,264	¥15,439	¥49,736	¥226,967	¥361,324	¥40,239	¥54,501	¥347,062
Debt securities	572,491	7,860	100	580,251	954,742	21,348	111	975,979
Other securities	45,732	385	86	46,031	34,045	418	69	34,394
Held-to-maturity	10,050		1	10,049	300	2		302

	Thousands of U.S. Dollars			
	2002			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$1,960,705	$115,865	$373,253	$1,703,317
Debt securities	4,296,367	58,987	750	4,354,604
Other securities	343,204	2,889	645	345,448
Held-to-maturity	75,422		7	75,415

Principal items of securities whose fair value was not readily determinable as of March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Available-for-sale	¥15,189	¥18,713	$113,989
Held-to-maturity	72,702	81,445	545,606

Proceeds from sales by early redemption of held-to-maturity debt securities for the years ended March 31, 2002 and 2001 were ¥222 million ($1,666 thousand) and ¥497 million, respectively. Net realized gains on these sales, computed on the amortized cost basis, were ¥12 million ($90 thousand) and ¥49 million for the years ended March 31, 2002 and 2001, respectively.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2002 and 2001 were ¥921,636 million ($6,916,593 thousand) and ¥845,853 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥25,811 million ($193,704 thousand) and ¥14,287 million ($107,220 thousand), respectively, for the year ended March 31, 2002 and ¥25,044 million and ¥6,910 million, respectively, for the year ended March 31, 2001.

The carrying values of debt securities with specific maturities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2002, were as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	2002				2002			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years	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	¥135,093	¥467,314	¥28,321	¥20	$1,013,831	$3,507,047	$212,540	$150
Other	14,620	56,672	9,105		109,719	425,306	68,330	
Total	¥149,713	¥523,986	¥37,426	¥20	$1,123,550	$3,932,353	$280,870	$150

Corporate stocks in unconsolidated subsidiaries and associated companies totalled ¥407 million ($3,054 thousand) and ¥386 million at March 31, 2002 and 2001, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Bills discounted	¥ 122,972	¥ 160,009	$ 922,867
Loans on bills	685,829	748,471	5,146,934
Loans on deeds	5,265,379	5,276,510	39,515,039
Overdrafts	1,519,283	1,535,144	11,401,749
Total	¥7,593,463	¥7,720,134	$56,986,589

"Past due loans" include loans classified as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self-assessment guidelines. Accrued interest receivables for these categories are not recognized as accruals for accounting purposes. The loans and bills discounted include "loans to borrowers in bankruptcy" totaling ¥28,271 million ($212,165 thousand) and ¥20,333 million as of March 31, 2002 and 2001, respectively, as well as "past due loans" totaling ¥311,160 million ($2,335,159 thousand) and ¥331,181 million as of March 31, 2002 and 2001, 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 (three months or more)." "Past due loans (three months or more)" are loans on which the principal and/or interest is three months or more past due but exclude "loans to borrowers in bankruptcy" or "past due loans." The balances of "past due loans (three months or more)" as of March 31, 2002 and 2001, were ¥13,131 million ($98,544 thousand) and ¥8,933 million, respectively.

"Restructured loans" are loans of which the Bank and its subsidiaries have restructured lending conditions, such as by a reduction of the original interest rate, forbearance of interest payments or principal repayments to support the borrowers' reorganization, but exclude "loans to borrowers in bankruptcy," "past due loans" or "past due loans (three months or more)." The outstanding balance of "restructured loans" as of March 31, 2002 and 2001, were ¥136,071 million ($1,021,171 thousand) and ¥185,088 million, respectively.

The allowance for possible loan losses is not deducted from the amounts of loans shown in the above three paragraphs.

Contracts of overdraft facilities and loan commitment limits are the contracts under which the Bank lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. At March 31, 2002 and 2001, the amounts of unused commitments were ¥1,093,563 million ($8,206,852 thousand) and ¥1,234,617 million, respectively. At March 31, 2002 and 2001, the amounts of unused commitments whose original contract terms were within one year were ¥609,619 million ($4,575,002 thousand) and ¥735,381 million, respectively.

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 whereby the Bank can refuse customers' application for loans or decrease the contract limits for proper reason (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 EXCHANGE

Foreign exchange assets and liabilities at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Assets			
Foreign exchange bills bought	¥ 4,363	¥3,025	$32,743
Foreign exchange bills receivable	3,143	4,359	23,587
Due from foreign correspondent accounts	2,788	285	20,923
Total	¥10,294	¥7,669	$77,253
Liabilities			
Foreign exchange bills sold	¥ 37	¥ 96	$ 278
Foreign exchange bills payable	25	4	188
Due to foreign correspondent accounts	21	62	157
Total	¥ 83	¥ 162	$ 623

8. OTHER ASSETS

Other assets at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Accrued income	¥ 22,658	¥29,426	$ 170,041
Prepaid expenses	18,946	11,901	142,184
Margin money deposited under securities lending transactions	69,317		520,203
Securities deposited	65,700		493,058
Financial derivatives	12,344	14,724	92,638
Deferred hedge losses	7,587	12,774	56,938
Other	61,522	68,488	461,704
Total	¥258,074	¥137,313	$1,936,766

9. PREMISES AND EQUIPMENT

The accumulated depreciation of premises and equipment at March 31, 2002 and 2001 amounted to ¥262,132 million ($1,967,220 thousand) and ¥269,027 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 certain consolidated subsidiaries' rights of indemnity from the applicants.

11. ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Assets pledged as collateral:			
Securities	¥132,223	¥429,504	$992,293
Loans and bills discounted	12,300	67,440	92,308
Other assets	65,700		493,058
Relevant liabilities to above assets:			
Deposits	40,317	47,733	302,567
Call money and bills sold	1,590	3,700	11,932
Borrowed money		1,000	

Additionally, securities amounting to ¥110,389 million ($828,435 thousand) and ¥90,514 million at March 31, 2002 and 2001, respectively, and due from banks amounting to ¥1,000 million at March 31, 2001 were pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for initial margin on future transactions and others. Other than the items shown above, rights under finance leases amounting to ¥8,058 million ($60,473 thousand) and ¥26,902 million were pledged for borrowed money amounting to ¥4,250 million ($31,895 thousand) and ¥22,006 million, at March 31, 2002 and 2001, respectively.

Premises and equipment included security deposits amounting to ¥9,878 million ($74,131 thousand) and ¥10,713 million at March 31, 2002 and 2001, respectively. Other assets included deposits on future transactions amounting to ¥14 million ($105 thousand) and margin money deposited under securities lending transactions amounting to ¥69,317 million ($520,203 thousand) at March 31, 2002.

12. DEPOSITS

Deposits at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Current deposits	¥ 491,107	¥ 404,034	$ 3,685,606
Ordinary deposits	4,053,355	3,014,858	30,419,175
Savings deposits	325,297	324,658	2,441,253
Deposits at notice	118,928	145,006	892,518
Time deposits	3,837,914	4,519,345	28,802,356
Negotiable certificates of deposit	93,150	202,570	699,062
Other deposits	272,405	462,037	2,044,315
Total	¥9,192,156	¥9,072,508	$68,984,285

13. BORROWED MONEY

At March 31, 2002 and 2001, the weighted average annual interest rates applicable to the borrowed money were 2.2% and 2.4%, respectively.

Borrowed money includes rediscounted bills and borrowings from the Bank of Japan and other financial institutions. In addition, at March 31, 2002 and 2001, borrowed money included subordinated debt totaling ¥159,000 million ($1,193,246 thousand) and ¥165,000 million, respectively, of which ¥120,000 million ($900,563 thousand) and ¥120,000 million at March 31, 2002 and 2001, respectively, was subordinated debt from the Resolution and Collection Corporation (the "RCC"), the designated entity of the Japanese government.

Annual maturities of borrowed money as of March 31, 2002, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2003	¥15,338	$115,107
2004	7,403	55,557
2005	40,941	307,250
2006	5,628	42,236
2007	11,362	85,268
2008 and thereafter	160,538	1,204,788
Total	¥241,210	$1,810,206

14. BONDS AND NOTES

Bonds and notes at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due April 2010, 2.3% interest for initial five years	¥10,000	¥10,000	$ 75,047
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due September 2010, 2.0% interest for initial five years	10,000	10,000	75,047
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due May 2011, 1.5% interest for initial five years	10,000		75,047
Unsecured floating subordinated bonds, payable in Japanese yen, due May 2011, 1.1% interest	5,000		37,524
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due June 2011, 1.5% interest for initial five years	5,000		37,524
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due September 2011, 1.6% interest for initial five years	5,000		37,524
Unsecured floating subordinated notes, payable in Japanese yen, due from July 2007 through November 2010, 0.8% to 0.9% in 2002 and 0.9% to 1.3% in 2001 interest	7,000	7,000	52,532
Unsecured floating subordinated notes, payable in U.S. dollars, due in July 2007, 6% in 2002 and 6% in 2001 interest	3,998	3,717	30,003
Total	¥55,998	¥30,717	$420,248

Annual maturities of bonds and notes as of March 31, 2002, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31, 2008 and thereafter	¥55,998	$420,248

15. CONVERTIBLE BONDS

Convertible bonds at March 31, 2002, consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
	2002	2002
Zero coupon unsecured convertible bonds, payable in Japanese yen, due in September 2004	¥60,000	$450,281

Zero coupon unsecured convertible bonds, payable in Japanese yen, due in September 2004 are convertible into common stock of the Bank from December 3, 2001 to September 29, 2004. The convertible bonds outstanding at March 31, 2002 were convertible into 114,286 thousand shares of the Bank's common stock at a conversion price of ¥525 per share. Under certain conditions, the conversion price of the convertible bonds will be modified downwards within 80% of the above conversion price, and the convertible bonds may be redeemed prior to maturity in whole or in part at price 100% of the principal amount. The conversion price of the convertible bonds is subject to adjustment to reflect stock splits and certain events.

16. OTHER LIABILITIES

Other liabilities at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Domestic exchange settlement account credit (see below)	¥ 4,594	¥ 4,477	$ 34,477
Accrued expenses	28,059	33,391	210,574
Unearned income	24,094	24,140	180,818
Accrued income taxes	1,055	1,195	7,917
Securities borrowed	65,700		493,058
Financial derivatives	20,023	28,067	150,267
Other	124,164	104,660	931,812
Total	¥267,689	¥195,930	$2,008,923

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.

17. EMPLOYEES' RETIREMENT BENEFITS

Under the unfunded lump-sum retirement benefit 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.

