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Profile

Chukyo Bank, Ltd. (the “Bank”), founded in 1943, is a leading regional bank headquartered in Nagoya, Japan’s fourth most prominent city following Tokyo, Osaka and Yokohama. Offering regional and comprehensive financial services, the Bank bases its operations primarily in the three neighboring prefectures of Aichi, Mie, and Nara.

Aichi, Gifu and Mie prefectures are called the Three Tokai Prefectures. These prefectures are centrally located in Japan, have rich nature and surroundings, and had a population of 10,932 thousand, representing 8.6% of the total population of Japan as of March 2002. Manufacturing industries in the Three Tokai Prefectures are thriving, and the volume of goods manufactured and shipped in these prefectures comprises 16.5% of all goods manufactured and shipped in Japan. The Aichi prefecture, where the Bank’s headquarters is located, boasts automobile industries and has been ranked at the top of all prefectures in the shipment of goods manufactured for 26 consecutive years. Approximately 9% of GDP in Japan is produced in the Three Tokai Prefectures. This region is the focus of rising expectations, as industry and economy are actively gearing up for the 21st century as major projects, including Aichi 2005 World Exposition and the construction of the New Chubu International Airport, which will be completed in 2005, are underway.

The Bank has played an active role in supporting regional developmental and promotional projects, and is enthusiastically working to make even greater contributions to the development of the region.

As of the end of March 2003, the Bank was comprised of a network of 98 domestic branches, including Tokyo and Osaka, and had agency agreements with 176 correspondent banks comprised of 586 branches, which covered 220 cities among 63 countries. Through its extensive network, the Bank is able to provide accurate and valuable financial services to its customers.

Message from the President

(Economic and Financial Concerns)

Looking back on the Japanese economy during the 2002 fiscal year, Japanese companies seemed gradually to increase exports and manufacturing in the first half of the fiscal year according to the U.S. economy's recovery from the temporary slow down due to the terrorist attack. As a result, the expectation of recovery of the Japanese economy spread through Japanese companies,

especially for manufacturing companies. However, the ripple effect of the economic recovery was limited due to the continuing demand gap, a little growth in income and decline of employment. In the second half of the fiscal year, while exports peaked, the government created an action plan for acceleration of non-performing loan disposal, the stock market declined, and the trend of recovery in Japan appeared to change.

Regarding the monetary conditions during the fiscal year, the Bank of Japan conducted further quantitative monetary easing policies as well as the zero-interest policy against the deflation. As a result, open market rate has stayed low throughout the year.

(The Bank's financial results)

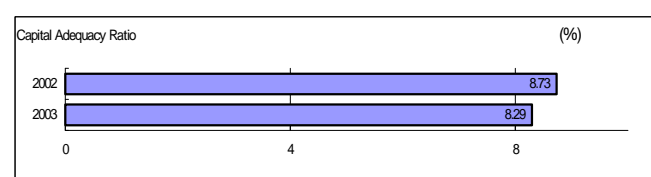
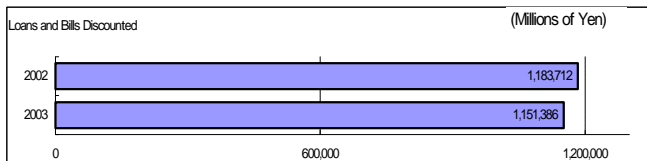
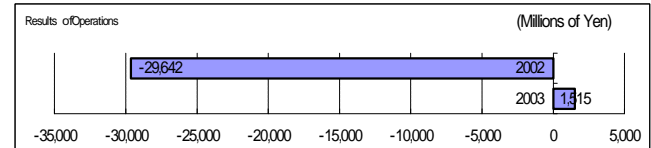
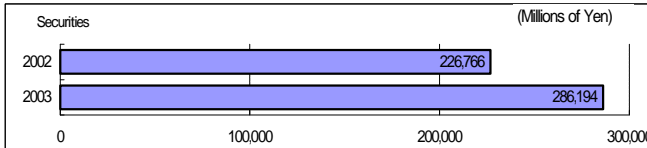
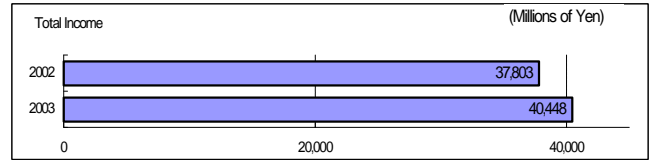
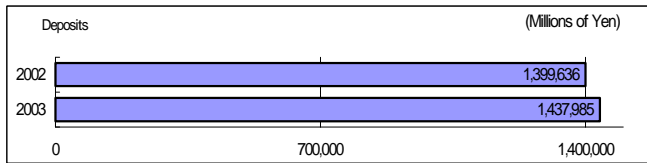
Under the above conditions, the Bank implemented several reforms such as 1) flattening the headquarters structure, 2) reform operational structure, 3) implementation of a new human resource system, 4) enhancing the risk management system, in order to improve profitability and to strengthen the administrative system based on the 12th Long-Term Management Plan ("Chukyo innovation plan 21"). As a result, the balance of deposits increased to 1,437.9 billion yen by 38.3 billion yen compared to the prior year due to active sales promotion as well as recovery of credibility from customers. On the other hand, loans decreased to 1,151.3 billion yen by 32.3 billion yen compared to the prior year due to continuing low demands on business funds under the severe economic environment and acceleration of off-balancing activity of non-performing loans. The balance of securities at March 31, 2003 increased to 286.1 billion yen by 59.4 billion yen compared to the prior year due to flexible investments mainly in national bonds and corporate bonds. Ordinary profit and net income for the year ended March31, 2003 were 2.9 billion yen and 1.5 billion yen, respectively, as the Bank made efforts to increase income by making efficient application of funds and by reducing expenses. The Bank recovered from the prior year net loss and recorded net income for the 2002 fiscal year.

