

Financial and Corporate Information

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Financial and Corporate Information

Five-Year Summary (Consolidated)

The Chiba Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31

| | Millions of Yen | | | | | Thousands of U.S. Dollars |
|---|-----------------|-------------|-------------|-------------|-------------|---------------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2014 |
| For the Year: | | | | | | |
| Total Income | ¥ 217,995 | ¥ 222,731 | ¥ 225,435 | ¥ 229,583 | ¥ 241,443 | \$ 2,118,111 |
| Total Expenses | 140,775 | 150,700 | 155,950 | 159,417 | 178,087 | 1,367,813 |
| Income before Income Taxes and Minority Interests | 77,220 | 72,030 | 69,485 | 70,166 | 63,356 | 750,298 |
| Net Income before Minority Interests | 47,382 | 45,046 | 41,487 | 41,458 | 38,246 | 460,385 |
| Net Income | 46,438 | 44,152 | 40,770 | 40,611 | 37,579 | 451,211 |
| At Year-End: | | | | | | |
| Total Assets | ¥12,023,627 | ¥11,373,741 | ¥10,916,760 | ¥10,552,989 | ¥10,261,464 | \$116,824,985 |
| Loans and Bills Discounted | 8,061,697 | 7,886,033 | 7,554,923 | 7,346,143 | 7,130,386 | 78,329,748 |
| Securities | 2,180,202 | 2,174,866 | 2,106,492 | 1,920,113 | 1,977,849 | 21,183,464 |
| Deposits | 10,495,839 | 9,926,630 | 9,639,615 | 9,275,235 | 8,966,015 | 101,980,567 |
| Net Assets | 766,187 | 729,243 | 664,076 | 625,990 | 605,598 | 7,444,500 |
| Capital Ratio (BIS guidelines) | 13.69% | 14.05% | 14.35% | 13.37% | 12.80% | |
| PER (Times) | 11.71 | 13.26 | 11.36 | 10.20 | 13.29 | |
| PBR (Times) | 0.71 | 0.80 | 0.70 | 0.67 | 0.84 | |

| | Yen | | | | | U.S. Dollars |
|-------------------|---------|---------|---------|---------|---------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2014 |
| Per Share: | | | | | | |
| Net Income | ¥ 54.29 | ¥ 50.88 | ¥ 46.47 | ¥ 45.65 | ¥ 42.04 | \$0.53 |
| Net Assets | 895.60 | 839.15 | 747.90 | 692.74 | 662.90 | 8.70 |

Note: Japanese yen amounts less than 1 million have been rounded down.

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥102.92 to \$1.00, the exchange rate prevailing at March 31, 2014.

Management's Discussion and Analysis

Financial and Economic Environment

During the fiscal year ended March 2014, the Japanese economy continued a moderate recovery thanks to an improvement in the export environment and an increase in public investment in addition to a pickup in capital investment amid firm personal consumption. The employment and income environments also steadily improved, as the jobs-to-applicants ratio surpassed 1.0, while employee income also picked up modestly. Moreover, there were also visible signs of a rise in consumer prices.

On the financial front, the unsecured overnight call rate remained below 0.1% throughout the period. Secondary market yields on long-term government bonds temporarily rose to the 0.9% range in the first half of the period, but gradually trended downward throughout the second half and moved in the 0.6% range near the end of the period. Meanwhile, the Nikkei Stock Average briefly rose above ¥16,000 in response to the ongoing weakening of the yen and rising U.S. stock prices. However, the average subsequently fell in reaction to the impact of the tapering of monetary easing in the United States and turmoil in emerging economies and closed the period in the ¥14,000 range.

Business Performance

We offer a wide range of financial products and services for depositors. During the year ended March 2014, we undertook a variety of activities to encourage households to use the Chiba Bank as their main bank by establishing accounts for salary transfers, receiving pension income, and other purposes. These efforts were reflected in the year-end balance of deposits, which increased by ¥569.2 billion year on year to ¥10,495.8 billion.

Loans outstanding as of March 31, 2014 amounted to ¥8,061.6 billion, an increase of ¥175.6 billion over the level a year earlier. This reflects the Chiba Bank's determined efforts to respond to the borrowing needs of both corporate and individual customers.

Marketable securities increased by ¥5.3 billion year on year to ¥2,180.2 billion as of March 31, 2014.

On this basis, total assets reached ¥12,023.6 billion as of March 31, 2014, an increase of ¥649.8 billion over the level a year earlier.

Net assets amounted to ¥766.1 billion as of March 31, 2014, an increase of ¥36.9 billion over the level a year earlier.

Income and Expenses

Total income declined by ¥4,735 million from the previous fiscal year to ¥217,995 million due mainly to a decrease in interest income, including interest on loans and discounts. Total expenses declined by ¥9,925 million from the previous fiscal year to ¥140,775 million due primarily to a decline in other expenses, including provision of allowance for loan losses.

As a result of these developments, income before income taxes and minority interests increased by ¥5,189 million from the previous fiscal year to ¥77,220 million and net income rose by ¥2,286 million from the previous fiscal year to ¥46,438 million.

Consolidated Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥285.2 billion, an increase of ¥126.7 billion over the previous year's figure. Reasons for the higher figure include an increase in deposits.

Net cash provided by investing activities amounted to a net inflow of ¥23.8 billion, a year on year increase of ¥19.9 billion, including proceeds from sales and redemptions of marketable securities.

Net cash used in financing activities amounted to a net outflow of ¥41.1 billion, a year on year increase of ¥16.1 billion, including the redemption of subordinated bonds.

Based on these changes, net cash and cash equivalents amounted to ¥648.1 billion as of March 31, 2014, an increase of ¥268.0 billion over the position a year earlier.

Dividend Policy

Our basic policy, which reflects the important public role of the Chiba Bank, is to ensure proper financial soundness while actively providing returns to shareholders through reliable dividends and share buyback programs and using our capital effectively to achieve growth. Our basic policy also provides for the payment of dividends twice yearly. The date of record for the interim dividend is September 30, while that for the final dividend is March 31. The Board of Directors sets the interim dividend and the final dividend is set at the General Meeting of Shareholders.

The regular General Meeting of Shareholders approved a final dividend of ¥6.0 per share for the business year ended March 31, 2014. The total annual dividend, including the interim dividend, was ¥12 per share.

Outlook for the Year Ending March 2015

We estimate that the Chiba Bank Group will earn ordinary profit of ¥76.0 billion and net income of ¥54.0 billion in the year ending March 31, 2015. Our non-consolidated forecasts for the Chiba Bank are ordinary profit of ¥68.0 billion and net income of ¥44.0 billion.

We plan to pay an annual dividend of ¥12 per share, including an interim dividend of ¥6, in the year ending March 31, 2015.

Asset Quality

The Chiba Bank is constantly working on preserving and improving the quality of its assets by using measures such as proper handling of nonperforming loans, prevention of new occurrences of non-performing loans, and support to the financial rehabilitation of borrowers.

Non-performing loans are loans and other claims for which the collection of principal and interest are in doubt because of a bankruptcy or poor business performance.

Interest income from loans and other assets is the primary source of income for a bank. Consequently, difficulties in the collection of loans may have a material impact on a bank's financial condition. To maintain the quality of assets, we have upgraded and enhanced thorough credit screening and risk management systems.

Claims disclosed under the Financial Reconstruction Law were ¥169.4 billion as of March 31, 2014, and the non-performing loan ratio was 2.07%.

The headquarters office and branch offices of the Chiba Bank will continue to work together, while using the resources of Small and Medium Enterprises Revitalization Support Councils and other external organizations, to extend support that enables customers to improve their business operations.

Self-Assessment and Debtor Classification

Self-assessment of assets is the process whereby financial institutions individually review and analyze assets and classify them on the basis of asset value impairment and the risk of default. Loans and other assets are classified into five categories according to debtor creditworthiness: Normal Debtors, Debtors Requiring Caution, Potentially Bankrupt Debtors, Effectively Bankrupt Debtors, and Bankrupt Debtors. In the Debtors Requiring Caution category, borrowers for whom loan repayment terms have been eased are classified as Substandard Debtors.

Disposal of Non-Performing Assets

The Chiba Bank has taken appropriate measures to dispose of nonperforming assets by implementing write-offs and providing allowances at the end of each quarter on the basis of the results of a rigorous self-assessment of assets. With respect to major debtors, the Chiba Bank calculates the allowance for loan losses using the Discounted Cash Flow (DCF) method for Substandard Assets and Potentially Bankrupt Assets.

Moreover, the allowance for loan losses from Bankrupt Debtors and Effectively Bankrupt Debtors makes up the full amount of the claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Debtors

Debtor Classification

| | |
|-------------------------------------|--|
| Normal Debtors | Debtors whose business situation is good and whose financial position gives no cause for concern. |
| Debtors Requiring Caution | Debtors who are viewed with concern because of stagnant or unstable business performance, including losses. |
| Potentially Bankrupt Debtors | Debtors who are not currently bankrupt but are seen as being at serious risk of bankruptcy. |
| Effectively Bankrupt Debtors | Debtors who are bankrupt in real terms, even though legal and formal bankruptcy proceedings have not been implemented. |
| Bankrupt Debtors | Debtors who have become bankrupt under various circumstances, including bankruptcy procedures, corporate liquidation, corporate rehabilitation and civil rehabilitation. |

Risk-Monitored Loans

(¥ Billion)

| | Non-Consolidated | | Consolidated | |
|--|----------------------|----------------------|----------------------|----------------------|
| | As of March 31, 2013 | As of March 31, 2014 | As of March 31, 2013 | As of March 31, 2014 |
| Loans to Bankrupt Borrowers | 2.9 | 2.5 | 2.7 | 2.1 |
| Delinquent Loans | 113.8 | 112.2 | 112.4 | 109.9 |
| Loans Past Due 3 Months or More | 2.2 | 0.8 | 2.2 | 0.8 |
| Restructured Loans | 64.0 | 53.4 | 64.1 | 53.4 |
| Total | 183.1 | 169.0 | 181.5 | 166.3 |

is equal to the amount of expected losses calculated on the past loan loss ratio, as a rule.

The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees stands at 74.2%, indicating a high level of security on the basis of claims disclosed under the Financial Reconstruction Law and limited cause for concern about the occurrence of future losses.

Disclosure of Non-Performing Assets

Under banking regulations, disclosure of non-performing assets includes reporting of 1) risk-monitored loans as defined in the Banking Law (hereinafter Risk-monitored Loans) and 2) disclosed claims under the Financial Reconstruction Law.

Disclosure of Risk-monitored Loans includes only the amount of such loans, while disclosed claims under the Financial Reconstruction Law include customer's liabilities for acceptances and guarantees other than loans, accrued interest, foreign exchange, and other assets, with the exception of Substandard Claims.

Risk-Monitored Loans

In the classification of Risk-monitored Loans, Loans to Bankrupt Borrowers corresponds to Bankrupt Assets under self-assessment, Delinquent Loans corresponds to Effectively Bankrupt Assets and Potentially Bankrupt Assets under self-assessment, Loans Past Due Three Months or More and Restructured Loans correspond to loans delinquent three months or more and loans for which repayment terms have been eased, respectively, in Assets Requiring Caution.

Disclosed Claims under the Financial Reconstruction Law

With regard to disclosure of claims under the Financial Reconstruction Law, the Chiba Bank discloses Claims of Bankrupt Debtors and Effectively Bankrupt Debtors under self-assessment as Bankrupt and Substantially Bankrupt Claims, Claims of Potentially Bankrupt Debtors under self-assessment as Doubtful Claims, and loans delinquent by three months or more and loans for which repayment terms have been eased in Claims of Debtors Requiring Caution under self-assessment as Substandard Claims.

Disclosed Claims under the Financial Reconstruction Law (Non-Consolidated)

(¥ Billion)

| | As of March 31, 2013 | As of March 31, 2014 |
|--|----------------------|----------------------|
| Bankrupt and Substantially Bankrupt Claims | 20.1 | 20.6 |
| Doubtful Claims | 96.9 | 94.4 |
| Substandard Claims | 66.3 | 54.2 |
| Total | 183.4 | 169.4 |
| Total Claims Outstanding | 8,023.6 | 8,182.5 |
| Non-performing Loan Ratio (%) | 2.28 | 2.07 |
| Coverage Ratio (%) | 73.2 | 74.2 |

Comparison of Classifications under Self-Assessment, Financial Reconstruction Law and Risk-Monitored Loans

(Non-Consolidated) (As of March 31, 2014)

(¥ Billion)

| Assets Classification under Self-Assessment | | Risk-Monitored Loans under the Banking Law | | Disclosed Claims under the Financial Reconstruction Law | |
|---|--------------------------------|--|---------|---|---------|
| Bankrupt Assets and Effectively Bankrupt Assets | 20.6 | Loans to Bankrupt Borrowers | 2.5 | Bankrupt and Substantially Bankrupt Claims | 20.6 |
| | | Delinquent Loans | 112.2 | | |
| Potentially Bankrupt Assets | 94.4 | | | Doubtful Claims | 94.4 |
| Assets Requiring Caution | 67.7 | Loans Past Due 3 Months or More | 0.8 | Substandard Claims | 54.2 |
| | | Restructured Loans | 53.4 | | |
| 1,388.3 | Other Assets Requiring Caution | 1,320.6 | | Normal Claims | 8,013.1 |
| Normal Assets | 6,678.9 | | | | |
| Total Assets | 8,182.5 | Loans Outstanding | 8,083.0 | Total Claims | 8,182.5 |

Risk Management

Integrated Risk Management System

The principal forms of risk to which banking operations are subject include credit risk, market risk, and operational risk. In order to improve profitability and ensure sound business operations, the Chiba Bank considers it necessary to not only individually manage each of these forms of risk, but also to centrally monitor those risks to control within acceptable overall limits.

Accordingly, in addition to assigning divisions to manage overall risk in the Group for each form of risk, the Chiba Bank has an integrated risk management system in which the Risk Management Division centrally monitors these risks. The division engages in detailed management and discussions of risks at meetings of the ALM Committee, Credit Risk Management Committee, and Operational Risk Management Committee and reports to the Board of Directors on risk-related matters. In addition, the division is developing an integrated risk management system for considering and implementing risk countermeasures.

To ensure an effective risk management system, the Audit and Inspection Division periodically conducts audits to determine whether risk management is appropriately implemented and reports the audit results to the Board of Directors.

Integrated Risk Management

The basis of risk management at the Chiba Bank is the integrated management of various risks using uniform measures to the extent possible. The term Integrated risk refers to the sum of credit risk, market risk, and operational risk measurement, forms of risk that can be managed by means of risk quantification.

The Risk Management Department in the Risk Management Division, the section responsible for integrated risk management, conducts a comparison of quantified integrated risk and capital, verifies the sufficiency of capital with respect to risk, and reports the results quarterly to the Board of Directors. The division also conducts stress tests, a means of verification of capital sufficiency in times of stress that involves the assumption of certain stress scenarios, such as deterioration of the corporate environment in a period of recession, or a decrease in land prices, and forecasting the increase in the amount of risk based on the scenarios.

The Chiba Bank has introduced a risk capital allocation system as a concrete framework for integrated risk measurement. A risk capital allocation system is a mechanism for engaging in business operations that duly recognizes risk and return, such as profitability improvement at business sectors and the effective utilization of capital. The system ensures management soundness by means of the pre-allocation of risk capital (the amount of acceptable risk) to areas such as the domestic banking sector and treasury sector within the scope of capital, an indicator of financial strength.

Credit Risk Management

Credit risk is the risk of incurring a loss because of a decline in, or total loss of, the value of owned assets as a result of deterioration in the financial soundness of debtors. Credit risk accounts for a major portion of risk in banking operations.

The Chiba Bank has developed a rigorous credit risk management system centered on an internal credit rating system and engages in individual credit management and credit portfolio management. In the self-assessment of assets, the Chiba Bank implements appropriate write-offs and provisions and has introduced a rating and selfassessment system linked to internal credit ratings to upgrade credit risk management.

Also the Chiba Bank has long ensured the independence of the sections involved in credit risk. Specifically, the credit screening and administrative sections manage credit risk for individual business transactions in the credit executing section (banking offices and the sales promotion divisions). The Credit Risk Management Department in the Risk Management Division, whose organization and operation are independent from the credit screening and administrative sections and the credit executing sections, is a credit risk management section that engages in unified management of overall credit risk. The Risk Management Department in the Risk Management Division is a unified risk management section that engages in the integrated management of all forms of risk, including credit risk. The Audit and Inspection Division audits operations in the business units involved in credit risk management.

The Credit Risk Management Committee meets regularly and considers credit risk management policy, monitors the operation of the internal credit rating system and the credit portfolio, and works to ensure the quality of loan assets.

Internal Credit Rating System

The Chiba Bank uses an internal credit rating system to place borrowers into 15 credit rating categories on the basis of financial data such as financial condition and cash flow. We strive to enhance the identification and examination of the financial circumstances at companies, the starting point of credit risk management, by means of periodic annual reviews and reviews at other times in accordance with the status of individual debtors. The internal credit rating system is the core of credit risk management and is extensively used in actual management, such as credit pricing standard and approval authorization.

Individual Asset Credit Management

The banking branches or offices and the Credit and Supervisory Department in the Credit Division take the lead with regard to examining individual applications for credit, engaging in rigorous investigations in accordance with screening criteria on the basis of the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Department in the Business Support Division provides support for the financial soundness of borrowers who need to improve their operations, and the Credit Administration Department in the Business Support Division engages in resolution and collection activities with regard to Bankrupt Debtors and other borrowers. The Chiba Bank strives to accumulate high-quality loan assets and minimize future losses through this practice of advanced screening and supervision after credit has been extended.

Credit Portfolio Management

Credit portfolio management is the management of the risk of incurring a major loss at one time due to the concentration of individual loans in specific countries or specific industries. The Credit Risk Management Department in the Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating.

In credit portfolio management, the Chiba Bank engages in the quantification of credit risk. The quantification of credit risk is the forecasting by statistical methods of the amount of future losses (the amount of risk) forecasted to occur due to circumstances such as borrower bankruptcy or worsening business performance. We measure value at risk (VaR: the assumed maximum loss) as the amount of risk and strive to increase the soundness of the credit portfolio by further elaborating and developing quantification by accumulating and organizing default data and loan recovery data from defaulted borrowers.

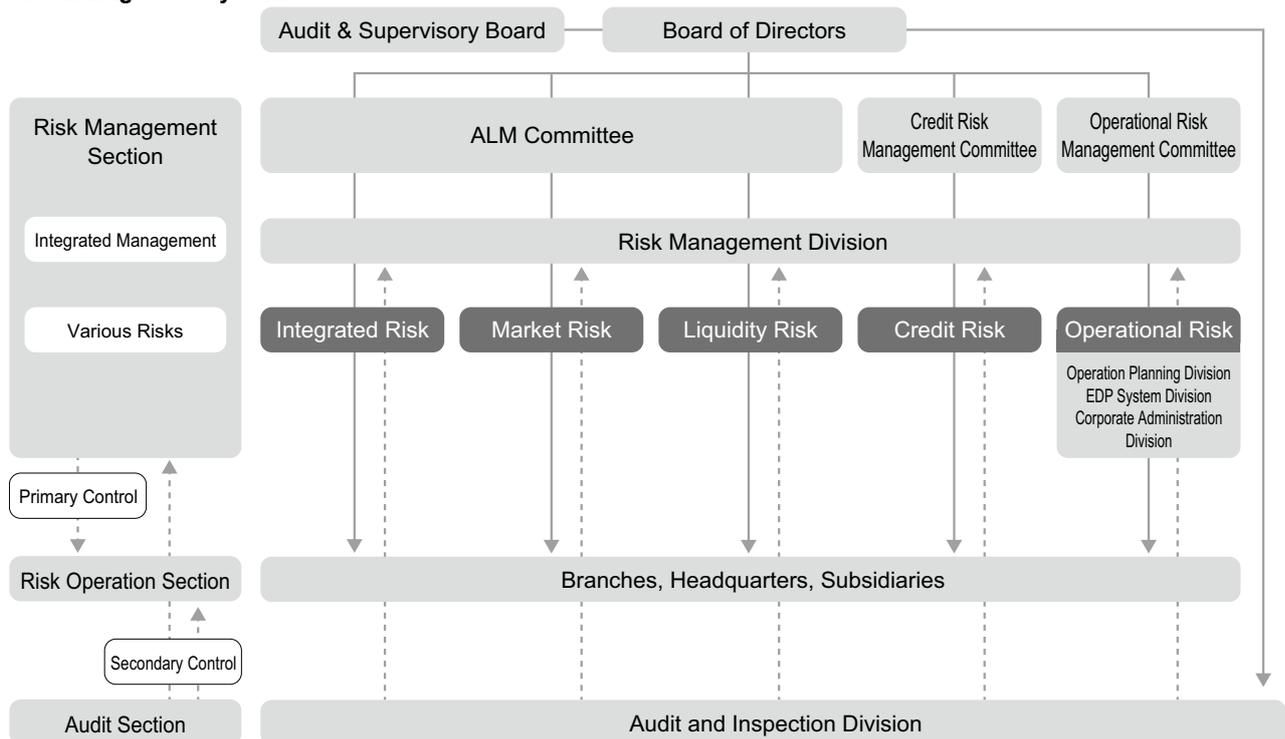
By importing the quantitative results into various systems, we utilize them in loan pricing that reflects credit risk and other processes. In this way, we aim to ensure more appropriate interest rate levels than were previously possible and refine risk management.

