



**CHIBA BANK**

## **The Chiba Bank, Ltd.**

Annual Report 2008

Year ended March 31, 2008



**Prospering with Our Region and Beyond**

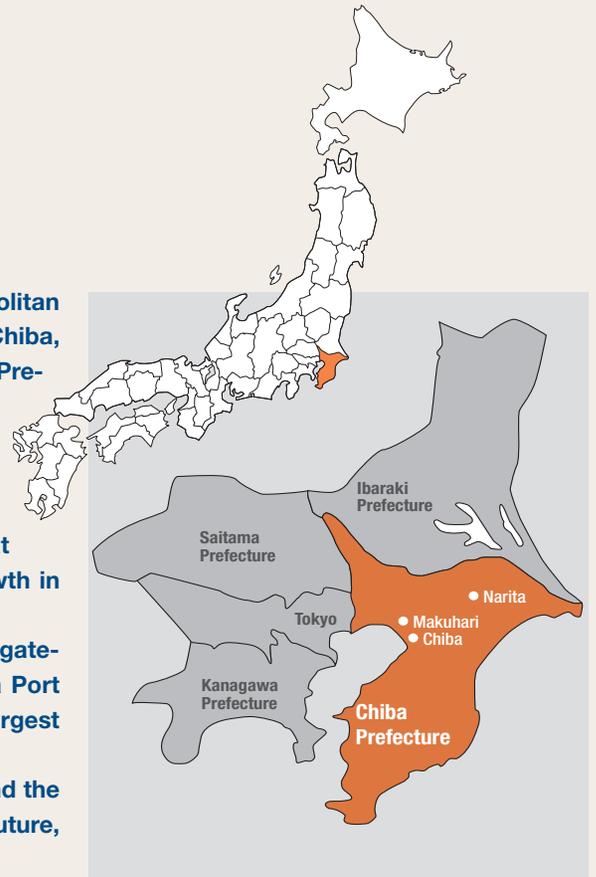
# Our Operating Area

Chiba Prefecture, our operating base, is located in the 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 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, 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.

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.

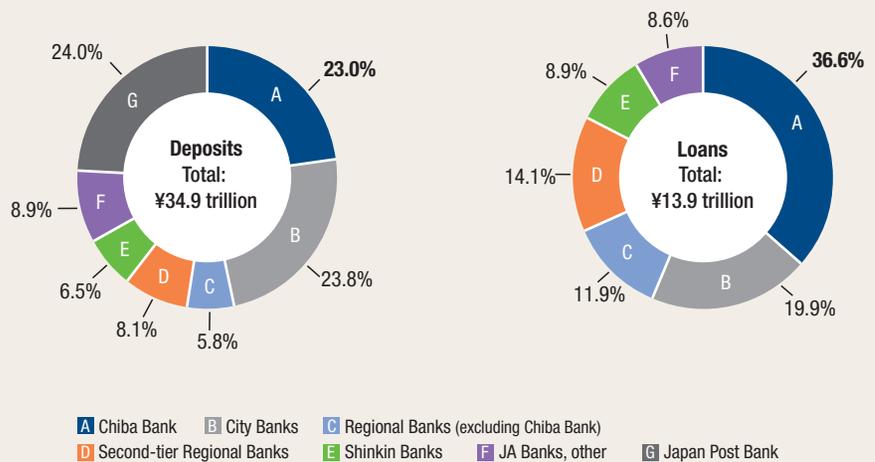
More recently, with the development of tourism in the prefecture, and the emergence of venture businesses to carry the local economy into the future, Chiba Prefecture is one of Japan's most promising domestic markets.



Population of Chiba Prefecture



Business share of banks operating in Chiba (As of March 31, 2007)



Source: MONTHLY KINYU JOURNAL



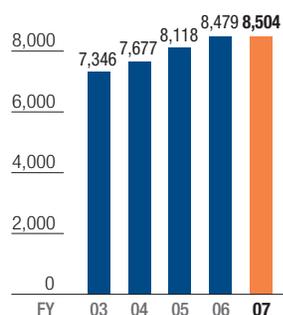
# Financial Highlights

Consolidated	Millions of Yen			Thousands of U.S. Dollars (Note)
	2008	2007	2006	2008
Years Ended March 31				
<b>For the Year</b>				
Total Income	<b>¥ 274,252</b>	¥ 270,310	¥ 240,014	<b>\$ 2,737,321</b>
Total Expenses	<b>192,792</b>	181,386	153,807	<b>1,924,264</b>
Net Income	<b>45,980</b>	52,538	48,927	<b>458,935</b>
<b>At Year-End</b>				
Total Assets	<b>¥9,835,939</b>	¥9,736,917	¥9,802,061	<b>\$98,172,863</b>
Loans and Bills Discounted	<b>6,624,687</b>	6,377,598	6,139,665	<b>66,121,246</b>
Securities	<b>2,045,011</b>	2,416,149	2,635,218	<b>20,411,334</b>
Deposits	<b>8,504,095</b>	8,479,222	8,118,802	<b>84,879,679</b>
Net Assets	<b>580,168</b>	598,822	—	<b>5,790,687</b>
Total Stockholders' Equity	—	—	531,954	—
Common Stock	<b>145,069</b>	145,069	145,069	<b>1,447,940</b>

Note: U.S. dollar amounts are shown solely for the convenience of readers of this Annual Report and are translated at the rate of ¥100.19 to \$1.00 effective on March 31, 2008.

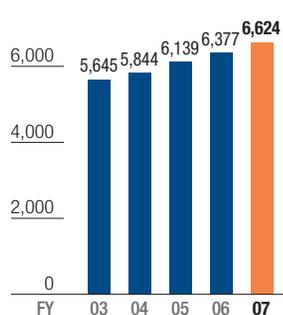
## Deposits (Consolidated)

(¥ Billion)  
10,000



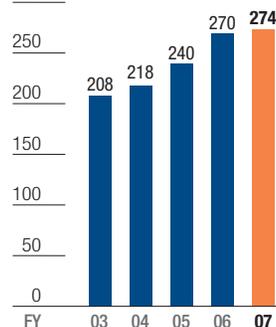
## Loans and bills discounted (Consolidated)

(¥ Billion)  
8,000



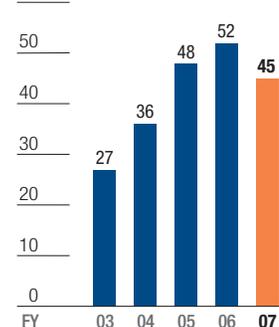
## Total income (Consolidated)

(¥ Billion)  
300



## Net income (Consolidated)

(¥ Billion)  
60



## Message from the President

The Chiba Bank Group is a regional banking organization based primarily in Chiba Prefecture. Our mission is to meet the needs of customers and contribute to the development of our region. These words express the entire Chiba Bank Group's continuing commitment to regional prosperity and customer satisfaction through such measures as providing quality financial products and services.

Tadashi Takeyama, President



### The Business Environment

In the first half of the year ended March 2008, the Japanese economy remained on a gradual expansionary trend, driven by high business earnings. However, the economy decelerated in the second half under the impact of reduced housing investment and sharply higher raw material prices. Similarly, the regional economy of Chiba Prefecture followed a gradual recovery trend in the first half and marked time in the second.

However, I see Chiba Prefecture as an extremely fortunate region. Its population continues to expand, in part because of development along the Tsukuba Express rail line, and the completion of a new high-speed rail link to Narita in 2010 will also bring important benefits. These and other factors are expected to bring continuing growth for the region.

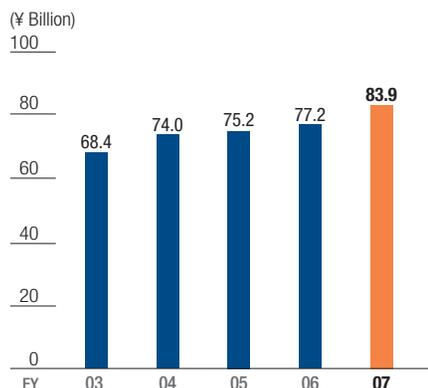
Japan faces far-reaching changes in its social and economic structures. In addition to the effects of deregulation and the mass-retirement of baby-boomers, Japan is also being transformed by demographic aging and a falling birth rate. Furthermore, government is considering the consolidation of the existing prefectures into regional states.

Moves toward deregulation in the banking sector include the full deregulation of over-the-counter sales of insurance. While these changes have brought new business opportunities, we have also been required to enhance our internal management system to meet requirements under the Basel II framework and the new Financial Instruments and Exchange Act. There have also been radical changes in the competitive environment, including the emergence of the Japan Post Bank.

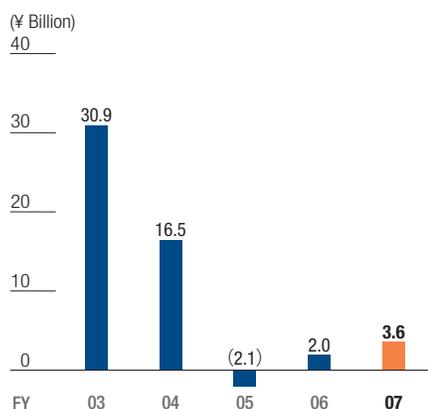
### Progress under the Medium-Term Management Plan

These are the conditions under which we are implementing our current medium-term management plan, which covers the two-year period from April 2007 to

## Real net business income



## Net credit cost



March 2009. The theme for this plan is “Going Forward with the Region: 100 Weeks of Trust and Growth.” In this plan we have defined our future vision for the Chiba Bank Group as an organization capable of achieving sustainable growth in partnership with all stakeholders. We are working to realize that vision by earning strong regional support as an integrated financial services group. We have also identified three management issues: the reinforcement of our corporate management systems, the expansion of our business base, and contribution to the development of the regional society. The Chiba Bank Group is working to achieve these goals.

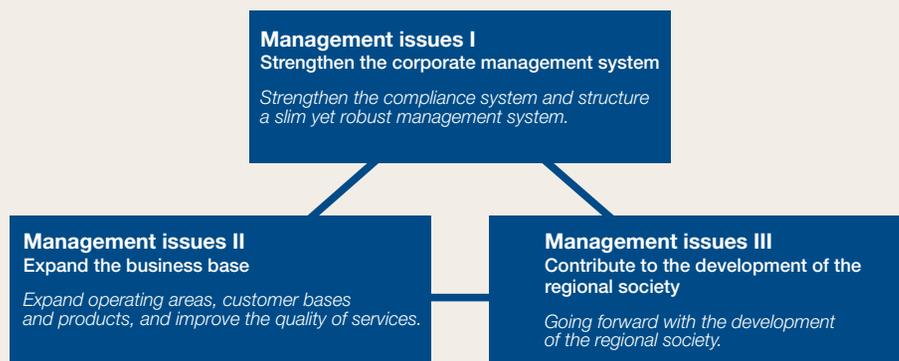
Our efforts to strengthen our corporate management systems reflect our recognition of regulatory compliance as the foundation for all business operations. We are implementing a range of initiatives to build and maintain a high level of compliance awareness throughout The Chiba Bank Group.

There have been a various changes in the regulatory environment, including the full deregulation of over-the-counter insurance sales and the enforcement of the new Financial Instruments and Exchange Act. Because of these changes, combined with the expanding scope of our business activities, we need to comply with a growing number of laws and regulations. We must continue to build confidence and support in regional communities by ensuring full compliance with all of these requirements.

## The new medium-term management plan

### Management goal

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



To expand our business base, we need to increase market share in our main territory, Chiba Prefecture, and to build a second territory in the eastern part of the Tokyo metropolis. We aim to achieve these goals by aggressively developing our branch network. We also plan to expand into neighboring prefectures, including the southern part of Ibaraki Prefecture and eastern part of Saitama Prefecture. Another priority is the functional enhancement of our branches to meet the needs of our customers. For example, we are opening consulting-type outlets in Chiba Prefecture to provide consulting services seven days a week.

In the area of retail, we will maintain active marketing programs for our housing loans and investment products, including investment trusts. Our Group includes a securities company, and the Chiba Bank is also able to provide trust services, including inheritance-related services. We want our branches to be one-stop access points for a wide range of financial products and services. We have taken an important step toward the achievement of that goal by introducing sales of whole-of-life insurance, medical insurance and cancer insurance, which is now possible following the full deregulation of insurance sales by banks.

We are differentiating our services for corporate customers by offering a comprehensive line-up of financial services. These include the arrangement of business matching sessions, and the proposal of business inheritance and M&A schemes. Our activities in this segment are backed by a diverse range of products and skills.

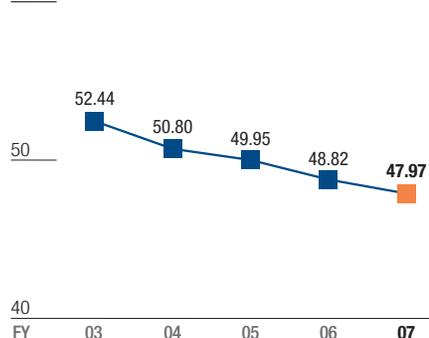
Alliances also play an important role in our efforts to expand our business base. We have started to form strategic alliances with various organizations, including other regional banks. In the previous financial year we initiated a study concerning a system sharing alliance with four other regional banks. We have also negotiated agreements with major regional banks in the Tokyo Metropolitan Area concerning preferential charges for ATM use.

Our initiatives to contribute to the development of the regional society are backed by a pledge to cherish people, water and greenery. One of the ways in which we care for people is through the activities of Chibagin Heartful Co., Ltd., which we established to promote increased employment opportunities for people with disabilities. We are also implementing “Chibagin Heartful Projects,” including the installation of ATMs with audio guidance systems for customers with visual impairments. In addition, we are working to make all of our branches barrier-free.

Our care for water is manifested in environmental improvement activities targeting the Lake Inbanuma Area and the Kujukuri-Hama coast. We care for greenery through greening projects, including tree-planting and tree donations.

The Chiba Bank is also an active participant in efforts to prevent global warming. In April 2007, we began to reduce CO<sub>2</sub> emissions under the “Team Minus 6%” program advocated by the Japanese Ministry of the Environment. Additionally, we are developing products designed to raise the environmental awareness of our customers. For example, we are now marketing “environmental time deposits” that provide higher interest rates to customers who pledge to reduce their CO<sub>2</sub> emissions by least one kilogram per day. Other ways in which environmental considerations are reflected in management decisions include a plan to install solar power systems in new branches.

**OHR**  
(Non-Consolidated)  
(%)

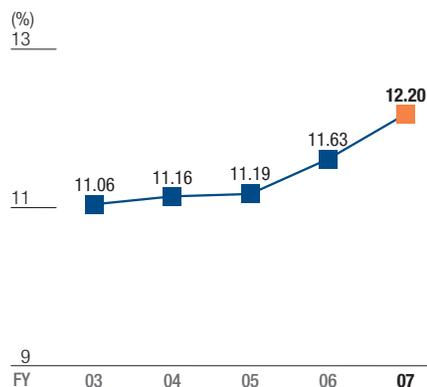


## Shareholder Returns

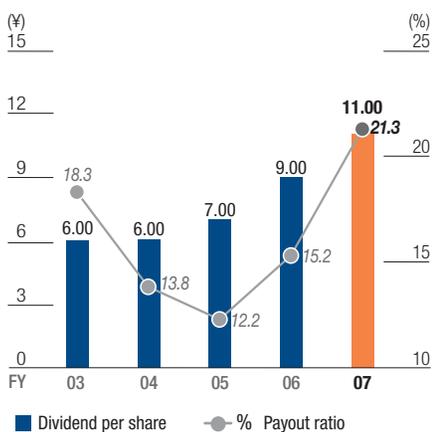
The Chiba Bank needs to expand its internal reserves to fulfill its important public role and maintain a sound financial condition. We also aim to maintain reliable dividends. These considerations are reflected in our dividend policy, which calls for continuing dividend growth backed by a commitment to dividend stability. In line with this policy, we have increased the annual dividend for the year ended March 31, 2008 to ¥11, which is ¥2 higher than the amount paid in the previous



### Capital ratio (Consolidated)



### Cash dividends and payout ratio



year. In the year ending March 31, 2009, we plan to increase the annual dividend by a further ¥2 to ¥13.