The consolidated capital adequacy ratio (domestic basis) at March 31,2003, was 8.29%, indicating that the Bank maintains an appropriate ratio level for domestic banking operations.

September 2003

Kenji Sueyasu , President





(Strengthen of ties with UFJ Bank)

The Bank joined the UFJ Bank group and became an affiliated bank which was accounted for by the equity method, as a result of new shares issuance to UFJ Bank in March 2002. Taking this opportunity, the Bank attempted to restructure business infrastructure and construct a strategic cooperative relationship with UFJ Bank, with a view to an early realization of the synergistic effects.

Until now, the bank has taken measures such as 1) joint opening ATM with UFJ Bank, 2) obtaining UFJ Bank Suzuka branch, 3) holding joint seminars with UFJ Trust Bank, 4) outsourcing of ATM monitoring, and 5) transfer of system administration department to UFJ Bank Shikatsu building. The Bank will steadily establish a strategic cooperative relationship with UFJ Bank, which enhances convenience of customers and improves its services.

(Services)

The Bank strived to provide higher quality services for customers. Banking service via Internet and cell phone has been available for customers 24 hours a day since June 2002. The Bank helped local companies to introduce IT by offering information related with finance at Internet business portal site "Chukyo J-MOTTO". In addition, the Bank made efforts to develop the new services and has started a point service "Plus One", from which retail customers enjoy several awards depending on their transactions. Furthermore, following the introduction of over-the-counter sales of fire insurance in April 2001, the Bank has started to sell individual pension insurance over the counter since October 2002 and to solicit for national pension insurance on commission at all branches according to the new business generated by deregulations.

(Branch networks)

The Bank has continued to review its operation areas and to increase the efficiency of the sales branch networks by the implementation of “Choice and Concentration” concept which the Bank set up under the new “12th Long-Term Management Plan”. The Bank converted Yatomidori branch office into Aratamabashi sub-branch office in September 2002, converting 6 branch offices into sub-branch offices. The Bank also installed a new off-office ATM facility and closed 25 off-office ATM facilities based upon usage review considering the joint opening of ATM machines with UFJ Bank. As a result, the Bank has 98 branch offices and 81 off-office ATM facilities at the fiscal year end.

(Topics of interest)

The Bank marked its 60th anniversary of the establishment at February 10, 2003. Thanks to customers and shareholders, 60 years have passed since Hakko Mujin Kabushikigaisha, which was a predecessor of the Bank, was established in Tsu, Mie prefecture in 1943.

