

A n n u a l R e p o r t 1999

Profile

as of March 31, 1999

Established		March 1943
Network	Domestic	163 Offices (142 branches, 21 sub-branches) 301 Off-branch ATM service counters 2 Money exchange counters
	Overseas	3 Branches (New York / Hong Kong / London) 2 Representative offices (Shanghai / Singapore) 2 Subsidiaries (London / Cayman Islands)
Number of Employees		4,670
Total Assets*		¥7,574.9 billion
Deposits*		¥6,505.9 billion
Loans and Bills Discounted*		¥5,746.7 billion
Common Stock*		¥106.8 billion
Number of Issued Shares		777,879 thousand
Capital Adequacy Ratio (Consolidated basis)		9.23 % (Based on BIS guidelines)

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



Head Office

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Message from the Management



Takashi Tamaki, *Chairman*



Tsuneo Hayakawa, *President*

Full-fledged deregulation in Japan is expected to intensify competition among previously segregated sectors of the domestic financial industry, and promote consolidation and mergers. In response to the changes in our operating environment, Chiba Bank disposed of nonperforming loans during the last two consecutive fiscal years. This contributed greatly to improving our financial capabilities so that we can adopt more aggressive strategies to address the new financial era. We will work to improve our management structure, contribute to local communities as a regional bank, and satisfy our customers by offering useful products and services. We hope this annual report will give you a better understanding of Chiba Bank and its strategies and prospects. We would like to thank our customers, shareholders, and associates for your assistance, and look forward to your continued support as we work to serve your interests.

July 1999

Takashi Tamaki

Takashi Tamaki
Chairman

Tsuneo Hayakawa

Tsuneo Hayakawa
President

President's Message



Chiba Bank's primary objective is customer satisfaction. This commitment includes improving the soundness and transparency of management, and actively meeting the needs of local residents and corporations for quality financial services.

Sound Management

Based on an internal assessment of assets, during fiscal 1998 we executed large-scale write-offs of nonperforming loans to reestablish a sound and stable earnings structure, and as a result, we have further improved the soundness of our assets. Income from core banking operations such as deposits and loans has remained steady. Our profitability has improved, reflecting continuous improvements in operating efficiency due in part to active investment in automated systems. These efforts have helped Chiba Bank maintain its status as one of the most efficient regional banks in Japan, indicated by the decrease in non-interest expense as a percentage of gross business profit, a management indicator known as the overhead ratio, and have contributed to higher net business profit. We plan to aggressively respond to the issues we face, such as actualizing new business opportunities and the disposal of nonperforming loans. Through the improvement of sophisticated risk control, sound management and accurate disclosure, Chiba Bank continues to earn and maintain the confidence of customers and markets.

Fulfilling Our Role as a Regional Financial Institution

Chiba Bank plays an important role in the economic and social development of the region in which it is based. Our extensive and easily accessible branch network covers every area of Chiba Prefecture, with 152 domestic offices and 302 off-branch ATM service counters (as of June 30, 1999) offering a high level of customer convenience. Our mission as a regional bank is to provide a stable supply of capital to local corporate and individual customers for their development. As a result, we work to meet the funding needs of many types of customers. For small and medium-sized businesses, we focus on providing both bank loan products and low-interest financing through local public financing systems. For individual customers, we provide a variety of loan options that meet a wide array of financial objectives. Because of this focused strategy, the ratio of loans to customers in Chiba Prefecture increased to 85.8 percent at March 31, 1999, from 84.0 percent a year earlier.

As a leading bank in Chiba, we work to actively meet the diverse financial needs of our customers and introduce advantageous financial products. Furthermore, we make full use of the specialized knowledge and experience of our staff and extensive information on the region to provide local companies with a wide range of management consultation and advice.

While our operating environment may change substantially, our commitment to contributing to Chiba Prefecture and growing with its communities and businesses remains unchanged. We will continue working to support the development of the region in every way possible.

Increased Capital Adequacy Ratio

Prompt corrective action requires all Japanese banks to maintain a capital adequacy ratio above a certain standard, and the public's recognition of capital adequacy as an indicator of a bank's financial soundness has increased greatly in recent years. Through efforts to strengthen our financial capabilities, the Bank's capital adequacy ratio was 9.23 percent on a consolidated basis as of March 31, 1999, well above the 8 percent mandated by the Bank for International Settlements (BIS). We are now expanding our business base, raising operating efficiency and improving earnings capabilities to further improve our capital adequacy ratio.

Improved Operating Structure

In June 1999, we initiated extensive organizational reform to build a solid management structure and support our role as a regional financial institution. The objectives of this reform include improved auditing and regulatory compliance, and enhanced risk management that can effectively control the broad and varying array of risks of the banking business today. Moreover, in the face of the entry of other financial institutions into our markets, we can supply customers with the most appropriate and swift services.

The major points of this organizational reform are as follows:

- 1)** We established the Audit & Inspection Division to strengthen our corporate auditing system. Within the division, we set up the Compliance Office to control legal compliance, the Credit Assessment Office to handle internal assessments of the Bank's assets, and the Inspection Office to conduct overall audits of operations.
- 2)** The former Risk Management Office within the Corporate Planning Division was replaced by a new, enhanced Risk Management Office that integrates and manages all risks, including those related to computer systems.
- 3)** We also radically streamlined our business organization to meet customers' needs more accurately and quickly. As a result, six divisions including the Business Planning Division were abolished, and the Business Coordination Division, Corporate Banking Division and Consumer Banking Division were established.

We will continue to review and upgrade operations so that we can best respond to changes in the financial market and economic environment and supply customers in our business area with quality financial services.

Resolution of Problem Assets

Disposal of Problem Assets

In April 1998, the Japanese government initiated a Prompt Corrective Action program for banks. A key component of this program is internal assessment, whereby each bank is required to analyze the quality of its assets borrower-by-borrower and classify borrowers into five categories: Pass; Substandard; Possible Failure; Substantial Failure; and Failure. Banks are further required to make the appropriate write-offs and set aside provisions for possible loan losses accordingly.

Chiba Bank rigorously applies internal assessment to loans and other assets such as marketable securities, real estate and other property in line with the Financial Supervisory Agency's Financial Inspection Manual. Chiba Bank sets aside provisions for write-offs of problem assets and provisions for possible loan losses under these more stringent standards. As a result, Chiba Bank accelerated provisions for potential increases in problem loans that may occur if the current recession

continues. Chiba Bank is committed to finalizing the disposal of problem loans through efforts that include the active recovery of problem loans and the sale of loan assets. Moreover, Chiba Bank will maintain its efforts to conduct thorough credit risk management, prevent new problem loans and further raise asset quality.

Expanded Disclosure

1. Disclosure of risk-monitored loans

Since fiscal 1997, Chiba Bank has disclosed problem loans classified as risk-monitored loans. These are divided into four categories: loans to companies legally bankrupt; other delinquent loans; loans past due three months or more; and restructured loans. The range of disclosure for these problem loans, which are calculated on the basis of such conditions as suspension of interest payments and waived or reduced interest payments, has been considerably expanded. Previously, Chiba Bank disclosed this information voluntarily; however,

Comparison of Problem Assets Under Risk-Monitored Loan Standard and Revitalization Law Standard (Non-Consolidated)



Article 19 of the Banking Law made this disclosure compulsory for banks beginning in the fiscal year ended March 31, 1999.

2. Disclosure of problem assets based on the standard set by the Revitalization Law

Under the Revitalization Law, banks classify assets into four categories and disclose the corresponding amounts separately from the categories listed above in “Disclosure of risk-monitored loans.” The categories (bankrupt and quasi-bankrupt assets; doubtful assets; substandard loans; and normal assets) are assigned in accordance with financial conditions and the operating results of the debtors concerned. These data are publicly disclosed in accordance with the provisions of

Article 5 of the law. Although the disclosure will become compulsory for regional banks starting with their interim reports in September 1999, Chiba Bank has followed this practice since fiscal 1998, under our policy of raising management transparency through disclosure. Under the new standard, the range of portfolio disclosed has been expanded to cover all credit assets.

Assets under both “Disclosure of risk-monitored loans” and “Disclosure under the Revitalization Law” are subject to disclosure, regardless of the proportion covered by collateral or guarantees. As most of Chiba Bank’s credit assets are covered by collateral and guarantees, the amount disclosed in the accompanying chart does not show the amount of credit assets uncollectable.

The Year 2000 Problem

Chiba Bank considers the year 2000 problem (the “Y2K Problem”) to be the most serious management task relating to the Bank’s entire business. Senior management is committed to responding to the Y2K Problem.

The Y2K Problem refers to the possible failure of computer systems that recognize the year by the last two digits of the western calendar year. Without modification, some systems will not be able to distinguish between the years 1900 and 2000, which may result in inaccurate date indication, miscalculation of interest, data loss and system failure.

