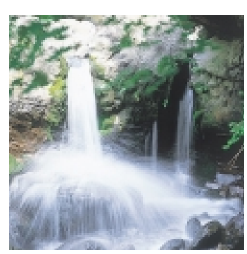
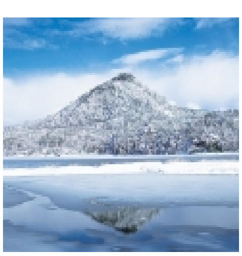
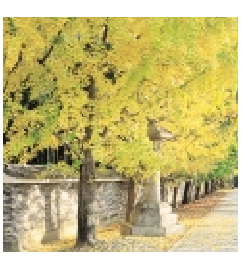
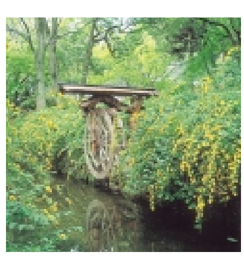
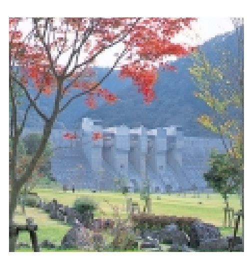
The Bank of Kyoto, Ltd.

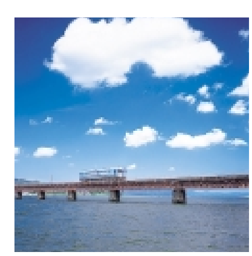
Annual Report 2003

For the year ended March 31, 2003

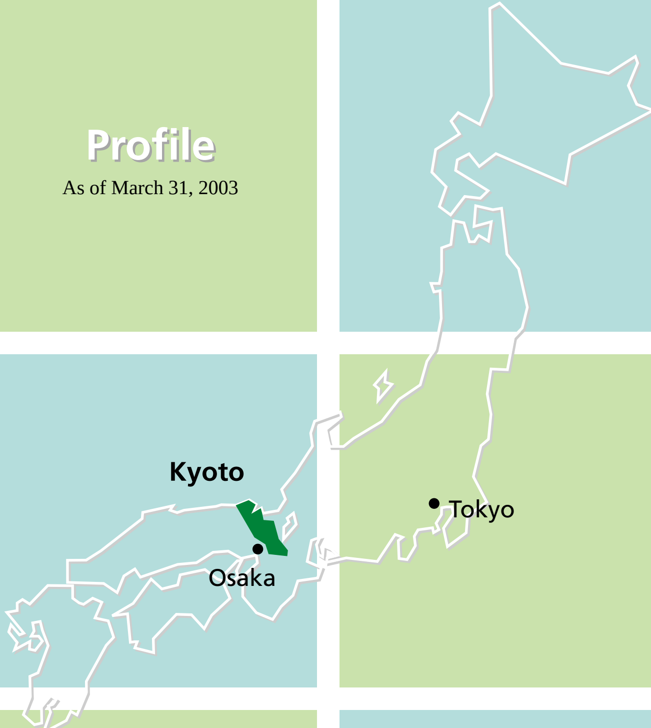




Profile
As of March 31, 2003



Total Assets

¥4,589.5 billion

13th among regional banks

Total Deposits

¥4,160.6 billion

13th among regional banks

Loans and Bills Discounted

¥2,667.7 billion

17th among regional banks

Paid-in Capital

¥27.1 billion

Unrealized Gains on Securities

¥107.5 billion

1st among regional banks

Established

October 1941

Credit Rating

A+

R&I

Employees

2,660

Capital Ratio

10.48% (domestic standards)

Ref. 12.71%
(BIS standards)

Banking Network

Domestic
123 staffed offices
204 stand-alone ATM booths*
Overseas: Hong Kong Representative Offic

*In addition to these stand-alone ATMs, 5,160 ATMs are operated jointly with IY Bank at locations other than banking offices.

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.

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

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.

Contents

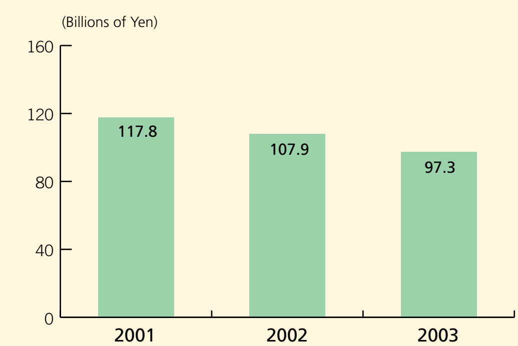
Consolidated Financial Highlights

Years Ended March 31, 2003, 2002 and 2001

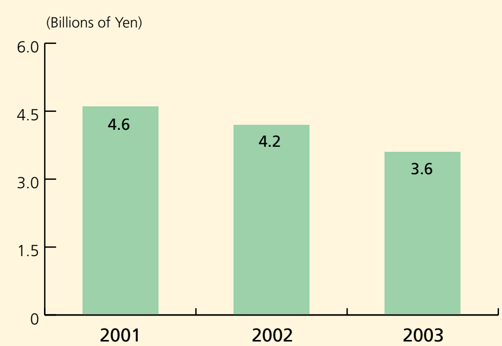
	Millions of Yen			Thousands of U.S. Dollars
	2003	2002	2001	**2003**
For The Year				
Total Income	**¥ 97,346**	¥ 107,936	¥ 117,864	**$ 809,871**
Total Expenses	**89,691**	101,920	109,843	**746,182**
Income before Income Taxes and Minority Interests	**7,655**	6,016	8,021	**63,688**
Net Income	**3,651**	4,212	4,686	**30,381**
At Year-End				
Total Assets	**¥4,598,235**	¥4,681,058	¥4,569,997	**$38,254,868**
Deposits	**4,152,285**	4,101,347	3,955,864	**34,544,803**
Loans and Bills Discounted	**2,653,495**	2,675,561	2,679,368	**22,075,672**
Investment Securities	**1,663,159**	1,699,563	1,631,617	**13,836,605**
Minority Interests	**2,967**	2,840	2,760	**24,691**
Common Stock	**27,100**	27,100	27,100	**225,457**
Total Stockholders' Equity	**226,584**	306,199	331,974	**1,885,065**

Notes: 1. Japanese 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 Japanese yen at the rate of ¥120.20 to US$1.00 on March 31, 2003, the final business day of the term.

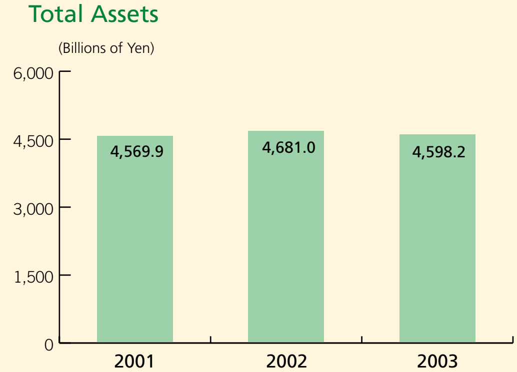
Total Income



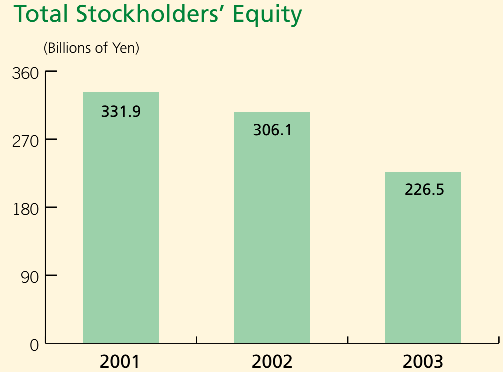
Net Income



Total Assets



Total Stockholders' Equity



Working vigorously toward early achievement of targets under the medium-term business plan

Management Strategy

The Japanese financial sector faces serious challenges on two fronts. Financial institutions need to recover the trust of the public, while also coping with severe competition across traditional business borders. Thus, we are now entering a difficult period in which customers will be more discriminating and selective than ever before. A major shakeout of the industry is inevitable, and less competitive institutions face certain failure.

In October 2002 the Financial Services Agency announced its Program for Financial Revival, in which measures were stipulated for the accelerated disposal of non-performing loans by banks, as well as measures for the strengthening of banks' capital ratios and corporate governance. This was followed in March 2003 by the FSA's Action Program concerning enhancement of Relationship Banking Functions intended for regional financial institutions. Regional banks are now being strongly pressured to address the funding needs of small and medium-sized enterprises to enable them to stage a business recovery, as well as to take measures to bolster their own financial positions and improve their earnings.

In view of these circumstances, the Bank of Kyoto has positioned fiscal 2003 — the second year under the "NEW-Plan" three-year business plan commenced in April 2002 — as the key period for the materialization of progress towards the plan's goals.

The management of the Bank of Kyoto is committed to proactively tackling these issues through speedy and decisive measures, with the aim of contributing simultaneously to the greater prosperity of the Bank and the economic revitalization of its operating region.

Main Goals under Medium-Term Plan

Under the "NEW-Plan" three-year business plan, the management and staff of the Bank are working as one to achieve targets in five basic priority areas.

Target No. 1 is to bolster the Bank's earnings base. In fiscal 2002, to strengthen our loan marketing power we conducted a special advertising campaign to attract more customers for our loans. From March this year we have been promoting loans to owners of small businesses and home businesses by offering unsecured loans without a guarantor requirement under the product name "Kyogin Business Card Loan R."

Thanks to active marketing by all our branches, the combined term-end balance of housing loans and home improvement loans grew to approximately ¥750 billion from the ¥670 billion of the previous term-end.

Turning to our branch network development strategy, in the period up to June 2003 we opened four special branches in Osaka dedicated to corporate customers to prepare the groundwork for an expansion of our lending base in the near future. In addition, in Shiga and Osaka prefectures, we made steady progress in expanding our loan network through the opening of new housing loan centers.

Target No. 2 is improving the health of our loan portfolio. In pursuit of this target we made vigorous efforts in support of corporate revitalization with the aim of improving the creditworthiness of our borrowers and in the disposal of non-performing loans. As a result, the ratio of non-performing loans to total assets subject to disclosure under the Financial Revitalization Law, assuming partial charge-offs (*see note), fell below the critical 5% level to 4.95% at the term end. In July 2003 the section within the Credit Supervision Division that was responsible for corporate management support was upgraded to the status of a full management support office as part of our overall efforts to strengthen of system.

* “Partial charge-offs” refers to direct reduction of the remaining portion (amounts classified as asset category IV) of the loans to legally or virtually bankrupt obligors under the Bank’s asset self-assessment after deduction of the amount that is deemed recoverable through collateral or guarantees. The Bank does not carry out partial charge-offs, which, in our opinion, have virtually no effect on the loan portfolio. Instead, the Bank provides a specific reserve for possible loan losses with the full amounts equivalent to loans classified under asset categories III and IV within loans to legally or virtually bankrupt obligors.

