



2003																
April	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
May	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
June	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
July	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
August	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
September	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
October	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
November	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
December	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	

2004																
January	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
February	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
March	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
April	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
May	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
June	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
July	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
August	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
September	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
October	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
November	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
December	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	

2005																
January	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
February	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28				
March	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	

start



Meeting the Challenge
in One Hundred Weeks

Chiba Bank Profile

In March 2003, Chiba Bank celebrated its 60th year of service to Chiba Prefecture, which is adjacent to Tokyo and home of Narita Airport and Japan's busiest port. To serve the needs of the 6 million-plus population, the Bank operates 161 domestic branches, including 152 in Chiba Prefecture, the region's largest network, branches in New York, Hong Kong and London and representative offices in Shanghai and Singapore. On March 31, 2003, the Bank held deposits of ¥7,232,986 million, and loans and bills discounted totaled ¥5,601,309 million on a consolidated basis. Chiba Bank, popularly known to its customers as "Chibagin," focuses its investment, training and operations on a renewed drive to enhance retail banking business by expanding beyond traditional services and channels. Chiba Bank remains the cornerstone of economic development in its region.



Contents

"100 Weeks of Innovation and Speed"		Financial Statements	24
New Medium-term Management Plan	1	Consolidated Balance Sheets	24
Message from the President	2	Consolidated Statements of Income	25
Review of Operations	7	Consolidated Statements of Stockholders' Equity	26
Consumer Banking Business	8	Consolidated Statements of Cash Flows	27
Corporate Banking Business	10	Notes to Consolidated Financial Statements	28
Channels	12	Independent Auditors' Report (Consolidated)	40
Contributing to Our Region	13	Non-consolidated Balance Sheets	41
Corporate Governance	14	Non-consolidated Statements of Income	42
Compliance Systems	15	Supplementary Information	43
Asset Quality	16	Directors, Auditors and Executive Officers	44
Risk Management Systems	18	Subsidiaries and Affiliates	45
Financial Summary	21	International Directory	46
Financial Review	22	Corporate Data	47

Forward-Looking Statements

This annual report contains forward-looking statements concerning Chiba Bank's future plans, strategies and performance. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this annual report as assumptions.

In addition, the following are among the factors that could cause actual results to differ materially from the forward-looking statements in this annual report: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards.

"100 Weeks of Innovation and Speed"

New Medium-term Management Plan

To be an Integrated Regional Financial Services Group of the Highest Quality

Expand continuously consolidated net income

Strengthen the Group's ability to provide comprehensive solutions

Increase value for all stakeholders through reform

Key Initiatives

Continuous Improvement of Profitability

- > Transform Chiba Bank's profit structure
- > Reduce expenses

Management System Reform

- > Restructure the sales organization
- > Employ Profit Management in administration
- > Restructure the corporate governance system
- > Raise internal vigour—personnel system, etc.
- > Advance risk management and compliance
- > Increase customer satisfaction

Targets	Consolidated Net Income	Non-consolidated Net Business Income	Overhead Ratio (OHR)	Return on Assets (ROA)	Return on Equity (ROE)	Tier I Ratio
FY 2004	¥30 billion	¥76 billion	Around 50%	Above 0.3%	Around 7%	Above 7%
FY 2005	¥36 billion	¥78 billion	Below 50%	Around 0.4%	Around 8%	Around 8%

* Projections for FY 2005 are shown, as the activities in FY 2004 will be reflected in the financial results of FY 2005, although "100 Weeks of Innovation and Speed" is for FY 2003 and 2004.

Chiba Bank has launched its new medium-term management plan entitled "100 Weeks of Innovation and Speed," that directly addresses the severe business environment and other issues currently facing banks and seeks to exploit it as a positive opportunity for growth. The key phrase of the plan is "Best Practice of Bank Management." This concept guides the Bank's active transformation into a financial services group highly regarded by all stakeholders, which has both financial flexibility and high earnings power. The plan lays out changes in the management system and aims to steadily expand earnings power by concentrating management resources on retail business, which has the best prospects for high growth. The Bank will demonstrate "high creativity" and "speed" throughout its operations.

In addition, the Bank is reviewing the fundamental framework of its decision-making and operational processes and reforming its management structure, headquarters organization and personnel system to ensure a continuous expansion in its business.

Message from the President

Fiscal year 2002 marked a major turning point for Chiba Bank as it began to reap the benefits of its retail-oriented strategy. Under the ACT 2003 Plan, and ahead of the mega-banks, we achieved a substantial reduction of our credit costs and share impairment write-offs. ACT 2003 was the recently concluded medium-term management plan covering a period of three and a half years through March 2003. Following its successful conclusion, we now see our way clear for the improvement of our bottom line.

With that goal at the forefront, we set out, in April 2003, to capitalize on the momentum of our business performance and extend our success under a new plan called "100 Weeks of Innovation and Speed." I would like to take this opportunity to outline the new medium-range management strategies that are to drive sustained increases in Chiba Bank's corporate value as a financial institution based in one of Japan's most dynamic economic areas—Chiba Prefecture.

Fiscal Year 2002 in Review

Our real net business income⁽¹⁾ reached an all-time record of ¥71.5 billion, an increase of ¥3.6 billion from the previous year's level. This was because, as the community responded to our renewed emphasis on retail banking, we recorded significant gains in business with individuals, including loans and sales of investment trusts in fiscal year 2002. We also reduced operating expenses, and credit costs⁽²⁾ and share impairment write-offs were halved. In a major turnaround from the fiscal year 2001 results, ordinary income improved by ¥63.9 billion to ¥18.6 billion, and net income jumped by ¥35.7 billion to ¥8.9 billion.

*1 Real net business income = Net business income + Transfers to general reserves for possible loan losses. (This is an indicator of basic earnings power.)

*2 Credit costs = Disposal of non-performing loans + Transfers to general reserves for possible loan losses.

Achievements under the ACT 2003 Plan (Previous Medium-term Management Plan)

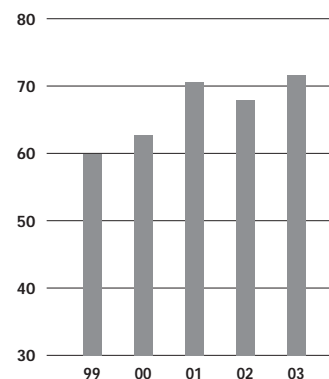
As the leading financial institution in Chiba Prefecture, Chiba Bank has made its first priority the enhancement of its corporate value through the provision of high-quality, responsive and innovative financial services to the customers in its region.

ACT 2003 was a medium-term management plan launched in October 1999. Through seeking to become an "integrated regional financial services group of the highest quality," the Bank has made bold moves to win the unwavering trust and support of customers. The plan achieved success in all three of its target areas, including the expansion of our customer base, the improvement of our credit portfolio, and the development of system infrastructure through strategic investment.



Tsuneo Hayakawa
President

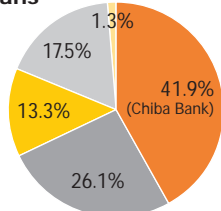
Real Net Business Income
(Billions of Yen)



Loans and Deposits in Chiba Prefecture

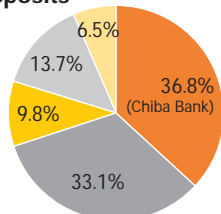
(As of March 31, 2002)

Loans



Total: ¥11.3 trillion

Deposits



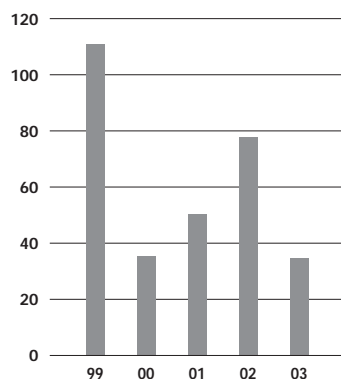
Total: ¥18.7 trillion



Source: MONTHLY KINYU JOURNAL
Special Issue, December, 2002

Credit Costs

(Billions of Yen)



Total Commitment to Customers Leads to an Expanding Customer Base

The entry of mega-banks and non-banking institutions into the market has intensified competition in retail banking. To succeed against this level of competition and achieve sustainable growth in retail business, a regional financial institution needs to demonstrate an absolute commitment to its customers. We have worked consistently to maximize customer satisfaction by offering products and services that truly benefit our regional customers, and by establishing the most convenient channels.

Chiba Bank further enhanced its range of products and services with the introduction of investment trusts and personal annuities. Deposit interest rates in Japan have remained below 1% for more than four years, and there is extremely strong customer demand for higher-yielding investments. Public interest in personal annuities has also risen sharply because of changes in Japan's social structure, such as a low birthrate and a growing aged population.

For the past four years, Chiba Bank has worked with leading financial institutions in Japan and overseas to build up a wide array of investment trusts, non-life insurance and personal annuity products. In fiscal year 2002, it was one of the leading regional banks in terms of sales of stock funds and personal annuities.

Chiba Bank has also continued to expand and enhance its sales channels. To supplement traditional branch-based sales channels, it has introduced progressively since 1998, telephone banking, Internet banking and mobile-phone banking, and today customers are able to choose the channel that best meets their needs. In addition, Chiba Bank has partnered with convenience store chains to jointly install ATMs in their stores. Cash Point ATMs are now available at over 1,300 locations within Chiba Prefecture, greatly enhancing the convenience of Chiba Bank as a main account bank.

Improvement of the Credit Portfolio

In the area of corporate banking, Chiba Bank's most urgent priorities are to expand its business with quality borrowers and to reduce its non-performing loan balance and credit costs. The Bank views the problem of non-performing loans as its most important management issue. In the past, its response was based primarily on a team effort by branches, the Credit Division and the Credit Supervisory Division. With the establishment of Credit Division II, specializing in corporate rehabilitation, in October 2001, the Bank has taken a more active role in support for troubled corporate borrowers.

Land prices in Chiba Prefecture have been falling for over 10 years. Chiba Bank has responded to this situation by establishing systems to facilitate the rapid disposal of real estate collateral as part of its efforts to reduce costs relating to the disposal of non-performing loans. In the year ended March 31, 2002, substantial amounts of non-performing loans were written off under stricter asset assessment criteria.

As a result of these efforts, there has been a steady reduction in the amount of non-performing loans, and credit costs are also turning downward. In the year ended March 2003, credit costs amounted to ¥34.8 billion, a reduction of ¥42.6 billion from the previous year.

Strategic Investment

Minimizing operating costs is the key to survival and success in today's increasingly harsh financial environment. This is particularly important in the retail banking field, where there is a structural tendency toward higher costs because of the need to maintain service quality. The use of information technology and other advances to accelerate rationalization and improvements in efficiency has become a vital priority.

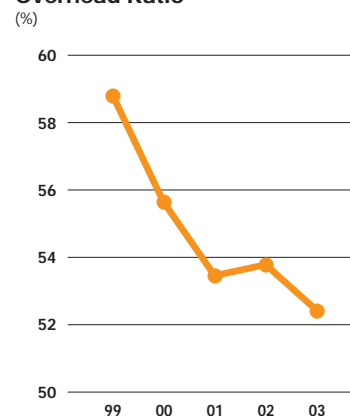
Over the past three years, Chiba Bank has invested around ¥20 billion in strategic systems, including the introduction of systems for real-time document imaging, seal verification, and loan management. Other improvements include the introduction of new Customer Relationship Management (CRM) systems and a profit management system based on Activity Based Costing (ABC) and credit risk modeling. Through these investments, Chiba Bank has completed the development of the advanced infrastructure needed to support optimal efficiency. With approximately 500 fewer employees than four years ago, under the new structure, Chiba Bank has been able to maintain and expand its marketing capabilities, including sales in new business areas such as investment trusts and personal annuities.

Business Performance

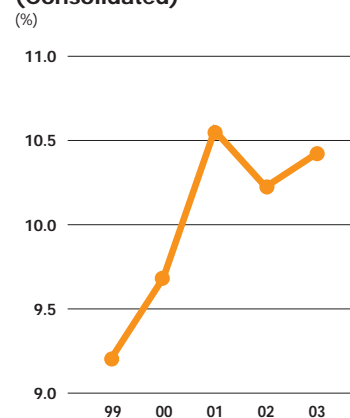
Significant improvements were achieved in all categories of the planned reinforcement of Chiba Bank's financial fundamentals, including real net business income and overhead ratio, under ACT 2003. The plan was a success overall, although unforeseeable changes in the economic environment made it impossible to fully achieve certain specific management targets.

As noted earlier, real net business income has reached a new record, and Chiba Banks' overhead ratio is now among the best in the regional banking sector, thanks to strategic investment and a commitment to cost reduction. Financial soundness has also been improved. Chiba Bank's consolidated capital ratio of 10.42% is substantially higher than the BIS guidelines of 8%.

Overhead Ratio



Capital Ratio (BIS Guidelines) (Consolidated)



	Year ended March 1999 (Base Year for ACT 2003)	Year ended March 2003 (Final Year for ACT 2003)
Real net business income	¥59.8 billion	¥71.5 billion
Overhead ratio	58.79%	52.43%
ROA*	0.74%	0.85%
ROE*	19.22%	21.43%
Capital ratio	9.08%	10.24%
Tier 1 ratio	5.78%	6.45%

*On a net business income basis



New Medium-term Management Plan—100 Weeks of Innovation and Speed

Chiba Bank has launched a new medium-term management plan. The aim is to achieve further improvement in the income base that the Bank built in the period to fiscal year 2002, and to achieve continuous growth over the medium- and long-term future.

Given the extent and pace of the changes occurring in the Japanese financial business environment, problem solving and goal achievement depend above all on innovation and speed. The key to survival against competition is the ability to achieve goals rapidly and decisively through initiatives based on these qualities.

Taking “speed” as a distinguishing factor, Chiba Bank will monitor the progress of its business plans on a weekly basis during the “100 Weeks” period, which is a totally different time frame than before. In order to plan, execute and monitor the key measures of the medium-term management plan with “speed” as well as “high creativity,” the issues will be thoroughly debated and reviewed by cross-functional project teams of staff members in a spirit of innovation. The specific policies included in the plan are as follows.

Consumer Banking Business

Chiba Bank is working to expand its earnings by shifting management resources into the area of consumer business and concentrating its activities. Specifically, there will be a substantial increase in the number of personnel involved in sales of financial products, and the branch sales organization will be totally reformed. Particular emphasis will be given to the expansion of custody business for which demand is increasing rapidly in Japan, such as investment trusts, insurance products, foreign currency deposits and bonds. The goal is to lift fees and commissions by 25% over a two-year period.

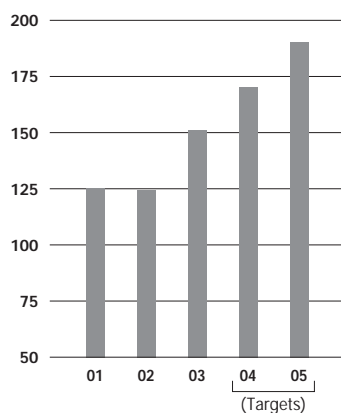
Corporate Banking Business

Chiba Bank will improve the economic value added of its corporate banking business, which has not been profitable for several years taking into account the realized credit costs. The targets in this area are to normalize interest rates at levels that provide a risk adjusted return on assets (RAROA) of 1% with respective corporate customers, and to expand fee business by using group resources to offer total solutions.

In April 2003, Chiba Bank changed its management systems with the introduction of an executive officer system, a headquarters reorganization, and a new personnel system:

Fees and Commissions

(Billions of Yen)



Executive Officer System

The executive officer system was introduced to separate management responsibilities from operational responsibilities. The number of directors has been reduced to enhance the board's ability to exercise management decision-making and the supervision of operations. The authority delegated to executive officers under this structure will ensure the speedy performance of business operations.

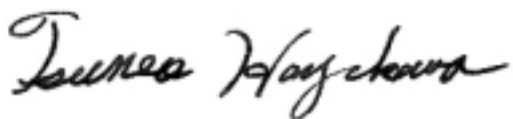
Headquarters Restructuring

To optimize efficiency, the headquarters organization has been restructured into four units based on the characteristics of business operations. The new units are Corporate Staff, Sales Promotion, Credit Screening and Management, and Corporate Services. The most important management priority is credit management, and the Credit Planning Division has been established within the Corporate Staff unit to create a new screening structure that will allow active risk-taking based on returns that are appropriate to the level of risk. The promotion of non-traditional channels based on telephone banking, Internet banking and mobile-phone banking has been integrated under the Direct Channel Division. In June 2003, the Bank also established a new business center that promotes telephone sales targeting small businesses.

New Personnel System

The realization of these strategies depends on the motivation and abilities of individual employees. The former structure of 11 seniority-based "function grades" has been replaced with a general, task-oriented grouping of six "responsibility classes," under a new remuneration system, which focuses on the employee's position and contribution. This structure provides the flexibility to assign personnel to strategic posts, without taking into account seniority or age, and the acceleration of decision-making processes.

