

# The Chiba Bank, Ltd.

Annual Report 2006

Year ended March 31, 2006

**Creatively Managing for Value and Innovation**

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### Forward-Looking Statements

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

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

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

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

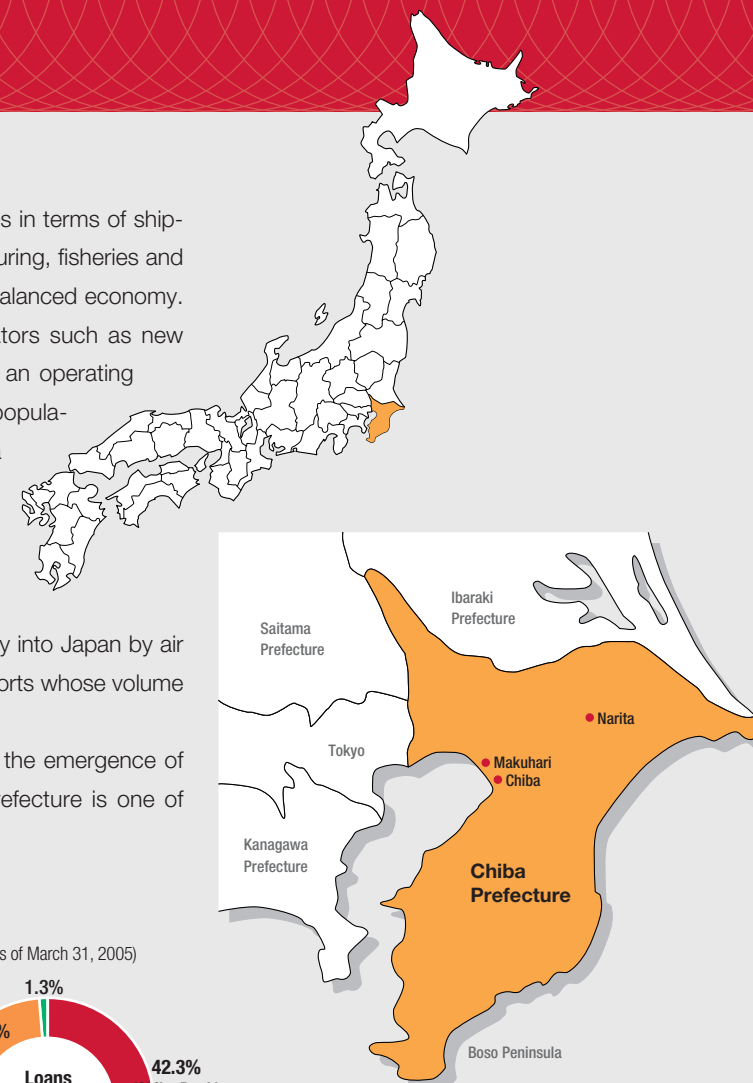
As of March 31, 2006, the Group comprised the Bank and its 14 subsidiaries. Chiba Bank operates 144 domestic branches with 16 sub-branches and has 17,766 ATMs. Overseas, the Bank has three branches and one representative office.

Chiba Prefecture, our operating base, is one of Japan's leading prefectures in terms of shipments, production and marketing in sectors such as commerce, manufacturing, fisheries and agriculture. In terms of industrial profile, too, Chiba Prefecture has a very balanced economy. With a population of over 6 million people and healthy economic indicators such as new housing starts (number of units), Chiba Prefecture has great potential as an operating base. We can expect further sustained growth in the future in light of the population growth rate, one of Japan's highest, and the opening of the Tsukuba Express, a new metropolitan railway line.

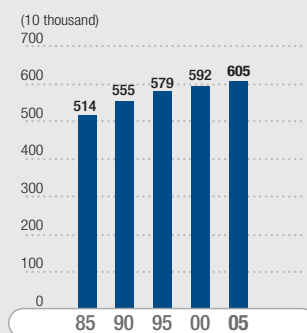
The Tsukuba Express, which opened on August 24, 2005, is one of the largest projects in Japan and has brought large-scale development to six areas centered around five stations in the northwest of the prefecture.

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

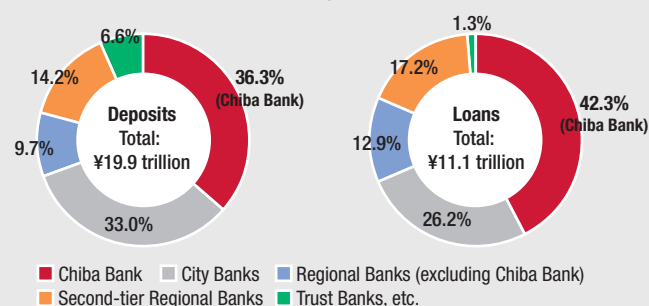
More recently, with the development of tourism in the prefecture, and the emergence of venture businesses to carry the local economy into the future, Chiba Prefecture is one of Japan's most promising domestic markets.



Population of Chiba Prefecture



Business Share of Banks Operating in Chiba (As of March 31, 2005)



Source: MONTHLY KINYU JOURNAL



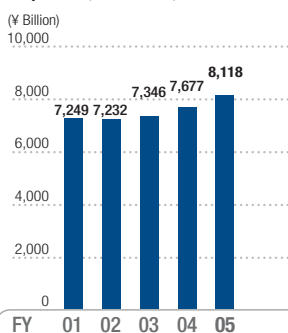
# Financial Highlights

The Chiba Bank, Ltd. and its Consolidated Subsidiaries

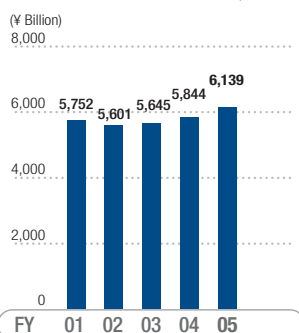
Consolidated Years Ended March 31	Millions of Yen			Thousands of U.S. Dollars (Note)
	2006	2005	2004	2006
<b>For the Year</b>				
Total Income .....	¥ 240,014	¥ 218,379	¥ 208,885	\$ 2,043,198
Total Expenses.....	153,807	151,409	160,719	1,309,337
Net Income.....	48,927	36,395	27,584	416,513
<b>At Year-End</b>				
Total Assets .....	¥9,802,061	¥8,707,929	¥8,231,727	\$ 83,443,106
Cash and Due from Banks.....	269,751	494,332	283,134	2,296,343
Loans and Bills Discounted .....	6,139,665	5,844,581	5,645,137	52,265,817
Securities .....	2,635,218	1,710,389	1,457,660	22,433,121
Deposits .....	8,118,802	7,677,370	7,346,684	69,113,834
Total Stockholders' Equity.....	531,954	418,138	388,247	4,528,433
Common Stock .....	145,069	121,019	121,019	1,234,946

Note: U.S. dollar amounts are shown solely for the convenience of readers of this Annual Report and are translated at the rate of ¥117.47 to \$1.00 effective on March 31, 2006.

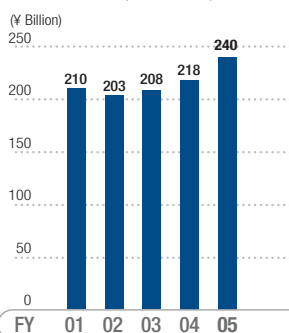
Deposits (Consolidated)



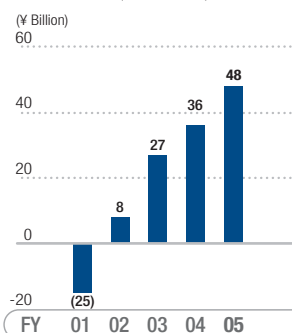
Loans and Bills Discounted (Consolidated)

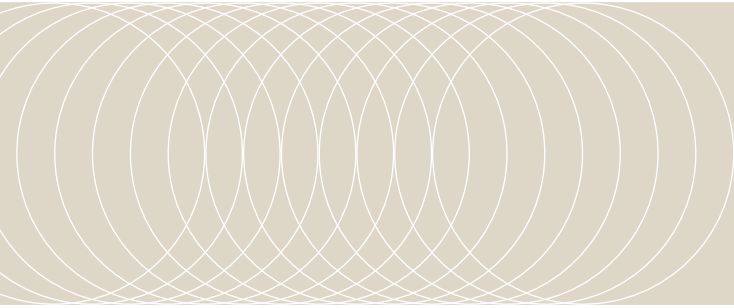


Total Income (Consolidated)



Net Income (Consolidated)





Tadashi Takeyama, President

## Market Potential

Chiba Prefecture, the Bank's principal operating base, is situated adjacent to eastern Tokyo. Chiba has extremely high growth potential and enjoys a balanced industrial structure, ranking among the top prefectures in manufacturing, commerce, agriculture, fishery, and other economic sectors. Chiba Prefecture's population of 6.05 million ranks sixth in Japan; although Japan's population began to decline in 2005, the population of Chiba is expected to continue to grow, especially in the northwestern part of the prefecture.

Transportation infrastructure is developing rapidly. August 2005 marked the start of service on the Tsukuba Express, a railway linking Tokyo's Akihabara district, one of the world's premier commercial hubs for electrical and electronic products, and Tsukuba City, a research and academic center where a number of national research and educational institutions are located. The Narita Rapid Railway, scheduled to open in 2010, will provide high-speed transportation from central Tokyo to Narita International Airport. Large-scale development projects are underway in six areas along the Tsukuba Express railway line, including five stations in Chiba Prefecture, and the number of housing starts is increasing steadily. In addition, the aggregation of venture businesses in the vicinity of Kashiwanoha Campus Station is progressing apace.

Chiba Prefecture is an important industrial and economic center. It is the home of Narita International Airport, Japan's foremost gateway to the skies, and Chiba Port, an international trading port that ranks second in Japan in the volume of cargo handled. Many new developments have occurred recently, including the start of operation of a large-scale liquid crystal panel plant. The prefectural government has taken the lead in fostering the tourism industry with the aim of putting Chiba on the map as a tourist destination. The continuous development of excellent infrastructure gives Chiba Prefecture growth potential matched by few prefectures in Japan.

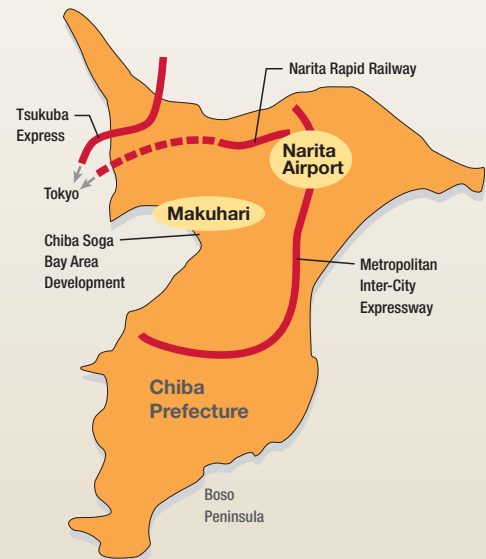
### The Economic Growth Prospects for Chiba Prefecture

#### Population growth is expected

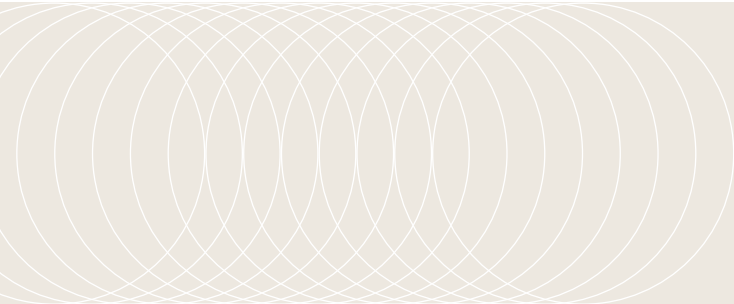
- Ranked 6th nationwide in population increase.

#### Big government projects in Chiba Pref.

- Tsukuba Express
- Narita Rapid Railway
- Metropolitan Inter-City Expressway
- Chiba Soga Bay Area Development, etc.







support initiatives, support activities at branches and banking offices located nearby customers have progressed satisfactorily and the upgrading of debtor classifications is progressing. We are also actively engaged in new financing techniques such as syndicated loans and private finance initiatives and in international business utilizing our overseas offices.

**Strengthening and Expanding the Operating Base** • • • • •

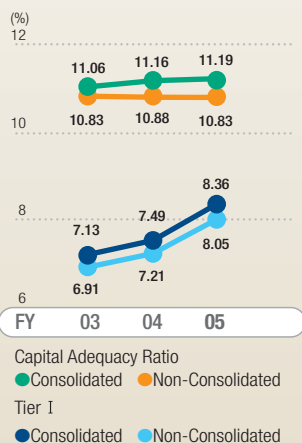
We are opening branches in the northwestern part of Chiba Prefecture and shifting personnel and other management resources to this area, where continued growth is expected owing to the opening of the Tsukuba Express and other developments. With regard to existing locations, we are constructing new buildings in the vicinity of train stations, relocating branches, and taking other measures to put customer convenience first.

We are expanding into areas beyond Chiba Prefecture, opening branches and offices in Tokyo, Saitama Prefecture, and other adjacent areas.

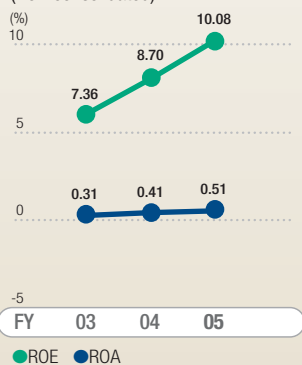
**Issues to Be Addressed** • • • • •

So that we can realize our objective of establishing a solid business base, we will strive to increase our market share in every area and business sector in Chiba Prefecture by aggressively responding to deregulation and providing customers with the best products and services available through the best channels with optimal timing. Specifically, we have positioned the retail banking business as the princi-

Capital Adequacy Ratio/Tier I



ROE/ROA (Non-consolidated)

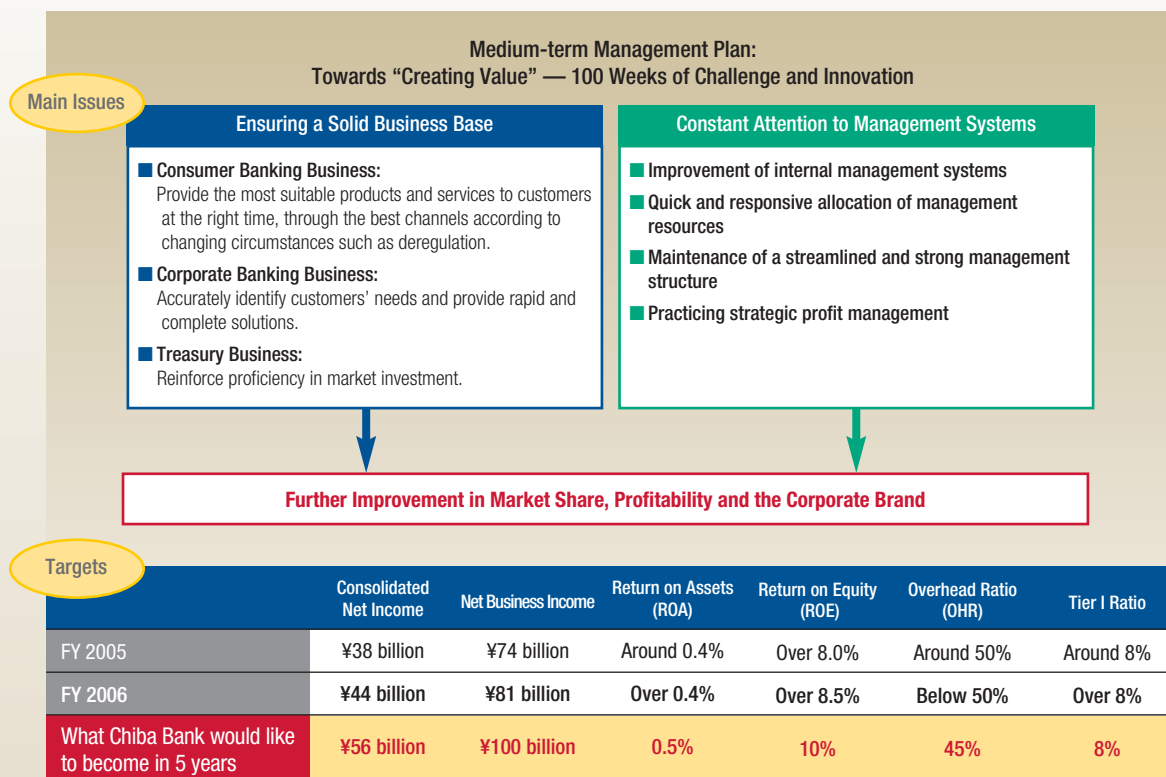


pal engine of profit growth. We will further the shift of management resources into this sector and strengthen our housing loan, investment trust, insurance and credit card businesses. In corporate banking, we will respond appropriately to customer needs by actively engaging in new financing methods on the basis of solid customer relationships. In addition, in the treasury area we will increase investment capabilities by diversifying investment outlets and enhancing our market analysis capabilities.