Target No. 3 is the raising of management efficiency. From January 2004, the Bank’s core computer systems will be replaced by the more advanced systems at the NTT Data Banking Center for Regional Banks. This will give us a system capability that ranks with the best among the regional banks, raising administrative efficiency and firmly establishing a low-cost operating structure.

Target No. 4 is the improvement of risk management. Following on from the introduction of an outside auditing system for our system risk management in fiscal 2002, we are continuing in many ways to address the issues of diversification and increased complexity in the risks inherent in banking operations, through the constant and flexible upgrading of our risk management system.

Finally, target No. 5 is to strengthen our marketing capabilities. At the Bank of Kyoto, we place priority on developing talented staff and responding boldly and proactively to the changing business environment by creating an energetic sales force that can deliver truly competitive value-added services.

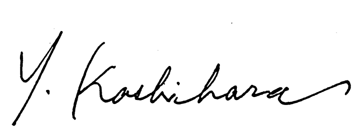
Currently, a major focus of the Bank’s management efforts is the strengthening of corporate governance, and one important tool we have adopted to this end is the inclusion of two outside auditors in the Board of Corporate Auditors alongside the two auditors from the Bank. In addition, in fiscal 2002, the term of office of directors was shortened from two years to one year. An expanded compliance system is also being put into place under a program decided by the Board of Directors and administered by the Compliance Committee, which is chaired by the deputy president of the Bank.

Outlook for Fiscal 2003

Operating conditions are expected to remain difficult in fiscal 2003, the term ending March 2004. In the face of this adverse environment, the management of the Bank of Kyoto intend to put their full effort into expanding the Bank’s customer base and raising the level of efficiency across the whole spectrum of operations.

Interest income is projected to decline in parallel with the decline in yields, while expenses will post a year-on-year rise due to the one-off expenses involved in setting up the abovementioned shared core computer system. An improvement is expected, however, in the expenses of provision for reserves for possible loan losses and in the profit/loss account on securities. We also expect to record one-time gain on exemption from future pension obligation of the governmental program. As a result, as of May 2003, the net income of the Bank was predicted to increase to ¥8.5 billion on a consolidated basis.

The Bank of Kyoto is committed to a continuing process of reinforcing its support system for the regional economy, to enable it to fulfill its mission as a regional financial institution. We will repay the trust shown in us by the local community, and will spare no effort in pursuit of the goals we have set ourselves under our medium-term business plan.



Yasuo Kashihara, *President*

Progress under the Current Medium-Term Business Plan

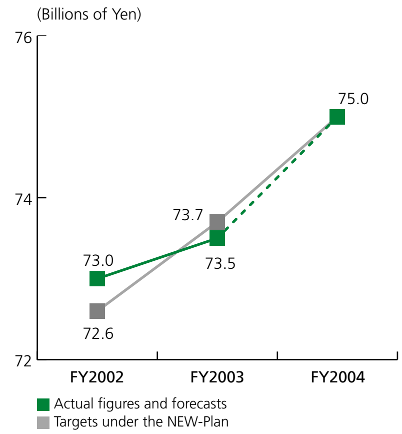
Steadily Reaching our Targets

As the management indicators below reveal, we are on track to the achievement of our targets under the "NEW-Plan" medium-term business plan, covering the period from fiscal 2002 to fiscal 2004, judging by the figures for the first year of the plan.

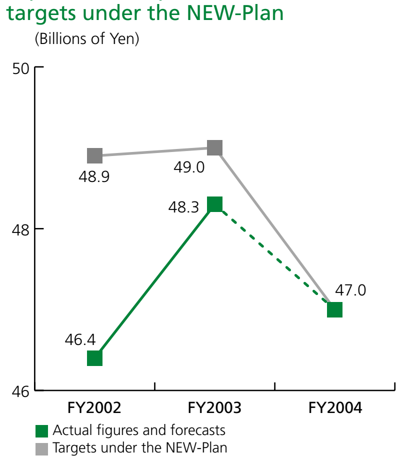
	NEW-Plan target	Figure for end of March 2003
Capital ratio (domestic standards on a non-consolidated basis)	10% or higher	10.48%
Overhead ratio (ratio of expenses to gross business profit)	63% or lower	62.28%
ROA (ratio of profit on core banking operations to total assets)	0.6% or higher	0.60%

Note: Profit on core banking operations = net business profit (before provision for general reserve for possible loan losses) minus profit/loss on bonds.

Gross business profit / Comparison with targets under the NEW-Plan



Expenses / Comparison with targets under the NEW-Plan



Among the main quantitative indicators used, gross business profit was boosted by increased interest income, mainly from investment securities, and thus surpassed the fiscal 2002 target of ¥72.6 billion to reach ¥73 billion.

Regarding expenses, efforts to cut personnel and non-personnel expenses achieved a figure of ¥46.4 billion, which was an improvement compared with the target of ¥48.9 billion.

Total credit costs came to ¥15 billion, below the ¥16.2 billion target, despite provision for the general reserve for possible loan losses of ¥1.4 billion in line with the raising of the ratio of reserve to cover loans classified as "Special Attention."

In these ways, management indicators and principal target figures both show steady progress toward the ultimate targets, and we are confident of being able to speed up the process still further in fiscal 2003.

Main Measures Taken and Results

(1) Expanding Share of Loan Market and Total Customer Base

The balance of total loans made by all financial institutions in Kyoto Prefecture stood at ¥11.7 trillion at the end of March 1996. By the end of March 2003, this figure had dwindled to ¥9.5 trillion, but the Bank of Kyoto's share moved in the opposite direction, growing by 4.8 percentage points from 18.7% to 23.5%.

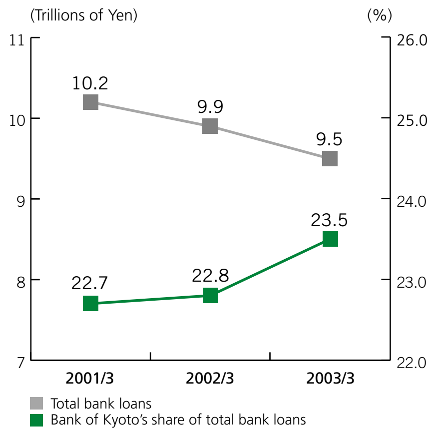
To increase our total loan volume, we are not concentrating solely on our main business base of Kyoto Prefecture, but are also expanding our marketing activities in the neighboring prefectures of Shiga and Osaka, and are putting particular emphasis on the promotion of loans to small businesses and individuals.

Between April 2000 and May 2003, the Bank opened four branches in Shiga Prefecture, whose population growth rate is one of the fastest in the whole country. These branches focus on business services tailored to the needs of the local community. In Osaka Prefecture, where there is a high concentration of small and medium-sized companies, we opened four branches that specialize in making loans to companies. These new branches brought us 417 new corporate loan customers in fiscal 2002, and the relevant total loan balance as of the end of March 2003 reached ¥65 billion. Our target for the end of the current term (March 2004) is ¥100 billion. We will continue to effectively focus management resources on expanding our branch network into areas that promise solid growth in our customer base.

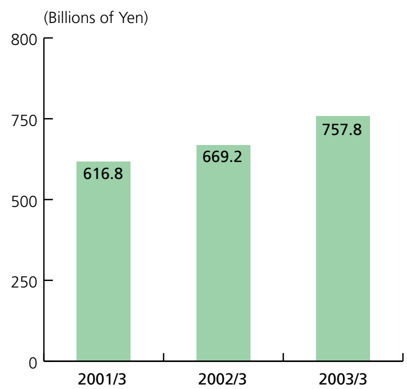
Since April 2002 we have installed ATMs at 12 locations in Kyoto and Shiga prefectures other than our branches, and under the business tie-up we concluded with IY Bank in December 2002 our customers have access to ATMs at more than 500 additional locations. This ATM network serves to complement our conventional branch network, providing greatly enhanced

Marketing Strategy for Neighboring Areas

Market Share of Loans in Kyoto Prefecture



Housing Loan balance



customer convenience. As a result of these active initiatives to expand our network of outlets, as of July 1, 2003, we operated 124 staffed offices, including the head office, branches, and sub-branches, in addition to our own ATMs at 204 locations outside these offices.

(2) Measures to Expand Loans to Individuals

To expand our housing loan business, in September 2002 we started a 24-hour online loan application service, which greatly improves customer convenience. In July 2002, we set up the Shiga Housing Loan Center within our Seta Branch in Shiga Prefecture, and in June 2003 we opened another housing loan center at the Hirakata Branch in Osaka Prefecture. With effect from fiscal 2003, we are adopting a new scoring system for credit assessment to speed up the credit screening process, and we expect this more efficient credit provision system to push up the term-end balance of outstanding loans to ¥800 billion.

Since April 2003 we have extended the application of the credit assessment support system that we introduced in March 2002 for our card loans (automated unsecured loans through ATMs up to a predetermined maximum) to other unsecured loans to individuals, such as loans to finance children's education or for automobile purchases. This makes the credit screening process faster and more efficient.

(3) Reinforcing Corporate Banking Business

We commenced a loan marketing campaign in February 2003 to stimulate new demand for loans among corporate customers so as to expand our total loan balance.

The Business Loan Center, set up in 2002, began from March 2003 offering as its first product — the "Kyogin Business Card Loan R" — an unsecured loan with no third-party guarantee requirement. This loan product is being efficiently marketed through direct channels (direct mail, phone, fax), and is designed as an ideal form of provision of working capital for small businesses, including sole proprietorships.

To serve the funding needs of venture businesses, we are providing active financing support through special venture funds. Fund No. 1 was set up in April 2000, No. 2 in May 2001 (aggregate maximum investment value of ¥1.5 billion), and No. 3 (total investment value of ¥500 million) in February 2003. In January of this year, we became the first bank in the Kinki region (which encompasses the prefectures of Kyoto, Shiga, Osaka, Nara, Hyogo, and Wakayama) to offer an online banking service for corporate customers.

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 made full preparation for the anticipated deterioration of the loan situation through provision for reserves for non-performing loans in the amount warranted by current circumstances.

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 2002, the Bank's total disclosed assets, excluding non-classified assets, amounted to ¥165.1 billion. The average reserve ratio for these assets, excluding the portion covered by collateral and guarantees, was 72.8%. Adding the portion secured by collateral and guarantees to the reserves, the coverage ratio was 85.0%, which we believe to be a sufficient level.

