



CHIBA BANK

The Chiba Bank, Ltd.

Annual Report 2007

Year ended March 31, 2007



Sustaining Steady Growth with the Region



Our Operating Area

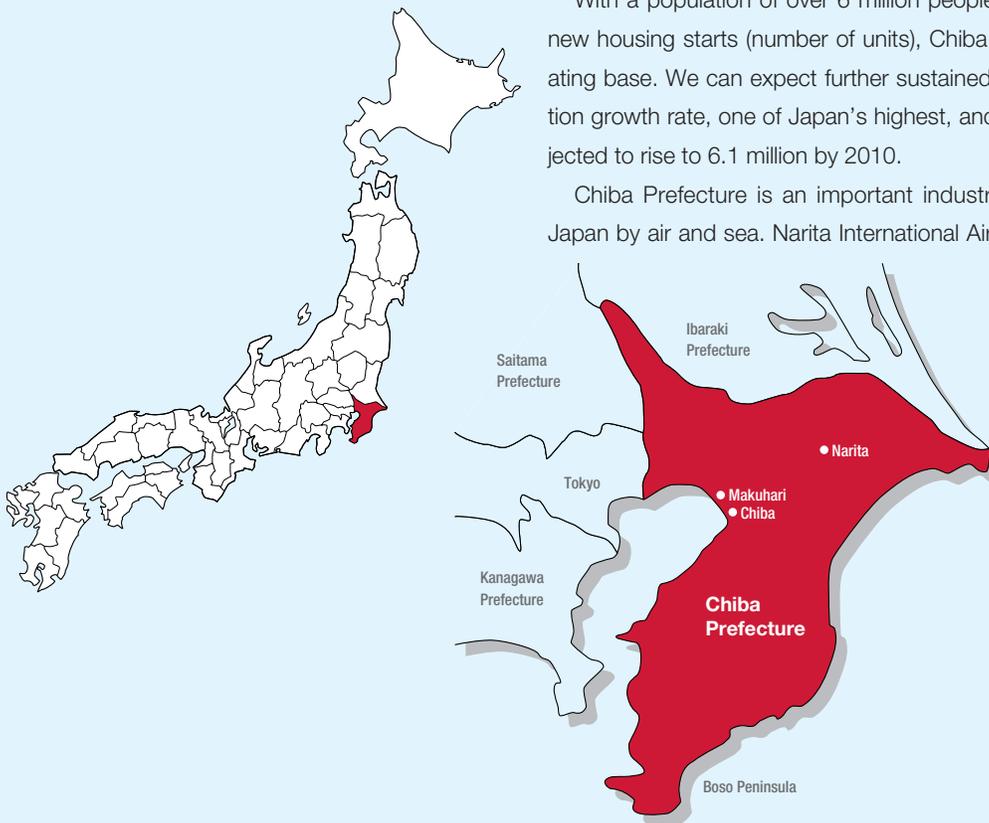
Chiba Prefecture, our operating base, located in Tokyo Metropolitan Area. The total prefectural income of this area, consisting of Tokyo, Chiba, Saitama and Kanagawa, is 32 percent of the national figure. And the population is 27 percent of the national figure.

Chiba Prefecture is one of Japan's leading prefectures in terms of shipments, production and marketing in sectors such as commerce, manufacturing, fisheries and agriculture. In terms of industrial profile, too, Chiba Prefecture has a very balanced economy.

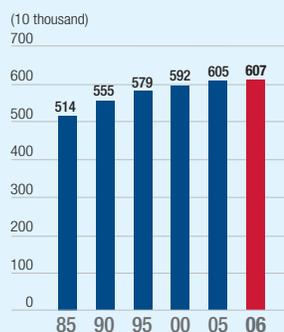
With a population of over 6 million people and healthy economic indicators such as new housing starts (number of units), Chiba Prefecture has great potential as an operating base. We can expect further sustained growth in the future in light of the population growth rate, one of Japan's highest, and the population of Chiba Prefecture is projected to rise to 6.1 million by 2010.

Chiba Prefecture is an important industrial and economic base and gateway into Japan by air and sea. Narita International Airport and Chiba Port are international trade ports whose volume of goods handled are the largest and second-largest, respectively, in Japan.

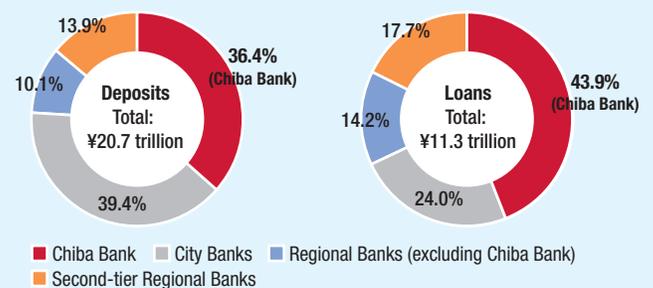
More recently, with the development of tourism in the prefecture, and the emergence of venture businesses to carry the local economy into the future, Chiba Prefecture is one of Japan's most promising domestic markets.



Population of Chiba Prefecture



Business Share of Banks Operating in Chiba (As of March 31, 2006)



Source: MONTHLY KINYU JOURNAL

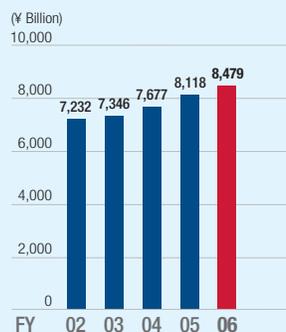
Financial Highlights

The Chiba Bank, Ltd. and its Consolidated Subsidiaries

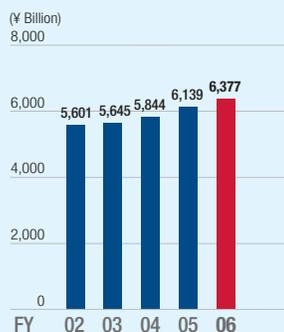
Consolidated Years Ended March 31	Millions of Yen			Thousands of U.S. Dollars (Note)
	2007	2006	2005	2007
For the Year				
Total Income	¥ 270,310	¥ 240,014	¥ 218,379	\$ 2,289,799
Total Expenses.....	181,386	153,807	151,409	1,536,527
Net Income.....	52,538	48,927	36,395	445,049
At Year-End				
Total Assets	¥9,736,917	¥9,802,061	¥8,707,929	\$ 82,481,302
Loans and Bills Discounted	6,377,598	6,139,665	5,844,581	54,024,550
Securities	2,416,149	2,635,218	1,710,389	20,467,173
Deposits	8,479,222	8,118,802	7,677,370	71,827,380
Net Assets	598,822	—	—	5,072,616
Total Stockholders' Equity.....	—	531,954	418,138	—
Common Stock	145,069	145,069	121,019	1,228,879

Note: U.S. dollar amounts are shown solely for the convenience of readers of this Annual Report and are translated at the rate of ¥118.05 to \$1.00 effective on March 31, 2007.

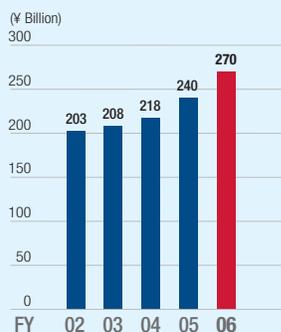
Deposits (Consolidated)



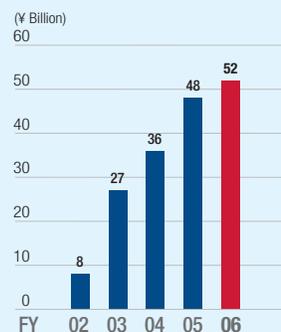
Loans and Bills Discounted (Consolidated)



Total Income (Consolidated)



Net Income (Consolidated)



Message from the President

Tadashi Takeyama, President



The Chiba Bank Group, a regional banking group that operates principally in Chiba Prefecture, has made its mission “To meet the needs of customers and contribute to the development of the region through the provision of financial services.” In the coming years the Bank will firmly adhere to this posture, and the Group companies will work as one to increase customer satisfaction. Through these activities we will strive to maintain a high reputation among our shareholders and investors.

The Business Environment

Gradual expansion of business activity in the Japanese economy continues, as indicated by an increase in capital investment against a backdrop of favorable corporate profits, improvement in the employment environment, and strong personal consumption. The social and economic structure of Japan is undergoing tremendous transformation in the form of the advancement of deregulation through a shift of power from the public to the private sector, the mass retirement of the baby boomer generation, a declining birthrate and aging population, and consideration of introduction of the regional system.

In the banking industry, advancing deregulation, such as the complete deregulation of the sale of insurance products through banks, is expected to bring further expansion of business opportunities. The application of Basel II and the enforcement of the Financial Instruments and Exchange Law necessitate unprecedented sophistication in internal management systems. Also, competition is intensifying due to factors such as the planned privatization and reorganization of government financial institutions and the impending establishment of Yucho Bank (a postal savings bank) due to privatization of postal services.

Results from the Previous Medium-Term Management Plan

The Bank moved rapidly to respond to this environment and seize the business opportunities presented by these changes by establishing “Toward Creating Value — 100 Weeks of Challenge and Innovation,” the previous medium-term management plan covering the period from April 2005 to March 2007. We proactively and rapidly implemented a number of measures, such as a shift in personnel to growth regions, the establishment of new sales bases in Chiba as well as in Tokyo and adjacent prefectures, and entry into the trust business.

As a result of these activities, we largely achieved the profit targets and performance indicators set forth in the medium-term management plan, setting a new record for net income for the fourth consecutive year in fiscal 2006. Loans and bills discounted as well as deposits, investment trusts, and other deposit assets increased favorably, and in our judgment our success with the medium-term management plan enabled us to strengthen the revenue base for the purpose of realizing continuous growth in the coming years.

Targets and Results of the Medium-Term management Plan

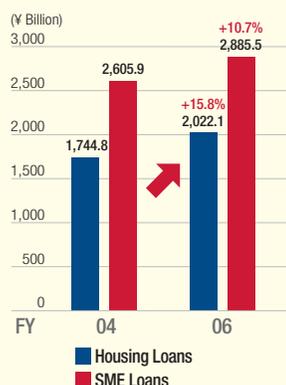
FY 2006	Consolidated Net Income	Real Net Business Income	Return on Assets (ROA)	Return on Equity (ROE)	Overhead Ratio (OHR)	Tier I Ratio
Target	¥44.0 billion	¥81.0 billion	Over 0.4%	Over 8.5%	Below 50%	Over 8%
Results	¥52.5 billion	¥77.2 billion (Core ¥83.2 billion)	0.51%	8.81%	48.82%	9.29%

Results of Major Items (Non Consolidated)

Core Net Business Income



Loans to SMEs and Housing Loans



Sales of Investment Trusts



Medium-Term Business Strategy

In April 2007 the Bank launched “Going Forward with the Region — 100 Weeks of Trust and Growth,” a two-year medium-term management plan covering the period from April 2007 to March 2009. In this plan we have set forth a future vision for the Chiba Bank Group of achieving sustained growth together with the region and our customers. We believe that to achieve this vision it is necessary to further strengthen the business base. We have made it our management goal to “Establish an ‘integrated regional financial services group’ that is highly approved of” and have identified as the principal management issues strengthening of the corporate management system, expansion of the business base, and contribution to the development of the regional society.

For the Chiba Bank Group to prevail amid fierce competition and achieve sustained growth, it is necessary to redouble our efforts to place importance on the customer’s point of view, meet customer needs, and provide a wide assortment of financial products and services. To that end, we intend to realize a one-stop financial service by vigorously responding to financial services deregulation, such as the complete deregulation of the sale of insurance products through banks.

To win the highest levels of trust and support from our customers, we will develop and implement an advanced internal management system that complies with the Financial Instruments and Exchange Law and other relevant laws and regulations. In particular, we will concentrate every effort on making compliance the basis of all business operations and developing and strengthening a compliance structure and strive to ensure that all managers and employees maintain high awareness of compliance at all times.

The economic zone of Chiba Prefecture is becoming closely interconnected with those of Tokyo and adjacent prefectures, and the provision of financial services only within the confines of Chiba Prefecture is no longer sufficient for meeting customer needs. In the new medium-term management plan we have positioned the districts of Eastern Tokyo adjacent to Chiba Prefecture as a second business area, and by actively operating branches and otherwise providing services in this area we will expand the operating base and put in place a structure to provide satisfaction to a greater number of customers.

Although we have once again set forth challenging financial targets and objectives in the new medium-term management plan, I am confident that the implementation of measures in accordance with the plan and achievement of the plan objectives will elevate the Bank to a new stage of development.

Tadashi Takeyama, *President*



The New Medium-Term Management Plan

Going forward with the Region: 100 weeks of trust and growth

100 weeks (from April 2007 to March 2009): As with the previous medium-term management plan, we will aim to achieve the targets within a “two-year term” and on a “weekly basis”, since the financial environment is subject to drastic changes.

Management goal

‘Establish an “integrated regional financial services group” that is highly approved of’.

Management issues I

Strengthen the corporate management system

Strengthen the compliance system and structure a slim yet robust management system.

- Compliance: Further strengthen the compliance system.
- Corporate management: Strengthen the risk management and corporate governance systems.
- Operations: Introduce advanced operational systems and reduce expenses.
- Human resources: Build a fulfilling and aspirational work place.
- Capital management: Enhance capital efficiency.

Management issues II

Expand the business base

Expand operating areas, customer bases and products, and improve the quality of services.

- Personal business: Offer products and services highly supported by customers and develop delivery channels, paying full attention to the point of view of customers.
- Corporate business: Offer financial services valued by the customer, and expand the customer base through the provision of stable funding.
- Treasury business: Reinforce profitability in treasury business.

Management issues III

Contribute to the development of the regional society

Going forward with the development of the regional society.

- Contribution to the Region: Enhance the relationship with the region, providing financing measures such as CLO and PFI transactions.
- Customer satisfaction: Improve customer satisfaction levels.

Numerical targets in FY2008

- Non consolidated net business income (before transfer to general reserve for possible loan losses): **¥95 billion**
- Non consolidated net income: **¥55 billion**
- Consolidated net income: **¥58 billion**
- Consolidated ROE: **Over 9%**
- Non consolidated OHR: **Below 50%**
- Consolidated BIS ratio: **Over 11%**



The Bank offers an extensive selection of housing loans, investment trusts, personal annuities, and other products to meet the needs of customers in Chiba Prefecture, an area experiencing continuous population growth.

Enhancement of Consultative Selling

To satisfy customers' diversifying needs, the Bank is developing specialty retail banking outlets to complement our conventional branches. Chibagin Consulting Plaza Chiba and Chibagin Consulting Plaza Kashiwa are multifunctional retail banking outlets that realize one-stop service for customers by offering various consulting services related to financing and credit. The consulting plazas are open on weekday evenings, weekends, and public holidays in addition to regular banking hours to provide services at times convenient to busy customers. They provide proposals on money plans and retirement plans prepared by specialists as well as advice on housing loans and other types of loans and wide-ranging services including foreign exchange. From time to time the plazas hold asset management seminars for retail banking customers.



Investment Products

The Bank provides wide-ranging investment products to enable customers to select products suited to their individual investment purposes.

The balance of investment trusts as of March 31, 2007 was ¥576.1 billion, the highest among regional banks in Japan. With regard to the marketing of investment trusts, we provide appropriate asset management advice tailored to the requirements of individual customers after fully ascertaining factors such as customer lifestage, investment purpose, and investment experience.

The Bank offers insurance products from life insurance companies and non-life insurance companies. As a life insurance sales agency, we have prepared twelve personal annuity products and three single-premium whole life insurance products. In its capacity as a non-life insurance agency, the Bank has prepared one annuity savings-type accident insurance product. During four and a half years since beginning sales of insurance products, the Bank has sold approximately 61,000 policies and cumulative insurance premiums are about ¥370 billion.



In securities operations, the Bank sells on a commission basis from Group company Chuo Securities Co., Ltd. foreign bonds and foreign funds handled by securities companies.

Loan Products

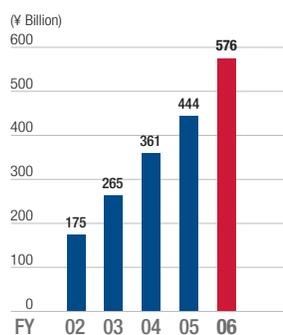
The Bank is working to enhance its range of retail loan products to satisfy customer needs. The user-selectable Best Choice 21 housing loan makes it possible to borrow up to 300% of assessed collateral value and to borrow money for interior work and expenses attendant on housing acquisition. Customers can select either variable-interest or fixed-interest loan types and choose from three loan options: the New Construction/First-Time Purchase Course, the Refinancing Course, or the Home Moving Course. Since July 2006 the Bank has offered a housing loan that provides security against three major illnesses. With this loan, in addition to conventional death and serious disability benefits, an amount equivalent to the balance of the residential loan is immediately paid and applied to repayment of the loan in the event the borrower is diagnosed with cancer, acute myocardial infarction, or stroke during the term of insurance and provided certain benefits payment conditions are satisfied.

The Chibagin Super Card, which incorporates an IC chip, offers convenience and safety by combining credit card and loan card functions in a single smart cash card. Cardholders enjoy benefits such as the waiving of ATM charges and credit card membership fees and special card loan interest rates, depending on customer transaction status.