Management systems are receiving constant attention. So that we can win the understanding and support of a broad base of stakeholders, including customers and local communities, we will upgrade our governance, compliance and risk management systems, including Basel II compliance, and endeavor to maintain highly transparent management by actively disclosing business information.

*Tadashi Takeyama*

Tadashi Takeyama, *President*



# Retail Banking



## Reinforcement of Retail Outlets and Service Enhancements •••••

To keep pace with the diversification of retail banking, Chiba Bank is developing specialty retail banking outlets to complement our conventional branches. Chibagin Consulting Plaza is a multifunctional retail banking outlet open also on weekends and public holidays that realizes one-stop service for customers by offering various consulting services. Customers can conduct banking business and securities business on the same floor. In addition to wide-ranging services provided by specialists, the Plaza from time to time holds asset management seminars for retail banking customers.

Makuhari Loan Plaza and Kashiwa Loan Plaza are also open on weekends and public holidays to provide consultation on housing loans, home renovation loans, car loans, education loans, and other loans, and to accept loan applications and complete contract procedures.

Chibagin Loan Station is a highly convenient service that enables customers to make provisional loan applications without visiting a branch using facsimiles, the Internet, mobile telephones, telephone banking, or post.



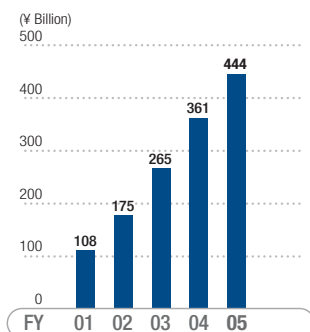
## Enhancement of Investment Products for Individuals •••••

Chiba Bank is actively involved in investment trust business, financial products that fill an increasing range of customer needs in recent years. We have prepared a total of 32 investment trusts, consisting of five public bond investment trusts and 27 equity investment trusts, making it possible for customers to select products suited to their investment needs. When marketing these investment trusts, we provide appropriate asset management advice tailored to the requirements of individual customers after fully ascertaining factors such as customer lifestage, investment objectives, and investment experience. The balance of investment trusts as of March 31, 2006 was ¥444.1 billion, the highest among regional banks in Japan.

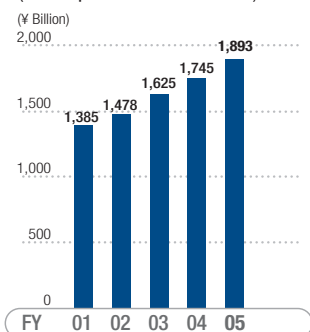
The bank also offers life insurance and non-life insurance annuity products at all its branches. As a life insurance sales agency the Bank has prepared thirteen personal annuity products, and as a non-life



Balance of Investment Trusts



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





To strengthen its retail banking business, Chiba Bank is shifting and concentrating personnel and other management resources and enhancing its line of products and services suited to diverse customer needs.



insurance agency makes available one annuity savings-type accident insurance product. In February 2006, the Bank began offering single-premium whole life insurance as a life insurance sales agency. In the coming years we will continue to respond actively to the deregulation of insurance products.

In securities operations, the Bank sells on a commission basis with Group company Chuo Securities Co., Ltd. foreign bonds and foreign investment funds handled by securities companies. In April 2006, we expanded securities brokerage operations from 25 branches to all branches to meet the wide-ranging needs of customers throughout the region we serve.

### Development of Diverse Loan Products •••••

Chiba Bank is working to enhance its range of retail loan products to satisfy customer needs. The user-selectable Best Choice 21 housing loan makes it possible to borrow up to 300% of assessed collateral value and to borrow money for interior work and expenses attendant on housing acquisition. Customers can select either variable-interest or fixed-interest types and choose from three loan options: the New Construction/First-Time Purchase Course, the Refinancing Course, or the Home Moving Course.

The Chibagin Super Card, with a built-in IC chip, offers convenience and safety by combining credit card and loan card functions in a single smart cash card. Benefits, such as the waiving of ATM charges, credit card membership fees and special card-loan interest rates, are offered depending on the type of customer transaction.

The Bank offers an attractive lineup of other services, including credit card loans of up to ¥2 million at the prime interest rate of 9.0% per year and a Backup Service for providing automatic loans for public utility charges when the account balance is insufficient.



# Corporate Banking



## Meeting the Financial Needs of Local Companies

Chiba Bank regards the stable provision of high-quality finance to be the foundation of its corporate banking business and has prepared a variety of products to meet the financial needs of local businesses.

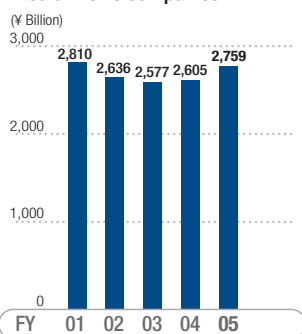
Chibagin Business Loans, loans for corporations with sales of less than ¥500 million that require no collateral or third-party guarantor, meet the wide-ranging needs of small and medium-sized businesses. The loans may be used either for working capital or equipment funds and are available up to a maximum of ¥30 million for loan periods of up to three years. Customers are notified of whether or not loans have been approved within typically three business days from application. The Bank has established a Business Center in the Direct Channel Division to provide meticulous responses to the financing needs of small and medium-sized companies, mainly by telephone.

Chiba Bank also offers solutions to borrowing needs other than direct financing. For instance, following its success with similar arrangements in March 2004 and February 2005, in August 2006 the Bank served as an arranger for the Third Chiba Prefecture CLOs (collateralized loan obligations). In the Chiba Prefecture CLOs, Chiba Prefecture, Chiba City, the Chiba Prefecture Guarantee Corporation, and regional financial institutions cooperate to provide financing for local small and medium-sized enterprises, securitize the loan obligations and sell them to individual and institutional investors.

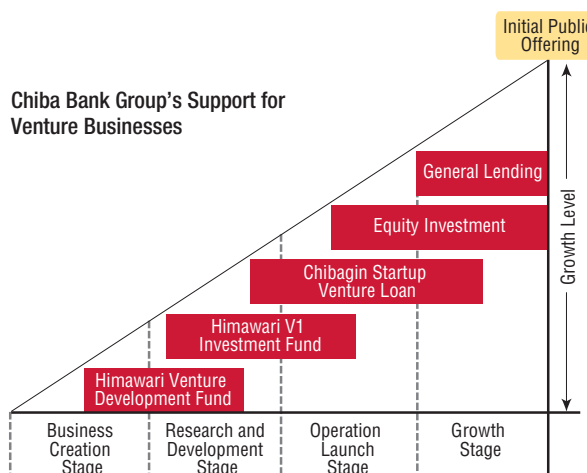
The Bank also actively seeks to satisfy new financing needs through such means as syndicated loans for local companies; the securitization of trade receivables, medical fee receivables, other assets; and private finance initiatives (PFI) for the provision of public services utilizing private-sector funds and management expertise. We have been particularly active in arranging PFIs; following the Chiba City Consumer Affairs Center PFI in 2001, the Bank's first PFI undertaking, in 2003, we arranged Ichikawa City's first PFI Project. Our undertakings have been favorably rated, and the Bank won three awards in the First Japan PFI Awards in 2005.



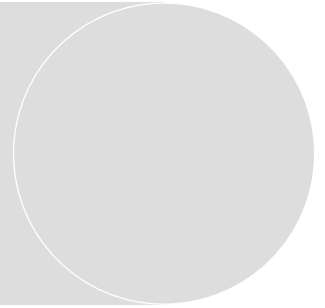
Loans Outstanding to Small and Medium-size companies



Chiba Bank Group's Support for Venture Businesses



**Chiba Bank satisfies the financial needs of local companies, and the Bank's group companies offer a variety of financing methods including support for the establishment of venture businesses and public offerings.**



**Involvement with Venture Businesses** • • • • •

In 1998 the Bank established the Himawari Venture Development Fund with the aim of contributing to the development and vitalization of the economy of Chiba Prefecture through the support and fostering of venture businesses. We support the wide-ranging needs of venture businesses during the crucial period from company establishment to the research and development stage by providing grants and subsidies, offering consultation services, and holding seminars and lectures. Through the close of fiscal 2005, the Bank has provided grants totaling ¥249 million to 83 venture businesses.

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

The Bank has entered into a Memorandum of Agreement Concerning Cooperation with Chiba University and is cooperating with the university in fields that include support for venture businesses and the exchange of information that benefits small and medium-sized enterprises. We are actively promoting collaboration between industry and academia through support for joint research between companies and universities, the promotion of technological consultation from companies and university-launched ventures, and support for business start-ups.

**Involvement with Defined Contribution Pension Plans** • • • • •

The Bank actively engages in the operation and management of defined contribution pension plans (the Japanese equivalent of 401k plans), including the review of company retirement plans. The number of companies introducing defined contribution pension plans is on the rise, and the Bank has put in place a structure for satisfying the divergent needs of individual companies by tailoring "order-made" plans. Our services range from the preparation of plan regulations to the provision of investment instruction for employees.

# Network Expansion and Service Enhancements



## Branch Network Expansion

To increase customer convenience, Chiba Bank is actively engaged in the opening, construction, and relocation of branches and offices. With regard to new locations, in February 2006 we opened the Saitama Corporate Banking Office in a commercial facility in Yashio Station on the Tsukuba Express line, our first business base in Saitama Prefecture. In June, we opened the Kitasenju Corporate Banking Office and the Toyo-cho Corporate Banking Office in Tokyo. We also opened the Narita Airport Office III on the first floor of the South Wing of Terminal 1 at Narita International Airport, our fourth staffed facility in the airport.

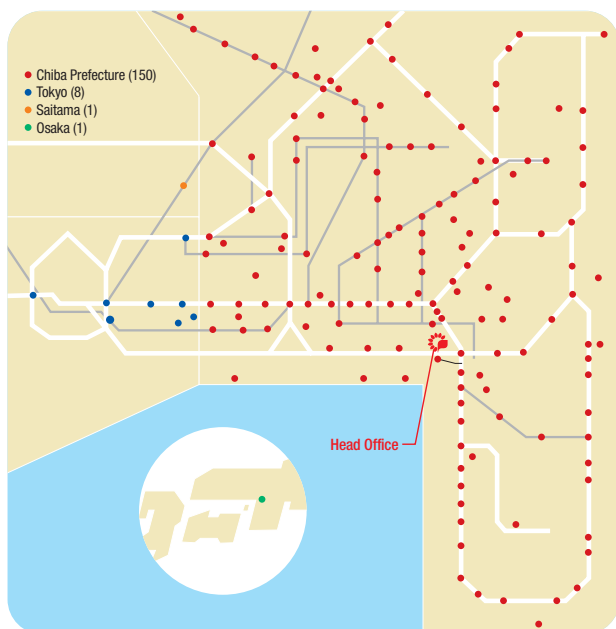
With regard to branch construction and relocation, we opened the new Narita-Nishi Branch in June 2005 and the Yukarigaoka Branch in November 2005. We relocated the Takatsu Branch to the vicinity of Yachiyo-Midorigaoka Station in March 2006, renaming it the Yachiyo-Midorigaoka Branch. In constructing and relocating branches, we actively seek to meet the needs of customers by increasing the number of safe-deposit boxes and installing barrier-free facilities.



## Business Forums

The Bank periodically holds Chibagin Business Forums on a range of business topics to provide a venue for contacts and exchanges between exhibiting companies that desire to provide technologies and services related to the topics and companies that are seeking to increase their sales or expand their customer bases by introducing new technologies or installing infrastructure. In November 2005 we held the Third Chibagin Business Forum on the topic IT Management Innovation in a joint effort with

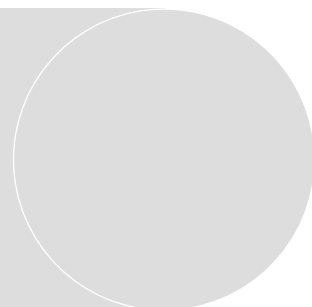
the Chiba Industry Advancement Center, an extra-governmental organization of Chiba Prefecture. In December, we held a forum to promote ties between the Chiba Lotte Marines professional baseball team and local businesses. In a joint effort organized by four regional banks, we held a forum in Shanghai for companies entering the Chinese market. The event was favorably received by the many customers involved.



## Headquarters Entry into the Trust Business and Inheritance-related Business

In June 2006, the Bank entered the trust business and inheritance-related business and began offering land trusts and testamentary trusts at its headquarters. Our entry into these businesses has enabled us to put in place a structure to support the realization of smooth inheritance of assets, a matter of great interest to customers who have real estate, shares in privately held corporations, and other assets. The entry into the inheritance-related business by the Bank itself marks a first for a regional bank in Japan.

Chiba Bank aims to be a comprehensive regional financial services group that continues to evolve by creating a highly convenient network for local customers and at all times providing new services in line with the needs of the times.



### Launch of Eco-friendly Loans • • • • •

The aggravation of environmental problems worldwide has resulted in heightened public awareness and concern for the natural environment. To promote environmental preservation on the part of small and medium-sized businesses and support companies that practice environmentally friendly management, in November 2005 the Bank began offering environmentally friendly products: the Chibagin Eco-friendly Business Support Loan and the Chibagin Business Loan Eco. We are also actively supporting environment-conscious individual customers with the launch of the Chibagin Eco-friendly Housing Loan for customers who purchase residences with excellent energy conservation and environmental characteristics.



### Establishment of the Chiba Small and Medium-sized Enterprise Fund • • • • •

In March 2006 Chiba Bank and ten other financial institutions in Chiba Prefecture, together with the Organization for Small & Medium Enterprises and Regional Innovation, and other organizations established a region-specific business construction fund by means of joint investment. The purpose of the fund is to promote vitalization of the regional economy by supporting measures for the early reconstruction of small and medium-sized businesses in the region. The Organization for Small & Medium Enterprises and Regional Innovation and other organizations contributed 50% of the fund (¥2,000 million), and the eleven financial institutions contributed the remaining 50%.

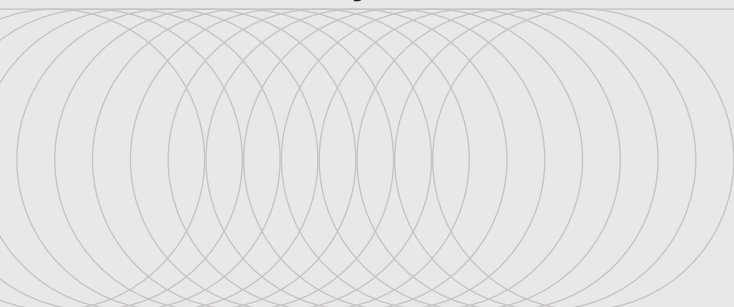
Off-Branch and Affiliate ATMs (As of March 31, 2006)

	Chiba Bank	E-net	Seven-Bank
Total	253	6,208	11,305
Within Chiba Prefecture	250	486	754









The Bank constantly assigns the highest priority to maintaining and raising the soundness of its assets by disposing of non-performing assets in an appropriate manner, preventing the occurrence of new non-performing loans, and by taking such measures as providing support for customers to help them improve their financial position.

The term “non-performing assets” basically refers to the segment of loans and other debts undertaken by a financial institution about which there is concern regarding the recovery of principal or interest. This concern arises from such reasons as the bankruptcy or poor performance of borrowers.

The interest earned on loans is the core source of a bank’s earnings. Banks cannot avoid a serious adverse impact on their financial condition if problems reach the point where they experience difficulty in recovering the principal on the loans they extend. It is for these reasons that Chiba Bank is making every effort to further strengthen its credit screening and credit risk management systems.

During the two-year period from April 2005 to March 2007 the Bank aims to lower the ratio of non-performing loans to total loans from 4.5% to about 3.5% and to upgrade the debtor classification of 20% of debtors classified as customers being provided with management improvement support.

## Self-assessment and Debtor Classification

Self-assessment of assets is the process whereby financial institutions assess and classify each of their assets based on the risk of impairment to asset value and the risk of default. Loans and assets are classified according to their creditworthiness into five debtor categories based on the extent to which their value has been impaired or according to the degree of risk they entail. These debtor categories are: Normal Debtors, Debtors Requiring Caution, Potentially Bankrupt Debtors, Effectively Bankrupt Debtors and Bankrupt Debtors. The “Debtors Requiring Caution” classification, including borrowers for whom loan repayment terms have been eased, is further subdivided into such categories as “Substandard Debtors.”

## Disposal of Non-performing Loans

The Bank has taken appropriate measures to dispose of non-performing loans by implementing write-offs and providing reserves each fiscal year-end on the basis of the results of a rigorous self-assessment of assets. The Bank calculates the reserve for possible loan losses using the discounted cash flow method for major debtors classified in the Substandard and Potentially Bankrupt Assets categories.

## Debtor Classification

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

## Risk-monitored Loans

(¥ Billion)

	Non-consolidated		Consolidated	
	As of March 31, 2006	As of March 31, 2005	As of March 31, 2006	As of March 31, 2005
Loans to Bankrupt Borrowers	3.3	7.2	3.5	6.8
Delinquent Loans	112.1	146.4	114.4	148.7
Loans Past Due 3 Months or More	6.0	5.1	6.0	5.1
Restructured Loans	104.5	117.0	104.6	117.2
Total	226.1	275.8	228.7	277.9





With regard to the reserve for possible loan losses, the Bank provides for the amount of loans to Bankrupt Debtors and Effectively Bankrupt Debtors not covered by collateral and, as a rule, provides for the amount of expected loss from Potentially Bankrupt Debtors, based on the historical loan-loss ratio. The Bank has achieved a high 71.3% coverage ratio for disclosed claims under the Financial Reconstruction Law, which is calculated by adding the reserve to collateral and guarantees.