We have further enhanced the attractiveness of investment in Chiba Bank shares by introducing a new shareholder benefit system. Shareholders with 1,000 shares or more as of March 31, will receive gifts of specialties from various parts of Chiba Prefecture. This initiative is also designed to promote Chiba Prefecture to our shareholders.

### Our Vision for the Chiba Bank Group

The Chiba Bank Group has deep regional roots, and we recognize that we cannot achieve growth without growth in our region. This awareness is reflected in our medium-term management plan, which consists of policies designed to drive sustainable growth in partnership with all Chiba Bank stakeholders, including customers, shareholders and the regional society. We are determined to earn the increased confidence and support of our customers by continually working to meet the expectations of all stakeholders through the enhancement of and expansion of our products and services, by strengthening the ability of our front-line staff to offer attractive solutions to customer needs.

*Tadashi Takeyama*

Tadashi Takeyama, President

# Retail Banking



*We are continually enhancing our line-up of products and services to match changing customer lifestyles. The environment is also an important theme.*

## Expanded Range of Loan Products

The Chiba Bank is continually enhancing its range of retail loan products to meet the needs of its customers. These efforts have brought sustained growth in the balance of loans outstanding, especially in the housing loan category. The balance as of March 31, 2008 was ¥2,124 billion, an increase of 5.0% over the previous year's level.

Enhancements to our loan products include the introduction of childcare-friendly housing loans in July 2007. Under this system, we provide loans with reduced interest rates for the purchase of houses that meet the childcare environment standards set by Mikihouse Kosodate Soken Co., Ltd.

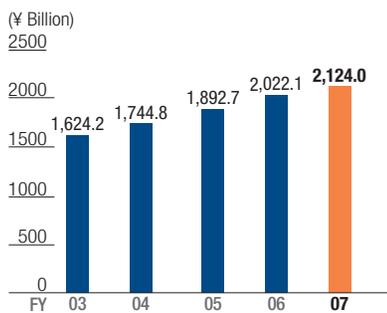
In October 2007, we responded to rising interest in global environmental protection by expanding our range of environmentally focused "eco-loans." We increased the interest reductions available with our existing eco-loans for housing and cars, and we introduced a new eco-loan product for customers who undertake environment-friendly housing renovation projects, such as projects to reduce energy consumption.

There is growing awareness of the importance of earthquake safety in housing. In November 2007, we responded to this need by introducing a new housing loan product to help customers purchase houses with enhanced anti-earthquake performance or implement projects to retrofit anti-earthquake measures. Reduced interest rates are applied throughout the loan period.

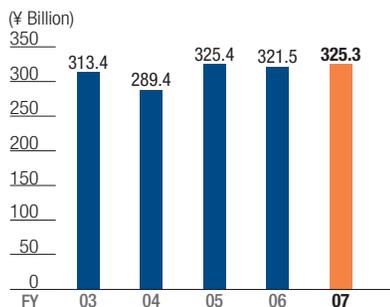
In January 2008 we reviewed our housing loan range and introduced a number of innovations, including a new house alteration loan package for customers planning to retrofit anti-earthquake measures or make their homes barrier-free. At the same time, we improved the accessibility of our loan products by raising the maximum age for new loan customers from 60 to 70. We also introduced a new unsecured product to finance alterations that make houses barrier-free.

The Chiba Bank also offers nursing care loans to assist people caring for sick or aged family members. Reduced interest rates are available on these loans over the entire loan period.

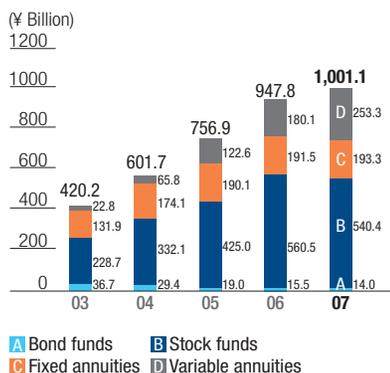
Housing loan balance



## New housing loans



## Balance of investment trusts and total sum of personal annuities



## Enhanced Range of Investment-Related Products

The Chiba Bank customers are able to choose products to meet their investment needs from an extensive range of investment-related products. Our investment trust products have been especially popular, and our balance of ¥554.5 billion (as of March 31, 2008) is the highest of any regional bank in Japan. When selling investment trusts, we take great care to provide investment advice that matches the customer's needs, based on a thorough assessment of customer characteristics, including life stage, investment objectives and investment experience. In March 2008, we added more new products to our investment trust range, including a stock investment fund based on the socially responsible investment (SRI) concept.

In January 2008, following the full deregulation of insurance sales by banks, the Chiba Bank began to sell term insurance and whole-of-life insurance. Since April 2008, we have been selling medical insurance and cancer insurance at most of our branches and all of our sub-branches in Japan. As a result of this expansion of our insurance business, we are now able to offer one-stop access to a full range of financial products and services.

## Trust Business and Inheritance-Related Business

In June 2006, we began to offer trust and inheritance services, including land trusts and testamentary trusts handled by the Chiba Bank at the non-consolidated level. As of March 31, 2008, these services were available at 27 branches, allowing customers to seek advice at convenient locations. Between June 2006 and March 2008, the Chiba Bank provided trust services in three cases, including two land trusts and one public trust, inheritance-related services in 197 cases, including 57 testamentary trusts, 109 cases involving assistance with will preparation and 31 estate settlements.

## Improving ATM Services

Since September 2007, customers have been able to process ordinary deposit transactions in U.S. dollars, euros and Australian dollars through ATMs. In June 2008, it also became possible to process time deposit transactions in foreign currencies. As a result of these changes, customers have been able to use foreign currency deposit pass-books and cash cards linked to yen ordinary deposit accounts to make deposits to and withdrawals from foreign currency deposit accounts. Foreign exchange commissions are 80% cheaper than for those applied to over-the-counter transactions.

In June 2008, we completed the installation of IC biometric authentication systems in all ATMs in branches and at outside locations. This has further enhanced the security of customers making cash card transactions at our approximately 1,200 ATMs.



## Corporate Banking



*We provide our corporate customers with real value through our financial products and services, and we are also enhancing our consulting capabilities.*

### **Business Matching**

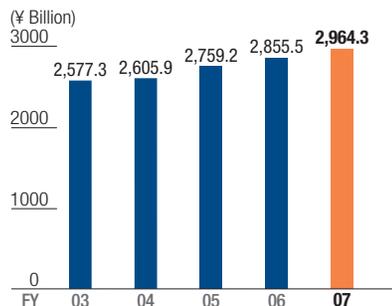
The Chiba Bank actively helps to create business opportunities for its customers by hosting various types of business forums. In November 2007, we collaborated with seven other regional banks to stage Regional Bank Food Selection 2007. Customers of the host banks were invited to participate in this event, which provided a forum for business discussions between 200 food manufacturers and other companies, including suppliers, distributors and food service companies. In December, the Chiba Bank and four other Japanese regional banks, together with the Standard Chartered Bank of the United Kingdom and NC Network China, jointly hosted the third China Business Matching Forum in Shanghai. The aim of this event was to develop business contacts with Chinese manufacturers. In March 2008, the Chiba Bank also participated in Foodex Japan 2008, a nationwide food industry expo.

### **Wide-Ranging Financial Services**

Through its Chibagin Eco Private Placement system, the Chiba Bank supports positive environmental initiatives by small and medium enterprises by charging reduced guarantee fees when handling private placements by companies that have achieved ISO 14001 certification or have been approved under the Eco-Action 21 scheme.

In August 2007, we became the first regional bank in Chiba Prefecture to intermediate commodity derivatives. We now offer a wide range of new products that can be used by companies to avoid or minimize losses resulting from fluctuations in the prices of various commodities, such as crude oil and non-ferrous metals.

## Loans to SMEs



In March 2008, we further enhanced our support for asset-based finance by signing a consulting agreement with Gordon Brothers Japan Co., Ltd., which provides asset appraisal, buyout and realization services. Asset-based finance is seen as an important new financing tool with the potential to support a more flexible response to the diverse financing needs of small and medium-sized enterprises.

Since April, 2008, the Chiba Bank has offered a financial diagnosis service for small and medium-sized enterprises. We provide this service in collaboration with The Risk Data Bank of Japan, Ltd., which maintains a database of 450,000 small and medium-sized enterprises throughout Japan. After providing a free analysis of each customer's financial position, we then offer straightforward financial advice designed to support improvements in earning performance and efficiency.

### Support for Venture Businesses

Since 1998 the Chiba Bank has provided development grants through the Himawari Venture Development Fund, which was established to support venture businesses in Chiba Prefecture. By March 2008, we had provided grants to a total of 103 recipients. We also provide venture business loans, based on our analyses of the feasibility and growth potential of each business.

Another focus is support for venture businesses originating in universities. Since 2003, we have sponsored the Nanohana Competition organized by Chiba University's Venture Business Laboratory. Winners in this competition receive the Chiba Bank Himawari Award.

### Private Financial Initiatives

In March 2008, the Chiba Bank served as arranger for a private financial initiative (PFI) implemented by Nagareyama City, Chiba Prefecture to provide project finance for the construction of new buildings for Oyama Elementary School. Based on a 20-year build-transfer-operate (BTO) model, this PFI scheme encompasses the design, construction, maintenance and management of new school buildings, and the operation of an in-school lunch supply business, a children's center and a community center. Chiba Bank has been widely acclaimed for its involvement in this project, which has won numerous awards, including the inaugural Japan PFI Grand Prize awarded by the Japan PFI Association.



## Expanding Network and Alliances



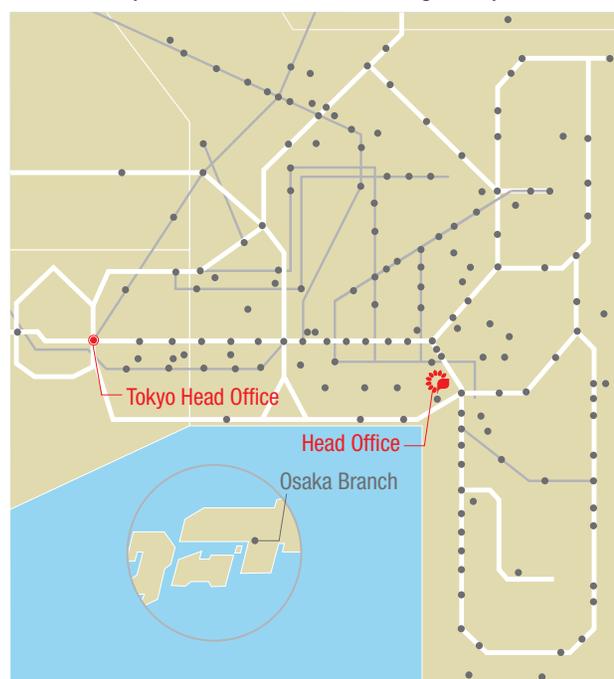
*The Chiba Bank's emphasis on strong regional links in its business activities is reflected in the dynamic expansion of our branch network. We are also strengthening our capacity to provide comprehensive financial services to our customers by establishing new strategic alliances that help to enhance our financial capabilities.*

### New Branches

In January 2008, we opened our third Consulting Plaza outlet, Funabashi Consulting Plaza. Designed for privacy, these branches have individual booths in which customers can receive advice or sign contracts concerning asset management, pensions, housing loans and other matters. Another way in which Chiba Bank helps to meet the financial needs of its customers is through regular financial seminars. These are held in a dedicated Consulting Plaza seminar room in the nearby Funabashi Kitaguchi Branch.

Within Chiba Prefecture, we plan to open the new Chiharadai Branch within the Kamatori Branch in July 2008. In February 2009, it will be relocated to Chiharadai in Ichihara City, which has undergone rapid population growth. We have also opened new branches in neighboring prefectures. The Kamisu Branch in Ibaraki Prefecture opened in November 2007, followed by the Yashio Ekimae Branch in Saitama Prefecture in December. In December 2008, we plan to open the Moriya Branch in Ibaraki Prefecture.

Branch development in the medium-term management plan



### Regional Bank Lease Business Research Group Established

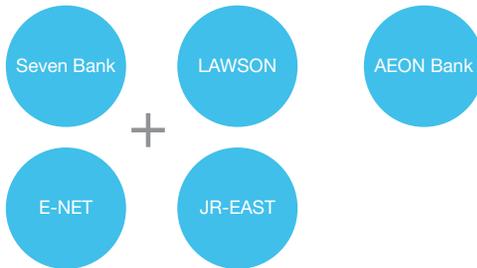
In February 2008, the Chiba Bank and Chibagin Leasing Co., Ltd., together with 15 other regional banks and their affiliated leasing companies, established the Regional Bank Lease Business Research Group to develop and share leasing knowledge and strengthen human resource development systems. The new group responds to inquiries and provides timely information. In addition, it regularly conducts joint seminars and information sharing conferences and implements joint research and survey projects.

### Studies Concerning System Sharing and Alliances

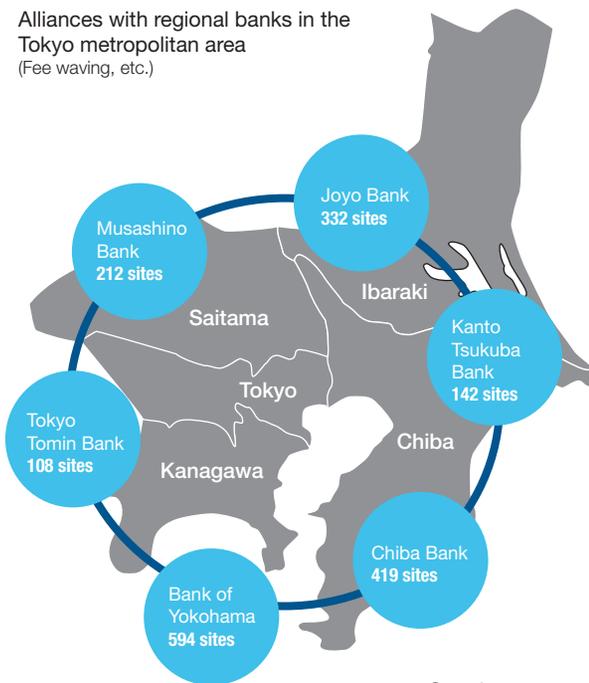
In July 2007, the Chiba Bank began to conduct studies concerning system sharing and alliances with the Daishi Bank, the Hokkoku Bank, the Chugoku Bank and the Iyo Bank. Anticipated benefits include faster product development and service provision, enhanced internal control and risk management functions, reduced IT costs and sharing of IT personnel. This work resulted

## ATM network

### Alliances with other businesses



### Alliances with regional banks in the Tokyo metropolitan area (Fee waving, etc.)



in a basic agreement to commence sharing of individual subsystems progressively, starting in April 2008. This initiative, which is expected to create new value through open cooperation across multiple regions, has been named the Tsubasa Project after the Japanese word for “wing.”

### Regional Bank Housing Loan Joint Research Group

In February 2008, the Chiba Bank reached agreement with the Gunma Bank, the Shizuoka Bank, the Joyo Bank, the Hachijuni Bank, the Yamanashi Chuo Bank and the Bank of Yokohama concerning the joint development of housing loan products. In May, we established the Regional Bank Housing Loan Joint Research Group with these six banks. Since then, another 49 banks have joined, bringing the total involved in this joint research initiative to 56.