Chiba Bank’s Response

Chiba Bank has established the Year 2000 Committee (the “Committee”) headed by the President and the Year 2000 Project Team as a sub-organization under the Committee. The Committee carries out unified management and review of the status of the Bank’s Y2K Problem countermeasures.

Progress to Date

Chiba Bank’s Y2K countermeasure program evaluates all proprietary systems such as main computer systems (including accounting and information systems) and systems that contain micro-computing systems (including, but not limited to, automatic safety boxes, facsimile machines, elevators and automatic entrance shutters).

Necessary modifications and validation tests have been completed for main computer systems, such as accounting systems developed internally by Chiba

Bank. The Bank has also conducted checks for Y2K compliance on systems developed by outside vendors and completed internal validation tests. Chiba Bank is also applying similar procedures for systems with micro-computing systems and has completed modifications and validation tests for most of such systems.

The total cost for the related manpower, modification and testing of systems is estimated at ¥600 million. This amount does not include the cost of ¥3,400 million incurred by the changeover to Y2K-compliant hardware in main computer systems.

Response to Customers

Chiba Bank considers the Y2K Problem to be not only an issue for the Bank, but also one for its customers, which may affect their daily operations. Chiba Bank is committed to conducting connection tests with its customers who exchange data with the Bank through communication lines and responding to customer inquiries in a timely manner.

Contingency Plan

In anticipation of potential risks inherent in the Y2K Problem, Chiba Bank has completed a Contingency Plan to provide against emergencies, including failures of the social infrastructure such as power supply, public transportation and interbank settlement systems.

Chiba Bank will work to provide timely mitigation of the various risks associated with the Y2K Problem.

Customer Satisfaction (CS) Campaign

Chiba Bank is committed to its role as a bank deeply rooted in the region that grows along with regional development and offers true benefits for the community. For that purpose, Chiba Bank is trying not only to enhance its business and improve management efficiency, but also to acquire the continuing support and trust of its customers, while contributing to the growth of the region. We consider these to be among our most important goals.

Reflecting these principles, Chiba Bank has established the CS Promotion Committee, headed by the President, to promote a companywide CS Campaign with the title Best Practice '99. This campaign is designed to increase customer satisfaction through measures such as increasing accountability for our products, enhancing the accuracy of transaction procedures, and welcoming customers in a cordial manner.

All customer opinions and requests are transmitted to the relevant divisions and branches, a system essential to improving our products and services. Moreover, staff in head office divisions and branches exchange their opinions on the issues raised. Through this unified CS Campaign, Chiba Bank is determined to continue to earn and maintain customer trust.

BEST PRACTICE '99

Corporate Mottoes

1. Customer Satisfaction - *To create a bank that is trusted and loved by customers*
2. Employee Satisfaction - *To create a bank that makes employees and their families proud and satisfied*
3. Society Satisfaction - *To create a bank that is essential and respected as a member of the region*

Employees' Mottoes

1. Express appreciation to customers - *We will express our gratitude to customers and serve them with a good-hearted attitude.*
2. Meet expectations of customers - *We will try our best to meet customers' individual needs.*
3. Give a deep impression on customers - *We will try our best to impress our customers by offering services that exceed their expectations.*

Risk Management

Integrated Risk Management

To maintain sound management, it is necessary to manage various risks such as credit risk and market risk, not only individually but also on a unified basis. In June 1999, the Risk Management Office within the Corporate Planning Division was reorganized to control and administer integrated risks.

Chiba Bank will conduct the most appropriate allocation of resources to business through an organization that can control risk on a unified basis while enhancing the management of individual risk.

Credit Risk Management

Credit risk, which makes up the largest portion of the risks involved in the banking business, is the risk of inability to collect principal and interest of loans due to deterioration of borrowers' financial conditions. To maintain soundness of assets by preventing additional problem assets, Chiba Bank is committed to making every effort to strengthen credit risk management.

Consequently, credit risk and business promotion are supervised by separate divisions. The Credit Division conducts strict, policy-based screening of individual loans. Furthermore, introduction of an internal credit rating system contributes significantly to systematic, objective, and consistent

screening. The Risk Management Office is in charge of controlling overall credit risk management, credit risk modeling and managing loan portfolios through activities such as monitoring concentration on specific industries or groups.

The Credit Assessment Office within the Audit & Inspection Division is responsible for inspections and improvement of the accuracy of internal credit ratings.

Chiba Bank has established strict systems to conduct internal audits of assets. Each branch conducts an internal assessment semi-annually according to the Bank's Internal Assessment Regulations. These assessments are checked by divisions with authorization for approval of loans, and then the Credit Assessment Office audits the results. Based on the assessments, appropriate allowance is made for reserves for losses and write-offs of problem assets to help improve the soundness and safety of assets.

Chiba Bank puts a great deal of emphasis on human resource development. The Bank works to raise the credit risk management ability of its entire staff through an internal training program and on-the-job training.

Market Risk Management

Market risk is the risk of incurring losses caused by deterioration of asset value through fluctuation of interest rates, prices of securities, and foreign exchange. As a result of the ongoing globalization of finance, interest rate risk- and foreign exchange risk-sensitive assets and liabilities have increased significantly, making management of market risk increasingly important.

In managing market risk on core banking transactions such as deposits and conventional loans, Chiba Bank rigorously pursues minimization of risks and maximization of profits through Asset and Liability Management (ALM). The ALM Committee, headed by the President, meets regularly and conducts overall risk management that employs detailed countermeasures for interest and price fluctuation risks.

For market risk on short-term trading transactions, Chiba Bank establishes trading limits and loss-cut rules to limit the risks involved. In addition, Value-at-Risk is calculated on a daily basis to monitor potential losses.

Chiba Bank segregates duties into two separate organizational functions. The Treasury Division carries out transactions and the Risk Management Office within the Corporate Planning Division is responsible for integrated risk management. The Risk Management Office monitors market risk on a daily basis and reports it to the Management Board.

Liquidity Risk Management

Liquidity risk refers to risks such as incurring losses due to funding at a relatively high interest rate as a result of a shortage of funds following an unexpected drawdown. The Treasury Division prevents unexpected situations through appropriate daily cash flow management. In addition, the Risk Management Office keeps track of the effects of fluctuation of assets and liabilities on cash flow and conducts liquidity risk management.

Management of Clerical Operational Risk and Systems Risk

Operational risk is the risk of incurring losses from negligence, inaccurate clerical work, or accidents or wrongdoing by employees. Chiba Bank places the highest priority on carrying out accurate transactions that conform to established principles. The Operations Planning Division is responsible for transaction procedures, regulation of valuables such as cash, drafts and passbooks, establishing a branch supervisory system, and improving the training system. Branches make their best effort to perform accurate operational transactions and prevent every possible accident.

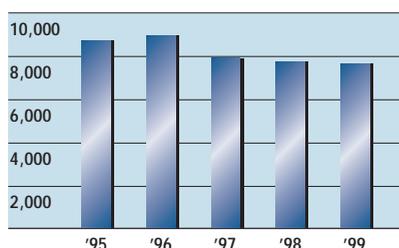
Systems risk is the risk of incurring losses associated with computer system problems. Systems at Chiba Bank are fully prepared for contingencies. In case of system trouble, the existing hardware and lines will be switched automatically to a backup. Moreover, Chiba Bank provides double protection against disasters and crimes through the strict management of customer data and the establishment of a contingency plan for natural disasters.

Furthermore, under the inspection system within the Bank, the Inspection Office within the Audit & Inspection Division makes inspection visits to every branch and division in the head office at least once a year. Under strict standards, it conducts inspections of overall operations and computer systems. The results of the inspections are regularly reported to the Board of Directors and also reported to each branch and division concerned. This reporting system contributes to the improvement of operations.

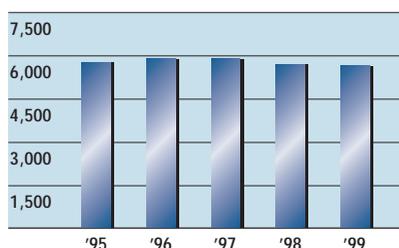
Operating Results for the Year Ended March 31, 1999

Chiba Bank responded to a harsh business environment with wide-ranging efforts to improve its operating results and further raise management efficiency. Nevertheless, the Bank recorded a net loss for the fiscal year because of efforts to complete write-offs of nonperforming loans and provide for possible loan losses to build a strong management structure that ensures stable earnings. As income from core banking operations has remained steady, we are sure that the Bank will return to profitability in the fiscal year ending March 2000.

