



CHIBA BANK

# Annual Report

Year ended March 31, 2014

# 2014

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 **Narita**

 **Haneda**

Tokyo Bay  
Aqua-Line

**Chiba  
Prefecture**

Saitama  
Ibaraki  
Tokyo  
Kanagawa  
Chiba City

# The Chiba Bank

The Chiba Bank, a regional bank with its main operating base in Chiba Prefecture, celebrated the 70th anniversary of its founding on March 31, 2013.

Growing in step with the region by actively responding to financial needs generated by the development of Chiba Prefecture, the Chiba Bank has become Japan's second-largest regional bank with deposits of ¥10,541.2 billion and loans outstanding of ¥8,083.0 billion.

The Chiba Bank has also maintained a high standard of soundness with a consolidated total capital ratio of 13.69% and a non-consolidated ratio of 13.04%.

Deposits including NCD  
(Non-consolidated)

**¥10.5**  
trillion

2nd among Japanese  
Regional Banks

Loans  
(Non-consolidated)

**¥8.0**  
trillion

2nd among Japanese  
Regional Banks

Net Income  
(Non-consolidated)

**¥43.2**  
billion

2nd among Japanese  
Regional Banks

Total Capital Ratio  
(Consolidated)

**13.69%**

(Non-consolidated)

**13.04%**

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

As of March 2014

# Chiba Prefecture

Located close to Tokyo, Chiba Prefecture's population and GDP rank sixth in the nation.

Blessed with geographical advantages and a warm climate, besides thriving agricultural and fishing industries, it has a well-balanced industrial structure, among which is one of Japan's biggest industrial areas along the coast of Tokyo Bay.

Beginning with Narita International Airport, a connected transportation network provides comprehensive access to destinations in the Tokyo metropolitan area, supporting peoples' daily lives and companies' business activities in the region.

With these benefits, Chiba Prefecture has even greater potential for future growth and development.

Population

**6.21**  
million

6th among  
Japanese prefectures

Gross Prefectural Product

**¥18.8**  
trillion

6th among  
Japanese Prefectures

Balance of Deposits

**¥25.6**  
trillion

6th among  
Japanese Prefectures

Balance of Loans

**¥12.6**  
trillion

7th among  
Japanese Prefectures

Sources: National Census (October 2010); Economic and Social Research Institute, Cabinet Office (FY 2010); Bank of Japan (As of March 2014)

# Aim to be the “Best Retail” Banking Group, improving customer confidence

### Emerging Signs of Brightness in the Chiba Prefecture Economy

#### Current State of the Chiba Prefecture Economy

The Chiba Prefecture economy is recovering across a broad range of sectors that include personal consumption as well as housing construction and capital investment. Moreover, the decision to hold the Tokyo Summer Olympics and Paralympics in 2020 is also spurring a rising sense of hope for the future of the economy. Under these circumstances, annual arrival and departure slots at Narita International Airport are being expanded and a terminal exclusively for handling low-cost carriers (LCCs) is under construction. Meanwhile, the Ken-O Expressway continues to be improved. Traffic volume on this expressway's Kisarazu-higashi—Togane section, which opened in 2013, has significantly surpassed projections and is creating new flows of people into the prefecture, both in the leisure and business fields. Plans call for the expressway to be extended further in the current fiscal year.

#### Becoming a More Convenient and Appealing Region

Reflecting these brisk investments, the decline in land prices in Chiba Prefecture has come to an end and prices are even turning upward in some areas. Furthermore, the past several years have witnessed the opening of a number of large-scale commercial facilities that include a shopping mall in Makuhari and outlet malls in Kisarazu and Shisui. Employment has also been improving, particularly in these areas.

Another bright spot is the growth in the prefecture's population which rose year-on-year in April 2014, reversing a downtrend in the wake of the Great East Japan Earthquake. Looking ahead, there are firm expectations the population will continue expanding due to the ongoing construction of large-scale housing developments within the prefecture.



*Hidetoshi Sakuma*

Hidetoshi Sakuma, President

### Financial Results for the Year Ended March 31, 2014

#### Financial Results for the Year Ended March 31, 2014

Looking at the Chiba Bank's financial results for the fiscal year ended March 31, 2014, loans outstanding as well as deposits both grew steadily, mirroring the reinvigoration of the Chiba Prefecture economy. Loans and bills discounted as of March 31, 2014 increased ¥170.9 billion from the end of the previous fiscal year to ¥8,083.0 billion, while deposits rose ¥485.0 billion to ¥10,121.8 billion. As a result, consolidated ordinary income increased ¥5.4 billion over the previous year to ¥78.2 billion. Consolidated net income rose ¥2.2 billion to ¥46.4 billion, marking the fifth consecutive year of an increase in income. The consolidated capital ratio was 13.69% as we continued to maintain a high level of soundness.

## Pursuing Business Vigorously under the New Medium Term Management Plan

### The Aim of the New Medium Term Management Plan

At the beginning of the current fiscal year, we started our new medium term management plan “Best Bank 2020 - 3 years of value creation.” The name of this plan embodies two meanings. The first is to become the “best” bank for our customers. To do so, we will at all times take the perspective of customers and provide them with even more convenient and secure services. Second, the term “2020” means we will put the emphasis on making preparations for the medium and long terms. The Chiba Bank will strive to respond quickly to such issues as the aging society and declining birth rates and the advance of globalization. By 2020, we aim to become the “best retail” banking group providing top-class satisfaction and being highly regarded by our regional customers, centering on individuals and small and medium-sized enterprises (SMEs).