In May 2008, the Chiba Bank began to offer a housing loan package designed specifically for female customers. Additional services include housework and childcare services, breast cancer examinations and coupons for hotels. We plan to introduce further preferential services for housing loan customers in the future, including health advice services and travel benefits. Other plans include the development of social contribution support services, whereby specific percentages of the balance of housing loans used to buy environment-friendly houses will be donated to social contribution organizations.

### ATM Alliances

Since May 2007, our customers have been able to use Chiba Bank cards to withdraw cash and verify account balances using station ATMs linked to East Japan Railway Company’s VIEW ALTTE system. In September 2007, we established an ATM alliance with Lawson ATM Networks, Inc. As a result, our customers can now make withdrawals and deposits, check account balances and make transfer payments through ATMs in Lawson outlets and other locations. In

October 2007, an ATM alliance was established with the Aeon Bank, allowing Chiba Bank customers to make withdrawals and check balances at Aeon Bank ATMs in Aeon shopping centers and elsewhere. Under our alliances with convenience store ATM systems, including E-Net, Seven Bank and Lawson, and the Japan Post Bank, Aeon Bank and East Japan Railway Company, our customers are able to access loyalty point services under the Himawari Sengen program. By applying for a Super Card, they can also enjoy reductions in ATM usage fees.

### ATM Alliance Established by Six Regional Banks

In October 2007, the Chiba Bank formed an alliance with the Bank of Yokohama and the Tokyo Tomin Bank, allowing customers to use the ATMs of these banks at reduced charges. The Joyo Bank, the Kanto Tsukuba Bank and the Musashino Bank plan to join this alliance by August 2008. Under this alliance, most customers of the participating banks benefit from reduced usage charges and transfer fees when using the ATMs of other participating banks in Chiba Prefecture, Kanagawa Prefecture, Saitama Prefecture, Ibaraki Prefecture and the Tokyo Metropolitan Area.



## Contributing to the Development of Regional Society

*As a regional financial institution based in Chiba Prefecture, the Chiba Bank contributes to regional economic development through various initiatives. We place particular importance on community contribution as part of our corporate social responsibility (CSR) activities.*



### Community Contribution Initiatives

***Cherishing People*** Through its “Heartful” project, the entire Chiba Bank organization is working to create and maintain environments in which all customers can use its services with confidence. As a company with strong regional roots, we have increased our efforts to improve our hardware by making our branches barrier-free, our software by enhancing branch services, and our “heartware” by improving the skills of the staff who deal with customers.

In December 2006, we established Chibagin Heartful Co., Ltd. as a wholly owned subsidiary to facilitate employment for people with disabilities. In May 2007, this company became the first wholly owned subsidiary of a regional bank to be designated as a special subsidiary under the Law for Employment Promotion, etc. of the Disabled.

As in the previous year, the Chiba Bank and Nomura Securities Co., Ltd., jointly sponsored a course at Chiba University between April and July 2008, for the purpose of imparting practical knowledge about money and the economy. The aim of this initiative is to contribute to regional prosperity by helping to develop a new generation of leaders.



***Cherishing Water*** In March 2008, approximately 200 past and present employees and officers of the Chiba Bank participated in a water quality restoration project initiated by Chiba Prefecture in the Lake Inbanuma area. In June 2008, a total of 360 volunteers, including bank employees and officers and their families, removed litter along the Kujukuri-Hama coast.

***Cherishing Greenery*** We continue to care for Japanese cypress trees planted in “Chibagin Forest” in Kinadayama, Futsu City to commemorate our 60th anniversary year in 2003. In March 2008, we donated 40 *somei yoshino* cherry trees to Chiba city for planting along a walking path near our head office.

### Cherishing Culture and the Arts

The Chiba Bank undertakes a variety of initiatives to foster cultural, artistic and sporting activities in its region. In April 2008, we sponsored the 37th season of Chibagin Himawari Concerts, which we established in 1989 as part of our cultural activities. A wide variety of artists perform in these extremely popular concerts, which are held at locations throughout Chiba Prefecture.



The Chibagin Art Gallery is located in the Chiba Bank Building in Tokyo. It was opened in 1990 as a permanent venue for exhibitions of works by leading artists who were born in or reside in Chiba Prefecture.

### **Environmental Initiatives**

Our basic philosophy on the environment calls for a balance between sustainable regional development and environmental conservation. The Chiba Bank Group approaches environmental activities as a business corporation and financial institution, and in partnership with its officers and employees.

### **Initiatives as a Business Corporation**

We have reduced CO<sub>2</sub> emissions at our computer center by 50% compared with the fiscal 1996 level by centralizing host computers and other equipment, and by installing inverter systems. By fiscal 2010, we aim to reduce CO<sub>2</sub> emissions at our head office by 12% from the fiscal 2007 level. We have also started to monitor emissions at all Chiba Bank facilities in accordance with the related laws, including the Law Concerning the Promotion of the Measures to Cope with Global Warming and the Law Concerning the Rational Use of Energy. In addition, we plan to install solar power systems in new branches, starting with the Chiharadai Branch in February 2009.



### **Initiatives as a Financial Institution**

Environment-friendly products marketed by the Chiba Bank include an environmental time deposit launched in November 2007. Customers who pledge to reduce their CO<sub>2</sub> emissions by one kilogram per day receive special interest rates on these deposits. We also donate percentages of deposits to the Chiba Prefecture Environment Foundation, and to the Japan Fund for Global Environment, which was established by the Japanese government.

In October 2007, we introduced a new reduced-interest loan product for alteration projects designed to save energy. We also increased the interest reductions available on existing environment-friendly products. In addition, the Chiba Bank actively sponsors environment-related seminars and business matching sessions and handles private bond placements and time deposits linked to carbon offsets.



### **Initiatives in Partnership with Officers and Employees**

In March 2003 and March 2005, we planted a total of 7,200 Japanese cypress trees in the “Chibagin Forest” in Kinadayama, Futtu City. These trees absorb the equivalent of 100 tons of CO<sub>2</sub> annually.

In June 2006, we joined the “Cool Biz” program. Between June and September 2008, staff in all branches, including those working directly with customers, wore cooler clothing to allow air conditioners to be set at higher temperatures, thereby reducing energy consumption. In addition, many staff members and their families accepted the challenge issued by the Japanese Ministry of the Environment by pledging to reduce their CO<sub>2</sub> emissions by 1 kilogram per day. A total of 4,900 employees made this pledge, resulting in a reduction of 2,000 tons annually.

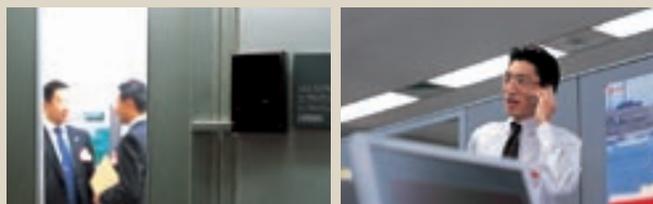
## **Policy of Regional Contribution Activities**

Under the slogan “We will cherish People, Water and Greenery,” contribute to the region with particular regard to the following:

- **People:** the welfare of disabled and elderly people, and education
- **Water:** preservation of the water quality
- **Greenery:** tree-planting



# Compliance



Compliance is the foundation for all business operations of the Chiba Bank. We are fully committed to the ongoing development and reinforcement of our compliance structures.

## Compliance Organization

The Chiba Bank regards compliance as one of its most important management priorities. We are determined to conduct all of our business activities fairly and in good faith, by complying with all laws and regulations relating to banking transactions, by observing all internal rules and regulatory requirements pertaining to our role in society, and by avoiding actions that would fall short of normal social expectations.

Specific action plans and measures to ensure compliance are formulated at regular meetings of the Compliance Committee. This committee is chaired by the President and consists of directors, executive officers and divisional general managers.

In June 2007, we established the Risk Management and Compliance Coordination Division to coordinate our compliance activities. Within this division, the Compliance Coordination Department and Compliance Supervisory Department work closely together on ongoing compliance-related tasks. These include the administration of compliance regulations and manuals, the preparation of training programs and the monitoring of their implementation, and periodic checks on the compliance situation. They also monitor branch-level compliance and provide advice, including on-site guidance.

## Consistent Implementation of Basic Policies

Our compliance regulations include a clearly defined code of conduct for employees in the form of the Chiba Bank Code of Ethics. To ensure that these rules are understood and observed, all employees receive a copy of our Compliance Manual, which contains specific guidelines.

## Compliance Program

Every year the Board of Directors formulates a compliance program stipulating specific measures to strengthen our compliance systems, including employee education and guidance, and compliance checks. The Board of Directors and the Compliance Committee regularly monitor the implementation of this program.

## Protecting Customers and Personal Information

The Chiba Bank regards customer protection as a vital element of compliance. All employees undergo guidance and training to ensure that they conduct their business activities fairly and in good faith. This is especially important when marketing complex financial products, such as investment trusts, insurance and foreign currency deposits, which expose customers to the risk of a reduction in principal value. All solicitation for such products must be carried out appropriately and in accordance with the Chiba Bank Solicitation Policy.

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

## Chiba Bank Code of Ethics

### Earning Unwavering Trust

Remaining constantly aware of the social responsibility and public mission of a bank, the Chiba Bank will strive to earn the unwavering trust of society through sound, appropriate business operations based on the principle of self-responsibility.

### Thorough Compliance with Laws, Rules and Other Fundamental Principles

Complying strictly with all laws and rules and never deviating from social standards, the Chiba Bank will conduct fair and honest business activities.

### Opposition to Antisocial Forces

The Chiba Bank will firmly oppose antisocial forces and groups that threaten the order and safety of society and undermine healthy economic and social development.

### Transparent Management

The Chiba Bank will provide active and fair disclosure of management information and manage its operations in a transparent manner.

# 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

The 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 and Inspection Division, which is independent of the units subject to auditing, conducts internal audits of headquarters, branches, and subsidiaries in accordance with the Internal Audit Plan

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

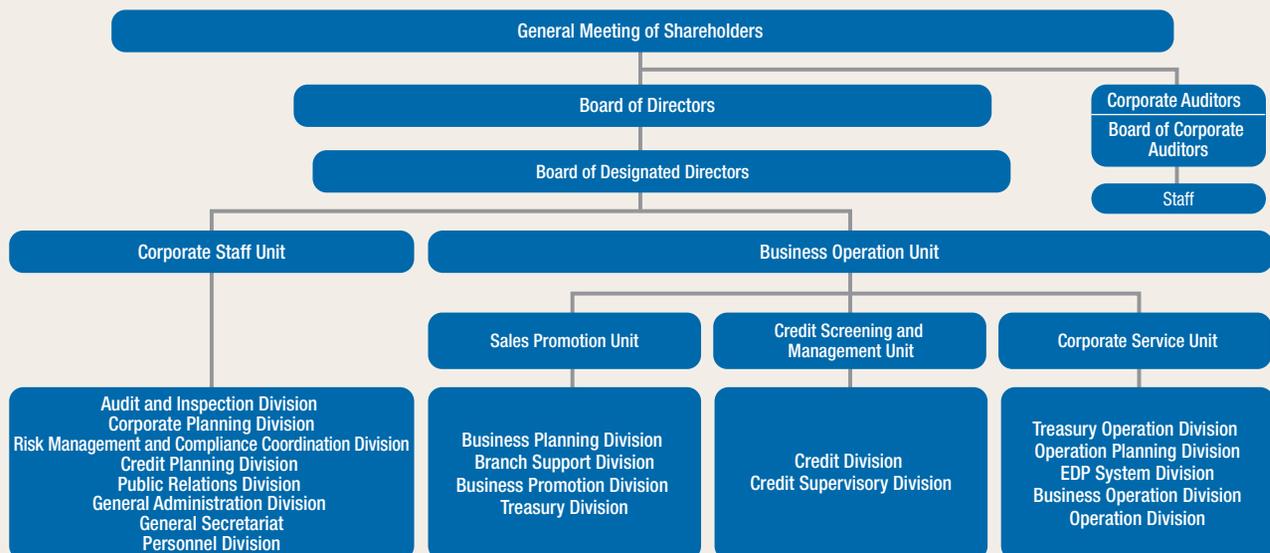
The Bank maintains a system under which subsidiaries decide their own regulations in line with the Bank's Compliance Regulations and various risk management regulations and the Bank's administrative departments control subsidiary compliance and risk management. The Bank's internal audit units conduct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

## Basic Policy on Internal Control Systems

The Bank introduced a basic policy for the establishment of systems to ensure its appropriate operation (Internal Control System) through the Board of Directors. In accordance with this policy, the Bank is working to establish a high quality management structure.

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, 2008)



# Asset Quality

Branch offices work together with customers to prepare rehabilitation plans at locations in close proximity to the customers.

## Asset Quality Assurance

The 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 assets, 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, the Chiba Bank is developing and enhancing its credit screening and credit risk management systems.

The Chiba Bank announced its basic plan for promoting relationship banking in November 2007. The head office and branches work together to support customer management rehabilitation. As of March 31, 2008, the ratio of non-performing assets declined to 2.7%, and the classifications of 38 of 408 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 Assets

The Bank has taken appropriate measures to dispose of non-performing assets 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, 2007	As of March 31, 2008	As of March 31, 2007	As of March 31, 2008
Loans to Bankrupt Borrowers	3.0	3.5	3.1	3.3
Delinquent Loans	100.4	90.4	102.8	92.4
Loans Past Due 3 Months or More	9.0	3.1	9.0	3.1
Restructured Loans	89.0	88.6	89.1	88.7
Total	201.6	185.8	204.1	187.6

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 71.4% 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 customer's liabilities for acceptances and guarantees other than loans, accrued interest, foreign exchange, and other assets, with the exception of Substandard Claims.

### Risk-Monitored Loans

In the classification of Risk-Monitored Loans, Loans to Bankrupt Borrowers corresponds to Bankrupt Assets under self-assessment, Delinquent Loans corresponds to Effectively Bankrupt Assets and Potentially Bankrupt Assets under self-assessment, Loans Past Due Three Months or More and Restructured Loans 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, 2007	As of March 31, 2008
Bankrupt and Substantially Bankrupt Claims	27.0	29.3
Doubtful Claims	77.1	65.4
Substandard Claims	98.1	91.8
Total	202.3	186.6
Total Claims Outstanding	6,554.8	6,827.5
Coverage Ratio (%)	71.8	71.4

Comparison of Classifications under Self-Assessment, Financial Reconstruction Law and Risk-Monitored Loans (Non-Consolidated) (As of March 31, 2008) (¥ Billion)

Assets under Self-Assessment		Disclosed Claims under the Financial Reconstruction Law	Risk-Monitored Loans under the Banking Law			
Bankrupt Assets	3.6	Bankrupt and Substantially Bankrupt Claims	29.3	Loans to Bankrupt Borrowers	3.5	
Effectively Bankrupt Assets	25.7		Doubtful Claims	65.4	Delinquent Loans	90.4
Potentially Bankrupt Assets	65.4	Substandard Claims	91.8	Loans Past Due 3 Months or More	3.1	
Assets Requiring Caution	Substandard Assets			114.6	Normal Claims	6,640.9
	1,036.6	Other Assets Requiring Caution	922.0			
Normal Assets	5,696.0					
Total Assets	6,827.5	Total Claims	6,827.5	Loans Outstanding	6,656.2	

# Risk Management

The 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, the 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.

