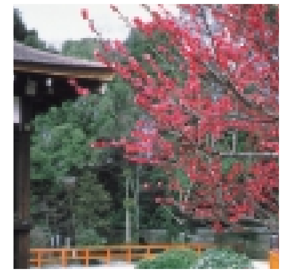
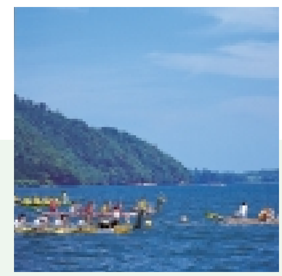
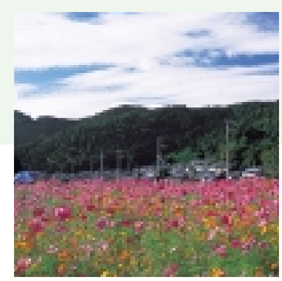





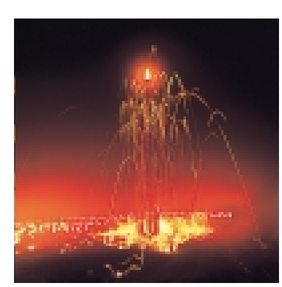


The Bank of Kyoto, Ltd. 2002

ANNUAL REPORT For the year ended March 31, 2002





Profile

As of March 31, 2002

Total Assets
¥4,671.2 billion
13th among regional banks

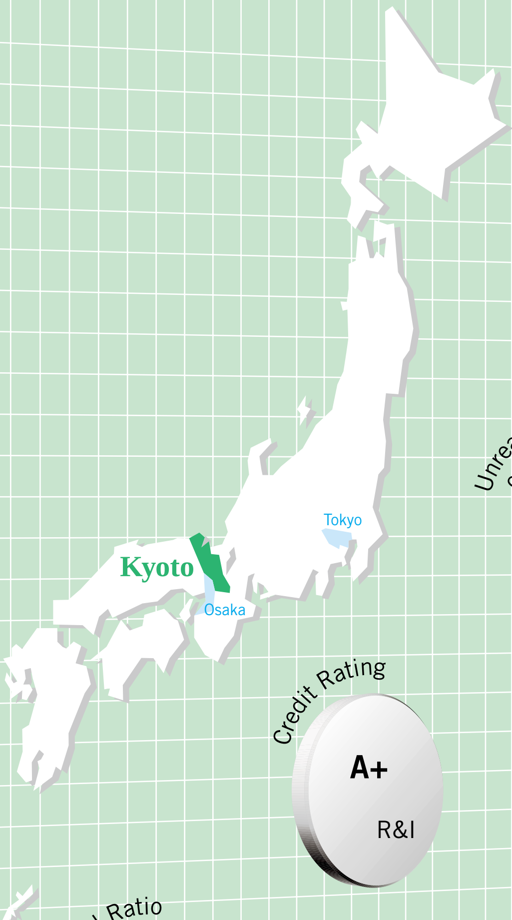
Total Deposits
¥4,111.3 billion
13th among regional banks

Loans and Bills Discounted
¥2,688.2 billion
18th among regional banks

Paid-in Capital
¥27.1 billion

Unrealized Gains on Securities
¥250.6 billion
1st among regional banks

Established
October 1941



Credit Rating
A+
R&I

Employees
2,702

Capital Ratio
10.43% (domestic standards)
Ref. 13.36% (international standards)
(non-consolidated basis)

Banking Network
Domestic
121 staffed offices
195 stand-alone ATM locations
Overseas: Hong Kong Representative Office

(Above figures are all on a non-consolidated basis.)

Contents

Attention regarding forward-looking statements

The reader is advised that this report contains forward-looking statements, which are not statements of historical fact but constitute estimates or projections based on facts known to the Company's management as of the time of writing. Actual results may therefore differ substantially from such statements.

On the cover:
Since 1982, The Bank of Kyoto, Ltd. has been conducting a campaign under the catchphrase "I Love Kyoto," aimed at stimulating public interest in Kyoto's magnificent historical heritage and its preservation for future generations.
The cover of this report shows various posters featured in the campaign.

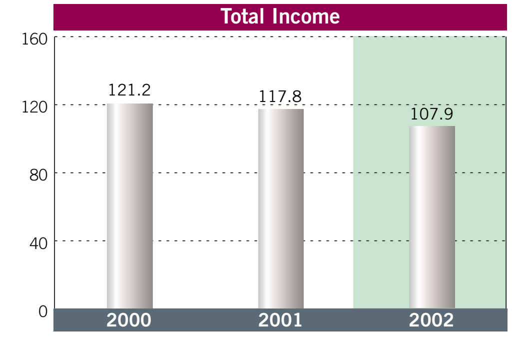
The Bank of Kyoto, Ltd. and Consolidated Subsidiaries

Consolidated Financial Highlights

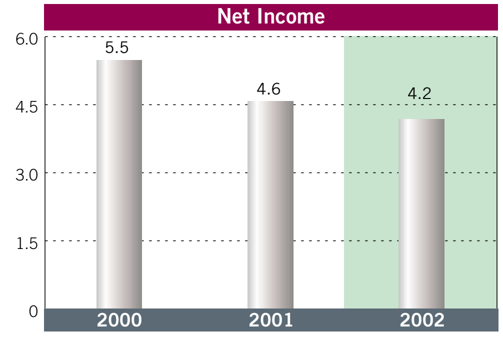
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
For The Year				
Total Income	**¥ 107,936**	¥ 117,864	¥ 121,270	**$ 810,029**
Total Expenses	**101,920**	109,843	111,601	**764,879**
Income before Income Taxes and Minority Interests	**6,016**	8,021	9,669	**45,150**
Net Income	**4,212**	4,686	5,546	**31,610**
At Year-End				
Total Assets	**¥4,681,058**	¥4,569,997	¥4,085,064	**$35,129,896**
Deposits	**4,101,347**	3,955,864	3,772,000	**30,779,339**
Loans and Bills Discounted	**2,675,561**	2,679,368	2,671,502	**20,079,263**
Investment Securities	**1,699,563**	1,631,617	1,126,042	**12,754,697**
Minority Interests	**2,840**	2,760	2,294	**21,317**
Common Stock	**27,100**	27,100	27,100	**203,377**
Total Stockholders' Equity	**306,199**	331,974	154,920	**2,297,929**

Notes: 1. Yen figures are expressed with amounts under one million omitted.
Accordingly, breakdown figures may not add up to sums.
2. U.S. dollar amounts represent translation of yen at the rate of ¥133.25 to US$1.00 on March 29, 2002, the final business day of the term.



(Billions of Yen)



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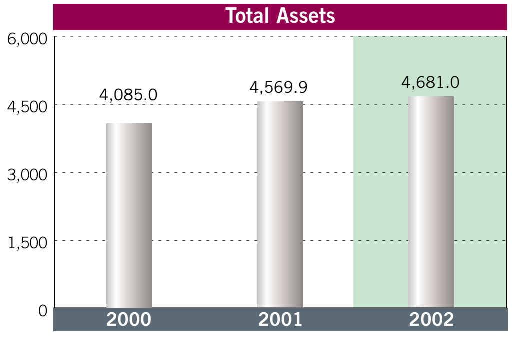

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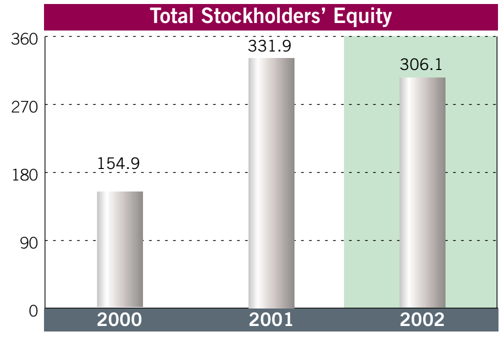


(Billions of Yen)

Aiming for substantial

The start of the NEW-Plan as the latest

In Japanese society today, the political and economic realms are in the midst of a period of chaotic reform resulting from the expansion of large structural changes in various fields. As for the economic aspects, people are fundamentally questioning what shape the industrial structure should take from a macroeconomic point of view, and how companies should be managed. As a result, people have come to recognize that urgent reform in both cases is the only sensible course of action.

Amid this business environment, 4 major financial groups (money center banks) and other organizations have started full-scale operation of their new systems. And before the total abolition of unlimited guarantees on bank deposits scheduled to begin in April next year, even local and small-to-medium-sized financial institutions are being caught up in the waves of integration and restructuring of their business. Movements like these are expected to accelerate in the days ahead.

Under such circumstances, the Bank of Kyoto started the

Y. Kashihara

Yasuo Kashihara
President

Targets and Results		
Results for year ended March 2002		Targets for year ended March **2005**
¥4.2 billion	Net Income	**¥10 billion or more**
10.4%	Capital Ratio	**10% or higher**
64.1%	Overhead Ratio	**63% or lower**
0.5%	Return on Assets*	**0.6% or higher**

* net business profit (core) on total assets

reform and the creation of new value:

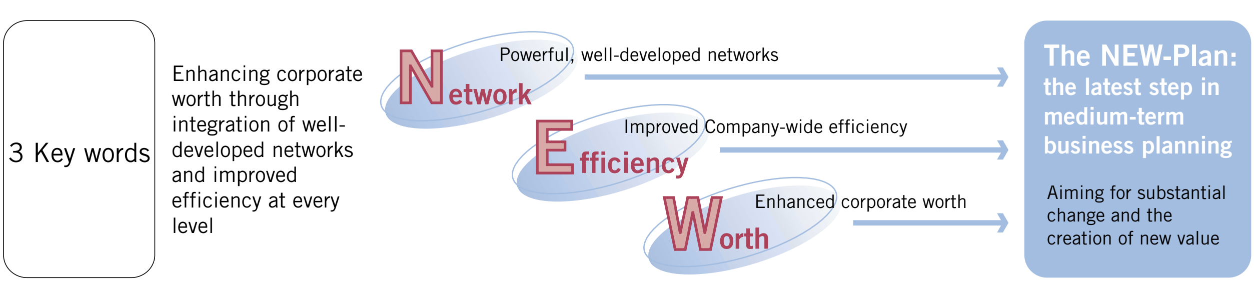
step in medium-term business planning

"NEW-Plan," its latest medium-term management plan, as a 3-year plan in April this year. The management vision under this plan is to be a bank that is rated highly by customers and markets. Accordingly, the Bank aims to secure (1) net income of ¥10 billion or more, (2) capital ratio of 10% or higher, (3) gross business profit to expenses ratio (OHR) of 63% or lower, and (4) ratio of net income to total assets on core operations (ROA) of 0.6% or higher in March 2005, the final year of the plan. In addition, The Bank of Kyoto aims to make its customers feel secure, and establish a firm, trusting relationship with them by increasing the loan share to 25% in Kyoto Prefecture and by strengthening its presence in the region.

In order to realize this management vision, the Bank of Kyoto has announced the following 5 basic policies:

1. Expansion of revenue bases through a solid network of branch offices and the construction of new sales systems
2. Improvement of asset portfolios through early disposal of non-performing loans to obtain financial soundness
3. Improvement of management efficiency by increasing operational efficiency primarily based on the transition of core systems to the joint system operations center and by strengthening low-cost structures
4. Improvement of risk management by promoting the quantification of risks and by strengthening the internal audit system
5. Strengthening of sales power by improving abilities in highly professional fields

The Bank of Kyoto will make every effort to promote management activities by positively expanding the volume of its business that is rooted in the region through the "NEW-Plan," and to obtain even higher satisfaction from its customers, markets, stockholders and investors in the way that only a first choice bank can. By rapidly growing with management reforms and a new creativity, we are confident in the ability of the Bank of Kyoto to meet your expectations.