### Key Points of the Strategy

In view of the continuing break away from a deflationary economy, we will intensify our vigorous stance in the favorable market of Chiba Prefecture. In doing so, we will promote three key initiatives, namely “Creating new corporate value,” “Further improving staff training,” and “Building a sustainable management structure.”

### Specific Initiatives

Besides actively responding to funding needs as a financial institution, we will focus on making proposals that help improve the businesses and lives of our customers. For example, the advance of globalization has been accompanied by a steady rise in the need for customers to set up overseas business operations. The Chiba Bank already operates an overseas network that is top class among regional banks and provides various types of support. Going forward, we will further expand and upgrade this network as well as our know-how.

### As a Regional Financial Institution

The Chiba Bank will further enhance its functions as an information coordinator within the region. We gather a variety of information as we engage in business with a wide range of customers in the region. Through our involvement in such business activities as attracting enterprises to the prefecture and participating in regional development, we aim to utilize this information for creating new businesses and invigorating the region.

### Responses to Individual Customers

First of all, we will raise the quality of our services and strive to be a bank that makes customers feel “I’m glad I chose the Chiba Bank.”

At the same time, we will strengthen our efforts toward business focused on the aging society, such as business succession and inheritance. In 2013, the Chiba Bank began offering the “Chibagin Educational Funds Donation Special Account,” becoming the first regional bank to offer such an account. This account has been earning high acclaim. To meet the needs of elderly customers, in April 2014 the Chiba Bank also began offering the “Chibagin Reverse Mortgage,” which allows customers to borrow funds as needed within set limits using their home as collateral.

### Human Resources Development

Human resources development is extremely important for financial institutions as well as a key issue in our medium term management plan. In particular, offering highly sophisticated proposals is an essential element in all our businesses and the development of human resources with specialized expertise is the key to meeting this requirement.

In addition, we believe that promoting active roles for women is also crucial. To date, the Chiba Bank has actively deployed women at sales locations, and there are many women employees whose performance results have exceeded those of men, or who work as branch managers or in management-level positions at headquarters. We will continue initiatives in this area and will strive to realize satisfying and rewarding workplaces for current employees and for women joining the Chiba Bank in the future.

## The Chiba Bank Strides Forward Together with the Regional Community

### Social Contribution Activities

Under the Group CSR Activity Policy, the Chiba Bank Group furnishes a wide range of financial services, beginning with the provision of smooth financing to the customers in the region, and thereby contributes to the vitalization of the local economy. Besides these services, we proactively undertake activities for nurturing “People,” the “Environment” and “Business” based on the keywords of “Nurturing the Future.” As one such activity, in March 2014 we opened the “Chibagin Himawari Gallery”, a free-admission art space inside the Muromachi Chibagin Mitsui Building (COREDO Muromachi 3), which was newly built in Nihonbashi, Tokyo. We are also continuing to support various cultural and sports activities that include the holding of the “Chibagin Cup”, a J-League pre-season match to be held for the 20th time this year.

As one of our 70th anniversary commemorative projects, in 2013 we also opened the “Chibagin Financial Library” as a venue where children can enjoy learning about money. The newly established “Chibagin Mirai Foundation” commenced such projects as dispatching employees of SMEs on overseas observation visits and holding orchestra performances at kindergartens within Chiba Prefecture.

We have also implemented measures to support people starting companies or entering new businesses. These include providing grants through the “Himawari Venture Development Fund”, holding the “Business Idea Contest for Students” and establishing the

“Chibagin Subsidy Scheme for Technology Research and Development” in collaboration with Chiba University and Chiba Institute of Technology.

### Playing a Role in Regional Development

Besides benefitting from ongoing urbanization, Chiba Prefecture is blessed with a mild climate and an abundant natural environment. Furthermore, the prefecture has an excellent transportation infrastructure that includes Narita International Airport and the Tokyo Bay Aqua-Line, a bridge-tunnel highway that crosses Tokyo Bay. Chiba Prefecture is also home to a wide variety of industries that range from heavy industry to agriculture and fisheries.

The Chiba Bank will strive to play a leading role in supporting the major growth and development of Chiba Prefecture by actively communicating these appealing features both within and beyond Chiba Prefecture and ensuring this leads to a further vitalization of the region.



### The Chiba Bank Group

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

#### ●Securities, Credit Cards and Leasing Business

Chibagin Securities Co., Ltd.  
Chibagin JCB Card Co., Ltd.  
Chibagin DC Card Co., Ltd.  
Chibagin Leasing Co., Ltd.

#### ●Research and Consulting Business

Chibagin Research Institute, Ltd.  
Chibagin Capital Co., Ltd.  
Chibagin Asset Management Co., Ltd.  
Chibagin Computer Service Co., Ltd.

#### ●Personnel Services and Outsourcing Business

Chibagin Career Service Co., Ltd.  
Chibagin Heartful Co., Ltd.  
Sobu Co., Ltd.

#### ●Credit Guarantee and Credit Management Business

Chibagin Guarantee Co., Ltd.  
Chiba Servicer Co., Ltd.