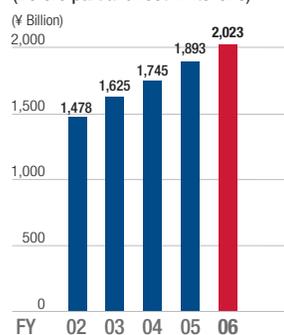
Trust Business and Inheritance-Related Business

In June 2006 the Bank entered the trust business and inheritance-related business and began offering land trusts and testamentary trusts at its headquarters, becoming the first regional bank in Japan to enter the inheritance-related business. Entry into these businesses has enabled us to put in place a structure to support the smooth inheritance of financial assets, a matter of great interest to customers who have real estate, shares in privately held corporations, and other assets. In fiscal 2006 the Bank engaged in 3 trust business projects (2 land trusts and 1 public trust) and 53 inheritance-related business projects (12 testamentary trusts, 31 will preparation support service projects, and 10 inheritance disposition projects).

Balance of Investment Trusts



Balance of Housing Loans Outstanding
(Before partial direct write-offs)





Chiba Bank and its Group companies satisfy the financial needs of local companies by offering a wide range of financing methods encompassing everything from support for the establishment of venture businesses to public offerings.

Meeting New Financial Needs

Chiba Bank considers the stable provision of high-quality funds a means of vitalizing the regional economy and has prepared a variety of financial products to meet the financial needs of local businesses.

To ensure the smooth provision of funds for the regional economy, the Bank actively seeks to satisfy new financing needs through a number of means: syndicated loans, by which a manager bank solicits the participation of other financial institutions and forms a syndicate to provide a loan to a single borrower; the securitization of trade receivables, medical fee receivables, and other assets; underwriting and fiscal agency services for private placement bonds issued by companies; and the arrangement of private financial initiatives (PFI) for the provision of public services utilizing private-sector funds and management expertise.

Involvement with CLOs

Following its success with similar arrangements in 2004 and 2005, in August 2006 the Bank served as an arranger for the Third Chiba Prefecture CLOs (collateralized loan obligations), providing loans of about ¥12.1 billion. CLOs are a new type of loan for small and medium-sized enterprises involving the use of securitized assets. In the Chiba Prefecture CLOs, Chiba Prefecture, Chiba City, the Chiba Prefecture Guarantee Corporation, and regional financial institutions cooperate to provide local small and medium-sized enterprises unsecured loans with no third-party guarantor requirement that are guaranteed by the Chiba Prefecture Guarantee Corporation. The financial institutions securitize the loan obligations and sell them to individual and institutional investors. In the case of the Third Chiba Prefecture CLOs, ¥3.2 billion of the securitized loan obligations were sold as investment trusts, which were purchased by 630 customers.



Involvement with Venture Businesses

In 1998 the Bank established the Himawari Venture Development Fund with the aim of contributing to the development and vitalization of the economy of Chiba Prefecture through the support and fostering of venture businesses. We support the wide-ranging needs of venture businesses during the crucial period from company establishment to the research and development stage by providing grants and subsidies, offering consultation, and holding seminars and lectures. Through the end of fiscal 2006, the Bank has provided grants totaling ¥279 million to 93 venture businesses.

The Bank provides the Chibagin Venture Business Loan to venture businesses whose technological capabilities, creativity, and growth potential have been evaluated by an external technology assessment organization and whose business plans are judged to be achievable. Two investment limited partnerships managed and operated by subsidiary Chibagin Capital invest in venture businesses seeking to make initial public offerings.

Since 2003 the Bank has supported the Nanohana Competition sponsored by Chiba University, awarding the Chibagin Himawari Award to award winners. The Bank is strengthening cooperation with Chiba University in fields including support for venture businesses in the form of technical advice, joint research and entry into new business sectors and the exchange of information that benefits small and medium-sized enterprises. With the aim of contributing to the development of the regional economy, we have entered into a Memorandum of Agreement Concerning Cooperation with Chiba University and are actively promoting collaboration between industry and academia.

Involvement with Defined Contribution Pension Plans

Defined contribution pension plans are pension plans by which company employees freely select investment products and invest and manage their own pension assets. The number of companies introducing these plans is on the rise, and as a provider offering operational, administrative and other related integrated services, the Bank has put in place a structure for satisfying the divergent needs of individual companies by designing “order-made” plans. Our services range from the preparation of plan regulations to the provision of investment instruction for employees. In February 2007 the Bank began offering a plan in cooperation with Nippon Life Insurance Company and NIPPONKOA Insurance Co., Ltd., putting in place a structure to satisfy the varied pension needs of our customers.

Involvement with Business Matching

The Bank periodically holds Chibagin Business Forums on various business topics to provide a venue for contacts and exchanges between exhibiting companies that desire to provide technologies and services related to the forum topics and companies that seek to increase their sales or expand their customer bases by introducing new technologies or installing infrastructure. In July 2006 we held the Fourth Chibagin Business Forum on the topic Food in a joint effort with the Chiba Prefecture.

In other activities in fiscal 2006, in a joint effort by four regional banks we held the China Business Matching Forum in Shanghai, China in November. We also held Food Selection 2006 at the Tokyo International Forum in November jointly with four other regional banks. We also held a forum to promote ties between the JEF United Ichihara Chiba, Chiba Prefecture's J-League professional soccer team, and local businesses. From time to time we hold forums to bring together supermarkets, department stores, and other retailers and local producers, popular events that lead to business contracts for many of the Bank's customers.

Network Expansion and New Services



The Bank actively pursues new initiatives to increase customer satisfaction to accomplish the objective to ‘Establish of an “integrated regional financial services group” that is highly approved of’.

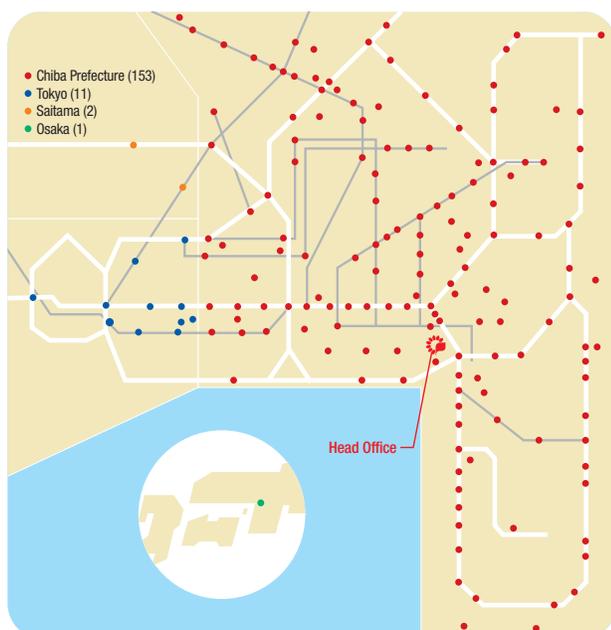
Establishment of New Branches

In fiscal 2006 the Bank established new branches and offices to increase customer convenience. In Chiba Prefecture, in June 2006 we opened the Narita Airport Office III, a foreign exchange office that is our fourth staffed facility in Narita International Airport, and in July we opened the Kashiwanoha Campus Branch. We opened the Nagareyama Otakanomori Branch in February 2007 and relocated it in the vicinity of the Tsukuba Express Nagareyama Otakanomori Station in May. We opened Chibagin Consulting Plaza Kashiwa, our second consulting plaza, in March.

In Tokyo and Saitama Prefecture, in June 2006 we opened the Kitasenju Corporate Banking Office and the Toyo-cho Corporate Banking Office, in September we opened the Kasai Branch, and in October we opened the Koshigaya Corporate Banking Office. We will continue to open new branches and offices in areas of Chiba Prefecture, Tokyo, and adjacent prefectures where economic growth is expected to make our financial products and services available to a greater number of customers.

Chibagin Leaf Point Club

In October 2006 the Bank initiated Chibagin Leaf Point Club, a service by which each month customers accumulate “Leaf Points,” cumulative loyalty points that can be exchanged for loyalty points of partner companies or products. We plan to enhance services for retail banking customers by providing new services through Chibagin Leaf Point Club to complement the preferential services with respect to bank charges and loan interest provided through the Himawari Sengen program.





Introduction of Retirement Benefits Investment Plans

To meet the investment needs of customers beginning post-retirement life, in October 2006 the Bank began offering retirement benefits investment plans targeting the retirement benefits of baby boomers. Customers choose from two plan types for depositing their retirement benefits in fixed-term deposits at special interest rates: a time deposit plan primarily involving fixed-term deposits and a balanced plan that combines time deposits with stock investment trusts or foreign currency deposits. The Bank will continue to create various opportunities to assist customers in leading fulfilling post-retirement lives.

Establishment of the Himawari Club

In April 2007 the Bank established the Himawari Club, a membership service for baby boomers and other individuals age 58 and above who choose to have their pensions remitted to the Bank and satisfy certain other conditions. No application procedure is necessary, and club members will receive a number of benefits. The Bank will issue the Himawari Club members' magazine twice a year (in June and December), conduct members-only campaigns, offer preferential interest rates, and provide services that extend beyond banking services by partnering with companies in various industries to enrich members' post-retirement lifestyles through travel, health, and hobbies. In July 2007, the Bank began offering time deposits at special interest rates to members of JR East's Otona-no-Kyujitsu Club, a members organization for seniors.

Introduction of the World Bank Bond Fund (Monthly Dividend Payment Type)

To meet the diversifying investment needs of customers, in June 2007 the Bank began offering the World Bank Bond Fund (Monthly Dividend Payment Type) (commonly called "World Supporter"), a fund managed by Nikko Asset Management Co., Ltd. The fund, the world's first investment trust developed in collaboration with the World Bank, is a socially responsible investment (SRI) fund that aims to secure stable investment profit while simultaneously providing fund procurement support for the World Bank's mission to support developing countries in raising living standards for the poor and developing social infrastructure.

In view of the fund concept of supporting the future of developing countries, the Bank donates a portion of its sales commissions to public welfare organizations in Chiba Prefecture whose undertakings are consistent with the Bank's concept for regional contribution activities: "Cherishing People, Water and Greenery." A portion of the fund's trust fees is donated to United Nations-affiliated organizations involved in providing healthcare and child welfare support to developing countries.

Off-Branch and Affiliate ATMs (As of March 31, 2007)

	Chiba Bank	E-net	Seven-Bank
Total	258	7,163	11,850
Within Chiba Prefecture	255	508	758

Social Contribution and Environmental Activities



As a regional bank whose principal area of operations is Chiba Prefecture, Chiba Bank engages in a variety of activities that contribute to the development of the regional economy. We are particularly active in community contribution activities, which we consider an important aspect of corporate social responsibility.

Cherishing People

Establishment of Chibagin Heartful Co., Ltd.

In December 2006 the Bank established Chibagin Heartful Co., Ltd. to further promote the employment of people with disabilities. Since 1998 the Bank's employment of people with disabilities has exceeded the legally prescribed employment quota, and the establishment of the new company will boost employment of people with disabilities. The new company began operation in April 2007 and in May was recognized as a special subsidiary in accordance with the Disabled People Employment Promotion Act.



Course Sponsorship at Chiba University

To develop the future leaders of society and contribute to the creation of a prosperous regional community, from April to July 2007 Chiba Bank, jointly with Nomura Securities Co., Ltd., sponsored a course at Chiba University for the purpose of imparting practical knowledge about money and the economy. About 400 students took the course, which involved lectures on the role of banks and securities companies, mergers and acquisitions, the nurturing of venture companies, and other wide-ranging financial topics.

Cherishing Water

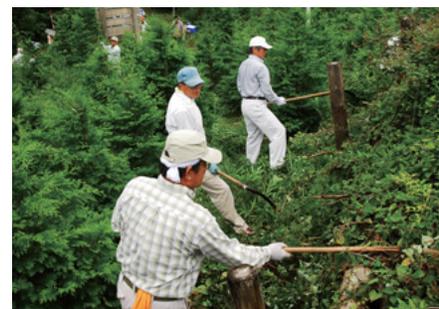
Water Quality Conservation Activities

The Bank participates in the Inbanuma Partnership Program, an initiative by Chiba Prefecture to regenerate the Lake Inbanuma area. Bank employees and other volunteers engage in continuing environmental beautification activities in the vicinity of Sakura Furusato Square, which adjoins Inbanuma. In

March 2007 the Bank donated ¥10 million to The Environmental Fund for Inbanuma, which has long engaged in water purification activities at Lake Inbanuma and plays an important role in the Inbanuma Partnership Program. This donation will be used principally for grants to organizations engaged in environmental preservation activities in the Lake Inbanuma area.

Cherishing Greenery **Greening Activities**

Employees and former employees of the Bank engage in volunteer activities to nurture the regional community's precious greenery. In August and September 2006 volunteers cleared weeds under Japanese cypress trees planted in the "Chibagin Forest" in Kinadayama, Futsu City. Employees also engage in local environmental beautification and nature preservation through cleanup activities at various locations in Chiba Prefecture.



Cherishing Culture and the Arts **Chibagin Himawari Concerts and the Chibagin Art Gallery**

As part of its activities in support of culture and the arts, in 1989 Chiba Bank initiated the Chibagin Himawari Concerts, a highly popular program in which a wide variety of artists perform at concerts held in various locations in Chiba Prefecture. The 35th series of concerts was held in April 2007.

The Chibagin Art Gallery was established in 1990 on the second floor of the Chiba Bank Building in Nihombashi, Tokyo as a permanent art gallery to contribute to the development of art and culture. The gallery features exhibitions of excellent works in a variety of genres, including Japanese painting, Western painting, sculpture, and craftwork. It is a popular venue for the exhibition of new works from artists who were born in or reside in Chiba Prefecture.



Compliance

Chiba Bank strives to ensure rigorous compliance with laws and regulations to fulfill the social responsibility and public mission required of a bank and win a high level of trust and support from customers.

Compliance Systems

Chiba Bank regards compliance as a high-priority management issue. The Bank considers it important to scrupulously observe laws, regulations, and rules concerning banking transactions, internal regulations, and laws and rules governing the Bank's position in society, and to engage in honest, fair business activities that conform to social norms. Accordingly, we place importance on and rigorously implement compliance throughout the organization.

Specifically, we periodically convene meetings of the Compliance Committee, which is chaired by the president and consists of directors, executive officers, and divisional general managers. At these meetings the committee discusses concrete action plans and measures to ensure rigorous compliance.

In June 2007 the Bank newly established the Risk Management and Compliance Coordination Division to further reinforce overall compliance control. Within the division, the Compliance Coordination Department (transferred from the General Administration Division) and the Compliance Supervisory Department (newly established) will collaborate and continue to engage in control of compliance regulations and manuals, the formulation of the training program and confirmation of its implementation, and the conduct of periodic checks of compliance implementation. The groups will also enhance compliance checks and guidance at banking offices through monitoring and on-site guidance.

Ensuring Implementation of Basic Policy

In its Compliance Regulations, the Bank has established the Chiba Bank Code of Ethics, which provide clear conduct guidelines for employees. We distribute to all employees the Bank's Compliance Manual, a concrete guide to compliance matters, and ensure that its provisions are followed.

Compliance Program

Each year the Board of Directors establishes the Compliance Program, a concrete action plan to enhance compliance systems through measures such as employee training and guidance and compliance checks. The Board of Directors and the Compliance Committee periodically confirm the status of program implementation.

Customer Protection and Personal Information Protection

The Bank makes use of collective training, workplace training and other opportunities to instill service discipline and proper attitudes for bank employees. It provides guidance and education to ensure that all employees obey the Bank's rules and engage in honest and fair business activities. We are especially rigorous in ensuring appropriate solicitation in line with the Chiba Bank Solicitation Policy in the marketing of investment trusts, personal annuities and other financial products that are complex and entail risk of loss of principal.

The Bank regards customer information as a valuable asset entrusted to us by our customers and rigorously manages customer information in accordance with the Policy for Appropriate Protection and Use of Personal Information (Personal Information Protection Declaration).

Corporate Governance

The Chiba Bank Group has put in place the system described below to strengthen and enhance corporate governance.

Board of Directors

The Board of Directors consists of ten directors. It makes decisions on management policies and other important matters and supervises the execution of business by the directors and executive officers.

Corporate Auditors

Chiba Bank has adopted a corporate auditor system. Five corporate auditors, including three highly independent outside corporate auditors (two of whom are standing corporate auditors), attend meetings of the Board of Directors and other important meetings and monitor the execution of business by the directors.

Executive Officer System

The Bank has introduced an executive officer system to separate management supervision and business execution and to clarify authority and responsibility. Under this system, executive officers appointed by the Board of Directors are responsible for the execution of business.