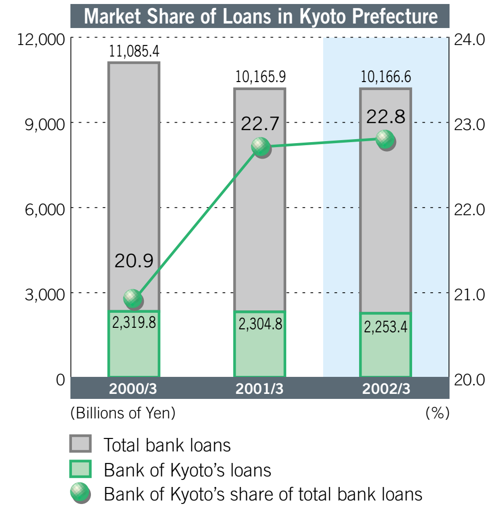


Improving Efficiency by Expanding Sales Bases

1. Expansion of Sales Areas

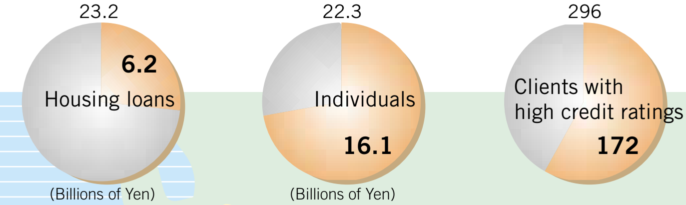
The population of Kyoto Prefecture is approximately 2.6 million, a figure that has remained largely unchanged for the past 10 years, with the total loan balance within the Prefecture standing at approximately ¥10 trillion. On the other hand, Shiga Prefecture, which is located east of Kyoto Prefecture, has one of the largest population growth rates in Japan due to the relocation of factories and universities from Kyoto, the development of residential areas, etc. Intensifying our efforts outside Kyoto Prefecture is an effective strategy for expanding the size of business, and Shiga Prefecture has had strong economic ties with Kyoto Prefecture for a long time. With this in mind, we established a network of 4 offices in the Konan district, south of Lake Biwa in Shiga Prefecture by opening the Kusatsu branch in December 2000, the Seta branch in April 2001, the Ritto branch in October 2001 and the Nishi-Otsu branch in March 2002. Also, in the northeast area of Osaka Prefecture, where we have many corporate customers, we opened the Kadoma branch in January 2002 as the first office exclusively for corporate customers. Consequently, performance of these branches has shown steady growth.

Market Share of Loans in Kyoto Prefecture



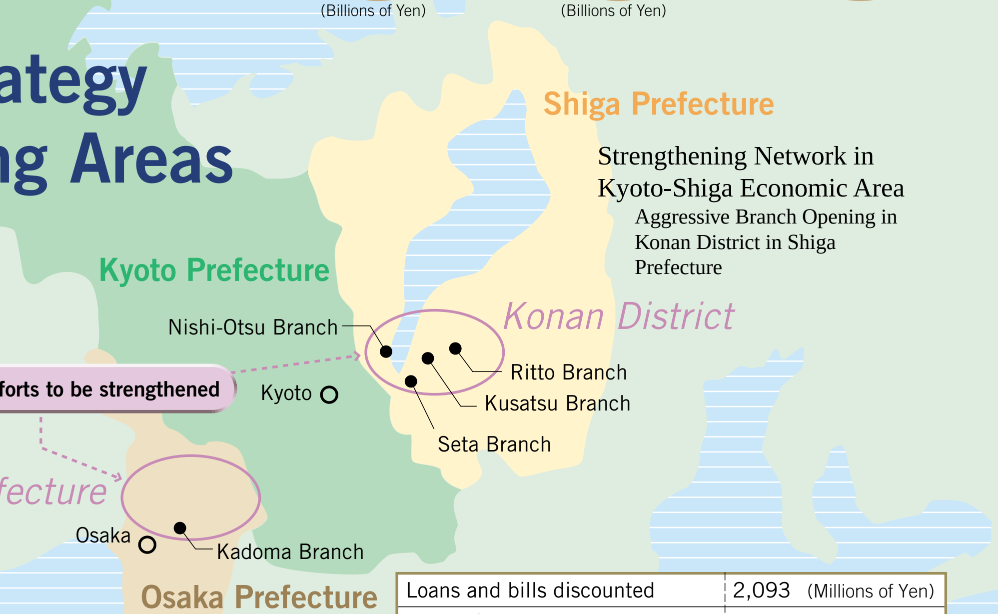
Marketing results in Shiga Prefecture (Kusatsu, Seta, Ritto and Nishi-Otsu branches)

(As of March 31, 2002)



Marketing Strategy for Neighboring Areas

Taking advantage of financial sector reorganization by expanding business base for transactions with small and medium-sized companies



Marketing results at Kadoma Branch

Loans and bills discounted	2,093	(Millions of Yen)
Housing loans	57	(Millions of Yen)
Deposits	932	(Millions of Yen)
New corporate clients	44	
Clients with high credit ratings	27	

(As of March 31, 2002)

2. Promoting Transactions with Venture Companies

In order to help commence advanced technological research and development activities and to create new industries that can play important roles in the 21st century, we jointly established the KSO Venture Fund with major venture capital companies. This Venture Fund supports promising venture companies in Kyoto "K," Shiga "S" and Osaka "O" prefectures. We have long had a policy of supporting venture companies. The purposes of establishing the Venture Fund are to provide more solid support to venture companies, to invest necessary funds for the completion of IPOs by these venture companies, and to give a variety of management advice rather than to just provide funds. We established Fund No. 1 (total investments of ¥1.0 billion) in April 2000 and Fund No. 2 (total investments of ¥500 million) in May 2001, and are planning to raise the total investment to approximately ¥5 billion in the future.

3. Promoting Housing Loans

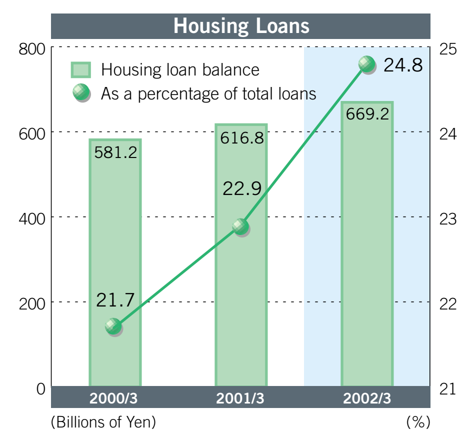
In order to develop business transactions with retail customers, we are also making efforts to provide attractive products such as housing loans, education loans and automobile loans to suit all customer needs at any life stage. We started a special campaign that provides housing loans with no loan guarantee fees. We also started to sell new products by co-financing with the Government Housing Loan Corporation in April 2002. In addition, we are actively promoting housing loan sales by establishing a housing loan center, which exclusively handles housing loans, inside the Seta branch in Otsu City, Shiga Prefecture in July 2002, and by taking other actions. The housing loan balance increased ¥52.4 billion (8.5%) compared with the previous year and resulted in ¥669.2 billion as a result of our bank-wide efforts to promote sales via residential housing developers and the establishment of a faster system for determining loan approval status.

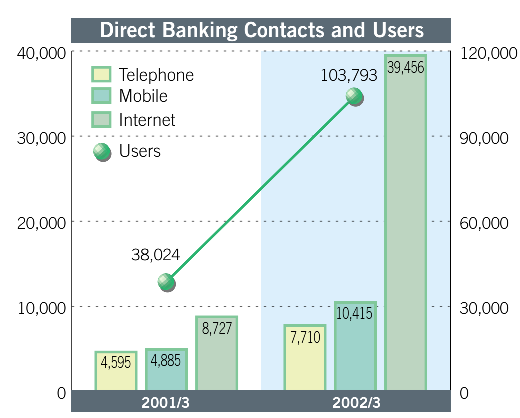
4. Solid Sales System for Investment Trusts

Even though investment trusts can produce more returns than deposits in banks, these products are subject to the risk of loss to principal amounts. Therefore, we have established a system that can provide our customers with investment advice by assigning staff members specially skilled in this area at all our branches. As of July 2002, our investment trust lineup has 17 products and 18 courses, and we are planning to gradually increase the lineup in the future to provide more attractive products.

5. Development of Direct Banking

In July 2000, we started the "Kyogin Direct Banking" services that integrate telephone banking, Internet banking and mobile banking. In March 2001, we started 24-hour Internet banking and mobile banking services. We then started handling investment trust transactions and the reception services of applications for card loans (automated loans through ATMs up to a predetermined maximum amount) via telephone banking in June 2001. Furthermore, by renewing the whole Internet mobile banking service in March 2002, we are striving to provide more attractive services that our customers can utilize more easily and in a more convenient manner.





Non-Performing Loans

Policy on Non-Performing Loans

The Bank of Kyoto recognizes that securing a sound asset portfolio is its most important management objective. For this reason, the Bank carries out semiannual asset self-assessments, closely monitors its asset situation, and takes an active stance toward the disposal of non-performing loans.

We have also finished compiling a set of regulations covering asset self-assessment, write-offs and provision of reserves. These regulations are based on a financial inspection manual published by the Financial Services Agency and a report by the Japanese Institute of Certified Public Accountants on verification of internal asset self-assessment systems for banks and other financial institutions as well as practical guidelines for auditing defaulted loan write-offs and reserves for possible loan losses. Accordingly, we have disposed of all currently conceivable non-performing loans.

We are striving to control the occurrence of additional non-performing loans and to promote the reduction of these loans by reclassifying them into off-balance sheet figures in a timely manner.

Disclosure of Asset Portfolio

• Disclosure of Asset Assessment Based on Financial Reconstruction Law

The Financial Reconstruction Law requires disclosure of self-assessed assets to be classified into four categories: unrecoverable or valueless, risk, special attention, and non-classified (normal).

At the end of fiscal 2001, the Bank's total disclosed loan assets, excluding non-classified loans, amounted to ¥179.2 billion. The average reserve ratio for these loans, excluding the portion covered by collateral and guarantees, was 74.2%. Adding the portion secured by collateral and guarantees to the reserves, the coverage ratio was 86.2%, which we believe to be a sufficient level.

• Risk Management Loans

The Banking Law in Japan mandates that banks disclose their risk management loans both on a consolidated and non-consolidated basis. The loans are classified into four categories: loans in legal bankruptcy, nonaccrual loans, accruing loans contractually past due three months or more, and restructured loans.

At the end of fiscal 2001, the Bank's balance of risk management loans stood at ¥178.6 billion on a non-consolidated basis and ¥181.8 billion on a consolidated basis. And the ratio of such balance to the loan balance on a non-consolidated basis was 6.6% (the regional bank average is 8.9%), a decrease of 0.4 percentage points from the end of fiscal 2000. Not all the disclosed loans will incur losses, however, since these figures include loans that are recoverable by disposing of collateral or redeeming guarantees.

The Financial Reconstruction Law Standard (Non-Consolidated)

Billions of Yen

	2002/3	Change from Mar. 31, 2001	2001/3
Unrecoverable or Valueless	¥ 61.3	¥ (9.1)	¥ 70.5
Risk	61.7	1.1	60.6
Special Attention	56.1	(4.3)	60.4
Sub-Total (A)	179.2	(12.3)	191.6
Non-Classified	2,548.4	2.3	2,546.1
Total	¥2,727.6	¥(10.0)	¥2,737.7

Coverage in Accordance with the Financial Reconstruction Law Standard (Non-Consolidated)

Billions of Yen

	2002/3	Change from Mar. 31, 2001	2001/3
Reserve for Possible Loan Losses	¥ 71.3	¥ (5.9)	¥ 77.3
Reserve for Specific Borrowers			
Amounts Recoverable Due to Guarantees, Collateral and Others	83.2	(4.9)	88.1
Total (B)	¥154.5	¥(10.9)	¥165.4
Coverage Ratio (B)/(A)	86.2%	(0.1)%	86.3%

Risk Management Loans (Consolidated)

Billions of Yen

	2002/3	Change from Mar. 31, 2001	2001/3
Loans in Legal Bankruptcy	¥ 29.5	¥ (8.0)	¥ 37.5
Nonaccrual Loans	96.5	(0.1)	96.6
Accruing Loans Contractually Past Due Three Months or More	2.1	0.2	1.9
Restructured Loans	53.6	(4.0)	57.6
Total	¥ 181.8	¥(11.9)	¥ 193.8
Total Loans Outstanding (term-end balance)	¥2,675.5	¥ (3.8)	¥2,679.3

Capital Ratio

As of March 31, 2002, the Bank's capital ratio on a consolidated basis was 10.60% based on domestic standards and 13.69% based on BIS standards. On a non-consolidated basis, this ratio was 10.43% based on domestic standards and 13.36% on BIS standards.