Chiba Bank is determined to contribute to the regional economy by offering optimized products and services responding to its customers' needs. Japanese financial markets still face many difficulties and challenges. Chiba Bank is well positioned to succeed in this environment, and is building good relationships with our customers by solving the issues they face. We look forward to the support of customers and shareholders as we move forward with our plan.



Tsuneo Hayakawa, President





Chiba Prefecture— Major Market Potential

Chiba Prefecture has achieved rapid development by taking full advantage of its excellent location as a neighbor of Tokyo. Last October, its population exceeded six million. At ¥18 trillion, its prefectural income is the sixth highest in Japan and rivals that of Denmark or the State of Massachusetts in the United States.

Chiba Prefecture is an extremely important crossroads for transportation between Japan and the rest of the world. Narita Airport, Japan's largest international gateway, is located in the prefecture, while the Port of Chiba handles more cargo than any other seaport in Japan.

Also located in Chiba Prefecture is Japan's largest convention center, the Makuhari Messe, which is best known as the venue of the Tokyo Motor Show. The prefecture's potential for commercial growth is reflected in the establishment of operations there by companies with world-class distribution capabilities, including Carrefour of France, and Costco of the United States.

Chiba Prefecture has also gained prominence as an urban resort area close to Tokyo. Attractions include internationally renowned theme parks, visited by tens of millions of people annually, and the Boso Peninsula, which is known for its natural beauty.

Key Data about Chiba Prefecture

Population	: 6 million (as of March 31, 2003)
Area	: 5,156 square kilometers
Prefectural income	: ¥18 trillion (fiscal year 2000)
Balance of deposits	: ¥18 trillion (as of March 31, 2003)
Balance of loans	: ¥11 trillion (as of March 31, 2003)

* The balances of loans and deposits are for private sector financial institutions.



Consumer banking business, including consumer credit, investment trusts and personal annuities, is the most promising field in Japan. Chiba Bank is taking full advantage of its high-quality products and powerful sales channels to maximize its earnings from business with individuals.

Loans to Individuals—Substantial Growth Driven by Product and Delivery Channel Enhancements

Japan's prolonged economic recession has weakened the demand for funds in the corporate sector. In contrast, the demand for consumer loans has remained strong. In particular, there has been a sharp increase in the housing loan business of private-sector financial institutions. This reflects increased housing demand driven by population growth in Chiba Prefecture. Another factor has been the reduction of housing loan activities by the Government Housing Loan Corporation as part of a reform program affecting special government corporations.

The Bank has expanded its housing loan business by introducing a range of new products. Of particular importance is the "Best Choice 21" housing loan, which is based on a scoring model developed in collaboration with the Mitsubishi Research Institute. With this model, it is possible to lend up to 200% of appraised collateral value, subject to borrowers credit rating. It has become a major success, with new loans totaling ¥700 billion over the past three years.

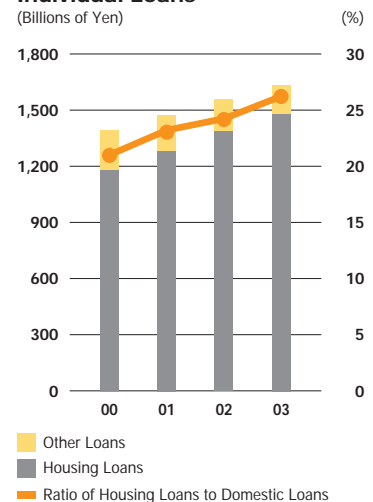
Another important area of business is motor-vehicle finance, a market worth an estimated ¥150 billion annually in Chiba Prefecture. Starting in the previous fiscal year, the Bank has expanded its lending in this area by actively marketing its loans through low-cost remote channels, such as facsimile and the Internet.

These efforts are reflected in the balance of loans to individuals, which amounted to ¥1,632.9 billion as of March 31, 2003. This is equivalent to 29.2% of total outstanding domestic loans.

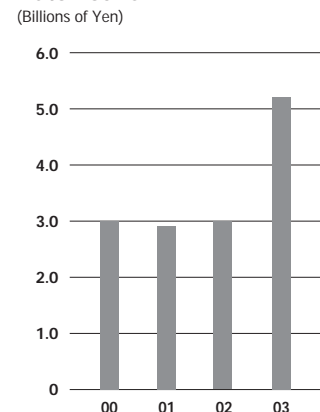
Growth of Individual Deposits

Chiba Bank runs campaigns targeting young adults entering the work force for the first time. It is also working actively through corporate workplace marketing and other channels to encourage households to select it as their main bank. The efforts have borne fruit.

Individual Loans



Auto Loans



Over the past three years, the number of household accounts into which salaries are credited has increased by 11% to 755 thousand (as of March 31, 2003), while the number of accounts receiving pension credits has risen by 33% to 284 thousand. The combined total of more than one million accounts is equivalent to about 46% of the total number of households in Chiba Prefecture.

By actively working to attract such main-account business, the Bank has been able to increase its individual deposits by 12.8% in three years totaling ¥5,395.3 billion as of March 31, 2003.

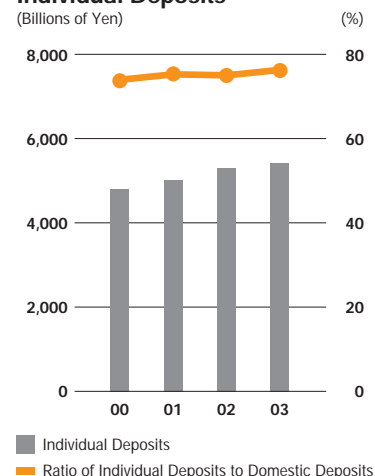
Sales of Investment Trusts and Personal Annuities

The Bank offers investment trusts in collaboration with leading financial institutions, from both Japan and overseas. Its unique range consists of 29 investment trusts, comprising stock and bond funds. The popularity of Chiba Bank's investment products reflects the diversity of the line-up, which includes risk-limited stock funds and income-oriented bond funds paying quarterly dividends. Japanese banks focus on stock funds primarily as a source of fee income. The balance of these deposited stock funds as of March 31, 2003 was ¥121.8 billion. This is 5.5 times higher than the level a year earlier and is one of the highest among 64 regional banks in Japan.

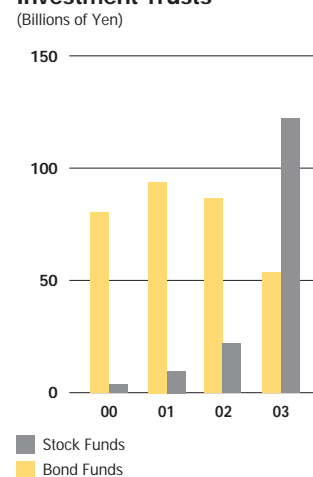
Chiba Bank began to sell non-life insurance in April 2001 and personal annuities in October 2002. Its entry into these fields resulted from moves by the Japanese government to deregulate the insurance industry. Sales continue to expand, and annuity insurance premiums handled in the first six months after the commencement of sales reached ¥49.2 billion.

This sales performance reflects the Bank's recognition of the potential for continuing growth in investment products and the fact that it moved ahead of its competitors to build a full range of products. Employee education is also a key, which includes regular product training and role-playing. The Bank regards these activities as important to the expansion of its fee business and will continue to develop it dynamically.

Individual Deposits



Investment Trusts



Website Enhancements

Chiba Bank uses its website to inform customers about its products and services and to supply information to shareholders and investors. Dedicated sites provide 24-hour access to the latest information about housing loans, pensions and asset investment. The Bank was the first Japanese bank to use video clips to introduce products and services. Other innovative features include on-line acceptance of investment trust applications, and a foreign currency home delivery service.

Another Chiba Bank site is dedicated to management support services for businesses. In addition to financial information, this site is loaded with a wide range of valuable business-related content, including business opportunities, matching information and support for business rationalization.

<http://www.chibabank.co.jp/>





While helping customers to improve their financial soundness, Chiba Bank supports businesses in its region with products and services to meet all of their financial needs—including syndicated loans, support for M&A, advice about initial public offering of shares and financial consultation. The Bank also looks to the future by fostering venture businesses.

Responding Positively to Business Needs

As a regional financial institution, Chiba Bank gives priority to its business with enterprises in Chiba Prefecture. It responds positively to financial needs across the entire business spectrum, from small- and medium-sized enterprises to major corporations.

For example, decisions about "Business Loans" to corporations with annual sales of less than ¥500 million can now be made within three business days, thanks to a new scoring system. The emphasis is on customer convenience. Loans of up to ¥10 million can be provided without collateral or third-party guarantees. In the past two years, over 2,200 businesses have taken out such loans from Chiba Bank.

In addition to traditional types of finance, such as loans guaranteed by Credit Guarantee Corporations, or policy loans provided by prefectural or municipal governments, Chiba Bank has actively responded to the challenge of providing new solutions to the financing needs of its regional customers with products such as syndicated loans, Private Finance Initiative (PFI) loans and Asset-backed Commercial Paper (ABCP) programs.

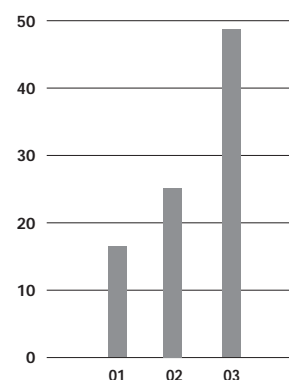
- Syndicated loan to a major drugstore chain with headquarters in Chiba Prefecture
- PFI loans for public school buildings, public halls, nurseries and other public facilities
- ABCP program to purchase receivables from customers

Support for Venture Businesses

Himawari Venture Development Fund

This fund was established in 1998. Its purpose is to contribute to sound development and economic revitalization in Chiba Prefecture by fostering and supporting venture businesses. The Bank provided all of the initial capital for the Fund, which now operates using contributions from the Bank and supporting members. Grants are provided to meet a wide range of needs, including support for venture businesses at the start-up and R&D stages, and relocation grants to companies moving into incubator facilities. By the end of fiscal year 2002, the Fund had made grants totaling ¥159 million to 53 recipients.

Syndicated Loans Outstanding
(Billions of Yen)



Himawari V1 Investment Fund Limited Partnership

This venture investment fund resulted from an initiative by the Chiba Bank Group. Its purpose is to facilitate the supply of risk money without collateral to small and medium-sized venture businesses. The Fund responds to the financing needs of venture businesses at all stages, from before the start of R&D through to commercialization.

Chiba Bank Loans for Startup Ventures

Chiba Bank extends loans to new companies using an external technology assessment organization, Japan Technology Transfer Association's Center of Technology Assessment, to gauge their technological capabilities, creativity and growth potential. It also assesses the potential for the borrower's business plan to succeed. Startup ventures use these loans to make the transition from the R&D stage to functioning as a going concern.

Chiba Venture Fund Limited Partnership

This venture investment fund was established in March 2003 in collaboration with the Chiba Prefectural Government, private sector enterprises and other organizations. Its mission is to contribute to economic revitalization in Chiba Prefecture by helping to create and foster new ventures for the 21st century. The Fund's operations are administered by Chibagin Capital Co., Ltd., a subsidiary of Chiba Bank.

Support for the Turnaround and Strengthening of Businesses

The Bank actively helps businesses that are working to improve their financial soundness. In October 2001, it enhanced its support structure by establishing a specialist unit, Credit Division II. The Division works with accountants and consulting firms, including Chibagin Research Institute, Ltd., to provide a range of support, including the preparation of financial improvement plans. The effectiveness of these activities is reflected in the improved performance of companies that have received this kind of support.

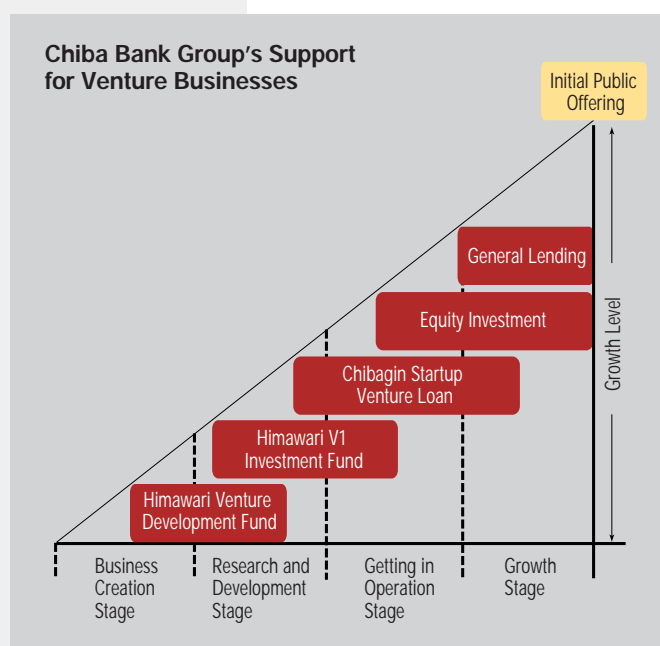
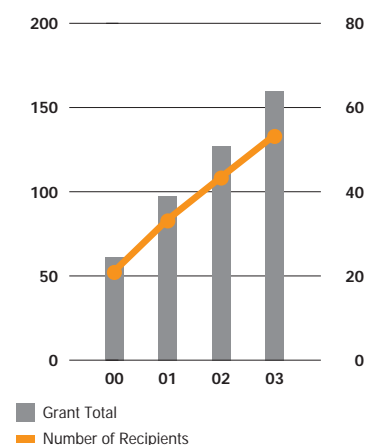
Establishment of a Business Center

Chiba Bank established the Business Center to market its services and expand its business by exploring the financial needs of small and medium-sized enterprises. The Business Center commenced activities in June 2003, using telephone and facsimile channels to keep costs to a minimum. The Center is structured to facilitate a rapid response to the needs of customers.

Corporate Financial Services Provided by Group Companies

The Bank actively assists local companies in the capital market. The fact that the Chiba Bank Group includes an integrated securities company has given it an important advantage in this area, since it is able to provide comprehensive support to businesses from the venture establishment and growth stages of the venture through to initial public offering in cooperation with other Group companies.

Himawari Venture Development Fund (Accumulated Total)
(Millions of Yen)



Channels



In addition to branch services and off-branch ATMs, Chiba Bank also offers its services through channels designed to enhance customer convenience, such as telephone and Internet banking. This emphasis on customer convenience is a reflection of the Bank's determination to be the best bank in the region.

Intensive Branch Coverage

Chiba Bank has 161 domestic branches, three overseas branches, and two overseas representative offices. Of its 161 domestic branches, 152 are located in Chiba Prefecture. This is by far the largest branch network in the region.

Convenient Cash Points

In addition to our 159 in-branch ATM locations and 257 off-branch ATM locations, the Bank's customers enjoy the additional convenience of 24-hour access via ATMs in convenience stores. This system is based on collaboration with E-net and IY Bank.

Developing New Channels

The Bank has actively used information technology to enhance and expand new banking channels. It introduced telephone banking in 1998, Internet banking in 1999, and mobile-phone banking in 2000. The Bank expanded and enhanced telephone banking operations services by establishing a new call center in March 2003. Customers now have access to balance and transaction inquiries, transfers and payments 24 hours a day, 365 days a year*.

* Except for brief holiday shutdowns and scheduled maintenance.

The CRM System

By March 2002, the Bank had installed CRM Systems in all branches. This system integrates various channels, including branches, ATMs and telephone banking. It provides accurate customer information, as well as support for sales activities, and is a major infrastructure advancement for the Bank's continuing efforts to enhance customer services and improve marketing efficiency.

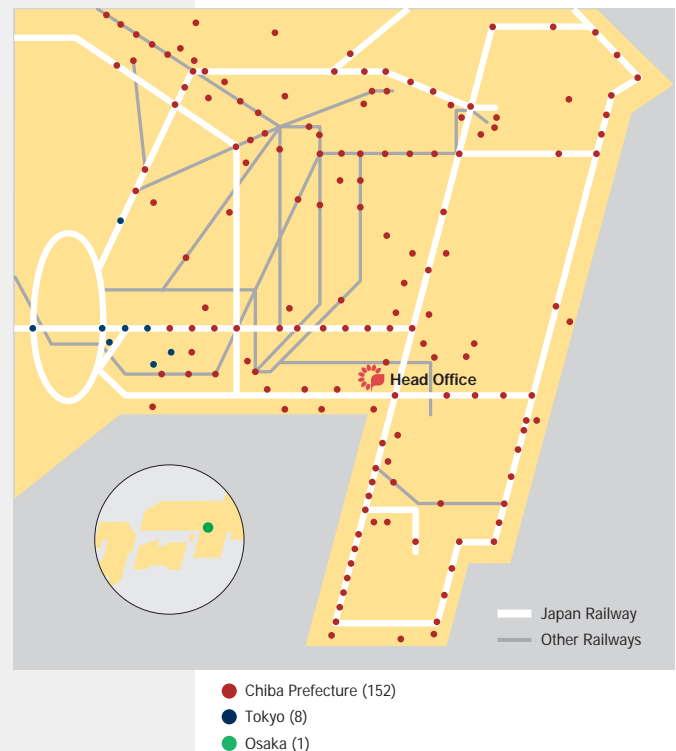
Off-Branch and Affiliate ATMs

(As of March 31, 2003)

	Chiba Bank	E-net	IY Bank
Total	257	4,714	5,160
Within Chiba Prefecture	256	395	555

Domestic Branch Network

(As of March 31, 2003)



Contributing to Our Region



Chiba Bank actively supports a wide range of sports and cultural activities in the region. It also helps to build local businesses.

