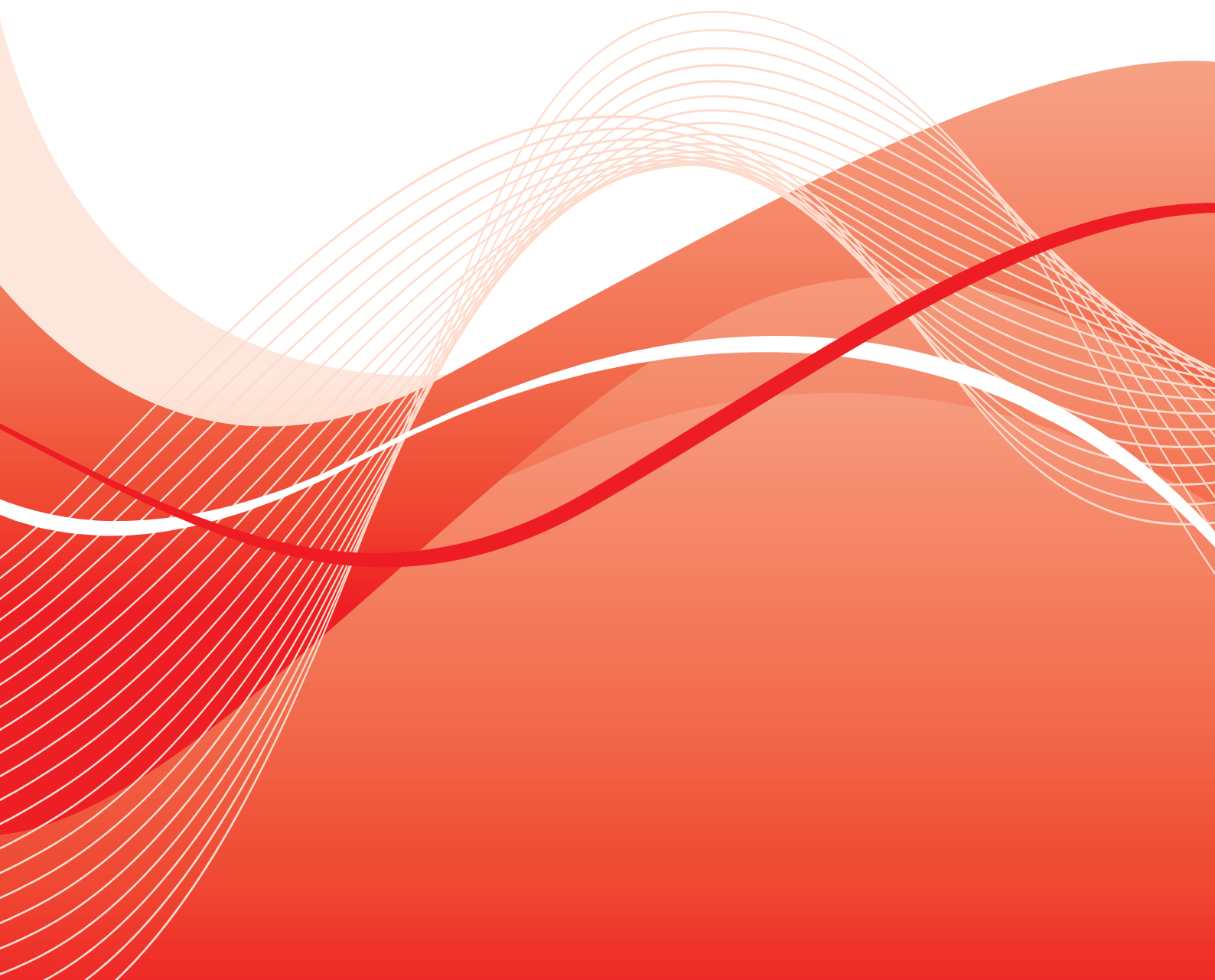




Annual Report
Year ended March 31, 2015

2015



The Chiba Bank

The Chiba Bank is a regional bank with its main operating base in Chiba Prefecture. Growing in step with the region by actively responding to financial needs generated by the development of Chiba Prefecture, the Chiba Bank has become Japan's second-largest regional bank with deposits of ¥11,267.4 billion and loans outstanding of ¥8,461.1 billion.

The Chiba Bank has also maintained a high standard of soundness with a consolidated total capital ratio of 14.66% and a non-consolidated ratio of 13.84%.

Deposits Including NCD (Non-consolidated)	¥ 11.2 trillion	2nd among Japanese Regional Banks
Loans (Non-consolidated)	¥ 8.4 trillion	2nd among Japanese Regional Banks
Net Income (Consolidated)	¥ 57.0 billion	Net Income (Non-consolidated) ¥ 45.8 billion
Total Capital Ratio (Consolidated)	14.66 %	Total Capital Ratio (Non-consolidated) 13.84 %

Credit Ratings	Long-term	Short-term
Standard & Poor's	A	A-1
Moody's	A1	P-1
Rating and Investment Information	AA-	—

As of March 2015

Contents

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The Chiba Bank Group CSR Concept



Medium Term Management Plan

The 12th Medium Term Management Plan

April 1, 2014 → March 31, 2017 (3 years)

Best Bank 2020 3 years of value creation

We shall aim to be a “Best Retail” Banking Group, providing first-class value with the implementation of a “customer first policy”, and pursuing business vigorously.

Subjects to be addressed in the “3 years of value creation”

Creating new corporate value

- [Corporate customers]
Strengthening functions to support business growth and resolution of management issues
- [Individual customers]
Providing carefully tailored services in response to diversified lifestyles
- Strengthening the channel strategy
- Strengthening international business in response to globalization and enhancing investment in the market
- Improving customer satisfaction

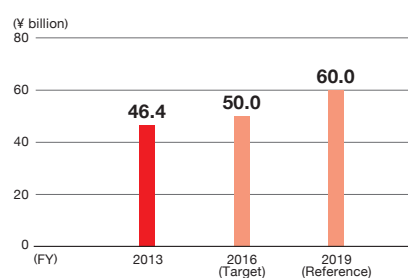
Further improving staff training

- Developing a highly professional workforce
- Making the most of human resources to bring out the motivation and skills of staff, such as support for the active participation of women
- Creating a corporate culture that generates new ideas

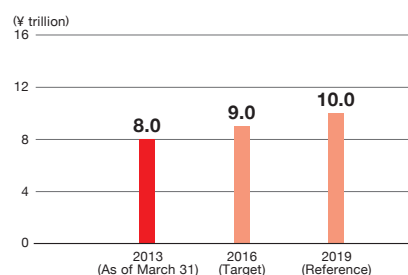
Building a sustainable management structure

- Further promoting the TSUBASA project and ensuring the steady implementation of cooperation on the mainframe system
- Increasing business efficiency and profitability
- Strengthening the risk management structure
- Ensuring thorough compliance and protection of customers
- Strengthening the Group management structure
- Enhancing CSR management and increasing sustainable shareholder value

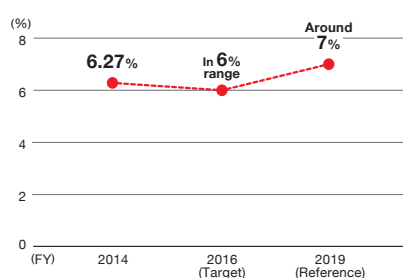
Consolidated Net Income



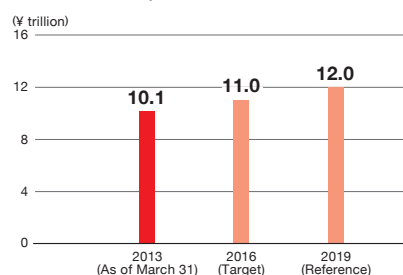
Balance of Loans



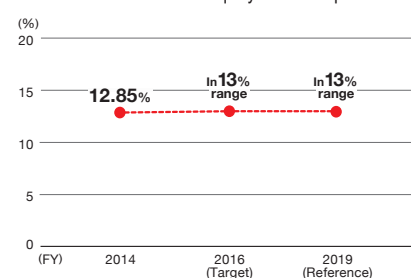
Consolidated ROE



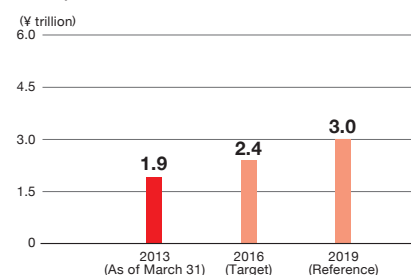
Balance of Deposits



Consolidated Common Equity Tier 1 Capital Ratio



Group Total Balance of Financial Products



Our Operating Area

The Chiba Bank has established a solid operating base in Chiba Prefecture and the surrounding region consisting of eastern Tokyo, eastern Saitama Prefecture and southern Ibaraki Prefecture.

Chiba Prefecture's population and GDP rank sixth in Japan. Blessed with geographical advantages and a warm climate, besides thriving agricultural and fishing industries, it has a well-balanced industrial structure, among which is one of Japan's biggest industrial areas along the coast of Tokyo Bay. The prefecture is home to Narita International Airport, and has a connected transportation network that provides comprehensive access to destinations in the Tokyo metropolitan area, supporting people's daily lives and companies' business

activities in the region.

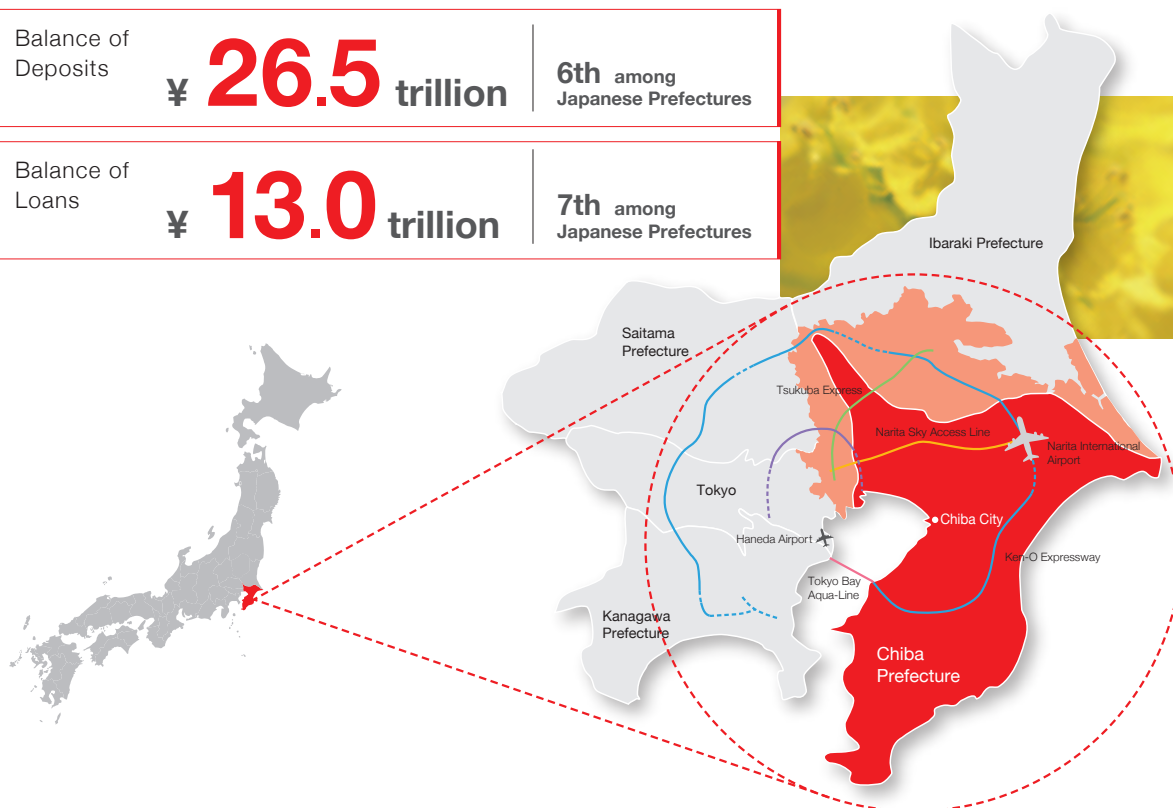
With a total population of 12 million, the "Wider Chiba Area" is a characteristic bedroom community for commuters to central Tokyo. Along with urban development giving rise to a burgeoning demand for housing, a number of new commercial facilities including a large shopping mall have opened in this area and are expected to attract customers from both within and beyond Chiba Prefecture. Moreover, in conjunction with the decision to hold the Tokyo Olympic and Paralympic Games in 2020, infrastructure and other development projects are expected, further sustaining the high growth potential of the region.

Chiba Prefecture

Population	¥ 6.2 million	6th among Japanese Prefectures
Number of Households	¥ 2.5 million	6th among Japanese Prefectures
Gross Prefectural Product	¥ 19.1 trillion	6th among Japanese Prefectures
Balance of Deposits	¥ 26.5 trillion	6th among Japanese Prefectures
Balance of Loans	¥ 13.0 trillion	7th among Japanese Prefectures



Source: NARITA INTERNATIONAL AIRPORT CORPORATION



◀ Growth Potential of Chiba Pref.

Japan's Largest Population Inflow

Following the Great East Japan Earthquake Disaster, Chiba Prefecture's population decreased briefly, but that trend has reversed, with the population increasing since April 2014. Over the fiscal years ended March 31, 2013 and 2014, Chiba Prefecture had Japan's largest population inflow increase, based on the number of people moving in minus the number of people moving out. By region, five cities in Chiba Prefecture are ranked among the top 20 cities in Japan regarding largest population inflow, driven by railways such as the Tsukuba Express in northwestern Chiba Prefecture.

A National Strategic Special Zone

Narita International Airport, Japan's biggest international airport, is located in Chiba Prefecture. In April 2015, a new terminal (Narita International Airport Terminal 3) was opened for low-cost carriers (LCCs). The airport is adding more LCC routes to attract not only international passengers but domestic passengers as well.

In June, a nearly 10-kilometer stretch of the Ken-O Expressway was opened, directly connecting the Ken-O Expressway and Higashi-Kanto Expressway to further improve access to Narita International Airport.

In the city of Narita, community development utilizing the airport is proceeding with the aim of realizing the International Medical Care Academic City Plan, having been designated a National Strategic Special Zone. There are hopes this scheme will spur the nurturing of human resources and the concentration of various medical institutions besides medical universities and hospitals to respond to rising healthcare needs accompanying the aging society as well as providing enhanced medical care services to foreign citizens.



Increase of Inbound Visitors

The number of foreign tourists in Japan is increasing due to government policies aimed at increasing tourism, such as easing tourist visa requirements, and the depreciation of the Japanese yen. Furthermore, the ratio of visitors to Chiba Prefecture is rising year on year. The number of visitors both from within Japan and overseas, and the related consumption, are expected to further increase as the Tokyo Olympic and Paralympic Games in 2020 draw closer.

Advance of Large Commercial Facilities, Factories and Distribution Centers

In fiscal 2014, Chiba Prefecture ranked second in Japan in terms of newly reported areas of large commercial facilities, based on the Large-scale Retail Stores Location Law. Also, the number of factories starting up has returned to pre-Lehman shock levels. The start-up of distribution facilities has also increased by 50% year on year, stimulating the local economy in such ways as increasing employment.



Source: MITSUBISHI
ESTATE・SIMON
Co., Ltd.

Message from the President

**Aiming to be
the “Best Retail”
Banking Group
Rooted in the Region**



Strong Start for Medium Term Management Plan

The medium term management plan “Best Bank 2020 – 3 years of value creation” began in fiscal 2014. This plan made a strong start in its first year, with results exceeding annual forecasts.

Financial Results for the Fiscal Year Ended March 31, 2015

Looking at the Chiba Bank’s financial results for the fiscal year ended March 31, 2015, consolidated ordinary profit increased by ¥6.0 billion compared with the previous fiscal year, to ¥84.2 billion, and net income increased by ¥10.5 billion compared with the previous fiscal year, to ¥57.0 billion, marking record highs for both. The balance of loans increased by ¥378.1 billion from the previous fiscal year-end, to ¥8,461.1 billion. Among these, SME loans outstanding increased by ¥200.0 billion. Total deposits also increased by ¥611.5 billion compared with the previous fiscal year-end, to ¥10,733.3 billion, showing favorable changes in general. Moreover, the total capital ratio was 14.66% consolidated and 13.84% non-consolidated, maintaining excellent soundness.

Future Strategies

Going forward, we will assertively make investments for the future. We are expanding our locations in the center of Tokyo: in July of this year we turned the Shinagawa Corporate Banking Office into a branch, and in October we will open a new Ebisu Corporate Banking Office. For branches within Chiba Prefecture, in addition to moving into new buildings and making improvements, we will further expand channels and reform our business to realize next-generation banking, such as opening an Internet Branch in August 2014.

Customer First Policy

In recent years, the environment surrounding financial institutions has been subject to dramatic changes. One of the things that I believe remains important in bank management is a “customer first policy” with priority on regional growth. Our bank cannot grow without regional growth. As a group, we will create and continue to offer next-generation financial services and new value to our customers.

For example, we offer ABL (Asset-Based Lending) and loans for intellectual property, and strengthen initiatives for corporate profitability assessments through proposals for client growth and improved management. Rather than simply dealing with capital demands, we will also firmly endeavor to make proposals that will increase customers’ sales and reduce their expenses.

Demonstrating Combined Group Strength

We are also promoting combined group strength to forcefully implement the medium term management plan. Going into this year, we have decided on new initiatives such as intermediation of lease transactions by the Bank itself and Chibagin Asset Management’s entry into investment trust management. We will continue to work with a spirit of challenge, persist in our proactive approach, and aim to be the “best retail” banking group that customers will choose even in this era of major competition.

Facilitating Women’s Active Role at Work

In fiscal 2014, our activities promoted diversity, with a focus on active roles for women. I participated in a meeting held by Japan’s Gender Equality Bureau Cabinet Office to promote active roles for women at the workplace. In addition, the Chiba Bank has announced numerical targets for women in management positions, established a Diversity Management Division, and opened an employer-provided childcare service, managed jointly with the Chiba Institute of Technology.

In order to promote such initiatives throughout the banking industry as a whole, a meeting of regional bank presidents to promote the creation of “A Society in which Women Shine” was held, in which the presidents of 64 regional banks from around Japan participate. The meeting began in November 2014, and one of the initiatives, a “regional bank talent pool,” was launched in April 2015. Aimed at supporting the continuation of careers of female staff members from regional banks who have had to leave their jobs due to reasons such as marriage or their partner’s job transfer, the initiative introduces their new locations to regional banks in their new areas.

Becoming a Strong Organization through Diversity Management

The Chiba Bank believes that diversity, including the facilitation of women’s active role, is a management strategy. It is important to produce a creative organization that can deal with environmental changes quickly with diverse personnel, including women, people from overseas and disabled persons, and bringing out the best in each other. In March 2015, we held a Diversity Forum within the Chiba Bank, at which a “Diversity Action Declaration” was announced externally, based on repeated explanation of the necessity of diversity management within the Chiba Bank and the type of organization we should aim to become.

Participation in Planning Regional Revitalization

Regional revitalization initiatives are set to be accelerated nationwide during this fiscal year. We believe that participation in planning regional revitalization is an extension of the various initiatives that the Chiba Bank has carried out to date for regional development.

As well as having a network of 160 branches within Chiba Prefecture, the Chiba Bank also designated banking facilities in 44 of the 54 municipalities within Chiba Prefecture. Further, we want to capitalize on the strength of our research institute and cooperate positively to ensure that any plans will help future growth in Chiba Prefecture.

Hidetoshi Sakuma

Hidetoshi Sakuma, President

◀ What is regional revitalization?

In December 2014, the Japanese government proposed a comprehensive creative strategy focused on towns, people and work, with local governments expected to draw up local strategies based on their population movement and regional characteristics, and to promote various measures for the continuous growth of local societies. The Chiba Bank organized a regional revitalization conference for related divisions, and has proposed a support program for regional revitalization to local governments. These initiatives compile the areas and systems of support expected of regional financial institutions. As a result, policies linked with local governments are already emerging.



Group Business Model

Consisting of the Chiba Bank and 13 subsidiaries, the Chiba Bank Group provides a diverse range of financial products and services to customers in the region. In April 2014, all companies of the Chiba Bank Group became wholly owned subsidiaries to ensure the implementation of integrated group

management in a prompt and efficient manner. Going forward, we will aim to increase group-wide profit by strengthening ties between group companies and the Bank across a wide range of fields, as well as promoting stronger business foundations and business optimization.

1 Coordination of Banking and Securities

For customers' asset investment needs, we provide investment trusts at the Bank's counters as well as a wide range of asset investment plans including stocks and structured bonds through Chibagin Securities. We will deepen ties by such measures as locating bank and securities branches side by side as we aim to increase the Group's total earnings.

2 Intermediation of Lease Transactions

Previously, the Bank was limited to introducing its customers to Chibagin Leasing. However, since starting the intermediation of lease transactions in April 2015, we have become able to propose concrete leases to customers at the Bank itself. We will strengthen our consulting functions and carry out aggressive sales promotions by proposing financing and leases together in response to customers' capital investment needs.



Chibagin Research Institute, Ltd.
Monthly magazine
MANAGEMENT SQUARE

3 Think Tank Expertise

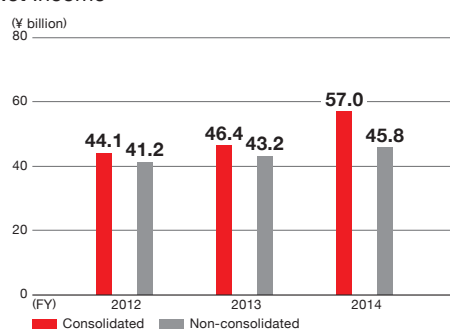
Chibagin Research Institute is a think tank that investigates financing and economics. It also carries out a consultancy business, and it is proposing regional growth through such actions as publishing management information magazines for local businesses and offering lectures on various topics. Aside from receiving consultations from many local governments regarding regional revitalization, its expertise is also used when drawing up medium and long term management plans for the Chiba Bank.

