

FINANCIAL STATEMENTS

2002

Year Ended March 31, 2002



THE MIE BANK, LTD.

Profile

Since its establishment over 100 years ago, The Mie Bank, Ltd. has built up the firm foundation it has today by contributing to the development of local society as a “local bank,” in step with everyone in the community.

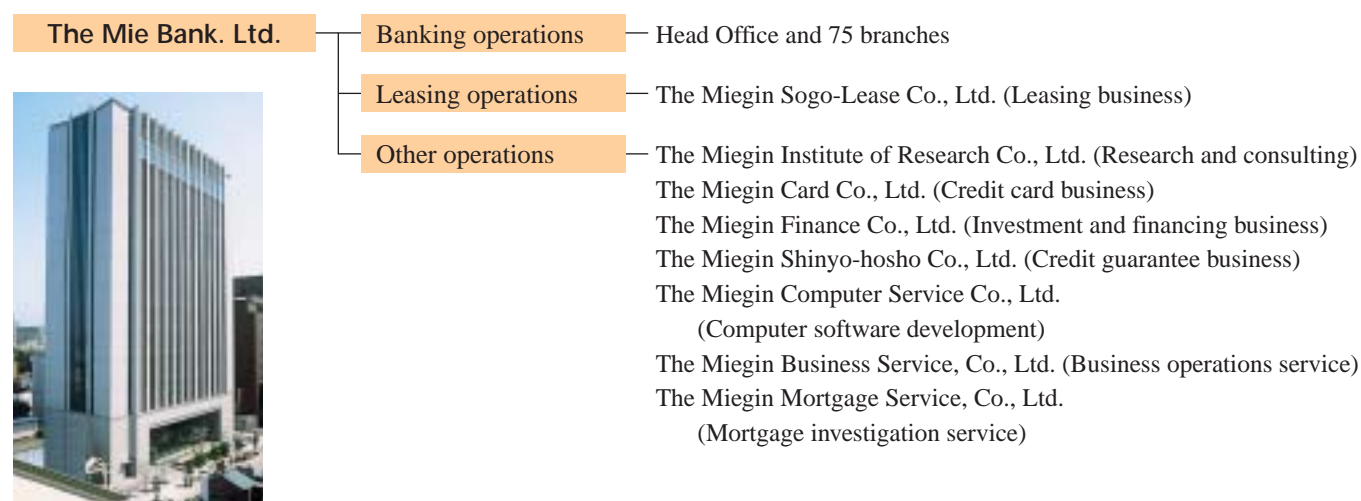
The Bank’s head office is located in Yokkaichi, Mie Prefecture, and it has 75 branches centred on Mie and Aichi Prefectures, as well as 1 each in Tokyo and Osaka. It was founded in 1895 as the Yokkaichi Bank but acquired several other regional banks over the years, and in 1939 the name was changed to The Mie Bank, Ltd. In 1978, it began handling foreign exchange business in response to the growing demand for international finance.

The Bank aims to preserve management transparency through proactive disclosure policies and to become the “No. 1 local bank for trustworthiness, with sound assets and firm profitability,” further enhancing its business value.

The Mie Bank Group

At March 31, 2002, the Group comprised the Bank and 8 consolidated subsidiaries. With the Bank's operations at the center, other financial services extend to leasing, credit card service and others.

Operating Structure of the Bank and Subsidiaries



Consolidated Five-Year Financial Summary

Years ended March 31	Millions of Yen				
	2002	2001	2000	1999	1998
For the Year					
Total Income.....	¥ 34,160	¥ 36,848	¥ 37,482	¥ 44,038	¥ —
Total Expenses	32,574	36,073	34,169	41,938	—
Income before Income Taxes	1,586	774	3,314	2,100	—
Net Income	879	348	1,610	831	—
At Year End					
Total Assets	¥1,293,774	¥1,283,016	¥1,256,443	¥1,241,660	¥ —
Loans and Bills Discounted.....	806,083	794,819	801,437	862,542	—
Securities	375,253	378,795	320,677	243,846	—
Deposit.....	1,188,140	1,170,964	1,160,173	1,134,807	—
Total Stockholders' Equity.....	58,225	63,615	50,729	49,694	—
Capital Adequacy Ratio (based on domestic standards) (%)	8.82	8.54	9.14	7.62	—

Note: Consolidated Figures are not available before 1998.