Self-Assessment of Assets

Self-assessment of assets is the practice whereby financial institutions review and analyze their own assets individually and classify them on the basis of asset value impairment and the risk of default. Selfassessment of assets is obligatory for financial institutions under the system of prompt corrective action under the Banking Law. The system of prompt corrective action is a system by which administrative measures are triggered in accordance with the state of the capital ratio of financial institutions. A prerequisite to the accurate calculation of capital is implementation of appropriate write-offs and provisions and the preparation of financial statements that to the extent possible objectively reflect the actual state of asset quality.

At the Chiba Bank, branches and offices conduct selfassessments of assets on the basis of Asset Self-Assessment Regulations, the credit screening and administrative sections check details of self-assessments. Next, the Audit and Credit Assessment Department in Audit and Inspection Division conducts an audit to verify the accuracy of the self-assessment results and process. According to the results of these assessments, the Credit Risk Management Department in the Risk Management Division calculates the amounts of provisions, and the Credit Administration Department in the Business Support Division implements write-offs. Finally, the Audit and Credit Assessment Department in Audit and Inspection Division conducts an audit. Through this process, the Chiba Bank rigorously maintains the soundness of its assets.

Risk Management System



Market Risk Management

Market risk is the risk of incurring a loss due to a change in the value of owned assets as a result of fluctuations in interest rates, prices of securities or other financial instruments, or exchange rates.

The Chiba Bank has introduced an ALM management system with respect to market risk. The ALM Committee meets periodically to discuss and decide detailed measures to counter interest rate risk, foreign exchange risk and price fluctuation risk, and manage overall market risk.

Specifically, as part of the Risk Capital Allocation System, within the scope of the risk capital allocated to the business sectors, the Chiba Bank sets and manages upper guideline limits and alarm points for the amount of market risk (value at risk or VaR: the assumed maximum loss) for each product, such as securities investments and other market transactions or loans and deposits. In this way, we strive to ensure management soundness. In addition to VaR management of market transactions, the Chiba Bank sets upper limits for market investments according to the balance and alarm point of valuation differences and implements risk control by reviewing investment policy each quarter.

With regard to market risk for market transactions for trading purposes (trading with the aim of earning profit by means of short term fluctuations in interest rates or prices), VaR is calculated on a daily basis, periodic stress tests (the estimation and testing of losses in worst-case scenarios that assume sudden market fluctuations) are conducted, and risk is limited and the occurrence of major losses avoided through the setting of maximum trading limits and the rigorous application of loss-cutting rules.

The allotment of market operations among the front office (the Treasury Division and overseas branches), back office (Treasury Operation Division), and middle office (the Market Risk Management Department in the Risk Management Division) results in the mutual control of each section.

Liquidity Risk Management

Liquidity risk consists of cash flow risk and market liquidity risk. Cash flow risk is the risk of incurring a loss due to failure to maintain cash flow as a result of the inability to secure necessary funds or the necessity of procuring funds at significantly higher interest rates than usual due to the worsening of the financial institution's financial position or other circumstances. Market liquidity risk is the risk of incurring a loss due to the inability to trade on markets or the necessity of trading at prices significantly less favorable than usual due to market turmoil or other circumstances.

At the Chiba Bank, the Treasury Division is the section that manages cash flow. The division ascertains the market environment and analyzes the state of investment and procurement of funds. With respect to cash flow risk, the division engages in appropriate day-to-day cash flow management through such means as the establishment of upper limits to ensure that the amount of funds procured on the market is not excessive and the maintenance of a certain minimum level of assets as a liquidity reserve that can be converted to cash in a short time. The Chiba Bank manages market liquidity risk by setting limits on daily positions taken in market trading.

As the section that manages risk, the Market Risk Management Department in the Risk Management Division strives to avoid increases in liquidity risk by identifying and assessing various factors that affect liquidity risk and monitoring the observance of limits. The ALM Committee meets to discuss and decide matters related to liquidity risk, as it does with market risk. The Chiba Bank also maintains a crisis management plan that provides for a rapid, network-wide response in the event of unforeseen circumstances that could affect the Chiba Bank's cash flow.

Operational Risk Management

Operational risk is the risk of incurring losses due to the inappropriateness of business processes, employee activities, or systems or external events. The Chiba Bank classifies operational risk into clerical risk (described below), system risk (described below), human risk, tangible asset risk, and reputational risk. Human risk is the risk of a loss occurring due to the workplace safety environment, discrimination, or the like. Tangible asset risk is the risk of a loss occurring due to damage to buildings or facilities or the like. Reputational risk is the risk of a loss occurring due to loss of public confidence resulting from deterioration of the Chiba Bank's reputation.

In its risk management structure, the Chiba Bank decides the corporate divisions having jurisdiction over the various forms of operational risk (the Operation Planning Division for clerical risk, the EDP System Division for system risk, the Human Resources Division for human risk, and Corporate Administration Division for tangible asset risk), and the divisions collaborate in risk management under the overall management of the Risk Management Department in the Risk Management Division, which is responsible for central oversight of risk. The Risk Management Department in the Risk Management Division directly manages reputational risk and, the Compliance Division jointly manages legal risk and compliance-related risk included in the various risk categories with the corporate divisions that have jurisdiction.

The Chiba Bank has an Operational Risk Management Committee. On the basis of direct involvement in management, the committee receives reports concerning the state of operational risk losses and develops a management structure for improving and correcting problem areas by means of a PDCA cycle involving the preparation of a risk management plan, development of management regulations, and evaluation and improvement. To ensure the effectiveness of management by means of this PDCA cycle, the Chiba Bank has introduced Control Self-Assessment (CSA), by which it formulates and implements measures to identify, assess, monitor, and manage the details of risk, as well as to reduce risk. Management by means of CSA entails responding to operational risk loss events that have occurred at the Chiba Bank as well as preventing problems from occurring by evaluating the adequacy of the Chiba Bank's management system based on scenarios prepared by using loss events that have occurred at other banks or in other industries and the devising of countermeasures as necessary.

Clerical Risk Management

Clerical risk is the risk of incurring a loss due to the failure to perform accurate clerical work, clerical accidents or fraud, or the failure to perform official obligations or provide explanations to customers.

The Chiba Bank considers accurate clerical work to be essential to obtaining the trust of customers, and the Operation Planning Division plays a central role in the performance of exact clerical work in accordance with basic procedures and in the effort to prevent clerical accidents.

Specifically, the division prepares clerical standards that indicate detailed clerical procedures for each operation, ensures the correct handling of cash, promissory notes, passbooks, and other important items, provides guidance on clerical management systems at branches, offices, and headquarters, and conducts training to raise the level of clerical work.

The branches and offices periodically conduct self-assessments and strive to ensure clerical accuracy and raise the level of clerical work through monitoring and verification by the Operating Planning Division.

With regard to the auditing system, the Audit and Inspection Division visits all branches, offices, and headquarters at least once a year and conducts rigorous audits of all clerical work in accordance with auditing standards. The division promptly notifies the branches, offices, and headquarters of the audit results, periodically reports to the Board of Directors, and implements a framework for reflecting audit results in clerical improvements.

System Risk Management

System risk is the risk of incurring a loss resulting from a leak or falsification of information owned by the Chiba Bank or the unauthorized use, failure, or incorrect operation of computer systems. The Chiba Bank possesses customer transaction data and various other types of information and has developed systems to process that information. To ensure the provision of various services to customers, the role of computer systems in banking operations is increasing year by year, and the event of a system risk would result in great inconvenience to customers. For this reason, we regard system risk management as increasingly important.

The EDP System Division plays a central role in devising measures to ensure the stable operation of computer systems. Specifically, the Chiba Bank duplicates hardware and circuits for account systems, information systems, and other backbone systems and maintains a framework for rapidly switching to the backup system so that business can continue in the event of failure. In addition, for all computer systems, including those used individually at departments, the Chiba Bank takes every means to prevent crime and guard against disaster, including rigorous data management, barriers to prevent unauthorized access or the introduction of viruses, and the preparation of a contingency plan to provide for unforeseen circumstances such as large-scale disasters. The Audit and Inspection Division conducts audits of computer systems throughout the organization.

Business Continuity System

In addition to the risk management system described above, the Chiba Bank maintains a business continuity system to allow essential operations to continue for the preservation of the financial system during an unexpected disaster such as an earthquake or pandemic influenza. Centered in the Risk Management Department in the Risk Management Division, this system focuses on the rapid restoration of operations that the Chiba Bank was forced to suspend during an emergency.

After the Great East Japan Earthquake, the Chiba Bank has installed emergency in-house power generators at more branches, upgraded countermeasures against tsunami risk, expanded measures for persons unable to return home due to a disaster, and taken other steps to continue business operations following a disaster.

Basel III Compliance

The Basel III capital adequacy regulation was first applied in the fiscal year ended March 31, 2013. Changes to the new regulation compared with the earlier Basel II regulation include tighter rules for items included in capital and an increase in the number of items excluded with the aim of improving the quality of capital. Other changes include additional provision for risks relating to transactions with large financial institutions and derivative transactions. Banks will also be required to meet minimum capital adequacy standards based on three capital ratios: Total Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Capital Ratio, respectively.

The Basel III consists of three pillars: Pillar 1 is a minimum capital ratio, which is the level of capital required to cover a bank's risk. Pillar 2 is the development of capital strategies by banks and verification by regulatory authorities. Pillar 3 is assurance of market discipline through the increased disclosure of information. Under the regulation, each bank selects a method of calculating minimum required capital according to its risk profile and risk management method.

The basic policy of the Chiba Bank is to expand its business by upgrading internal management, and the Chiba Bank is proactively complying with the regulation as part of its policy of building an integrated risk management system. With regard to the calculation of minimum required capital, we have been adopting the Foundation Internal Ratings-Based (FIRB) Approach for credit risk and Standardized Approach for operational risk (both approaches require the approval of the regulatory authorities) and are more thoroughly reflecting risk in capital ratio.

A number of new requirements will be introduced under Basel III, including leverage and liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio).

The Chiba Bank is currently developing and strengthening management systems to comply with these regulations.

Financial and Corporate Information

Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2014

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|--------------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Assets | | | |
| Cash and Due from Banks (Note 28) | ¥ 749,388 | ¥ 442,958 | \$ 7,281,271 |
| Call Loans and Bills Bought | 399,772 | 227,511 | 3,884,301 |
| Receivables under Resale Agreements | 34,995 | 29,994 | 340,026 |
| Receivables under Securities Borrowing Transactions | 2,043 | — | 19,854 |
| Monetary Claims Bought | 24,453 | 24,778 | 237,595 |
| Trading Assets (Notes 7 and 33) | 275,939 | 285,577 | 2,681,107 |
| Money Held in Trust (Note 35) | 43,794 | 41,190 | 425,520 |
| Securities (Notes 7, 13, 33 and 34) | 2,180,202 | 2,174,866 | 21,183,464 |
| Loans and Bills Discounted (Notes 9, 13 and 33) | 8,061,697 | 7,886,033 | 78,329,748 |
| Foreign Exchanges (Note 10) | 6,248 | 6,386 | 60,716 |
| Other Assets (Notes 11 and 13) | 87,594 | 89,003 | 851,090 |
| Tangible Fixed Assets (Note 12) | 102,786 | 98,639 | 998,706 |
| Intangible Fixed Assets | 10,987 | 10,621 | 106,762 |
| Net Defined Benefit Asset (Note 20) | 5,218 | 3,611 | 50,702 |
| Deferred Tax Assets (Note 31) | 6,779 | 14,513 | 65,875 |
| Customers' Liabilities for Acceptances and Guarantees | 81,866 | 93,586 | 795,441 |
| Allowance for Loan Losses | (50,142) | (55,531) | (487,194) |
| Total Assets | ¥12,023,627 | ¥11,373,741 | \$116,824,985 |
| Liabilities | | | |
| Deposits (Notes 13, 14 and 33) | ¥10,495,839 | ¥ 9,926,630 | \$101,980,567 |
| Call Money and Bills Sold | 103,949 | 54,172 | 1,010,000 |
| Payables under Securities Lending Transactions (Note 13) | 83,248 | 74,402 | 808,862 |
| Trading Liabilities (Notes 15 and 33) | 24,074 | 30,352 | 233,910 |
| Borrowed Money (Notes 13 and 16) | 291,989 | 280,672 | 2,837,051 |
| Foreign Exchanges (Note 17) | 930 | 358 | 9,042 |
| Bonds Payable (Note 18) | 10,000 | 20,000 | 97,163 |
| Other Liabilities (Note 19) | 128,806 | 127,911 | 1,251,518 |
| Provision for Retirement Benefits (Note 20) | — | 19,490 | — |
| Net Defined Benefit Liability (Note 20) | 18,324 | — | 178,044 |
| Provision for Directors' Retirement Benefits | 217 | 199 | 2,110 |
| Provision for Reimbursement of Deposits | 2,035 | 1,850 | 19,778 |
| Provision for Point Loyalty Programs | 412 | 388 | 4,012 |
| Reserve under Special Laws | 22 | 15 | 218 |
| Deferred Tax Liabilities (Note 31) | 2,565 | 1,225 | 24,929 |
| Deferred Tax Liabilities for Land Revaluation (Note 21) | 13,157 | 13,240 | 127,839 |
| Acceptances and Guarantees | 81,866 | 93,586 | 795,441 |
| Total Liabilities | ¥11,257,439 | ¥10,644,497 | \$109,380,485 |
| Net Assets | | | |
| Capital Stock (Note 22) | ¥ 145,069 | ¥ 145,069 | \$ 1,409,533 |
| Capital Surplus | 122,134 | 122,134 | 1,186,690 |
| Retained Earnings | 437,645 | 401,813 | 4,252,286 |
| Treasury Shares | (17,581) | (7,581) | (170,823) |
| Total Shareholders' Equity | 687,267 | 661,435 | 6,677,686 |
| Valuation Difference on Available-for-sale Securities (Note 36) | 59,757 | 51,396 | 580,625 |
| Deferred Gains or Losses on Hedges | 23 | (1,167) | 228 |
| Revaluation Reserve for Land (Note 21) | 9,834 | 9,983 | 95,554 |
| Remeasurements of Defined Benefit Plans | 866 | — | 8,418 |
| Total Accumulated Other Comprehensive Income | 70,482 | 60,212 | 684,826 |
| Subscription Rights to Shares | 374 | 277 | 3,634 |
| Minority Interests | 8,064 | 7,317 | 78,354 |
| Total Net Assets | ¥ 766,187 | ¥ 729,243 | \$ 7,444,500 |
| Total Liabilities and Net Assets | ¥12,023,627 | ¥11,373,741 | \$116,824,985 |

See notes to consolidated financial statements.

Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2014

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|-----------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Income | | | |
| Interest Income: | | | |
| Interest on Loans and Discounts | ¥116,461 | ¥121,646 | \$1,131,570 |
| Interest and Dividends on Securities | 20,172 | 18,990 | 195,998 |
| Other Interest Income | 870 | 908 | 8,454 |
| Trust Fees | 2 | 1 | 26 |
| Fees and Commissions | 46,156 | 42,120 | 448,467 |
| Trading Income (Note 23) | 3,196 | 2,391 | 31,055 |
| Other Ordinary Income (Note 24) | 5,941 | 6,344 | 57,731 |
| Other Income (Note 25) | 25,195 | 30,328 | 244,809 |
| Total Income | ¥217,995 | ¥222,731 | \$2,118,111 |
| Expenses | | | |
| Interest Expenses: | | | |
| Interest on Deposits | ¥ 5,007 | ¥ 5,151 | \$ 48,657 |
| Interest on Borrowings and Rediscounts | 839 | 1,300 | 8,160 |
| Other Interest Expenses | 5,204 | 4,783 | 50,572 |
| Fees and Commissions Payments | 15,945 | 15,723 | 154,928 |
| Trading Expenses | — | 3 | — |
| Other Ordinary Expenses (Note 26) | 3,228 | 841 | 31,370 |
| General and Administrative Expenses | 88,775 | 88,943 | 862,569 |
| Other Expenses (Note 27) | 21,773 | 33,955 | 211,558 |
| Total Expenses | ¥140,775 | ¥150,700 | \$1,367,813 |
| Income before Income Taxes and Minority Interests | 77,220 | 72,030 | 750,298 |
| Income Taxes-Current | 26,834 | 26,864 | 260,729 |
| Income Taxes-Deferred | 3,003 | 119 | 29,184 |
| Net Income before Minority Interests | 47,382 | 45,046 | 460,385 |
| Minority Interests in Income | 944 | 894 | 9,174 |
| Net Income | ¥ 46,438 | ¥ 44,152 | \$ 451,211 |

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2014

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|----------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Income before Minority Interests | ¥47,382 | ¥45,046 | \$460,385 |
| Other Comprehensive Income (Note 29) | | | |
| Valuation Difference on Available-for-sale Securities | 8,448 | 38,240 | 82,083 |
| Deferred Gains or Losses on Hedges | 1,190 | 382 | 11,571 |
| Share of Other Comprehensive Income of Associates Accounted for using Equity Method | 22 | 23 | 223 |
| Total Other Comprehensive Income | 9,661 | 38,646 | 93,878 |
| Comprehensive Income | ¥57,044 | ¥83,693 | \$554,263 |
| (Breakdown) | | | |
| Comprehensive Income Attributable to Owners of the Parent | ¥55,991 | ¥82,662 | \$544,025 |
| Comprehensive Income Attributable to Minority Interests | ¥ 1,053 | ¥ 1,030 | \$ 10,238 |

See notes to consolidated financial statements.