Financial Highlights

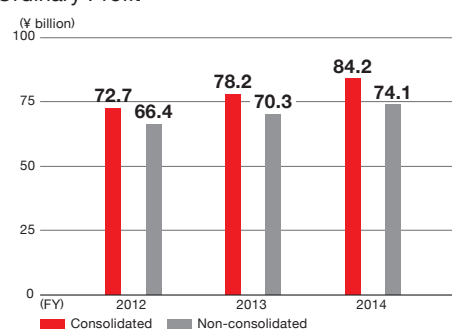
Consolidated ordinary profit for the fiscal year ended March 31, 2015, increased by ¥6.0 billion compared with the previous fiscal year, to ¥84.2 billion. Net income increased by ¥10.5 billion compared with the previous fiscal year, to ¥57.0 billion, marking a record high for both ordinary profit and net income.

There was an extraordinary income of ¥7.0 billion including negative goodwill recognized in relation to share acquisitions of subsidiaries on April 1, 2014, but even without taking these effects into account, consolidated net income has increased by ¥3.5 billion year on year, marking an increase in profit for a sixth consecutive term.

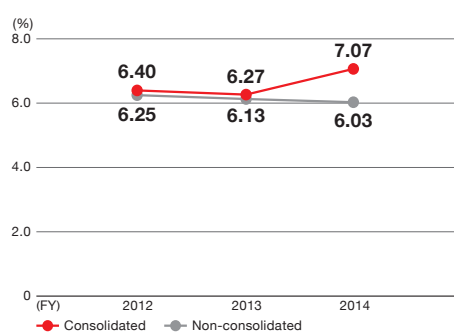
Net Income



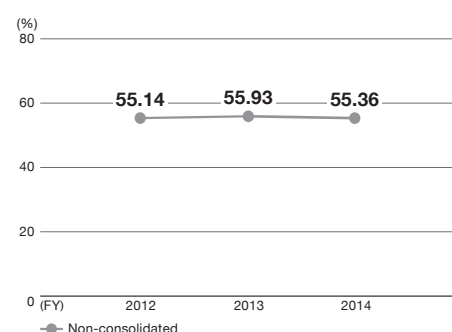
Ordinary Profit



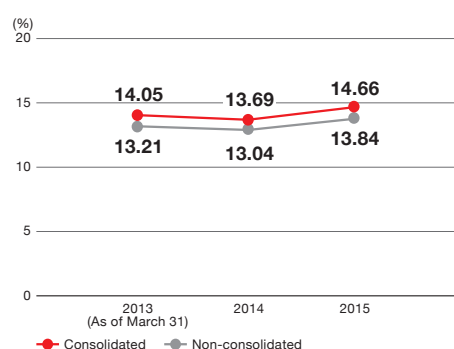
ROE



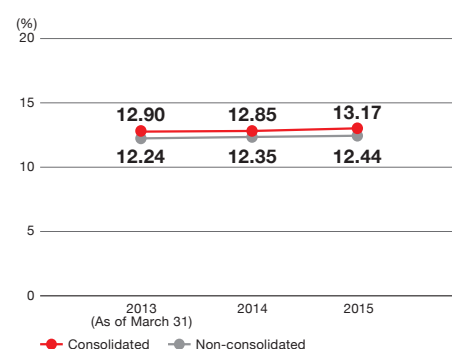
OHR



Total Capital Ratio (Basel III)



Common Equity Tier 1 Ratio

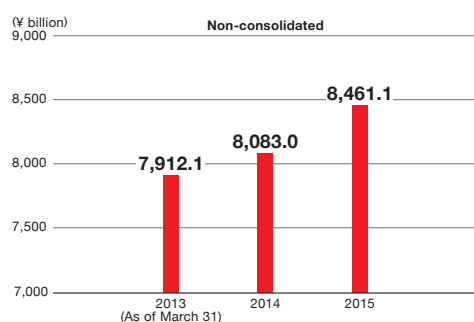


The balance of loans increased by ¥378.1 billion from the previous fiscal year-end, to ¥8,461.1 billion. Among these, SME loans outstanding increased by ¥200.0 billion and housing loans outstanding increased by ¥134.6 billion from the balance at the end of the previous fiscal year.

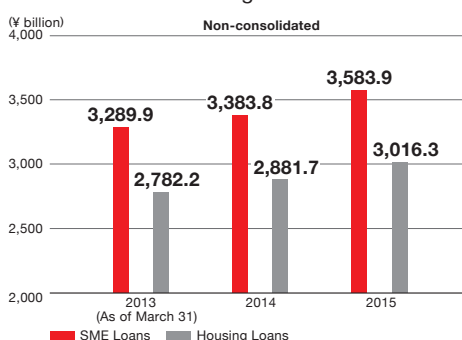
The balance of deposits, including negotiable certificates of deposit (NCD), increased by ¥726.2 billion compared with the previous fiscal year-end, to ¥11,267.4 billion.

The balance of securities increased by ¥182.0 billion from the previous fiscal year-end, to ¥2,362.2 billion.

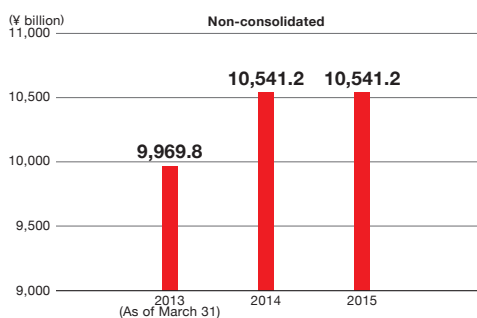
Balance of Loans



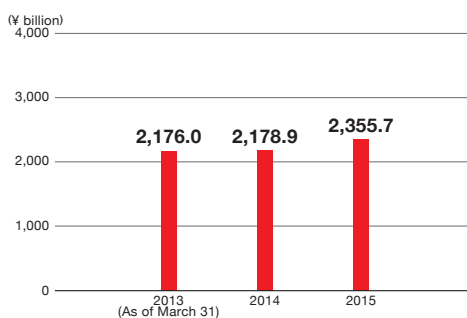
SME Loans and Housing Loans



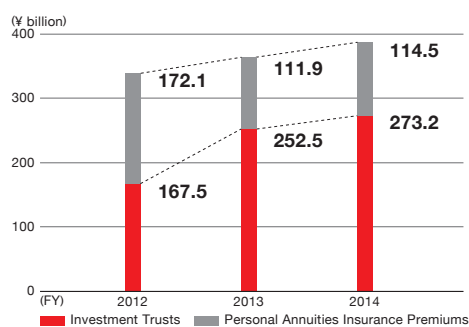
Balance of Deposits



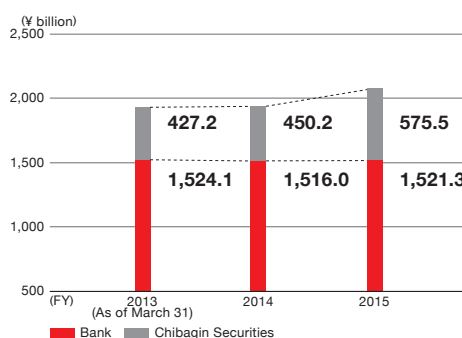
Balance of Investment Securities



Sales of Investment-Type Financial Products



Group Total Balance of Financial Products



Channel Strategy

Strategic Operating Area

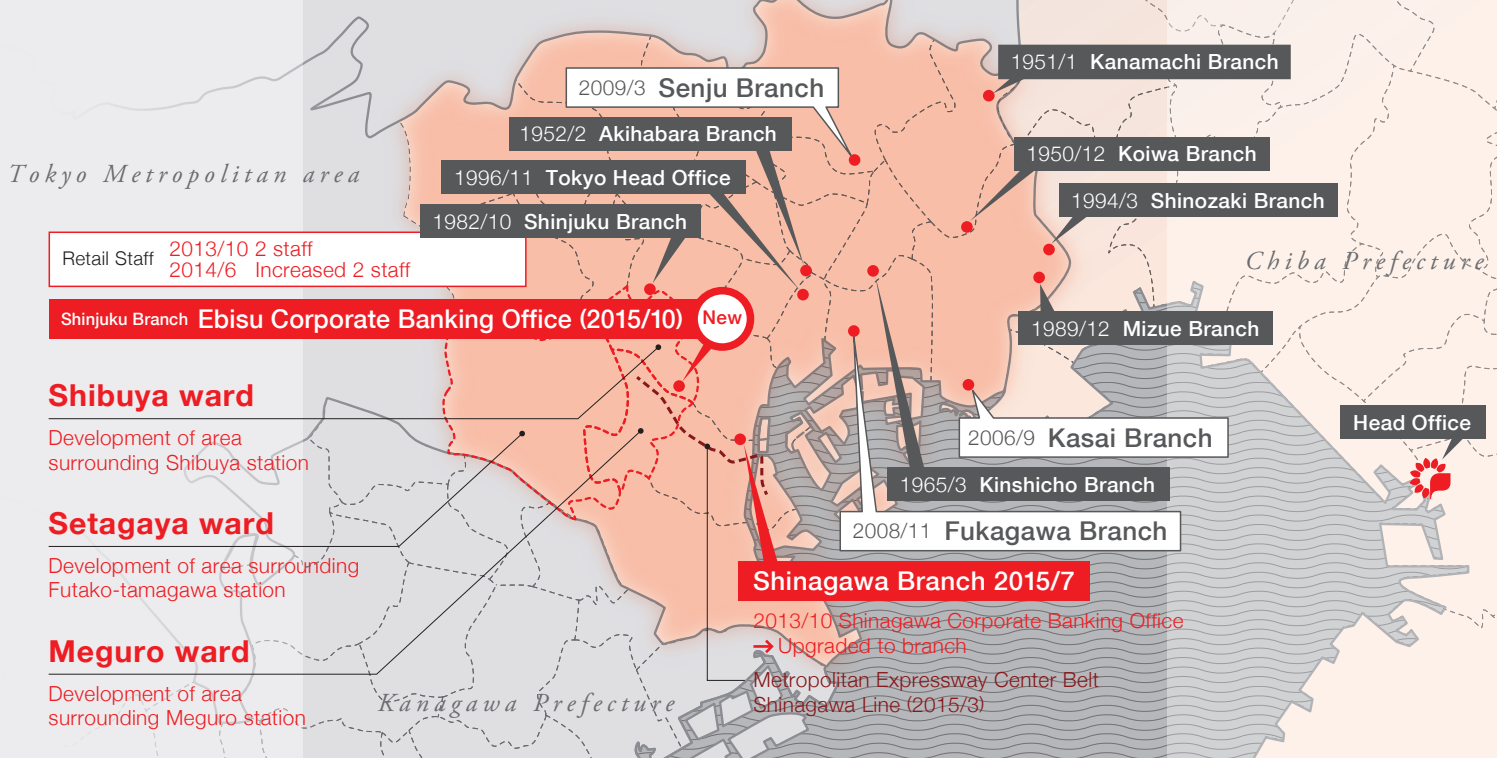
Since 2005, the Chiba Bank has opened 10 new branches outside of Chiba Prefecture, and the balances of loans at branches outside of Chiba Prefecture have increased by around four times over the past 10 years. In particular, we are strengthening our business in the 23 wards of Tokyo, which have been positioned as strategic operating areas.

Shinagawa Corporate Banking Office was established in October 2013, and retail business personnel have also been assigned to our Shinjuku Branch. Since favorable results have been confirmed at these locations, Shinagawa Corporate Banking Office was turned into a branch in July 2015, and Ebisu Corporate Banking Office will be established in October

2015 as a new business location.

The main target areas of Ebisu Corporate Banking Office will be the three wards of Shibuya, Meguro and Setagaya, which are areas with potential for wide-ranging business activities involving superior enterprises and high net worth individuals, and where further growth is anticipated thanks to the opening of the Shinagawa Route on the Central Circular Route of the Metropolitan Expressway, together with development of the neighboring Shibuya Station, Meguro Station and Futakotamagawa Station.

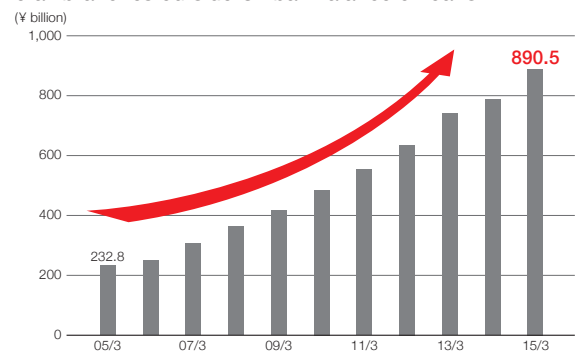
Going forward, we will consider opening even more new locations as we aim to further reinforce our business.



Number of domestic branches

	15/3	Change from 05/3
Domestic Branches	179	+20
Chiba	160	+10
Tokyo	12	+4
Saitama	3	+3
Ibaraki	3	+3
Osaka	1	0

Retail branches outside Chiba* Balance of loans



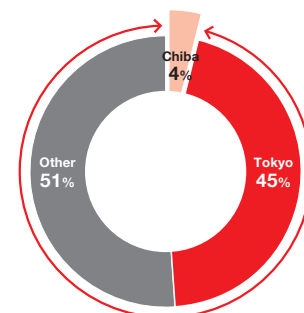
*Excluding wholesale branches (Tokyo Head Office, Shinjuku Branch and Osaka Branch)

Internet Branch

With the popularity of smartphones and similar electronic devices, internet-based channels are becoming important points of contact with customers. We are focusing our efforts on the development of channels using IT.

Our Internet Branch, which was opened in August 2014, is positioned as a channel that mainly promotes unsecured consumer loans. We are reaching new customers, with the branch steadily increasing its achievements with unsecured consumer loans since opening. Customers outside of Chiba Prefecture accounted for 96% of the actual amount of loans made by area at the end of March 2015. In April 2015, we launched a service enabling internet-based application through execution of contracts on some card loans, further improving convenience. Going forward, we will reinforce this with effective advertising and PR to increase the balance of unsecured consumer loans.

New unsecured consumer loans by area (14/8-15/3)



Ratio of outside Chiba 96%

Asset Management Consulting

In Japan, customer interest in asset management is rising, and needs are diversifying amid the accelerating shift away from savings toward investments, as exemplified by the introduction of the Nippon (Japan) Individual Savings Account (NISA).

Chibagin Consulting Plaza has facilities in four locations (Chiba, Kashiwa, Funabashi, and Ichikawa), operates on Saturdays and holidays, and has specialized staff deployed to provide comprehensive responses to a range of customer needs. There are private booths that enable customers to have detailed consultations on issues such as asset management and insurance products; it also convenes seminars and provides customers with the latest financial and economic information.

Chibagin Securities has the most locations within Chiba Prefecture among securities companies. In 2014, two facilities were opened—the Tokyo Branch Ichikawa Office and the Kashiwa Branch (linked to branches of the Bank)—and in January 2016, we are planning to start online trading as well. We will continue to provide high-quality consulting services combining banking and securities.



Chibagin Consulting Plaza Ichikawa

Overseas Network

The Chiba Bank has three overseas branches, located in New York, London and Hong Kong. In addition to overseas representative offices in Shanghai and Singapore, a third office was opened in September 2014 in Bangkok. Particularly in Asia, which is a region with remarkable growth, we will assist our customers with expanding their businesses by working with cooperative organizations, as well as by holding business conferences to support foreign trade, provide the latest overseas information, and create new market openings.

In September 2014, the banks participating in the TSUBASA Project* concluded an agreement titled “Cooperation in Markets and International Business.” Under the agreement, the participants will mutually cooperate to exchange personnel and carry out effective activities at overseas bases.

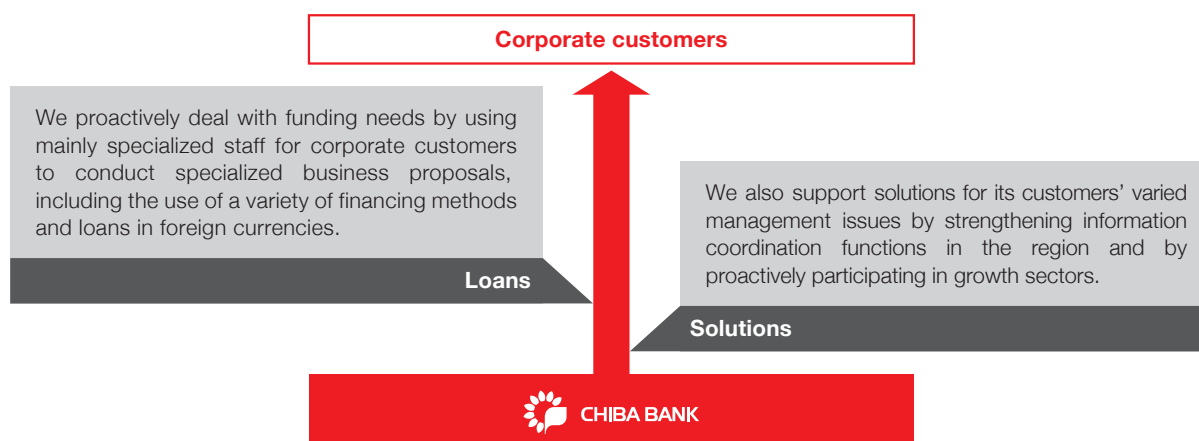
* The TSUBASA Project is a scheme for cooperating on mainframe systems and exchanging human resources and information with the participation of six banks (The Chiba Bank, Ltd., The Toho Bank, Ltd., The Daishi Bank, Ltd., The Hokkoku Bank, Ltd., The Chugoku Bank, Ltd. and The Iyo Bank, Ltd.).

Corporate Banking

According to an investigation by the Teikoku Databank, approximately 20,000 companies use the Chiba Bank as their main bank, which is more than any other regional bank. The Chiba Bank also has a strong client base with about 40% of the share of loans in Chiba Prefecture.

Services and our value creation

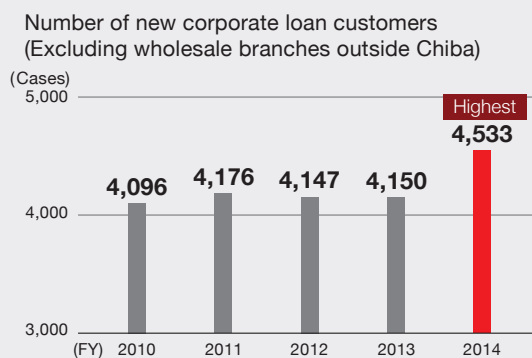
Reinforcing Lending through General Transactions in the Solutions Business



Our Achievement of FY2014

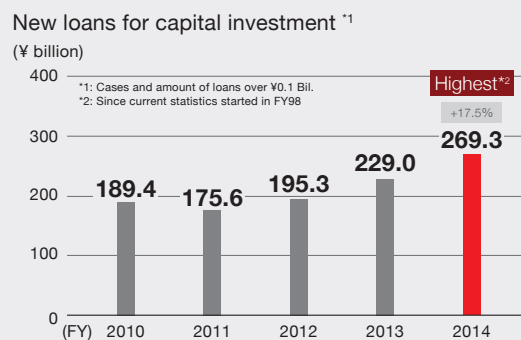
▶ New Corporate Customers

In fiscal 2014, there were 4,533 new borrowers, which greatly exceeded results from previous years.



▶ Loans for Capital Investment

There was a year on year increase of 17.5% in the amount of new loans for capital investment in fiscal 2014, which is a record high. There is increasing demand for funding throughout Chiba Prefecture, including capital investment, and the balance of domestic corporate loans increased by 4.8% over the previous year.



Specialized Staff for Corporate Banking

Since July 2014, specialized staffs for corporate customers have been deployed at each branch, which has enhanced the solutions business for small and medium-sized enterprises. We are strengthening customer relationships and carrying out specialized consulting proposals with these staff members at the center.

SME loans comprise approximately 70% of corporate loans provided by the Chiba Bank, and we are committed to further increasing the customer base and increasing the balance of loans. We aim to expand our dealings by clearly ascertaining the business details and growth potential of customers in various life stages and by making proactive proposals.

Diverse Financing Methods

The Chiba Bank proactively adopts new financing methods. For example, we are increasing ABL balances that use customers' accounts receivable, product inventories, machinery and other receivables and movable assets as collateral. With regard to ABL initiatives, which have the purpose of supplying funding, acquiring commissions by formulating schemes, and acquiring an understanding of the business situation by means of periodic monitoring, the Chiba Bank was commended by the Kanto Local Finance Bureau of Japan's Ministry of Finance in March 2014 for "Initiatives concerning Region-Based Relationship Banking."

We also received an award for the utilization of intellectual properties from the Japan Patent Attorneys Association for the "Chibagin Intellectual Property Loan," which we started in May 2014.

Loans in Foreign Currencies

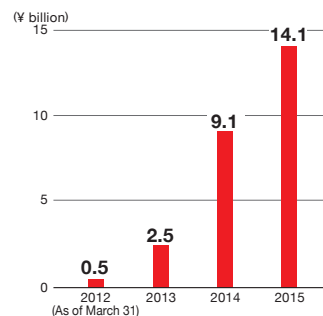
There is a greater need to supply funding in foreign currencies due to the expansion of customer's businesses and progression into overseas markets. The Chiba Bank is using its extensive overseas network to strengthen initiatives by providing loans for Japanese and non-Japanese enterprises, and project finance such as highly profitable overseas infrastructure and aircraft financing after carrying out the relevant risk analysis.

Information Coordination and Support for Growth Businesses

The Regional Business Information Division, which was established in April 2014, is strengthening the information-based business by attracting companies to Chiba Prefecture and by promoting regional development. We are increasing our ability to acquire information by cooperating with companies, local governments, and research institutions in order to promote effective land use and business matching.

The Growth Business Support Office in the Corporate Business Division has staff specializing in various growth areas, including Medical/Nursing, Agriculture, Tourism, the Environment, Private Finance Initiatives, and International Business. These specialists work closely with our branches to support the growth of customer businesses.