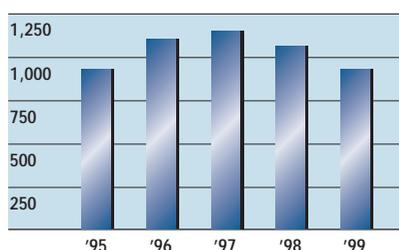
Total Assets (Billions of yen)



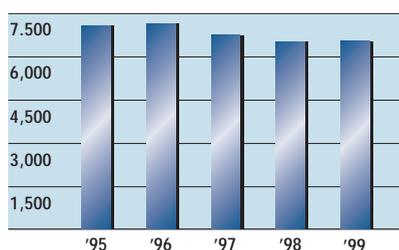
Loans and Bills Discounted (Billions of yen)



Securities (Billions of yen)



Deposits (Billions of yen)



Business Environment

The Japanese economy continued to remain stagnant in the fiscal year ended March 31, 1999, reflecting sluggish consumer spending, a slump in capital investment, and declining industrial production as a whole. Economic conditions in Chiba Prefecture closely mirrored those of the national economy.

In the financial markets, both short-term interest rates and the yield on long-term government bonds remained low, despite a temporary rise in the yield on long-term government bonds. The stock market again weakened during the period under review, and the Nikkei average closed the fiscal year in the 15,000 range, despite a rally at the end of the fiscal year.

Assets

Loans and bills discounted at March 31, 1999 decreased ¥46.3 billion from the previous year to ¥5,746.7 billion, reflecting generally weak demand for capital outside Chiba Prefecture and overseas. Loans to customers in Chiba Prefecture, however, increased ¥63.4 billion from the prior fiscal year to ¥4,934.7

billion, due to Chiba Bank's focus on business promotion activities in the region and efforts to increase lending to individuals and small and medium-sized companies.

The balance of securities at the fiscal year end was ¥920.4 billion, a decline of ¥133.1 billion from the prior fiscal year-end. The balance of trading assets at March 31, 1999 was ¥186.6 billion.

Liabilities and Stockholders' Equity

Overall, deposits increased ¥0.6 billion to ¥6,505.9 billion. Individual deposits increased ¥116.8 billion to ¥4,630.5 billion as a result of Chiba Bank's introduction of new products and services and aggressive efforts to increase automatic salary transfer and pension deposit accounts. The balance of trading liabilities was ¥4.4 billion.

Total stockholders' equity was ¥305.7 billion, an increase of ¥41.4 billion from the prior fiscal year-end. Chiba Bank's capital adequacy ratio at March 31, 1999 was 9.23 percent (consolidated basis), an increase of 0.35 percentage points from a year

earlier and well above the BIS-mandated ratio of 8 percent.

Income

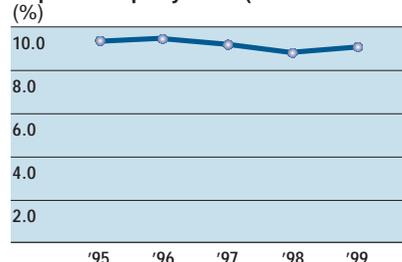
Chiba Bank's efforts to invest funds efficiently, promote rationalization throughout its operations and reduce expenses resulted in net business income before the general reserve for possible loan losses of ¥59.7 billion. This represents a year-on-year decline of ¥5.5 billion, following net gains on sales and redemption of bonds in the previous fiscal year totaling ¥12.0 billion. Net business income, reflecting newly revised standards for write-offs and provision to reserves, which resulted in a considerable increase in loan loss reserves, temporarily declined to ¥33.7 billion. After the addition of reserves for possible loan losses and investment trust-related losses, loss before income taxes amounted to ¥89.8 billion and net loss amounted to ¥52.7 billion. Beginning with the fiscal year under review, Chiba Bank has applied the tax effect accounting principle based on related laws and regulations. As a result, unappropriated

retained earnings at the end of the fiscal year were ¥32.0 billion.

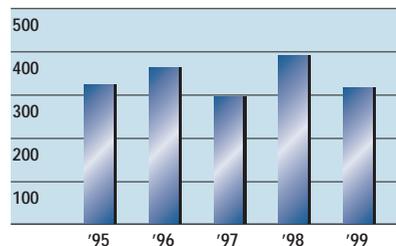
Dividends and Dividend Policy

Chiba Bank's fundamental policy is to maintain a stable dividend while deploying internal reserves to strengthen its operations. Despite the one-time loss due to disposal of nonperforming loans, a year-end cash dividend of ¥2.50 per share of common stock, the same level as in the prior fiscal year, was approved at the ordinary general meeting of shareholders, as operating results are expected to recover in the current fiscal year. Cash dividends for the fiscal year totaled ¥5.00 per share, including an interim dividend of ¥2.50 per share.

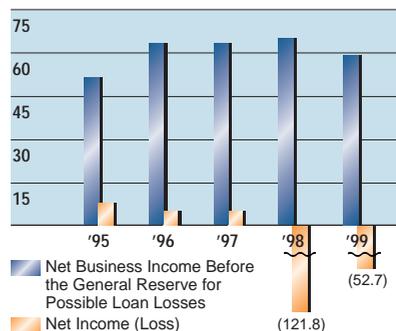
Capital Adequacy Ratio (Consolidated Basis)



Total Expenses (Billions of yen)

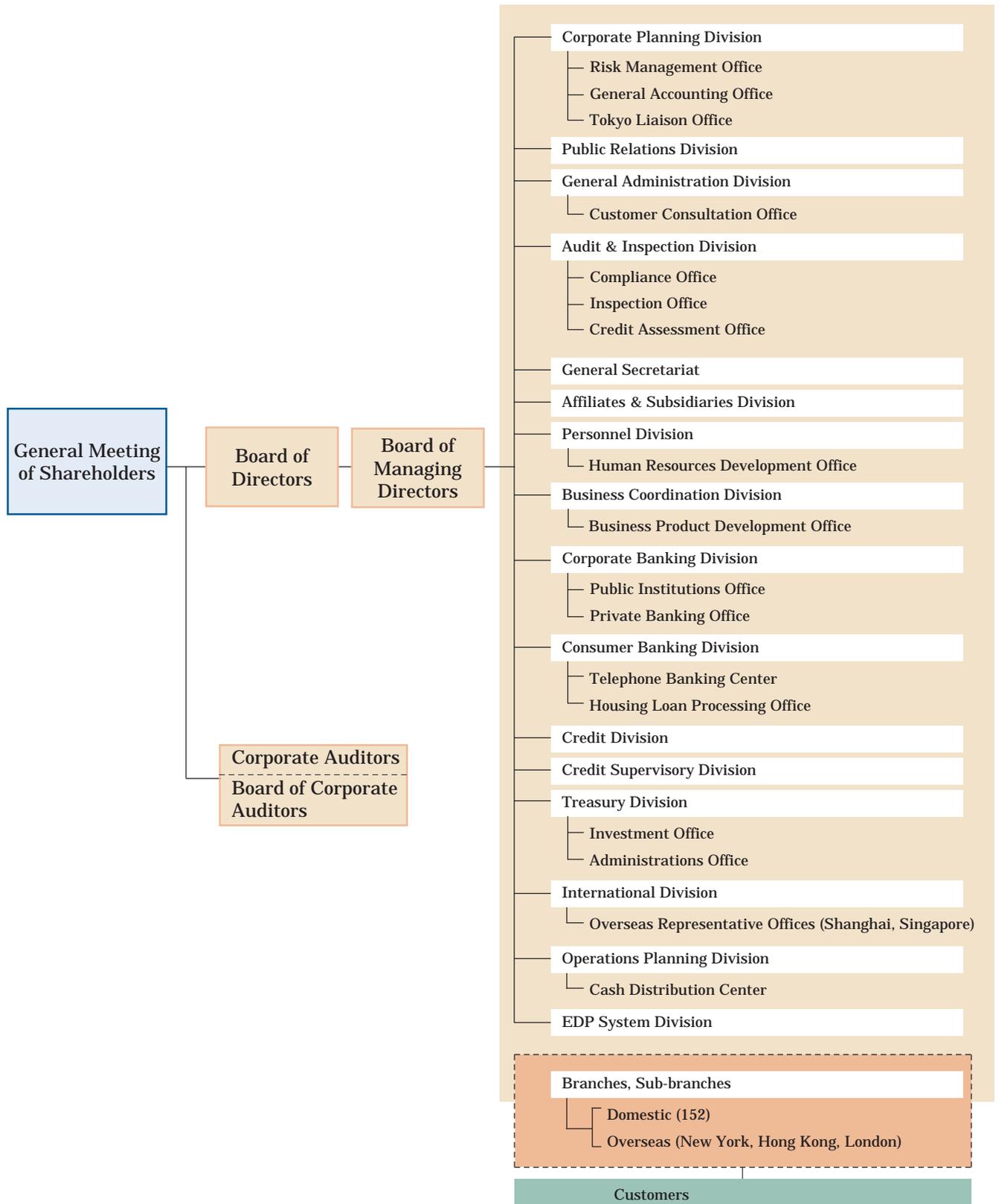


Net Business Income Before the General Reserve for Possible Loan Losses
Net Income (Loss) (Billions of yen)