In view of the environment surrounding financial institutions, there are still a number of problems including possible loan losses and stagnant stock market under the severe economic conditions which has not recovered from a deflationary spiral. The Bank has responded to such business environments on a timely manner and made every effort to provide advanced and more fine-tuned financial products and services as a member of UFJ Group. Hereafter, all directors and employees of the Bank will revisit to the spirit of the establishment with this 60th anniversary as a turning point and strive to improve profitability and strengthen the financial position so that we will achieve concept of “New Regional Bank” which the Bank established under the “12th Long-Term Management Plan ”.

Management Policy of the Bank

(Risk Management)

The risks of financial institutions rapidly expanded and diversified with the globalization of financial markets, computerized systems by growth of information technology and innovation of financial instruments, such as the rise of derivative financial instruments. Since Japan's Big Bang liberalized financial markets and severe competition among financial institution, it is difficult to gain profit only by minimizing risk. Under these circumstances, the Bank believes it is necessary to establish an appropriate risk management system based on the responsibilities of individuals, and seeks to manage various risks by keeping its management sound and earning profits. In April 2002, a general risk management group was established in the General Planning and Administration Department to manage total risks of the Bank. The Bank also created a "Total Risk Management Committee" constituting of the management and managers of each risk management department designed to strengthen the total risk management system. This committee was developed to ensure comprehensive control over the operating risks facing the Bank.

(Credit Risk Management System)

Credit Risk Assessment

To assess the credit risk of borrowers, the Bank has established a credit rating system under which borrowers are classified into several categories. To manage credit risk strictly, the Section of credit risk assessment is independent of the Business Promotion Section. The Bank loans to various local companies and individuals rather than to specific customers or companies of a specific type of business to decentralize credit risks. Additionally, the Bank implemented a credit rating system and achieved advanced credit risk management in February 2003.

Assets Management

The Bank established the Asset Assessment Office, which carries out fair and strict self-assessments of assets every six months based on the prescribed procedures. The Inspection Department, which is independent of the Examination Section, examines the results of the self-assessment. In addition, the Bank appropriately depreciates and provides for possible losses in order to maintain the soundness of assets.

(Market Risk Management System)

Market Risk Management

The effect of the fluctuation of the market to the Bank's profitability is rapidly increasing due to the liberalization of finance, diversification of financial instruments and introduction of fair value accounting. In such environment, the Bank is advancing its market risk management to maintain stable profits. The Bank entered into a risk advisory agreement with UFJ Bank and developed the market risk management system using "VaR" (Value at risk). The Bank also revised the risk management approach and the relevant rules to achieve more precise measurement of market risk and advance an effective risk management system.

Asset Liability Management System

The Bank holds “ALM committee” which consists of management and the relevant Department managers, and “ALM meeting” which is comprised of staff in charge of ALM on a timely basis. The Bank understands and analyzes information such as interest rate outlook, gap between funding and investing, BPV (Basis Point Value), VaR from various angles in the meetings. As stated above, the Bank controls market risk and liquidity risk as well as the Bank manages an appropriate balance between assets and liabilities to ensure profitability.

(Administration Risk Management System)

The Bank is implementing documents, manuals, office equipment and systems based on the relevant rubrics and procedures to promote the accurate administration. In addition, The Systems and Operations Department holds training programs and instructions in the branch office. The Inspection Department holds annual and extra examinations and each branch office holds monthly examinations. As a result, the quality of administration is improved, and fraud and errors are prevented.

(System Risk Management System)

The operation of the Bank is increasingly dependent upon this system due to the progress of recent information technology. Thus correspondence to system risk is a critical matter for the Bank. The Bank is always prepared to prevent disorders, such as unusual stoppage of computers. In addition, the Bank can execute a “contingency plan”, which prepares it in the case of an emergency. As a result, the Bank is able to maintain its operations even in unanticipated situations.

(Establishment of Compliance System)

The Bank ranks legal compliance as one of the most important management tasks including the development and communication of the compliance system to the directors and employees. The Bank completely revised the code “Chukyo Bank Code of Conduct for Directors and Employees” and established “Compliance Manual for Banking Business”, which was an easy guide on compliance with laws and ordinances, and distributed to all directors and employees. As stated above, the Bank heightened awareness of the directors and employees to comply with laws and ordinances without exception. The Bank also updates the Compliance program as a practical plan on every semi-annual basis and assesses the progress every three months. In addition, the Bank actively undertakes training on compliance on each office, each executive, each senior manager, each class of responsibility, and each practice group basis. Thus, the Bank maintains compliance strict with appropriate laws and regulations.