Internal Auditing

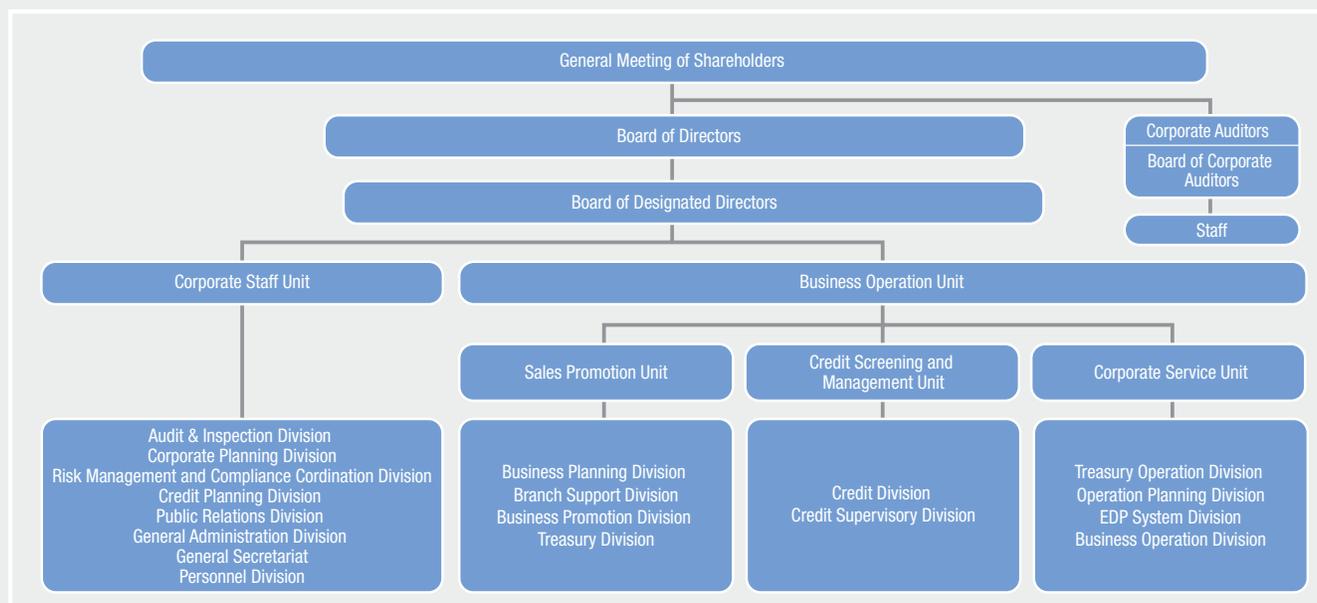
The Audit & Inspection Division, which is independent of the units subject to auditing, conducts internal audits of headquarters, branches, and subsidiaries in accordance with the Internal Audit Plan decided each year by the Board of Directors. Audit results and any observations are reported quarterly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

Group Management Systems

The Bank maintains a system under which subsidiaries decide their own regulations in line with the Bank's Compliance Regulations and various risk management regulations and the Bank's administrative departments control subsidiary compliance and risk management. The Bank's internal audit units conduct internal audits of subsidiaries to ensure the appropriateness of business operations throughout the Chiba Bank Group.

The Bank has a basic policy of rigorously practicing transparent management to ensure proactive, fair disclosure of business information and strives for timely, appropriate information disclosure to stakeholders by utilizing business results briefings, general meetings of shareholders, and a disclosure newsletter.

Corporate Governance System (As of July 1, 2007)



Asset Quality

Regional corporate banking departments established at key branches and offices in Chiba Prefecture and corporate strategy support specialists work together with customers to prepare rehabilitation plans at locations in close proximity to the customers.

Asset Quality Assurance

Chiba Bank constantly strives to maintain and increase the soundness of its assets by disposing of non-performing assets in an appropriate manner, preventing the occurrence of new non-performing loans, and providing support to help customers improve their financial position. The term “non-performing assets” refers to the portion of loans and other claims owned by a financial institution about which there is concern regarding the recovery of principal or interest due to reasons such as borrower bankruptcy or poor business performance.

Interest income from loans is the core source of a bank’s earnings, and difficulty in recovering loans can result in a significant impact on a bank’s financial position. For this reason, Chiba Bank is developing and enhancing its credit screening and credit risk management systems.

During the two-year period from April 2005 to March 2007, the Bank aimed to lower the ratio of non-performing loans to total loans to about 3.5% and upgrade the debtor classification of 20% of debtors classified as customers provided with management

improvement support. As of March 31, 2007, the ratio of non-performing loans declined to 3.0%, and the classifications of 119 of 520 customers provided with this support were upgraded.

Self-Assessment and Debtor Classification

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

Disposal of Non-performing Loans

The Bank has taken appropriate measures to dispose of non-performing loans by implementing write-offs and providing reserves each term-end on the basis of the results of rigorous self-assessment of assets. With respect to major debtors, the Bank calculates the reserve for possible loan losses using the discounted cash flow method for Claims of Substandard Debtors and Claims of Potentially Bankrupt Debtors.

Debtor Classification

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

Risk-monitored Loans

(¥ Billion)

	Non-consolidated		Consolidated	
	As of March 31, 2006	As of March 31, 2007	As of March 31, 2006	As of March 31, 2007
Loans to Bankrupt Borrowers	3.3	3.0	3.5	3.1
Delinquent Loans	112.1	100.4	114.4	102.8
Loans Past Due 3 Months or More	6.0	9.0	6.0	9.0
Restructured Loans	104.5	89.0	104.6	89.1
Total	226.1	201.6	228.7	204.1

With regard to the reserve for possible loan losses, the Bank provides for the full amount of Claims of Bankrupt Debtors and Claims of Effectively Bankrupt Debtors not covered by collateral and, as a rule, provides for the amount of expected loss from Claims of Potentially Bankrupt Debtors based on the historical loan-loss ratio. The Bank has achieved a high 71.8% coverage ratio for disclosed claims under the Financial Reconstruction Law, which is calculated by adding the reserve to collateral and guarantees. As a result, the probability of occurrence of future loss is low.

Disclosure of Non-performing Assets

Under banking regulations, disclosure of non-performing assets includes reporting of 1) risk-monitored loans as defined in the Banking Law (hereinafter "Risk-monitored Loans") and 2) disclosed claims under the Financial Reconstruction Law. The Bank discloses both on the basis of self-assessment debtor classifications.

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

Risk-Monitored Loans

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

Disclosed Claims Under the Financial Reconstruction Law

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

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

(¥ Billion)

	As of March 31, 2006	As of March 31, 2007
Bankrupt and Substantially Bankrupt Claims	25.3	27.0
Doubtful Claims	90.3	77.1
Substandard Claims	110.6	98.1
Total	226.4	202.3
Total Claims Outstanding	6,286.9	6,554.8
Coverage Ratio (%)	71.3	71.8

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

Comparison of Classifications under Self-assessment, Financial Reconstruction Law and Risk-monitored Loans (Non-consolidated) (As of March 31, 2007) (¥ Billion)

Assets under Self-Assessment		Disclosed Claims under the Financial Reconstruction Law		Risk-Monitored Loans under the Banking Law	
Bankrupt Assets	3.1	Bankrupt and Substantially Bankrupt Claims	27.0	Loans to Bankrupt Borrowers	3.0
Effectively Bankrupt Assets	23.8	Doubtful Claims	77.1	Delinquent Loans	100.4
Potentially Bankrupt Assets	77.1	Substandard Claims	98.1	Loans Past Due 3 Months or More	9.0
Assets Requiring Caution	990.5	Normal Claims	6,352.4	Restructured Loans	89.0
Substandard Assets	116.6				
Other Assets Requiring Caution	873.8				
Normal Assets	5,460.1	Total Claims	6,554.8	Loans Outstanding	6,407.5
Total Assets	6,554.8				

Risk Management

Chiba Bank recognizes that accurately identifying and analyzing and appropriately managing and administering risk is extremely important and is reinforcing and enhancing its risk management system through measures including compliance with Basel II (new capital adequacy regulations), which was implemented in the year ended March 31, 2007.

Integrated Risk Management System

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

Accordingly, in addition to assigning divisions to manage overall risk in the Group for each form of risk, the Bank is constructing an integrated risk management system by which the Risk Management and Compliance Coordination Division centrally monitors these risks. The division engages in detailed management and deliberation of risks at meetings of the ALM Committee, Credit Risk Management Committee, and Operational Risk Management Committee and reports to the Board of Directors on risk-related

matters and is developing an integrated risk management system for considering and implementing risk countermeasures.

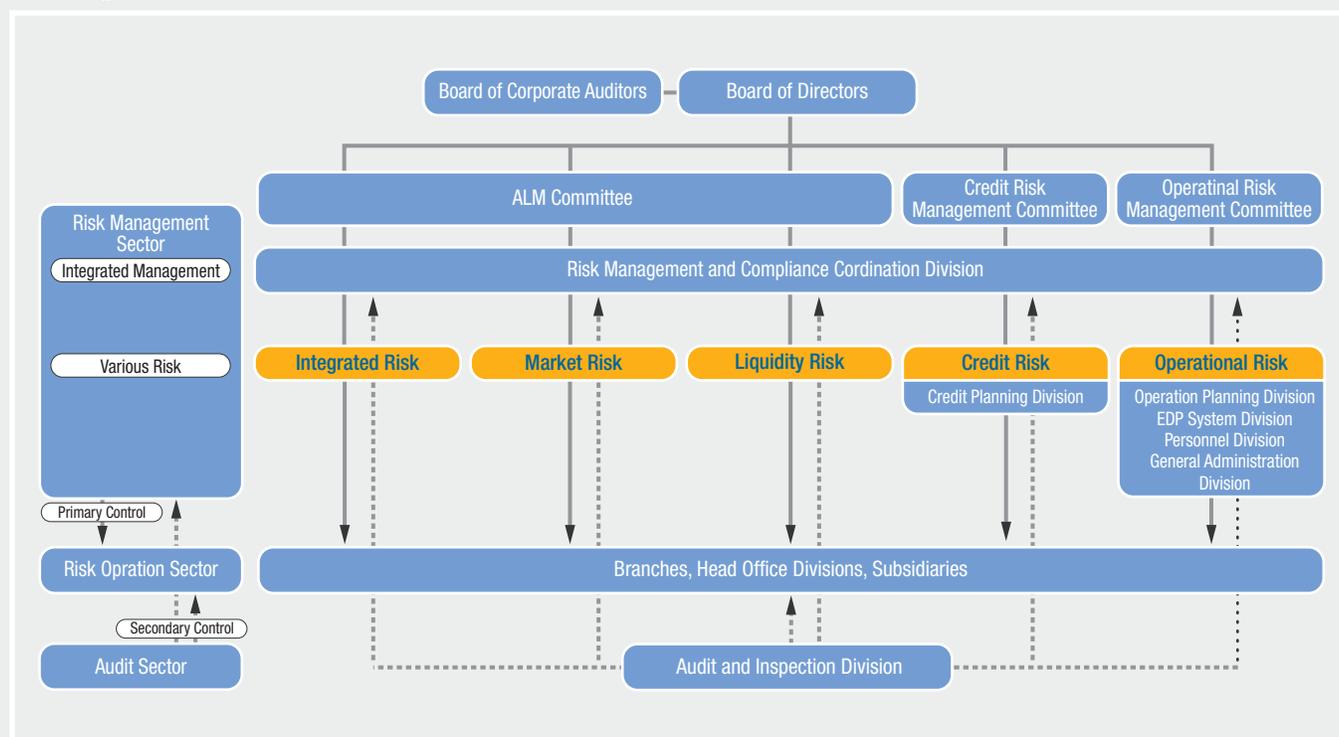
To ensure an effective risk management system, the Audit and Inspection Division periodically conducts audits to determine whether risk management is appropriately implemented and reports the audit results to the Board of Directors.

Integrated Risk Management

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

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

Risk Management System



amount of risk based on the scenarios.

The Bank has introduced a risk capital allocation system as a concrete framework for integrated risk management. A risk capital allocation system is a mechanism for engaging in business operations that duly recognize risk and return, such as profitability improvement at business units and the effective utilization of capital, on the basis of assuring management soundness by means of the preallocation of risk capital (the amount of acceptable risk) to sections such as the domestic banking sections and treasury sections within the scope of capital, an indicator of financial strength.

Credit Risk Management

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

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

The Bank has long ensured the independence of the sections involved in credit risk. Specifically, the Credit Screening and Management Unit manages credit risk for individual business transactions in the credit operating sections (banking offices and the Sales Promotion Unit). The Credit Planning Division, whose organization and operation are independent from the Credit Screening and Management Unit and the credit operating sections, is as a credit risk management unit that engages in unified management of overall credit risk. The Risk Management and Compliance Coordination Division is a unified risk management unit that engages in the integrated management of all forms of risk, including credit risk. The Audit and Inspection Division audits operations in the business units involved in credit risk management.

The Credit Risk Management Committee, which is chaired by the president, receives reports from the Credit Planning Division, considers credit risk management policy, monitors the operation of the internal credit rating system and the credit portfolio, and works to ensure the quality of loan assets.

Internal Credit Rating System

The Bank uses an internal credit rating system to classify borrowers into fifteen credit rating categories on the basis of financial data such as financial condition and cash flow. We strive to enhance the identification and examination of the financial circumstances at companies, the starting point of credit risk manage-

ment, by means of periodic reviews once a year and ad-hoc reviews in accordance with borrower circumstances. The internal credit rating system is the core of credit risk management and is extensively used in actual management, such as in loan rate pricing and approval authorization.

Individual Asset Credit Management

The banking office or branch and the Credit and Supervisory Department of the Credit Division takes the lead with regard to the screening of individual assets, engaging in rigorous screening in accordance with screening criteria on the basis of the basic principals of credit (safety, profitability, liquidity, growth potential, and public good). The Turnaround Support Department of the Credit Division provides support for the financial soundness of Debtors Requiring Caution and other borrowers, and the Credit Supervisory Division engages in resolution and collection activities with regard to Bankrupt Debtors and other borrowers. The Bank strives to accumulate excellent loan assets through this practice of advance screening and management after the fact.

Credit Portfolio Management

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

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

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

Self-Assessment of Assets

Self-assessment of assets is the practice whereby financial institutions individually study and analyze their own assets and classify them on the basis of asset value impairment and the risk of default. Self-assessment of assets is obligatory for financial institutions under the system of prompt corrective action under the Banking

Law. The system of prompt corrective action is a system by which administrative measures are triggered in accordance with the state of the capital adequacy ratio of financial institutions. A prerequisite to the accurate calculation of capital is implementation of appropriate write-offs and provisions and the preparation of financial statements that to the extent possible objectively reflect the actual state of asset quality.

At Chiba Bank, branches and offices conduct self-assessment of assets on the basis of Asset Self-Assessment Regulations, the Credit Screening and Management Unit checks self-assessment details, and the Credit Assessment Department of the Audit and Inspection Division conducts an audit of the accuracy of the self-assessment results and process. According to the results of these assessments, the Credit Planning Division calculates the level of provisions, and the Credit Supervisory Division conducts write-offs. Finally, the Credit Assessment Department of Audit and Inspection Division conducts an audit. Through this process, the Bank rigorously maintains the soundness of its assets.

Market Risk Management

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

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

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

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

The dividing market operations among the front office (the Treasury Division and overseas branch offices), back office

(Treasury Operation Division), and middle office (Risk Management and Compliance Coordination Division) results in a reciprocal and mutually reinforcing management structure.

Liquidity Risk Management

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

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

The Bank manages market liquidity risk by setting limits on daily positions taken in market trading.

As the unit that manages risk, the Risk Management and Compliance Coordination Division strives to avoid increases in liquidity risk by identifying and assessing various factors that affect liquidity risk and monitoring the observance of limits. The ALM Committee meets to discuss and decide matters related to liquidity risk, as it does with market risk.

The Bank also maintains a crisis management plan that provides for a rapid, network-wide response in the event of the occurrence of unforeseen circumstances that could affect the Bank’s cash flow.

Operational Risk Management

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

In its risk management structure, the Bank decides the corporate divisions having jurisdiction over the various forms of opera-

tional risk (the Operation Planning Division for clerical risk, the EDP System Division for system risk, the Personnel Division for human risk, and the General Administration Division for tangible asset risk), and the divisions collaborate in risk management under the overall management of the Risk Management and Compliance Coordination Division, the division responsible for central oversight of risk. The Risk Management and Compliance Coordination Division directly manages reputational risk and jointly manages legal risk and compliance-related risk included in the various risk categories with the corporate divisions that have jurisdiction.

The Bank has established the Operational Risk Management Committee, which is chaired by the president. On the basis of direct involvement in management, the committee receives reports concerning the state of operational risk losses and develops a management structure for improving and correcting problem areas by means of a PDCA cycle involving the preparation of a risk management plan, development of management regulations, and evaluation and improvement. To ensure the effectiveness of management by means of this PDCA cycle, the Bank has introduced Control Self-Assessment (CSA), by which it formulates and implements measures to identify, assess, monitor, and manage the details of risk, as well as to reduce risk. Management by means of CSA entails not only responding to operational risk loss events that have occurred at the Bank, but also the prevention of risk eventuation by means of evaluation of the adequacy of the Bank's management system in light of scenarios prepared based on loss events that have occurred at other Banks or in other industries and the devising of countermeasures as necessary.

Clerical Risk Management

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

The Bank considers accurate clerical work to be essential to obtaining the trust of customers, and the Operation Planning Division plays a central role in the performance of exact clerical work in accordance with basic procedures and in the effort to prevent clerical accidents. Specifically, the division prepares clerical standards that indicate detailed clerical procedures for each operation, ensures the correct handling of cash, promissory notes, passbooks, and other important items, provides guidance on clerical management systems at branches, offices, and headquarters, and conducts training to raise the level of clerical work. The branches and offices periodically conduct self-assessments and strive to ensure clerical accuracy and raise the level of clerical work.