• Risk Management Loans under the Banking Law

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 2002, the Bank's balance of risk management loans stood at ¥164.7 billion on a non-consolidated basis and ¥167.7 billion on a consolidated basis. And the ratio of this balance to the loan balance on a non-consolidated basis was 6.1% (the regional bank average is 8.8%), a decrease of 0.5 percentage points from the end of the previous term. 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

	2003/3		2002/3
		Change from Mar. 31, 2002	
Unrecoverable or Valueless	¥ 49.5	¥(11.7)	¥ 61.3
Risk	50.2	(11.5)	61.7
Special Attention	65.2	9.1	56.1
Sub-Total (A)	165.1	(14.1)	179.2
Non-Classified	2,538.3	(10.0)	2,548.4
Total	¥2,703.4	¥(24.1)	¥2,727.6

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

Billions of Yen

	2003/3		2002/3
		Change from Mar. 31, 2002	
Reserve for Possible Loan Losses	¥ 66.4	¥ (4.9)	¥ 71.3
Reserve for Specific Borrowers			
Amounts Recoverable Due to Guarantees, Collateral and Others	73.9	(9.2)	83.2
Total (B)	¥140.3	¥(14.1)	¥154.5
Coverage Ratio (B)/(A)	85.0%	(1.2)%	86.2%

Risk Management Loans (Consolidated)

Billions of Yen

	2003/3		2002/3
		Change from Mar. 31, 2002	
Loans in Legal Bankruptcy	¥ 21.2	¥ (8.3)	¥ 29.5
Nonaccrual Loans	81.1	(15.3)	96.5
Accruing Loans Contractually Past Due Three Months or More	2.5	0.4	2.1
Restructured Loans	62.7	9.1	53.6
Total	¥ 167.7	¥(14.1)	¥ 181.8
Total Loans Outstanding (term-end balance)	¥2,653.4	¥(22.0)	¥2,675.5

Capital Ratio

As of March 31, 2003, the Bank's capital ratio on a consolidated basis was 10.65% based on domestic standards and 12.90% based on BIS standards. On a non-consolidated basis, this ratio was 10.48% based on domestic standards and 12.71% on BIS standards.

As for capital, which constitutes the numerator in calculating the capital ratio (domestic standard on a consolidated basis), Tier I rose ¥2.4 billion to ¥164.3 billion (US$1,367 million), due to an increase in retained earnings. Due to an increase in subordinated loans, Tier II increased ¥10.1 billion to ¥73.5 billion (US$611 million).

Risk-weighted assets, which represent the denominator in calculating the capital ratio, rose ¥108.7 billion to ¥2,231 billion (US$18,561 million), mainly due to an increase in personal loans, as well as increased investment in securities.

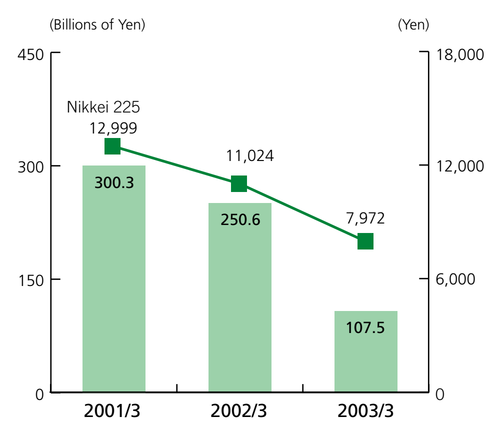
The Bank's capital ratio significantly exceeds the minimum levels prescribed by domestic standards (4%) and BIS standards (8%). We will continue to endeavor to increase retained earnings in an effort to raise the capital ratio.

	Millions of Yen		
	2003/3	2002/3	**2003/3**
(Consolidated)	(Domestic)	(Domestic)	(BIS)
Total Capital Ratio	10.65%	10.60%	12.90%
Tier I Capital	¥ 164,389	¥ 161,942	¥ 164,389
Tier II Capital	73,513	63,355	136,410
45% of Unrealized Gains on Securities			48,408
General Reserve for Possible Loan Losses	13,944	13,264	28,432
45% of land revaluation surplus	369	690	369
Qualifying Subordinated Debt	59,200	49,400	59,200
Deducted Items	202	202	202
Total Capital	¥ 237,701	¥ 225,094	¥ 300,597
Risk Adjusted Assets	¥2,231,081	¥2,122,380	¥2,328,467

Unrealized Gains on Available-for-Sale Securities

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 or soon after. Consequently, the fair value of these equity holdings is well above their book value. Unrealized gains were ¥92.0 billion (US$765 million) on stocks, and ¥107.5 billion (US$894 million) on total available-for-sale securities subject to statement at fair value, which represents the highest amount among regional banks in Japan.

Unrealized Gains on Securities



Risk Management System

Organizational Reform to Further Strengthen Risk Management System

The liberalization and globalization of Japan’s financial market, and the tremendous progress that has been made in the use of information technology, have resulted in both more business opportunities for financial companies and an increase in and diversification of the risks associated with these movements.

The Bank recognizes that effective risk management is an important issue in maintaining the stability and soundness of its management. To enable precise and prompt responses to various risks, the Bank has drawn up comprehensive risk management regulations. Supervisory sections have been set up in all divisions subject to risk. The Bank has also set up the Management Administration Office inside the Corporate Planning Division to realize total management of risks borne by the Bank.

The former Inspection Division was reorganized as the Operations Auditing Division in April 2003 to put in place an even more effective system for monitoring risk management at all sections of the Bank.

Credit Risk Management

The Bank is making efforts to strengthen its credit risk management under a credit policy that clearly specifies the Bank’s basic approach to credit screening. The Bank is also striving to strengthen its organizational structure by maintaining the independence of credit screening functions from marketing sections, and by implementing stricter credit screening guidelines. In July 2003 a section specifically responsible for credit risk was established, and steps are currently being taken to strengthen our organizational structure to effectively deal with this risk category. In addition, staff engaged in loan operations at all levels of the Bank’s hierarchy are receiving training to improve their capabilities in the field of credit screening.

The Bank adequately writes off its non-performing loans and makes provisions for possible loan losses based on asset self-assessment. In order to maintain and improve the soundness of assets, we newly established the Asset Audit Office as a specialized section inside the Operations Auditing Division. This division examines the validity of write-offs and reserve provisions based on asset self-assessment. These matters also undergo auditing by a certified public auditing company. Additionally, the Bank is striving for soundness of its assets by formulating financial solutions for borrowers suffering from financial difficulties, taking into consideration the results of its self-assessments. In July 2003, the section within the Credit Supervision Division that had been in charge of corporate customer management support was upgraded to the status of a full office. In these ways, the Bank is working to improve the health of its loan asset portfolio by helping borrowers improve their business conditions and 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 to 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, chaired by the Deputy President and with the attendance of other directors in charge of market risk management, 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.

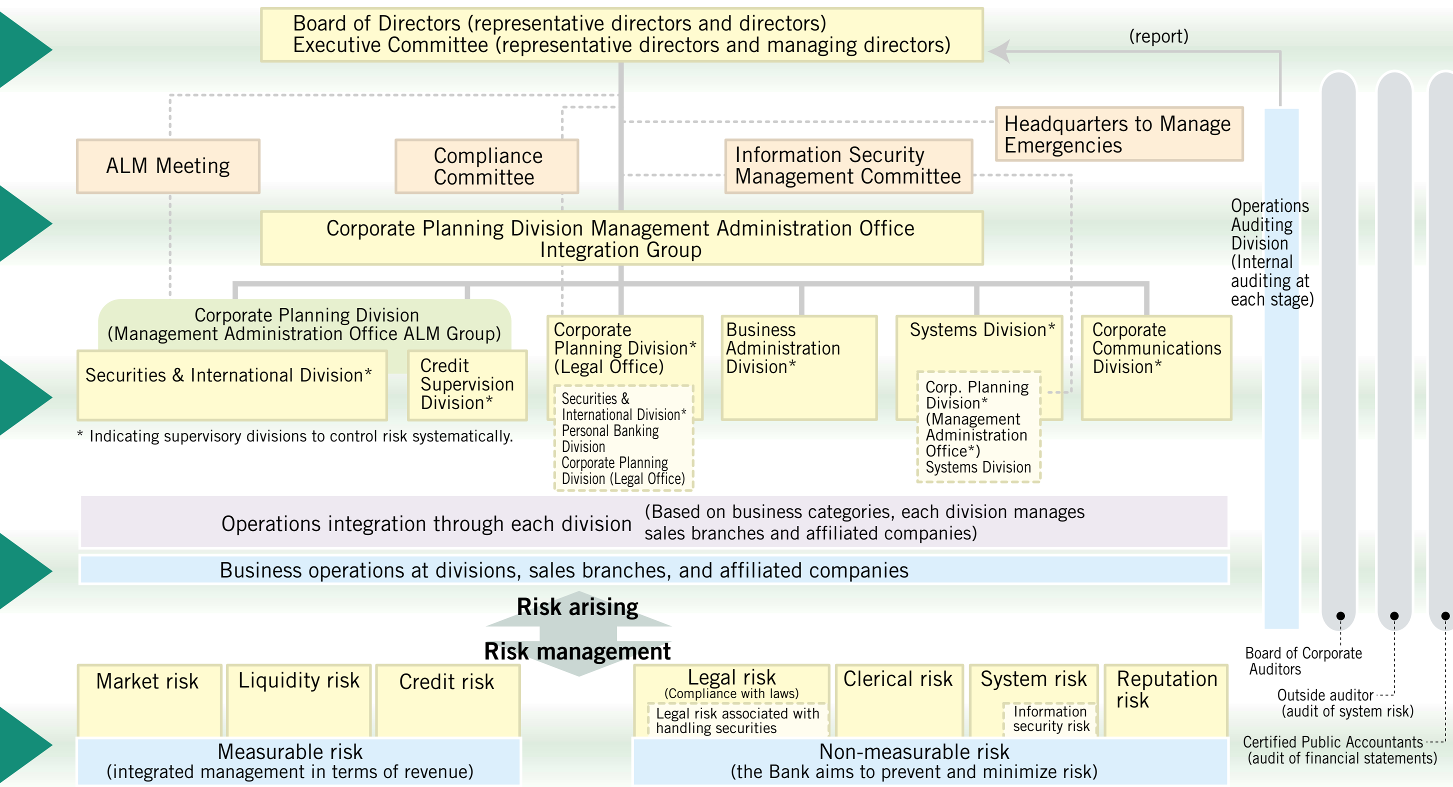
Liquidity Risk Management

The Bank of Kyoto appropriately controls its funding position through careful projection and verification of fund-raising and fund-management balances. 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 occurrence of human error by centralizing clerical processes and using computers to reinforce its checking functions. The Bank is also raising the level of compliance with correct clerical procedures through personal guidance by specialist officers, training courses, and the use of an “e-learning” system (* see note). The Operations Auditing Division conducts regular annual auditing of head office departments as well as branches to ensure that clerical work regulations are strictly followed.

* Since September 2002, we have been providing an “e-learning” course available via personal computers and specialized marketing terminals at each branch. This course, featuring full visual and audio presentation, enables staff to acquaint themselves fully with all operating procedures and regulations on a voluntary basis. By raising



the level of know-how of each employee through the e-learning course, we are assuring our customers of enhanced service quality.

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 disasters), 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 minimizing the likelihood of computer crimes and malfunctions.

In fiscal 2002 we introduced an outside auditing system for system risk management. By undergoing strict checking of our system risk management performance by an independent institution, we are further ensuring that our risk management is maintained at the highest level.