Support of Amateur Sports

Chiba Bank sponsors youth baseball and soccer tournaments in Chiba Prefecture as a part of its contribution to the healthy development of young people and the encouragement of community sports in the region. Large numbers of young people compete keenly in both of these prefecture-wide tournaments each year.

Promoting Cultural Activities

The Chibagin Himawari Concert series has been extremely popular since its establishment in 1989. A wide variety of artists perform in the concerts, which are held in venues throughout Chiba Prefecture. Chiba Bank will continue to support these events as a way of providing opportunities for regional inhabitants to enjoy music from various genres.

The Chibagin Art Gallery is a permanent gallery located in Tokyo. It was opened in 1990 to contribute to the promotion and introduction of art and culture as a showcase for new works or research by artists. Exhibitions cover various genres, including painting, sculpture and crafts. A total of 280 exhibitions have been held since its establishment, and it has been visited by over 100,000 people.

Support for Entrepreneurs

Chiba Bank supports the Chiba Prefecture Venture Business Management Award scheme, established by the Chiba Industry Members' Club in 1996. The scheme aims to contribute to business and social development in Chiba Prefecture through the awarding of prizes to honor the entrepreneurial spirit, skills and originality of managers of venture businesses.



60th Anniversary Projects

This year Chiba Bank marks the 60th anniversary of its establishment in 1943. To express its gratitude for the continuing support of people in the region, the Bank is implementing projects on its 60th anniversary that focus on areas of vital importance to regional communities. Under the projects, the Bank is developing "Green" (tree planting), "Company" (venture business fostering), and "Faith" (customer-satisfaction campaign).

Planting trees on Kinada Mountain
Some 200 volunteers (Chiba Bank employees and family members) planted 3,600 Japanese cypress trees on Kinada Mountain in Futtsu City.



Picking up trash on the Kujukuri Coast
Approximately 1,000 volunteers (Chiba Bank employees and family members) helped to collect trash along a 6-kilometer stretch of the Kujukuri Coast.

On April 1, 2003, Chiba Bank introduced a new executive officer system in order to strengthen board functions and enhance operational performance. Corporate governance was further strengthened through changes to the headquarters organization.

Strengthening Corporate Governance

The external environment is changing rapidly. In addition to the diversification of customer needs, banks must also adjust to changes in regulations. Rapid decision-making and stringent supervision are becoming more important in this environment.

In June 2003, the Bank adjusted to this new situation by reducing the number of its directors from 17 to 13 in order to speed up the decision-making processes. Corporate governance was further strengthened through the establishment of a Corporate Staff Unit with clearly defined roles in support of the Board of Directors, including the formulation of management strategies.

Introducing the Executive Officer System

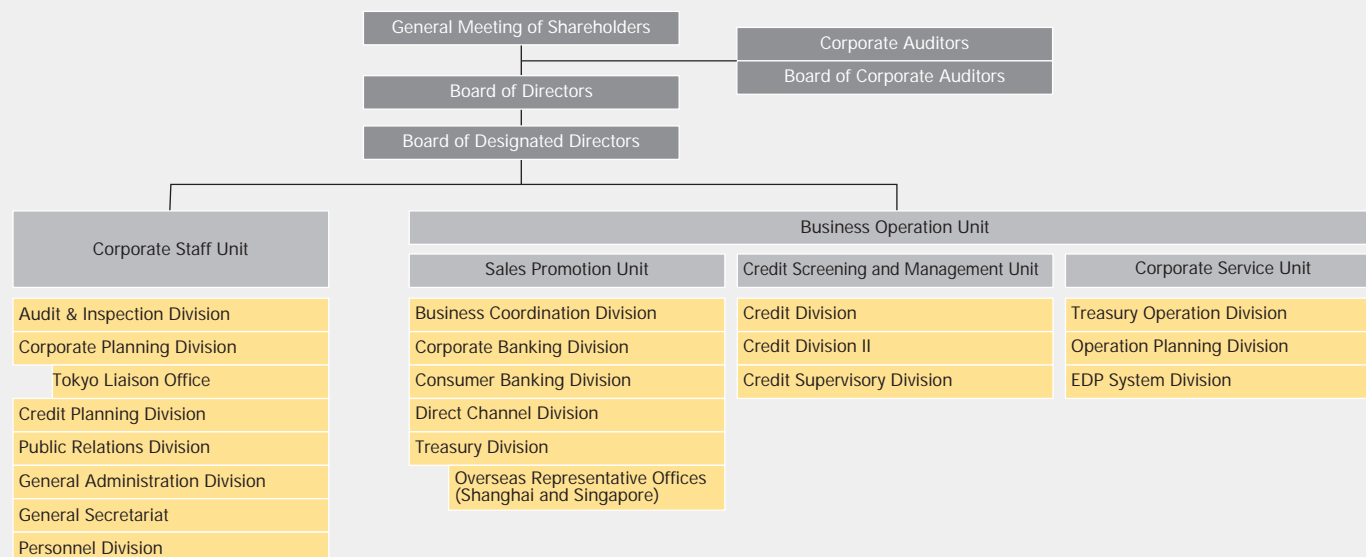
The Bank's range of products is expanding dramatically with the introduction of investment trusts, personal annuities and other new products. There has also been rapid proliferation of business channels, which now include the telephone, the Internet and mobile-phones as well as traditional approaches based on branches and ATMs.

Rapid adaptation is vital in this changing business environment. Under the Bank's new system, executive officers appointed by the Board of Directors are responsible for the Bank's business execution. Some of them are also assigned as the general managers of key branches. The purpose of this change is to strengthen marketing capabilities, and to create an organizational structure capable of flexibly matching operations to local conditions.

Changing the Headquarters Structure

The introduction of the executive officer system was accompanied by changes to the headquarters organization to clarify accountability for rapid decision-making, implementation of measures and results, and improve the performance of those processes. The functions of headquarters divisions and departments were reviewed, and the headquarters organization was split into the Corporate Staff Unit and the Business Operation Unit. The Business Operation Unit was further divided into the Sales promotion Unit, the Credit Screening and Management Unit, and the Corporate Service Unit.

Management Structure and Headquarters Organization



Chiba Bank regards compliance as one of its most important management priorities. In addition to compliance with the various laws and internal regulations that govern banking business, it also places great importance on observance of the laws that define the conduct of society. The entire Chiba Bank organization is united in its commitment to fair business practice and full compliance.

Chiba Bank's Compliance Systems

Chiba Bank has a Compliance Committee made up of directors, executive officers and division general managers. It meets regularly to discuss specific action plans and countermeasures designed to ensure full compliance with all laws and regulations. Compliance-related matters are coordinated by the Compliance Department in the General Administration Division. Its tasks include management of regulations and manuals, proposal of training programs, monitoring of training activities, and periodic checks of the compliance situation. In addition, every branch and division has a person in charge of compliance, who monitors compliance on a daily basis and provides workplace education.

Compliance Program

Each year Chiba Bank prepares a Compliance Program containing specific policies to ensure full compliance with all laws and regulations. The purpose of the program is to actively employ the compliance systems. To achieve this, the Board of Directors adopts a range of specific policies, including training and other measures to ensure that employees are fully informed about new laws or changes to existing laws and regulations.

The Audit and Inspection Division verifies the implementation of these measures. In addition, reports are submitted to the Board of Directors.

Staff Conduct Guidelines

Chiba Bank defines the corporate code of ethics and sets clear conduct guidelines for staff members. To ensure consistent observance of these guidelines, Chiba Bank provides all staff with specific information in the form of Compliance Manuals. Compliance Manual I informs employees about basic conduct guidelines. It covers the Chiba Bank's Code of Ethics, basic principles of conduct, and examples of appropriate behavior. Compliance Manual II describes the laws and regulations that bank staff must observe. It also identifies aspects of day-to-day operations that require particular caution. The information is categorized according to the various aspects of business operations.

CHIBA BANK'S CODE OF ETHICS

1. Building a Solid Reputation

Chiba Bank declares that it will remain constantly aware of its social responsibilities and public mission as a bank. It will work to build a solid public reputation through sound and appropriate business operations based on the principle of self responsibility.

2. Ensuring Consistent Compliance with Laws, Regulations, Rules and Basic Principles

Chiba Bank declares that it will strictly observe all laws, regulations and rules and pursue its business activities fairly, in good faith and without contravening social norms.

3. Combating Antisocial Elements

Chiba Bank declares that it will firmly oppose antisocial elements and groups that threaten the order and safety of civil society and hinder sound economic and social development.

4. Transparent Management

Chiba Bank declares that it will ensure consistent management transparency by actively and fairly disclosing management information.

Non-performing assets have become a major management problem for financial institutions in Japan's prolonged economic recession. Chiba Bank aims to resolve its non-performing asset problems in the near-term future. It is working to improve its asset quality by disposing appropriately of non-performing assets and avoiding new ones, and by supporting the financial recovery of borrowers.

Self-assessment and Debtor Classifications

Self-assessment is a process of debtor and asset classification carried out by financial institutions themselves, based on analyses and investigations of asset recoverability and the risk of damage to asset value. Loans and other assets are classified into the following five categories on the basis of creditworthiness. Debtors Requiring Caution are further subdivided into Substandard Debtors and Other Debtors Requiring Caution.

Debtor Classifications

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 procedures have not been implemented.
Bankrupt Debtors	Debtors who have become bankrupt under various circumstances, including bankruptcy procedures, corporate liquidation, corporate rehabilitation and civil rehabilitation.

Disclosure of Non-performing Assets

There are two ways of disclosing non-performing assets: (1) Risk-monitored Loans under the Banking Law, and (2) Disclosed Claims under the Financial Reconstruction Law. In both cases, figures are stated in accordance with the self-assessment of debtor classifications. It should be noted that Risk-monitored Loans covers just the amounts of loans, while *Disclosed Claims under the Financial Reconstruction Law also include claims other than loans, such as customers' liabilities for acceptances and guarantees, accrued interest and foreign exchange.

* except for Substandard Claims under the Financial Reconstruction Law

Risk-monitored Loans

Loans classified as "Loans to Bankrupt Borrowers" correspond to "Bankrupt Debtors" under self-assessment. Similarly, "Delinquent Loans" correspond to "Effectively Bankrupt Debtors" and "Potentially Bankrupt Debtors" under self-assessment. Within "Debtors Requiring Caution," debtors who have delayed payment for three months or more are categorized under "Loans Past Due Three Months or More," and debtors whose lending conditions have been restructured are categorized under "Restructured Loans."

Risk-monitored Loans

(Billions of yen)

	Non-consolidated		Consolidated	
	As of March 31, 2002	As of March 31, 2003	As of March 31, 2002	As of March 31, 2003
Loans to Bankrupt Borrowers	50.7	51.4	51.7	53.1
Delinquent Loans	278.2	274.8	273.6	287.5
Loans Past Due Three Months or More	13.1	11.8	13.3	11.9
Restructured Loans	212.7	188.3	213.3	189.0
Total	554.9	526.5	551.9	541.6

Disclosed Claims under the Financial Reconstruction Law

The Financial Reconstruction Law requires disclosure of claims classified as “Bankrupt and Substantially Bankrupt.” These correspond to “Bankrupt Debtors/Assets” and “Effectively Bankrupt Debtors/Assets” under self-assessment. “Doubtful Claims” under the Financial Reconstruction Law correspond to “Potentially Bankrupt Debtors/Assets” under self-assessment. Within loans to “Substandard Debtors,” applicable to “Loans Past Due Three Months or More” and/or “Restructured Loans” are classified in “Substandard Claims.” Chiba Bank does not implement partial direct write offs of claims classified as “Bankrupt and Substantially Bankrupt Claims.”

Disclosed Claims Under the Financial Reconstruction Law (Non-consolidated)

(Billions of yen)

	Before partial direct write-off		After partial direct write-off*	
	As of March 31, 2002	As of March 31, 2003	As of March 31, 2002	As of March 31, 2003
Bankrupt and Substantially Bankrupt Claims	177.7	151.3	71.1	55.0
Doubtful Claims	152.9	177.0	152.9	177.0
Substandard Claims	225.8	200.2	225.8	200.2
Total	556.4	528.6	449.9	432.2
Total Claims Outstanding	5,933.9	5,761.7	5,827.3	5,665.4
Coverage ratio (%)	88.8	85.6	86.1	82.4

Coverage ratio=(Reserve for possible loan losses + collateral, guarantees) - disclosed claims under the Financial Reconstruction Law

* Figures are stated on the basis that the partial direct write-off method has been applied, although the Bank does not actually implement such a method.

Classification under Self-Assessment, Financial Reconstruction Law and Risk-monitored Loans (Non-consolidated)

As of March 31, 2003

(Billions of yen)

Self-Assessment		Disclosed Claims under Financial Reconstruction Law		Risk-monitored Loans under Banking Law	
Bankrupt Debtors/Assets	52.1	Bankrupt and Substantially Bankrupt Claims	151.3	Loans to Bankrupt Borrowers	51.4
Effectively Bankrupt Debtors/Assets	99.2			Delinquent Loans	274.8
Potentially Bankrupt Debtors/Assets	177.0			Doubtful Claims	177.0
Debtors/Assets Requiring Caution	Substandard Debtors/Assets	Substandard Claims	200.2	Loans Past Due Three Months or More	11.8
	869.3			280.5	Restructured Loans
	Other Debtors/Assets Requiring Caution	Normal Claims	5,233.1		
	588.7				
Normal Debtors/Assets	4,564.0				
Total	5,761.7	Total	5,761.7	Loans Outstanding	5,606.4

While financial deregulation and advances in financial technology expand the range of business opportunities, they have increased the range and complexity of the business risks for banks. The success of Chiba Bank in strengthening and enhancing its risk management systems reflects how important it holds the accuracy of risk monitoring and analysis in the effective management of its business operations in this changing environment.

Integrated Risk Management

Chiba Bank is determined to improve its income performance and maintain its financial soundness. These goals cannot be achieved without integrated monitoring to ensure that credit risk, market risk, liquidity risk, operational risk, system risk and other types of risk affecting the Bank as a whole are all kept within acceptable limits. Specific sections are responsible for particular types of risk across the entire Chiba Bank Group, while the Risk Management Department in the Corporate Planning Division monitors all risks. Internal risk control systems also include the ALM Committee and the Credit Risk Management Committee, which consider fine-tuned responses to risk factors. We have established internal risk control systems to inform the Board of Directors of risk situations and examine and initiate countermeasures against the risk.

The Audit Department in the Audit and Inspection Division conducts regular audits to ensure that risk is being managed properly. Regular reports are submitted to the Board of Directors.

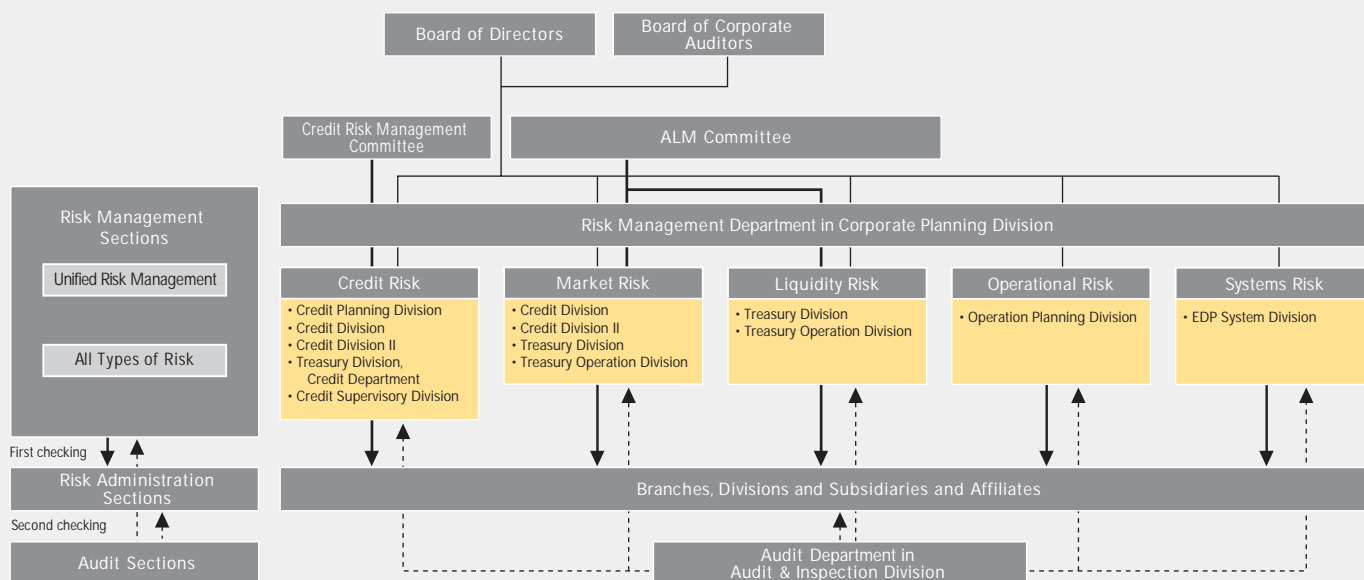
Credit Risk Management

Chiba Bank is strengthening its credit risk management systems. Its aim is to prevent new non-performing loans and improve the quality of its assets.

