



CHIBA BANK



# Discover Growth



The Chiba Bank, Ltd.

Annual Report 2012  
Year ended March 31, 2012

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of Our Operating Area



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# About Chiba Bank

The Chiba Bank is a regional bank that operates primarily in Chiba Prefecture. Known affectionately as “Chibagin,” the bank has grown continuously together with the prefecture and is now Japan’s second-largest regional bank, with deposits of ¥9,677 billion and loans of ¥7,581 billion. Capital ratios of 14.35% on a consolidated basis and 13.63% on a non-consolidated basis demonstrate the Bank’s financial soundness.

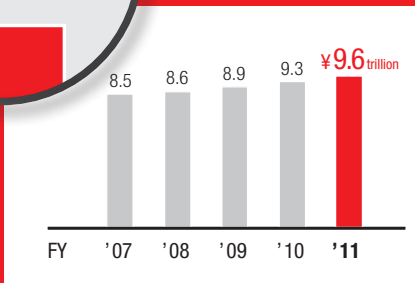
At a glance



## Deposits\*

¥9.6 trillion

2nd among Regional Banks

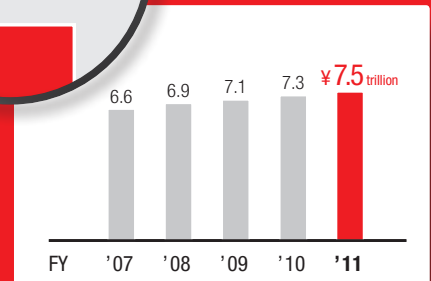


\* Non-consolidated, including NCD

## Loans and Bills Discounted\*

¥7.5 trillion

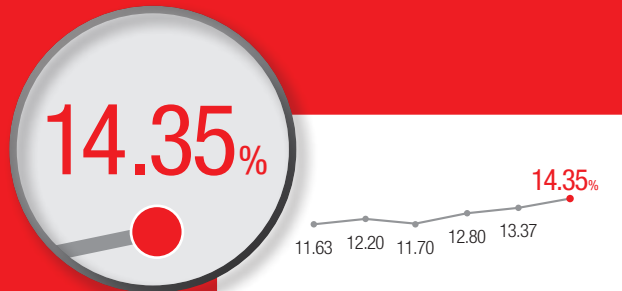
2nd among Regional Banks



\* Non-consolidated

## Capital Ratio\*

14.35%

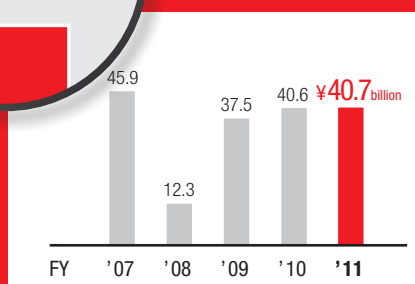


\* Consolidated

## Net Income\*

¥40.7 billion

2nd among Regional Banks



\* Consolidated

## Credit Ratings:

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

# Discover Growth



# Chiba

Chiba Prefecture

	Figures	Domestic Ranking among 47 Japanese Prefectures
Population	6.2 million	6th
Gross Prefectural Product	¥ 19.2 trillion	6th
Balance of Deposits	¥ 24.1 trillion	6th
Balance of Loans	¥ 12.0 trillion	7th

Sources:

Population: Natural Census (October 2010)

Gross Prefectural Product: Economic and Social Research Institute, Cabinet Office (FY 2009)

Balance of Deposits and Loans: The Bank of Japan (As of March 2012)

# Key Characteristics of Our Operating Area

Chiba Prefecture, our primary base of operations, is adjacent to Tokyo and has excellent growth potential. The Chiba Bank has grown steadily over the years, aided by strong demand for funding associated with the growth of Chiba Prefecture.

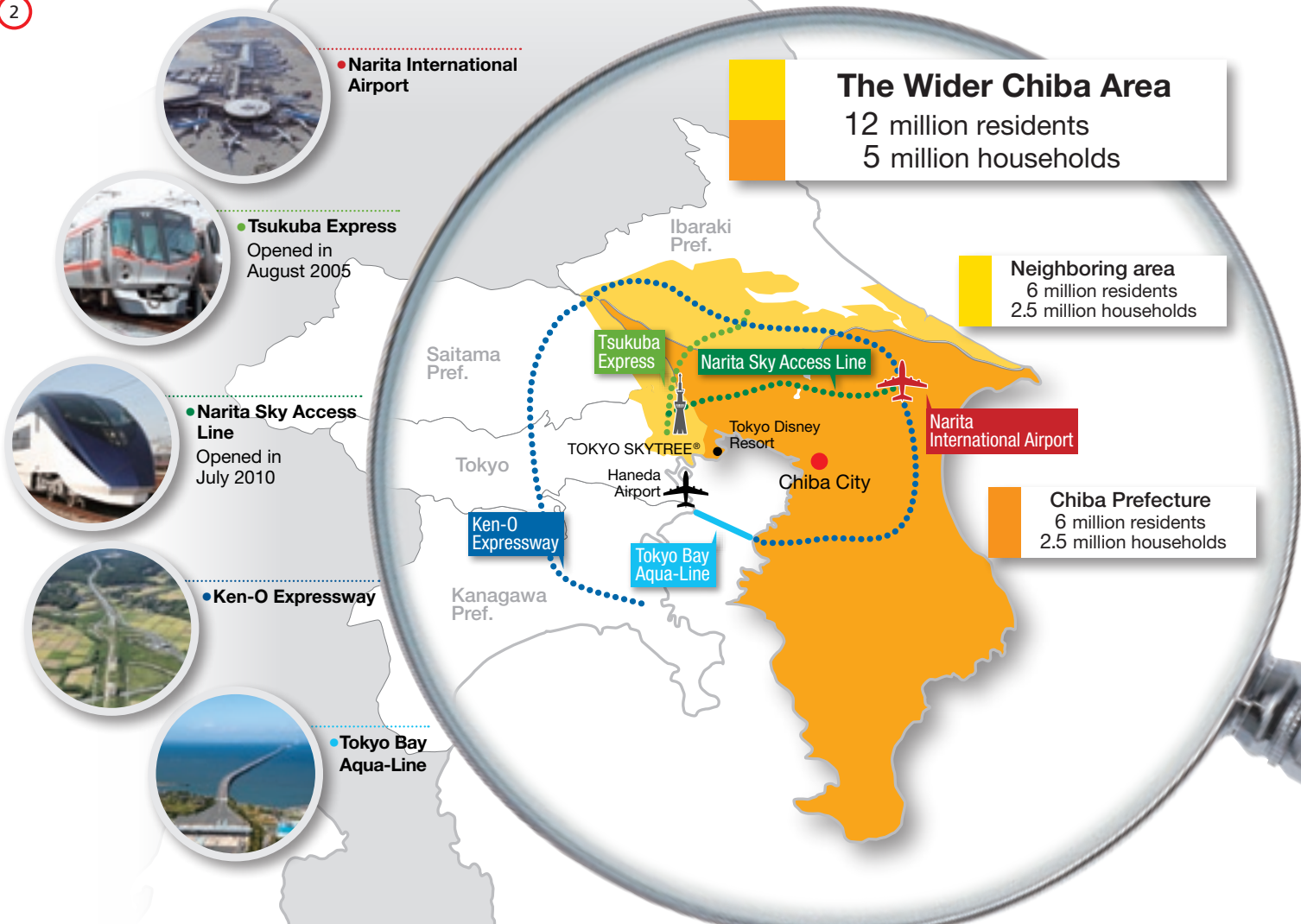
## High Population Area

### • 12 Million Residents

We define the “Wider Chiba Area” as Chiba Prefecture and its neighboring areas—eastern Tokyo, eastern Saitama Prefecture, and southern Ibaraki Prefecture. This area has a population of 12 million, with 6 million in Chiba Prefecture. Furthermore, several major development projects are located in the Wider Chiba Area. The Tsukuba Express began operations in 2005, and the Narita Sky Access Line was opened in 2010. Construction of the Ken-O Expressway is nearing completion. Improvements to transportation infrastructure will lead to more urban development projects which are expected to further increase Chiba Prefecture's population.

### New Transportation Infrastructure

2



## Narita International Airport

### • 7th Largest Globally in Volume of Imports and Exports

Chiba Prefecture is home to Narita International Airport, which is the largest airport in Japan. It is a key transportation hub for Asia and ranks seventh among international airports in the world in volume of imports and exports. Regional business operations, logistics, sightseeing, and other activities benefit from the proximity of this expansive airport. In the fiscal year ending March 31, 2015, the number of annual arrival and departure slots at Narita is scheduled to increase from the current 250,000 to 300,000. Raising capacity is expected to generate an economic benefit of approximately ¥1 trillion.

#### Top 10 Airports in Volume of Imports and Exports in 2010

1. Hong Kong	4,128	6. Paris	2,142
2. Seoul	2,634	<b>7. NARITA</b>	<b>2,126</b>
3. Shanghai	2,344	8. Singapore	1,814
4. Dubai	2,183	9. Taipei	1,753
5. Frankfurt	2,149	10. Anchorage	1,742

(Thousands of tons)

Source: Narita International Airport Corporation



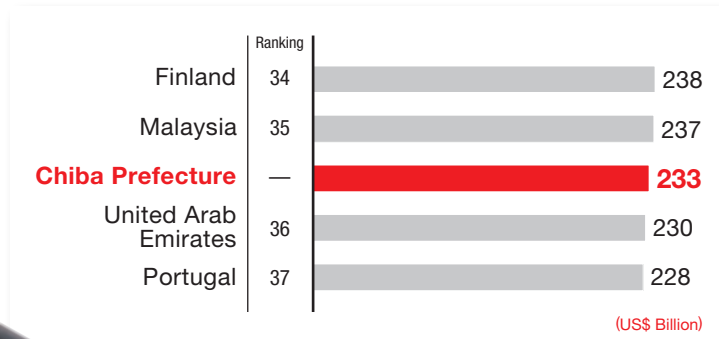
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## Well-Balanced Industry

### • 19 Trillion Yen of Gross Prefectural Product

Chiba Prefecture has a well-balanced industrial structure, comprising one of the most prominent industrial zones in Japan with a high concentration of production bases along the coast of Tokyo Bay as well as rich agricultural, fishery, and tourism resources. Chiba's gross prefectural product is about 19 trillion yen, which ranks sixth among Japan's prefectures and globally would rank 36th among all countries of the world.

#### Comparison of Chiba's Gross Prefectural Product and Overseas GDP



Source: The World Bank Database (2010)



# Message from the President



Hidetoshi Sakuma, President

**M**ore than a year has elapsed since the occurrence of the Great East Japan Earthquake of March 2011. Despite the disruption of supply chains and other problems that accompanied this disaster, manufacturing operations were expeditiously resumed owing to the diligent efforts of companies in Japan. In addition, the Japanese economy continues to recover with the full-scale implementation of the supplementary budget for earthquake reconstruction.

Amidst this environment, the Chiba Bank is committed to contributing to the economic growth of the Wider Chiba Area, through fulfilling our role as a regional bank by providing smooth financing. This will increase the corporate value of the Chiba Bank.

## Business Performance

In the fiscal year ended March 31, 2012, consolidated ordinary profit increased ¥1.6 billion to ¥66.9 billion and consolidated net income increased ¥0.1 billion to ¥40.7 billion, which was higher year-on-year for the third consecutive year after the financial crisis of 2008.

On a non-consolidated basis, core net business income was ¥71.0 billion, ¥1.0 billion higher than our projection mainly due to an increase in net fees and commissions income. While this demonstrated that earnings from business operations remain high, net interest income was challenged mainly due to a decrease in the interest rate on loans.

Ordinary profit increased ¥1.9 billion to ¥61.7 billion as we took many actions to improve our financial position. This included an ¥8.1 billion decrease in credit costs, which was the result of our efforts to assist corporate clients in restoring financial soundness, as well as an ¥8.2 billion loss related to securities, including losses on sales of stock, to reduce the influence of volatility in financial markets on our performance.

While net income decreased ¥2.1 billion to ¥36.0 billion, the Chiba Bank secured a ¥1.0 billion increase when considering the exclusion of the ¥3.2 billion effect of a change in the effective income tax rate.

Our financial soundness remained high with a consolidated capital ratio of 14.35% and a consolidated Tier 1 capital ratio of 12.99%. As we have adequate equity in terms of quality and volume, and our stable earnings allow us to increase retained earnings, we maintain a stance of seeking to enhance shareholder returns. We are also implementing strategic treasury stock acquisition programs in addition with stable dividends at ¥11 per share.

### “Frontier 70” – the Medium-Term Management Plan

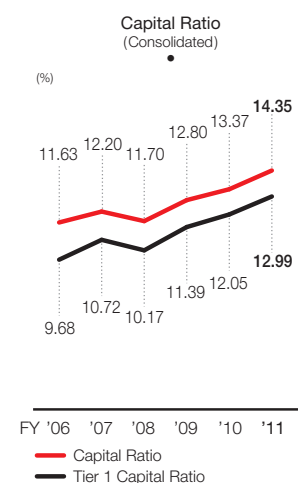
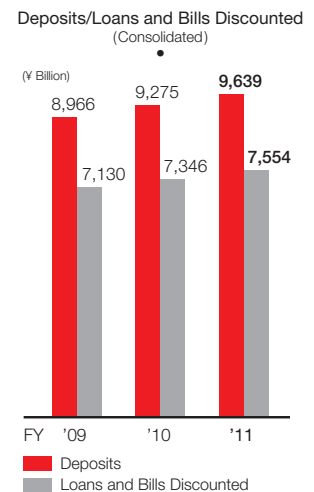
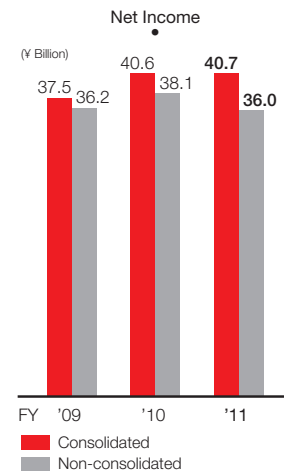
In April 2011, we started “Frontier 70,” our 11th medium-term management plan, which covers the three-year period up to March 2014. The business environment for Japan’s banking operations is significantly changing: customers’ needs are shifting along with Japan’s rapidly aging population, competition among financial institutions is intensifying, and financial regulations are becoming stricter. In this environment, our ability to anticipate upcoming change and act on innovative ideas will become increasingly important.

“Frontier 70” is formulated to respond to these upcoming changes in the operating environment. Our primary objective under the plan is to build stable bases for our operations and management so that we can overcome challenges posed by shifts in future market conditions. The plan is centered on four subjects: 1) Strengthening the business structure, 2) Assisting the regional economy, 3) Enhancing the management system, and 4) Improving staff training. We will aim for more growth and development at the Chiba Bank by swiftly implementing various initiatives regarding these subjects.

### Strategic Objectives

The Chiba Bank operates in Chiba Prefecture and the neighboring areas of eastern Tokyo, eastern Saitama Prefecture and southern Ibaraki Prefecture, a region that we call the “Wider Chiba Area.” It has a population of about 12 million, and many companies are gathered in our attractive operating area. Our home region also has an extensive and growing transportation infrastructure, including the Tsukuba Express, the Narita Sky Access Line, the Tokyo Bay Aqua-Line, and Ken-O Expressway. Real estate developments along these lines are creating new communities. Several other large-scale development projects are underway. Narita International Airport will increase its annual arrival and departure slots, and a large outlet mall was recently opened in our operating area. As indicated by these projects, the Wider Chiba Area is a highly attractive market with excellent potential for more growth.

The Chiba Bank has added 15 branches in communities with particularly strong growth prospects, and renovated 11 branches since 2005, when major development projects in the Wider Chiba Area began. In 2013, we plan to open a branch in Tsukuba City, the largest market in southern Ibaraki Prefecture. We will continue to expand our branch network along with growth in our home region.