As for capital, which constitutes the numerator in calculating the capital ratio (domestic standard on a consolidated basis), Tier I rose ¥2.2 billion to ¥161.9 billion (US$1,215 million), due to an increase in retained earnings. Tier II decreased ¥1.6 billion, to ¥63.3 billion (US$475 million).

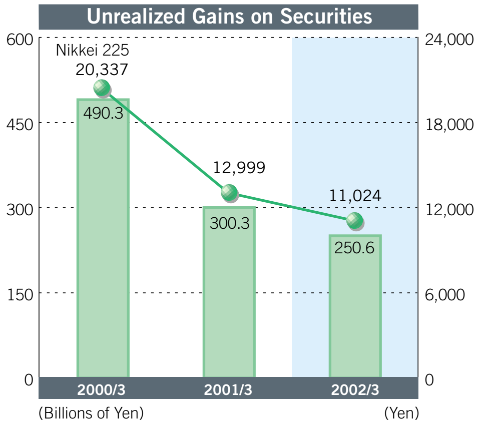
Risk-weighted assets, which represent the denominator in calculating the capital ratio, declined ¥14.4 billion, to ¥2,122.3 billion (US$15,927 million), as the Bank increased its low risk-weighted assets.

The Bank's capital ratio significantly exceeds the minimum levels prescribed by domestic standards (4%) and BIS standards (8%). We will continue to endeavor to increase retained earnings in an effort to raise the capital ratio.

	Millions of Yen		
	2002/3	2001/3	**2002/3**
(Consolidated)	(Domestic)	(Domestic)	(BIS)
Total Capital Ratio	10.60%	10.50%	13.69%
Tier I Capital	¥ 161,942	¥ 159,720	¥ 161,942
Tier II Capital	63,355	64,955	189,737
45% of Unrealized Gains on Securities			112,856
General Reserve for Possible Loan Losses	13,264	13,355	26,791
45% of land revaluation surplus	690	–	690
Qualifying Subordinated Debt	49,400	51,600	49,400
Deducted Items	202	202	202
Total Capital	¥ 225,094	¥ 224,473	¥ 323,681
Risk Adjusted Assets	¥2,122,380	¥2,136,828	¥2,362,898

Write-Off of Securities

The Bank has written off stocks of ¥6.1 billion (US$46 million) in fiscal 2001 under impairment accounting due to the decline in domestic stock prices. However, the Bank's stock portfolio consists of stocks of globally renowned high-technology companies that are headquartered in Kyoto, and the Bank acquired these stocks at the inception of these companies. Therefore, the fair values of these stocks far exceed their book values. Unrealized gain was ¥237.0 billion (US$1,778 million) on stocks, and ¥250.6 billion (US$1,881 million) on total securities subject to statement at fair value after adjustment of other securities, which represents the highest amount among regional banks in Japan.



Risk Management System

Precise and Prompt Response to Various Risks that are Diversified and Complex

As Japan's financial market has liberalized and become more global, the use of sophisticated financial techniques such as derivative transactions has grown. This has resulted in both more business opportunities for companies and an increase in the risks associated with these movements. Financial institutions are thus facing risks that are now more diverse and more complex.

The Bank considers effective risk management to be an important issue in maintaining the stability and soundness of its management, and precisely and promptly responds to various risks. In order to reduce risks and stabilize revenues, the Bank established supervisory divisions by risk type, which manage the operations of each respective division. The Bank has also established the Management Administration Office inside the Corporate Planning Division and constructed a system that totally manages risks borne by the Bank.

In addition, the Bank is striving to clarify basic concepts of risk management and its risk management system and to strengthen risk management by formulating its integrated Risk Management Regulations.

Credit Risk Management

The Bank is making efforts to strengthen its credit risk management by establishing a credit policy that clarifies the basic concept of credit screening. The Bank is also striving to strengthen its organizational structure by maintaining the independence of the credit screening section from sales-related sections, adhering to stricter credit screening guidelines, setting up the Loan Supervision Office, increasing the number of screening staff and by taking other actions.

The Bank conducted a self-assessment of its assets for adequate write-offs and reserve provisions, after which it also established the Asset Audit Office as a specialized section inside the Inspection Division. This office is charged with examining the implementation during audits of self-assessments and the adequacy of write-offs and reserve provisions based on such assessments, in order to maintain and improve the soundness of assets. These matters also undergo audit by certified public auditors. Also, the Bank is striving for soundness of its assets by formulating financial solutions for borrowers based on the results of its self-assessments, by assigning corporate management support staff inside the screening section, and by improving borrowers' business performance.

Market Risk Management

The Bank established the Asset Liability Management (ALM) Group within the Management Administration Office inside the Corporate Planning Division to comprehensively manage assets and liabilities and to implement proper risk control that can secure stable earnings. By adopting the latest analysis techniques, such as VaR and EaR, the ALM Group is working to increase the sophistication of its risk management methods.

In addition, the Bank strategically addresses risk management by holding ALM meetings, which consist of the Vice President as the chairman and other Executive Directors, and ALM Committee meetings, which play the role of a subordinate organization and consist of relevant general managers, as well as by considering necessary measures such as the appropriate composition of assets and liabilities and risk hedges.

Liquidity Risk Management

Through careful projection and verification of fund-raising and fund-management balances, the Bank of Kyoto appropriately controls its funding position. Thanks to a system that constantly monitors the amount of funds available in the market, the Bank is always prepared for the occurrence of liquidity risk.

Clerical Risk Management

Considering that accurate clerical processes are fundamental in gaining customers' trust, the Bank regulates various clerical procedures and strictly observes such regulations. In addition, the Bank is devising a clerical system that minimizes the likelihood

The top organization for risk management

Integrated risk management divisions

Supervisory divisions determined by type of risk

Compliance with laws, and risk management with business operations

Major risk to be managed by the Bank

of human error by centralizing clerical processes and by using computers to reinforce its checking functions. Also, in order to ensure that clerical procedures are followed rigorously and accurately, thereby preventing errors from occurring in the first place, the Bank is improving the level of its clerical procedures through instruction and training programs offered by full-time personnel. And the Inspection Division conducts inspections of the head office and branches.

System Risk Management

Considering that safety measures to avoid system risks are extremely important when providing customers with high-quality services, the Bank operates a backup center as a contingency in the event of problems with the computer system (such as damage incurred through fire, earthquake or other disaster), and undertakes distributed management of important information. The Bank takes all possible measures against system risks by having a strict program that specifies detailed responses in case of system failure and sets rules for preventing computer crimes and malfunction in advance.

Reputation Risk

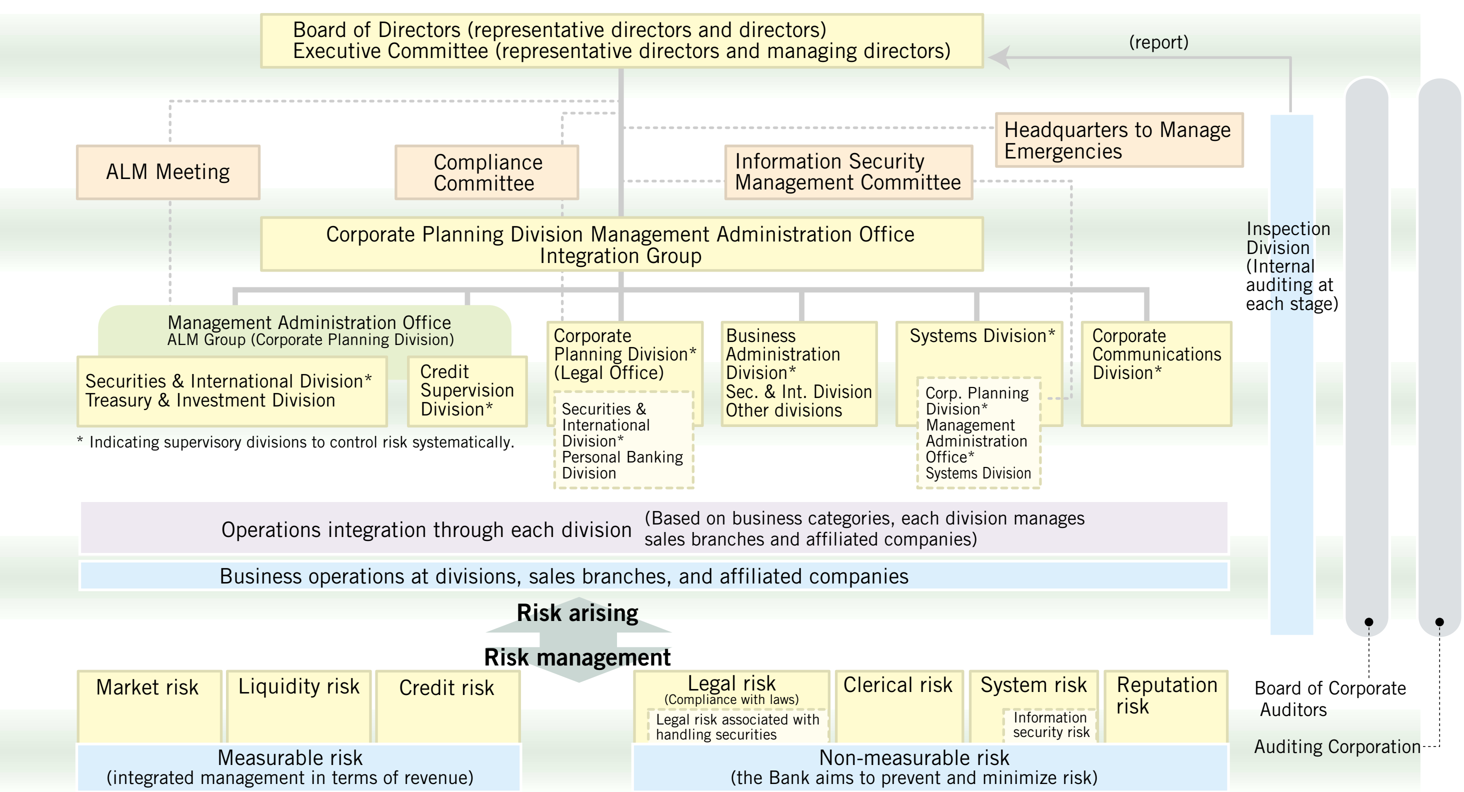
The Bank is working to control and minimize reputation risk by formulating a set of reputation risk management regulations that outline ways to reduce and prevent reputation risk, as well as measures to be taken should such problems arise.

Information Security Risk Management

With the development of IT, it is becoming more important than ever to strengthen the management system to maintain information security against threats such as leakage, unauthorized changes and destruction of information. In order to respond to these circumstances, the Bank formulated an Information Security Policy as part of its basic safety measures concerning the protection of information assets (information and information systems). The Bank has also incorporated and codified specific safety-related action guidelines into its Information Security Standards.

Contingency Plan

The Bank is strengthening its system against unexpected events by compiling its Contingency Plan. The Plan outlines specific responses to unforeseen circumstances, such as scandal, financial industry instability, information security problems, and the advent of market-related risks, in addition to crime, computer system malfunction, and natural disasters such as fires or earthquakes.