Credit Screening and Management

Chiba Bank's Credit Screening and Management Unit has always worked independently from the Sales Promotion Unit. The Credit Planning Division verifies the accuracy of self-assessment, while the Audit and Inspection Division, which has been separated from the Credit Screening and Management Unit as an independent entity, checks the credit management status, self-assessment, reserve for possible loan losses and credit rating of individual borrowers.

Risk Management System



Concerning credit risk, the Credit Planning Division undertakes a third assessment, including examination of the accuracy of self-assessment.

Management of loans to individual borrowers is handled primarily by the Credit Division. Every loan is carefully investigated according to the Bank's criteria. Credit Division II helps borrowers in difficulty who are classified as "Debtors Requiring Caution" to restore their financial soundness, while the Credit Supervisory Division is responsible for collection and disposal processes when borrowers become bankrupt. This combination of prior investigation and subsequent management is helping Chiba Bank to build a healthy loan portfolio.

The tasks of the Credit Planning Division include credit portfolio management and risk quantification. The Credit Risk Management Committee, which is chaired by the President, works to ensure the soundness of loan assets through processes that include the determination of risk management policies and the monitoring of credit portfolios.

Corporate Rating System

Chiba Bank views ratings as the ground rules of risk management. It has introduced a corporate rating system to provide enhanced credit risk management through the assessment of default risk according to uniform criteria.

Specifically, companies are rated in 15 categories of financial soundness, including financial position and cash flow. Ratings are reviewed annually and may be reviewed occasionally according to a company's situation. Chiba Bank is using this approach to enhance its ability to improve its screening capabilities at the most basic level of credit risk management, by monitoring the circumstances of individual companies and ensuring that its information is accurate. The corporate rating system is the core component of Chiba Bank's credit risk management structure. It is widely used in various aspects of practical management, including the pricing of loan interest rates and the determination of decision-making authority.

Quantifying Credit Risk

Credit risk quantification involves the use of statistical methods to quantify projected future losses resulting from the bankruptcy of borrowers or deterioration of borrowers' business performance. Chiba Bank uses credit risk quantification to calculate the level of credit risk. It also accumulates and processes data concerning defaults and the recovery of loans from defaulters. This information is used to enhance the accuracy and sophistication of risk quantification, and to improve the soundness of credit portfolios.

By incorporating the results of credit risk quantification calculations into its profit management system, Chiba Bank is able to price loan interest rates at levels that provide returns commensurate with risk. This approach contributes to the improvement of income potential while also helping to improve the accuracy of risk management.

Market Risk Management

Chiba Bank has introduced an ALM system to manage market risk. The ALM Committee, which is chaired by the President, has overall responsibility for market risk management. It meets regularly to discuss and determine fine-tuned responses to various risk factors, such as fluctuations in interest rates, exchange rates and prices as revealed by analysis.

For market-based assets, such as investment securities, the ALM Committee controls risk by setting upper limits for each type of product and by reviewing investment policies every quarter. To ensure asset soundness, it also sets and monitors alarm points for the levels of market risk affecting deposits and securities.

Chiba Bank controls its exposure to market risk on trading transactions by measuring Value-at-Risk (VaR) on a daily basis, and by implementing regular stress tests. Other risk management tools include the establishment of transaction limits, and the strict enforcement of loss-cut rules.

Liquidity Risk Management

Chiba Bank's Treasury Division monitors the market environment and analyzes investment and borrowing operations. Fundraising risk

is managed by setting limits to prevent excessive market procurement. In addition, the amount of assets that can quickly be converted into cash is maintained above a specific level to provide a liquidity reserve. These and other mechanisms allow Chiba Bank to avoid unexpected contingencies. Market-liquidity risk is also controlled by setting position limits for each type of market transaction.

Another layer of risk control is provided by the Risk Management Department in the Corporate Planning Division, which comprehensively monitors liquidity risk and quickly identifies the impact of various changes in assets and liabilities on cash flow and other factors. When necessary, it acts to prevent market risk from becoming excessive.

Operational Risk Management

The Operation Planning Division prevents problems by ensuring that administrative processes are carried out in accordance with the Bank's standard procedures. Internal branch inspections are conducted regularly as part of continuing efforts to ensure administrative accuracy and improve standards.

Chiba Bank maintains an extensive audit organization. The Audit Department in the Audit and Inspection Division conducts rigorous on-site audits of every branch and every division at least once a year. Branches and divisions receive regular notices about audit results, and regular reports are submitted to the Board of Directors. This information is used to improve operations.

Systems Risk Management

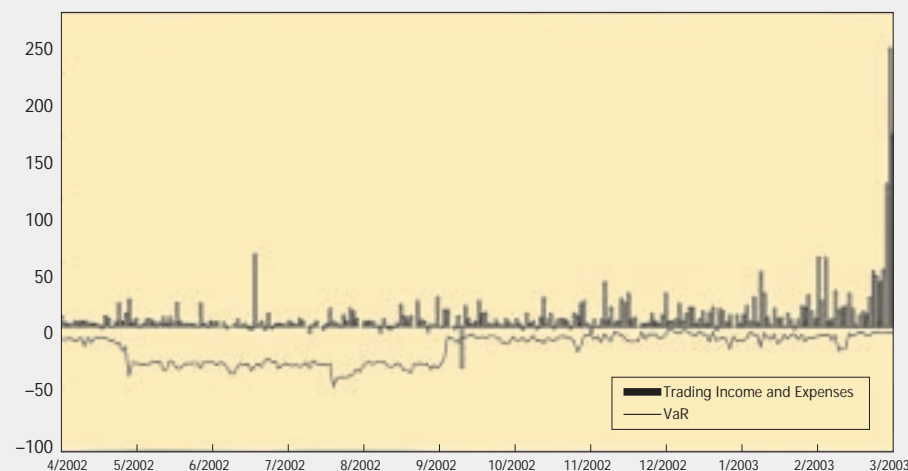
The increasing diversity and sophistication of the banking business is reflected in the growing importance of systems, especially banking systems. Chiba Bank's EDP System Division is the hub for a range of initiatives designed to ensure the stable operation of computer systems.

This is achieved by duplicating hardware and lines for the basic systems used to run accounts and information services. When faults occur, operations can be maintained by switching to backup resources. Moreover, data on all computer systems, including those used by individual divisions and departments, are rigorously controlled to prevent unauthorized access or virus contamination. Chiba Bank also has a full range of anti-crime and disaster-prevention measures, including contingency plans for major disasters and other situations.

These measures are rigorously checked by the Audit Department in the Audit and Inspection Division, which conducts general audits of the computer system. In addition, external audits are carried out by an audit corporation.

Measure of Market Risk on Trading, using VaR

(Millions of Yen)



Market Risk Situation

Trading Transactions

Chiba Bank defines risk as VaR, which is the maximum possible loss under specific assumptions. The assumptions are as follows:

Period held: 1 day
Confidence level: 99%
Period monitored: 1 year

* The left-hand graph shows trends in market risk as calculated under these conditions in fiscal year 2002.

	(Millions of Yen)		
	Maximum	Minimum	Average
VaR	48	2	18

Financial Summary

Five-Year Summary of Selected Financial Data (Consolidated)

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

Millions of Yen

	2003	2002	2001	2000	1999
For the Year					
Total Income	¥ 203,946	¥ 210,533	¥ 238,493	¥ 235,894	¥ 241,616
Total Expenses	187,744	256,065	216,702	202,328	326,280
Income (Loss) Before Income Taxes and Minority Interests	16,202	(45,531)	21,790	33,566	(84,663)
Net Income (Loss)	8,770	(25,420)	13,191	18,350	(49,359)
At Year-End					
Total Assets	¥8,021,618	¥8,145,849	¥7,942,695	¥7,739,544	¥7,660,111
Loans and Bills Discounted	5,601,309	5,752,206	5,608,711	5,651,663	5,782,808
Securities	1,343,972	1,406,706	1,487,836	1,054,150	920,565
Deposits	7,232,986	7,249,830	6,977,864	6,664,114	6,491,079
Total Stockholders' Equity	325,738	334,967	369,061	321,894	307,108
Capital Ratio (BIS guidelines)	10.42%	10.22%	10.56%	9.70%	9.23%
PER (Times)	32.81	—	25.20	18.31	—
PBR (Times)	0.88	1.03	0.97	1.04	1.30

Yen

Per Share

Net Income (Loss)	¥ 10.42	¥ (30.18)	¥ 16.90	¥ 23.69	¥ (63.68)
Stockholders' Equity	387.29	397.77	438.21	415.56	396.49

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

Five-Year Summary of Selected Financial Data (Non-consolidated)

The Chiba Bank, Ltd.
Years Ended March 31

Millions of Yen

	2003	2002	2001	2000	1999
For the Year					
Total Income	¥ 176,401	¥ 186,111	¥ 218,856	¥ 213,827	¥ 224,030
Total Expenses	158,413	232,014	196,081	184,126	313,918
Income (Loss) Before Income Taxes	17,988	(45,902)	22,775	29,701	(89,887)
Net Income (Loss)	8,964	(26,739)	13,107	16,285	(52,775)
Net Business Income	77,847	47,522	79,460	66,075	33,791
Real Net Business Income ^{*1}	71,537	67,853	70,578	62,705	59,797
Core Net Business Income ^{*2}	68,350	66,841	65,883	64,972	58,786
Overhead Ratio ^{*3}	52.43%	53.80%	53.48%	55.62%	58.79%
At Year-End					
Total Assets	¥8,012,028	¥8,134,080	¥7,906,943	¥7,672,781	¥7,574,927
Loans and Bills Discounted	5,606,409	5,749,973	5,597,488	5,619,200	5,746,782
Securities	1,346,470	1,407,271	1,485,083	1,055,838	920,486
Deposits	7,250,035	7,271,500	6,990,874	6,680,950	6,505,990
Total Stockholders' Equity	320,132	329,358	365,439	318,262	305,782
Capital Ratio (BIS guidelines)	10.24%	10.06%	10.45%	9.53%	9.08%
PER (Times)	32.26	—	25.47	20.73	—
PBR (Times)	0.90	1.05	0.98	1.06	1.31

Yen

Per Share

Net Income (Loss)	¥ 10.60	¥ (31.62)	¥ 16.72	¥ 20.93	¥ (67.84)
Cash Dividends	5.00	5.00	5.00	5.00	5.00
Stockholders' Equity	378.82	389.57	432.20	409.12	393.09

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

*1 Real Net Business Income : Net business income + Transfer to general reserve for possible loan losses

*2 Core Net Business Income : Net business income - Gain/Loss on bonds + Transfer to general reserve for possible loan losses

* OHR : $\frac{\text{Expenses}}{\text{Net business income} - \text{Gain/Loss on bonds} + \text{Transfer to general reserve for possible loan losses} + \text{Expenses}}$ (The lower, the better.)

Consolidated Performance

Deposits and Loans

The consolidated results of the Chiba Bank Group for the fiscal year under review are as described below.

As a result of efforts to increase deposits by promoting general banking transactions, including the new accounts for direct salary deposit, and enhancing various financial products and services that match the needs of individual households, individual deposits increased ¥104.2 billion from the previous year, despite continuation of low interest rates. Deposits of public funds, which were temporarily concentrated in Chiba Bank in March 2002 because of its status as a designated financial institution, have since been dispersed again due to the delayed implementation of revisions to the deposit payoff scheme. As a result, overall deposits decreased by ¥16.8 billion, or 0.2%, compared to the previous year to ¥7,232.9 billion. Ordinary deposits increased ¥190.5 billion to ¥3,416.6 billion, while time deposits decreased ¥201.3 billion to ¥3,012.0 billion from the previous year. Negotiable certificates of deposit increased ¥21.8 billion, or 41.0%, to ¥75.1 billion.

As a result of efforts to increase loan transactions, primarily loans to individuals, housing loans increased ¥93.8 billion, but overall loans outstanding at fiscal year end decreased ¥150.8 billion, or 2.6%, to ¥5,601.3 billion due to the effect of the downturn in corporate fund demand.

Securities

Securities decreased ¥62.7 billion during the year under review. The balance at the fiscal year end decreased 4.4% to ¥1,343.9 billion, mainly due to declines of national government bonds and corporate stocks.

Total Assets

Total assets decreased ¥124.2 billion, or 1.5%, during the year under review, for a balance at fiscal year end of ¥8,021.6 billion.

Profit and Loss

Despite the increase of fee and commission income, the continuing low-interest situation brought a drop-off in interest income from loans and led to a decrease in total income of ¥6.5 billion, or 3.1%, compared to the previous year to ¥203.9 billion. Despite the increase in valuation losses on securities, reflecting the fall in stock prices, total expenses decreased ¥68.3 billion, or 26.6%, owing to a decrease in interest on deposits and efforts to reduce costs. As a result, income before income taxes and minority interests increased ¥61.7 billion to ¥16.2 billion. Net income also increased ¥34.1 billion to ¥8.7 billion.

Segment Information

Information on business performance by business segment is as follows.

• Banking Business

Ordinary income in this fiscal year was ¥187.0 billion, and ordinary expenses was ¥170.1 billion. As a result, ordinary profit was ¥16.8 billion.

• Other Businesses

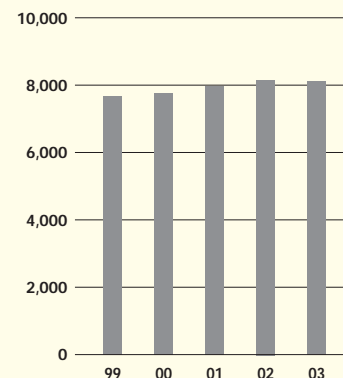
Ordinary income in this sector, including securities business, leasing and credit card business, etc., was ¥24.0 billion, and ordinary expenses was ¥24.6 billion. As a result, ordinary profit in this sector turned to loss of ¥0.5 billion.

Capital Ratio

The capital ratio at the fiscal year end increased 0.2 points, compared to the previous term to 10.42%, on a consolidated basis and according to BIS guidelines.

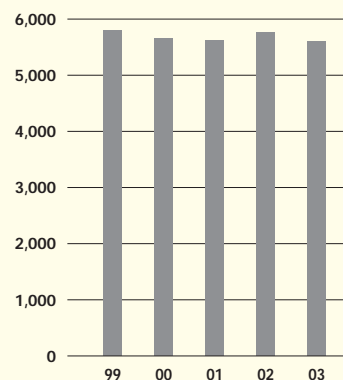
Total Assets (Consolidated)

(Billions of Yen)



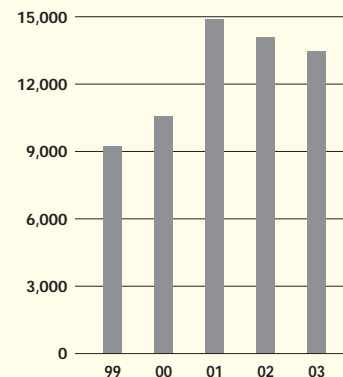
Loans and Bills Discounted (Consolidated)

(Billions of Yen)



Securities (Consolidated)

(Billions of Yen)



Cash Flows

Net cash flows from operating activities includes increases or decreases in call loans, call money or other instruments linked to market rates, increases or decreases in loans or deposits, and other factors. For the year under review, net cash provided by operating activities decreased ¥11.0 billion compared to the previous year to ¥93.1 billion. Net cash flows from investing activities include items such as purchases or sales of securities. For the year under review, ¥23.2 billion in net cash was provided by investing activities, compared to ¥38.5 billion provided by investing activities the year before. Net cash flows from financing activities include issuance or repayment of subordinated borrowings. For the year under review, ¥2.6 billion in net cash was provided in financing activities, compared to ¥21.3 billion used by financing activities the year before. As a result, the balance of cash and cash equivalents at the fiscal year end increased ¥118.9 billion compared to the previous term to ¥396.4 billion.

Non-consolidated Performance

Deposits and Loans

Amid continuing low interest rates, further promotion of general banking transactions rooted in the region we serve resulted in a decrease in deposits of ¥21.4 billion, or 0.2%, compared to the previous term and a year end balance of ¥7,250.0 billion. Deposits of individual customers increased by ¥104.2 billion, or 1.9%, to ¥5,395.3 billion.

Efforts to increase loan placements, primarily loans to individual customers, resulted in an increase in the year end balance of loans of ¥143.5 billion, or 2.4%, to ¥5,606.4 billion. Housing loans maintained an upward growth trend, and the year end balance of loans to individuals increased by ¥78.6 billion, or 5.0%, to ¥1,632.9 billion. Housing loans increased ¥93.8 billion to ¥1,478.9 billion. The ratio of loans to individuals to total loans increased 2.0 points compared to the previous term to 29.1%. Loans to small and medium-sized companies, etc, decreased ¥95.7 billion from the previous year to ¥4,269.3 billion. The ratio of loans to small and medium-sized companies, etc, to total loans was 76.3%, an increase of 0.2 points.