### Disclosure of Non-performing Assets

Under banking regulations, disclosure of non-performing assets includes reporting (1) Risk-Monitored Loans as defined in the Banking Law and (2) Disclosed Claims under the Financial Reconstruction Law. Chiba Bank discloses both types on the basis of its self-assessment of assets.

Disclosure of "Risk-Monitored Loans" includes only the amount of such loans, while "Disclosed Claims under the Financial Reconstruction Law" include, in addition to the amount of such loans, disclosure of customer liabilities for acceptance of guarantees, accrued interest, foreign exchange and other assets with the exception of "Substandard Assets."

### Risk-monitored Loans

"Loans to Bankrupt Borrowers" corresponds to "Bankrupt Assets" under the Bank's classification under self-assessment, and in the same way "Delinquent Loans" refers to "Effectively Bankrupt Assets" and "Potentially Bankrupt Assets" under the Bank's classification. By the same token, "Loans Past Due 3 Months or More" and "Restructured Loans" indicate "Substandard Assets" within "Assets Requiring Caution."

### Disclosed Claims under the Financial Reconstruction Law

The Financial Reconstruction Law requires disclosure of claims classified as "Bankrupt and Substantially Bankrupt," which under the Bank's classification under self-assessment includes "Bankrupt Assets" and "Effectively Bankrupt Assets." "Doubtful Claims" under the Financial Reconstruction Law refers to "Potentially Bankrupt Assets" in the Bank's classification, while the "Substandard Claims" category includes "Loans Past Due 3 Months or More" and "Restructured Loans" of Risk-monitored Loans under the Banking Law within the classification "Assets Requiring Caution."

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

(¥ Billion)

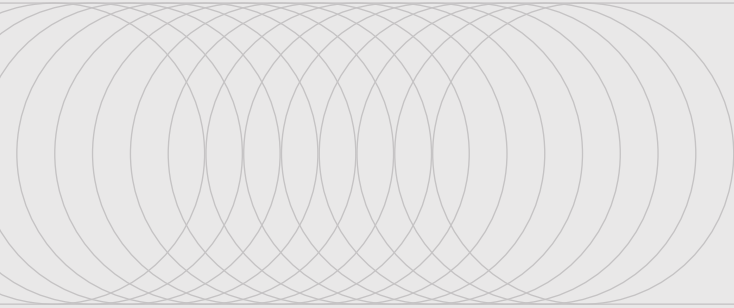
	As of March 31, 2006	As of March 31, 2005
Bankrupt and Substantially Bankrupt Claims	25.3	31.3
Doubtful Claims	90.3	122.5
Substandard Claims	110.6	122.1
Total	226.4	276.0
Total Claims Outstanding	6,286.9	6,001.6
Coverage Ratio (%)	71.3	75.7

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

### Comparison of Classifications under Self-assessment, Financial Reconstruction Law and Risk-monitored Loan (Non-consolidated) (As of March 31, 2006) (¥ Billion)

Assets under Self-Assessment		Disclosed Claims under the Financial Reconstruction Law		Risk-Monitored Loans under the Banking Law		
Bankrupt Assets	3.4	Bankrupt and Substantially Bankrupt Claims	25.3	Loans to Bankrupt Borrowers	3.3	
Effectively Bankrupt Assets	21.9	Doubtful Claims	90.3	Delinquent Loans	112.1	
Potentially Bankrupt Assets	90.3	Substandard Claims	110.6	Loans Past Due 3 Months or More	6.0	
Assets Requiring Caution	Substandard Assets	130.4	Normal Claims	6,060.5	Restructured Loans	104.5
	946.4	Other Assets Requiring Caution			816.0	
Normal Assets	5,224.7	Total Claims	6,286.9	Loans Outstanding	6,167.4	
Total Assets	6,286.9					

# Governance System



## Corporate Governance •••••

A rigorous auditing system is in place for management decision-making and executive and supervisory functions, with the Board of Directors at the top.

### Our Corporate Governance System

#### Board of Directors

The Board of Directors consists of nine members. It makes decisions on management policies and other important matters and monitors the conduct of operations by directors and executive officers.

#### Auditors and the Board of Corporate Auditors

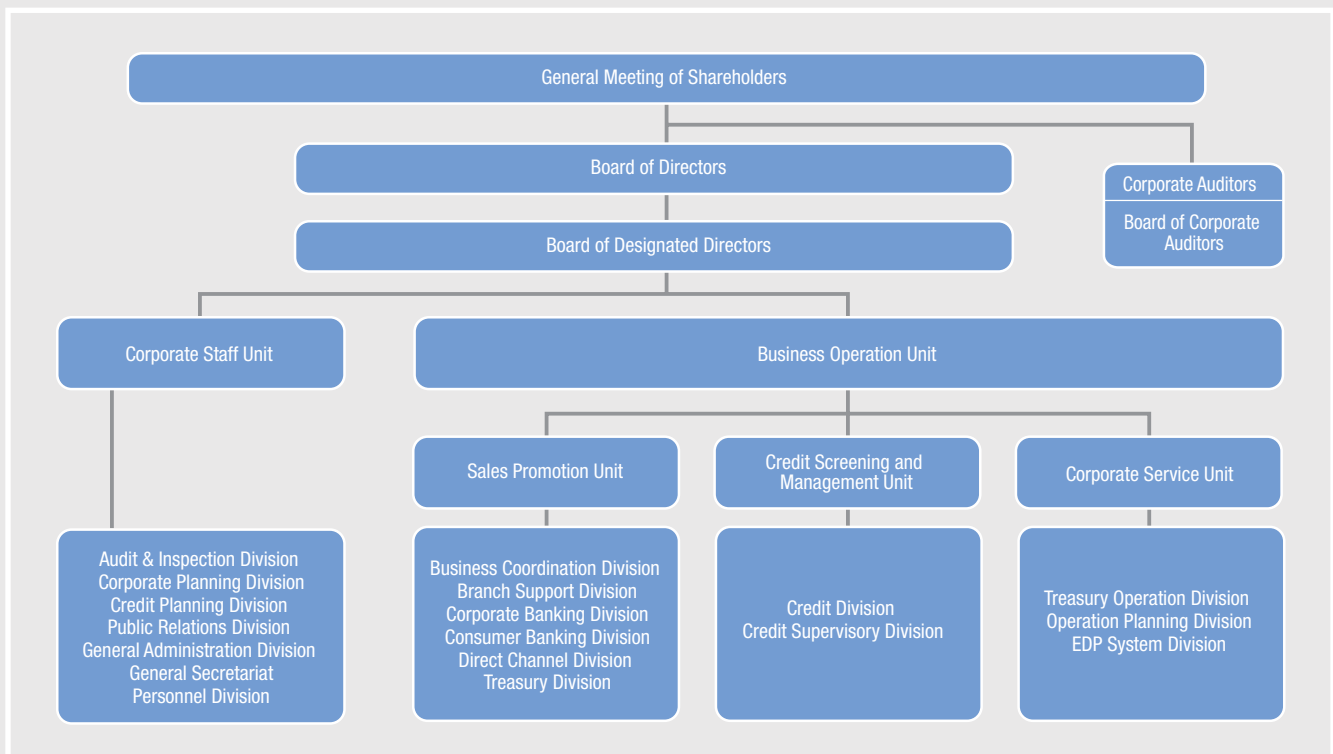
Chiba Bank has adopted a corporate governance system based on

corporate auditors, and retains five auditors including three external auditors (two are corporate auditors). Each auditor oversees the business activities conducted by the directors from various perspectives, with attendance at Board of Directors' meetings and meetings of the Board of Designated Directors, based on the auditing policy and plan drawn up by the Board of Corporate Auditors.

#### Executive Officer System

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

Corporate Governance System (As of July 1, 2006)





**Internal Auditing**

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

**Group Management Systems**

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

**Compliance** • • • • •  
**Compliance Systems**

Chiba Bank regards compliance as a priority issue for management. To ensure rigorous observance of compliance issues, we hold Compliance Committee regularly, attended by directors, executive officers and divisional general managers. At these meetings, discussion focuses on concrete plans and measures for ensuring scrupulous observance of laws and regulations relating to banking transactions and internal regulations as well as the Bank’s position in society at large.

In response to the Whistleblower Protection Act (which came into effect in April 2006), the Bank has enhanced its internal whistleblowing system, through such means as establishing whistleblower protection rules in its regulations, and has ensured that all employees are familiar with the content of the rules.

**Compliance Program**

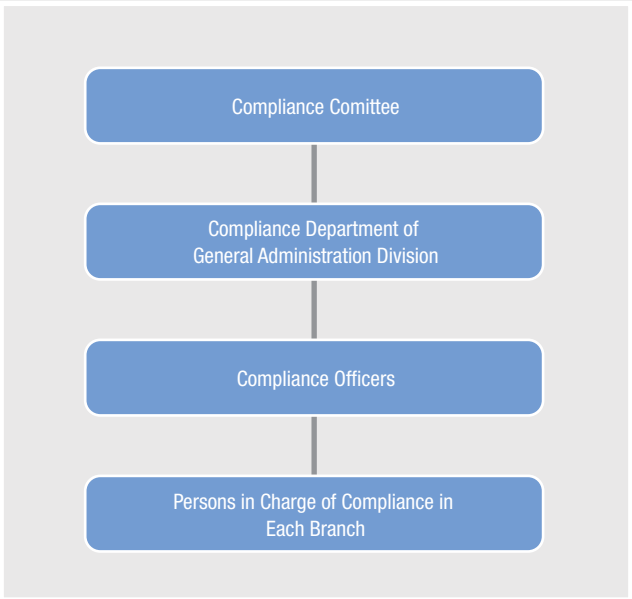
Each year the Board of Directors compiles a Compliance Program, a concrete action plan to enhance compliance systems through measures such as employee training, guidance and compliance checks. The Board of Directors and the Compliance Committee periodically confirm the state of program implementation.

**Customer Protection and Personal Information Protection**

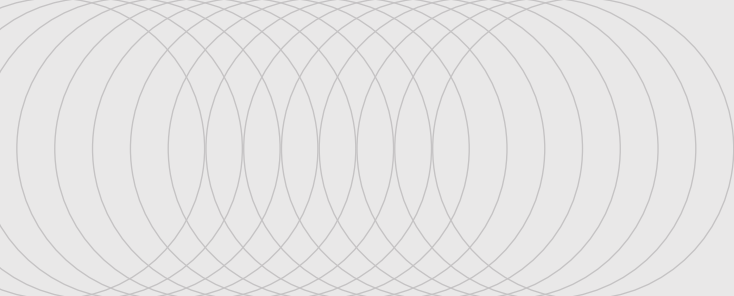
The Bank makes use of collective training, workplace training and other opportunities to instill service discipline and proper attitudes for bank employees. It provides guidance and education to ensure that all employees obey the Bank’s rules and engage in honest and fair business activities. We are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

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

**Compliance Structure**



# Risk Management



## Integrated Risk Management

While innovations in banking technology and financial liberalization have opened up new businesses for banks, they have also greatly increased the diversity and complexity of risks facing the industry. Chiba Bank has a full awareness of the importance of accurately identifying, analyzing and managing risk in its management and operations, and is fortifying and expanding its risk management system.

The main risks to which banking operations are subject include credit, market, liquidity, and systems risk. In order to improve its profitability and ensure sound business operations, Chiba Bank not only monitors each of these risk categories individually, but also considers it necessary to manage them collectively and keep them within acceptable overall limits.

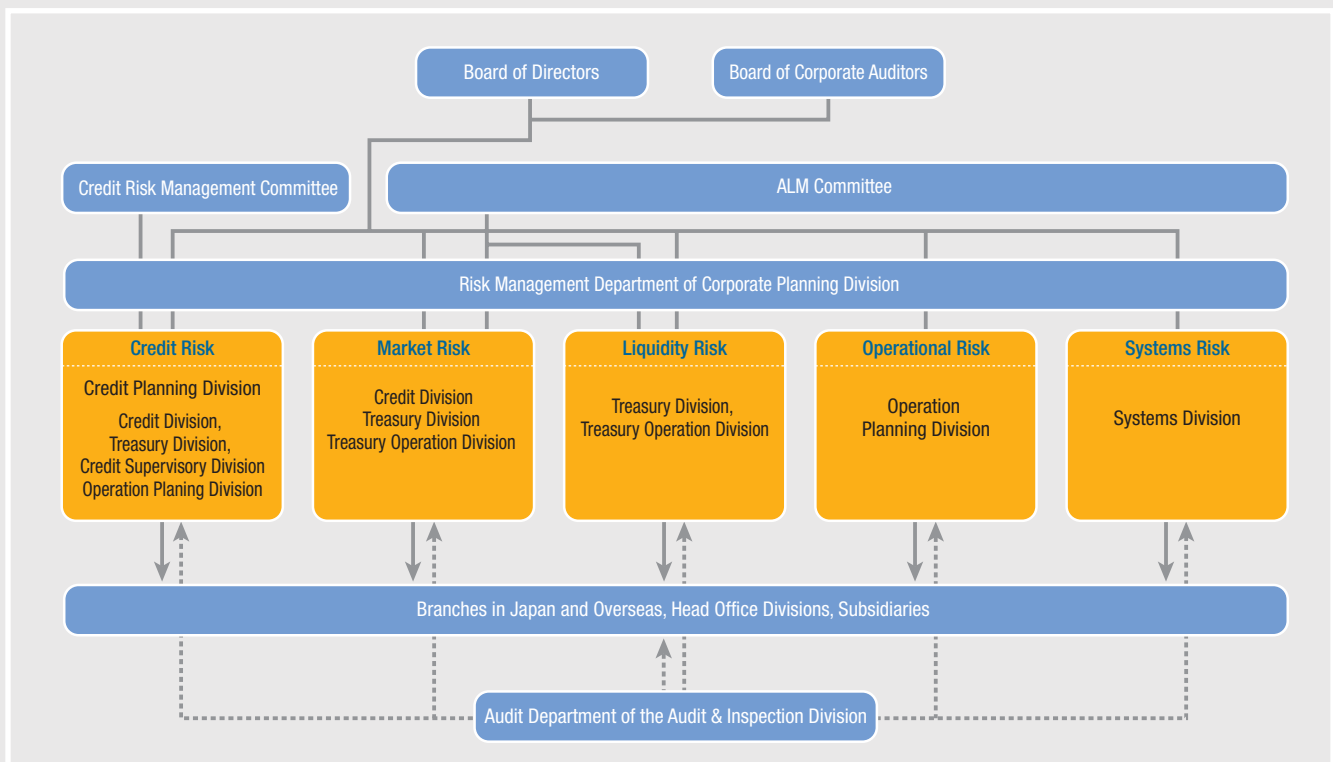
Therefore, while the Bank has appointed sections for handling each type of risk, the Risk Management Department of the Corporate Planning Division has been charged with overseeing all risk manage-

ment operations, reporting to the Board of Directors, with the ALM Committee and the Credit Risk Management Committee fine-tuning risk management and other risk-related issues. In addition, to ensure the effectiveness of internal controls, the Audit Department of the Audit & Inspection Division, reporting to the Board of Directors, makes periodic audits to determine whether risk management is being appropriately addressed.

## Risk Capital Allocation

This system is used to enable the Bank to manage all kinds of risk within the parameters allowed by its capital ratio, the indicator of financial strength. Under this system, the Bank pre-allocates risk capital to the sales promotion and treasury sections, within the acceptable risk range, and each division deploys its capital efficiently to maintain sound management of its business and raise profitability, with due focus on risk and returns.

**Risk Management System** (As of April 3, 2006)





## Credit Risk Management

Credit risk, the possibility that principal and interest become uncollectible if the borrower gets into financial difficulty, accounts for over half of all risks faced by banks in their operations. The Bank is tightening up its management to prevent the occurrence of new bad debts and improve the soundness of its assets.

### A) Credit Screening and Management

By convention, the Bank's Credit Screening and Management Unit and Sales Promotion Unit are run as separate entities. The Audit & Inspection Division, which is independent of the Credit Screening and Management Unit, checks the credit management status of borrowers on a case-by-case basis, as well as their impact on the Bank's self assessment, reserves for possible loan losses and credit ratings. Credit management of individual debtors is handled primarily by the Credit Division's Credit and Supervisory Department, which pays strict attention to all credit criteria. The Credit Division Turnaround Support Department assists debtors requiring caution to improve their creditworthiness, and the Credit Supervisory Division is responsible for the collection and disposal process when borrowers become insolvent. The Credit Planning Division is responsible for credit portfolio management and risk quantification.