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 extremely important 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 financial crises, information security problems, and the materialization of every sort of market risk, in addition to crimes, computer system malfunctions, and natural disasters such as fires or earthquakes.

Financial Section

Financial Review

Management Environment and Performance

The business environment in the period ended March 31, 2003 was characterized by worsening unemployment, intensifying deflation, and ongoing weakness in consumer spending and capital investment against a backdrop of falling share prices. With the Iraq war at the end of the term and the global spread of SARS deepening the sense of uncertainty regarding the outlook for the world economy, the term closed with Japan still seeking a path to self-sustained recovery led by domestic demand.

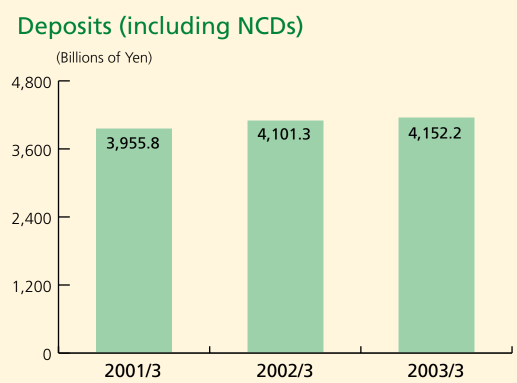
In these circumstances, the Bank of Kyoto Group made efforts to improve management efficiency and performance. Business results for fiscal 2002, ended March 31, 2003, are summarized below.

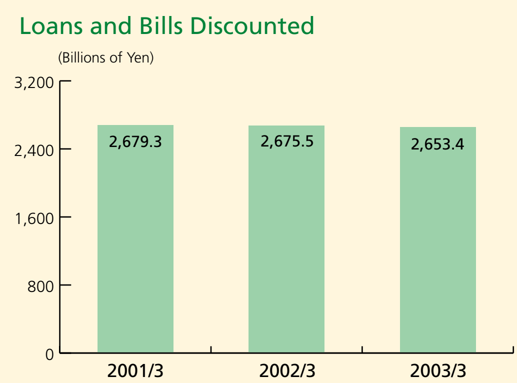
The balance of deposits, excluding negotiable certificates of deposit, increased ¥90.5 billion, centered on ordinary and other liquid deposits, as well as deposits from individuals, to stand at ¥4,069.5 billion (US$33,856 million). The balance of CDs decreased ¥39.5 billion to end at ¥82.7 billion (US$688 million).

As a result of a continuous weakness in demand for corporate funds due to prolonged stagnation of the local economy, the balance of loans and bills discounted decreased ¥22.0 billion to end at ¥2,653.4 billion (US$22,075 million). Although there was healthy demand for personal loans focusing on housing loans, this was insufficient to offset the decline in corporate loans.

In addition, the term-end balance of investment securities was ¥1,663.1 billion (US$13,836 million), down ¥36.4 billion as a result of the Bank's effective portfolio management activities, closely monitoring market trends.

Net unrealized gains on available-for-sale securities amounted to ¥107.5 billion (US$894 million) under mark-to-market accounting. The term-end balances of total assets and stockholders' equity were ¥4,598.2 billion (US$38,254 million) and ¥226.5 billion (US$1,885 million), respectively.





Net income for the term fell ¥560 million to ¥3,651 million (US$30 million), despite our effective fund procurement and operations and measures for across-the-board rationalization. This decline was partially attributable to ample provision for possible loan losses based on strict asset self-assessment to improve the soundness of the Bank's financial position, and an impairment loss on equity securities resulting from application of new accounting standards for financial products. Another factor was a ¥1,031 million increase in deferred income taxes. During the term, the Bank also made a reversal of deferred tax assets in the amount of ¥1,031 million (US$8 million) preparatory to the introduction of a new, revenue-based taxation system for enterprise tax. Earnings per share and equity per share were ¥10.88 (US$0.090) and ¥683.29 (US$5.684), respectively.

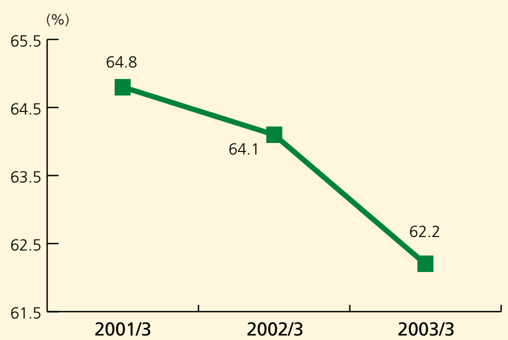
Net cash provided by operating activities amounted to ¥168.8 billion (US$1,404 million) mainly due to the net increase in deposits. On the other hand, net cash used in investing activities amounted to ¥127.1 billion (US$1,058 million) mainly due to the purchase of investment securities. Additionally, net cash used in financing activities amounted to ¥1.6 billion (US$13 million), mainly due to dividend payment. As a result, cash and cash equivalents increased ¥40.0 billion during the term to stand at ¥108.1 billion (US$899 million) at the end of the term.

Dividend Policy

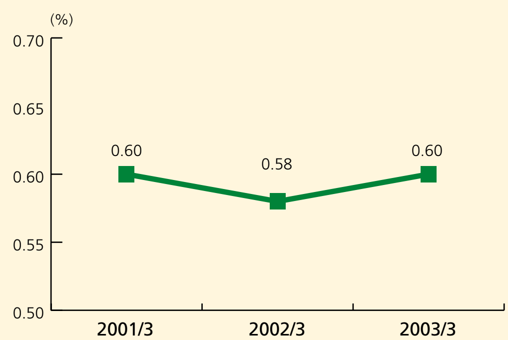
The Bank paid a total of ¥5.00 per share (US$0.040) in dividends for fiscal 2002, including interim dividends of ¥2.50 (US$0.020) per share and term-end dividends also of ¥2.50 per share, the term-end dividend being in the same amount as the previous term.

The Bank plans to utilize retained earnings for effective investments to build a strong business foundation and expand its marketing base in order to satisfy customers' diverse requirements amid a rapidly changing business environment for Japan's financial institutions.

Overhead Ratio (non-consolidated basis)



Return on Assets (non-consolidated basis)



The Bank of Kyoto, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Assets			
Cash and Due from Bank of Japan	**¥ 108,130**	¥ 68,126	**$ 899,590**
Due from Other Banks	**783**	587	**6,517**
Call Loans and Bills Bought	**114,023**	191,917	**948,611**
Receivables under Resale Agreements	**1,049**	1,219	**8,735**
Commercial Paper and Other Debt Purchased	**1,016**	788	**8,460**
Trading Securities (Notes 3 and 25)	**1,825**	2,467	**15,184**
Money Held in Trust	**2,969**	2,998	**24,705**
Investment Securities (Notes 4, 9 and 25)	**1,663,159**	1,699,563	**13,836,605**
Loans and Bills Discounted (Note 5)	**2,653,495**	2,675,561	**22,075,672**
Foreign Exchanges (Note 6)	**3,143**	1,945	**26,156**
Other Assets (Note 7)	**38,928**	36,786	**323,860**
Premises and Equipment, Net (Notes 8 and 11)	**58,054**	58,986	**482,980**
Deferred Tax Assets (Note 24)	**3,217**	1,101	**26,766**
Customers' Liabilities for Acceptances and Guarantees (Note 16)	**32,550**	34,943	**270,799**
Reserve for Possible Loan Losses	**(84,113)**	(95,928)	**(699,778)**
Reserve for Possible Losses on Investment Securities		(8)	
Total Assets	**¥4,598,235**	¥4,681,058	**$38,254,868**
Liabilities, Minority Interests and Stockholders' Equity			
Liabilities			
Deposits (Notes 9 and 12)	**¥4,152,285**	¥4,101,347	**$34,544,803**
Call Money	**21,828**	24,558	**181,602**
Payables under Repurchase Agreements	**1,049**	1,219	**8,735**
Payables under Securities Lending Transactions	**49,290**		**410,067**
Borrowed Money (Note 13)	**32,783**	34,591	**272,744**
Foreign Exchanges (Note 6)	**70**	37	**584**
Bonds with Warrants (Note 14)	**30,000**	30,000	**249,584**
Other Liabilities (Note 15)	**27,635**	66,765	**229,909**
Reserve for Employees' Retirement Benefits (Notes 23 and 28)	**19,767**	19,394	**164,453**
Reserve for Possible Losses on Collateralized Real Estate Loans Sold	**808**	2,461	**6,729**
Deferred Tax Liabilities (Note 24)	**278**	56,054	**2,318**
Deferred Tax Liabilities for Land Revaluation (Note 11)	**334**	645	**2,779**
Acceptances and Guarantees (Note 16)	**32,550**	34,943	**270,799**
Total Liabilities	**4,368,682**	4,372,018	**36,345,111**
Minority Interests	**2,967**	2,840	**24,691**
Stockholders' Equity (Notes 11, 17 and 28)			
Common Stock, – authorized, 500,000,000 shares; Issued, 331,821,000 shares	**27,100**	27,100	**225,457**
Capital Surplus	**15,342**	15,342	**127,642**
Retained Earnings	**119,993**	117,627	**998,281**
Land Revaluation Surplus	**487**	888	**4,051**
Net Unrealized Gains on Available-for-Sale Securities, Net of Taxes	**63,786**	145,264	**530,668**
Treasury Stock – at Cost 273,440 shares in 2003 and 48,513 shares in 2002	**(124)**	(24)	**(1,036)**
Total Stockholders' Equity	**226,584**	306,199	**1,885,065**
Total Liabilities, Minority Interests and Stockholders' Equity	**¥4,598,235**	¥4,681,058	**$38,254,868**

See Notes to Consolidated Financial Statements.