Organization

As of June 30, 1999



Financial Section

Five-Year Summary of Selected Financial Data (Non-Consolidated Basis)

The Chiba Bank, Ltd. For the Years Ended March 31

	Billions of Yen				
	1999	1998	1997	1996	1995
For the Fiscal Year					
Total Income	¥ 224.0	¥ 266.4	¥ 298.0	¥ 417.5	¥ 338.6
Total Expenses.....	313.9	388.0	292.7	360.7	320.5
Income (Loss) Before Income Taxes	(89.8)	(121.5)	5.3	56.8	18.1
Provision for Income Taxes	(37.1)	0.2	0.2	51.7	10.2
Net Income (Loss)	(52.7)	(121.8)	5.1	5.0	7.8
Return on Average Total Stockholders' Equity	—	—	1.32%	1.31%	2.05%
Return on Average Total Assets	—	—	0.06	0.06	0.10
At Year-End					
Total Assets.....	¥7,574.9	¥7,658.9	¥7,841.7	¥8,885.7	¥8,643.6
Deposits.....	6,505.9	6,505.3	6,713.1	7,122.8	7,046.9
Loans and Bills Discounted	5,746.7	5,793.1	5,978.8	5,987.3	5,867.7
Securities	920.4	1,053.6	1,143.4	1,094.7	919.1
Total Stockholders' Equity	305.7	264.3	390.0	388.8	387.7
Capital Adequacy Ratio*	9.08%	—	—	—	—
Per Share					
Yen					
Net Income (Loss)	¥ (67.84)	¥(156.59)	¥ 6.58	¥ 6.53	¥ 10.10
Cash Dividends.....	5.00	5.00	5.00	5.00	5.00
Net Assets	393.09	339.84	501.44	499.86	498.41
Market Price	518	499	710	920	862

Note: Yen figures are rounded down to the nearest billion.

*These figures are based on BIS guidelines and include transitional adjustments.

Consolidated Balance Sheets

The Chiba Bank, Ltd. and its Consolidated Subsidiaries As of March 31, 1999 and 1998

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
ASSETS			
Cash and Due From Banks.....	¥ 204,104	—	\$ 1,693,113
Commercial Paper and Other Debt Purchased	52	—	436
Trading Assets (Note 9)	186,654	—	1,548,358
Money Held in Trust	28,624	—	237,446
Securities (Note 10).....	920,565	—	7,636,380
Loans and Bills Discounted (Note 11).....	5,782,808	—	47,970,206
Foreign Exchanges (Note 12).....	3,446	—	28,587
Other Assets (Note 13).....	114,855	—	952,766
Premises and Equipment (Note 14)	122,877	—	1,019,305
Deferred Tax Assets (Note 30).....	122,551	—	1,016,604
Customers' Liabilities for Acceptances and Guarantees	173,570	—	1,439,825
Total Assets	¥7,660,111	—	\$63,543,024
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Note 15)	¥6,491,079	—	\$53,845,535
Call Money.....	1,888	—	15,668
Trading Liabilities (Note 16)	4,433	—	36,775
Borrowed Money (Note 17)	158,401	—	1,313,992
Foreign Exchanges (Note 18).....	973	—	8,072
Bonds	17,000	—	141,020
Other Liabilities (Note 19).....	262,627	—	2,178,576
Reserve for Possible Loan Losses.....	187,273	—	1,553,496
Reserve for Retirement Allowances	13,692	—	113,583
Reserve for Losses on Sales of Loans	19,711	—	163,515
Other Reserves	120	—	1,002
Deferred Tax Liability on Premises Evaluation.....	9,456	—	78,442
Consolidation Difference.....	3,255	—	27,007
Acceptances and Guarantees (Note 20)	173,570	—	1,439,825
Total Liabilities	¥7,343,485	—	\$60,916,509
MINORITY INTEREST			
Minority Interest in Consolidated Subsidiaries	¥ 9,517	—	\$ 78,953
STOCKHOLDERS' EQUITY			
Common Stock (Note 21)	¥ 106,881	—	\$ 886,612
Capital Surplus	84,040	—	697,139
Premises Revaluation Account.....	13,275	—	110,121
Earned Surplus	104,579	—	867,519
Treasury Stock	1,667	—	13,829
Total Stockholders' Equity	307,108	—	2,547,562
Total Liabilities, Minority Interest and Stockholders' Equity	¥7,660,111	—	\$63,543,024

See notes to financial statements.

Consolidated Statements of Income and Retained Earnings

The Chiba Bank, Ltd. and its Consolidated Subsidiaries For the Years Ended March 31, 1999 and 1998

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Income			
Interest Income:	¥193,166	—	\$1,602,373
Interest on Loans and Discounts	149,293	—	1,238,435
Interest and Dividends on Securities	26,398	—	218,984
Other Interest Income	17,474	—	144,954
Fees and Commissions	22,379	—	185,649
Trading Income (Note 22)	1,223	—	10,147
Other Operating Income (Note 23)	8,445	—	70,060
Other Income (Note 24)	16,401	—	136,058
Total Income	241,616	—	2,004,287
Expenses			
Interest Expenses:	65,203	—	540,885
Interest on Deposits	39,602	—	328,513
Interest on Borrowings and Rediscounts	5,959	—	49,438
Other Interest Expenses	19,641	—	162,933
Fees and Commissions	6,828	—	56,645
Trading Expenses (Note 25)	470	—	3,899
Other Operating Expenses (Note 26)	5,785	—	47,989
General and Administrative Expenses	87,498	—	725,824
Other Expenses (Note 27)	160,495	—	1,331,360
Total Expenses	326,280	—	2,706,602
Loss Before Income Taxes	(84,663)	—	(702,314)
Provision for Income Taxes	205	—	1,702
Adjustment to Income Taxes and Others	(34,980)	—	(290,174)
Minority Interest in Net Loss	(528)	—	(4,386)
Net Loss	(49,359)	—	(409,456)
Retained Earnings (Losses)			
Balance at the Beginning of the Year	157,819	—	1,309,159
Net Loss	(49,359)	—	(409,456)
Dividends	3,879	—	32,184
Balance at the End of the Year	¥104,579	—	\$ 867,519
Per Share of Common Stock			
Net Loss	Yen (Note 1) U.S. Dollars (Note 8)		
	(¥63.68)	—	(\$0.53)

See notes to financial statements.

Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and its Consolidated Subsidiaries For the Years Ended March 31, 1999 and 1998

1
BASIS OF PRESENTATION
2
Principles of Consolidation
3
Use of the Equity Method
4
Fiscal Year of the Consolidated Subsidiaries
5
Significant Accounting Policies

The consolidated financial statements of Chiba Bank have been compiled from the financial statements prepared in accordance with generally accepted accounting principles in Japan, together with the independent auditors' opinion thereon, and filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. The consolidated financial statements for fiscal years prior to fiscal year 1999 were not compiled since financial information from the Company's subsidiaries would not have had a material effect on the financial information as presented in the previous years. For the convenience of non-Japanese readers of this document, the presentation has been modified in certain respects.

In accordance with the Banking Law of Japan, and the Uniform Accounting Standards for Banks in Japan promulgated by the Ministry of Finance of Japan, the Yen amounts are presented in millions of Yen by rounding down figures below one million. As a result, the totals in Yen in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

(1) Consolidated Subsidiaries

Sobu, Co., Ltd.
Chibagin Cash Business Co., Ltd.
Chibagin Staff Services Co., Ltd.
Chibagin Business Services Co., Ltd.
Chibagin General Management Co., Ltd.
Chiba International Ltd.
Chiba Capital Funding (Cayman) Ltd.
Chibagin Guarantee Co., Ltd.
Chibagin Lease Co., Ltd.
Chuo Securities Co., Ltd.

(2) Unconsolidated Subsidiaries

The consolidated financial statements do not include the accounts of The Chibagin Computer Service Co, Ltd. and eight other subsidiaries, since the combined total assets, total revenue, net income and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank.

Investment in seven out of nine unconsolidated subsidiaries is carried using the equity method. Investment in two other subsidiaries is carried at cost, since the effect of applying the equity method in these subsidiaries is not material.

(1) Fiscal year-ends of consolidated subsidiaries are as follows:

the end of December: 2
the end of March: 8

(2) The financial statements of the consolidated subsidiaries, of which fiscal year-ends are December 31, are included in consolidation on the basis of their fiscal year after making appropriate adjustments for the significant transactions during the period from their year-ends to the date of the Bank's fiscal year-end.

(1) Trading Account

Valuation standards for trading assets and liabilities and accounting standards for trading income and expenses

The following criteria are applied in accounting for Chiba Bank's Trading Account Assets and Liabilities and Trading Income and Expenses:

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

Trading account 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 increase/decrease between the amount of profit/loss based on the assumption that transactions were settled at the end of the fiscal year and that at the end of the previous fiscal year.