Balance of asset-backed loans



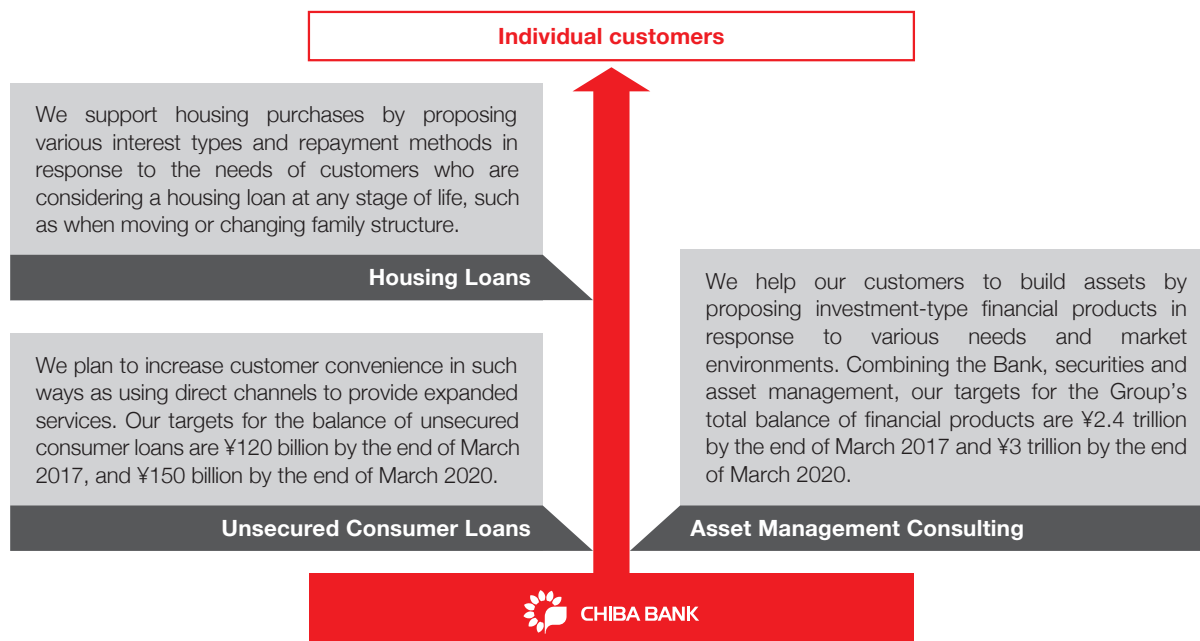
Agri-business Talk Association

Retail Banking

The number of individual customer accounts at the Chiba Bank has exceeded 4 million. We have a strong customer base in Chiba Prefecture, where our share of deposits is approximately 25%, greatly exceeding other banking institutions. The Chiba Bank has prepared various financial products and services, including deposits, investment trusts, insurance and loans, to meet the life plans of our customers.

Services and our value creation

Supplying Specialized Services for Diversified Lifestyles

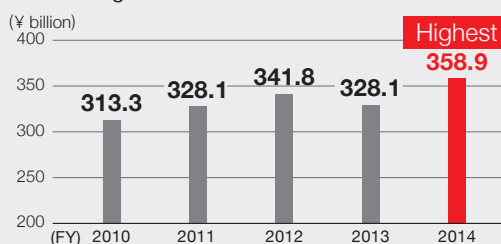


Our Achievement of FY2014

▶ Housing Loans

The amount of new housing loans in fiscal 2014, was a record high at ¥358.9 billion. Also, there was a record high in terms of the number and amount of pre-applications, which is an advanced indicator, and this positive trend is expected to continue due to the increasing population and number of households.

New housing loans



▶ Asset Management Consulting

Sales of investment-type financial products in fiscal 2014, achieved a record high at ¥387.8 billion. The Group's total balance of financial products reached ¥2 trillion.



◀ Housing Loan Business

In October 2014, we started collaboration work for housing loans that concentrated staff in the Urayasu block. In addition to making business activities more efficient, this made it easier to organize a work shift system, which has improved activities during holidays. Half-year results exceeded those of other blocks in such areas as new housing loans. We are committed to further strengthening the housing loan business by expanding this system to other blocks during and following the current fiscal year.

◀ Asset Management Business and Transactions with High Net Worth Clients

The Area Consultant Team was brought in at the Kashiwa block in October 2014 as a specialized asset management business team for the mass market. After the half-year period, the sales amount per person was twice the average for the whole branch, so this system was expanded to other blocks in April 2015.

Also, in April 2015, Chibagin Asset Management entered the investment trust management business. The Chiba Bank Group has an integrated system, from the production of investment trusts through to sales, so the trust fee will be absorbed within the Group, increasing earning power. Going forward, we aim to increase the Group's total balance of financial products through the cooperation of the Bank, securities and asset management.

In addition, the Private Banking Team, which is a sales team for high net worth clients, has achieved positive results since its establishment in 2012. Inheritance-related services have also been expanded by utilizing the trust functions included in the Bank itself, which was started in 2006, and is a first among regional banks.

Chibagin Asset Management: Starting investment trust management business

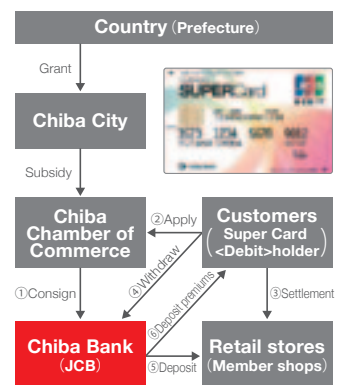


◀ Credit Card Business

The credit card shopping amount at the Chiba Bank Group is increasing positively, and revenue from handling charges is increasing. By the end of March 2015, approximately 25,000 stores accepted Chibagin JCB Card and Chibagin DC Card, while the number of stores participating in the "Community Preferential Service," which started in 2012, increased to approximately 3,200.

Since October 2014, we have been handling the first JCB brand domestic debit card, the Super Card <Debit>, and we are proceeding to enter the market of customers who prefer not to use deferred payment credit cards. The debit card scheme for Chiba City's regional voucher with premiums is the first in Japan. A project by local governments using national subsidies for regional revitalization, it contributes to encouraging expenditures and stimulating the economy in the region.

Super Card <Debit> scheme: Chiba City's regional voucher with premiums



Promoting Diversity

The Chiba Bank aims for its diverse staff to mutually utilize their individuality for a more creative organization and to promote diversity.

The term “diversity” essentially means variety, and represents a way of thinking that involves active roles for people of various genders, nationalities, and disabilities. First, we are focusing our efforts on promoting the activities of our female staff members, who make up approximately 40% of our personnel.

Diversity Action Declaration

In March 2015, we announced a diversity action declaration under the catchphrase “Flexibly, strongly embracing diversity - Generating new ideas through a diverse sense of values.”

Diversity Promotion Committee and Diversity Management Division

In July 2014, the Chiba Bank established the Diversity Promotion Committee to aim for a workplace where ambitious, capable staff members can play an active role regardless of gender. The Committee brings together a wide range of members, including male and female staff members from Headquarter and branches who range from young to experienced. They actively discuss efforts for the promotion of diversity at the Bank.

Furthermore, in October 2014, we newly organized the Diversity Management Division. While cooperating with the Human Resources Division, the Division furthers diversity awareness, supports the careers of female staff members, and maintains and improves of every kind of system.

Toward “A Society in which Women Shine”

In June 2014, the Chiba Bank announced the approval of a “Declaration on Action” by a group of male leaders who will create “A Society in which Women Shine,” in which the president Hidetoshi Sakuma participated as a core member. The committee was inaugurated to bring together male leaders of corporations who are actively involved in promoting active roles for women. They concluded a declaration on action and shared it with society.

In accordance with three pillars of the declaration on action, the Chiba Bank implements the initiatives to expand opportunities for women, actively promoting women in management positions, giving seminars to support women’s career development and helping employees work-childcare balance.

The group of regional bank presidents to promote the creation of “A Society in which Women Shine” (Chairman: Hidetoshi Sakuma, President of the Chiba Bank, Secretariat: Chiba Bank) was established in November 2014, with the participation of all 64 presidents from banks affiliated with the Regional Banks Association of Japan. The “regional bank talent pool*” was established in April 2015, to continually support the careers of women at regional banks.

External Awards

- ▶ Oct. 2014 Ministry of Health, Labour and Welfare
Ikumen Enterprise Award 2014 (Special Encouragement Award)
- ▶ Jan. 2015 The Japan Financial News Co., Ltd.
Nikken Award
- ▶ Mar. 2015 NPO J-Win
2015 J-Win Diversity Award (Top Executive Award / Individual Prize)
- ▶ Mar. 2015 Ministry of Economy, Trade and Industry
Diversity Management Selection 100



Declaration on Action

“Taking actions and sending messages ourselves”

“Disrupting the status quo”

“Developing networking”

* In the event of a change of residence, caused by factors such as marriage or the transfer of a spouse, for an individual who wishes to continue working, they will be introduced to a regional bank near their new residence. The bank to which the individual was introduced shall determine the possibility of employment.

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Financial and Corporate Information

Five-Year Summary (Consolidated)

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

	Millions of Yen					Thousands of U.S. Dollars
	2015	2014	2013	2012	2011	2015
For the Year:						
Total Income	¥ 229,395	¥ 217,995	¥ 222,731	¥ 225,435	¥ 229,583	\$ 1,908,921
Total Expenses	141,162	140,775	150,700	155,950	159,417	1,174,687
Income Before Income Taxes and Minority Interests	88,232	77,220	72,030	69,485	70,166	734,234
Net Income before Minority Interests	57,033	47,382	45,046	41,487	41,458	474,607
Net Income	57,033	46,438	44,152	40,770	40,611	474,607
At Year-End:						
Total Assets	¥12,969,442	¥12,023,627	¥11,373,741	¥10,916,760	¥10,552,989	\$107,925,793
Loans and Bills Discounted	8,438,684	8,061,697	7,886,033	7,554,923	7,346,143	70,222,891
Securities	2,362,229	2,180,202	2,174,866	2,106,492	1,920,113	19,657,395
Deposits	11,218,113	10,495,839	9,926,630	9,639,615	9,275,235	93,352,027
Net Assets	858,747	766,187	729,243	664,076	625,990	7,146,106
Capital Ratio (BIS guidelines)	14.66%	13.69%	14.05%	14.35%	13.37%	
PER (Times)	12.96	11.71	13.26	11.36	10.20	
PBR (Times)	0.85	0.71	0.80	0.70	0.67	

	Yen					U.S. Dollars
	2015	2014	2013	2012	2011	2015
Per Share:						
Net Income	¥ 68.02	¥ 54.29	¥ 50.88	¥ 46.47	¥ 45.65	\$ 0.57
Net Assets	1,030.64	895.60	839.15	747.90	692.74	8.58

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-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 and are translated at the rate of ¥120.17 to \$1.00, the exchange rate prevailing at March 31, 2015.

Management's Discussion and Analysis

Financial and Economic Environment

Looking back on the Japanese economy during the fiscal year ended March 31, 2015, although there was a downturn in demand that stemmed from the consumption tax hike, the economic climate has continued to recover gradually, because a recovery in global economy and the development of yen depreciation have restored exports, and business performance has improved with a gradual increase in capital investment, and personal consumption has been robust due to the improvement in employment and income environment. While consumer prices are gradually rising, the effects of falling energy prices have shrunk the increase.

On the financial front, the unsecured overnight call rate has remained below 0.1% throughout the period. Secondary market yields on long-term government bonds were in the 0.6% range at the beginning of the term, additional monetary easing by the Bank of Japan and other influences have gradually lowered this rate to around 0.4% at the end of the term. The Nikkei Stock Average has continued to rise almost consistently from its initial ¥14,000 level to ¥19,000 level, reflecting a recovery in business performance.

Review of FY 2014

In such a financial and economic environment, the Chiba Bank started the medium term management plan "Best Bank 2020 – 3 years of value creation" in April 2014. We have implemented various measures to realize a "best retail" banking group, providing first-class customer satisfaction and highly regarded in the region, including individuals and small and medium sized enterprises.

Operating Results

Total income increased by ¥11.4 billion from the previous fiscal year to ¥229.3 billion, mainly due to an increase in extraordinary income, including negative goodwill recognized in relation to share acquisitions of subsidiaries. Total expenses increased by ¥0.3 billion from the previous fiscal year to ¥141.1 billion, mainly due to an increase in other expenses, including written-off of loans.

As a result, income before income taxes increased by ¥11.0 billion from the previous fiscal year to ¥88.2 billion. Net income increased by ¥10.5 billion from the previous fiscal year to ¥57.0 billion.

Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥428.2 billion, an increase of ¥143.0 billion from the previous fiscal year, due to an increase in deposits. Net cash provided by investing activities amounted to a net outflow of ¥68.2 billion, a decrease of ¥92.0 billion from the previous fiscal

year, due to a purchase of securities. Net cash used in financial activities amounted to a net inflow of ¥4.5 billion, an increase of ¥45.6 billion from the previous fiscal year, due to an issuance of subordinated bonds. As a result, net cash and cash equivalents amounted to ¥1,012.8 billion as of March 31, 2015, an increase of ¥364.6 billion, over the position a year earlier.

Financial Conditions

The balance of deposits increased by ¥722.2 billion from the previous fiscal year-end, to ¥11,218.1 billion mainly due to an increase in personal deposits.

The balance of loans increased by ¥376.9 billion from the previous fiscal year-end, to ¥8,438.6 billion, reflecting our efforts to respond to the borrowing needs of both corporate and individual customers.

The balance of securities increased by ¥182.0 billion from the previous fiscal year-end, to ¥2,362.2 billion.

On this basis, the balance of total assets reached ¥12,969.4 billion as of March 31, 2015, an increase of ¥945.8 billion over the position a year earlier. The balance of net assets amounted to ¥858.7 billion, an increase of ¥92.5 billion over the position a year earlier.

Dividends Policy

Our basic policy is to use capital effectively for our growth and to enhance shareholder returns through stable dividends and the acquisition of our own shares, while maintaining the Bank's sound financial health and fulfilling our important public role. Also, our basic policy provides for the payment of dividends twice yearly. The date of record for the interim dividends is September 30, while that for the year-end dividend is March 31. The Board of Directors resolves the interim dividends and the year-end dividend is resolved at the general meeting of shareholders.

The allocation of surplus for the fiscal year ended March 31, 2015 was approved at the annual general meeting of shareholders to be ¥7 per share as a year-end dividend. The total annual dividend, including the interim dividend, was ¥13 per share.

Outlook for FY 2015

We estimate that the Chiba Bank Group will earn ordinary profit of ¥80.5 billion, and net income of ¥53.0 billion in the fiscal year ending March 31, 2016.

We plan to pay an annual dividend of ¥14 per share, including an interim dividend of ¥7, in the fiscal year ending March 31, 2016. This is an increase of ¥1 from the annual dividend for the fiscal year ended March 31, 2015.

Asset Quality

The Chiba Bank is constantly working on preserving and improving the quality of its assets by using measures such as proper handling of non-performing loans, prevention of new occurrences of non-performing loans, and support to the financial rehabilitation of borrowers.

Non-performing loans are loans and other claims for which the collection of principal and interest are in doubt because of a bankruptcy or poor business performance.

Interest income from loans and other assets is the primary source of income for a bank. Consequently, difficulties in the collection of loans may have a material impact on a bank's financial condition. To maintain the quality of assets, we have upgraded and enhanced thorough credit screening and risk management systems.

Claims disclosed under the Financial Reconstruction Law were ¥160.0 billion as of March 31, 2015, and the non-performing loan ratio was 1.86%.

The headquarters office and branch offices of the Chiba Bank will continue to work together, while using the resources of Small and Medium Enterprises Revitalization Support Councils and other external organizations, to extend support that enables customers to improve their business operations.

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 Chiba Bank has taken appropriate measures to dispose of non-performing assets by implementing write-offs and providing allowances at the end of each quarter on the basis of the results of a rigorous self-assessment of assets. With respect to major debtors, the Chiba Bank calculates the allowance for loan losses using the Discounted Cash Flow (DCF) method for Substandard Assets and Potentially Bankrupt Assets.

Moreover, the allowance for loan losses from Bankrupt Debtors and Effectively Bankrupt Debtors makes up the full amount of the

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, 2014	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
Loans to Bankrupt Borrowers	2.5	2.1	2.1	1.6
Delinquent Loans	111.2	104.4	109.9	102.1
Loans Past Due 3 Months or More	0.8	0.6	0.8	0.6
Restructured Loans	53.4	52.4	53.4	52.4
Total	169.0	159.7	166.3	156.9

claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Debtors is equal to the amount of expected losses calculated on the past loan loss ratio, as a rule.

The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees stands at 74.1%, indicating a high level of security on the basis of claims disclosed under the Financial Reconstruction Law and limited cause for concern about the occurrence of future losses.

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.

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 correspond to loans delinquent 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 Chiba 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, 2014	As of March 31, 2015
Bankrupt and Substantially Bankrupt Claims	20.6	20.0
Doubtful Claims	94.4	86.8
Substandard Claims	54.2	53.1
Total	169.4	160.0
Total Claims Outstanding	8,013.1	8,403.3
Non-performing Loan Ratio (%)	2.07	1.86
Coverage Ratio (%)	74.2	74.1

Comparison of Classifications under Self-Assessment, Financial Reconstruction Law and Risk-Monitored Loans

(Non-Consolidated) (As of March 31, 2015)

(¥ Billion)

Assets Classification under Self-Assessment		Risk-Monitored Loans under the Banking Law		Disclosed Claims under the Financial Reconstruction Law	
Bankrupt Assets and Effectively Bankrupt Assets	20.0	Loans to Bankrupt Borrowers	2.1	Bankrupt and Substantially Bankrupt Claims	20.0
		Delinquent Loans	104.4		
Potentially Bankrupt Assets	86.8			Doubtful Claims	86.8
Assets Requiring Caution	1,277.8	Loans Past Due 3 Months or More	0.6	Substandard Claims	53.1
		Restructured Loans	52.4		
Other Assets Requiring Caution	1,213.1			Normal Claims	8,403.3
Normal Assets	7,178.7				
Total Assets	8,563.4	Loans Outstanding	8,461.1	Total Claims	8,563.4

Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2015

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Assets			
Cash and Due from Banks (Note 28)	¥ 1,227,256	¥ 749,388	\$ 10,212,672
Call Loans and Bills Bought	316,924	399,772	2,637,301
Receivables under Resale Agreements	14,996	34,995	124,793
Receivables under Securities Borrowing Transactions	2,091	2,043	17,403
Monetary Claims Bought	22,624	24,453	188,267
Trading Assets (Notes 7 and 34)	271,774	275,939	2,261,587
Money Held in Trust (Note 36)	44,450	43,794	369,899
Securities (Notes 8, 13, 34 and 35)	2,362,229	2,180,202	19,657,395
Loans and Bills Discounted (Notes 9, 13 and 34)	8,438,684	8,061,697	70,222,891
Foreign Exchanges (Note 10)	8,080	6,248	67,246
Other Assets (Notes 11 and 13)	95,225	87,594	792,424
Tangible Fixed Assets (Note 12)	102,423	102,786	852,320
Intangible Fixed Assets	11,091	10,987	92,302
Net Defined Benefit Asset (Note 20)	7,569	5,218	62,991
Deferred Tax Assets (Note 31)	6,082	6,779	50,616
Customers' Liabilities for Acceptances and Guarantees	82,896	81,866	689,826
Allowance for Loan Losses	(44,960)	(50,142)	(374,139)
Total Assets	¥12,969,442	¥12,023,627	\$107,925,793
Liabilities			
Deposits (Notes 13, 14 and 34)	¥11,218,113	¥10,495,839	\$ 93,352,027
Call Money and Bills Sold	39,878	103,949	331,851
Payables under Securities Lending Transactions (Note 13)	154,368	83,248	1,284,587
Trading Liabilities (Notes 15 and 34)	20,788	24,074	172,995
Borrowed Money (Notes 13 and 16)	308,712	291,989	2,568,964
Foreign Exchanges (Note 17)	767	930	6,386
Bonds Payable (Note 18)	76,020	10,000	632,610
Other Liabilities (Note 19)	143,989	128,806	1,198,214
Net Defined Benefit Liability (Note 20)	20,091	18,324	167,196
Provision for Directors' Retirement Benefits	185	217	1,542
Provision for Reimbursement of Deposits	2,093	2,035	17,419
Provision for Point Loyalty Programs	442	412	3,686
Reserve under Special Laws	27	22	229
Deferred Tax Liabilities (Note 31)	30,576	2,565	254,442
Deferred Tax Liabilities for Land Revaluation (Note 21)	11,742	13,157	97,713
Acceptances and Guarantees	82,896	81,866	689,826
Total Liabilities	¥12,110,695	¥11,257,439	\$100,779,687
Net Assets			
Capital Stock (Note 22)	¥ 145,069	¥ 145,069	\$ 1,207,199
Capital Surplus	122,134	122,134	1,016,344
Retained Earnings	480,803	437,645	4,001,028
Treasury Shares	(27,532)	(17,581)	(229,110)
Total Shareholders' Equity	720,474	687,267	5,995,461
Valuation Difference on Available-for-sale Securities (Note 37)	121,264	59,757	1,009,109
Deferred Gains or Losses on Hedges	414	23	3,445
Revaluation Reserve for Land (Note 21)	10,663	9,834	88,737
Remeasurements of Defined Benefit Plans	5,484	866	45,640
Total Accumulated Other Comprehensive Income	137,826	70,482	1,146,931
Subscription Rights to Shares	446	374	3,713
Minority Interests	—	8,064	—
Total Net Assets	¥ 858,747	¥ 766,187	\$ 7,146,106
Total Liabilities and Net Assets	¥12,969,442	¥12,023,627	\$107,925,793

See notes to consolidated financial statements.

Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2015

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Income			
Interest Income:			
Interest on Loans and Discounts	¥112,582	¥116,461	\$ 936,864
Interest and Dividends on Securities	22,610	20,172	188,154
Other Interest Income	1,408	870	11,722
Trust Fees	3	2	28
Fees and Commissions	48,022	46,156	399,623
Trading Income (Note 23)	4,271	3,196	35,547
Other Ordinary Income (Note 24)	4,248	5,941	35,357
Other Income (Note 25)	36,246	25,195	301,627
Total Income	¥229,395	¥217,995	\$1,908,921
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 5,123	¥ 5,007	\$ 42,634
Interest on Borrowings and Rediscounts	805	839	6,700
Other Interest Expenses	5,936	5,204	49,403
Fees and Commissions Payments	16,544	15,945	137,674
Other Ordinary Expenses (Note 26)	424	3,228	3,536
General and Administrative Expenses	89,039	88,775	740,947
Other Expenses (Note 27)	23,288	21,773	193,794
Total Expenses	¥141,162	¥140,775	\$1,174,687
Income before Income Taxes and Minority Interests	88,232	77,220	734,234
Income Taxes—Current	26,653	26,834	221,802
Income Taxes—Deferred	4,545	3,003	37,825
Net Income before Minority Interests	57,033	47,382	474,607
Minority Interests in Income	—	944	—
Net Income	¥ 57,033	¥ 46,438	\$ 474,607

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2015

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Income before Minority Interests	¥ 57,033	¥ 47,382	\$ 474,607
Other Comprehensive Income (Note 29)			
Valuation Difference on Available-for-sale Securities	61,042	8,448	507,964
Deferred Gains or Losses on Hedges	390	1,190	3,250
Revaluation Reserve for Land	1,207	—	10,045
Remeasurements of Defined Benefit Plans	4,618	—	38,430
Share of Other Comprehensive Income of Associates Accounted for using Equity Method	107	22	893
Total Other Comprehensive Income	67,365	9,661	560,583
Comprehensive Income	¥124,398	¥ 57,044	\$1,035,190
(Breakdown)			
Comprehensive Income Attributable to Owners of the Parent	¥124,398	¥ 55,991	\$1,035,190
Comprehensive Income Attributable to Minority Interests	—	1,053	—

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2015

Millions of Yen (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income							Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Minority Interests	
Balance at March 31, 2013	¥145,069	¥122,134	¥401,813	¥ (7,581)	¥661,435	¥ 51,396	¥(1,167)	¥ 9,983	—	¥ 60,212	¥277	¥7,317	¥729,243
Net Income	—	—	46,438	—	46,438	—	—	—	—	—	—	—	46,438
Cash Dividends	—	—	(10,750)	—	(10,750)	—	—	—	—	—	—	—	(10,750)
Purchase of Treasury Shares	—	—	—	(10,066)	(10,066)	—	—	—	—	—	—	—	(10,066)
Disposal of Treasury Shares	—	—	(5)	66	61	—	—	—	—	—	—	—	61
Reversal of Revaluation Reserve for Land	—	—	149	—	149	—	—	—	—	—	—	—	149
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	8,361	1,190	(149)	866	10,269	96	746	11,112
Total of Items during FY2013	—	—	35,831	(9,999)	25,831	8,361	1,190	(149)	866	10,269	96	746	36,944
Balance at March 31, 2014	¥145,069	¥122,134	¥437,645	¥(17,581)	¥687,267	¥ 59,757	¥ 23	¥ 9,834	¥ 866	¥ 70,482	¥374	¥8,064	¥766,187
Cumulative Effects of Changes in Accounting Policies	—	—	(4,161)	—	(4,161)	—	—	—	—	—	—	—	(4,161)
Restated Balance	145,069	122,134	433,483	(17,581)	683,106	59,757	23	9,834	866	70,482	374	8,064	762,026
Net Income	—	—	57,033	—	57,033	—	—	—	—	—	—	—	57,033
Cash Dividends	—	—	(10,073)	—	(10,073)	—	—	—	—	—	—	—	(10,073)
Purchase of Treasury Shares	—	—	—	(10,062)	(10,062)	—	—	—	—	—	—	—	(10,062)
Disposal of Treasury Shares	—	—	(18)	111	93	—	—	—	—	—	—	—	93
Reversal of Revaluation Reserve for Land	—	—	378	—	378	—	—	—	—	—	—	—	378
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	61,506	390	829	4,618	67,344	72	(8,064)	59,352
Total of Items during FY2014	—	—	47,319	(9,951)	37,368	61,506	390	829	4,618	67,344	72	(8,064)	96,720
Balance at March 31, 2015	¥145,069	¥122,134	¥480,803	¥(27,532)	¥720,474	¥121,264	¥ 414	¥10,663	¥5,484	¥137,826	¥446	¥ —	¥858,747

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income							Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Minority Interests	
Balance at March 31, 2014	\$1,207,199	\$1,016,344	\$3,641,885	\$(146,302)	\$5,719,126	\$ 497,279	\$ 195	\$81,838	\$ 7,210	\$ 586,522	\$3,113	\$67,106	\$6,375,867
Cumulative Effects of Changes in Accounting Policies	—	—	(34,629)	—	(34,629)	—	—	—	—	—	—	—	(34,629)
Restated Balance	1,207,199	1,016,344	3,607,256	(146,302)	5,684,497	497,279	195	81,838	7,210	586,522	3,113	67,106	6,341,238
Net Income	—	—	474,607	—	474,607	—	—	—	—	—	—	—	474,607
Cash Dividends	—	—	(83,826)	—	(83,826)	—	—	—	—	—	—	—	(83,826)
Purchase of Treasury Shares	—	—	—	(83,739)	(83,739)	—	—	—	—	—	—	—	(83,739)
Disposal of Treasury Shares	—	—	(155)	931	777	—	—	—	—	—	—	—	777
Reversal of Revaluation Reserve for Land	—	—	3,146	—	3,146	—	—	—	—	—	—	—	3,146
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	511,830	3,250	6,899	38,430	560,409	600	(67,106)	493,903
Total of Items during FY2014	—	—	393,772	(82,808)	310,964	511,830	3,250	6,899	38,430	560,409	600	(67,106)	804,868
Balance at March 31, 2015	\$1,207,199	\$1,016,344	\$4,001,028	\$(229,110)	\$5,995,461	\$1,009,109	\$3,445	\$88,737	\$45,640	\$1,146,931	\$3,713	\$ —	\$7,146,106

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2015

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 88,232	¥ 77,220	\$ 734,234
Depreciation and Amortization	7,760	7,409	64,581
Impairment Loss	717	250	5,969
Gain on Negative Goodwill	(5,127)	—	(42,667)
Equity in (Earnings) Losses of Affiliates	(2,032)	(214)	(16,912)
Increase (Decrease) in Allowance for Loan Losses	(5,181)	(5,389)	(43,120)
Decrease (Increase) in Net Defined Benefit Asset	178	(1,297)	1,485
Increase (Decrease) in Net Defined Benefit Liability	(467)	(134)	(3,892)
Increase (Decrease) in Provision for Directors' Retirement Benefits	(31)	17	(265)
Increase (Decrease) in Provision for Reimbursement of Deposits	57	185	480
Increase (Decrease) in Provision for Point Loyalty Programs	29	24	249
Interest Income	(136,601)	(137,503)	(1,136,739)
Financing Expenses	11,865	11,052	98,737
Loss (Gain) Related to Securities	(3,265)	(1,904)	(27,177)
Loss (Gain) on Money Held in Trust	(135)	(525)	(1,130)
Foreign Exchange Losses (Gains)	(112)	(143)	(933)
Loss (Gain) on Disposal of Fixed Assets	421	730	3,509
Net Decrease (Increase) in Trading Assets	4,164	9,637	34,656
Net Increase (Decrease) in Trading Liabilities	(3,285)	(6,278)	(27,338)
Net Decrease (Increase) in Loans and Bills Discounted	(376,987)	(175,664)	(3,137,116)
Net Increase (Decrease) in Deposit (excluding Negotiable Certificates of Deposit)	610,739	483,761	5,082,293
Net Increase (Decrease) in Negotiable Certificates of Deposit	111,533	85,447	928,135
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	21,723	21,316	180,770
Net Decrease (increase) in Due from Banks (excluding Due from BOJ)	(113,190)	(38,343)	(941,917)
Net Decrease (Increase) in Call Loans and Bills Bought and Others	104,676	(176,937)	871,067
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(47)	(2,043)	(399)
Net Increase (Decrease) in Call Money and Bills Sold	(64,070)	49,776	(533,167)
Net Increase (Decrease) in Payables under Securities Lending Transactions	71,120	8,845	591,834
Net Decrease (Increase) in Foreign Exchanges - Assets	(1,832)	137	(15,245)
Net Increase (Decrease) in Foreign Exchanges - Liabilities	(163)	572	(1,358)
Increase (Decrease) in Issuance and Redemption of Straight Bonds	36,020	—	299,748
Interest and Dividends Received	134,514	139,025	1,119,366
Interest Paid	(11,430)	(11,743)	(95,121)
Other, net	(23,803)	(22,759)	(198,084)
Subtotal	¥ 455,989	¥ 314,527	\$ 3,794,535
Income Taxes Paid	(27,700)	(29,288)	(230,508)
Net Cash Provided by (Used in) Operating Activities	¥ 428,289	¥ 285,239	\$ 3,564,027
Cash Flows from Investing Activities:			
Purchase of Securities	¥ (953,000)	¥(809,419)	\$(7,930,432)
Proceeds from Sales of Securities	577,105	521,602	4,802,407
Proceeds from Redemption of Securities	322,683	323,634	2,685,224
Increase in Money Held in Trust	(7,500)	(6,200)	(62,412)
Decrease in Money Held in Trust	6,700	5,300	55,754
Purchase of Tangible Fixed Assets	(7,217)	(7,857)	(60,057)
Purchase of Intangible Fixed Assets	(4,372)	(3,240)	(36,385)
Proceeds from Sales of Tangible Fixed Assets	—	4	—
Payments for Retirement of Tangible Fixed Assets	(249)	—	(2,074)
Purchase of Investments in Subsidiaries Resulting in no Change in Scope of Consolidation	(2,425)	—	(20,186)
Net Cash Provided by (Used in) Investing Activities	¥ (68,275)	¥ 23,823	\$ (568,161)
Cash Flows from Financing Activities:			
Decrease in Subordinated Borrowings	¥ (5,000)	¥ (10,000)	\$ (41,608)
Issuance of Subordinated Bonds	30,000	—	249,646
Redemption of Subordinated Bonds	—	(10,000)	—
Cash Dividends Paid	(10,073)	(10,750)	(83,826)
Cash Dividends Paid to Minority Shareholders	(314)	(307)	(2,615)
Purchase of Treasury Shares	(10,062)	(10,066)	(83,739)
Proceeds from Sales of Treasury Shares	3	4	29
Net Cash Provided by (Used in) Financing Activities	¥ 4,552	¥ (41,119)	\$ 37,887
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ 112	¥ 143	\$ 933
Net Increase (Decrease) in Cash and Cash Equivalents	¥ 364,678	¥ 268,086	\$ 3,034,685
Cash and Cash Equivalents at Beginning of Period	¥ 648,182	¥ 380,096	\$ 5,393,883
Cash and Cash Equivalents at End of Period (Note 28)	¥1,012,861	¥ 648,182	\$ 8,428,568

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the Year ended March 31, 2015

1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its consolidated 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 Ordinance for Enforcement of Banking Act 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 Japanese 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 ¥120.17 to \$1.00, the exchange rate prevailing at March 31, 2015.

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., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2015 was nine (nine as of March 31, 2014).

All significant inter-company balances and transactions have been eliminated in consolidation. 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 income, net income, retained earnings and other comprehensive income 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. Also, the consolidated financial statements do not include the accounts of eight limited partnerships (seven as of March 31, 2014). The investments in these unconsolidated subsidiaries are not accounted for by the equity method since net income, retained earnings and other comprehensive income of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. The difference between the

cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

Fiscal year-ends of all consolidated subsidiaries are at the end of March.

3. Significant Accounting Policies

(1) Trading Account

The following criteria are applied in accounting for the Bank's trading assets and liabilities, and trading income and expenses:

Transactions that aim to gain a profit by arbitrating short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitrating differentials between markets (hereafter "trading purposes") are accounted for under "Trading Assets" or "Trading Liabilities" on the balance sheet. Profit or loss from such transactions is recorded under "Trading Income" or "Trading Expenses" on the consolidated statement 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. Investments in unconsolidated subsidiaries not accounted for by the equity method are stated at cost determined by the moving average method. Available-for-sale equity shares and investment trusts listed on Japanese markets are stated at the average market value during the last month of the fiscal year, and other available-for-sale securities whose fair value can be estimated are stated at fair value at the fiscal year end while their costs are calculated mainly by the moving average method. Other non-marketable securities whose fair value cannot be reliably estimated are stated at cost determined by the moving average method or amortized cost.

Unrealized gains and losses on available-for-sale securities are included in net assets, net of income taxes.

Moreover, the same way as above (1) and fair value method based upon the market value at the fiscal year end are 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 fair value.

(4) Tangible Fixed Assets

Depreciation of tangible fixed assets of the Bank is computed using the declining-balance method. Principal useful lives are as follows:

Buildings	6 years to 50 years
Others	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.

(5) Intangible Fixed Assets

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

(6) Allowance for Loan Losses

Allowance for Loan Losses made by the Bank is 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"), an allowance 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"), an allowance 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 allowances for loan losses are calculated by "Discounted Cash Flow Method," by which the allowances for loan losses are calculated as the difference between the booked amounts of the loans and the cash flows discounted by the original contractual interest rates.

For other claims, an allowance is provided based on the historical loan-loss ratio.

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 allowance for 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, 2015 was ¥33,922 million (¥37,179 million as of March 31, 2014). Allowance 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.

(7) Provision for Directors' Retirement Benefits

Provision for directors' retirement benefits is provided for payment of retirement benefits to directors and audit and supervisory board members of consolidated subsidiaries, in the amount deemed accrued until the fiscal year-end.

(8) Provision for Reimbursement of Deposits

Provision for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.

(9) Provision for Point Loyalty Programs

Provision for point loyalty programs which is provided for accumulation of points granted to customers using the credit card of the Bank or the consolidated subsidiaries is based on the estimated amounts equivalent to expected future usage of the points.

(10) Reserve under Special Laws

Reserve under special laws is a Reserve for Financial Products Transaction Liabilities provided by Chibagin Securities. 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.

(11) Retirement Benefits

In retirement benefit obligation calculations, the method of allocating the estimated value of retirement benefits to the current fiscal year is based on the benefit formula method. The net actuarial gain (loss) is amortized using the straight-line method over 10 years from following fiscal year. Consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments assuming the voluntary retirement of all employees at the fiscal year-end.

(12) 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. Consolidated subsidiaries' assets and liabilities denominated in foreign currencies

are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end of each company.

(13) Lease Transactions

(As lessees)

The Bank and consolidated subsidiaries account for as operating leases finance leases other than those that are deemed to transfer the ownership of leased properties to the lessees, which commenced in fiscal years beginning prior to April 1, 2008 (See Note 30).

(As lessors)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for as installment sales.

(14) 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 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 method or exceptional treatments permitted for interest rate swaps.

(15) Cash Flows

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

(16) Consumption Taxes

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

(17) Appropriation of Retained Earnings

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 shareholders. There is a limit for dividend by Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

4. Changes in Accounting Principles

(Application of Accounting Standard for Retirement Benefits)

The Bank has adopted certain provisions described in the main clause of Section 35 of Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and in the main clause of Section 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) as of the end of the fiscal year ended March 31, 2015 and revised the methods for calculating retirement benefit obligations and service costs to change the method for attributing projected benefits to periods from the straight-line basis to the benefit formula basis and method for determining the discount rate from using the duration of bonds close to the average remaining service years of the eligible employees to using a single weighted average discount rate that reflects the periods of the expected payments of retirement benefits and the amount of projected benefits in these periods.

Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in clause 37 of the standard, the effects of these changes in the method for calculating retirement benefit obligations and service costs have been recorded by adjusting retained earnings at the beginning of the fiscal year ended March 31, 2015.

As a result, net defined benefit asset decreased by ¥4,762 million, net defined benefit liability increased by ¥1,679 million and retained earnings decreased by ¥4,161 million at the beginning of the fiscal year ended March 31, 2015. The effects of these changes on income before income taxes and minority interests for the fiscal year ended March 31, 2015 are immaterial.

In addition, net assets per share decreased by ¥4.99, while the effects on net income per share and diluted net income per share were immaterial.

5. Accounting Standards and Guidance issued but not yet Applied

I. Accounting Standard for Business Combination, etc. (September 13, 2013)

(1) Overview

Under the revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests", and transitional provisions for these accounting standards were also defined.

(2) Scheduled Effective Date

The Bank expects to adopt the revised accounting standard and guidance from the beginning of the fiscal year ending March 31, 2016.

(3) Impact of the Adoption of the Revised Accounting Standard and Guidance

The impact of the adoption of the revised accounting standard and guidance is under evaluation.

6. Securities Purchased under Resale Agreements

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥18,338 million was held in hand on March 31, 2015 (¥37,826 million on March 31, 2014).

7. Trading Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Trading Account Securities	¥ 7,813	¥ 10,438	\$ 65,021
Derivatives of Trading Securities	—	1	—
Trading-related Financial Derivatives	22,207	24,745	184,805
Other Trading Assets	241,753	240,753	2,011,761
Total	¥271,774	¥275,939	\$2,261,587

8. Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Japanese Government Bonds	¥ 879,018	¥ 980,105	\$ 7,314,792
Japanese Local Government Bonds	338,965	335,825	2,820,716
Japanese Corporate Bonds	243,138	218,833	2,023,284
Japanese Stocks	258,012	190,513	2,147,064
Other Securities	643,094	454,923	5,351,539
Total	¥2,362,229	¥2,180,202	\$19,657,395

Securities included investments in non-consolidated subsidiaries and affiliates of ¥5,757 million on March 31, 2015 (¥3,725 million on March 31, 2014).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in Japanese Corporate Bonds was ¥29,427 million as of March 31, 2015 (¥28,890 million as of March 31, 2014).

9. Loans and Bills Discounted

(1) Loans and bills discounted:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Bills Discounted	¥ 18,632	¥ 19,052	\$ 155,055
Loans on Bills	141,381	144,018	1,176,511
Loans on Deeds	7,661,569	7,297,211	63,756,089
Overdrafts	617,101	601,414	5,135,236
Total	¥8,438,684	¥8,061,697	\$70,222,891

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 March 31, 2015 was ¥18,980 million (¥20,199 million as of March 31, 2014).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥1,983,564 million relating to these contracts, including ¥1,856,177 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2015 (The respective amounts were ¥2,029,752 million and ¥1,906,395 million as of March 31, 2014).

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.

Additionally, the unused amount within the limits of overdraft facilities on General Accounts as of March 31, 2015 was ¥955,211 million (¥963,532 million as of March 31, 2014). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

(2) Risk monitored loans:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Loans to Bankrupt Borrowers	¥ 1,698	¥ 2,120	\$ 14,132
Delinquent Loans	102,106	109,915	849,682
Loans Past Due 3 Months or More	698	840	5,811
Restructured Loans	52,484	53,488	436,751
Total	¥156,987	¥166,364	\$1,306,376

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (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 3 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.

10. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Due from Foreign Banks (our accounts)	¥6,689	¥4,214	\$55,667
Foreign Bills Bought	348	1,152	2,904
Foreign Bills Receivable	1,042	881	8,674
Total	¥8,080	¥6,248	\$67,246

11. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Accrued Income	¥14,668	¥13,995	\$122,065
Prepaid Expenses	606	489	5,045
Derivatives	5,350	4,151	44,521
Lease Investment Assets	35,881	37,438	298,586
Other	38,719	31,519	322,208
Total	¥95,225	¥87,594	\$792,424

12. Tangible Fixed Assets

Depreciation was computed using the declining-balance method. Tangible fixed assets were shown at net of the following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
	¥93,959	¥92,941	\$781,888

Deferred gain on real estate deductible for tax purposes amounted to ¥11,300 million on March 31, 2015 (¥11,300 million on March 31, 2014).

13. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Securities	¥888,409	¥761,257	\$7,392,941
Loans and Bills Discounted	34,804	57,587	289,624

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Deposits	¥ 65,279	¥ 50,991	\$ 543,228
Payables under Securities Lending Transactions	154,368	83,248	1,284,587
Borrowed Money	305,568	285,254	2,542,804

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Securities	¥84,434	¥80,947	\$702,625

Initial margins of futures markets of ¥213 million, cash collateral paid for financial instruments of ¥8,867 million and guarantee deposits of ¥6,332 million were included in Other Assets as of March 31, 2015 (The respective amounts were ¥69 million, ¥1,484 million and ¥6,562 million as of March 31, 2014).

14. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Current Deposits	¥ 204,318	¥ 191,164	\$ 1,700,241
Ordinary Deposits	6,388,780	5,964,588	53,164,519
Savings Deposits	242,188	239,859	2,015,384
Deposits at Notice	6,250	6,356	52,010
Time Deposits	3,619,653	3,542,639	30,121,106
Other Deposits	261,428	167,271	2,175,490
Subtotal	¥10,722,619	¥10,111,879	\$89,228,752
Negotiable Certificates of Deposit	495,494	383,960	4,123,275
Total	¥11,218,113	¥10,495,839	\$93,352,027

15. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Trading Securities Sold for Short Sales	¥ 1,042	¥ 1,019	\$ 8,676
Derivatives of Trading Securities	0	—	5
Trading-related Financial Derivatives	19,745	23,054	164,314
Total	¥20,788	¥24,074	\$172,995

16. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Borrowings from the Bank of Japan and Other Financial Institutions	¥308,712	¥291,989	\$2,568,964

Subordinated Borrowings was not included in Borrowed Money as of March 31, 2015 (¥5,000 million was included as of March 31, 2014).

17. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Foreign Bills Sold	¥297	¥763	\$2,478
Foreign Bills Payable	469	167	3,908
Total	¥767	¥930	\$6,386

18. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Subordinated Bonds	¥40,000	¥10,000	\$332,862
Straight Bond	36,020	—	299,748
Total	¥76,020	¥10,000	\$632,610

19. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Domestic Exchange Settlement Account, credit	¥ 55	¥ 1,946	\$ 461
Accrued Expenses	9,817	9,357	81,694
Unearned Revenue	27,173	26,026	226,127
Income Taxes Payable	13,165	14,211	109,559
Derivatives	15,904	7,424	132,347
Other	77,873	69,838	648,026
Total	¥143,989	¥128,806	\$1,198,214

20. Retirement Benefit Plans

The Bank and its consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans. Also, the certain consolidated subsidiaries have defined contribution plans.