The Bank of Kyoto, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income

Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Income			
Interest Income:			
Interest on Loans and Discounts	**¥54,370**	¥ 57,348	**$452,336**
Interest and Dividends on Securities	**19,521**	21,023	**162,411**
Other Interest Income	**2,177**	3,577	**18,113**
Fees and Commissions	**13,550**	12,842	**112,728**
Other Operating Income (Note 18)	**6,098**	6,735	**50,739**
Other Income (Note 19)	**1,627**	6,409	**13,541**
Total Income	**97,346**	107,936	**809,871**
Expenses			
Interest Expenses:			
Interest on Deposits	**4,772**	7,701	**39,703**
Interest on Borrowings and Rediscounts	**1,911**	1,235	**15,906**
Other Interest Expenses	**1,386**	3,695	**11,536**
Fees and Commissions	**4,267**	3,999	**35,504**
Other Operating Expenses (Note 20)	**7,182**	8,758	**59,751**
General and Administrative Expenses	**48,047**	50,494	**399,728**
Other Expenses (Note 21)	**22,122**	26,034	**184,051**
Total Expenses	**89,691**	101,920	**746,182**
Income before Income Taxes and Minority Interests	**7,655**	6,016	**63,688**
Income Taxes (Note 24):			
Current	**322**	3,392	**2,683**
Deferred	**3,494**	(1,657)	**29,073**
Minority Interests	**186**	69	**1,550**
Net Income	**¥ 3,651**	¥ 4,212	**$ 30,381**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

Years Ended March 31, 2003 and 2002

	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, 2001	331,821	¥27,100	¥15,342		¥115,455		¥ (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 Unrealized Gains on Available-for-Sale Securities						¥145,264	
Net Increase in Treasury Stock							(22)
Balance at March 31, 2002	331,821	27,100	15,342	888	117,627	145,264	(24)
Net Income					**3,651**		
Cash Dividends					**(1,658)**		
Bonuses to Directors and Corporate Auditors					**(40)**		
Reversal of Land Revaluation Surplus				**(401)**	**413**		
Net Decrease in Unrealized Gains on Available-for-Sale Securities						**(81,478)**	
Net Increase in Treasury Stock							**(100)**
Balance at March 31, 2003	**331,821**	**¥27,100**	**¥15,342**	**¥487**	**¥119,993**	**¥ 63,786**	**¥(124)**

	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, 2002	$225,457	$127,642	$7,395	$978,595	$1,208,526	$ (203)
Net Income				**30,381**		
Cash Dividends				**(13,799)**		
Bonuses to Directors and Corporate Auditors				**(332)**		
Reversal of Land Revaluation Surplus			**(3,343)**	**3,436**		
Net Decrease in Unrealized Gains on Available-for-Sale Securities					**(677,858)**	
Net Increase in Treasury Stock						**(832)**
Balance at March 31, 2003	**$225,457**	**$127,642**	**$4,051**	**$998,281**	**$ 530,668**	**$(1,036)**

See Notes to Consolidated Financial Statements.

The Bank of Kyoto, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Operating Activities:			
Income before Income Taxes and Minority Interests	**¥ 7,655**	¥ 6,016	**$ 63,688**
Depreciation	**8,229**	8,154	**68,465**
Decrease in Reserve for Possible Loan Losses	**(11,815)**	(6,347)	**(98,299)**
Decrease in Reserve for Possible Losses on Investments Securities	**(8)**		**(66)**
Decrease in Reserve for Possible Losses on Collateralized Real Estate Loans Sold	**(1,653)**	(848)	**(13,752)**
Increase (Decrease) in Reserve for Employees' Retirement Benefits	**372**	(1,301)	**3,100**
Interest Income	**(76,069)**	(81,949)	**(632,861)**
Interest Expenses	**8,071**	12,633	**67,146**
Losses on Investment Securities	**5,600**	4,766	**46,590**
Losses on Money Held in Trust	**29**	76	**243**
Foreign Exchange Losses (Gains)	**8,344**	(8,773)	**69,421**
Losses (Gains) on Sales of Premises and Equipment	**103**	(235)	**860**
Net Decrease (Increase) in Trading Securities	**642**	(134)	**5,343**
Net Decrease in Loans	**22,065**	3,806	**183,576**
Net Increase in Deposits	**90,523**	179,860	**753,111**
Net Decrease in Negotiable Certificate of Deposits	**(39,585)**	(34,377)	**(329,331)**
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Loans)	**(1,807)**	591	**(15,034)**
Net Increase (Decrease) in Due from Banks (excluding Deposits in Bank of Japan)	**(195)**	439	**(1,626)**
Net Decrease (Increase) in Call Loans and Bills Bought	**77,835**	(53,207)	**647,550**
Net Increase (Decrease) in Call Money	**(2,899)**	12,123	**(24,125)**
Net Increase in Payables under Securities Lending Transactions	**14,191**	12,947	**118,065**
Net Decrease (Increase) in Foreign Exchanges (Assets)	**(1,198)**	616	**(9,968)**
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	**32**	(50)	**272**
Interest Received (Cash Basis)	**83,228**	87,511	**692,415**
Interest Paid (Cash Basis)	**(8,757)**	(14,945)	**(72,860)**
Other	**(12,981)**	41	**(107,997)**
Subtotal	**169,954**	127,414	**1,413,928**
Income Taxes – Paid	**(1,086)**	(7,695)	**(9,036)**
Net Cash Provided by Operating Activities	**168,868**	119,718	**1,404,891**
Investing Activities:			
Purchases of Investment Securities	**(704,729)**	(792,890)	**(5,862,973)**
Proceeds from Sales of Investment Securities	**214,037**	228,567	**1,780,677**
Proceeds from Redemption of Investment Securities	**366,327**	446,387	**3,047,651**
Purchases of Money Held in Trust		(3,000)	
Proceeds from Sales of Money Held in Trust		4,524	
Purchases of Premises and Equipment	**(4,031)**	(3,890)	**(33,537)**
Proceeds from Sales of Premises and Equipment	**1,208**	527	**10,054**
Net Cash Used in Investing Activities	**(127,186)**	(119,773)	**(1,058,126)**
Financing Activities:			
Proceeds from Borrowing of Subordinated Loans	**10,000**		**83,194**
Repayments of Subordinated Loans	**(10,000)**	(6,000)	**(83,194)**
Dividends Paid by Parent	**(1,658)**	(1,990)	**(13,799)**
Dividends Paid by Subsidiaries to Minority Shareholders	**(5)**	(5)	**(45)**
Net Cash Used in Financing Activities	**(1,664)**	(7,996)	**(13,845)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(13)**	10	**(108)**
Increase (Decrease) in Cash and Cash Equivalents	**40,003**	(8,040)	**332,811**
Cash and Cash Equivalents at Beginning of Year	**68,126**	76,167	**566,778**
Cash and Cash Equivalents at End of Year	**¥108,130**	¥ 68,126	**$ 899,590**

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2003 and 2002

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 Financial Reporting 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 2003 and 2002 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 ¥120.20 to $1, the approximate rate of exchange at March 31, 2003, 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 2002 consolidated financial statements to conform to the classifications used in 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Consolidation

The consolidated financial statements as of March 31, 2003 include the accounts of the Bank and its seven (eight in 2002) 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 2003 and 2002.

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 Bank of Japan" 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 consolidated statements of income, 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 consolidated statements of income 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.

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 estimated useful life of 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 the balance sheet date.

For the year ended March 31, 2002, the Bank adopted a revised accounting standard for foreign currency transactions "Opinion Concerning Revision of Accounting Standard for Foreign Currency Transactions" issued by the Business Accounting Deliberation Council on October 22, 1999 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 the Japanese Institute of Certified Public Accountants (the "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.

Fund swap transactions represent 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 different currencies. 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.

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 the 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.

Effective April 1, 2002, the Bank has adopted the Industry Audit Committee Report No.25, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry," issued by the JICPA on July 29, 2002. As a result, other assets and other liabilities increased by the same amount of ¥1,247 million ($10,379 thousand) at March 31, 2003.

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.

Securities Lending Transactions

Pursuant to the application of "Practical Guideline for Accounting for Financial Instruments" (JICPA Accounting Committee, Report No.14), securities lending transactions, which accept cash as security and were previously accounted for as other liabilities, are regarded as financial transactions with security deposited and accounted for as payables under securities lending transactions effective April 1, 2002. As a result, other liabilities decreased by ¥49,290 million ($410,067 thousand) and payables under securities transactions increased by the same amount.

Per Share Information

Effective April 1, 2002, the Group adopted a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan (the "ASB"). Under the new standard, basic net income per share is computed by dividing net income available to common stockholders, which is more precisely computed than under previous practices, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. Basic net income and diluted net income per share for the year ended March 31, 2003 are computed in accordance with the new standard. Retroactive application of such standard has not been made for the year ended March 31, 2002.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

3. TRADING SECURITIES:

Trading securities at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Japanese government bonds	**¥1,825**	¥2,467	**$15,184**

4. INVESTMENT SECURITIES:

Investment securities at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Japanese government bonds	**¥ 563,052**	¥ 588,622	**$ 4,684,297**
Japanese local government bonds	**138,392**	131,742	**1,151,347**
Japanese corporate bonds	**470,215**	394,661	**3,911,945**
Japanese corporate stocks	**256,605**	405,132	**2,134,821**
Other securities	**234,894**	179,404	**1,954,193**
Total	**¥1,663,159**	¥1,699,563	**$13,836,605**

5. LOANS AND BILLS DISCOUNTED:

Loans and bills discounted at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Bills discounted	**¥ 70,935**	¥ 84,903	**$ 590,143**
Loans on bills	**212,640**	327,251	**1,769,059**
Loans on deeds	**1,894,773**	1,791,657	**15,763,509**
Overdrafts	**472,420**	469,083	**3,930,286**
Other	**2,725**		**22,674**
Total	**¥2,653,495**	¥2,675,561	**$22,075,672**

Loans in legal bankruptcy totaled ¥21,235 million ($176,665 thousand) and ¥29,582 million as of March 31, 2003 and 2002, respectively. Nonaccrual loans totaled ¥81,194 million ($675,498 thousand) and ¥96,551 million as of March 31, 2003 and 2002, 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 ¥2,556 million ($21,272 thousand) and ¥2,121 million as of March 31, 2003 and 2002, respectively. Loans classified as loans in legal bankruptcy and past due loans are excluded.

Restructured loans are ¥62,732 million ($521,901 thousand) and ¥53,628 million as of March 31, 2003 and 2002, 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, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Assets			
Due from foreign correspondents	**¥2,239**	¥ 670	**$18,629**
Foreign bills of exchange purchased	**633**	750	**5,273**
Foreign bills of exchange receivable	**270**	524	**2,252**
Total	**¥3,143**	¥1,945	**$26,156**
Liabilities			
Foreign bills of exchange sold	**¥ 70**	¥ 37	**$ 583**
Foreign bills of exchange payable	**0**	0	**1**
Total	**¥ 70**	¥ 37	**$ 584**

7. OTHER ASSETS:

Other assets at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Domestic exchange settlement	**¥ 0**	¥ 0	**$ 7**
Prepaid expenses	**142**	207	**1,188**
Accrued income	**6,425**	7,078	**53,453**
Other	**32,359**	29,499	**269,210**
Total	**¥38,928**	¥36,786	**$323,860**

8. PREMISES AND EQUIPMENT:

Accumulated depreciation on premises and equipment at March 31, 2003 and 2002 amounted to ¥60,947 million ($507,052 thousand) and ¥58,898 million, respectively.

9. ASSETS PLEDGED:

Assets pledged as collateral and related liabilities at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Investment securities	**¥54,289**	¥5,040	**$451,662**
Receivables under resale agreements	**¥ 1,049**	¥1,219	**$ 8,753**

Related liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Deposits	**¥27,615**	¥18,044	**$229,744**
Payables under repurchase agreements	**¥ 1,049**	¥ 1,219	**$ 8,735**
Payables under securities lending transactions	**¥49,290**		**$410,067**

In addition, investment securities totaling ¥237,453 million ($1,975,486 thousand) were pledged as collateral for settlement of exchange and derivative transactions at March 31, 2003.

