

**Notes to Nonconsolidated Balance Sheet**

1. Amounts less than one million have been omitted.
2. Standards for recognition and measurement of trading assets and liabilities are as follows:  
Recognition:  
Trading account positions 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 balance sheet on a contract 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 balance sheet date.
3. As for securities other than those of trading portfolio, debt securities which the Bank has the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost, using the moving-average method.  
Investments in subsidiaries and affiliates are carried at cost, using the moving-average method.  
Securities excluding those classified as trading securities, held-to-maturity or investments in subsidiaries and affiliates are defined as *other securities*. Debt securities in *other securities* are carried at amortized cost, using the moving-average method. Equity securities in *other securities* are carried at cost, using the moving-average 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.
6. Depreciation for premises and equipment is computed by the straight-line method (the declining-balance method is used as for equipment). The estimated useful lives of major items are as follows:  
Buildings 7 to 50 years  
Equipment 3 to 20 years
7. Capitalized software for internal use is depreciated using the straight-line method over its estimated useful lives (five years).
8. Issuance cost of bonds is expensed when incurred. Discount on bonds is included in Other assets and amortized using the straight-line method over the redeemable period of the bonds.
9. Foreign currency assets and liabilities and the accounts of overseas branches of the Bank are mainly translated into Japanese yen at the exchange rate prevailing at the balance sheet date.
10. Reserves for possible loan losses are provided as detailed below, in accordance with the internal standards for write-offs and reserves.  
For claims on borrowers who are legally bankrupt ('bankrupt borrowers') or borrowers who are regarded as substantially in the same situation ('effectively bankrupt borrowers'), a reserve is provided based on the amount of claims net of the expected amount of recoveries from collateral and guarantees and net of deducted amount mentioned below .

For claims on borrowers who are not currently in the status of bankrupt but are likely to become bankrupt in future, 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 business units and credit supervision departments in accordance with the internal rule for self-assessment of assets. Subsequently, the Credit Review Department, independent from these operating sections, audits their assessment. The reserve is provided based on these layers of review.

For claims on 'bankrupt' or 'effectively bankrupt' borrowers, the amount exceeding the estimated value of collateral and guarantees is deducted, as deemed uncollectible, directly from those claims. The deducted amount is 682,093 million yen.

11. Reserve for employee retirement benefit (prepaid pension cost) is recorded based on an actuarial computation, which uses the present value of the projected benefit obligation and pension assets, due to employee's credited years of services at the balance sheet date. Unrecognized net actuarial gain or loss are amortized from the next fiscal year using the straight-line method over certain years (10 years) within the average remaining service period of active employees. Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefit in Japan of 100,837 million yen is amortized using the straight -line method over 5 years.
12. Reserve for possible losses 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.
13. Finance leases, except for those which transfer the ownership of the property to the lessee, are accounted for in the same manner as operating leases.
14. 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 risk management policy.
15. Consumption tax and local consumption tax are accounted for using the tax-excluded method.
16. The Other reserves required by Special Law is as follows:

Reserve for financial futures transaction liabilities is recorded at 8 million yen.  
This reserve was established in accordance with Article 82 of the Financial Futures Transaction Law.
17. Stocks includes 4 million yen of treasury stock. Treasury stock defined defined by Article 210-2-2-3 of the Commercial Code is not held.
18. Total value of the stock of subsidiaries held by the Bank amounts to 583,047 million yen.

19. Total value of claims on subsidiaries of the Bank amounts to 351,548 million yen.
20. Total value of claims of subsidiaries on the parent bank amounts to 1,832,230 million yen.
21. Accumulated depreciation of the Bank's premises and equipment amounts to 282,759 million yen.
22. Advanced depreciation of the Bank's premises and equipment amounts to 52,199 million yen.
23. In addition to the Bank's premises and equipment on the balance sheet, a part of the Bank's electronic computer systems is in use by lease.
24. Bankrupt loans and Non-accrual loans are 60,840 million yen and 1,357,573 million yen, respectively. 'Bankrupt loans' consist of loans on which the Bank does not currently accrue interest income due to the nonpayment status or other credit conditions of the borrower 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. 'Non-accrual loans' is defined as loans for which the Bank does not currently accrue interest income but excluding 'Bankrupt loans' and loans for which the Bank is forbearing interest payments to support the borrowers' recovery from financial difficulty.
25. Past due loans (3 months or more) are 37,489 million yen. 'Past due loans (3 months or more)' consist of loans of which principal and/or interest is past due for three months or more but exclude Bankrupt loans and Non-accrual loans.
26. Restructured loans are 61,606 million yen. 'Restructured loans' are loans for which the Bank relaxes 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 but excluding Bankrupt loans, Non-accrual loans and Past due loans (3 months or more).
27. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans is 1,517,508 million yen as of March 31, 2001.  
The amounts of loans presented above from 24 to 27 are amounts before deduction of reserve for possible loan losses.
28. The total face value of bills discounted which consists of bank acceptance bought, commercial bills discounted and documentary bills is 649,521 million yen.