With regard to the auditing system, the Audit and Inspection Division visits all branches, offices, and headquarters sections and conducts rigorous audits of all clerical work in accordance with auditing standards. The division promptly notifies the branches,

offices, and sections of the audit results, periodically reports to the Board of Directors, and implements a framework for reflecting audit results in clerical improvements.

System Risk Management

System risk is the risk of incurring a loss attendant on the leakage or falsification of information owned by the Bank or the unauthorized use, failure, or incorrect operation of computer systems.

The Bank possesses customer transaction data and various other types of information and has developed systems to process that information. To ensure the provision of various services to customers, the role of computer systems in banking operations is increasing year by year, and the eventuation of a system risk would result in great inconvenience to customers. For this reason, we regard system risk management as increasingly important.

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

Basel II Compliance

Implementation of Basel II (new capital adequacy regulations) began in March 2007. The new regulations consist of "three pillars": Pillar 1 is a minimum capital adequacy ratio based on exhaustive risk measurement, Pillar 2 is the development of capital strategies by banks and verification by regulatory authorities, and Pillar 3 is assurance of market discipline through disclosure enhancement. Under the new regulations, each bank selects a method of calculating minimum required capital according to its risk circumstances and risk management method.

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

Financial Section

Five-Year Summary (Consolidated)

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

Millions of Yen

	2007	2006	2005	2004	2003
For the Year:					
Total Income	¥ 270,310	¥ 240,014	¥ 218,379	¥ 208,885	¥ 203,946
Total Expenses	181,386	153,807	151,409	160,719	187,744
Income Before Income Taxes and Minority Interests	88,923	86,206	66,970	48,165	16,202
Net Income	52,538	48,927	36,395	27,584	8,770
At Year-End:					
Total Assets	¥9,736,917	¥9,802,061	¥8,707,929	¥8,231,727	¥8,021,618
Loans and Bills Discounted	6,377,598	6,139,665	5,844,581	5,645,137	5,601,309
Securities	2,416,149	2,635,218	1,710,389	1,457,660	1,343,972
Deposits	8,479,222	8,118,802	7,677,170	7,346,684	7,232,986
Net Assets	598,822	—	—	—	—
Total Stockholders' Equity	—	531,954	418,138	388,247	325,738
Capital Ratio (BIS guidelines)	11.63%	11.19%	11.16%	11.06%	10.42%
PER (Times)	17.65	18.37	16.06	17.74	32.81
PBR (Times)	1.58	1.75	1.39	1.25	0.88

Yen

Per Share:

Net Income	¥ 58.89	¥ 56.96	¥ 43.19	¥ 32.74	¥ 10.42
Net Assets	655.89	—	—	—	—
Stockholders' Equity	—	596.84	496.87	461.54	387.29

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

Management's Discussion and Analysis (Consolidated)

Operating Environment

In the fiscal year under review, the Japanese economy saw a continuation of gradual economic expansion. Capital expenditure continued to rise amid an increase in exports and high corporate profits. Personal consumption developed solidly against a backdrop of a gradual increase in employee compensation. Although housing investment grew steadily, public investment continued on a downward trend.

With regard to the financial situation, on the short-term money market the unsecured overnight call rate, which moved at close to zero at the beginning of the term, moved at about 0.25% from July onward owing to the Bank of Japan's termination of the zero interest policy. The rate rose further to about 0.50% due to an additional interest rate hike by the Bank of Japan in February and moved at that level through the end of the term. The yield on long-term government bonds mostly moved in the 1.8% to 1.9% range during the first half of the term and in the 1.6% to 1.7% range during the second half owing to factors such as flat consumer prices. Although the Nikkei Stock Average fell to the ¥14,000 range during the first half, it moved at around the ¥17,000 range through the end of the term against a backdrop of favorable corporate business performance.

Business Operation

In this financial and economic environment, to achieve the value creation set forth in the "Towards Creating Value — 100 Weeks of Challenge and Innovation" medium-term management plan, we implemented various measures aimed at ensuring that our customers and shareholders experience maximum satisfaction and confidence and worked to boost sustained earning power.

In operations, during the term we continued to focus effort on new product development and service enhancements. To meet diversifying customer investment needs, we strove to enhance the selection of investment trusts and personal annuities. We actively responded to customers' borrowing needs by introducing new loan products, notably a housing loan that provides security against three major illnesses. We initiated Chibagin Leaf Point Club, a new service by which customers accumulate loyalty points that can be exchanged for loyalty points of partner companies or products. We entered the trust business at the Bank's headquarters and commenced inheritance-related businesses such as testamentary trust and inheritance disposition services. We entered into a bank agency business operating alliance with Seven Bank, Ltd. and worked to enhance the convenience of services for customers by augmenting nighttime and holiday consultation.

For corporate banking customers, to meet increasingly sophisticated funding needs the Bank served as an arranger for Chiba Prefecture CLOs. To support customers' environmental businesses, we began handling Chibagin Eco Private Offering Bonds, private placement bonds for eco-friendly companies. We have reinforced the business consulting function and are actively responding to sophisticated and diverse customer needs, including proposals for new financing methods, business succession, mergers and acquisitions, and overseas market entry support. We also reinforced the business matching function, holding a business-matching forum in Shanghai, China jointly with other regional banks and holding a Chibagin Business Forum on the topic Food at the Bank's headquarters.

Attendant on the implementation In March 2007 of Basel II (new capital adequacy regulations), the Bank obtained approval from the Financial Services Agency for the use of the

Deposits (Consolidated)

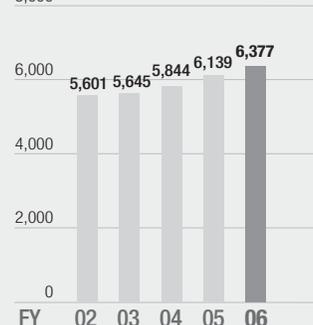
(¥ Billion)



Loans and Bills Discounted (Consolidated)

(Consolidated)

(¥ Billion)



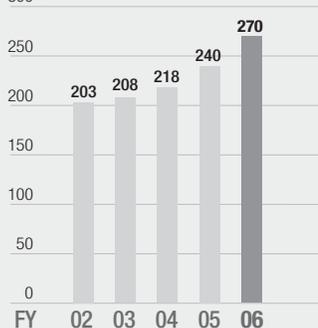
Total Assets (Consolidated)

(¥ Billion)



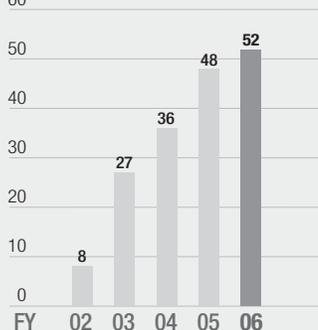
Total Income (Consolidated)

(¥ Billion)



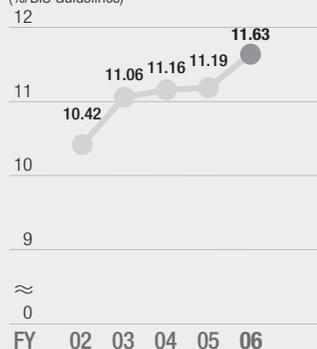
Net Income (Consolidated)

(¥ Billion)



Capital Ratio (Consolidated)

(%/BIS Guidelines)



Foundation Internal Ratings-Based (FIRB) Approach for credit risk and Standardized Approach for operational risk and began using these methods at the end of March 2007.

Financial Position

With regard to major balance sheet items, the term-end balance of deposits (including negotiable deposits), consisting principally of deposits from individual customers, increased by ¥360,420 million from the previous term to ¥8,479,222 million, reflecting the provision of a wide assortment of financial products and efforts to increase customer satisfaction.

The term-end balance of loans and bills discounted increased by ¥237,932 million to ¥6,377,598 million as a result of an active response to the needs of local businesses and individual customers. Trading assets decreased by ¥85,531 million year on year to ¥283,088 million, and securities decreased by ¥219,068 million to ¥2,416,149 million.

As a result, the term-end balance of total assets decreased by ¥65,143 million from the previous term to ¥9,736,917 million.

Income and Expenses

Total consolidated income increased by ¥30,296 million year on year to ¥270,310 million as a result of efforts to increase loans and income from fees and commissions. Of the total, interest income was ¥174,419 million, and income from fees and commissions was ¥45,612 million.

Across-the-board management streamlining notwithstanding, total consolidated expenses increased by ¥27,579 million year on year to ¥181,386 million attendant on an increase in interest on deposits, the opening of new branches and offices, and investments to ensure safety and security for customers.

As a result, consolidated income before income taxes and minority interests increased by ¥2,717 million year on year to ¥88,923 million, and net income increased by ¥3,610 million to ¥52,538 million. Net income per share was ¥58.89.

Segment Information

With regard to results by business segment, ordinary income from banking business increased by ¥30,777 million year on year to ¥237,313 million, and ordinary profit rose by ¥3,845 million to ¥78,895 million. Ordinary income from leasing business increased by ¥1,743 million year on year to ¥20,821 million, and ordinary profit increased by ¥22 million to ¥1,695 million. Ordinary income from other businesses decreased by ¥1,134 million to ¥5,744 million, and ordinary profit decreased by ¥967 million to ¥1,506 million.

Consolidated Cash Flows

Net cash used in operating activities was ¥242,515 million, a decrease of ¥912,791 in cash from the previous fiscal year, reflecting an increase in loans. Net cash provided by investing activities was ¥199,756 million, an increase of ¥1,078,164 million in cash from the previous year, due to factors including the proceeds from sales of securities and proceeds from maturity of securities. Net cash used in financing activities was ¥8,636 million, a decrease in cash of ¥3,380 million from the previous fiscal year, due to dividends and repayment of subordinated borrowings. Consequently, cash and cash equivalents at the end of the term decreased by ¥51,327 million year on year to ¥187,466 million.



Report of Independent Auditors

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, 2006 and 2007, and the related consolidated statements of income and cash flows for the years then ended, stockholders' equity for the year ended March 31, 2006 and changes in net assets for the year ended March 31, 2007, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2006 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 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.

Ernst & Young ShinNihon

June 28, 2007

Consolidated Balance Sheets

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2007 and 2006

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Assets			
Cash and Due from Banks (Note 12)	¥ 242,244	¥ 269,751	\$ 2,052,048
Call Loans and Bills Bought	59,924	129	507,620
Receivables under Securities Borrowing Transactions (Note 6)	19,403	19,944	164,364
Commercial Paper and Other Debt Purchased	63,026	63,574	533,893
Trading Assets (Notes 5, 12 and 32)	283,088	368,619	2,398,039
Money Held in Trust (Note 33)	30,497	32,359	258,344
Securities (Notes 7, 12 and 32)	2,416,149	2,635,218	20,467,173
Loans and Bills Discounted (Notes 8 and 12)	6,377,598	6,139,665	54,024,550
Foreign Exchanges (Note 9)	3,510	2,591	29,739
Other Assets (Notes 10 and 12)	56,760	116,832	480,815
Tangible Fixed Assets (Note 11)	136,630	—	1,157,396
Intangible Fixed Assets	9,759	—	82,674
Premises and Equipment (Note 11)	—	101,010	—
Deferred Tax Assets (Note 29)	19,516	20,313	165,322
Customers' Liabilities for Acceptances and Guarantees	82,168	108,773	696,048
Reserve for Possible Loan Losses	(63,360)	(76,722)	(536,723)
Total Assets	¥9,736,917	¥9,802,061	\$82,481,302
Liabilities			
Deposits (Notes 12 and 13)	¥8,479,222	¥8,118,802	\$71,827,380
Call Money and Bills Sold (Note 12)	35,458	250,091	300,369
Payables under Repurchase Agreements (Note 12)	36,960	139,493	313,092
Payables under Securities Lending Transactions (Note 12)	189,887	411,380	1,608,531
Trading Liabilities (Note 14)	16,604	21,029	140,659
Borrowed Money (Notes 12 and 15)	138,251	49,830	1,171,126
Foreign Exchanges (Note 16)	549	366	4,654
Subordinated Bonds (Note 17)	21,000	21,000	177,891
Other Liabilities (Note 18)	102,135	102,828	865,190
Reserve for Bonus for Directors and Corporate Auditors	60	—	509
Reserve for Employees' Retirement Benefits (Note 19)	19,472	20,647	164,949
Reserve for Point Loyalty Programs	545	—	4,618
Reserve under Special Laws	215	196	1,826
Deferred Tax Liabilities (Note 29)	262	250	2,225
Deferred Tax Liabilities on Land Revaluation (Note 20)	15,301	15,304	129,620
Acceptances and Guarantees	82,168	108,773	696,048
Total Liabilities	¥9,138,095	¥9,259,996	\$77,408,686
Net Assets			
Common Stock (Note 21)	¥ 145,069	—	\$ 1,228,879
Capital Surplus	123,399	—	1,045,316
Retained Earnings	247,412	—	2,095,824
Treasury Stock	(1,026)	—	(8,692)
Total Stockholders' Equity	514,854	—	4,361,326
Net Unrealized Gains on Other Securities (Note 34)	61,807	—	523,568
Net Deferred Gains on Hedging Instruments	1,900	—	16,102
Land Revaluation Excess (Note 20)	7,839	—	66,409
Foreign Currency Translation Adjustments	3	—	29
Total Valuation and Translation Adjustments	71,551	—	606,108
Minority Interests	12,416	—	105,182
Total Net Assets	¥ 598,822	—	\$ 5,072,616
Total Liabilities and Net Assets	¥9,736,917	—	\$82,481,302
Minority Interests			
Minority Interests	—	¥ 10,110	—
Stockholders' Equity			
Common Stock (Note 21)	—	¥ 145,069	—
Capital Surplus	—	122,223	—
Retained Earnings	—	201,594	—
Land Revaluation Excess (Note 20)	—	7,843	—
Net Unrealized Gains on Other Securities (Note 34)	—	57,266	—
Foreign Currency Translation Adjustments	—	6	—
Treasury Stock	—	(2,048)	—
Total Stockholders' Equity	—	¥ 531,954	—
Total Liabilities, Minority Interests and Stockholders' Equity	—	¥9,802,061	—

See notes to consolidated financial statements.

Consolidated Statements of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2007 and 2006

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Income			
Interest Income:			
Interest on Loans and Discounts	¥ 125,803	¥ 116,197	\$ 1,065,683
Interest and Dividends on Securities	47,005	33,081	398,186
Other Interest Income	1,609	1,232	13,635
Trust Fees	0	—	1
Fees and Commissions Income	45,612	44,090	386,385
Trading Income (Note 22)	2,878	2,577	24,381
Other Operating Income (Note 23)	6,225	5,416	52,734
Other Income (Note 24)	41,175	37,418	348,793
Total Income	¥ 270,310	¥ 240,014	\$ 2,289,799
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 20,866	¥ 9,000	\$ 176,757
Interest on Borrowings and Rediscounts	2,881	2,512	24,410
Other Interest Expenses	16,051	10,084	135,974
Fees and Commissions Expenses	12,958	12,130	109,771
Other Operating Expenses (Note 25)	7,323	2,733	62,035
General and Administrative Expenses	85,142	83,450	721,239
Other Expenses (Note 26)	36,163	33,895	306,340
Total Expenses	¥ 181,386	¥ 153,807	\$ 1,536,527
Income Before Income Taxes and Minority Interests	88,923	86,206	753,272
Income Taxes-Current	32,444	20,295	274,840
Income Taxes-Deferred	2,089	14,909	17,699
Minority Interests in Net Income	1,851	2,073	15,684
Net Income	¥ 52,538	¥ 48,927	\$ 445,049

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Year Ended March 31, 2007

Millions of Yen (Note 1)

	Stockholders' Equity				Total Stockholders' Equity	Valuation and Translation Adjustments						Total Net Assets
	Common stock	Capital Surplus	Retained Earnings	Treasury Stock		Net Unrealized Gains on Other Securities	Net Deferred Gains on Hedging Instruments	Land Revaluation Excess	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interests	
Balance at March 31, 2006	¥145,069	¥122,223	¥201,594	¥(2,048)	¥466,837	¥57,266	¥ —	¥7,843	¥6	¥65,117	¥10,110	¥542,065
Net Income	—	—	52,538	—	52,538	—	—	—	—	—	—	52,538
Cash Dividends Paid	—	—	(6,675)	—	(6,675)	—	—	—	—	—	—	(6,675)
Bonuses to Directors and Corporate Auditors	—	—	(49)	—	(49)	—	—	—	—	—	—	(49)
Purchase of Treasury Stock	—	—	—	(368)	(368)	—	—	—	—	—	—	(368)
Disposal of Treasury Stock	—	1,176	—	1,391	2,567	—	—	—	—	—	—	2,567
Reversal of Land Revaluation Excess	—	—	4	—	4	—	—	—	—	—	—	4
Net Changes of Items other than Stockholders' Equity	—	—	—	—	—	4,540	1,900	(4)	(3)	6,433	2,306	8,740
Total of Items during FY2006	—	1,176	45,817	1,022	48,016	4,540	1,900	(4)	(3)	6,433	2,306	56,757
Balance at March 31, 2007	¥145,069	¥123,399	¥247,412	¥(1,026)	¥514,854	¥61,807	¥1,900	¥7,839	¥3	¥71,551	¥12,416	¥598,822

Thousands of U.S. Dollars (Note 1)

	Stockholders' Equity				Total Stockholders' Equity	Valuation and Translation Adjustments						Total Net Assets
	Common stock	Capital Surplus	Retained Earnings	Treasury Stock		Net Unrealized Gains on Other Securities	Net Deferred Gains on Hedging Instruments	Land Revaluation Excess	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interests	
Balance at March 31, 2006	\$1,228,879	\$1,035,352	\$1,707,703	\$(17,356)	\$3,954,577	\$485,106	\$ —	\$66,444	\$56	\$551,606	\$85,644	\$4,591,828
Net Income	—	—	445,049	—	445,049	—	—	—	—	—	—	445,049
Cash Dividends Paid	—	—	(56,547)	—	(56,547)	—	—	—	—	—	—	(56,547)
Bonuses to Directors and Corporate Auditors	—	—	(417)	—	(417)	—	—	—	—	—	—	(417)
Purchase of Treasury Stock	—	—	—	(3,123)	(3,123)	—	—	—	—	—	—	(3,123)
Disposal of Treasury Stock	—	9,964	—	11,788	21,752	—	—	—	—	—	—	21,752
Reversal of Land Revaluation Excess	—	—	35	—	35	—	—	—	—	—	—	35
Net Changes of Items other than Stockholders' Equity	—	—	—	—	—	38,461	16,102	(35)	(27)	54,501	19,538	74,039
Total of Items during FY2006	—	9,964	388,120	8,664	406,749	38,461	16,102	(35)	(27)	54,501	19,538	480,788
Balance at March 31, 2007	\$1,228,879	\$1,045,316	\$2,095,824	\$(8,692)	\$4,361,326	\$523,568	\$16,102	\$66,409	\$29	\$606,108	\$105,182	\$5,072,616

See notes to consolidated financial statements.