# Medium Term Management Plan

## The 12th Medium Term Management Plan

# *Best Bank 2020*

## *3 years of value creation*

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

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

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

#### Creating new corporate value

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

#### Further improving staff training

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

#### Building a sustainable management structure

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

### Targets to be achieved in the “3 years of value creation”

Consolidated Net Income  
¥50 billion

Consolidated ROE  
In 6% range

Consolidated Common  
Equity Tier 1 Capital Ratio  
In 13% range

Balance of Loans  
Around ¥9 trillion

Balance of Deposits  
Around ¥11 trillion

Group Total Balance of  
Financial Products  
Around ¥2.4 trillion

### Visions as of year 2020 (6 years later)

Consolidated Net Income  
¥60 billion

Consolidated ROE  
Around 7%

Consolidated Common  
Equity Tier 1 Capital Ratio  
In 13% range

Balance of Loans  
Around ¥10 trillion

Balance of Deposits  
Around ¥12 trillion

Group Total Balance of  
Financial Products  
Around ¥3 trillion

# Financial Highlights

Consolidated ordinary profit increased by ¥5.4 billion compared with the previous fiscal year, to ¥78.2 billion. Net income increased by ¥2.2 billion compared with the previous fiscal year, to ¥46.4 billion, marking the fifth consecutive year of increased income.

The balance of loans increased by ¥170.9 billion from the previous fiscal year-end, to ¥8,083.0 billion. Among these, SME loans outstanding increased by ¥93.9 billion and housing loans outstanding increased by ¥99.4 billion from the balance at the end of the previous fiscal year.

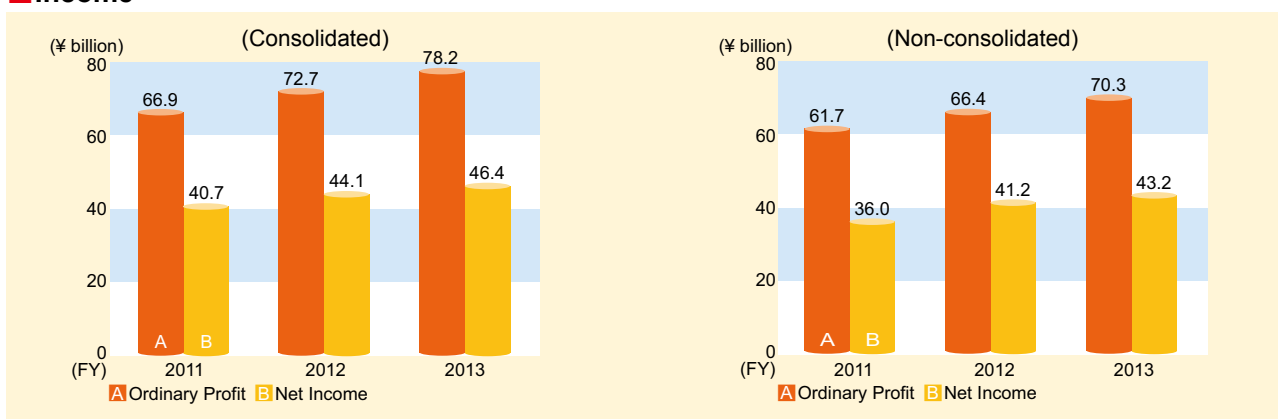
The balance of deposits, including negotiable certificates of deposit (NCD), increased by ¥571.4 billion compared with the previous fiscal year-end, to ¥10,541.2 billion, mainly due to an increase in personal deposits.

Sales of investment-type financial products increased by ¥85.0 billion year on year to ¥252.5 billion.

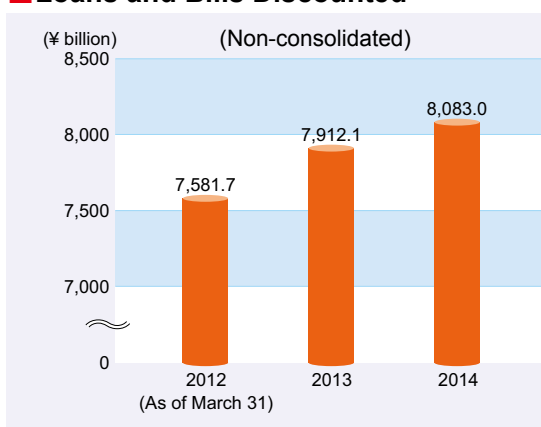
The total capital ratio under Basel III was 13.69% on a consolidated basis and 13.04% on a non-consolidated basis.

Return on equity (ROE) was 6.13% and the overhead ratio (OHR) was 55.93% on a non-consolidated basis.