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The Chiba Bank has branches in Europe, the United States, and Asia that provide assistance for our customers' overseas operations. Recently, we have taken steps to strengthen our framework for supporting customers, particularly in Asia. Adding to the Hong Kong Branch and Shanghai Representative Office, we opened the Singapore Representative Office in March 2011. We also sent a staff member to the Japan Desk at Bangkok Bank PCL. This gives us four locations in Asia, with regional operations centered at the Hong Kong Branch. Business alliances are another way we are strengthening our overseas business operations. We have formed alliances with Bangkok Bank PCL in Thailand and Bank of Communications in China. More recently, we established alliances with Standard Chartered Bank in June 2011 and PT Bank CIMB Niaga Tbk in Indonesia in April 2012. Our network and business alliances allow us to provide total support for Japanese companies in Asia.

### **Improving Staff Training**

The Chiba Bank provides highly effective training programs that match the skills and aptitude of each employee. Refining the capabilities of our employees enables us to offer financial services with consistently high quality.

In 2011, we started an assessment program for the business skills of all employees working at branches. The program facilitates the clarification of the strengths and training needs of each individual. This knowledge management makes possible effective, well-planned training programs and the assignment of employees to the most suitable positions.

The Chiba Bank aims to create energetic workplaces where women and men can work together to upgrade their capabilities. To that end, we are fostering an environment where capable, motivated female employees can work effectively. In October 2011, the Female Support Team was formed to reinforce programs that support the activities of the women in our workforce.

### **Assisting the Regional Economy**

We believe that contributing to the sound growth of regional economies is the most important role of a regional bank. The consistent performance of our corporate customers maintains stable employment, which supports growth in household spending which, in turn, enables companies to achieve greater performance. Sustaining this positive cycle leads to more growth in our deposits and loans. Consequently, it is the key business strategy for the Chiba Bank to realize the full potential of the Wider Chiba Area by contributing to the vitality of the regional economy.

In November 2011, we signed an agreement with Chiba City for collaboration to increase the vitality of the regional economy. We will actively participate in this collaboration to attract companies and to foster growing companies, and ultimately to further vitalize the regional economy.



To achieve sustainable growth, our entire organization must remain fully committed to our customer first policy. As part of this commitment, we formed the Committee for Improving Services for Customers in April 2012. The committee examines requests and other feedback from customers and improves products and services by listening to the voice of the customers.

The Chiba Bank will be celebrating its 70th anniversary at the end of March 2013. As we approach this milestone, everyone at the Chiba Bank Group is dedicated, under our customer first policy, to making the Chiba Bank “a first-rate retail bank” with boundless creativity that meets the expectations of all customers.

*Hidetoshi Sakuma*

Hidetoshi Sakuma, President

## The 11th Medium-Term Management Plan “Frontier 70”

— From April 2011 to March 2014 (3 years) —

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### Subject

1 Strengthening the business structure

2 Assisting the regional economy

3 Enhancing the management system

4 Improving staff training

“Frontier 70”

### Regional Growth and Our Future Development

- High Growth Potential of the Wider Chiba Area
- Strategic Branch Network

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### Activities in Growth Business Sectors

- Growing Business Support Office
- International Business

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Our Future  
Development

### Sales of Investment-type Financial Products

- Business Strategy for High-net-worth Clients
- Retail Business Strategy

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# Our Initiatives for Growth Potential

## ● Regional Growth and Our Future Development

The Chiba Bank operates in a region we call the “Wider Chiba Area,” which consists of Chiba Prefecture and the neighboring areas of eastern Tokyo, eastern Saitama Prefecture, and southern Ibaraki Prefecture. There are about 12 million residents in our operating area. The Chiba Bank is opening more strategically located branches along with the development of the Wider Chiba Area and steadily increasing loans outstanding.

### High Growth Potential of the Wider Chiba Area

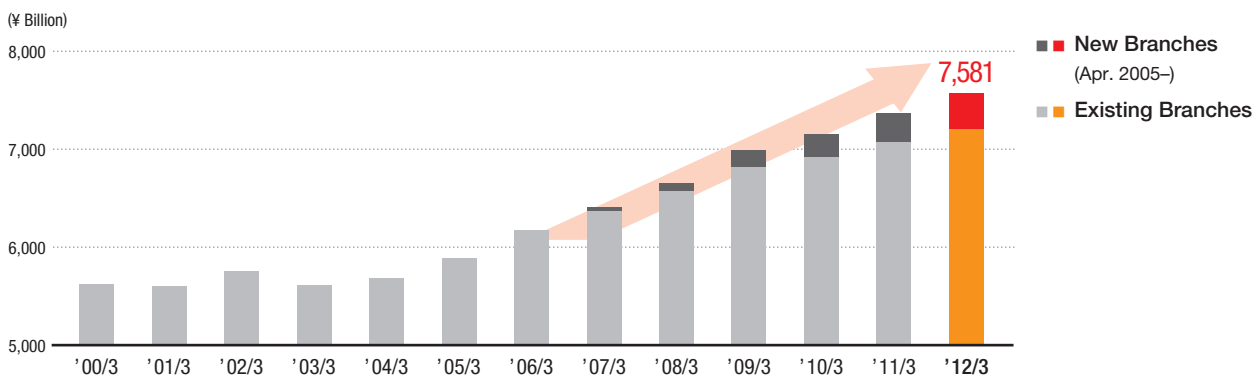
Several large-scale development projects are under way in the Wider Chiba Area. In October 2010, Narita International Airport and the local community agreed on a plan to increase the number of annual arrival and departure slots from 200,000 to 300,000 in stages leading up to the fiscal year ending March 31, 2015. The planned 300,000 slots will have an estimated economic benefit of about ¥1 trillion and create approximately 30,000 jobs. Currently, the number of slots has reached 250,000, and the resulting business opportunities are attracting much attention.

Airport. The other is the Tsukuba Express, which runs through Chiba Prefecture and links Tokyo and Ibaraki Prefecture. Major development projects have also started in Kisarazu City, Chiba Prefecture, which is at the eastern end of the Tokyo Bay Aqua-Line. They have also started along the Ken-O Expressway, which will reach Narita International Airport. A virtuous cycle is well in place within the Wider Chiba Area, where one development project leads to another.

There are also two new railway lines connecting Chiba Prefecture and Tokyo, and real estate developments are moving forward to create large urban areas along these lines. One is the Narita Sky Access Line, which links Tokyo and Narita International

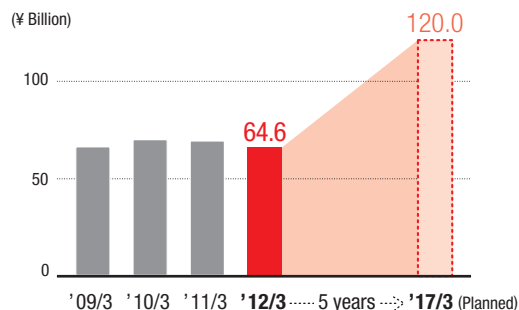
Further potential exists for development projects in the Wider Chiba Area, with its large expanses of habitable land. As infrastructure projects make this area a more attractive place to live and work, the economy of the Wider Chiba Area is expected to become even more vibrant.

## ● Loan balance



## ● Unsecured Consumer Loans

The Chiba Bank is increasing its activities involving consumer loans, which have a high interest margin and a promising market. In May 2012, Call-Center, which exclusively handles consumer loans, began operating, and can serve customers even on weekends and holidays. Another priority is cross-selling consumer loans with other products such as housing loans. We plan on doubling the balance of consumer loans over the next five years.





## Strategic Branch Network

The Chiba Bank is opening branches serving the many new communities that are under construction in the Wider Chiba Area. Expansion of the branch network started in 2005 with the beginning of several large-scale development projects. Overall, we have newly established 15 branches since then. To utilize our resources in the best manner, we have also relocated branches in response to the movement of urban centers along with the creation of new housing developments. In total, 11 branches have been moved and renovated since 2005.

We open or renovate branches with an emphasis on sales activities. One of our objectives is to offer distinctive services for high-net-worth clients, and for that purpose, the branch design includes a private consulting room. Another example of our innovative branch layouts is the creation of partitioned private counters that can be used for offering proposals and other services to our customers.

To extend our service area, we are preparing to open a new branch in the Tsukuba area of Ibaraki Prefecture. Tsukuba City is an academic city that is home to research institutes, universities, and companies with highly advanced technologies. Together with its neighboring municipalities, it has a population of about 500,000, making this area the largest market in southern Ibaraki Prefecture. Also, completion of the Tsukuba Express has increased access between Tsukuba and Tokyo. The resulting new real estate development projects are making Tsukuba one of the fastest growing areas in Japan.

The Chiba Bank will retain its flexible branch network strategy, and will continue to grow along with the Wider Chiba Area.

### Branch network strategy in growth area



## ● Activities in Growth Business Sectors

The Chiba Bank provides a broad range of support for businesses that can contribute to the growth of its operating area. Services are not limited to financial assistance—we work with our customers to devise solutions for many types of issues associated with their business operations.

### Growing Business Support Office

Established in October 2010, the Growing Business Support Office is staffed by specialists with extensive knowledge and works with branches in many growth business sectors, including medical and nursing services, agriculture, tourism, the environment, social infrastructure (PFI\*), and international

business. To meet the diverse needs of our customers, support also includes cooperation with specialists in business matching, providing know-how regarding the usage of public sector support, and other services.



Substantial demand is expected for capital expenditure in hospitals due to Japan's rapidly aging population.



Due to the increasing scale of agricultural operations and with companies in other industries entering the sector, prospects for growth in agriculture are favorable.



The Wider Chiba Area has many locations for tourists. The tourism market is expected to increase along with promotional activities for sightseeing in this area.



An increasing number of small and medium-sized enterprises are aware of environmental concerns in management. Needs involving capital expenditure in this sector are expected to increase.



The private sector will play a major role in meeting the demand for updating public infrastructure as well as for reconstruction projects.



Japanese companies are responding to economic globalization in such ways as establishing and enlarging overseas operations and increasing foreign trade.

\* PFI: Private Finance Initiatives

### ● Business Matching

The Chiba Bank leverages its extensive service network to bring together companies to combine their resources and create new businesses.

#### The Chibagin Marché

Sales fair of farm products of Chiba Prefecture



#### Regional Banks—Food Selection

A food exhibition and business conference held by regional banks in Japan



#### Shanghai Business Community Seminar

A seminar in Shanghai to discuss the Chinese economy and associated subjects





## International Business

With branches in New York, Hong Kong, and London and representative offices in Shanghai and Singapore, the Chiba Bank is strengthening its base for assisting customers with international business operations. In particular, as more customers start operations in Asia, we have been enlarging our network in this region.

The Hong Kong Branch began operations in 1989 and the Shanghai Representative Office opened in 1995. As the rapid growth of markets and economies in Asia continued, we established the Singapore Representative Office in March 2011.

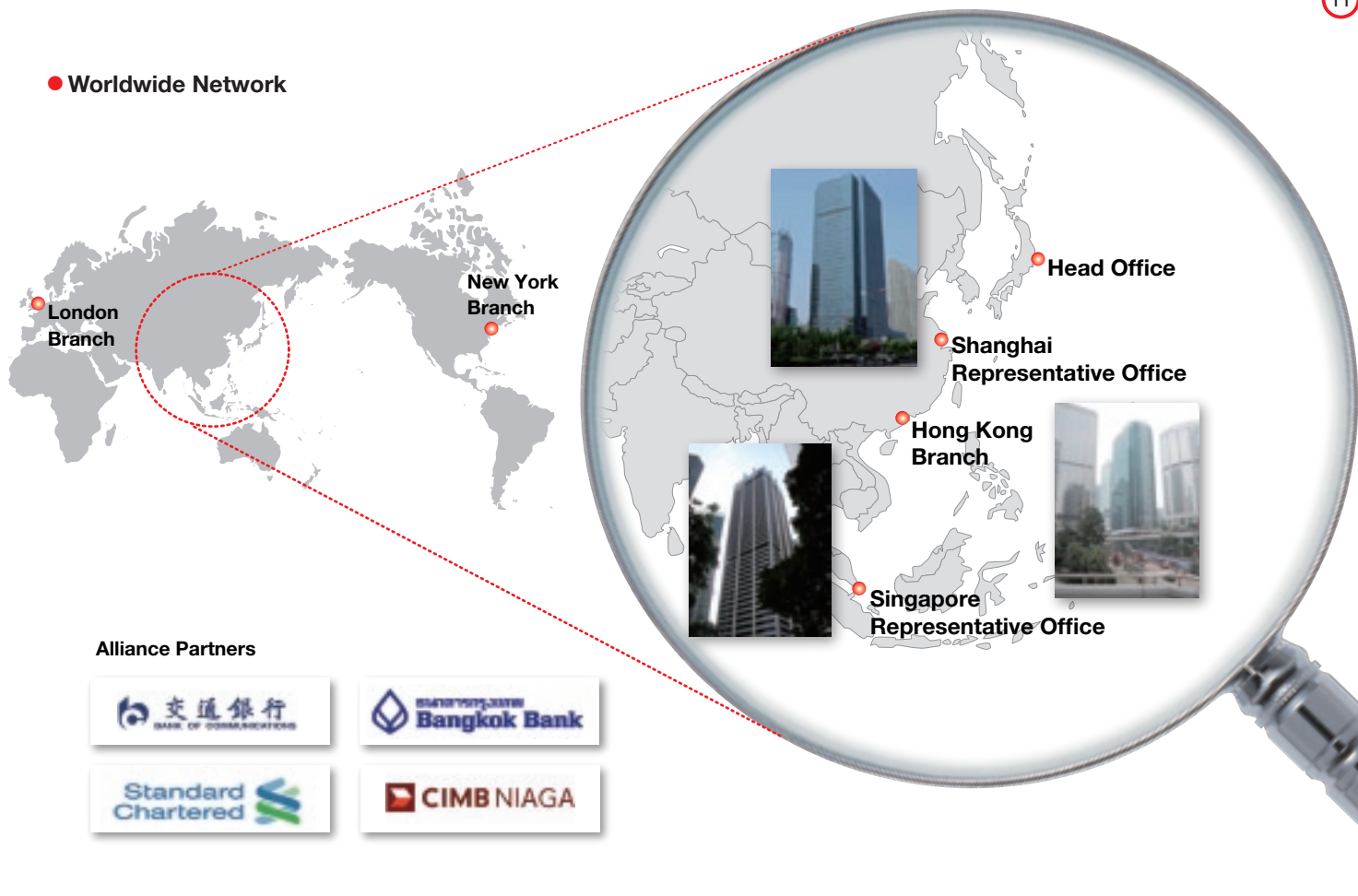
The Chiba Bank has formed relationships with financial institutions in other countries. In 2008, business alliances were established with Bangkok Bank PCL in Thailand and Bank of Communications in China. Since February 2011, we have

assigned an employee to work at the Japan Desk of Bangkok Bank PCL. Furthermore, we formed business alliances with Standard Chartered Bank in June 2011 and PT Bank CIMB Niaga Tbk in Indonesia in April 2012. With these alliances, we now cover nearly all regions of Asia.

Overseas operations are also growing in terms of products and services. We extend loans to our customers' overseas companies and provide other financial services. Furthermore, we started handling the Chinese Yuan at all branches in Japan and the Hong Kong Branch in 2011. We attentively meet customers' overseas needs for consultations on the local investment situation and support for entering new sales areas.

We will continue to take steps to increase earnings of international operations while supporting customers with our branches in Japan and the overseas network.

### Worldwide Network



## ● Sales of Investment-type Financial Products

The increasing amounts of personal financial assets in the Wider Chiba Area create a variety of asset management needs. The Chiba Bank has assertively taken advantage of deregulation to offer an increasingly broad financial product range. With many of our employees having highly specialized knowledge of asset management, taxes, and related fields, we are further improving our ability to promote and sell our financial products.

## Business Strategy for High-net-worth Clients

The Chiba Bank's customer base includes about 30,000 high-net-worth clients with financial assets of ¥100 million or above, which provides a positive business environment.