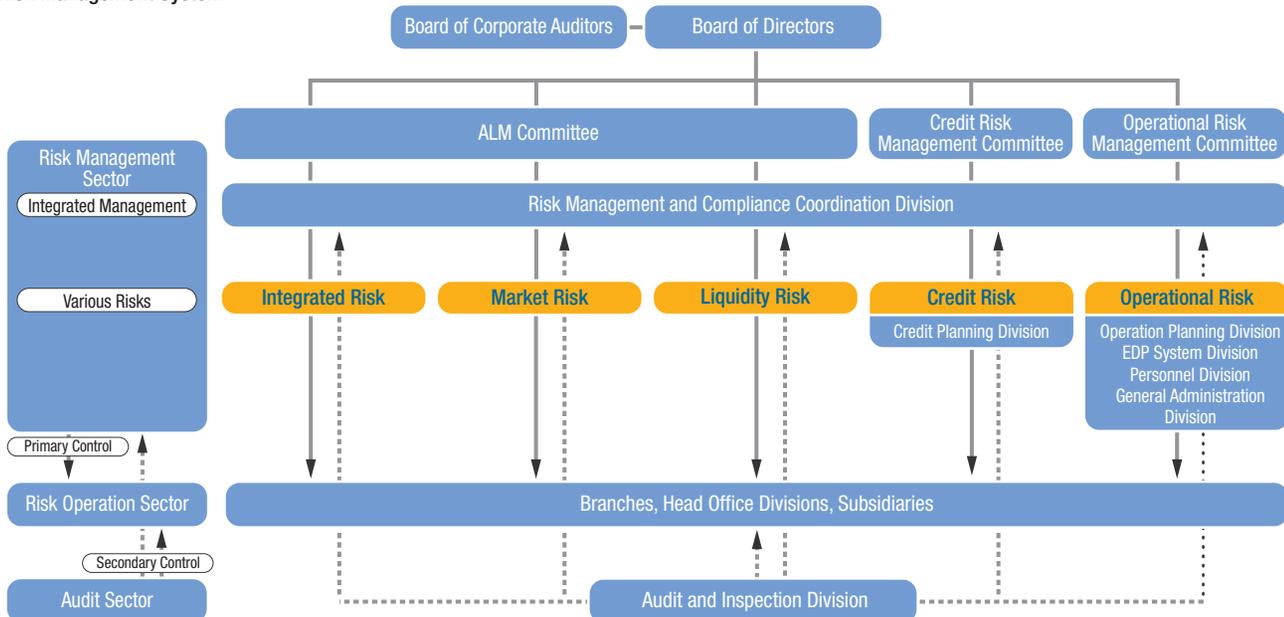
## Integrated Risk Measurement

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 measurement, 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 amount of risk based on the scenarios.

The Bank has introduced a risk capital allocation system as a concrete framework for integrated risk measurement. A risk capital allocation system is a mechanism for engaging in business operations that duly 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

## Risk Management System



areas 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.

Also 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 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 management, 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 principles 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 and minimize future losses 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 strive to increase the soundness of the credit portfolio by further elaborating and developing quantification by accumulating and organizing default data and loan recovery data from defaulted borrowers.

By importing the quantitative results into various systems, we utilize them in loan 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 review 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 the 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.

The 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 alarm point of valuation differences and implements risk control by reviewing investment policy each quarter.

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

The dividing of 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 mutual control of each division.

### **Liquidity Risk Management**

Liquidity risk consists of cash flow risk and market liquidity risk. Cash flow risk is the risk of incurring a loss due to failure to maintain cash flow as a result of the inability to secure necessary funds or the necessity of procuring funds at significantly higher interest rates than usual due to the worsening of the financial institution's

financial position or other circumstances. Market liquidity risk is the risk of incurring a loss due to the inability to trade on markets or the necessity of trading at prices significantly less favorable than usual due to market turmoil or other circumstances.

At the Chiba Bank, the Treasury Division is the 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 operational 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, pass-books, 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 the 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) from Fiscal year 2006 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				
	2008	2007	2006	2005	2004
<b>For the Year:</b>					
Total Income . . . . .	¥ 274,252	¥ 270,310	¥ 240,014	¥ 218,379	¥ 208,885
Total Expenses . . . . .	192,792	181,386	153,807	151,409	160,719
Income Before Income Taxes and Minority Interests. . . . .	81,460	88,923	86,206	66,970	48,165
Net Income	45,980	52,538	48,927	36,395	27,584
<b>At Year-End:</b>					
Total Assets . . . . .	¥9,835,939	¥9,736,917	¥9,802,061	¥8,707,929	¥8,231,727
Loans and Bills Discounted . . . . .	6,624,687	6,377,598	6,139,665	5,844,581	5,645,137
Securities . . . . .	2,045,011	2,416,149	2,635,218	1,710,389	1,457,660
Deposits . . . . .	8,504,095	8,479,222	8,118,802	7,677,370	7,346,684
Net Assets. . . . .	580,168	598,822	—	—	—
Total Stockholders' Equity . . . . .	—	—	531,954	418,138	388,247
Capital Ratio (BIS guidelines) . . . . .	12.20%	11.63%	11.19%	11.16%	11.06%
PER (Times) . . . . .	13.16	17.65	18.37	16.06	17.74
PBR (Times) . . . . .	1.06	1.58	1.75	1.39	1.25
Yen					
<b>Per Share:</b>					
Net Income . . . . .	¥ 51.43	¥ 58.89	¥ 56.96	¥ 43.19	¥ 32.74
Net Assets. . . . .	634.94	655.89	—	—	—
Stockholders' Equity . . . . .	—	—	596.84	496.87	461.54

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

## Management's Discussion and Analysis (Consolidated)

### Financial and Economic Environment

In the first half of the consolidated accounting year ended March 31, 2008, the Japanese economy remained on a gradual expansionary trend fueled by the high level of business earnings. However, economic activity slowed in the second half under the impact of reduced housing investment and rising raw material prices. Buoyant exports helped to underpin capital investment, which continued to expand. Consumers became more cautious about purchasing decisions because of stagnating worker incomes and the rising cost of household essentials. The result was lackluster consumer spending.

In the financial sector, the unsecured overnight call rate in the short-term money market remained around the 0.50% level throughout the year. Expectations of economic expansion pushed the distribution yield on long-term government bonds up through the 1.9% level in June. However, the world financial markets were subsequently plunged into turmoil by the sub-prime mortgage crisis in the United States, and by March 2008, the yield had fallen back to the 1.2% range. The Nikkei average rose to over ¥18,000 in June, but by March it had retreated to around ¥11,000 under pressure from a rising yen, high crude oil prices, and fears of an economic recession in the United States.

### Business Operations

In this financial and economic environment, the Chiba Bank implemented a range of dynamic measures designed to realize its management goal of establishing an "integrated regional financial services group" that is highly approved of. The framework for these efforts was provided by the current medium-term management plan, the theme for which is "Going Forward with the Region: 100 Weeks of Trust and Growth."

Organizational changes included the establishment in June 2007 of the Risk Management and Compliance Coordination Division to strengthen the Bank's compliance systems and the Business Operation Division aiming at more efficient operational systems. We also modified the functions of our business divisions and strengthened our marketing systems by integrating the Consumer Banking Division and Direct Channel Division into the Branch Support Division. There were also several name changes. The Business Coordination Division, which is responsible for business planning, became the Business Planning Division, while the Corporate Banking Division, which provides a range of financial skills, became the Business Promotion Division.

New products and services included a one-year time deposit providing special interest rates in exchange for pledge to reduce CO<sub>2</sub> emissions by 1 kilogram per day. We also began to offer time deposits with free Takarakuji lottery tickets. To meet asset management needs of our customers, we introduced investment trust products based on distributed investment in various countries, including emerging economies and personal annuity products. We also began to sell term insurance and whole-of-life insurance, following the easing of regulatory restrictions on the involvement of banks in this area.

For our older customers, we established the Himawari Club, a membership service designed to enhance the quality of post-retirement lifestyles. Members can benefit from special interest rates on time deposits. In addition, we expanded our branch offices, which provide trust services and inheritance-related services, such as testamentary trusts, so that customers can obtain advice at their nearest branch.

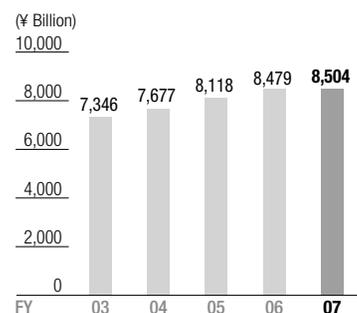
We expanded our line-up of loan products by introducing products designed to match customer lifestyles, support efforts against environmental problems, and meet the needs of an aging society. These include ecologically focused home renovation loans, the *Chibagin Reform Loan "ECO"*, loans to help customers make their homes barrier-free, the *Chibagin Barrier-Free Reform Loan* and the *Chibagin Free Loan "Cash Top."*

Customer convenience was further enhanced through the establishment of ATM alliances with East Japan Railway Company, Lawson ATM Networks, Inc., the Japan Post Bank, the Aeon Bank, the Bank of Yokohama, and the Tokyo Tomin Bank. These agreements cover the use of ATMs and the reduction of usage charges.

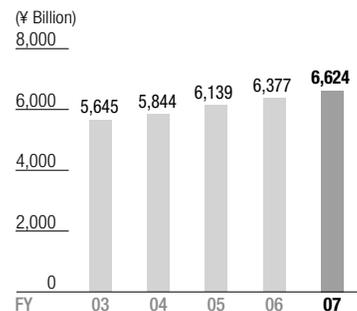
Consulting services for corporate customers were also strengthened. We responded proactively to the changing and increasingly sophisticated needs of customers by providing support in such areas as business succession, M&A and overseas expansion. We hosted Regional Bank Food Selection 2007, a business matching event for corporate customers, in collaboration with seven other regional banks. In addition, we began to handle commodity derivatives to provide our customers with tools to avoid the risk of rises in the prices of crude oil and other commodities.

The Chiba Bank reached agreement on system sharing and alliances with the Daishi Bank, the Hokkoku Bank, the Chugoku Bank and the Iyo Bank. Benefits are expected to include faster product development and service provision, enhanced internal control and risk management functions, and reduced IT costs.

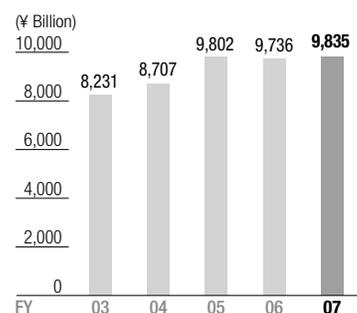
### Deposits (Consolidated)



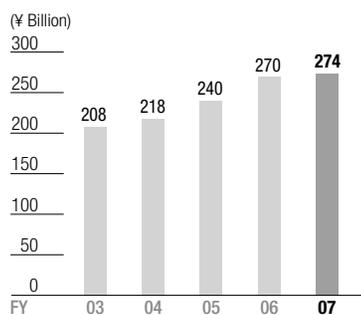
### Loans and bills discounted (Consolidated)



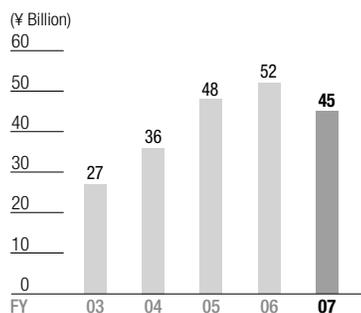
### Total assets (Consolidated)



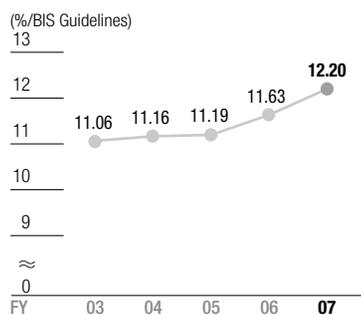
## Total income (Consolidated)



## Net income (Consolidated)



## Capital ratio (Consolidated)



## Operating Results

### Financial Position

Figures for the Bank's major accounts show that the balance of deposits, including negotiable deposits, as of March 31, 2008 was ¥8,504.0 billion, an increase of ¥24.8 billion from the position a year earlier. This growth reflects our continuing efforts to provide a full range of financial products and services, as well as a campaign to encourage customers to make the Chiba Bank their main banking institution for salary and pension payments and other household needs.

We continued to respond positively to the financing needs of corporate and individual customers in our region. As a result, the term-end balance of loans and bills discounted increased by ¥247.0 billion to ¥6,624.6 billion. The amount of securities held decreased by ¥371.1 billion to ¥2,045.0 billion. On this basis, total assets as of March 31, 2008 increased by ¥99.0 billion from the previous fiscal year-end, to ¥9,835.9 billion.

### Income and Expenses

Total consolidated income increased by ¥3,941 million from the previous fiscal year, to ¥274,252 million. The increase resulted from our efforts to boost our lending business. Despite rationalization measures affecting all aspects of our operations, total consolidated expenses increased by ¥11,405 million from the previous fiscal year, to ¥192,792 million. The higher figure reflects increases in the cost of funds, including interest paid on deposits, as well as investment in the establishment of new branches and measures to enhance customer confidence and security. Impairment losses were recorded where the market value of marketable securities declined significantly compared with the book value.

Income before income taxes and minority interests decreased by ¥7,463 million from the previous fiscal year, to ¥81,460 million. Net income decreased by ¥6,557 million to ¥45,980 million. Net income per share amounted to ¥51.43.

### Segment Information

An analysis of segment results shows that ordinary income from banking operations increased by ¥8,353 million from the previous fiscal year to ¥245,666 million, and that ordinary profit decreased by ¥1,964 million to ¥76,931 million. Ordinary income from the leasing business decreased by ¥1,264 million to ¥19,556 million, and ordinary profit by ¥147 million to ¥1,548 million. Ordinary income from other business decreased by ¥807 million to ¥4,936 million, while ordinary profit decreased by ¥665 million to ¥841 million.

The capital adequacy ratio, as determined according to BIS-guidelines, improved by 0.57% from the previous fiscal year-end to 12.20%.

### Cash Flows

Net cash used in operating activities in the current consolidated accounting period increased by ¥72.5 billion from the previous fiscal year, to ¥315.0 billion. Reasons for the higher figure include increased lending. Net cash provided by investing activities increased by ¥57.7 billion to ¥257.4 billion, in part because of sales and redemptions of marketable securities. Cash flows provided by financing activities increased by ¥13.4 billion to ¥4.8 billion, mainly because of a subordinated bond issue. As a result, cash and equivalents decreased by ¥52.9 billion (¥1.6 billion less than in the previous year) year on year to ¥134.5 billion as of March 31, 2008.

### Dividend Policy

Our basic dividend policy calls for sustainable increases. We also take into account the need to build substantial internal reserves in order to fulfill the Chiba Bank's important public role and maintain a sound financial condition. Dividend stability is also a priority. In line with this policy, we set the final dividend for the year ended March 2008 at ¥5.50 per share. This amount, which was approved at the ordinary general meeting of shareholders, brought the total annual dividend to ¥11, an increase of ¥2 over the total for the previous fiscal year.

Under our basic dividend policy, we plan to increase the dividend for the year ending March 2009 by ¥2 to ¥13 per share. This amount is based on our current forecasts concerning the business environment and our business performance in the fiscal year ending March 2009.