Consolidated Statement of Stockholders' Equity

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2006

Millions of Yen (Note 1)

	Common stock	Capital Surplus	Retained Earnings	Land Revaluation Excess	Net Unrealized Gains on Other Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total Stockholders' Equity
Balance at March 31, 2005	¥121,019	¥98,250	¥158,107	¥13,939	¥28,607	¥41	¥(1,827)	¥418,138
Issuance of Stocks	24,050	23,956	—	—	—	—	—	48,006
Net Income	—	—	48,927	—	—	—	—	48,927
Gains on Sales of Treasury Stocks	—	17	—	—	—	—	—	17
Cash Dividends Paid	—	—	(5,460)	—	—	—	—	(5,460)
Reversal of Land Revaluation Excess	—	—	64	(6,095)	—	—	—	(6,030)
Bonuses to Directors and Corporate Auditors	—	—	(45)	—	—	—	—	(45)
Net Unrealized Gains on Other Securities	—	—	—	—	28,658	—	—	28,658
Change of Foreign Currency Translation Adjustments	—	—	—	—	—	(34)	—	(34)
Treasury Stock Transactions	—	—	—	—	—	—	(221)	(221)
Balance at March 31, 2006	¥145,069	¥122,223	¥201,594	¥7,843	¥57,266	¥6	¥(2,048)	¥531,954

Consolidated Statements of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2007 and 2006

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Cash Flows from Operating Activities:			
Income Before Income Taxes and Minority Interests	¥ 88,923	¥ 86,206	\$ 753,272
Depreciation and Amortization	21,184	4,031	179,452
Losses on Impairment of Fixed Assets	107	824	912
Equity Investments Accounted for by the Equity Method	(221)	(209)	(1,880)
Increase (Decrease) in Reserve for Possible Loan Losses	(13,361)	(17,130)	(113,189)
Increase (Decrease) in Reserve for Bonus for Directors and Corporate Auditors	60	—	509
Increase (Decrease) in Reserve for Employees' Retirement Benefits	(1,175)	(515)	(9,956)
Increase (Decrease) in Reserve for Point Loyalty Programs	545	—	4,618
Interest Income	(174,419)	(150,511)	(1,477,504)
Interest Expenses	39,799	21,597	337,141
(Gains) Losses on Investment Securities	176	(3,712)	1,496
(Gains) Losses on Money Held in Trust	(616)	(1,485)	(5,226)
Foreign Exchange (Gains) Losses	(68)	(92)	(577)
(Gains) Losses on Disposals of Fixed Assets	466	—	3,954
(Gains) Losses on Disposals of Premises and Equipment	—	472	—
(Increase) Decrease in Trading Assets	85,531	(53,802)	724,532
Increase (Decrease) in Trading Liabilities	(4,425)	14,688	(37,484)
(Increase) Decrease in Loans and Bills Discounted	(237,932)	(295,083)	(2,015,524)
Increase (Decrease) in Deposits	359,853	415,212	3,048,315
Increase (Decrease) in Negotiable Certificates of Deposit	566	26,218	4,799
Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	92,420	(6,035)	782,892
(Increase) Decrease in Due from Banks (excluding Deposits at BOJ)	(23,820)	11,284	(201,783)
(Increase) Decrease in Call Loans and Bills Bought and Others	(59,246)	(23,055)	(501,876)
(Increase) Decrease in Receivables under Securities Borrowing Transactions	540	(17,365)	4,583
Increase (Decrease) in Call Money and Bills Sold	(317,165)	298,776	(2,686,703)
Increase (Decrease) in Payables under Securities Lending Transactions	(221,493)	239,780	(1,876,268)
(Increase) Decrease in Foreign Exchanges (Assets)	(919)	(353)	(7,788)
Increase (Decrease) in Foreign Exchanges (Liabilities)	182	63	1,548
Interest Received	178,000	149,788	1,507,836
Interest Paid	(36,765)	(21,207)	(311,439)
Others	7,982	(901)	67,621
Sub total	¥ (215,289)	¥ 677,482	\$ (1,823,718)
Income Taxes Paid	(27,225)	(7,207)	(230,629)
Net Cash Provided by (Used in) Operating Activities	¥ (242,515)	¥ 670,275	\$ (2,054,346)
Cash Flows from Investing Activities:			
Purchases of Securities	¥ (921,574)	¥ (1,595,181)	\$ (7,806,644)
Proceeds from Sale of Securities	655,266	465,053	5,550,758
Proceeds from Maturity of Securities	486,148	256,211	4,118,155
Increase in Money Held in Trust	(496)	(2,170)	(4,210)
Decrease in Money Held in Trust	1,218	411	10,321
Purchases of Tangible Fixed Assets	(20,175)	—	(170,910)
Purchases of Premises and Equipment	—	(3,515)	—
Purchases of Intangible Fixed Assets	(3,085)	—	(26,139)
Proceeds from Sale of Tangible Fixed Assets	2,455	—	20,800
Proceeds from Sale of Premises and Equipment	—	783	—
Net Cash Provided by (Used in) Investing Activities	¥ 199,756	¥ (878,408)	\$ 1,692,132
Cash Flows from Financing Activities:			
Payments of Subordinated Borrowings	¥ (4,000)	¥ (29,000)	\$ (33,884)
Proceeds from the Issuance of Subordinated Borrowings	10,000	—	84,710
Payment for Redemption of Subordinated Bonds	(10,000)	(18,500)	(84,710)
Proceeds from Issuance of Common Stocks	—	48,006	—
Cash Dividends Paid	(6,675)	(5,460)	(56,547)
Cash Dividends paid to Minority Interests	(160)	(97)	(1,357)
Purchase of Treasury Stock	(368)	(246)	(3,123)
Proceeds from Sale of Treasury Stock	2,567	42	21,752
Net Cash Used in Financing Activities	¥ (8,636)	¥ (5,256)	\$ (73,159)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	¥ 68	¥ 92	\$ 577
Net Increase (Decrease) in Cash and Cash Equivalents	¥ (51,327)	¥ (213,296)	\$ (434,797)
Cash and Cash Equivalents at Beginning of Period	¥ 238,794	¥ 452,090	\$ 2,022,824
Cash and Cash Equivalents at End of Period (Note 27)	¥ 187,466	¥ 238,794	\$ 1,588,027

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Years ended March 31, 2007 and 2006

1. Basis of Presentation

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

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

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

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥118.05 to \$1.00, the exchange rate prevailing at March 31, 2007.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chuo Securities Co., Ltd. and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2007 and 2006 was 11 and 10, respectively. Chibagin Heartful Co., Ltd. has been established in the year ended March 31, 2007.

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. Nevertheless, the investments in these unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets. As "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" was newly applied in the year ended March 31, 2007, four limited partnerships including one newly established in the year ended March 31, 2007 were added to the unconsolidated subsidiaries. The investments in these unconsolidated subsidiaries are not accounted for by the equity method since 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.

The difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is 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 one consolidated subsidiary whose fiscal year-end is at the end of December.

The financial statements of the consolidated subsidiary, for which fiscal year-end is December 31, are included in consolidation on the basis of its fiscal year after making appropriate adjustments for the significant transactions during the period from its 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 arbitrating short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitrating differentials between markets (hereafter "trading purposes") are accounted under "Trading assets" or "Trading liabilities" on the balance sheets. Profit or loss from such transactions is recorded under "Trading income" or "Trading expenses" on 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 determined by the moving average method or amortized cost computed by the straight-line method. Unrealized gains and losses on other securities available for sale are included in net assets, net of income taxes.

Moreover, the same method is applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management.

(3) Derivatives

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

(4) Tangible Fixed Assets (Premises and Equipment)

Depreciation for Tangible Fixed Assets (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

Tangible Fixed Assets (Premises and Equipment) of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.

(5) Intangible Fixed Assets

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

(6) Stock Issuance Costs

Stock Issuance costs are charged to operation as occurred.

(7) Bond Issuance costs

Bond Issuance Costs are charged to operation as occurred.

(8) Reserve for Possible Loan Losses

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

For claims on borrowers that have entered into bankruptcy, special liqui-

dation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

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

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

For other claims, a reserve is provided based on the historical loan-loss ratio.

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

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was ¥69,236 million.

Reserve made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

(9) Reserve for Bonus for Directors and Corporate Auditors

The Bank has a reserve for bonus for directors and corporate auditors which is provided for the payments of bonus for directors and corporate auditors based on the estimated amounts of the payments corresponding to the year ended March 31 2007.

Previously, bonus for directors and corporate auditors was recorded as an appropriation of Retained Earnings. However, the Bank started to treat the bonus for directors and corporate auditors as an expense and the estimated amounts of the payments corresponding to the year ended March 31 2007 has credited to Reserve for Bonus for Directors and Corporate Auditors in accordance with "Accounting Standard for Directors" (ASBJ statement No.4 issued by the Accounting Standards Board of Japan on November 29, 2005). By this accounting policy change, General and Administrative Expenses increased by ¥60 million and Income before Income Taxes and Minority Interests decreased by ¥60 million respectively.

(10) 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 the 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.

(11) Reserve for Point Loyalty Programs

The Bank has a reserve for point loyalty programs which is provided for accumulation of points (the "Leaf Points") granted to customers in the Bank's point loyalty program, "Chibagin Leaf Point Club", based on the estimated amounts equivalent to expected future usage of the Leaf Points.

(12) 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 Chuo Securities Co. Ltd.

(13) Translation of Foreign Currencies

The Bank's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date, except for stocks of subsidiaries and affiliates which are translated at prevailing rates at the time of acquisition.

Consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into the currency of the subsidiary at the exchange rate prevailing at the fiscal year-end of each company.

(14) 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 28).

(15) Hedge Accounting

i) Hedge of Interest Rate Risk

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

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

Deferred hedge losses and gains, which was previously under the "macro hedge" applied in order to manage interest rate risk arising from large-volume transactions, in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15), is charged to "Interest expense" over a four-year period from the fiscal year ended March 31, 2004 according to their notional principles or maturity.

ii) Hedge of Foreign Currency Fluctuation Risk

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

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

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

(16) Consumption Taxes

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

(17) Appropriation of Retained Earnings

Cash dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the board of directors and by the general meeting of stockholders. There is a limit for dividend from surplus by the article No.18 of the Banking Law. An amount equal to 20% of the aggregated amount of dividends from surplus shall be set aside as a legal reserve or legal capital surplus, regardless of the article No. 445-4 of the Companies Act of Japan.

(18) 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.

4. New Accounting Pronouncements

(1) Effective year ended March 31, 2007, the Bank has applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ statement No. 4 issued by the Accounting Standards Board of Japan, on December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 issued by the Accounting Standards Board of Japan, on December 9, 2005). In addition, appended form of Enforcement Ordinance of Banking Law (Ministry of Finance Ordinance No.10 issued in 1982) has been revised and effective the year started April 1 2006.

Reflecting these revisions, following changes have been applied to financial statements from the year ended March 31, 2007:

- Consolidated Balance Sheets

- i) Former "Stockholders' Equity" was renamed as "Net Assets" which consisted of "Stockholder's Equity", "Valuation and Translation Adjustments" and "Minority Interests". The amount corresponding to former "Stockholders' Equity" as of March 31, 2007 was ¥584,504 million.

- ii) Deferred unrealized losses or gains on hedging instruments which have been included in "Other Assets" or "Other Liabilities" are presented as "Net Deferred Gains or Losses on Hedging Instruments" in "Valuation and Translation Adjustments" after deducting tax effect on a net basis.

- iii) "Minority Interests" which have been presented below liabilities section are presented in Net Assets.

- iv) "Premises and Equipment" are reclassified into "Tangible Fixed Assets", "Intangible Fixed Assets" or "Other Assets".

Thus, "Land, Buildings and Equipment" formally included in "Premises and Equipment" are separately presented as "Land", "Buildings" and "Other Tangible Fixed Assets" in "Tangible Fixed Assets", and suspense payments for constructions unfinished are presented as "Construction in Progress" in "Tangible Fixed Assets".

- v) Software, formerly included in "Other Assets" is presented as "Software" in "Intangible Fixed Assets".

- vi) Lease assets, formerly included in "Other Assets" are presented as "Other Tangible Fixed Assets" in "Tangible Fixed Assets" or "Other Intangible Fixed Assets" in "Intangible Fixed Assets".

- Consolidated Statements of Cash Flows

In accordance with reclassifications of "Premises and Equipment" into "Tangible Fixed Assets", "Intangible Fixed Assets" or "Other Assets" in Consolidated Balance Sheets, former "Gains or Losses on Disposals of Premises and Equipment" are presented as "Gains or Losses on Disposals of Fixed Assets". Former "Purchases of Premises and Equipment" are presented as "Purchases of Tangible Fixed Assets" or

other and former "Proceeds from Premises and Equipment" are presented as "Proceeds from Tangible Fixed Assets" or other.

(2) Since the year ended March 31, 2007, the Bank started to present the "Consolidated Statement of Changes in Net Assets" in conformity with Japanese new rules. Statement of Stockholders' Equity for the year ended March 31, 2007 was not presented in the same manner as that for the year ended March 31, 2006 which had been originally prepared for the English Annual Reports purposes only.

5. Trading Assets

Trading assets as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Trading Securities.....	¥ 40,333	¥ 25,176	\$ 341,663
Derivatives of Trading Securities	19	24	164
Securities Related to Trading Transactions.....	1,068	3,966	9,055
Derivatives of Securities Related to Trading Transactions.....	0	3	5
Trading-Related Financial Derivatives	5,929	8,119	50,225
Other Trading Assets.....	235,737	331,329	1,996,927
Total	¥283,088	¥368,619	\$2,398,039

6. Securities Borrowing Transactions

As for securities borrowed under securities borrowing transactions which the bank has the right to sell or pledge, ¥6,978 million was held in hand on March 31, 2007. The respective amount at March 31, 2006 was ¥5,271 million.

7. Securities

Securities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Japanese Government Bonds	¥ 713,937	¥ 695,753	\$ 6,047,752
Japanese Local Government Bonds.....	215,174	191,326	1,822,743
Japanese Corporate Bonds and Financial Debentures	616,946	706,250	5,226,148
Japanese Stocks.....	271,597	280,508	2,300,701
Other Securities.....	598,493	761,380	5,069,829
Total	¥2,416,149	¥2,635,218	\$20,467,173

Japanese stocks Included investments in non-consolidated subsidiaries of ¥2,595 million and ¥1,409 at March 31, 2007 and 2006, respectively.

8. Loans and Bills Discounted

(1) Loans and bills discounted as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Bills Discounted	¥ 41,076	¥ 37,929	\$ 347,956
Loans on Notes	280,305	282,953	2,374,467
Loans on Deeds	5,436,572	5,201,231	46,053,132
Overdrafts	619,643	617,550	5,248,995
Total	¥6,377,598	¥6,139,665	\$54,024,550

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of Mar 31, 2007 and 2006 were ¥42,205 million and ¥38,497 million respectively.

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 ¥1,679,068 million relating to these contracts, including ¥1,623,241 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2007.

The respective amounts were ¥1,639,476 million and ¥1,600,985 million as of March 31, 2006.

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.

- (2) Risk monitored loans as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Loans to Bankrupt Borrowers..	¥ 3,122	¥ 3,549	\$ 26,449
Delinquent Loans.....	102,800	114,484	870,825
Loans Past Due 3 Months or More.....	9,075	6,075	76,881
Restructured Loans	89,198	104,686	755,601
Total	¥204,197	¥228,796	\$1,729,757

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.