29. Assets pledged as collateral at the year end date are as follows:

Assets pledged	(Millions of yen)
Cash and due from banks	42,373
Trading assets	734,362
Securities	7,097,272
Loans and bills discounted	1,671,141

Liabilities corresponding to assets pledged	(Millions of yen)
Call money	1,200,000
Payables under repurchase agreements	4,857,211
Bills sold	2,744,800
Borrowed money	99,864
Acceptances and guarantees	42,373

In addition, Cash and due from banks of 62,978 million yen, Securities of 3,515,442 million yen, Loans and bills discounted of 120,089 million yen, and Other assets (Securities in custody) of 263,540 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purpose.

30. Net of deferred unrealized gains and losses from hedging instruments is reported in deferred profit on hedge. Gross unrealized losses and gross unrealized gains from hedging instruments are 652,998 million yen and 679,896 million yen, respectively.
31. 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 decreased by 26,422 million yen and Income taxes, Deferred increased by the equivalent amount. Further, as Deferred tax liabilities for land revaluation decreased by 4,795 million yen due to this change, Land revaluation excess increased by the same amount.
32. Pursuant to Enforcement Ordinance for the Law concerning Revaluation Reserve for Land (the "Law"), effective March 31, 1998, the Bank recorded its own land for business activities at fair value at March 31, 1998. 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. According to the Law, net unrealized gains are reported in a separate component of shareholders' equity net of applicable income taxes as 'Land revaluation excess', and the related deferred tax liabilities are reported in liabilities as 'Deferred tax liabilities for land revaluation.' The total amount of fair value at this fiscal year end of the revaluated land is 71,433 million yen lower than the total amount of book value after revaluation.
33. The balance of subordinated debt included in Borrowings from finance companies is 2,194,896 million yen.
34. The balance of subordinated bonds included in Bonds is 273,487 million yen.
35. Outline of stock options in accordance with Article 280-19-1 of the Commercial Code that are granted to directors and employees is as follows:
- (1) Stock option that was granted at July 31, 1998
- |  |  |
|--|--|
| Type of share                              | Common stock of the Bank, with a par value of 50 yen |
| Number of shares issued                    | 296 thousand shares                                  |
| Issue price of new shares (Exercise price) | 1,432 yen per share                                  |
- (2) Stock option that was granted at July 30, 1999
- |  |  |
|--|--|
| Type of share                              | Common stock of the Bank, with a par value of 50 yen |
| Number of shares issued                    | 393 thousand shares                                  |
| Issue price of new shares (Exercise price) | 1,628 yen per share                                  |
- (3) Stock option that was granted at July 31, 2000
- |  |  |
|--|--|
| Type of share                              | Common stock of the Bank, with a par value of 50 yen |
| Number of shares issued                    | 353 thousand shares                                  |
| Issue price of new shares (Exercise price) | 1,361 yen per share                                  |
36. Net income per share is 16.59 yen.

## 37. Market value and unrealized gain/loss on securities are shown as below:

These amounts include Japanese government bonds, Japanese local government bonds, Corporate bonds, Stocks, Other securities, Trading securities, negotiable certificates of deposit and commercial paper within Other trading assets, negotiable certificates of deposit within Due from banks, and commercial paper and beneficiary claim on loan trust within Debt purchased. This definition is applied up to note 40.

(1) Securities classified as trading	(Millions of yen)
Balance sheet amount	896,682
Gains included in profit/loss during this fiscal year	1,946

(2) Bonds classified as held-to-maturity that have market value	(Millions of yen)				
	Balance sheet amount	Market value	Net unrealized gain/(loss)	Gain	Loss
Listed foreign securities	13,117	13,056	(60)	1	61
Total	13,117	13,056	(60)	1	61

(3) Investments in subsidiaries or affiliates that have market value	(Millions of yen)		
	Balance sheet amount	Market value	Net unrealized gain/(loss)
Stocks of subsidiaries	37,426	30,618	(6,807)
Stocks of affiliates	8,800	9,287	486
Total	46,226	39,905	(6,320)

(4) *Other securities* that have market value

*Other securities* that have market value are not stated at market value. Summary information on them based on Ordinance of Ministry of Finance 8-4 in 2000 is shown in the following table.