### B) Credit Rating System

Chiba Bank considers credit ratings are the most fundamental element of credit risk management. We have introduced a corporate credit rating system with 27 categories based on the financial data of companies. Regular and randomly-timed rating reviews are undertaken, to ensure the most comprehensive screening and most accurate understanding of a company's circumstances. This corporate credit rating system is widely used for customer management such as to achieve the optimal setting of loan interest rates and the scope of authorization.

### C) Self-assessment of Assets

Under the Banking Law of Japan, financial institutions are obliged to assess their own assets and classify them according to the

degree of erosion of value and potential uncollectability. At Chiba Bank, self-assessments are carried out at each branch office, after which, the loan approval sections of the headquarters check the results prior to an audit by the Audit & Inspection Division. In addition, the Credit Planning Division makes the necessary write-offs and provisions to reserves based on the results. In this way, the Bank ensures the soundness of its assets.

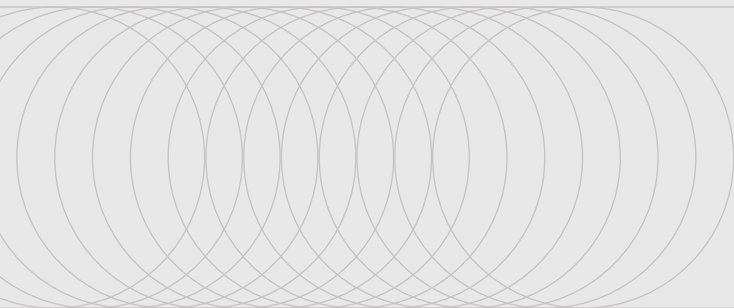
In April 2005 the Bank introduced the Rating and Self-Assessment System and is upgrading credit risk management by increasing business process efficiency and accuracy, in addition to establishing alarm points in the event of a change in the credit circumstances of debtors.

### D) Credit Risk Quantification

In credit risk quantification, predictions are made, based on statistical techniques, of the likely level of losses that could occur due to deterioration of the financial situation of a debtor and possible bankruptcy. Using this system, the Bank works to enhance the soundness of credit portfolios by calculating credit risk and accumulating and maintaining default histories and other data to generate more precise quantification. By incorporating the results of credit risk quantification research into profit management systems, we aim to get a firmer grasp of profitability in relation to credit risk, strengthen earning power, and fine-tune our risk management.

## Market Risk Management

Chiba Bank has an ALM system, which handles market risk issues relating to interest rates, exchange rates, the price of securities and other instruments subject to market fluctuation. The ALM Committee, which is chaired by the President, meets on a regular basis to discuss and decide specific policy. In this way comprehensive risk management is carried out. Specifically, the Bank sets upper guideline limits and "alarm points" for each product within risk capital amounts, using a value at risk (VaR) formula. For market business, in addition to risk quantification management, it also sets upper limits for investment in the markets and carries out risk control through quarterly reviews of investment policies. For market transactions for trading purposes, VaR is calculated on a daily



basis, and regular “stress tests” (worst-case loss scenarios in sudden market downturns) are applied, with trading limits set accordingly. Maximum trading limits and loss-cutting rules are also strictly enforced to further alleviate daily trading risk and prevent major losses.

The market section is divided into front office (Treasury Division and Overseas Branch Offices), back office (Treasury Operation Division) and middle office (Risk Management Department of the Corporate Planning Division), creating a reciprocal and mutually reinforcing management structure.

### Liquidity Risk Management

Liquidity risk relates to funding risk and market liquidity risk. Chiba Bank ensures appropriate management in this area on a day-to-day basis by setting ceilings for funding risk and taking measures to ensure that assets that can be quickly turned into cash as reserve liquidity are kept above a certain level. In addition, the Bank controls market-liquidity risk by setting limits on daily positions taken in market transactions. The Risk Management Department of the Corporate Planning Division identifies and monitors various market trends that may influence assets and liabilities, preventing risk from rising above acceptable levels. The Bank also has a crisis management plan providing for a network-wide response to potential negative events that could cause a shortfall in the Bank’s cash position.

### Operational Risk Management

The Operation Planning Division seeks to prevent accidents by ensuring that operations are carried out in accordance with the Bank’s strict administrative guidelines. The Bank sets precise procedural standards in each function, and conducts training to ensure a steady improvement in operational standards. Strict audits are carried out across all activities at every branch office by the branch office itself and by the Audit & Inspection Division, as well as at the headquarters. In this way we work to ensure operations are conducted accurately and that performance levels are raised.

### System Risk Management

To ensure the stable operation of computer systems, hardware and circuitry for basic systems for customers’ accounts and information management are duplicated, and the Bank can switch between systems immediately in the event of failure. In addition, for all computing systems, data is rigorously controlled, barriers are in place against intruders and viruses, and we have a contingency plan drawn up for major disasters and other unforeseen events. In this way every precaution has been taken against crime and disaster. Also, the Audit & Inspection Division carries out full inspections of the computing system.

### Basel II Compliance

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

The basic policy of Chiba Bank is to expand its business by upgrading internal management, and the Bank is proactively complying with the new regulations as part of its policy of building an integrated risk management system. To that end, the Bank has put the Corporate Planning Division in charge of Basel II compliance and is proceeding with compliance preparations by means of a bank-wide cooperative structure involving all sections with risk responsibility.



# Financial Section

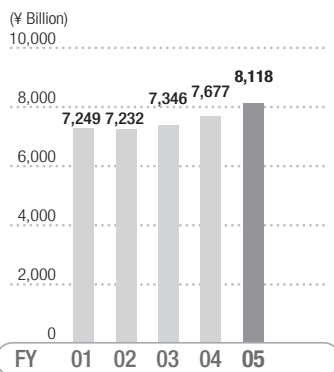
## Five-Year Summary (Consolidated)

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

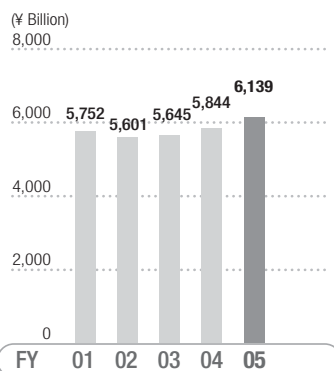
	Millions of Yen				
	2006	2005	2004	2003	2002
<b>For the Year:</b>					
Total Income . . . . .	¥ <b>240,014</b>	¥ 218,379	¥ 208,885	¥ 203,946	¥ 210,533
Total Expenses . . . . .	<b>153,807</b>	151,409	160,719	187,744	256,065
Income (Loss) Before Income Taxes and Minority Interests . .	<b>86,206</b>	66,970	48,165	16,202	(45,531)
Net Income (Loss) . . . . .	<b>48,927</b>	36,395	27,584	8,770	(25,420)
<b>At Year-End:</b>					
Total Assets . . . . .	<b>¥9,802,061</b>	¥8,707,929	¥8,231,727	¥8,021,618	¥8,145,849
Loans and Bills Discounted . . . . .	<b>6,139,665</b>	5,844,581	5,645,137	5,601,309	5,752,206
Securities . . . . .	<b>2,635,218</b>	1,710,389	1,457,660	1,343,972	1,406,706
Deposits . . . . .	<b>8,118,802</b>	7,677,370	7,346,684	7,232,986	7,249,830
Total Stockholders' Equity . . . . .	<b>531,954</b>	418,138	388,247	325,738	334,967
Capital Ratio (BIS guidelines) . . . . .	<b>11.19%</b>	11.16%	11.06%	10.42%	10.22%
PER (Times) . . . . .	<b>18.37</b>	16.06	17.74	32.81	—
PBR (Times) . . . . .	<b>1.75</b>	1.39	1.25	0.88	1.03
Yen					
<b>Per Share:</b>					
Net Income (Loss) . . . . .	¥ <b>56.96</b>	¥ 43.19	¥ 32.74	¥ 10.42	¥ (30.18)
Stockholders' Equity . . . . .	<b>596.84</b>	496.87	461.54	387.29	397.77

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

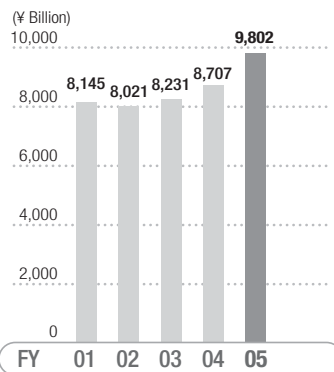
## Deposits (Consolidated)



## Loans and Bills Discounted (Consolidated)



## Total Assets (Consolidated)



## Operating Environment

In the fiscal year under review, the Japanese economy saw a continuation of its steady recovery as exports and production increased and capital expenditure showed robust growth fueled by high corporate profits. Personal consumption also developed solidly against a backdrop of gradual improvement in employee compensation. Housing investment grew steadily.

With regard to the financial situation, the unsecured overnight call rate moved at close to zero owing to the maintenance of zero interest rates on the short-term money market despite the Bank of Japan's abolition of the quantitative monetary easing policy in March. The yield on long-term government bonds trended at about 1.4% during the first half of the term and rose to the 1.7% level during the second half. The Nikkei Stock Average moved in the 11,000 range during the first half of the term and increased to the 17,000 range during the second half as economic recovery and capital inflows from individual investors continued.

## Operations During the Term

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

The Bank's activities during the term saw the development of new products and service enhancements, including the introduction of new personal annuities and investment trusts aimed at satisfying the diversifying investment needs of customers. We also commenced sales of single-premium whole life insurance, a product we were newly authorized to offer due to deregulation. In card operations, we began offering the Chibagin Super Card, which combines credit card and loan card functions in a single smart cash card. For corporate customers, we worked to enhance our line of unsecured business loan products; for instance, we began offering the Chibagin Business Loan Mini. We also actively used private finance initiatives (PFI) and syndicated loans. We strengthened our consulting capabilities and actively provided support for business succession, mergers and acquisitions, overseas start-ups, and business matching.

The Bank also began offering environmentally friendly products: the Chibagin Eco-friendly Business Support Loan and the Chibagin Eco-friendly Housing Loan.

## Financial Position

Of the major balance sheet items, the fiscal year-end deposit balance, consisting principally of deposits from individual customers, increased by ¥441,431 million from the previous term to ¥8,118,802 million, reflecting the provision of a wide assortment of financial products and services and activities aimed at promoting the use of Chiba Bank as customers' main bank for salary transfer accounts, pension transfer accounts, and other banking services.

The fiscal year-end loans and bills discounted balance increased by ¥295,083 million from the previous term to ¥6,139,665 million as a result of responding actively to the needs of local businesses and individual customers.



Securities, increased by ¥924,829 million from the previous fiscal year-end to ¥2,635,218 million.

Common stock was ¥145,069 million at the fiscal year-end. In December 2005 the Bank conducted a public offering of 50 million shares to augment equity capital and boost financial strength in preparation for future loan demand.

As a result of the share offering, the Tier I ratio increased by 0.86 percentage points from the previous term-end to 8.36% on a consolidated basis. The capital ratio (BIS guidelines) increased by 0.02 percentage points from the previous term-end to 11.19%.

The term-end balance of total assets increased by ¥1,094,132 million from the previous term to ¥9,802,061 million.

### Income and Expenses

Total consolidated income increased by ¥21,635 million year on year to ¥240,014 million as a result of efficient investment of funds and efforts to increase income from fees and commissions. Of the total, interest income was ¥150,511 million, and income from fees and commissions was ¥44,090 million.

A decrease in the disposal of non-performing loans and across-the-board management streamlining notwithstanding, total consolidated expenses increased by ¥2,398 million year on year to ¥153,807 million attendant on an increase in interest on deposits. Interest expenses were ¥21,597 million, fee and commission expenses were ¥12,130 million, and general and administrative expenses were ¥83,450 million.

As a result, consolidated income before income taxes increased by ¥19,236 million year on year to ¥86,206 million. Consolidated net income increased by ¥12,532 million to ¥48,927 million, and net income per share was ¥56.96. The Bank improved the soundness of assets by rigorously implementing write-offs and providing reserves on the basis of self-assessment of assets.

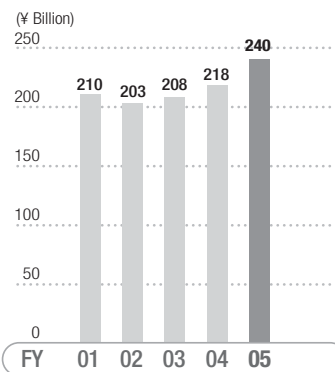
### Segment Information

With regard to results by business segment, ordinary income from banking business increased by ¥22,470 million year on year to ¥206,536 million, and ordinary profit rose by ¥16,776 million to ¥75,050 million. Ordinary income from leasing business increased by ¥973 million year on year to ¥19,077 million, and ordinary profit increased by ¥416 million to ¥1,673 million. Ordinary income from other businesses decreased by ¥4,420 million to ¥6,878 million, while ordinary profit increased by ¥190 million to ¥2,474 million.

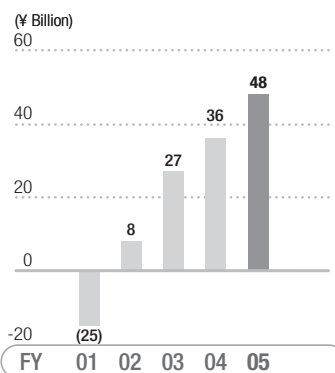
### Consolidated Cash Flows

Net cash provided by operating activities was ¥670,275 million, an increase of ¥196,185 million from that of the previous fiscal year, reflecting an increase in deposits. Cash used in investing activities was ¥878,408 million, a decrease of ¥626,412 million from that of the previous fiscal year, mainly because of purchases of securities. Cash used in financing activities was ¥5,256 million, an increase of ¥2,723 million from that of the previous fiscal year, a result of dividends paid and repayment of subordinated borrowings. Consequently, cash and cash equivalents at the end of the term decreased by ¥213,296 million year on year to ¥238,794 million.

### Total Income (Consolidated)



### Net Income (Loss) (Consolidated)



### Capital Ratio (Consolidated)





## Report of Independent Auditors

The Board of Directors  
The Chiba Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Chiba Bank, Ltd. and consolidated subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of incomes, stockholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd. and consolidated subsidiaries at March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

*Ernst & Young ShinNihon*

June 29, 2006

# Financial Statements

## Consolidated Balance Sheets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2006 and 2005

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
<b>ASSETS</b>			
Cash and Due from Banks (Note 12) . . . . .	¥ 269,751	¥ 494,332	\$ 2,296,343
Call Loans and Bills Bought . . . . .	129	21,981	1,100
Receivables under Securities Borrowing Transactions (Note 6) . . . . .	19,944	2,578	169,781
Commercial Paper and Other Debt Purchased . . . . .	63,574	18,667	541,201
Trading Assets (Notes 5, 12 and 33) . . . . .	368,619	314,816	3,137,989
Money Held in Trust (Note 34) . . . . .	32,359	30,635	275,470
Securities (Notes 7, 12 and 33) . . . . .	2,635,218	1,710,389	22,433,121
Loans and Bills Discounted (Notes 8 and 12) . . . . .	6,139,665	5,844,581	52,265,817
Foreign Exchanges (Note 9) . . . . .	2,591	2,237	22,059
Other Assets (Notes 10 and 12) . . . . .	116,832	110,752	994,569
Premises and Equipment (Note 11) . . . . .	101,010	103,788	859,880
Deferred Tax Assets (Note 30) . . . . .	20,313	54,819	172,926
Customers' Liabilities for Acceptances and Guarantees . . . . .	108,773	92,200	925,969
Reserve for Possible Loan Losses . . . . .	(76,722)	(93,852)	(653,122)
<b>Total Assets</b> . . . . .	<b>¥ 9,802,061</b>	<b>¥ 8,707,929</b>	<b>\$ 83,443,106</b>
<b>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits (Notes 12 and 13) . . . . .	¥ 8,118,802	¥ 7,677,370	\$ 69,113,834
Call Money and Bills Sold (Note 12) . . . . .	250,091	56,308	2,128,979
Payables under Repurchase Agreements (Note 12) . . . . .	139,493	34,499	1,187,479
Payables under Securities Lending Transactions (Note 12) . . . . .	411,380	171,600	3,502,005
Trading Liabilities (Note 14) . . . . .	21,029	6,341	179,023
Borrowed Money (Notes 12 and 15) . . . . .	49,830	84,866	424,201
Foreign Exchanges (Note 16) . . . . .	366	302	3,121
Subordinated Bonds (Note 17) . . . . .	21,000	39,500	178,769
Other Liabilities (Note 18) . . . . .	102,828	88,067	875,362
Reserve for Employees' Retirement Benefits (Note 19) . . . . .	20,647	21,162	175,769
Reserves under Special Laws . . . . .	196	142	1,675
Deferred Tax Liabilities (Note 30) . . . . .	250	194	2,134
Deferred Tax Liabilities on Land Revaluation (Note 20) . . . . .	15,304	9,409	130,284
Consolidation Difference . . . . .	—	—	—
Acceptances and Guarantees . . . . .	108,773	92,200	925,969
<b>Total Liabilities</b> . . . . .	<b>¥ 9,259,996</b>	<b>¥ 8,281,968</b>	<b>\$ 78,828,607</b>
<b>Minority Interests</b>			
Minority Interests in Consolidated Subsidiaries . . . . .	¥ 10,110	¥ 7,822	\$ 86,067
<b>Stockholders' Equity</b>			
Common Stock (Note 21) . . . . .	¥ 145,069	¥ 121,019	\$ 1,234,946
Capital Surplus . . . . .	122,223	98,250	1,040,464
Retained Earnings (Note 22) . . . . .	201,594	158,107	1,716,135
Land Revaluation Excess (Note 20) . . . . .	7,843	13,939	66,773
Net Unrealized Gains on Other Securities (Note 35) . . . . .	57,266	28,607	487,502
Foreign Currency Translation Adjustments . . . . .	6	41	56
Treasury Stock . . . . .	(2,048)	(1,827)	(17,442)
<b>Total Stockholders' Equity</b> . . . . .	<b>¥ 531,954</b>	<b>¥ 418,138</b>	<b>\$ 4,528,433</b>
<b>Total Liabilities, Minority Interests and Stockholders' Equity</b> . . . . .	<b>¥ 9,802,061</b>	<b>¥ 8,707,929</b>	<b>\$ 83,443,106</b>

See notes to consolidated financial statements.