9. Foreign Exchange Assets

Foreign exchange assets as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Due from Foreign Correspondents	¥1,933	¥1,630	\$16,379
Foreign Bills of Exchange Bought.....	1,154	577	9,776
Foreign Bills of Exchange Receivable	423	382	3,585
Total	¥3,510	¥2,591	\$29,739

10. Other Assets

Other assets as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Domestic Exchange Settlement.....	¥ 1,078	¥ 2,082	\$ 9,137
Accrued Income	16,039	16,822	135,868
Prepaid Expenses	647	615	5,487
Other	38,994	97,311	330,322
Total	¥56,760	¥116,832	\$480,815

11. Tangible Fixed Assets (Premises and Equipment)

Depreciation was computed using the declining-balance method. Tangible

Fixed Assets as of March 31, 2007 and Premises and Equipment as of March 31, 2006 were shown at net of following accumulated depreciation:

2007	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
¥90,245	¥93,321	\$764,465	

Deferred gain on real estate deductible for tax purposes amounted to ¥10,611 million (of which ¥0 million were recorded in year ended March 31, 2007) on March 31, 2007.

12. Assets Pledged

Assets pledged as collateral as of March 31, 2007 and 2006 were as follows:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Securities	¥594,583	¥607,268	\$5,036,711
Trading Assets	36,979	139,485	313,255
Cash and Due from Banks	—	40	—
Loans and Bills Discounted	200,000	319,944	1,694,197
Other	701	—	5,946

Liabilities related to above pledged assets as of March 31, 2007 and 2006 were as follows:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Deposits	¥ 33,896	¥ 21,470	\$ 287,140
Payables under			
Repurchase Agreements	36,960	139,493	313,092
Call Money and Bills Sold	20,000	153,300	169,420
Payables under Securities			
Lending Transactions	189,887	411,380	1,608,531
Borrowed Money.....	94,656	342	801,835

In addition, followings were pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2007 and 2006 respectively.

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Securities	¥108,730	¥108,882	\$921,054

Initial margin for future contracts of ¥319 million and Leased deposits of ¥5,103 million was included in other assets as of March 31, 2007.

The respective amounts were ¥440 million and ¥6,253 million as of March 31, 2006.

13. Deposits

An analysis of deposits as of March 31, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Current Deposits	¥ 204,308	¥ 211,060	\$ 1,730,696
Ordinary Deposits.....	4,623,263	4,354,412	39,163,603
Savings Deposits.....	289,319	310,311	2,450,818
Deposits at Notice.....	10,312	9,566	87,358
Time Deposits	3,049,545	2,873,424	25,832,662
Other Deposits	171,888	230,008	1,456,064
Sub Total	¥8,348,637	¥7,988,784	\$70,721,201
Negotiable Certificates of Deposit..	130,584	130,017	1,106,179
Total	¥8,479,222	¥8,118,802	\$71,827,380

14. Trading Liabilities

Trading liabilities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Trading Account Securities Sold for Short Sales, Not Yet Purchased	¥10,866	¥10,597	\$ 92,054
Derivatives of Trading Securities	4	1	39
Trading Related Securities Sold for Short Sales.....	1,487	3,935	12,601
Derivatives of Securities Related to Trading Transactions.....	2	0	23
Derivatives.....	4,242	6,495	35,942
Total.....	¥16,604	¥21,029	\$140,659

15. Borrowed Money

Borrowed money as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Borrowings from the Bank of Japan and Other Financial Institutions.....	¥138,251	¥49,830	\$1,171,126
Total.....	¥138,251	¥49,830	\$1,171,126

Subordinated Borrowings of ¥42,000 million and ¥46,000 million were included in Borrowed Money as of March 31, 2007 and 2006.

16. Foreign Exchange Liabilities

Foreign exchange liabilities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Foreign Bills Sold.....	¥538	¥354	\$4,561
Foreign Bills of Exchange Payable.....	10	12	93
Total.....	¥549	¥366	\$4,654

17. Subordinated Bonds

Subordinated bonds as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Issuer: The Bank	¥20,000	¥10,000	\$169,420
Issuer: Overseas Subsidiary, Chiba Capital Funding (Cayman) Ltd.	1,000	11,000	8,471
Total.....	¥21,000	¥21,000	\$177,891

18. Other Liabilities

Other liabilities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Domestic Exchange Settlement.....	¥ 239	¥ 1,594	\$ 2,030
Accrued Expenses	11,678	8,224	98,926
Unearned Income.....	18,910	18,851	160,187
Accrued Income Taxes.....	22,772	17,553	192,903
Other.....	48,535	56,605	411,144
Total.....	¥102,135	¥102,828	\$865,190

19. Employees' Retirement Benefit Plans

The Bank 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 liabilities/assets for employees' retirement benefit plans as of March 31, 2007 and 2006 were as follows:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Retirement Benefit Obligation ..	¥(65,120)	¥(65,337)	\$(551,632)
Plan Assets at Fair Value	42,272	39,231	358,092
Unfunded Retirement Benefit Obligation	(22,847)	(26,106)	(193,540)
Unrecognized Net Retirement Benefit Obligation at Transition..	—	—	—
Unrecognized Actuarial Gain or Loss	3,375	5,458	28,591
Unrecognized Prior Service Cost	—	—	—
Reserve for Employees' Retirement Benefits	¥(19,472)	¥(20,647)	\$(164,949)

(2) The components of retirement benefit cost for the years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen (Note 1)		Thousands of
	2007	2006	U.S. Dollars (Note 1)
Service Cost.....	¥ 2,055	¥ 2,013	\$ 17,412
Interest Cost.....	1,297	1,243	10,991
Expected Return on Plan Assets	(1,372)	(1,068)	(11,623)
Amortization of Actuarial Gain or Loss.....	994	1,396	8,422
Other (nonrecurring additional retirement allowance paid and other).....	23	23	198
Net Periodic Retirement Benefit Cost.....	¥ 2,998	¥ 3,608	\$ 25,399

(3) Assumptions used in accounting for the above plans for the years ended March 31, 2007 and 2006 were as follows:

	2007	2006
Discount Rate.....	2.0%	2.0%
Expected Return Rate	3.5%	3.5%
Amortization Period of Actuarial Gain or Loss.....	10 years	10 years

20. 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 was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

The method of the revaluation (set forth in Article 3, 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 Premises Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to the Article 10 of the Law were ¥33,935 million and ¥36,387 million as of March 31, 2007 and 2006, respectively.

21. Common Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2007 and 2006.

The number of shares in issue as of March 31, 2007 and 2006 was as follows:

	Number of Shares	
	2007	2006
Shares in Issue	895,521,087	895,521,087

The number of treasury shares held by the Bank and subsidiaries was 1,472 thousand and 4,324 thousand as of March 31, 2007 and 2006.

22. Trading Income

The composition of trading income for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Gains on Trading Securities	¥ 932	¥ 778	\$ 7,899
Gains on Securities Related to Trading Transactions	41	58	353
Gains on Derivatives	1,038	1,529	8,800
Other Trading Income	865	210	7,329
Total	¥2,878	¥2,577	\$24,381

23. Other Operating Income

The composition of other operating income for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Gains on Foreign Exchange Transactions	¥3,344	¥2,943	\$28,335
Gains on Sale of Bonds	1,254	2,470	10,623
Other	1,626	3	13,776
Total	¥6,225	¥5,416	\$52,734

24. Other Income

The composition of other income for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Gains on Sale of Securities	¥ 6,549	¥ 3,304	\$ 55,480
Gains on Money Held in Trust	1,191	1,495	10,096
Revenue on Lease	18,135	17,689	153,625
Recovery of Written-off Claims	4,306	4,084	36,478
Reversal of Reserve for Possible Loan Losses	3,255	4,363	27,573
Other	7,737	6,481	65,541
Total	¥41,175	¥37,418	\$348,793

25. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Losses on Sale of Bonds	¥7,323	¥1,686	\$62,035
Other	—	1,047	—
Total	¥7,323	¥2,733	\$62,035

26. Other Expenses

The composition of other expenses for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Provision for Possible Loan Losses ..	¥ —	¥ —	\$ —
Write-off of Loans and Bills Discounted	14,606	13,073	123,736
Losses on Sale of Securities	485	188	4,116
Losses on Devaluation of Securities	170	187	1,448
Losses on Money Held in Trust	574	10	4,871
Amortization of Net Retirement Benefit Obligation at Transition	—	—	—
Cost of Leased Assets	15,892	15,576	134,629
Impairment Losses on Fixed Assets	107	824	912
Other	4,323	4,034	36,628
Total	¥36,163	¥33,895	\$306,340

In the year ended March 31, 2006, the bank recognized impairment losses on 13 fixed assets in Chiba which were idle. Since these assets had no expected future cash flows due to unrealized losses from land price declines, book amount was reduced to its recoverable amount and Impairment Losses of ¥824 million were recorded.

The assets were assessed as a unit, basically by branches since their profits are measured continuously, and individually for idle or assets to be disposed of. Fixed assets which do not generate cash flows, such as headquarter facilities, system/operation centers, and recreational facilities, are grouped with other assets.

The recoverable amount is calculated based on net realizable value. Net realizable value is calculated based on the appraisal value, by road rating with reasonable adjustments to compensate for sites with long depth, etc., less estimated cost of disposal.

27. 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, 2007 and 2006 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Cash and Due from Banks	¥242,244	¥269,751	\$2,052,048
Interest-bearing Deposits included in due from Banks (Other than Deposits with the Bank of Japan)	(54,777)	(30,957)	(464,021)
Cash and Cash Equivalents	¥187,466	¥238,794	\$1,588,027

28. Lease Transactions

(1) Finance Lease Transactions

Finance lease transactions, except where the ownership of the leased asset was 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)
	2007	2006	2007
Lessee Side			
Amount Corresponding to the Purchased Prices of the Leased Asset	¥135	¥220	\$1,150
Amount Corresponding to Accumulated Depreciation	51	132	433
Amount Corresponding to Balance at Fiscal Year-End	¥ 84	¥88	\$ 717

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Amount Corresponding to Lease Payable (within 1 year) ..	¥26	¥23	\$225
Amount Corresponding to Lease Payable (over 1 year) ...	58	64	492
Total	¥84	¥88	\$717

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Lease Fees Paid	¥27	¥28	\$232
Amount Corresponding to Depreciation	27	28	232

Note: 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)
	2007	2006	2007
Amount Corresponding to the Purchased Prices of the Leased Asset	¥104,000	¥102,501	\$880,985
Amount Corresponding to Accumulated Depreciation	60,116	58,158	509,248
Amount Corresponding to Balance at Fiscal Year-End	¥ 43,883	¥ 44,343	\$371,736

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Amount Corresponding to Lease Receivable (within 1 year)	¥15,990	¥15,928	\$135,452
Amount Corresponding to Lease Receivable (over 1 year)	33,014	34,492	279,665
Total	¥49,004	¥50,420	\$415,117

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Receipt of Leasing Fee for the Year	¥17,593	¥17,206	\$149,031
Depreciation	14,578	14,342	123,497

(2) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Amount Corresponding to Lease Payable (within 1 year) ..	¥ —	¥ —	\$ —
Amount Corresponding to Lease Payable (over 1 year) ...	—	—	—
Total	¥ —	¥ —	\$ —

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Amount Corresponding to Lease Receivable (within 1 year)	¥295	¥277	\$2,502
Amount Corresponding to Lease Receivable (over 1 year)	9	14	80
Total	¥304	¥291	\$2,582

29. 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, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥42,614	¥44,342	\$360,988
Write-offs of Securities	4,139	4,524	35,069
Reserve for Employees' Retirement Benefits	7,847	8,319	66,472
Other	8,714	9,215	73,825
Sub Total	¥63,316	¥66,401	\$536,354
Valuation Allowance	(6,273)	(7,265)	(53,142)
Total Deferred Tax Assets	¥57,043	¥59,135	\$483,211
Deferred Tax Liabilities:			
Unrealized Gains on Other Securities	¥36,458	¥39,024	\$308,839
Net Deferred Gains on Hedging Instruments	1,283	—	10,870
Reserve for Advanced Depreciation	47	47	405
Other	—	—	—
Total Deferred Tax Liabilities	¥37,789	¥39,072	\$320,114
Net Deferred Tax Assets	¥19,253	¥20,062	\$163,097

For the year ended March 31, 2006 and 2007, as the difference between the statutory tax rate and the effective income tax rate was less than 5 percent of the statutory tax rate, the reconciliation of the effective income tax rate is not disclosed.

30. Segment Information

(1) Business Segment Information

	For the year ended March 31, 2007					
	Millions of Yen (Note 1)					
	Banking Business	Leasing Business	Other Business	Total	Eliminations	Consolidated
Ordinary Income, Ordinary Profits/Loss						
Ordinary Income						
(a) Outside Customers	¥ 236,539	¥20,468	¥ 5,699	¥ 262,707	¥ —	¥ 262,707
(b) Inter-Segment	774	353	44	1,172	1,172	—
Total	¥ 237,313	¥20,821	¥ 5,744	¥ 263,879	¥ 1,172	¥ 262,707
Ordinary Expenses.....	¥ 158,418	¥19,125	¥ 4,237	¥ 181,781	¥14,029	¥ 180,751
Ordinary Profits/Loss	¥ 78,895	¥ 1,695	¥ 1,506	¥ 82,098	¥ 142	¥ 81,955
Assets	¥9,710,773	¥49,668	¥29,466	¥9,789,908	¥52,990	¥9,736,917
Depreciation	6,453	14,596	134	21,184	—	21,184
Impairment losses on fixed assets.....	107	—	—	107	—	107
Capital Expenditure.....	7,093	16,127	40	23,261	—	23,261

- From the year ended March 31, 2007, "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantee" were offset against the amounts corresponding to the private offerings of bonds with Chiba Bank's guarantee. Thus, total assets of "Banking Business" decreased by ¥61,450 million compared with the amounts calculated by the previous measure.
- Ordinary income and Ordinary Profits/loss are presented as counterparts of sales and operating Profits of companies in other industries.
- "Other business" includes securities business.

	For the year ended March 31, 2006					
	Millions of Yen (Note 1)					
	Banking Business	Leasing Business	Other Business	Total	Eliminations	Consolidated
Ordinary Income, Ordinary Profits/Loss						
Ordinary Income						
(a) Outside Customers	¥ 205,904	¥18,758	¥ 6,839	¥ 231,502	¥ —	¥ 231,502
(b) Inter-Segment	631	319	39	990	990	—
Total	¥ 206,536	¥19,077	¥ 6,878	¥ 232,492	¥ 990	¥ 231,502
Ordinary Expenses.....	¥ 131,485	¥17,404	¥ 4,403	¥ 153,294	¥ 901	¥ 152,393
Ordinary Profits/Loss	¥ 75,050	¥ 1,673	¥ 2,474	¥ 79,198	¥ 89	¥ 79,109
Assets	¥9,774,209	¥50,147	¥36,465	¥9,860,822	¥58,760	¥9,802,061
Depreciation	6,946	14,357	130	21,434	—	21,434
Impairment Losses on Fixed Assets.....	824	—	—	824	—	824
Capital Expenditure.....	5,381	16,922	241	22,545	—	22,545

- Due to the introduction of self-issuance of credit cards from April 2005, credit card business, which was categorized as "Other Business" in the previous fiscal year, is categorized as "Banking Business" from the year ended March 31, 2006. The changes compared with the previous categorization were as follows; For "Other Business", Ordinary Income decreased by ¥6,525 million, Ordinary Profits/Loss decreased by ¥1,864 million, Assets decreased by ¥29,889 million, Depreciation decreased by ¥34 million, and Capital Expenditure decreased by ¥98million. For "Banking Business", Ordinary Income increased by ¥5,783 million, Ordinary Profits/Loss increased by ¥1,859 million, Assets increased by ¥12,004 million, Depreciation increased by ¥34 million, and Capital Expenditure increased by ¥98 million.
- Ordinary income and Ordinary Profits/loss are presented as counterparts of sales and operating Profits of companies in other industries.
- "Other business" includes securities 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.

31. Subsequent Events

The following appropriation of retained earnings of the Bank was approved at a stockholders' meeting held on June 28, 2007.

	Millions of Yen (Note 1)
Year-end Cash Dividends (5.5 yen per share)	¥ 4,917
Voluntary Reserves.....	40,000

32. Market Value of Securities

Current Year's Information on Market Value of Securities

(1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2007	
	Amount in the Balance Sheets	Valuation Gain Included in Income before Income Taxes and Minority Interests
Trading Securities.....	¥277,139	¥222

(2) Marketable Securities Held-to-Maturity

	Millions of Yen (Note 1)				
	March 31, 2007				
	Amount in the Balance Sheets	Market Value	Differences	Gain	Loss
Bonds:					
Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Local Government Bonds.....	—	—	—	—	—
Corporate Bonds.....	—	—	—	—	—
Other.....	50,077	49,937	(139)	43	183
Total.....	¥50,077	¥49,937	¥(139)	¥43	¥183

(3) Marketable Other Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2007				
	Cost	Amount in the Balance Sheets	Valuation Differences	Gain	Loss
Stocks.....	¥ 138,918	¥ 262,763	¥123,844	¥125,741	¥ 1,896
Bonds:					
Government Bonds	727,071	713,937	(13,134)	121	13,255
Local Government Bonds.....	216,781	215,174	(1,606)	292	1,899
Corporate Bonds.....	544,945	542,166	(2,779)	425	3,204
Other.....	603,698	596,116	(7,582)	1,939	9,521
Total.....	¥2,231,416	¥2,330,158	¥ 98,742	¥128,519	¥29,777

(4) Other Securities Available for Sale Sold during The Year

	Millions of Yen (Note 1)		
	March 31, 2007		
	Proceeds from Sales	Gain	Loss
Other Securities Available for Sale	¥655,434	¥6,885	¥7,809

(5) Securities for Which Fair Value Is Not Readily Determinable

	Millions of Yen (Note 1)
	March 31, 2007
	Amount in the Balance Sheets
Held-to-Maturity Bonds	¥ —
Other Securities Available for Sale:	
Private Notes	74,780
Non-Listed Stocks.....	6,238
Investments for Limited Partnership for investment, etc	2,965
Beneficiary Claims on Loans.....	428

Non-Listed stocks include investments in unconsolidated subsidiaries in the amount of ¥2,595 million.