Financial Section

Financial Review

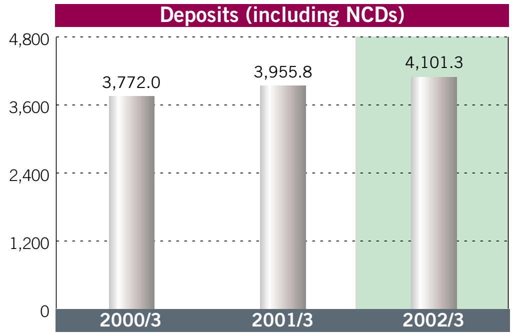
Management Environment and Performance

During fiscal 2001, the Japanese economy experienced an accelerated downturn in the corporate sector resulting from the rapid decline in exports and production, while the IT recession gathered force and serious deflation progressed. Also, the impact of the terrorism on September 11 in the U.S. and the spread of the BSE problems in Japan worsened the above economic circumstances, with the result that personal consumption was dampened and both economies slowed down and were sluggish.

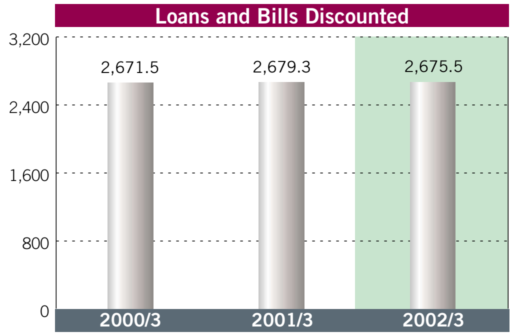
In Kyoto, too, a severe business environment has continued as a result of slack demand for kimonos in the traditional local textile industry and for construction. There has been a notable slow-down in the performance of manufacturers, including rapid and substantial declines in that of machinery companies. Also, such movements have gradually affected non-manufacturing industries such as retail and service industries. On the whole, the two economies appeared caught in a strong cycle of adjustment.

Under such circumstances, the Bank of Kyoto Group was able to obtain the following consolidated financial results for fiscal 2001 through sustained efforts to improve management efficiency and performance:

The balance of deposits, excluding negotiable certificates of deposit, on a consolidated basis at fiscal year-end stood at ¥3,979.0 billion (US$29,861 million), up ¥179.8 billion from a year earlier due to the increase of deposits from individual customers and of liquid deposits. The balance of NCDs at fiscal year-end decreased ¥34.3 billion to end at ¥122.3 billion (US$918 million). As a result of continuous weak demand for corporate funds due to prolonged recession, even though there was healthy demand for loans from individuals, especially housing loans, the balance of loans decreased ¥3.8 billion to end at ¥2,675.5 billion (US$20,079 million). In addition, the year-end balance of investment securities was ¥1,699.5 billion (US$12,754 million), up ¥67.9 billion as a result of the Bank's effective portfolio management activities, which were



(Billions of Yen)



(Billions of Yen)

characterized by close attention to market trends. Of the ¥1,699.5 billion, ¥250.7 billion was attributable to an unrealized gain stemming from the application of fair value accounting on securities valuation. The year-end balances of total assets and stockholders' equity were ¥4,681.0 billion (US$35,129 million) and ¥306.1 billion (US$2,297 million), respectively.

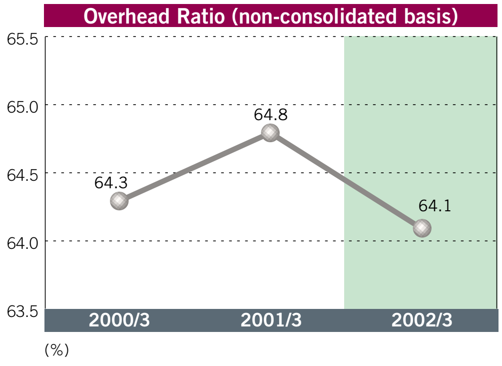
Net income for the year fell ¥474 million from the previous year, to ¥4,212 million (US$31 million), despite non-repetition of extraordinary losses resulting from the introduction of accounting for retirement benefits in the previous year. Earnings per share and stockholders' equity per share were ¥12.69 (US$0.095) and ¥922.91 (US$6.926), respectively.

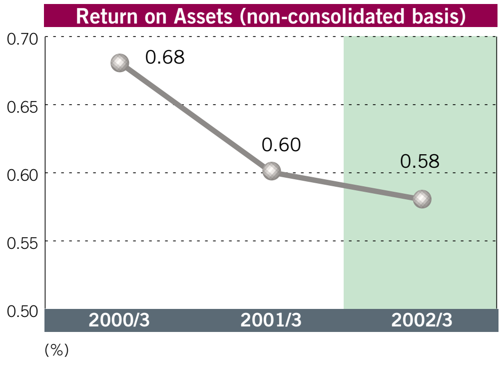
Cash flows from operating activities amounted to ¥119.7 billion (US$898 million) mainly due to the increase in deposits. On the other hand, cash used in investing activities amounted to ¥119.7 billion (US$898 million) due to the acquisition of securities, etc. Also, cash used in financing activities amounted to ¥7.9 billion (US$60 million) due to the decrease in borrowed money with a subordination rider. As a result, cash and cash equivalents decreased ¥8.0 billion from the previous year to ¥68.1 billion (US$511 million) at the end of the year.

Dividend Policy

As for dividends in fiscal 2001, the Bank paid a total of ¥6.00 per share (US$0.045), including interim dividends of ¥3.50 per share consisting of an ordinary dividend of ¥2.50 per share and a special dividend of ¥1.00 per share in commemoration of the Bank's 60th anniversary, as well as the same year-end dividends of ¥2.50 (US$0.018) per share as the previous year.

We will utilize retained earnings for effective investments to build a strong business foundation and expand our marketing base as we strive to satisfy customers' diverse requirements amid drastic financial liberalization.





The Bank of Kyoto, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Assets			
Cash and Due from Bank of Japan	**¥ 68,126**	¥ 76,167	**$ 511,270**
Due from Other Banks	**587**	1,027	**4,411**
Call Loans and Bills Bought	**191,917**	140,370	**1,440,279**
Receivables under Resale Agreements	**1,219**		**9,155**
Commercial Paper and Other Debt Purchased	**788**	347	**5,916**
Trading Securities (Notes 3 and 25)	**2,467**	2,332	**18,517**
Money Held in Trust (Note 25)	**2,998**	4,599	**22,505**
Investment Securities (Notes 4, 9 and 25)	**1,699,563**	1,631,617	**12,754,697**
Loans and Bills Discounted (Note 5)	**2,675,561**	2,679,368	**20,079,263**
Foreign Exchanges (Note 6)	**1,945**	2,562	**14,602**
Other Assets (Note 7)	**36,786**	36,721	**276,074**
Premises and Equipment, net (Notes 8 and 11)	**58,986**	57,727	**442,672**
Deferred Tax Assets (Note 24)	**1,101**	641	**8,267**
Customers' Liabilities for Acceptances and Guarantees (Note 16)	**34,943**	38,797	**262,240**
Reserve for Possible Loan Losses	**(95,928)**	(102,276)	**(719,917)**
Reserve for Possible Losses on Investment Securities	**(8)**	(7)	**(60)**
Total Assets	**¥4,681,058**	¥4,569,997	**$35,129,896**
Liabilities, Minority Interests and Stockholders' Equity			
Liabilities			
Deposits (Notes 9 and 12)	**¥4,101,347**	¥3,955,864	**$30,779,339**
Call Money	**24,558**	13,654	**184,303**
Payables under Repurchase Agreements	**1,219**		**9,155**
Borrowed Money (Note 13)	**34,591**	39,999	**259,595**
Foreign Exchanges (Note 6)	**37**	88	**281**
Convertible Bonds (Note 14)	**30,000**	30,000	**225,140**
Other Liabilities (Note 15)	**66,765**	54,705	**501,056**
Reserve for Employees' Retirement Benefits (Note 23)	**19,394**	20,696	**145,550**
Reserve for Possible Losses on Collateralized Real Estate Loans Sold	**2,461**	3,310	**18,475**
Deferred Tax Liabilities (Note 24)	**56,054**	78,146	**420,668**
Deferred Tax Liabilities for Land Revaluation (Note 11)	**645**		**4,840**
Acceptances and Guarantees (Note 16)	**34,943**	38,797	**262,240**
Total Liabilities	**4,372,018**	4,235,262	**32,810,649**
Minority Interests	**2,840**	2,760	**21,317**
Stockholders' Equity (Notes 11, 17 and 27)			
Common Stock, – authorized, 500,000,000 shares; issued and 331,821,000 shares	**27,100**	27,100	**203,377**
Capital Surplus	**15,342**	15,342	**115,141**
Land Revaluation Surplus	**888**		**6,671**
Retained Earnings	**117,627**	115,455	**882,755**
Net Unrealized Gains on Available-for-sale Securities, Net of Taxes	**145,264**	174,077	**1,090,167**
Treasury Stock – at Cost	**(24)**	(1)	**(183)**
Total Stockholders' Equity	**306,199**	331,974	**2,297,929**
Total Liabilities, Minority Interests and Stockholders' Equity	**¥4,681,058**	¥4,569,997	**$35,129,896**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Income			
Interest Income:			
Interest on Loans and Discounts	**¥ 57,348**	¥ 61,174	**$430,382**
Interest and Dividends on Securities	**21,023**	22,174	**157,776**
Other Interest Income	**3,577**	6,257	**26,844**
Fees and Commissions	**12,842**	12,223	**96,378**
Other Operating Income (Note 18)	**6,735**	6,388	**50,545**
Other Income (Note 19)	**6,409**	9,645	**48,103**
Total Income	**107,936**	117,864	**810,029**
Expenses			
Interest Expenses:			
Interest on Deposits	**7,701**	13,723	**57,798**
Interest on Borrowings and Rediscounts	**1,235**	978	**9,274**
Other Interest Expenses	**3,695**	5,985	**27,733**
Fees and Commissions	**3,999**	3,843	**30,017**
Other Operating Expenses (Note 20)	**8,758**	5,853	**65,730**
General and Administrative Expenses	**50,494**	50,376	**378,944**
Other Expenses (Note 21)	**26,034**	29,081	**195,379**
Total Expenses	**101,920**	109,843	**764,879**
Income before Income Taxes and Minority Interests	**6,016**	8,021	**45,150**
Income Taxes (Note 24):			
Current	**3,392**	7,619	**25,459**
Deferred	**(1,657)**	(4,703)	**(12,437)**
Minority Interests	**69**	418	**517**
Net Income	**¥ 4,212**	¥ 4,686	**$ 31,610**

	Yen		U.S. Dollars
Per Share:			
Basic Net Income	**¥12.69**	¥14.12	**$0.095**
Diluted Net Income	**11.99**	13.24	**0.089**
Cash Dividends Applicable to the Year	**6.00**	5.00	**0.045**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

Years Ended March 31, 2002 and 2001

	Thousands	Millions of Yen					
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Land Revaluation Surplus	Retained Earnings	Net Unrealized Gains on Available-for-sale Securities	Treasury Stock
Balance at April 1, 2000	331,821	¥27,100	¥15,342		¥112,478		¥ (0)
Net Income					4,686		
Cash Dividends					(1,659)		
Bonuses to Directors and Corporate Auditors					(50)		
Net Unrealized Gains on Available-for-sale Securities						¥174,077	
Net Increase in Treasury Stock							(0)
Balance at March 31, 2001	331,821	27,100	15,342		115,455	174,077	(1)
Net Income					**4,212**		
Cash Dividends					**(1,990)**		
Bonuses to Directors and Corporate Auditors					**(50)**		
Land Revaluation Surplus Net of Income Taxes				**¥888**			
Net Decrease in Unrealized Gains on Available-for-sale Securities						**(28,812)**	
Net Increase in Treasury Stock							**(22)**
Balance at March 31, 2002	**331,821**	**¥27,100**	**¥15,342**	**¥888**	**¥117,627**	**¥145,264**	**¥(24)**