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, 2007 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to 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, 2007 and 2008, 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, 2008 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 20, 2008

A MEMBER OF ERNST & YOUNG GLOBAL

## Consolidated Balance Sheets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2008 and 2007

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Assets</b>			
Cash and Due from Banks (Note 12) . . . . .	¥ 426,953	¥ 242,244	\$ 4,261,439
Call Loans and Bills Bought . . . . .	10,480	59,924	104,605
Receivables under Securities Borrowing Transactions (Note 6) . . . . .	22,081	19,403	220,395
Commercial Paper and Other Debt Purchased . . . . .	65,434	63,026	653,105
Trading Assets (Notes 5, 12 and 32) . . . . .	285,029	283,088	2,844,889
Money Held in Trust (Note 33) . . . . .	29,511	30,497	294,555
Securities (Notes 7, 12 and 32) . . . . .	2,045,011	2,416,149	20,411,334
Loans and Bills Discounted (Notes 8 and 12) . . . . .	6,624,687	6,377,598	66,121,246
Foreign Exchanges (Note 9) . . . . .	3,693	3,510	36,870
Other Assets (Notes 10 and 12) . . . . .	70,819	56,760	706,857
Tangible Fixed Assets (Note 11) . . . . .	136,066	136,630	1,358,085
Intangible Fixed Assets . . . . .	9,583	9,759	95,657
Deferred Tax Assets (Note 29) . . . . .	48,319	19,516	482,277
Customers' Liabilities for Acceptances and Guarantees . . . . .	112,049	82,168	1,118,373
Reserve for Possible Loan Losses . . . . .	(53,784)	(63,360)	(536,822)
<b>Total Assets</b> . . . . .	<b>¥9,835,939</b>	<b>¥9,736,917</b>	<b>\$98,172,863</b>
<b>Liabilities</b>			
Deposits (Notes 12 and 13) . . . . .	¥8,504,095	¥8,479,222	\$84,879,679
Call Money and Bills Sold (Note 12) . . . . .	184,973	35,458	1,846,226
Payables under Repurchase Agreements (Note 12) . . . . .	97,401	36,960	972,171
Payables under Securities Lending Transactions (Note 12) . . . . .	81,105	189,887	809,516
Trading Liabilities (Note 14) . . . . .	16,617	16,604	165,864
Borrowed Money (Notes 12 and 15) . . . . .	80,646	138,251	804,938
Foreign Exchanges (Note 16) . . . . .	516	549	5,151
Subordinated Bonds (Note 17) . . . . .	41,000	21,000	409,222
Other Liabilities (Note 18) . . . . .	100,030	102,135	998,410
Reserve for Bonus for Directors and Corporate Auditors . . . . .	63	60	637
Reserve for Employees' Retirement Benefits (Note 19) . . . . .	18,435	19,472	184,003
Reserve for Directors and Corporate Auditors' Retirement Benefits . . . . .	1,649	—	16,461
Reserve for Reimbursement of Dormant Deposits . . . . .	996	—	9,943
Reserve for Point Loyalty Programs . . . . .	607	545	6,067
Reserve under Special Laws . . . . .	215	215	2,151
Deferred Tax Liabilities (Note 29) . . . . .	42	262	419
Deferred Tax Liabilities on Land Revaluation (Note 20) . . . . .	15,323	15,301	152,942
Acceptances and Guarantees . . . . .	112,049	82,168	1,118,373
<b>Total Liabilities</b> . . . . .	<b>¥9,255,770</b>	<b>¥9,138,095</b>	<b>\$92,382,176</b>
<b>Net Assets</b>			
Common Stock (Note 21) . . . . .	¥ 145,069	¥ 145,069	\$ 1,447,940
Capital Surplus . . . . .	123,404	123,399	1,231,700
Retained Earnings . . . . .	283,583	247,412	2,830,453
Treasury Stock . . . . .	(1,217)	(1,026)	(12,148)
Total Stockholders' Equity . . . . .	550,839	514,854	5,497,946
Net Unrealized Gains on Other Securities (Note 34) . . . . .	8,634	61,807	86,178
Net Deferred Gains on Hedging Instruments . . . . .	300	1,900	2,996
Land Revaluation Excess (Note 20) . . . . .	7,777	7,839	77,627
Foreign Currency Translation Adjustments . . . . .	1	3	19
Total Valuation and Translation Adjustments . . . . .	16,713	71,551	166,820
Minority Interests . . . . .	12,616	12,416	125,921
<b>Total Net Assets</b> . . . . .	<b>¥580,168</b>	<b>¥ 598,822</b>	<b>\$ 5,790,687</b>
<b>Total Liabilities and Net Assets</b> . . . . .	<b>¥9,835,939</b>	<b>¥9,736,917</b>	<b>\$98,172,863</b>

See notes to consolidated financial statements.

## Consolidated Statements of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2008 and 2007

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts . . . . .	¥144,937	¥125,803	\$1,446,628
Interest and Dividends on Securities . . . . .	38,163	47,005	380,908
Other Interest Income . . . . .	3,533	1,609	35,268
Trust Fees . . . . .	8	0	84
Fees and Commissions Income . . . . .	43,789	45,612	437,061
Trading Income (Note 22) . . . . .	3,959	2,878	39,518
Other Operating Income (Note 23) . . . . .	6,239	6,225	62,277
Other Income (Note 24) . . . . .	33,621	41,175	335,577
<b>Total Income</b> . . . . .	<b>¥274,252</b>	<b>¥270,310</b>	<b>\$2,737,321</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits . . . . .	¥30,963	¥ 20,866	\$ 309,051
Interest on Borrowings and Rediscounts . . . . .	4,287	2,881	42,795
Other Interest Expenses . . . . .	10,223	16,051	102,044
Fees and Commissions Expenses . . . . .	14,226	12,958	141,998
Trading Expenses . . . . .	66	—	661
Other Operating Expenses (Note 25) . . . . .	4,412	7,323	44,039
General and Administrative Expenses . . . . .	86,247	85,142	860,836
Other Expenses (Note 26) . . . . .	42,364	36,163	422,840
<b>Total Expenses</b> . . . . .	<b>¥192,792</b>	<b>¥181,386</b>	<b>\$1,924,264</b>
Income Before Income Taxes and Minority Interests . . . . .	81,460	88,923	813,057
Income Taxes-Current . . . . .	31,105	32,444	310,469
Income Taxes-Deferred . . . . .	3,728	2,089	37,213
Minority Interests in Net Income . . . . .	645	1,851	6,439
<b>Net Income</b> . . . . .	<b>¥ 45,980</b>	<b>¥ 52,538</b>	<b>\$ 458,935</b>

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2008 and 2007

	Millions of Yen (Note 1)											
	Stockholders' Equity					Valuation and Translation Adjustments						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Equity	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	Total Net Assets
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
Net Income	—	—	45,980	—	45,980	—	—	—	—	—	—	45,980
Cash Dividends Paid	—	—	(9,833)	—	(9,833)	—	—	—	—	—	—	(9,833)
Bonuses to Directors and Corporate Auditors	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of Treasury Stock	—	—	—	(224)	(224)	—	—	—	—	—	—	(224)
Disposal of Treasury Stock	—	4	—	33	37	—	—	—	—	—	—	37
Reversal of Land Revaluation Excess	—	—	24	—	24	—	—	—	—	—	—	24
Net Changes of Items other than Stockholders' Equity	—	—	—	—	—	(53,172)	(1,600)	(62)	(1)	(54,837)	199	(54,637)
Total of items during FY2007	—	4	36,171	(191)	35,984	(53,172)	(1,600)	(62)	(1)	(54,837)	199	(18,653)
<b>Balance at March 31, 2008</b>	<b>¥145,069</b>	<b>¥123,404</b>	<b>¥283,583</b>	<b>¥(1,217)</b>	<b>¥550,839</b>	<b>¥ 8,634</b>	<b>¥ 300</b>	<b>¥7,777</b>	<b>¥1</b>	<b>¥16,713</b>	<b>¥12,616</b>	<b>¥580,168</b>

	Thousands of U.S. Dollars (Note 1)											
	Stockholders' Equity					Valuation and Translation Adjustments						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Equity	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	Total Net Assets
Balance at March 31, 2007	\$1,447,940	\$1,231,655	\$2,469,428	\$(10,242)	\$5,138,782	\$616,900	\$18,972	\$78,247	\$34	\$714,153	\$123,932	\$5,976,867
Net Income	—	—	458,935	—	458,935	—	—	—	—	—	—	458,935
Cash Dividends Paid	—	—	(98,151)	—	(98,151)	—	—	—	—	—	—	(98,151)
Bonuses to Directors and Corporate Auditors	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of Treasury Stock	—	—	—	(2,240)	(2,240)	—	—	—	—	—	—	(2,240)
Disposal of Treasury Stock	—	45	—	333	378	—	—	—	—	—	—	378
Reversal of Land Revaluation Excess	—	—	241	—	241	—	—	—	—	—	—	241
Net Changes of Items other than Stockholders' Equity	—	—	—	—	—	(530,721)	(15,976)	(620)	(15)	(547,333)	1,989	(545,343)
Total of items during FY2007	—	45	361,025	(1,907)	359,163	(530,721)	(15,976)	(620)	(15)	(547,333)	1,989	(186,180)
<b>Balance at March 31, 2008</b>	<b>\$1,447,940</b>	<b>\$1,231,700</b>	<b>\$2,830,453</b>	<b>\$(12,148)</b>	<b>\$5,497,946</b>	<b>\$ 86,178</b>	<b>\$ 2,996</b>	<b>\$77,627</b>	<b>\$19</b>	<b>\$166,820</b>	<b>\$125,921</b>	<b>\$5,790,687</b>

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2008 and 2007

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Cash Flows from Operating Activities:</b>			
Income Before Income Taxes and Minority Interests . . . . .	¥ 81,460	¥ 88,923	\$ 813,057
Depreciation and Amortization . . . . .	21,003	21,184	209,634
Losses on Impairment of Fixed Assets . . . . .	13	107	138
Equity Investments Accounted for by the Equity Method . . . . .	(212)	(221)	(2,120)
Increase (Decrease) in Reserve for Possible Loan Losses . . . . .	(9,575)	(13,361)	(95,578)
Increase (Decrease) in Reserve for Bonus for Directors and Corporate Auditors . . . . .	3	60	37
Increase (Decrease) in Reserve for Employees' Retirement Benefits . . . . .	(1,036)	(1,175)	(10,350)
Increase (Decrease) in Reserve for Point Loyalty Programs . . . . .	62	545	625
Increase (Decrease) in Reserve for Reimbursement of Dormant Deposits . . . . .	996	—	9,943
Increase (Decrease) in Reserve for Directors and Corporate Auditors' Retirement Benefits . . . . .	1,649	—	16,461
Interest Income . . . . .	(186,634)	(174,419)	(1,862,804)
Interest Expenses . . . . .	45,475	39,799	453,890
(Gains) Losses on Investment Securities . . . . .	2,948	176	29,432
(Gains) Losses on Money Held in Trust . . . . .	(466)	(616)	(4,652)
Foreign Exchange (Gains) Losses . . . . .	148	(68)	1,479
(Gains) Losses on Disposals of Fixed Assets . . . . .	830	466	8,286
(Increase) Decrease in Trading Assets . . . . .	(1,940)	85,531	(19,372)
Increase (Decrease) in Trading Liabilities . . . . .	13	(4,425)	131
(Increase) Decrease in Loans and Bills Discounted . . . . .	(247,089)	(237,932)	(2,466,209)
Increase (Decrease) in Deposits . . . . .	27,453	359,853	274,014
Increase (Decrease) in Negotiable Certificates of Deposit . . . . .	(2,580)	566	(25,757)
Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings) . . . . .	(52,604)	92,420	(525,049)
(Increase) Decrease in Due from Banks (excluding Due from BOJ) . . . . .	(237,642)	(23,820)	(2,371,914)
(Increase) Decrease in Call Loans and Bills Bought and Others . . . . .	47,035	(59,246)	469,465
(Increase) Decrease in Receivables under Securities Borrowing Transactions . . . . .	(2,678)	540	(26,730)
Increase (Decrease) in Call Money and Bills Sold . . . . .	209,956	(317,165)	2,095,580
Increase (Decrease) in Payables under Securities Lending Transactions . . . . .	(108,781)	(221,493)	(1,085,754)
(Increase) Decrease in Foreign Exchanges (Assets) . . . . .	(183)	(919)	(1,829)
Increase (Decrease) in Foreign Exchanges (Liabilities) . . . . .	(33)	182	(332)
Interest Received . . . . .	188,497	178,000	1,881,397
Interest Paid . . . . .	(42,989)	(36,765)	(429,079)
Others . . . . .	(9,273)	7,982	(92,555)
Sub total . . . . .	¥(276,175)	¥(215,289)	\$ (2,756,513)
Income Taxes Paid . . . . .	(38,900)	(27,225)	(388,265)
<b>Net Cash Provided by (Used in) Operating Activities . . . . .</b>	<b>¥(315,075)</b>	<b>¥(242,515)</b>	<b>\$ (3,144,778)</b>
<b>Cash Flows from Investing Activities:</b>			
Purchases of Securities . . . . .	¥(698,896)	¥(921,574)	\$ (6,975,709)
Proceeds from Sale of Securities . . . . .	573,001	655,266	5,719,148
Proceeds from Maturity of Securities . . . . .	404,691	486,148	4,039,244
Increase in Money Held in Trust . . . . .	(5,839)	(496)	(58,285)
Decrease in Money Held in Trust . . . . .	5,873	1,218	58,620
Purchases of Tangible Fixed Assets . . . . .	(19,247)	(20,175)	(192,108)
Purchases of Intangible Fixed Assets . . . . .	(3,263)	(3,085)	(32,572)
Proceeds from Sale of Tangible Fixed Assets . . . . .	1,151	2,455	11,490
Proceeds from Sale of Intangible Fixed Assets . . . . .	0	—	2
<b>Net Cash Provided by (Used in) Investing Activities . . . . .</b>	<b>¥ 257,471</b>	<b>¥ 199,756</b>	<b>\$ 2,569,829</b>
<b>Cash Flows from Financing Activities:</b>			
Payments of Subordinated Borrowings . . . . .	¥(5,000)	¥(4,000)	\$ (49,905)
Proceeds from the Issuance of Subordinated Borrowings . . . . .	20,000	10,000	199,621
Payment for Redemption of Subordinated Bonds . . . . .	—	(10,000)	—
Cash Dividends Paid . . . . .	(9,833)	(6,675)	(98,151)
Cash Dividends paid to Minority Interests . . . . .	(160)	(160)	(1,598)
Purchase of Treasury Stock . . . . .	(224)	(368)	(2,240)
Proceeds from Sale of Treasury Stock . . . . .	37	2,567	378
<b>Net Cash Provided by (Used in) Financing Activities . . . . .</b>	<b>¥ 4,819</b>	<b>¥ (8,636)</b>	<b>\$ 48,104</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents . . . . .</b>	<b>¥(148)</b>	<b>¥68</b>	<b>\$ (1,479)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents . . . . .</b>	<b>¥ (52,932)</b>	<b>¥ (51,327)</b>	<b>\$ (528,323)</b>
<b>Cash and Cash Equivalents at Beginning of Period . . . . .</b>	<b>¥ 187,466</b>	<b>¥ 238,794</b>	<b>\$ 1,871,111</b>
<b>Cash and Cash Equivalents at End of Period (Note 27) . . . . .</b>	<b>¥ 134,533</b>	<b>¥ 187,466</b>	<b>\$ 1,342,787</b>

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2008 and 2007

### 1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The classification of accounts is in conformity with the 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 ¥100.19 to \$1.00, the exchange rate prevailing at March 31, 2008.

### 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, 2008 and 2007 was 11. Chibagin Business Service Co., Ltd. was dissolved on March 31, 2008 and is now under the process of liquidation.

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

"Implementation Guidance on Disclosures about Certain Special Purpose Entities" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 15, issued on March 29, 2007) is effective from the fiscal year beginning on or after April 1, 2007, and the Bank has applied the guidance from the fiscal year ended March 31, 2008. The information of two special purpose entities is omitted, since these SPEs 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 arbitraging short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitraging differentials between markets (hereafter "trading purposes") are accounted under "Trading assets" or "Trading liabilities" 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

Held-to-maturity bonds are stated at amortized cost determined by the moving average method. Interests of unconsolidated subsidiaries not accounted for by the equity method are stated at cost determined by the moving average method. Other securities available for sale whose current value can be estimated are stated at the market value at the fiscal year end while their costs are calculated mainly by the moving average method. Other non-marketable securities are stated at cost determined by the moving average method or amortized cost. 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

Depreciation for Tangible Fixed Assets 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 of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives. In accordance with the amendment of the Japanese Corporate Tax Laws for the fiscal year ended March 31, 2008, the tangible fixed assets acquired on or after April 1, 2007 are depreciated to the new depreciation limit (no residual value) based on the depreciation method under the amended Japanese Corporate

Tax Laws. As for the tangible fixed assets acquired on or before March 31, 2007, from the fiscal year ended March 31, 2008, their previously determined residual values are depreciated over five years using the straight line method from the next consolidated fiscal year after the assets are depreciated to the residual values. This accounting change had no material impact on the consolidated financial statements.