Defined Benefit Plans

(1) Retirement Benefit Obligation

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Balance at the Beginning of Current Period	¥67,331	¥67,094	\$560,304
Cumulative Effects of Changes in Accounting Principle	6,441	—	53,605
Restated Balance at the Beginning of Current Period	¥73,773	¥ —	\$613,909
Service Cost	2,414	1,928	20,091
Interest Cost	731	1,330	6,088
Actuarial Gain or Loss	254	513	2,118
Retirement Benefits Paid	(3,744)	(3,535)	(31,160)
Balance at the End of Current Period	¥73,429	¥67,331	\$611,047

(2) Plan Assets at Fair Value

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Balance at the Beginning of Current Period	¥54,225	¥48,223	\$451,241
Expected Return on Plan Assets	1,625	1,445	13,528
Actuarial Gain or Loss	6,431	4,309	53,523
Contributions by the Company	838	2,436	6,975
Retirement Benefits Paid	(2,214)	(2,189)	(18,426)
Balance at the End of Current Period	¥60,907	¥54,225	\$506,841

(3) Net Defined Benefit Liability/Asset

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Funded Retirement Benefit Obligation	¥53,428	¥49,099	\$444,611
Plan Assets at Fair Value	(60,907)	(54,225)	(506,841)
Subtotal	¥ (7,478)	¥ (5,126)	\$ (62,230)
Unfunded Retirement Benefit Obligation	20,000	18,232	166,435
Net Amount Accrued on the Balance Sheet	¥12,522	¥13,106	\$104,206

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Net Defined Benefit Liability	¥20,091	¥18,324	\$167,196
Net Defined Benefit Asset	(7,569)	(5,218)	(62,991)
Net Amount Accrued on the Balance Sheet	¥12,522	¥13,106	\$104,206

(4) Retirement Benefit Cost

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Service Cost	¥ 2,414	¥ 1,928	\$ 20,091
Interest Cost	731	1,330	6,088
Expected Return on Plan Assets	(1,625)	(1,445)	(13,528)
Amortization of Actuarial Gain or Loss	558	538	4,651
Retirement Benefit Cost	¥ 2,079	¥ 2,351	\$ 17,302

(5) Remeasurements of Defined Benefit Plans included in Other Comprehensive Income (before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Actuarial Gain or Loss	¥6,736	¥—	\$56,056

(6) Remeasurements of Defined Benefit Plans included in Accumulated Other Comprehensive Income (before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Unrecognized Actuarial Gain or Loss	¥8,077	¥1,341	\$67,217

(7) Components of Plan Assets at Fair Value

	2015	2014
Stocks	51%	48%
General Accounts at Life Insurance Companies	24%	28%
Bonds	24%	23%
Other	1%	1%
Total	100%	100%

(8) Assumptions used in Accounting for the above Plans

	2015	2014
Discount Rate	1.0%	2.0%
Expected Rate of Long-term Return on Plan Assets	3.0%	3.0%
Expected Rates of Future Salary Increase	1.2%-3.1%	1.2%-3.2%

The expected rates of long-term return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

Defined Contribution Plans

The required contribution amount of consolidated subsidiaries for the fiscal year ended March 31, 2015 was ¥21 million (¥21 million as of March 31, 2014).

21. Revaluation Reserve for Land

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 (3) of the Law):

Pursuant to Article 2 (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 Article 10 of the Law was ¥33,435 million as of March 31, 2015 (¥35,707 million as of March 31, 2014).

22. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2015 and 2014.

	Number of Shares	
	2015	2014
Shares in Issue	875,521,087	875,521,087

The number of treasury shares held by the Bank was 42,737 thousand as of March 31, 2015 (29,448 thousand as of March 31, 2014).

23. Trading Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Gains on Trading Account Securities Transactions	¥2,353	¥1,512	\$19,585
Income from Trading-related Financial Derivatives Transactions	1,579	1,410	13,141
Other Trading Income	338	272	2,821
Total	¥4,271	¥3,196	\$35,547

24. Other Ordinary Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Gains on Foreign Exchange Transactions	¥1,330	¥1,203	\$11,076
Gains on Sales of Bonds	2,417	4,139	20,118
Gains on Redemption of Bonds	40	17	337
Income from Derivatives other than for Trading or Hedging	459	579	3,826
Other	0	0	0
Total	¥4,248	¥5,941	\$35,357

25. Other Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Gains on Sales of Stocks and Other Securities	¥ 1,327	¥ 1,064	\$ 11,051
Gains on Money Held in Trust	135	528	1,130
Revenue on Lease	13,336	13,251	110,977
Recoveries of Written-off Claims	3,885	2,865	32,329
Reversal of Allowance for Loan Losses	1,980	19	16,484
Equity in Earnings of Affiliates	2,032	214	16,192
Gain on Negative Goodwill	5,127	—	42,667
Other	8,421	7,252	70,076
Total	¥36,246	¥25,195	\$301,627

26. Other Ordinary Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Loss on Sales of Bonds	¥424	¥3,125	\$3,536
Loss on Devaluation of Bonds	—	103	—
Total	¥424	¥3,228	\$3,536

27. Other Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Written-off of Loans	¥ 5,483	¥ 5,085	\$ 45,633
Losses on Sales of Stocks and Other Securities	95	81	791
Losses on Devaluation of Stocks and Other Securities	0	6	2
Loss on Money Held in Trust	—	2	—
Cost of Leased Assets	11,645	11,477	96,906
Provision for Reimbursement of Deposits	721	886	6,007
Loss on Disposal of Fixed Assets	423	730	3,522
Impairment Loss on Fixed Assets	717	250	5,969
Other	4,201	3,252	34,965
Total	¥23,288	¥21,773	\$193,794

28. Cash and Cash Equivalents

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Cash and Due from Banks	¥1,227,256	¥ 749,388	\$10,212,672
Interest-bearing Deposits included in Due from Banks (excluding Due from BOJ)	(214,395)	(101,205)	(1,784,103)
Cash and Cash Equivalents	¥1,012,861	¥ 648,182	\$ 8,428,568

29. Other Comprehensive Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Valuation Difference on Available-for- sale Securities			
Gains (Losses) Arising during the Fiscal Year	¥ 88,195	¥15,207	\$ 733,922
Reclassification Adjustment to Profit or Loss	(3,219)	(1,899)	(26,789)
Amount before Income Tax Effect	84,976	13,307	707,133
Income Tax Effect	(23,934)	(4,859)	(199,169)
Total	¥ 61,042	¥ 8,448	\$ 507,964
Deferred Gains or Losses on Hedges			
Gains (Losses) Arising during the Fiscal Year	¥ (4,202)	¥ (2,697)	\$ (34,970)
Reclassification Adjustment to Profit or Loss	4,775	4,541	39,742
Amount before Income Tax Effect	573	1,843	4,771
Income Tax Effect	(182)	(652)	(1,522)
Total	¥ 390	¥ 1,190	\$ 3,250
Revaluation Reserve for Land			
Gains (Losses) Arising during the Fiscal Year	¥ —	¥ —	\$ —
Reclassification Adjustment to Profit or Loss	—	—	—
Amount before Income Tax Effect	—	—	—
Income Tax Effect	1,207	—	10,045
Total	¥ 1,207	¥ —	\$ 10,045
Remeasurements of Defined Benefit Plans			
Gains (Losses) Arising during the Fiscal Year	¥ 6,177	¥ —	\$ 51,405
Reclassification Adjustment to Profit or Loss	558	—	4,651
Amount before Income Tax Effect	6,736	—	56,056
Income Tax Effect	(2,118)	—	(17,626)
Total	¥ 4,618	¥ —	\$ 38,430
Share of Other Comprehensive Income of Entities Accounted for by the Equity Method			
Gains (Losses) Arising during the Fiscal Year	¥ 110	¥ 30	\$ 918
Reclassification Adjustment to Profit or Loss	(2)	(7)	(24)
Amount before Income Tax Effect	107	22	893
Income Tax Effect	—	—	—
Total	¥ 107	¥ 22	\$ 893
Total Other Comprehensive Income	¥ 67,365	¥ 9,661	\$ 560,583

30. Lease Transactions

(1) Finance Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Lessee Side			
Amount Corresponding to the Purchased Prices of the Leased Assets	¥278	¥278	\$2,318
Amount Corresponding to Accumulated Depreciation	103	89	860
Amount Corresponding to Balance at Fiscal Year-end	¥175	¥189	\$1,458

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Amount Corresponding to Lease Payables (within 1 year)	¥ 13	¥ 13	\$ 116
Amount Corresponding to Lease Payables (over 1 year)	161	175	1,342
Total	¥175	¥189	\$1,458

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Lease Fees Paid	¥13	¥13	\$116
Amount Corresponding to Depreciation	13	13	116

(Note i) The lease period is set at the useful life of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.

(Note ii) The amount corresponding to the Purchased Prices of the Leased Assets presented above includes interest amounts calculated under the interest method, as the balances of Lease Payables are small as a percentage of the book value of total tangible fixed assets.

(Note iii) The amount corresponding to Lease Payables presented above includes interest amounts calculated under the interest method, as the balances of Lease Payables are small as a percentage of the book value of total tangible fixed assets.

(2) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Lessee Side (Lease Payables related to Non- cancelable Operating Lease Transactions)			
Amount Corresponding to Lease Payables (within 1 year)	¥169	¥133	\$1,408
Amount Corresponding to Lease Payables (over 1 year)	783	107	6,519
Total	¥952	¥241	\$7,927

31. Tax Effect

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Deferred Tax Assets:			
Allowance for Loan Losses	¥ 21,862	¥25,505	\$ 181,926
Write-offs of Securities	1,137	1,300	9,469
Net Defined Benefit Liability	6,647	6,852	55,319
Other	7,709	8,080	64,157
Subtotal	¥ 37,357	¥41,739	\$ 310,871
Valuation Allowance	(1,429)	(1,575)	(11,893)
Total Deferred Tax Assets	¥ 35,928	¥40,164	\$ 298,979
Deferred Tax Liabilities:			
Valuation Difference on Available-for-sale Securities	¥ 56,865	¥32,931	\$ 473,212
Net Defined Benefit Asset	—	1,716	—
Reserve for Advanced Depreciation	57	60	475
Remeasurements of Defined Benefit Plans	2,592	474	21,577
Other	906	766	7,540
Total Deferred Tax Liabilities	¥ 60,421	¥35,950	\$ 502,804
Net Deferred Tax Assets	¥(24,493)	¥ 4,214	\$(203,826)

For the years ended March 31, 2015 and 2014, 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.

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No.9 of 2015) was promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Bank's deferred tax assets and liabilities was changed from the existing 35.4% to 32.8% for the temporary differences expected to be realized or settled in the fiscal year beginning April 1, 2015, and to 32.1% for the temporary differences expected to be realized or settled in the fiscal year beginning April 1, 2016, respectively. As a result of this change in tax rate, deferred tax liabilities, after offsetting deferred tax assets, have decreased by ¥3,080 million, valuation difference on available-for-sale securities has increased by ¥5,818 million, remeasurements of defined benefit plans have increased by ¥266 million and income taxes-deferred have increased by ¥3,039 million. And also, deferred tax liabilities for land revaluation have decreased by ¥1,207 million and revaluation reserve for land has increased by the same amount.

32. Business Combinations

On April 1, 2014, the Chiba Bank, Chibagin Guarantee Co., Ltd. and three other companies acquired shares of consolidated subsidiaries and equity method affiliated companies from minority shareholders as below.

I. Summary of the Transactions

(1) Name of the Acquired Subsidiaries and their Business

- Chibagin Guarantee Co., Ltd.
(Housing loan guarantees and fee collection services)
- Chibagin JCB Card Co., Ltd.
(Credit card and credit guarantee business)
- Chibagin DC Card Co., Ltd.
(Credit card and credit guarantee business)
- Chibagin Leasing Co., Ltd. (Leasing business)
- Chibagin Computer Service Co., Ltd.
(Computer system development and commissioned computation tasks)
- Chibagin Capital Co., Ltd. (Consulting services, IPO's, etc.)
- Chibagin Asset Management Co., Ltd.
(Consulting for portfolio investment of client financial assets)
- Chibagin Research Institute Co., Ltd.
(Information service and surveys, and consulting)

(2) Date of the Business Combination

April 1, 2014

(3) Legal Form of the Business Combination

Share acquisition from the minority shareholders

(4) Name of Acquired Subsidiaries after Transactions

No change

(5) Other

The transactions are intended to implement flexible group management quickly and effectively, in response to diverse and sophisticated customer needs. The Bank has 100% of share of voting rights of each combined subsidiary directly or indirectly.

II. Summary of the Accounting Method

In accordance with the Accounting Standard for Business Combination (ASBJ Statement No. 21, published on December 26, 2008) and the Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, published on December 26, 2008), these events have been treated as transactions with minority shareholders under common control.

III. Matters Regarding Additional Share Acquisitions of Subsidiaries

(1) Acquisition Cost and Details

Value of the acquisition	Cash and due from banks	¥3,755 million
Acquisition cost		¥3,755 million

(2) Amount of Goodwill recognized and Sources of Goodwill

(a) Amount of Goodwill recognized

Negative goodwill	¥5,127 million
Equity in earnings of affiliates	¥1,876 million

(b) Sources of Goodwill

Goodwill is recognized due to the difference between the amount of the Bank's interest and the acquisition cost.

33. Segment Information

I. Segment information of the previous fiscal year (from April 1, 2013 to March 31, 2014) and this fiscal year (from April 1, 2014 to March 31, 2015)

Since the Bank and its consolidated subsidiaries (the "Group") operate solely within the banking segment, segment information is omitted.

II. Related Information

(1) Information by Service Type

Since the Ordinary income of banking business from external customers of the Group exceeds 90% of Ordinary income in the consolidated statements of income, segment information is omitted.

(2) Information by Geographic Areas

i) Ordinary Income

Since the Ordinary income from domestic external customers of the Group exceeds 90% of Ordinary income in the consolidated statements of income, segment information is omitted.

ii) Tangible Fixed Assets

Since the balance of the Group's tangible fixed assets located in Japan exceeds 90% of the balance of those in the consolidated balance sheets, segment information is omitted.

(3) Information by Major Customers

Since there is no single customer with which the Group earns ordinary income exceeding 10% of Ordinary income in the consolidated statements of income, segment information by major customers is omitted.

III. Information about Impairment Loss of Fixed Assets by Reporting Segments

Since the Group operates solely within the banking segment, segment information is omitted.

IV. Information about Amortization Expense and Unamortized Balance of Goodwill by Reporting Segments

Not applicable.

V. Information about Gains from Negative Goodwill by Reporting Segment

Since the Group operates solely within the banking segment, segment information of this fiscal year (from April 1, 2014 to March 31, 2015) is omitted (not applicable for the previous fiscal year (from April 1, 2013 to March 31, 2014)).

34. Financial Instruments

I. Disclosure on Financial Instruments

(1) Policy on Financial Instruments

The Group conducts market businesses such as deposit-taking, lending and securities investments as a regional bank which is mainly based in Chiba Prefecture.

The Group takes deposits, which are its main financing source, and invests those deposits in corporate loans, personal housing loans and securities. In order to manage these assets and liabilities and also to make management plan in response to changes in market environment, we have established ALM management system led by ALM Committee.

(2) Types of and Risks Associated with Financial Instruments

Because of corporate and housing loans being our main financial assets, we are exposed to credit risk which is the risk of losses on receivable such as those arising from nonperformance of borrowers.

We hold securities primarily comprising bonds, stocks and investment trusts for investment and operating purposes. These securities have credit risk of the issuers and market risk arising from changes in interest rates, prices and exchange rates.

The Group's financial liabilities are mainly deposits from our individual customers in Chiba Prefecture which consist of liquid deposits and time deposits. These deposits have liquidity risk arising from unexpected outflows of fund in certain situations.

The Group has interest rate risk caused by a mismatch in terms of interest rates or time period between the assets (e.g., loans) and liabilities (e.g., deposits). We in part hedge the risk using interest rate swaps.

We also have foreign exchange risk arising from a position mismatch between the foreign currency denominated assets and liabilities, which we in part hedge using currency swaps.

We utilize derivatives for purposes of: addressing customer's various needs for investments and financing; managing risks from the assets and liabilities, and; trading (i.e., for a gain from sales in a short term). We enter into derivatives transactions to hedge interest rate and exchange rate risks from the assets and liabilities as follows:

	Hedged Item	Hedging Instrument
Interest rate risk hedge	Loans and bills discounted	Interest rate swaps
Foreign exchange risk hedge	Receivables and payables denominated in foreign currencies	Currency swaps Forward foreign exchange

We apply hedge accounting to these transactions. Derivatives bear market risk and credit risk like other transactions in markets.

Some of our subsidiaries have leasing credit and installment receivables which are subject to interest rate risk and credit risk.

(3) Risk Management Relating to Financial Instruments

i) Credit Risk Management

We have established the system of self-assessment of assets to provide appropriate allowance and write-offs. We also perform rigid credit risk management through individual credit management and credit portfolio management based on internal rating system. The Risk Management Division, which is responsible for credit risk management, has been placed as a division independent of the Credit Unit (including Credit Division) for a check-and-balance effect. Further, the Credit Risk Management Committee discusses plans and actions on credit portfolios based on consideration of credit risk situations.

The details of credit risk management are as follows:

(Individual Credit Management)

Branches and the Credit Division take the lead in credit review in accordance with credit review standards under the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Division provides support for customers who need to improve business operations while the Credit Supervisory Division engages in resolution and collection activities with regard to Bankrupt Borrowers and others. The Bank strives to accumulate high-performing loan assets and minimize future losses through these in-advance review and after-the-fact administration.

(Credit Portfolio Management)

Credit portfolio management is to control risk of incurring a major loss at a time due to concentration of individual loans in specific countries or specific industries. The Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating. They also establish policies and take actions such as setting credit limits to control an increase in credit risk.

ii) Market Risk Management

We have established strict market risk management system including risk limit monitoring. The Risk Management Division, which is responsible for market risk management, has been placed as a division independent of the Treasury Division and overseas branches in business operation unit and the Treasury Operation Division in business management unit, for a check-and-balance effect. The ALM Committee chaired by the President discusses plans and actions on overall management of the assets and liabilities based on market risk situations. The following is how we set and monitor the upper guideline limits:

(Risk Limit Monitoring)

We set and monitor upper guideline limits to control market risk of financial assets such as securities, loans and deposits. In order to control an increase in market risk, we also set upper limits on investment balances, average duration, 10BPV and unrealized gains (losses) according to risk characteristics of transactions and products, and utilize such limits as additional management indicators. For trading, we set and monitor upper guideline limits on positions and losses.

(Quantitative Information on Market Risk)

(a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥159,341 million as of March 31, 2015 (¥185,024 million as of March 31, 2014). In case of 99% confidence level, VaR is ¥119,952 million as of March 31, 2015 (¥139,286 million as of March 31, 2014).

(b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days; confidence interval of 99.9%; and observation period of 1 year). Those VaR is used for risk limit monitoring. Our VaR of trading business is ¥10 million as of March 31, 2015 (¥33 million as of March 31, 2014). In case of 99% confidence level, VaR is ¥8 million as of March 31, 2015 (¥25 million as of March 31, 2014).

(c) Validity of VaR

We check the validity of the market risk measurement made by VaR approach by the back-test which compares VaR calculated using the model with actual profit and loss. Since VaR estimates possible losses statistically under the certain probability from the past market changes, risk might not be complemented under anomalous market situations.

iii) Liquidity Risk Management

We have established strict liquidity risk management system including limit monitoring. The Risk Management Division, which is responsible for liquidity risk management, has been placed as a division independent of Treasury Division in financing management unit for a check-and-balance effect. The ALM Committee chaired by the President discusses plans and actions on overall management of the assets and liabilities based on liquidity risk situations. Upon an event with a significant impact on the cash flows, we would immediately have a conference chaired by the President and discuss plans to address the event. The following is how we set and monitor limits for liquidity management:

(Limit Management)

We set and monitor the minimum level of liquid assets such as government bonds that can be converted to cash in a short time. We also set upper limits on financing from inter-bank and other markets in order to facilitate stable cash flows with our fund-raising capacity.

iv) Integrated Risk Management

We have established rigid integrated risk management system including risk capital allocation framework. The Risk Management Division is responsible for integrated risk management and is the unit that monitors various risks including credit and market risks. In order to ensure that we have capital sufficient for the risks we bear, the Risk Management Division also conducts stress test, the results of which the Board of Directors monitors on a regular basis and discuss actions to take as necessary. The following is the details of risk capital allocation framework:

(Risk Capital Allocation Framework)

Risk capital allocation framework is to distribute risk capital (tolerable risk) within the capital representing our financial strength, to divisions such as domestic business divisions and treasury divisions in advance. Each division then controls risks within the allocated risk capital. Through this framework, each division conducts its operations focusing on risk-return spectrum (e.g., improves profitability and/or utilize the capital in a more efficient manner) while the entire Bank's strength is maintained.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments includes, in addition to values determined based on market prices, those calculated on a reasonable basis if no market price is available. Since certain assumptions are used for the calculations, the result may vary if different assumptions are used.