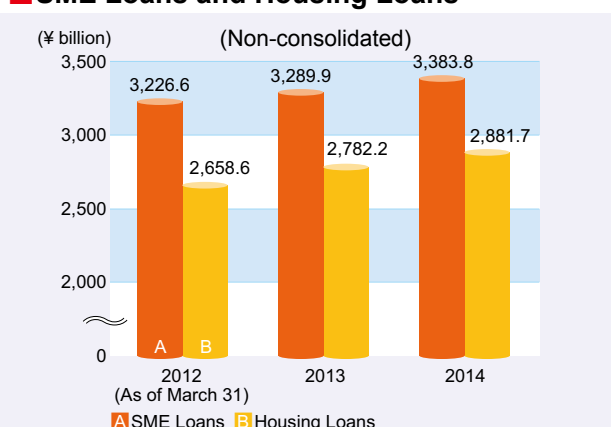
## Income



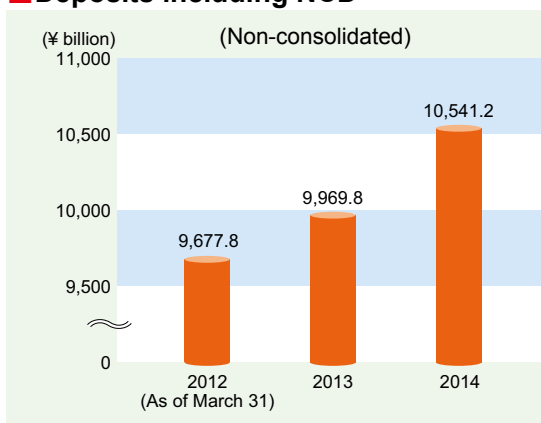
## Loans and Bills Discounted



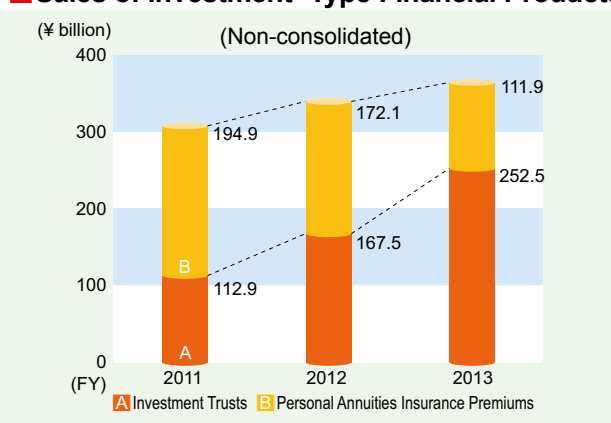
## SME Loans and Housing Loans



## Deposits including NCD

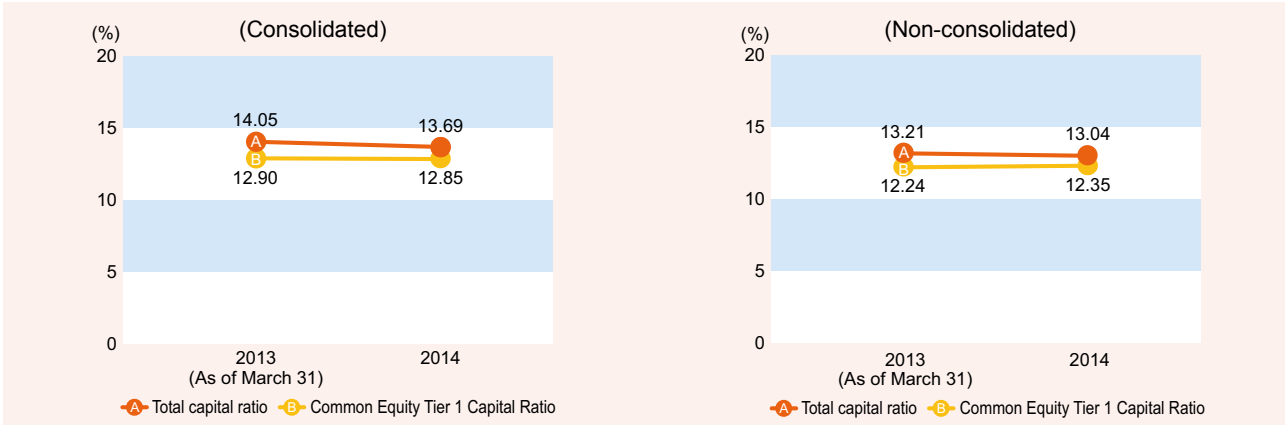


## Sales of Investment-Type Financial Products





## Capital Ratio (Basel III)



## Explanation of Terminology

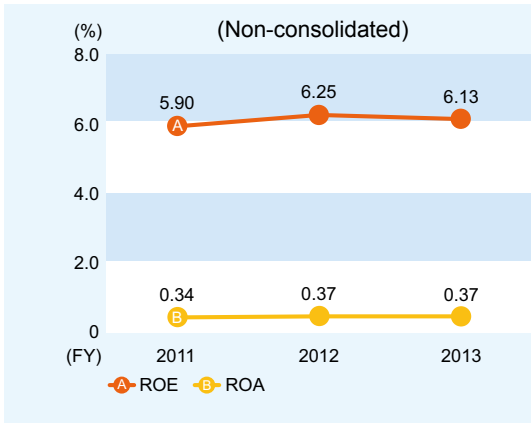
### Basel III

Based on the lessons from the financial crisis triggered by the collapse of Lehman Brothers, Basel III was introduced as a new regulatory framework to restrain excessive risk-taking by financial institutions and to strengthen their ability to absorb losses, thereby maintaining the soundness of financial institutions. Under Basel III, financial institutions are obligated to maintain capital adequacy at a fixed percentage (minimum level) for those risk assets such as investments and loans for which there is concern about incurring losses.

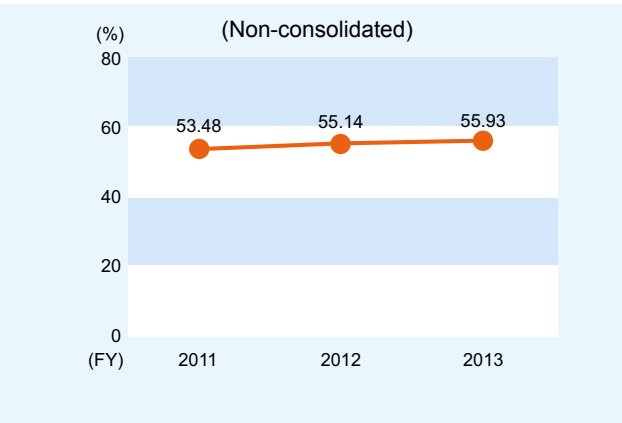
### Common Equity Tier1 Capital Ratio

The portion of core equity capital (Tier 1 capital) composed of common equity and retained earnings, which are considered high-quality capital with a high ability to absorb losses, is called Common Equity Tier 1 Capital. Under Basel III, a minimum level has been prescribed for the Common Equity Tier 1 Capital Ratio in addition to minimum levels for the Total Capital Ratio and for the Tier 1 Capital Ratio.