The liability (asset) for employees' retirement benefits at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Projected benefit obligation	¥(117,513)	¥(107,574)	$(881,899)
Fair value of plan assets	87,558	93,314	657,096
Unaccumulated projected benefit obligation	(29,955)	(14,260)	(224,803)
Unrecognized prior service cost		(3,177)	
Unrecognized actuarial loss	46,005	25,192	345,253
Net liability recognized	16,050	7,755	120,450
Prepaid pension cost	16,121	7,937	120,983
Liability for employees' retirement benefits	¥ (71)	¥ (182)	$ (533)

The component of net periodic retirement benefit costs for the years ended March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Service cost	¥2,316	¥ 2,693	$17,381
Interest cost	3,755	3,912	28,180
Expected return on plan assets	(3,388)	(4,135)	(25,426)
Amortization of prior service cost	(3,177)	(3,177)	(23,842)
Recognized actuarial loss	1,680		12,608
Charge for transitional obligations for retirement benefits		15,981	
Other retirement cost (non-actuarial basis cost)	4,406	1,535	33,065
Net periodic retirement benefit costs	¥5,592	¥16,809	$41,966

Assumptions used for the years ended March 31, 2002 and 2001, were set forth as follows:

	2002	2001
Discount rate	3.00%	3.50%
Expected rate of return on plan assets	4.50%	5.50%
Amortization period of prior service cost	2 years	2 years
Recognition period of actuarial gain/loss	15 years	15 years

18. STOCKHOLDERS' EQUITY

At March 31, 2002 and 2001, the authorized number of shares was 2,600 million shares of common stock and 400 million shares of non-voting, non-cumulative preferred stock.

The Bank is subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to capital surplus. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Banking Law of Japan provided that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of earned surplus applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 100% of the Bank's stated capital. Effective October 1, 2001, the revised Banking Law of Japan allows for such appropriations to be set aside as a legal reserve until the total capital surplus and legal reserve equals 100% of stated capital. The amount of total capital surplus and legal reserve which exceeds 100% of stated capital can be transferred to earned surplus by resolution of the stockholders, which may be available for dividends. The Bank's legal reserve amounts, which were included in earned surplus, totaled ¥33,092 million ($248,345 thousand) and ¥32,382 million as of March 31, 2002 and 2001, respectively. Under the Code, the Bank may issue new common shares to existing stockholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of stockholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the revised Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the stockholders at the general stockholders meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, capital surplus or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders meeting.

The Code permits to transfer a portion of capital surplus and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits to transfer a portion of unappropriated earned surplus, available for dividends, to stated capital by resolution of the stockholders.

Dividends are approved by the stockholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

Under the Code, the amount available for dividends is based on earned surplus as recorded on the Bank's books. At March 31, 2002, 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 ¥50,473 million ($378,784 thousand).

On March 31, 1999, the Bank issued 200,000,000 shares of non-voting, non-cumulative preferred stock to the RCC (140,000,000 shares for the first preferred and 60,000,000 shares for the second preferred), without par value convertible into 1.079 shares of common stock at the issue price of ¥500 per share. The preferred stockholder 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. Preferred stockholders receive a liquidation at ¥500 per share and do not have the right to participate in any further liquidation distribution.

The first preferred stocks are convertible on or after August 1, 2001, and up to and including July 30, 2009, at the option of the stockholder. The second preferred stocks are convertible on or after August 1, 2004, and up to and including July 30, 2009, at the option of the stockholder. Unless previously converted at the option of the preferred stockholder, all outstanding preferred shares will be mandatorily exchanged for fully paid shares of common stock on July 31, 2009, at the number of common shares calculated by the average market price per share during a certain period preceding July 31, 2009.

19. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Gain on foreign exchange transactions—net	¥ 2,054	¥ 2,467	$ 15,414
Gain on sales and redemption of bonds and other securities	11,484	3,673	86,184
Lease receipt	35,731	37,491	268,150
Gain on derivatives	1,147	2,488	8,608
Other	10,333	10,681	77,546
Total	¥60,749	¥56,800	$455,902

20. OTHER INCOME

Other income for the years ended March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Gain on sales of stocks and other securities	¥14,195	¥21,925	$106,529
Gain on sales of premises and equipment	100	1,407	751
Gain on contribution of the employees' retirement benefit trust		15,848	
Other	3,571	8,023	26,799
Total	¥17,866	¥47,203	$134,079

21. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Losses on sales and redemption of bonds and other securities	¥ 4,219	¥ 5,138	$ 31,662
Losses on write-down of bonds and other securities	21	46	158
Lease costs	31,004	33,343	232,675
Other	9,186	8,688	68,938
Total	¥44,430	¥47,215	$333,433

22. OTHER EXPENSES

Other expenses for the years ended March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Provision for possible losses on collateralized real estate loans sold	¥2,800	¥5,395	$21,013
Loss on sales of stocks and other securities	12,123	3,290	90,979
Loss on write-down of stocks and other securities	22,276	4,073	167,175
Loss on sales of premises and equipment	1,435	3,876	10,769
Loss on sales of loans and bills discounted		518	
Direct charge-off of loans	37,064	24,696	278,154
Charge for the Bank's full amount of transitional obligations for retirement benefits		15,860	
Other	5,796	6,615	43,497
Total	¥81,494	¥64,323	$611,587

23. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 41.5% and 41.4% for the years ended March 31, 2002 and 2001, respectively.

As a result of decrease of the effective statutory tax rate, which is used in calculation of the deferred income tax, deferred tax assets at March 31, 2002 increased by ¥443 million ($3,325 thousand) and income taxes—deferred in 2002—decreased by ¥407 million ($3,054 thousand). In addition, deferred tax liabilities for land revaluation excess at March 31, 2002 increased by ¥73 million ($548 thousand) and land revaluation excess decreased by the same amount.