Financial and Corporate Information

Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2014

Millions of Yen (Note 1)

| | Shareholders' Equity | | | | | Accumulated Other Comprehensive Income | | | | | | | Total Net Assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|------------------------------------|------------------------------|---|--|-------------------------------|--------------------|------------------|
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Shares | Total Shareholders' Equity | Valuation Difference on Available-for-sale Securities | Deferred Gains or Losses on Hedges | Revaluation Reserve for Land | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | Subscription Rights to Shares | Minority Interests | |
| Balance at March 31, 2012 | ¥145,069 | ¥123,591 | ¥376,039 | ¥ (8,480) | ¥636,220 | ¥13,268 | ¥(1,549) | ¥9,393 | — | ¥21,112 | ¥231 | ¥6,511 | ¥664,076 |
| Net Income | — | — | 44,152 | — | 44,152 | — | — | — | — | — | — | — | 44,152 |
| Cash Dividends | — | — | (9,613) | — | (9,613) | — | — | — | — | — | — | — | (9,613) |
| Purchase of Treasury Shares | — | — | — | (9,470) | (9,470) | — | — | — | — | — | — | — | (9,470) |
| Disposal of Treasury Shares | — | (38) | — | 552 | 513 | — | — | — | — | — | — | — | 513 |
| Cancellation of Treasury Shares | — | (1,418) | (8,398) | 9,816 | — | — | — | — | — | — | — | — | — |
| Reversal of Revaluation Reserve for Land | — | — | (367) | — | (367) | — | — | — | — | — | — | — | (367) |
| Net Changes of Items other than Shareholders' Equity | — | — | — | — | — | 38,127 | 382 | 590 | — | 39,100 | 45 | 806 | 39,952 |
| Total of Items during FY2012 | — | (1,457) | 25,773 | 898 | 25,215 | 38,127 | 382 | 590 | — | 39,100 | 45 | 806 | 65,167 |
| Balance at March 31, 2013 | ¥145,069 | ¥122,134 | ¥401,813 | ¥ (7,581) | ¥661,435 | ¥51,396 | ¥(1,167) | ¥9,983 | — | ¥60,212 | ¥277 | ¥7,317 | ¥729,243 |
| Net Income | — | — | 46,438 | — | 46,438 | — | — | — | — | — | — | — | 46,438 |
| Cash Dividends | — | — | (10,750) | — | (10,750) | — | — | — | — | — | — | — | (10,750) |
| Purchase of Treasury Shares | — | — | — | (10,066) | (10,066) | — | — | — | — | — | — | — | (10,066) |
| Disposal of Treasury Shares | — | — | (5) | 66 | 61 | — | — | — | — | — | — | — | 61 |
| Reversal of Revaluation Reserve for Land | — | — | 149 | — | 149 | — | — | — | — | — | — | — | 149 |
| Net Changes of Items other than Shareholders' Equity | — | — | — | — | — | 8,361 | 1,190 | (149) | 866 | 10,269 | 96 | 746 | 11,112 |
| Total of Items during FY2013 | — | — | 35,831 | (9,999) | 25,831 | 8,361 | 1,190 | (149) | 866 | 10,269 | 96 | 746 | 36,944 |
| Balance at March 31, 2014 | ¥145,069 | ¥122,134 | ¥437,645 | ¥(17,581) | ¥687,267 | ¥59,757 | ¥ 23 | ¥9,834 | ¥866 | ¥70,482 | ¥374 | ¥8,064 | ¥766,187 |

Thousands of U.S. Dollars (Note 1)

| | Shareholders' Equity | | | | | Accumulated Other Comprehensive Income | | | | | | | Total Net Assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|------------------------------------|------------------------------|---|--|-------------------------------|--------------------|------------------|
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Shares | Total Shareholders' Equity | Valuation Difference on Available-for-sale Securities | Deferred Gains or Losses on Hedges | Revaluation Reserve for Land | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | Subscription Rights to Shares | Minority Interests | |
| Balance at March 31, 2013 | \$1,409,533 | \$1,186,690 | \$3,904,135 | \$ (73,661) | \$6,426,697 | \$499,383 | \$ (11,343) | \$97,003 | — | \$585,043 | \$2,697 | \$71,100 | \$7,085,537 |
| Net Income | — | — | 451,211 | — | 451,211 | — | — | — | — | — | — | — | 451,211 |
| Cash Dividends | — | — | (104,451) | — | (104,451) | — | — | — | — | — | — | — | (104,451) |
| Purchase of Treasury Shares | — | — | — | (97,813) | (97,813) | — | — | — | — | — | — | — | (97,813) |
| Disposal of Treasury Shares | — | — | (58) | 651 | 593 | — | — | — | — | — | — | — | 593 |
| Reversal of Revaluation Reserve for Land | — | — | 1,449 | — | 1,449 | — | — | — | — | — | — | — | 1,449 |
| Net Changes of Items other than Shareholders' Equity | — | — | — | — | — | 81,243 | 11,571 | (1,449) | 8,418 | 99,783 | 937 | 7,254 | 107,975 |
| Total of Items during FY2013 | — | — | 348,151 | (97,162) | 250,989 | 81,243 | 11,571 | (1,449) | 8,418 | 99,783 | 937 | 7,254 | 358,964 |
| Balance at March 31, 2014 | \$1,409,533 | \$1,186,690 | \$4,252,286 | \$ (170,823) | \$6,677,686 | \$580,625 | \$ 228 | \$95,554 | \$8,418 | \$684,826 | \$3,634 | \$78,354 | \$7,444,500 |

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2014

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|-------------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Cash Flows from Operating Activities: | | | |
| Income before Income Taxes and Minority Interests | ¥ 77,220 | ¥ 72,030 | \$ 750,298 |
| Depreciation and Amortization | 7,409 | 8,258 | 71,990 |
| Impairment Loss | 250 | 185 | 2,433 |
| Equity in (Earnings) Losses of Affiliates | (214) | (152) | (2,081) |
| Increase (Decrease) in Allowance for Loan Losses | (5,389) | 5,430 | (52,366) |
| Increase (Decrease) in Provision for Retirement Benefits | — | (41) | — |
| Decrease (Increase) in Net Defined Benefit Asset | (1,297) | — | (12,605) |
| Increase (Decrease) in Net Defined Benefit Liability | (134) | — | (1,308) |
| Increase (Decrease) in Provision for Directors' Retirement Benefits | 17 | (29) | 174 |
| Increase (Decrease) in Provision for Reimbursement of Deposits | 185 | 327 | 1,799 |
| Increase (Decrease) in Provision for Point Loyalty Programs | 24 | (8) | 234 |
| Interest Income | (137,503) | (141,545) | (1,336,023) |
| Financing Expenses | 11,052 | 11,234 | 107,389 |
| Loss (Gain) Related to Securities | (1,904) | (5,203) | (18,509) |
| Loss (Gain) on Money Held in Trust | (525) | (886) | (5,109) |
| Foreign Exchange Losses (Gains) | (143) | (155) | (1,392) |
| Loss (Gain) on Disposal of Fixed Assets | 730 | 545 | 7,098 |
| Net Decrease (Increase) in Trading Assets | 9,637 | 41,467 | 93,644 |
| Net Increase (Decrease) in Trading Liabilities | (6,278) | 949 | (61,004) |
| Net Decrease (Increase) in Loans and Bills Discounted | (175,664) | (331,109) | (1,706,804) |
| Net Increase (Decrease) in Deposit (excluding Negotiable Certificates of Deposit) | 483,761 | 289,873 | 4,700,368 |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | 85,447 | (2,858) | 830,234 |
| Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings) | 21,316 | 136,037 | 207,118 |
| Net Decrease (Increase) in Due from Banks (excluding Due from BOJ) | (38,343) | 135,417 | (372,560) |
| Net Decrease (Increase) in Call Loans and Bills Bought and Others | (176,937) | (146,675) | (1,719,173) |
| Net Decrease (Increase) in Receivables under Securities Borrowing Transactions | (2,043) | — | (19,854) |
| Net Increase (Decrease) in Call Money and Bills Sold | 49,776 | 20,077 | 483,642 |
| Net Increase (Decrease) in Payables under Securities Lending Transactions | 8,845 | (2,944) | 85,944 |
| Net Decrease (Increase) in Foreign Exchanges - Assets | 137 | (4,181) | 1,335 |
| Net Increase (Decrease) in Foreign Exchanges - Liabilities | 572 | 128 | 5,564 |
| Interest and Dividends Received | 139,025 | 141,509 | 1,350,812 |
| Interest Paid | (11,743) | (12,022) | (114,108) |
| Other, net | (22,759) | (36,902) | (221,138) |
| Subtotal | ¥ 314,527 | ¥ 178,755 | \$ 3,056,041 |
| Income Taxes Paid | (29,288) | (20,256) | (284,575) |
| Net Cash Provided by (Used in) Operating Activities | ¥ 285,239 | ¥ 158,499 | \$ 2,771,466 |
| Cash Flows from Investing Activities: | | | |
| Purchase of Securities | ¥ (809,419) | ¥ (523,652) | \$ (7,864,550) |
| Proceeds from Sales of Securities | 521,602 | 282,862 | 5,068,038 |
| Proceeds from Redemption of Securities | 323,634 | 266,127 | 3,144,521 |
| Increase in Money Held in Trust | (6,200) | (12,800) | (60,241) |
| Decrease in Money Held in Trust | 5,300 | 1,721 | 51,496 |
| Purchase of Tangible Fixed Assets | (7,857) | (7,194) | (76,348) |
| Purchase of Intangible Fixed Assets | (3,240) | (3,211) | (31,490) |
| Proceeds from Sales of Tangible Fixed Assets | 4 | 50 | 46 |
| Net Cash Provided by (Used in) Investing Activities | ¥ 23,823 | ¥ 3,904 | \$ 231,472 |
| Cash Flows from Financing Activities: | | | |
| Decrease in Subordinated Borrowings | ¥ (10,000) | ¥ (18,000) | \$ (97,163) |
| Redemption of Subordinated Bonds | (10,000) | (20,000) | (97,163) |
| Cash Dividends Paid | (10,750) | (9,613) | (104,451) |
| Cash Dividends Paid to Minority Shareholders | (307) | (224) | (2,984) |
| Purchase of Treasury Shares | (10,066) | (9,470) | (97,813) |
| Proceeds from Sales of Treasury Shares | 4 | 6 | 46 |
| Net Cash Provided by (Used in) Financing Activities | ¥ (41,119) | ¥ (57,301) | \$ (399,528) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | ¥ 143 | ¥ 155 | \$ 1,392 |
| Net Increase (Decrease) in Cash and Cash Equivalents | ¥ 268,086 | ¥ 105,257 | \$ 2,604,803 |
| Cash and Cash Equivalents at Beginning of Period | ¥ 380,096 | ¥ 274,838 | \$ 3,693,127 |
| Cash and Cash Equivalents at End of Period (Note 28) | ¥ 648,182 | ¥ 380,096 | \$ 6,297,930 |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Year ended March 31, 2014

1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The classification of accounts is in conformity with the Ordinance for Enforcement of Banking Act of Japan.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications and rearrangements have been made to the financial statements for the previous year to conform to the classification used in the financial statements for the current year. In addition, the accompanying notes include information that is not required under accounting principles generally accepted in Japan, but is presented herein for the convenience of readers.

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the accompanying consolidated financial statements do not necessarily agree with the sums of individual amounts.

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥102.92 to \$1.00, the exchange rate prevailing at March 31, 2014.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2014 was 9 (9 as of March 31, 2013).

All significant inter-company accounts and transactions have been eliminated. The consolidated financial statements do not include the accounts of the Chibagin Computer Service Co., Ltd. and three other subsidiaries, since the combined total assets, total income, net income, retained earnings and other comprehensive income of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets. Also, the consolidated financial statements do not include the accounts of seven limited partnerships (six as of March 31, 2013). The Bank has adopted the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, March 25, 2011) from the fiscal year ended March 31, 2014; WIYAS Funding Corporation, hitherto disclosed as a special purpose entity, became an unconsolidated subsidiary that is not accounted for by the equity method. The investments in these unconsolidated subsidiaries are not accounted for by the equity method since net income, retained earnings and other comprehensive income of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. The difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

Fiscal year-ends of all consolidated subsidiaries are at the end of March.

3. Significant Accounting Policies

(1) Trading Account

The following criteria are applied in accounting for the Bank's trading assets and liabilities, and trading income and expenses:

Transactions that aim to gain a profit by arbitraging short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitraging differentials between markets (hereafter "trading purposes") are accounted for under "Trading Assets" or "Trading Liabilities" on the balance sheets. Profit or loss from such transactions is recorded under "Trading Income" or "Trading Expenses" on the consolidated statement of income.

Trading securities and monetary claims, etc. held for trading purposes are stated at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, futures or options are valued on the assumption that they were settled at the end of the fiscal year.

In the case of trading-related financial derivatives, "Trading Income/Expenses" includes the interest received/paid during the fiscal year and the difference between the amount of profit/loss based on the assumption that transactions were settled at the end of the current fiscal year and that at the end of the previous fiscal year.

(2) Securities

Held-to-maturity bonds are stated at amortized cost determined by the moving average method. Investments in unconsolidated subsidiaries not accounted for by the equity method are stated at cost determined by the moving average method. Available-for-sale equity shares and investment trusts listed on Japanese markets are stated at the average market value during the last month of the fiscal year, and other available-for-sale securities whose fair value can be estimated are stated at fair value at the fiscal year end while their costs are calculated mainly by the moving average method. Other non-marketable securities whose fair value cannot be reliably estimated are stated at cost determined by the moving average method or amortized cost.

Unrealized gains and losses on available-for-sale securities are included in net assets, net of income taxes.

Moreover, the same way as above (1) and fair value method based upon the market value at the fiscal year end are applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management.

(3) Derivatives

Derivatives for purposes other than trading are also stated at fair value.

(4) Tangible Fixed Assets

Depreciation for tangible fixed assets of the Bank is computed using the declining-balance method. Principal useful lives are as follows:

Buildings 6 years to 50 years
Others 2 years to 20 years

Tangible fixed assets of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.

(5) Intangible Fixed Assets

Depreciation for intangible fixed assets is computed using the straight-line method. Especially, depreciation for capitalized software for internal use is computed using the straight-line method based on useful life determined by the Bank and its consolidated subsidiaries (5 years).

(6) Allowance for Loan Losses

Allowance made by the Bank was provided in accordance with the internally established standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), an allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but likely to become bankrupt in the future ("Potentially Bankrupt Borrowers"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on Potentially Bankrupt Borrowers and on borrowers whose loans are classified as "Loans past due 3 months or more" or "Restructured Loans" over a certain amount, if future cash flows from the collection of principal and interest are reasonably estimated, the allowances for loan losses are calculated by "Discounted Cash Flow Method," by which the allowances for loan losses are calculated as the difference between the booked amounts of the loans and the cash flows discounted by the original contractual interest rates.

For other claims, an allowance is provided based on the historical loan-loss ratio.

The operating divisions assess all claims in accordance with the Bank's policy and guidelines for the self-assessment of asset quality, and the internal audit and inspection division, which is independent from the operating divisions, audits these assessments. The allowance for loan losses is provided based on the results of these assessments.

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off as of March 31, 2014 was ¥37,179 million (¥38,880 million as of March 31, 2013). Allowance made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

(7) Provision for Directors' Retirement Benefits

Provision for directors' retirement benefits is provided for payment of retirement benefits to directors and audit and supervisory board members of consolidated subsidiaries, in the amount deemed accrued until the fiscal year-end.

(8) Provision for Reimbursement of Deposits

Provision for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.

(9) Provision for Point Loyalty Programs

Provision for point loyalty programs which is provided for accumulation of points granted to customers using the credit card of the Bank or the consolidated subsidiaries is based on the estimated amounts equivalent to expected future usage of the points.

(10) Reserve under Special Laws

Reserve under special laws is a Reserve for Financial Products Transaction Liabilities provided by Chibagin Securities. This reserve is provided for losses from securities transactions pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instrument Business Operators, etc.

(11) Retirement Benefits

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date.

The retirement benefit obligation for employees is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

The net actuarial gain (loss) is amortized using the straight-line method over 10 years from the following fiscal year. Also, consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments assuming the voluntary retirement of all employees at the fiscal year-end.

(12) Translation of Foreign Currencies

The Bank's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date. Consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end of each company.

(13) Lease Transactions

(As lessees)

The Bank and consolidated subsidiaries account for as operating leases finance leases other than those that are deemed to transfer the ownership of leased properties to the lessees, which commenced in fiscal years beginning prior to April 1, 2008 (See Note 30).

(As lessors)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for as installment sales.

(14) Hedge Accounting

i) Hedge of Interest Rate Risk

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

The Bank assesses the effectiveness of such hedges by monitoring offsetting fluctuation of fair value by changes in interest rates, of the hedged items (such as deposits and loans) and hedging instruments (such as interest rate swaps) classi-

fied by their maturity.

ii) Hedge of Foreign Currency Fluctuation Risk

As for the hedge accounting method applied to hedging transactions for foreign currency fluctuation risk arising from foreign-currency-denominated financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank designates certain currency swaps and foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from foreign-currency monetary claims and debts, and assesses the effectiveness of such hedges by verifying that the Bank holds foreign currency positions of the hedged items corresponding to the positions of the hedging instruments.

In addition to the above accounting, the Bank applies for a part of assets and liabilities the deferral hedge accounting method or exceptional treatments permitted for interest rate swaps.

(15) Cash Flows

In preparing the consolidated statements of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

(16) Consumption Taxes

Consumption tax and municipal consumption tax of the Bank and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.

(17) Appropriation of Retained Earnings

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and by the general meeting of shareholders. There is a limit for dividend by Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

4. Changes in Accounting Principles, Accounting Estimates and Restatement

(Changes in Accounting Principles Pursuant to Revisions in Accounting Standard)

(Application of Accounting Standard for Consolidated Financial Statements)

The Bank has adopted the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, March 25, 2011), as of the fiscal year ended March 31, 2014. WIYAS Funding Corporation, hitherto disclosed as a special purpose entity, has been treated as an unconsolidated subsidiary that is not accounted for by the equity method. This adoption has no impact.

(Application of Accounting Standard for Retirement Benefits)

The Bank has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, "Retirement Benefits Statement") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, "Retirement Benefits Guidance") as of the end of the fiscal year ended March 31, 2014 (except for certain provisions described in the main clause of Section 35 of the Retirement Benefits Statement and in the main clause of Section 67 of the Retirement Benefits Guidance). These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for

retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefit liability adjustments through accumulated other comprehensive income.

As a result, Net defined benefit asset was ¥5,218 million and Net defined benefit liability was ¥18,324 million as of the end of financial year ended March 31, 2014. Also, Deferred tax liabilities increased by ¥474 million and Total accumulated other comprehensive income increased by ¥866 million.

In addition, Net assets increased by ¥1.02 per share.

5. Accounting Standards and Guidance issued but not yet Applied

I. Accounting Standard for Retirement Benefits (May 17, 2012)

(1) Overview

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

(2) Scheduled Date of Adoption

Revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015.

(3) Impact of the Adoption of the Revised Accounting Standard and Guidance

As a result of this adoption, retained earnings at the beginning of the fiscal year starting April 1, 2014 will decrease by ¥4,161 million.

II. Accounting Standard for Business Combinations (September 13, 2013)

(1) Overview

Under the revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests", and transitional provisions for these accounting standards were also defined.

(2) Scheduled Date of Adoption

The Bank expects to adopt the revised accounting standard and guidance from the beginning of the fiscal year ending March 31, 2016.

(3) Impact of the Adoption of the Revised Accounting Standard and Guidance

The impact of the adoption of the revised accounting standard and guidance is under evaluation.

6. Securities Purchased under Resale Agreements

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥37,826 million was held in hand on March 31, 2014 (¥30,701 million on March 31, 2013).

7. Trading Assets

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---------------------------------------|--------------------------|----------|--|
| | 2014 | 2013 | 2014 |
| Trading Account Securities | ¥ 10,438 | ¥ 9,018 | \$ 101,426 |
| Derivatives of Trading Securities | 1 | — | 16 |
| Trading-related Financial Derivatives | 24,745 | 31,142 | 240,438 |
| Other Trading Assets | 240,753 | 245,416 | 2,339,227 |
| Total | ¥275,939 | ¥285,577 | \$2,681,107 |

8. Securities

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---------------------------------|--------------------------|------------|--|
| | 2014 | 2013 | 2014 |
| Japanese Government Bonds | ¥ 980,105 | ¥1,081,313 | \$ 9,522,987 |
| Japanese Local Government Bonds | 335,825 | 365,217 | 3,262,979 |
| Japanese Corporate Bonds | 218,833 | 213,044 | 2,126,253 |
| Japanese Stocks | 190,513 | 174,535 | 1,851,082 |
| Other Securities | 454,923 | 340,754 | 4,420,163 |
| Total | ¥2,180,202 | ¥2,174,866 | \$21,183,464 |

Securities included investments in non-consolidated subsidiaries and affiliates of ¥3,725 million on March 31, 2014 (¥3,530 million on March 31, 2013).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in Japanese Corporate Bonds was ¥28,890 million as of March 31, 2014 (¥30,604 million as of March 31, 2013).