(2) Securities

Securities of Chiba Bank are carried at cost, determined by the moving average method. Moreover, the same method is 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. Securities held by the consolidated subsidiaries are principally carried at the lower of cost or market, determined by the moving average method.

(3) Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and deferred gains on sales of real estate. In accordance with the Uniform Accounting Standards for Banks in Japan, depreciation is computed using the declining balance method for building and equipment up to the standard amount as provided by the Corporation Tax Law of Japan and others are amortized in accordance with that law. Premises and equipment of the consolidated subsidiaries are depreciated principally by the declining balance method over the estimated useful lives.

(4) Reserve for Possible Loan Losses

For the year ended March 1999, Chiba Bank made the Reserve for Possible Loan Losses based on the criteria for writing off such losses in accordance with the Accounting Standards for Banks in Japan. Such reserve made by the Bank was based on the Guidelines for Examination of Internal Controls Related Self-Assessment of Assets of Banks and Other Financial Institutions and for Auditing of Write-offs and Loan Loss Provisions issued as part of the Fourth Report of the Auditing Subcommittee for Banks and Other Financial Institutions of the Japan Certified Public Accountants Association. The reserve is provided for the loans to normally performing loans and loans to borrowers under close observation, based on the ratio sustained over a specific period in the past. The reserve is also provided for the loans to borrowers that are currently not actually or effectively in bankruptcy, but are viewed as having a high probability of going into bankruptcy (Loans to Borrowers with Bankruptcy Imminent). In such cases, the anticipated proceeds from the sales of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan are first subtracted from the book value of the loan. Then, the reserve for such loan is computed based on a comprehensive judgment regarding the borrower's ability to pay, which is deemed necessary. In addition, the reserve is also provided for loans to borrowers that are legally bankrupt, as evidenced by a declaration of bankruptcy, ongoing composition, or other similar circumstances (Loans to Borrowers under Bankruptcy Proceedings) and loans to borrowers in effectively similar conditions (Loans to Borrowers Substantially in Bankruptcy). In such cases, the reserve amount is equivalent to the loans outstanding after deduction of the anticipated proceeds from the sales of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan.

Also, regarding the Reserve for Loans to Specific Countries, the expected amount of the losses on such loans arising from political and economic conditions in those countries has been included in the Reserve for Specific Overseas Loans.

For all loans, operating divisions and branches assess the quality of such assets, based on internal assessment standards, and the Credit Assessment Office conducts an audit of these assessments. Provisions are based on the assessments mentioned.

Provisions for consolidated subsidiaries have been made as deemed necessary with reference to previous loan loss experience of these companies.

(5) Reserve for Retirement Allowance and Pension Plans

Chiba Bank has a reserve for retirement allowance and a pension plan in line with its employee retirement benefit plans. The reserve for retirement allowances is set aside for lump-sum payment on retirement on the basis of the amount which would be required if all eligible employees had voluntarily retired at the end of fiscal year concerned. The Bank also adopted the Adjusted Pension Plan, which is a funded plan to adjust the government welfare pension fund.

Consolidated subsidiaries principally have funded pension plans for employees.

(6) Reserve for Losses on Sales of Loans

The reserve for losses on sales of loans is provided in an amount judged necessary based on the collateral value of loans secured by real estate that are sold to Cooperative Credit Purchasing Company Ltd. or liquidated, and the Bank's assessment of the likelihood of future losses on sales of loans.

(7) Translation of Foreign Currencies

(i) A revised accounting standard is being applied to the translation of the financial statements of all foreign subsidiaries into Japanese yen based on Directive 767 of the Ministry of Finance.

(ii) Foreign currency accounts held by Chiba Bank are translated into Japanese yen at the current exchange rate prevailing at the end of the fiscal year, except that 1) assets related to the capital subscription of foreign companies (excluding those funded by foreign currencies) 2) certain special accounts, as approved by the Japanese regulatory authorities, are translated at the historical rates. Overseas branch's accounts are translated into Yen at the exchange rates prevailing at the end of the fiscal year. Foreign currency accounts held by the consolidated foreign subsidiaries are translated into the base currencies of the subsidiaries at the end of the respective year-end exchange rates.

(8) Lease Transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transactions.

6 Income Taxes

Tax effect is recorded for timing differences in recognition of certain revenue and expenses between tax and financial reporting.

7 Differences Between Japanese Accounting Principles and International Accounting Standards

The accompanying consolidated financial statements are in line with accounting principles and practices generally accepted in Japan. Such principles and practices generally conform with International Accounting Standards ("IAS"), except for cash flow information and certain other disclosures, including market value information required by IAS 30.

As described in Notes 2 and 3, the Bank consolidated all its significant subsidiaries and uses the equity method for its material non-consolidated subsidiaries.

8 U.S. Dollar 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 ¥120.55 to \$1.00, the exchange rate prevailing at March 31, 1999.

9 Trading Assets

Trading assets as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Trading Account Securities	¥ 1,878	—	\$ 15,581
Derivatives	4,278	—	35,492
Other Trading Assets	180,497	—	1,497,285
Total	¥186,654	—	\$1,548,358

10 Securities

Securities as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Japanese National Government Bonds	¥191,149	—	\$1,585,648
Japanese Local Government Bonds	68,248	—	566,147
Japanese Corporate Bonds and Financial Debentures	205,163	—	1,701,892
Japanese Corporate Stocks	214,856	—	1,782,306
Other Securities	241,146	—	2,000,387
Total	¥920,565	—	\$7,636,380

11 Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Bills Discounted	¥ 98,050	—	\$ 813,358
Loans on Bills	607,023	—	5,035,450
Loans on Deeds	4,204,651	—	34,878,901
Overdrafts	873,082	—	7,242,497
Total	¥5,782,808	—	\$47,970,206

(b) Non-accrual loans

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Loans to Companies Legally Bankrupted	¥ 40,364	—	\$ 334,832
Other Delinquent Loans	143,836	—	1,193,165
Loans Past Due 3 Months or More	23,409	—	194,185
Restructured Loans	107,674	—	893,190
Total	¥315,285	—	\$2,615,388

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**Foreign Exchange
Assets**

Foreign exchange assets as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Due from Foreign Correspondents	¥ 930	—	\$ 7,715
Foreign Bills of Exchange Bought	336	—	2,794
Foreign Bills of Exchange Receivable	2,179	—	18,078
Total	¥3,446	—	\$28,587

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Other Assets

Other assets as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Domestic Exchange Settlement	¥ 3,669	—	\$ 30,443
Accrued Income	22,865	—	189,675
Prepaid Expenses	907	—	7,526
Others	87,413	—	725,122
Total	¥114,855	—	\$952,766

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**Premises and
Equipment**

Fixed assets are depreciated on the declining balance method under the Uniform Accounting Standards for Banks. Premises and equipment as of March 31, 1999 are shown at cost less accumulated depreciation of ¥91,734 million (US\$760,969 thousand).

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Deposits

An analysis of deposits as of March 31, 1999 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Current Deposits	¥ 178,855	—	\$ 1,483,666
Ordinary Deposits	1,782,065	—	14,782,791
Savings Deposits	495,134	—	4,107,292
Deposits at Notice	48,219	—	399,995
Time Deposits	3,779,899	—	31,355,452
Other Deposits	103,234	—	856,363
Sub Total	6,387,409	—	52,985,559
Negotiable Certificates of Deposit	103,670	—	859,976
Total	¥6,491,079	—	\$53,845,535

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Trading Liabilities

Trading liabilities as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Derivatives	¥4,433	—	\$36,775
Total	¥4,433	—	\$36,775

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Borrowed Money

Borrowed money as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Borrowings from The Bank of Japan and Other Financial Institutions	¥158,401	—	\$1,313,992
Total	¥158,401	—	\$1,313,992

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Foreign Exchange Liabilities

Foreign exchange liabilities as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Due from Foreign Banks	¥ 0	—	\$ 5
Foreign Bills Sold	967	—	8,024
Foreign Bills of Exchange Payable	5	—	43
Total	¥973	—	\$8,072

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Other Liabilities

Other liabilities as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Domestic Exchange Settlement	¥ 883	—	\$ 7,330
Accrued Expenses	32,096	—	266,247
Unearned Income	18,516	—	153,604
Accrued Income Taxes	161	—	1,343
Others	210,968	—	1,750,052
Total	¥262,627	—	\$2,178,576

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Acceptances and Guarantees

Acceptances and guarantees as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Letters of Credit	¥ 1,088	—	\$ 9,029
Guarantees	172,482	—	1,430,796
Total	¥173,570	—	\$1,439,825

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Common Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 1999. The number of shares in issue as of March 31, 1999 was as follows.