Securities

Declines in government bonds and corporate stocks brought a decrease in the year-end balance of securities on the balance sheet of ¥60.8 billion, or 4.3%, to ¥1,346.4 billion.

Foreign Exchange

The volume of foreign exchange transactions during the year under review decreased by US\$6,448 million, or 41.0%, compared to the previous term to US\$9,249 million.

Profit and Loss

Although income from fees and commissions, trading income, and other operating income increased, interest income decreased on account of lower interest on loans and bills discounted and on securities. These developments resulted in a decrease in total income of ¥9.7 billion, or 5.2%, compared to the year before to ¥176.4 billion. At the same time, reductions in operating expenses and lower fund procurement costs due to the fall in the yield on deposits brought a decrease in total expenses of ¥73.6 billion, or 31.7%, year on year to ¥158.4 billion.

As a result, income before income taxes increased ¥63.8 billion to ¥17.9 billion. Net income also increased by ¥35.7 billion to ¥8.9 billion.

Dividend Policy

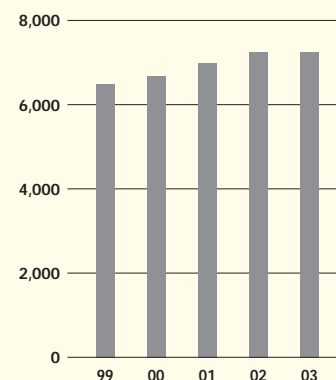
Chiba Bank's basic policy concerning dividends is to continue to pay stable dividends, and management intends to strive to meet the expectations of shareholders in this regard. Based on this policy, the Bank declared a cash dividend on common stock of ¥5.00 yen per share for the year under review.

Capital Ratio

The capital ratio at the fiscal year end increased 0.18 points, compared to the previous term to 10.24%, on a non-consolidated basis and according to BIS guidelines.

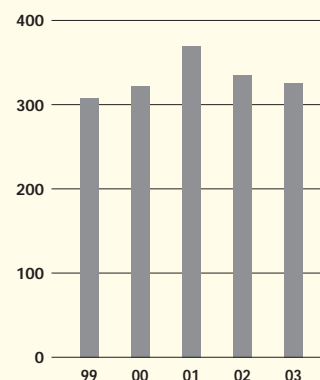
Deposits (Consolidated)

(Billions of Yen)



Total Stockholders' Equity (Consolidated)

(Billions of Yen)



Financial Statements

Consolidated Balance Sheets

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2003 and 2002

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
ASSETS			
Cash and Due from Banks (Note 10)	¥ 400,263	¥ 283,298	\$ 3,329,976
Call Loans and Bills Bought	190,000	147,000	1,580,699
Receivables under Securities Borrowing Transactions	5,442	—	45,278
Commercial Paper and Other Debt Purchased	268	413	2,238
Trading Assets (Notes 4 and 10)	247,145	233,710	2,056,123
Money Held in Trust	15,795	14,284	131,407
Securities (Notes 5 and 10)	1,343,972	1,406,706	11,181,139
Loans and Bills Discounted (Note 6)	5,601,309	5,752,206	46,599,911
Foreign Exchanges (Note 7)	2,435	2,131	20,263
Other Assets (Note 8)	102,853	173,751	855,687
Premises and Equipment (Note 9)	110,667	116,092	920,693
Deferred Tax Assets	120,291	116,852	1,000,764
Customers' Liabilities for Acceptances and Guarantees	107,928	128,083	897,905
Reserve for Possible Loan Losses	(226,755)	(228,682)	(1,886,486)
Total Assets	¥8,021,618	¥8,145,849	\$66,735,596
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Note 11)	¥7,232,986	¥7,249,830	\$60,174,596
Call Money and Bills Sold	4,026	20,120	33,500
Payables under Repurchase Agreements	32,499	—	270,382
Payables under Securities Lending Transactions	32,407	—	269,617
Trading Liabilities (Note 12)	7,718	7,685	64,216
Borrowed Money (Note 13)	113,154	115,773	941,388
Foreign Exchanges (Note 14)	519	350	4,318
Subordinated Bonds (Note 15)	45,500	45,500	378,536
Other Liabilities (Note 16)	62,440	182,153	519,468
Reserve for Employees' Retirement Benefits (Note 17)	29,022	24,350	241,451
Reserve for Losses on Sales of Loans	12,175	18,460	101,290
Reserves under Special Laws	71	71	598
Deferred Tax Liabilities	7	13	61
Deferred Tax Liabilities on Land Revaluation	8,748	9,389	72,784
Consolidation Difference	10	829	85
Acceptances and Guarantees	107,928	128,083	897,905
Total Liabilities	¥7,689,217	¥7,802,611	\$63,970,196
Minority Interests			
Minority Interests in Consolidated Subsidiaries	¥ 6,662	¥ 8,269	\$ 55,427
Stockholders' Equity			
Common Stock (Note 19)	¥ 121,019	¥ 121,019	\$ 1,006,815
Capital Surplus	98,178	98,178	816,790
Retained Earnings	104,431	98,653	868,810
Land Revaluation Excess (Note 18)	12,960	13,344	107,822
Net Unrealized Gains (Losses) on Other Securities	(9,148)	4,882	(76,113)
Foreign Currency Translation Adjustments	213	368	1,776
Treasury Stock	(1,914)	(1,478)	(15,927)
Total Stockholders' Equity	325,738	334,967	2,709,973
Total Liabilities, Minority Interests and Stockholders' Equity	¥8,021,618	¥8,145,849	\$66,735,596

See notes to consolidated financial statements.

Consolidated Statements of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2003 and 2002

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Income			
Interest Income:			
Interest on Loans and Discounts	¥123,533	¥131,248	\$1,027,736
Interest and Dividends on Securities	16,333	19,775	135,888
Other Interest Income	1,559	6,125	12,970
Fee and Commission Income	31,862	24,981	265,079
Trading Income (Note 21)	2,185	897	18,186
Other Operating Income (Note 22)	6,177	3,227	51,396
Other Income (Note 23)	22,293	24,277	185,471
Total Income	203,946	210,533	1,696,726
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 5,503	¥ 14,508	\$ 45,783
Interest on Borrowings and Rediscounts	2,211	2,870	18,401
Other Interest Expenses	6,418	9,999	53,399
Fee and Commission Expenses	9,970	8,190	82,950
Other Operating Expenses (Note 24)	1,151	57	9,582
General and Administrative Expenses	81,781	82,604	680,375
Other Expenses (Note 25)	80,707	137,834	671,443
Total Expenses	187,744	256,065	1,561,933
Income (Loss) Before Income Taxes and Minority Interests	16,202	(45,531)	134,792
Income Taxes—Current	2,165	1,342	18,012
Income Taxes—Deferred	6,728	(20,563)	55,977
Minority Interests in Net Income	(1,461)	(889)	(12,163)
Net Income (Loss)	8,770	(25,420)	72,966
Per Share of Common Stock			
	Yen (Note 1)		U.S. Dollars (Note 1)
Net Income (Loss) per Share of Common Stock	¥ 10.42	¥ (30.18)	\$ 0.09
Stockholders' Equity per Share of Common Stock	387.29	397.77	3.22

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2003 and 2002

	Thousands			Millions of Yen (Note 1)					
	Issued number of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	Total stockholders' equity
Balance at March 31, 2001.....	845,521	¥121,019	¥98,178	¥128,324	¥13,346	¥9,864	¥(224)	¥(1,446)	¥369,061
Net Loss.....		—	—	(25,420)	—	—	—	—	(25,420)
Cash Dividends, ¥5.00 per Share of Common Stock.....		—	—	(4,210)	—	—	—	—	(4,210)
Reversal of Land Revaluation Excess.....		—	—	1	(1)	—	—	—	—
Net Unrealized Loss on Other Securities.....		—	—	—	—	(4,982)	—	—	(4,982)
Change of Foreign Currency Translation Adjustments.....		—	—	—	—	—	592	—	592
Bonuses for Directors.....		—	—	(40)	—	—	—	—	(40)
Treasury Stock Transactions.....		—	—	—	—	—	—	(32)	(32)
Balance at March 31, 2002.....	845,521	121,019	98,178	98,653	13,344	4,882	368	(1,478)	334,967
Net Income.....		—	—	8,770	—	—	—	—	8,770
Cash Dividends, ¥5.00 per Share of Common Stock.....		—	—	(4,199)	—	—	—	—	(4,199)
Reversal of Land Revaluation Excess.....		—	—	601	(601)	—	—	—	—
Change of Effective Statutory Tax Rate.....		—	—	—	217	—	—	—	217
Effect on Change in Scope of Consolidated Subsidiaries.....		—	—	604	—	—	—	—	604
Net Unrealized Loss on Other Securities.....		—	—	—	—	(14,031)	—	—	(14,031)
Change of Foreign Currency Translation Adjustments.....		—	—	—	—	—	(155)	—	(155)
Treasury Stock Transactions.....		—	—	—	—	—	—	(435)	(435)
Balance at March 31, 2003.....	845,521	¥121,019	¥98,178	¥104,431	¥12,960	¥(9,148)	¥213	¥(1,914)	¥325,738

	Thousands			Thousands of U.S. Dollars (Note 1)					
	Issued number of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	Total stockholders' equity
Balance at March 31, 2002.....	845,521	\$1,006,815	\$816,790	\$820,745	\$111,023	\$ 40,618	\$3,067	\$(12,303)	\$2,786,755
Net Income.....		—	—	72,966	—	—	—	—	72,966
Cash Dividends, ¥5.00 per Share of Common Stock.....		—	—	(34,934)	—	—	—	—	(34,934)
Reversal of Land Revaluation Excess.....		—	—	5,007	(5,007)	—	—	—	—
Change of Effective Statutory Tax Rate.....		—	—	—	1,806	—	—	—	1,806
Effect on Change in Scope of Consolidated Subsidiaries.....		—	—	5,026	—	—	—	—	5,026
Net Unrealized Loss on Other Securities.....		—	—	—	—	(116,731)	—	—	(116,731)
Change of Foreign Currency Translation Adjustments.....		—	—	—	—	—	(1,291)	—	(1,291)
Treasury Stock Transactions.....		—	—	—	—	—	—	(3,623)	(3,623)
Balance at March 31, 2003.....	845,521	\$1,006,815	\$816,790	\$868,810	\$107,822	\$(76,113)	\$1,776	\$(15,927)	\$2,709,973

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2003 and 2002

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Cash Flows from Operating Activities:			
Income (Loss) Before Income Taxes and Minority Interests	¥ 16,202	¥ (45,531)	\$ 134,792
Depreciation of Premises, Equipment and Others	5,308	5,069	44,166
Amortization of Consolidation Difference	(1,009)	(819)	(8,396)
Investments Accounted for by the Equity Method	(69)	(92)	(576)
Increase (Decrease) in Reserve for Possible Loan Losses	(5,903)	28,016	(49,117)
Decrease in Reserve for Investment Losses	—	(2)	—
Decrease in Reserve for Losses on Sales of Loans	(6,284)	(12,304)	(52,287)
Increase in Liability for Employees Retirement Benefits	4,633	3,063	38,549
Interest Income	(141,426)	(157,149)	(1,176,594)
Interest Expense	14,133	27,378	117,583
Losses on Investment Securities	10,477	30,272	87,168
(Gains) Losses on Money Held in Trust	34	(51)	290
Foreign Exchange (Gains) Losses	35	(58)	297
Losses on Disposal of Premises and Equipment	867	851	7,220
Increase in Trading Assets	(13,435)	(27,921)	(111,773)
Increase in Trading Liabilities	33	2,954	276
(Increase) Decrease in Loans and Bills Discounted	147,929	(143,494)	1,230,694
Increase (Decrease) in Deposits	(38,587)	416,941	(321,028)
Increase (Decrease) in Negotiable Certificates of Deposits	21,860	(144,974)	181,864
Decrease in Borrowed Money (excluding Subordinated Borrowings)	(9,618)	(5,194)	(80,020)
Decrease in Due from Banks (excluding Deposits at BOJ)	2,048	25,610	17,042
Increase in Call Loans and Bills Bought and Others	(42,855)	(8,188)	(356,538)
Decrease in Receivables under Securities Borrowing Transactions	33,668	—	280,103
Increase in Call Money and Bills Sold	16,405	1,949	136,488
Decrease in Payables under Securities Lending Transactions	(25,146)	—	(209,209)
Increase in Cash Collateral for Securities Lending Transactions	—	21,725	—
(Increase) Decrease in Foreign Exchanges (Assets)	(304)	162	(2,531)
Increase in Foreign Exchanges (Liabilities)	169	90	1,406
Interest Received	144,472	162,967	1,201,934
Interest Paid	(15,668)	(30,397)	(130,352)
Others	(22,810)	(46,548)	(189,773)
Sub total	95,159	104,325	791,678
Income Taxes Paid	(2,044)	(202)	(17,006)
Net Cash Provided by Operating Activities	93,115	104,123	774,671
Cash Flows from Investing Activities:			
Purchases of Securities	(753,945)	(998,263)	(6,272,427)
Proceeds from Sales of Securities	458,857	183,279	3,817,452
Proceeds from Maturities of Securities	320,459	856,051	2,666,056
Increase in Money Held in Trust	(26,748)	(31,637)	(222,530)
Decrease in Money Held in Trust	24,944	34,614	207,527
Purchases of Premises and Equipment	(3,378)	(7,765)	(28,105)
Proceeds from Sales of Premises and Equipment	3,089	2,228	25,702
Net Cash Provided by Investing Activities	23,279	38,507	193,675
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowings	10,000	—	83,195
Decrease in Subordinated Borrowings	(3,000)	(17,000)	(24,958)
Dividends Paid	(4,199)	(4,210)	(34,934)
Dividends Paid for Minority Interests	(41)	(82)	(343)
Purchase of Treasury Stocks	(132)	(85)	(1,106)
Proceeds from Sales of Treasury Stocks	—	53	—
Net Cash Provided by (Used in) Financing Activities	2,626	(21,326)	21,853
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(35)	58	(297)
Net Increase in Cash and Cash Equivalents	118,986	121,362	989,903
Cash and Cash Equivalents at Beginning of Period	277,423	156,060	2,308,012
Net Change in Cash and Cash Equivalents Due to the Additional Consolidation of Subsidiaries	2	—	24
Cash and Cash Equivalents at End of Period (Note 26)	¥396,412	¥ 277,423	\$3,297,939

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2003 and 2002

1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its domestic subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The Bank's foreign subsidiary maintains its book of accounts in conformity with accounting principles and practices of the country of its domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance Japan as required by the Securities and Exchange Law of Japan. The classification of accounts is in conformity with the Enforcement Regulation concerning Banking Law of Japan.

In preparing the accompanying consolidated financial statements, in accordance with Enforcement Regulation concerning Banking Law of Japan, Japanese 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 consolidated financial statements do not necessarily agree with the sums of individual amounts. Also, 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.

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥120.20 to \$1.00, the exchange rate prevailing at March 31, 2003.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank, Chibagin Business Services Co., Ltd., Chibagin JCB Card Co., Ltd., Chuo Securities Co., Ltd. and ten other subsidiaries.

Chibagin JCB Card Co., Ltd. and Chibagin DC Card Co., Ltd. are newly consolidated from this fiscal year. Chiba International Ltd. is not consolidated as it has been in the process of liquidation.

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 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. Although, the investments in unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets. 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 and companies accounted for by the equity method of accounting is presented as consolidation difference and is amortized on a straight-line method over a period of five years, if significant in amount, or is charged or credited to income in the year of acquisition.

Fiscal year-ends of all consolidated subsidiaries are at the end of March except for 1 consolidated subsidiary whose fiscal year-ends are at the end of December.

The financial statements of the consolidated subsidiaries, of which fiscal year-end is 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-end to the date of the Bank's fiscal year-end.

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 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 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

Securities whose current value can be estimated are stated at the market value at the fiscal year end and other non-marketable securities are stated at cost or amortized cost computed by the moving average method. Unrealized gains and losses on other securities available for sale are included in shareholders' equity, net of income taxes. Securities included in money held in trust are stated at the market value.

Moreover, the same method was applied for the valuation of securities that were held as trust assets in individually managed money trusts with the principal objective of securities portfolio management. Securities held by the consolidated subsidiaries were principally carried at the lower of cost or market, determined by the moving average method.

(3) Derivatives

Derivatives for purposes other than trading are stated at the market value.

(4) Premises and Equipment

Depreciation for premises and equipment is computed using the declining-balance method. Principal useful lives are as follows:

Buildings 6 years to 50 years

Equipment and furniture 2 years to 20 years

Premises and equipment of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.

(5) Software

Depreciation of internal-use software is computed using the straight-line method based on useful life determined by the Bank and its consolidated subsidiaries (5 years).