# Consolidated Statements of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2006 and 2005

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
<b>Income</b>			
Interest Income: . . . . .			
Interest on Loans and Discounts . . . . .	¥ 115,695	¥ 117,568	\$ 984,896
Interest and Dividends on Securities . . . . .	33,081	19,861	281,619
Other Interest Income . . . . .	1,734	693	14,764
Fee and Commission Income . . . . .	44,090	38,384	375,330
Trading Income (Note 23) . . . . .	2,577	2,919	21,941
Other Operating Income (Note 24) . . . . .	5,416	5,040	46,113
Other Income (Note 25) . . . . .	37,418	33,910	318,535
<b>Total Income . . . . .</b>	<b>¥ 240,014</b>	<b>¥ 218,379</b>	<b>\$ 2,043,198</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits . . . . .	¥ 9,000	¥ 4,201	\$ 76,622
Interest on Borrowings and Rediscounts . . . . .	2,512	1,984	21,386
Other Interest Expenses . . . . .	10,084	5,446	85,850
Fee and Commission Expenses . . . . .	12,130	11,468	103,263
Other Operating Expenses (Note 26) . . . . .	2,733	432	23,272
General and Administrative Expenses . . . . .	83,450	78,626	710,394
Other Expenses (Note 27) . . . . .	33,895	49,248	288,549
<b>Total Expenses . . . . .</b>	<b>¥ 153,807</b>	<b>¥ 151,409</b>	<b>\$ 1,309,337</b>
Income Before Income Taxes and Minority Interests . . . . .	86,206	66,970	733,862
Income Taxes-Current . . . . .	20,295	5,992	172,772
Income Taxes-Deferred . . . . .	14,909	24,050	126,924
Minority Interests in Net Income . . . . .	2,073	531	17,653
<b>Net Income . . . . .</b>	<b>¥ 48,927</b>	<b>¥ 36,395</b>	<b>\$ 416,513</b>
<b>Per Share of Common Stock</b>			
Net Income per Share of Common Stock (Note 37) . . . . .	¥ 56.96	¥ 43.19	\$ 0.48
Stockholders' Equity per Share of Common Stock . . . . .	596.84	496.87	5.08

See notes to consolidated financial statements.

# Consolidated Statements of Stockholders' Equity

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2006 and 2005

	Thousands		Millions of Yen (Note 1)						
	Issued Number of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	Total stockholders' equity
Balance at March 31, 2004	845,521	¥121,019	¥ 98,178	¥127,850	¥12,879	¥29,907	¥ 308	¥(1,895)	¥388,247
Net Income	—	—	—	36,395	—	—	—	—	36,395
Gains on Sales of Treasury Stocks	—	—	71	—	—	—	—	—	71
Cash Dividends, ¥6.00 per Share of Common Stock	—	—	—	(5,038)	—	—	—	—	(5,038)
Transfer from Land Revaluation Excess	—	—	—	(1,060)	1,060	—	—	—	—
Bonuses to Directors	—	—	—	(40)	—	—	—	—	(40)
Change in Net Unrealized Gains on Other Securities	—	—	—	—	—	(1,299)	—	—	(1,299)
Change in Foreign Currency Translation Adjustments	—	—	—	—	—	—	(267)	—	(267)
Treasury Stock Transactions	—	—	—	—	—	—	—	68	68
Balance at March 31, 2005	845,521	¥121,019	¥98,250	¥158,107	¥13,939	¥28,607	¥ 41	¥(1,827)	¥418,138
Issuance of Stocks	50,000	24,050	23,956	—	—	—	—	—	48,006
Net Income	—	—	—	48,927	—	—	—	—	48,927
Gains on Sales of Treasury Stocks	—	—	17	—	—	—	—	—	17
Cash Dividends, ¥7.00 per Share of Common Stock	—	—	—	(5,460)	—	—	—	—	(5,460)
Transfer from Land Revaluation Excess	—	—	—	64	(6,095)	—	—	—	(6,030)
Bonuses to Directors	—	—	—	(45)	—	—	—	—	(45)
Change in Net Unrealized Gains on Other Securities	—	—	—	—	—	28,658	—	—	28,658
Change in Foreign Currency Translation Adjustments	—	—	—	—	—	—	(34)	—	(34)
Treasury Stock Transactions	—	—	—	—	—	—	—	(221)	(221)
<b>Balance at March 31, 2006</b>	<b>895,521</b>	<b>¥145,069</b>	<b>¥122,223</b>	<b>¥201,594</b>	<b>¥ 7,843</b>	<b>¥57,266</b>	<b>¥ 6</b>	<b>¥(2,048)</b>	<b>¥531,954</b>

	Thousands		Thousands of U.S. Dollars (Note 1)						
	Issued Number of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	Total stockholders' equity
Balance at March 31, 2005	845,521	\$1,030,213	\$ 836,384	\$1,345,940	\$118,663	\$243,534	\$ 352	\$(15,555)	\$3,559,533
Issuance of Stocks	50,000	204,733	203,933	—	—	—	—	—	408,666
Net Income	—	—	—	416,513	—	—	—	—	416,513
Gains on Sales of Treasury Stocks	—	—	146	—	—	—	—	—	146
Cash Dividends, ¥7.00 per Share of Common Stock	—	—	—	(46,484)	—	—	—	—	(46,484)
Transfer from Land Revaluation Excess	—	—	—	553	(51,891)	—	—	—	(51,338)
Bonuses to Directors	—	—	—	(388)	—	—	—	—	(388)
Change in Net Unrealized Gains on Other Securities	—	—	—	—	—	243,967	—	—	243,967
Change in Foreign Currency Translation Adjustments	—	—	—	—	—	—	(297)	—	(297)
Treasury Stock Transactions	—	—	—	—	—	—	—	(1,887)	(1,887)
<b>Balance at March 31, 2006</b>	<b>895,521</b>	<b>\$1,234,946</b>	<b>\$1,040,464</b>	<b>\$1,716,135</b>	<b>\$ 66,773</b>	<b>\$487,502</b>	<b>\$ 56</b>	<b>\$(17,442)</b>	<b>\$4,528,433</b>

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2006 and 2005

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
<b>Cash Flows from Operating Activities:</b>			
Income Before Income Taxes and Minority Interests . . . . .	¥ 86,206	¥ 66,970	\$ 733,862
Depreciation of Premises, Equipment and Others . . . . .	4,031	4,652	34,323
Losses on Impairment of Fixed Assets . . . . .	824	—	7,017
Amortization of Consolidation Difference . . . . .	—	(5)	—
Equity Investments Accounted for by the Equity Method . . . . .	(209)	(314)	(1,781)
Decrease in Reserve for Possible Loan Losses . . . . .	(17,130)	(20,367)	(145,828)
Decrease in Reserve for Employees' Retirement Benefits . . . . .	(515)	(2,221)	(4,387)
Interest Income . . . . .	(150,511)	(138,124)	(1,281,279)
Interest Expenses . . . . .	21,597	11,633	183,858
Gains on Investment Securities . . . . .	(3,712)	(6,619)	(31,605)
Gains on Money Held in Trust . . . . .	(1,485)	(462)	(12,643)
Foreign Exchange Gains . . . . .	(92)	(20)	(787)
Losses on Disposals of Premises and Equipment . . . . .	472	935	4,019
(Increase) Decrease in Trading Assets . . . . .	(53,802)	46,402	(458,013)
Increase (Decrease) in Trading Liabilities . . . . .	14,688	(1,302)	125,042
Increase in Loans and Bills Discounted . . . . .	(295,083)	(199,443)	(2,511,994)
Increase in Deposits . . . . .	415,212	326,386	3,534,628
Increase in Negotiable Certificates of Deposit . . . . .	26,218	4,300	223,196
Decrease in Borrowed Money (excluding Subordinated Borrowings) . . . . .	(6,035)	(4,530)	(51,383)
Decrease in Due from Banks (excluding Deposits at BOJ) . . . . .	11,284	2,937	96,064
(Increase) Decrease in Call Loans and Bills Bought and Others . . . . .	(23,055)	134,026	(196,263)
(Increase) Decrease in Receivables under Securities Borrowing Transactions . . . . .	(17,365)	7,889	(147,830)
Increase in Call Money and Bills Sold . . . . .	298,776	60,814	2,543,425
Increase in Payables under Securities Lending Transactions . . . . .	239,780	69,190	2,041,203
Increase in Foreign Exchanges (Assets) . . . . .	(353)	(405)	(3,011)
Increase (Decrease) in Foreign Exchanges (Liabilities) . . . . .	63	(103)	544
Interest Received . . . . .	149,788	137,874	1,275,121
Interest Paid . . . . .	(21,207)	(11,104)	(180,535)
Other—Net . . . . .	(901)	(10,449)	(7,677)
Sub total . . . . .	¥ 677,482	¥ 478,539	\$ 5,767,283
Income Taxes Paid . . . . .	(7,207)	(4,449)	(61,354)
<b>Net Cash Provided by Operating Activities</b>	<b>¥ 670,275</b>	<b>¥ 474,090</b>	<b>\$ 5,705,929</b>
<b>Cash Flows from Investing Activities:</b>			
Purchases of Securities . . . . .	¥(1,595,181)	¥(1,403,069)	\$ (13,579,482)
Proceeds from Sales of Securities . . . . .	465,053	416,401	3,958,916
Proceeds from Maturities of Securities . . . . .	256,211	737,996	2,181,078
Increase in Money Held in Trust . . . . .	(2,170)	(934)	(18,478)
Decrease in Money Held in Trust . . . . .	411	489	3,502
Purchases of Premises and Equipment . . . . .	(3,515)	(3,715)	(29,927)
Proceeds from Sales of Premises and Equipment . . . . .	783	836	6,668
<b>Net Cash Used in Investing Activities</b>	<b>¥ (878,408)</b>	<b>¥ (251,995)</b>	<b>\$ (7,477,722)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from the Issuance of Subordinated Borrowings . . . . .	¥ —	¥ 21,000	\$ —
Repayments of Subordinated Borrowings . . . . .	(29,000)	(24,000)	(246,872)
Payments for Redemption of Subordinated Bonds . . . . .	(18,500)	—	(157,487)
Proceeds from Issuance of Common Stocks . . . . .	48,006	—	408,666
Cash Dividends Paid . . . . .	(5,460)	(5,038)	(46,484)
Cash Dividends Paid to Minority Interests . . . . .	(97)	(81)	(827)
Payments for Purchase of Treasury Stocks . . . . .	(246)	(204)	(2,100)
Proceeds from Sale of Treasury Stocks . . . . .	42	344	359
<b>Net Cash Used in Financing Activities</b>	<b>¥ (5,256)</b>	<b>¥ (7,979)</b>	<b>\$ (44,744)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>¥ 92</b>	<b>¥ 20</b>	<b>\$ 787</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ (213,296)</b>	<b>¥ 214,135</b>	<b>\$ (1,815,752)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>¥ 452,090</b>	<b>¥ 237,954</b>	<b>\$ 3,848,563</b>
<b>Cash and Cash Equivalents at End of Period (Note 28)</b>	<b>¥ 238,794</b>	<b>¥ 452,090</b>	<b>\$ 2,032,811</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years and March 31, 2006 and 2005

## 1. Basis of Presentation

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

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

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

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥117.47 to \$1.00, the exchange rate prevailing at March 31, 2006.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chuo Securities Co., Ltd. and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2006 and 2005 were both 10. Chibagin Cash Business Co., Ltd. has been merged with Chibagin Business Services Co., Ltd. and Chibagin General Management Co., Ltd. was liquidated in the year ended March 31, 2005.

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 unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets.

The difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is presented as consolidation difference and is amortized on a straight-line method over a period of five years, if significant in amount, or is charged or credited to income in the year of acquisition.

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

The financial statements of the consolidated subsidiary, for which fiscal year-end is December 31, are included in consolidation on the basis of its fiscal year after making appropriate adjustments for the significant transactions during the period from its year-end to the date of the Bank's fiscal year-end.

## 3. Significant Accounting Policies

### (1) Trading Account

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

Transactions that aim to gain a profit by arbitrating short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitrating differentials between markets (hereafter "trading purposes") are accounted under "Trading assets" or "Trading liabilities" on the balance sheets. Profit or loss from such transactions is recorded under "Trading income" or "Trading expenses" on the statements of income.

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

In the case of trading-related financial derivatives, "Trading income/expenses" includes the interest received/paid during the fiscal year and the difference between the amount of profit/loss based on the assumption that transactions were settled at the end of the current fiscal year and that at the end of the previous fiscal year.

### (2) Securities

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

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

### (3) Derivatives

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

### (4) Premises and Equipment

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

Buildings .....6 years to 50 years

Equipment and furniture .....2 years to 20 years

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

### (5) Software

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

### (6) Stock Issuance costs

Stock Issuance costs are charged to operation as occurred.

### (7) Reserve for Possible Loan Losses

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

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

For claims on borrowers that are not currently bankrupt but likely to become bankrupt in the future ("Potentially Bankrupt Borrowers"), a

reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

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

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

Also, regarding the reserve for loans to specific countries, the expected amount of the losses on such loans arising from political and economic conditions in those countries has been provided in the reserve for specific overseas loans.

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

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectable and written off against the total outstanding amount of the claims. The amount of write-off was ¥63,036 million.

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

#### (8) Reserve for Employees' Retirement Benefits

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

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

#### (9) Reserve under Special Laws

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

#### (10) Translation of Foreign Currencies

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

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

#### (11) Lease Transactions

Finance lease transactions, except for those that meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, are accounted for as operating leases (See Note 29).

#### (12) 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.

A portion of deferred hedge losses and gains, which was previously under the "macro hedge" applied in order to manage interest rate risk arising from large-volume transactions, in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15), is charged to "Interest expenses" over a four-year period from the fiscal year ended March 31, 2004 according to their notional principles or maturity. At the year ended March 31, 2006, gross amounts of deferred hedge losses on "macro hedges" were ¥3 million.

##### ii) Hedge of Foreign Currency Fluctuation Risk

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

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

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

#### (13) Consumption Taxes

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

#### (14) Appropriation of Retained Earnings

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

#### (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.

## 4. New Accounting Pronouncement

### • Impairment of Fixed Assets

Effective from fiscal year 2005 ending March 31, 2006, the Bank applied the "Accounting Standards for Impairment of Fixed Assets" issued by the Business Accounting Council on August 9, 2002 and "Implementation Guidance for Accounting Standards for Impairment of Fixed Assets" issued by the Accounting Standards Board of Japan, on October 31, 2003. The adoption had the effect of decreasing Income



before Income Taxes and Minority Interests for the current fiscal year by ¥824 million.

As for banking business, these impairment losses are deducted from premises and equipment as well as accumulated depreciation.

## 5. Trading Assets

Trading assets as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Trading Securities.....	¥ 25,176	¥ 39,523	\$ 214,322
Derivatives of Trading Securities .....	24	—	205
Securities Related to Trading Transactions.....	3,966	1,920	33,770
Derivatives of Securities Related to Trading Transactions.....	3	—	26
Trading-Related Financial Derivatives .....	8,119	6,294	69,121
Other Trading Assets.....	331,329	267,078	2,820,545
Total .....	¥368,619	¥314,816	\$3,137,989

## 6. Securities Borrowing Transactions

As for securities borrowed under securities borrowing transactions which the bank has the right to sell or pledge, ¥5,271 million were held in hand on March 31, 2006. The respective amount at March 31, 2005 were 833 million.

## 7. Securities

Securities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Japanese National Government Bonds .....	¥ 695,753	¥ 398,426	\$ 5,922,816
Japanese Local Government Bonds .....	191,326	157,687	1,628,726
Japanese Corporate Bonds and Financial Debentures .....	706,250	532,225	6,012,176
Japanese Stocks.....	280,508	189,083	2,387,914
Other Securities.....	761,380	432,966	6,481,488
Total .....	¥2,635,218	¥1,710,389	\$22,433,121

Japanese stocks include investments in non-consolidated subsidiaries of ¥1,409 million and ¥1,148 at March 31, 2006 and 2005, respectively.

