Summary of Significant Differences between Japanese GAAP and U.S. GAAP

The consolidated financial statements of the Bank and its subsidiaries presented in this annual report conform with generally accepted accounting principles in Japan ("Japanese GAAP"). Such principles vary from the accounting principles generally accepted in the United States ("U.S. GAAP"). Significant differences between Japanese GAAP and U.S. GAAP are summarized as follows:

Japanese GAAP

Consolidated Subsidiaries

The consolidated financial statements include all enterprises that are controlled by the parent, irrespective of the percentage of the voting shares owned.

Control is defined as the power to govern the decision making body of an enterprise.

Equity Method of Accounting

Affiliates are enterprises over which the Bank has material influences over their financial and operating policies.

Investments in nonconsolidated subsidiaries or affiliates are accounted for by the equity method in the consolidated financial statements.

Business Combinations

Currently, there are no established accounting principles for business combinations.

Accounting treatment that is similar to the pooling-of-interest method is normally used for business combinations in accordance with the Commercial Code of Japan. Under the accounting treatment, the balance sheet items of the acquired company are combined with those of the acquiring company at their carrying amount or fair value, and the effect of such pooling shall not be reflected in prior years' financial statements.

Securities

Prior to April 1, 2001, debt securities that the Bank has the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost. Trading securities are carried at market value with gains or losses included in the current period income. Securities of subsidiaries and affiliates are carried at cost in the nonconsolidated financial statements. Other securities (available-for-sale securities) can be carried at cost.

Effective April 1, 2001, other securities (available-for-sale securities) are carried at fair value with unrealized gains or losses recorded directly to equity, net of taxes.

Accounting for Derivatives and Hedging Activities

Prior to April 1, 2000, derivative instruments for trading purposes were accounted for at fair values, while other derivative instruments were accounted for on an accrual basis.

Effective April 1, 2000, derivative instruments are carried at fair value with changes included in the current period income unless certain hedge accounting criteria are met. In general, if derivative instruments are used as hedges and meet certain hedging criteria, a company defers recognition of gains or losses resulting from changes in fair value of

U.S. GAAP

Consolidated Subsidiaries

Statement of Financial Accounting Standards ("SFAS") No. 94 requires, with a few exceptions, a parent company to consolidate all of its majority-owned subsidiaries with more than 50% of outstanding voting shares.

Equity Method of Accounting

Investments representing ownership of 20% to 50% of the outstanding voting shares are accounted for by the equity method.

Business Combinations

Effective July 1, 2001, SFAS No. 141, Accounting for Business Combinations, prescribes the purchase method for all business combinations. The purchase method requires the valuation of the acquired assets and liabilities based on fair market values at the time of combination. The difference between the fair market values of the net assets and the consideration paid represents goodwill.

Previously, there were two mutually exclusive methods of accounting for business combinations – purchase method and pooling-of-interests method.

Securities

Investments in marketable equity and all debt securities are classified at acquisition, according to management's intent, into one of the following categories: trading, available-for-sale or held-to-maturity. Trading securities are marked to fair value, with the resulting unrealized gain or loss recognized to income. Available-for-sale securities should be marked to fair value, with the resulting unrealized gain or loss recorded to other comprehensive income. Held-to-maturity securities are carried at amortized cost.

Accounting for Derivatives and Hedging Activities

Effective for all fiscal years beginning after June 15, 2000, SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, requires the recognition of all derivatives as assets or liabilities in the balance sheet measured at fair value. Changes in the fair values of derivatives are included in earnings unless the derivative qualifies for hedge accounting criteria. The changes in the fair value of derivatives qualifying for hedge accounting criteria depend on the intended use.

derivative instruments as either an asset or liability until the related losses or gains on the hedged items are recognized.

Also effective April 1, 2000, a bank is permitted to adopt "Macro Hedge Accounting" as a hedge accounting method, under which the bank manages the total interest rate risk arising from various financial assets and liabilities as a whole by using financial derivative transactions.

For derivatives designated as hedging the exposure to changes in the fair value of an asset or liability or a firm commitment, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item.

For derivatives designated as hedging the exposure to variable cash flows of a forecasted transaction, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income.

For derivatives designated as hedging the foreign currency exposure of a net investment in a foreign operation, the gain or loss is reported in other comprehensive income as part of the cumulative translation adjustment.

