Notes for Balance Sheet

1. Amounts less than millions are rounded down.

2. Standards for recognition and measurement of trading assets/liabilities are as follows:
   Recognition:
   Trading accounts position relating to trades made for the purposes of seeking gains arising from short-term changes in interest rate, currency exchange rate, or market prices of securities and other market related indices or from variation among markets, are included in trading assets and trading liabilities on the consolidated interim balance sheet on a trade date basis.
   Measurement:
   Trading securities and monetary claims purchased for trading purposes are stated at market value, and financial derivatives such as swaps, futures and options, are at the amounts that would be settled if the transactions were terminated at the interim term end date.

3. As for securities other than trading portfolio, debt securities which the Bank and consolidated domestic subsidiaries have the positive intent and ability to hold to maturity (held-to-maturity securities hereafter) are carried at amortized cost, using the moving-average method.
   Debt securities excluding those classified as held-to-maturity or trading securities (available-for-sale debt securities hereafter) are carried at amortized cost, using the moving-average method. Equity securities are carried at cost, using the moving-average method.
   Debt securities and equity securities held by consolidated overseas subsidiaries are mainly carried at cost, using the specific-identification method.

4. Securities included in money held in trust account are carried in the same way as 2 and 3.

5. Derivative transactions excluding those classified as trading derivatives are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with local accounting standards.

6. Depreciation for premises and equipment owned by the Bank is computed as follows:
   Building: The straight-line method over the estimated useful lives of the respective assets at the rate prescribed by the Japanese Corporate Tax Law.
   Equipment: The declining-balance method over the estimated useful lives of the respective assets at the rate prescribed by the Japanese Corporate Tax Law.
   Other: Respectively in accordance with the Japanese Corporate Tax Law.
   For the six-month period ended September 30, 2000, the Bank charges 50% of the annual depreciation costs to its income.
   As for consolidated domestic subsidiaries, depreciation for premises and equipment is computed mainly using the declining-balance method over the estimated useful lives of the respective assets at the rate prescribed by the Japanese Corporate Tax Law, and depreciation for lease assets is computed mainly using the straight-line method over the lease term based on the value of assets that will remain at the end of the lease term.
   As for consolidated overseas subsidiaries, depreciation for premises and equipment is computed mainly using the straight-line method over the estimated useful lives of the respective assets.

7. Capitalized software for internal use is depreciated using the straight-line method over the Bank’s and consolidated domestic subsidiaries’ estimated useful lives (mainly five years).

8. Foreign currency assets and liabilities of the Bank are translated into Japanese yen at the exchange rate prevailing at the consolidated interim balance sheet date, though certain items deemed inappropriate to be

added to the balance of foreign currency assets and liabilities at current exchange rate, such as investments in foreign companies (as long as the investments are funded in Japanese yen), are translated at the historical exchange rate. The accounts of overseas branches of the Bank are translated into Japanese yen at the exchange rate prevailing at the consolidated interim balance sheet date.

Foreign currency assets and liabilities of consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at their respective interim balance sheet date

Commencing from this interim consolidated fiscal year, consolidated domestic subsidiaries adopt the revised "Accounting Standards for Foreign Currency Transactions" (issued by JICPA in October 1999). As a result, Operating profits and Income before income taxes and minority interests have decreased compared with prior accounting method by 83 million yen respectively.

In accordance with the revision of Regulation for consolidated interim financial statements, the presentation of Foreign currency translation adjustments, net of taxes is changed from Assets at the last term end to Shareholders' equity and Minority interest.

9. Reserve for possible loan losses of the Bank and major consolidated subsidiaries is provided as detailed below, in accordance with the internal standards for write-offs and reserves.

   For claims on borrowers who are legally bankrupt or virtually bankrupt, a reserve is provided based on the amount of claims net of the expected amount of recoveries from collateral and guarantees.

   For claims on borrowers who are not currently bankrupt but are likely to become bankrupt, a reserve is provided by the amount deemed necessary based on overall solvency assessment, out of the amount of claims net of the expected amount of recoveries from collateral and guarantees.

   For other claims, a reserve is provided based on the historical loan-loss ratio.

   For claims originated in certain countries, an additional reserve (including a reserve for losses on overseas investments prescribed in Article 55-2 of Specific Taxation Measures Law) is provided by the amount deemed necessary based on assessment of political and economic conditions in such countries.