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Land Revaluation Surplus	Retained Earnings	Net Unrealized Gains on Available-for-sale Securities	Treasury Stock
Balance at March 31, 2001	$203,377	$115,141		$866,461	$1,306,396	$ (11)
Net Income				**31,610**		
Cash Dividends				**(14,941)**		
Bonuses to Directors and Corporate Auditors				**(375)**		
Land Revaluation Surplus Net of Income Taxes			**$6,671**			
Net Decrease in Unrealized Gains on Available-for-sale Securities					**(216,228)**	
Net Increase in Treasury Stock						**(172)**
Balance at March 31, 2002	**$203,377**	**$115,141**	**$6,671**	**$882,755**	**$1,090,167**	**$(183)**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Operating Activities:			
Income before Income Taxes and Minority Interests	**¥ 6,016**	¥ 8,021	**$ 45,150**
Depreciation	**8,154**	7,616	**61,200**
Decrease in Reserve for Possible Loan Losses	**(6,347)**	(541)	**(47,633)**
Increase (Decrease) in Reserve for Possible Losses on Investments Securities	**0**	(40)	**0**
Increase (Decrease) in Reserve for Possible Losses on Collateralized Real Estate Loans Sold	**(848)**	857	**(6,365)**
Decrease in Reserve for Retirement Allowances		(9,120)	
Increase (Decrease) in Reserve for Employees' Retirement Benefits	**(1,301)**	20,696	**(9,769)**
Interest Income	**(81,949)**	(89,607)	**(615,003)**
Interest Expenses	**12,633**	20,687	**94,807**
Losses (Gains) on Investment Securities	**4,766**	(7,392)	**35,767**
Losses on Money Held in Trust	**76**	402	**571**
Foreign Exchange Gains	**(8,773)**	(12,185)	**(65,839)**
Losses (Gains) on Sales of Premises and Equipment	**(235)**	496	**(1,771)**
Net Increase in Trading Securities	**(134)**	(549)	**(1,009)**
Net Decrease (Increase) in Loans	**3,806**	(7,865)	**28,569**
Net Increase in Deposits	**179,860**	58,499	**1,349,799**
Net Increase (Decrease) in Negotiable Certificate of Deposits	**(34,377)**	125,363	**(257,994)**
Net Increase in Borrowed Money (excluding Subordinated Loans)	**591**	2,964	**4,440**
Net Increase in Due from Banks (excluding Deposits in Bank of Japan)	**439**	1,505	**3,298**
Net Increase in Call Loans and Bills Bought	**(53,207)**	(6,146)	**(399,306)**
Net Increase in Call Money	**12,123**	12,235	**90,984**
Net Increase in Payables under Securities Lending Transactions	**12,947**	18,113	**97,168**
Net Decrease in Foreign Exchanges (Assets)	**616**	26	**4,625**
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	**(50)**	30	**(381)**
Interest Received (Cash Basis)	**87,511**	92,855	**656,744**
Interest Paid (Cash Basis)	**(14,945)**	(22,873)	**(112,160)**
Other	**41**	(2,234)	**312**
Sub-Total	**127,414**	211,815	**956,205**
Income Taxes – Paid	**(7,695)**	(5,948)	**(57,752)**
Net Cash Provided by Operating Activities	**119,718**	205,866	**898,452**
Investing Activities:			
Purchases of Investment Securities	**(792,890)**	(913,643)	**(5,950,400)**
Proceeds from Sales of Investment Securities	**228,567**	429,437	**1,715,331**
Proceeds from Redemption of Investment Securities	**446,387**	294,031	**3,350,000**
Purchases of Money Held in Trust	**(3,000)**		**(22,514)**
Proceeds from Sales of Money Held in Trust	**4,524**	3,000	**33,954**
Purchases of Premises and Equipment	**(3,890)**	(7,347)	**(29,194)**
Proceeds from Sales of Premises and Equipment	**527**	221	**3,961**
Net Cash Used in Investing Activities	**(119,773)**	(194,300)	**(898,861)**
Financing Activities:			
Proceeds from Borrowing of Subordinated Loans		11,000	
Repayments of Subordinated Loans	**(6,000)**	(5,000)	**(45,028)**
Dividends Paid by Parent	**(1,990)**	(1,659)	**(14,941)**
Dividends Paid by Subsidiaries to Minority Shareholders	**(5)**	(5)	**(40)**
Net Cash Provided by (Used in) Financing Activities	**(7,996)**	4,335	**(60,010)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**10**	22	**76**
Increase (Decrease) in Cash and Cash Equivalents	**(8,040)**	15,925	**(60,341)**
Cash and Cash Equivalents at Beginning of Year	**76,167**	60,242	**571,611**
Cash and Cash Equivalents at End of Year	**¥ 68,126**	¥ 76,167	**$ 511,270**

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2002 and 2001

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS:

The accompanying consolidated financial statements of The Bank of Kyoto, Ltd. (the “Bank”) and its significant subsidiaries (together, the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. All yen figures for 2002 and 2001 have been rounded down to millions of yen by dropping the final six digits.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to $1, the approximate rate of exchange at March 29, 2002, the final business day of the term. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in the 2001 consolidated financial statements to conform to the classifications used in 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Consolidation

The consolidated financial statements as of March 31, 2002 include the accounts of the Bank and its eight (eight in 2001) subsidiaries. The Group applies the control concept to its consolidation scope. Under the control concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are to be fully consolidated. The consolidated financial statements include the accounts of the Bank and all its subsidiaries in 2002 and 2001.

Consolidation goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition. Such amounts are charged to income when incurred since they are immaterial.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

Cash Equivalents

For purposes of the consolidated statements of cash flows, the Group considers deposits in Bank of Japan included in “Cash and Due from Banks” in the consolidated balance sheets to be cash equivalents.

Trading and Investment Securities

Trading and investment securities are classified and accounted for, depending on management’s intent, as follows: i) trading securities, which are held for the purpose of earning capital gains in near term are reported at fair value, and the related unrealized gains and losses are included in the earnings, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders’ equity.

Derivative Transactions

The Bank enters into derivative financial instruments, such as interest rate swap, currency swaps, currency options and foreign exchange contracts. The Bank also enters into interest futures, bond futures, bond options and others. Subsidiaries do not perform any derivative transactions.

The Bank enters into derivatives principally as a means of managing its interest rate and foreign exchange rate exposures on certain assets. In addition, the Bank uses derivatives actively to meet the needs of its customers for new financial instruments.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Prior to March 31, 2001, the Bank adopted “New Accounting Standard for Foreign Currency Transactions” as prescribed under “Temporary Treatment for Auditing of Consistent Application of Accounting Standard for Foreign Currency Transactions in Banking Industry” issued by Japanese Institute of Certified Public Accountants (“JICPA”) in 2000.

Effective April 1, 2001, the Bank adopted a revised accounting standard for foreign currency transactions except for such transactions as applicable by the accounting treatment prescribed by the Industry Audit Committee Report No.20 “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry” issued by JICPA in 1999.

As a result of adopting such accounting standard, there was no effect on income before income taxes and minority interests. Fund swap transactions are accounted for on an accrual basis based on the above Report No.20.

For fund swap transactions, the amounts on the consolidated balance sheet are net yen conversions of the principal equivalents of assets and liabilities using exchange rate at balance sheet date.

Differences between spot and forward rates in fund swap transactions are recorded in interest income or expenses on an accrual basis for the period from the settlement date of spot foreign exchange to the settlement date of forward foreign exchange. Therefore, accrued interest income or expenses are recognized at the balance sheet date.

Fund swap transactions are foreign exchange swaps, and consist of spot foreign exchange either bought or sold and forward foreign exchange either sold or bought. Such transactions are contracted for the purpose of fund lending or borrowing in a different currency. Fund swap transactions are used to convert the principal equivalent amount into spot foreign exchange bought or sold with regard to the corresponding principal equivalents and foreign currency equivalents to pay and receive, of which amounts and due dates are predetermined at the time of the transactions, into forward foreign exchange either bought or sold.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation.

Depreciation for premises and equipment is computed using the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998 at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 8 to 50 years for buildings and from 4 to 20 years for furniture and fixtures.

Software

Software costs for internal use are capitalized as software (presented as other assets) and amortized by the straight-line method over the useful lives internally determined (five years).

Reserve for Possible Loan Losses

The amount of the provision for the reserve for possible loan losses is determined based on management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio and other pertinent indicators.

In accordance with the Accounting Standards for Banks, the Bank implemented the self-assessment system for asset quality. The quality of all loans are assessed by branches and the Credit Supervision Division with a subsequent audit by the Asset Review and Inspection Division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

The reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency, including value of future cash flows, for other self-assessment categories.

Reserve for Possible Losses on Investment Securities

Reserve for possible losses on investment securities provides for the estimated devaluation losses for non-marketable investment securities held by the Group.

Reserve for Employees' Retirement Benefits

The employees' retirement benefits programs of the Bank consist of contributory trusted pension plan, non-contributory trusteed pension plan and an unfunded lump-sum severance payment plan. The Bank provides the reserve for employees' retirement benefits based on projected benefit obligation and plan assets at the balance sheet date. Consolidated subsidiaries provide the reserve for employees' severance payments based on amounts which would be required to be paid if all employees eligible voluntarily terminated their employment at the balance sheet date.

Reserve for Possible Losses on Collateralized Real Estate Loans Sold

The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited ("CCPC") is provided at an amount deemed necessary to cover possible losses based on the estimated fair value of real estate. In accordance with the terms of the loans collateralized by real estate sales contract, the Bank is required to cover certain portions of losses incurred as defined in the contract when the CCPC disposes of real estate in satisfaction of its debt.

Foreign Currency Items

Foreign currency denominated assets and liabilities are translated into Japanese yen at the exchange rates prevailing at balance sheet date.

Accounting for Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

Income Taxes

The Group adopted an accounting standard for interperiod allocation of income taxes based on the asset and liability method. Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Per Share Information

The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year, retroactively adjusted for stock splits. The average number of common shares used in the computation was 331,807 thousand and 331,818 thousand for 2002 and 2001, respectively.

The diluted net income per share of common stock assumes full conversion of outstanding convertible bonds at the beginning of the year or at the time of issuance with an applicable adjustment for related interest expense, net of tax.

Cash dividends per share are the amounts applicable to the respective periods, including dividends to be paid after the end of the period.

3. TRADING SECURITIES:

Trading securities at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Japanese government bonds	**¥2,467**	¥2,328	**$18,517**
Japanese local government bonds		4	
Total	**¥2,467**	¥2,332	**$18,517**

4. INVESTMENT SECURITIES:

Investment securities at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Japanese government bonds	**¥ 588,622**	¥ 540,158	**$ 4,417,432**
Japanese local government bonds	**131,742**	101,929	**988,684**
Corporate debentures	**394,661**	385,197	**2,961,812**
Corporate stocks	**405,132**	453,527	**3,040,394**
Other securities	**179,404**	150,804	**1,346,374**
Total	**¥1,699,563**	¥1,631,617	**$12,754,697**

5. LOANS AND BILLS DISCOUNTED:

Loans and bills discounted at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Bills discounted	**¥ 84,903**	¥ 115,611	**$ 637,171**
Loans on bills	**327,251**	336,234	**2,455,920**
Loans on deeds	**1,791,657**	1,772,971	**13,445,834**
Overdrafts	**469,083**	454,551	**3,520,328**
Total	**¥2,675,561**	¥2,679,368	**$20,079,263**

Loans in legal bankruptcy totaled ¥29,582 million ($222,009 thousand) and ¥37,597 million as of March 31, 2002 and 2001, respectively. Nonaccrual loans totaled ¥96,551 million ($724,589 thousand) and ¥96,652 million as of March 31, 2002 and 2001, respectively. Loans in legal bankruptcy are loans in which the interest accrual is discontinued (excluding the portion recognized as bad debts), based on the management's judgment as to the collectibility of principal or interest resulting from the considerably past due payments of interest or principal and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued and those other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Accruing loans contractually past due three months or more as to principal or interest payments are ¥2,121 million ($15,918 thousand) and ¥1,918 million as of March 31, 2002 and 2001, respectively. Loans classified as loans in legal bankruptcy and past due loans are excluded.