## ROE, ROA



## OHR



## Explanation of Terminology

### ROE, ROA

ROE is net income for the fiscal year divided by average net assets. Average net assets is the sum of net assets at the beginning and end of the period divided by two. ROE is an indicator of capital efficiency. ROA is net income for the fiscal year divided by the average balance of total assets and is an indicator of the efficiency of asset management.

### OHR(Over-Head Ratio)

The overhead ratio (OHR) is operating expenses divided by gross business profit (corresponds to gross profit in regular businesses), and a lower ratio is an indicator of high efficiency and productivity.

# Our Operating Area



# Wider Chiba Area

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

With a total population of 12 million, the “Wider Chiba Area” is a characteristic bedroom community for commuters to central Tokyo. Along with urban development giving rise to a burgeoning demand for housing, a number of new commercial facilities including a large shopping mall have opened in this area and are expected to attract customers from both within and beyond Chiba Prefecture.

Moreover, in conjunction with the decision to hold the Tokyo Olympic and Paralympic Games in 2020, infrastructure and other development projects are expected, further sustaining the high growth potential of the region.

**Population**  
Chiba Prefecture 6 million  
+  
Neighboring Area 6 million

**12**  
million

**Number of Households**  
Chiba Prefecture 2.5 million  
+  
Neighboring Area 2.5 million

**5**  
million

**Personal Deposit Customers**

**4.3**  
million

**Corporate Loan Customers**

more than

**40**  
thousand

## Narita International Airport

Narita International Airport, Japan's biggest international air hub, is located in Chiba Prefecture. Serving as a key Asian terminal, ranking fifth in cargo volume in the world and 13th largest in passenger numbers, Narita International Airport makes an important contribution to the regional economy as an essential facility for business activities, logistics and tourism.

In fiscal 2014, annual arrival and departure slots will be increased from the present level of 270,000 to 300,000. Also, a new terminal for low-cost carriers (LCCs) will be completed and is expected to produce even greater economic benefits.

### Annual arrival and departure slots increased at Narita International Airport



(Source) MLIT: Increase of annual arrival and departure slots at Tokyo Metropolitan Airports (Narita and Haneda)

## A National Strategic Special Zone

In the city of Narita, community development utilizing the airport is proceeding with the aim of realizing the International Medical Care Academic City Plan, having been designated a National Strategic Special Zone in May 2014. There are hopes this scheme will spur the nurturing of human resources and the concentration of various medical institutions besides medical universities and hospitals to respond to rising healthcare needs accompanying the aging society as well as providing enhanced medical care services to foreign citizens. Additionally, Narita's economic sphere is expected to further expand as an airport city that attracts people and materials from around the world.

## Transportation Access

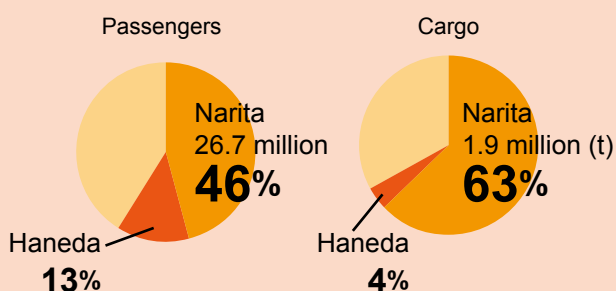
Transportation access in the Wider Chiba Area has improved even more with the construction of the Tsukuba Express (2005) and Narita Sky Access Line (2010), as well as ongoing improvement and maintenance of the Ken-O Expressway.

The Ken-O Expressway has an important role in transportation as the largest outer beltway of the three beltways of the Tokyo metropolitan area. Currently, the construction of the last section in Chiba Prefecture is going forward, aiming for an early opening with the coming of the Tokyo Olympics. After the entire expressway is opened, Narita International Airport will connect directly to Haneda Airport via the Tokyo Bay Aqua-Line and this is expected to stimulate the economy by promoting the establishment of new business facilities and coastal development as well as the construction of logistics bases and industrial complexes in the region.

Moreover, access between Narita and Haneda airports will be further improved with the construction of a Shin-Tokyo station and a planned Toshin-Chokketsu Line, providing a fast rail link connecting both airports. These improvements are expected to strengthen international competitiveness in both the business and tourism fields and enhance the convenience of the region.

### Number of passengers and cargo volume at Narita International Airport and Haneda Airport

Share of international service in Japan



(Source) MLIT: Airport Traffic Statistics (2012)

## Business Opportunities for the Chiba Bank

Given such active infrastructure development, the utilization of Private Finance Initiative (PFI) and other private funds is expected. The Chiba Bank is determined to respond to such expectations by proactively providing our know-how while meeting growing demand for funds. Besides this, we anticipate an increase in capital demand in the medical/nursing field as well as an inflow of individual financial assets from other regions through inheritances, etc., and therefore, it is assumed that the comparative advantage of this region will become more predominant.

## Branch and ATM Network

The Chiba Bank is actively expanding its network of branches and ATMs, especially in Chiba Prefecture and neighboring regions. As of June 30, 2014, we had 178 branches in Japan, which is the biggest network of any bank based in Chiba Prefecture and one of the biggest among Japan's regional banks.

In addition to the installation of our own ATMs in highly convenient locations in shopping malls, stations and other facilities, we have expanded our ATM partnerships with other regional banks, which includes promoting alliances with other regional banks for discounting ATM usage fees.