The Tokyo tax base for enterprise tax was changed from income to gross business profit with the implementation of "The Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business in Tokyo," a bylaw enacted on April 1, 2000 as Tokyo Metropolitan Ordinance No. 145 (the "Metropolitan Ordinance"). On October 18, 2000, the Bank filed a lawsuit to confirm the invalidity of this Metropolitan Ordinance in the Tokyo District Court. On March 26, 2002, the court rendered a judgment in favor of the Bank and ordered the Tokyo metropolitan government to repay the erroneously paid amount of ¥532 million ($3,992 thousand) plus a penalty of ¥100 million ($750 thousand). However, the Tokyo metropolitan government filed an appeal with the Tokyo High Court on March 29, 2002.

The Bank believes that this ordinance is unlawful and is pursuing this with a lawsuit. Although the Bank has treated enterprise tax payable to the Tokyo municipal government in accordance with the terms of the Metropolitan Ordinance, the Bank has not accepted the Metropolitan Ordinance as lawful.

Enterprise tax for the Tokyo municipal government of ¥522 million ($3,917 thousand) and ¥627 million was recorded as other expenses for the years ended March 31, 2002 and 2001, respectively, and income before income taxes and minority interests were decreased by this amount over the amount which would have been recorded if the tax base of the enterprise tax had been income. In addition, this enterprise tax is not subject to tax-effect accounting, and, accordingly, deferred tax assets and deferred tax liabilities for land revaluation excess decreased by ¥1,572 million ($11,797 thousand) and ¥259 million ($1,944 thousand), respectively, from the former case in which the tax base was income.

The Osaka tax base for enterprise tax was also changed from income to gross business profit with the implementation of the "Municipal Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc., in Osaka," a bylaw enacted on June 9, 2000 as Osaka Municipal Ordinance No. 131 (the "Municipal Ordinance"). On April 4, 2002, the Bank filed a lawsuit to confirm the invalidity of this ordinance with the Osaka District Court. On May 30, 2002, the Municipal Ordinance was revised to ensure that imposition of enterprise taxes through external standards be applied after the year beginning April 1, 2002.

The Bank believes that the ordinance is unlawful and is pursuing this in a lawsuit. Although the Bank has treated enterprise tax for the Osaka municipal government in accordance with the Municipal Ordinance, the Bank has not accepted the Municipal Ordinance as lawful.

The Bank recorded ¥24 million ($180 thousand) of enterprise tax for the Osaka municipal government as other expenses and income before income taxes and minority interests were decreased by this amount over the amount which would have been recorded if the tax base of the enterprise tax had been income. There is no material effect on the deferred taxes assets or liabilities by the implementation of the Municipal Ordinance.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Deferred tax assets:			
Allowance for possible loan losses	¥101,357	¥101,805	$760,653
Securities	12,362	9,321	92,773
Net unrealized loss on available-for-sale securities	11,491		86,236
Reserve for possible losses on collateralized real estate loans sold	5,932	9,388	44,518
Tax loss carryforwards	8,570	17,598	64,315
Other	16,334	18,036	122,582
Total deferred tax assets	156,046	156,148	1,171,077
Deferred tax liabilities:			
Gain on contribution of the employees' retirement benefit trust	6,927	6,556	51,985
Others	1,778	4,119	13,343
Total deferred tax liabilities	8,705	10,675	65,328
Net deferred tax assets	¥147,341	¥145,473	$1,105,749

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2002 and 2001, and the actual effective tax rates reflected in the accompanying consolidated statements of income was not required under Japanese accounting standards due to immaterial differences of tax rates.

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, 2002 and 2001, amounted to ¥747 million ($5,606 thousand) and ¥670 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, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Equipment		Equipment
	2002	2001	2002
Acquisition cost	¥3,335	¥3,122	$25,028
Accumulated depreciation	1,382	1,265	10,371
Net leased property	¥1,953	¥1,857	$14,657

Obligations under finance leases as of March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥ 561	¥ 527	$ 4,210
Due after one year	1,284	1,226	9,636
Total	¥1,845	¥1,753	$13,846

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Depreciation expense	¥583	¥507	$4,375
Interest expense	90	74	676
Total	¥673	¥581	$5,051

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

The minimum rental commitments under noncancelable operating leases at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥16	¥77	$120
Due after one year	14	202	105
Total	¥30	¥279	$225

b. Lessor

A consolidated subsidiary leases certain equipment and other assets to various customers.

Lease receipts under finance leases for the years ended March 31, 2002 and 2001, were ¥35,606 million ($267,212 thousand) and ¥37,134 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, 2002 and 2001, were as follows:

	Millions of Yen					
	2002			2001		
	Equipment	Other Assets	Total	Equipment	Other Assets	Total
Acquisition cost	¥122,533	¥20,580	¥143,113	¥134,285	¥21,220	¥155,505
Accumulated depreciation	60,921	11,030	71,951	66,175	10,869	77,044
Net leased property	¥ 61,612	¥ 9,550	¥ 71,162	¥ 68,110	¥10,351	¥ 78,461

	Thousands of U.S. Dollars		
	2002		
	Equipment	Other Assets	Total
Acquisition cost	$919,572	$154,447	$1,074,019
Accumulated depreciation	457,193	82,777	539,970
Net leased property	$462,379	$ 71,670	$ 534,049

Rights under finance leases at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥25,709	¥27,875	$192,938
Due after one year	49,470	54,876	371,257
Total	¥75,179	¥82,751	$564,195

Depreciation expense and interest income under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Depreciation expense	¥23,959	¥25,855	$179,805
Interest income	3,865	4,300	29,006
Total	¥27,824	¥30,155	$208,811

Interest income, which is not reflected in the accompanying consolidated statement of income, was computed by the interest method.