II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2015 with their difference. Note that the following table does not include unlisted equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

	Millions of Yen (Note 1)					
	March 31, 2015			March 31, 2014		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1) Securities						
Held-to-maturity Bonds	¥ 6,212	¥ 6,442	¥ 229	¥ —	¥ —	¥ —
Available-for-sale Securities	2,341,254	2,341,254	—	2,168,530	2,168,530	—
(2) Loans and Bills Discounted	8,438,684			8,061,697		
Allowance for Loan Losses*2	(43,159)			(47,946)		
	8,395,524	8,499,398	103,873	8,013,750	8,114,392	100,642
Total Assets	¥10,742,991	¥10,847,094	¥104,103	¥10,182,281	¥10,282,923	¥100,642
(1) Deposits	10,722,619	10,723,036	(417)	10,111,879	10,112,412	(532)
(2) Negotiable Certificates of Deposit	495,494	495,494	(0)	383,960	383,960	—
Total Liabilities	¥11,218,113	¥11,218,530	¥ (417)	¥10,495,839	¥10,496,372	¥ (532)
Derivative Transactions*3						
Not Qualifying for Hedge Accounting	2,618	2,618	—	1,976	1,976	—
Qualifying for Hedge Accounting	[6,107]	[6,107]	—	[3,502]	[3,502]	—
Total Derivative Transactions	¥ [3,488]	¥ [3,488]	¥ —	¥ [1,525]	¥ [1,525]	¥ —

*1 Unrealized gains (losses) are presented.

*2 General and specific allowance for Loans and bills discounted is deducted here.

*3 Presents derivative transactions included in Trading assets/liabilities as well as those in Other assets/liabilities. Also presents assets or liabilities arising from derivative transactions on a net basis. Net liability positions are presented with brackets [].

(Note i) Methods used for determining the estimated fair value of financial instruments

Assets

(1) Securities

The fair value of stocks is determined based on price quoted by the exchanges. The fair value of bonds is determined based on the Trading Reference Statistical Data published by Japanese Securities Dealers Association or prices provided by financial institutions. The fair value of investment trusts is determined based on the net asset value provided by financial institutions.

The fair value of domestic stocks and domestic investment trusts is based on the average market price during the month preceding the consolidated fiscal year end. The fair value of privately placed bonds guaranteed by the Bank is determined based on a market interest rate adjusted with projected default rate.

(2) Loans and bills discounted

Because a floating-rate loan reflects market interest rate within a short time, its fair value approximates the carrying amount unless the credit-worthiness of the borrower has changed significantly since the loan origination. As such the carrying amount is deemed as the fair value. With respect to fixed rate loans, the fair value is calculated as total of principal and interest discounted at market interest rate adjusted with projected default rate for each category of loans based on type, internal rating and maturity length.

As for short-term loans with maturity of one year or less, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount.

For loans to Bankrupt, Effectively Bankrupt and Potentially Bankrupt Borrowers, Allowance for loan losses is estimated based on present value of expected future cash flows or expected amount to be collected from collaterals and guarantees. Accordingly, the fair value approximates the consolidated balance sheet amount less the allowance, which is then deemed and used as the fair value in the above table.

For loans without a fixed maturity due to loan characteristics such as limiting loans to within the value of collateral, the carrying amount is deemed as the fair value since the fair value is considered to approximate such carrying amount in terms of expected duration and interest rate.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date is considered to be the fair value. The fair value of time deposits and negotiable certificates of deposit are calculated as future cash flows discounted by time period. The discount rate used in the calculation is the interest rate that would be applied to newly accepted deposits. For short-term deposits, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount because of the short contract term of one year or less.

Derivative transactions

See “38. Derivative transactions.”

(Note ii) The following table summarizes financial instruments whose fair value is extremely difficult to be estimate. These securities are not included in the amount presented under “Assets, (1) Available-for-sale Securities” in the above table.

	Millions of Yen (Note 1)	
	March 31, 2015 Consolidated Balance Sheet Amount	March 31, 2014 Consolidated Balance Sheet Amount
(1) Unlisted Stocks (*1)(*2)	¥5,638	¥5,656
(2) Investments in Limited Partnerships, etc. (*3)	3,367	2,289
Total	¥9,005	¥7,945

(*1) Unlisted stocks do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, the fair value is not disclosed.

(*2) An impairment loss of ¥0 million (¥1 million for the previous fiscal year) was recorded on these unlisted stocks in the current fiscal year.

(*3) Fair value of investments in limited partnerships, etc., is not disclosed since such partnerships invest in assets, such as unlisted stocks, of which fair value is extremely difficult to be estimated.

(Note iii) Redemption schedule of monetary claims and securities with maturities:

	Millions of Yen (Note 1)					
	March 31, 2015					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 273,285	¥ 647,051	¥ 606,741	¥194,555	¥171,589	¥ 86,617
Held-to-maturity Bonds	—	—	—	—	6,008	—
Available-for-sale Securities with Maturities	273,285	647,051	606,741	194,555	165,581	86,617
Government Bonds	96,500	318,000	257,000	112,000	77,500	—
Local Government Bonds	80,501	125,449	67,991	8,576	53,600	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	42,658	58,921	81,419	46,781	6,000	4,908
Loans (*)	1,316,931	1,403,067	1,070,963	689,736	803,489	2,436,347
Total	¥1,590,217	¥2,050,119	¥1,677,705	¥884,292	¥975,079	¥2,522,965

(*) These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥718,148 million in total.

	Millions of Yen (Note 1)					
	March 31, 2014					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 287,034	¥ 582,420	¥ 620,463	¥248,874	¥ 81,184	¥ 67,552
Held-to-maturity Bonds	—	—	—	—	—	—
Available-for-sale Securities with Maturities	287,034	582,420	620,463	248,874	81,184	67,552
Government Bonds	145,500	263,300	304,100	204,000	43,000	—
Local Government Bonds	68,805	143,349	90,098	6,240	24,800	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	43,743	70,436	71,113	18,019	7,703	5,862
Loans (*)	1,297,351	1,430,960	1,022,562	638,439	711,902	2,248,260
Total	¥1,584,386	¥2,013,380	¥1,643,026	¥887,314	¥793,087	¥2,315,813

(*) These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥712,220 million in total.

(Note iv) Repayment schedule of interest-bearing liabilities:

Millions of Yen (Note 1)						
March 31, 2015						
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits (*)	¥ 9,978,337	¥675,632	¥50,390	¥6,506	¥11,752	¥—
Negotiable Certificates of Deposit	495,294	200	—	—	—	—
Total	¥10,473,631	¥675,832	¥50,390	¥6,506	¥11,752	¥—

(*) Demand deposits are included in "Within 1 year."

Millions of Yen (Note 1)						
March 31, 2014						
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits (*)	¥9,371,423	¥673,390	¥49,806	¥5,365	¥11,893	¥—
Negotiable Certificates of Deposit	383,960	—	—	—	—	—
Total	¥9,755,383	¥673,390	¥49,806	¥5,365	¥11,893	¥—

(*) Demand deposits are included in "Within 1 year."

35. Market Value of Securities**(1) Trading Securities**

Millions of Yen (Note 1)		
	March 31, 2015	March 31, 2014
	Unrealized Gains (Losses) Included in the Consolidated Statement of Income	Unrealized Gains (Losses) Included in the Consolidated Statement of Income
Trading Securities	¥97	¥56

(2) Marketable Securities Held-to-Maturity

Millions of Yen (Note 1)							
		March 31, 2015			March 31, 2014		
		Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
(a) Securities for which the fair value exceeds the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—	—
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—	—
	Other	8,967	9,205	238	3,557	3,566	8
	Foreign Bonds	6,212	6,442	229	—	—	—
	Subtotal	¥ 8,967	¥ 9,205	¥238	¥ 3,557	¥ 3,566	¥ 8
(b) Securities for which the fair value does not exceed the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—	—
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—	—
	Other	1,910	1,897	(12)	2,312	2,296	(16)
	Foreign Bonds	—	—	—	—	—	—
	Subtotal	¥ 1,910	¥ 1,897	¥ (12)	¥ 2,312	¥ 2,296	¥(16)
	Total	¥10,877	¥11,103	¥225	¥ 5,870	¥ 5,863	¥ (7)

(3) Marketable Securities Available for Sale

Millions of Yen (Note 1)

		March 31, 2015			March 31, 2014		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
(a) Securities for which the fair value exceeds the amortized acquisition cost	Stocks	¥ 242,817	¥ 103,749	¥139,068	¥ 172,893	¥ 99,032	¥73,861
	Bonds:	1,331,084	1,319,900	11,183	1,433,733	1,423,108	10,624
	Japanese Government Bonds	811,690	804,413	7,277	924,786	917,597	7,188
	Japanese Local Government Bonds	312,593	310,165	2,428	307,518	305,420	2,097
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	206,799	205,321	1,477	201,429	200,090	1,338
	Other	517,709	486,821	30,890	262,873	249,554	13,318
Foreign Bonds	380,944	375,291	5,653	168,748	167,242	1,505	
	Subtotal	¥2,091,611	¥1,910,471	¥181,142	¥1,869,500	¥1,771,695	¥97,805
(b) Securities for which the fair value does not exceed the amortized acquisition cost	Stocks	¥ 4,569	¥ 4,975	¥ (405)	¥ 9,223	¥ 11,247	¥ (2,023)
	Bonds:	130,037	130,417	(379)	101,032	101,187	(155)
	Japanese Government Bonds	67,327	67,564	(236)	55,319	55,393	(73)
	Japanese Local Government Bonds	26,371	26,438	(66)	28,307	28,344	(36)
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	36,338	36,413	(75)	17,404	17,450	(45)
	Other	115,034	117,550	(2,515)	188,774	191,535	(2,760)
Foreign Bonds	104,499	106,956	(2,457)	174,396	176,904	(2,507)	
	Subtotal	¥ 249,642	¥ 252,942	¥ (3,300)	¥ 299,030	¥ 303,969	¥ (4,939)
	Total	¥2,341,254	¥2,163,414	¥177,841	¥2,168,530	¥2,075,664	¥92,865

(4) Securities Held-to-Maturity Sold during the Fiscal Year

None.

(5) Securities Available for Sale Sold during the Fiscal Year

Millions of Yen (Note 1)

		March 31, 2015			March 31, 2014		
		Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks		¥ 2,557	¥ 991	¥ 0	¥ 4,624	¥ 663	¥ 11
Bonds:		437,121	1,726	219	409,134	3,809	667
Japanese Government Bonds		472,415	1,721	219	336,748	2,930	496
Japanese Local Government Bonds		—	—	—	67,868	847	103
Japanese Short-term Corporate Bonds		—	—	—	—	—	—
Japanese Corporate Bonds		706	4	—	4,517	31	67
Other		90,593	1,028	300	98,662	731	2,528
Foreign Bonds		82,114	368	205	93,495	330	2,457
	Total	¥566,272	¥3,745	¥519	¥512,421	¥5,204	¥3,207

(6) Securities for which the Holding Purpose has been Altered

None.

(7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was ¥0 million (Stocks) (¥109 million (Stocks; ¥6 million, Corporate bonds; ¥103 million) for the previous fiscal year).

"Considerable decline in fair value" is determined based on the classification of issuers in accordance with the internal standards for self-assessment of assets as follows:

Bankrupt, effectively bankrupt and potentially bankrupt
Fair value is lower than acquisition cost.

Requiring caution

Fair value has declined by 30% or more from acquisition cost.

Normal

Fair value has declined by 50% or more from acquisition cost, or fair value has declined by more than 30% but less than 50% from acquisition cost and stayed below a certain level.

Bankrupt issuer means one who has entered into bankruptcy, special liquidation proceedings, corporate rehabilitation, civil rehabilitation or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses.

Effectively bankrupt issuer means one who is not legally or formally bankrupt but regarded as substantially in a similar condition.

Potentially bankrupt issuer means one who is not legally bankrupt but deemed to have high possibility of becoming bankrupt.

Requiring caution issuer means one who is financially weak and under close monitoring conducted by the Bank.

Normal issuer means one who does not belong to the other categories.

36. Money Held in Trust**(1) Money Held in Trust for Trading Purposes**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Consolidated Balance Sheet Amount	¥36,450	¥36,597	\$303,327
Unrealized Gains (Losses) Included in the Consolidated Statement of Income	2,292	1,598	19,074

(2) Money Held in Trust for Other Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Acquisition Cost	¥7,999	¥7,197	\$66,572
Consolidated Balance Sheet Amount	7,999	7,197	66,572
Valuation Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

37. Valuation Difference on Available-for-sale Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Valuation Difference	¥177,841	¥92,865	\$1,479,919
Securities Available for Sale	177,841	92,865	1,479,919
Other Money Held in Trust	—	—	—
Deferred Tax Liabilities (Assets)	56,865	32,931	473,212
Valuation Difference, Net of Taxes	¥120,975	¥59,933	\$1,006,707
Amount Attributable to Minority Interests	—	273	—
Net Unrealized Gains on Securities Available-for-sale Owned by Subsidiaries, which is Attributable to the Parent	288	97	2,402
Valuation Difference on Available-for-sale Securities	¥121,264	¥59,757	\$1,009,109

38. Derivative Transactions**(1) Derivative Transactions to which Hedge Accounting is not Applied**

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by transaction type as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

(a) Interest rate derivatives

Millions of Yen (Note 1)				
March 31, 2015				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,084,827	729,452	19,997	19,997
Receive Float / Pay Fixed	1,081,603	698,933	(17,366)	(17,366)
Receive Float / Pay Float	146,560	100,560	39	39
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	9,949	6,789	(2)	(2)
Bought	3,700	700	1	1
Total	¥ —	¥ —	¥ 2,669	¥ 2,669

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
- The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

Millions of Yen (Note 1)				
March 31, 2014				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,314,961	994,000	23,162	23,162
Receive Float / Pay Fixed	1,309,316	957,166	(21,331)	(21,331)
Receive Float / Pay Float	101,100	76,100	54	54
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	14,020	8,763	(13)	(13)
Bought	3,700	3,700	6	6
Total	¥ —	¥ —	¥ 1,879	¥ 1,879

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
- The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

(b) Currency derivatives

Millions of Yen (Note 1)				
March 31, 2015				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
Currency Swaps	130,953	57,685	93	93
Forward Foreign Exchange:				
Sold	17,197	—	(169)	(169)
Bought	23,894	—	23	23
Currency Options:				
Sold	1,439	—	(37)	3
Bought	1,439	—	37	5
Other:				
Sold	21	—	(6)	(6)
Bought	21	—	7	7
Total	¥ —	¥ —	¥ (51)	¥ (42)

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
- The fair value is based on the discounted cash flow method or option pricing models.

Millions of Yen (Note 1)				
March 31, 2014				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
Currency Swaps	149,135	107,130	117	117
Forward Foreign Exchange:				
Sold	15,078	—	(102)	(102)
Bought	9,399	—	63	63
Currency Options:				
Sold	5,019	—	(153)	162
Bought	5,019	—	154	(74)
Other:				
Sold	318	19	(65)	(65)
Bought	318	19	77	77
Total	¥ —	¥ —	¥ 90	¥ 177

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
- The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity derivatives

None.

(d) Bond derivatives

Millions of Yen (Note 1)				
March 31, 2015				
Notional Principal or Contract Amount	Unrealized Gains (Losses)			
	Total	Over 1 Year	Fair Value	
Listed:				
Futures:				
Sold	¥1,177	¥—	¥ (0)	¥ (0)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥ (0)	¥ (0)

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

Millions of Yen (Note 1)				
March 31, 2014				
Notional Principal or Contract Amount	Unrealized Gains (Losses)			
	Total	Over 1 Year	Fair Value	
Listed:				
Futures:				
Sold	¥1,014	¥—	¥ 1	¥ 1
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 1	¥ 1

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

(e) Commodity derivatives

Millions of Yen (Note 1)				
March 31, 2015				
Notional Principal or Contract Amount	Unrealized Gains (Losses)			
	Total	Over 1 Year	Fair Value	
Listed:				
Futures:				
Sold	¥—	¥—	¥—	¥—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	—	—	—	—
Receive Float / Pay Fixed	—	—	—	—
Over-the-counter:				
Commodity Forward:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	21	—	2	2
Receive Float / Pay Fixed	10	—	(1)	(1)
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥—	¥—	¥ 1	¥ 1

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of OTC transactions is based on the price of the underlying asset, terms of contract and other factors which structure the contract.
3. Energy commodities were underlying assets of the above derivative transactions.

Millions of Yen (Note 1)				
March 31, 2014				
Notional Principal or Contract Amount	Unrealized Gains (Losses)			
	Total	Over 1 Year	Fair Value	
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	—	—	—	—
Receive Float / Pay Fixed	—	—	—	—
Over-the-counter:				
Commodity Forward:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	49	32	(16)	(16)
Receive Float / Pay Fixed	49	32	22	22
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 5	¥ 5

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of OTC transactions is based on the price of the underlying asset, terms of contract and other factors which structure the contract.
3. Energy commodities were underlying assets of the above derivative transactions.

(f) Credit derivatives

None.

(2) Derivative Transactions to which Hedge Accounting is Applied

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by hedge accounting method as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

(a) Interest rate derivatives

Millions of Yen (Note 1)				
March 31, 2015				
Hedged Item	Notional Principal or Contract Amount			Fair Value
	Total	Over 1 Year		
Principle method				
Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float	¥ —	¥ —	¥ —	
Receive Float / Pay Fixed	202,854	184,650	(1,156)	
Receive Float / Pay Float	—	—	—	
Other	—	—	—	
Exceptional Accrual Method				
Interest Swap	Loans			
Receive Fixed / Pay Float	—	—	—	
Receive Float / Pay Fixed	20,662	15,855	*3	
Receive Float / Pay Float	—	—	—	
Total	¥ —	¥ —	¥ (1,156)	

- Deferred hedge is primarily applied to the above transactions under 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 fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "34. Financial Instruments."

Millions of Yen (Note 1)				
March 31, 2014				
Hedged Item	Notional Principal or Contract Amount			Fair Value
	Total	Over 1 Year		
Principle method				
Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float	¥ —	¥ —	¥ —	
Receive Float / Pay Fixed	182,616	¥167,458	(1,506)	
Receive Float / Pay Float	—	—	—	
Other	—	—	—	
Exceptional Accrual Method				
Interest Swap	Loans			
Receive Fixed / Pay Float	—	—	—	
Receive Float / Pay Fixed	13,751	13,751	*3	
Receive Float / Pay Float	—	—	—	
Total	¥ —	¥ —	¥ (1,506)	

- Deferred hedge is primarily applied to the above transactions under 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 fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "34. Financial Instruments."

(b) Currency derivatives

Method of hedge accounting ; Principle method

Millions of Yen (Note 1)				
March 31, 2015				
Hedged Item	Notional Principal or Contract Amount			Fair Value
	Total	Over 1 Year		
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges			
	¥321,957	¥10,552	¥(4,950)	
Total	¥ —	¥ —	¥(4,950)	

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
- The fair value is based on the discounted cash flow method or option pricing models.

Millions of Yen (Note 1)				
March 31, 2014				
Hedged Item	Notional Principal or Contract Amount			Fair Value
	Total	Over 1 Year		
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges			
	¥216,965	¥3,903	¥(1,995)	
Total	¥ —	¥ —	¥(1,995)	

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
- The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity derivatives

None.

(d) Bond derivatives

None.

39. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2015	2014	2015
Net Assets per Share of Common Stock	¥1,030.64	¥895.60	\$8.58
Net Income per Share of Common Stock	68.02	54.29	0.57
Diluted Net Income per Share of Common Stock	67.95	54.23	0.57

I. Basis on calculating Net Assets per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Consolidated Net Assets	¥858,747	¥766,187	\$7,146,106
Less: Subscription Rights to Shares	446	374	3,713
Less: Minority Interest	—	8,064	—
Consolidated Net Assets Attributable to Common Stockholders	¥858,301	¥757,749	\$7,142,393

	Number of Shares	
	2015	2014
Number of Shares of Common Stock Used for Calculating Net Assets per Share	832,783,901	846,072,149

II. Basis on calculating Net Income per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Consolidated Net Income	¥57,033	¥46,438	\$474,607
Consolidated Net Income not Attributable to Common Stockholders	—	—	—
Consolidated Net Income Attributable to Common Stockholders	¥57,033	¥46,438	\$474,607

	Number of Shares	
	2015	2014
Average Number of Shares of Common Stock (excluding Treasury Share)	838,359,081	855,370,592

The increased number of shares of common stock for stock options is 870 thousand (800 thousand for the previous fiscal year), which is used for calculating Diluted Net Income per Share.

40. Related Party Transactions

None.

41. Cash Dividends Paid

I. Cash Dividends Paid for the Fiscal Year ended March 31, 2014

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 27, 2013	Common Stock	¥5,589	¥6.50	March 31, 2013	June 28, 2013
Board of Directors, at November 11, 2013	Common Stock	¥5,160	¥6.00	September 30, 2013	December 5, 2013

II. Cash Dividends Paid for the Fiscal Year ended March 31, 2015

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 27, 2014	Common Stock	¥5,076	¥6.00	March 31, 2014	June 30, 2014
Board of Directors, at November 7, 2014	Common Stock	¥4,996	¥6.00	September 30, 2014	December 5, 2014

III. Cash Dividends with the record date in the Fiscal Year ended March 31, 2015 and the effective date in the Fiscal Year ending March 31, 2016

Approval	Category of Shares	Total Amounts of Cash Dividends Paid	Source of Dividends	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)		Yen (Note 1)		
Annual General Shareholders Meeting, at June 25, 2015	Common Stock	¥5,829	Retained Earnings	¥7.00	March 31, 2015	June 26, 2015

42. Stock Options

I. Line Item where Stock Option Expense is Presented and the Amount

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
General and Administrative Expenses	¥161	¥152	\$1,348

II. The Stock Option Activity

(1) Outline of the Stock Option

		The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights	The fifth subscription rights
Number of Grantees	Directors	9	9	9	9	10
	Executive officers	9	9	9	11	10
Number of Stock Options	Common stock	311,100	343,600	344,700	229,400	243,000
Date of Grant		July 20, 2010	July 20, 2011	July 20, 2012	July 19, 2013	July 18, 2014
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 21, 2010 to July 20, 2040	From July 21, 2011 to July 20, 2041	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043	From July 19, 2014 to July 18, 2044

(2) Size and Situation of the Stock Option

(a) The number of the stock option

	Number of Shares				
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights	The fifth subscription rights
Non-vested					
As of March 31, 2014	—	—	—	—	—
Granted	—	—	—	—	243,000
Forfeited	—	—	—	—	—
Vested	—	—	—	—	243,000
Outstanding	—	—	—	—	—
Vested					
As of March 31, 2014	128,500	175,400	292,300	229,400	—
Vested	—	—	—	—	243,000
Exercised	30,400	33,000	74,100	45,300	—
Forfeited	—	—	—	—	—
Outstanding	98,100	142,400	218,200	184,100	243,000

(b) Price Information

	Yen (Note 1)				
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights	The fifth subscription rights
Exercise Price	1	1	1	1	1
Average Price at Exercise	728	728	728	728	—
Fair Value at Grant Date	467	446	403	686	673

III. The Estimations Used to Measure Fair Value of Stock Option

(1) Valuation Method

The Black-Scholes option pricing model

(2) Main Figures and the Way of Estimation

	The fifth subscription rights
Volatility of Stock Price (*1)	25.886%
Estimated Remaining Outstanding Period (*2)	5 years
Estimated Dividend (*3)	¥12 per share
Risk-Free Interest Rate (*4)	0.151%

*1. Volatility of Stock Price is calculated based on the actual stock prices of Estimated Remaining Outstanding Period.