Such "Macro Hedge Accounting" under Japanese GAAP is not permissible.

Accounting for Sales of Loans with Recourse

Certain loan participations which meet specified criteria are allowed to be accounted for as sales, even though the loans are not legally isolated from the transferor.

Accounting for Sales of Loans with Recourse

Under U.S. GAAP, pursuant to SFAS No. 140, financial assets are recorded as sold and removed from the balance sheet only when legal title has passed and the purchaser obtains the asset free of conditions that constrain it from taking advantage of the right to pledge or sell the asset. Sales that are not free of such constraints are recorded as a financing. A transfer of assets qualifying as a sale under U.S. GAAP but in connection with which the seller has retained recourse would result in recording liability for the estimated recourse.

Restructured Loans

Discounted present value is not usually used to measure impairment of a loan. Reserve for restructured loans is computed based on historical loss experience.

Restructured Loans

SFAS No. 114 requires that impaired loans, including troubled debt restructurings, be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as is practically expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral-dependent.

Accrued Interest on Non-Performing Loans

The Bank places into the non-accrual status the loans which management assessed as "Bankrupt," "Effectively Bankrupt" or "Potentially Bankrupt." Accrued interest related to such loans is written-off.

Accrued Interest on Non-Performing Loans

Loans are generally placed on non-accrual status when they become 90 days past due or when they are deemed uncollectible based on management's assessment. Accrued interest related to such loans is reversed against interest income.

Impairment of Long-Lived Assets

Currently, there is no requirement for considering the impairment of long-lived assets.

Impairment of Long-Lived Assets

SFAS No. 144 requires to recognize an impairment loss only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and to measure an impairment loss as the difference between the carrying amount and fair value of the long-lived assets. The impairment loss shall be included in the current period income.

Goodwill

Goodwill that is the excess of investment cost over the parent's share of the underlying equity in net assets of the subsidiary at the date of acquisition and that is created in consolidation procedures shall be amortized within 20 years.

Goodwill

Prior to the effective date of SFAS No. 142, goodwill was amortized over its estimated economic life, not to exceed 40 years.

Under SFAS No. 142 effective from the fiscal year beginning after December 15, 2001, goodwill shall not be

Earned Surplus Reserve

Under the Banking Law of Japan, an amount equivalent to at least 20% of cash disbursements paid was appropriated and was set aside as earned surplus reserve in the retained earnings up to the amount of common stock.

Effective October 1, 2001, such earned surplus reserve is recorded until the total of both earned surplus reserve and capital surplus equals to the amount of common stock. The excess of the total amount over the amount of common stock may be transferred to retained earnings by resolution of stockholders.

Land Revaluation Excess

Land which had been recorded at acquired cost was allowed to be revalued at fair value at one time during a fiscal year beginning after March 31, 1998. The resulting gains were recorded in land revaluation excess as a separate component in the stockholders' equity, net of tax.

The land shall not be revaluated after the initial revaluation even in case that the fair value declined.

Guarantees

Guarantees, including standby letters of credit and the related reimbursement obligations of customers, are presented on the balance sheet with assets of equal amounts.

Loan Fees

Loan origination fees are recognized when income is received.

Directors' Bonuses

Directors' bonuses are charged directly to retained earnings by resolution of stockholders.

Leases

Unless transfer of ownership occurs, financing leases may be accounted for as operating leases accompanied with sufficient footnote disclosure.

Other Comprehensive Income

There are no specific accounting principles for reporting comprehensive income.

amortized but rather shall be tested at least annually for impairment.

Earned Surplus Reserve

Such earned surplus reserve is not provided for under U.S. GAAP.

Land Revaluation Excess

Such land revaluation excess is not permissible.

Guarantees

Such guarantees and reimbursement obligations are disclosed in the footnotes and not presented on the balance sheet.

Loan Fees

Loan origination fees are deferred and recognized over the life of the loan as an adjustment of yield based on the effective interest method.

Directors' Bonuses

Directors' compensation is generally expensed on an accrual basis.

Leases

Leases are classified as either capital or operating, based on specified criteria. A lease which transfers substantially all of the benefits and risks of ownership to the lessee is reported as a capital lease. Other leases are accounted for as operating leases.

Other Comprehensive Income

U.S. GAAP requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income includes all changes in stockholders' equity during an accounting period except those resulting from investments by or distributions to owners, including certain items not included in the current results of operations.