The minimum rental commitments under noncancelable operating leases at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥456	¥497	$3,422
Due after one year	313	415	2,349
Total	¥769	¥912	$5,771

25. SEGMENT INFORMATION

a. Business Segment Information

The Bank and consolidated subsidiaries are engaged in business in banking, leasing and other related activities such as credit guarantee, venture capital and other. The business segment information for the years ended March 31, 2002 and 2001, is summarized as follows:

	Millions of Yen				
	2002				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥258,460	¥43,674	¥ 8,573		¥310,707
Intersegment income	1,806	790	3,044	¥ (5,640)	
Total	260,266	44,464	11,617	(5,640)	310,707
Ordinary expenses	226,304	44,049	12,659	(5,931)	277,081
Ordinary profit (loss)	¥ 33,962	¥ 415	¥(1,042)	¥ 291	33,626
Other income and expenses—net					(1,239)
Income before income taxes and minority interests					¥ 32,387
Assets, depreciation and amortization, and capital expenditures:					
Assets	¥10,652,171	¥190,452	¥182,209	¥(259,950)	¥10,764,882
Depreciation and amortization	8,054	28,482	278		36,814
Capital expenditures	6,071	23,512	835		30,418

	Thousands of U.S. Dollars				
	2002				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	$1,939,662	$327,760	$64,338		$2,331,760
Intersegment income	13,554	5,929	22,844	$(42,327)	
Total	1,953,216	333,689	87,182	(42,327)	2,331,760
Ordinary expenses	1,698,342	330,574	95,002	(44,510)	2,079,408
Ordinary profit (loss)	$ 254,874	$ 3,115	$ (7,820)	$ 2,183	252,352
Other income and expenses—net					(9,298)
Income before income taxes and minority interests					$ 243,054
Assets, depreciation and amortization, and capital expenditures:					
Assets	$79,941,246	$1,429,283	$1,367,422	$(1,950,844)	$80,787,107
Depreciation and amortization	60,443	213,748	2,086		276,277
Capital expenditures	45,561	176,450	6,266		228,277

	Millions of Yen				
	2001				
	Banking	Leasing	Other	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)	
Total	284,988	47,038	14,645	(6,556)	340,115
Ordinary expenses	235,748	46,423	14,872	(6,517)	290,526
Ordinary profit (loss)	¥ 49,240	¥ 615	¥ (227)	¥ (39)	49,589
Other income and expenses—net					(2,376)
Income before income taxes and minority interests					¥ 47,213

Assets, depreciation and amortization, and capital expenditures:

	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Assets	¥10,551,978	¥170,393	¥204,327	¥(186,630)	¥10,740,068
Depreciation and amortization	8,739	30,164	278		39,181
Capital expenditures	10,193	25,331	2,071		37,595

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.

b. Segment Information by Geographic Area

Ordinary income and total assets as of and for the years ended March 31, 2002 and 2001 were primarily concentrated in Japan. Accordingly, the presentation of segment information by geographic area is not required under the related regulations for these fiscal years.

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, 2002 and 2001. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations for these fiscal years.

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 are 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 maintain a policy of limiting the volume of the risks within a range which they are capable of managing based on their financial strength.

Derivatives used for hedging purposes are recorded on the basis of hedge accounting in accordance with the Japanese accounting standard for financial instruments. Such derivatives are interest rate swap transactions and others, which are utilized to control the risks from deposits, loans, bonds, securities and other financial instruments. The Bank reviews the effectiveness of "macro-hedge" using methods permitted for Japanese banks as temporary treatment. The effectiveness of other hedging activities is reviewed by the methods permitted under the standard.

Similar to other market transactions, derivatives transactions are subject to a variety of risks, including market, credit, liquidity, systems and legal risks. Among those risks, the Bank and certain consolidated subsidiaries emphasize the management of market risk and credit risk. At March 31, 2002 and 2001, the estimated amount of derivative-related credit risk exposure of the Bank and certain consolidated subsidiaries was ¥33.8 billion ($254 million) and ¥46.0 billion, respectively.

The Bank and certain consolidated subsidiaries have adopted an integrated management approach in developing the wide risk management system that is based on global standards. The Bank has established the Corporate Administration Department ("CAD") to perform the integrated management of all market, credit and operational risks. With their middle office function, teams from CAD 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 (CAD) and back (Operations Planning and Administration 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 derivative 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 CAD reports the total volume of the Bank's market risk to the ALM Committee. Credit risk associated with derivatives transactions is managed in conjunction with other off-balance-sheet as well as on-balance-sheet transactions. The CAD calculates the Bank's total credit exposure and reports this amount to the Credit Portfolio Committee.

The Bank and consolidated subsidiaries had the following derivatives contracts that were quoted on listed exchanges, outstanding at March 31, 2002:

	Millions of Yen			Thousands of U.S. Dollars		
	2002			2002		
	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 futures:						
Written	¥6,400	¥15	¥15	$48,030	$113	$113
Purchased	6,357	(22)	(22)	47,707	(165)	(165)
Bond contracts—Futures written	2,745	(14)	(14)	20,600	(105)	(105)

Note: The Bank and consolidated subsidiaries did not have any derivatives contracts that were quoted on listed exchanges outstanding at March 31, 2001.