Restructured loans are ¥53,628 million ($402,465 thousand) and ¥57,676 million as of March 31, 2002 and 2001, respectively.

Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually be able to pay the creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing contractually past due three months or more are excluded.

6. FOREIGN EXCHANGES:

Foreign exchange assets and liabilities at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Assets			
Due from foreign correspondents	**¥ 670**	¥ 410	**$ 5,030**
Foreign bills of exchange purchased	**750**	1,570	**5,634**
Foreign bills of exchange receivable	**524**	581	**3,936**
Total	**¥1,945**	¥2,562	**$14,602**
Liabilities			
Foreign bills of exchange sold	**¥ 37**	¥ 86	**$ 280**
Foreign bills of exchange payable	**0**	1	**1**
Total	**¥ 37**	¥ 88	**$ 281**

7. OTHER ASSETS:

Other assets at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Domestic exchange settlement	**¥ 0**	¥ 0	**$ 1**
Prepaid expenses	**207**	195	**1,560**
Accrued income	**7,078**	7,689	**53,125**
Other	**29,499**	28,835	**221,388**
Total	**¥36,786**	¥36,721	**$276,074**

8. PREMISES AND EQUIPMENT:

Accumulated depreciation on premises and equipment at March 31, 2002 and 2001 amounted to ¥58,898 million ($442,012 thousand) and ¥56,112 million, respectively.

9. ASSETS PLEDGED:

Assets pledged as collateral and related liabilities at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Investment securities	**¥5,040**	¥4,544	**$37,825**
Receivables under resale agreements	**¥1,219**		**$ 9,155**

Related liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Deposits	**¥18,044**	¥8,015	**$135,416**
Payables under repurchase agreements	**¥ 1,219**		**$ 9,155**

In addition, investment securities totaling ¥223,698 million ($1,678,787 thousand) were pledged as collateral for settlement of exchange and derivative transactions at March 31, 2002.

Premises and equipment include surety deposits and intangibles of ¥1,658 million ($12,443 thousand), and other assets include initial margins of futures markets of ¥10 million ($75 thousand) as of March 31, 2002.

10. COMMITMENT LINE:

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 ¥930,895 million, and the total amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time. 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.

11. LAND REVALUATION:

Under the "Law of Land Revaluation," promulgated on March 31, 1998 and revised on March 31, 2002 and 2001, the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of stockholders' equity. There is no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. The details of the one-time revaluation as of March 31, 2002 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Book value of the land for business activities before revaluation	¥25,897	$194,355
Book value of the land for business activities after revaluation	¥27,431	$205,867

Method of revaluation

The fair values are determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 or 2-4 of the Enforcement Ordinance of the Law of Land Revaluation effective March 31, 1998.

12. DEPOSITS:

Deposits at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Current deposits	**¥ 153,346**	¥ 158,203	**$ 1,150,815**
Ordinary deposits	**1,534,926**	1,092,863	**11,519,150**
Saving deposits	**108,566**	110,693	**814,759**
Deposits at notice	**20,966**	30,633	**157,349**
Time deposits	**1,879,500**	2,134,410	**14,105,069**
Other deposits	**281,710**	272,352	**2,114,148**
Subtotal	**3,979,017**	3,799,156	**29,861,293**
Negotiable certificates of deposit	**122,329**	156,707	**918,046**
Total	**¥4,101,347**	¥3,955,864	**$30,779,339**

13. BORROWED MONEY:

Borrowed money at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Subordinated loans	**¥30,000**	¥36,000	**$225,140**
Borrowing from banks and other	**4,591**	3,999	**34,454**
Total	**¥34,591**	¥39,999	**$259,595**

The weighted average interest rate of the above total borrowed money due serially from April 2002 through April 2011, is 1.90% for the year ended March 31, 2002.

14. CONVERTIBLE BONDS:

Subordinated unsecured convertible bonds at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Convertible bonds	**¥30,000**	¥30,000	**$225,140**

At March 31, 2002, the 1.9% subordinated unsecured convertible bonds due September 2009 were convertible into 47,393,364 shares of common stock of the Bank, at the conversion price of ¥633, subject to adjustments under certain circumstances.

15. OTHER LIABILITIES:

Other liabilities at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Domestic exchange settlement	**¥ 1,449**	¥ 460	**$ 10,874**
Accrued income taxes	**881**	5,184	**6,618**
Accrued expenses	**6,802**	9,168	**51,048**
Unearned income	**8,186**	8,616	**61,440**
Other	**49,445**	31,274	**371,074**
Total	**¥66,765**	¥54,705	**$501,056**

16. ACCEPTANCES AND GUARANTEES:

All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and Guarantees.” As a contra account, “Customers’ Liabilities for Acceptances and Guarantees” are shown as assets representing the Bank’s right of indemnity from the applicants.

17. STOCKHOLDERS’ EQUITY:

Japanese companies are subject to the Japanese Commercial Code (the “Code”) to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to capital surplus. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Banking Law of Japan required that an amount equal to at least 20% of all cash payments made as appropriations of retained earnings shall be appropriated as a legal reserve until such reserve equals 100% of the Bank’s stated capital. Effective October 1, 2001, the revised the Banking Law of Japan allows for such appropriations to be set aside as a legal reserve until the total capital surplus and legal reserve equals 100% of stated capital. The amount of total capital surplus and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the stockholders, which may be available for dividends. The Bank’s legal reserve amount, which is included in retained earnings, totals ¥17,456 million ($131,003 thousand) and ¥17,256 million as of March 31, 2002 and 2001, respectively. Under the Code, companies may issue new common shares to existing stockholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of stockholders’ equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the stockholders at the general stockholders’ meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, capital surplus or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders’ meeting.

The Code permits companies to transfer a portion of capital surplus and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the stockholders.

Dividends are approved by the stockholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

18. OTHER OPERATING INCOME:

Other operating income for the years ended March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Gains on foreign exchange transactions	**¥ 654**	¥ 579	**$ 4,912**
Gains on trading securities	**67**	96	**508**
Gains on sales of bonds	**1,420**	1,230	**10,528**
Gains on redemption of bonds	**39**	92	**296**
Other	**4,570**	4,389	**34,298**
Total	**¥6,735**	¥6,388	**$50,545**

19. OTHER INCOME:

Other income for the years ended March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Gains on sales of stocks and other securities	**¥3,813**	¥8,339	**$28,617**
Other	**2,596**	1,305	**19,486**
Total	**¥6,409**	¥9,645	**$48,103**

20. OTHER OPERATING EXPENSES:

Other operating expenses for the years ended March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Losses on sales of bonds	**¥ 634**	¥ 823	**$ 4,761**
Losses on redemption of bonds	**1,377**	599	**10,336**
Other	**6,746**	4,431	**50,632**
Total	**¥8,758**	¥5,853	**$65,730**

21. OTHER EXPENSES:

Other expenses for the years ended March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Provision for reserve for possible loan losses	**¥17,363**	¥11,751	**$130,310**
Written-off claims	**267**	586	**2,010**
Losses on sales of stocks and other securities	**25**	44	**188**
Losses on devaluation of stocks and other securities	**6,102**	768	**45,796**
Other	**2,275**	15,931	**17,074**
Total	**¥26,034**	¥29,081	**$195,379**

22. LEASES:

Lessee

The Bank and subsidiaries lease certain equipment and other assets.

Lease payment under finance leases for the years ended March 31, 2002 and 2001, amounted to ¥16 million ($120 thousand) and ¥26 million, respectively.

Pro forma information of leased property, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense for finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Acquisition cost	**¥72**	¥123	**$547**
Accumulated depreciation	**43**	74	**324**
Net leased property	**¥29**	¥ 49	**$223**

Obligations under finance leases as of March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥15**	¥19	**$113**
Due after one year	**16**	31	**121**
Total	**¥31**	¥51	**$235**

The imputed interest expense portion which is computed using the interest method is excluded from the above obligations under finance leases.

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Depreciation expense	**¥14**	¥24	**$109**
Interest expense	**1**	2	**10**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

Lessor

A consolidated subsidiary leases certain equipment and other assets.

Lease receipts under finance leases for the years ended March 31, 2002 and 2001, amounted to ¥3,796 million ($28,489 thousand) and ¥3,312 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, lessor's receivables under finance leases, depreciation expense and interest expense for finance leases for the years ended March 31, 2002 and 2001 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Acquisition cost	**¥18,705**	¥16,649	**$140,382**
Accumulated depreciation	**8,449**	6,582	**63,411**
Net leased property	**¥10,256**	¥10,066	**$ 76,971**

Lessor's receivables under finance leases as of March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥ 3,146**	¥ 2,957	**$23,611**
Due after one year	**7,570**	7,518	**56,812**
Total	**¥10,716**	¥10,476	**$80,423**

The imputed interest expense portion which is computed using the interest method is excluded from the above lessor's receivables under finance leases.

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Depreciation expense	**¥3,301**	¥2,884	**$24,774**
Interest expense	**556**	525	**4,174**

The minimum future rentals to be received under noncancellable operating leases at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥32**	¥37	**$247**
Due after one year	**1**	8	**11**
Total	**¥34**	¥45	**$259**

23. EMPLOYEES' RETIREMENT BENEFITS:

The reserve for employees' retirement benefits at March 31, 2002 and 2001 consisted of the follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Projected benefit obligation	**¥(54,762)**	¥(53,491)	**$(410,975)**
Plan assets (fair value)	**29,459**	29,131	**221,083**
Unfunded projected benefit obligation	**(25,303)**	(24,359)	**(189,891)**
Unrecognized actuarial net loss	**5,908**	3,663	**44,341**
Net amount recorded on the consolidated balance sheet	**(19,394)**	(20,696)	**(145,550)**
Reserve for employees' retirement benefits	**¥(19,394)**	¥(20,696)	**$(145,550)**

The components of net periodic benefit costs were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Service cost	**¥1,777**	¥ 1,761	**$13,338**
Interest cost	**1,602**	1,530	**12,027**
Expected return on plan assets	**(873)**	(881)	**(6,558)**
Amortization of prior service cost	**(1,099)**		**(8,252)**
Recognized actuarial net loss	**366**		**2,749**
Amortization of transitional obligation		12,564	
Net periodic retirements benefit costs	**¥1,772**	¥14,974	**$13,304**

Assumptions used for the years ended March 31, 2002 and 2001 were set forth as follows:

	2002	2001
Discount rate	**3.0%**	3.0%
Expected rate of return on plan assets	**3.0%**	3.0%
Amortization period of prior service cost	**1 year**	—
Recognized period of actuarial gain or loss	**10 years**	10 years
Amortization period of transitional obligation	**—**	1 year

24. INCOME TAXES:

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 42% for the years ended March 31, 2002 and 2001. The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Deferred tax assets:			
Reserve for possible loan losses	**¥ 34,377**	¥ 35,004	**$257,992**
Reserve for retirement benefits	**7,118**	7,540	**53,420**
Depreciation	**1,801**	2,081	**13,516**
Other	**7,662**	4,810	**57,508**
Less valuation allowance	**(109)**	(237)	**(823)**
Total	**¥ 50,850**	¥ 49,199	**$381,613**
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	**105,457**	126,352	**791,427**
Reserve for deduction of cost of fixed assets	**344**	351	**2,587**
Other			
Total	**¥105,802**	¥126,704	**$794,014**
Net deferred tax assets	**¥ 1,101**	¥ 641	**$ 8,267**
Net deferred tax liabilities	**¥ 56,054**	¥ 78,146	**$420,668**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2002 and 2001, and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2002	2001
Normal effective statutory tax rate	**42.0%**	42.0%
Expenses not permanently deductible for income tax purposes	**2.4**	1.2
Income not taxable for income tax purposes	**(12.6)**	(7.9)
Other—net	**(3.0)**	1.0
Actual effective tax rate	**28.8%**	36.3%

25. MARKET VALUE AND OTHER INFORMATION ON SECURITIES:

Market value and other information on securities as of March 31, 2002 and 2001 were as follows:

Securities

(1) Bonds classified as trading

	Millions of Yen			
	2002		2001	
	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year
Bonds classified as trading	**¥2,467**	**¥5**	¥2,332	¥1

	Thousands of U.S. Dollars	
	2002	
	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year
Bonds classified as trading	**$18,517**	**$40**

(2) Bonds classified as held-to-maturity are not held.