(6) Reserve for Possible Loan Losses

Reserve made by the Bank was provided in accordance with the prescribed standards established by the Bank. The reserve is provided for normally performing loans and loans to borrowers under close observation as stipulated in the "Guidelines for Examination of Internal Controls with respect to Self-Assessment of Assets of Banks and Other Financial Institutions and for Auditing of Write-offs and Loan Loss Provisions" issued as the Fourth Report of the Auditing Subcommittee for Banks and Other Financial Institutions of the Japanese Institute of

Certified Public Accountants, based on the ratio sustained over specific periods in the past. The reserve is also provided for the loans to borrowers that are currently not in actual or effective bankruptcy, but are viewed as having a high probability of going into bankruptcy (Potentially Bankrupt Assets). 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 (Bankrupt Assets) and loans to borrowers in effectively similar conditions (Effectively Bankrupt Assets). 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.

Chiba Bank provides reserve for possible loan losses using the Discounted Cash Flow method as follows for loans to borrowers over a certain amount of debts classified as Bankrupt Assets and Effectively Bankrupt Assets:

- i) Chiba Bank rationally estimated the cash flows of principal and interest, and measures their present values by discounting the cash flows using the initial contractual interest rate.
- ii) Chiba Bank recognizes the difference between the present value and its book value as estimated losses and provides reserve for possible loan losses.

Adoption of the Discounted Cash Flow method, pursuant to 'Audit considerations with respect to the discounted cash flow method used to determine allowance for credit losses by banks and other financial institutions' issued by the Japanese Institute of Certified Public Accountants on February 24, 2003, does not have a material impact on the consolidated financial statements of the Bank.

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 provided in the reserve for specific overseas loans.

The Bank conducts self-assessment of assets at its branches. The assessment is checked by the divisions authorized to approve loans, and the results are then audited by Audit & Inspection Division. Based on the assessment, an appropriate allowance is made for reserves for losses and write-offs of problem assets.

Reserves are made by consolidated subsidiaries for general provision in the amount deemed necessary based on the loan loss experience, and for specific provision in the amount deemed uncollectible based on the respective assessments.

(7) Reserve for Employees' Retirement Benefits

The Bank has a reserve for employees' retirement benefits which is provided for the payments of employees' retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the pension assets. Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence. The unrecognized net retirement benefit obligation at the adoption of the new accounting standard was ¥20,385 million at April 1, 2000 and is being amortized using the straight-line method over 5 years.

(8) Reserve for Losses on Sale of Loans

The reserve for losses on sale 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 on the Bank's assessment of the likelihood of future losses on sales of loans.

(9) Reserve under Special Laws

Pursuant to Article 51 of the Securities and Exchange Law and Article 35 of the Cabinet Office Ordinance on Securities Companies, reserve for contingent liabilities from brokering of securities transactions is provided by a subsidiary, Chuo Securities Co. Ltd.

(10) Foreign Currency Transactions

Chiba 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, except for stocks of subsidiaries and affiliates, which are translated at prevailing rates at the time of acquisition.

Formerly, Chiba Bank applied the accounting treatment stipulated in 'Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry' (JICPA Industry Audit Committee Report No. 20).

From April 1, 2002, Chiba Bank applies the transitional treatment regulated by 'Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking in Banking Industry' (JICPA Industry Audit Committee Report No. 25).

Pursuant to the transitional treatment regulated by Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking in Banking Industry (JICPA Industry Audit Committee Report No. 25), financial swap transactions' and 'treatment on internal contracts and transactions among consolidated subsidiaries' were accounted for by the former method. Also, foreign currency differences arising from futures currency transactions are recognized on the balance sheet on a net basis.

Pursuant to the transitional treatment regulated by Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking in Banking Industry (JICPA Industry Audit Committee Report No. 25), fund-related swap transactions are as follows:

- i) Principal amounts of credits and debts are reported on the balance sheet in the net amount converted at the exchange rate at the fiscal year-end.
- ii) The difference between spot and forward rates are recorded as interest income or expenses on an accrual basis for the period from the spot foreign exchange settlement date to the forward foreign exchange settlement date.
- iii) Accrued income or accrued expenses are recognized at the fiscal year-end.

Fund-related swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold. The spot foreign exchange bought or sold is the swap transaction for borrowing or lending the principal amount. The forward foreign exchange bought or sold is the swap transaction of the principal and corresponding interest to be paid or received, the amount and due date of which are predetermined.

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.

(11) Lease Transactions

Finance lease transactions, except for those that meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, are accounted for as operating leases (See Note 20).

(12) Method of Hedge Accounting

Pursuant to the temporary treatment regulated by '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 applies "Macro Hedge" in which the Bank manages interest rate risks arising from various assets and liabilities with derivatives transactions as a whole. "Macro Hedge" is a risk adjustment approach, as stipulated in the report issued by the Japanese Institute of Certified Public Accountants 'Tentative Treatments in Accounting and Audit for Banks on Application of Accounting Standard for Financial Instruments', and accounted for by the deferral hedge accounting. The effectiveness of the hedging is reviewed for a reduction in interest rate risk exposure and for the actual risk amount of derivatives that is within the permitted risk amount under the Bank's risk control policies. In addition to the above accounting, the Bank and its consolidated subsidiaries apply for a part of assets and liabilities the deferral hedge accounting or exceptional treatments permitted for interest rate swaps.

(13) Consumption Taxes

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

(14) Other Significant Accounting Policies

i) Accounting Standard for Treasury Stock and Reversal of Legal Reserves 'Accounting Standard for Treasury Stock and Reversal of Legal Reserves' (Financial Accounting Standard No. 1) was applied from this fiscal year. But it would not have a material impact on the consolidated Balance Sheets of the Bank.

ii) Implementation Guidance for Accounting Standard for Earnings per Share

From this fiscal year, the Bank applies 'Implementation Guidance for Accounting Standard for Earnings per Share' (Financial Accounting Standards Implementation Guidance No. 4). This accounting change has no impact on net income/loss per share.

iii) Accounting Standard for Financial Instruments

a) Formerly, repurchase agreement transactions were accounted for as sales or purchases of trading securities. From this fiscal year, the Bank recognizes these transactions on the consolidated balance sheets as financing transactions. The effect to the trading assets caused by this new accounting standard is immaterial.

b) Formerly, cash collaterals on securities lending/borrowing transactions were recorded in other assets/liabilities. From this fiscal year, based on the 'Practical Guidelines Concerning Accounting for Financial Instruments' (JICPA Accounting Committee Report No. 14), they are recorded on the consolidated balance sheets as 'Receivables under securities borrowing transactions' and 'Payables under securities lending transactions'. This change has brought decreases in other assets and other liabilities and increases in Receivables under securities borrowing transactions and Payables under securities lending transactions by ¥5,442 million and ¥32,407 million, respectively

(15) Appropriation of Retained Earnings

Appropriation of retained earnings, cash dividends and bonuses to directors, are recorded in the fiscal year in which it is approved by the board of directors and by the general meeting of stockholders.

(16) 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

(17) Income Tax-Deferred

Income Taxes-Deferred are recorded for the corporate tax, the inhabitants' taxes and the enterprise taxes based on the difference between the tax bases of assets and liabilities and those are reported in the consolidated financial statements, using enacted tax rates which will be in effect when the differences are expected to reserve. The assets and liabilities method is used to determine deferred income taxes.

(18) Changes in Consolidated Statements of Cash Flows

Pursuant to amendment of the Ordinance of the Banking Law, the way of presentation is changed as follows:

'Increase (Decrease) in cash collateral for securities borrowing transactions' and 'Increase (Decrease) in cash collateral for securities lending transactions' were included in others of Cash Flows from Operating Activities in Statements of Cash Flows. From this fiscal year, they are changed to 'Decrease (Increase) in receivables under securities borrowing transactions' and 'Increase (Decrease) in payables under securities lending transactions' respectively.

(19) Guarantee Fee Received

The accounting procedure to record the guarantee fee received in the consolidated subsidiary, Chibagin Guarantee Co., Ltd., was that the annual average balances of remaining loans, considering their maturity dates, are multiplied by the designated guarantee rate and discounted.

In the year ended March 31, 2002, the discounting formula for using the computation of guarantee fee received was revised from the method of single discounted rate to the method of compound discounted rate for the appropriate profit recognition. As a result, loss before income taxes for the previous fiscal year decreased by ¥4,354 million.

(20) Effect on Adoption of New Accounting Standard for Foreign Currency Transactions

The new accounting standard for foreign currency transactions was adopted for the current fiscal year. The effect on the consolidated financial statements caused by this new accounting standard is immaterial.

(21) Revise on the Company Regulation for Employees' Retirement Chiba Bank has revised the retirement allowances plan on April 1, 2003. This revision has brought ¥4,875 million of unrecognized prior service cost at the beginning of fiscal year 2003.

(22) Net Income (Loss) per Share

Net income (loss) per share is computed based on the weighted-average number of shares of common stock, excluding treasury stock and parent bank stock held by subsidiaries, outstanding during each fiscal year.

4. Trading Assets

Trading assets as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Trading securities	¥15,128	¥10,162	\$ 125,857
Derivatives of trading securities	0	35	5
Securities related to trading transactions	5,455	-	45,387
Derivatives of securities related to trading transactions	0	-	0
Trading-related financial derivatives	4,405	3,580	36,653
Other Trading Assets	222,156	219,933	1,848,220
Total	¥247,145	¥233,710	\$2,056,123

5. Securities

Securities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Japanese National Government Bonds	¥ 479,345	¥ 530,751	\$ 3,987,902
Japanese Local Government Bonds	64,233	60,091	534,390
Japanese Corporate Bonds and Financial Debentures	374,431	318,413	3,115,073
Japanese Corporate Stocks	126,222	171,488	1,050,101
Other Securities	299,739	325,962	2,493,673
Total	¥1,343,972	¥1,406,706	\$11,181,139

Stocks of non-consolidated subsidiaries of ¥486 million and ¥2,846 million are included in Securities as of March 31, 2003 and 2002, respectively.

6. Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Bills Discounted	¥ 56,782	¥ 80,977	\$ 472,396
Loans on Bills	392,715	478,031	3,267,183
Loans on Deeds	4,568,700	4,609,074	38,009,160
Overdrafts	583,110	584,122	4,851,172
Total	¥5,601,309	¥5,752,206	\$46,599,911

(b) Risk monitored loans as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Loans to Bankrupt Borrowers	¥ 53,168	¥ 51,734	\$ 442,337
Delinquent Loans	287,522	273,618	2,392,036
Loans Past Due 3 Months or More	11,955	13,306	99,467
Restructured Loans	189,011	213,315	1,572,473
Total	¥541,658	¥551,974	\$4,506,312

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (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 three 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.

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 ¥1,421,374 million relating to these contracts, including ¥1,409,831 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2003.

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' credit-worthiness). 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.

7. Foreign Exchange Assets

Foreign exchange assets as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Due from Foreign Correspondents	¥1,934	¥1,176	\$16,090
Foreign Bills of Exchange Bought	366	507	3,047
Foreign Bills of Exchange Receivable	135	446	1,125
Total	¥2,435	¥2,131	\$20,263

8. Other Assets

Other assets as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Domestic Exchange Settlement	¥ 1,102	¥ 1,366	\$ 9,171
Accrued Income	44,388	14,485	369,290
Prepaid Expenses	724	796	6,027
Others	56,638	157,102	471,199
Total	¥102,853	¥173,751	\$855,687

9. Premises and Equipment

Fixed assets are depreciated on the declining-balance method. Premises and Equipment as of March 31, 2003 and 2002 are shown at net of following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
	¥93,815	¥91,389	\$780,492

10. Assets Pledged

Assets pledged as collateral are as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Securities	¥103,072	¥202,853	\$857,505
Trading assets	32,498	—	270,368
Cash and due from banks	40	—	333
Other	¥ 23,174	¥ 31,227	\$192,796

Liabilities related to above pledged assets are as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Deposits	¥33,843	¥40,189	\$281,559
Payables under repurchase agreements	32,499	—	270,382
Payables under securities lending transactions	32,407	—	269,617
Borrowed Money	21,955	30,013	182,657

2003 In addition, trading assets of ¥299 million, securities of ¥107,114 million and loans of ¥159,305 million are pledged as collateral for settlement of exchange or as valuation margin. Leased deposits of ¥6,799 million are included in premises and equipment. Initial margin for future contracts of ¥107 million are included in other assets.

2002 In addition, securities of ¥106,713 million and loans of ¥1,234 million are pledged as collateral for settlement of exchange or as valuation margin. Leased deposits of ¥7,122 million are included in premises and equipment. Initial margin for future contracts of ¥164 million and receivables under securities borrowing transactions of ¥39,492 million are included in other assets.

11. Deposits

An analysis of deposits as of March 31, 2003 and 2002 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Current Deposits	¥ 169,490	¥ 171,396	\$ 1,410,068
Ordinary Deposits	3,416,687	3,226,119	28,425,017
Savings Deposits	379,319	428,014	3,155,740
Deposits at Notice	15,115	23,167	125,754
Time Deposits	3,012,029	3,213,422	25,058,478
Other Deposits	165,222	134,446	1,374,563
Sub Total	7,157,864	7,196,568	59,549,620
Negotiable Certificates of Deposit	75,122	53,262	624,976
Total	¥7,232,986	¥7,249,830	\$60,174,596

12. Trading Liabilities

Trading liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Trading Account Securities Sold, Not Yet Purchased	¥4,328	¥4,327	\$36,007
Derivatives of Trading Securities	2	5	18
Derivatives of Securities Related to Trading Transactions	0	-	7
Derivatives	3,387	3,353	28,183
Total	¥7,718	¥7,685	\$64,216

13. Borrowed Money

Borrowed money as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Borrowings from The Bank of Japan and Other Financial Institutions	¥113,154	¥115,773	\$941,388
Total	¥113,154	¥115,773	\$941,388

Subordinated Borrowings of ¥82,000 million and ¥75,000 million are included in Borrowed Money as of March 31, 2003 and 2002, respectively.

14. Foreign Exchange Liabilities

Foreign exchange liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Due from Foreign Banks	¥ 0	¥ 0	\$ 1
Foreign Bills Sold	381	336	3,170
Foreign Bills of Exchange Payable	137	12	1,148
Total	¥519	¥350	\$4,318

15. Subordinated Bonds

Subordinated bonds as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
	¥45,500	¥45,500	\$378,536

16. Other Liabilities

Other liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Domestic Exchange Settlement	¥ 430	¥ 264	\$ 3,582
Accrued Expenses	10,234	11,538	85,142
Unearned Income	18,817	18,013	156,550
Accrued Income Taxes	1,860	1,659	15,477
Others	31,097	150,678	258,717
Total	¥62,440	¥182,153	\$519,468

17. Retirement Benefit Plans

The Chiba Bank, Ltd. and its domestic consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans.

(1) The liability/asset for employees' retirement benefit plans as of March 31, 2003 and 2002 is as follows:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Retirement Benefit Obligation	¥(99,075)	¥(87,720)	\$(824,257)
Plan Assets at Fair Value	39,259	42,393	326,616
Unfunded Retirement Benefit Obligation	(59,816)	(45,327)	(497,641)
Unrecognized Net Retirement Benefit Obligation at Transition	8,154	12,231	67,840
Unrecognized Actuarial Gain or Loss	22,639	8,745	188,349
Unrecognized Prior Service Cost	-	-	-
Net Amount recognized in the Consolidated Balance Sheets	(29,022)	(24,350)	(241,451)
Prepaid Pension Cost	-	-	-
Reserve of Employees' Retirement Benefits	(29,022)	(24,350)	(241,451)

(2) The components of retirement benefit cost for the years ended March 31, 2003 and 2002 are as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Service Cost	¥2,682	¥2,711	\$22,319
Interest Cost	2,594	2,529	21,585
Expected Return on Plan Assets	(1,673)	(2,253)	(13,925)
Amortization of Prior Service Cost	—	—	—
Amortization of Actuarial Gain or Loss	938	657	7,806
Amortization of Net Retirement Benefit Obligation at Transition	4,077	4,077	33,920
Other	—	—	—
Net Periodic Retirement Benefit Cost	¥8,618	¥7,722	\$71,705

(3) The assumptions used in accounting for the above plans for the years ended March 31, 2003 and 2002 are as follows:

	2003	2002
Discount Rate	2.5%	3.0%
Expected Return Rate	4.0%	5.5%
Amortization Period of Actuarial Gain or Loss	10 years	10 years
Amortization Period of Net Retirement Benefit Obligation at Transition	5 years	5 years

18. Land Revaluation Excess

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

Date of the revaluation: March 31, 1998

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

Pursuant to Article 2, Subparagraph 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 Premised 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 the Article 10 of the Law is ¥36,497 million and ¥27,874 million as of March 31, 2003 and 2002, respectively.

19. Common Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2003 and 2002.

The number of shares in issue at March 31, 2003 and 2002 was as follows:

	Number of Shares	
	2003	2002
Shares in Issue	845,521,087	845,521,087

20. Retained Earnings

Japanese Banks, including Chiba Bank, are required to comply with the Banking Law of Japan (the "Banking Law").