## 8. Loans and Bills Discounted

(1) Loans and bills discounted as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Bills Discounted .....	¥ 37,929	¥ 42,125	\$ 322,884
Loans on Notes .....	282,953	301,093	2,408,732
Loans on Deeds .....	5,201,231	4,933,586	44,277,106
Overdrafts.....	617,550	567,774	5,257,094
Total.....	¥6,139,665	¥5,844,581	\$52,265,817

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of Mar 31, 2006 and 2005 were ¥38,497 million and ¥42,378 million respectively.

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount

within the limits was ¥1,639,476 million relating to these contracts, including ¥1,600,985 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2006.

The respective amounts were ¥1,459,956 million and ¥1,431,084 million as of March 31, 2005.

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

(2) Risk monitored loans as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Loans to Bankrupt Borrowers...	¥ 3,549	¥ 6,885	\$ 30,217
Delinquent Loans .....	114,484	148,742	974,586
Loans Past Due 3 Months or More .....	6,075	5,117	51,721
Restructured Loans .....	104,686	117,205	891,179
Total.....	¥228,796	¥277,950	\$1,947,703

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order).

Delinquent loans represent non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans past due 3 months or more represent loans on which the payment of principal and/or interest has not been received for three months or more from the due date, and which are not included in Loans to bankrupt borrowers or Delinquent loans.

Restructured loans are loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by providing easier repayment terms for the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, etc.) and are not classified in any of the above categories.

## 9. Foreign Exchange Assets

Foreign exchange assets as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Due from Foreign Correspondents.....	¥1,630	¥1,613	\$13,882
Foreign Bills of Exchange Bought .....	577	282	4,919
Foreign Bills of Exchange Receivable .....	382	342	3,259
Total .....	¥2,591	¥2,237	\$22,059

## 10. Other Assets

Other assets as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Domestic Exchange Settlement.....	¥ 2,082	¥ 2,141	\$ 17,726
Accrued Income .....	16,822	12,763	143,205
Prepaid Expenses .....	615	617	5,244
Other .....	97,311	95,230	828,394
Total .....	¥116,832	¥110,752	\$994,569

## 11. Premises and Equipment

Depreciation is computed using the declining-balance method. Premises and Equipment as of March 31, 2006 and 2005 are shown at net of following accumulated depreciation:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
	<b>¥93,321</b>	<b>¥93,898</b>

Deferred gain on real estate deductible for tax purposes amounted to ¥10,862million (of which ¥0million were recorded on fiscal year 2005) on March 31, 2006.

## 12. Assets Pledged

Assets pledged as collateral as of March 31, 2006 and 2005 were as follows:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Securities .....	<b>¥607,268</b>	<b>¥213,989</b>
Trading Assets .....	<b>139,485</b>	<b>34,497</b>
Cash and Due from Banks .....	<b>40</b>	<b>40</b>
Loans and Bills Discounted .....	<b>319,944</b>	<b>326,647</b>
Other .....	<b>—</b>	<b>—</b>

Liabilities related to above pledged assets as of March 31, 2006 and 2005 were as follows:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Deposits.....	<b>¥ 21,470</b>	<b>¥ 24,842</b>
Payables under		
Repurchase Agreements.....	<b>139,493</b>	<b>34,499</b>
Bills Sold .....	<b>153,300</b>	<b>8,100</b>
Payables under Securities		
Lending Transactions .....	<b>411,380</b>	<b>171,600</b>
Borrowed Money.....	<b>342</b>	<b>727</b>

In addition, the following are pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2006 and 2005 respectively.

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Trading Assets .....	<b>¥ —</b>	<b>¥ —</b>
Securities .....	<b>108,882</b>	<b>105,645</b>
Loans and Bills Discounted .....	<b>—</b>	<b>—</b>

Leased deposits of ¥6,253 million and ¥6,142 million are included in premises and equipment as of March 31, 2006 and 2005 respectively. Initial margin for future contracts of ¥440 million and ¥73 million are included in other assets as of March 31, 2006 and 2005 respectively.

## 13. Deposits

An analysis of deposits as of March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Current Deposits .....	<b>¥ 211,060</b>	<b>¥ 191,097</b>
Ordinary Deposits.....	<b>4,354,412</b>	<b>3,993,548</b>
Savings Deposits.....	<b>310,311</b>	<b>325,988</b>
Deposits at Notice.....	<b>9,566</b>	<b>9,755</b>
Time Deposits .....	<b>2,873,424</b>	<b>2,871,553</b>
Other Deposits .....	<b>230,008</b>	<b>181,628</b>
Sub Total.....	<b>¥7,988,784</b>	<b>¥7,573,571</b>
Negotiable Certificates of Deposit...	<b>130,017</b>	<b>103,799</b>
Total .....	<b>¥8,118,802</b>	<b>¥7,677,370</b>

## 14. Trading Liabilities

Trading liabilities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Trading Account Securities Sold for		
Short Sales, Not Yet Purchased ..	<b>¥10,597</b>	<b>¥ 719</b>
Derivatives of Trading Securities .....	<b>1</b>	<b>19</b>
Trading Related Securities Sold		
for Short Sales.....	<b>3,935</b>	<b>1,036</b>
Derivatives of Securities Related to		
Trading Transactions.....	<b>0</b>	<b>7</b>
Derivatives.....	<b>6,495</b>	<b>4,558</b>
Total .....	<b>¥21,029</b>	<b>¥6,341</b>

## 15. Borrowed Money

Borrowed money as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Borrowings from the Bank of Japan		
and Other Financial Institutions.....	<b>¥49,830</b>	<b>¥84,866</b>
Bills Rediscounted.....	<b>—</b>	<b>—</b>
Total .....	<b>¥49,830</b>	<b>¥84,866</b>

Subordinated Borrowings of ¥46,000 million and ¥75,000 million are included in Borrowed Money as of March 31, 2006 and 2005.

## 16. Foreign Exchange Liabilities

Foreign exchange liabilities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Foreign Bills Sold.....	<b>¥354</b>	<b>¥285</b>
Foreign Bills of Exchange Payable ..	<b>12</b>	<b>17</b>
Total .....	<b>¥366</b>	<b>¥302</b>

## 17. Subordinated Bonds

Subordinated bonds as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Issuer: The Bank .....	<b>¥10,000</b>	<b>¥10,000</b>
Issuer: Overseas Subsidiary, Chiba		
Capital Funding (Cayman) Ltd.....	<b>11,000</b>	<b>29,500</b>
Total .....	<b>¥21,000</b>	<b>¥39,500</b>

## 18. Other Liabilities

Other liabilities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2006	2005
Domestic Exchange Settlement.....	<b>¥ 1,594</b>	<b>¥ 78</b>
Accrued Expenses .....	<b>8,224</b>	<b>7,631</b>
Unearned Income.....	<b>18,851</b>	<b>19,160</b>
Accrued Income Taxes.....	<b>17,553</b>	<b>4,462</b>
Other .....	<b>56,605</b>	<b>56,734</b>
Total .....	<b>¥102,828</b>	<b>¥88,067</b>

## 19. Employees' Retirement Benefit Plans

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

(1) The liabilities/assets for employee retirement benefit plans as of March 31, 2006 and 2005 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Retirement Benefit Obligation .....	<b>¥(65,337)</b>	¥(62,554)	<b>\$(556,204)</b>
Plan Assets at Fair Value .....	<b>39,231</b>	30,518	<b>333,968</b>
Unfunded Retirement			
Benefit Obligation .....	<b>(26,106)</b>	(32,036)	<b>(222,236)</b>
Unrecognized Net Retirement			
Benefit Obligation at Transition .....	—	—	—
Unrecognized Actuarial			
Gain or Loss .....	<b>5,458</b>	10,873	<b>46,467</b>
Unrecognized Prior			
Service Cost .....	—	—	—
Reserve for Employees'			
Retirement Benefits .....	<b>¥(20,647)</b>	¥(21,162)	<b>\$(175,769)</b>

(2) The components of retirement benefit cost for the years ended March 31, 2006 and 2005 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Service Cost .....	<b>¥2,013</b>	¥1,890	<b>\$17,140</b>
Interest Cost .....	<b>1,243</b>	1,431	<b>10,586</b>
Expected Return on Plan Assets .....	<b>(1,068)</b>	(985)	<b>(9,093)</b>
Amortization of Prior Service Cost ..	—	(2,431)	—
Amortization of Actuarial			
Gain or Loss .....	<b>1,396</b>	940	<b>11,885</b>
Amortization of Net Retirement			
Benefit Obligation at Transition .....	—	2,440	—
Other (nonrecurring			
additional retirement			
allowance paid and other) .....	<b>23</b>	—	<b>199</b>
Net Periodic Retirement			
Benefit Cost .....	<b>¥3,608</b>	¥3,286	<b>\$30,717</b>

(3) Assumptions used in accounting for the above plans for the years ended March 31, 2006 and 2005 were as follows:

	2006	2005
Discount Rate .....	<b>2.0%</b>	2.0%
Expected Return Rate .....	<b>3.5%</b>	3.5%
Amortization Period of		
Prior Service Cost .....	<b>2 years</b>	2 years
Amortization Period of		
Actuarial Gain or Loss .....	<b>10 years</b>	10 years
Amortization Period of Net		
Retirement Benefit		
Obligation at Transition .....	—	5 years

## 20. Land Revaluation Excess

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

Date of the revaluation: March 31, 1998

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

Pursuant to Article 2, Subparagraph 4 of the Enforcement Ordinance for the Law concerning Revaluation of Premises, the premises price for the revaluation is determined based on the method established and published by the Director General of National Tax Agency in order to calculate the premises value for a basis of determining the taxable amount subject to premises value tax prescribed by Article 16 of the Premises Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to the Article 10 of the Law were ¥36,387 million and ¥37,080 million as of March 31, 2006 and 2005, respectively.

## 21. Common Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2006 and 2005.

The number of shares in issue as of March 31, 2006 and 2005 was as follows:

	Number of Shares	
	2006	2005
Shares in Issue .....	<b>895,521,087</b>	845,521,087

The number of treasury shares held by the Bank and subsidiaries was 4,324 thousand and 4,096 thousand as of March 31, 2006 and 2005.

## 22. Retained Earnings

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

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

Under the Code, as amended effective on October 1, 2001, the Bank is required to appropriate as a legal reserve an amount equal to at least 10% of appropriations paid by cash until an aggregated amount of additional paid-in capital surplus and the legal reserve equals 25% of the common stock. This reserve is not capitalized by resolution of the Board of Directors. The aggregate amount of additional paid-in capital may be transferred to other capital surplus by resolution of the general shareholders' meeting and may be used to refund to shareholders.

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

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

In line with the Code Amendments, on June 29, 2001, amendments to the Banking Law were promulgated and became effective on October 1, 2001. The Amendments of the Banking Law provide that an amount at least equal to 20% of the aggregated amount of cash dividends and certain appropriations of retained earnings associated with cash outlays appli-

cable to each fiscal period shall be appropriated and set aside as a legal reserve until the aggregate amount of legal reserve set aside as appropriation of retained earnings and the legal capital surplus equals 100% of common stock.

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

### 23. Trading Income

The composition of trading income for the years ended March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Gains on Trading Securities .....	¥ 778	¥ 624	\$ 6,631
Gains on Securities Related to			
Trading Transactions .....	58	9	499
Gains on Derivatives .....	1,529	2,168	13,017
Other Trading Income .....	210	116	1,794
Total .....	¥2,577	¥2,919	\$21,941

### 24. Other Operating Income

The composition of other operating income for the years ended March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Gains on Foreign			
Exchange Transactions .....	¥2,943	¥1,972	\$25,058
Gains on Sale of Bonds .....	2,470	2,666	21,029
Other .....	3	401	26
Total .....	¥5,416	¥5,040	\$46,113

### 25. Other Income

The composition of other income for the years ended March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Gains on Sale of Securities .....	¥ 3,304	¥ 4,930	\$ 28,131
Gains on Money Held in Trust .....	1,495	466	12,732
Revenue on Lease .....	17,689	16,931	150,584
Recovery of Written-off Claims .....	4,084	5,450	34,769
Reversal of Reserve for			
Possible Loan Losses .....	4,363	—	37,144
Other .....	6,481	6,131	55,174
Total .....	¥37,418	¥33,910	\$318,535

### 26. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Losses on Sale of Bonds .....	¥1,686	¥432	\$14,353
Other .....	1,047	—	8,919
Total .....	¥2,733	¥432	\$23,272

### 27. Other Expenses

The composition of other expenses for the years ended March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Provision for Possible Loan Losses ...	¥ —	¥ 6,796	\$ —
Write-off of Loans and			
Bills Discounted .....	13,073	20,186	111,294
Losses on Sale of Securities .....	188	153	1,607
Losses on Devaluation of Securities ..	187	391	1,595
Losses on Money Held in Trust .....	10	4	89
Amortization of Net Retirement			
Benefit Obligation at Transition .....	—	2,440	—
Cost of Leased Assets .....	15,576	14,996	132,602
Impairment Losses on Fixed Assets ..	824	—	7,017
Other .....	4,034	4,278	34,346
Total .....	¥33,895	¥49,248	\$288,549

On fiscal year 2005 ended March 31, 2006, the bank recognized impairment losses on 13 fixed assets in Chiba which were idle. Since these assets had no expected future cash flows due to unrealized losses from land price declines, book amount was reduced to its recoverable amount and Impairment Losses of ¥824million were recorded.

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

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

### 28. Cash and Cash Equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets to the cash and cash equivalents as of March 31, 2006 and 2005 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Cash and Due from Banks .....	¥269,751	¥494,332	\$2,296,343
Interest-bearing Deposits			
included in due from Banks			
(Other than Deposits with			
the Bank of Japan) .....	(30,957)	(42,241)	(263,532)
Cash and Cash Equivalents .....	¥238,794	¥452,090	\$2,032,811

### 29. Lease Transactions

#### (1) Finance Lease Transactions

Finance lease transactions, except where the ownership of the leased asset is regarded as being transferred to the lessee, are accounted for as operating leases. Pro forma information on these operating leases is as follows:

	Millions of Yen (Note 1)		Thousands of
	2006	2005	U.S. Dollars (Note 1)
Lessee Side			
Amount Corresponding to the			
Purchased Prices of the			
Leased Asset .....	¥220	¥164	\$1,881
Amount Corresponding to			
Accumulated Depreciation .....	132	113	1,127
Amount Corresponding to			
Balance at Fiscal Year-End .....	¥ 88	¥ 50	\$ 754



	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Amount Corresponding to Lease Payable (within 1 year).....	¥23	¥22	\$203
Amount Corresponding to Lease Payable (over 1 year).....	64	28	550
Total .....	¥88	¥50	\$754

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Lease Fees Paid .....	¥28	¥29	\$246
Amount Corresponding to Depreciation .....	28	29	246

Note: 1. The lease period is set at the useful lifetime of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.  
2. The amount corresponding to interest costs is the difference between total lease fees to be paid and the amount corresponding to the purchase prices of the leased asset. The interest method is used to allocate the amounts to applicable consolidated accounting years.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Lessor Side .....			
Amount Corresponding to the Purchased Prices of the Leased Asset .....	¥102,501	¥95,177	\$872,573
Amount Corresponding to Accumulated Depreciation .....	58,158	52,596	495,090
Amount Corresponding to Balance at Fiscal Year-End .....	¥44,343	¥42,580	\$377,484

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Amount Corresponding to Lease Receivable (within 1 year).....	¥15,928	¥15,517	\$135,594
Amount Corresponding to Lease Receivable (over 1 year).....	34,492	33,209	293,628
Total .....	¥50,420	¥48,727	\$429,222

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Receipt of Leasing Fee for the Year .....	¥17,206	¥16,509	\$146,477
Depreciation .....	14,342	13,838	122,092

(2) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Lessee Side			
Amount Corresponding to Lease Payable (within 1 year).....	¥—	¥—	\$—
Amount Corresponding to Lease Payable (over 1 year).....	—	—	—
Total .....	¥—	¥—	\$—

Lessor Side

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Amount Corresponding to Lease Receivable (within 1 year).....	¥277	¥234	\$2,364
Amount Corresponding to Lease Receivable (over 1 year).....	14	12	121
Total .....	¥291	¥246	\$2,485

30. Tax Effect

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Deferred Tax Assets:			
Reserve for Possible Loan Losses .....	¥44,342	¥57,743	\$377,475
Write-offs of Securities .....	4,524	5,014	38,515
Reserve for Employees' Retirement Benefits .....	8,319	8,206	70,820
Other .....	9,215	9,459	78,449
Sub Total .....	¥66,401	¥80,423	\$565,260
Valuation Allowance .....	(7,265)	(6,242)	(61,852)
Total Deferred Tax Assets .....	¥59,135	¥74,180	\$503,407
Deferred Tax Liabilities:			
Unrealized Gains on Other Securities .....	¥39,024	¥19,507	\$332,208
Reserve for Advanced Depreciation .....	47	47	407
Other .....	—	0	—
Total Deferred Tax Liabilities .....	¥39,072	¥19,555	\$332,615
Net Deferred Tax Assets .....	¥20,062	¥54,625	\$170,792

For the year ended March 31, 2006, 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.