9. Loans and Bills Discounted

(1) Loans and Bills Discounted

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|------------------|--------------------------|------------|--|
| | 2014 | 2013 | 2014 |
| Bills Discounted | ¥ 19,052 | ¥ 22,490 | \$ 185,121 |
| Loans on Bills | 144,018 | 153,460 | 1,399,325 |
| Loans on Deeds | 7,297,211 | 7,127,713 | 70,901,786 |
| Overdrafts | 601,414 | 582,368 | 5,843,516 |
| Total | ¥8,061,697 | ¥7,886,033 | \$78,329,748 |

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of March 31, 2014 was ¥20,199 million (¥23,314 million as of March 31, 2013).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥2,029,752 million relating to these contracts, including ¥1,906,395 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2014 (The respective amounts were ¥2,004,934 million and ¥1,917,809 million as of March 31, 2013).

Since many of these commitments expire without being utilized, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank can refuse customers' application of loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank performs periodic review of the customers' business results based on initial rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

Additionally, the unused amount within the limits of overdraft

facilities on General Accounts as of March 31, 2014 was ¥963,532 million (¥971,775 million as of March 31, 2013). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

(2) Risk Monitored Loans

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---------------------------------|--------------------------|----------|--|
| | 2014 | 2013 | 2014 |
| Loans to Bankrupt Borrowers | ¥ 2,120 | ¥ 2,702 | \$ 20,599 |
| Delinquent Loans | 109,915 | 112,475 | 1,067,972 |
| Loans Past Due 3 Months or More | 840 | 2,266 | 8,164 |
| Restructured Loans | 53,488 | 64,133 | 519,709 |
| Total | ¥166,364 | ¥181,578 | \$1,616,445 |

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (Article 97 of 1965 Cabinet Order).

Delinquent loans represent non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans past due 3 months or more represent loans on which the payment of principal and/or interest has not been received for 3 months or more from the due date, and which are not included in Loans to bankrupt borrowers or Delinquent loans.

Restructured loans are loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by providing easier repayment terms for the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, etc.) and are not classified in any of the above categories.

10. Foreign Exchange Assets

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---------------------------------------|--------------------------|--------|--|
| | 2014 | 2013 | 2014 |
| Due from Foreign Banks (our accounts) | ¥4,214 | ¥4,742 | \$40,953 |
| Foreign Bills Bought | 1,152 | 830 | 11,194 |
| Foreign Bills Receivable | 881 | 813 | 8,570 |
| Total | ¥6,248 | ¥6,386 | \$60,716 |

11. Other Assets

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|-------------------------|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| Accrued Income | ¥13,995 | ¥14,850 | \$135,986 |
| Prepaid Expenses | 489 | 469 | 4,756 |
| Derivatives | 4,151 | 3,865 | 40,339 |
| Lease Investment Assets | 37,438 | 35,619 | 363,760 |
| Other | 31,519 | 37,808 | 306,248 |
| Total | ¥87,594 | ¥92,614 | \$851,090 |

12. Tangible Fixed Assets

Depreciation was computed using the declining-balance method. Tangible fixed assets were shown at net of the following accumulated depreciation:

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| | ¥92,941 | ¥91,636 | \$903,042 |

Deferred gain on real estate deductible for tax purposes amounted to ¥11,300 million on March 31, 2014 (¥11,300 million on March 31, 2013).

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13. Assets Pledged

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|----------------------------|--------------------------|----------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Securities | ¥761,257 | ¥806,082 | \$7,396,590 |
| Loans and Bills Discounted | 57,587 | 69,523 | 559,536 |

Liabilities related to the above pledged assets were as follows:

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|----------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Deposits | ¥ 50,991 | ¥ 61,361 | \$ 495,448 |
| Payables under Securities Lending Transactions | 83,248 | 74,402 | 808,862 |
| Borrowed Money | 285,254 | 265,172 | 2,771,612 |

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions.

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|------------|--------------------------|---------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Securities | ¥80,947 | ¥86,985 | \$786,511 |

Initial margins of futures markets of ¥69 million, cash collateral paid for financial instruments of ¥1,484 million and guarantee deposits of ¥6,562 million were included in Other Assets as of March 31, 2014 (The respective amounts were ¥74 million, ¥2,878 million and ¥6,702 million as of March 31, 2013).

14. Deposits

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|------------------------------------|--------------------------|------------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Current Deposits | ¥ 191,164 | ¥ 190,913 | \$ 1,857,412 |
| Ordinary Deposits | 5,964,588 | 5,581,007 | 57,953,636 |
| Savings Deposits | 239,859 | 239,419 | 2,330,547 |
| Deposits at Notice | 6,356 | 6,423 | 61,760 |
| Time Deposits | 3,542,639 | 3,453,649 | 34,421,293 |
| Other Deposits | 167,271 | 156,703 | 1,625,254 |
| Subtotal | ¥10,111,879 | ¥9,628,118 | \$98,249,902 |
| Negotiable Certificates of Deposit | 383,960 | 298,512 | 3,730,665 |
| Total | ¥10,495,839 | ¥9,926,630 | \$101,980,567 |

15. Trading Liabilities

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|---------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Trading Securities Sold for Short Sales | ¥ 1,019 | ¥ — | \$ 9,908 |
| Derivatives of Trading Securities | — | 7 | — |
| Trading-related Financial Derivatives | 23,054 | 30,344 | 224,002 |
| Total | ¥24,074 | ¥30,352 | \$233,910 |

16. Borrowed Money

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|----------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Borrowings from the Bank of Japan and Other Financial Institutions | ¥291,989 | ¥280,672 | \$2,837,051 |

Subordinated Borrowings of ¥5,000 million was included in Borrowed Money as of March 31, 2014 (¥15,000 million as of March 31, 2013).

17. Foreign Exchange Liabilities

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|-----------------------|--------------------------|------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Foreign Bills Sold | ¥763 | ¥332 | \$7,418 |
| Foreign Bills Payable | 167 | 25 | 1,625 |
| Total | ¥930 | ¥358 | \$9,042 |

18. Bonds Payable

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---------------------------------------|--------------------------|---------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Issuer: The Bank (Subordinated Bonds) | ¥10,000 | ¥20,000 | \$97,163 |

19. Other Liabilities

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|----------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Domestic Exchange Settlement Account, credit | ¥ 1,946 | ¥ 945 | \$ 18,914 |
| Accrued Expenses | 9,357 | 10,251 | 90,916 |
| Unearned Revenue | 26,026 | 24,559 | 252,885 |
| Income Taxes Payable | 14,211 | 16,666 | 138,088 |
| Derivatives | 7,424 | 15,093 | 72,142 |
| Other | 69,838 | 60,394 | 678,573 |
| Total | ¥128,806 | ¥127,911 | \$1,251,518 |

20. Retirement Benefit Plans

The Bank and its consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans. Also, the certain consolidated subsidiaries have defined contribution plans.

I. Retirement Benefit Plans for the Fiscal Year ended March 31, 2014

(1) Retirement Benefit Obligation

| | Millions of Yen (Note 1) | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|------------------------------------|
| | 2014 | 2014 |
| Balance at the Beginning of Current Period of Retirement Benefit Obligation | ¥67,094 | \$651,914 |
| Service Cost | 1,928 | 18,741 |
| Interest Cost | 1,330 | 12,924 |
| Actuarial Gain or Loss | 513 | 4,992 |
| Retirement Allowance Paid | (3,535) | (34,356) |
| Balance at the End of Current Period of Retirement Benefit Obligation | ¥67,331 | \$654,214 |

(2) Plan Assets at Fair Value

| | Millions of Yen (Note 1) | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|------------------------------------|
| | 2014 | 2014 |
| Balance at the Beginning of Current Period of Plan Assets at Fair Value | ¥48,223 | \$468,549 |
| Expected Return on Plan Assets | 1,445 | 14,046 |
| Actuarial Gain or Loss | 4,309 | 41,873 |
| Contributions by the Company | 2,436 | 23,675 |
| Retirement Allowance Paid | (2,189) | (21,272) |
| Balance at the End of Current Period of Plan Assets at Fair Value | ¥54,225 | \$526,872 |

(3) Net Defined Benefit Liability / Asset

| | Millions of Yen (Note 1) | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|------------------------------------|
| | 2014 | 2014 |
| Funded Retirement Benefit Obligation | ¥49,099 | \$477,062 |
| Plan Assets | (54,225) | (526,872) |
| | ¥ (5,126) | \$ (49,810) |
| Unfunded Retirement Benefit Obligation | 18,232 | 177,152 |
| Net Amount Accrued on the Balance Sheets | ¥13,106 | \$127,342 |

| | Millions of Yen (Note 1) | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|------------------------------------|
| | 2014 | 2014 |
| Net Defined Benefit Liability | ¥18,324 | \$178,044 |
| Net Defined Benefit Asset | (5,218) | (50,702) |
| Net Amount Accrued on the Balance Sheets | ¥13,106 | \$127,342 |

(4) Retirement Benefit Cost

| | Millions of Yen (Note 1) | Thousands of U.S. Dollars (Note 1) |
|--|-----------------------------|--|
| | 2014 | 2014 |
| Service Cost | ¥1,928 | \$18,741 |
| Interest Cost | 1,330 | 12,924 |
| Expected Return on Plan Assets | (1,445) | (14,046) |
| Amortization of Actuarial Gain or Loss | 538 | 5,228 |
| Net Periodic Retirement Benefit Cost | ¥2,351 | \$22,847 |

(5) Remeasurements of Defined Benefit Plans

| | Millions of Yen (Note 1) | Thousands of U.S. Dollars (Note 1) |
|-------------------------------------|-----------------------------|--|
| | 2014 | 2014 |
| Unrecognized Actuarial Gain or Loss | ¥1,341 | \$13,032 |

(6) Components of Plan Assets at Fair Value

| | 2014 |
|--|------|
| Stocks | 48% |
| General Accounts at Life Insurance Companies | 28% |
| Bonds | 23% |
| Other | 1% |

(7) Assumptions used in Accounting for the above Plans

| | 2014 |
|--|------|
| Discount Rate | 2.0% |
| Expected Rate of Long-term Return on Plan Assets | 3.0% |

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(8) Defined Contribution Plans

The required contribution amount of consolidated subsidiaries for the fiscal year ended March 31, 2014 was ¥21 million.

II. Retirement Benefit Plans for the Fiscal Year ended March 31, 2013

(1) Retirement Benefit Obligation

| | Millions of Yen (Note 1) |
|--|--------------------------|
| | 2013 |
| Retirement Benefit Obligation | ¥(67,094) |
| Plan Assets at Fair Value | 48,223 |
| Unfunded Retirement Benefit Obligation | (18,871) |
| Unrecognized Actuarial Gain or Loss | 2,992 |
| Net Amount Accrued on the Balance Sheets | (15,879) |
| Prepaid Pension Cost | 3,611 |
| Provision for Retirement Benefits | ¥(19,490) |

(2) Retirement Benefit Cost

| | Millions of Yen (Note 1) |
|---|--------------------------|
| | 2013 |
| Service Cost | ¥2,041 |
| Interest Cost | 1,367 |
| Expected Return on Plan Assets | (1,445) |
| Amortization of Actuarial Gain or Loss | 1,982 |
| Other (nonrecurring additional retirement allowance paid and other) | 21 |
| Net Periodic Retirement Benefit Cost | ¥3,966 |

(3) Assumptions used in Accounting for the above Plans

| | 2013 |
|---|----------|
| Discount Rate | 2.0% |
| Expected Rate of Return on Plan Assets | 3.5% |
| Amortization Period of Actuarial Gain or Loss | 10 years |

21. Revaluation Reserve for Land

Pursuant to the Law concerning Revaluation of Premises, premises used for business operations have been revalued as of March 31, 1998. Premises revaluation gain was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

The method of the revaluation (set forth in Article 3 (3) of the Law):

Pursuant to Article 2 (4) of the Enforcement Ordinance for the Law concerning Revaluation of Premises, the premises price for the revaluation is determined based on the method established and published by the Director General of National Tax Agency in order to calculate the premises value for a basis of determining the taxable amount subject to premises value tax prescribed by Article 16 of the Premises Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥35,707 million as of March 31, 2014 (¥35,882 million as of March 31, 2013).

22. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2014 and 2013.

| | Number of Shares | |
|-----------------|------------------|-------------|
| | 2014 | 2013 |
| Shares in Issue | 875,521,087 | 875,521,087 |

The number of treasury shares held by the Bank was 29,448 thousand as of March 31, 2014 (15,553 thousand as of March 31, 2013).

23. Trading Income

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|--------|--|
| | 2014 | 2013 | 2014 |
| Gains on Trading Account Securities Transactions | ¥1,512 | ¥1,187 | \$14,698 |
| Income from Trading-related Financial Derivatives Transactions | 1,410 | 845 | 13,706 |
| Other Trading Income | 272 | 359 | 2,652 |
| Total | ¥3,196 | ¥2,391 | \$31,055 |

24. Other Ordinary Income

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|--------|--|
| | 2014 | 2013 | 2014 |
| Gains on Foreign Exchange Transactions | ¥1,203 | ¥1,453 | \$11,695 |
| Gains on Sales of Bonds | 4,139 | 4,695 | 40,224 |
| Gains on Redemption of Bonds | 17 | — | 172 |
| Income from Derivatives other than for Trading or Hedging | 579 | 195 | 5,635 |
| Other | 0 | 0 | 3 |
| Total | ¥5,941 | ¥6,344 | \$57,731 |

25. Other Income

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| Gains on Sales of Stocks and Other Securities | ¥ 1,064 | ¥ 2,814 | \$ 10,340 |
| Gains on Money Held in Trust | 528 | 886 | 5,134 |
| Revenue on Lease | 13,251 | 13,672 | 128,756 |
| Recoveries of Written-off Claims | 2,865 | 3,615 | 27,846 |
| Reversal of Allowance for Loan Losses | 19 | — | 190 |
| Other | 7,466 | 9,339 | 72,544 |
| Total | ¥25,195 | ¥30,328 | \$244,809 |

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26. Other Ordinary Expenses

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|------------------------------|--------------------------|------|--|
| | 2014 | 2013 | 2014 |
| Loss on Sales of Bonds | ¥3,125 | ¥501 | \$30,369 |
| Loss on Redemption of Bonds | — | 283 | — |
| Loss on Devaluation of Bonds | 103 | 56 | 1,001 |
| Total | ¥3,228 | ¥841 | \$31,370 |

27. Other Expenses

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| Provision of Allowance for Loan Losses | ¥ — | ¥ 9,794 | \$ — |
| Written-off of Loans | 5,085 | 5,388 | 49,411 |
| Losses on Sales of Stocks and Other Securities | 81 | 22 | 794 |
| Losses on Devaluation of Stocks and Other Securities | 6 | 1,442 | 64 |
| Loss on Money Held in Trust | 2 | 0 | 24 |
| Cost of Leased Assets | 11,477 | 11,693 | 111,518 |
| Provision for Reimbursement of Deposits | 886 | 980 | 8,610 |
| Loss on Disposal of Non-current Assets | 730 | 569 | 7,098 |
| Impairment Loss on Fixed Assets | 250 | 185 | 2,433 |
| Other | 3,252 | 3,878 | 31,605 |
| Total | ¥21,773 | ¥33,955 | \$211,558 |

28. Cash and Cash Equivalents

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|----------|--|
| | 2014 | 2013 | 2014 |
| Cash and Due from Banks | ¥749,388 | ¥442,958 | \$7,281,271 |
| Interest-bearing Deposits included in Due from Banks (excluding Due from BOJ) | (101,205) | (62,861) | (983,342) |
| Cash and Cash Equivalents | ¥648,182 | ¥380,096 | \$6,297,930 |

29. Other Comprehensive Income

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|-----------|--|
| | 2014 | 2013 | 2014 |
| Valuation Difference on Available-for-sale Securities | | | |
| Gains (Losses) Arising during the Fiscal Year | ¥15,207 | ¥63,966 | \$147,762 |
| Reclassification Adjustment to Profit or Loss | (1,899) | (4,727) | (18,458) |
| Amount before Income Tax Effect | 13,307 | 59,239 | 129,304 |
| Income Tax Effect | (4,859) | (20,998) | (47,220) |
| Total | ¥ 8,448 | ¥38,240 | \$ 82,083 |
| Deferred Gains or Losses on Hedges | | | |
| Gains (Losses) Arising during the Fiscal Year | ¥ (2,697) | ¥ (3,130) | \$ (26,211) |
| Reclassification Adjustment to Profit or Loss | 4,541 | 3,722 | 44,123 |
| Amount before Income Tax Effect | 1,843 | 591 | 17,912 |
| Income Tax Effect | (652) | (209) | (6,341) |
| Total | ¥ 1,190 | ¥ 382 | \$ 11,571 |
| Share of Other Comprehensive Income of Entities Accounted for using Equity Method | | | |
| Gains (Losses) Arising during the Fiscal Year | ¥ 30 | ¥ 23 | \$ 296 |
| Reclassification Adjustment to Profit or Loss | (7) | — | (72) |
| Amount before Income Tax Effect | 22 | 23 | 223 |
| Income Tax Effect | — | — | — |
| Total | ¥ 22 | ¥ 23 | \$ 223 |
| Total Other Comprehensive Income | ¥ 9,661 | ¥38,646 | \$ 93,878 |

30. Lease Transactions

(1) Finance Lease Transactions

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|------|--|
| | 2014 | 2013 | 2014 |
| Lessee Side | | | |
| Amount Corresponding to the Purchased Prices of the Leased Assets | ¥278 | ¥283 | \$2,706 |
| Amount Corresponding to Accumulated Depreciation | 89 | 80 | 868 |
| Amount Corresponding to Balance at Fiscal Year-end | ¥189 | ¥203 | \$1,838 |

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|------|--|
| | 2014 | 2013 | 2014 |
| Amount Corresponding to Lease Payables (within 1 year) | ¥ 13 | ¥ 13 | \$ 135 |
| Amount Corresponding to Lease Payables (over 1 year) | 175 | 189 | 1,703 |
| Total | ¥189 | ¥203 | \$1,838 |

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--------------------------------------|--------------------------|------|--|
| | 2014 | 2013 | 2014 |
| Lease Fees Paid | ¥13 | ¥14 | \$135 |
| Amount Corresponding to Depreciation | 13 | 14 | 135 |

(Note i) The lease period is set at the useful life of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.

(Note ii) The amount corresponding to the Purchased Prices of the Leased Assets presented above includes interest amounts calculated under the interest method, as the balances of Lease Payables are small as a percentage of the book value of total tangible fixed assets.

(Note iii) The amount corresponding to Lease Payables presented above includes interest amounts calculated under the interest method, as the balances of Lease Payables are small as a percentage of the book value of total tangible fixed assets.

(2) Operating Lease Transactions

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|------|--|
| | 2014 | 2013 | 2014 |
| Lessee Side (Lease Payables related to Non-cancelable Operating Lease Transactions) | | | |
| Amount Corresponding to Lease Payables (within 1 year) | ¥133 | ¥151 | \$1,298 |
| Amount Corresponding to Lease Payables (over 1 year) | 107 | 187 | 1,043 |
| Total | ¥241 | ¥339 | \$2,342 |

31. Tax Effect

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| Deferred Tax Assets: | | | |
| Allowance for Loan Losses | ¥25,505 | ¥27,494 | \$247,823 |
| Write-offs of Securities | 1,300 | 1,309 | 12,633 |
| Provision for Retirement Benefits | 6,852 | 7,031 | 66,584 |
| Other | 8,080 | 9,229 | 78,514 |
| Subtotal | ¥41,739 | ¥45,065 | \$405,554 |
| Valuation Allowance | (1,575) | (1,683) | (15,306) |
| Total Deferred Tax Assets | ¥40,164 | ¥43,382 | \$390,247 |
| Deferred Tax Liabilities: | | | |
| Valuation Difference on Available-for-sale Securities | ¥32,931 | ¥28,071 | \$319,975 |
| Prepaid Pension Cost | 1,716 | 1,239 | 16,676 |
| Reserve for Advanced Depreciation | 60 | 60 | 591 |
| Remeasurements of defined benefit plans | 474 | — | 4,613 |
| Other | 766 | 721 | 7,445 |
| Total Deferred Tax Liabilities | ¥35,950 | ¥30,094 | \$349,301 |
| Net Deferred Tax Assets | ¥ 4,214 | ¥13,288 | \$ 40,947 |

For the years ended March 31, 2014 and 2013, as the difference between the statutory tax rate and the effective income tax rate was less than 5 percent of the statutory tax rate, the reconciliation of the effective income tax rate is not disclosed.