Over the years, we have enlarged our product lineup to meet the needs of these clients with substantial financial assets. In June 2006, we were the first regional bank in Japan to begin the direct operation of a trust business. This business provides estate planning services such as will trusts and inheritance procedures. In 2010, we established an alliance with Lombard Odier Trust (Japan) Ltd. This gives us an even larger selection

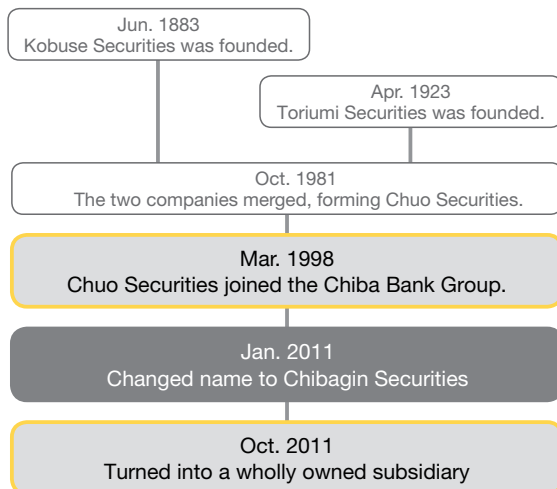
of financial products to serve this customer segment in such ways as meeting the need to preserve the value of assets and pass them on to the next generation.

To further strengthen services, the Chiba Bank is working even more closely with Chibagin Securities, the Group's securities subsidiary. Combining the Bank's customer base with Chibagin Securities' expertise in selling financial products enables us to meet a diverse range of needs among high-net-worth clients involving asset management and protecting assets.

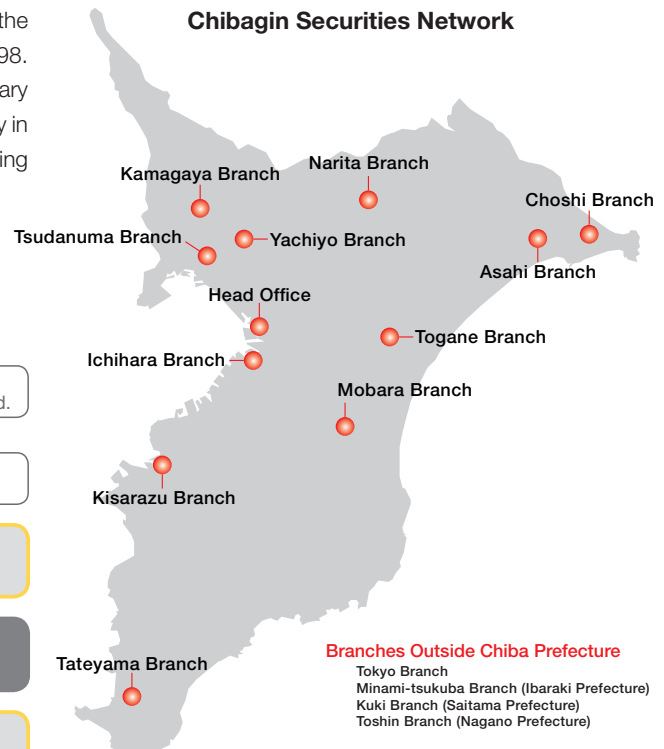
### ● Chibagin Securities

This company joined the Chiba Bank Group when the Bank purchased Chuo Securities Co., Ltd., in March 1998. Its name was changed to Chibagin Securities in January 2011. The company became a wholly owned subsidiary in October 2011 to further strengthen ties between banking and securities operations within the Group.

#### History



#### Chibagin Securities Network







## Retail Business Strategy

The Chiba Bank began selling investment trusts in 1998. Since then, sales have increased steadily as the Nikkei Average climbed, and have grown into a major source of earnings for the Bank. However, these sales decreased along with the drop in stock prices following the financial crisis of 2008. This was the first major stock market downturn for the bank and customers since we started selling investment trusts.

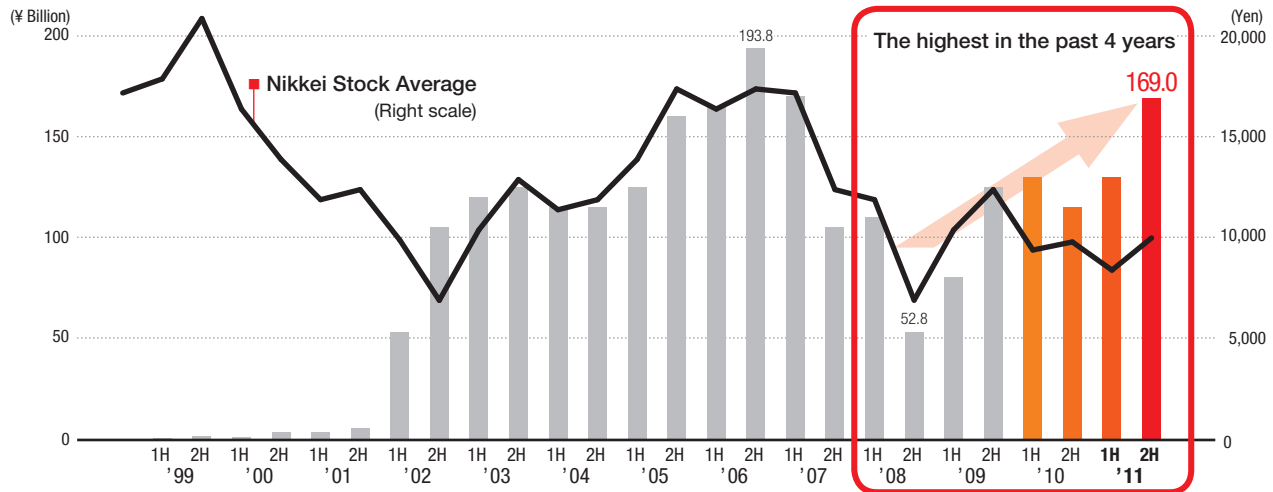
On the other hand, customers' needs for asset management services have grown. A major reason is the influx of money among the baby-boomer generation as they receive retirement payments and other funds while interest rates are at a historic low. Swiftly taking advantage of deregulation, the Chiba Bank has enlarged its product lineup to include investment-type financial products such as insurance policies. With this diverse lineup, the Chiba Bank has developed the ability to conduct

stable sales regardless of stock market conditions.

The partial deregulation for bank sales of insurance policies made it possible to start offering indemnity-type insurance to customers applying for housing loans starting in April 2012. This revision also allows selling indemnity-type insurance to the owners of businesses that use our loans. To capitalize on opportunities created by deregulation, we have increased the number of insurance specialists at our Consulting Plazas (see column below). We plan to make sales of indemnity-type insurance a new source of earnings.

The Chiba Bank and Chibagin Securities plan to increase total assets under management for individuals from the current ¥1.6 trillion to ¥2 trillion.

### ● Sales of investment-type financial products



### ● Consulting Plaza

The Chiba Bank operates three Consulting Plazas which are open even on weekends and bank holidays. Consulting Plazas specialize in providing customers with proposals involving a diverse range of financial products. Customers can receive information about financial products and asset management, and consult with tax accountants and other specialists. We are increasing the number of insurance specialists assigned to Consulting Plazas from 10 to 15 by October 2012. The aim is to improve services for customers while increasing fee income from the sale of indemnity-type insurance.





# CSR Activity

As a regional bank dedicated to growing along with the communities it serves, the Chiba Bank Group is engaged in CSR activity in accordance with the Group CSR Activity Policy. Based on this policy, we use our business activities to contribute to the creation of a sustainable regional society as we meet the expectations of all stakeholders.

## ● Group CSR Activity Policy

To help create a sustainable regional society, the Chiba Bank Group will have a strong commitment to the CSR Activity by 1) leveraging the Group's financial intermediary functions and other core business operations, 2) conducting sincere and fair business activities, and 3) resolving a broad range of social issues, including climate change and other environmental problems. All directors and employees are aware that they play a central role and actively engage in the CSR activity.

Furthermore, by disclosing information about the Group's CSR Activity, we deepen relationships with stakeholders and define a common vision for a "new local community/regional society."

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### Chibagin Himawari\* Concerts

The Chiba Bank has been holding Chibagin Himawari Concerts on a regular basis since 1989. The concerts are open to customers from throughout our region at no cost.



### Financial Education Activities

The Chiba Bank engages in activities to disseminate financial education. Elementary, junior high and senior high school students are given the opportunity to visit the Chiba Bank's workplaces to learn about financial subjects. The Chiba Bank also sends employees to schools to conduct finance classes. Other activities include instructing a university course and conducting training programs for school teachers about bank operations and customer services.



### Support for Earthquake Sufferers

The Chiba Bank distributed Christmas presents to children in areas that were damaged by the Great East Japan Earthquake. The presents included toys, such as stuffed animals and toy cars, as well as items to keep warm, such as gloves and scarfs.



### The Chibagin Cup

Since 1995, a pre-season soccer match called the Chibagin Cup has been held to support local J League soccer teams and promote local sports. Every year, about 300 people with disabilities are invited to enjoy this event at no cost.

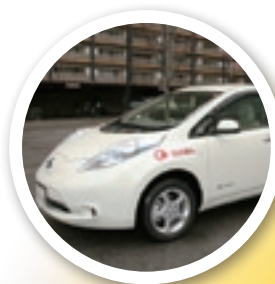
### Environmentally Responsible Branches

To respond to climate change, the Chiba Bank installs solar power systems and rooftop vegetation primarily at new and renovated branches.



### Environmental Vehicles

The Chiba Bank is replacing its corporate fleet with hybrid vehicles, mainly at the head office, and uses electric vehicles, which have no CO<sub>2</sub> emissions.



### Chibagin Forest

Since March 2003, the Chiba Bank has been involved in forestry activities (Chibagin Forest) in order to nurture vegetation that absorbs CO<sub>2</sub>. Bank employees work with volunteers from nearby communities to plant trees and preserve the forest.



### Himawari\* Venture Development Fund

Himawari Venture Development Fund has been making development grants to assist new business ventures in Chiba Prefecture. As of February 2012, grants totaling ¥435 million had been distributed to 145 ventures since the fund was established in 1998.



### Energizing Regional Economies

In November 2011, the Chiba Bank formed an alliance with the Chiba City municipal government to establish an alliance for increasing the vitality of regional economies. Through this collaboration, we will contribute to the local community in such ways as the promotion of international economic interaction, support for attracting companies and establishing new businesses, and programs to increase tourism.



### International Business Activities

In June 2012, the Chiba Bank formed an alliance with the Chiba prefectural government for cooperation in international business activities. The Bank and the prefecture support companies in Chiba with increasing overseas sales channels and promoting the growth of the tourism industry. Through these activities, we plan to contribute to the vitality of the prefecture's economy and offer new services to our customers.



\* "Himawari" is Japanese for "sunflower," which is the symbol of the Chiba Bank.

# 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, including on-site guidance.

## 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 a 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.



# Financial and Corporate Information

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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
	2012	2011	2010	2009	2008	2012
<b>For the Year:</b>						
Total Income	¥ 225,435	¥ 229,583	¥ 241,443	¥ 262,859	¥ 274,252	\$ 2,742,864
Total Expenses	155,950	159,417	178,087	248,118	192,792	1,897,443
Income Before Income Taxes and Minority Interests	69,485	70,166	63,356	14,741	81,460	845,421
Net Income before Minority Interests	41,487	41,458	38,246	12,789	46,625	504,779
Net Income	40,770	40,611	37,579	12,392	45,980	496,056
<b>At Year-End:</b>						
Total Assets	¥10,916,760	¥10,552,989	¥10,261,464	¥10,062,926	¥9,835,939	\$132,823,463
Loans and Bills Discounted	7,554,923	7,346,143	7,130,386	6,955,624	6,624,687	91,920,230
Securities	2,106,492	1,920,113	1,977,849	1,893,075	2,045,011	25,629,542
Deposits	9,639,615	9,275,235	8,966,015	8,654,989	8,504,095	117,284,528
Net Assets	664,076	625,990	605,598	537,671	580,168	8,079,769
Capital Ratio (BIS guidelines)	14.35%	13.37%	12.80%	11.70%	12.20%	
PER (Times)	11.36	10.20	13.29	34.98	13.16	
PBR (Times)	0.70	0.67	0.84	0.82	1.06	

18

	Yen					U.S. Dollars
	2012	2011	2010	2009	2008	2012
<b>Per Share:</b>						
Net Income	¥ 46.47	¥ 45.65	¥ 42.04	¥ 13.86	¥ 51.43	\$0.57
Net Assets	747.90	692.74	662.90	587.51	634.94	9.10

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

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥82.19 to \$1.00, the exchange rate prevailing at March 31, 2012.

## Management's Discussion and Analysis

### Financial and Economic Environment

The Japanese economy began to recover slowly after the Great East Japan Earthquake and nuclear power plant incident. Early in FY2011, the year ended March 31, 2012, manufacturing rebounded along with the restoration of disrupted supply chains and the growth in consumer spending, mainly for energy-saving products. In the second half of the fiscal year, the Japanese economy continued to recover due to the supplementary budget for earthquake reconstruction and to healthy consumer spending. On the other hand, economic uncertainty increased, including the outlook for exports, due to the deepening European debt issue and the persistently strong yen.

In financial markets, the unsecured overnight call rate remained below 0.1% during the entire fiscal year. The interest rate of 10-year government bonds remained at around 1.0% during the fiscal year, briefly rising to the 1.3% level due to the effects of the earthquake. The Nikkei Stock Market Index fell below ¥8,100 at one point because of slowing global economic growth and other sources of concern, then subsequently rallied to more than ¥10,000 late in the fiscal year due to additional monetary easing by the Bank of Japan and a decline in the yen from its record highs.

### Business Performance

Deposits increased ¥364.3 billion from the end of the previous fiscal year to ¥9,639.6 billion. We offered a diverse lineup of financial products and services with the aim of serving as the main bank for more households, such as for accounts used for receiving salaries or pension payments.

Loans and bills discounted increased ¥208.7 billion to ¥7,554.9 billion due to our extensive measures to meet the funding demands of corporate and individual customers. As a result, total assets at March 31, 2012 increased ¥363.7 billion from the end of the previous fiscal year to ¥10,916.7 billion.

### Income and Expenses

Consolidated total income decreased ¥4,148 million to ¥225,435 million mainly because of a decline in interest income caused by lower interest rates. Consolidated total expenses decreased ¥3,466 million to ¥155,950 million. The main reasons were an improvement in disposal of non-performing loans and a decrease in interest expenses including interest on deposits.

Consolidated net income increased ¥159 million to ¥40,770 million. Deferred income taxes increased because of a revision in the statutory effective tax rate. Net income also reflects a gain from

negative goodwill resulting from the share exchange that made consolidated subsidiary Chibagin Securities Co., Ltd., a wholly owned subsidiary.

### Cash Flows

Net cash provided by operating activities was a net inflow of ¥59.9 billion mainly due to a net increase in deposits, a decrease of ¥21.4 billion from a net inflow of ¥81.4 billion in the previous fiscal year.

Net cash used in investing activities was a net outflow of ¥188.0 billion mainly due to purchase of securities, a decrease of ¥220.7 billion from a net inflow of ¥32.6 billion in the previous fiscal year.

Net cash used in financing activities was a net outflow of ¥15.8 billion mainly due to cash dividends paid, a decrease of ¥0.7 billion from a net outflow of ¥15.1 billion in the previous fiscal year.

As a result, cash and cash equivalents was ¥274.8 billion at the end of FY2011, a decrease of ¥144.0 billion.

### Dividend Policy

The 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, whilst maintaining the Chiba Bank's sound financial health and fulfilling our important public role. In line with this policy, we make dividend payments twice each fiscal year: an interim dividend paid with a September 30 date of record and a year-end dividend paid with a March 31 date of record. The interim dividend is approved by the Board of Directors and the year-end dividend by the General Meeting of Shareholders. For FY2011, shareholders approved a year-end dividend of ¥5.5 per share. With the interim dividend, this results in a total FY2011 dividend of ¥11 per share.

### Outlook for FY2012

In the fiscal year ending March 31, 2013, the Chiba Bank Group projects ordinary profit of ¥69.0 billion and net income of ¥42.0 billion on a consolidated basis.

On a non-consolidated basis, the Chiba Bank projects ordinary profit of ¥64.0 billion, and net income of ¥40.0 billion. The dividend forecast for the fiscal year is ¥11 per share, the sum of interim and year-end dividends of ¥5.5 each.

