

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.