32. Segment Information

I. Segment Information of the previous Fiscal Year (from April 1, 2012 to March 31, 2013) and this Fiscal Year (from April 1, 2013 to March 31, 2014)

Since the Bank and its consolidated subsidiaries (the "Group") operate solely within the banking segment, segment information is omitted.

II. Related Information

(1) Information by Service Type

Since the Ordinary income of banking business from external customers of the Group exceeds 90% of Ordinary income in the consolidated statements of income, segment information is omitted.

(2) Information by Geographic Areas

i) Ordinary Income

Since the Ordinary income from domestic external customers of the Group exceeds 90% of Ordinary income in the consolidated statements of income, segment information is omitted.

ii) Tangible Fixed Assets

Since the balance of the Group's tangible fixed assets located in Japan exceeds 90% of the balance of those in the consolidated balance sheets, segment information is omitted.

(3) Information by Major Customers

Since there is no single customer with which the Group earns ordinary income exceeding 10% of Ordinary income in the consolidated statements of income, segment information by major customers is omitted.

III. Information about Impairment Loss of Fixed Assets by Reporting Segments

Since the Group operates solely within the banking segment, segment information is omitted.

IV. Information about Amortization Expense and Unamortized Balance of Goodwill by Reporting Segments

Not applicable.

V. Information about Gains from Negative Goodwill by Reporting Segment

Not applicable.

33. Financial Instruments

I. Disclosure on Financial Instruments

(1) Policy on Financial Instruments

The Group conducts market businesses such as deposit-taking, lending and securities investments as a regional bank which is mainly based in Chiba Prefecture.

The Group takes deposits, which are its main financing source, and invests those deposits in corporate loans, personal housing loans and securities. In order to manage these assets and liabilities and also to make management plan in response to changes in market environment, we have established ALM management system led by ALM Committee.

(2) Types of and Risks Associated with Financial Instruments

Because of corporate and housing loans being our main financial assets, we are exposed to credit risk which is the risk of losses on receivable such as those arising from nonperformance of borrowers.

We hold securities primarily comprising bonds, stocks and investment trusts for investment and operating purposes. These securities have credit risk of the issuers and market risk arising from changes in interest rates, prices and exchange rates.

The Group's financial liabilities are mainly deposits from our individual customers in Chiba Prefecture which consist of liquid deposits and time deposits. These deposits have liquidity risk arising from unexpected outflows of fund in certain situations.

The Group has interest rate risk caused by a mismatch in terms of interest rates or time period between the assets (e.g., loans) and liabilities (e.g., deposits). We in part hedge the risk using interest rate swaps.

We also have foreign exchange risk arising from a position mismatch between the foreign currency denominated assets and liabilities, which we in part hedge using currency swaps.

We utilize derivatives for purposes of: addressing customer's various needs for investments and financing; managing risks from the assets and liabilities, and; trading (i.e., for a gain from sales in a short term). We enter into derivatives transactions to hedge interest rate and exchange rate risks from the assets and liabilities as follows:

| | Hedged Item | Hedging Instrument |
|-----------------------------|--|--|
| Interest rate risk hedge | Loans and bills discounted | Interest rate swaps |
| Foreign exchange risk hedge | Receivables and payables denominated in foreign currencies | Currency swaps Forward foreign exchange |

We apply hedge accounting to these transactions. Derivatives bear market risk and credit risk like other transactions in markets.

Some of our subsidiaries have leasing credit and installment receivables which are subject to interest rate risk and credit risk.

(3) Risk Management Relating to Financial Instruments

i) Credit Risk Management

We have established the system of self-assessment of assets to provide appropriate allowance and write-offs. We also perform rigid credit risk management through individual credit management and credit portfolio management based on internal rating system. The Risk Management Division, which is

responsible for credit risk management, has been placed as a division independent of the Credit Unit (including Credit Division) for a check-and-balance effect. Further, the Credit Risk Management Committee discusses plans and actions on credit portfolios based on consideration of credit risk situations.

The details of credit risk management are as follows:

(Individual Credit Management)

Branches and the Credit Division take the lead in credit review in accordance with credit review standards under the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Division provides support for customers who need to improve business operations and collection activities with regard to Bankrupt Borrowers and others. The Bank strives to accumulate high-performing loan assets and minimize future losses through these in-advance review and after-the-fact administration.

(Credit Portfolio Management)

Credit portfolio management is to control risk of incurring a major loss at a time due to concentration of individual loans in specific countries or specific industries. The Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating. They also establish policies and take actions such as setting credit limits to control an increase in credit risk.

ii) Market Risk Management

We have established strict market risk management system including risk limit monitoring. The Risk Management Division, which is responsible for market risk management, has been placed as a division independent of the Treasury Division and overseas branches and the Treasury Operation Division for a check-and-balance effect. The ALM Committee discusses plans and actions on overall management of the assets and liabilities based on market risk situations. The following is how we set and monitor the upper guideline limits:

(Risk Limit Monitoring)

We set and monitor upper guideline limits to control market risk of financial assets such as securities, loans and deposits. In order to control an increase in market risk, we also set upper limits on investment balances, average duration, 10BPV and unrealized gains (losses) according to risk characteristics of transactions and products, and utilize such limits as additional management indicators. For trading, we set and monitor upper guideline limits on positions and losses.

(Quantitative Information on Market Risk)

(a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥185,024 million as of March 31, 2014 (¥111,623 million as of March 31, 2013). In case of 99% confidence level, VaR is ¥139,286 million as of March 31, 2014 (¥84,030 million as of March 31, 2013).

(b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days;

confidence interval of 99.9%; and observation period of 1 year). Those VaR is used for risk limit monitoring. Our VaR of trading business is ¥33 million as of March 31, 2014 (¥23 million as of March 31, 2013). In case of 99% confidence level, VaR is ¥25 million as of March 31, 2014 (¥17 million as of March 31, 2013).

(c) Validity of VaR

We check the validity of the market risk measurement made by VaR approach by the back-test which compares VaR calculated using the model with actual profit and loss. Since VaR estimates possible losses statistically under the certain probability from the past market changes, risk might not be complemented under anomalous market situations.

iii) Liquidity Risk Management

We have established strict liquidity risk management system including limit monitoring. The Risk Management Division, which is responsible for liquidity risk management, has been placed as a division independent of Treasury Division for a check-and-balance effect. The ALM Committee discusses plans and actions on overall management of the assets and liabilities based on liquidity risk situations. Upon an event with a significant impact on the cash flows, we would immediately have a conference chaired by the President and discuss plans to address the event. The following is how we set and monitor limits for liquidity management:

(Limit Management)

We set and monitor the minimum level of liquid assets such as government bonds that can be converted to cash in a short time. We also set upper limits on financing from inter-bank and other markets in order to facilitate stable cash flows with our fund-raising capacity.

iv) Integrated Risk Management

We have established rigid integrated risk management system including risk capital allocation framework. The Risk Management Division is responsible for integrated risk management and is the unit that monitors various risks including credit and market risks. In order to ensure that we have capital sufficient for the risks we bear, the Risk Management Division also conducts stress test, the results of which the Board of Directors monitors on a regular basis and discuss actions to take as necessary. The following is the details of risk capital allocation framework:

(Risk Capital Allocation Framework)

Risk capital allocation framework is to distribute risk capital (tolerable risk) within the capital representing our financial strength, to divisions such as domestic business divisions and treasury divisions in advance. Each division then controls risks within the allocated risk capital. Through this framework, each division conducts its operations focusing on risk-return spectrum (e.g., improves profitability and/or utilize the capital in a more efficient manner) while the entire Bank's strength is maintained.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments includes, in addition to values determined based on market prices, those calculated on a reasonable basis if no market price is available. Since certain assumptions are used for the calculations, the result may vary if different assumptions are used.

II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheet and the fair value of financial instruments as of March 31, 2014 with their difference. Note that the following table does not include non-listed equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

Millions of Yen (Note 1)

| | March 31, 2014 | | | March 31, 2013 | | |
|---------------------------------------|-----------------------------------|-------------|--------------|-----------------------------------|-------------|--------------|
| | Consolidated Balance Sheet Amount | Fair Value | Difference*1 | Consolidated Balance Sheet Amount | Fair Value | Difference*1 |
| (1)Securities | | | | | | |
| Available-for-sale Securities | ¥ 2,168,530 | ¥ 2,168,530 | ¥ — | ¥2,162,243 | ¥ 2,162,243 | ¥ — |
| (2)Loans and Bills Discounted | 8,061,697 | | | 7,886,033 | | |
| Allowance for Loan Losses*2 | (47,946) | | | (52,714) | | |
| | 8,013,750 | 8,114,392 | 100,642 | 7,833,318 | 7,943,896 | 110,577 |
| Total Assets | ¥10,182,281 | ¥10,282,923 | ¥100,642 | ¥9,995,562 | ¥10,106,139 | ¥110,577 |
| (1)Deposits | 10,111,879 | 10,112,412 | (532) | 9,628,118 | 9,628,868 | (750) |
| (2)Negotiable Certificates of Deposit | 383,960 | 383,960 | — | 298,512 | 298,513 | (1) |
| Total Liabilities | ¥10,495,839 | ¥10,496,372 | ¥ (532) | ¥9,926,630 | ¥ 9,927,381 | ¥ (751) |
| Derivative Transactions*3 | | | | | | |
| Not Qualifying for Hedge Accounting | 1,976 | 1,976 | — | 982 | 982 | — |
| Qualifying for Hedge Accounting | [3,502] | [3,502] | — | [8,345] | [8,345] | — |
| Total Derivative Transactions | ¥ [1,525] | ¥ [1,525] | ¥ — | ¥ [7,362] | ¥ [7,362] | ¥ — |

*1 Unrealized gains (losses) are presented.

*2 General and specific allowance for Loans and bills discounted is deducted here.

*3 Presents derivative transactions included in Trading assets/liabilities as well as those in Other assets/liabilities. Also presents assets or liabilities arising from derivative transactions on a net basis. Net liability positions are presented with brackets [].

(Note i) Methods used for determining the estimated fair value of financial instruments

Assets

(1) Securities

The fair value of stocks is determined based on price quoted by the exchanges. The fair value of bonds is determined based on the Trading Reference Statistical Data published by Japanese Securities Dealers Association or prices provided by financial institutions. The fair value of investment trusts is determined based on the net asset value provided by financial institutions.

The fair value of domestic stocks and domestic investment trusts is based on the average market price during the month preceding the consolidated fiscal year end. The fair value of privately placed bonds guaranteed by the Bank is determined based on a market interest rate adjusted with projected default rate.

(2) Loans and Bills Discounted

Because a floating-rate loan reflects market interest rate within a short time, its fair value approximates the carrying amount unless the creditworthiness of the borrower has changed significantly since the loan origination. As such the carrying amount is deemed as the fair value. With respect to fixed rate loans, the fair value is calculated as total of principal and interest discounted at market interest rate adjusted with projected default rate for each category of loans based on type, internal rating and maturity length.

As for short-term loans with maturity of one year or less, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount.

For loans to Bankrupt, Effectively Bankrupt and Potentially Bankrupt Borrowers, Allowance for loan losses is estimated based on present value of expected future cash flows or expected amount to be collected from collaterals and guarantees. Accordingly, the fair value approximates the consolidated balance sheet amount less the allowance, which is then deemed and used as the fair value in the above table.

For loans without a fixed maturity due to loan characteristics such as limiting loans to within the value of collateral, the carrying amount is deemed as the fair value since the fair value is considered to approximate such carrying amount in terms of expected duration and interest rate.

Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date is considered to be the fair value. The fair value of time deposits and negotiable certificates of deposit are calculated as future cash flows discounted by time period. The discount rate used in the calculation is the interest rate that would be applied to newly accepted deposits. For short-term deposits, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount because of the short contract term of one year or less.

Derivative Transactions

See "37. Derivative Transactions."

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(Note ii) The following table summarizes financial instruments whose fair value is extremely difficult to estimate. These securities are not included in the amount presented under "Assets, (1) Available-for-sale Securities" in the above table.

| Millions of Yen (Note 1) | | |
|--|-----------------------------------|-----------------------------------|
| | March 31, 2014 | March 31, 2013 |
| | Consolidated Balance Sheet Amount | Consolidated Balance Sheet Amount |
| (1) Non-listed Stocks (*1)(*2) | ¥5,656 | ¥6,540 |
| (2) Investments in Limited Partnerships, etc. (*3) | 2,289 | 2,551 |
| Total | ¥7,945 | ¥9,092 |

(*1) Non-listed stocks do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, the fair value is not disclosed.

(*2) An impairment loss of ¥1 million (¥21 million for the previous fiscal year) was recorded on these non-listed stocks in the current fiscal year.

(*3) Fair value of investments in limited partnerships, etc., is not disclosed since such partnerships invest in assets, such as non-listed stocks, of which fair value is extremely difficult to estimate.

(Note iii) Redemption schedule of monetary claims and securities with maturities:

| Millions of Yen (Note 1) | | | | | | |
|---|-------------------|-------------------|-------------------|-----------------|-----------------|-------------------|
| March 31, 2014 | | | | | | |
| | Within 1 Year | 1-3 Years | 3-5 Years | 5-7 Years | 7-10 Years | Over 10 Years |
| Securities | ¥ 287,034 | ¥ 582,420 | ¥ 620,463 | ¥248,874 | ¥ 81,184 | ¥ 67,552 |
| Held-to-maturity Bonds | — | — | — | — | — | — |
| Available-for-sale Securities with Maturities | 287,034 | 582,420 | 620,463 | 248,874 | 81,184 | 67,552 |
| Government Bonds | 145,500 | 263,300 | 304,100 | 204,000 | 43,000 | — |
| Local Government Bonds | 68,805 | 143,349 | 90,098 | 6,240 | 24,800 | — |
| Short-term Corporate Bonds | — | — | — | — | — | — |
| Corporate Bonds | 43,743 | 70,436 | 71,113 | 18,019 | 7,703 | 5,862 |
| Loans (*) | 1,297,351 | 1,430,960 | 1,022,562 | 638,439 | 711,902 | 2,248,260 |
| Total | ¥1,584,386 | ¥2,013,380 | ¥1,643,026 | ¥887,314 | ¥793,087 | ¥2,315,813 |

(*) These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥712,220 million in total.

| Millions of Yen (Note 1) | | | | | | |
|---|-------------------|-------------------|-------------------|-----------------|-----------------|-------------------|
| March 31, 2013 | | | | | | |
| | Within 1 Year | 1-3 Years | 3-5 Years | 5-7 Years | 7-10 Years | Over 10 Years |
| Securities | ¥ 293,014 | ¥ 593,809 | ¥ 524,850 | ¥201,241 | ¥225,190 | ¥ 81,439 |
| Held-to-maturity Bonds | — | — | — | — | — | — |
| Available-for-sale Securities with Maturities | 293,014 | 593,809 | 524,850 | 201,241 | 225,190 | 81,439 |
| Government Bonds | 173,200 | 270,000 | 259,000 | 195,500 | 158,800 | — |
| Local Government Bonds | 34,268 | 152,375 | 120,080 | 1,240 | 51,600 | — |
| Short-term Corporate Bonds | — | — | — | — | — | — |
| Corporate Bonds | 41,182 | 93,462 | 55,158 | 2,379 | 11,919 | 8,355 |
| Loans (*) | 1,402,856 | 1,416,945 | 934,357 | 603,266 | 683,004 | 2,149,134 |
| Total | ¥1,695,871 | ¥2,010,755 | ¥1,459,208 | ¥804,507 | ¥908,194 | ¥2,230,573 |

(*) These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥696,468 million in total.

(Note iv) Repayment schedule of interest-bearing liabilities:

| Millions of Yen (Note 1) | | | | | | |
|------------------------------------|-------------------|-----------------|----------------|---------------|----------------|---------------|
| March 31, 2014 | | | | | | |
| | Within 1 Year | 1-3 Years | 3-5 Years | 5-7 Years | 7-10 Years | Over 10 Years |
| Deposits (*) | ¥9,371,423 | ¥673,390 | ¥49,806 | ¥5,365 | ¥11,893 | ¥ — |
| Negotiable Certificates of Deposit | 383,960 | — | — | — | — | — |
| Total | ¥9,755,383 | ¥673,390 | ¥49,806 | ¥5,365 | ¥11,893 | ¥ — |

| Millions of Yen (Note 1) | | | | | | |
|------------------------------------|-------------------|-----------------|----------------|---------------|----------------|---------------|
| March 31, 2013 | | | | | | |
| | Within 1 Year | 1-3 Years | 3-5 Years | 5-7 Years | 7-10 Years | Over 10 Years |
| Deposits (*) | ¥8,875,860 | ¥695,081 | ¥40,909 | ¥5,218 | ¥11,047 | ¥ — |
| Negotiable Certificates of Deposit | 298,173 | 338 | — | — | — | — |
| Total | ¥9,174,033 | ¥695,420 | ¥40,909 | ¥5,218 | ¥11,047 | ¥ — |

(*) Demand deposits are included in "Within 1 Year."