## 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 ¥160.1 billion as of March 31, 2012, and the non-performing loan ratio was 2.08%.

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, 2011	As of March 31, 2012	As of March 31, 2011	As of March 31, 2012
Loans to Bankrupt Borrowers	3.2	4.4	3.0	4.0
Delinquent Loans	83.8	97.2	84.5	96.7
Loans Past Due 3 Months or More	4.1	3.6	4.1	3.6
Restructured Loans	54.2	54.5	54.3	54.6
Total	145.5	159.9	146.0	159.1



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 72.1%, 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, 2011	As of March 31, 2012
Bankrupt and Substantially Bankrupt Claims	19.2	23.5
Doubtful Claims	68.1	78.3
Substandard Claims	58.4	58.2
Total	145.8	160.1
Total Claims Outstanding	7,494.9	7,700.5
Non-performing Loan Ratio (%)	1.94	2.08
Coverage Ratio (%)	70.6	72.1

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

(Non-Consolidated) (As of March 31, 2012)

(¥ 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	23.5	Loans to Bankrupt Borrowers	4.4	Bankrupt and Substantially Bankrupt Claims	23.5
		Delinquent Loans	97.2		
Potentially Bankrupt Assets	78.3			Doubtful Claims	78.3
Assets Requiring Caution	71.7	Loans Past Due 3 Months or More	3.6	Substandard Claims	58.2
		Restructured Loans	54.5		
1,369.0	Other Assets Requiring Caution	1,297.2		Normal Claims	7,540.3
Normal Assets	6,229.5				
Total Assets	7,700.5	Loans Outstanding	7,581.7	Total Claims	7,700.5

## 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.

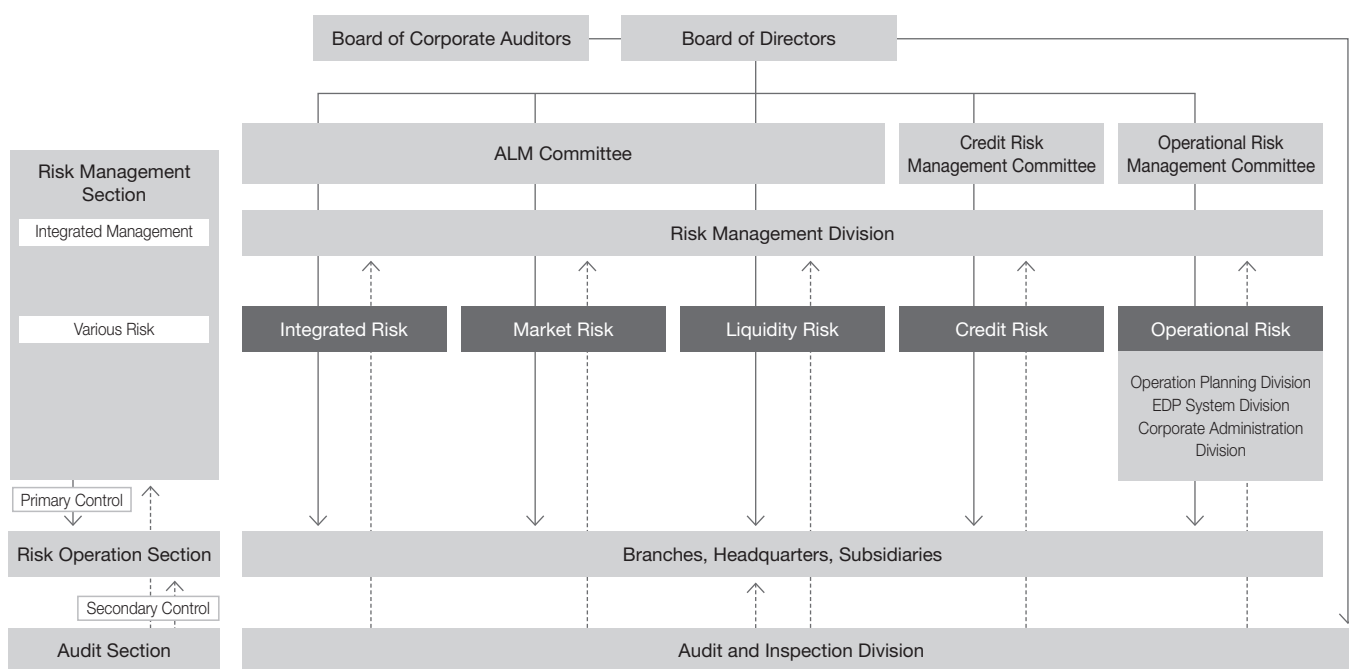
By importing the quantitative results into various systems, we utilize them in loan pricing that reflects credit risk and other processes. In this way, we aim to ensure more appropriate interest rate levels than were previously possible and refine risk management.

### 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 II Compliance**

Basel II (capital adequacy regulation applied in fiscal 2006) 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 using 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) since FY2006 and are more thoroughly reflecting risk in capital ratio.

In response to the tighter restrictions on securitized products that became effective at the end of December 2011, the Chiba Bank has strengthened management system for these products, including the use of more sophisticated monitoring methods. In addition, new capital adequacy regulation (Basel III) is planned to become effective starting with the fiscal year ending March 31, 2013. The Chiba Bank is currently developing and strengthening management systems to comply with these regulations.

## Consolidated Balance Sheets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2012

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Assets</b>			
Cash and Due from Banks (Note 27)	¥ 473,117	¥ 569,455	\$ 5,753,388
Call Loans and Bills Bought	74,621	54,700	907,912
Receivables under Resale Agreements	29,992	9,996	364,914
Monetary Claims Bought	30,995	37,137	377,114
Trading Assets (Notes 6, 12 and 32)	327,044	284,635	3,979,131
Money Held in Trust (Note 34)	28,899	28,929	351,620
Securities (Notes 7, 12 and 32)	2,106,492	1,920,113	25,629,542
Loans and Bills Discounted (Notes 8 and 12)	7,554,923	7,346,143	91,920,230
Foreign Exchanges (Note 9)	2,205	3,034	26,830
Other Assets (Notes 10 and 12)	93,810	100,099	1,141,383
Tangible Fixed Assets (Note 11)	98,567	96,469	1,199,263
Intangible Fixed Assets	10,221	9,751	124,368
Deferred Tax Assets (Note 30)	34,506	49,839	419,836
Customers' Liabilities for Acceptances and Guarantees	101,464	101,429	1,234,513
Allowance for Loan Losses	(50,101)	(58,747)	(609,580)
<b>Total Assets</b>	<b>¥10,916,760</b>	<b>¥10,552,989</b>	<b>\$132,823,463</b>
<b>Liabilities</b>			
Deposits (Notes 12 and 13)	¥ 9,639,615	¥ 9,275,235	\$117,284,528
Call Money and Bills Sold	34,095	23,797	414,836
Payables under Repurchase Agreements (Note 12)	—	14,998	—
Payables under Securities Lending Transactions (Note 12)	77,347	50,776	941,078
Trading Liabilities (Note 14)	29,403	26,674	357,744
Borrowed Money (Notes 12 and 15)	162,635	256,709	1,978,773
Foreign Exchanges (Note 16)	229	480	2,796
Bonds Payable (Note 17)	40,000	40,000	486,677
Other Liabilities (Note 18)	132,840	100,237	1,616,258
Provision for Retirement Benefits (Note 19)	19,531	19,238	237,642
Provision for Directors' Retirement Benefits	228	229	2,783
Provision for Reimbursement of Deposits	1,522	950	18,530
Provision for Point Loyalty Programs	397	1,065	4,838
Reserve under the Special Laws	17	18	218
Deferred Tax Liabilities (Note 30)	113	—	1,386
Deferred Tax Liabilities for Land Revaluation (Note 20)	13,240	15,158	161,092
Acceptances and Guarantees	101,464	101,429	1,234,513
<b>Total Liabilities</b>	<b>¥10,252,684</b>	<b>¥ 9,926,998</b>	<b>\$124,743,694</b>
<b>Net Assets</b>			
Capital Stock (Note 21)	¥ 145,069	¥ 145,069	\$ 1,765,046
Capital Surplus	123,591	123,380	1,503,732
Retained Earnings	376,039	344,884	4,575,250
Treasury Stock	(8,480)	(6,358)	(103,177)
Total Shareholders' Equity	636,220	606,975	7,740,851
Valuation Difference on Available-for-sale Securities (Note 35)	13,268	(1,115)	161,439
Deferred Gains or Losses on Hedges	(1,549)	(1,259)	(18,855)
Revaluation Reserve for Land (Note 20)	9,393	7,548	114,288
Total Accumulated Other Comprehensive Income	21,112	5,174	256,872
Subscription Rights to Shares	231	108	2,822
Minority Interests	6,511	13,732	79,225
<b>Total Net Assets</b>	<b>¥ 664,076</b>	<b>¥ 625,990</b>	<b>\$ 8,079,769</b>
<b>Total Liabilities and Net Assets</b>	<b>¥10,916,760</b>	<b>¥10,552,989</b>	<b>\$132,823,463</b>

See notes to consolidated financial statements.



## Consolidated Statements of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2012

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥126,320	¥130,776	\$1,536,933
Interest and Dividends on Securities	18,764	20,571	228,308
Other Interest Income	1,464	967	17,818
Trust Fees	1	2	15
Fees and Commissions	40,445	40,035	492,093
Trading Income (Note 22)	1,987	1,614	24,180
Other Ordinary Income (Note 23)	5,979	7,116	72,752
Other Income (Note 24)	30,473	28,498	370,764
<b>Total Income</b>	<b>¥225,435</b>	<b>¥229,583</b>	<b>\$2,742,864</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 5,952	¥ 8,458	\$ 72,429
Interest on Borrowings and Rediscounts	1,163	1,136	14,158
Other Interest Expenses	4,528	4,381	55,095
Fees and Commissions Payments	15,495	15,110	188,530
Other Ordinary Expenses (Note 25)	3,193	799	38,856
General and Administrative Expenses	88,381	88,017	1,075,338
Other Expenses (Note 26)	37,235	41,514	453,037
<b>Total Expenses</b>	<b>¥155,950</b>	<b>¥159,417</b>	<b>\$1,897,443</b>
Income before Income Taxes and Minority Interests	69,485	70,166	845,421
Income Taxes—Current	20,579	21,405	250,394
Income Taxes—Deferred	7,417	7,302	90,247
Net Income before Minority Interests	41,487	41,458	504,779
Minority Interests in Income	716	847	8,723
<b>Net Income</b>	<b>¥ 40,770</b>	<b>¥ 40,611</b>	<b>\$ 496,056</b>

See notes to consolidated financial statements.

## Consolidated Statements of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2012

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Income before Minority Interests</b>	<b>¥41,487</b>	<b>¥41,458</b>	<b>\$504,779</b>
Other Comprehensive Income (Note 28)			
Valuation Difference on Available-for-sale Securities	14,299	(6,927)	173,976
Deferred Gains or Losses on Hedges	(290)	880	(3,535)
Revaluation Reserve for Land	1,883	—	22,915
Share of Other Comprehensive Income of Associates accounted for using Equity Method	0	(5)	10
Total Other Comprehensive Income	15,892	(6,052)	193,366
Comprehensive Income	¥57,380	¥35,405	\$698,146
(Breakdown)			
Comprehensive Income Attributable to Owners of the Parent	¥56,748	¥34,621	\$690,449
Comprehensive Income Attributable to Minority Interests	¥ 632	¥ 784	\$ 7,696

See notes to consolidated financial statements.



## Consolidated Statements of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2012

Millions of Yen (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Minority Interests	Total Net Assets
Balance at March 31, 2010	¥145,069	¥123,383	¥313,990	¥(1,257)	¥581,185	¥ 5,754	¥(2,139)	¥7,662	¥11,277	¥—	¥13,135	¥605,598
Net Income	—	—	40,611	—	40,611	—	—	—	—	—	—	40,611
Cash Dividends	—	—	(9,831)	—	(9,831)	—	—	—	—	—	—	(9,831)
Purchase of Treasury Stock	—	—	—	(5,114)	(5,114)	—	—	—	—	—	—	(5,114)
Disposal of Treasury Stock	—	(2)	—	14	11	—	—	—	—	—	—	11
Reversal of Revaluation Reserve for Land	—	—	113	—	113	—	—	—	—	—	—	113
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	(6,869)	880	(113)	(6,103)	108	596	(5,397)
Total of Items during FY2010	—	(2)	30,893	(5,100)	25,790	(6,869)	880	(113)	(6,103)	108	596	20,392
Balance at March 31, 2011	¥145,069	¥123,380	¥344,884	¥(6,358)	¥606,975	¥(1,115)	¥(2,259)	¥7,548	¥ 5,174	¥108	¥13,732	¥625,990
Net Income	—	—	40,770	—	40,770	—	—	—	—	—	—	40,770
Cash Dividends	—	—	(9,654)	—	(9,654)	—	—	—	—	—	—	(9,654)
Purchase of Treasury Stock	—	—	—	(6,121)	(6,121)	—	—	—	—	—	—	(6,121)
Disposal of Treasury Stock	—	211	—	3,999	4,211	—	—	—	—	—	—	4,211
Reversal of Revaluation Reserve for Land	—	—	38	—	38	—	—	—	—	—	—	38
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	14,384	(290)	1,844	15,938	122	(7,220)	8,840
Total of Items during FY2011	—	211	31,155	(2,122)	29,244	14,384	(290)	1,844	15,938	122	(7,220)	38,085
<b>Balance at March 31, 2012</b>	<b>¥145,069</b>	<b>¥123,591</b>	<b>¥376,039</b>	<b>¥(8,480)</b>	<b>¥636,220</b>	<b>¥13,268</b>	<b>¥(1,549)</b>	<b>¥9,393</b>	<b>¥21,112</b>	<b>¥231</b>	<b>¥ 6,511</b>	<b>¥664,076</b>

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Minority Interests	Total Net Assets
Balance at March 31, 2011	\$1,765,046	\$1,501,158	\$4,196,186	\$ (77,358)	\$7,385,032	\$ (13,573)	\$(15,321)	\$ 91,846	\$ 62,952	\$1,326	\$167,079	\$7,616,388
Net Income	—	—	496,056	—	496,056	—	—	—	—	—	—	496,056
Cash Dividends	—	—	(117,466)	—	(117,466)	—	—	—	—	—	—	(117,466)
Purchase of Treasury Stock	—	—	—	(74,482)	(74,482)	—	—	—	—	—	—	(74,482)
Disposal of Treasury Stock	—	2,574	—	48,664	51,238	—	—	—	—	—	—	51,238
Reversal of Revaluation Reserve for Land	—	—	473	—	473	—	—	—	—	—	—	473
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	175,013	(3,535)	22,442	193,920	1,496	(87,854)	107,563
Total of Items during FY2011	—	2,574	379,064	(25,819)	355,819	175,013	(3,535)	22,442	193,920	1,496	(87,854)	463,381
<b>Balance at March 31, 2012</b>	<b>\$1,765,046</b>	<b>\$1,503,732</b>	<b>\$4,575,250</b>	<b>\$(103,177)</b>	<b>\$7,740,851</b>	<b>\$161,439</b>	<b>\$(18,855)</b>	<b>\$114,288</b>	<b>\$256,872</b>	<b>\$2,822</b>	<b>\$ 79,225</b>	<b>\$8,079,769</b>