#### (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) Bond Issuance Costs

Bond Issuance Costs are charged to operation as occurred.

#### (7) 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 liquidation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), 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 the "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 as of March 31, 2008 and 2007 was ¥66,737 million and ¥69,236 million respectively.

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.

#### (8) 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 fiscal year ended March 31, 2008.

#### (9) 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.

#### (10) Reserve for Directors and Corporate Auditors' Retirement Benefits

Reserve for Directors and Corporate Auditors' Retirement Benefits is provided for payment of retirement benefits to executives, in the amount deemed incurred until the fiscal year-end.

With regard to executive retirement benefits, which were previously expensed when paid, in accordance with the JICPA Audit and Assurance Practice Committee Report No.42 (the "Report No.42") April 13, 2007, effective from the fiscal year starting after March 31, 2007, the Bank has adopted the new method from the fiscal year ended March 31, 2008. As a result, General and Administrative Expense and Other Expense increased by ¥66 million and ¥1,493 million respectively, and Income before Income Taxes and Minority Interests decreased by ¥1,560 million compared with the former method.

#### (11) Reserve for Reimbursement of Dormant Deposits

Reserve for Reimbursement of Dormant Deposits is provided for the possible losses on the future reclaims of dormant deposits, which were extinguished as profits due to satisfaction of certain conditions, based on the historical reimbursement experience.

With regard to dormant deposits, which were previously expensed when they were actually reimbursed, in accordance with the Report No.42, the Bank has adopted the new method from the fiscal year ended March 31, 2008 to recognize such reserve as described above. As a result, Other Expense increased by ¥996 million and Income before Income Taxes and Minority Interests decreased by ¥996 million compared with the former method.

#### (12) 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.

#### (13) Reserve under Special Laws

Reserve under Special Laws is a Reserve for Contingent Liabilities from Brokering of Financial Instruments Transactions of ¥215 million provided by Chuo Securities Co. Ltd. This reserve is provided for losses from securities transactions pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instrument Business Operators, etc. Formerly, Reserve for Contingent Liabilities from Brokering of Securities Transactions was recognized pursuant to Article 51 of the Securities and Exchange Law and Article 35 of the Cabinet Office Ordinance on Securities Companies. However, from the fiscal year ended March 31, 2008, Reserve for Contingent Liabilities from Brokering of Financial Instruments Transactions is stated in accordance with the enforcement of Financial Instruments and Exchange Act on September 30, 2007.

#### (14) 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.

#### (15) 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).

#### (16) 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.

##### 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.

#### (17) Consumption Taxes

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

#### (18) 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.

#### (19) Cash Flows

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

### 4. New Accounting Pronouncements

(1) The definitions of securities in "Accounting Standards for Financial Instruments" (ASBJ Statement No.10) and in "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Laws and Regulations Committee Report No.14) were partially revised on June 15, 2007 and July 4, 2007 respectively, and are applicable from the fiscal year ending on or after the enforcement date of the Financial Instruments and Exchange Act. The Bank has adopted the revised standards and guidelines commencing with this period.

(2) As for the tax effects of sales of investments (such as subsidiaries' stocks) within the Group, the Bank has adopted Article 30-2 of "Practical Guidelines for Tax Effects on Consolidated Financial Statements" (JICPA Laws and Regulations Committee Report No.6, issued on March 29, 2007) from this period. As a result, Net Income decreased by ¥480 million compared with the former method.

### 5. Trading Assets

Trading assets as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Trading Securities.....	¥ 17,224	¥ 40,333	\$ 171,922
Derivatives of Trading Securities ...	0	19	1
Securities Related to Trading Transactions.....	—	1,068	—
Derivatives of Securities Related to Trading Transactions .....	—	0	—
Trading—Related Financial Derivatives.....	7,868	5,929	78,538
Other Trading Assets.....	259,935	235,737	2,594,428
Total.....	¥285,029	¥283,088	\$2,844,889

### 6. Securities Borrowing Transactions

As for securities borrowed under securities borrowing transactions which the bank has the right to sell or pledge, ¥11,647 million was held in hand on March 31, 2008. The respective amount at March 31, 2007 was ¥ 6,978million.

### 7. Securities

Securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Japanese Government Bonds .....	¥ 457,726	¥ 713,937	\$ 4,568,584
Japanese Local Government Bonds .....	221,590	215,174	2,211,700
Japanese Corporate Bonds and Financial Debentures .....	608,915	616,946	6,077,604
Japanese Stocks.....	192,854	271,597	1,924,890
Other Securities	563,924	598,493	5,628,555
Total.....	¥2,045,011	¥2,416,149	\$20,411,334

Securities Included investments in non-consolidated subsidiaries of ¥2,919 million and ¥2,595 at March 31, 2008 and 2007, respectively.

## 8. Loans and Bills Discounted

(1) Loans and bills discounted as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Bills Discounted.....	¥36,611	¥41,076	\$365,424
Loans on Notes.....	239,822	280,305	2,393,680
Loans on Deeds.....	5,678,272	5,436,572	56,675,042
Overdrafts.....	669,980	619,643	6,687,099
Total.....	¥6,624,687	¥6,377,598	\$66,121,246

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, 2008 and 2007 were ¥37,655 million and ¥42,205 million, respectively.

Contracts of overdraft facilities and loan commitments 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 ¥1,797,171 million relating to these contracts, including ¥1,736,774 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2008. The respective amounts were ¥1,679,068 million and ¥1,623,241 million as of March 31, 2007.

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

(2) Risk monitored loans as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Loans to Bankrupt Borrowers.....	¥ 3,325	¥ 3,122	\$ 33,192
Delinquent Loans.....	92,430	102,800	922,556
Loans Past Due 3 Months or More.....	3,170	9,075	31,646
Restructured Loans.....	88,735	89,198	885,668
Total.....	¥187,662	¥204,197	\$1,873,063

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, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Due from Foreign Correspondents.....	¥2,009	¥1,933	\$20,057
Foreign Bills of Exchange Bought.....	1,063	1,154	10,613
Foreign Bills of Exchange Receivable.....	621	423	6,200
Total.....	¥3,693	¥3,510	\$36,870

## 10. Other Assets

Other assets as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Domestic Exchange Settlement....	¥ 1,053	¥ 1,078	\$ 10,515
Accrued Income.....	15,885	16,039	158,552
Prepaid Expenses.....	570	647	5,695
Other.....	53,310	38,994	532,094
Total.....	¥70,819	¥56,760	\$706,857

## 11. Tangible Fixed Assets

Depreciation was computed using the declining-balance method. Tangible Fixed Assets as of March 31, 2008 and 2007 were shown at net of following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
	¥89,936	¥90,245	\$897,664

Deferred gain on sales of real estate which is deducted from replacing assets amounted to ¥10,581 million (of which ¥15 million were recorded in year ended March 31, 2008) as of March 31, 2008.

## 12. Assets Pledged

Assets pledged as collateral as of March 31, 2008 and 2007 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Securities.....	¥532,949	¥594,583	\$5,319,385
Trading Assets.....	97,409	36,979	972,251
Loans and Bills Discounted.....	149,167	200,000	1,488,841
Other.....	—	701	—

Liabilities related to above pledged assets as of March 31, 2008 and 2007 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Deposits.....	¥23,214	¥33,896	\$231,705
Payables under Repurchase Agreements.....	97,401	36,960	972,171
Call Money and Bills Sold.....	64,700	20,000	645,773
Payables under Securities Lending Transactions.....	81,105	189,887	809,516
Borrowed Money.....	43,446	94,656	433,644

In addition, followings were pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2008 and 2007, respectively.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Securities.....	¥103,943	¥108,730	\$1,037,468

Initial margin for future contracts of ¥215 million and Leased deposits of ¥5,205 million was included in other assets as of March 31, 2008.

The respective amounts were ¥319 million and ¥5,103 million as of March 31, 2007.

### 13. Deposits

An analysis of deposits as of March 31, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Current Deposits .....	¥ 175,896	¥ 204,308	\$ 1,755,633
Ordinary Deposits .....	4,485,530	4,623,263	44,770,240
Savings Deposits .....	272,135	289,319	2,716,193
Deposits at Notice .....	7,011	10,312	69,986
Time Deposits .....	3,271,011	3,049,545	32,648,079
Other Deposits .....	164,505	171,888	1,641,939
Sub Total .....	¥8,376,091	¥8,348,637	\$83,602,068
Negotiable Certificates of Deposit ...	128,003	130,584	1,277,611
Total .....	¥8,504,095	¥8,479,222	\$84,879,679

### 14. Trading Liabilities

Trading liabilities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Trading Account Securities Sold for Short Sales, Not Yet Purchased....	¥10,328	¥10,866	\$103,091
Derivatives of Trading Securities....	27	4	269
Trading Related Securities Sold for Short Sales.....	—	1,487	—
Derivatives of Securities Related to Trading Transactions.....	—	2	—
Derivatives .....	6,262	4,242	62,504
Total .....	¥16,617	¥16,604	\$165,864

### 15. Borrowed Money

Borrowed money as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Borrowings from the Bank of Japan and Other Financial Institutions .....	¥80,646	¥138,251	\$804,938
Total .....	¥80,646	¥138,251	\$804,938

Subordinated Borrowings of ¥37,000 million and ¥42,000 million were included in Borrowed Money as of March 31, 2008 and 2007.

### 16. Foreign Exchange Liabilities

Foreign exchange liabilities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Foreign Bills Sold .....	¥462	¥538	\$4,621
Foreign Bills of Exchange Payable...	53	10	531
Total .....	¥516	¥549	\$5,151

### 17. Subordinated Bonds

Subordinated bonds as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Issuer: The Bank.....	¥40,000	¥20,000	\$399,241
Issuer: Overseas Subsidiary, Chiba Capital Funding (Cayman) Ltd.....	1,000	1,000	9,981
Total.....	¥41,000	¥21,000	\$409,222

### 18. Other Liabilities

Other liabilities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Domestic Exchange Settlement .....	¥ 904	¥ 239	\$ 9,025
Accrued Expenses.....	14,682	11,678	146,547
Unearned Income.....	19,945	18,910	199,076
Accrued Income Taxes .....	14,978	22,772	149,504
Other .....	49,519	48,535	494,257
Total.....	¥100,030	¥102,135	\$998,410

### 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, 2008 and 2007 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Retirement Benefit Obligation ....	¥(65,308)	¥(65,120)	\$(651,844)
Plan Assets at Fair Value.....	38,833	42,272	387,599
Unfunded Retirement Benefit Obligation .....	(26,474)	(22,847)	(264,245)
Unrecognized Actuarial Gain or Loss .....	8,039	3,375	80,241
Reserve for Employees' Retirement Benefits .....	¥(18,435)	¥(19,472)	\$(184,003)

(2) The components of retirement benefit cost for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Service Cost .....	¥ 2,230	¥ 2,055	\$ 22,264
Interest Cost.....	1,292	1,297	12,903
Expected Return on Plan Assets .....	(1,478)	(1,372)	(14,757)
Amortization of Actuarial Gain or Loss .....	885	994	8,837
Other (nonrecurring additional retirement allowance paid and other).....	22	23	229
Net Periodic Retirement Benefit Cost .....	¥ 2,953	¥ 2,998	\$ 29,476

(3) Assumptions used in accounting for the above plans for the years ended March 31, 2008 and 2007 were as follows:

	2008	2007
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 ¥29,105 million and ¥33,935 million as of March 31, 2008 and 2007, respectively.

## 21. Common Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2008 and 2007.

The number of shares in issue as of March 31, 2008 and 2007 was as follows:

	Number of Shares	
	2008	2007
Shares in Issue .....	895,521,087	895,521,087

The number of treasury shares held by the Bank was 1,656 thousand and 1,472 thousand as of March 31, 2008 and 2007.

## 22. Trading Income

The composition of trading income for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Gains on Trading Securities .....	¥646	¥932	\$6,453
Gains on Securities Related to Trading Transactions.....	—	41	—
Gains on Derivatives.....	1,394	1,038	13,923
Other Trading Income.....	1,917	865	19,142
Total.....	¥3,959	¥2,878	\$39,518

## 23. Other Operating Income

The composition of other operating income for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Gains on Foreign Exchange Transactions.....	¥3,709	¥3,344	\$37,022
Gains on Sale of Bonds.....	2,373	1,254	23,694
Other.....	156	1,626	1,561
Total.....	¥6,239	¥6,225	\$62,277

## 24. Other Income

The composition of other income for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Gains on Sale of Securities.....	¥ 2,649	¥ 6,549	\$ 26,440
Gains on Money Held in Trust.....	806	1,191	8,045
Revenue on Lease.....	17,816	18,135	177,829
Recovery of Written-off Claims.....	5,100	4,306	50,908
Reversal of Reserve for Possible Loan Losses.....	268	3,255	2,680
Other.....	6,980	7,737	69,675
Total.....	¥33,621	¥41,175	\$335,577

## 25. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Losses on Sale of Bonds.....	¥1,647	¥7,323	\$16,441
Losses on Devaluation of Bonds....	1,662	—	16,589
Expenses on Derivatives other than for Trading or Hedging.....	1,103	—	11,009
Total.....	¥4,412	¥7,323	\$44,039

## 26. Other Expenses

The composition of other expenses for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Provision for Possible Loan Losses... Write-off of Loans and Bills Discounted.....	¥ 14,756	¥ 14,606	\$ 147,284
Losses on Sale of Securities.....	64	485	643
Losses on Devaluation of Securities.....	4,598	170	45,893
Losses on Money Held in Trust.....	339	574	3,393
Cost of Leased Assets.....	15,525	15,892	154,966
Impairment Losses on Fixed Assets...	13	107	138
Reserve for Directors and Corporate Auditors' Retirement Benefits.....	1,493	—	14,909
Reserve for Reimbursement of Dormant Deposits.....	1,590	—	15,876
Other.....	3,981	4,323	39,738
Total.....	¥42,364	¥36,163	\$422,840

## 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, 2008 and 2007 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Cash and Due from Banks.....	¥426,953	¥242,244	\$4,261,439
Interest-bearing Deposits included in due from Banks (excluding due from BOJ).....	(292,419)	(54,777)	(2,918,652)
Cash and Cash Equivalents.....	¥134,533	¥187,466	\$1,342,787

## 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)
	2008	2007	2008
<b>Lessee Side</b>			
Amount Corresponding to the Purchased Prices of the Leased Asset.....	¥144	¥135	\$1,442
Amount Corresponding to Accumulated Depreciation.....	77	51	778
Amount Corresponding to Balance at Fiscal Year-End.....	¥ 66	¥84	\$ 664
<b>Lessor Side</b>			
Amount Corresponding to Lease Payable (within 1 year)....	¥28	¥26	\$281
Amount Corresponding to Lease Payable (over 1 year).....	38	58	383
Total.....	¥66	¥84	\$664
<b>Pro Forma Information</b>			
<b>Lessee Side</b>			
Lease Fees Paid .....	¥26	¥27	\$267
Amount Corresponding to Depreciation .....	26	27	267