(6) Redemption Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2007			
	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.....	¥107,791	¥ 393,858	¥ 77,002	¥135,284
Local Government Bonds.....	14,417	159,634	41,123	—
Corporate Bonds.....	107,557	489,782	18,603	1,003
Other.....	33,501	289,558	138,859	135,625
Total.....	¥263,268	¥1,332,833	¥275,589	¥271,913

Previous Year's Information on Market Value of Securities

(1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2006	
	Amount in the Balance Sheets	Valuation Gain Included in Income before Income Taxes and Minority Interests
Trading Securities.....	¥360,472	¥(325)

(2) Marketable Securities Held-to-Maturity

	Millions of Yen (Note 1)				
	March 31, 2006				
	Amount in the Balance Sheets	Market Value	Differences	Gain	Loss
Bonds:					
Government Bonds.....	¥ —	¥ —	¥ —	¥ —	¥ —
Local Government Bonds.....	—	—	—	—	—
Corporate Bonds.....	—	—	—	—	—
Other.....	52,267	51,873	(394)	6	401
Total.....	¥52,267	¥51,873	¥(394)	¥ 6	¥401

(3) Marketable Other Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2006				
	Cost	Amount in the Balance Sheets	Valuation Differences	Gain	Loss
Stocks.....	¥ 134,363	¥ 272,570	¥138,206	¥139,460	¥ 1,253
Bonds:					
Government Bonds.....	715,243	695,753	(19,490)	7	19,497
Local Government Bonds.....	194,755	191,326	(3,429)	18	3,447
Corporate Bonds.....	672,357	666,578	(5,778)	240	6,018
Other.....	771,666	758,973	(12,692)	4,582	17,275
Total.....	¥2,488,385	¥2,585,202	¥ 96,816	¥144,309	¥47,493

(4) Other Securities Available for Sale Sold during The Year

	Millions of Yen (Note 1)		
	March 31, 2006		
	Proceeds from Sales	Gain	Loss
Other Securities Available for Sale.....	¥460,972	¥5,758	¥1,874

(5) Securities for Which Fair Value Is Not Readily Determinable

	Millions of Yen (Note 1)
	March 31, 2006
	Amount in the Balance Sheets
Held-to-Maturity Bonds:.....	¥ —
Other Securities Available for Sale:	
Non-listed Stocks.....	6,529
Private Notes.....	39,671

Non-listed stocks include investments in unconsolidated subsidiaries in the amount of ¥1,409 million.

(6) Redemption Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2006			
	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.....	¥ 9,024	¥ 477,384	¥ 40,906	¥168,437
Local Government Bonds.....	10,657	140,935	39,733	—
Corporate Bonds.....	196,771	492,960	16,518	—
Other.....	75,678	450,037	134,840	99,917
Total.....	¥292,131	¥1,561,318	¥231,999	¥268,354

33. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Book Value.....	¥25,016	¥26,073	\$211,917
Valuation Gains Included in the Consolidated Statements of Income.....	9	845	77

(2) Money Held in Trust for Other Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Cost.....	¥5,483	¥6,299	\$46,451
Book Value.....	5,480	6,286	46,427
Valuation Differences.....	(2)	(13)	(24)
Gains.....	—	—	—
Losses.....	2	13	24

34. Net Unrealized Gains on Other Securities

Net Unrealized Gains on Other Securities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Difference between Cost and Fair Value.....	¥98,739	¥96,803	\$836,420
Other Securities.....	98,742	96,816	836,444
Other Money Held in Trust.....	(2)	(13)	(24)
Deferred Tax Liabilities.....	36,458	39,024	308,839
Difference between Cost and Fair Value, Net of Taxes.....	¥62,280	¥57,779	\$527,581
Amount Corresponding to Minority Interests.....	588	665	4,988
Amount Corresponding to Net Unrealized Gains on Other Securities Owned by Subsidiaries, which Corresponds to the Shareholding of Their Investor Companies.....	115	153	975
Net Unrealized Gains on Other Securities, Net of Taxes.....	¥61,807	¥57,266	\$523,568

35. Derivative Transactions

(1) Risk Control for Derivative Transactions

(a) Details of Derivative Financial Products

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

- (i) Interest rate-related products
 - Futures, Futures Options, FRAs (forward rate agreements), Swaps, Options, Interest-rate Caps and Interest-rate Floors
- (ii) Currency-related products
 - Swaps, Forward Exchange, Options, Futures, NDFs (non-deliverable forward)
- (iii) Bond-related products
 - Futures, Futures options, and Over-the-Counter Options
- (iv) Stock-related products
 - Index Futures, Index Options and Stock Options

(b) Purposes and Policies for Using Derivative Financial Products

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

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

As for risk controls related to assets and liabilities, the Bank and the consolidated subsidiaries utilize the deferred hedge accounting method for the management of the interest rate risk and currency risk. The method of hedge accounting is mentioned in the note 3 (15).

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

(c) Risk

Main risks of derivatives trading are as follows:

(i) 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.

(ii) 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, 2007 are ¥4.8 billion and ¥43.7 billion respectively (consolidated base by current exposure method).

(d) Risk Management Structure

The Bank has established the Risk Management Department in Corporate Planning Division, to monitor 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 counterparty. In addition, the consolidated subsidiaries have set trading limits, etc., and are reviewing daily gains/losses, market values and etc.

(e) Notional Principal or Contract Amount

Notional principal or contract amount in below (2) does not necessarily indicate the amount of risk.

(2) Market Value of Derivatives

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

(a) Interest rate derivatives

	Millions of Yen (Note 1)							
	March 31, 2007				March 31, 2006			
	Notional Principal or Contract Amount		Valuation Gain		Notional Principal or Contract Amount		Valuation Gain	
	Total	Over 1 Year	Market Value	(Loss)	Total	Over 1 Year	Market Value	(Loss)
Listed:								
Futures:								
Sold	¥ 17,357	¥ —	¥ (1)	¥ (1)	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—	498	—	0	0
Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Over-the-counter:								
FRAs:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Swaps:								
Receive Fixed / Pay Float	446,708	349,668	(236)	(236)	456,281	380,817	(3,682)	(3,682)
Receive Float / Pay Fixed	505,925	385,712	2,074	2,074	475,650	374,730	4,379	4,379
Receive Float / Pay Float	106,000	55,000	(66)	(66)	63,000	51,000	(63)	(63)
Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Other:								
Sold	133,820	81,823	(740)	(740)	184,437	131,689	(1,660)	(1,660)
Bought	91,500	48,000	153	153	127,500	86,500	498	498
Total			¥1,183	¥1,183			¥ (529)	¥ (529)

1. Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting are not included in the above table.

2. Market value of exchange-traded transactions is based on closing prices on the Tokyo International Financial Future Exchange, etc. Market value of over-the-counter transactions is based on discounted cash flow method, option pricing models, etc.

(b) Currency derivatives

	Millions of Yen (Note 1)							
	March 31, 2007				March 31, 2006			
	Notional Principal or Contract Amount		Valuation Gain		Notional Principal or Contract Amount		Valuation Gain	
Total	Over 1 Year	Market Value	(Loss)	Total	Over 1 Year	Market Value	(Loss)	
Listed:								
Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—	—	—	—	—
Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Over-the-counter:								
Currency Swaps	399,060	319,509	684	684	439,427	337,596	710	710
Forward foreign exchange:								
Sold	6,562	—	(18)	(18)	5,039	—	(40)	(40)
Bought	5,160	—	(6)	(6)	5,336	—	24	24
Currency Options:								
Sold	133,467	—	(4,190)	3,909	71,757	—	(2,395)	1,316
Bought	132,946	—	4,176	(1,961)	71,521	—	2,340	(517)
Other:								
Sold	753	602	64	64	—	—	—	—
Bought	753	602	(42)	(42)	—	—	—	—
Total			¥ 666	¥2,628			¥ 639	¥1,494

1. Valuation gains (losses) are recognized in the consolidated statements of income.

Derivatives which qualify for hedge-accounting and which are corresponded to the foreign-currency positions and are recognized in the consolidated balance sheets are not included in the above table.

2. Market values are based on the discounted cash flow method.

3. Other foreign exchange-related derivatives such as forward exchange contracts and currency options which were previously excluded from the above table, are now included in the above table. Derivatives such as currency swaps which qualify for hedge-accounting based on JICPA Industry Audit Committee Report No. 25 are not included in the above table.

(c) Equity derivatives

	Millions of Yen (Note 1)							
	March 31, 2007				March 31, 2006			
	Notional Principal or Contract Amount		Valuation Gain		Notional Principal or Contract Amount		Valuation Gain	
Total	Over 1 Year	Market Value	(Loss)	Total	Over 1 Year	Market Value	(Loss)	
Listed:								
Index Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	¥3,003	¥ —	¥ —	¥ —
Bought	—	—	—	—	—	—	—	—
Index Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Over-the-counter:								
Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Total			¥ —	¥ —			¥ —	¥ —

1. There were no Valuation gains (losses) or derivatives which qualify for hedge-accounting.

2. Market value of exchange traded transactions is based on closing prices on the Tokyo Stock Exchange, etc. Market values of over-the-counter transactions are based on option pricing models, etc.

(d) Bond derivatives

	Millions of Yen (Note 1)							
	March 31, 2007				March 31, 2006			
	Notional Principal or Contract Amount		Valuation Gain		Notional Principal or Contract Amount		Valuation Gain	
Total	Over 1 Year	Market Value	(Loss)	Total	Over 1 Year	Market Value	(Loss)	
Listed:								
Futures:								
Sold	¥18,527	¥—	¥14	¥14	¥3,361	¥—	¥24	¥24
Bought	1,746	—	(2)	(2)	399	—	0	0
Futures Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Over-the-counter:								
Options:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Total			¥12	¥12			¥25	¥25

1. Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting are not included in the above table.

2. 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.

(e) Commodity derivatives

There are no corresponding items.

(f) Credit derivatives

There are no corresponding items.

36. Per Share Data

Consolidated Net Assets (Stockholders' Equity) per Share and Consolidated Net Income per Share for the fiscal years ended March 31, 2007 and 2006 and related information were as follows:

	Yen (Note 1)		U.S. Dollars (Note 1)
	2007	2006	2007
Net Assets (Stockholders' Equity) per Share of Common Stock	¥655.89	¥596.84	\$5.56
Net Income per Share of Common Stock	58.89	56.96	0.50

1. From the year ended March 31, 2007, "Net Deferred Gains on Hedging Instruments" were included in the calculation of Net Assets per Share in accordance with the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4 (revised 2006) issued by the Accounting Standard Board of Japan, on January 31, 2006). Thus, Net Assets per Share increased by ¥2.12 compared with Stockholders' Equity per Share calculated by the previous measure.

2. Basis on calculating Net Assets (Stockholders' Equity) per Share for the fiscal years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Consolidated Net Assets (Stockholders' Equity)	¥598,822	—	\$5,072,616
Exemption from Consolidated Net Assets (Stockholders' Equity)	12,416	—	105,182
Consolidated Net Assets (Stockholders' Equity) attribute to common stockholders	586,405	—	4,967,434

	Number of Shares	
	2007	2006
Number of shares of common stock used for calculating Net Assets per Share	894,048,968	—

3. Basis on calculating Net Income per Share for the fiscal years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Consolidated Net Income.....	¥52,538	¥48,927	\$445,049
Consolidated Net Income not attributable to common stockholders.....	—	49	—
Consolidated Net Income attributable to common stockholders.....	52,538	48,878	445,049

	Number of Shares	
	2007	2006
Average number of shares of common stock (excluding treasury stock).....	892,016,580	857,983,335

4. Diluted Net Income per Share was not presented as there were not potentially dilutive stocks.

37. Related Party Transactions

Related party transactions for the fiscal years ended March 31, 2007 and 2006 were as follows:

Related party	Category	Account Classification	Amounts of the transactions			Balance at end of year		
			Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
			2007	2006	2007	2007	2006	2007
Jiro Sakan	Auditor	Loan	¥ —	¥ 100	\$ —	¥ 41	¥ 75	\$ 354

Non-Consolidated Balance Sheets

The Chiba Bank, Ltd.
As of March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Assets			
Cash and Due from Banks	¥ 241,343	¥ 269,073	\$ 2,044,417
Call Loans and Bills Bought	59,924	2,629	507,620
Receivables under Securities Borrowing Transactions	19,403	19,944	164,364
Commercial Paper and Other Debt Purchased	52,988	53,350	448,863
Trading Assets	282,608	368,084	2,393,973
Money Held in Trust	26,092	27,171	221,028
Securities	2,415,004	2,634,013	20,457,471
Loans and Bills Discounted	6,407,516	6,167,437	54,277,986
Foreign Exchanges	3,150	2,591	26,689
Other Assets	49,087	65,692	415,816
Tangible Fixed Assets	89,272	—	756,227
Intangible Fixed Assets	7,604	—	64,414
Premises and Equipment	—	95,627	—
Deferred Tax Assets	14,348	15,527	121,547
Customers' Liabilities for Acceptances and Guarantees	77,663	113,488	657,885
Reserve for Possible Loan Losses	(54,609)	(68,270)	(462,595)
Total Assets	¥9,691,397	¥9,766,363	\$82,095,704
Liabilities			
Deposits	¥8,502,163	¥8,139,120	\$72,021,716
Call Money and Bills Sold	35,458	250,091	300,369
Payables under Repurchase Agreements	36,960	139,493	313,092
Payables under Securities Lending Transactions	189,887	411,380	1,608,531
Trading Liabilities	16,604	20,926	140,659
Borrowed Money	137,503	57,006	1,164,789
Foreign Exchanges	549	366	4,654
Subordinated Bonds	20,000	10,000	169,420
Other Liabilities	71,484	69,782	605,541
Reserve for Bonus for Directors and Corporate Auditors	40	—	339
Reserve for Employees' Retirement Benefits	19,019	20,212	161,112
Reserve for Point Loyalty Programs	253	—	2,151
Deferred Tax Liabilities for Land Revaluation	15,301	15,304	129,620
Acceptances and Guarantees	77,663	113,488	657,885
Total Liabilities	¥9,122,889	¥9,247,173	\$77,279,878
Net Assets			
Common Stock	¥ 145,069	—	\$ 1,228,879
Capital Surplus	122,146	—	1,034,701
Retained Earnings	231,948	—	1,964,831
Legal Reserve	50,930	—	431,429
Other Retained Earnings	181,018	—	1,533,402
Treasury Stock	(1,026)	—	(8,692)
Total Stockholders' Equity	498,137	—	4,219,719
Net Unrealized Gains on Other Securities	60,989	—	516,645
Net Deferred Gains on Hedging Instruments	1,900	—	16,102
Land Revaluation Excess	7,839	—	66,409
Total Valuation and Translation Adjustments	70,730	—	599,156
Total Net Assets	¥ 568,868	—	\$ 4,818,875
Total Liabilities and Net Assets	¥9,691,757	—	\$82,098,753
Stockholders' Equity			
Common Stock	—	¥ 145,069	—
Capital Surplus	—	122,141	—
Retained Earnings	—	188,559	—
Legal Reserve	—	50,930	—
Appropriated Reserves	—	89,971	—
Non Appropriated Retained Earnings	—	47,658	—
Land Revaluation Excess	—	7,843	—
Net Unrealized Gains on Other Securities	—	56,242	—
Treasury Stock	—	(666)	—
Total Stockholders' Equity	—	¥ 519,189	—
Total Liabilities and Stockholders' Equity	—	¥9,766,363	—

Non-consolidated Statements of Income

The Chiba Bank, Ltd.
For the years ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Income			
Interest Income:			
Interest on Loans and Discounts	¥123,763	¥113,688	\$1,048,397
Interest and Dividends on Securities	47,028	33,080	398,379
Other Interest Income	1,338	1,000	11,337
Trust Fees	0	—	1
Fees and Commissions Income	35,867	32,644	303,834
Trading Income	2,342	1,956	19,843
Other Operating Income	6,220	5,406	52,691
Other Income	23,340	22,892	197,717
Total Income	¥239,900	¥210,670	\$2,032,198
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 20,891	¥ 9,004	\$ 176,970
Interest on Borrowings and Rediscounts	2,994	2,876	25,365
Other Interest Expenses	15,860	9,638	134,355
Fees and Commissions Expenses	14,400	12,958	121,990
Other Operating Expenses	7,323	2,733	62,035
General and Administrative Expenses	79,187	77,276	670,800
Other Expenses	16,660	15,234	141,131
Total Expenses	¥157,318	¥129,721	\$1,332,646
Income before Income Taxes	82,582	80,948	699,552
Income Taxes-Current	30,177	18,242	255,634
Income Taxes-Deferred	2,272	15,950	19,253
Net Income	¥ 50,131	¥ 46,754	\$ 424,666