A Message from the President



Shoichi Saito
President

Economic and Financial Environment

In this year (year ended March 31, 2002), the corporate sector of the domestic economy was sluggish, principally due to the slowdown in overseas economies. This in turn had a negative impact on the household sector through downward pressure on employees' income and consumer sentiment.

In the meantime the main industries in Mie and Aichi Prefectures, which constitute the Bank's principal area of business, have been stagnant, and small and medium enterprises in particular have been forced into a tough situation. The financial industry is facing the change in the rules for the payoff system and therefore has to deal with bad loans and improve profitability. Against this background, moves to restructure the financial industry have now spread as far as the regional financial institutions, so there is a mounting sense of tension.

Performance (Consolidated Base)

Despite this environment, the total deposits of the Bank and its consolidated subsidiaries have increased by ¥17,176 million compared with the end of the preceding year (year ended March 31, 2001), to ¥1,188,140 million. This was due to steady growth in personal deposits, in spite of our having controlled acceptance of large time deposits in which the costs are high.

We focused on expanding and enhancing personal loans – principally housing loans – and consequently managed to compensate for the stagnation in corporate loans, with the result that loans and bills discounted by ¥11,264 million to ¥806,083 million compared with the end of the preceding year.

We also watched the market trends carefully and strove to make our securities investments more efficient. The total decreased by ¥3,542 million to ¥375,253 million compared with the end of the preceding year.

As a result, although the profit and loss sheet showed a decline in interest income, the decrease in expenses meant that net income increased by ¥531 million to ¥879 million compared with the preceding year.

New Midterm Management Plan, "ACCESS No. 1"

The Bank opened a new three-year midterm management plan "ACCESS No. 1" in January 2001, addresses the following four key issues: 1) reinforcing profitability, 2) improving management efficiency, 3) upgrading risk management and 4) raising the level of personnel skills. The Plan aimed at becoming the "No. 1 local bank for trustworthiness, with sound assets and firm profitability" and is endeavouring to achieve a positive, bold and speedy management style. This does not of course mean haste without prudence: our intention is to take swift decisions after thorough consideration, and develop dynamic strategies for the future.

Management Policy

The Bank is handling the disclosure of management information proactively in order to preserve transparency, both through our IR activities towards stockholders and investors, and through our CR (community relations) activities aimed at the local populace. As a regional bank we have deep links with everyone in our area, and it is precisely these people we hope will understand Mie Bank even better, so that we can build strong relationships based on mutual trust.

Shoichi Saito
President

C Consolidated Risk-Monitored Loans

Consolidated risk-monitored loans at March 31, 2002 and 2001 are stated below.

Years ended March 31	Millions of Yen	
	2002	2001
Bankrupt loans	¥ 2,190 (0.27%)	¥10,648 (1.34%)
Non-accrual loans	26,734 (3.32%)	13,578 (1.71%)
Past due loans (3 months or more)	79 (0.01%)	267 (0.03%)
Restructured loans	19,480 (2.42%)	12,733 (1.60%)
Total	48,483 (6.01%)	37,226 (4.68%)

Notes: 1. Percentages in parentheses refer to total term-end loan balance.

2. Definition of loans

- (1) Bankrupt loans: credits for which accrued interest is not accounted in revenue, credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearing houses.
- (2) Non-accrual loans: credits for which accrued interest is not accounted in revenue, credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business.
- (3) Past due loans (3 months or more): loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
- (4) Restructured loans: loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or support business, excluding borrowers in categories 1. through 3.