(3) Available-for-sale securities that have market value

	Millions of Yen									
	2002					2001				
	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	**¥ 164,906**	**¥ 402,056**	**¥237,150**	**¥239,868**	**¥2,718**	¥ 170,557	¥ 449,978	¥279,420	¥282,309	¥2,888
Bonds:	**1,080,844**	**1,097,008**	**16,163**	**17,157**	**993**	984,785	1,008,171	23,385	23,486	100
Japanese government bonds	**580,146**	**588,622**	**8,476**	**8,505**	**28**	530,237	540,158	9,920	9,965	45
Japanese local government bonds	**126,735**	**131,742**	**5,006**	**5,166**	**159**	96,210	101,929	5,719	5,722	2
Japanese corporate bonds	**373,962**	**376,643**	**2,681**	**3,485**	**804**	358,336	366,083	7,746	7,798	52
Other	**178,908**	**176,385**	**(2,522)**	**765**	**3,288**	129,639	127,315	(2,324)	1,281	3,605
Total	**¥1,424,659**	**¥1,675,450**	**¥250,791**	**¥257,791**	**¥7,000**	¥1,284,983	¥1,585,465	¥300,482	¥307,077	¥6,594

	Thousands of U.S. Dollars				
	2002				
	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	**$ 1,237,571**	**$ 3,017,312**	**$1,779,740**	**$1,800,140**	**$20,400**
Bonds:	**8,111,404**	**8,232,709**	**121,305**	**128,758**	**7,453**
Japanese government bonds	**4,353,818**	**4,417,432**	**63,613**	**63,829**	**216**
Japanese local government bonds	**951,113**	**988,684**	**37,571**	**38,771**	**1,200**
Japanese corporate bonds	**2,806,471**	**2,826,592**	**20,120**	**26,156**	**6,036**
Other	**1,342,650**	**1,323,717**	**(18,933)**	**5,748**	**24,681**
Total	**$10,691,626**	**$12,573,739**	**$1,882,112**	**$1,934,647**	**$52,534**

Note: Market value is calculated by using the market prices at the fiscal year end as for Stocks, Bonds and Others.

(4) Bonds classified as held-to-maturity were not sold during the fiscal year

(5) Available-for-sale securities sold during fiscal year

	Millions of Yen					
	2002			2001		
	Sales amount	Gains on sales	Losses on sales	Sales amount	Gains on sales	Losses on sales
Available-for-sale securities	**¥197,725**	**¥5,215**	**¥659**	¥461,590	¥9,569	¥866

	Thousands of U.S. Dollars		
	2002		
	Sales amount	Gains on sales	Losses on sales
Available-for-sale securities	**$1,483,868**	**$39,141**	**$4,945**

(6) Securities with no market value

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
Available-for-sale securities:			
Investment trust on securities	—	¥21,077	—
Non-listed bonds	**¥18,017**	19,114	**$135,219**
Non-listed stocks (except OTC stocks)	**3,075**	3,549	**23,082**
Other	**¥ 3,019**	¥ 2,411	**$ 22,656**

(7) Classification of securities has not changed.

(8) Redemption schedule on available-for-sale securities that have maturities and bonds classified as held-to-maturity

	Millions of Yen							
	2002				2001			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds:	**¥242,314**	**¥684,645**	**¥100,954**	**¥ 87,111**	¥207,405	¥670,117	¥ 93,704	¥ 56,057
Japanese government bonds	**98,831**	**342,673**	**60,005**	**87,111**	52,249	390,246	41,603	56,057
Japanese local government bonds	**6,417**	**96,563**	**28,761**		9,120	48,435	44,373	
Japanese corporate bonds	**137,065**	**245,408**	**12,187**		146,036	231,435	7,726	
Other	**16,869**	**58,636**	**8,765**	**77,358**	3,464	34,535	18,505	57,667
Total	**¥259,183**	**¥743,282**	**¥109,720**	**¥164,470**	¥210,870	¥704,653	¥112,209	¥113,724

	Thousands of U.S. Dollars			
	2002			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds:	**$1,818,492**	**$5,138,055**	**$757,633**	**$ 653,747**
Japanese government bonds	**741,700**	**2,571,661**	**450,322**	**653,747**
Japanese local government bonds	**48,160**	**724,679**	**215,845**	
Japanese corporate bonds	**1,028,631**	**1,841,714**	**91,465**	
Other	**126,600**	**440,049**	**65,785**	**580,553**
Total	**$1,945,092**	**$5,578,105**	**$823,419**	**$1,234,300**

Money Held in Trust

(1) Money held in trust classified as trading

	Millions of Yen			
	2002		2001	
	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year
Money held in trust classified as trading	**¥2,998**	**¥(0)**	¥4,599	¥4

	Thousands of U.S. Dollars	
	2002	
	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year
Money held in trust classified as trading	**$22,505**	**$(2)**

(2) No money held in trust was classified as held-to-maturity.

(3) No money held in trust was classified as available-for-sale. (Money held in trust that is classified neither as trading nor as held-to maturity)

Net Unrealized Gains/Losses on Available-for-sale Securities

Available-for-sale securities were valuated by market value and net unrealized gains/losses on valuation were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
Net unrealized gains on investment securities	**¥250,791**	¥300,482	**$1,882,112**
Available-for-sale securities	**250,791**	300,482	**1,882,112**
Available-for-sale money held in trust	**—**	—	**—**
(Deferred tax liabilities)	**(105,457)**	(126,352)	**(791,427)**
Net unrealized gains (losses) on valuation (before adjustment)	**145,333**	174,129	**1,090,684**
(Minority interests)	**(68)**	(52)	**(517)**
Parent company's interest in net unrealized gains/losses on valuation of available-for-sale securities held by affiliates accounted for by the equity method	**—**	—	**—**
Net unrealized gains/losses on valuation	**¥145,264**	¥174,077	**$1,090,167**

26. MARKET VALUE INFORMATION ON DERIVATIVE TRANSACTIONS:

Derivative financial instruments as of March 31, 2002 and 2001 were as follows:

Derivatives are subject to market risk, which is the exposure created by potential fluctuations in market conditions, and credit risk, which is the possibility that a loss may result from a counterpart's failure to perform according to the terms and conditions of the contract.

Since most of the Bank's derivative transactions are conducted to hedge underlying business exposures, market gain or risk in the derivative instruments is theoretically offset by opposite movement in the value of hedged assets or liabilities. Credit risk at March 31, 2002 and 2001 was ¥2,418 million ($18,150 thousand) and ¥3,869 million. These figures are measured to calculate risk-based capital ratios under the Japanese capital ratio guidelines. The Bank adopts current exposure method stipulated by the guidelines in calculating the amount.

As a risk control system for derivatives, the Bank has established a risk management division that operates independently from divisions executing derivative transactions. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate the authorization and credit limit amounts. In addition, positions and related gains or losses from derivatives are reported to management on a daily basis for monitoring and evaluation purposes.

The notional amounts of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not measure the Bank's exposure to credit or market risk.

Fair value of Derivative financial instruments as of March 31, 2002 and 2001 were as follows:

(1) Interest-rate-related transactions

	Millions of Yen							
	2002				2001			
	Contractual value or notional principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Contractual value or notional principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter interest-rate swaps:								
Floating-rate receipt/ fixed-rate payment					¥50		¥(0)	¥(0)
Other:								
Sold	**¥400**				400	¥400	(0)	3
Bought	**¥400**				¥400	¥400	¥0	¥2

	Thousands of U.S. Dollars			
	2002			
	Contractual value or notional principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter interest-rate swaps:				
Floating-rate receipt/ fixed-rate payment				
Other:				
Sold	**$3,001**			
Bought	**$3,001**			

Notes: 1. The above transactions are valuated at market value and the valuated gains (losses) are accounted for in the consolidated statement of income.
Derivative transactions for which hedge accounting method is applied are not included in the above amounts.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo International Financial Futures Exchange and others.
Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(2) Currency-related transactions are not performed

Note: Forward exchange contracts, currency options and others were revalued at the end of the year and the relevant gain and loss figures have been appropriated in the consolidated statements of income. Therefore, these figures have been excluded.

Contractual value of revalued currency-swap as of March 31, 2002 and 2001 were as follows:

	Millions of Yen					
	2002			2001		
	Contractual value	Fair value	Unrealized gains (losses)	Contractual value	Fair value	Unrealized gains (losses)
Currency-swap	**¥33,312**	**¥(256)**	**¥(256)**	¥76,157	¥(1,101)	¥(1,101)

	Thousands of U.S. Dollars		
	2002		
	Contractual value	Fair value	Unrealized gains (losses)
Currency-swap	**$250,000**	**$(1,924)**	**$(1,924)**

Note: Above figures included amount also contains a contractual value of ¥45,182 million ($364,669 thousand) at March 31, 2001, for exchange swaps (fund swaps), conducted for fund procurement and fund application in other currencies.

Contractual values of revalued currency-related derivatives as of March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
	Contractual value		Contractual value
Over-the-counter:			
Forward exchange contracts:			
Sold	**¥ 9,842**	¥13,409	**$ 73,867**
Bought	**103,405**	13,123	**776,024**
Currency options:			
Sold	**798**	37,210	**5,993**
Bought	**¥ 798**	¥37,210	**$ 5,993**

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

(5) Financial product-related transactions are not performed.

(6) Credit derivative transactions are not performed.

27. SUBSEQUENT EVENT:

At the Bank's stockholders' meeting held on June 27, 2002, the following items were resolved;

(1) The Bank is authorized to repurchase up to 10 million shares of the Bank's common stock (aggregate amount of ¥6 billion ($45,028,142 thousand)) in the period from the closing of this stockholders' meeting to that of the next stockholders' meeting.

(2) The following appropriations of the Bank's retained earnings at March 31, 2002, were approved.

	Millions of Yen	Thousands of U.S. Dollars
Appropriations:		
Transfer to legal reserve	—	—
Year-end cash dividends (¥2.50 ($0.018) per share)	¥829	$6,224
Bonuses to directors and corporate auditors	40	300

28. SEGMENT INFORMATION:

Most of the Group's business is banking, a single segment. The Group does not operate outside Japan. Accordingly, information about industry and geographic segments was not presented herein.