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the year ended March 31, 2005 was as follows:

	2005
Statutory Tax Rate .....	40.3%
Social Expenses Exempted for Income Tax Purposes .....	0.1%
Dividends Exempted for Income Tax Purposes .....	(0.6%)
Valuation Allowance .....	5.1%
Others .....	(0.1%)
Effective Income Tax Rate .....	44.8%

## 31. Segment Information

### (1) Business Segment Information

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

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

	For the year ended March 31, 2005					
	Millions of Yen (Note 1)					
	Banking Business	Leasing Business	Other	Total	Eliminations	Consolidated
Ordinary Income, Ordinary Profit/Loss						
Ordinary Income						
(a) Outside Customers .....	¥ 182,839	¥17,825	¥11,254	¥ 211,918	¥ —	¥ 211,918
(b) Inter-Segment .....	1,226	279	44	1,550	(1,550)	—
Total .....	¥ 184,065	¥18,104	¥11,298	¥ 213,469	¥ (1,550)	¥ 211,918
Ordinary Expenses .....	¥ 125,791	¥16,847	¥ 9,014	¥ 151,653	¥ (1,466)	¥ 150,187
Ordinary Profit/Loss .....	¥ 58,274	¥ 1,257	¥ 2,284	¥ 61,815	¥ (83)	¥ 61,731
Assets .....	¥8,677,588	¥48,527	¥54,693	¥8,780,809	¥(72,880)	¥8,707,929
Depreciation .....	7,543	13,848	156	21,548	—	21,548
Capital Expenditure .....	5,436	16,238	232	21,907	—	21,907

- Ordinary income and Ordinary profit/loss are presented as counterparts of sales and operating profit of companies in other industries.
- "Other Business" includes securities and credit card business.

### (2) Geographic Segment Information

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

### (3) Ordinary Income from Overseas Operations

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

## 32. Subsequent Events

The following appropriation of retained earnings of the Bank was approved at a stockholders' meeting held on June 29, 2006.

	Millions of Yen (Note 1)
Year-end Cash Dividends (4.0 yen per share).....	¥ 3,577
Bonuses to Directors .....	40
Voluntary Reserves .....	40,000

## 33. Market Value of Securities

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

#### (1) Trading Securities

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

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

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

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

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

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

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

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

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

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

(6) Repayment Schedule of Bonds Held

	Millions of Yen (Note 1)			
	<b>March 31, 2006</b>			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government Bonds.....	¥ 9,024	¥ 477,384	¥ 40,906	¥168,437
Local Government Bonds .....	10,657	140,935	39,733	—
Corporate Bonds .....	196,771	492,960	16,518	—
Other .....	75,678	450,037	134,840	99,917
Total .....	<b>¥292,131</b>	<b>¥1,561,318</b>	<b>¥231,999</b>	<b>¥268,354</b>

Previous Year's Information on Market Value of Securities

(1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2005	
	Amount in the Balance Sheets	Valuation Gain Included in Income before Income Taxes
Trading Securities .....	¥308,522	¥36

(2) Marketable Securities Held-to-Maturity

	Millions of Yen (Note 1)				
	March 31, 2005				
	Amount in the Balance Sheets	Market Value	Differences	Gain	Loss
Bonds:					
Government Bonds.....	¥ —	¥ —	¥ —	¥ —	¥ —
Local Government Bonds .....	—	—	—	—	—
Corporate Bonds .....	—	—	—	—	—
Other .....	18,135	18,138	2	3	1
Total .....	<b>¥18,135</b>	<b>¥18,138</b>	<b>¥ 2</b>	<b>¥ 3</b>	<b>¥ 1</b>



## (3) Marketable Other Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2005				
	Cost	Amount in the Balance Sheets	Valuation Differences	Gain	Loss
Stocks .....	¥ 135,506	¥ 181,657	¥46,150	¥48,986	¥2,835
Bonds:					
Government Bonds.....	396,128	398,426	2,297	2,384	86
Local Government Bonds .....	156,939	157,687	748	1,183	435
Corporate Bonds .....	513,276	515,591	2,314	2,318	3
Other .....	433,825	430,697	(3,128)	2,293	5,421
Total .....	¥1,635,676	¥1,684,060	¥48,383	¥57,165	¥8,781

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

	Millions of Yen (Note 1)		
	March 31, 2005		
	Proceeds from Sales	Gain	Loss
Other Securities Available for Sale.....	¥409,390	¥7,523	¥586

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

	Millions of Yen (Note 1)	
	March 31, 2005	
	Amount in the Balance Sheets	
Held-to-Maturity Bonds .....	¥ —	
Other Securities Available for Sale:		
Non-listed Stocks.....	6,276	
Private Notes .....	16,633	

Non-listed stocks include investments in unconsolidated subsidiaries in the amount of ¥1,148 million.

## (6) Repayment Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2005			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government Bonds.....	¥ 10,167	¥ 236,260	¥ 15,351	¥136,647
Local Government Bonds .....	18,859	108,564	30,263	—
Corporate Bonds .....	96,429	424,857	10,938	—
Other .....	65,300	252,735	62,500	47,705
Total .....	¥190,757	¥1,022,417	¥119,053	¥184,352

## 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)
	2006	2005	2006
Book Value	¥26,073	¥25,197	\$221,955
Valuation Gains Included in the Consolidated Statements of Income	845	8	7,202

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Cost	¥6,299	¥4,237	\$53,626
Book Value	6,286	4,237	53,515
Valuation Differences	(13)	0	(111)
Gains	—	0	—
Losses	13	—	111

## 35. Net Unrealized Gains on Other Securities

Net Unrealized Gains on Other Securities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Difference between Cost and Fair Value	¥96,803	¥48,383	\$824,072
Other Securities	¥96,816	¥48,383	\$824,183
Other Money Held in Trust	(13)	0	(111)
Deferred Tax Liabilities	¥39,024	¥19,507	\$332,208
Difference between Cost and Fair Value, Net of Taxes	57,779	28,876	491,864
Amount Corresponding to Minority Interests	665	370	5,665
Amount Corresponding to Net Unrealized Gains on Other Securities Owned by Subsidiaries, which Corresponds to the Shareholding of Their Investor Companies	153	101	1,303
Net Unrealized Gains on Other Securities, Net of Taxes	¥57,266	¥28,607	\$487,502

## 36. Derivative Transactions

### (1) Risk Control for Derivative Transactions

#### (a) Details of Derivative Financial Products

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

##### (i) Interest rate-related products

Futures, Futures Options, FRAs (forward rate agreements), Options, Interest-rate Caps and Interest-rate Floors

##### (ii) Currency-related products

Swaps, Forward Exchange, Options, and Futures

##### (iii) Bond-related products

Futures, Futures options, and Over-the-Counter Options

##### (iv) Stock-related products

Index Futures, Index Options and Stock Options

#### (b) Purposes and Policies for Using Derivative Financial Products

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

##### (i) To respond to the diverse needs of customers.

##### (ii) For risk controls related to the assets and liabilities as a part of asset and liability management.

##### (iii) For trading purposes.

As for risk controls related to assets and liabilities, the Bank and the consolidated subsidiaries utilize the deferred hedge accounting method for the management of the interest rate risk and currency risk. The method of hedge accounting is mentioned in the note 3 (12).

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

(c) Risk

Main risks of derivatives trading are as follows:

(i) Market Risk

The risk of incurring a loss because the value of the derivative products decrease caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices.

(ii) Credit Risk

The risk of incurring a loss because the counter-parties are unable to fulfill their obligations due to bankruptcy or other reasons.

Amount of market risk and credit risk on derivative trading calculated into the capital ratio (BIS guidelines) as of March 31, 2006 are ¥5.3 billion and ¥41.8 billion respectively (consolidated base by current exposure method).

(d) Risk Management Structure

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

(e) Notional Principal or Contract Amount

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

(2) Market Value of Derivatives

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

(a) Interest rate derivatives

Millions of Yen (Note 1)

	For the year ended March 31, 2006				For the year ended March 31, 2005					
	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)		
	Total	Over 1 Year			Total	Over 1 Year				
<b>Listed:</b>										
Futures:										
Sold.....	¥	—	¥	—	¥	—	¥	—	¥	—
Bought .....		498		0		748		0		0
Options:										
Sold.....		—		—		—		—		—
Bought .....		—		—		—		—		—
<b>Over-the-counter:</b>										
FRAs:										
Sold.....		—		—		—		—		—
Bought .....		—		—		—		—		—
Swaps:										
Receive Fixed / Pay Float.....	456,281	380,817	(3,682)	(3,682)	328,751	268,565	3,250	3,250		
Receive Float / Pay Fixed.....	475,650	374,730	4,379	4,379	365,251	285,993	(2,058)	(2,058)		
Receive Float / Pay Float .....	63,000	51,000	(63)	(63)	36,000	29,000	(12)	(12)		
Options:										
Sold.....		—		—		—		—		—
Bought .....		—		—		—		—		—
Other:										
Sold.....	184,437	131,689	(1,660)	(1,660)	192,675	158,549	(454)	(454)		
Bought .....	127,500	86,500	498	498	125,300	122,500	349	349		
Total.....			¥ (529)	¥ (529)			¥ 1,074	¥ 1,074		

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

## (b) Currency derivatives

Millions of Yen (Note 1)

	For the year ended March 31, 2006				For the year ended March 31, 2005			
	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)
	Total	Over 1 Year			Total	Over 1 Year		
<b>Listed:</b>								
Futures:								
Sold.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bought .....	—	—	—	—	—	—	—	—
Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
<b>Over-the-counter:</b>								
Currency Swaps.....	439,427	337,596	710	710	383,341	303,700	481	481
Forward foreign exchange:								
Sold.....	5,039	—	(40)	(40)	5,318	—	(40)	(40)
Bought .....	5,336	—	24	24	3,388	—	12	12
Currency Options:								
Sold.....	71,757	—	(2,395)	1,316	42,685	—	(1,449)	341
Bought .....	71,521	—	2,340	(517)	42,360	—	1,197	(133)
Other:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Total.....			¥ 639	¥1,494			¥ 202	¥ 661

- Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting and which are corresponded to the foreign-currency positions and are recognized in the consolidated balance sheets are not included in the above table.
- Market values are based on the discounted cash flow method.
- Other foreign exchange-related derivatives such as forward exchange contracts and currency options which were previously excluded from the above table, are now included in the above table. Derivatives such as currency swaps which qualify for hedge-accounting based on JICPA Industry Audit Committee Report No. 25 are not included in the above table.

## (c) Equity derivatives

Millions of Yen (Note 1)

	For the year ended March 31, 2006				For the year ended March 31, 2005			
	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount		Market Value	Valuation Gain (Loss)
	Total	Over 1 Year			Total	Over 1 Year		
<b>Listed:</b>								
Index Futures:								
Sold.....	¥3,003	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bought .....	—	—	—	—	—	—	—	—
Index Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
<b>Over-the-counter:</b>								
Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Other:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Total.....			¥ —	¥ —			¥ —	¥ —

- There were no Valuation gains (losses) or derivatives which qualify for hedge-accounting.
- Market value of exchange traded transactions are based on closing prices on the Tokyo Stock Exchange, etc. Market values of over-the-counter transactions are based on option pricing models, etc.

(d) Bond derivatives

	Millions of Yen (Note 1)							
	For the year ended March 31, 2006				For the year ended March 31, 2005			
	Notional Principal or Contract Amount			Valuation Gain	Notional Principal or Contract Amount			Valuation Gain
	Total	Over 1 Year	Market Value	(Loss)	Total	Over 1 Year	Market Value	(Loss)
<b>Listed:</b>								
Futures:								
Sold.....	¥3,361	¥ —	¥ 24	¥ 24	¥3,597	¥ —	¥ (27)	¥ (27)
Bought .....	399	—	0	0	—	—	—	—
Futures Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
<b>Over-the-counter:</b>								
Options:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Other:								
Sold.....	—	—	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—	—	—
Total .....			¥ 25	¥ 25			¥ (27)	¥ (27)

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

(e) Commodity derivatives

There are no corresponding items.

(f) Credit derivatives

There are no corresponding items.

### 37. Net Income per Share

Consolidated Net Income per Share for the fiscal years ended March 31, 2006 and 2005 and related information were as follows:

	Yen (Note 1)		U.S. Dollars (Note 1)
	2006	2005	2006
Consolidated Net Income per Share .....	¥ 56.96	¥43.19	\$0.48
	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
Consolidated Net Income .....	48,927	36,395	416,513
Consolidated Net Income attributable to common shareholders .....	48,878	36,350	416,094
Consolidated Net Income not attributable to common shareholders .....	49	45	419
	Number of Shares		
Average number of shares of common stock (excluding treasury stock).....	857,983,335	841,366,284	

### 38. Related Party Transactions

Related party transactions for the fiscal years ended March 31, 2006 and 2005 were as follows:

Related party	Category	Account Classification	Amounts of the transactions			Balance at end of year		
			Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
			2006	2005	2006	2006	2005	2006
Jiro Sakan	Auditor	Loan	¥ 100	¥ —	\$ 851	¥ 75	¥ —	\$ 639

# Non-consolidated Balance Sheets

The Chiba Bank, Ltd.  
As of March 31, 2006 and 2005

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
<b>ASSETS</b>			
Cash and Due from Banks . . . . .	¥ 269,073	¥ 493,508	\$ 2,290,575
Call Loans and Bills Bought . . . . .	2,629	21,981	22,382
Receivables under Securities Borrowing Transactions . . . . .	19,944	2,578	169,781
Commercial Paper and Other Debt Purchased . . . . .	53,350	18,667	454,167
Trading Assets . . . . .	368,084	314,356	3,133,436
Money Held in Trust . . . . .	27,171	25,983	231,307
Securities . . . . .	2,634,013	1,710,562	22,422,863
Loans and Bills Discounted . . . . .	6,167,437	5,881,472	52,502,232
Foreign Exchanges . . . . .	2,591	2,237	22,059
Other Assets . . . . .	65,692	51,557	559,230
Premises and Equipment . . . . .	95,627	98,403	814,061
Deferred Tax Assets . . . . .	15,527	50,691	132,181
Customers' Liabilities for Acceptances and Guarantees . . . . .	113,488	114,524	966,106
Reserve for Possible Loan Losses . . . . .	(68,270)	(87,822)	(581,171)
<b>Total Assets</b> . . . . .	<b>¥ 9,766,363</b>	<b>¥ 8,698,704</b>	<b>\$ 83,139,210</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits . . . . .	¥ 8,139,120	¥ 7,697,814	\$ 69,286,804
Call Money and Bills Sold . . . . .	250,091	56,308	2,128,979
Payables under Repurchase Agreements . . . . .	139,493	34,499	1,187,479
Payables under Securities Lending Transactions . . . . .	411,380	171,600	3,502,005
Trading Liabilities . . . . .	20,926	6,341	178,144
Borrowed Money . . . . .	57,006	113,680	485,286
Foreign Exchanges . . . . .	366	302	3,121
Subordinated Bonds . . . . .	10,000	10,000	85,128
Other Liabilities . . . . .	69,782	55,470	594,043
Reserve for Employees' Retirement Benefits . . . . .	20,212	20,786	172,067
Deferred Tax Liabilities for Land Revaluation . . . . .	15,304	9,409	130,284
Acceptances and Guarantees . . . . .	113,488	114,524	966,106
<b>Total Liabilities</b> . . . . .	<b>¥ 9,247,173</b>	<b>¥ 8,290,738</b>	<b>\$ 78,719,448</b>
<b>Stockholders' Equity</b>			
Common Stock . . . . .	¥ 145,069	¥ 121,019	\$ 1,234,946
Capital Surplus . . . . .	122,141	98,181	1,039,764
Retained Earnings . . . . .			
Legal Reserve . . . . .	50,930	50,930	433,559
Appropriated Reserves . . . . .	89,971	61,971	765,906
Non Appropriated Retained Earnings . . . . .	47,658	34,368	405,707
Land Revaluation Excess . . . . .	7,843	13,939	66,773
Net Unrealized Gains on Other Securities . . . . .	56,242	27,981	478,780
Treasury Stock . . . . .	(666)	(424)	(5,674)
<b>Total Stockholders' Equity</b> . . . . .	<b>¥ 519,189</b>	<b>¥ 407,966</b>	<b>\$ 4,419,762</b>
<b>Total Liabilities and Stockholders' Equity</b> . . . . .	<b>¥ 9,766,363</b>	<b>¥ 8,698,704</b>	<b>\$ 83,139,210</b>

See notes to consolidated financial statements.