	(Millions of yen)
Balance sheet amount	14,955,114
Market value	14,871,897
Difference	(83,216)
Net unrealized gain/(loss) on valuation	(51,552)
Deferred tax assets	31,663

38. The amount of *other securities* sold during this fiscal year is as follows:

	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
	11,735,840	357,234	38,344

## 39. Summary information on securities that have no market value is shown in the following table.

	(Millions of yen)
	Balance sheet Amount
Bonds classified as held-to-maturity	
Non-listed foreign securities	15,443
Other	5,091
Investments in subsidiaries or affiliates	
Stocks of subsidiaries	653,372
Stocks of affiliates	170,937

Other	10,959
<i>Other securities</i>	
Non-listed foreign securities	663,185
Non-listed bonds	225,371
Non-listed stocks (except OTC stocks)	97,877
Other	132,130

40. Redemption schedule on *other securities* that have maturities and bonds classified as held-to-maturity is shown in the following table.

	(Millions of yen)			
	1 year or less	1 to 5 years	5 to 10 years	over 10 years
Bonds	4,808,798	4,487,028	2,157,961	3,563
Japanese government bonds	4,676,556	4,169,864	1,755,646	–
Japanese local government bonds	22,532	54,534	240,235	563
Japanese corporate bonds	109,709	262,629	162,079	3,000
Other	230,320	867,351	128,263	351,412
Total	5,039,119	5,354,380	2,286,225	354,975

41. Information on money held in trust is shown as follows:

Money held in trust classified as trading

	(Millions of yen)
Balance sheet amount	2,467
Gains included in profit/loss during this fiscal year	–

Other money held in trust

Market value is not reflected in financial statements. Summary information on other money held in trust is shown in the following table.

(Millions of yen)				
Balance sheet amount	Market value	Difference	Net unrealized gains/(losses)	Deferred tax assets
50,444	46,335	(4,108)	(2,545)	1,563

42. 1,956,646 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 this kind of securities is changed from 'Securities loaned' as a sub-account of Securities to 'Japanese Government Bonds'.

43. Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, to the prescribed amount as long as there is no violation of any condition established in the contracts. The amount of unused commitments upon is 15,631,346 million yen, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time is 13,845,590 million yen. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses that the Bank can reject the application from customers or reduce the contract amounts in case economic conditions are changed, the Bank needs to secure claims and others occur. In addition, the Bank requests the customers to pledge collateral such as premises and securities at

conclusion of the contracts, and takes necessary measures such as grasping customers' financial positions, revising contracts when need arises and securing claims after conclusion of the contracts.

44. Reserve for employee retirement benefit, prepaid pension cost, and pension assets in trust (excluding unrecognized actuarial net gain or loss) that were deducted from reserve for employee retirement benefit or added to prepaid pension cost are shown as follows:

	(Millions of yen)		
	Lump-sum Payment Plan	Employee Pension Fund	Total
Reserve for employee retirement benefit (before deducting Pension assets in trust)	(50,004)	–	(50,004)
Prepaid pension cost (before adding Pension assets in trust)	–	16,259	16,259
Pension assets (except unrecognized actuarial net gain or loss)	65,231	27,953	93,184
Prepaid pension cost (after adding Pension assets in trust)	15,226	44,212	59,438

Information on projected benefit obligation and others at fiscal year end is shown as follows:

	(Millions of yen)
Projected benefit obligation	(465,413)
Pension assets (fair value)	394,682
Unfunded projected benefit obligation	(70,731)
Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefit	80,670
Unrecognized actuarial net gain or loss	49,500
Net amount recorded on the balance sheet	59,438
Prepaid pension cost	59,438

45. 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 balance sheet has been changed as follows:
- (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 'Japanese government bonds' increased by 1,610,677 million yen compared with the prior treatment as purchasing or selling activities.
  - (2) 'Reserve for retirement allowances' was transferred to 'Reserve for employee retirement benefit' at beginning of this fiscal year. It is recognized as prepaid pension cost and included in 'Other' in Other assets at this fiscal year end.
46. Till the last fiscal year pledge money that was pledged in securities borrowing transactions was included 'Other' in Other assets, and from this fiscal year it is presented as Pledged money for securities borrowing transactions on the balance sheet.
47. Till the last fiscal year net payable amount for trading transactions which were recognized or derecognized on a contract date basis was reported as Accounts payable for trading transaction, but from this fiscal year it is included in Other in Other liabilities.