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2012

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Cash Flows from Operating Activities:</b>			
Income before Income Taxes and Minority Interests	¥ 69,485	¥ 70,166	\$ 845,421
Depreciation and Amortization	7,340	6,538	89,311
Impairment Loss	139	317	1,699
Gain on Negative Goodwill	(3,408)	—	(41,475)
Equity in (Earnings) Losses of Affiliates	(119)	(146)	(1,454)
Increase (Decrease) in Allowance for Loan Losses	(8,646)	342	(105,197)
Increase (Decrease) in Provision for Directors' Bonuses	—	(56)	—
Increase (Decrease) in Provision for Retirement Benefits	293	(44)	3,575
Increase (Decrease) in Provision for Point Loyalty Programs	(667)	(53)	(8,125)
Increase (Decrease) in Provision for Reimbursement of Deposits	572	(7)	6,970
Increase (Decrease) in Provision for Directors' Retirement Benefits	(0)	(951)	(11)
Interest Income	(146,549)	(152,315)	(1,783,059)
Interest Expenses	11,644	13,975	141,682
Loss (Gain) Related to Securities	8,288	825	100,842
Loss (Gain) on Money Held in Trust	52	(340)	641
Loss (Gain) on Foreign Exchange Transactions	30	97	372
Loss (Gain) on Disposal of Fixed Assets	727	100	8,857
Net Decrease (Increase) in Trading Assets	(42,409)	25,882	(515,996)
Net Increase (Decrease) in Trading Liabilities	2,728	4,083	33,193
Net Decrease (Increase) in Loans and Bills Discounted	(208,779)	(215,757)	(2,540,208)
Net Increase (Decrease) in Deposits (excluding Negotiable Certificates of Deposit)	234,594	328,859	2,854,296
Net Increase (Decrease) in Negotiable Certificates of Deposit	129,785	(19,639)	1,579,086
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	(94,073)	150,683	(1,144,588)
Net Decrease (Increase) in Due from Banks (excluding Due from BOJ)	(47,688)	(100,114)	(580,226)
Net Decrease (Increase) in Call Loans and Bills Bought and Others	(33,774)	15,158	(410,927)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	—	6,270	—
Net Increase (Decrease) in Call Money and Bills Sold	(4,700)	(148,847)	(57,190)
Net Increase (Decrease) in Payables under Securities Lending Transactions	26,571	(60,129)	323,288
Net Decrease (Increase) in Foreign Exchanges—Assets	828	(223)	10,086
Net Increase (Decrease) in Foreign Exchanges—Liabilities	(250)	265	(3,049)
Interest and Dividends Received	148,600	155,537	1,808,015
Interest Paid	(13,609)	(15,990)	(165,582)
Other, net	47,223	33,647	574,562
Subtotal	¥ 84,228	¥ 98,135	\$ 1,024,807
Income Taxes Paid	(24,259)	(16,722)	(295,161)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ 59,969</b>	<b>¥ 81,412</b>	<b>\$ 729,646</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Securities	¥(786,022)	¥(655,382)	\$(9,563,481)
Proceeds from Sales of Securities	337,430	378,554	4,105,496
Proceeds from Redemption of Securities	274,630	320,565	3,341,413
Increase in Money Held in Trust	(9,960)	(1,588)	(121,184)
Decrease in Money Held in Trust	9,101	982	110,741
Purchase of Tangible Fixed Assets	(9,704)	(8,967)	(118,071)
Purchase of Intangible Fixed Assets	(4,451)	(3,958)	(54,162)
Proceeds from Sales of Tangible Fixed Assets	872	2,410	10,619
Proceeds from Sales of Intangible Fixed Assets	10	31	132
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥(188,091)</b>	<b>¥ 32,647</b>	<b>\$(2,288,498)</b>
<b>Cash Flows from Financing Activities:</b>			
Increase in Subordinated Bonds	¥ 10,000	¥ —	\$ 121,669
Redemption of Subordinated Bonds	(10,000)	—	(121,669)
Cash Dividends Paid	(9,654)	(9,831)	(117,466)
Cash Dividends Paid to Minority Shareholders	(150)	(187)	(1,825)
Purchase of Treasury Stock	(6,121)	(5,114)	(74,482)
Proceeds from Sales of Treasury Stock	52	11	636
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (15,873)</b>	<b>¥ (15,121)</b>	<b>\$ (193,137)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>¥ (30)</b>	<b>¥ (97)</b>	<b>\$ (372)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥(144,026)</b>	<b>¥ 98,840</b>	<b>\$(1,752,361)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>¥ 418,865</b>	<b>¥ 320,024</b>	<b>\$ 5,096,304</b>
<b>Cash and Cash Equivalents at End of Period (Note 27)</b>	<b>¥ 274,838</b>	<b>¥ 418,865</b>	<b>\$ 3,343,943</b>

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Year ended March 31, 2012

### 1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The classification of accounts is in conformity with the 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 ¥82.19 to \$1.00, the exchange rate prevailing at March 31, 2012.

### 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, 2012 was 9 (9 as of March 31, 2011).

All significant inter-company accounts and transactions have been eliminated. The consolidated financial statements do not include the accounts of the Chibagin Computer Service Co., Ltd. and three other subsidiaries, since the combined total assets, total revenue, net income and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets. Also, the consolidated financial statements do not include the accounts of five limited partnerships. The investments in these unconsolidated subsidiaries are not accounted for by the equity method since net income and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Two SPCs (Special Purpose Company) are not included since those companies are not significant and would not have a material impact. 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 arbitraging short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitraging differentials between markets (hereafter "trading purposes") are accounted for under "Trading Assets" or "Trading Liabilities" on the balance sheets. Profit or loss from such transactions is recorded under "Trading Income" or "Trading Expenses" on the consolidated statements of income.

Trading securities and monetary claims, etc. held for trading purposes are stated at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, futures or options are valued on the assumption that they were settled at the end of the fiscal year.

In the case of trading-related financial derivatives, "Trading Income/Expense" 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 for 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 for intangible fixed assets is computed using the straight-line method. Especially, depreciation for capitalized software for internal use is computed using the straight-line method based on useful life determined by the Bank and its consolidated subsidiaries (5 years).

#### (6) Allowance for Loan Losses

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

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), 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, 2012 was ¥47,135

million (¥46,493 million as of March 31, 2011). 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 Retirement Benefits

The Bank has a provision for retirement benefits which is provided for the payments of employees' retirement benefits based on the estimated amounts of the actuarial retirement benefit obligation and the plan assets.

Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence.

#### (8) Provision for Directors' Retirement Benefits

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

#### (9) 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.

#### (10) 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 based on the estimated amounts equivalent to expected future usage of the points.

#### (11) Reserve under the Special Laws

Reserve under the 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.

#### (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 29).

(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. Additional Information

From the beginning of the fiscal year ended March 31, 2012, the Bank adopted ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" (December 4, 2009) and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (December 4, 2009) to make changes in accounting principles and correction of errors. Accounting treatment under this standard and guidance are as follows:

##### (1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, the new policy applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions.

##### (2) Changes in Presentations

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

##### (3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

##### (4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

##### (5) Changes in Expression of Figures

The revision of regulation on consolidated balance sheet (September 30, 2010) was applied from April 1, 2011 and applicable to financial statements of the fiscal year 2011. Accordingly, the figures of the fiscal year 2010 are shown as comparative information of the fiscal year 2011.

#### 5. Securities Borrowing Transactions

As for securities borrowed under repurchase agreement which the Bank has the right to sell or pledge, ¥31,738 million was held in hand on March 31, 2012 (¥10,948 million on March 31, 2011).

## 6. Trading Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Trading Account Securities	¥ 10,223	¥ 9,477	\$ 124,383
Derivatives of Trading Securities	6	1	75
Trading-related Financial Derivatives	29,829	26,889	362,934
Other Trading Assets	286,985	248,266	3,491,738
Total	¥327,044	¥284,635	\$3,979,131

## 7. Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Japanese Government Bonds	¥1,064,937	¥ 866,913	\$12,957,019
Japanese Local Government Bonds	361,251	323,250	4,395,316
Japanese Corporate Bonds	224,898	264,965	2,736,320
Japanese Stocks	137,139	141,208	1,668,571
Other Securities	318,265	323,775	3,872,315
Total	¥2,106,492	¥1,920,113	\$25,629,542

Securities included investments in non-consolidated subsidiaries and affiliates ¥3,314 million on March 31, 2012 (¥3,502 million on March 31, 2011).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in Japanese Corporate Bonds was ¥33,680 million as of March 31, 2012 (¥40,800 million as of March 31, 2011).

## 8. Loans and Bills Discounted

### (1) Loans and bills discounted:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Bills Discounted	¥ 24,531	¥ 22,620	\$ 298,478
Loans on Bills	163,012	170,692	1,983,365
Loans on Deeds	6,826,284	6,547,478	83,054,925
Overdrafts	541,094	605,353	6,583,461
Total	¥7,554,923	¥7,346,143	\$91,920,230

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, 2012 was ¥25,111 million (¥22,808 million as of March 31, 2011).

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 ¥2,044,681 million relating to these contracts, including ¥1,958,444 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2012 (The respective amounts were ¥1,855,235 million and ¥1,780,357 million as of March 31, 2011).

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, 2012 was ¥977,243 million (¥989,717 million as of March 31, 2011). 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)
	2012	2011	2012
Loans to Bankrupt Borrowers	¥ 4,095	¥ 3,057	\$ 49,826
Delinquent Loans	96,771	84,501	1,177,416
Loans Past Due 3 Months or More	3,686	4,180	44,854
Restructured Loans	54,604	54,325	664,371
Total	¥159,158	¥146,064	\$1,936,467

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.



## 9. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Due from Foreign Banks (our accounts)	¥1,163	¥2,156	\$14,157
Foreign Bills Bought	585	190	7,125
Foreign Bills Receivable	456	686	5,548
Total	¥2,205	¥3,034	\$26,830

## 10. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Domestic Exchange Settlement Account, debit	¥ 0	¥ 814	\$ 1
Accrued Income	12,248	12,692	149,026
Prepaid Expenses	412	392	5,017
Derivatives	10,014	16,115	121,844
Lease Investment Assets	34,475	34,526	419,464
Other	36,659	35,558	446,031
Total	¥93,810	¥100,099	\$1,141,383

## 11. 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)
	2012	2011	2012
	¥89,965	¥94,819	\$1,094,607

Deferred gain on real estate deductible for tax purposes amounted to ¥11,274 million on March 31, 2012 (¥11,232 million on March 31, 2011).

## 12. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Securities	¥772,956	¥678,540	\$9,404,510
Trading Assets	—	14,997	—
Loans and Bills Discounted	82,288	99,234	1,001,195

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Deposits	¥ 40,250	¥ 30,397	\$ 489,725
Payables under Repurchase Agreements	—	14,998	—
Payables under Securities Lending Transactions	77,347	50,776	941,078
Borrowed Money	129,135	223,109	1,571,181

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)
	2012	2011	2012
Securities	¥167,771	¥172,761	\$2,041,265

Initial margins of futures markets of ¥84 million and guarantee deposits of ¥6,432 million were included in Other Assets as of March 31, 2012 (The respective amounts were ¥80 million and ¥6,078 million as of March 31, 2011).

## 13. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Current Deposits	¥ 189,116	¥ 173,921	\$ 2,300,966
Ordinary Deposits	5,350,233	5,073,725	65,095,923
Savings Deposits	241,022	242,828	2,932,498
Deposits at Notice	6,465	6,330	78,666
Time Deposits	3,412,545	3,451,275	41,520,203
Other Deposits	138,860	155,567	1,689,509
Subtotal	¥9,338,244	¥9,103,649	\$113,617,765
Negotiable Certificates of Deposit	301,371	171,586	3,666,763
Total	¥9,639,615	¥9,275,235	\$117,284,528

## 14. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Derivatives of Trading Securities	¥ —	¥ 19	\$ —
Trading-related Financial Derivatives	29,403	26,654	357,744
Total	¥29,403	¥26,674	\$357,744

## 15. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Borrowings from the Bank of Japan and Other Financial Institutions	¥162,635	¥256,709	\$1,978,773

Subordinated Borrowings of ¥33,000 million was included in Borrowed Money as of March 31, 2012 (¥33,000 as of March 31, 2011).

## 16. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Foreign Bills Sold	¥194	¥435	\$2,366
Foreign Bills Payable	35	44	430
Total	¥229	¥480	\$2,796



## 17. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Issuer: The Bank (Subordinated Bonds)	¥40,000	¥40,000	\$486,677

## 18. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Domestic Exchange Settlement			
Account, credit	¥ 1,453	¥ 6	\$ 17,689
Accrued Expenses	10,511	12,791	127,898
Unearned Revenue	23,254	22,712	282,933
Income Taxes Payable	10,057	13,736	122,368
Derivatives	13,205	17,862	160,667
Other	74,357	33,128	904,704
Total	¥132,840	¥100,237	\$1,616,258

## 19. 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.

(1) The liabilities/assets for employees' retirement benefit plans were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Retirement Benefit Obligation	¥(68,906)	¥(66,623)	\$(838,384)
Plan Assets at Fair Value	41,326	39,491	502,815
Unfunded Retirement Benefit Obligation	(27,580)	(27,131)	(335,569)
Unrecognized Actuarial Gain or Loss	10,908	9,888	132,722
Net Amount Accrued on the Balance Sheets	(16,672)	(17,242)	(202,847)
Prepaid Pension Cost	2,859	1,995	34,795
Provision for Retirement Benefits	¥(19,531)	¥(19,238)	\$(237,642)

(2) The components of retirement benefit cost were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Service Cost	¥ 1,910	¥ 1,927	\$ 23,248
Interest Cost	1,322	1,294	16,085
Expected Return on Plan Assets	(1,381)	(1,359)	(16,804)
Amortization of Actuarial Gain or Loss	1,847	1,863	22,484
Other (nonrecurring additional retirement allowance paid and other)	21	20	266
Net Periodic Retirement Benefit Cost	¥ 3,721	¥ 3,746	\$ 45,279

(3) Assumptions used in accounting for the above plans were as follows:

	2012	2011
Discount Rate	2.0%	2.0%
Expected Rate of Return on Plan Assets	3.5%	3.5%
Amortization Period of Actuarial Gain or Loss	10 years	10 years

## 20. 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 ¥35,390 million as of March 31, 2012 (¥37,008 million as of March 31, 2011).

## 21. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2012 and 2011.

	Number of Shares	
	2012	2011
Shares in Issue	895,521,087	895,521,087

The number of treasury shares held by the Bank was 16,627 thousand as of March 31, 2012 (11,859 thousand as of March 31, 2011).

## 22. Trading Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Gains on Trading Account			
Securities Transactions	¥ 764	¥ 491	\$ 9,297
Income from Trading-related			
Financial Derivatives Transactions	804	554	9,790
Other Trading Income	418	568	5,093
Total	¥1,987	¥1,614	\$24,180

## 23. Other Ordinary Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Gains on Foreign Exchange Transactions	¥1,483	¥1,936	\$18,044
Gains on Sales of Bonds	4,128	4,760	50,235
Income from Derivatives other than for Trading or Hedging	366	419	4,463
Other	0	0	10
Total	¥5,979	¥7,116	\$72,752

## 24. Other Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Gains on Sale of Stocks and Other Securities	¥ 328	¥ 534	\$ 3,995
Gains on Money Held in Trust	379	658	4,619
Revenue on Lease	13,867	14,992	168,722
Recoveries of Written-off Claims	3,274	5,478	39,839
Reversal of Allowance for Loan Losses	2,161	—	26,304
Gain on Negative Goodwill	3,408	—	41,475
Other	7,052	6,834	85,810
Total	¥30,473	¥28,498	\$370,764

## 25. Other Ordinary Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Loss on Sales of Bonds	¥ 285	¥731	\$ 3,477
Loss on Redemption of Bonds	2,889	—	35,160
Loss on Devaluation of Bonds	17	67	219
Total	¥3,193	¥799	\$38,856

## 26. Other Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Provision of Allowance for Loan Losses	¥ —	¥ 5,804	\$ —
Written-off of Loans	10,205	12,123	124,173
Losses on Sales of Stocks and Other Securities	8,673	1,414	105,527
Losses on Devaluation of Stocks and Other Securities	878	3,906	10,689
Loss on Money Held in Trust	432	317	5,260
Cost of Leased Assets	11,686	12,585	142,185
Provision for Reimbursement of Deposits	1,305	493	15,880
Loss on Disposal of Noncurrent Assets	740	547	9,004
Impairment Losses on Fixed Assets	139	317	1,699
Other	3,174	4,003	38,621
Total	¥37,235	¥41,514	\$453,037

## 27. Cash and Cash Equivalents

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Cash and Due from Banks	¥ 473,117	¥ 569,455	\$ 5,756,388
Interest-bearing Deposits included in Due from Banks (excluding Due from BOJ)	(198,278)	(150,590)	(2,412,445)
Cash and Cash Equivalents	¥ 274,838	¥ 418,865	\$ 3,343,943