   All claims are assessed by branches and credit supervision departments in accordance with the internal rule for self-assessment of assets. Subsequently, Credit Review Department, independent from these operating sections, audits their assessment. The reserve is provided based on these layers of review.

   Reserve for possible loan losses of other consolidated subsidiaries is provided for general claims by the amount deemed necessary based on the historical loan-loss ratio, and for doubtful claims by the amount deemed uncollectable based on respective assessment.

   For claims on bankrupt or virtually bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees, is deducted, as deemed uncollectable, directly from those claims. The deducted amount is 1,003,996 million yen.

10. Reserve for employee retirement benefit is recorded based on an actuarial computation, which uses the present value of the projected benefit obligation and plan assets, due to employee's credited years of services at the balance sheet date. Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefit in Japan of 105,290 million yen is amortized using the straight -line method over 5 years. For the six-month period ended September 30, 2000, the Bank charges 50% of the annual amortized cost to its income.

11. Reserve for loss on loans sold provides for contingent losses arising from decline of market value of underlying collateral for loans sold to the Cooperative Credit Purchasing Company, Limited. This reserve is established in accordance with Article 287-2 of the Commercial Code.

12. Finance leases of the Bank and consolidated domestic subsidiaries, except for those which transfer the ownership of the property to the lessee, are accounted for in the same manner as operating leases.

13. In accordance with the Industry Audit Committee Report No.15 "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" issued by JICPA in 2000, the Bank decided to apply hedge accounting, abiding by the following requirements:
  (1) Loans, deposits and other interest bearing assets and liabilities as a whole shall be recognized as the hedged portfolio.
  (2) Derivatives as the hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.
  (3) Eligibility of hedging activities shall be evaluated on a quarterly basis.

  Certain derivatives managed by some of foreign branches are recorded on a cost basis using the short-cut method for interest rate swaps in view of consistency with the way of risk management.

  In accordance with the Industry Audit Committee Report No.19 "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry" issued by JICPA in 2000, one of the consolidated domestic subsidiaries in leasing industry applies "Deferred Hedge Accounting Related to Portfolio Hedge on Liabilities".

  Other domestic subsidiaries use the deferred hedge accounting or the short-cut method for interest rate swaps.

14. Consumption tax and local consumption tax of the Bank and consolidated domestic subsidiaries are accounted for using the tax-excluded method.

15. "Other reserve" required by Special Law is as follows:
  Reserve for contingent liabilities from brokering of futures transactions is recorded at 8 million yen.
  This reserve was established in accordance with Article 82 of the Financial Futures Transaction Law.

16. Accumulated depreciation of premises and equipment amounted to 337,339 million yen.
  Accumulated depreciation of lease assets amounted to 1,316,659 million yen.

17. Loans to customers in legal bankruptcy and Past due loans are 92,045 million yen and 2,097,955 million yen, respectively. "Loans to customers in legal bankruptcy" consists of loans on which the Bank and consolidated subsidiaries do not currently accrue interest income due to the nonpayment status or other credit conditions of the borrower ("Non-accrual loans" hereafter) and which meet certain conditions defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 for the Japanese Corporate Tax Law, issued in 1965. "Past due loans" means Non-accrual loans excluding Loans to customers in legal bankruptcy and the loans for which the Bank and consolidated subsidiaries are forbearing interest payments to support the borrowers' recovery from financial difficulty.

18. Loans past due for three months or more are 67,436 million yen. "Loans past due for three months or more" consist of loans for which the principal and/or interest is past due for three months or more but exclude Loans to customers in legal bankruptcy and Past due loans.

19. Restructured loans are 165,123 million yen. "Restructured loans" are loans for which the Bank and consolidated subsidiaries relax lending terms, such as reduction of the original interest rate, forbearance of interest payments or principal repayments to support the borrowers' recovery from financial difficulty, excluding Loans to customers in legal bankruptcy, Past due loans and Loans past due for three months or more.

20. The total of Loans to customers in legal bankruptcy, Past due loans, Loans past due for three months or more and Restructured loans are 2,422,561 million yen as of the consolidated interim term end date.
  The amounts of loans presented above through 17 to 20 are amounts before reserve for possible loan losses is deducted.

