April 5, 2002

# The Chiba Bank, Ltd.

## *Revision of Performance Forecast for Fiscal 2001, ended March 31, 2002*

### 1. Revision of Performance Forecast

The performance forecast (consolidated and non-consolidated), as of November 21,2001 for Fiscal 2001 (from April 1, 2001 to March 31, 2002), is revised as follows:

(Billions of Yen)

| | Consolidated | | Non-consolidated | |
|---|---|---|---|---|
| | Ordinary Profit | Net Income | Ordinary Profit | Net Income |
| Previous Forecast (A) | 16.0 | 8.5 | 14.0 | 7.5 |
| **Revised Forecast (B)** | **(46.0)** | **(27.0)** | **(46.0)** | **(27.0)** |
| (B) - (A) | (62.0) | (35.5) | (60.0) | (34.5) |
| Ratio | (387.5%) | (417.6%) | (428.6%) | (460.0%) |
| FY2000 (for reference) | 23.2 | 13.1 | 23.2 | 13.1 |

*Ordinary Income is expected not to be significantly different from the previous forecast.

**Reasons for the Revision**

- In order to secure stable profits and to realize a sound management practice for the future performance, the performance forecast is revised as a result of the implementation of the following two measures :
  - Considering the adversely affected financial flexibility of the bank’s corporate customers in the prolonged recession of the Japanese economy, the General Reserve for Possible Loan Losses is increased due to the conservative application of the asset assessment standards.
  - Reflecting depressed stock prices, write-offs of securities held are increased as a result of the strict application of the securities devaluation standards.
- Net business income before transfer to the General Reserve for Possible Loan Losses, which is one of the principal indicators of a bank’s profitability, will be the same as previously announced.
- The Risk Adjusted Capital Ratio will be higher than 10%.

**Dividends for the Term**

The dividend for the term will be 2.50 yen per share, unchanged from the previous announcement; a dividend plan of 5.00 yen per share for Fiscal 2001 will be presented to the general shareholders’ meeting.

## 2. Write-offs of Securities held as of March 31, 2002

Chiba Bank devalues Other Securities ("Other Securities" of Article No.8 - Paragraph No.21 of the Rules on Financial Statements) with a market value or a substantive value which is markedly lower than the book value.

Write-offs of the Value of Securities are as follows:

(Millions of Yen)

| | | |
|---|---|---|
| **Write-offs of the value of securities held as of March 31, 2002** | **(A)** | **33,817** |
| Shareholders' equity as of March 31, 2001 | (B) | 365,439 |
| | (A) / (B) | 9.3% |
| Ordinary Profit for FY 2000 ended March 31, 2001 | (C) | 23,202 |
| | (A) / (C) | 145.8% |
| Net Income for FY 2000 ended March 31, 2001 | (D) | 13,107 |
| | (A) / (D) | 258.0% |

(Notes)

(1) Chiba Bank's financial year ends on March 31.

(2) A summary of the standards for the securities write-offs:

① Securities with a current value of less than 50% (and including 50%) of the book value are written-off.

② Securities with a current value of more than 50% but less than 70% (and including 70%) of the book value are written-off, provided that the stock price of the issuer of the securities is not restorable, or that the issuer of the securities is categorized as "Possible Failure."

(3) Net unrealized gains of "Other Securities" after the devaluation is approximately 8.5 billion yen.

***(Reference)***

## 1. Forecast for FY 2001, ended March 31, 2002

(Billion of Yen)

| | | Previous (A) | **Current (B)** | Change (B)-(A) |
|---|---|---|---|---|
| Net business income * | | 68.0 | **68.0** | 0.0 |
| Conservative Measures to dispose of Problem Assets | Transfer to General Reserve for Possible Loan Losses | 0.0 | **20.0** | 20.0 |
| | Transfer to Specific Reserves for Possible Loan Losses to ailing industries | - | **23.0** | 23.0 |
| Transfer to Specific Reserves for Possible Loan Losses | | 40.0 | **34.0** | (6.0) |
| Write-offs of the value of securities held | | 10.0 | **33.8** | 23.8 |
| Ordinary Profit | | 14.0 | **(46.0)** | (60.0) |
| Corporate tax and other taxes | | (6.5) | **19.0** | 25.5 |
| Net income | | 7.5 | **(27.0)** | (34.5) |

| | | | |
|---|---|---|---|
| Capital Ratio (consolidated and non-consolidated) | approximately 10% | **higher than 10%** | - |