## 28. Other Comprehensive Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Valuation Difference on Available-for-sale Securities			
Gains (Losses) Arising during the Fiscal Year	¥13,682		\$166,475
Reclassification Adjustment to Profit or Loss	8,606		104,719
Amount Before Income Tax Effect	22,289		271,195
Income Tax Effect	(7,990)		(97,218)
Total	14,299		173,976
Deferred gains or losses on hedges			
Gains (Losses) Arising during the Fiscal Year	¥ (3,759)		\$ (45,738)
Reclassification Adjustment to Profit or Loss	3,473		42,256
Amount Before Income Tax Effect	(286)		(3,482)
Income Tax Effect	(4)		(53)
Total	(290)		(3,535)
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	1,883		22,915
Total	1,883		22,915
Share of other comprehensive income of associates accounted for using equity method			
Gains (Losses) Arising during the Fiscal Year	¥ 0		\$ 10
Reclassification Adjustment to Profit or Loss	—		—
Amount Before Income Tax Effect	0		10
Income Tax Effect	—		—
Total	0		10
Total Other Comprehensive Income	¥15,892		\$193,366

## 29. Lease Transactions

### (1) Finance Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Lessee Side			
Amount Corresponding to the Purchased Prices of the Leased Assets	¥306	¥377	\$3,729
Amount Corresponding to Accumulated Depreciation	88	143	1,078
Amount Corresponding to Balance at Fiscal Year-End	¥217	¥233	\$2,651

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Amount Corresponding to Lease Payables (within 1 year)	¥ 14	¥ 16	\$ 180
Amount Corresponding to Lease Payables (over 1 year)	203	217	2,471
Total	¥217	¥233	\$2,651

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Lease Fees Paid	¥16	¥27	\$195
Amount Corresponding to Depreciation	16	27	195

(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)
	2012	2011	2012
Lessee Side (Lease Payables related to Non-cancelable Operating Lease Transactions)			
Amount Corresponding to Lease Payables (within 1 year)	¥135	¥131	\$1,654
Amount Corresponding to Lease Payables (over 1 year)	299	440	3,639
Total	¥435	¥571	\$5,293

## 30. Tax Effect

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Deferred Tax Assets:			
Allowance for Loan Losses	¥27,751	¥33,386	\$337,651
Valuation Difference on Available-for-sale Securities	—	916	—
Write-offs of Securities	1,132	2,333	13,775
Provision for Retirement Benefits	6,994	7,772	85,104
Other	9,603	10,877	116,844
Subtotal	¥45,481	¥55,286	\$553,374
Valuation Allowance	(2,442)	(4,699)	(29,721)
Total Deferred Tax Assets	¥43,039	¥50,586	\$523,653
Deferred Tax Liabilities:			
Valuation Difference on Available-for-sale Securities	¥ 7,073	¥ —	\$ 86,063
Reserve for Advanced Depreciation	60	47	740
Prepaid Pension Cost	981	699	11,939
Other	531	0	6,461
Total Deferred Tax Liabilities	¥ 8,646	¥ 747	\$105,202
Net Deferred Tax Assets	¥34,392	¥49,839	\$418,450

For the year ended March 31, 2012 and 2011, 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. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act for Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011 and the staged reduction of the national corporate tax rate and a special reconstruction corporate tax will apply to corporate taxes effective for fiscal years beginning on or after April 1, 2012. Accordingly, the effective tax rate for the calculation of Deferred tax assets and Deferred tax liabilities will be lowered from 40.4% to 37.8% for temporary differences scheduled to be eliminated from the fiscal year beginning April 1, 2012 up to the fiscal year beginning from April 1, 2014, and to 35.4% for fiscal years beginning after April 1, 2015.

As a result of these changes in the tax rate, Deferred tax assets have decreased by ¥2,901 million, Deferred tax liabilities have decreased by ¥22 million, Valuation difference on available-for-sale securities have increased by ¥1,005 million, Income taxes—deferred have increased by ¥3,760 million. Deferred tax liabilities for land revaluation have decreased by ¥1,870 million and Revaluation reserve for land have increased by the same amount.

## 31. Segment Information

Segment Information of the previous fiscal year (from April 1, 2010 to March 31, 2011) and this fiscal year (from April 1, 2011 to March 31, 2012)

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

### 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

##### (1) 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.

##### (2) 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.

### Information about Impairment Loss of Fixed Assets by Reporting Segments

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

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

Not applicable.

### Information about Gains from Negative Goodwill by Reporting Segment

Not applicable.

## 32. Financial Instruments

### 1. 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 on 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 chaired by the President discusses plans and actions on credit portfolios considering based on credit risk situations.

The details of credit risk management are 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 ¥85,965 million as of March 31, 2012 (¥117,327 million as of March 31, 2011). In case of 99% confidence level, VaR is ¥64,714 million as of March 31, 2012 (¥88,324 million as of March 31, 2011).

(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 ¥33 million as of March 31, 2012 (¥61 million as of March 31, 2011). In case of 99% confidence level, VaR is ¥25 million as of March 31, 2012 (¥46 million as of March 31, 2011).

(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 anomaly 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.

## 2. 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, 2012 with their difference. Note that the following table does not include non-listed 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, 2012			March 31, 2011		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1) Securities						
Available-for-sale Securities	¥2,092,188	¥2,092,188	¥ —	¥1,904,992	¥1,904,992	¥ —
(2) Loans and Bills Discounted	7,554,923			7,346,143		
Allowance for Loan Losses*2	(46,753)			(55,168)		
	7,508,169	7,612,968	104,798	7,290,975	7,403,106	112,130
Total Assets	¥9,600,358	¥9,705,157	¥104,798	¥9,195,967	¥9,308,098	¥112,130
(1) Deposits	9,338,244	9,339,448	(1,204)	9,103,649	9,105,542	(1,893)
(2) Negotiable Certificates of Deposit	301,371	301,373	(2)	171,586	171,589	(3)
Total Liabilities	¥9,639,615	¥9,640,821	¥ (1,206)	¥9,275,235	¥9,277,132	¥ (1,896)
Derivative Transactions*3						
Not Qualifying for Hedge Accounting	984	984	—	671	671	—
Qualifying for Hedge Accounting	[5,584]	[5,584]	—	[3,531]	[3,531]	—
Total Derivative Transactions	¥ [4,600]	¥ [4,600]	¥ —	¥ [2,860]	¥ [2,860]	¥ —

\*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 privately placed bonds guaranteed by the Bank is determined based on a market interest rate adjusted with projected default rate. 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.

#### (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 creditworthiness 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 "36. Derivative transactions."



(Note ii) The following table summarizes financial instruments whose whose fair value is extremely difficult to 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, 2012	March 31, 2011
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Non-listed Stocks (*1)(*2)	¥ 8,142	¥ 8,331
(2) Investments in Limited Partnerships, etc. (*3)	2,845	3,287
<b>Total</b>	<b>¥10,988</b>	<b>¥11,618</b>

(\*1) Non-listed 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 ¥76 million (¥14 million for the previous fiscal year) was recorded on these non-listed 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 non-listed stocks, of which fair value is extremely difficult to estimate.

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

	Millions of Yen (Note 1)					
	March 31, 2012					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 245,012	¥ 577,306	¥ 557,215	¥179,391	¥272,620	¥ 79,331
Held-to-maturity Bonds	—	—	—	—	—	—
Available-for-sale Securities with Maturities	245,012	577,306	557,215	179,391	272,620	79,331
Government Bonds	95,000	314,200	275,500	140,500	221,700	—
Local Government Bonds	38,892	101,545	140,470	29,525	44,940	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	55,437	97,033	57,924	328	4,000	10,809
Loans (*)	1,266,526	1,459,985	951,643	570,810	638,912	2,024,549
<b>Total</b>	<b>¥1,511,539</b>	<b>¥2,037,292</b>	<b>¥1,508,858</b>	<b>¥750,202</b>	<b>¥911,532</b>	<b>¥2,103,880</b>

(\*) 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 ¥642,495 million in total.

	Millions of Yen (Note 1)					
	March 31, 2011					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 252,646	¥ 477,955	¥ 531,220	¥135,941	¥277,436	¥ 57,221
Held-to-maturity Bonds	—	—	—	—	—	—
Available-for-sale Securities with Maturities	252,646	477,955	531,220	135,941	277,436	57,221
Government Bonds	82,000	228,000	259,000	90,500	202,200	—
Local Government Bonds	24,480	53,549	137,737	32,495	69,190	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	82,556	100,818	65,471	395	4,000	9,838
Loans (*)	1,269,356	1,387,626	953,599	501,094	619,062	1,923,886
<b>Total</b>	<b>¥1,522,003</b>	<b>¥1,865,582</b>	<b>¥1,484,819</b>	<b>¥637,035</b>	<b>¥896,499</b>	<b>¥1,981,108</b>

(\*) 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 ¥691,517 million in total.

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

	Millions of Yen (Note 1)					
	March 31, 2012					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits (*)	¥8,612,667	¥656,705	¥53,817	¥4,365	¥10,689	¥—
Negotiable Certificates of Deposit	301,232	138	—	—	—	—
<b>Total</b>	<b>¥8,913,899</b>	<b>¥656,844</b>	<b>¥53,817</b>	<b>¥4,365</b>	<b>¥10,689</b>	<b>¥—</b>

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

	Millions of Yen (Note 1)					
	March 31, 2011					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits (*)	¥8,386,134	¥651,480	¥52,994	¥3,719	¥9,320	¥—
Negotiable Certificates of Deposit	171,247	200	138	—	—	—
<b>Total</b>	<b>¥8,557,381</b>	<b>¥651,680</b>	<b>¥53,133</b>	<b>¥3,719</b>	<b>¥9,320</b>	<b>¥—</b>

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

### 33. Market Value of Securities

#### (1) Trading Securities

Trading Securities	Millions of Yen (Note 1)	
	March 31, 2012	March 31, 2011
	Unrealized Gains (Losses) Included in the Consolidated Statements of Income	Unrealized Gains (Losses) Included in the Consolidated Statements of Income
	¥88	¥102

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

		Millions of Yen (Note 1)					
		March 31, 2012			March 31, 2011		
		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		4,952	4,970	17	10,521	10,571	49
	Foreign Bonds	—	—	—	—	—	—
Subtotal		¥ 4,952	¥ 4,970	¥ 17	¥10,521	¥10,571	¥ 49
(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		9,171	9,124	(46)	11,267	11,171	(96)
	Foreign Bonds	—	—	—	—	—	—
Subtotal		¥ 9,171	¥ 9,124	¥(46)	¥11,267	¥11,171	¥(96)
Total		¥14,124	¥14,095	¥(28)	¥21,789	¥21,742	¥(47)

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

		Millions of Yen (Note 1)					
		March 31, 2012			March 31, 2011		
		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	¥ 82,546	¥ 58,133	¥ 24,413	¥ 75,793	¥ 53,913	¥ 21,880
	Bonds:	1,428,631	1,414,049	14,582	995,807	982,238	13,569
	Japanese Government Bonds	895,640	888,056	7,584	576,683	570,914	5,769
	Japanese Local Government Bonds	336,446	331,448	4,997	228,067	222,594	5,473
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	196,545	194,544	2,000	191,056	188,729	2,326
Other		162,729	159,598	3,130	98,596	97,362	1,233
	Foreign Bonds	147,400	145,078	2,322	94,978	93,866	1,111
Subtotal		¥1,673,907	¥1,631,781	¥ 42,126	¥1,170,197	¥1,133,514	¥ 36,683
(a) Securities for which the fair value does not exceed the amortized acquisition cost	Stocks	¥ 44,131	¥ 56,112	¥(11,980)	¥ 54,752	¥ 71,883	¥(17,130)
	Bonds:	222,454	224,067	(1,612)	459,321	465,551	(6,229)
	Japanese Government Bonds	169,297	170,672	(1,375)	290,229	295,293	(5,063)
	Japanese Local Government Bonds	24,804	24,843	(38)	95,182	95,845	(663)
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	28,353	28,551	(198)	73,909	74,412	(502)
Other		151,694	159,909	(8,215)	220,719	236,013	(15,293)
	Foreign Bonds	117,675	119,098	(1,423)	173,338	176,450	(3,112)
Subtotal		¥ 418,281	¥ 440,089	¥(21,808)	¥ 734,794	¥ 773,448	¥(38,654)
Total		¥2,092,188	¥2,071,870	¥ 20,318	¥1,904,992	¥1,906,962	¥ (1,970)

#### (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, 2012			March 31, 2011		
	Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks	¥ 10,147	¥ 328	¥6,804	¥ 2,837	¥ 534	¥1,414
Bonds:	233,792	3,596	67	284,744	3,898	347
Japanese Government Bonds	167,259	1,079	54	222,795	2,982	347
Japanese Local Government Bonds	51,932	2,445	—	55,975	905	—
Japanese Short-term Corporate Bonds	—	—	—	—	—	—
Japanese Corporate Bonds	4,600	72	12	5,972	9	—
Other	78,636	531	2,087	70,251	862	383
Foreign Bonds	74,472	531	218	70,251	862	383
<b>Total</b>	<b>¥312,576</b>	<b>¥4,457</b>	<b>¥8,959</b>	<b>¥357,833</b>	<b>¥5,294</b>	<b>¥2,145</b>

## (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 ¥896 million (Stocks; ¥878 million, Corporate bonds; ¥17 million), and ¥3,974 million (Stocks; ¥3,906 million Corporate bonds; ¥67 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, effective 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.

Effective 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 others.

## 34. Money Held in Trust

### (1) Money Held in Trust for Trading Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Consolidated Balance Sheet Amount	¥25,677	¥25,355	\$312,419
Unrealized Gains (Losses) Included in the Consolidated Statements of Income	1,056	661	12,852

### (2) Money Held in Trust for Other Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Acquisition Cost	¥3,221	¥3,574	\$39,201
Consolidated Balance Sheet Amount	3,221	3,573	39,201
Valuation Differences	—	(0)	—
Gains	—	—	—
Losses	—	(0)	—

## 35. Valuation Difference on Available-for-sale Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Valuation Difference	¥20,318	¥(1,971)	\$247,213
Securities Available for Sale	20,318	(1,970)	247,213
Other Money Held in Trust	—	(0)	—
Deferred Tax Liabilities (Assets)	7,073	(916)	86,063
Valuation Difference, Net of Taxes	¥13,244	¥(1,054)	\$161,151
Amount Attributable to Minority Interests	27	112	336
Net Unrealized Gains on Securities Available for Sale Owned by Subsidiaries, which is Attributable to the Parent	51	50	625
Valuation Difference on Available-for-sale Securities	¥13,268	¥(1,115)	\$161,439

## 36. 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, 2012				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,840,601	1,486,515	28,274	28,274
Receive Float / Pay Fixed	1,822,530	1,453,615	(27,950)	(27,950)
Receive Float / Pay Float	118,410	81,340	60	60
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	23,778	17,014	(13)	(13)
Bought	10,000	3,000	21	21
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 392</b>	<b>¥ 392</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. 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, 2012				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Currency Swaps	265,681	144,350	208	208
Forward Foreign Exchange:				
Sold	18,672	—	88	88
Bought	14,694	—	174	174
Currency Options:				
Sold	82,378	—	(5,349)	900
Bought	82,378	—	5,349	832
Other:				
Sold	1,827	946	162	162
Bought	1,827	946	(70)	(70)
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 564</b>	<b>¥ 2,297</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. The fair value is based on the discounted cash flow method.

Millions of Yen (Note 1)				
March 31, 2011				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	2,035,039	1,771,552	22,464	22,464
Receive Float / Pay Fixed	2,049,964	1,740,934	(22,558)	(22,558)
Receive Float / Pay Float	121,110	97,110	93	93
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	66,594	60,704	(63)	(63)
Bought	52,000	52,000	93	93
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 30</b>	<b>¥ 30</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. 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, 2011				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Currency Swaps	359,862	274,394	359	359
Forward Foreign Exchange:				
Sold	17,801	—	92	92
Bought	10,675	—	34	34
Currency Options:				
Sold	125,114	—	(11,280)	(1,443)
Bought	125,114	—	11,280	3,963
Other:				
Sold	2,835	1,898	265	265
Bought	2,835	1,898	(126)	(126)
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 626</b>	<b>¥ 3,145</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
2. The fair value is based on the discounted cash flow method.