Premises and equipment include surety deposits and intangibles of ¥1,659 million ($13,809 thousand), and other assets include initial margins of futures markets of ¥10 million ($83 thousand) as of March 31, 2003.

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 ¥1,039,956 million ($8,651,883 thousand), and represents 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 other conditions 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 represented unrealized appreciation of land and was stated, net of income taxes, as a component of stockholders' equity. There was 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 remaining as of March 31, 2003 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Book value of the land for business activities before revaluation	¥25,897	$215,456
Book value of the land for business activities after revaluation	¥27,431	$228,217

At March 31, 2003, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥2,593 million ($21,576 thousand).

Method of Revaluation

The fair values were 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, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Current deposits	**¥ 161,279**	¥ 153,346	**$ 1,341,757**
Ordinary deposits	**1,665,828**	1,534,926	**13,858,804**
Saving deposits	**107,317**	108,566	**892,823**
Deposits at notice	**28,825**	20,966	**239,810**
Time deposits	**1,807,412**	1,879,500	**15,036,710**
Other deposits	**298,878**	281,710	**2,486,510**
Subtotal	**4,069,541**	3,979,017	**33,856,417**
Negotiable certificates of deposit	**82,744**	122,329	**688,386**
Total	**¥4,152,285**	¥4,101,347	**$34,544,803**

13. BORROWED MONEY:

Borrowed money at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Subordinated loans	**¥30,000**	¥30,000	**$249,584**
Borrowing from banks and other	**2,783**	4,591	**23,160**
Total	**¥32,783**	¥34,591	**$272,744**

The weighted average interest rate of the above total borrowed money due serially from April 2003 through October 2012, is 1.80% for the year ended March 31, 2003.

14. BONDS WITH WARRANTS:

Subordinated unsecured bonds with warrants at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Convertible bonds	**¥30,000**	¥30,000	**$249,584**

At March 31, 2003, the 1.9% subordinated unsecured bonds with warrants 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, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Domestic exchange settlement	**¥ 907**	¥ 1,449	**$ 7,552**
Accrued income taxes	**118**	881	**984**
Accrued expenses	**5,704**	6,802	**47,461**
Unearned income	**8,707**	8,186	**72,438**
Other	**12,196**	49,445	**101,471**
Total	**¥27,635**	¥66,765	**$229,909**

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.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing stockholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the stockholders' accounts.

The revised Code also provides that an amount at least equal to 10% (20% for banks pursuant to the Banking Law of Japan) of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Law of Japan) of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% (100% for banks pursuant to the Banking Law of Japan) of the common stock may be available for dividends by resolution of the stockholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese 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 beginning April 1, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders meeting.

The amount of retained earnings available for dividends under the Code was ¥119,993 million ($998,281 thousand) as of March 31, 2003, based on the amount recorded in the parent company's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

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.

Prior to April 1, 2002, treasury stock on the consolidated balance sheet represented the entire amounts of treasury stock which were held by the Group. Effective April 1, 2002, the Group adopted a new accounting standard for treasury stock and reversal of legal reserve issued by ASB. This standard requires that where a subsidiary holds a parent company's stock, a portion that represents an equivalent ownership interest in such stock should be presented as treasury stock in a separate component of stockholders' equity and minority interests should be reduced by the same amount. As a result, there was no effect on the consolidated balance sheet at March 31, 2003.

18. OTHER OPERATING INCOME:

Other operating income for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Gains on foreign exchange transactions	**¥ 645**	¥ 654	**$ 5,368**
Gains on trading securities	**72**	67	**606**
Gains on sales of bonds	**502**	1,420	**4,180**
Gains on redemption of bonds		39	
Other	**4,878**	4,570	**40,583**
Total	**¥6,098**	¥6,735	**$50,739**

19. OTHER INCOME:

Other income for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Gains on sales of stocks and other securities	**¥ 83**	¥3,813	**$ 693**
Other	**1,544**	2,596	**12,847**
Total	**¥1,627**	¥6,409	**$13,541**

20. OTHER OPERATING EXPENSES:

Other operating expenses for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Losses on sales of bonds	**¥ 312**	¥ 634	**$ 2,595**
Losses on redemption of bonds	**952**	1,377	**7,928**
Other	**5,917**	6,746	**49,227**
Total	**¥7,182**	¥8,758	**$59,751**

21. OTHER EXPENSES:

Other expenses for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Provision for reserve for possible loan losses	**¥14,361**	¥17,363	**$119,483**
Written-off claims	**194**	267	**1,614**
Losses on sales of stocks and other securities	**140**	25	**1,167**
Losses on devaluation of stocks and other securities	**4,029**	6,102	**33,523**
Other	**3,397**	2,275	**28,262**
Total	**¥22,122**	¥26,034	**$184,051**

22. LEASES:

Lessee

The Bank and subsidiaries lease certain equipment and other assets.

Lease payments under finance leases for the years ended March 31, 2003 and 2002 amounted to ¥156 million ($1,303 thousand) and ¥16 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, 2003 and 2002 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Acquisition cost	**¥368**	¥72	**$3,066**
Accumulated depreciation	**195**	43	**1,626**
Net leased property	**¥173**	¥29	**$1,439**

Obligations under finance leases as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Due within one year	**¥143**	¥15	**$1,194**
Due after one year	**31**	16	**265**
Total	**¥175**	¥31	**$1,459**

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
	2003	2002	**2003**
Depreciation expense	**¥152**	¥14	**$1,266**
Interest expense	**5**	1	**42**

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

One consolidated subsidiary leases certain equipment and other assets.

Lease receipts under finance leases for the years ended March 31, 2003 and 2002, amounted to ¥4,191 million ($34,873 thousand) and ¥3,796 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, 2003 and 2002 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Acquisition cost	**¥20,817**	¥18,705	**$173,189**
Accumulated depreciation	**9,283**	8,449	**77,233**
Net leased property	**¥11,533**	¥10,256	**$ 95,955**

Lessor's receivables under finance leases as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Due within one year	**¥ 3,625**	¥ 3,146	**$30,163**
Due after one year	**8,393**	7,570	**69,831**
Total	**¥12,019**	¥10,716	**$99,994**

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
	2003	2002	**2003**
Depreciation expense	**¥3,647**	¥3,301	**$30,343**
Interest expense	**577**	556	**4,802**

The minimum future rentals to be received under noncancelable operating leases at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Due within one year	**¥48**	¥32	**$399**
Due after one year	**1**	1	**12**
Total	**¥49**	¥34	**$411**

23. EMPLOYEES' RETIREMENT BENEFITS:

The Bank and certain domestic subsidiaries have two types of pension plans for employees; a non-contributory and a contributory funded defined benefit pension plan. The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank.

The reserve for employees' retirement benefits at March 31, 2003 and 2002 consisted of the follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Projected benefit obligation	**¥(78,488)**	¥(54,762)	**$(652,985)**
Plan assets (fair value)	**27,320**	29,459	**227,290**
Unfunded projected benefit obligation	**(51,168)**	(25,303)	**(425,695)**
Unrecognized actuarial net loss	**31,401**	5,908	**261,242**
Net amount recorded on the consolidated balance sheet	**(19,767)**	(19,394)	**(164,453)**
Reserve for employees' retirement benefits	**¥(19,767)**	¥(19,394)	**$(164,453)**

The components of net periodic benefit costs were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Service cost	**¥1,688**	¥1,777	**$14,044**
Interest cost	**1,640**	1,602	**13,650**
Expected return on plan assets	**(883)**	(873)	**(7,352)**
Amortization of prior service cost		(1,099)	
Recognized actuarial net loss	**627**	366	**5,220**
Net periodic retirements benefit costs	**¥3,072**	¥1,772	**$25,562**

Assumptions used for the years ended March 31, 2003 and 2002 were set forth as follows:

	2003	2002
Discount rate	**1.0%**	3.0%
Expected rate of return on plan assets	**1.0%**	3.0%
Amortization period of prior service cost		1 year
Recognized period of actuarial gain or loss	**10 years**	10 years

24. INCOME TAXES:

The Bank and its subsidiaries are subject to Japanese national and local income taxes.

On March 31, 2003, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate from 42.0% to 40.6%, effective for years beginning April 1, 2004. The effect of this change was to decrease deferred tax assets by ¥1,031 million ($8,582 thousand) and increase deferred taxes in the consolidated statement of income by the same amount for the year ended March 31, 2003. Also, deferred tax liabilities decreased by ¥1,462 million ($12,168 thousand) and net unrealized gains on available-for-sale securities increased by the same amount, while deferred tax liabilities for land revaluation decreased by ¥11 million ($92 thousand) and land revaluation surplus increased by the same amount, as of March 31, 2003.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Deferred tax assets:			
Reserve for possible loan losses	**¥29,134**	¥ 34,377	**$242,384**
Reserve for retirement benefits	**7,467**	7,118	**62,125**
Depreciation	**1,531**	1,801	**12,737**
Other	**8,866**	7,662	**73,765**
Less valuation allowance		(109)	
Total	**¥46,999**	¥ 50,850	**$391,013**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**¥43,772**	¥105,457	**$364,160**
Reserve for deduction of cost of fixed assets	**289**	344	**2,404**
Total	**¥44,061**	¥105,802	**$366,565**
Net deferred tax assets	**¥ 3,217**	¥ 1,101	**$ 26,766**
Net deferred tax liabilities	**¥ 278**	¥ 56,054	**$ 2,318**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2003 and 2002, and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2003	2002
Normal effective statutory tax rate	**42.0%**	42.0%
Expenses not permanently deductible for income tax purposes	**1.0**	2.4
Income not taxable for income tax purposes	**(6.4)**	(12.6)
Per capita taxes	**1.0**	1.3
Adjustment resulting from a tax reform	**13.4**	
Other—net	**(1.2)**	(4.3)
Actual effective tax rate	**49.8%**	28.8%

25. MARKET VALUE AND OTHER INFORMATION ON SECURITIES:

Market value and other information on securities as of March 31, 2003 and 2002 were as follows:

Securities

(1) Bonds classified as trading

	Millions of Yen			
	2003		2002	
	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	**¥1,825**	**¥1**	¥2,467	¥5

	Thousands of U.S. Dollars	
	2003	
	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year
Bonds classified as trading	**$15,184**	**$15**

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

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

	Millions of Yen									
	2003					2002				
	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	**¥ 161,498**	**¥ 253,527**	**¥ 92,028**	**¥ 96,014**	**¥3,985**	¥ 164,906	¥ 402,056	¥237,150	¥239,868	¥2,718
Bonds:	**1,147,096**	**1,164,034**	**16,938**	**18,044**	**1,106**	1,080,844	1,097,008	16,163	17,157	993
Japanese government bonds	**555,441**	**563,052**	**7,611**	**8,600**	**989**	580,146	588,622	8,476	8,505	28
Japanese local government bonds	**133,019**	**138,392**	**5,372**	**5,373**	**0**	126,735	131,742	5,006	5,166	159
Japanese corporate bonds	**458,635**	**462,590**	**3,954**	**4,070**	**116**	373,962	376,643	2,681	3,485	804
Other	**233,736**	**232,343**	**(1,393)**	**3,005**	**4,398**	178,908	176,385	(2,522)	765	3,288
Total	**¥1,542,331**	**¥1,649,905**	**¥107,573**	**¥117,064**	**¥9,490**	¥1,424,659	¥1,675,450	¥250,791	¥257,791	¥7,000