The Bank and consolidated subsidiaries had the following derivatives contracts that were not quoted on listed exchanges, outstanding at March 31, 2002 and 2001:

	Millions of Yen			Thousands of U.S. Dollars		
	2002			2002		
	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	¥279,551	¥6,265	¥6,265	$2,097,944	$47,017	$47,017
Receive floating and pay fixed	233,401	(5,412)	(5,412)	1,751,602	(40,615)	(40,615)
Receive floating and pay floating	4,084			30,649		
Caps written	80,728	(260)	991	605,839	(1,951)	7,437
Caps purchased	12,140	26	(136)	91,107	195	(1,021)
Foreign exchange:						
Currency swaps	34,588	20	20	259,572	150	150
Forward exchange contracts written	31,642			237,463		
Forward exchange contracts purchased	24,444			183,445		
Options written	60,688			455,445		
Options purchased	50,618			379,872		
Bond contracts—Options written	10,000	(114)	(9)	75,047	(856)	(68)

	Millions of Yen		
	2001		
	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
Receive floating and pay fixed	224,233	(6,075)	(6,075)
Receive floating and pay floating	6,033	1	1
Caps written	43,232	(194)	491
Caps purchased	18,213	71	(100)
Foreign exchange:			
Forward exchange contracts written	38,200		
Forward exchange contracts purchased	52,395		
Options written	36,864		
Options purchased	33,167		

Notes:1. Derivatives which qualify for hedge accounting are excluded in the above table.

2. Foreign exchange forward contracts, options and currency swaps except for the contracts noted below in Note 3 have been valued at market rates for accounting purposes and the gain (loss) has been reflected in the consolidated statements of income.

3. Valuation gains or losses, except for those on currency swaps, are recorded in the consolidated statements 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 the Japanese Institute of Certified Public Accountants ("JICPA"), currency swaps are accounted for by accrual basis for the year ended March 31, 2001.

For the year ended March 31, 2002, the Bank accounted for currency swaps pursuant to the JICPA Industry Audit Committee Report No. 20, which permits that such contracts be accounted for by accrual method and net translation differences of their principal accounted for as assets or liabilities only if certain requirements are satisfied.

Foreign exchange currency swaps accounted for by accrual method for the years ended March 31, 2002 and 2001 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2002			2002		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Foreign exchange—Currency swaps	¥297,308	¥1,885	¥1,885	$2,231,205	$14,146	$14,146

	Millions of Yen		
	2001		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Foreign exchange—Currency swaps	¥554,009	¥5,259	¥5,259

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 by the stockholders. 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 exercise price of the stock options is ¥369 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

At the stockholders meeting held on June 28, 2000, the Bank's stock option plan for directors, executive officers and managers was approved by the stockholders. 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 exercise price of the stock options is ¥498 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

At the stockholders meeting held on June 27, 2001, the Bank's stock option plan for directors, executive officers and managers was approved by the stockholders. The plan provides for granting options to directors, executive officers and managers to purchase up to 1,489 thousand shares of the Bank's common stock in the period from June 28, 2003 to June 27, 2011. The exercise price of the stock options is ¥502 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

Another stock option plan was approved at the stockholders meeting held on June 26, 2002. (See Note 28.)

28. SUBSEQUENT EVENTS

At the general stockholders meeting held on June 26, 2002, the Bank's stockholders approved the following appropriations of earned surplus as of March 31, 2002, and stock option plan:

a. Appropriation of Earned Surplus as of March 31, 2002

	Millions of Yen	Thousands of U.S. Dollars
Transfer to legal reserve	¥1,420	$10,657
Dividends:		
The first preferred (¥5.66—$0.04 per share)	792	5,944
The second preferred (¥9.46—$0.07 per share)	568	4,263
Common (¥5.00—$0.04 per share)	5,693	42,724

b. Stock Option Plan

The plan provides for granting options to directors, executive officers and managers to purchase up to 1,544 thousand shares of the Bank's common stock in the period from June 27, 2004 to June 26, 2012. The options will be granted at an exercise price of 105% of the average market price for a certain period before the date of option grant. The exercise price is subject to adjustments for stock issuance below fair value and stock splits.

Non-consolidated Balance Sheets

March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
ASSETS:			
Cash and due from banks	¥1,105,320	¥288,193	$8,295,084
Call loans	61,900	205,670	464,540
Commercial paper and other debt purchased	3,472	3,729	26,056
Trading assets	52,311	118,706	392,578
Securities	931,527	1,444,412	6,990,822
Loans and bills discounted	7,735,016	7,801,194	58,048,901
Foreign exchange	10,294	7,669	77,253
Other assets	231,761	106,832	1,739,294
Premises and equipment	141,070	147,149	1,058,687
Deferred tax assets	141,779	140,131	1,064,008
Customers' liabilities for acceptances and guarantees	345,496	400,738	2,592,841
Allowance for possible loan losses	(104,733)	(109,244)	(785,989)
Allowance for possible losses on investments		(127)	
TOTAL	¥10,655,213	¥10,555,052	$79,964,075
LIABILITIES:			
Deposits	¥9,279,400	¥9,141,305	$69,639,024
Call money and bills sold	1,774	132,586	13,313
Trading liabilities	4,687	5,206	35,175
Borrowed money	205,460	216,263	1,541,913
Foreign exchange	83	162	623
Subordinated bonds	45,000	20,000	337,711
Convertible bonds	60,000		450,281
Other liabilities	223,862	138,063	1,680,015
Reserve for possible losses on collateralized real estate loans sold	14,295	22,693	107,280
Reserve for contingent liabilities	4,201	3,778	31,527
Acceptances and guarantees	345,496	400,738	2,592,841
Deferred tax liabilities for land revaluation excess	23,370	23,464	175,385
Total liabilities	10,207,628	10,104,258	76,605,088
STOCKHOLDERS' EQUITY:			
Capital stock:			
Common stock authorized 2,600 million shares	134,800	134,800	1,011,632
Preferred stock authorized 400 million shares	50,000	50,000	375,234
Capital surplus	146,277	146,277	1,097,764
Legal reserve	33,092	32,382	248,345
Land revaluation excess	32,943	33,253	247,227
Earned surplus	66,674	50,213	500,368
Net unrealized gain (loss) on available-for-sale securities	(16,153)	3,869	(121,223)
Treasury stocks—at cost, 108,370 shares of common stock in 2002*	(48)		(360)
Total stockholders' equity	447,585	450,794	3,358,987
TOTAL	¥10,655,213	¥10,555,052	$79,964,075

* Prior April 1, 2001, treasury stock was included in "securities" as an asset. Treasury stock amounted to ¥2 million at March 31, 2001. Effective April 1, 2001, such stock is presented as a separate component of stockholders' equity in accordance with the new disclosure requirement for treasury stock.