*Net business income before transfer to general reserve for possible loan losses

## 2. Conservative Measures to dispose of Problem Assets

(1) General Reserve for Possible Loan Losses

As a whole, a further deterioration of our customers' financial condition will be inevitable provided that the current condition of the economy continues. Chiba Bank has taken the necessary countermeasures for problem loans in the future by increasing the general reserve for possible loan losses against Substandard Loans, while conducting a strict internal assessment of assets. The following is the detail of the countermeasures :

"Substandard loans" are divided into two groups; one group is required to provide reserves in proportion to the expected losses for the next three years based on the bankruptcy rates in the past, while the other in proportion to the expected losses for one year.

Assuming that the current condition of the economy continues, Chiba Bank has substantially increased the amount of loans classified in the former group, resulting in an increase of the General Reserve for Possible Loan Losses by 20 billion yen.

(2) Specific Reserves for Possible Loan Losses to ailing industries

Considering the difficult economic environment around customers, Chiba Bank has tightened up the internal classification of borrowers and made Specific Reserves for Possible Loan Losses in order to strengthen its financial condition.

As regards reserves for listed companies that are classified as “Possible Failure”, Chiba Bank has made 100% reserves for the unsecured portion.

The Specific Reserves for Possible Loan Losses to ailing industries amounts to 23 billion yen.

Chiba Bank continues to strengthen its support for companies in difficult financial conditions, since the bank recognizes it as its responsibility in the regional economy.

## 3. Write-offs of Securities held

Even though the Japanese Stock Market bounced back to a level above the end of September 2001, Chiba Bank has provided 33.8 billion yen as losses on securities due to the slower recovery of stock prices of financial institutions

## 4. Improving Management Efficiency

Every effort has been made to rationalize and improve the effectiveness of operations by diminishing costs and distributing personnel and branches as effectively as possible. At the same time, we have expanded our business relations. As a result, our Overhead Ratio (OHR) has been maintained at a high standard.
Chiba Bank is executing various programs for further efficiency.

(Billions of Yen)

| | FY1998 (A) | **FY2001 (Forecast) (B)** | (B)-(A) |
|---|---|---|---|
| Net business income * | 59.7 | **68.0** | 8.3 |

* Net business income before transfer to general reserve for possible loan losses

| | | | |
|---|---|---|---|
| Expenses | 83.8 | **78.1** | (5.7) |
| Personnel expenses | 42.9 | **40.5** | (2.4) |
| Non-personnel expenses | 36.2 | **33.4** | (2.8) |
| Taxes | 4.6 | **4.1** | (0.5) |
| Overhead Ratio (OHR) *1 | 58.79% | **54.15%** | (4.64%) |
| Number of Employees *2 | 4,670 | **4,260** | (410) |

*1 OHR is a measure of certain expenses that are related to the generation of gross profit. The smaller the ratio is, the more effective the management is.

*2 The figure does not include part-time employees and foreign branches' local staff.

## 5. Earnings Forecast for Fiscal Year 2002

Chiba Bank is expecting earnings for Fiscal Year 2002 to be as shown below. Chiba Bank assumes that the Net Business Income will continue to be robust and that credit costs and losses on devaluation of securities held will, after the necessary treatments in FY 2001, substantially decrease.

(Billions of Yen)

| | FY2000 | FY2001 (Forecast) | **FY2002 (Forecast)** |
|---|---|---|---|
| Ordinary Income | 23.2 | (46.0) | **30.0** |
| Net Income | 13.1 | (27.0) | **18.0** |