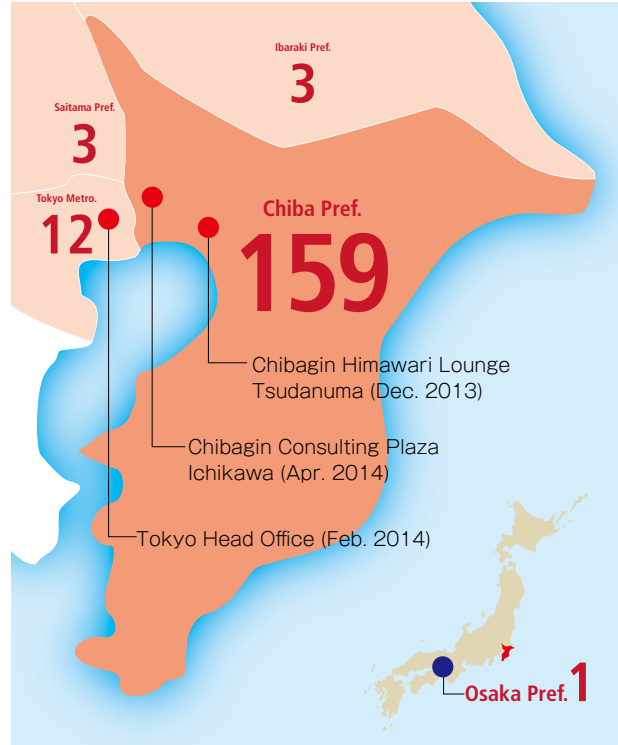
### ● Chibagin Himawari Lounge Tsudanuma

In December 2013, the Chiba Bank opened Chibagin Himawari Lounge Tsudanuma, which features extended business hours and also operates on Saturdays and holidays. This is a new type of branch that pursues operational efficiency through the use of leading-edge equipment that allows customers to self-complete various procedures, while staff focuses on providing consultation services for asset management, various types of loans and other matters.



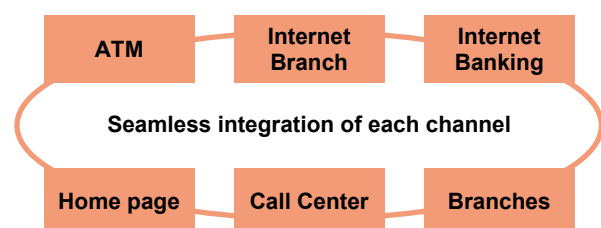
### ● Tokyo Head Office

In February 2014, the Muromachi Chibagin Mitsui Building (COREDO Muromachi 3) was completed in Nihonbashi, Tokyo, and Chiba Bank's Tokyo Head Office relocated to this new building. A large display has been installed at the entrance of the office to disseminate various types of information such as tourism information in collaboration with Chiba Prefecture.



## Promoting Omni-Channel Banking

Direct channels centering on the internet are also becoming crucial points of contact with customers, and the Chiba Bank is thus focusing on developing banking channels that utilize IT. We are currently developing omni-channels by focusing on interconnections between non-face-to-face channels and staffed branches. Specifically, the Chiba Bank is building an infrastructure that includes introducing smartphone apps for expanding and upgrading services in addition to offering branch visit reservations via the internet, developing ATMs with new functions and utilizing call centers. Through these efforts, we aim to further enhance customer convenience.



## Asset Management

The Chiba Bank offers a variety of deposits and other products to help customers build and manage assets according to their life plans.

Customer interest in asset management is rising amid the accelerating shift away from savings toward investments, as exemplified by the introduction of the Nippon (Japan) Individual Savings Account (NISA). The Chiba Bank is responding to this trend by enhancing its lineup of investment trusts, which includes introducing an investment trust exclusively for the internet in April 2014. We are also setting up structures for providing consultations on various types of insurance products and inheritance.

### ● Chibagin Consulting Plaza Ichikawa

In April 2014, the Chiba Bank opened Chibagin Consulting Plaza Ichikawa as its fourth such facility following those in Chiba, Kashiwa and Funabashi. Chibagin Consulting Plaza Ichikawa operates on Saturdays and holidays and specialized staff have been deployed to provide comprehensive responses to a range of customer needs. There are private booths that enable customers to have detailed consultations on issues such as asset management and insurance products; it also convenes seminars and provides customers with the latest financial and economic information.

By opening a branch of Chibagin Securities in the same location, we seek to provide high-quality financial services through strengthened collaboration within the Chiba Bank Group.



## Loans for Individual Customers

The Chiba Bank offers a variety of loan products, including housing loans, education loans, auto loans and card loans, to meet the wide-ranging needs of individual customers.

In housing loans, we expanded and upgraded our Loan Centers in October 2013 to respond to large-scale housing development projects. Additionally, in April 2014 we began offering reverse mortgage loans to senior citizens.

For unsecured loans, we are utilizing call centers and the internet to provide customers with non-face-to-face loan application channels. We will further strengthen our service in this area through other measures such as opening an internet branch in summer 2014.



## “Community Preferential Service” Utilizing Credit Cards

“Community Preferential Service” provides customers with fringe benefits such as credit card bonus points and discounts on product prices whenever they purchase items at a participating store using a credit card issued by the Chiba Bank, Chibagin JCB Card Co., Ltd. and Chibagin DC Card Co., Ltd.

As of April 2014, we expanded the number of Chibagin Partners to 33 companies and the number of participating stores to approximately 2,700, thereby enabling customers to use their credit cards with even greater convenience.



## Support for Growth Businesses

The Chiba Bank provides the greatest possible support for businesses that contribute to regional growth. Besides support for financing, we also work with our customers to help them solve any type of management issue.