34. Market Value of Securities

(1) Trading Securities

| Millions of Yen (Note 1) | | |
|--------------------------|---|---|
| | March 31, 2014 | March 31, 2013 |
| | Unrealized Gains (Losses) Included in the Consolidated Statement of Income | Unrealized Gains (Losses) Included in the Consolidated Statement of Income |
| Trading Securities | ¥56 | ¥111 |

(2) Marketable Securities Held-to-Maturity

| Millions of Yen (Note 1) | | | | | | | |
|---|-------------------------------------|---|------------|------------|---|------------|------------|
| | | March 31, 2014 | | | March 31, 2013 | | |
| | | Consolidated balance sheet amount | Fair Value | Difference | Consolidated balance sheet amount | Fair Value | Difference |
| (a) Securities for which the fair value exceeds the consolidated balance sheet amount | Bonds: | | | | | | |
| | Japanese Government Bonds | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — |
| | Japanese Local Government Bonds | — | — | — | — | — | — |
| | Japanese Short-term Corporate Bonds | — | — | — | — | — | — |
| | Japanese Corporate Bonds | — | — | — | — | — | — |
| | Other | 3,557 | 3,566 | 8 | 2,377 | 2,381 | 4 |
| | Foreign Bonds | — | — | — | — | — | — |
| | Subtotal | ¥3,557 | ¥3,566 | ¥ 8 | ¥2,377 | ¥2,381 | ¥ 4 |
| (b) Securities for which the fair value does not exceed the consolidated balance sheet amount | Bonds: | | | | | | |
| | Japanese Government Bonds | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — |
| | Japanese Local Government Bonds | — | — | — | — | — | — |
| | Japanese Short-term Corporate Bonds | — | — | — | — | — | — |
| | Japanese Corporate Bonds | — | — | — | — | — | — |
| | Other | 2,312 | 2,296 | (16) | 5,472 | 5,442 | (29) |
| | Foreign Bonds | — | — | — | — | — | |
| | Subtotal | ¥2,312 | ¥2,296 | ¥(16) | ¥5,472 | ¥5,442 | ¥(29) |
| | Total | ¥5,870 | ¥5,863 | ¥ (7) | ¥7,849 | ¥7,824 | ¥(25) |

(3) Marketable Securities Available-for-Sale

| Millions of Yen (Note 1) | | | | | | | |
|--|-------------------------------------|---|---------------------|------------|---|---------------------|------------|
| | | March 31, 2014 | | | March 31, 2013 | | |
| | | Consolidated balance sheet amount | Acquisition Cost | Difference | Consolidated balance sheet amount | Acquisition Cost | Difference |
| (a) Securities for which the fair value exceeds the amortized acquisition cost | Stocks | ¥ 172,893 | ¥ 99,032 | ¥73,861 | ¥ 132,328 | ¥ 73,243 | ¥ 59,084 |
| | Bonds: | 1,433,733 | 1,423,108 | 10,624 | 1,514,121 | 1,494,377 | 19,744 |
| | Japanese Government Bonds | 924,786 | 917,597 | 7,188 | 956,623 | 943,754 | 12,868 |
| | Japanese Local Government Bonds | 307,518 | 305,420 | 2,097 | 357,370 | 352,427 | 4,943 |
| | Japanese Short-term Corporate Bonds | — | — | — | — | — | — |
| | Japanese Corporate Bonds | 201,429 | 200,090 | 1,338 | 200,128 | 198,195 | 1,932 |
| | Other | 262,873 | 249,554 | 13,318 | 238,513 | 227,120 | 11,393 |
| | Foreign Bonds | 168,748 | 167,242 | 1,505 | 193,092 | 189,892 | 3,200 |
| | Subtotal | ¥1,869,500 | ¥1,771,695 | ¥97,805 | ¥1,884,963 | ¥1,794,741 | ¥ 90,222 |
| (b) Securities for which the fair value does not exceed the amortized acquisition cost | Stocks | ¥ 9,223 | ¥ 11,247 | ¥ (2,023) | ¥ 33,111 | ¥ 39,398 | ¥ (6,286) |
| | Bonds: | 101,032 | 101,187 | (155) | 145,454 | 146,400 | (946) |
| | Japanese Government Bonds | 55,319 | 55,393 | (73) | 124,690 | 125,549 | (859) |
| | Japanese Local Government Bonds | 28,307 | 28,344 | (36) | 7,847 | 7,853 | (6) |
| | Japanese Short-term Corporate Bonds | — | — | — | — | — | — |
| | Japanese Corporate Bonds | 17,404 | 17,450 | (45) | 12,916 | 12,997 | (81) |
| | Other | 188,774 | 191,535 | (2,760) | 98,713 | 102,144 | (3,431) |
| | Foreign Bonds | 174,396 | 176,904 | (2,507) | 81,951 | 83,776 | (1,825) |
| | Subtotal | ¥ 299,030 | ¥ 303,969 | ¥ (4,939) | ¥ 277,279 | ¥ 287,944 | ¥ (10,664) |
| | Total | ¥2,168,530 | ¥2,075,664 | ¥92,865 | ¥2,162,243 | ¥2,082,685 | ¥ 79,557 |

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(4) Securities Held-to-Maturity Sold during the Fiscal Year

None.

(5) Securities Available-for-Sale Sold during the Fiscal Year

Millions of Yen (Note 1)

| | March 31, 2014 | | | March 31, 2013 | | |
|-------------------------------------|---------------------|--------|--------|---------------------|--------|------|
| | Proceeds from Sales | Gain | Loss | Proceeds from Sales | Gain | Loss |
| Stocks | ¥ 4,624 | ¥ 663 | ¥ 11 | ¥ 4,136 | ¥1,596 | ¥ 17 |
| Bonds: | 409,134 | 3,809 | 667 | 176,004 | 4,063 | 52 |
| Japanese Government Bonds | 336,748 | 2,930 | 496 | 128,467 | 1,566 | 52 |
| Japanese Local Government Bonds | 67,868 | 847 | 103 | 44,480 | 2,491 | — |
| Japanese Short-term Corporate Bonds | — | — | — | — | — | — |
| Japanese Corporate Bonds | 4,517 | 31 | 67 | 3,055 | 5 | — |
| Other | 98,662 | 731 | 2,528 | 86,521 | 1,848 | 453 |
| Foreign Bonds | 93,495 | 330 | 2,457 | 80,208 | 631 | 448 |
| Total | ¥512,421 | ¥5,204 | ¥3,207 | ¥266,661 | ¥7,509 | ¥523 |

(6) Securities for which the Holding Purpose has been Altered

None.

(7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was ¥109 million (Stocks; ¥6 million, Corporate bonds; ¥103 million) (¥1,499 million (Stocks; ¥1,442 million, Corporate bonds; ¥56 million) for the previous fiscal year).

"Considerable decline in fair value" is determined based on the classification of issuers in accordance with the internal standards for self-assessment of assets as follows:

Bankrupt, effectively bankrupt and potentially bankrupt:

Fair value is lower than acquisition cost.

Requiring caution:

Fair value has declined by 30% or more from acquisition cost.

Normal:

Fair value has declined by 50% or more from acquisition cost, or fair value has declined by more than 30% but less than 50% from acquisition cost and stayed below a certain level.

Bankrupt issuer means one who has entered into bankruptcy, special liquidation proceedings, corporate rehabilitation, civil rehabilitation or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses.

Effectively bankrupt issuer means one who is not legally or formally bankrupt but regarded as substantially in a similar condition.

Potentially bankrupt issuer means one who is not legally bankrupt but deemed to have high possibility of becoming bankrupt.

Requiring caution issuer means one who is financially weak and under close monitoring conducted by the Bank.

Normal issuer means one who does not belong to the others.

35. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| Consolidated Balance Sheet Amount | ¥36,597 | ¥36,890 | \$355,588 |
| Unrealized Gains (Losses) Included in the Consolidated Statements of Income | 1,598 | 4,054 | 15,533 |

(2) Money Held in Trust for Other Purposes

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|-----------------------------------|--------------------------|--------|--|
| | 2014 | 2013 | 2014 |
| Acquisition Cost | ¥7,197 | ¥4,300 | \$69,932 |
| Consolidated Balance Sheet Amount | 7,197 | 4,300 | 69,932 |
| Valuation Differences | — | — | — |
| Gains | — | — | — |
| Losses | — | — | — |

36. Valuation Difference on Available-for-sale Securities

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|---------|--|
| | 2014 | 2013 | 2014 |
| Valuation Difference | ¥92,865 | ¥79,557 | \$902,310 |
| Securities Available for Sale | 92,865 | 79,557 | 902,310 |
| Other Money Held in Trust | — | — | — |
| Deferred Tax Liabilities (Assets) | 32,931 | 28,071 | 319,975 |
| Valuation Difference, Net of Taxes | ¥59,933 | ¥51,485 | \$582,334 |
| Amount Attributable to Minority Interests | 273 | 164 | 2,659 |
| Net Unrealized Gains on Securities Available for Sale Owned by Subsidiaries, which is Attributable to the Parent | 97 | 74 | 950 |
| Valuation Difference on Available-for-sale Securities | ¥59,757 | ¥51,396 | \$580,625 |

37. Derivative Transactions

(1) Derivative Transactions to which Hedge Accounting is not Applied

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by transaction type as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

(a) Interest rate derivatives

| | Millions of Yen (Note 1) | | | |
|---------------------------|---------------------------------------|-------------|------------|---------------------------|
| | March 31, 2014 | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) |
| | Total | Over 1 Year | | |
| Listed: | | | | |
| Futures: | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Bought | — | — | — | — |
| Options: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Over-the-counter: | | | | |
| FRAs: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Swaps: | | | | |
| Receive Fixed / Pay Float | 1,314,961 | 994,000 | 23,162 | 23,162 |
| Receive Float / Pay Fixed | 1,309,316 | 957,166 | (21,331) | (21,331) |
| Receive Float / Pay Float | 101,100 | 76,100 | 54 | 54 |
| Options: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Other: | | | | |
| Sold | 14,020 | 8,763 | (13) | (13) |
| Bought | 3,700 | 3,700 | 6 | 6 |
| Total | ¥ — | ¥ — | ¥ 1,879 | ¥ 1,879 |

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.

2. The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

| | Millions of Yen (Note 1) | | | |
|---------------------------|---------------------------------------|-------------|------------|---------------------------|
| | March 31, 2013 | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) |
| | Total | Over 1 Year | | |
| Listed: | | | | |
| Futures: | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Bought | — | — | — | — |
| Options: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Over-the-counter: | | | | |
| FRAs: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Swaps: | | | | |
| Receive Fixed / Pay Float | 1,508,436 | 1,222,032 | 30,030 | 30,030 |
| Receive Float / Pay Fixed | 1,485,867 | 1,205,777 | (29,205) | (29,205) |
| Receive Float / Pay Float | 100,700 | 69,700 | 12 | 12 |
| Options: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Other: | | | | |
| Sold | 19,083 | 11,678 | (7) | (7) |
| Bought | 3,000 | 3,000 | 2 | 2 |
| Total | ¥ — | ¥ — | ¥ 832 | ¥ 832 |

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.

2. The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

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(b) Currency derivatives

| Millions of Yen (Note 1) | | | | | |
|----------------------------|---------------------------------------|-------------|------------|---------------------------|-----|
| March 31, 2014 | | | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) | |
| | Total | Over 1 Year | | | |
| Listed: | | | | | |
| Futures: | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — |
| Bought | — | — | — | — | — |
| Options: | | | | | |
| Sold | — | — | — | — | — |
| Bought | — | — | — | — | — |
| Over-the-counter: | | | | | |
| Currency Swaps | 149,135 | 107,130 | 117 | 117 | |
| Forward Foreign Eexchange: | | | | | |
| Sold | 15,078 | — | (102) | (102) | |
| Bought | 9,399 | — | 63 | 63 | |
| Currency Options: | | | | | |
| Sold | 5,019 | — | (153) | 162 | |
| Bought | 5,019 | — | 154 | (74) | |
| Other: | | | | | |
| Sold | 318 | 19 | (65) | (65) | |
| Bought | 318 | 19 | 77 | 77 | |
| Total | ¥ — | ¥ — | ¥ 90 | ¥177 | |

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. The fair value is based on the discounted cash flow method or option pricing models.

| Millions of Yen (Note 1) | | | | | |
|----------------------------|---------------------------------------|-------------|------------|---------------------------|-----|
| March 31, 2013 | | | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) | |
| | Total | Over 1 Year | | | |
| Listed: | | | | | |
| Futures: | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — |
| Bought | — | — | — | — | — |
| Options: | | | | | |
| Sold | — | — | — | — | — |
| Bought | — | — | — | — | — |
| Over-the-counter: | | | | | |
| Currency Swaps | 180,861 | 124,073 | 132 | 132 | |
| Forward Foreign Eexchange: | | | | | |
| Sold | 13,361 | — | (118) | (118) | |
| Bought | 9,235 | — | 83 | 83 | |
| Currency Options: | | | | | |
| Sold | 36,810 | — | (1,121) | 1,505 | |
| Bought | 36,810 | — | 1,121 | (753) | |
| Other: | | | | | |
| Sold | 1,105 | 279 | (104) | (104) | |
| Bought | 1,105 | 279 | 152 | 152 | |
| Total | ¥ — | ¥ — | ¥ 145 | ¥ 896 | |

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity derivatives

None.

(d) Bond derivatives

| Millions of Yen (Note 1) | | | | | |
|--------------------------|---------------------------------------|-------------|------------|---------------------------|-----|
| March 31, 2014 | | | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) | |
| | Total | Over 1 Year | | | |
| Listed: | | | | | |
| Futures: | | | | | |
| Sold | ¥1,014 | ¥ — | ¥ — | ¥ — | ¥ — |
| Bought | — | — | — | — | — |
| Futures Options: | | | | | |
| Sold | — | — | — | — | — |
| Bought | — | — | — | — | — |
| Over-the-counter: | | | | | |
| Options: | | | | | |
| Sold | — | — | — | — | — |
| Bought | — | — | — | — | — |
| Other: | | | | | |
| Sold | — | — | — | — | — |
| Bought | — | — | — | — | — |
| Total | ¥ — | ¥ — | ¥ 1 | ¥ 1 | |

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

| Millions of Yen (Note 1) | | | | | |
|--------------------------|---------------------------------------|-------------|------------|---------------------------|--|
| March 31, 2013 | | | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) | |
| | Total | Over 1 Year | | | |
| Listed: | | | | | |
| Futures: | | | | | |
| Sold | ¥1,883 | ¥ — | ¥(7) | ¥(7) | |
| Bought | — | — | — | — | |
| Futures Options: | | | | | |
| Sold | — | — | — | — | |
| Bought | — | — | — | — | |
| Over-the-counter: | | | | | |
| Options: | | | | | |
| Sold | — | — | — | — | |
| Bought | — | — | — | — | |
| Other: | | | | | |
| Sold | — | — | — | — | |
| Bought | — | — | — | — | |
| Total | ¥ — | ¥ — | ¥(7) | ¥(7) | |

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. The fair value of listed transactions is based on the final price issued by Tokyo Stock Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

(e)Commodity derivatives

| Millions of Yen (Note 1) | | | | |
|---------------------------|---------------------------------------|-------------|------------|---------------------------|
| March 31, 2014 | | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) |
| | Total | Over 1 Year | | |
| Listed: | | | | |
| Futures: | | | | |
| Sold | ¥— | ¥— | ¥— | ¥— |
| Bought | — | — | — | — |
| Swaps: | | | | |
| Receive Fixed / Pay Float | — | — | — | — |
| Receive Float / Pay Fixed | — | — | — | — |
| Over-the-counter: | | | | |
| Commodity Forward | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Swaps: | | | | |
| Receive Fixed / Pay Float | 49 | 32 | (16) | (16) |
| Receive Float / Pay Fixed | 49 | 32 | 22 | 22 |
| Options: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Total | ¥— | ¥— | ¥ 5 | ¥ 5 |

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- The fair value of OTC transactions is based on the price of the underlying asset, terms of contract and other factors which structure the contract.
- Fuels were underlying assets of the above derivative transactions.

| Millions of Yen (Note 1) | | | | |
|---------------------------|---------------------------------------|-------------|------------|---------------------------|
| March 31, 2013 | | | | |
| | Notional Principal or Contract Amount | | Fair Value | Unrealized Gains (Losses) |
| | Total | Over 1 Year | | |
| Listed: | | | | |
| Futures: | | | | |
| Sold | ¥— | ¥— | ¥— | ¥— |
| Bought | — | — | — | — |
| Swaps: | | | | |
| Receive Fixed / Pay Float | — | — | — | — |
| Receive Float / Pay Fixed | — | — | — | — |
| Over-the-counter: | | | | |
| Commodity Forward | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Swaps: | | | | |
| Receive Fixed / Pay Float | 111 | 111 | (18) | (18) |
| Receive Float / Pay Fixed | 111 | 111 | 31 | 31 |
| Options: | | | | |
| Sold | — | — | — | — |
| Bought | — | — | — | — |
| Total | ¥— | ¥— | ¥12 | ¥12 |

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- The fair value of OTC transactions is based on the price of the underlying asset, terms of contract and other factors which structure the contract.
- Fuels were underlying assets of the above derivative transactions.

(f)Credit derivatives

None.

(2) Derivative Transactions to which Hedge Accounting is Applied

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by hedge accounting method as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

(a)Interest rate derivatives

| Millions of Yen (Note 1) | | | | |
|----------------------------|--|---------------------------------------|-------------|------------|
| March 31, 2014 | | | | |
| | Hedged item | Notional Principal or Contract Amount | | Fair Value |
| | | Total | Over 1 Year | |
| Principle Method | | | | |
| Interest Swap | Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit | | | |
| Receive Fixed / Pay Float | | ¥ — | ¥ — | ¥ — |
| Receive Float / Pay Fixed | | 182,616 | 167,458 | (1,506) |
| Receive Float / Pay Float | | — | — | — |
| Other | | — | — | — |
| Exceptional Accrual Method | | | | |
| Interest Swap | Loans | | | |
| Receive Fixed / Pay Float | | — | — | — |
| Receive Float / Pay Fixed | | 13,751 | 13,751 | *3 |
| Receive Float / Pay Float | | — | — | — |
| Total | | ¥ — | ¥ — | ¥(1,506) |

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

| Millions of Yen (Note 1) | | | | |
|----------------------------|--|---------------------------------------|-------------|------------|
| March 31, 2013 | | | | |
| | Hedged item | Notional Principal or Contract Amount | | Fair Value |
| | | Total | Over 1 Year | |
| Principle Method | | | | |
| Interest Swap | Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit | | | |
| Receive Fixed / Pay Float | | ¥ — | ¥ — | ¥ — |
| Receive Float / Pay Fixed | | 162,667 | 135,413 | (3,086) |
| Receive Float / Pay Float | | — | — | — |
| Other | | 3,000 | — | (49) |
| Exceptional Accrual Method | | | | |
| Interest Swap | Loans | | | |
| Receive Fixed / Pay Float | | — | — | — |
| Receive Float / Pay Fixed | | 4,702 | 2,801 | *3 |
| Receive Float / Pay Float | | — | — | — |
| Total | | ¥ — | ¥ — | ¥(3,136) |

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

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(b) Currency derivatives

Method of hedge accounting ; Principle method

| Millions of Yen (Note 1) | | | | |
|--------------------------|--|-------------|------------|----------|
| March 31, 2014 | | | | |
| Hedged item | Notional Principal or Contract Amount | | Fair Value | |
| | Total | Over 1 Year | | |
| Currency Swap | Foreign currency denominated loans, securities, deposits and foreign exchanges | ¥216,965 | ¥3,903 | ¥(1,995) |
| Total | | ¥ — | ¥ — | ¥(1,995) |

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. The fair value is based on the discounted cash flow method or option pricing models.

| Millions of Yen (Note 1) | | | | |
|--------------------------|--|-------------|------------|----------|
| March 31, 2013 | | | | |
| Hedged item | Notional Principal or Contract Amount | | Fair Value | |
| | Total | Over 1 Year | | |
| Currency Swap | Foreign currency denominated loans, securities, deposits and foreign exchanges | ¥195,444 | ¥4,860 | ¥(5,209) |
| Total | | ¥ — | ¥ — | ¥(5,209) |

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity derivatives

None.

(d) Bond derivatives

None.

38. Per Share Data

| | Yen (Note 1) | | U.S. Dollars (Note 1) |
|--|--------------|---------|-----------------------|
| | 2014 | 2013 | 2014 |
| Net Assets per Share of Common Stock | ¥895.60 | ¥839.15 | \$8.70 |
| Net Income per Share of Common Stock | 54.29 | 50.88 | 0.53 |
| Diluted Net Income per Share of Common Stock | 54.23 | 50.84 | 0.53 |

I. Basis on calculating Net Assets per Share

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|----------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Consolidated Net Assets | ¥766,187 | ¥729,243 | \$7,444,500 |
| Less: Subscription Rights to Shares | 374 | 277 | 3,634 |
| Less: Minority Interest | 8,064 | 7,317 | 78,354 |
| Consolidated Net Assets Attributable to Common Stockholders | 757,749 | 721,648 | 7,362,512 |

| | Number of Shares | |
|--|------------------|-------------|
| | 2014 | 2013 |
| Number of Shares of Common Stock Used for Calculating Net Assets per Share | 846,072,149 | 859,967,258 |

II. Basis on calculating Net Income per Share

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|---------|------------------------------------|
| | 2014 | 2013 | 2014 |
| Consolidated Net Income | ¥46,438 | ¥44,152 | \$451,211 |
| Consolidated Net Income not Attributable to Common Stockholders | — | — | — |
| Consolidated Net Income Attributable to Common Stockholders | 46,438 | 44,152 | 451,211 |

| | Number of Shares | |
|---|------------------|-------------|
| | 2014 | 2013 |
| Average Number of Shares of Common Stock (excluding Treasury Stock) | 855,370,592 | 867,749,525 |

The increased number of shares of common stock for stock options is 800 thousand (693 thousand for the previous fiscal year), which is used for calculating Diluted Net Income per Share.