	Number of Shares	
	1999	1998
Shares in Issue	777,879,651	—

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Trading Income

The composition of trading income for the year ended March 31, 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Gains on Sales of Trading Account Securities	¥ 141	—	\$ 1,171
Other Trading Income	1,082	—	8,977
Total	¥1,223	—	\$10,147

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Other Operating Income

The composition of other operating income for the year ended March 31, 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Gains on Foreign Exchange Transactions	¥1,459	—	\$12,106
Gains on Sales of Bonds	6,509	—	53,995
Gains on Redemption of Bonds	476	—	3,951
Others	1	—	8
Total	¥8,445	—	\$70,060

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Other Income

The composition of other income for the year ended March 31, 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Gains on Sales of Stocks and Other Securities	¥ 757	—	\$ 6,280
Gains on Money Held in Trust	19	—	165
Others	15,624	—	129,614
Total	¥16,401	—	\$136,058

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Trading Expenses

The composition of trading expenses for the year ended March 31, 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Expenses on Trading Account Securities	¥ 37	—	\$ 314
Expenses on Derivatives	432	—	3,585
Total	¥470	—	\$3,899

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Other Operating Expenses

The composition of other operating expenses for the year ended March 31, 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Losses on Sales of Bonds	¥3,236	—	\$26,851
Losses on Redemption of Bonds	2,548	—	21,138
Total	¥5,785	—	\$47,989

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Other Expenses

The composition of other expenses for the year ended March 31, 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Provision for Possible Loan Losses	¥ 94,161	—	\$ 781,100
Write-off of Claims	1,247	—	10,351
Losses on Sales of Stock and Other Securities	3,987	—	33,081
Losses on Devaluation of Stocks and Other Securities	5,953	—	49,386
Losses on Money Held in Trust	783	—	6,497
Others	54,361	—	450,947
Total	¥160,495	—	\$1,331,360

Others include the following for the year ended March 31, 1999:

- 1) Loss on cancellation of beneficiary certificates held in investment trust: ¥24,422 million
- 2) Provision for losses on sales of loans: ¥11,101 million
- 3) Losses on sales of loans: ¥6,793 million

Lease Transactions

(a) Finance Lease Transactions

Finance lease transactions, except where the ownership of the leased asset is regarded as being transferred to the lessee

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Lessee Side			
Amount Corresponding to the Purchased Prices of the Leased Asset:			
Equipment	¥335	—	\$2,779
Other	335	—	2,779
Amount Corresponding to Accumulated Depreciation:			
Equipment	173	—	1,435
Other	173	—	1,435
Amount Corresponding to Balance at Fiscal Year End:			
Equipment	¥162	—	\$1,344
Other	162	—	1,344

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Amount Corresponding to Lease Payable (within 1 year)	¥ 49	—	\$ 406
Amount Corresponding to Lease Payable (over 1 year)	113	—	938
Total	¥162	—	\$1,344

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Lease Fees Paid	¥52	—	\$431
Amount Corresponding to Depreciation	52	—	431
Amount Corresponding to Interest Payment	—	—	—

Note: The lease period is set at the useful lifetime of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Lessor Side			
Amount Corresponding to Lease Receivable (within 1 year)	¥ 7,963	—	\$ 66,056
Amount Corresponding to Lease Receivable (over 1 year)	17,929	—	148,727
Total	¥25,893	—	\$214,791
Receipt of Leasing Fee	¥ 8,009	—	\$ 66,437

(b) Operating Lease Transactions

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Lessee Side			
Amount Corresponding to Lease Payable (within 1 year)	—	—	—
Amount Corresponding to Lease Payable (over 1 year)	—	—	—
Total	—	—	—

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Lessee Side			
Amount Corresponding to Lease Receivable (within 1 year)	¥43	—	\$357
Amount Corresponding to Lease Receivable (over 1 year)	4	—	33
Total	¥47	—	\$390

Capital Ratios

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Tier I			
Common Shareholder's Equity	¥ 301,402	—	\$ 2,500,224
Total Tier I Capital	¥ 301,402	—	\$ 2,500,224
Tier II			
Unrealized Valuation Gains on Securities, after 55% Discount	¥ 56	—	\$ 465
Premises Revaluation Account, after 55% Discount	10,229	—	84,853
Reserve for Possible Loan Losses	45,701	—	379,104
Others	111,800	—	927,416
Total Tier II Capital	¥ 167,787	—	\$ 1,391,846
Total Capital	¥ 469,189	—	\$ 3,892,070
Total Risk-Adjusted Assets	¥5,080,406	—	\$42,143,559
Risk-Based Capital Ratio	9.23%	—	9.23%

Tax Effect

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of March 31, 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	1999	1998	1999
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥ 57,482		\$ 476,831
Reserve for Losses on Sales of Loans	8,200		68,022
Reserve for Retirement Allowance	3,517		29,175
Carried Forward Taxable Losses	47,349		392,775
Other	10,415		86,396
Total Deferred Tax Assets	¥126,965		\$1,053,214
Deferred Tax Liabilities:			
Devaluation of Securities	¥ (4,388)		\$ (36,400)
Other	(25)		(207)
Total Deferred Tax Liabilities	¥ (4,414)		\$ (36,616)
Net Deferred Tax Assets (Liabilities)	¥122,551		\$1,016,599

Subsequent Event

At the meeting of the Board of Directors of Chiba Bank held on June 8, 1999, the issuance of the third unsecured convertible bond was approved on the following conditions:

- (1) Issued Amount: 30 billion yen
- (2) Issued Price: 100.00 yen
- (3) Coupon: Zero
- (4) Convertible Price: 477 yen
- (5) Payment Date: June 24, 1999
- (6) Maturity Date: March 30, 2001

Report of Independent Certified Public Accountants (Consolidated)

Century Audit Corporation CERTIFIED PUBLIC ACCOUNTANTS

Japanese Red Cross Bldg. 1-3, Shiba Daimon 1-chome Minato-ku, Tokyo, Japan

To Mr. Tsuneo Hayakawa, President
The Chiba Bank, Ltd.

We have examined the consolidated balance sheets of The Chiba Bank, Ltd. and its consolidated subsidiaries as of March 31, 1999 and related consolidated statements of income and retained earnings for the year then ended, expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted in Japan, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements mentioned above present fairly the financial position of The Chiba Bank, Ltd. and its consolidated subsidiaries as of March 31, 1999 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in Japan.

Amounts expressed in U.S. dollars have been translated on the basis stated in Note 8 of the Notes to Consolidated Financial Statements.

Century Audit Corporation

Tokyo, Japan
June 29, 1999

Non-Consolidated Balance Sheets

The Chiba Bank, Ltd. As of March 31, 1999 and 1998

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 6)
	1999	1998	1999
ASSETS			
Cash and Due From Banks	¥ 198,787	¥ 185,217	\$ 1,649,005
Commercial Paper and Other Debt Purchased	52	79,053	436
Trading Assets	186,654	16,089	1,548,358
Money Held in Trust	24,586	25,315	203,951
Securities	920,486	1,053,656	7,635,723
Loans and Bills Discounted	5,746,782	5,793,167	47,671,363
Foreign Exchanges	3,446	3,453	28,587
Other Assets	69,513	195,637	576,638
Premises and Equipment	115,450	125,291	957,696
Deferred Tax Asset	122,049	—	1,012,441
Customers' Liabilities for Acceptances and Guarantees	187,117	182,089	1,552,194
Total Assets	¥7,574,927	¥7,658,972	\$62,836,392
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	¥6,505,990	¥6,505,318	\$53,969,226
Call Money	1,888	130,257	15,668
Trading Liabilities	4,433	3,650	36,775
Borrowed Money	136,147	113,084	1,129,384
Foreign Exchanges	973	309	8,072
Other Liabilities	229,545	305,973	1,904,154
Reserve for Possible Loan Losses	160,531	104,873	1,331,661
Reserve for Retirement Allowances	13,349	12,987	110,738
Reserve for Losses on Sales of Loans	19,711	8,610	163,515
Reserve for Support to Specific Debtors	—	4,000	—
Other Reserves	0	0	0
Deferred Tax Liabilities for Premises Revaluation	9,456	—	78,442
Acceptances and Guarantees	187,117	182,089	1,552,194
Revaluation Excess	—	23,460	—
Total Liabilities	¥7,269,144	¥7,394,614	\$60,299,832
Stockholders' Equity			
Common Stock	¥ 106,881	¥ 106,881	\$ 886,612
Capital Surplus	84,040	84,040	697,139
Legal Reserve	48,852	48,063	405,245
Premises Revaluation Account	13,275	—	110,121
Voluntary Reserve	20,671	147,105	171,472
Retained Earnings (Deficits)	32,062	(121,732)	265,970
Total Stockholders' Equity	305,782	264,357	2,536,560
Total Liabilities and Stockholders' Equity	¥7,574,927	¥7,658,972	\$62,836,392

See notes to financial statements.