The Growth Business Support Office in the Corporate Business Division has staff specializing in various growth areas, including Medical/Nursing, Agriculture, Tourism, the Environment, Social Infrastructure (PFI\*) and International Business. These specialists work closely with our branches to support customers through business matching and the use of public assistance measures.

### Medical/Nursing

- Support for financing
- Management support through collaboration with companies in the medical/nursing care industry
- Holding seminars on medical management

### Agriculture

- Support for sixth sector industrialization that aims for the diversification of operations encompassing processing and sales
- Holding business matching meetings or events focused on support for cultivating domestic and overseas sales channels
- Support for the establishment of agricultural corporations and entry into the agriculture business from other business fields

In May 2013, the Chiba Bank, together with 11 financial institutions headquartered in Chiba Prefecture, established a government-private sector joint fund to support the development of the agriculture, forestry and fisheries industries into growth industries.

In December 2013, this fund made an investment in a project which the Chiba Bank has supported, based on an initial agreement to invest in three projects in Japan (including this one) determined by the Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-Chain and Expansion Japan (A-FIVE).

### Tourism

- Support the promotion of medical tourism that connects foreign tourists with medical institutions within Chiba Prefecture
- Cooperation in holding events for promoting community vitalization and convening business matching events
- Holding business improvement seminars targeting Japanese-style inns and hotels

### Environment

- Offer 'Financing Based on Environmental Ratings', whereby the environmental initiatives of companies are evaluated using our unique assessment system and then discounted interest rates are provided in accordance with the ratings
- Offer 'Chibagin Eco Power', a financing system for electric power producers that use renewable energy such as solar lighting
- Hold seminars on energy conservation and provide an Energy-Conservation Diagnosis service

### Social Infrastructure (PFI\*)

- Hold workshops and seminars to provide information on PFIs for local governments within and outside Chiba Prefecture
- Provide funds utilizing financing methods such as project finance for private businesses executing tendered PFIs

\*PFI: Private Finance Initiative

### International Business

- Support trade transactions by establishing import L/Cs (letters of credit) and providing import usance, export bills and checks
- Provide support for setting up overseas operations by means such as furnishing the latest overseas information and holding business conferences aimed at cultivating overseas sales routes

The Chiba Bank has a total of five overseas bases, of which three are in Asia (Hong Kong, Shanghai and Singapore), one in the United States (New York) and one in Europe (London). We also work with foreign banks, local governments and other organizations to help our customers adapt to economic globalization through trade, overseas expansion and other means.



#### Banking Alliance Partners

- Bank of Communications
- Bangkok Bank
- Standard Chartered Bank
- CIMB NIAGA
- State Bank of India
- Metropolitan Bank and Trust Company
- Bank of East Asia
- CTBC Financial Holding
- Joint Stock Commercial Bank for Investment and Development of Vietnam
- CIMB Bank Berhad / CIMB Investment Bank Berhad

## Cooperation with Other Regional Banks

### ● Network for Regional Revitalization

In January 2014, the Chiba Bank and eight other regional banks concluded an “Agreement concerning Community Regeneration and Vitalization Network”. The other participating banks include The Hokkaido Bank, Ltd., The 77 Bank, Ltd., The Hachijuni Bank, Ltd., The Shizuoka Bank, Ltd., The Bank of Kyoto, Ltd., The Hiroshima Bank, Ltd., The Iyo Bank, Ltd. and The Bank of Fukuoka, Ltd. These regional banks, all of which have different management bases and business areas, will collaborate and utilize their respective networks and information in such areas as M&A, business succession and business matching to create together new value that will revitalize their regional economies.

### ● Emergency Backup in the Event of Disaster

In April 2014, the banks participating in the TSUBASA Project\* concluded an “Agreement for Mutual Collaboration in Times of Disaster”. Under the agreement, the participants will mutually cooperate by providing supplies and support for responding to customers and dispatching staff should a disaster occur in any of the banks’ respective business areas.

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

## Initiatives for Enhancing ABL (Asset-Based Lending)

The Chiba Bank is implementing the following initiatives to enhance ABL, which is financing that uses customers’ accounts receivable, product inventories, machinery and other receivables and movable assets as collateral. In recognition of our efforts in this area, in March 2014 the Chiba Bank was commended for “Initiatives concerning Region-Based Relationship Banking” by the Kanto Local Finance Bureau of the Ministry of Finance.

- Established an operational manual that prescribes general outlines of systems and business procedures for the promotion of ABL
- Introduced a Movable Asset Assessment System through which the results of asset assessments calculated by Chiba Bank staff based on actual audits and meetings with business managers are confirmed and validated by partner external organizations and then returned in the form of assessment rates for collateral

# CSR Activities

Based on the keywords “Nurturing the Future,” the Chiba Bank carries out social contribution activities for nurturing “People”, the “Environment” and “Business”.

## Chibagin Mirai Foundation

As one of our 70th anniversary commemorative projects, we established the Chibagin Mirai Foundation to foster the sustainable development of local communities through various programs that contribute to promoting industry, culture and the arts and to improving people’s lives and public welfare. For its principal activities, the foundation dispatches employees of SMEs within Chiba Prefecture on overseas observation visits, holds orchestral performances in kindergartens in the prefecture, and operates and manages the Chibagin Financial Library.



## Economics Quiz Contest

To promote the spread of financial and economics education, in December 2013 the Chiba Bank in cooperation with the Chiba Kogyo Bank held the Chiba Tournament as part of the Economics Quiz Contest, a nationwide quiz competition on financial and economics topics for high school students. A total of 54 high school students making up 27 teams from Chiba Prefecture participated and staged exciting contests. A two-person team representing Chiba Prefecture won the final competition held in February 2014, marking the first time Chiba Prefecture has won the national championship. As a supplementary prize, the winning team was presented with a study tour trip to New York.