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 fiscal years.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Lessee Side</b>			
Amount Corresponding to the Purchased Prices of the Leased Asset.....	¥105,384	¥104,000	\$1,051,851
Amount Corresponding to Accumulated Depreciation.....	63,027	60,116	629,084
Amount Corresponding to Balance at Fiscal Year-End.....	¥ 42,356	¥ 43,883	\$ 422,766
<b>Lessor Side</b>			
Amount Corresponding to Lease Receivable (within 1 year).....	¥15,210	¥15,990	\$151,813
Amount Corresponding to Lease Receivable (over 1 year).....	31,077	33,014	310,190
Total.....	¥46,288	¥49,004	\$462,004
<b>Pro Forma Information</b>			
<b>Lessee Side</b>			
Receipt of Leasing Fee for the Year ...	¥17,201	¥17,593	\$171,691
Depreciation .....	14,203	14,578	141,766

### (2) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Lessee Side</b>			
Amount Corresponding to Lease Payable (within 1 year).....	¥—	¥—	\$—
Amount Corresponding to Lease Payable (over 1 year) .....	—	—	—
Total.....	¥—	¥—	\$—
<b>Lessor Side</b>			
Amount Corresponding to Lease Receivable (within 1 year).....	¥337	¥295	\$3,369
Amount Corresponding to Lease Receivable (over 1 year).....	6	9	69
Total.....	¥344	¥304	\$3,438

## 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, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Deferred Tax Assets:</b>			
Reserve for Possible Loan Losses...	¥38,759	¥42,614	\$386,862
Write-offs of Securities.....	6,598	4,139	65,855
Reserve for Employees' Retirement Benefits .....	7,447	7,847	74,331
Other .....	9,092	8,714	90,756
Sub Total .....	¥61,897	¥63,316	\$617,804
Valuation Allowance .....	(8,599)	(6,273)	(85,831)
Total Deferred Tax Assets.....	¥53,298	¥57,043	\$531,973
<b>Deferred Tax Liabilities:</b>			
Unrealized Gains on Other Securities.....	¥ 4,769	¥36,458	\$ 47,607
Net Deferred Gains on Hedging Instruments .....	203	1,283	2,031
Reserve for Advanced Depreciation .....	47	47	478
Total Deferred Tax Liabilities .....	¥ 5,021	¥37,789	\$ 50,115
Net Deferred Tax Assets .....	¥48,277	¥19,253	\$481,858

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the year ended March 31, 2008 was follows:

Statutory Tax Rate.....	40.4%
Dividends Exempted for Income Tax Purposes .....	(0.6%)
Valuation Allowance .....	3.0%
Effective Income Tax Rate.....	42.7%

For the year ended March 31, 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, 2008

	Millions of Yen (Note 1)					
	Banking Business	Leasing Business	Other Business	Total	Elimination	Consolidated
Ordinary Income, Ordinary Profits/Loss						
Ordinary Income						
(a) Outside Customers.....	¥ 244,779	¥19,192	¥ 4,911	¥ 268,883	¥ —	¥ 268,883
(b) Inter-Segment .....	887	364	25	1,277	1,277	—
Total .....	¥ 245,666	¥19,556	¥ 4,936	¥ 270,160	¥ 1,277	¥ 268,883
Ordinary Expenses .....	¥ 168,735	¥18,008	¥ 4,095	¥ 190,839	¥ 1,141	¥ 189,698
Ordinary Profits/Loss.....	¥ 76,931	¥ 1,548	¥ 841	¥ 79,320	¥ 136	¥ 79,184
Assets .....	¥9,811,362	¥47,451	¥22,195	¥9,881,009	¥45,070	¥9,835,939
Depreciation.....	6,664	14,222	116	21,003	—	21,003
Impairment losses on fixed assets.....	—	—	13	13	—	13
Capital Expenditure .....	8,593	13,804	112	22,510	—	22,510

1. Ordinary income and Ordinary Profits/loss are presented as counterparts of sales and operating Profits of companies in other industries.

2. "Other business" includes securities business.

For the year ended March 31, 2007

	Millions of Yen (Note 1)					
	Banking Business	Leasing Business	Other Business	Total	Elimination	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	¥ 1,029	¥ 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

1. 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.

2. Ordinary income and Ordinary Profits/loss are presented as counterparts of sales and operating Profits of companies in other industries.

3. "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 Operations is omitted.

### 31. Market Value of Securities

#### Current Year's Information on Market Value of Securities

##### (1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2008	
	Amount in the Balance Sheets	Valuation Gain Included in Income before Income Taxes and Minority Interests
Trading Securities .....	¥277,160	¥486

##### (2) Marketable Securities Held-to-Maturity

	Millions of Yen (Note 1)				
	March 31, 2008				
	Amount in the Balance Sheets	Market Value	Differences	Gain	Loss
Bonds:					
Government Bonds .....	¥ —	¥ —	¥—	¥—	¥—
Local Government Bonds .....	—	—	—	—	—
Corporate Bonds .....	—	—	—	—	—
Other .....	51,360	51,375	15	84	69
Total .....	¥51,360	¥51,375	¥15	¥84	¥69

##### (3) Marketable Other Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2008				
	Cost	Amount in the Balance Sheets	Valuation Differences	Gain	Loss
Stocks .....	¥ 137,208	¥ 184,330	¥47,121	¥54,118	¥ 6,996
Bonds:					
Government Bonds .....	468,693	457,726	(10,967)	1,323	12,290
Local Government Bonds .....	219,979	221,590	1,610	1,905	295
Corporate Bonds .....	509,349	509,888	538	1,414	875
Other .....	584,000	559,329	(24,671)	2,065	26,737
Total .....	¥1,919,232	¥1,932,865	¥13,632	¥60,827	¥47,194

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

	Millions of Yen (Note 1)		
	March 31, 2008		
	Proceeds from Sales	Gain	Loss
Other Securities Available for Sale .....	¥516,291	¥5,022	¥1,711

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

	Millions of Yen (Note 1)
	March 31, 2008
	Amount in the Balance Sheets
Held-to-Maturity Bonds .....	¥ —
Other Securities Available for Sale:	
Private Notes .....	99,026
Non-listed Stocks .....	6,503
Investments for Limited Partnership for investment, etc .....	4,183
Beneficiary Claims on Loans .....	428

## (6) Redemption Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2008			
	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.....	¥ 44,027	¥199,155	¥ 98,879	¥115,664
Local Government Bonds.....	59,649	116,210	45,730	—
Corporate Bonds.....	199,493	384,061	11,269	14,090
Other.....	32,285	267,658	114,070	138,766
Total.....	¥335,456	¥967,085	¥269,949	¥268,520

## Previous 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	

(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

### 32. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Book Value.....	¥24,666	¥25,016	\$246,194
Valuation Gains Included in the Consolidated Statements of Income.....	0	9	2

(2) Money Held in Trust for Other Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Cost.....	¥4,842	¥5,483	\$48,336
Book Value.....	4,845	5,480	48,362
Valuation Differences.....	2	(2)	25
Gains.....	2	—	25
Losses.....	—	2	—

### 33. Net Unrealized Gains on Other Securities

Net Unrealized Gains on Other Securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Difference between Cost and Fair Value.....	¥13,635	¥98,739	\$136,092
Other Securities.....	13,632	98,742	136,067
Other Money Held in Trust.....	2	(2)	25
Deferred Tax Liabilities.....	4,769	36,458	47,607
Difference between Cost and Fair Value, Net of Taxes.....	¥ 8,865	¥62,280	\$ 88,485
Amount Corresponding to Minority Interests.....	304	588	3,035
Amount Corresponding to Net Unrealized Gains on Other Securities Owned by Subsidiaries, which Corresponds to the Shareholding of Their Investor Companies.....	73	115	729
Net Unrealized Gains on Other Securities, Net of Taxes.....	¥ 8,634	¥61,807	\$ 86,178

### 34. 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 for the capital ratio (BIS guidelines) as of March 31, 2008 were ¥5.1 billion and ¥70.3 billion, respectively (consolidated base by current exposure method)

(d) Risk Management Structure

The Bank has established the Risk Management and Compliance Coordination Division Risk Management Department 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, 2008				March 31, 2007				
	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	
Total	Over 1 Year	Total			Over 1 Year				
<b>Listed:</b>									
Futures:									
Sold.....	¥ 2,476	¥ —	¥ (4)	¥ (4)	¥ 17,357	¥ —	¥ (1)	¥ (1)	
Bought .....	—	—	—	—	—	—	—	—	
Options:									
Sold.....	—	—	—	—	—	—	—	—	
Bought .....	—	—	—	—	—	—	—	—	
<b>Over-the-counter:</b>									
FRA:									
Sold.....	—	—	—	—	—	—	—	—	
Bought .....	—	—	—	—	—	—	—	—	
Swaps:									
Receive Fixed / Pay Float.....	585,897	475,305	3,380	3,380	446,708	349,668	(236)	(236)	
Receive Float / Pay Fixed.....	637,994	464,724	(2,017)	(2,017)	505,925	385,712	2,074	2,074	
Receive Float / Pay Float.....	176,000	80,000	(170)	(170)	106,000	55,000	(66)	(66)	
Options:									
Sold.....	—	—	—	—	—	—	—	—	
Bought .....	—	—	—	—	—	—	—	—	
Other:									
Sold.....	139,804	89,624	(364)	(364)	133,820	81,823	(740)	(740)	
Bought .....	47,000	13,000	97	97	91,500	48,000	153	153	
Total.....			¥ 920	¥ 920			¥1,183	¥1,183	

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, 2008				March 31, 2007			
	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)
	Total	Over 1 Year			Total	Over 1 Year		
<b>Listed:</b>								
Futures:								
Sold.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bought .....	—	—	—	—	—	—	—	—
Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
<b>Over-the-counter:</b>								
Currency Swaps	439,633	360,370	811	811	399,060	319,509	684	684
Forward foreign exchange:								
Sold.....	7,100	—	154	154	6,562	—	(18)	(18)
Bought .....	4,800	—	1	1	5,160	—	(6)	(6)
Currency Options:								
Sold.....	181,868	—	(11,865)	571	133,467	—	(4,190)	3,909
Bought .....	181,868	—	11,865	2,677	132,946	—	4,176	(1,961)
Other:								
Sold.....	1,070	828	188	188	753	602	64	64
Bought .....	1,070	828	(149)	(149)	753	602	(42)	(42)
Total.....			¥ 1,007	¥4,256			¥ 666	¥ 2,628

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 the JICPA Industry Audit Committee Report No. 25 are not included in the above table.

## (C) Equity derivatives

There are no corresponding items.

## (d) Bond derivatives

Millions of Yen (Note 1)

	March 31, 2008				March 31, 2007			
	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)
	Total	Over 1 Year			Total	Over 1 Year		
<b>Listed:</b>								
Futures:								
Sold.....	¥2,221	¥—	¥(27)	¥(27)	¥18,527	¥—	¥14	¥14
Bought .....	562	—	0	0	1,746	—	(2)	(2)
Futures Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
<b>Over-the-counter:</b>								
Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Other:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Total.....			¥(26)	¥(26)			¥12	¥12

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.

### 35. Per Share Data

Consolidated Net Assets per Share and Consolidated Net Income per Share for the fiscal years ended March 31, 2008 and 2007 and related information were as follows:

	Yen (Note 1)		U.S. Dollars (Note 1)
	2008	2007	2008
Net Assets per Share of Common Stock .....	<b>¥634.94</b>	¥655.89	<b>\$6.34</b>
Net Income per Share of Common Stock .....	<b>51.43</b>	58.89	<b>0.51</b>

1. Basis on calculating Net Assets per Share for the fiscal years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Consolidated Net Assets	<b>¥580,168</b>	¥598,822	<b>\$5,790,687</b>
Exemption from Consolidated Net Assets	<b>12,616</b>	12,416	<b>125,921</b>
Consolidated Net Assets attribute to common stockholders	<b>567,552</b>	586,405	<b>5,664,766</b>

	Number of Shares	
	2008	2007
Number of shares of common stock used for calculating Net Assets per Share.....	<b>893,864,254</b>	894,048,968

2. Basis on calculating Net Income per Share for the fiscal years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Consolidated Net Income	<b>¥45,980</b>	¥52,538	<b>\$458,935</b>
Consolidated Net Income not attributable to common stockholders	—	—	—
Consolidated Net Income attributable to common stockholders	<b>45,980</b>	52,538	<b>458,935</b>

	Number of Shares	
	2008	2007
Average number of shares of common stock (excluding treasury stock) .....	<b>893,921,316</b>	892,016,580

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

### 36. Related Party Transactions

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)
			2008	2007	2008	2008	2007	2008
Jiro Sakan	Auditor	Loan	<b>¥80</b>	—	<b>\$798</b>	<b>¥80</b>	¥41	<b>\$799</b>

### 37. Subsequent Events

The following appropriation of retained earnings of the Bank was approved at the stockholders' meeting held on June 27, 2008.

	Millions of Yen (Note 1)
Year-end Cash Dividends (5.5 yen per share) .....	<b>¥4,916</b>

## Non-Consolidated Balance Sheets

The Chiba Bank, Ltd.  
As of March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Assets</b>			
Cash and Due from Banks . . . . .	¥ 425,889	¥ 241,343	\$ 4,250,814
Call Loans and Bills Bought . . . . .	7,980	59,924	79,653
Receivables under Securities Borrowing Transactions . . . . .	22,081	19,403	220,395
Commercial Paper and Other Debt Purchased . . . . .	55,577	52,988	554,723
Trading Assets . . . . .	284,647	282,608	2,841,080
Money Held in Trust . . . . .	26,058	26,092	260,096
Securities . . . . .	2,044,463	2,415,004	20,405,864
Loans and Bills Discounted . . . . .	6,656,245	6,407,516	66,436,222
Foreign Exchanges . . . . .	3,693	3,510	36,870
Other Assets . . . . .	62,679	49,087	625,610
Tangible Fixed Assets . . . . .	90,270	89,272	900,992
Intangible Fixed Assets . . . . .	7,466	7,604	74,527
Deferred Tax Assets . . . . .	42,576	14,348	424,956
Customers' Liabilities for Acceptances and Guarantees . . . . .	80,539	77,663	803,871
Reserve for Possible Loan Losses . . . . .	(43,625)	(54,609)	(435,426)
<b>Total Assets</b> . . . . .	<b>¥9,766,545</b>	<b>¥9,691,757</b>	<b>\$97,480,245</b>
<b>Liabilities</b>			
Deposits . . . . .	¥8,529,101	¥8,502,163	\$85,129,273
Call Money and Bills Sold . . . . .	184,973	35,458	1,846,226
Payables under Repurchase Agreements . . . . .	97,401	36,960	972,171
Payables under Securities Lending Transactions . . . . .	81,105	189,887	809,516
Trading Liabilities . . . . .	16,617	16,604	165,864
Borrowed Money . . . . .	80,901	137,503	807,485
Foreign Exchanges . . . . .	516	549	5,151
Subordinated Bonds . . . . .	40,000	20,000	399,241
Other Liabilities . . . . .	70,191	71,484	700,579
Reserve for Bonus for Directors and Corporate Auditors . . . . .	40	40	399
Reserve for Employees' Retirement Benefits . . . . .	18,034	19,019	180,006
Reserve for Directors and Corporate Auditors' Retirement Benefits . . . . .	1,360	—	13,577
Reserve for Reimbursement of Dormant Deposits . . . . .	996	—	9,943
Reserve for Point Loyalty Programs . . . . .	330	253	3,294
Deferred Tax Liabilities for Land Revaluation . . . . .	15,323	15,301	152,942
Acceptances and Guarantees . . . . .	80,539	77,663	803,871
<b>Total Liabilities</b> . . . . .	<b>¥9,217,433</b>	<b>¥9,122,889</b>	<b>\$91,999,539</b>
<b>Net Assets</b>			
Common Stock . . . . .	¥ 145,069	¥ 145,069	\$ 1,447,940
Capital Surplus . . . . .	122,151	122,146	1,219,194
Retained Earnings . . . . .	266,817	231,948	2,663,112
Legal Reserve . . . . .	50,930	50,930	508,336
Other Retained Earnings . . . . .	215,887	181,018	2,154,776
Treasury Stock . . . . .	(1,217)	(1,026)	(12,148)
Total Stockholders' Equity . . . . .	532,820	498,137	5,318,098
Net Unrealized Gains on Other Securities . . . . .	8,214	60,989	81,985
Net Deferred Gains on Hedging Instruments . . . . .	300	1,900	2,996
Land Revaluation Excess . . . . .	7,777	7,839	77,627
Total Valuation and Translation Adjustments . . . . .	16,291	70,730	162,608
<b>Total Net Assets</b> . . . . .	<b>¥ 549,111</b>	<b>¥ 568,868</b>	<b>\$ 5,480,706</b>
<b>Total Liabilities and Net Assets</b> . . . . .	<b>¥9,766,545</b>	<b>¥9,691,757</b>	<b>\$97,480,245</b>

See notes to consolidated financial statements.