Non-consolidated Statements of Income

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
INCOME:			
Interest on:			
Loans and discounts	¥166,282	¥177,124	$1,247,895
Securities	20,587	24,443	154,499
Other	7,799	14,605	58,529
Fees and commissions	34,859	32,557	261,606
Trading profits	637	609	4,781
Other operating income	14,676	8,532	110,139
Other income	15,661	42,807	117,530
Total income	260,501	300,677	1,954,979
EXPENSES:			
Interest on:			
Deposits	14,498	25,370	108,803
Borrowings and rediscounts	4,800	8,368	36,023
Other	9,759	19,817	73,238
Fees and commissions	8,987	8,859	67,445
Trading losses	7	5	53
Other operating expenses	4,239	5,180	31,812
General and administrative expenses	97,438	100,649	731,242
Provision for possible loan losses	13,170	28,652	98,837
Other expenses	74,669	56,861	560,367
Total expenses	227,567	253,761	1,707,820
INCOME BEFORE INCOME TAXES	32,934	46,916	247,159
INCOME TAXES:			
Current	100	107	750
Deferred	12,373	19,834	92,856
Total income taxes	12,473	19,941	93,606
NET INCOME	¥20,461	¥26,975	$153,553

	Yen		U.S. Dollars
	2002	2001	2002
Net income per share	¥16.78	¥22.50	$0.13
Diluted net income per share	15.63		0.12