C THE MIE BANK, LTD.
Consolidated Balance Sheets
 March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Assets			
Cash and Due from Banks	¥ 23,096	¥ 11,954	\$ 173,328
Call Loans and Bills Bought	28,117	37,868	211,009
Receivables under Resale Agreements	10,000	—	75,047
Monetary Claims Bought	7,986	1,094	59,932
Trading Account Securities	354	225	2,657
Money Held in Trust	2,496	3,005	18,732
Securities	375,253	378,795	2,816,158
Loans and Bills Discounted	806,083	794,819	6,049,403
Foreign Exchanges	767	602	5,756
Other Assets	10,821	25,266	81,208
Premises and Equipment	28,621	28,692	214,792
Deferred Tax Assets	2,827	221	21,216
Customers' Liabilities for Acceptances and Guarantees	13,132	15,220	98,552
Reserve for Possible Loan Losses	(15,779)	(14,745)	(118,417)
Total Assets	<u>¥1,293,774</u>	<u>¥1,283,016</u>	<u>\$9,709,373</u>
Liabilities, Minority Interests and Stockholders' Equity			
Liabilities			
Deposits	¥1,188,140	¥1,170,964	\$8,916,623
Call Money and Bills Sold	—	1,115	—
Borrowed Money	14,464	8,405	108,548
Foreign Exchanges	4	5	30
Convertible Bond	6,784	6,882	50,912
Other Liabilities	10,444	12,454	78,378
Reserve for Employee Bonuses	634	—	4,758
Employees' Severance and Retirement Benefits	573	304	4,300
Deferred Tax Liability	—	2,639	—
Acceptances and Guarantees	13,132	15,220	98,552
Total Liabilities	<u>1,234,175</u>	<u>1,217,988</u>	<u>9,262,101</u>
Minority Interests	1,374	1,413	10,311
Stockholders' Equity			
Common Stock	10,608	10,559	79,610
Capital Surplus	6,462	6,413	48,495
Retained Earnings	33,736	33,479	253,178
Net unrealized holding gains on securities	7,598	13,324	57,021
	<u>58,404</u>	<u>63,775</u>	<u>438,304</u>
Treasury Stock	(179)	(160)	(1,343)
Total Stockholders' Equity	<u>58,225</u>	<u>63,615</u>	<u>436,961</u>
Total Liabilities, Minority Interests and Stockholders' Equity	<u>¥1,293,774</u>	<u>¥1,283,016</u>	<u>\$9,709,373</u>

C THE MIE BANK, LTD.
Consolidated Statements of Income and Retained Earnings
 Years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Income			
Interest and Dividends on:			
Loans and Bills Discounted	¥15,890	¥17,570	\$119,250
Securities	7,279	7,986	54,627
Other	81	226	608
Fees and Commissions	2,862	2,790	21,478
Other Operating Income	1,388	900	10,416
Other Income	6,660	7,375	49,981
Total Income	34,160	36,847	256,360
Expenses			
Interest on:			
Deposits	1,583	2,638	11,880
Borrowings and Rediscounts	222	383	1,666
Other	265	431	1,989
Fees and Commissions	750	743	5,628
Other Operating Expenses	1,227	518	9,208
General and Administrative Expenses	18,991	19,108	142,522
Other Expenses	9,536	12,252	71,565
Total Expenses	32,574	36,073	244,458
Income before Income Taxes and Minority Interests	1,586	774	11,902
Income Taxes			
Current	1,946	1,778	14,604
Deferred	(1,206)	(1,444)	(9,051)
Minority Interests	(33)	92	(248)
Net Income	879	348	6,597
Retained Earnings			
Balance at the Beginning of the Year	33,479	33,818	251,250
Appropriations:			
Cash Dividends	(578)	(579)	(4,338)
Bonuses to directors and statutory auditors	(45)	(49)	(338)
Effect of change in investment ratio	0	(59)	0
Net Income	879	348	6,597
Balance at End of Year	¥33,735	¥33,479	\$253,171
Per Share of Common Stock			
	Yen		U.S. dollars
Net Income	¥ 7.60	¥ 3.00	\$ 0.06
Diluted net income	7.36	—	0.06
Cash dividends applicable to the year	5.00	5.00	0.04
Stockholders' Equity	502.87	550.18	3.77

Notes:

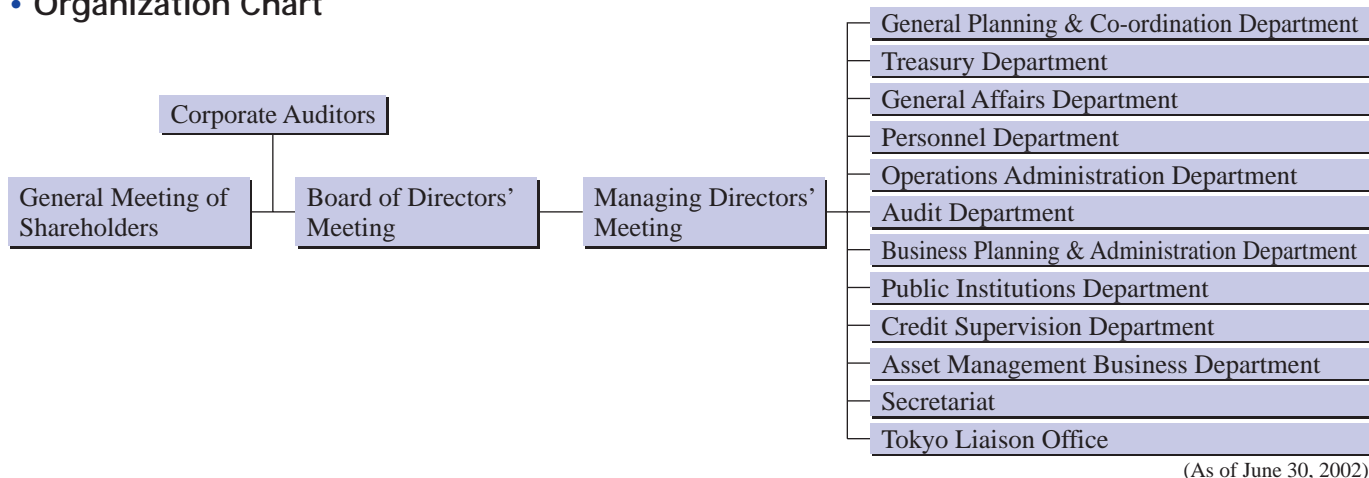
1. The original Japanese financial statements of The Mie Bank, Ltd. and its consolidated subsidiaries as of March 31, 2002 that are the basis of the accompanying English consolidated financial statements have been audited in accordance with auditing standards, procedures and practices generally accepted and applied in Japan by Asahi & Co.
2. U.S. dollar amounts are converted from Japanese yen, solely for convenience, at the rate of ¥133.25 per U.S. \$1.00, the exchange rate prevailing on March 31, 2002.

C THE MIE BANK, LTD.
Consolidated Statement of Cash Flows
 March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 1,949	¥ 774	\$ 14,627
Depreciation	4,891	4,824	36,705
Increase in Reserve for Possible Loan Losses	668	1,468	5,013
Increase in Reserve for Employee Bonuses	634	—	4,758
(Decrease) Increase in Reserve for Retirement Allowances	—	(97)	—
Increase in Reserve for Employees' Severance and Pension Benefits	269	304	2,019
Interest and Dividend Income	(23,251)	(25,782)	(174,492)
Interest Expense	2,070	3,452	15,535
Securities (Gains) Losses, Net	(253)	11	(1,899)
Money in Trust Gains, Net	(2)	(23)	(15)
Losses on Sale of Premises and Equipment, Net	347	142	2,604
Losses on Employees' Severance and Pension Benefits	—	1,090	—
Net Changes in Loans and Bills Discounted	(11,264)	6,618	(84,533)
Net Changes in Deposits	17,176	10,791	128,901
Net Changes in Borrowed Money (excluding subordinated debt obligation)	60	(512)	450
Net Changes in Deposits with Banks	(11,966)	228	(89,801)
Net Changes in Call Loans	2,855	6,894	21,426
Net Changes in Receivables under Resale Agreements	(10,000)	—	(75,047)
Net Changes in Pledged Money for Securities Borrowing Transaction	15,009	(15,009)	112,638
Net Changes in Call Money	(1,115)	1,115	(8,368)
Net Changes in Trading Account Securities	(128)	14,123	(961)
Net Changes in Foreign Exchanges (Asset)	(165)	1,059	(1,238)
Net Changes in Foreign Exchanges (Liability)	(1)	(5)	(8)
Interest Income Received	23,190	25,315	174,034
Interest Expense Paid	(2,529)	(4,466)	(18,979)
Others	(1,208)	1,547	(9,065)
Sub-Total	<u>7,236</u>	<u>33,861</u>	<u>54,304</u>
Income Taxes Paid	(1,155)	(1,339)	(8,668)
Net Cash Provided by Operating Activities	<u>6,081</u>	<u>32,522</u>	<u>45,636</u>
Cash Flows from Investing Activities:			
Purchases of Securities	(146,213)	(286,201)	(1,097,283)
Proceeds from Sales of Securities	75,796	112,578	568,826
Proceed from Maturities of Securities	63,418	137,332	475,932
Increase in Money Held in Trust	(500)	—	(3,752)
Decrease in Money Held in Trust	1,011	1,018	7,587
Purchases of Premises and Equipment	(6,034)	(5,336)	(45,283)
Proceeds from Sales of Premises and Equipment	290	101	2,176
Others	(73)	(23)	(548)
Net Cash Used in Investing Activities	<u>(12,305)</u>	<u>(40,531)</u>	<u>(92,345)</u>
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Convertible Bonds	6,000	—	45,028
Cash Dividends Paid	(578)	(579)	(4,338)
Cash Dividends Paid to Minority Interests	(3)	(3)	(22)
Purchases of Treasury Stock	(29)	(195)	(218)
Proceeds from Sales of Treasury Stock	11	38	83
Others	(0)	0	(0)
Net Cash (Used in) Provided by Financing Activities	<u>5,401</u>	<u>(739)</u>	<u>40,533</u>
Effect of Foreign Exchange Rate Changes	(0)	(3)	(0)
Net Increase in Cash and Cash Equivalents	<u>(824)</u>	<u>(8,751)</u>	<u>(6,184)</u>
Cash and Cash Equivalents at Beginning of Year	11,819	20,570	88,698
Cash and Cash Equivalents at End of Year	<u>¥ 10,995</u>	<u>¥ 11,819</u>	<u>\$ 82,514</u>