In accordance with the Commercial Code of Japan, the Chiba Bank, Ltd. has provided a legal reserve by appropriation of retained earnings, which is included in retained earnings. The Code provided that neither additional paid-in capital nor the legal reserve was available for dividends, but both may be used to reduce or eliminate a deficit.

Under the Commercial Code of Japan, as amended effective on October 1, 2001, the Chiba Bank, Ltd. is required to appropriate as a legal reserve an amount equal to at least 10% of appropriations paid by cash until an aggregated amount of additional paid in capital surplus and the legal reserve equals 25% of the common stock. This reserve is not available for dividends but may be used to reduce a deficit or may be capitalized by resolution of the Board of Directors. The aggregate amount of additional paid in capital may be transferred to other capital surplus by resolution of the annual stockholders' meeting and may be used to refund to stockholders.

The legal reserve of the Chiba Bank, Ltd. and the Chiba Bank, Ltd.'s equity in the legal reserves of its consolidated subsidiaries are included in consolidated retained earnings.

The maximum amount that the Chiba Bank, Ltd. can distribute as dividends is calculated based on the non-consolidated financial statements of the Chiba Bank, Ltd. and in accordance with the Commercial Code of Japan.

In line with the Code Amendments, on June 29, 2001, amendments to the Banking Law were promulgated and became effective on October 1, 2001. The Amendments of the Banking Law provide that an amount at least equal to 20% of the aggregated amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period shall be appropriated and set aside as a legal reserve until the aggregate amount of legal reserve set aside as appropriation of retained earnings and the legal capital surplus equals 100% of common stock.

Prior to the Amendments of the Banking Law, the Banking Law provided that an amount least 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 100% common stock. The retained earnings so appropriated may be used to eliminate or reduce a deficit by resolution of the shareholders or may be transferred to capital stock by resolution of the Board of Directors.

21. Trading Income

The composition of trading income for the years ended March 31, 2003 and 2002 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Gains on Securities Related to Trading Transactions	¥ 65	¥ 12	\$ 544
Gains on Derivatives	1,540	345	12,817
Other Trading Income	579	540	4,824
Total	¥2,185	¥897	\$18,186

22. Other Operating Income

The composition of other operating income for the years ended March 31, 2003 and 2002 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Gains on Foreign Exchange Transactions	¥2,116	¥2,144	\$17,606
Gains on Sale of Bonds	4,059	1,069	33,771
Others	2	12	19
Total	¥6,177	¥3,227	\$51,396

23. Other Income

The composition of other income for the years ended March 31, 2003 and 2002 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Gains on Sale of Securities	¥ 2,779	¥2,804	\$ 23,121
Gains on Money Held in Trust	108	72	901
Others	19,406	21,400	161,448
Total	¥22,293	¥24,277	\$185,471

24. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2003 and 2002 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Losses on Sale of Bonds	¥ 72	¥57	\$ 602
Losses on Redemption of Bonds	800	—	6,656
Other Expenses on Derivatives	279	—	2,323
Total	¥1,151	¥57	\$9,582

25. Other Expenses

The composition of other expenses for the years ended March 31, 2003 and 2002 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Provision for Possible Loan Losses	¥36,804	¥77,767	\$306,194
Write-off of Loans and Bills Discounted	4,558	1,686	37,923
Losses on Sale of Securities	329	158	2,741
Losses on Devaluation of Securities	16,114	33,930	134,062
Losses on Money Held in Trust	143	21	1,191
Amortization of Net Retirement Benefit Obligation at Transition	4,077	4,077	33,920
Others	18,680	20,193	155,412
Total	¥80,707	¥137,834	\$671,443

26. Cash and Cash Equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets to the cash and cash equivalents as of March 31, 2003 and 2002, is as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Cash and Due from Banks	¥400,263	¥283,298	\$3,329,976
Interest-bearing Deposits included in due from Banks (Other than Deposits with the Bank of Japan)	(3,850)	(5,875)	(32,038)
Cash and Cash Equivalents	¥396,412	¥277,423	\$3,297,939

27. 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, are accounted for as operating leases. Pro forma information on these operating leases is as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Lessee Side			
Amount Corresponding to the Purchased Prices of the Leased Asset	¥324	¥330	\$2,701
Amount Corresponding to Accumulated Depreciation	242	201	2,016
Amount Corresponding to Balance at Fiscal Year-End	¥82	¥128	\$685

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Amount Corresponding to Lease Payable (Within 1 year)	¥37	¥51	\$314
Amount Corresponding to Lease Payable (Over 1 year)	44	77	372
Total	¥82	¥128	\$685

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Lease Fees Paid	¥47	¥52	\$393
Amount Corresponding to Depreciation	47	52	393

Notes: 1. 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.
2. The amount corresponding to interest costs is the difference between total lease fees to be paid and the amount corresponding to the purchase prices of the leased asset. The interest method is used to allocate the amounts to applicable consolidated accounting years.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Lessor Side			
Amount Corresponding to the Purchased Prices of the Leased Asset	¥81,337	¥70,732	\$676,686
Amount Corresponding to Accumulated Depreciation	43,757	36,402	364,035
Amount Corresponding to Balance at Fiscal Year-End	¥37,580	¥34,329	\$312,651

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Amount Corresponding to Lease Receivable (within 1 year)	¥13,515	¥12,285	\$112,443
Amount Corresponding to Lease Receivable (over 1 year)	29,875	27,342	248,545
Total	¥43,390	¥39,628	\$360,988
Receipt of Leasing Fee for the Year	¥13,948	¥12,753	\$116,040

(b) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Lessee Side			
Amount Corresponding to Lease Payable (within 1 year)	¥—	¥—	\$—
Amount Corresponding to Lease Payable (over 1 year)	—	—	—
Total	¥—	¥—	\$—
Lessor Side			
Amount Corresponding to Lease Receivable (within 1 year)	¥182	¥144	\$1,522
Amount Corresponding to Lease Receivable (over 1 year)	15	15	131
Total	¥198	¥159	\$1,652

28. 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, 2003 and 2002 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2003	2002	U.S. Dollars (Note 1)
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥ 78,795	¥ 83,650	\$ 655,540
Write-offs of Securities	12,285	10,419	102,210
Reserve for Employees' Retirement Benefits	10,472	8,242	87,130
Reserve for Losses on Sales of Loans	4,957	7,623	41,240
Carried Forward Taxable Losses	328	2,840	2,733
Others	13,677	7,438	113,789
Total Deferred Tax Assets	¥120,517	¥120,214	\$1,002,643
Deferred Tax Liabilities			
Unrealized Gains on Other Securities	¥ 185	¥ 3,327	\$ 1,541
Reserve for Advanced Depreciation	47	47	398
Others	0	—	0
Total Deferred Tax Liabilities	¥ 233	¥ 3,375	\$ 1,939
Net Deferred Tax Assets	¥120,284	¥116,839	\$1,000,703

With the implementation of the 'Revision of the Local Tax Law' (Legislation No. 9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes is to be 'amount of added value' and 'amount of capital' from the fiscal year starting April 1, 2004. The enterprise taxes that have tax bases of the 'amount of added value' and the 'amount of capital' are not pertinent to the enterprise taxes that have tax bases of income-related amounts. In connection with the 'Revision of the Local Tax Law', the effective statutory tax rate used in the calculations of deferred tax assets and liabilities was changed from 41.3% to 40.3% for the fiscal years starting April 1, 2004. As a result, there were a decrease in 'Deferred tax assets' of 1,743 million yen and an increase in 'Income taxes-deferred' of 1,586 million yen. There were also a decrease in 'Deferred tax liabilities for land revaluation' of 217 million yen and an increase in 'Land revaluation excess' of the same amount. There was a decrease in 'Net unrealized gains (losses) on other securities' of 156 million yen, too.

29. Segment Information

(1) Business Segment Information

	For the year ended March 31, 2003				
	Millions of Yen (Note 1)				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary Income, Ordinary Profit/Loss					
Ordinary Income					
(1) Outside Customers	¥ 179,048	¥24,827	¥ 203,876	¥ —	¥ 203,876
(2) Inter-segment	8,009	(745)	7,264	(7,264)	—
Total	¥ 187,058	¥24,082	¥ 211,141	¥ (7,264)	¥ 203,876
Ordinary Expenses	170,161	24,639	194,801	(7,933)	186,867
Ordinary Profit/Loss	¥ 16,897	¥ (556)	¥ 16,340	¥ 668	¥ 17,008
Assets	¥8,089,851	¥88,198	¥8,178,050	¥(156,431)	¥8,021,618
Depreciation	7,457	11,968	19,426	—	19,426
Capital Expenditure	6,527	16,144	22,671	(0)	22,671

Notes: 1. Because the percentage of ordinary income in other business to the total of all segments has exceeded 10 percent, as the number of consolidated subsidiaries increased, business segment information is newly provided from fiscal year ended March 31, 2003.
2. Ordinary income and ordinary profit/loss are presented as counterparts of sales and operating profit of companies in other industries.
3. "Other" includes securities, leasing and credit card business.

(2) Geographic Segment Information

The domestic share of ordinary income exceeds 90 percent. Thus, segment information by geographic area is omitted.

(3) Ordinary income from overseas operations

The share of ordinary income from overseas operations is under 10 percent. Thus, ordinary income from overseas operation is omitted.

For the year ended March 31, 2002

(1) Business Segment Information

The bank and some of its consolidated subsidiaries are engaged in securities and leasing businesses other than banking business, but these business as a percentage of total group businesses are very small. Thus, segment information by business is omitted.

(2) Geographic Segment Information

The domestic share of ordinary income exceeds 90 percent. Thus, segment information by geographic area is omitted.

(3) Ordinary income from overseas operations

The share of ordinary income from overseas operations is under 10 percent. Thus, ordinary income from overseas operation is omitted.

30. Subsequent Events

The following appropriation of retained earnings of the Chiba bank, Ltd. was approved at a stockholders meeting held on June 27, 2003.

	Millions of Yen (Note 1)
Year-end cash dividends (2.5 yen per stock)	¥2,113

31. Market Value of Securities

Current Year's Information on Market Value of Securities

Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2003	
	Amount in the Balance Sheet	Valuation Gain Included in Income before Income Taxes
Trading Securities	¥242,739	¥52

Marketable Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2003				
	Cost	Amount in the Balance Sheet	Differences	Gain	Loss
Stocks	¥ 139,106	¥ 119,597	¥(19,509)	¥ 7,615	¥27,124
Bonds:					
Government Bonds	480,601	479,345	(1,255)	837	2,093
Local Government Bonds	62,617	64,233	1,616	1,616	—
Corporate Bonds	363,950	367,683	3,732	3,747	14
Others	296,598	296,787	189	5,676	5,486
Total	¥1,342,875	¥1,327,648	¥(15,226)	¥19,492	¥34,718

Securities Available for Sale Sold during The Year

	Millions of Yen (Note 1)		
	March 31, 2003		
	Proceeds from Sales	Gain	Loss
Securities Available for Sale	¥438,470	¥6,812	¥399

Securities for Which Fair Value Is Not Readily Determinable

	Millions of Yen (Note 1)	
	March 31, 2003	
	Amount in the Balance Sheet	
Non-listed Stocks	¥6,137	
Non-listed Foreign Securities	3,034	
Private Notes	6,748	

Note: Non-listed stocks include investments in unconsolidated subsidiaries in the amount of ¥486 million.

Repayment Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2003			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government Bonds	¥237,062	¥139,957	¥ —	¥102,326
Local Government Bonds	7,105	48,292	8,836	—
Corporate Bonds	52,891	311,413	8,885	1,241
Others	57,006	193,053	24,368	12,776
Total	¥354,066	¥692,715	¥42,089	¥116,343

Previous Year's Information on Market Value of Securities

Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2002	
	Amount in the Balance Sheet	Valuation Gain Included in Income before Income Taxes
Trading Securities	¥230,095	¥90

Marketable Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2002				
	Cost	Amount in the Balance Sheet	Differences	Gain	Loss
Stocks	¥ 152,832	¥ 161,450	¥ 8,618	¥20,589	¥11,970
Bonds:					
Government Bonds	529,030	530,751	1,720	1,900	179
Local Government Bonds	57,996	60,091	2,094	2,096	1
Corporate Bonds	308,634	312,006	3,372	3,621	249
Others	322,172	314,406	(7,766)	2,422	10,188
Total	¥1,370,666	¥1,378,706	¥ 8,039	¥30,629	¥22,589

Securities Available for Sale Sold during The Year

	Millions of Yen (Note 1)		
	March 31, 2002		
	Proceeds from Sales	Gain	Loss
Securities Available for Sale	¥179,673	¥3,874	¥214

Securities for Which Fair Value Is Not Readily Determinable

	Millions of Yen (Note 1)
	March 31, 2002
	Amount in the Balance Sheet
Non-listed Stocks	¥ 7,191
Non-listed Foreign Securities	12,226
Private Notes	6,406

Note: Non-listed stocks include investments in unconsolidated subsidiaries in the amount of ¥2,846 million.

Repayment Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2002			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government Bonds	¥184,629	¥232,589	¥19,104	¥ 94,427
Local Government Bonds	2,856	50,138	7,096	—
Corporate Bonds	38,182	268,899	9,599	1,732
Others	47,637	229,191	28,941	4,847
Total	¥273,306	¥780,818	¥64,741	¥101,007

32. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Book Value	¥12,372	¥9,534	\$102,936
Valuation Gains included in Income (Loss) before Income Taxes	(38)	11	(324)

(2) Money Held in Trust for Other Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Cost	¥2,822	¥4,149	\$23,480
Book Value	2,822	4,149	23,479
Valuation Differences	(0)	0	(1)
Gains	—	0	—
Losses	0	—	1

33. Derivative Transactions

(A) Risk Control for Derivative Transactions

(1) Details of Derivative Financial Products

Derivative financial products conducted by Chiba Bank and its consolidated subsidiaries are as follows:

- a) Interest rate-related products
 - Futures, Futures Options, FRAs (forward rate agreements), Options, Interest Rate Caps and Interest Rate Floors
- b) Currency-related products
 - Swaps, Forward Exchange, Options, and Futures
- c) Bond-related products
 - Futures, Futures options, and Over-the-Counter Options
- d) Stock-related products
 - Index Futures, Index Options and Stock Options

(2) Purposes and Policies for Using Derivative Financial Products

The Bank and the consolidated subsidiaries use derivative financial products for the purposes below:

- a) To respond to the diverse needs of customers.
- b) For risk controls related to the assets and liabilities as a part of asset and liability management.
- c) For trading purposes.

As for risk controls related to assets and liabilities, the Bank and the consolidated subsidiaries utilize macro-hedges for the total management of interest rate risk related to assets and liabilities, such as loans and deposits, by using interest rate swaps, etc., as hedging methods, pursuant to the temporary treatment regulated by 'Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' (JICPA Industry Audit Committee Report No. 24). The effectiveness of the hedges are assessed by periodically checking whether the total net risk amount of derivative financial products falls within the risk limit as set out in the risk management policy, and whether interest rate risk exposures from hedged items have been reduced.

The Bank and the consolidated subsidiaries engage in trading activities under strict management and limits possible losses.

(3) Risk

Main risks of derivatives trading are as follows:

- a) Market Risk
 - The risk of incurring a loss because the value of the derivative products decrease caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices.
- b) Credit Risk
 - The risk of incurring a loss because the counter-parties are unable to fulfill their obligations due to bankruptcy or other reasons.

Amount of market risk and credit risk on derivative trading calculated into the capital ratio (BIS guidelines) as of March 31, 2003 are 3 billion yen are 18.5 billion yen, respectively (consolidated base by current exposure method).

(4) Risk Management Structure

The Bank has established the Risk Management Office in Corporate Planning Division, monitoring risks of the entire portfolio, mainly market risk and credit risk. Also, the Bank has made a strict management system with various risk management guidelines. Especially for risks related to derivative financial products, the Bank monitors with other market-related transactions. The Bank controls market risk by setting trading limits and stop-loss rules and monitors daily with VaR analysis. As for credit risk, credit section, independent of operating sections, sets credit lines for each counterparties. In addition, the consolidated subsidiaries have set trading limits, etc., and are reviewing daily gains/losses, market values and etc.

(5) Notional or contract amount

Notional or contract amount in below (B) does not necessarily indicate the amount of risk.

(B) Market Value of Derivatives

Notional principal or contract amount, market value and valuation gain (losses) on derivatives

(1) Interest rate-related transactions

	Millions of Yen (Note 1)					
	2003			2002		
	Notional or Contract Amount	Market Value	Valuation Gain (Loss)	Notional or Contract Amount	Market Value	Valuation Gain (Loss)
Exchange Traded:						
Futures/Sell	—	—	—	¥99	¥(0)	¥(0)
Over-the-counter:						
Swaps						
Receive/fixed and pay/floating	198,443	3,682	3,682	168,643	3,460	3,460
Receive/floating and pay/fixed	192,009	(3,003)	(3,003)	163,462	(3,286)	(3,286)
Receive/floating and pay/floating	946	(11)	(11)	1,049	(9)	(9)
Others/sell	67,435	113	113	17,350	(21)	(21)
Others/buy	38,800	81	81	9,600	10	10

Notes:

- Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting are not included in the above table.
- Market value of exchange-traded transactions are based on closing prices on the Tokyo International Financial Future Exchange, etc. Market values of over-the-counter transactions are based on discounted cash flow method, option pricing models, etc.