*2. Estimated Remaining Outstanding Period is estimated based on the average administration period of the directors from the past decade.

*3. Estimated Dividend is based on the actual results of the fiscal year 2014.

*4. Risk-free Interest Rate is based on bonds' yields of the Estimated Remaining Outstanding Period.

IV. Estimated Number of Stock Options to be Vested

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
 The Chiba Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Chiba Bank., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank., Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 22, 2015

Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.
As of March 31, 2015

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Assets			
Cash and Due from Banks	¥ 1,224,180	¥ 748,133	\$ 10,187,072
Call Loans	316,924	399,772	2,637,301
Receivables under Resale Agreements	14,996	34,995	124,793
Receivables under Securities Borrowing Transactions	2,091	2,043	17,403
Monetary Claims Bought	13,130	14,346	109,262
Trading Assets	271,195	273,668	2,256,762
Money Held in Trust	38,450	38,594	319,969
Securities	2,355,778	2,178,930	19,603,717
Loans and Bills Discounted	8,461,180	8,083,049	70,410,092
Foreign Exchanges	8,080	6,248	67,246
Other Assets	44,029	36,631	366,390
Tangible Fixed Assets	97,250	97,580	809,270
Intangible Fixed Assets	10,952	10,831	91,140
Prepaid Pension Cost	—	4,908	—
Customers' Liabilities for Acceptances and Guarantees	66,864	63,772	556,415
Allowance for Loan Losses	(35,062)	(39,354)	(291,775)
Total Assets	¥12,890,041	¥11,954,152	\$107,265,057
Liabilities			
Deposits	¥11,267,490	¥10,541,249	\$ 93,762,926
Call Money	39,878	103,949	331,851
Payables under Securities Lending Transactions	154,368	83,248	1,284,587
Trading Liabilities	20,788	24,074	172,995
Borrowed Money	307,655	290,790	2,560,171
Foreign Exchanges	767	930	6,386
Bonds Payable	76,020	10,000	632,610
Other Liabilities	95,014	82,103	790,670
Provision for Retirement Benefits	19,991	18,778	166,357
Provision for Reimbursement of Deposits	2,093	2,035	17,419
Provision for Point Loyalty Programs	176	158	1,471
Deferred Tax Liabilities	25,536	271	212,507
Deferred Tax Liabilities for Land Revaluation	11,742	13,157	97,713
Acceptances and Guarantees	66,864	63,772	556,415
Total Liabilities	¥12,088,390	¥11,234,519	\$100,594,077
Net Assets			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,207,199
Capital Surplus	122,134	122,134	1,016,344
Retained Earnings	436,076	404,144	3,628,831
Legal Retained Earnings	50,930	50,930	423,818
Other Retained Earnings	385,146	353,214	3,205,013
Treasury Shares	(27,532)	(17,581)	(229,110)
Total Shareholders' Equity	675,747	653,766	5,623,265
Valuation Difference on Available-for-sale Securities	114,380	55,633	951,820
Deferred Gains or Losses on Hedges	414	23	3,445
Revaluation Reserve for Land	10,663	9,834	88,737
Total Valuation and Translation Adjustments	125,457	65,491	1,044,002
Subscription Rights to Shares	446	374	3,713
Total Net Assets	¥ 801,651	¥ 719,632	\$ 6,670,980
Total Liabilities and Net Assets	¥12,890,041	¥11,954,152	\$107,265,057

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-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 ¥120.17 to \$1.00, the exchange rate prevailing at March 31, 2015.

Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.
For the year ended March 31, 2015

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Income			
Interest Income:			
Interest on Loans and Discounts	¥112,291	¥116,077	\$ 934,443
Interest and Dividends on Securities	24,366	20,929	202,764
Other Interest Income	1,222	690	10,175
Trust Fees	3	2	28
Fees and Commissions	38,135	36,030	317,350
Trading Income	2,652	1,947	22,074
Other Ordinary Income	4,231	5,932	35,209
Other Income	14,101	11,708	117,344
Total Income	¥197,005	¥193,319	\$1,639,386
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 5,133	¥ 5,018	\$ 42,721
Interest on Borrowings and Rediscounts	803	837	6,684
Other Interest Expenses	5,910	5,191	49,182
Fees and Commissions Payments	18,908	18,192	157,348
Other Ordinary Expenses	424	3,228	3,536
General and Administrative Expenses	83,370	83,309	693,774
Other Expenses	9,410	8,137	78,310
Total Expenses	¥123,961	¥123,914	\$1,031,554
Income before Income Taxes	73,043	69,404	607,832
Income Taxes—Current	23,232	23,731	193,326
Income Taxes—Deferred	4,003	2,465	33,316
Net Income	¥ 45,807	¥ 43,206	\$ 381,190

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Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2015

Consolidated Capital Ratio (BIS Guidelines)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Common Equity Tier 1 Capital: Instruments and Reserves	¥770,221	¥698,896	\$6,409,437
Capital Stock and Capital Surplus	267,203	267,203	2,223,544
Retained Earnings	480,803	437,645	4,001,028
Treasury Shares	(27,532)	(17,581)	(229,110)
Cash Dividends to be Paid	(5,829)	(7,650)	(48,510)
Subscription Rights to Shares	446	374	3,713
Accumulated Other Comprehensive Income and Other Disclosed Reserves	55,130	14,096	458,773
Instruments and Reserves (Transitional Arrangements)	—	4,809	—
Common Equity Tier 1 Capital: Regulatory Adjustments	30,212	18,486	251,411
Total Intangible Assets (excluding those Relating to Mortgage Servicing Rights)	3,011	1,419	25,062
Deferred Gains or Losses on Derivatives under Hedge Accounting	(466)	(278)	(3,878)
Shortfall of Eligible Provisions to Expected Losses	12,600	6,463	104,853
Securitization Gain on Sale	23	12	196
Net Defined Benefit Asset	2,051	678	17,074
Investments in Own Shares (excluding those Reported in the Net Assets Section)	18	5	155
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Share Capital (Amount above 10% Threshold)	4,273	—	35,566
Regulatory Adjustments due to Insufficient Additional Tier 1 and Tier 2	8,698	10,184	72,385
Total Common Equity Tier 1 Capital	¥740,009	¥680,409	\$6,158,026
Additional Tier 1 Capital: Instruments	¥ 947	¥ 2,793	\$ 7,885
Adjusted Minority Interests, etc.	—	1,662	—
Instruments (Transitional Arrangements)	947	1,131	7,885
Additional Tier 1 Capital: Regulatory Adjustments	9,645	12,978	80,270
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	160	—	1,336
Regulatory Adjustments (Transitional Arrangements)	9,485	12,978	78,933
Total Additional Tier 1 Capital	—	—	—
Total Tier 1 Capital	¥740,009	¥680,409	\$6,158,026
Tier 2 Capital: Instruments and Provisions	¥ 94,324	¥ 57,343	\$ 784,925
Directly Issued Qualifying Tier 2 Instruments plus Related Capital Surplus of which: Classified as Liabilities under Applicable Accounting Standards	30,000	—	249,646
Adjusted Minority Interests, etc.	—	390	—
Eligible Instruments (Transitional Arrangements)	10,000	15,000	83,215
General Allowance for Loan Losses and Eligible Provisions	142	190	1,183
Instruments and Provisions (Transitional Arrangements)	54,182	41,762	450,880
Tier 2 Capital: Regulatory Adjustments	10,230	12,926	85,136
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	765	—	6,368
Regulatory Adjustments (Transitional Arrangements)	9,465	12,926	78,768
Total Tier 2 Capital	¥ 84,093	¥ 44,416	\$ 699,789
Total Capital	¥824,103	¥724,826	\$6,857,815

Risk-Weighted Assets:

Total Risk-Weighted Assets	¥5,618,183	¥5,292,318	\$46,751,964
Total Required Capital	449,454	423,385	3,740,157
Capital Ratios:			
Common Equity Tier 1 Capital Ratio	13.17%	12.85%	13.17%
Tier 1 Capital Ratio	13.17%	12.85%	13.17%
Total Capital Ratio	14.66%	13.69%	14.66%

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The following approaches were adopted to calculate the new capital ratio.

Credit Risk: Internal Ratings-Based Approach (using internal ratings for risk measurement)

Operational Risk: Standardized Approach (Gross Profits of every business line multiplied by the predetermined rate)

Total Required Capital is calculated by multiplying Total Risk-Weighted Assets by 8%.

Consolidated Leverage Ratio

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2015	2015
On-Balance Sheet Exposures		
On-Balance Sheet Exposures before Adjustments	¥12,833,032	\$106,790,653
Total Assets Reported in the Consolidated Balance Sheet	12,969,442	107,925,793
The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items)	(136,409)	(1,135,140)
The Amount of Adjustments to Tier 1 Capital	(31,566)	(262,685)
Total On-Balance Sheet Exposures	¥12,801,465	\$106,527,968
Derivative Exposures		
Replacement Cost Associated with Derivatives Transactions	¥ 26,608	\$ 221,428
Add-on Amounts Associated with Derivatives Transactions	18,675	155,406
The Amount of Cash Collateral Provided in Derivatives Transactions	8,867	73,792
Total Derivative Exposures	¥ 54,151	\$ 450,626
Securities Financing Transaction (SFT) Exposures		
The Amount of SFT Assets	¥ 17,087	\$ 142,197
The Exposures for Counter Party Credit Risk for SFTs	2,926	24,351
Total SFT Exposures	¥ 20,013	\$ 166,547
Off-Balance Sheet Exposures		
Notional Amount of Off-Balance Sheet Exposures	¥ 3,153,062	\$ 26,238,353
The Amount of Adjustments for Conversion in Relation to Off-Balance Sheets	(2,680,289)	(22,304,150)
Total Off-Balance Sheet Exposures	¥ 472,773	\$ 3,934,203
Tier 1 Capital	¥ 740,009	\$ 6,158,026
Total Exposures	¥13,348,404	\$111,079,345
Leverage Ratio	5.54%	5.54%

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Loans and Bills Discounted, Borrower Classification by Industry (Consolidated)

	Millions of Yen (Note 1)	
	March 31, 2015	
	Outstanding Balance	Composition
Domestic operations:		
Manufacturing	¥ 676,048	8.17%
Agriculture and Forestry	9,369	0.11%
Fishery	1,053	0.01%
Mining, Quarrying and Gravel	9,496	0.11%
Construction	297,880	3.60%
Electricity, Gas, Heat Supply and Water	32,469	0.39%
Information and Communications	35,685	0.43%
Transport and Postal Service	232,181	2.81%
Wholesale and Retail Trade	716,404	8.66%
Finance and Insurance	401,602	4.85%
Real Estate and Leasing	2,046,388	24.72%
Services	476,488	5.76%
Government and Local Public Sector	210,260	2.54%
Others (Mainly Consumer Loans)	3,131,576	37.84%
Total	¥8,276,902	100.00%
Overseas Operations and JOM Account	¥ 161,781	—

	Millions of Yen (Note 1)	
	March 31, 2014	
	Outstanding Balance	Composition
Domestic operations:		
Manufacturing	¥ 675,401	8.50%
Agriculture and Forestry	8,737	0.11%
Fishery	1,124	0.01%
Mining, Quarrying and Gravel	8,368	0.11%
Construction	292,622	3.68%
Electricity, Gas, Heat Supply and Water	22,477	0.28%
Information and Communications	45,990	0.58%
Transport and Postal Service	224,679	2.83%
Wholesale and Retail Trade	672,354	8.46%
Finance and Insurance	408,681	5.14%
Real Estate and Leasing	1,876,695	23.62%
Services	476,085	5.99%
Government and Local Public Sector	234,335	2.95%
Others (Mainly Consumer Loans)	2,998,968	37.74%
Total	¥7,946,519	100.00%
Overseas Operations and JOM Account	¥ 115,178	—

Compliance

Compliance Structure

The Chiba Bank is constantly working on making compliance activities even more effective. 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.

The Compliance Division is responsible for various compliance-related tasks, including the administration of compliance regulations and manuals, the preparation and monitoring of training programs and periodic checks on the compliance situation. They also monitor branch-level compliance and provide advice.

Consistent Implementation of Basic Policies

We have 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 establishes a compliance program to provide a specific action plan for achieving further improvements in compliance activities. The execution of this program is checked on a regular basis by the Board of Directors and Compliance Committee.

The 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.

Protecting Customers and Personal Information

To protect customers and offer them greater convenience, employees of the Chiba Bank receive guidance and training designed to ensure that everyone conducts business with sincerity and fairness. We pay particular attention to complex financial products with risks that include the possible loss of principal and to derivative transactions. In these cases, we comply with the Financial Instruments and Exchange Law and always perform proper solicitation and sales activities in line with the Chiba Bank Solicitation Policy. Furthermore, we plan to upgrade follow-up activities for customers who use these types of financial products.

Prevention of Money Laundering and Financial Crimes

The Chiba Bank has established the Management Policy to Prevent Money Laundering and Terrorism Financing Activities and follows this policy in making thorough efforts aimed at preventing these problems. In addition, we are reinforcing measures to protect customers from a variety of financial crimes.

Opposition to Antisocial Forces

The Chiba Bank has added organized crime disclaimers to all transaction documentation, particularly deposit account regulations, bank transaction agreements, and loan agreements, and is actively adding more measures to counteract antisocial forces.

Management Policy to Prevent Money Laundering and Terrorism Financing Activities

The Chiba Bank recognizes the importance of preventing money laundering and terrorism financing activities ("money laundering, etc.," hereinafter) and has established appropriate internal systems for the prevention of money laundering, etc.

(1) Unified control

The roles and responsibilities of managers and others who are responsible for preventing money laundering, etc., are clearly defined and control is centralized based on the suitable cooperation of all related departments.

(2) Appropriate administrative procedures

The Chiba Bank has established and upgraded administrative procedures that are needed for the prevention of money laundering, etc., such as verification of customer identification, confirming of frozen assets and other measures, and reports about suspicious transactions.

(3) Employee training programs

There are continuous employee training programs on the prevention of money laundering, etc., to ensure that all employees are aware of the related laws and regulations and administrative procedures.

(4) Verification of effectiveness

The Chiba Bank monitors its internal management system regarding the prevention of money laundering, etc., verifies the effectiveness of these systems, and takes additional steps to upgrade these systems based on the outcomes of monitoring.

Risk Management

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 those risks to control within acceptable overall limits.

Accordingly, in addition to assigning divisions to manage overall risk in the Group for each form of risk, the Chiba Bank has an integrated risk management system in which the Risk Management Division centrally monitors these risks. The division engages in detailed management and discussions 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. In addition, the division is developing an integrated risk management system for considering and implementing risk countermeasures.

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

Integrated Risk Management

The basis of risk management at the Chiba 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 Department in the Risk Management 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 the increase in the amount of risk based on the scenarios.

The Chiba 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 recognizes risk and return, such as profitability improvement at business sectors and the effective utilization of capital. The system ensures management soundness by means of the pre-allocation of risk capital (the amount of acceptable risk) to areas such as the domestic banking sector and treasury sector 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 the financial

soundness of debtors. Credit risk accounts for a major portion of risk in banking operations.

The Chiba 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 the self-assessment of assets, the Chiba 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 Chiba Bank has long ensured the independence of the sections involved in credit risk. Specifically, the credit screening and administrative sections manage credit risk for individual business transactions in the credit executing section (banking offices and the sales promotion divisions). The Credit Risk Management Department in the Risk Management Division, whose organization and operation are independent from the credit screening and administrative sections and the credit executing sections, is a credit risk management section that engages in unified management of overall credit risk. The Risk Management Department in the Risk Management Division is a unified risk management section 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 meets regularly and 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 Chiba Bank uses an internal credit rating system to place borrowers into 15 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 annual reviews and reviews at other times in accordance with the status of individual debtors. The internal credit rating system is the core of credit risk management and is extensively used in actual management, such as credit pricing standard and approval authorization.

Individual Asset Credit Management

The banking branches or offices and the Credit and Supervisory Department in the Credit Division take the lead with regard to examining individual applications for credit, engaging in rigorous investigations in accordance with screening criteria on the basis of the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Department in the Business Support Division provides support for the financial soundness of borrowers who need to improve their operations, and the Credit Administration Department in the Business Support Division engages in resolution and collection activities with regard

to Bankrupt Debtors and other borrowers. The Chiba Bank strives to accumulate high-quality loan assets and minimize future losses through this practice of advanced screening and supervision after credit has been extended.

Credit Portfolio Management

Credit portfolio management is the management of the risk of incurring a major loss at one time due to the concentration of individual loans in specific countries or specific industries. The Credit Risk Management Department in the Risk Management 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 Chiba 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.

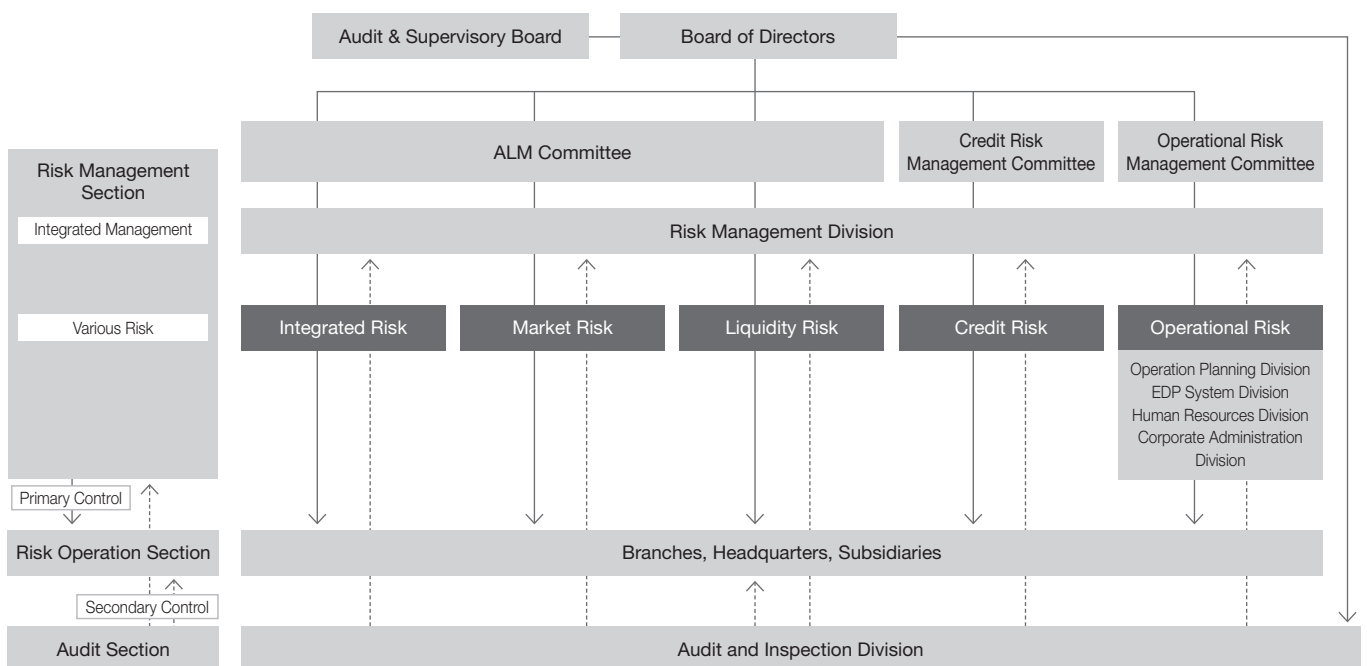
By importing the quantitative results into various systems, we utilize them in loan pricing that reflects credit risk and other processes. In this way, we aim to ensure more appropriate interest rate levels than were previously possible and refine risk management.

Self-Assessment of Assets

Self-assessment of assets is the practice whereby financial institutions review and analyze their own assets individually 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 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-assessments of assets on the basis of Asset Self-Assessment Regulations, the credit screening and administrative sections check details of self-assessments. Next, the Audit and Credit Assessment Department in Audit and Inspection Division conducts an audit to verify the accuracy of the self-assessment results and process. According to the results of these assessments, the Credit Risk Management Department in the Risk Management Division calculates the amounts of provisions, and the Credit Administration Department in the Business Support Division implements write-offs. Finally, the Audit and Credit Assessment Department in Audit and Inspection Division conducts an audit. Through this process, the Chiba Bank rigorously maintains the soundness of its assets.

Risk Management System



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 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 sectors, the Chiba 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 Chiba 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 allotment of market operations among the front office (the Treasury Division and overseas branches), back office (Treasury Operation Division), and middle office (the Market Risk Management Department in the Risk Management Division) results in the mutual control of each section.

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 section 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 Chiba Bank manages market liquidity risk by setting limits on daily positions taken in

market trading.

As the section that manages risk, the Market Risk Management Department in the Risk Management 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 Chiba Bank also maintains a crisis management plan that provides for a rapid, network-wide response in the event of unforeseen circumstances that could affect the Chiba 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 Chiba Bank classifies operational risk into clerical risk (described below), system risk (described below), 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 Chiba Bank's reputation.

In its risk management structure, the Chiba 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 Human Resources Division for human risk, and Corporate Administration Division for tangible asset risk), and the divisions collaborate in risk management under the overall management of the Risk Management Department in the Risk Management Division, which is responsible for central oversight of risk. The Risk Management Department in the Risk Management Division directly manages reputational risk and, the Compliance Division jointly manages legal risk and compliance-related risk included in the various risk categories with the corporate divisions that have jurisdiction.