## (c) Equity derivatives

Millions of Yen (Note 1)				
March 31, 2012				
	Notional Principal or Contract Amount			Unrealized Gains (Losses)
	Total	Over 1 Year	Fair Value	
<b>Listed:</b>				
Futures:				
Sold	¥—	¥—	¥—	¥—
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Securities:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Index Rate / Pay Short-term Floating Rate of Interest	—	—	—	—
Receive Short-term Float Rate of Interest / Pay Fixed Index Rate	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- The fair value of listed transactions is based on the final price issued by Tokyo Stock 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, 2011				
	Notional Principal or Contract Amount			Unrealized Gains (Losses)
	Total	Over 1 Year	Fair Value	
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥—	¥—	¥—
Bought	—	—	—	—
Options:				
Sold	9,928	—	(6)	39
Bought	123	—	1	(1)
<b>Over-the-counter:</b>				
Securities:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Index Rate / Pay Short-term Floating Rate of Interest	—	—	—	—
Receive Short-term Float Rate of Interest / Pay Fixed Index Rate	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥—</b>	<b>¥(4)</b>	<b>¥38</b>

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

## (d) Bond derivatives

Millions of Yen (Note 1)				
March 31, 2012				
	Notional Principal or Contract Amount			Unrealized Gains (Losses)
	Total	Over 1 Year	Fair Value	
<b>Listed:</b>				
Futures:				
Sold	¥1,994	¥—	¥ 6	¥ 6
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥—</b>	<b>¥ 6</b>	<b>¥ 6</b>

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- The fair value of listed transactions is based on the final price issued by Tokyo Stock 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, 2011				
	Notional Principal or Contract Amount			Unrealized Gains (Losses)
	Total	Over 1 Year	Fair Value	
<b>Listed:</b>				
Futures:				
Sold	¥2,358	¥—	¥(13)	¥(13)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥—</b>	<b>¥(13)</b>	<b>¥(13)</b>

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- The fair value of listed transactions is based on the final price issued by Tokyo Stock 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, 2012				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	—	—	—	—
Receive Float / Pay Fixed	—	—	—	—
<b>Over-the-counter:</b>				
Commodity Forward:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	184	172	(17)	(17)
Receive Float / Pay Fixed	184	172	38	38
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 21</b>	<b>¥ 21</b>

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- 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.
- Fuels were underlying assets of the above derivative transactions.

Millions of Yen (Note 1)				
March 31, 2011				
	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	—	—	—	—
Receive Float / Pay Fixed	—	—	—	—
<b>Over-the-counter:</b>				
Commodity Forward:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	286	286	(35)	(35)
Receive Float / Pay Fixed	286	286	68	68
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 33</b>	<b>¥ 33</b>

- The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statements of income.
- 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.
- Fuels 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 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, 2012				
	Hedged Item	Notional Principal or Contract Amount		
		Total	Over 1 Year	Fair Value
Principle method	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Interest Swap				
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		135,901	95,810	(3,600)
Receive Float / Pay Float		—	—	—
Other		8,000	3,000	(174)
Exceptional Accrual Method	Interest-bearing financial assets and liabilities including loans			
Interest Swap				
Receive Fixed / Pay Float		—	—	—
Receive Float / Pay Fixed		1,643	1,643	*3
Receive Float / Pay Float		—	—	—
<b>Total</b>		<b>¥ —</b>	<b>¥ —</b>	<b>¥(3,775)</b>

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments for 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, hedged items, those fair values are included in fair values of such loans in "31. Financial Instruments."

Millions of Yen (Note 1)				
March 31, 2011				
	Hedged Item	Notional Principal or Contract Amount		
		Total	Over 1 Year	Fair Value
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		129,838	117,571	(3,098)
Receive Float / Pay Float		—	—	—
Other		8,000	8,000	(303)
<b>Total</b>		<b>¥ —</b>	<b>¥ —</b>	<b>¥(3,402)</b>

- 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.



(b) Currency derivatives

Method of hedge accounting ; Principle method

Millions of Yen (Note 1)				
March 31, 2012				
Hedged Item	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥168,294	¥4,609	¥(1,809)
Total		¥ —	¥ —	¥(1,809)

1. 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).
2. The fair value is based on the discounted cash flow method.

Millions of Yen (Note 1)				
March 31, 2011				
Hedged Item	Notional Principal or Contract Amount			
	Total	Over 1 Year	Fair Value	
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥29,801	¥14,971	¥(129)
Total		¥ —	¥ —	¥(129)

1. 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).
2. The fair value is based on the discounted cash flow method.

(c) Equity derivatives

None.

(d) Bond derivatives

None.

37. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2012	2011	2012
Net Assets per Share of Common Stock	¥747.90	¥692.74	\$9.10
Net Income per Share of Common Stock	46.47	45.65	0.57
Diluted Net Income per Share of Common Stock	46.44	45.64	0.57

1. Basis on calculating Net Assets per Share was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Consolidated Net Assets	¥664,076	¥625,990	\$8,079,769
Less: Subscription Rights to Shares	231	108	2,822
Less: Minority Interest	6,511	13,732	79,225
Consolidated Net Assets Attributable to Common Stockholders	657,332	612,149	7,997,723

	Number of Shares	
	2012	2011
Number of Shares of Common Stock Used for Calculating Net Assets per Share	878,893,482	883,661,185

2. Basis on calculating Net Income per Share was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Consolidated Net Income	¥40,770	¥40,611	\$496,056
Consolidated Net Income not Attributable to Common Stockholders	—	—	—
Consolidated Net Income Attributable to Common Stockholders	40,770	40,611	496,056

	Number of Shares	
	2012	2011
Average Number of Shares of Common Stock (excluding Treasury Stock)	877,319,233	889,536,436

The increased number of shares of common stock for stock options is 523 thousand, which is used for calculating Diluted Net Income per Share.

### 38. Related Party Transactions

I. Related party transactions for the fiscal year ended March 31, 2012 were as follows:

1 Related party transactions

(1) Transactions between the Bank and related parties

Directors of the Bank or major shareholders (individuals only), etc.

Party classification	Name of company or individual	Address	Capital	Type of business	Percentage of voting rights held by the Bank	Relations with related party	Type of transaction	Amounts of the transactions	Account classification	Balance at the fiscal year-end
<b>Company, a majority of whose voting rights are owned by the close members of directors' respective families</b>	Watanabereisyoku Co., Ltd.	Kamogawa-city, Chiba Pref.	¥10 million	Food Manufacturing	0.00	—	Lending	Average balance of ¥571 million	Loan	¥575 million

Terms of transactions and policies of determining the terms; Similar to the general cases

(2) Transactions between subsidiaries of the Bank and related parties

None

2 Notes to a parent company or major affiliated companies

None

II. Related party transactions for the fiscal year ended March 31, 2011 were as follows:

1 Related party transactions

(1) Transactions between the Bank and related parties

Directors of the Bank or major shareholders (individuals only), etc.

Party classification	Name of company or individual	Address	Capital	Type of business	Percentage of voting rights held by the Bank	Relations with related party	Type of transaction	Amounts of the transactions	Account classification	Balance at the fiscal year-end
<b>Company, a majority of whose voting rights are owned by the close members of directors' respective families</b>	Watanabereisyoku Co., Ltd.	Kamogawa-city, Chiba Pref.	¥10 million	Food Manufacturing	0.00	—	Lending	Average balance of ¥429 million	Loan	¥425 million

Terms of transactions and policies of determining the terms; Similar to the general cases

(2) Transactions between subsidiaries of the Bank and related parties

None

2 Notes to a parent company or major affiliated companies

None

### 39. Cash Dividends Paid

I. Cash Dividends Paid for the fiscal year ended March 31, 2011 were as follows:

Resolution	Category of Shares	Total Amounts of	Cash Dividends per Share	Record Date	Date of Effectuation
		Cash Dividends Paid	Yen (Note 1)		
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 29, 2010	Common Stock	¥4,915	¥5.50	March 31, 2010	June 30, 2010
Board of Directors, at November 12, 2010	Common Stock	¥4,915	¥5.50	September 30, 2010	December 10, 2010

II. Cash Dividends Paid for the fiscal year ended March 31, 2012 were as follows:

Resolution	Category of Shares	Total Amounts of	Cash Dividends per Share	Record Date	Date of Effectuation
		Cash Dividends Paid	Yen (Note 1)		
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 29, 2011	Common Stock	¥4,860	¥5.50	March 31, 2011	June 30, 2011
Board of Directors, at November 11, 2011	Common Stock	¥4,794	¥5.50	September 30, 2011	December 9, 2011

III. Cash Dividends with the record date in the fiscal year ended March 31, 2012 and the effective date in the fiscal year ending March 31, 2013 were as follows:

Approval	Category of Shares	Total Amounts of	Source of Dividends	Cash Dividends	Record Date	Date of Effectuation
		Cash Dividends Paid		per Share		
		Millions of Yen (Note 1)	Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 28, 2012	Common Stock	¥4,838	Retained earnings	¥5.50	March 31, 2012	June 29, 2012

#### 40. Stock Options

1 Line Item where Stock Option Expense is Presented and the Amount

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
General and Administrative Expenses	¥151	¥108	\$1,840

2 The Stock Option Activity

(1) Outline of the Stock Option

		The first subscription rights	The second subscription rights
		Number of Grantees	Directors
	Executive officers	9	9
Number of Stock Options	Common stock	311,100	343,600
Date of Grant		July 20, 2010	July 20, 2011
Requirement for Determination of Rights		Not fixed	Not fixed
Target Period		Not fixed	Not fixed
Exercise Period		From July 21, 2010 to July 20, 2040	From July 21, 2011 to July 20, 2041

(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
Non-vested		
As of March 31, 2011	—	—
Granted	—	343,600
Forfeited	—	—
Vested	—	343,600
Outstanding	—	—
Vested		
As of March 31, 2011	311,100	—
Vested	—	343,600
Exercised	60,600	—
Forfeited	—	—
Outstanding	250,500	343,600

(b) Price Information

	Yen (Note 1)	
	The first subscription rights	The second subscription rights
Exercise Price	1	1
Average Price at Exercise	515	—
Fair Value at Grant Date	467	446

### 3 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 second subscription rights
Volatility of Stock Price (*1)	39.441%
Estimated Remaining Outstanding Period (*2)	5 years
Estimated Dividend (*3)	¥11 per share
Risk-Free Interest Rate (*4)	0.370%

\*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 2010.

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

### 4 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.

### 41. Business Combination

The Bank and Chibagin Securities, one of the consolidated subsidiaries of the Bank, implemented a share exchange, which became effective October 1, 2011, in order to make Chibagin Securities a wholly-owned subsidiary. The share exchange is a business combination under common control. A summary of the share exchange is as follows:

1. Summary of the Share Exchange

(1) Name and Business of the Subsidiary	Name: Chibagin Securities Co., Ltd. Business: Securities business
(2) Date of the Business Combination	October 1, 2011
(3) Legal Form of the Combination	A share exchange making Chiba Bank a wholly-owning parent company and Chibagin Securities a wholly-owned subsidiary of the Bank.
(4) Name of the Subsidiary After the Combination	No change.
(5) Other	The business combination is aimed at enabling the group to address in a timely and appropriate manner the greater sophistication of financial products and diversification of customers' needs, and to ensure prompt decision-making processes.

2. Summary of the Accounting Treatment Implemented

The combination was implemented as a business combination under common control, based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and "Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

### 3. Additional Acquisition of Subsidiary's Stocks

(1) Acquisition Cost	¥4,999 million
(Breakdown) Treasury stock	¥4,950 million
Actual cost of the acquisition	¥49 million

#### (2) Share Exchange Ratio, Calculation Method and the Number of Allotted Shares based on the Type of Stocks

##### i) Share Exchange Ratio

The Chiba Bank (Common stock)	Chibagin Securities (Common stock)
0.5	1

##### ii) Calculation Method

In order to ensure the fairness and appropriateness of the share exchange ratio, the Bank and Chibagin Securities requested Nomura Securities Co., Ltd. and Frontier Management Inc. respectively as third-party valuation institutions to calculate the share exchange ratio.

Chiba Bank and Chibagin Securities negotiated and consulted carefully referring to those calculations and concluded that the share exchange ratio above was fair and appropriate to implement the share exchange.

##### iii) Number of Allotted Shares

8,625 thousand shares

#### (3) Amount and Cause of Negative Goodwill Incurred

##### i) Amount of Negative Goodwill Incurred

¥3,408 million

##### ii) Cause

Difference between the amounts corresponding to the Bank's equity position in Chibagin Securities and the acquisition cost.

## 42. Subsequent Events

The Bank resolved at the Board of Directors' Meeting held on May 11, 2012, to acquire its own shares under Article 156, as applied pursuant to Paragraph 3, Article 165 of the Companies Act.

#### (1) Type of Shares to be Acquired

Common stock

#### (2) Total Number of Shares to be Acquired

Up to 10,000,000 shares

#### (3) Total Cost of Acquisition

Up to ¥6,000 million

#### (4) Period of Acquisition

From May 14, 2012 to June 15, 2012

The Bank has completed the acquisition resolved at the Board of Directors' Meeting and the details were as follows.

#### (1) Type of Acquired Shares

Common stock

#### (2) Total Number of Acquired Shares

10,000,000 shares

#### (3) Total Cost of Acquisition

¥4,586 million



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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, 2012, 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, 2012, 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, 2012



## Non-Consolidated Balance Sheets (Unaudited)

The Chiba Bank, Ltd.  
As of March 31, 2012

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Assets</b>			
Cash and Due from Banks	¥ 472,367	¥ 569,198	\$ 5,747,260
Call Loans	69,621	50,000	847,078
Receivables under Resale Agreements	29,992	9,996	364,914
Monetary Claims Bought	21,468	28,459	261,210
Trading Assets	326,779	284,217	3,975,901
Money Held in Trust	25,799	25,729	313,902
Securities	2,111,610	1,920,351	25,691,821
Loans and Bills Discounted	7,581,708	7,371,452	92,246,115
Foreign Exchanges	2,205	3,034	26,830
Other Assets	47,752	57,553	581,003
Tangible Fixed Assets	93,301	91,028	1,135,195
Intangible Fixed Assets	10,067	9,586	122,490
Deferred Tax Assets	27,043	42,049	329,037
Customers' Liabilities for Acceptances and Guarantees	78,052	75,415	949,656
Allowance for Loan Losses	(39,255)	(47,493)	(477,617)
<b>Total Assets</b>	<b>¥10,858,514</b>	<b>¥10,490,582</b>	<b>\$132,114,794</b>
<b>Liabilities</b>			
Deposits	¥ 9,677,871	¥ 9,309,982	\$117,749,991
Call Money	34,095	23,797	414,836
Payables under Repurchase Agreements	—	14,998	—
Payables under Securities Lending Transactions	77,347	50,776	941,078
Trading Liabilities	29,403	26,668	357,744
Borrowed Money	161,682	255,810	1,967,177
Foreign Exchanges	229	480	2,796
Bonds Payable	40,000	40,000	486,677
Other Liabilities	95,650	67,797	1,163,776
Provision for Retirement Benefits	19,011	18,747	231,308
Provision for Reimbursement of Deposits	1,522	950	18,530
Provision for Point Loyalty Programs	145	808	1,769
Deferred Tax Liabilities for Land Revaluation	13,240	15,158	161,092
Acceptances and Guarantees	78,052	75,415	949,656
<b>Total Liabilities</b>	<b>¥10,228,252</b>	<b>¥ 9,901,391</b>	<b>\$124,446,430</b>
<b>Net Assets</b>			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,765,046
Capital Surplus	122,678	122,134	1,492,624
Retained Earnings	349,589	323,197	4,253,428
Legal Retained Earnings	50,930	50,930	619,664
Other Retained Earnings	298,659	272,267	3,633,764
Treasury Stock	(8,038)	(6,358)	(97,804)
Total Shareholders' Equity	609,298	584,042	7,413,294
Valuation Difference on Available-for-sale Securities	12,888	(1,250)	156,815
Deferred Gains or Losses on Hedges	(1,549)	(1,259)	(18,855)
Revaluation Reserve for Land	9,393	7,548	114,288
Total Valuation and Translation Adjustments	20,732	5,039	252,248
Subscription Rights to Shares	231	108	2,822
<b>Total Net Assets</b>	<b>¥ 630,262</b>	<b>¥ 589,190</b>	<b>\$ 7,668,364</b>
<b>Total Liabilities and Net Assets</b>	<b>¥10,858,514</b>	<b>¥10,490,582</b>	<b>\$132,114,794</b>