Non-Consolidated Statements of Income and Retained Earnings

The Chiba Bank, Ltd. For the Years Ended March 31, 1999 and 1998

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 6)
	1999	1998	1999
Income			
Interest Income:	¥ 192,543	¥ 219,728	\$1,597,212
Interest on Loans and Discounts	149,020	157,718	1,236,173
Interest and Dividends on Securities	26,312	34,656	218,271
Other Interest Income	17,210	27,353	142,768
Fees and Commissions	19,036	18,604	157,917
Trading Income	1,223	819	10,147
Other Operating Income	8,154	20,027	67,641
Other Income	3,072	6,940	25,485
Transfer from Reserves	—	295	—
Total Income	224,030	266,416	1,858,402
Expenses			
Interest Expenses:	64,324	91,304	533,591
Interest on Deposits	39,685	63,757	329,203
Interest on Borrowings and Rediscounts	5,288	8,245	43,866
Other Interest Expenses	19,350	19,301	160,522
Fees and Commissions	6,858	6,637	56,896
Trading Expenses	470	139	3,899
Other Operating Expenses	5,785	7,419	47,989
General and Administrative Expenses	84,150	89,409	698,055
Other Expenses	152,329	193,093	1,263,618
Total Expenses	313,918	388,004	2,604,050
Loss Before Income Taxes	(89,887)	(121,588)	(745,647)
Provision for Income Taxes	123	227	1,021
Adjustment to Income Taxes and Others	(37,235)	—	(308,878)
Net Loss	(52,775)	(121,815)	(437,790)
Retained Earnings (Deficits)			
Balance at the Beginning of the Year	(121,732)	5,161	(1,009,806)
Voluntary Reserve	126,434	—	1,048,810
Net Loss	(52,775)	(121,815)	(437,791)
Prior Year Adjustment to Income Taxes and Others	84,814	—	703,563
Deductions:			
Transfer to Legal Reserve	788	1,188	6,544
Dividends	3,889	3,889	32,264
Balance at the End of the Year	¥ 32,062	¥(121,732)	\$ 265,970
Per Share of Common Stock			
	Yen (Note 1)		U.S. Dollars (Note 4)
Net Loss	¥(67.84)	¥(156.59)	\$(0.56)
Dividends Applicable to the Year	5.00	5.00	0.04

See notes to financial statements.

Market Value of Securities

The Chiba Bank, Ltd. For the Years Ended March 31, 1999 and 1998

(March 31, 1999)

Listed:	Millions of Yen				
	Book Value	Market Value	Unrealized Gain/Loss		
			Gain	Loss	
Securities					
Bonds	¥ 99,978	¥102,345	¥ 2,367	¥ 2,973	¥ 606
Stocks	197,516	219,174	21,658	32,236	10,578
Others	100,697	104,057	3,360	4,723	1,362
Total	¥398,192	¥425,578	¥27,386	¥39,933	¥12,547

- Notes: 1. Securities include Japanese national government bonds, Japanese local government bonds and corporate bonds.
 2. The market values of listed securities are primarily calculated by using the closing prices on the Tokyo Stock Exchange.
 3. Treasury stocks are included in Stocks. Unrealized gain/loss of the treasury stocks as of March 31, 1999 is under ¥1 million.
 4. The table below covers the estimated market value of unlisted securities for which it is possible to evaluate a market value.

(March 31, 1999)

Unlisted:	Millions of Yen				
	Book Value	Market Value	Unrealized Gain/Loss		
			Gain	Loss	
Securities					
Bonds	¥269,383	¥274,376	¥4,993	¥ 6,133	¥1,140
Stocks	3,948	8,517	4,569	4,820	250
Others	0	4	4	4	—
Total	¥273,331	¥282,899	¥9,567	¥710,958	¥1,391

5. The market values of unlisted securities are calculated mainly from the following:
 (i) Over-the-counter securities
 Trading price table published by the Japan Securities Dealers Association
 (ii) Publicly offered unlisted bonds
 Securities bid-offer table published by the Japan Securities Dealers Association
 (iii) Beneficiary certificates of securities investment trusts
 Market prices announced by authorized fund management companies
 6. Securities excluded from the above tables mainly consist of the following:

(March 31, 1999)

Securities	Millions of Yen
	Book Value
Domestic unlisted bonds, excluding publicly offered bonds	¥ 68,467
Publicly offered unlisted bonds with maturities of 1 year or less	26,395
Unlisted bonds, excluding domestic bonds	136,646
Unlisted stocks of subsidiaries	4,700
Beneficiary certificates held in investment trusts before the enactment of legislation allowing banks to participate in the securities business	2,826

Notes to Non-Consolidated Financial Statements

The Chiba Bank, Ltd. For the Years Ended March 31, 1999 and 1998

1																			
Basis of Presenting Financial Statements	<p>The non-consolidated financial statements of Chiba Bank have been compiled from the financial statements prepared in accordance with generally accepted accounting principles in Japan, together with the independent auditor's opinion thereon, and filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. For the convenience of non-Japanese readers of this document, the presentation has been modified in certain respects.</p> <p>In accordance with the Banking Law of Japan, and the Uniform Accounting Standards for Banks in Japan promulgated by the Ministry of Finance of Japan, the yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in yen in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.</p>																		
2																			
Translation of Foreign Currencies	Refer to Notes to Consolidated Financial Statements.																		
3																			
Significant Accounting Policies	<p>Refer to Notes to Consolidated Financial Statements except for the change in the accounting policy for securities.</p> <p>The Bank's securities are carried at cost in the fiscal year 1998. In the past, the Bank was allowed to use only the lower of cost or market value method for evaluation of securities under the Uniform Accounting Standards for Banks. However these standards were revised in February 1998, banks have the option to use the cost method. Moreover, for the Bank's securities that are not held for short-term trading purposes, it seemed inappropriate to show substantial profits and losses on securities by the evaluation method at the end of fiscal years. Accordingly, the Bank adopted the cost method since this presents its results most appropriately from an accounting perspective. In addition, the accounting method for securities held as trust assets in individually managed money trusts with principal objective of securities portfolio management has also been changed.</p> <p>As a result of this change in valuation method, in fiscal 1999 loss before income taxes is ¥10,549 lower than it would have been under the method previously applied.</p>																		
4																			
Net Income (Loss) Per Share	Net loss per share in the year ended March 31, 1999, amounted to ¥67.84 (\$0.56) and is computed by subtracting the total amount of cash dividends paid on preferred shares from net loss and then dividing the remainder by the average number of common shares outstanding during the fiscal year.																		
5																			
Subsequent Event	<p>The ordinary shareholders' meeting, which was held on June 29, 1999, duly approved the following year-end appropriation of retained earnings existing as of March 31, 1999.</p> <table><thead><tr><th></th><th style="text-align: right;">Millions of Yen</th></tr></thead><tbody><tr><td>Appropriation of Profit:</td><td></td></tr><tr><td>Retained Earnings at the end of the term</td><td style="text-align: right;">¥32,062</td></tr><tr><td>Profit Appropriated as follows:</td><td></td></tr><tr><td> Legal Reserve</td><td style="text-align: right;">400</td></tr><tr><td> Dividends</td><td style="text-align: right;">1,944</td></tr><tr><td> Voluntary Reserve</td><td style="text-align: right;">27,000</td></tr><tr><td></td><td style="text-align: right;"><hr/></td></tr><tr><td>Profits Carried Forward to the Next Term</td><td style="text-align: right;">¥ 2,717</td></tr></tbody></table>		Millions of Yen	Appropriation of Profit:		Retained Earnings at the end of the term	¥32,062	Profit Appropriated as follows:		Legal Reserve	400	Dividends	1,944	Voluntary Reserve	27,000		<hr/>	Profits Carried Forward to the Next Term	¥ 2,717
	Millions of Yen																		
Appropriation of Profit:																			
Retained Earnings at the end of the term	¥32,062																		
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Legal Reserve	400																		
Dividends	1,944																		
Voluntary Reserve	27,000																		
	<hr/>																		
Profits Carried Forward to the Next Term	¥ 2,717																		
6																			
U.S. Dollar 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 ¥120.55 to \$1.00, the exchange rate prevailing at March 31, 1999.																		

***Report of Independent Certified Public Accountants
(Non-Consolidated)***

**Century Audit Corporation
CERTIFIED PUBLIC ACCOUNTANTS**

Japanese Red Cross Bldg. 1-3, Shiba Daimon 1-chome Minato-ku, Tokyo, Japan

To Mr. Tsuneo Hayakawa, President
The Chiba Bank, Ltd.

We have examined the non-consolidated balance sheets of The Chiba Bank, Ltd. as of March 31, 1999 and 1998, and the related non-consolidated statements of income and retained earnings for the years then ended, expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted in Japan, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements mentioned above present fairly the financial position of The Chiba Bank, Ltd. as of March 31, 1999 and 1998, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 3 to the financial statements, The Chiba Bank, Ltd. changed its method of evaluating securities in 1999.

Amounts expressed in U.S. dollars have been translated on the basis stated in Note 6 of the Notes to Non-Consolidated Financial Statements.