The Chiba Bank has an Operational Risk Management Committee. 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 Chiba 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 responding to operational risk loss events that have occurred at the Chiba Bank as well as preventing problems from occurring by evaluating the adequacy of the Chiba Bank's management system based on scenarios prepared by using 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 Chiba Bank considers accurate clerical work to be essential to obtaining the trust of customers, and the Operation Planning Division plays a central role in the performance of exact clerical work in accordance with basic procedures and in the effort to prevent clerical accidents.

Specifically, the division prepares clerical standards that indicate detailed clerical procedures for each operation, ensures the correct handling of cash, promissory notes, passbooks, and other important items, provides guidance on clerical management systems at branches, offices, and headquarters, and conducts training to raise the level of clerical work.

The branches and offices periodically conduct self-assessments and strive to ensure clerical accuracy and raise the level of clerical work through monitoring and verification by the Operating Planning Division.

With regard to the auditing system, the Audit and Inspection Division visits all branches, offices, and headquarters at least once a year and conducts rigorous audits of all clerical work in accordance with auditing standards. The division promptly notifies the branches, offices, and headquarters 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 resulting from a leak or falsification of information owned by the Chiba Bank or the unauthorized use, failure, or incorrect operation of computer systems. The Chiba 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 event 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 Chiba 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 Chiba 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.

Business Continuity System

In addition to the risk management system described above, the Chiba Bank maintains a business continuity system to allow essential operations to continue for the preservation of the financial system during an unexpected disaster such as an earthquake or pandemic influenza. Centered in the Risk Management Department in the Risk Management Division, this system focuses on the rapid restoration of operations that the Chiba Bank was forced to suspend during an emergency.

After the Great East Japan Earthquake, the Chiba Bank has installed emergency in-house power generators at more branches, upgraded countermeasures against tsunami risk, expanded measures for persons unable to return home due to a disaster, and taken other steps to continue business operations following a disaster.

Basel III Compliance

The Basel III capital adequacy regulation was first applied in the fiscal year ended March 31, 2013. Changes to the new regulation compared with the earlier Basel II regulation include tighter rules for items included in capital and an increase in the number of items excluded with the aim of improving the quality of capital. Other changes include additional provision for risks relating to transactions with large financial institutions and derivative transactions. Banks will also be required to meet minimum capital adequacy standards based on three capital ratios: Total Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Capital Ratio, respectively.

The Basel III consists of three pillars: Pillar 1 is a minimum capital ratio, which is the level of capital required to cover a bank's risk. Pillar 2 is the development of capital strategies by banks and verification by regulatory authorities. Pillar 3 is assurance of market discipline through the increased disclosure of information. Under the regulation, each bank selects a method of calculating minimum required capital according to its risk profile and risk management method.

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

Since the fiscal year ended March 31, 2015, disclosure of leverage ratio was started as an indicator which complements capital ratio. Also, the liquidity coverage ratio regulation has been applied, and disclosure of the ratio will start in the first quarter of the fiscal year 2015, ending March 31, 2016. A number of new requirements will be introduced under Basel III, including Capital Buffer Ratio and Net Stable Funding Ratio. The Chiba Bank is currently developing and strengthening management systems to comply with these regulations.

Corporate Governance

The Chiba Bank, Ltd. As of June 25, 2015

The Chiba Bank's fundamental approach to corporate governance is to base all of the Bank's activities on the Chiba Bank Code of Ethics, which includes earning unwavering trust, thorough compliance with laws, rules and other fundamental principles, opposition to antisocial forces, transparent management, and other items.

We are currently implementing "Best Bank 2020-3 years of value creation" our medium term management plan, which covers the three-year period up to the fiscal year ending March 31, 2017. Subject for building a sustainable management structure at the Chiba Bank include fostering high ethics and sense of compliance, and thoroughly severing any relations with antisocial forces.

We position the reinforcement and enhancement of corporate governance as one of our highest management priorities in order to accomplish these goals. Based on this stance, the Chiba Bank has the following framework for corporate governance.

Board of Directors

The Board of Directors consists of 13 directors, including three outside director. The directors make decisions about management policies and other important matters and supervise the execution of business by the directors and executive officers. In addition, the Board of Designated Directors, which consists of directors appointed by the Board of Directors, meets once each week as a rule to discuss important matters concerning business operations and other subjects for the purpose of responding swiftly and appropriately to changes in the operating environment.

Audit & Supervisory Board Members

The Chiba Bank has adopted a corporate auditor system with five audit & supervisory board members, including three highly independent outside audit & supervisory board members. In particular, two of the three outside audit & supervisory board members are standing audit & supervisory board members. They regularly attend meetings of the Board of Directors and other important meetings, check important documents, and perform other tasks to conduct objective and reasonable audits for verifying that business operations are sound and legal. The Chiba Bank believes that this system provides an adequate management supervisory function.

Executive Officer System

The Chiba Bank employs an executive officer system. Executive officers, who are appointed by the Board of Directors, are responsible for business operations in the departments under their supervision.

This system provides for the clear separation of the roles of the directors, who reach decisions on important matters, supervise the execution of business operations, and perform other tasks, and the role of the executive officers, who conduct business operations. In addition, the Board of Directors and Executive Officers meets once each month as a rule. This board assists the directors in making decisions swiftly and properly, checks the business activities that are conducted by the executive officers, and assists executive officers in conducting business operations.

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 established each year by the Board of Directors. Audit results and any observations are reported monthly to the Board of Directors, and problem areas from the perspective of compliance and risk management and improvement measures are examined by the Internal Auditing Committee.

Group Management Systems

The Chiba 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 Chiba Bank's internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group.

Basic Policy on Establishing Internal Control Systems

The Chiba Bank introduced a basic policy for the establishment of systems to ensure the appropriateness of operations (Internal Control Systems) through the Board of Directors. In accordance with this policy, the Chiba Bank is working to establish a high-quality management structure.

Outside Directors and Outside Audit & Supervisory Board Members

(Relationship with the Chiba Bank)

The Chiba Bank has three outside directors and three outside audit & supervisory board members. None of them have any personal relationships with other directors or auditors at the Chiba Bank, nor does the Chiba Bank have any particular beneficial relationships with them.

(Functions and roles in corporate governance)

Based on a resolution of the 109th Annual General Meeting of Shareholders held on June 25, 2015, the Chiba Bank increased the number of outside directors from one to three, and further strengthened the management decision-making and supervisory functions of business operations. The outside audit & supervisory board members serve a management supervisory function for the Chiba Bank, using their impartial viewpoints from outside of a company and auditing business operations objectively and reasonably. They work to implement efficient and effective auditing, mutually cooperating with the representative director, the Audit and Inspection Division, accounting auditors and internal control departments through a periodical information exchange, and holding interviews as necessary.

(Standards regarding independence)

The Chiba Bank has not established standards regarding independence of outside directors and outside audit & supervisory board members, but we referred to the standards regarding independence established by the Tokyo Stock Exchange in electing members that can satisfy independence while appropriately performing their duties.

We submitted the notification to the Tokyo Stock Exchange that the three outside directors and three outside audit & supervisory board members are independent and securing from any risk of conflicts of interest with general shareholders.

(Overview of the liability limitation agreements)

Based on Article 427, Section 1 of the Companies Act, the Chiba Bank has entered into liability limitation agreements with the outside directors and outside audit & supervisory board members, for damages pursuant to Article 423, Section 1 of the Companies Act, with the minimum liability amounts set forth in Article 425, Section 1 of the Companies Act, when they have acted in good faith and are not grossly negligent in performing their duties.

Remuneration Policies

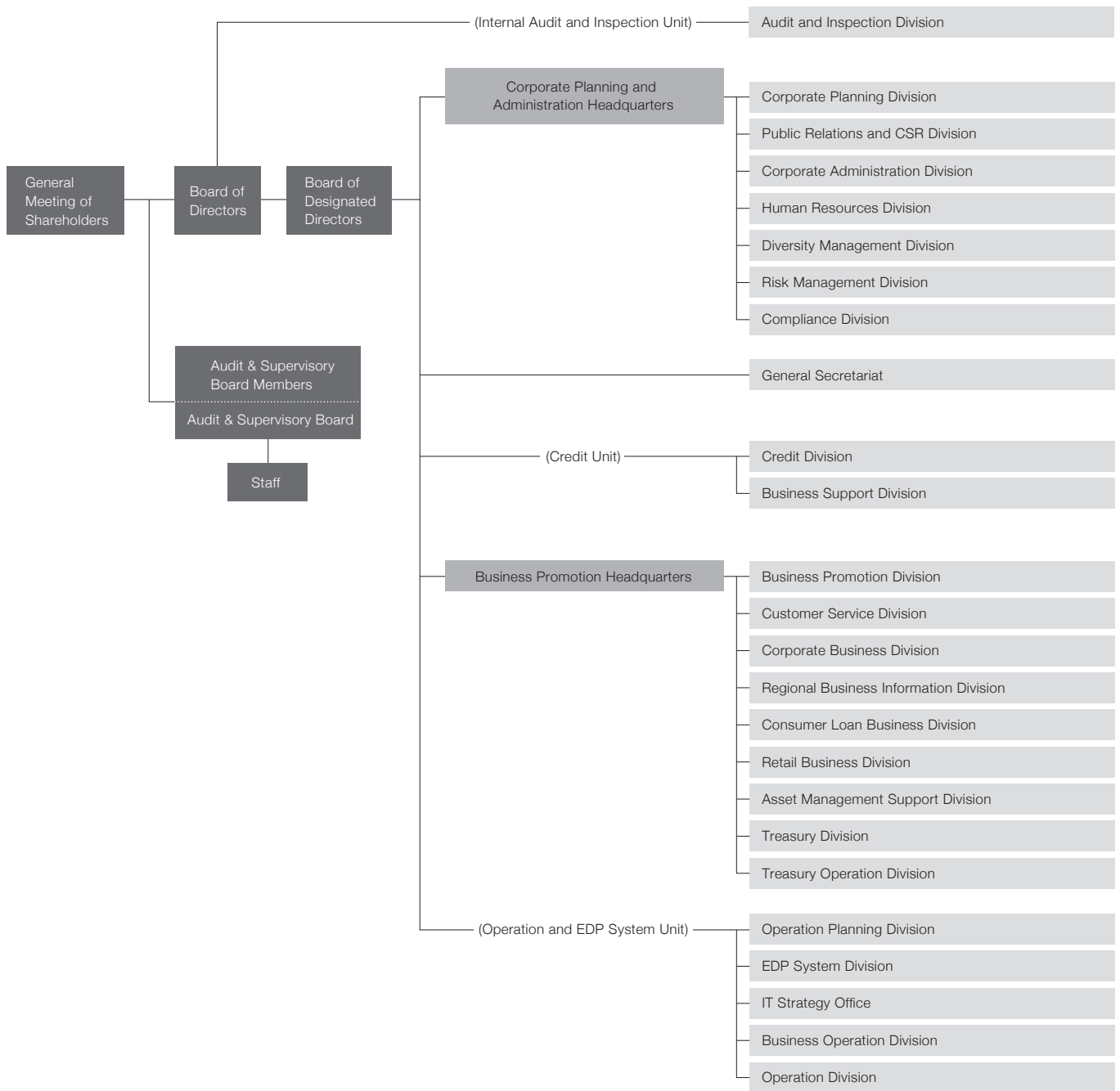
The Board of Directors has established the following policies regarding methods of calculating remuneration for directors (excluding outside directors) of the Chiba Bank, and remuneration has been set based on these policies:

- Fixed remuneration based on duty positions and fluctuating remuneration linked to stock prices.
- Fixed remuneration based on duty positions shall be paid to match the responsibility of each duty position.
- Remuneration linked to stock prices shall be paid as stock options in order to increase business performance and corporate values, and to improve management awareness of focus on shareholders.
- The proportion of fixed remuneration based on duty positions and stock options as compensation shall be 80:20.

Regarding remuneration for outside directors, we have not established a remuneration system linked to business performance, considering the nature of their duties; their remuneration shall be fixed and paid per month. Regarding remuneration for audit & supervisory board members, a full fixed remuneration shall be determined through discussions with them in order to ensure their independence.

Organization

The Chiba Bank, Ltd. As of June 25, 2015



Directors, Executive Officers and Audit & Supervisory Board Members

The Chiba Bank, Ltd. As of June 25, 2015

Directors

President (Representative Director)

Hidetoshi Sakuma

Deputy President (Representative Director)

Kyoichi Hanashima

Director and Senior Executive Officer

Toshikazu Okubo

General Manager of Corporate Planning and Administration Headquarters
Executive Officer in charge of Corporate Administration Division, Human Resources Division and Diversity Management Division

Director and Senior Executive Officer

Osamu Kimura

General Manager of Business Promotion Headquarters
Executive Officer in charge of Business Promotion Division, Customer Service Division, Corporate Business Division and Regional Business Information Division

Director and Managing Executive Officer

Masao Morimoto

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

Director and Managing Executive Officer

Shoichi Hatano

Executive Officer in charge of Credit Division and Business Support Division

Director and Managing Executive Officer

Masahiro Owaku

Executive Officer in charge of Corporate Planning Division and Public Relations and CSR Division

Director and Managing Executive Officer

Kenichi Sawai

Executive Officer in charge of Business Promotion Division, Consumer Loan Business Division, Retail Business Division and Asset Management Support Division

Director and Managing Executive Officer

Daizo Iijima

Executive Officer in charge of Treasury Division and Treasury Operation Division

Director and Managing Executive Officer

Tomoyuki Ikeda

Executive Officer in charge of Risk Management Division and Compliance Division

Non-Standing Director (Outside Director)

Toyokuni Yazaki

Non-Standing Director (Outside Director)

Yuko Tashima

Non-Standing Director (Outside Director)

Yasuko Takayama

Executive Officers

Managing Executive Officer

Yukihiko Yoshida

General Manager, Funabashi Branch

Executive Officer

Kazuyoshi Fukushima

General Manager, Audit and Inspection Division

Executive Officer

Hitoshi Ikeda

General Manager, Public Relations and CSR Division

Executive Officer

Shinji Kihara

General Manager, Head Office

Executive Officer

Kazuhiko Mizushima

General Manager, Business Promotion Division

Executive Officer

Joji Sugo

General Manager, Credit Division

Executive Officer

Norio Takatsu

General Manager, EDP System Division

Executive Officer

Shigenobu Sadachi

General Manager, Corporate Business Division

Executive Officer

Yukihito Inamura

General Manager, Human Resources Division

Executive Officer

Hiroaki Aso

General Manager, Chuo Branch

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member

Tsutomu Nozawa

Standing Audit & Supervisory Board Member

(Outside Audit & Supervisory Board Member)

Kazuo Yamazoe

Standing Audit & Supervisory Board Member

(Outside Audit & Supervisory Board Member)

Kazuo Fukuda

Non-Standing Audit & Supervisory Board Member

Susumu Maruyama

Non-Standing Audit & Supervisory Board Member

(Outside Audit & Supervisory Board Member)

Akio Shirato

Subsidiaries

The Chiba Bank, Ltd.
As of June 29, 2015

Sobu Co., Ltd.

1-7-12, Hanazono, Hanamigawa-ku,
Chiba-shi, 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: Chiba Bank 100%

Chibagin Career Service Co., Ltd.

8-4, Chiba-minato, Chuo-ku,
Chiba-shi, Chiba 260-0026
*Principal Business: Accounting, general
administration and temporary staff services*
Established: December 22, 1989
Capital: ¥20 million
Equity Ownership: Chiba Bank 100%

Chiba Servicer Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,
Chiba-shi, Chiba 260-0031
*Principal Business: Management and
collection of claims*
Established: October 1, 2001
Capital: ¥500 million
Equity Ownership: Chiba Bank 100%

Chibagin Heartful Co., Ltd.

4-1-10, Masago, Mihama-ku,
Chiba-shi, Chiba 261-0011
*Principal Business: Outsourcing of
operational business*
Established: December 1, 2006
Capital: ¥10 million
Equity Ownership: Chiba Bank 100%

Chibagin Securities Co., Ltd.

2-5-1, Chuo, Chuo-ku,
Chiba-shi, Chiba 260-0013
Principal Business: Securities business
Established: March 27, 1944
Capital: ¥4,374 million
Equity Ownership: Chiba Bank 100%

Chibagin Guarantee Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,
Chiba-shi, Chiba 263-0031
*Principal Business: Housing-loan guarantees and
fee collection services*
Established: May 1, 1978
Capital: ¥54 million
Equity Ownership: Chiba Bank 45.63%
its subsidiaries 54.37%

Chibagin JCB Card Co., Ltd.

2-15-11, Fujimi, Chuo-ku,
Chiba-shi, Chiba 260-0015
*Principal Business: Credit card and
credit guarantee business*
Established: November 1, 1982
Capital: ¥50 million
Equity Ownership: Chiba Bank 49%
its subsidiaries 51%

Chibagin DC Card Co., Ltd.

2-15-11, Fujimi, Chuo-ku,
Chiba-shi, Chiba 260-0015
*Principal Business: Credit card and
credit guarantee business*
Established: February 16, 1989
Capital: ¥50 million
Equity Ownership: Chiba Bank 40%
its subsidiaries 60%

Chibagin Leasing Co., Ltd.

2-1-22, Hanazono, Hanamigawa-ku,
Chiba-shi, Chiba 262-0025
Principal Business: Leasing
Established: December 15, 1986
Capital: ¥100 million
Equity Ownership: Chiba Bank 49%
its subsidiaries 51%

Chibagin Computer Service Co., Ltd.

6-12, Oyuminochuo, Midori-ku,
Chiba-shi, Chiba 266-0032
*Principal Business: Computer systems development
and commissioned computation tasks*
Established: April 1, 1980
Capital: ¥150 million
Equity Ownership: Chiba Bank 46%
its subsidiaries 54%

Chibagin Capital Co., Ltd.

8-4, Chiba-minato, Chuo-ku,
Chiba-shi, Chiba 260-0026
Principal Business: Consulting services, IPO's, etc.
Established: May 29, 1984
Capital: ¥100 million
Equity Ownership: Chiba Bank 30%
its subsidiaries 70%

Chibagin Asset Management Co., Ltd.

2-13-7, Kotobashi,
Sumida-ku, Tokyo 130-0022
*Principal Business: Consulting for portfolio
investments of client financial assets*
Established: March 31, 1986
Capital: ¥200 million
Equity Ownership: Chiba Bank 35%
its subsidiaries 65%

Chibagin Research Institute, Ltd.

2-3-12, Konakadai, Inage-ku,
Chiba-shi, Chiba 263-0043
*Principal Business: Information services and
surveys, and consulting*
Established: February 28, 1990
Capital: ¥150 million
Equity Ownership: Chiba Bank 30%
its subsidiaries 70%

International Directory

The Chiba Bank, Ltd.
As of June 25, 2015

Head Office

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

Treasury Operation Division

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Fax: 81-3-3242-1735
SWIFT Address: CHBA JPJT

Treasury Division

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Fax: 81-3-3242-1736

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Fax: 1-212-354-8575
SWIFT Address: CHBAUS33

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88 Queensway, Hong Kong
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Fax: 852-2840-0507
SWIFT Address: CHBAHKHH

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The United Kingdom
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Fax: 44-20-7236-2205
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

Singapore Representative Office

50 Raffles Place, #10-06 Singapore Land Tower,
Singapore 048623
Telephone: 65-6438-4525
Fax: 65-6438-6890

Bangkok Representative Office

No.98 Sathorn Square Office
Tower, 20th Floor, Room 2008,
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Telephone: 66-2-163-2723
Fax: 66-2-163-2725

Corporate Data

The Chiba Bank, Ltd.
As of March 31, 2015

Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2015 were as follows:

	Number of shares (in thousands)*1	Percentage of total shares issued*2 (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	38,187	4.36
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,414	4.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,837	3.97
Nippon Life Insurance Company	26,870	3.06
Sompo Japan Nipponkoa Insurance Inc.	26,537	3.03
The Dai-ichi Life Insurance Company, Limited	26,230	2.99
Meiji Yasuda Life Insurance Company	18,291	2.08
SUMITOMO LIFE INSURANCE COMPANY	17,842	2.03
STATE STREET BANK AND TRUST COMPANY 505223	14,260	1.62
Chiba Bank Employees' Shareholding Association	11,657	1.33

Except for the list above, there are 42,737 thousand (4.88%) of own shares. (Excludes one thousand shares which, although registered in the name of Chiba Bank on the shareholders' list, are not actually owned by Chiba Bank.)

*1 Rounded down to the nearest thousand

*2 Rounded down to the second decimal places

Corporate Information

Established	March 1943		
Network	Domestic	179 Offices (156 branches, 20 sub-branches and 3 virtual branches)	
		43,514 Off-branch ATM locations (including 13,107 E-net ATM locations at convenience stores, 10,780 LAWSON ATM locations at convenience stores and 19,355 ATM locations jointly with Seven Bank, Ltd.)	
	Overseas	3 Money exchange counters	
		3 Branches (New York/Hong Kong/London) 3 Representative offices (Shanghai/Singapore/Bangkok)	
Number of Employees*1	4,256		
Total Assets	¥12,890.0 billion		
Loans and Bills Discounted	¥8,461.1 billion		
Deposits (including NCD)	¥11,267.4 billion		
Capital Stock	¥145.0 billion		
Capital Ratio (BIS guidelines)	14.66% (Consolidated) 13.84% (Non-consolidated)		
Authorized Number of Shares	2,500,000 thousand		
Number of Issued Shares	875,521 thousand		
Number of Shareholders*2	23,611		
TSE Code	8331		
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihombashi Kayabacho, Chuo-ku, Tokyo 103-8202		
Credit Ratings		Long-term	Short-term
	Standard & Poor's	A	A-1
	Moody's	A1	P-1
	Rating and Investment Information	AA-	—

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

*1 Number of Employees includes transferred employees but excludes temporary staff and one-year contract employees.

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

THE CHIBA BANK ,LTD.

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