21. The total face value of loans and bills discounted which consists of Bank acceptance bought, Commercial bills discounted and Documentary bills is 642,275 million yen.

22. Assets pledged as collateral the consolidated interim term end date are as follows:

	Millions of Yen
Assets pledged	
Cash and due from banks	393
Commercial paper and other debt purchased	10,800
Trading assets	975,092
Securities	2,642,574
Loans and bills discounted	1,390,081
Other assets (securities in custody)	231,042
Premises and equipment	178
Liabilities corresponding to assets pledged	
Deposits	55,691
Call money and Bills sold	1,341,530
Payables under repurchase agreements	3,068,345
Trading liabilities	3,197
Borrowed money	57,642
Acceptances and guarantees	36,936

In addition, cash and due from banks of 51,410 million yen, securities of 802,922 million yen and other assets (securities in custody) of 45,840 million yen were pledged as collateral for exchange settlements, variation margins of futures markets and certain other purpose.
Premises and equipment include surety deposits and intangible of 69,089 million yen, and other assets include initial margins of futures markets of 12,618 million yen and pledged money for securities borrowing transactions of 433,739 million yen.

23. Net of deferred unrealized gains and losses from hedging instruments is reported in other assets. Gross deferred unrealized gains and gross unrealized losses from hedging instruments are 378,502 million yen and 454,498 million yen, respectively.

24. On June 9, 2000, the Osaka Prefecture Government promulgated the Special Ordinance Concerning Taxation Standard for Enterprise Taxes in Relation to Banks in the Osaka Prefecture (Osaka Prefectural Ordinance 131 of Fiscal year 2000). Owing to it, the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities has been changed from 39.83% in the previous accounting period to 38.05%. As a result of this change, Deferred tax assets decrease by 25,287 million yen, and Deferred income taxes increase by the equivalent amount. Further, as Deferred tax liabilities for revaluation reserve for land decreased by 4,900 million yen due to this change, Revaluation reserve for land, net of taxes increased by the same amount.

25. Pursuant to Enforcement Ordinance for the Law concerning Revaluation Reserve for Land (the "Law"), effective March 31, 1998, the Bank recorded the own land at fair value at March 31, 1998, and one of the consolidated domestic subsidiaries in banking industry recorded the own land at fair value at March 31, 1999. The Bank determined the fair value basically using nearest value on the Revaluation Act of Land Properties published by the Government with certain appropriate adjustment for land shape, timing of the Revaluation Act of Land Properties. The consolidated domestic subsidiary in banking industry determined the fair value based on assessment by certified real estate appraisers, in accordance with the Revaluation Act of Land Properties. According to the Law, net unrealized gains are reported in a separate component of

shareholders' equity net of applicable income taxes as "Revaluation reserve for land, net of taxes", and the related deferred tax liabilities are reported in liabilities as "Deferred tax liabilities for revaluation reserve for land".

26. The balance of subordinated debt included in Borrowed money is 684,204 million yen.

27. The balance of subordinated bonds included in Bonds is 1,011,060 million yen.

28. Shareholders’ equity per share is 418.59 yen.

29. 2,570,770 million yen of securities, which are used for securities lending transactions for consumption, are included in “Securities”, “Other assets” and “Trading assets”. 9 million yen of securities, which are used for securities lending transactions for use, are included in ‘Japanese Government Bonds’ as a sub-account of “Securities”. Due to the revision of accounting rule, the presentation of the securities is changed from ‘Securities loaned’ as a sub-account of “Securities” to ‘Japanese Government Bonds’.

30. Effective April 1, 2000, two new accounting standards for financial instruments and employees retirement benefit are adopted in Japan. According to these new accounting standards, the Enforcement Ordinance for the Banking Law has been revised and the disclosure requirements for semi-annual report has been changed as follws:

(1) Certain transactions under resale agreements and repurchase agreements are recognized as financing activities, not as purchasing or selling activities, and reported in Receivables under resale agreements and Payables under repurchase agreements. As a result, the amount of Securities increased by 1,867,186 million yen compared with the prior treatment as purchasing or selling activities.

(2) Presentation of reserve for retirement allowances has been changed, and now it is included in Reserve for employee retirement benefit.