Century Audit Corporation

Tokyo, Japan
June 29, 1999

Board of Directors

As of June 30, 1999

Chairman

Takashi Tamaki

President

Tsuneo Hayakawa

Deputy Presidents

Jiro Ishikawa

Toshiaki Ishii

Senior Managing Director

Yoshinori Ichihara

Managing Directors

Kuniomi Tomizuka

Tadashi Takeyama

Ken Kataoka

Directors

Toru Ishii

Suketaka Ushioda

Akira Hasegawa

Minoru Shingyouchi

Masahiro Maki

Tetsuo Suzuki

Tetsuhiro Kashima

Nobuyuki Kato

Nobuyoshi Imai

Corporate Auditors

Hiroshi Satoh (Standing)

Shingo Hono (Standing)

Shinzo Shinofuji

Haruhiko Sakasai

Tomoaki Hayashi

Affiliates at a Glance

As of June 30, 1999

Sobu Co., Ltd.

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

Principal Business: Rental and maintenance of the Chiba Bank office buildings and welfare facilities; purchase and sale of supplies and consumer goods

Established: Sept. 7, 1959

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

Chibagin Cash Business Co., Ltd.

1-2, Chiba-minato, Chuo-ku,
Chiba City, Chiba 260-8720

Principal Business: Cash and securities examinations fee collection services

Established: March 1, 1983

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

Chibagin Staff Service Co., Ltd.

1-2, Chiba-minato, Chuo-ku,
Chiba City, Chiba 260-8720

Principal Business: Temporary staff services

Established: Dec. 22, 1989

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

Chibagin Business Service Co., Ltd.

1-2, Chiba-minato, Chuo-ku,
Chiba City, Chiba 260-8720

Principal Business: Intensive back-office processing

Established: February 3, 1993

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

Chibagin General Management Co., Ltd.

1-2, Chiba-minato, Chuo-ku,
Chiba City, Chiba 260-8720

Principal Business: Retention and liquidation of auctioned real estate collateral on the Chiba Bank loans, etc.

Established: June 29, 1995

Capital: ¥450 million

Equity Ownership

By Chiba Bank: 100%

Chibagin Loan Business Support Co., Ltd.

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

Principal Business: Survey and evaluation of collateral real estate

Established: July 1, 1999

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

Chibagin Guarantee Co., Ltd.

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

Principal Business: Housing-loan guarantees, collateral appraisal services

Established: May 1, 1978

Capital: ¥50 million

Equity Ownership

By Chiba Bank: 25%

By its subsidiaries: 41%

Chibagin JCB Card Co., Ltd.

1-14-11, Fujimi, Chuo-ku,
Chiba City, Chiba 260-0015

Principal Business: Credit card business

Established: Nov. 1, 1982

Capital: ¥50 million

Equity Ownership

By Chiba Bank: 25%

By its subsidiaries: 30%

Chibagin Capital Co., Ltd.

1-2, Chiba-minato, Chuo-ku,
Chiba City, Chiba 260-8720

Principal Business: Consulting services concerned with the expansion of shareholders' equity, public issues, stock-exchange listing, etc.

Established: May 29, 1984

Capital: ¥100 million

Equity Ownership

By Chiba Bank: 25%

By its subsidiaries: 30%

Chibagin Investment Management Co., Ltd.

5-3, Nihombashi Muromachi
1-chome, Chuo-ku, Tokyo
103-0022

Principal Business: Consulting for portfolio investments of client financial assets

Established: March 31, 1986

Capital: ¥200 million

Equity Ownership

By Chiba Bank: 25%

By its subsidiaries: 40%

Chibagin Lease Co., Ltd.

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

Principal Business: Leasing, loans

Established: Dec. 15, 1986

Capital: ¥100 million

Equity Ownership

By Chiba Bank: 5%

By its subsidiaries: 50%

Chibagin Factor Co., Ltd.

39-10, Sakae-cho, Chuo-ku,
Chiba City, Chiba 260-0016

Principal Business: Claims purchasing, fee collection services, credit guarantees

Established: Feb. 3, 1989

Capital: ¥50 million

Equity Ownership

By Chiba Bank: 5%

By its subsidiaries: 75%

Chibagin DC Card Co., Ltd.

1-14-11, Fujimi, Chuo-ku,
Chiba City, Chiba 260-0015

Principal Business: Credit card business

Established: Feb. 16, 1989

Capital: ¥50 million

Equity Ownership

By Chiba Bank: 5%

By its subsidiaries: 90%

Chibagin Research Institute, Ltd.

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

Principal Business: Information services and surveys, training services, consulting on computer systems, etc.

Established: Feb. 28, 1990

Capital: ¥150 million

Equity Ownership

By Chiba Bank: 5%

By its subsidiaries: 70%

Chibagin Computer Service Co., Ltd.

992-6, Shiinazaki-cho, Midori-ku,
Chiba City, Chiba 266-0016

Principal Business: Computer systems development, commissioned computation tasks

Established: April 1, 1980

Capital: ¥150 million

Equity Ownership

By Chiba Bank: 4%

By its subsidiaries: 54%

Chuo Securities Co., Ltd.

8-1, Nihonbashi-ningyo-cho
3-chome, Chuo-ku, Tokyo 103-0013

Principal Business: Securities business

Established: March 27, 1944

Capital: ¥4,374 million

Equity Ownership

By Chiba Bank: 41.28%

By its subsidiaries: 6.77%

Chiba International Ltd.

1 King Street, London
EC2V 8AU, U.K.

Principal Business: Securities underwriting, sales and investments

Established: March 2, 1992

Capital: £6 million

Equity Ownership

By Chiba Bank: 100%

Chiba Capital Funding (Cayman) Ltd.

Ugland House, P.O. Box 309, George
Town, Grand Cayman, Cayman
Islands, British West Indies

Principal Business: Finance

Established: January 13, 1998

Capital: US\$1,000

Equity Ownership

By Chiba Bank: 100%

Corporate Data

As of March 31, 1999

Head Office

1-2, Chiba-minato, Chuo-ku, Chiba City, Chiba
260-8720, Japan
Telephone: (043) 245-1111
Internet URL Address: <http://www.chibabank.co.jp/>

International Division

5-3, Nihombashi Muromachi 1-chome, Chuo-ku, Tokyo
103-0022, Japan
Telephone: (03) 3270-8351 Fax: (03) 3242-1735/1736
Telex: J26666
Cable Address: CHIBABK
SWIFT Address: CHBA JPJT

Treasury Division

5-3, Nihombashi Muromachi 1-chome, Chuo-ku, Tokyo
103-0022, Japan
Telephone: (03) 3270-8351 Fax: (03) 3246-0278
Telex: J23671
Cable Address: CHIBABK
SWIFT Address: CHBA JPJT

Number of Employees: 4,670

Auditor: Century Audit Corporation

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
Telex: 251829 CHIBA NYK

Hong Kong Branch

Unit 2510, One Pacific Place, 88 Queensway, Hong Kong
Telephone: 852-2840-1222 Fax: 852-2840-0507
Telex: 62737 CHBK HX

London Branch

3rd Floor Atlas House 1 King Street,
London EC2V 8AU, U.K.
Telephone: 44-171-315-3111 Fax: 44-171-600-3452
Telex: 8812534 CHIBAL G

Shanghai Representative Office

Room 707, Shanghai International Trade Center,
2200 Yan-An Road (West), Shanghai, P.R.C. 200335
Telephone: 86-21-62780482 Fax: 86-21-62780422

Singapore Representative Office

20 Collyer Quay #08-03 Tung Centre, Singapore 049319
Telephone: 65-4385400 Fax: 65-4382511

Chiba International Ltd.

Atlas House, 1 King Street, London EC2V 8AU, U.K.
Telephone: 44-171-315-3115 Fax: 44-171-315-3113
Telex: 8813162 CHIBAI G

Chiba Capital Funding (Cayman) Ltd.

Ugland House, P.O. Box 309, George Town,
Grand Cayman, Cayman Islands, British West Indies

Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings at March 31, 1999 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
The Bank of Tokyo-Mitsubishi, Ltd.	38,893	4.99
The Sanwa Bank, Limited	38,893	4.99
Nippon Fire & Marine Insurance Co., Ltd.	33,905	4.35
Daihyaku Mutual Life Insurance Company	25,716	3.30
Daiichi Life Insurance Company	20,678	2.65
Nippon Life Insurance Company	20,670	2.65
The Industrial Bank of Japan, Limited	18,038	2.31
Sumitomo Life Insurance Company	16,294	2.09
The Long-Term Credit Bank of Japan, Limited	15,660	2.01
The Nomura Securities Co., Ltd.	15,587	2.00

*Rounded off to the nearest thousand

**Rounded off at two decimal places

THE CHIBA BANK, LTD.

1-2, Chiba-minato, Chuo-ku, Chiba City, Chiba 260-8720, Japan Telephone: (043) 245-1111
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