(Maintenance of asset quality)

The Bank is maintaining asset quality by providing sufficient allowance for doubtful loans and preventing doubtful loans from becoming uncorrectable through the strict self-assessment.

< The Bank (non-consolidated) >

Table Asset Assessment and Reserve Based on Financial Revitalization Law
< based on non-consolidated financial statements > (Millions of Yen)

	March 31, 2002	March 31, 2003
Legal or virtual bankruptcy loans	41,285	28,550
Possible bankruptcy loans	34,127	39,501
Caution loans	11,506	15,121
Total loans other than normal loans (A)	86,917	83,172
Normal loans	1,127,224	1,093,307
Credit limit (B)	1,214,141	1,176,479
Total loans other than normal loans / Credit limit (A) / (B)	7.16%	7.07%
Reserved loans (C)	77,526	70,313
Reserve for possible loan losses	35,005	24,703
Secured or guaranteed	42,521	42,610
Reserved ratio (Reserved loans / Total loans other than normal loans, (C) / (A))	89.19%	84.54%

Table Risk Management Loans based on Accounting Standards for Banks in Japan
< based on non-consolidated financial statements > (Millions of Yen)

	March 31,2002	March 31,2003
Claims in bankruptcy	23,522	13,463
Non-accrual loans past due six months or more	50,944	53,681
Accruing loans past due three months or more	722	287
Restructured loans	10,783	14,833
Total of Risk Management Loans(A)	85,972	82,265
Balance of Loans and Bills Discounted(B)	1,182,058	1,149,678
Ratio of Risk Management Loans(A) to (B)	7.27%	7.15%

Table Risk Management Loans based on Accounting Standards for Banks in Japan
< based on consolidated financial statements > (Millions of Yen)

	March 31,2002	March 31,2003
Claims in bankruptcy	23,525	13,465
Non-accrual loans past due six months or more	50,971	53,707
Accruing loans past due three months or more	722	287
Restructured loans	10,783	14,833
Total of Risk Management Loans(A)	86,002	82,293
Balance of Loans and Bills Discounted(B)	1,183,711	1,151,386
Ratio of Risk Management Loans(A) to (B)	7.26%	7.14%

(Reformation of Management and System)**(Strengthening of profitability)**

The Bank established “Sales Development Team” at the headquarters where the team has sought new customers on a full time basis in order to increase loans since October 2002. The Bank intends to acquire new customers with problem-solving sales techniques provided by highly skilled staffs.

The Bank has developed an “Asset Management Team” in the Department of sales control to strengthen sales power of investment trust and insurance beginning in October 2002. Professional team in the headquarters negotiates with the customers together with branch offices and makes efforts to enhance its services and to improve efficiency of operations.

The Bank intends to reduce the cost by reviewing overall procurement procedures and network of branch offices.

Main management efficiency index

<based on non-consolidated financial statements>

	March				
	99	2000	2001	2002	2003
Operating expenses(Millions of yen)	24,080	23,886	22,913	21,732	20,718
Operating expenses ratio(%)	1.72	1.72	1.66	1.58	1.51
Operating expenses/ Operation income(%)	80.2	79.1	73.7	81.1	66.1
Number of branches	100	99	100	98	98
Number of employees	1,820	1,713	1,646	1,548	1,403

*Operating expenses ratio equals operating divided by annual average balance of deposits and is one of the indexes to show the Bank's operating efficiency.

(Strengthening of sales power)

The Bank has started to reform sales organization aiming at efficiently using management resource since October 2002. The Bank reorganized the sales organization by relocating staff based on their skills and characters by customer classes in pursuit of marketing effectiveness and efficiency. In addition, the Bank actively develops “Customer staff”, part-time sales staff, as a core member of sales staff to individual customers.

(Strengthening of infrastructure)

The Bank has implemented a credit rating system as a part of advancement of the credit risk management since February 2003. The Bank has also implemented the spread banking system as a part of advancement of revenue control system since April 2003. Management believes that strengthening infrastructure should clarify the responsibilities of the headquarters and branches for revenue, and enables the Bank's management to focus on the revenue because the Bank can analyze each branches' revenue in detail.

Topics

Personal pension insurance

The Bank has started to handle personal pension insurance. The Bank is offering different personal pension insurances to meet various customer needs from October 2002. The insurances include a variable annuity insurance with death grant and pension resource assured and a saving-type annuity accident insurance with fixed annuity rate.