Corporate Data

• Organization Chart



• Board of Directors and Corporate Auditors

Chairman of the Board

Nobuyuki Sago

President

Shoichi Saito

Senior Managing Director

Toshio Suzuki

Managing Directors

Koichiro Hara

Mikihiro Kato

Directors

Shuichi Ito

Hideo Kawami

Takeshi Inaba

Kiyoo Seko

Takashi Kuroda

Hajimu Maeda

Masayoshi Yamamoto

Toru Takeno

Yasuo Kawamura

Corporate Auditors

Kenji Yamamoto

Shigeki Koshiyama

Hikomichi Ohara

Takao Ito

(As of June 30, 2002)

• Corporate Outline

Date of Establishment

November 15, 1895

Head Office

7-8, Nishishinchi, Yokkaichi, Mie 510-0087 Japan

TEL: +81-593-53-3111 FAX: +81-593-55-8225

URL: <http://www.miebank.co.jp>

E-mail: mbkikaku@miesc.ne.jp

Treasury Department

7-8, Nishishinchi, Yokkaichi, Mie 510-0087 Japan

TEL: +81-593-54-7151 FAX: +81-593-51-8892

Telex: J29857 MIEBANK SWIFT code: MIEB JP JT

Network

Branches: 75

Number of Employees 1,274

Stock Exchange Listing Tokyo Stock Exchange
Nagoya Stock Exchange

Capital ¥10,608 million

Number of Shares of Common Stock

Authorized 250,000 thousand

Issued and Outstanding 116,137 thousand

Number of Shareholders 5,204

(As of June 30, 2002)

• Foreign Exchange Offices

Main Office

7-8, Nishishinchi, Yokkaichi, Mie 510-0087

TEL: +81-593-53-3111

Tsu Branch

28-1, Marunouchi, Tsu, Mie 514-0033

TEL: +81-59-226-6155

Nagoya Branch

19-1, Nishiki 2-chome, Naka-ku, Nagoya 460-0003

TEL: +81-52-202-5585

Tokyo Branch

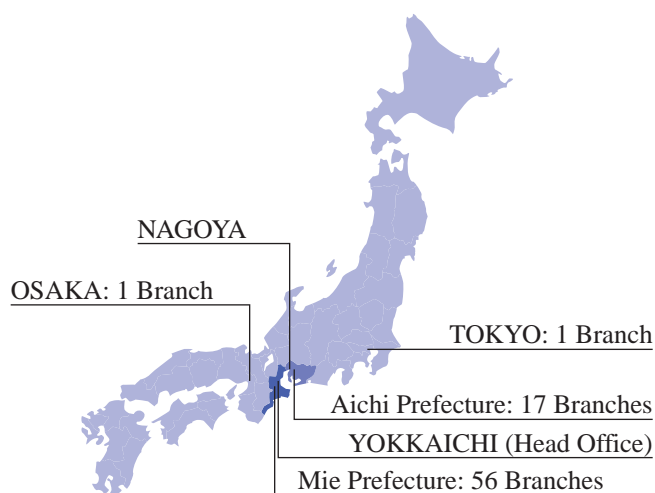
1-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-0031

TEL: +81-3-3241-7015

Osaka Branch

4-7, Imabashi 4-chome, Chuo-ku, Osaka 541-0042

TEL: +81-6-6222-1251





7-8, Nishishinchi, Yokkaichi, Mie 510-0087, Japan
URL: <http://www.miebank.co.jp>