(2) Foreign exchange-related transactions

	Millions of Yen (Note 1)					
	2003			2002		
	Notional or Contract Amount	Market Value	Valuation Gain (Loss)	Notional or Contract Amount	Market Value	Valuation Gain (Loss)
Over-the-counter:						
Swaps	¥188,503	¥149	¥149	¥47,766	¥16	¥16

Notes:

- Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting and/or which are applicable to note3 are not included in the above table.
- Market values are based on the discounted cash flow method.
- Currency swaps which are accounted for by an accrual basis are not included in the above table.

Notional principal amount, market value and valuation gains of currency swaps which are accounted for by an accrual basis are as follows.

	Millions of Yen (Note 1)					
	2003			2002		
	Notional or Contract Amount	Market Value	Valuation Gain (Loss)	Notional or Contract Amount	Market Value	Valuation Gain (Loss)
Swaps	¥37,233	¥(80)	¥(80)	¥16,876	¥(40)	¥(40)

Note:

Other foreign exchange-related transactions such as forward exchange contracts and currency options, which valuations gains (losses) had been recognized in the consolidated statements of income, are not included above table.

Notional or contract amounts of those foreign exchange-related transactions are as follows:

	Millions of Yen (Note 1)	
	2003	2002
	Notional or Contract Amount	Notional or Contract Amount
Over-the-counter:		
Forward contracts/sell	¥ 3,448	¥ 3,688
Forward contracts/buy	2,663	4,246
Options/sell	11,277	27,226
Options/buy	11,277	27,009

(3) Bond-related transactions

	Millions of Yen (Note 1)					
	2003			2002		
	Notional or Contract Amount	Market Value	Valuation Gain (Loss)	Notional or Contract Amount	Market Value	Valuation Gain (Loss)
Exchange Traded:						
Futures/sell	¥1,570	¥(3)	¥(3)	¥2,891	¥(5)	¥(5)
Futures/buy	857	0	0	3,827	35	35

Notes:

- Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting are not included in the above table.
- Market value of exchange traded transactions are based on closing prices on the Tokyo Stock Exchange, etc. Market values of over-the-counter transactions are based on option pricing models, etc.

Independent Auditors' Report (Consolidated)

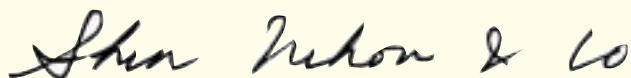
The Board of Directors
The Chiba Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Chiba Bank, Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd., and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.



Shin Nihon & Co.
June 27, 2003

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of the Chiba Bank, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Non-consolidated Balance Sheets

The Chiba Bank, Ltd.
As of March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
ASSETS			
Cash and Due From Banks	¥ 398,340	¥ 280,499	\$ 3,313,983
Call Loans and Bills Bought	190,000	147,000	1,580,699
Receivables under Securities Borrowing Transactions	5,441	—	45,272
Commercial Paper and Other Debt Purchased	268	413	2,238
Trading Assets	246,410	233,382	2,050,004
Money Held in Trust	12,372	9,534	102,936
Securities	1,346,470	1,407,271	11,201,915
Loans and Bills Discounted	5,606,409	5,749,973	46,642,345
Foreign Exchanges	2,435	2,131	20,263
Other Assets	48,919	127,262	406,986
Premises and Equipment	103,747	109,687	863,121
Deferred Tax Assets	116,691	115,174	970,809
Customers' Liabilities for Acceptances and Guarantees	144,439	171,780	1,201,662
Reserve for Possible Loan Losses	(209,649)	(219,814)	(1,744,172)
Reserve for Investment Losses	(270)	(216)	(2,250)
Total Assets	¥8,012,028	¥8,134,080	\$66,655,811
LIABILITIES, AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	¥7,250,035	¥7,271,500	\$60,316,436
Call Money and Bills Sold	4,026	20,120	33,500
Payables under Repurchase Agreements	32,499	—	270,382
Payables under Securities Lending Transactions	32,407	—	269,617
Trading Liabilities	7,718	7,685	64,216
Borrowed Money	136,884	131,429	1,138,806
Foreign Exchanges	519	350	4,318
Other Liabilities	34,069	150,191	283,438
Reserve for Employees' Retirement Benefits	28,370	23,814	236,027
Reserve for Losses on Sales of Loans	12,175	18,460	101,290
Deferred Tax Liabilities for Land Revaluation	8,748	9,389	72,784
Acceptances and Guarantees	144,439	171,780	1,201,662
Total Liabilities	¥7,691,895	¥7,804,722	\$63,992,476
Stockholders' Equity			
Common Stock	¥ 121,019	¥ 121,019	\$ 1,006,815
Capital Surplus	98,178	98,178	816,790
Legal Reserve	50,930	50,930	423,712
Voluntary Reserves	36,971	66,671	307,579
Retained Earnings (Deficit)	9,589	(25,449)	79,780
Land Revaluation Excess	12,960	13,344	107,822
Net Unrealized Gains (Losses) on Other Securities	(9,343)	4,703	(77,732)
Treasury Stock	(172)	(39)	(1,431)
Total Stockholders' Equity	320,132	329,358	2,663,335
Total Liabilities, Minority Interests and Stockholders' Equity	¥8,012,028	¥8,134,080	\$66,655,811

Non-consolidated Statements of Income

The Chiba Bank, Ltd.
For the Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Income			
Interest Income:			
Interest on Loans and Discounts	¥121,080	¥130,642	\$1,007,323
Interest and Dividends on Securities	16,329	19,812	135,850
Other Interest Income	1,427	5,936	11,879
Fee and Commission Income	24,540	20,684	204,166
Trading Income	2,113	797	17,587
Other Operating Income	6,151	3,202	51,179
Other Income	4,757	5,037	39,580
Total Income	176,401	186,111	1,467,564
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 5,506	¥ 14,530	\$ 45,815
Interest on Borrowings and Rediscounts	2,959	3,564	24,623
Other Interest Expenses	5,440	8,996	45,261
Fee and Commission Expenses	9,399	8,251	78,203
Other Operating Expenses	1,151	57	9,582
General and Administrative Expenses	75,858	78,487	631,102
Other Expenses	58,096	118,127	483,329
Total Expenses	158,413	232,014	1,317,913
Income (Loss) Before Income Taxes	17,988	(45,902)	149,651
Income Taxes—Current	1,347	110	11,208
Income Taxes—Deferred	7,676	(19,272)	63,861
Net Income (Loss)	8,964	(26,739)	74,581

Supplementary Information

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2003 and 2002

Capital Ratio (BIS Guidelines) (Consolidated)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Tier I	¥ 317,265	¥ 322,817	\$ 2,639,479
Total Tier I Capital	317,265	322,817	2,639,479
Tier II			
Unrealized Gains on Investment Securities, after 55% Discount	—	3,743	—
Premises Revaluation Account, after 55% Discount	9,768	10,230	81,273
General Reserve for Possible Loan Losses	48,579	53,705	404,152
Subordinated Loans and Bonds	124,500	115,500	1,035,774
Total Tier II Capital	¥ 182,848	¥ 183,179	\$ 1,521,198
Deductions from Capital	¥ 1,087	¥ 3,447	\$ 9,050
Total Capital	¥ 499,025	¥ 502,549	\$ 4,151,627
Total Risk-Adjusted Assets	¥4,784,873	¥4,916,498	\$39,807,603
Capital Ratio	10.42%	10.22%	10.42%

Loans and Bills Discounted, Classified by Industry (Consolidated)

	Millions of Yen (Note 1)			
	2003		2002	
	Outstanding Balance	Composition	Outstanding Balance	Composition
Domestic Operations (except for JOM Account)				
Manufacturing	¥ 459,872	8.24%	¥ 490,848	8.56%
Agriculture	13,885	0.25%	14,829	0.26%
Forestry	353	0.01%	328	0.01%
Fishery	1,824	0.03%	1,873	0.03%
Mining	8,753	0.16%	9,101	0.16%
Electricity, Gas, Heat Supply and Water	6,930	0.12%	5,414	0.09%
Transport and Communications	—	—	125,848	2.20%
Information and Communications	22,264	0.40%	—	—
Transport	123,451	2.21%	—	—
Wholesale and Retail Trade, and Restaurant	—	—	718,244	12.53%
Wholesale and Retail Trade	592,024	10.60%	—	—
Finance and Insurance	146,527	2.62%	173,963	3.03%
Real Estate	1,141,866	20.45%	1,143,764	19.96%
Services	—	—	497,378	8.68%
Various Services	499,205	8.94%	—	—
Government and Local Public Sector	390,528	7.00%	409,797	7.15%
Others (Mainly Consumer Loans)	1,873,788	33.56%	1,783,547	31.12%
Total	¥5,583,527	100.00%	¥5,731,288	100.00%
Overseas Operations and JOM Account	¥ 17,782	—	¥ 20,917	—

Note: The "Japan Standard Industrial Classification" was revised by a public notice No.139 from the Ministry of Public Management, Home Affairs, Posts and Telecommunications, which was released on Mar. 7, 2002 and took effect on Oct 1, 2002. Consequently, loans and bills discounted, classified by industry regarding "domestic (except for JOM account)" before Mar. 31, 2002 are based on the "Japanese Standard Industrial Classification" before its revision, and those as of Mar. 31, 2002 are based on "Japan Standard Industrial Classification" after this revision.

Directors, Auditors and Executive Officers

The Chiba Bank, Ltd.
As of June 27, 2003

President

Tsuneo Hayakawa

Deputy President

Toshiaki Ishii

Corporate Staff Unit

Senior Managing Director

Yoshinori Ichihara

Director in Charge of Corporate Planning Division and Credit Planning Division

Managing Director

Nobuhisa Yashiro

Director in Charge of Audit & Inspection Division, Public Relations Division, General Administration Division, General Secretariat and Personnel Division

Director

Hidetoshi Sakuma

General Manager, Corporate Planning Division

Corporate Auditors

Standing Corporate Auditors

Yutaka Yamazaki

Toshihiko Tsuchiya

Corporate Auditors

Hiroshi Sato

Shingo Hono

Minoru Shimasaki

Business Operation Unit

Director and Senior Executive Officer

Tadashi Takeyama

Chief of Business Operation Unit

Director in Charge of EDP System Division

Director and Managing Executive Officers

Nobuyoshi Imai

Director in Charge of Credit Division, Credit Division II and Credit Supervisory Division

Tetsuo Oiwa

General Manager, Funabashi Branch

Kenji Yasui

Director in Charge of Treasury Division, Treasury Operation Division and Operation Planning Division

Shoichiro Nemoto

General Manager, Kashiwa Branch

Toshio Yoshii

Director in Charge of Business Coordination Division, Corporate Banking Division, Consumer Banking Division and Direct Channel Division

Yoshiyuki Kumano

General Manager, Chuo Branch

Yukio Kusakabe

General Manager, Head Office

Executive Officers

Hiroshi Nishikawa

General Manager, EDP System Division

Yoshifumi Morooka

General Manager, Credit Division

Kenji Sahara

General Manager, Narita Branch

Kazuo Uehara

General Manager, Tokyo Head Office

Yuji Watanabe

General Manager, Mobara Branch

Toru Nishikawa

General Manager, Business Coordination Division

Kazuo Ichimura

General Manager, Consumer Banking Division

Subsidiaries and Affiliates

As of June 27, 2003

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: September 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

Established: March 15, 1983
Capital: ¥20 million
Equity Ownership
By Chiba Bank: 100%

Chibagin Accounting Service Co., Ltd.

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

Principal Business: Accounting, general administration and temporary staff services

Established: December 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: March 25, 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: Purchase, 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%

Chiba Servicer Co., Ltd.

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

Principal Business: Management and collection of claims

Established: October 1, 2001
Capital: ¥500 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 and collateral appraisal services

Established: May 1, 1978
Capital: ¥54 million
Equity Ownership
By Chiba Bank: 45.63%
By its subsidiaries: 42.87%

Chuo Securities Co., Ltd.

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

Principal Business: Securities business

Established: March 27, 1944
Capital: ¥4,374 million
Equity Ownership
By Chiba Bank: 41.43%
By its subsidiaries: 7.36%

Chibagin Leasing Co., Ltd.

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

Principal Business: Leasing

Established: December 15, 1986
Capital: ¥100 million
Equity Ownership
By Chiba Bank: 20%
By its subsidiaries: 50%

Chibagin JCB Card Co., Ltd.

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

Principal Business: Credit card business

Established: November 1, 1982
Capital: ¥50 million
Equity Ownership
By Chiba Bank: 49%
By its subsidiaries: 21%

Chibagin DC Card Co., Ltd.

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

Principal Business: Credit card business

Established: February 16, 1989
Capital: ¥50 million
Equity Ownership
By Chiba Bank: 40%
By its subsidiaries: 55%

Chibagin Computer Service Co., Ltd.

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

Principal Business: Computer systems development and commissioned computation tasks

Established: April 1, 1980
Capital: ¥150 million
Equity Ownership
By Chiba Bank: 46%
By its subsidiaries: 20%

Chibagin Capital Co., Ltd.

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

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: 30%
By its subsidiaries: 30%

Chibagin Asset 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: 35%
By its subsidiaries: 45%

Chibagin Research Institute, Ltd.

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

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

Established: February 28, 1990
Capital: ¥150 million
Equity Ownership
By Chiba Bank: 5%
By its subsidiaries: 70%

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%

* Chibagin Loan Business Support Co., Ltd. is planned to be liquidated.
Chiba International, Ltd., which is now under liquidation, is excluded from the list.

As of June 27, 2003

Head Office

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

Treasury Operation Division

5-3, Nihombashi Muromachi 1-chome,
Chuo-ku, Tokyo 103-0022, Japan
Telephone: 81-3-3270-8351
Fax: 81-3-3242-1735
81-3-3244-1227
81-3-3271-1029
Telex: J26666, J23671
Cable Address: CHIBABK
SWIFT Address: CHBA JPJT

Treasury Division

5-3, Nihombashi Muromachi 1-chome,
Chuo-ku, Tokyo 103-0022, Japan
Telephone: 81-3-3231-1285
Fax: 81-3-3242-1736
SWIFT Address: CHBA JPJT

New York Branch

1133 Avenue of the Americas, 15th Floor,
New York, NY 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: 44-20-7315-3111
Fax: 44-20-7600-3452
Telex: 8812534 CHIBAL G

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

16 Raffles Quay, #34-04 Hong Leong Building,
Singapore 048581
Telephone: 65-6438-5400
Fax: 65-6438-2511

Chiba Capital Funding (Cayman) Ltd.

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

Corporate Data

As of March 31, 2003

Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings at March 31, 2003 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,166	4.63
The Bank of Tokyo-Mitsubishi, Ltd.	38,893	4.59
UFJ Bank Limited	38,893	4.59
Japan Trustee Services Bank, Ltd. (Trust Account)	37,847	4.47
Nippon Life Insurance Company	29,691	3.51
NIPPONKOA Insurance Co., Ltd.	28,905	3.41
The Dai-ichi Mutual Life Insurance Company	25,678	3.03
Sumitomo Life Insurance Company	21,294	2.51
Meiji Life Insurance Company	19,079	2.25
UFJ Trust Bank Limited (Trust Account A)	18,780	2.22

* Rounded off to the nearest thousand

** Rounded off at two decimal places

Established	March 1943
Network	Domestic
	161 Offices (141 branches, 18 sub-branches, 2 virtual branches) 10,131 Off-branch ATM locations (4,714 E-net ATM locations at convenience stores and 5,160 ATM locations jointly with IY Bank Co., Ltd.) 2 Money exchange counters
	Overseas
	3 Branches (New York/Hong Kong/London) 2 Representative offices (Shanghai/Singapore) 1 Subsidiary (Cayman Islands)
Number of Employees*	3,623
Total Assets	¥8,012.0 billion
Loans and Bills Discounted	¥5,606.4 billion
Deposits	¥7,250.0 billion
Common Stock	¥121.0 billion
Capital Ratio (BIS guidelines)	10.24% (Non-consolidated) 10.42% (Consolidated)
Authorized Number of Shares	2,500,000 thousands
Number of Issued Shares	845,521 thousand
Number of Stockholders	24,200
Ticker Code	8331
Transfer Agent	Japan Securities Agents, Ltd. 2-4, Nihombashi Kayabacho 1-chome Chuo-ku, Tokyo 103-8202

Credit Ratings	Standard & Poor's Moody's Rating and Investment Information, Inc.	Long-term	Short-term
		BBB+	A-2
		Baa1	P-2
		A+	—

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

**"Number of Employees" does not include employees temporarily transferred to other companies, one-year contract employees and temporary staff.

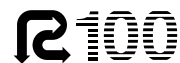
THE CHIBA BANK, LTD.

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

Telephone: 81-43-245-1111

e-mail: investor@chibabank.co.jp

<http://www.chibabank.co.jp/>



This annual report is printed on 100% recycled paper using soy ink.

Printed in Japan