Chukyo point service “Plus One”

The Bank has started Chukyo point service “Plus One” from which individuals enjoy awards depending on their use since December 2002. This service is to convert transactions of the customer into points and to offer awards depending on their use. The Bank has started this service as a part of gratitude for customers and improvement in its services on 60th anniversary of the Bank’s establishment.

“TKC Management Loan”

The Bank has started to handle “TKC Management Loan” tied up with “TKC Chubukai” aiming at acquiring new excellent customers since April 2002. TKC Chubukai is one of the regional organizations which are formed under “TKC Zenkokukai”, which is based upon a network between certified tax accountants and certified public accountants. The Bank expects that the business relationship will expand business with new excellent customers in Aichi and Mie Prefecture. This is a financial product for companies only where the certified tax accounts and certified public accountants provide their services.

Establishment of shareholders special benefit plan

The Bank established the shareholders special benefit plan which allows the beneficial shareholders and shareholders as of March 31, 2003 to deposit time deposit or foreign currency time deposit at a preferential interest rate as a part of 60th anniversary of the establishment project.

The method of the shareholders special benefit plan

The Bank presents complimentary tickets based on the number of shares held by a shareholder. The holders of the tickets can deposit the following term deposit or foreign currency deposit at a preferential interest rate (at over-the-counter rate plus 0.3%) per ticket.

The standard of present

Holding number of shares	Number of complimentary tickets
1,000 to below 5,000 shares	1 ticket
5,000 shares ~	2 tickets

Available type of deposits and amount

Type of deposits	Amount
Time deposit (term of one year)	100 thousand yen to 2,000 thousand yen
Foreign currency time deposit (within one year)	1,000 U.S. Dollar (or Euro) to 15,000 U.S. Dollar (or Euro)

Available period

From July 1, 2003 to June 30, 2004.

THE CHUKYO BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2003 AND 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
ASSETS:			
Cash and due from banks (Note 3)	¥ 85,369	¥ 86,872	\$ 710,225
Call loans	1,397	782	11,622
Trading securities (Note 4)	604	699	5,025
Money held in trust (Note 5)	-	1,930	-
Securities (Notes 4 and 11)	286,194	226,766	2,380,982
Loans and bills discounted (Note 6)	1,151,386	1,183,712	9,578,918
Foreign exchanges (Note 7)	3,886	3,662	32,329
Other assets (Notes 4 and 8)	11,875	13,231	98,794
Premises and equipment (Notes 9 and 12)	26,338	27,047	219,118
Deferred tax assets (Note 13)	8,056	10,592	67,022
Customers' liabilities for acceptances and guarantees (Note 10)	22,393	27,488	186,298
Reserve for possible loan losses	(32,586)	(44,325)	(271,098)
Total assets	¥ 1,564,912	¥ 1,538,456	\$ 13,019,235
LIABILITIES:			
Deposits (Notes 11 and 14)	¥ 1,437,985	¥ 1,399,636	\$ 11,963,270
Borrowed money (Note 15)	18,768	22,798	156,140
Foreign exchanges (Note 7)	28	35	233
Other liabilities (Note 17)	11,230	14,052	93,428
Liability for retirement benefits (Note 16)	2,956	3,757	24,592
Reserve for possible losses on collateralized real estate loans sold	170	177	1,414
Deferred tax liabilities (Note 13)	-	12	-
Deferred tax liabilities for land revaluation excess (Note 12)	4,038	4,226	33,594
Acceptances and guarantees (Note 10)	22,393	27,488	186,298
Total liabilities	1,497,568	1,472,181	12,458,969
MINORITY INTERESTS	607	1,429	5,050
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 18, 23 and 24)			
SHAREHOLDERS' EQUITY (Note 19):			
Common stock:			
Preferred shares, 30,000 thousand shares authorized; none issued			
Common shares, authorized; 470,000 thousand shares			
issued; 217,459 thousand shares	31,844	31,844	264,925
Capital surplus	23,185	27,945	192,887
Retained earnings (Accumulated deficit) (Note 20)	1,555	(3,995)	12,937
Land revaluation excess (Note 12)	6,174	6,114	51,364
Net unrealized gain on available-for-sale securities	4,070	2,977	33,860
Total	66,828	64,885	555,973
Treasury stock, at cost (Note 2 (q))			
204 thousand shares in 2003 and 90 thousand shares in 2002	(91)	(39)	(757)
Total shareholders' equity	66,737	64,846	555,216
Total liabilities and shareholders' equity	¥ 1,564,912	¥ 1,538,456	\$ 13,019,235

(Concluded)

See notes to consolidated financial statements.