Supplementary Information

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2007 and 2006

Capital Ratio (BIS Guidelines) (Consolidated)

Since fiscal year 2006 ending March 31, 2007, Capital Ratio was calculated based on the new BIS guidelines (Basel)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Tier I:			
Common Stock	¥ 145,069	¥ 145,069	\$ 1,228,879
Capital Surplus	123,399	122,223	1,045,316
Retained Earnings	247,412	197,657	2,095,824
Treasury Stock	(1,026)	(2,048)	(8,692)
Expected Outflow from Net Assets	(5,216)	—	(44,188)
Minority Interests in Consolidated Subsidiaries	11,827	9,444	100,193
Foreign Currency Translation Adjustments	3	6	29
50% of Expected Loss exceeding Eligible Provisions	(18,351)	—	(155,454)
Total Tier I Capital	¥ 503,118	¥ 472,352	\$ 4,261,907
Tier II:			
45% of Unrealized Gains on Other Securities	¥ 44,292	¥ 43,677	\$ 375,201
45% of Land Revaluation Excess	10,413	10,416	88,213
General Reserve for Possible Loan Losses	5,743	41,011	48,656
Qualifying Subordinated Debt	63,000	67,000	533,672
Total Tier II Capital	¥ 123,449	¥ 162,105	\$ 1,045,742
Deductions from Capital	¥ 22,375	¥ 2,010	\$ 189,544
Total Capital	¥ 604,192	¥ 632,447	\$ 5,118,106
Risk-Weighted Assets, etc.:			
Credit Risk	¥ 4,832,731	¥ 5,582,959	\$ 40,938,005
On-Balance-Sheet Items	4,567,944	5,477,401	38,694,998
Off-Balance-Sheet Items, etc.	264,786	105,557	2,243,007
Asset Equivalent of Market Risk	60,301	66,726	510,813
Asset Equivalent of Operational Risk	302,044	—	2,558,616
Total Risk-Weighted Assets	¥ 5,195,077	¥ 5,649,685	\$ 44,007,434
Capital Ratio (BIS guidelines)	11.63%	11.19%	11.63%

The following approaches were adopted to calculate the new capital ratio.
Credit Risk: Foundation Internal Ratings Based Approach (using ratings for risk measurement)
Operational risk: the Standardized Approach (Gross Profits of every business line multiplied by the predetermined rate)

Loans and Bills Discounted, Borrowers Classified by Industry (Consolidated)

	Millions of Yen (Note 1)			
	2007		2006	
	Outstanding Balance	Composition	Outstanding Balance	Composition
Domestic operations:				
Manufacturing	¥ 484,642	7.64%	¥ 453,030	7.40%
Agriculture	8,999	0.14%	9,554	0.16%
Forestry	3	0.00%	6	0.00%
Fisheries	1,717	0.03%	1,449	0.02%
Mining	9,788	0.15%	10,083	0.17%
Construction	299,182	4.71%	281,782	4.60%
Electricity, Gas, Heat Supply and Water	8,835	0.14%	8,446	0.14%
Information and Communications	34,652	0.55%	22,006	0.36%
Transportation	181,807	2.86%	178,865	2.92%
Wholesale and Retail Trade	579,545	9.13%	559,088	9.14%
Finance and Insurance	216,233	3.41%	222,958	3.64%
Real Estate	1,451,864	22.87%	1,354,422	22.13%
Various Services	535,859	8.44%	500,995	8.19%
Government and Local Public Sector	340,777	5.37%	433,457	7.08%
Others (Mainly Consumer Loans)	2,193,313	34.56%	2,083,929	34.05%
Total	¥6,347,218	100.00%	¥6,120,075	100.00%
Overseas Operations and JOM Account	¥ 30,379	—	¥ 19,589	—

Directors, Auditors and Executive Officers

The Chiba Bank
As of July 1, 2007

Chairman

Toshiaki Ishii

President

Tadashi Takeyama

Deputy President

Tetsuo Oiwa

Corporate Staff Unit

Senior Managing Director

Kenji Yasui

Director in charge of Corporate Planning Division, Risk Management and Compliance Coordination Division and Credit Planning Division

Managing Director

Kazuo Uehara

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

Directors

Tadashi Ito

General Manager, Personnel Division

Tadashi Abe

General Manager, Corporate Planning Division

Corporate Auditors

Standing Corporate Auditors

Yutaka Yamazaki

Hiroshi Nakajima

Yukio Saruhashi

Corporate Auditors

Jiro Sakan

Hideo Tanabe

Business Operation Unit

Director and Senior Executive Officer

Toshio Yoshii

Chief of Business Operation Unit

Director and Managing Executive Officers

Hidetoshi Sakuma

Executive Officer in charge of Treasury Division and Treasury Operation Division

Katsuhiko Watanabe

General Manager, Branch Support Division and Executive Officer in charge of Business Planning Division, Branch Support Division and Business Promotion Division

Managing Executive Officers

Yuji Watanabe

General Manager, Head Office

Masahisa Shiizu

Executive Officer in charge of Credit Division and Credit Supervisory Division

Executive Officers

Masatoshi Mori

General Manager, Funabashi Branch

Keiji Yoshioka

General Manager, Chuo Branch

Kazuhiro Suzuki

General Manager, Mobara Branch

Tsutomu Nozawa

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

Yasuo Takahashi

General Manager, Kashiwa Branch

Shinshichi Marushima

General Manager, Business Promotion Division

Yoshiro Nakajima

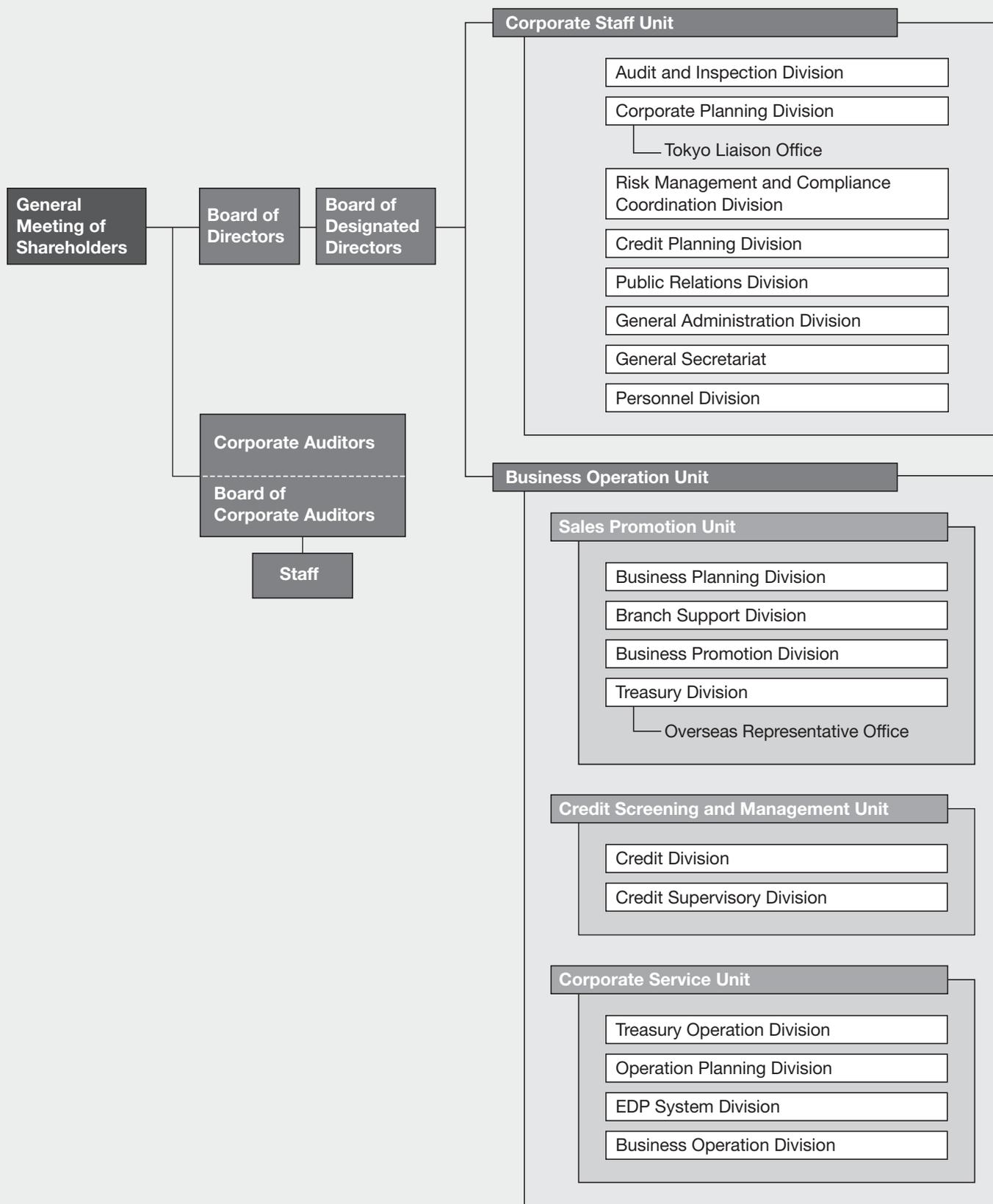
General Manager, Tokyo Head Office

Katsumi Ichihara

General Manager, Business Planning Division

Organization

The Chiba Bank
As of July 1, 2007



Subsidiaries

The Chiba Bank
As of July 1, 2007

Sobu Co., Ltd.

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

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

Established: September 7, 1959
Capital: ¥20 million
Equity Ownership
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: Concentrated back-office processing and handling of cash and securities

Established: March 25, 1993
Capital: ¥40 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 Heartful Co.,Ltd.

4-1-10, Masago, Mihama-ku, Chiba City,
Chiba 260-0011

Principal Business: Outsourcing of operational business

Established: December 1, 2006
Capital: ¥10 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 fee collection services

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

Chibagin JCB Card Co.,Ltd.

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

Principal Business: Credit card and credit guarantee 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 and credit guarantee business

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

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: 49%
By its subsidiaries: 51%

Chuo Securities Co.,Ltd.

1-5-3, Nihombashi Muromachi,
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 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, IPO's etc.

Established: May 29, 1984
Capital: ¥100 million
Equity Ownership
By Chiba Bank: 30%
By its subsidiaries: 30%

Chibagin Asset Management Co.,Ltd.

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

Principal Business: Consulting for portfolio investments of client financial assets

Established: May 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%

International Directory

The Chiba Bank
As of July 1, 2007

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: 81-3-3270-8459
Fax: 81-3-3242-1735
81-3-3271-1029
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, N.Y. 10036, U.S.A.
Telephone: 1-212-354-7777
Fax: 1-212-354-8575
Telex: 251829 CHIBA NYK

Hong Kong Branch

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

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
SWIFT Address: CHBAGB2L

Shanghai Representative Office

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

Chiba Capital Funding (Cayman) Ltd.

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

Corporate Data

The Chiba Bank
As of March 31, 2007

Principal Shareholders

The ten largest shareholders of Chiba Bank and their respective shareholdings as of March 31, 2007 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
The Master Trust Bank of Japan, Ltd. (Trust Account)	60,349	6.73%
Japan Trustee Services Bank, Ltd. (Trust Account)	46,582	5.20%
The Bank of Tokyo-Mitsubishi UFJ	44,158	4.93%
NIPPONKOA Insurance Co., Ltd.	29,905	3.33%
Nippon Life Insurance Company	29,177	3.25%
The Dai-ichi Mutual Life Insurance Company	25,678	2.86%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	15,775	1.76%
Meiji Yasuda Life Insurance Company	15,579	1.73%
State Street Bank and Trust Company	15,032	1.67%
Sumitomo Life Insurance Company	13,842	1.54%

* Rounded down to the nearest thousand

** Rounded to two decimal places

Corporate Information

Established	March 1943				
Network	<table border="0"> <tr> <td>Domestic</td> <td> 167 Offices (145 branches, 20 sub-branches and 2 virtual branches) 19,271 Off-branch ATM locations (7,163 E-net ATM locations at convenience stores and 11,850 ATM locations jointly with Seven Bank, Ltd.) 3 Money exchange counters </td> </tr> <tr> <td>Overseas</td> <td> 3 Branches (New York/Hong Kong/London) 1 Representative office (Shanghai) </td> </tr> </table>	Domestic	167 Offices (145 branches, 20 sub-branches and 2 virtual branches) 19,271 Off-branch ATM locations (7,163 E-net ATM locations at convenience stores and 11,850 ATM locations jointly with Seven Bank, Ltd.) 3 Money exchange counters	Overseas	3 Branches (New York/Hong Kong/London) 1 Representative office (Shanghai)
Domestic	167 Offices (145 branches, 20 sub-branches and 2 virtual branches) 19,271 Off-branch ATM locations (7,163 E-net ATM locations at convenience stores and 11,850 ATM locations jointly with Seven Bank, Ltd.) 3 Money exchange counters				
Overseas	3 Branches (New York/Hong Kong/London) 1 Representative office (Shanghai)				
Number of Employees*	3,833				
Total Assets	¥9,691.7 billion				
Loans and Bills Discounted	¥6,407.5 billion				
Deposits (including NCD)	¥8,502.1 billion				
Common Stock	¥145.0 billion				
Capital Ratio (BIS guidelines)	11.20% (Non-consolidated) 11.63% (Consolidated)				
Authorized Number of Shares	2,500,000 thousand				
Number of Issued Shares	895,521 thousand				
Number of Shareholders**	23,163				
Ticker Code	8331				
Transfer Agent	Japan Securities Agents, Ltd. 2-4, Nihombashi Kayabacho 1-chome Chuo-ku, Tokyo 103-8202				

Credit Ratings (As of July 1, 2007)		Long-term	Short-term
		Standard & Poor's	A
	Moody's	A1	P-1
	Rating and Investment Information, Inc.	A+	—

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

* Number of Employees includes employees temporarily transferred to other company but excludes temporary staff and one-year contract employees.

The number of employees excluding employees temporarily transferred to other company, temporary staff and one-year contract employees was 3,543.

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

THE CHIBA BANK, LTD.

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

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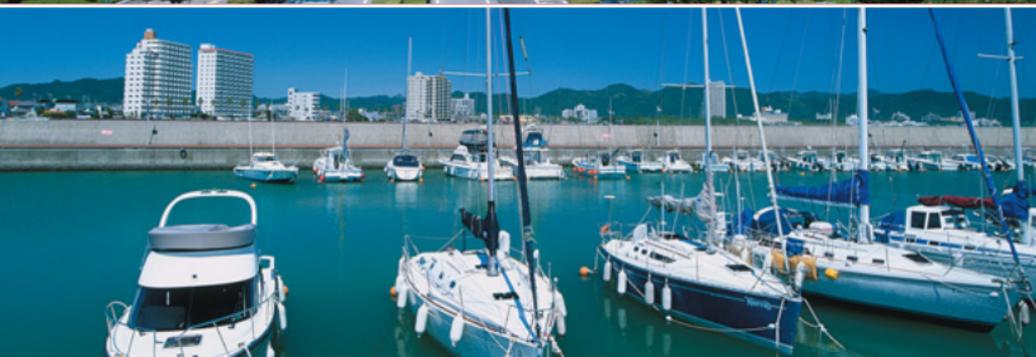
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CHIBA BANK Profile

The Chiba Bank Group is the dominant bank in Chiba Prefecture. As such, it is dedicated to providing high-quality financial services, increasing customer satisfaction and contributing to regional development.

As a regional comprehensive financial services provider, it is pursuing various initiatives in a new spirit of flexibility and imagination, to win the highest-possible esteem of the region's customers, shareholders and investors.

As of March 31, 2007, the Group comprised the Bank and its 15 subsidiaries. Chiba Bank operates 147 domestic branches with 20 sub-branches and has 19,271 ATMs. Overseas, the Bank has three branches and one representative office.



Contents

1	Financial Highlights
2	Message from the President
5	The New Medium-Term Management Plan
6	Retail Banking
8	Corporate Banking
10	Network Expansion and New Services
12	Social Contribution and Environmental Activities
14	Compliance
15	Corporate Governance
16	Asset Quality
18	Risk Management
22	Financial Section
22	Five-Year Summary (Consolidated)
23	Management's Discussion and Analysis (Consolidated)
25	Report of Independent Auditors
26	Financial Statements
26	Consolidated Balance Sheets
27	Consolidated Statements of Income
28	Consolidated Statement of Change in Net Assets
28	Consolidated Statement of Stockholders' Equity
29	Consolidated Statements of Cash Flows
30	Notes to Consolidated Financial Statements
45	Non-consolidated Balance Sheets
46	Non-consolidated Statements of Income
47	Supplementary Information
48	Directors, Auditors and Executive Officers
49	Organization
50	Subsidiaries
51	International Directory
52	Corporate Data

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.