Independent Auditors' Report

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Deloitte Touche Tohmatsu

To the Board of Directors and Stockholders of
The Bank of Kyoto, Ltd.:

We have examined the consolidated balance sheets of The Bank of Kyoto, Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Bank of Kyoto, Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2002

Non-Consolidated Five-Year Summary

Years Ended March 31, 2002, 2001, 2000, 1999 and 1998

	Millions of Yen					Thousands of U.S. Dollars
	2002	2001	2000	1999	1998	**2002**
For the Year						
Total Income	**¥ 100,248**	¥ 110,476	¥ 114,925	¥ 130,152	¥ 152,114	**$ 752,335**
Interest on Loans and Discounts	**57,194**	61,066	64,076	67,941	69,794	**429,224**
Interest and Dividends on Securities	**20,997**	22,151	28,518	31,466	36,633	**157,579**
Fees and Commissions	**10,014**	9,498	9,090	8,743	8,535	**75,153**
Total Expenses	**94,273**	103,250	106,304	154,462	133,891	**707,492**
Interest on Deposits	**7,706**	13,735	12,458	18,287	26,590	**57,837**
Interest on Borrowings and Rediscounts	**1,186**	935	993	3,105	3,930	**8,905**
Fees and Commissions	**4,244**	4,096	3,998	3,761	3,613	**31,854**
General and Administrative Expenses	**48,827**	48,895	49,790	51,067	50,773	**366,432**
Income (Loss) before Income Taxes	**5,975**	7,226	8,621	(24,309)	18,223	**44,843**
Net Income (Loss)	**4,085**	4,621	5,494	(15,168)	1,724	**30,663**
Cash Dividends	**1,990**	1,659	1,824	1,659	1,659	**14,941**
At Year-End						
Total Assets	**¥4,671,283**	¥4,561,366	¥4,078,898	¥4,002,732	¥4,083,264	**$35,056,535**
Cash and Due from Banks	**68,681**	77,148	62,752	85,476	69,490	**515,429**
Call Loans and Bills Bought	**191,917**	140,370	134,543	200,789	186,089	**1,449,435**
Investment Securities	**1,698,251**	1,630,427	1,124,950	865,164	901,494	**12,744,849**
Loans and Bills Discounted	**2,688,236**	2,692,966	2,683,549	2,730,128	2,668,730	**20,174,381**
Total Liabilities	**4,366,943**	4,231,122	3,925,638	3,853,143	3,941,379	**32,772,561**
Deposits	**4,111,313**	3,965,561	3,780,552	3,669,365	3,616,377	**30,854,136**
Call Money	**24,558**	13,654	1,418	19,462	83,356	**184,303**
Borrowed Money	**30,040**	36,064	30,069	30,078	30,103	**225,445**
Total Stockholders' Equity	**304,339**	330,244	153,259	149,589	141,885	**2,283,974**
Common Stock	**27,100**	27,100	27,100	27,100	27,100	**203,377**

	Yen					U.S. Dollars
Per Share						
Net Assets	**¥917.31**	¥995.24	¥461.87	¥450.81	¥427.59	**$6.884**
Net Income (Loss)	**12.31**	13.92	16.55	(45.71)	5.19	**0.092**
Cash Dividends Applicable to the Year	**6.00**	5.00	5.50	5.00	5.00	**0.045**

	Millions of U.S. Dollars				
Other Data					
Foreign Exchange Transactions	**$3,622**	$4,810	$4,177	$9,229	$12,043
Foreign Currency Assets	**1,098**	1,416	1,271	1,121	2,031
Number of Offices	**121**	118	116	116	116
Number of Employees	**2,702**	2,776	2,862	2,841	2,852

Notes: 1. Yen figures are expressed with amounts under one million omitted.
Accordingly, breakdown figures may not add up to sums.
2. U.S. dollar amounts represent translation of yen at the rate of ¥133.25 to U.S.$1.00 on March 29, 2002, the final business day of the term.
3. "Number of Offices" includes overseas branch and sub-branch offices.

The Bank of Kyoto, Ltd.

Non-Consolidated Balance Sheets

As of March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Assets			
Cash and Due from Banks	**¥ 68,681**	¥ 77,148	**$ 515,429**
Call Loans and Bills Bought	**191,917**	140,370	**1,449,435**
Receivables under Resale Agreements	**1,219**		**9,155**
Commercial Paper and Other Debt Purchased	**788**	347	**5,916**
Trading Securities	**2,467**	2,332	**18,517**
Money Held in Trust	**2,998**	4,599	**22,505**
Investment Securities	**1,698,251**	1,630,427	**12,744,849**
Loans and Bills Discounted	**2,688,236**	2,692,966	**20,174,381**
Foreign Exchanges	**1,945**	2,562	**14,602**
Other Assets	**16,733**	17,374	**125,577**
Premises and Equipment, net	**55,233**	53,439	**414,510**
Customers' Liabilities for Acceptances and Guarantees	**34,943**	38,743	**262,240**
Reserve for Possible Loan Losses	**(92,133)**	(98,945)	**(691,430)**
Total Assets	**¥4,671,283**	¥4,561,366	**$35,056,535**
Liabilities and Stockholders' Equity			
Liabilities			
Deposits	**¥4,111,313**	¥3,965,561	**$30,854,136**
Call Money	**24,558**	13,654	**184,303**
Payables under Repurchase Agreements	**1,219**		**9,155**
Borrowed Money	**30,040**	36,064	**225,445**
Foreign Exchanges	**37**	88	**280**
Convertible Bonds	**30,000**	30,000	**225,140**
Other Liabilities	**56,676**	45,263	**425,336**
Reserve for Employees' Retirement Benefits	**19,324**	20,629	**145,026**
Reserve for Possible Losses on Collateralized Real Estate Loans Sold	**2,461**	3,310	**18,475**
Deferred Tax Liabilities	**55,722**	77,807	**418,178**
Deferred Tax Liabilities for Land Revaluation	**645**		**4,840**
Acceptances and Guarantees	**34,943**	38,743	**262,240**
Total Liabilities	**4,366,943**	4,231,122	**32,772,561**
Stockholders' Equity			
Common Stock	**27,100**	27,100	**203,377**
Capital Surplus	**15,342**	15,342	**115,141**
Legal Reserve	**17,456**	17,256	**131,003**
Land Revaluation Surplus	**888**		**6,671**
Retained Earnings	**98,318**	96,473	**737,847**
Net Unrealized Gains on Investment Securities, Net of Taxes	**145,258**	174,072	**1,090,116**
Treasury Stock – at Cost	**(24)**		**(183)**
Total Stockholders' Equity	**304,339**	330,244	**2,283,974**
Total Liabilities and Stockholders' Equity	**¥4,671,283**	¥4,561,366	**$35,056,535**

Notes: 1. Yen figures are expressed with amounts under one million omitted.
Accordingly, breakdown figures may not add up to sums.
2. U.S. dollar amounts represent translation of yen at the rate of ¥133.25 to U.S.$1.00 on March 29, 2002, the final business day of the term.

Non-Consolidated Statements of Income

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Income			
Interest Income:			
Interest on Loans and Discounts	**¥ 57,194**	¥ 61,066	**$429,224**
Interest and Dividends on Securities	**20,997**	22,151	**157,579**
Other Interest Income	**3,557**	6,230	**26,695**
Fees and Commissions	**10,014**	9,498	**75,153**
Other Operating Income	**2,168**	1,999	**16,273**
Other Income	**6,317**	9,530	**47,409**
Total Income	**100,248**	110,476	**752,335**
Expenses			
Interest Expenses:			
Interest on Deposits	**7,706**	13,735	**57,837**
Interest on Borrowings and Rediscounts	**1,186**	935	**8,905**
Other Interest Expenses	**3,689**	5,975	**27,689**
Fees and Commissions	**4,244**	4,096	**31,854**
Other Operating Expenses	**3,894**	1,468	**29,224**
General and Administrative Expenses	**48,827**	48,895	**366,432**
Other Expenses	**24,724**	28,144	**185,548**
Total Expenses	**94,273**	103,250	**707,492**
Income before Income Taxes	**5,975**	7,226	**44,843**
Income Taxes:			
Current	**3,066**	7,297	**23,009**
Deferred	**(1,176)**	(4,692)	**(8,830)**
Net Income	**¥ 4,085**	¥ 4,621	**$ 30,663**
	Yen		U.S. Dollars
Per Share:			
Basic Net Income	**¥12.31**	¥13.92	**$0.092**
Diluted Net Income	**11.66**	13.07	**0.087**
Cash Dividends Applicable to the Year	**6.00**	5.00	**0.045**

Notes: 1. Yen figures are expressed with amounts under one million omitted.
Accordingly, breakdown figures may not add up to sums.
2. U.S. dollar amounts represent translation of yen at the rate of ¥133.25 to U.S.$1.00 on March 29, 2002, the final business day of the term.

The Bank of Kyoto, Ltd.

Non-Consolidated Statements of Retained Earnings

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Balance at Beginning of Year	**¥96,473**	¥93,926	**$724,000**
Appropriations:			
Transfer to Legal Reserve	**200**	365	**1,500**
Cash Dividends	**1,990**	1,659	**14,941**
Bonuses to Directors and Corporate Auditors	**50**	50	**375**
Total Appropriations	**2,240**	2,074	**16,817**
Net Income	**4,085**	4,621	**30,663**
Balance at End of Year	**¥98,318**	¥96,473	**$737,847**

Notes: 1. Yen figures are expressed with amounts under one million omitted.
Accordingly, breakdown figures may not add up to sums.
2. U.S. dollar amounts represent translation of yen at the rate of ¥133.25 to U.S.$1.00 on March 29, 2002, the final business day of the term.

The Bank's Organization

(As of September 1, 2002)

- General Meeting of Stockholders
  - Board of Corporate Auditors
    Corporate Auditors
- Board of Directors
- Executive Committee
  - President
  - Deputy President
  - Senior Managing Directors
  - Managing Directors
- Directors

- Corporate Planning Division
- Corporate Communications Division
- Business Promotion Division
- Corporate Banking Division
- Personal Banking Division
- Public Institutions Division
- Credit Supervision Division
- Treasury & Investment Division
- Securities & International Division
  - Hong Kong Representative Office
- General Secretariat
- Personnel Division
- General Affairs Division
- Business Administration Division
  - Business Operations Center
- Systems Division
- Inspection Division
- Tokyo Liaison Office

- Head Office Business Department
- Domestic Branches and Sub-branches
  (120 Offices)

Board of Directors and Corporate Auditors

(As of June 27, 2002)

President
Yasuo Kashihara

Deputy President
Yasuhiko Kumata

Senior Managing Directors
Hiroaki Ikeda
Yukitoshi Yasumura

Managing Directors
Hisashi Iwasaki
Yoshiki Kizaki
Hideo Takasaki

Directors
Toshihiko Ueda
Hideaki Shirota
Yuji Shimiya
Masanori Murase
Masahiro Morise
Shigeo Ohi
Junichi Katsuta

Corporate Auditors
Akio Kimura (Standing)
Tadanao Kiuchi (Standing)
Ryukou Murakami
Keiji Masuda

Corporate Data

(As of March 31, 2002)

Date of Establishment
October 1, 1941

Number of Employees
2,702

Number of Authorized Shares
500,000,000

Number of Issued Shares
331,821,000

Capital (Paid-in)
¥27,100,000 thousand

Major Stockholders (Number of shares in thousands)

The Industrial Bank of Japan, Limited	16,589	(4.99%)
Nippon Life Insurance Company	16,589	(4.99%)
Gunze Corporation	10,458	(3.15%)
The Bank of Kyoto Employees' Shareholding Association	9,301	(2.80%)
J.P. Morgan Trust Bank Ltd. (non-taxable account)	8,441	(2.54%)
Kyocera Corporation	7,980	(2.40%)
The Tokio Marine & Fire Insurance Co., Ltd.	7,743	(2.33%)
Meiji Life Insurance Company	7,664	(2.30%)
The Nissan Fire & Marine Insurance Co., Ltd.	7,530	(2.26%)
Sumitomo Life Insurance Company	6,590	(1.98%)

R&I* Rating
A+

* Rating and Investment Information, Inc.

International Service Network

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Consolidated Subsidiaries

Name	Establishment	Capital (Millions of Yen)	Line of business
Karasuma Shoji Co., Ltd.	October 1958	10.0	Managing real estate services for the Bank of Kyoto
Kyogin Business Service Co., Ltd.	July 1983	10.0	Centralized processing of clerical operations for the Bank
Kyogin Total Maintenance Co., Ltd.*	September 1995	300.0	Disposal of real estate collateral
Kyoto Guaranty Service Co., Ltd.	October 1979	30.0	Credit guarantee services
Kyogin Lease & Capital Co., Ltd.	June 1985	100.0	Leasing, investment, and financial services
Kyoto Credit Service Co., Ltd.	November 1982	50.0	Credit card services
Kyogin Card Service Co., Ltd.	September 1989	50.0	Credit card services
Kyoto Research Institute, Inc.	April 1987	30.0	Research and business consulting services

* Kyogin Total Maintenance Co., Ltd. was undergoing liquidation procedures as of March 31, 2002.