## Non-Consolidated Statements of Income

The Chiba Bank, Ltd.  
For the years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts . . . . .	¥143,505	¥123,763	\$1,432,333
Interest and Dividends on Securities . . . . .	38,150	47,028	380,785
Other Interest Income . . . . .	3,249	1,338	32,433
Trust Fees . . . . .	8	0	84
Fees and Commissions Income . . . . .	34,607	35,867	345,417
Trading Income . . . . .	3,439	2,342	34,326
Other Operating Income . . . . .	6,234	6,220	62,223
Other Income . . . . .	18,480	23,340	184,452
<b>Total Income</b> . . . . .	<b>¥247,674</b>	<b>¥239,900</b>	<b>\$2,472,052</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits . . . . .	¥31,024	¥ 20,891	\$ 309,656
Interest on Borrowings and Rediscounts . . . . .	4,318	2,994	43,104
Other Interest Expenses . . . . .	10,121	15,860	101,021
Fees and Commissions Expenses . . . . .	16,164	14,400	161,340
Trading Expenses . . . . .	66	—	661
Other Operating Expenses . . . . .	4,412	7,323	44,039
General and Administrative Expenses . . . . .	80,503	79,187	803,507
Other Expenses . . . . .	23,791	16,660	237,469
<b>Total Expenses</b> . . . . .	<b>¥170,402</b>	<b>¥157,318</b>	<b>\$1,700,797</b>
Income Before Income Taxes and Minority Interests . . . . .	77,272	82,582	771,255
Income Taxes-Current . . . . .	28,511	30,177	284,578
Income Taxes-Deferred . . . . .	4,081	2,272	40,739
<b>Net Income</b> . . . . .	<b>¥ 44,678</b>	<b>¥ 50,131</b>	<b>\$ 445,938</b>

See notes to consolidated financial statements.

## Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2008 and 2007

### Capital Ratio (BIS Guidelines) (Consolidated)

Since year ended March 31, 2007, Capital Ratio was calculated based on the new BIS guidelines (Basel II)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>Tier I:</b>			
Common Stock .....	¥ 145,069	¥ 145,069	\$ 1,447,940
Capital Surplus .....	123,404	123,399	1,231,700
Retained Earnings.....	283,583	247,412	2,830,453
Treasury Stock.....	(1,217)	(1,026)	(12,148)
Expected Outflow from Net Assets.....	(5,737)	(5,216)	(57,265)
Minority Interests in Consolidated Subsidiaries .....	12,311	11,827	122,886
Foreign Currency Translation Adjustments.....	1	3	19
Amount Equivalent to capital increase due to Securitization Transaction.....	(90)	—	(906)
50% of Expected Loss exceeding Eligible Provisions .....	(14,704)	(18,351)	(146,769)
<b>Total Tier I Capital.....</b>	<b>¥ 542,620</b>	<b>¥ 503,118</b>	<b>\$ 5,415,910</b>
<b>Tier II:</b>			
45% of Unrealized Gains on Other Securities .....	¥ 6,267	¥ 44,292	\$ 62,555
45% of Land Revaluation Excess .....	10,395	10,413	103,756
General Reserve for Possible Loan Losses.....	582	5,743	5,810
Qualifying Subordinated Debt.....	78,000	63,000	778,521
<b>Total Tier II Capital.....</b>	<b>¥ 95,244</b>	<b>¥ 123,449</b>	<b>\$ 950,642</b>
<b>Deductions from Capital .....</b>	<b>¥ 20,081</b>	<b>¥22,375</b>	<b>\$ 200,434</b>
<b>Total Capital .....</b>	<b>¥ 617,783</b>	<b>¥604,192</b>	<b>\$ 6,166,118</b>
<b>Risk-Weighted Assets, etc.:</b>			
Credit Risk .....	¥4,665,389	¥4,832,731	\$46,565,423
On-Balance-Sheet Items .....	4,400,102	4,567,944	43,917,583
Off-Balance-Sheet Items, etc.....	265,287	264,786	2,647,840
Asset Equivalent of Market Risk .....	64,807	60,301	646,843
Asset Equivalent of Operational Risk .....	315,655	302,044	3,150,565
Floor Adjustment.....	14,405	—	143,784
<b>Total Risk-Weighted Assets .....</b>	<b>¥5,060,257</b>	<b>¥5,195,077</b>	<b>\$50,506,616</b>
<b>Capital Ratio (BIS guidelines) .....</b>	<b>12.20%</b>	<b>11.63%</b>	<b>12.20%</b>

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, Borrower Classification by Industry (Consolidated)

	Millions of Yen			
	2008		2007	
	Outstanding Balance	Composition	Outstanding Balance	Composition
Domestic operations:				
Manufacturing.....	¥524,515	7.95%	¥484,642	7.64%
Agriculture .....	7,319	0.11%	8,999	0.14%
Forestry .....	2	0.00%	3	0.00%
Fisheries .....	1,501	0.02%	1,717	0.03%
Mining.....	11,349	0.17%	9,788	0.15%
Construction .....	314,618	4.77%	299,182	4.71%
Electricity, Gas, Heat Supply and Water .....	37,214	0.56%	8,835	0.14%
Information and Communications.....	32,018	0.49%	34,652	0.55%
Transportation.....	188,846	2.86%	181,807	2.86%
Wholesale and Retail Trade .....	616,411	9.34%	579,545	9.13%
Finance and Insurance.....	260,590	3.95%	216,233	3.41%
Real Estate .....	1,469,714	22.27%	1,451,864	22.87%
Various Services.....	564,207	8.55%	535,859	8.44%
Government and Local Public Sector.....	295,224	4.48%	340,777	5.37%
Others (Mainly Consumer Loans) .....	2,274,873	34.48%	2,193,313	34.56%
<b>Total .....</b>	<b>¥6,598,406</b>	<b>100.00%</b>	<b>¥6,347,218</b>	<b>100.00%</b>
Overseas Operations and JOM Account.....	¥26,280	—	¥30,379	—

# Directors, Auditors and Executive Officers

The Chiba Bank  
As of July 1, 2008

## 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

Tadashi Ito

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

### Directors

Tadashi Abe

General Manager, Corporate Planning Division

Takashi Suda

General Manager, Risk Management and Compliance Coordination Division

## Corporate Auditors

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### Standing Corporate Auditors

Tetsuhiro Kashima

Hiroshi Nakajima

Yukio Saruhashi

### Corporate Auditors

Jiro Sakan

Hideo Tanabe

## Business Operation Unit

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### 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

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

Masahisa Shiizu

Executive Officer in charge of Credit Division and Credit Supervisory Division

### Managing Executive Officers

Yuji Watanabe

General Manager, Head Office

Keiji Yoshioka

General Manager, Chuo Branch

Tsutomu Nozawa

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

### Executive Officers

Kazuhiro Suzuki

General Manager, Mobarra Branch

Yasuo Takahashi

General Manager, Funabashi Branch

Shinshichi Marushima

General Manager, Business Promotion Division

Yoshiro Nakajima

General Manager, Tokyo Head Office

Katsumi Ichihara

General Manager, Branch Support Division

Tetsuya Koike

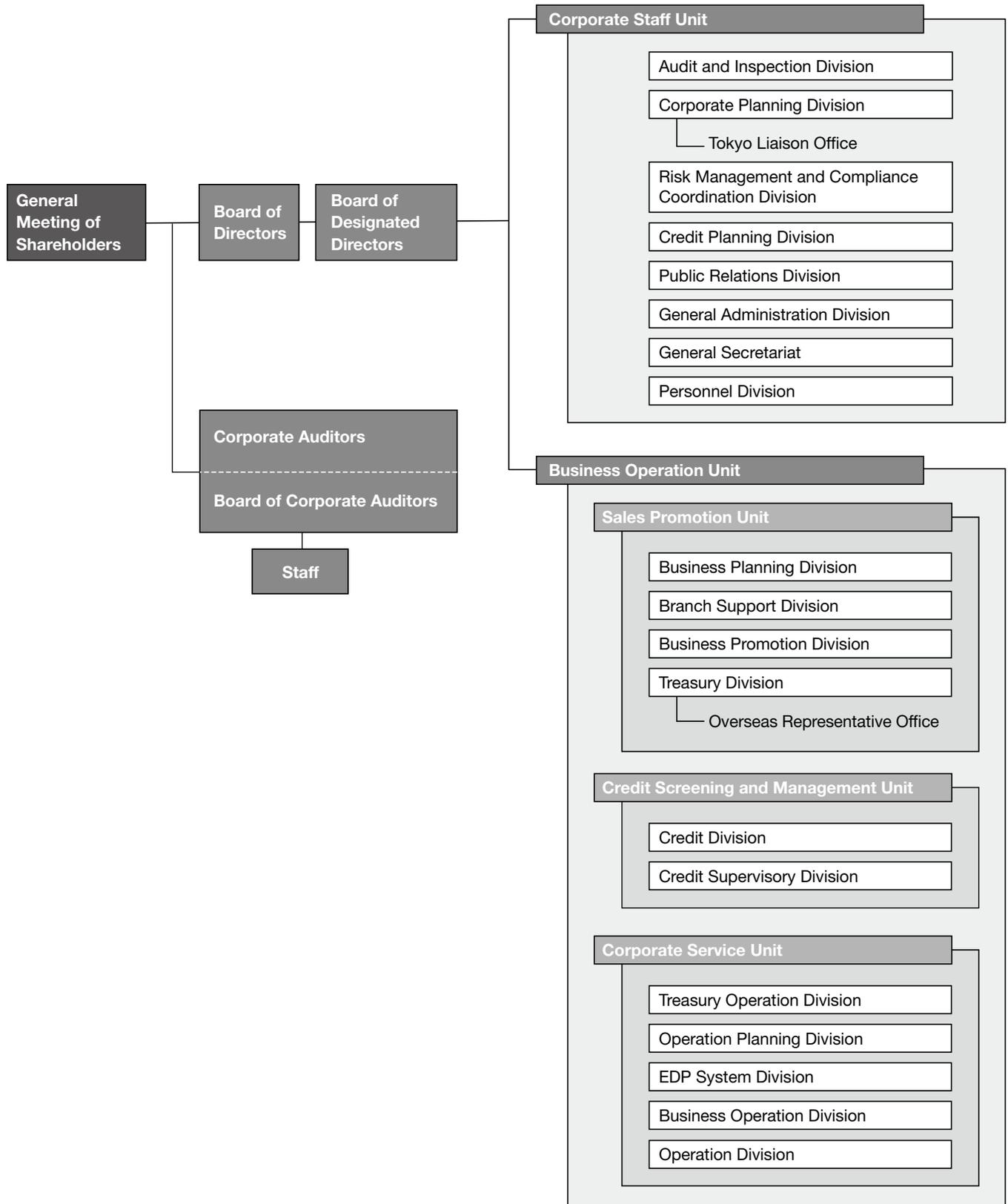
General Manager, Kashiwa Branch

Kyoichi Hanashima

General Manager, Credit Division

# Organization

The Chiba Bank  
As of July 1, 2008



# Subsidiaries

The Chiba Bank  
As of July 1, 2008

## **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%

## **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%

\*Chibagin Business Service Co., Ltd. was removed from this list, as it is in the process of liquidation.

# International Directory

The Chiba Bank  
As of July 1, 2008

## 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  
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, 2008

## Principal Shareholders

The ten largest shareholders of Chiba Bank and their respective shareholdings as of March 31, 2008 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
Japan Trustee Services Bank, Ltd. (Trust Account) . . . . .	51,146	5.71%
The Master Trust Bank of Japan, Ltd. (Trust Account) . . . . .	48,474	5.41%
The Bank of Tokyo-Mitsubishi UFJ, Ltd. . . . .	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%
Sumitomo Life Insurance Company . . . . .	16,342	1.82%
The Sumitomo Trust and Banking Co., Ltd. (Trust Account B) . . . . .	15,770	1.76%
Meiji Yasuda Life Insurance Company . . . . .	15,579	1.73%
State Street Bank and Trust Company 505103 . . . . .	14,935	1.66%

\* Rounded down to the nearest thousand

\*\* Rounded to two decimal places

## Corporate Information

<b>Established</b>	March 1943		
<b>Network</b>	<b>Domestic</b>	170 Offices (147 branches, 21 sub-branches and 2 virtual branches) 26,602 Off-branch ATM locations (8,326 E-net ATM locations at convenience stores, 5,631 LAWSON ATM locations at convenience stores and 12,388 ATM locations jointly with Seven Bank, Ltd.) 3 Money exchange counters	
	<b>Overseas</b>	3 Branches (New York/Hong Kong/London) 1 Representative office (Shanghai)	
<b>Number of Employees*</b>	3,949		
<b>Total Assets</b>	¥9,766.5 billion		
<b>Loans and Bills Discounted</b>	¥6,656.2 billion		
<b>Deposits (including NCD)</b>	¥8,529.1 billion		
<b>Common Stock</b>	¥145.0 billion		
<b>Capital Ratio (BIS guidelines)</b>	11.72% (Non-consolidated) 12.20% (Consolidated)		
<b>Authorized Number of Shares</b>	2,500,000 thousand		
<b>Number of Issued Shares</b>	895,521 thousand		
<b>Number of Shareholders**</b>	25,740		
<b>Ticker Code</b>	8331		
<b>Transfer Agent</b>	Japan Securities Agents, Ltd. 1-2-4, Nihombashi Kayabacho Chuo-ku, Tokyo 103-8202		
		Long-term	Short-term
<b>Credit Ratings (As of July 1, 2008)</b>	Standard & Poor's	A	A-1
	Moody's	A1	P-1
	Rating and Investment Information, Inc.	AA-	—

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

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

The number of employees excluding employees temporarily transferred to other companies, temporary staff and one-year contract employees was 3,675.

\*\* 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

Telephone : 81-43-245-1111

e-mail: [investor@chibabank.co.jp](mailto:investor@chibabank.co.jp)

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



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### 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.

# 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, 2008, the Group comprised the Bank and its 15 subsidiaries. Chiba Bank operates 170 domestic outlets and provides access to 26,602 ATMs. Overseas, the Bank has three branches and one representative office.

## Major Operating Indicators

Deposits* <sup>1</sup>	<b>¥8.4</b> trillion	<b>2nd of Regional Bank</b>
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Loans Outstanding* <sup>2</sup>	<b>¥6.6</b> trillion	<b>2nd of Regional Banks</b>
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Individual Customers	<b>4.26</b> million
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Corporate Customers	<b>215</b> thousand
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Credit Ratings	Standard & Poors	L: A	S: A-1
	Moody's	L: A1	S: P-1
	Rating and Investment Information	L: AA-	S: -

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\*1 Non-consolidated, excluding NCD

\*2 Non-consolidated

L: Long-term

S: Short-term