# Non-consolidated Statements of Income

The Chiba Bank, Ltd.  
For the Years Ended March 31, 2006 and 2005

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts . . . . .	¥ 113,688	¥ 114,949	\$ 967,807
Interest and Dividends on Securities . . . . .	33,080	19,873	281,605
Other Interest Income . . . . .	1,000	506	8,518
Fees and Commissions Income . . . . .	32,644	29,084	277,900
Trading Income . . . . .	1,956	2,455	16,658
Other Operating Income . . . . .	5,406	5,031	46,025
Other Income . . . . .	22,892	14,568	194,882
<b>Total Income</b> . . . . .	<b>¥ 210,670</b>	<b>¥ 186,469</b>	<b>\$ 1,793,395</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits . . . . .	¥ 9,004	¥ 4,205	\$ 76,651
Interest on Borrowings and Rediscounts . . . . .	2,876	2,538	24,485
Other Interest Expenses . . . . .	9,638	4,828	82,049
Fees and Commissions Expenses . . . . .	12,958	12,015	110,315
Other Operating Expenses . . . . .	2,733	432	23,272
General and Administrative Expenses . . . . .	77,276	72,587	657,842
Other Expenses . . . . .	15,234	26,500	129,685
<b>Total Expenses</b> . . . . .	<b>¥ 129,721</b>	<b>¥ 123,107</b>	<b>\$ 1,104,298</b>
Income before Income Taxes . . . . .	80,948	63,361	689,097
Income Taxes-Current . . . . .	18,242	4,699	155,293
Income Taxes-Deferred . . . . .	15,950	24,348	135,787
<b>Net Income</b> . . . . .	<b>¥ 46,754</b>	<b>¥ 34,313</b>	<b>\$ 398,016</b>

## Supplementary Information

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2006 and 2005

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Tier I:			
Common Stock	¥ 145,069	¥ 121,019	\$ 1,234,946
Capital Surplus	122,223	98,250	1,040,464
Retained Earnings	197,657	154,917	1,682,622
Minority Interests in Consolidated Subsidiaries	9,444	7,452	80,401
Net Unrealized Losses on Other Securities	—	—	—
Treasury Stock	(2,048)	(1,827)	(17,442)
Foreign Currency Translation Adjustments	6	41	56
<b>Total Tier I Capital</b>	<b>¥ 472,352</b>	<b>¥ 379,853</b>	<b>\$ 4,021,047</b>
Tier II:			
45% of Unrealized Gains on Other Securities	¥ 43,677	¥ 21,849	\$ 371,817
45% of Land Revaluation Excess	10,416	10,507	88,676
General Reserve for Possible Loan Losses	41,011	45,679	349,120
Qualifying Subordinated Debt	67,000	109,500	570,358
<b>Total Tier II Capital</b>	<b>¥ 162,105</b>	<b>¥ 187,536</b>	<b>\$ 1,379,972</b>
Deductions from Capital	¥ 2,010	¥ 1,749	\$ 17,114
<b>Total Capital</b>	<b>¥ 632,447</b>	<b>¥ 565,640</b>	<b>\$ 5,383,905</b>
Risk-Adjusted Assets:			
On-Balance-Sheet Items	¥ 5,477,401	¥ 4,897,119	\$ 46,628,084
Off-Balance-Sheet Items	105,557	104,967	898,595
Asset Equivalent of Market Risk	66,726	62,698	568,031
<b>Total Risk-Adjusted Assets</b>	<b>¥ 5,649,685</b>	<b>¥ 5,064,785</b>	<b>\$ 48,094,711</b>
<b>Capital Ratio (BIS guidelines)</b>	<b>11.19%</b>	<b>11.16%</b>	<b>11.19%</b>

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

	Millions of Yen (Note 1)			
	2006		2005	
	Outstanding Balance	Composition	Outstanding Balance	Composition
Domestic operations:				
Manufacturing . . . . .	¥ 453,030	7.40%	¥ 437,428	7.50%
Agriculture . . . . .	9,554	0.16%	11,795	0.20%
Forestry . . . . .	6	0.00%	10	0.00%
Fisheries . . . . .	1,449	0.02%	1,516	0.03%
Mining . . . . .	10,083	0.17%	7,522	0.13%
Construction . . . . .	281,782	4.60%	282,402	4.85%
Electricity, Gas, Heat Supply and Water . . . . .	8,446	0.14%	7,334	0.13%
Information and Communications . . . . .	22,006	0.36%	23,842	0.41%
Transportation . . . . .	178,865	2.92%	179,767	3.08%
Wholesale and Retail Trade . . . . .	559,088	9.14%	548,675	9.41%
Finance and Insurance . . . . .	222,958	3.64%	206,779	3.55%
Real Estate . . . . .	1,354,422	22.13%	1,103,324	18.93%
Various Services . . . . .	500,995	8.19%	459,491	7.88%
Government, Local Public Sector . . . . .	433,457	7.08%	481,452	8.26%
Others (Mainly Consumer Loans) . . . . .	2,083,929	34.05%	2,077,336	35.64%
<b>Total . . . . .</b>	<b>¥6,120,075</b>	<b>100.00%</b>	<b>¥5,828,674</b>	<b>100.00%</b>
Overseas Operations and JOM Account . . . . .	¥ 19,589	—	¥ 15,906	—



# Directors, Auditors and Executive Officers

The Chiba Bank, Ltd.  
As of June 29, 2006

## Chairman

Toshiaki Ishii

## President

Tadashi Takeyama

### Corporate Staff Unit

#### Senior Managing Director

Tetsuo Oiwa  
Chief of Corporate Staff Unit  
Director in charge of Corporate Planning Division and Credit Planning Division

#### Managing Director

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

#### Director

Tadashi Ito  
General Manager, Personnel Division

### Corporate Auditors

#### Standing Corporate Auditors

Yutaka Yamazaki  
Hiroshi Nakajima  
Yukio Saruhashi

#### Corporate Auditors

Minoru Shimasaki  
Jiro Sakan

### Business Operation Unit

#### Director and Senior Executive Officer

Nobuyoshi Imai  
Chief of Business Operation Unit

#### Director and Managing Executive Officers

Kenji Yasui  
Executive Officer in charge of Operation Planning Division and  
EDP System Division

Toshio Yoshii  
Executive Officer in charge of Treasury Division and  
Treasury Operation Division

Hidetoshi Sakuma  
General Manager, Head Office

#### Managing Executive Officers

Yoshifumi Morooka  
Executive Officer in charge of Credit Division and Credit Supervisory Division

Katsuhiko Watanabe  
General Manager, Branch Support Division

Yuji Watanabe  
Executive Officer in charge of Business Coordination Division,  
Branch Support Division, Corporate Banking Division,  
Consumer Banking Division and Direct Channel Division

Yukio Hasegawa  
General Manager, Chuo Branch

#### Executive Officers

Tomoya Nakamigawa  
General Manager, Tokyo Head Office

Masahisa Shiizu  
General Manager, Credit Division

Masatoshi Mori  
General Manager, Funabashi Branch

Keiji Yoshioka  
General Manager, Urayasu Branch

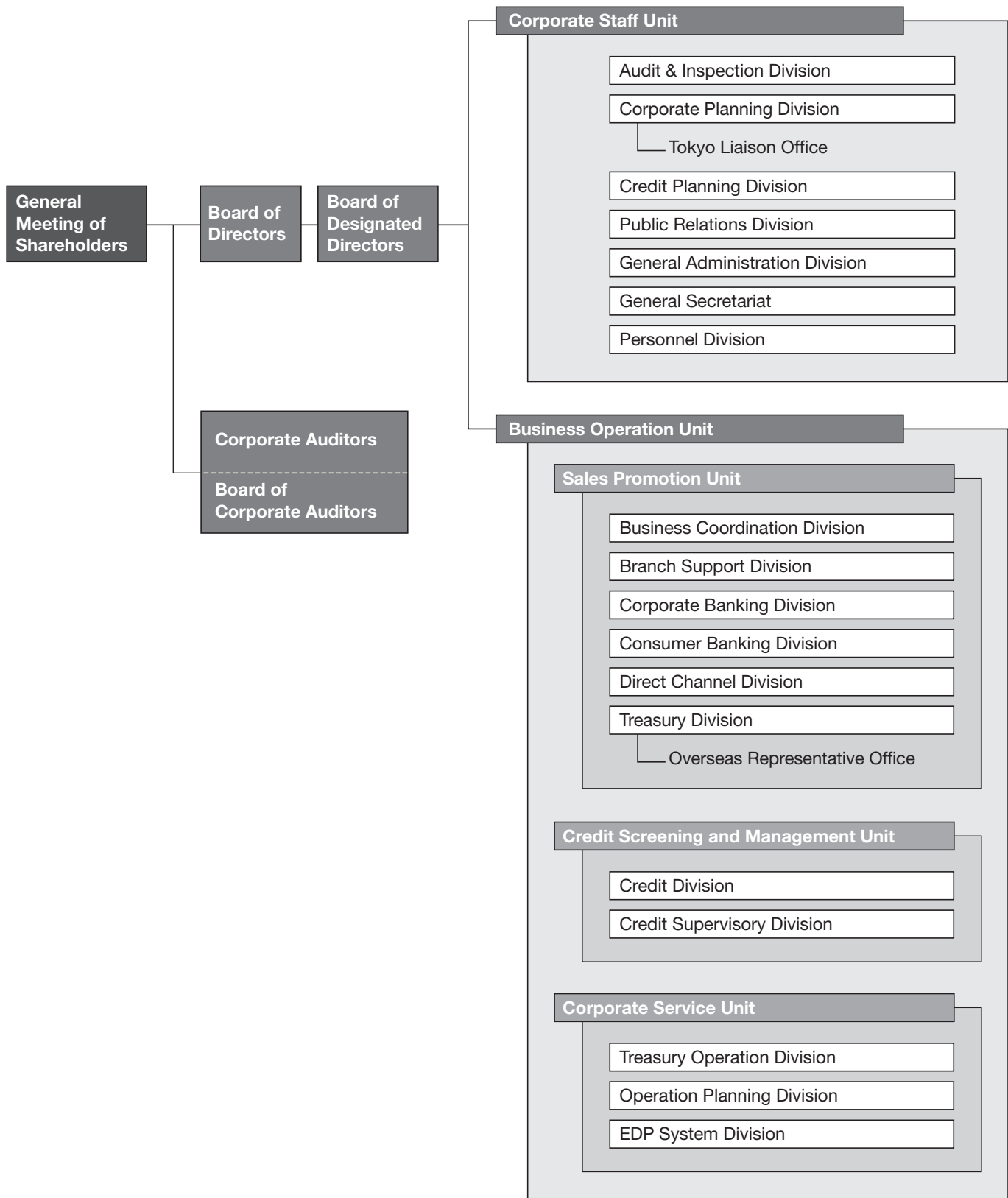
Kazuhiro Suzuki  
General Manager, Treasury Division

Tsutomu Nozawa  
General Manager, Operation Planning Division

Yasuo Takahashi  
General Manager, Kashiwa Branch

# Organization

The Chiba Bank  
As of July 1, 2006



## Subsidiaries

The Chiba Bank  
As of July 1, 2006

### **Sobu Co., Ltd.**

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

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

Established: September 7, 1959

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

### **Chibagin Accounting Service Co., Ltd.**

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

*Principal Business: Accounting, general administration and temporary staff services*

Established: December 22, 1989

Capital: ¥20 million

Equity Ownership

By Chiba Bank: 100%

### **Chibagin Business Service Co., Ltd.**

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

*Principal Business: Concentrated back-office processing and handling of cash and securities*

Established: March 25, 1993

Capital: ¥40 million

Equity Ownership

By Chiba Bank: 100%

### **Chiba Servicer Co., Ltd.**

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

*Principal Business: Management and collection of claims*

Established: October 1, 2001

Capital: ¥500 million

Equity Ownership

By Chiba Bank: 100%

### **Chibagin Guarantee Co., Ltd.**

3-17-5, Inage-higashi, Inage-ku,  
Chiba City, Chiba 263-0031

*Principal Business: Housing-loan guarantees and collateral appraisal services*

Established: May 1, 1978

Capital: ¥54 million

Equity Ownership

By Chiba Bank: 45.63%

By its subsidiaries: 42.87%

### **Chibagin Leasing Co., Ltd.**

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

*Principal Business: Leasing*

Established: December 15, 1986

Capital: ¥100 million

Equity Ownership

By Chiba Bank: 49%

By its subsidiaries: 51%

### **Chuo Securities Co., Ltd.**

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

*Principal Business: Securities business*

Established: March 27, 1944

Capital: ¥4,374 million

Equity Ownership

By Chiba Bank: 41.43%

By its subsidiaries: 7.36%

### **Chibagin JCB Card Co., Ltd.**

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

*Principal Business: Credit card and credit guarantee business*

Established: November 1, 1982

Capital: ¥50 million

Equity Ownership

By Chiba Bank: 49%

By its subsidiaries: 21%

### **Chibagin DC Card Co., Ltd.**

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

*Principal Business: Credit card and credit guarantee business*

Established: February 16, 1989

Capital: ¥50 million

Equity Ownership

By Chiba Bank: 40%

By its subsidiaries: 55%

### **Chibagin Computer Service Co., Ltd.**

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

*Principal Business: Computer systems development and commissioned computation tasks*

Established: April 1, 1980

Capital: ¥150 million

Equity Ownership

By Chiba Bank: 46%

By its subsidiaries: 20%

### **Chibagin Capital Co., Ltd.**

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

*Principal Business: Consulting services, IPO's etc.*

Established: May 29, 1984

Capital: ¥100 million

Equity Ownership

By Chiba Bank: 30%

By its subsidiaries: 30%

### **Chibagin Asset Management Co., Ltd.**

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

*Principal Business: Consulting for portfolio investments of client financial assets*

Established: March 31, 1986

Capital: ¥200 million

Equity Ownership

By Chiba Bank: 35%

By its subsidiaries: 45%

### **Chibagin Research Institute, Ltd.**

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

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

Established: February 28, 1990

Capital: ¥150 million

Equity Ownership

By Chiba Bank: 5%

By its subsidiaries: 70%

### **Chiba Capital Funding (Cayman) Ltd.**

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

*Principal Business: Finance*

Established: January 13, 1998

Capital: US\$1,000

Equity Ownership

By Chiba Bank: 100%

# International Directory

The Chiba Bank  
As of July 1, 2006

## Head Office

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

## Treasury Operation Division

5-3, Nihombashi Muromachi 1-chome,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3270-8459  
Fax: 81-3-3242-1735  
81-3-3271-1029  
Cable Address: CHIBABK  
SWIFT Address: CHBA JPJT

## Treasury Division

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

## New York Branch

1133 Avenue of the Americas, 15th Floor,  
New York, N.Y. 10036, U.S.A.  
Telephone: 1-212-354-7777  
Fax: 1-212-354-8575  
Telex: 251829 CHIBA NYK

## Hong Kong Branch

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

## London Branch

3rd Floor, Atlas House, 1 King Street,  
London EC2V 8AU, U.K.  
Telephone: 44-20-7315-3111  
Fax: 44-20-7600-3452  
Telex: 8812534 CHIBAL G  
SWIFT Address: CHBAGB2L

## Shanghai Representative Office

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

## Chiba Capital Funding (Cayman) Ltd.

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

# Corporate Data

The Chiba Bank  
As of March 31, 2006

## Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings as at March 31, 2006 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
Japan Trustee Services Bank, Ltd. (Trust Account) .....	53,739	6.00%
The Master Trust Bank of Japan, Ltd. (Trust Account) .....	47,629	5.31%
The Bank of Tokyo-Mitsubishi UFJ, Ltd. ....	47,187	5.26%
Nippon Life Insurance Company .....	29,177	3.25%
NIPPONKOA Insurance Co., Ltd. ....	28,905	3.22%
The Dai-ichi Mutual Life Insurance Company .....	25,678	2.86%
Meiji Yasuda Life Insurance Company .....	15,579	1.73%
Sumitomo Life Insurance Company .....	13,842	1.54%
Chiba Bank Employees' Shareholding Association .....	11,668	1.30%
Trust & Custody Services Bank, Ltd. (Trust Account) .....	11,604	1.29%

\* Rounded down to the nearest thousand

\*\* Rounded to two decimal places

## Corporate Information

Established	March 1943
Network	Domestic 160 Offices (142 branches, 16 sub-branches and 2 virtual branches) 17,766 Off-branch ATM locations (including 6,208 E-net ATM locations at convenience stores and 11,305 ATM locations jointly with Seven Bank Co., Ltd.) 2 Money exchange counters Overseas 3 Branches (New York/Hong Kong/London) 1 Representative office (Shanghai) 1 Subsidiary (Cayman Islands)
Number of Employees* <sup>1</sup>	3,733
Total Assets	¥9,766.3 billion
Loans and Bills Discounted	¥6,167.4 billion
Deposits	¥8,009.1 billion
Common Stock	¥145.0 billion
Capital Ratio (BIS guidelines)	10.83% (Non-consolidated) 11.19% (Consolidated)
Authorized Number of Shares	2,500,000 thousand
Number of Issued Shares	895,521 thousand
Number of Shareholders* <sup>2</sup>	31,818
Ticker Code	8331
Transfer Agent	Japan Securities Agents, Ltd. 1-2-4, Nihombashi Kayabacho Chuo-ku, Tokyo 103-8202

		Long-term	Short-term
Credit Ratings	Standard & Poor's	A-	A-2
	Moody's	A3	P-2
	Rating and Investment Information, Inc.	A+	—

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

\*1 "Number of Employees" includes employees temporarily transferred to other companies but excludes temporary staff and one-year contract employees. The number of employees, excluding employees temporarily transferred to other companies, one-year contract employees and temporary staff, was 3,401.

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

# THE CHIBA BANK , LTD.

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

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



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