THE CHUKYO BANK, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED MARCH 31, 2003 AND 2002**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
INCOME:			
Interest on:			
Loans and discounts	¥ 25,618	¥ 26,730	\$ 213,128
Securities	3,911	3,636	32,537
Other	112	165	932
Fees and commissions	5,268	5,184	43,827
Other operating income	2,486	405	20,682
Gain on sales of real estate	42	749	349
Collection of previously unrecoverable debts	18	20	150
Gain on exemption from future pension obligation of the governmental program (Note 16)	913	-	7,596
Other income (Note 21)	2,080	914	17,305
Total income	40,448	37,803	336,506
EXPENSES:			
Interest on:			
Deposits	1,569	2,554	13,053
Borrowings and rediscounts	410	424	3,411
Other	160	447	1,331
Fees and commissions	1,940	1,834	16,140
Other operating expenses	399	2,061	3,319
General and administrative expenses	21,453	22,761	178,478
Provision for possible loan losses	3,113	23,325	25,899
Loss on sales of real estate	359	126	2,987
Other expenses (Note 22)	7,244	14,900	60,266
Total expenses	36,647	68,432	304,884
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	3,801	(30,629)	31,622
INCOME TAXES (Note 13):			
Current	339	106	2,820
Deferred	1,870	(1,206)	15,557
Total income taxes	2,209	(1,100)	18,377
MINORITY INTERESTS IN NET INCOME	77	113	641
NET INCOME (LOSS)	¥ 1,515	¥ (29,642)	\$ 12,604
PER SHARE OF COMMON STOCK (Note 2(p)):			
	Yen		U.S. Dollars
Basic net income (loss)	¥ 6.97	¥ (208.38)	\$ 0.06
Cash dividends applicable to the year	2.00	-	0.02

See notes to consolidated financial statements.

THE CHUKYO BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED MARCH 31, 2003 AND 2002

	Thousands	Millions of Yen					
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings/ (Accumulated Deficit)	Land Revaluation Excess	Net Unrealized Gain (Loss) on Available-for-sale Securities	Treasury Stock
BALANCE AT APRIL 1, 2001	138,359	¥ 16,815	¥ 12,995	¥ 25,927	¥ 6,283	¥ (503)	¥ (445)
Reversal of land revaluation excess due to sales and writed	-	-	-	63	(169)	-	-
Net loss	-	-	-	(29,642)	-	-	-
Issuance of common stock	79,100	15,029	14,950	-	-	-	-
Cash dividends, ¥25 per share	-	-	-	(343)	-	-	-
Revaluation of available-for-sale securities	-	-	-	-	-	3,480	-
Net decrease in treasury stock (985 thousand shares)	-	-	-	-	-	-	406
BALANCE AT MARCH 31, 2002	217,459	31,844	27,945	(3,995)	6,114	2,977	(39)
Reversal of land revaluation excess due to sales	-	-	-	76	(76)	-	-
Effect of income tax rate reduction (Note 13)	-	-	-	-	136	90	-
Transfer capital surplus into retained earnings	-	-	(4,760)	4,760	-	-	-
Change in ownership interests in consolidated subsidiaries	-	-	-	(801)	-	-	-
Net income	-	-	-	1,515	-	-	-
Revaluation of available-for-sale securities	-	-	-	-	-	1,003	-
Net increase in treasury stock (114 thousand shares)	-	-	-	-	-	-	(52)
BALANCE AT MARCH 31, 2003	217,459	¥ 31,844	¥ 23,185	¥ 1,555	¥ 6,174	¥ 4,070	¥ (91)