39. Related Party Transactions

I. Related Party Transactions for the Fiscal Year ended March 31, 2014

None.

II. Related Party Transactions for the Fiscal Year ended March 31, 2013

(1) Transactions between the Bank and Related Parties

Directors of the Bank or major shareholders (individuals only), etc.

| Party classification | Name of company or individual | Address | Capital | Type of business | Percentage of voting rights held by the Bank | Relations with related party | Type of transaction | Amounts of the transactions | Account classification | Balance at the fiscal year-end |
|---|-------------------------------|----------------------------|-------------|--------------------|--|------------------------------|---------------------|---------------------------------|------------------------|--------------------------------|
| Company, a majority of whose voting rights are owned by the close members of directors' respective families | Watanabereisyoku Co., Ltd. | Kamogawa-city, Chiba Pref. | ¥10 million | Food Manufacturing | 0.00 | — | Lending | Average balance of ¥563 million | Loan | ¥540 million |

The Watanabereisyoku Co., Ltd. is no longer a related party, because Katsuhiko Watanabe resigned as the Director at the shareholders meeting on June 28, 2012. The Percentage of voting rights held by the Bank is the percentage at the previous fiscal year-end, the Amounts of the transactions is the average amount of the term during which it was a related party, and the Balance at the fiscal year-end is the balance at the time it became no longer a related party. The terms of transactions and policies of determining the terms are similar to general cases.

(2) Transactions between Subsidiaries of the Bank and Related Parties

None.

III. Notes to a Parent Company or Major Affiliated Companies

None.

40. Cash Dividends Paid

I. Cash Dividends Paid for the Fiscal Year ended March 31, 2013

| Resolution | Category of Shares | Millions of Yen (Note 1) | Yen (Note 1) | Record Date | Date of Effectuation |
|---|--------------------|--------------------------------------|--------------------------|--------------------|----------------------|
| | | Total Amounts of Cash Dividends Paid | Cash Dividends per Share | | |
| Annual General Shareholders Meeting, at June 28, 2012 | Common Stock | ¥4,838 | ¥5.50 | March 31, 2012 | June 29, 2012 |
| Board of Directors, at November 12, 2012 | Common Stock | ¥4,784 | ¥5.50 | September 30, 2012 | December 5, 2012 |

II. Cash Dividends Paid for the Fiscal Year ended March 31, 2014

| Resolution | Category of Shares | Millions of Yen (Note 1) | Yen (Note 1) | Record Date | Date of Effectuation |
|---|--------------------|--------------------------------------|--------------------------|--------------------|----------------------|
| | | Total Amounts of Cash Dividends Paid | Cash Dividends per Share | | |
| Annual General Shareholders Meeting, at June 27, 2013 | Common Stock | ¥5,589 | ¥6.50 | March 31, 2013 | June 28, 2013 |
| Board of Directors, at November 11, 2013 | Common Stock | ¥5,160 | ¥6.00 | September 30, 2013 | December 5, 2013 |

III. Cash Dividends with the Record Date in the Fiscal Year ended March 31, 2014 and the Effective Date in the Fiscal Year ending March 31, 2015

| Approval | Category of Shares | Millions of Yen (Note 1) | Source of Dividends | Yen (Note 1) | Record Date | Date of Effectuation |
|---|--------------------|--------------------------------------|---------------------|--------------------------|----------------|----------------------|
| | | Total Amounts of Cash Dividends Paid | | Cash Dividends per Share | | |
| Annual General Shareholders Meeting, at June 27, 2014 | Common Stock | ¥5,076 | Retained earnings | ¥6.00 | March 31, 2014 | June 30, 2014 |

41. Stock Options

I. Line Item where Stock Option Expense is Presented and the Amount

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|-------------------------------------|--------------------------|------|------------------------------------|
| | 2014 | 2013 | 2014 |
| General and Administrative Expenses | ¥152 | ¥142 | \$1,484 |

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II. The Stock Option Activity

(1) Outline of the Stock Option

| | | The first subscription rights | The second subscription rights | The third subscription rights | The fourth subscription rights |
|---|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Number of Grantees | Directors | 9 | 9 | 9 | 9 |
| | Executive officers | 9 | 9 | 9 | 11 |
| Number of Stock Options | Common stock | 311,100 | 343,600 | 344,700 | 229,400 |
| Date of Grant | | July 20, 2010 | July 20, 2011 | July 20, 2012 | July 19, 2013 |
| Requirement for Determination of Rights | | Not fixed | Not fixed | Not fixed | Not fixed |
| Target Period | | Not fixed | Not fixed | Not fixed | Not fixed |
| Exercise Period | | From July 21, 2010 to July 20, 2040 | From July 21, 2011 to July 20, 2041 | From July 21, 2012 to July 20, 2042 | From July 20, 2013 to July 19, 2043 |

(2) Size and Situation of the Stock Option

(a) The number of the stock option

| | Number of Shares | | | |
|----------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|
| | The first subscription rights | The second subscription rights | The third subscription rights | The fourth subscription rights |
| Non-vested | | | | |
| As of March 31, 2013 | — | — | — | — |
| Granted | — | — | — | 229,400 |
| Forfeited | — | — | — | — |
| Vested | — | — | — | 229,400 |
| Outstanding | — | — | — | — |
| Vested | | | | |
| As of March 31, 2013 | 159,100 | 222,200 | 344,700 | — |
| Vested | — | — | — | 229,400 |
| Exercised | 30,600 | 46,800 | 52,400 | — |
| Forfeited | — | — | — | — |
| Outstanding | 128,500 | 175,400 | 292,300 | 229,400 |

(b) Price information

| | Yen (Note 1) | | | |
|---------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|
| | The first subscription rights | The second subscription rights | The third subscription rights | The fourth subscription rights |
| Exercise Price | 1 | 1 | 1 | 1 |
| Average Price at Exercise | 520 | 529 | 672 | — |
| Fair Value at Grant Date | 467 | 446 | 403 | 686 |

III. The Estimations Used to Measure Fair Value of Stock Option

(1) Valuation Method

The Black-Scholes option pricing model

(2) Main Figures and the Way of Estimation

| | The fourth subscription rights |
|---|--------------------------------|
| Volatility of Stock Price (*1) | 37.009% |
| Estimated Remaining Outstanding Period (*2) | 5 years |
| Estimated Dividend (*3) | ¥12 per share |
| Risk-free Interest Rate (*4) | 0.285% |

*1. Volatility of Stock Price is calculated based on the actual stock prices of Estimated Remaining Outstanding Period.

*2. Estimated Remaining Outstanding Period is estimated based on the average administration period of the directors from the past decade.

*3. Estimated Dividend is based on the actual results of the fiscal year 2013.

*4. Risk-free Interest Rate is based on bonds' yields of the Estimated Remaining Outstanding Period.

IV. Estimated Number of Stock Options to be Vested

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

42. Material Subsequent Events

On April 1, 2014, the Bank, Chibagin Guarantee Co., Ltd. and three other companies acquired from minority shareholders the shares of consolidated subsidiaries and non-consolidated subsidiaries to which the equity method is applied.

I. Summary of the Transactions

(1) Name of the Acquired Subsidiaries and their Business

- Chibagin Guarantee Co., Ltd. (Housing loan guarantees and fee collection services)
- Chibagin JCB Card Co., Ltd. (Credit card and credit guarantee business)
- Chibagin DC Card Co., Ltd. (Credit card and credit guarantee business)
- Chibagin Leasing Co., Ltd. (Leasing business)
- Chibagin Computer Service Co., Ltd. (Computer system development and commissioned computation tasks)
- Chibagin Capital Co., Ltd. (Consulting services, IPO's, etc.)
- Chibagin Asset Management Co., Ltd. (Consulting for portfolio investment of client financial assets)
- Chibagin Research Institute Co., Ltd. (Information service and surveys, and consulting)

(2) Date of the Business Combination

April 1, 2014

(3) Legal Form of the Business Combination

Share acquisition from the minority shareholders

(4) Name of Acquired Subsidiaries after Transactions

No change

(5) Other

The transactions are intended to implement flexible group management quickly and effectively, without being tied to existing concepts, in response to diverse and sophisticated customer needs. The Bank has 100% of share of voting rights of each combined subsidiary directly or indirectly.

II. Summary of the Accounting Method

In accordance with the Accounting Standard for Business Combination (ASBJ Statement No. 21, published on December 26, 2008) and the Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, published on December 26, 2008), this event has been treated as transactions with minority shareholders under common control.

III. Matters Regarding Additional Share Acquisitions of Subsidiaries

(1) Acquisition Cost and Details

| | | |
|--------------------------|-------------------------|----------------|
| Value of the acquisition | Cash and due from banks | ¥3,755 million |
| Acquisition cost | | ¥3,755 million |

(2) Amount of Goodwill recognized and Sources of Goodwill

(a) Amount of Goodwill recognized

| | |
|----------------------------------|-------------------------------------|
| Negative goodwill | ¥5,127 million (provisional figure) |
| Equity in earnings of affiliates | ¥1,876 million (provisional figure) |

(b) Sources of Goodwill

Goodwill is recognized due to the difference between the amount of the Bank's interest and the acquisition cost.

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
The Chiba Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Chiba Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 42 to the consolidated financial statements, which describes material subsequent event that effective April 1, 2014, where negative goodwill arise because the Bank, Chibagin Guarantee Co., Ltd. and three other companies acquired from minority shareholders the shares of consolidated subsidiaries and non-consolidated subsidiaries to which the equity method is applied.

Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 24, 2014

Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.
As of March 31, 2014

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|--------------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Assets | | | |
| Cash and Due from Banks | ¥ 748,133 | ¥ 442,128 | \$ 7,269,077 |
| Call Loans | 399,772 | 224,011 | 3,884,301 |
| Receivables under Resale Agreements | 34,995 | 29,994 | 340,026 |
| Receivables under Securities Borrowing Transactions | 2,043 | — | 19,854 |
| Monetary Claims Bought | 14,346 | 15,294 | 139,392 |
| Trading Assets | 273,668 | 284,594 | 2,659,043 |
| Money Held in Trust | 38,594 | 36,890 | 374,995 |
| Securities | 2,178,930 | 2,176,011 | 21,171,106 |
| Loans and Bills Discounted | 8,083,049 | 7,912,140 | 78,537,209 |
| Foreign Exchanges | 6,248 | 6,386 | 60,716 |
| Other Assets | 36,631 | 41,098 | 355,918 |
| Tangible Fixed Assets | 97,580 | 93,529 | 948,120 |
| Intangible Fixed Assets | 10,831 | 10,474 | 105,242 |
| Prepaid Pension Cost | 4,908 | 3,611 | 47,696 |
| Deferred Tax Assets | — | 6,982 | — |
| Customers' Liabilities for Acceptances and Guarantees | 63,772 | 73,438 | 619,628 |
| Allowance for Loan Losses | (39,354) | (44,200) | (382,381) |
| Total Assets | ¥11,954,152 | ¥11,312,385 | \$116,149,943 |
| Liabilities | | | |
| Deposits | ¥10,541,249 | ¥ 9,969,843 | \$102,421,783 |
| Call Money | 103,949 | 54,172 | 1,010,000 |
| Payables under Securities Lending Transactions | 83,248 | 74,402 | 808,862 |
| Trading Liabilities | 24,074 | 30,352 | 233,910 |
| Borrowed Money | 290,790 | 279,349 | 2,825,406 |
| Foreign Exchanges | 930 | 358 | 9,042 |
| Bonds Payable | 10,000 | 20,000 | 97,163 |
| Other Liabilities | 82,103 | 87,407 | 797,742 |
| Provision for Retirement Benefits | 18,778 | 18,936 | 182,455 |
| Provision for Reimbursement of Deposits | 2,035 | 1,850 | 19,778 |
| Provision for Point Loyalty Programs | 158 | 143 | 1,539 |
| Deferred Tax Liabilities | 271 | — | 2,642 |
| Deferred Tax Liabilities for Land Revaluation | 13,157 | 13,240 | 127,839 |
| Acceptances and Guarantees | 63,772 | 73,438 | 619,628 |
| Total Liabilities | ¥11,234,519 | ¥10,623,495 | \$109,157,790 |
| Net Assets | | | |
| Capital Stock | ¥ 145,069 | ¥ 145,069 | \$ 1,409,533 |
| Capital Surplus | 122,134 | 122,134 | 1,186,690 |
| Retained Earnings | 404,144 | 371,544 | 3,926,781 |
| Legal Retained Earnings | 50,930 | 50,930 | 494,852 |
| Other Retained Earnings | 353,214 | 320,614 | 3,431,929 |
| Treasury Shares | (17,581) | (7,581) | (170,823) |
| Total Shareholders' Equity | 653,766 | 631,166 | 6,352,181 |
| Valuation Difference on Available-for-sale Securities | 55,633 | 48,629 | 540,555 |
| Deferred Gains or Losses on Hedges | 23 | (1,167) | 228 |
| Revaluation Reserve for Land | 9,834 | 9,983 | 95,554 |
| Total Valuation and Translation Adjustments | 65,491 | 57,445 | 636,338 |
| Subscription Rights to Shares | 374 | 277 | 3,634 |
| Total Net Assets | ¥ 719,632 | ¥ 688,889 | \$ 6,992,153 |
| Total Liabilities and Net Assets | ¥11,954,152 | ¥11,312,385 | \$116,149,943 |

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-consolidated financial statements do not necessarily agree with the sums of individual amounts.
U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥102.92 to \$1.00, the exchange rate prevailing at March 31, 2014.

Financial and Corporate Information

Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.

For the year ended March 31, 2014

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|--|--------------------------|-----------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Income | | | |
| Interest Income: | | | |
| Interest on Loans and Discounts | ¥116,077 | ¥121,160 | \$1,127,845 |
| Interest and Dividends on Securities | 20,929 | 19,389 | 203,361 |
| Other Interest Income | 690 | 784 | 6,710 |
| Trust Fees | 2 | 1 | 26 |
| Fees and Commissions | 36,030 | 33,591 | 350,085 |
| Trading Income | 1,947 | 1,326 | 18,918 |
| Other Ordinary Income | 5,932 | 6,338 | 57,643 |
| Other Income | 11,708 | 14,286 | 113,759 |
| Total Income | ¥193,319 | ¥196,878 | \$1,878,347 |
| Expenses | | | |
| Interest Expenses: | | | |
| Interest on Deposits | ¥ 5,018 | ¥ 5,162 | \$ 48,763 |
| Interest on Borrowings and Rediscounts | 837 | 1,297 | 8,141 |
| Other Interest Expenses | 5,191 | 4,756 | 50,441 |
| Fees and Commissions Payments | 18,192 | 18,104 | 176,760 |
| Trading Expenses | — | 3 | — |
| Other Ordinary Expenses | 3,228 | 841 | 31,370 |
| General and Administrative Expenses | 83,309 | 83,987 | 809,456 |
| Other Expenses | 8,137 | 16,848 | 79,062 |
| Total Expenses | ¥123,914 | ¥131,001 | \$1,203,993 |
| Income before Income Taxes | 69,404 | 65,877 | 674,353 |
| Income Taxes—Current | 23,731 | 24,190 | 230,584 |
| Income Taxes—Deferred | 2,465 | 461 | 23,960 |
| Net Income | ¥ 43,206 | ¥ 41,225 | \$ 419,810 |

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-consolidated financial statements do not necessarily agree with the sums of individual amounts.

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Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2014

Consolidated Capital Ratio (BIS Guidelines)

| | Millions of Yen (Note 1) | | Thousands of U.S. Dollars (Note 1) |
|---|--------------------------|-------------------|---------------------------------------|
| | 2014 | 2013 | 2014 |
| Common Equity Tier 1 Capital: Instruments and Reserves | ¥ 698,896 | ¥ 659,707 | \$ 6,790,677 |
| Capital Stock and Capital Surplus | 267,203 | 267,203 | 2,596,223 |
| Retained Earnings | 437,645 | 401,813 | 4,252,286 |
| Treasury Shares | (17,581) | (7,581) | (170,823) |
| Cash Dividends to be Paid | (7,650) | (7,090) | (74,337) |
| Subscription Rights to Shares | 374 | 277 | 3,634 |
| Accumulated Other Comprehensive Income and Other Disclosed Reserves | 14,096 | — | 136,965 |
| Instruments and Reserves (Transitional Arrangements) | 4,809 | 5,084 | 46,729 |
| Common Equity Tier 1 Capital: Regulatory Adjustments | 18,486 | 14,458 | 179,623 |
| Total Intangible Assets (excluding those Relating to Mortgage Servicing Rights) | 1,419 | — | 13,792 |
| Deferred Gains or Losses on Derivatives under Hedge Accounting | (278) | — | (2,703) |
| Shortfall of Eligible Provisions to Expected Losses | 6,463 | — | 62,800 |
| Securitization Gain on Sale | 12 | — | 126 |
| Net Defined Benefit Asset | 678 | — | 6,592 |
| Investments in Own Shares (excluding those Reported in the Net Assets Section) | 5 | — | 56 |
| Regulatory Adjustments due to Insufficient Additional Tier 1 and Tier 2 | 10,184 | 14,458 | 98,960 |
| Total Common Equity Tier 1 Capital | ¥ 680,409 | ¥ 645,249 | \$ 6,611,054 |
| Additional Tier 1 Capital: Instruments | ¥ 2,793 | ¥ 2,342 | \$ 27,144 |
| Adjusted Minority Interests | 1,662 | 1,828 | 16,151 |
| Instruments (Transitional Arrangements) | 1,131 | 514 | 10,993 |
| Additional Tier 1 Capital: Regulatory Adjustments | 12,978 | 16,801 | 126,104 |
| Regulatory Adjustments (Transitional Arrangements) | 12,978 | 16,801 | 126,104 |
| Total Additional Tier 1 Capital | — | — | — |
| Total Tier 1 Capital | ¥ 680,409 | ¥ 645,249 | \$ 6,611,054 |
| Tier 2 Capital: Instruments and Provisions | ¥ 57,343 | ¥ 73,976 | \$ 557,164 |
| Adjusted Minority Interests | 390 | 404 | 3,792 |
| Eligible Instruments (Transitional Arrangements) | 15,000 | 27,000 | 145,744 |
| General Allowance for Loan Losses and Eligible Provisions | 190 | 269 | 1,853 |
| Instruments and Provisions (Transitional Arrangements) | 41,762 | 46,302 | 405,775 |
| Tier 2 Capital: Regulatory Adjustments | 12,926 | 16,732 | 125,601 |
| Regulatory Adjustments (Transitional Arrangements) | 12,926 | 16,732 | 125,601 |
| Total Tier 2 Capital | ¥ 44,416 | ¥ 57,243 | \$ 431,564 |
| Total Capital | ¥ 724,826 | ¥ 702,493 | \$ 7,042,617 |
| Risk-Weighted Assets: | | | |
| Total Risk-Weighted Assets | ¥5,292,318 | ¥4,999,884 | \$51,421,672 |
| Total Required Capital | ¥ 423,385 | ¥ 399,990 | \$ 4,113,734 |
| Capital Ratios: | | | |
| Common Equity Tier 1 Capital Ratio | 12.85% | 12.90% | 12.85% |
| Tier 1 Capital Ratio | 12.85% | 12.90% | 12.85% |
| Total Capital Ratio | 13.69% | 14.05% | 13.69% |

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the supplementary information do not necessarily agree with the sums of individual amounts.

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The Capital ratio has been calculated based on the new standard (Basel III) from the year ended March 31, 2013, considering the transitional arrangements.

The following approaches were adopted to calculate the new capital ratio.

Credit Risk: Internal Ratings-Based Approach (using internal ratings for risk measurement)

Operational Risk: Standardized Approach (Gross Profits of every business line multiplied by the predetermined rate)

Total Required Capital is calculated by multiplying Total Risk-Weighted Assets by 8%.

