

Message from the President

(Economic and Financial Concerns)

Looking back on this fiscal year ended March 31, 2001, exports and production activities increased during the first half of the fiscal year due to good showings of the U.S. economy and global expansion of IT demand. In the corporate sector, growth in earnings and capital investment accelerated. In the individual sector, although there were improvements in income and in employment, the consumption trend still remained low; however it was better than expected. With respect to these circumstances, autonomous recovery progressed moderately.

Slowdown in the U.S. economy began in the second half of the fiscal year, and has influenced exports and production activities in the Japanese economy. Moreover, recovery of the Japanese economy was slowed by global declining trends of stock prices.

In response to the condition of the Japanese economy, Bank of Japan shored up the economy by reviving the zero-interest-rate policy which had been lifted in August, 2000, by lowering the official discount rate twice early in 2001 and by increasing the money supply late in March, 2001.

(Chukyo Bank's Achievements)

[Loans and bills discounted]

Under the above circumstances, although housing loans and loans guaranteed by the Credit Guarantee Corporation increased, cash demand remained low. Loans and bills discounted fell 32.3 billion yen compared to the previous year to 1,185 billion yen.

[Securities]

As a result of maneuverable investment to government bonds mainly, securities fell 42.3 billion yen compared to the previous year to 207 billion yen.

[Deposits]

Individual deposits increased but because time deposits issued in amount of ten million or more were limited, overall deposits fell 19 billion yen compared to the previous year to 1,421.4 billion yen.

September 2001

Haruhiko Inoue , President



A handwritten signature in cursive script that reads "H. Inoue". The signature is written in dark ink on a white background.

[Income analysis]

Total income fell 598 million yen compared to the previous year to 44,307 million yen. This was caused by lower interest received as a result of a decline in the yield rate of loaned money and securities, even though the Bank made efforts to make efficient application of funds and reinforce its commission agreement. On the other hand, financial measures such as a decline in the yield rate of deposits and reduction of the work force were implemented. As a result of the sufficient enforcement of repayment and allowance following the Financial Inspection Manual, written by the Financial Services Agency, a Japanese government created agency, total expenses still rose 563 million yen compared to the previous year to 43,039 million yen. Consequently, income before income taxes and minority interests fell 1,160 million yen compared to the previous year to 1,268 million yen, and net income for this term fell 520 million yen compared to the previous year to 677 million yen.

Consolidated capital adequacy ratio (domestic basis) as of the end of the fiscal year is 8.42%, as a result of efforts to make total liabilities and net worth work efficiently.

The Bank thinks that good and warm relationships with customers in the community are important, as it is a people's bank that originated in "a mutual financing association." In its 12th Long - Term Management Plan, which started in April 2001, the Bank aimed to be recognized as "a special financial institutions, gearing toward a trusted bank of choice for customers". This is its theme as a specialized financial institution for individuals and smaller businesses.

With the "Japanese Big Bang", the environment of financial institutions has been changing dramatically. The bank deals with the main business of a bank, in addition to that its subsidiaries deal with the financing business such as lease business, credit card business and so on, and the whole group has established a system to meet its customers' needs. In addition by clarifying the roles and placements of each company in the group, the whole group is striving for efficient management. As Chukyo-bank group it continuously strives to reinforce the earning power of the whole group by making the best use of management resources.

(Topics of Interest)

Taking a look at the environment surrounding financial institutions, competition beyond business categories has increased. Furthermore, reorganization within the financial industry, which is typified by integration of major banks, has influenced many fields, provided new financial services and has made non-bank businesses enter the banking sector. At the same time, financial institutions have been expected to maintain asset quality, manage risks, and ensure transparency of the management.

Within this managerial environment, the Bank has started “Long-Term Management Plan 12th” (Chukyo Innovation Plan 21) as a framework to create the new era from the fiscal year starting April 1, 2001. In this plan, the Bank aims to become “a special financial institution, gearing toward a trusted bank of choice for customers, specialized for individuals and smaller businesses”. This plan is based on two concepts; “To get every idea from Customers. (Primacy of Customers)” and “To make the best use of limited management resources. (Choice and Centralization)”. The Bank is implementing these concepts steadily, aiming to become a trusted bank of choice for customers and striving hard to achieve good business results.