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings/ (Accumulated Deficit)	Land Revaluation Excess	Net Unrealized Gain (Loss) on Available-for-sale Securities	Treasury Stock
BALANCE AT MARCH 31, 2002	\$ 264,925	\$ 232,488	\$ (33,236)	\$ 50,865	\$ 24,767	\$ (324)
Reversal of land revaluation excess due to sales	-	-	632	(632)	-	-
Effect of income tax rate reduction (Note 13)	-	-	-	1,131	749	-
Transfer capital surplus into retained earnings	-	(39,601)	39,601	-	-	-
Change in ownership interests in consolidated subsidiaries	-	-	(6,664)	-	-	-
Net income	-	-	12,604	-	-	-
Revaluation of available-for-sale securities	-	-	-	-	8,344	-
Net increase in treasury stock (114 thousand shares)	-	-	-	-	-	(433)
BALANCE AT MARCH 31, 2003	\$ 264,925	\$ 192,887	\$ 12,937	\$ 51,364	\$ 33,860	\$ (757)

See notes to consolidated financial statements.

THE CHUKYO BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2003 AND 2002

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars (Note 1) 2003
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥ 3,801	¥ (30,629)	\$ 31,622
Adjustments for:			
Income taxes, paid	(74)	(281)	(616)
Depreciation and amortization	765	815	6,364
Equity in earnings of an associated company	(91)	(65)	(757)
Net gain on sales and redemption of securities	1,749	14,266	14,551
Net loss (gain) on money held in trust	146	(11)	1,215
Net foreign exchange loss (gain)	482	(362)	4,010
Net loss (gain) on disposal of premises and equipment	316	(623)	2,629
Stock issuance costs	-	150	-
Changes in assets and liabilities			
Net decrease in loans and bills discounted	32,326	1,306	268,935
Net increase (decrease) in deposits	38,349	(21,842)	319,043
Net decrease in borrowed money (excluding subordinated borrowings of the Bank)	(30)	(2,433)	(249)
Net (decrease) increase in due from banks (excluding due from the Bank of Japan)	(400)	3,225	(3,328)
Net (increase) decrease in call loans, notes and other debt purchased	(614)	53,133	(5,108)
Net (increase) decrease in foreign exchange, debit	(223)	226	(1,855)
Net (decrease) increase in foreign exchange, credit	(7)	23	(58)
Net (decrease) increase in reserve for possible loan losses	(11,739)	18,016	(97,662)
Net decrease in reserve for possible loan losses on collateralized real estate loans sold	(7)	(93)	(58)
Net (decrease) increase in liability for retirement benefits	(801)	706	(6,664)
Net increase in interest receivable	(3,632)	(3,665)	(30,216)
Net decrease in interest payable	(298)	(218)	(2,480)
Net decrease in other assets	1,393	609	11,589
Net decrease in other liabilities	(2,123)	(1,543)	(17,662)
Total adjustments	55,487	61,339	461,623
Net cash provided by operating activities	59,288	30,710	493,245
FORWARD	¥ 59,288	¥ 30,710	\$ 493,245

(Continued)

THE CHUKYO BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2003 AND 2002

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars (Note 1) 2003
FORWARD	¥ 59,288	¥ 30,710	\$ 493,245
INVESTING ACTIVITIES:			
Purchases of securities	(178,097)	(119,791)	(1,481,672)
Proceeds from sales of securities	89,222	17,783	742,279
Proceeds from maturities of securities	26,825	74,967	223,170
Decrease in money held in trust	1,930	-	16,057
Dividends and interest received from investing activities	3,652	3,528	30,382
Purchases of premises and equipment	(848)	(831)	(7,055)
Proceeds from sales and disposals of premises and equipment	475	1,407	3,952
Net decrease in other assets	20	73	166
Net cash used in investing activities	(56,821)	(22,864)	(472,721)
FINANCING ACTIVITIES:			
Proceeds from issuance of common shares	-	29,829	-
Proceeds from subordinated loans	-	3,000	-
Repayment of subordinated loans	(4,000)	(5,000)	(33,278)
Interest paid on subordinated loans	(307)	(353)	(2,554)
Dividends paid	-	(343)	-
Dividends paid by subsidiaries to minority shareholders	(4)	(3)	(33)
Acquisition of treasury stock	(55)	(49)	(458)
Proceeds from sales of treasury stock	-	475	-
Net cash (used in) provided by financing activities	(4,366)	27,556	(36,323)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(4)	(12)	(33)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,903)	35,390	(15,832)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	85,721	50,331	713,153
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 83,818	¥ 85,721	\$ 697,321

(Concluded)

See notes to consolidated financial statements.