	Thousands of U.S. Dollars				
	2003				
	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	**$ 1,343,582**	**$ 2,109,209**	**$765,627**	**$798,786**	**$33,158**
Bonds:	**9,543,228**	**9,684,148**	**140,920**	**150,123**	**9,202**
Japanese government bonds	**4,620,974**	**4,684,297**	**63,322**	**71,552**	**8,230**
Japanese local government bonds	**1,106,647**	**1,151,347**	**44,700**	**44,706**	**6**
Japanese corporate bonds	**3,815,606**	**3,848,503**	**32,897**	**33,863**	**965**
Other	**1,944,566**	**1,932,975**	**(11,590)**	**25,003**	**36,594**
Total	**$12,831,377**	**$13,726,334**	**$894,956**	**$973,912**	**$78,956**

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

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

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

	Millions of Yen					
	2003			2002		
	Sales amount	Gains on sale	Losses on sale	Sales amount	Gains on sale	Losses on sale
Available-for-sale securities	**¥213,369**	**¥585**	**¥452**	¥197,725	¥5,215	¥659

	Thousands of U.S. Dollars		
	2003		
	Sales amount	Gains on sale	Losses on sale
Available-for-sale securities	**$1,775,124**	**$4,874**	**$3,763**

(6) Securities with no market value

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
Available-for-sale securities:			
Non-listed bonds	**¥7,625**	¥18,017	**$63,441**
Non-listed stocks (except OTC stocks)	**3,078**	3,075	**25,612**
Other	**¥2,550**	¥ 3,019	**$21,217**

(7) Classification of securities has not been changed.

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

	Millions of Yen							
	2003				2002			
	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:	**¥229,680**	**¥666,011**	**¥178,704**	**¥ 97,263**	¥242,314	¥684,645	¥100,954	¥ 87,111
Japanese government bonds	**95,341**	**261,421**	**109,026**	**97,263**	98,831	342,673	60,005	87,111
Japanese local government bonds	**11,484**	**80,234**	**46,672**		6,417	96,563	28,761	
Japanese corporate bonds	**122,853**	**324,355**	**23,006**		137,065	245,408	12,187	
Other	**5,027**	**91,111**	**25,033**	**92,669**	16,869	58,636	8,765	77,358
Total	**¥234,708**	**¥757,123**	**¥203,738**	**¥189,933**	¥259,183	¥743,282	¥109,720	¥164,470

	Thousands of U.S. Dollars			
	2003			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds:	**$1,910,817**	**$5,540,864**	**$1,486,727**	**$ 809,180**
Japanese government bonds	**793,191**	**2,174,887**	**907,038**	**809,180**
Japanese local government bonds	**95,548**	**667,512**	**388,287**	
Japanese corporate bonds	**1,022,078**	**2,698,465**	**191,401**	
Other	**41,829**	**758,003**	**208,266**	**770,963**
Total	**$1,952,647**	**$6,298,867**	**$1,694,993**	**$1,580,143**

Money Held in Trust

(1) Money held in trust classified as trading

	Millions of Yen			
	2003		2002	
	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	**¥2,969**	**¥(2)**	¥2,998	¥(0)

	Thousands of U.S. Dollars	
	2003	
	Consolidated balance sheet amount	Gains included in profit/loss during this fiscal year
Money held in trust classified as trading	**$24,705**	**$(20)**

(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 valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
Net unrealized gains on investment securities	**¥107,573**	¥250,791	**$894,956**
Available-for-sale securities	**107,573**	250,791	**894,956**
(Deferred tax liabilities)	**(43,772)**	(105,457)	**(364,160)**
Net unrealized gains (losses) on valuation (before adjustment)	**63,801**	145,333	**530,796**
(Minority interests)	**(15)**	(68)	**(127)**
Net unrealized gains/losses on valuation	**¥ 63,786**	¥145,264	**$530,668**

26. MARKET VALUE INFORMATION ON DERIVATIVE TRANSACTIONS:

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, 2003 and 2002 was ¥3,997 million ($33,255 thousand) and ¥2,418 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.

Derivative transactions which qualify for hedge-accounting for the year ended March 31, 2003, are excluded from disclosure as market value information.

Fair value of derivative financial instruments as of March 31, 2002 was as follows:

(1) Interest-rate-related transactions

	Millions of Yen		
	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	¥400		
Bought	¥400		

Notes: 1. The above transactions are valued at market and the related gains (losses) are accounted for in the consolidated statements 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 exchanges 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 related 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 was as follows:

	Millions of Yen		
	2002		
	Contractual value	Fair value	Unrealized gains (losses)
Currency-swap	¥33,312	¥(256)	¥(256)

Contractual values of revalued currency-related derivatives as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
	Contractual value		Contractual value
Over-the-counter:			
Forward exchange contracts:			
Sold	**¥14,431**	¥ 9,842	**$120,060**
Bought	**8,351**	103,405	**69,476**
Currency options:			
Sold	**¥ 395**	¥ 798	**$ 3,293**
Bought	**395**	798	**3,293**

(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. NET INCOME PER SHARE:

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the year ended March 31, 2003 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common stockholders	¥3,611	331,688	¥10.88	$0.090
Effect of dilutive securities				
Bonds with warrants	338	47,393		
Diluted EPS				
Net income for computation	¥3,950	379,082	¥10.41	$0.086

Note: The above figures for the year ended March 31, 2002 calculated on the same standard as that of the year ended March 31, 2003 are not available.
Basic EPS and Diluted EPS calculated using the previous method were ¥12.69 and ¥11.99, respectively, for the year ended March 31, 2002.

28. SUBSEQUENT EVENTS:

a. Transfer of the pension obligations and related assets

According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Bank applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Bank obtained an approval of exemption from future obligation by the Ministry of Health, Labor and Welfare on June 20, 2003.

As a result of this exemption, the Bank estimates a gain on exemption from future pension obligation of the governmental program in the amount of approximately ¥7,700 million ($64,059 thousand) in accordance with a transitional measurement of the accounting standard for employees' retirement benefits. Such substitutional portion of the plan assets will actually be transferred to the government in the fiscal year ending March 31, 2004 and will be recorded by the finalized amount in that period.

b. At the general stockholders' meeting held on June 27, 2003, the stockholders approved the following:

(i) The Bank is authorized to repurchase up to 10 million shares of the Bank's common stock (aggregate amount of ¥6,000 million ($49,916 thousand)) as treasury stock until the next stockholders' meeting.

(ii) Appropriations of retained earnings as of March 31, 2003

	Millions of Yen	Thousands of U.S. Dollars
Appropriations:		
Year-end cash dividends (¥2.50 ($0.020) per share)	¥828	$6,895
Bonuses to directors and corporate auditors	40	332

29. SEGMENT INFORMATION:

Information about industry segments of the Bank and subsidiaries for the year ended March 31, 2003 is as follows:

a. Operating income

	Millions of Yen				
	Banking	Other	Total	Eliminations/ Corporate	Consolidated
Operating Income:					
Outside customers	¥88,762	¥ 8,363	¥ 97,126		¥97,126
Intersegment income	317	2,796	3,113	¥(3,113)	
Total	89,079	11,159	100,239	(3,113)	¥97,126
Operating expenses	81,568	10,899	92,467	(3,074)	89,393
Net income for computation	¥ 7,511	¥ 260	¥ 7,771	¥ (38)	¥ 7,733

b. Total assets, depreciation and capital expenditures

	Millions of Yen				
	Banking	Other	Total	Eliminations/ Corporate	Consolidated
Total assets	¥4,589,565	¥34,271	¥4,623,938	¥(25,601)	¥4,598,235
Depreciation	3,777	4,451	8,229		8,229
Capital expenditures	4,240	5,604	9,844		9,844

a. Operating income

	Thousands of U.S. Dollars				
	Banking	Other	Total	Eliminations/ Corporate	Consolidated
Operating Income:					
Outside customers	$738,457	$69,579	$808,037		$808,037
Intersegment income	2,637	23,264	25,902	$(25,902)	
Total	741,095	92,844	833,939	(25,902)	808,037
Operating expenses	678,602	90,679	769,282	(25,580)	743,702
Net income for computation	$ 62,492	$ 2,164	$ 64,657	$ (322)	$ 64,335

b. Total assets, depreciation and capital expenditures

	Thousands of U.S. Dollars				
	Banking	Other	Total	Eliminations/ Corporate	Consolidated
Total assets	$38,182,743	$285,117	$38,467,861	$(212,992)	$38,254,868
Depreciation	31,428	37,037	68,465		68,465
Capital expenditures	35,278	46,624	81,903		81,903

Notes: 1. "Other" includes business in leasing and other banking related activities such as credit guarantee, venture capital and other.
2. Prior to the current fiscal year, the above disclosure of information about industry segments was not required under the related regulations.

The Group does not operate outside Japan. Accordingly, information about geographic segments and operating income arising from international operations is 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 audited the accompanying consolidated balance sheets of The Bank of Kyoto, Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Bank of Kyoto, Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

As discussed in Note 28 to the consolidated financial statements, under the Defined Benefit Pension Plan Law, the Bank obtained an approval of exemption from future pension obligation related to the substitutional portion of the governmental pension program currently managed by the Bank on behalf of the government and to be transferred to the government during the year ending March 31, 2004, by the Ministry of the Health, Labor and Welfare on June 20, 2003.