Non-consolidated Statements of Stockholders' Equity

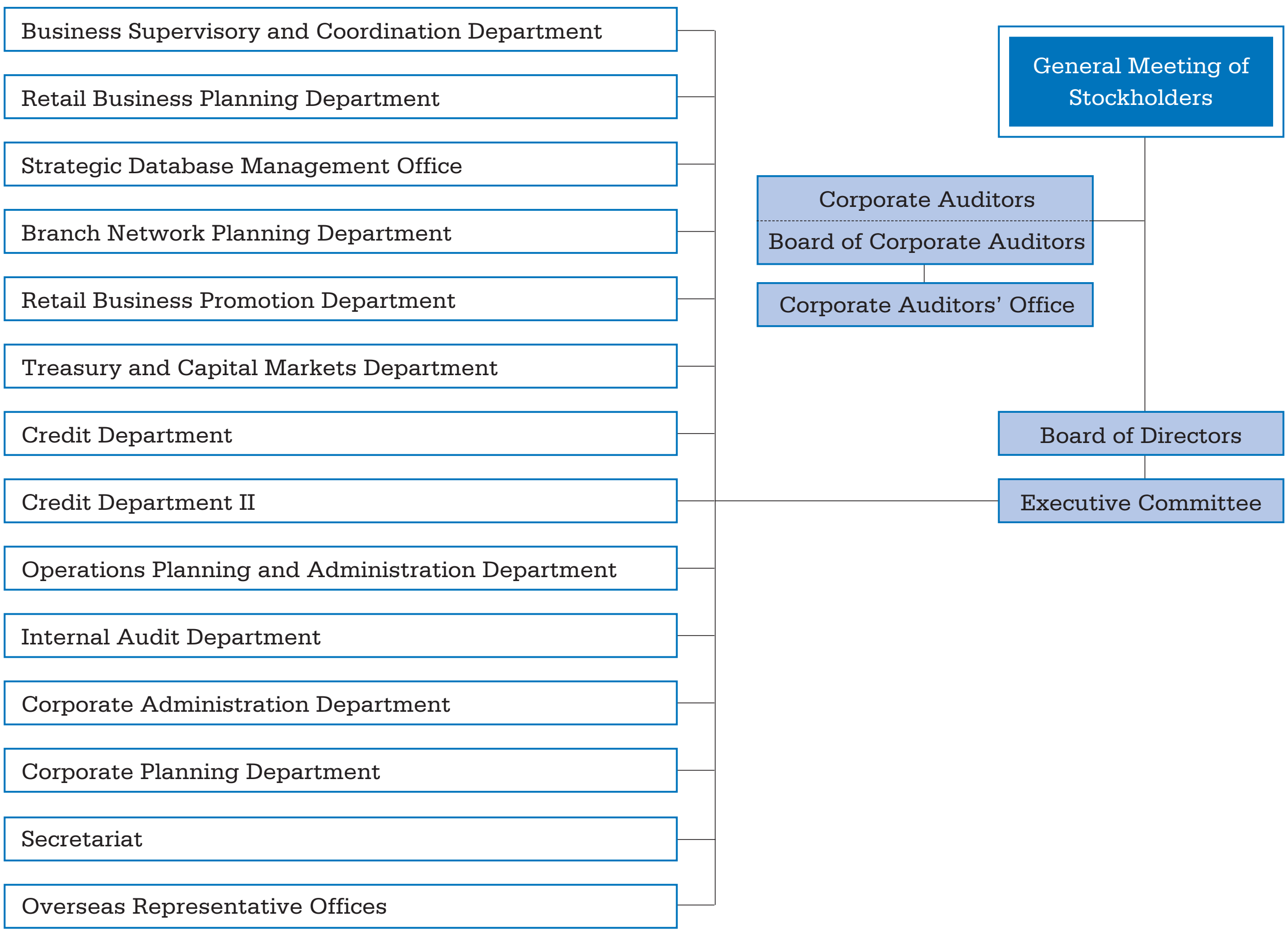
Years Ended March 31, 2002 and 2001

	Thousands		Millions of Yen							
	Issued Number of Shares									
	Common Stock	Preferred Stock	Common Stock	Preferred Stock	Capital Surplus	Legal Reserve	Land Revaluation Excess	Earned Surplus	Net Unrealized Gain (Loss) on Available-for-sale Securities	Treasury Stock
BALANCE, APRIL 1, 2000	1,138,624	200,000	¥134,800	¥50,000	¥146,277	¥30,967	¥33,878	¥31,081		
Net income								26,975		
Cash dividends, ¥5.00 per share for common stock, ¥5.66 per share for first preferred stock and ¥9.46 per share for second preferred stock								(7,053)		
Transfer to legal reserve						1,415		(1,415)		
Reversal of land revaluation excess							(625)	625		
Net increase in unrealized gain (loss) on available-for-sale securities									¥3,869	
BALANCE, MARCH 31, 2001	1,138,624	200,000	134,800	50,000	146,277	32,382	33,253	50,213	3,869	
Net income								20,461		
Cash dividends, ¥2.50 per share for common stock, ¥2.83 per share for first preferred stock and ¥4.73 per share for second preferred stock								(3,527)		
Transfer to legal reserve						710		(710)		
Reversal of land revaluation excess							(310)	237		
Adoption of the new disclosure requirement for treasury stock*										¥(48)
Net decrease in unrealized gain (loss) on available-for-sale securities									(20,022)	
BALANCE, MARCH 31, 2002	1,138,624	200,000	¥134,800	¥50,000	¥146,277	¥33,092	¥32,943	¥66,674	¥(16,153)	¥(48)

	Thousands of U.S. Dollars							
	Common Stock	Preferred Stock	Capital Surplus	Legal Reserve	Land Revaluation Excess	Earned Surplus	Net Unrealized Gain (Loss) on Available-for-sale Securities	Treasury Stock
BALANCE, March 31, 2001	$1,011,632	$375,234	$1,097,764	$243,017	$249,553	$376,833	$29,036	
Net income						153,553		
Cash dividends, $0.02 per share for common stock, $0.02 per share for first preferred stock and $0.04 per share for second preferred stock						(26,469)		
Transfer to legal reserve				5,328		(5,328)		
Reversal of land revaluation excess					(2,326)	1,779		
Adoption of the new disclosure requirement for treasury stock*								$(360)
Net decrease in unrealized gain (loss) on available-for-sale securities							(150,259)	
BALANCE, March 31, 2002	$1,011,632	$375,234	$1,097,764	$248,345	$247,227	$500,368	$(121,223)	$(360)

* Prior April 1, 2001, treasury stock was included in "securities" as an asset. Treasury stock amounted to ¥2 million at March 31, 2001. Effective April 1, 2001, such stock is presented as a separate component of stockholders' equity in accordance with the new disclosure requirement for treasury stock.

Organization As of June 30, 2002



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President and CEO
Sadaaki Hirasawa

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Representative Director and CRO
Kazumi Shimizu

Representative Director and CPO
Norito Ikeda

Representative Director and CIO
Yasunaka Fujikawa

Directors
Koichi Okubo
Masuo Yokota
Chiyuki Okubo

Marketing Section

Director and COO
Hiroshi Matsuzaki

Managing Executive Officer
Isao Yamashita

Managing Executive Officer
Kazutaka Tsumura

Managing Executive Officer
Kiyohito Imai

Executive Officers
Junzo Ogita
Tadashi Mike
Shinobu Suzuki
Toshiyuki Nakamura
Soichi Ushijima

Corporate Auditors

Hiroshi Hayakawa
Yoshihiro Nozaki
Shinsuke Kobayashi
Yutaka Ueno

CEO = Chief Executive Officer
COO = Chief Operating Officer
CRO = Chief Risk-Managing Officer
CPO = Chief Personnel Officer
CIO = Chief Information Officer

Corporate Data As of March 31, 2002

Date of Establishment
December 16, 1920

Number of Branches and Offices
189
Domestic: 185
Overseas: 4

Number of Employees
4,269

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

Outstanding Stocks
1,338,624 thousand
Common Stocks: 1,138,624 thousand
Preferred Stocks: 200,000 thousand

Paid-in Capital
¥184,800 million

Number of Stockholders
23,442
(Incomplete stock units are not included)

Stock Listing
First Section of the Tokyo Stock Exchange

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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
Yokohama Maruuo Co., Ltd.	12,060	1.05
Nishino Trading Corporation	11,289	0.99
Nissay Dowa General Insurance Co., Ltd.	11,000	0.96
The Bank of Yokohama Employees' Shareholdings Association	10,927	0.95
Aioi Insurance Co., Ltd.	9,635	0.84

*Except Trust Accounts.

Classification of Stockholders by Area (Common Stocks)	Number of stocks held (thousand)	%
Kanagawa	291,615	25.76
Tokyo	675,047	59.64
Osaka	24,479	2.16
Other areas	41,127	3.63
Overseas	99,455	8.78
Total	1,131,723	100.00

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