Financial and Corporate Information

Loans and Bills Discounted, Borrower Classification by Industry (Consolidated)

| Millions of Yen (Note 1) | | |
|---|---------------------|----------------|
| March 31, 2014 | | |
| | Outstanding Balance | Composition |
| Domestic Operations: | | |
| Manufacturing | ¥ 675,401 | 8.50% |
| Agriculture and Forestry | 8,737 | 0.11% |
| Fishery | 1,124 | 0.01% |
| Mining, Quarrying and Gravel | 8,368 | 0.11% |
| Construction | 292,622 | 3.68% |
| Electricity, Gas, Heat Supply and Water | 22,477 | 0.28% |
| Information and Communications | 45,990 | 0.58% |
| Transport and Postal Service | 224,679 | 2.83% |
| Wholesale and Retail Trade | 672,354 | 8.46% |
| Finance and Insurance | 408,681 | 5.14% |
| Real Estate and Leasing | 1,876,695 | 23.62% |
| Services | 476,085 | 5.99% |
| Government and Local Public Sector | 234,335 | 2.95% |
| Others (Mainly Consumer Loans) | 2,998,968 | 37.74% |
| Total | ¥7,946,519 | 100.00% |
| Overseas operations and JOM Account | ¥ 115,178 | — |

| Millions of Yen (Note 1) | | |
|---|---------------------|----------------|
| March 31, 2013 | | |
| | Outstanding Balance | Composition |
| Domestic Operations: | | |
| Manufacturing | ¥ 693,745 | 8.91% |
| Agriculture and Forestry | 8,851 | 0.11% |
| Fishery | 1,282 | 0.02% |
| Mining, Quarrying and Gravel | 15,161 | 0.19% |
| Construction | 286,120 | 3.68% |
| Electricity, Gas, Heat Supply and Water | 21,515 | 0.28% |
| Information and Communications | 50,478 | 0.65% |
| Transport and Postal Service | 235,164 | 3.02% |
| Wholesale and Retail Trade | 682,094 | 8.76% |
| Finance and Insurance | 368,611 | 4.73% |
| Real Estate and Leasing | 1,803,762 | 23.17% |
| Services | 482,251 | 6.19% |
| Government and Local Public Sector | 243,421 | 3.13% |
| Others (Mainly Consumer Loans) | 2,892,797 | 37.16% |
| Total | ¥7,785,258 | 100.00% |
| Overseas operations and JOM Account | ¥ 100,774 | — |

Corporate Governance

The Chiba Bank's fundamental approach to corporate governance is to base all of the Bank's activities on the Chiba Bank Code of Ethics, which includes earning unwavering trust, thorough compliance with laws, rules and other fundamental principles, opposition to antisocial forces, transparent management, and other items. We are currently implementing "Best Bank 2020 - 3 years of value creation" our medium term management plan, which covers the three-year period up to the fiscal year ending March 31, 2017. To earn the trust of our customers, upgrading management activities is a central theme of the plan. This includes conducting a rigorous compliance program, strengthening management systems for protecting customers, and other actions. We position the reinforcement and enhancement of corporate governance as one of our highest management priorities in order to accomplish these goals. Based on this stance, the Chiba Bank has the following framework for corporate governance.

Board of Directors

The Board of Directors consists of eleven directors, including one outside director. The directors make decisions about management policies and other important matters and supervise the execution of business by the directors and executive officers. In addition, the Board of Designated Directors, which consists of directors appointed by the Board of Directors, meets once each week as a rule to discuss important matters concerning business operations and other subjects for the purpose of responding swiftly and appropriately to changes in the operating environment.

Audit & Supervisory Board Members

The Chiba Bank has adopted a corporate auditor system with five audit & supervisory board members, including three highly independent outside audit & supervisory board members. In addition, two of the three outside audit & supervisory board members are standing audit & supervisory board members. They regularly attend meetings of the Board of Directors and other important meetings, check important documents, and perform other tasks to conduct objective and reasonable audits for verifying that business operations are sound and legal. The Chiba Bank believes that this system provides an adequate management supervisory function.

Executive Officer System

The Chiba Bank employs an executive officer system. Executive officers, who are appointed by the Board of Directors, are responsible for business operations in the departments under their supervision.

This system provides for the clear separation of the roles of the directors, who reach decisions on important matters, supervise the execution of business operations, and perform other tasks, and the role of the executive officers, who conduct business operations. In addition, the Board of Directors and Executive Officers meets once each month as a rule. This board assists the directors in making decisions swiftly and properly, checks the business activities that are conducted by the executive officers, and assists executive officers in conducting business operations.

Internal Auditing

The Audit and Inspection Division, which is independent of the units subject to auditing, conducts internal audits of headquarters, branches and subsidiaries in accordance with the Internal Audit Plan established each year by the Board of Directors. Audit results and any observations are reported monthly to the Board of Directors, and problem areas from the perspective of compliance and risk management and improvement measures are examined by the Internal Auditing Committee.

Group Management Systems

The Chiba Bank maintains a system under which subsidiaries decide their own regulations, in line with the Bank's Compliance Regulations and various risk management regulations, and the Bank's administrative departments control subsidiary compliance and risk management.

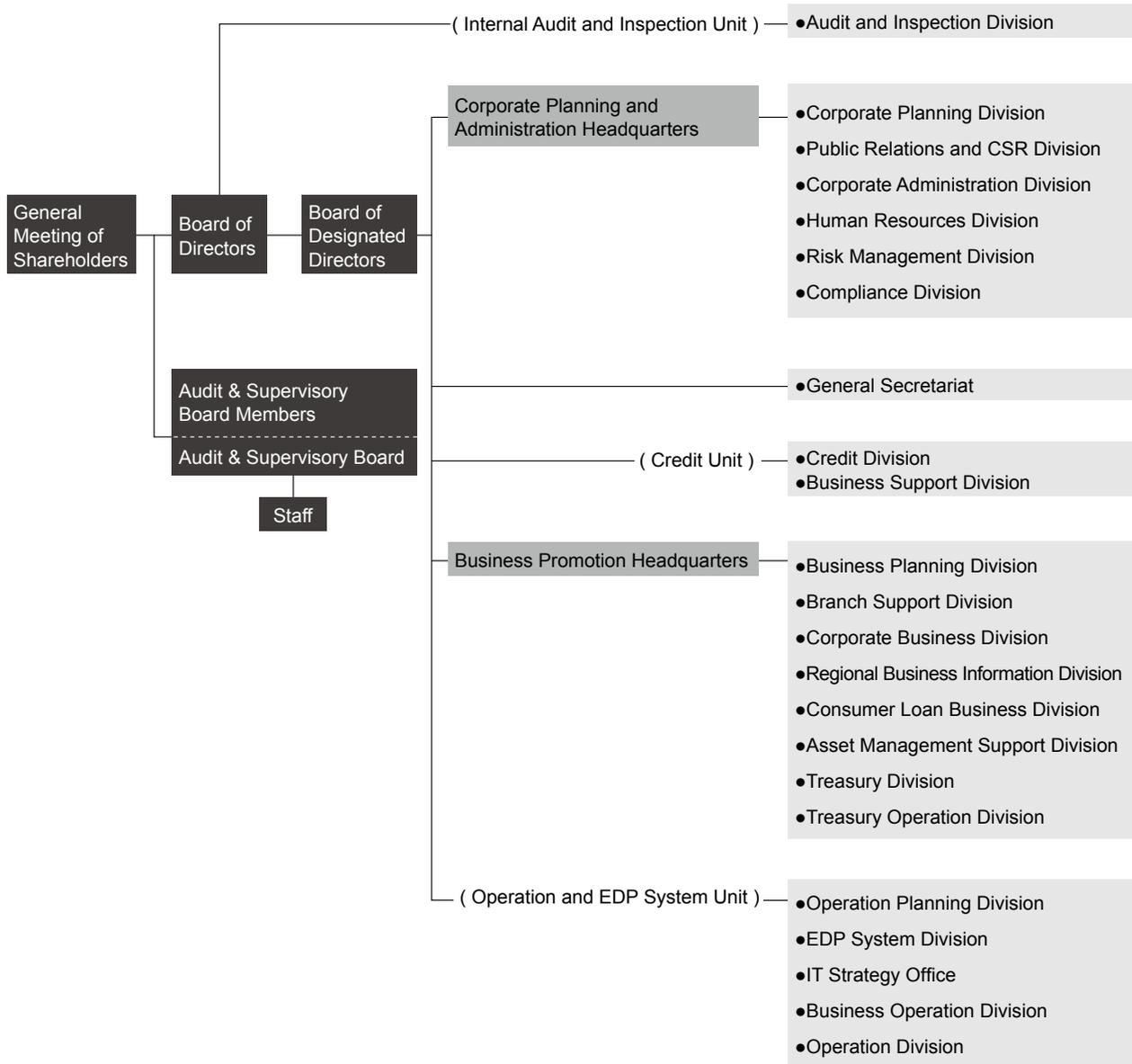
The Chiba Bank's internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group.

Basic Policy on Establishing Internal Control Systems

The Chiba Bank introduced a basic policy for the establishment of systems to ensure the appropriateness of operations (Internal Control Systems) through the Board of Directors. In accordance with this policy, the Chiba Bank is working to establish a high-quality management structure.

Organization

The Chiba Bank, Ltd.
As of June 27, 2014



Directors, Executive Officers and Audit & Supervisory Board Members

The Chiba Bank, Ltd.
As of June 27, 2014

Directors

President (Representative Director)

Hidetoshi Sakuma

Deputy President

(Representative Director)

Kyoichi Hanashima

Director and Senior Executive Officer

Toshikazu Okubo

General Manager of Corporate Planning and Administration Headquarters
Executive Officer in charge of Corporate Administration Division and Human Resources Division

Director and Senior Executive Officer

Osamu Kimura

General Manager of Business Promotion Headquarters

Executive Officer in charge of Branch Support Division, Corporate Business Division and Regional Business Information Division

Director and Managing Executive Officer

Masao Morimoto

Executive Officer in charge of Operation Planning Division, EDP System Division, IT Strategy Office, Business Operation Division and Operation Division

Director and Managing Executive Officer

Toru Nomura

Executive Officer in charge of Risk Management Division and Compliance Division

Director and Managing Executive Officer

Shoichi Hatano

Executive Officer in charge of Credit Division and Business Support Division

Director and Managing Executive Officer

Eiji Taniguchi

Executive Officer in charge of Business Planning Division, Consumer Loan Business Division and Asset Management Support Division

Director and Managing Executive Officer

Masahiro Owaku

Executive Officer in charge of Treasury Division and Treasury Operation Division

Director and Managing Executive Officer

Kenichi Sawai

Executive Officer in charge of Corporate Planning Division and Public Relations and CSR Division

Non-Standing Director (Outside Director)

Toyokuni Yazaki

Executive Officers

Managing Executive Officer

Masami Ohta

General Manager, Head Office

Managing Executive Officer

Masaaki Sugiyama

General Manager, Tokyo Head Office

Executive Officer

Yukihiro Yoshida

General Manager, Funabashi Branch

Executive Officer

Kazuyoshi Fukushima

General Manager, Audit and Inspection Division

Executive Officer

Hitoshi Ikeda

General Manager, Public Relations and CSR Division

Executive Officer

Daizo Iijima

General Manager, Human Resources Division

Executive Officer

Kouji Katakura

General Manager, Compliance Division

Executive Officer

Shinji Kihara

General Manager, Chuo Branch

Executive Officer

Kazuhiko Mizushima

General Manager, Branch Support Division

Executive Officer

Joji Sugo

General Manager, Credit Division

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member

Tsutomu Nozawa

Standing Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Kazuo Yamazoe

Standing Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Kazuo Fukuda

Non-Standing Audit & Supervisory Board Member

Susumu Maruyama

Non-Standing Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Akio Shirato

Financial and Corporate Information

Subsidiaries

The Chiba Bank, Ltd.
As of July 28, 2014

Sobu Co., Ltd.

1-7-12, Hanazono, Hanamigawa-ku,
Chiba-shi, Chiba 262-0025

Principal Business: Rental and maintenance of the Chiba Bank's office buildings and welfare facilities; purchase and sale of supplies and consumer goods
Established: September 7, 1959
Capital: ¥20 million
Equity Ownership: Chiba Bank 100%

Chibagin Career Service Co., Ltd.

8-4, Chiba-minato, Chuo-ku,
Chiba-shi, Chiba 260-0026

Principal Business: Accounting, general administration and temporary staff services
Established: December 22, 1989
Capital: ¥20 million
Equity Ownership: Chiba Bank 100%

Chiba Servicer Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,
Chiba-shi, Chiba 263-0031

Principal Business: Management and collection of claims
Established: October 1, 2001
Capital: ¥500 million
Equity Ownership: Chiba Bank 100%

Chibagin Heartful Co., Ltd.

4-1-10, Masago, Mihama-ku,
Chiba-shi, Chiba 261-0011

Principal Business: Outsourcing of operational business
Established: December 1, 2006
Capital: ¥10 million
Equity Ownership: Chiba Bank 100%

Chibagin Securities Co., Ltd.

2-5-1, Chuo, Chuo-ku,
Chiba-shi, Chiba 260-0013

Principal Business: Securities business
Established: March 27, 1944
Capital: ¥4,374 million
Equity Ownership: Chiba Bank 100%

Chibagin Guarantee Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,
Chiba-shi, Chiba 263-0031

Principal Business: Housing-loan guarantees and fee collection services
Established: May 1, 1978
Capital: ¥54 million
Equity Ownership: Chiba Bank 45.63%
its subsidiaries 54.37%

Chibagin JCB Card Co., Ltd.

2-15-11, Fujimi, Chuo-ku,
Chiba-shi, Chiba 260-0015

Principal Business: Credit card and credit guarantee business
Established: November 1, 1982
Capital: ¥50 million
Equity Ownership: Chiba Bank 49%
its subsidiaries 51%

Chibagin DC Card Co., Ltd.

2-15-11, Fujimi, Chuo-ku,
Chiba-shi, Chiba 260-0015

Principal Business: Credit card and credit guarantee business
Established: February 16, 1989
Capital: ¥50 million
Equity Ownership: Chiba Bank 40%
its subsidiaries 60%

Chibagin Leasing Co., Ltd.

2-1-22, Hanazono, Hanamigawa-ku,
Chiba-shi, Chiba 262-0025

Principal Business: Leasing
Established: December 15, 1986
Capital: ¥100 million
Equity Ownership: Chiba Bank 49%
its subsidiaries 51%

Chibagin Computer Service Co., Ltd.

6-12, Oyuminochuo, Midori-ku,
Chiba-shi, Chiba 266-0032

Principal Business: Computer systems development and commissioned computation tasks
Established: April 1, 1980
Capital: ¥150 million
Equity Ownership: Chiba Bank 46%
its subsidiaries 54%

Chibagin Capital Co., Ltd.

8-4, Chiba-minato, Chuo-ku,
Chiba-shi, Chiba 260-0026

Principal Business: Consulting services, IPO's, etc.
Established: May 29, 1984
Capital: ¥100 million
Equity Ownership: Chiba Bank 30%
its subsidiaries 70%

Chibagin Asset Management Co., Ltd.

2-13-7, Kotobashi,
Sumida-ku, Tokyo 130-0022

Principal Business: Consulting for portfolio investments of client financial assets
Established: March 31, 1986
Capital: ¥200 million
Equity Ownership: Chiba Bank 35%
its subsidiaries 65%

Chibagin Research Institute, Ltd.

2-3-12, Konakadai, Inage-ku,
Chiba-shi, Chiba 263-0043

Principal Business: Information services and surveys, and consulting
Established: February 28, 1990
Capital: ¥150 million
Equity Ownership: Chiba Bank 30%
its subsidiaries 70%

International Directory

The Chiba Bank, Ltd.
As of June 27, 2014

Head Office

1-2, Chiba-minato, Chuo-ku,
Chiba-shi, Chiba 260-8720, Japan
Telephone: 81-43-245-1111
<http://www.chibabank.co.jp/>

Treasury Operation Division

1-5-5, Nihonbashi Muromachi,
Chuo-ku, Tokyo 103-0022, Japan
Telephone: 81-3-3270-8459
Fax: 81-3-3242-1735
SWIFT Address: CHBA JPJT

Treasury Division

1-5-5, Nihonbashi Muromachi,
Chuo-ku, Tokyo 103-0022, Japan
Telephone: 81-3-3231-1285
Fax: 81-3-3242-1736

New York Branch

1133 Avenue of the Americas,
15th Floor,
New York, N.Y. 10036, U.S.A.
Telephone: 1-212-354-7777
Fax: 1-212-354-8575
SWIFT Address: CHBAUS33

Hong Kong Branch

Unit 2510, One Pacific Place,
88 Queensway, Hong Kong
Telephone: 852-2840-1222
Fax: 852-2840-0507
SWIFT Address: CHBAHKHH

London Branch

3rd Floor, Regina House,
1 Queen Street, London EC4N 1SW,
The United Kingdom
Telephone: 44-20-7315-3111
Fax: 44-20-7236-2205
SWIFT Address: CHBAGB2L

Shanghai Representative Office

Room 707, Shanghai International
Trade Center,
2201 Yan-An Road (West), Shanghai,
P.R.C. 200336
Telephone: 86-21-62780482
Fax: 86-21-62780422

Singapore Representative Office

50 Raffles Place, #10-06 Singapore
Land Tower, Singapore 048623
Telephone: 65-6438-4525
Fax: 65-6438-6890

Corporate Data

The Chiba Bank, Ltd.
As of March 31, 2014

Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2014 were as follows:

| | Number of Shares (in thousands)*1 | Percentage of total shares issued*2 (%) |
|--|--------------------------------------|--|
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 35,414 | 4.04 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 33,872 | 3.86 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 31,168 | 3.55 |
| NIPPONKOA Insurance Company, Limited | 29,998 | 3.42 |
| Nippon Life Insurance Company | 28,070 | 3.20 |
| The Dai-ichi Life Insurance Company, Limited | 26,230 | 2.99 |
| SUMITOMO LIFE INSURANCE COMPANY | 17,842 | 2.03 |
| Meiji Yasuda Life Insurance Company | 15,891 | 1.81 |
| Chiba Bank Employees' Shareholding Association | 12,316 | 1.40 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 11,040 | 1.26 |

Except for the list above, there are 29,448 thousand (3.36%) of own shares.

(Excludes one thousand shares which, although registered in the name of Chiba Bank on the shareholders' list, are not actually owned by Chiba Bank.)

*1 Rounded down to the nearest thousand

*2 Rounded down to the second decimal places

Corporate Information

| | |
|--------------------------------------|--|
| Established | March 1943 |
| Network | 177 Offices (156 branches, 19 sub-branches and 2 virtual branches) 41,197 Off-branch ATM locations (including 12,915 E-net ATM locations at convenience stores, 10,149 LAWSON ATM locations at convenience stores and 17,866 ATM locations jointly with Seven Bank, Ltd.) 3 Money exchange counters Overseas 3 Branches (New York/Hong Kong/London) 2 Representative offices (Shanghai/Singapore) |
| Number of Employees*2 | 4,247 |
| Total Assets | ¥11,954.1 billion |
| Loans and Bills Discounted | ¥8,083.0 billion |
| Deposits (including NCD) | ¥10,541.2 billion |
| Capital Stock | ¥145.0 billion |
| Total Capital Ratio (BIS guidelines) | 13.69% (Consolidated) 13.04% (Non-consolidated) |
| Authorized Number of Shares | 2,500,000 thousand |
| Number of Issued Shares | 875,521 thousand |
| Number of Shareholders*3 | 26,154 |
| TSE Code | 8331 |
| Transfer Agent | JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho Chuo-ku, Tokyo 103-8202 |

| | | Long-term | Short-term |
|----------------|---|-----------|------------|
| Credit Ratings | Standard & Poor's | A | A-1 |
| | Moody's | A1 | P-1 |
| | Rating and Investment Information, Inc. | AA- | — |

Figures as shown are presented on a non-consolidated basis.

*1 "Chibagin Consulting Plaza Ichikawa" newly opened on Apr. 15, 2014 on the second floor of Motoyawata Branch.

*2 Number of Employees includes transferred employees but excludes temporary staff and one-year contract employees.

*3 Shareholders with fewer than 1,000 shares are excluded.