Our audits 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, 2003

Non-Consolidated Five-Year Summary

Years Ended March 31, 2003, 2002, 2001, 2000 and 1999

	Millions of Yen					Thousands of U.S. Dollars
	2003	2002	2001	2000	1999	**2003**
For the Year						
Total Income	**¥ 89,277**	¥ 100,248	¥ 110,476	¥ 114,925	¥ 130,152	**$ 742,738**
Interest on Loans and Discounts	**54,164**	57,194	61,066	64,076	67,941	**450,621**
Interest and Dividends on Securities	**19,501**	20,997	22,151	28,518	31,466	**162,241**
Fees and Commissions	**10,685**	10,014	9,498	9,090	8,743	**88,896**
Total Expenses	**81,729**	94,273	103,250	106,304	154,462	**679,944**
Interest on Deposits	**4,775**	7,706	13,735	12,458	18,287	**39,726**
Interest on Borrowings and Rediscounts	**1,874**	1,186	935	993	3,105	**15,590**
Fees and Commissions	**4,679**	4,244	4,096	3,998	3,761	**38,930**
General and Administrative Expenses	**46,804**	48,827	48,895	49,790	51,067	**389,390**
Income (Loss) before Income Taxes	**7,547**	5,975	7,226	8,621	(24,309)	**62,794**
Net Income (Loss)	**3,715**	4,085	4,621	5,494	(15,168)	**30,914**
Cash Dividends	**1,658**	1,990	1,659	1,824	1,659	**13,799**
At Year-End						
Total Assets	**¥4,589,565**	¥4,671,283	¥4,561,366	¥4,078,898	¥4,002,732	**$38,182,743**
Cash and Due from Banks	**108,838**	68,681	77,148	62,752	85,476	**905,480**
Call Loans and Bills Bought	**114,023**	191,917	140,370	134,543	200,789	**948,611**
Investment Securities	**1,661,771**	1,698,251	1,630,427	1,124,950	865,164	**13,825,049**
Loans and Bills Discounted	**2,667,720**	2,688,236	2,692,966	2,683,549	2,730,128	**22,194,014**
Total Liabilities	**4,364,771**	4,366,943	4,231,122	3,925,638	3,853,143	**36,312,571**
Deposits	**4,160,640**	4,111,313	3,965,561	3,780,552	3,669,365	**34,614,314**
Call Money	**21,828**	24,558	13,654	1,418	19,462	**181,602**
Borrowed Money	**30,022**	30,040	36,064	30,069	30,078	**249,770**
Total Stockholders' Equity	**224,794**	304,339	330,244	153,259	149,589	**1,870,171**
Common Stock	**27,100**	27,100	27,100	27,100	27,100	**225,457**

	Yen					U.S. Dollars
Per Share						
Net Assets	**¥677.89**	¥917.31	¥995.24	¥461.87	¥450.81	**$5.639**
Net Income (Loss)	**11.08**	12.31	13.92	16.55	(45.71)	**0.092**
Cash Dividends Applicable to the Year	**5.00**	6.00	5.00	5.50	5.00	**0.041**

	Millions of U.S. Dollars				
Other Data					
Foreign Exchange Transactions	**$3,163**	$3,622	$4,810	$4,177	$9,229
Foreign Currency Assets	**2,369**	1,098	1,416	1,271	1,121
Number of Offices	**123**	121	118	116	116
Number of Employees	**2,660**	2,702	2,776	2,862	2,841

Notes:
1. Japanese 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 Japanese yen at the rate of ¥120.20 to U.S.$1.00 on March 31, 2003, the final business day of the term.
3. "Net Income Per Share" for the year ended March 31, 2003 is computed in accordance with a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan. The figure calculated using the previous method is ¥11.20.
4. "Number of Offices" includes sub-branch offices.

The Bank of Kyoto, Ltd.

Non-Consolidated Balance Sheets

As of March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Assets			
Cash and Due from Banks	**¥ 108,838**	¥ 68,681	**$ 905,480**
Call Loans and Bills Bought	**114,023**	191,917	**948,611**
Receivables under Resale Agreements	**1,049**	1,219	**8,735**
Commercial Paper and Other Debt Purchased	**1,016**	788	**8,460**
Trading Securities	**1,825**	2,467	**15,184**
Money Held in Trust	**2,969**	2,998	**24,705**
Investment Securities	**1,661,771**	1,698,251	**13,825,049**
Loans and Bills Discounted	**2,667,720**	2,688,236	**22,194,014**
Foreign Exchanges	**3,143**	1,945	**26,156**
Other Assets	**17,744**	16,733	**147,623**
Premises and Equipment, Net	**54,992**	55,233	**457,508**
Deferred Tax Assets	**1,879**		**15,638**
Customers' Liabilities for Acceptances and Guarantees	**32,550**	34,943	**270,799**
Reserve for Possible Loan Losses	**(79,960)**	(92,133)	**(665,225)**
Total Assets	**¥4,589,565**	¥4,671,283	**$38,182,743**
Liabilities and Stockholders' Equity			
Liabilities			
Deposits	**¥4,160,640**	¥4,111,313	**$34,614,314**
Call Money	**21,828**	24,558	**181,602**
Payables under Repurchase Agreements	**1,049**	1,219	**8,735**
Payables under Securities Lending Transactions	**49,290**		**410,067**
Borrowed Money	**30,022**	30,040	**249,770**
Foreign Exchanges	**70**	37	**584**
Bonds with Warrants	**30,000**	30,000	**249,584**
Other Liabilities	**18,480**	56,676	**153,747**
Reserve for Employees' Retirement Benefits	**19,695**	19,324	**163,857**
Reserve for Possible Losses on Collateralized Real Estate Loans Sold	**808**	2,461	**6,729**
Deferred Tax Liabilities		55,722	
Deferred Tax Liabilities for Land Revaluation	**334**	645	**2,779**
Acceptances and Guarantees	**32,550**	34,943	**270,799**
Total Liabilities	**4,364,771**	4,366,943	**36,312,571**
Stockholders' Equity			
Common Stock	**27,100**	27,100	**225,457**
Capital Surplus	**15,342**	15,342	**127,642**
Retained Earnings	**118,204**	98,318	**983,400**
Legal Reserve		17,456	
Land Revaluation Surplus	**487**	888	**4,051**
Net Unrealized Gains on Investment Securities, Net of Taxes	**63,784**	145,258	**530,655**
Treasury Stock – at Cost	**(124)**	(24)	**(1,036)**
Total Stockholders' Equity	**224,794**	304,339	**1,870,171**
Total Liabilities and Stockholders' Equity	**¥4,589,565**	¥4,671,283	**$38,182,743**

Notes: 1. Japanese 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 Japanese yen at the rate of ¥120.20 to U.S.$1.00 on March 31, 2003, the final business day of the term.

The Bank of Kyoto, Ltd.

Non-Consolidated Statements of Income

Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Income			
Interest Income:			
Interest on Loans and Discounts	**¥54,164**	¥ 57,194	**$450,621**
Interest and Dividends on Securities	**19,501**	20,997	**162,241**
Other Interest Income	**2,158**	3,557	**17,955**
Fees and Commissions	**10,685**	10,014	**88,896**
Other Operating Income	**1,235**	2,168	**10,280**
Other Income	**1,531**	6,317	**12,744**
Total Income	**89,277**	100,248	**742,738**
Expenses			
Interest Expenses:			
Interest on Deposits	**4,775**	7,706	**39,726**
Interest on Borrowings and Rediscounts	**1,874**	1,186	**15,590**
Other Interest Expenses	**1,379**	3,689	**11,473**
Fees and Commissions	**4,679**	4,244	**38,930**
Other Operating Expenses	**2,008**	3,894	**16,706**
General and Administrative Expenses	**46,804**	48,827	**389,390**
Other Expenses	**20,208**	24,724	**168,125**
Total Expenses	**81,729**	94,273	**679,944**
Income before Income Taxes	**7,547**	5,975	**62,794**
Income Taxes:			
Current	**90**	3,066	**754**
Deferred	**3,741**	(1,176)	**31,125**
Net Income	**¥ 3,715**	¥ 4,085	**$ 30,914**
	Yen		U.S. Dollars
Per Share:			
Basic EPS	**¥11.08**	¥12.31	**$0.092**
Diluted EPS	**10.58**	11.66	**0.088**
Cash Dividends Applicable to the Year	**5.00**	6.00	**0.041**

Notes: 1. Japanese 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 Japanese yen at the rate of ¥120.20 to U.S.$1.00 on March 31, 2003, the final business day of the term.
3. Basic EPS and Diluted EPS for the year ended March 31, 2003 are computed in accordance with a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan. Those figures calculated using the previous method are ¥11.20 and ¥10.69, respectively.

The Bank of Kyoto, Ltd.

Non-Consolidated Statements of Retained Earnings

Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Balance at Beginning of Year	**¥ 98,318**	¥96,473	**$817,955**
Reversal of Land Revaluation Surplus	**413**		**3,436**
Appropriations:			
Transfer to Legal Reserve		200	
Cash Dividends	**1,658**	1,990	**13,799**
Bonuses to Directors and Corporate Auditors	**40**	50	**332**
Total Appropriations	**1,698**	2,240	**14,132**
Net Income	**3,715**	4,085	**30,914**
Balance at End of Year	**¥100,748**	¥98,318	**$838,173**

Notes: 1. Japanese 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 Japanese yen at the rate of ¥120.20 to U.S.$1.00 on March 31, 2003, the final business day of the term.

The Bank's Organization

As of July 1, 2003

- 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
- Operations Auditing Division
- Tokyo Liaison Office

- Head Office Business Department
- Domestic Branches and Sub-branches (122 Offices)

Board of Directors and Corporate Auditors

As of June 27, 2003

President
Yasuo Kashihara

Deputy President
Yasuhiko Kumata

Senior Managing Directors
Hiroaki Ikeda
Yukitoshi Yasumura

Managing Directors
Yoshiki Kizaki
Hideo Takasaki
Yuji Shimiya
Masanori Murase
Masahiro Morise

Directors
Shigeo Ohi
Junichi Katsuta
Tsutomu Tsutsumi
Issei Daido

Corporate Auditors
Akio Kimura (Standing)
Tadanao Kiuchi (Standing)
Kaneyoshi Jinde
Kyozo Hayashi

Corporate Data

As of March 31, 2003

Date of Establishment
October 1, 1941

Number of Employees
2,660

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)

Nippon Life Insurance Company	16,589	(4.99%)
Mizuho Corporate Bank, Ltd.	16,400	(4.94%)
Gunze Ltd.	10,458	(3.15%)
The Bank of Kyoto Employees' Shareholding Association	9,284	(2.79%)
Sompo Japan Insurance Inc.	8,912	(2.68%)
J.P. Morgan Trust Bank Ltd. (non-taxable account)	8,733	(2.63%)
Kyocera Corporation	7,980	(2.40%)
The Master Trust Bank of Japan, Ltd. (trust account)	7,785	(2.34%)
The Tokio Marine & Fire Insurance Co., Ltd.	7,743	(2.33%)
Meiji Life Insurance Company	7,664	(2.30%)

R&I* Rating
A+

* Rating and Investment Information, Inc.

International Service Network

Head Office

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People's Republic of China
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Fax: +852-2521-8538

Consolidated Subsidiaries

Name	Establishment	Capital	Line of business
Karasuma Shoji Co., Ltd.	October 1958	¥ 10 million	Managing real estate services for the Bank of Kyoto
Kyogin Business Service Co., Ltd.	July 1983	10	Centralized processing of clerical operations for the Bank
Kyoto Guaranty Service Co., Ltd.	October 1979	30	Credit guarantee services
Kyogin Lease & Capital Co., Ltd.	June 1985	100	Leasing, investment, and financial services
Kyoto Credit Service Co., Ltd.	November 1982	50	Credit card services
Kyogin Card Service Co., Ltd.	September 1989	50	Credit card services
Kyoto Research Institute, Inc.	April 1987	30	Research and business consulting services

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Bank of Kyoto

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