Notes to Consolidated 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 rates, 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 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 year end date.

3. As for securities other than those of trading portfolio, debt securities which the Bank and consolidated subsidiaries 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 unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost, using the moving-average method.
   Securities excluding those classified as trading securities, held-to-maturity or investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method 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 mentioned in notes 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 of the Bank 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
   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 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 its estimated useful lives (mainly five years) at the Bank or consolidated domestic subsidiaries.

8. Foreign currency assets and liabilities of the Bank are translated into Japanese yen at the exchange rate prevailing at the consolidated 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 balance sheet date.
Foreign currency assets and liabilities of consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet date.
Commencing from this consolidated fiscal year, consolidated domestic subsidiaries adopt the revised 'Accounting Standards for Foreign Currency Transactions' (issued by the Business Accounting Deliberation Council in October 1999). As a result, Operating profit and Income before income taxes and minority interests have decreased compared with prior accounting method by 48 million yen respectively.
In accordance with the revision of Regulation for consolidated financial statements, the presentation of Foreign currency translation adjustments is changed from Assets at the last year end to Stockholders' equity and Minority interests. As a result, Assets decreased by 32,778 million yen, Stockholders' equity decreased by 32,171 million yen, and Minority interests decreased by 607 million yen.

9. Reserves for possible loan losses of the Bank and major consolidated subsidiaries 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 net of the 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.
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 uncollectible based on respective assessments.
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 887,791 million yen.

10. 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 (mainly 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 105,290 million yen is amortized using the straight-line method over 5 years.

11. 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.

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 risk management policy.
   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.
   Derivative transactions, such as interest rate swaps, are used in this hedging activities, and the contract amount is 564,560 million yen, the fair value is minus 12,688 million yen, and the difference is minus 12,688 million yen.

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

15. The Other reserve 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.

16. Accumulated depreciation of premises and equipment amounted to 342,946 million yen.
   Accumulated depreciation of lease assets amounted to 1,304,562 million yen.

17. Bankrupt loans and Non-accrual loans are 75,729 million yen and 1,535,566 million yen, respectively. 'Bankrupt loans' consist 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 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 and/or consolidated subsidiaries do not currently accrue interest income but excluding 'Bankrupt loans' and loans for which the Bank and/or consolidated subsidiaries are forbearing interest payments to support the borrowers' recovery from financial difficulty.

18. Past due loans (3 months or more) are 49,909 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.

19. Restructured loans are 128,581 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, but excluding Bankrupt loans, Non-accrual loans and Past due loans (3 months or more).

20. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans is 1,789,785 million yen as of the consolidated year 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 that consists of Bank acceptance bought, Commercial bills discounted and Documentary bills is 658,073 million yen.

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

	(Millions of yen)
Assets pledged	
Cash and due from banks	60,462
Trading assets	1,143,569
Securities	7,103,992
Loans and bills discounted	1,671,141
Other assets (installment account receivable)	2,255
Liabilities corresponding to assets pledged	
Deposits	699
Call money and bills sold	3,944,800
Payables under repurchase agreements	5,262,187
Trading liabilities	22,740
Borrowed money	107,769
Acceptances and guarantees	42,373

In addition, cash and due from banks of 62,978 million yen, trading assets of 3,072 million, securities of 3,549,337 million yen, loans and bills discounted of 120,089 million yen and other assets (securities in custody) of 263,550 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 70,478 million yen, and other assets include initial margins of futures markets of 17,539 million yen and pledged money for securities borrowing transactions of 823,711 million yen.

23. Net of deferred unrealized gains and losses from hedging instruments is reported in deferred profit on hedge in other liabilities. Gross deferred unrealized losses and gross unrealized gains from hedging instruments are 668,099 million yen and 680,130 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 24,802 million yen, and Deferred income taxes increase 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.

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 for business activities 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 Stockholders' 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 land is 72,126 million yen lower than the total amount of book value after revaluation.

26. The balance of subordinated debt included in Borrowed money is 642,315 million yen.

27. The balance of subordinated bonds included in Bonds is 1,082,130 million yen.

28. Shareholders' equity per share is 426.32 yen.

29. Market value and unrealized gain/loss on securities are shown as below.
Those amounts include 'Securities', trading securities, negotiable certificates of deposit and commercial paper within 'Trading assets,' negotiable certificates of deposit within 'Cash and due from banks,' and commercial paper and beneficiary claim on loan trust within 'Commercial paper and other debt purchased.'

(1) Securities classified as trading

	(Millions of yen)
Consolidated balance sheet amount	998,998
Gains included in profit/loss during this fiscal year	713

(2) Bonds classified as held-to-maturity and with market value

(Millions of yen)

	Consolidated balance sheet amount	Market value	Net unrealized gain/(loss)	Gain	Loss
Japanese government bonds	114	114	0	0	0
Others	18,451	18,367	(83)	46	130
Total	18,565	18,482	(82)	47	130

(3) *Other securities* with market value

Other securities with 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)
Consolidated balance sheet amount	15,590,773
Market value	15,642,511
Difference	51,738
Deferred tax liabilities	(19,935)
Minority interests	(1,713)
Parent company's interest in net unrealized gain/loss on valuation of other securities held by affiliates accounted for by the equity method	13
Net unrealized gain/loss on valuation	30,102

30. The amount of 'Other securities' sold during this consolidated fiscal year is as follows:

(Millions of yen)

Sales amount	Gains on sales	Losses on sales
12,148,851	501,662	41,367

31. Summary information on securities without market value is shown in the following table.

(Millions of yen)

	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Non-listed foreign securities	31,163
Other	5,091
Other securities	
Non-listed foreign securities	668,428
Non-listed bonds	226,332
Non-listed stocks (except OTC stocks)	112,592
Other	224,483

32. Redemption schedule on *other securities* with 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	4,829,489	4,668,333	2,178,313	3,563
Japanese government bonds	4,676,663	4,248,153	1,766,475	–
Japanese local government bonds	22,556	54,534	244,466	563
Japanese corporate bonds	130,269	365,646	167,370	3,000
Other	445,721	1,079,457	148,466	352,019
Total	5,275,210	5,747,790	2,326,779	355,582

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

Money held in trust classified as trading

(Millions of yen)

Consolidated 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 consolidated financial statements. Summary information on other money held in trust that has market value is shown in the following table.

(Millions of yen)

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

34. 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'.

35. 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 17,349,040 million yen , and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time is 15,538,193 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 and consolidated subsidiaries can reject the application from customers or reduce the contract amounts in case economic conditions are changed, the Bank and consolidated subsidiaries need to secure claims or others occur. In addition, the Bank and consolidated subsidiaries request the customers to pledge collateral such as premises and securities at conclusion of the contracts, and take necessary measures such as grasping customers' financial positions, revising contracts when need arises and securing claims after conclusion of the contracts.

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

	(Millions of yen)
Projected benefit obligation	(495,409)
Pension assets (fair value)	410,572
Unfunded projected benefit obligation	(84,836)
Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefit	85,988
Unrecognized actuarial net gain or loss	50,585
Net amount recorded on the consolidated balance sheet	51,737
Prepaid pension cost	59,710
Reserve for employee retirement benefit	(7,972)

37. Effective April 1, 2000, two new accounting standards for financial instruments and employee 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 consolidated balance sheet have 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 Securities increased by 1,610,677 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, and prepaid pension cost at fiscal year end is reported in 'Other assets.'

38. Till the last fiscal year pledged money that was pledged in securities lending transactions was included in 'Other liabilities,' and from this consolidated fiscal year it is presented as 'Pledged money for securities lending transactions' on the consolidated balance sheet.