## Non-Consolidated Statements of Income (Unaudited)

The Chiba Bank, Ltd.  
For the year ended March 31, 2012

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥125,644	¥129,944	\$1,528,706
Interest and Dividends on Securities	19,184	20,864	233,411
Other Interest Income	1,335	817	16,249
Trust Fees	1	2	15
Fees and Commissions	32,428	31,717	394,558
Trading Income	1,445	1,144	17,593
Other Ordinary Income	5,975	7,109	72,705
Other Income	14,148	11,178	172,144
<b>Total Income</b>	<b>¥200,163</b>	<b>¥202,780</b>	<b>\$2,435,380</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 5,966	¥ 8,488	\$ 72,595
Interest on Borrowings and Rediscounts	1,159	1,128	14,111
Other Interest Expenses	4,502	4,350	54,779
Fees and Commissions Payments	17,913	17,603	217,956
Other Ordinary Expenses	3,193	799	38,856
General and Administrative Expenses	83,329	82,844	1,013,859
Other Expenses	23,121	23,380	281,320
<b>Total Expenses</b>	<b>¥139,186</b>	<b>¥138,595</b>	<b>\$1,693,475</b>
Income before Income Taxes	60,977	64,185	741,904
Income Taxes—Current	17,974	18,417	218,700
Income Taxes—Deferred	6,994	7,642	85,107
<b>Net Income</b>	<b>¥ 36,007</b>	<b>¥ 38,125</b>	<b>\$ 438,097</b>

## Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2012

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

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Tier 1 Capital:			
Common Stock	¥ 145,069	¥ 145,069	\$ 1,765,046
Capital Surplus	123,591	123,380	1,503,732
Retained Earnings	376,039	344,884	4,575,250
Treasury Stock	(8,480)	(6,358)	(103,177)
Expected Outflow from Net Assets	(5,817)	(5,578)	(70,782)
Stock Option	231	108	2,822
Minority Interests in Consolidated Subsidiaries	6,483	13,620	78,889
Net Unrealized Losses on Available-for-sale Securities	—	(3,677)	—
Amount Equivalent to Capital Increase due to Securitization Transaction	(73)	(78)	(892)
50% of Expected Loss Exceeding Eligible Provisions	(15,363)	(11,944)	(186,922)
Total Tier 1 Capital	¥ 621,682	¥ 599,425	\$ 7,563,965
Tier 2 Capital:			
45% of Unrealized Gains on Available-for-sale Securities	¥ 3,127	¥ —	\$ 38,046
45% of Land Revaluation Excess	10,185	10,218	123,921
General Allowance for Loan Losses	383	889	4,670
Qualifying Subordinated Debt	73,000	73,000	888,186
Total Tier 2 Capital	¥ 86,695	¥ 84,107	\$ 1,054,823
Deductions from Capital	¥ 21,539	¥ 18,249	\$ 262,072
Total Capital	¥ 686,838	¥ 665,283	\$ 8,356,716
Risk-Weighted Assets, etc.:			
Credit Risk	¥4,396,297	¥4,566,319	\$53,489,449
On-Balance-Sheet Items	4,186,086	4,280,488	50,931,828
Off-Balance-Sheet Items, etc.	210,210	285,830	2,557,621
Asset Equivalent of Market Risk	78,983	85,667	960,988
Asset Equivalent of Operational Risk	310,097	320,509	3,772,934
Floor Adjustment	—	—	—
Total Risk-Weighted Assets	¥4,785,378	¥4,972,496	\$58,223,371
Capital Ratio (BIS guidelines)	14.35%	13.37%	14.35%

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 and supplementary information 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 ¥82.19 to \$1.00, the exchange rate prevailing at March 31, 2012.

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)

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

	Millions of Yen	
	March 31, 2012	
	Outstanding Balance	Composition
Domestic operations:		
Manufacturing	¥ 679,359	9.08%
Agriculture and Forestry	8,206	0.11%
Fisheries	885	0.01%
Mining, Quarrying and Gravel	13,753	0.18%
Construction	288,582	3.86%
Electricity, Gas, Heat Supply and Water	21,662	0.29%
Information and Communications	52,939	0.71%
Transportation and Postal Service	222,196	2.97%
Wholesale and Retail Trade	702,640	9.40%
Finance and Insurance	304,427	4.07%
Real Estate and Leasing	1,727,117	23.09%
Services	465,584	6.23%
Government and Local Public Sector	220,257	2.95%
Others (Mainly Consumer Loans)	2,770,748	37.05%
Total	¥7,478,359	100.00%
Overseas Operations and JOM Account	¥ 76,564	—

	Millions of Yen	
	March 31, 2011	
	Outstanding Balance	Composition
Domestic operations:		
Manufacturing	¥ 700,812	9.61%
Agriculture and Forestry	7,986	0.11%
Fisheries	909	0.01%
Mining, Quarrying and Gravel	15,913	0.22%
Construction	296,303	4.06%
Electricity, Gas, Heat Supply and Water	18,947	0.26%
Information and Communications	44,128	0.61%
Transportation and Postal Service	215,982	2.96%
Wholesale and Retail Trade	693,095	9.50%
Finance and Insurance	329,020	4.51%
Real Estate and Leasing	1,644,830	22.54%
Services	456,606	6.26%
Government and Local Public Sector	202,268	2.77%
Others (Mainly Consumer Loans)	2,669,050	36.58%
Total	¥7,295,852	100.00%
Overseas Operations and JOM Account	¥ 50,291	—

## Corporate Governance

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 "Frontier 70," our medium-term management plan, which covers the three-year period up to the fiscal year ending March 31, 2014. To earn the trust of our customers, upgrading management activities is a central theme of the plan. This includes conducting a rigorous compliance program, strengthening management systems for protecting customers, and other actions. 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.

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### Board of Directors

The Board of Directors consists of nine directors. 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.

### Corporate Auditors

The Chiba Bank has adopted a corporate auditor system with five corporate auditors, including three highly independent outside corporate auditors. In addition, two of the three outside corporate auditors are standing corporate auditors. 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

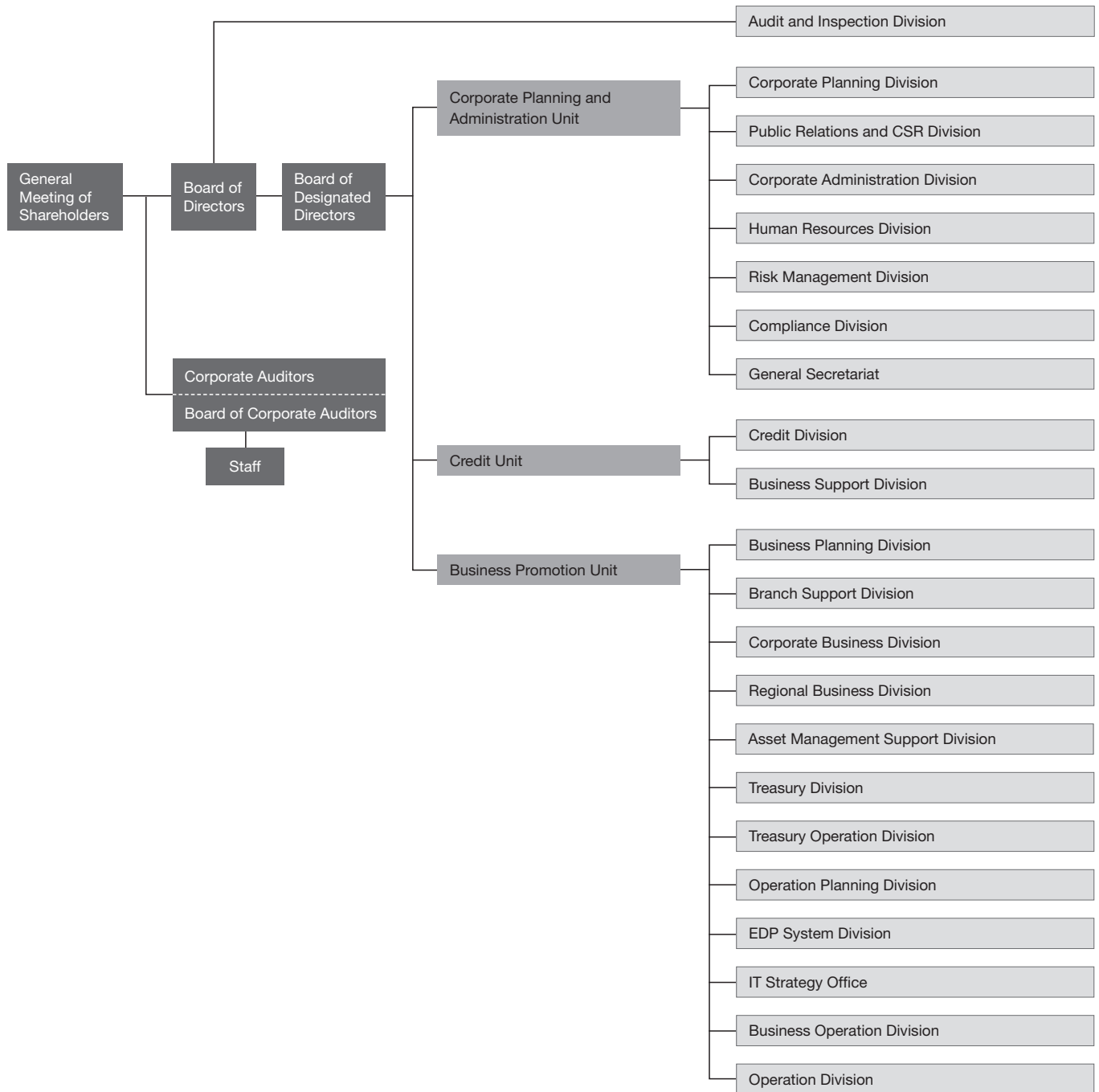
The Chiba Bank maintains a system under which subsidiaries decide their own regulations, in line with the Bank's Compliance Regulations and various risk management regulations, and the Bank's administrative departments control subsidiary compliance and risk management. The Chiba Bank's internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group. For important business operations, Bank consultations and/or reports are timely required of each Group company. In addition, the Chiba Bank holds regular meetings with the directors of each subsidiary to facilitate the sharing of information concerning management issues in 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.

# Organization

The Chiba Bank, Ltd.  
As of June 28, 2012





## Directors, Executive Officers and Corporate Auditors

The Chiba Bank, Ltd.  
As of June 28, 2012

### Directors

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President (Representing Director)

**Hidetoshi Sakuma**

Director and Senior Executive Officer  
(Representing Director)

**Tetsuya Koike**

Head of Business Promotion Unit  
Executive Officer in charge of Branch Support  
Division and Asset Management Support Division

Director and Senior Executive Officer

**Katsumi Ichihara**

Head of Corporate Planning and Administration Unit  
Executive Officer in charge of Public Relations and  
CSR Division, Corporate Administration Division,  
Human Resources Division and General Secretariat

Director and Senior Executive Officer

**Kyoichi Hanashima**

Head of Credit Unit  
Executive Officer in charge of Credit Division and  
Business Support 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

**Toshikazu Okubo**

Executive Officer in charge of Corporate Planning  
Division

Director and Managing Executive Officer

**Osamu Kimura**

Executive Officer in charge of Business Planning  
Division, Corporate Business Division and Regional  
Business Division

Director and Managing Executive Officer

**Takeshi Kubo**

Executive Officer in charge of Treasury Division and  
Treasury Operation Division

Director and Executive Officer

**Toru Nomura**

Executive Officer in charge of Risk Management  
Division and Compliance Division

### Executive Officers

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Executive Officer

**Hiroshi Yoshino**

General Manager, Audit and Inspection Division

Executive Officer

**Yoshinori Takeuchi**

General Manager, Chuo Branch

Executive Officer

**Shoichi Hatano**

General Manager, Branch Support Division

Executive Officer

**Masahiro Suzuki**

General Manager, Funabashi Branch

Executive Officer

**Masami Ohta**

General Manager, Corporate Business Division

Executive Officer

**Masaaki Sugiyama**

General Manager, Tokyo Head Office

Executive Officer

**Eiji Taniguchi**

General Manager, Head Office

Executive Officer

**Tomoyuki Ikeda**

General Manager, Corporate Planning Division

Executive Officer

**Masahiro Owaku**

General Manager, Credit Division

### Corporate Auditors

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Standing Corporate Auditor

**Tsutomu Nozawa**

Standing Corporate Auditor

**Yukio Saruhashi**

Standing Corporate Auditor

**Junichiro Seo**

Corporate Auditor

**Susumu Maruyama**

Corporate Auditor

**Akio Shirato**

## Subsidiaries

The Chiba Bank, Ltd.  
As of July 2, 2012

### 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 Accounting 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.

39-10, Sakae-cho, Chuo-ku,  
Chiba-shi, Chiba 260-0016  
*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 260-0011  
*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 42.87%

### 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 21%

### 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 55%

### 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, Oyuminocho, 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 20%

### 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 30%

### 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 45%

### 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 5%  
its subsidiaries 70%

## International Directory

The Chiba Bank, Ltd.  
As of June 28, 2012

### Head Office

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

### Treasury Operation Division

2-2-1, Nihombashi Muromachi  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3270-8459  
Fax: 81-3-3242-1735  
81-3-3271-1029  
SWIFT Address: CHBA JPJT

### Treasury Division

2-2-1, Nihombashi Muromachi  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3231-1285  
Fax: 81-3-3242-1736

### New York Branch

1133 Avenue of the Americas,  
15th Floor,  
New York, N.Y. 10036, U.S.A.  
Telephone: 1-212-354-7777  
Fax: 1-212-354-8575

### Hong Kong Branch

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

### London Branch

3rd Floor, Regina House,  
1 Queen Street, London EC4N 1SW,  
The United Kingdom  
Telephone: 44-20-7315-3111  
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

## Corporate Data

The Chiba Bank, Ltd.  
As of March 31, 2012

### Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2012 were as follows:

	Number of shares (in thousands)*1	Percentage of total shares issued*2 (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	55,535	6.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,408	4.28
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,414	3.95
NIPPONKOA Insurance Company, Limited	29,998	3.34
NIPPON LIFE INSURANCE COMPANY	29,270	3.26
The Dai-ichi Life Insurance Company, Limited	26,230	2.92
SUMITOMO LIFE INSURANCE COMPANY	17,842	1.99
Meiji Yasuda Life Insurance Company	15,891	1.77
Chiba Bank Employees' Shareholding Association	12,505	1.39
The Keiyo Bank, Ltd.	10,187	1.13

Except for the list above, there are 15,720 thousand (1.75%) of own shares. (Excludes one thousand shares which, although registered in the name of the Chiba Bank on the shareholders' list, are not actually owned by the Chiba Bank.)

\*1 Rounded down to the nearest thousand

\*2 Rounded down to the second decimal place

### Corporate Information

Established	March 1943		
Network	Domestic	174 Offices (155 branches, 17 sub-branches and 2 virtual branches)	
		36,032 Off-branch ATM locations (including 11,534 E-net ATM locations at convenience stores, 9,078 LAWSON ATM locations at convenience stores and 15,161 ATM locations jointly with Seven Bank, Ltd.)	
	Overseas	3 Money exchange counters	
		3 Branches (New York/Hong Kong/London) 2 Representative offices (Shanghai/Singapore)	
Number of Employees*1	4,308		
Total Assets	¥10,858.5 billion		
Loans and Bills Discounted	¥7,581.7 billion		
Deposits (including NCD)	¥9,677.8 billion		
Capital Stock	¥145.0 billion		
Capital Ratio (BIS guidelines)	14.35% (Consolidated) 13.63% (Non-consolidated)		
Authorized Number of Shares	2,500,000 thousand		
Number of Issued Shares	895,521 thousand		
Number of Shareholders*2	26,972		
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.**

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

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