## Chibagin Cup

In February 2014, the “20th Chibagin Cup, JEF United Ichihara Chiba versus Kashiwa Reysol” was held as a J-League pre-season match. This year’s match marked the 20th time the Cup has been held since its inception in 1995 and the lively atmosphere included a commemorative event held on the day of the match. Approximately 480 persons with disabilities invited by the Chiba Bank Group were also on hand to watch this entertaining match.





## Chibagin Storytellers Theatre

In March 2014, we held the Chibagin Storytellers Theatre that embodies our desire to vitalize communities through laughter. For this event, we invited Takeharu Kunimoto, who is a native of Chiba Prefecture and a widely renowned Rokyoku singer (Naniwabushi reciter), a form of traditional Japanese narrative singing. Mr. Kunimoto delighted the audience with his Rokyoku performance filled with captivating songs and dialogue, accompanied by his playing of the shamisen.



## Chibagin Heartful Welfare Fund

The Chibagin Heartful Welfare Fund is a charitable trust established to provide financial support to social welfare organizations and voluntary groups in Chiba Prefecture that are active in welfare activities for persons with disabilities, the elderly and children. In fiscal 2013 we provided grants amounting to approximately ¥8 million to 15 organizations through the Fund. By March 2014, the Fund had made grants amounting to approximately ¥27 million to a cumulative total of 52 recipients.



## Environmental Conservation Activities

The V-Net Club, a voluntary organization made up of current and retired employees of the Chiba Bank, regularly undertakes cleanup campaigns at locations around Chiba Prefecture. Members are also continually involved in forestry development such as undergrowth mowing and tree-planting throughout the Chibagin Forest.



## Business Idea Contest for Students

The Chiba Bank held the Business Idea Contest for Students in February 2014. This contest aims to support business startups by college students, who are the future leaders of regional economies, and thereby contribute to the development of regional industries and economies. From the 45 ideas submitted for this contest, one outstanding award, two incentive awards and one business idea award recipients were chosen and the respective awards were presented to the students.



# Compliance

## Compliance Structure

The Chiba Bank is constantly working on making compliance activities even more effective. We are determined to conduct all of our business activities fairly and in good faith, by complying with all laws and regulations relating to banking transactions, by observing all internal rules and regulatory requirements pertaining to our role in society and by avoiding actions that would fall short of normal social expectations.

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

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

## Consistent Implementation of Basic Policies

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

## Compliance Program

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

### The Chiba Bank Code of Ethics

#### Earning Unwavering Trust

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

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

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

#### Opposition to Antisocial Forces

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

#### Transparent Management

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

## Protecting Customers and Personal Information

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

## Prevention of Money Laundering and Financial Crimes

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

## Opposition to Antisocial Forces

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

### Management Policy to Prevent Money Laundering and Terrorism Financing Activities

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

#### (1) Unified control

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

#### (2) Appropriate administrative procedures

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

#### (3) Employee training programs

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

#### (4) Verification of effectiveness

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

# *Financial and Corporate Information*

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# Financial and Corporate Information

## Five-Year Summary (Consolidated)

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

	Millions of Yen					Thousands of U.S. Dollars
	2014	2013	2012	2011	2010	2014
<b>For the Year:</b>						
Total Income	¥ 217,995	¥ 222,731	¥ 225,435	¥ 229,583	¥ 241,443	\$ 2,118,111
Total Expenses	140,775	150,700	155,950	159,417	178,087	1,367,813
Income before Income Taxes and Minority Interests	77,220	72,030	69,485	70,166	63,356	750,298
Net Income before Minority Interests	47,382	45,046	41,487	41,458	38,246	460,385
Net Income	46,438	44,152	40,770	40,611	37,579	451,211
<b>At Year-End:</b>						
Total Assets	¥12,023,627	¥11,373,741	¥10,916,760	¥10,552,989	¥10,261,464	\$116,824,985
Loans and Bills Discounted	8,061,697	7,886,033	7,554,923	7,346,143	7,130,386	78,329,748
Securities	2,180,202	2,174,866	2,106,492	1,920,113	1,977,849	21,183,464
Deposits	10,495,839	9,926,630	9,639,615	9,275,235	8,966,015	101,980,567
Net Assets	766,187	729,243	664,076	625,990	605,598	7,444,500
Capital Ratio (BIS guidelines)	13.69%	14.05%	14.35%	13.37%	12.80%	
PER (Times)	11.71	13.26	11.36	10.20	13.29	
PBR (Times)	0.71	0.80	0.70	0.67	0.84	

	Yen					U.S. Dollars
	2014	2013	2012	2011	2010	2014
<b>Per Share:</b>						
Net Income	¥ 54.29	¥ 50.88	¥ 46.47	¥ 45.65	¥ 42.04	\$0.53
Net Assets	895.60	839.15	747.90	692.74	662.90	8.70

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

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥102.92 to \$1.00, the exchange rate prevailing at March 31, 2014.

## Management's Discussion and Analysis

### Financial and Economic Environment

During the fiscal year ended March 2014, the Japanese economy continued a moderate recovery thanks to an improvement in the export environment and an increase in public investment in addition to a pickup in capital investment amid firm personal consumption. The employment and income environments also steadily improved, as the jobs-to-applicants ratio surpassed 1.0, while employee income also picked up modestly. Moreover, there were also visible signs of a rise in consumer prices.

On the financial front, the unsecured overnight call rate remained below 0.1% throughout the period. Secondary market yields on long-term government bonds temporarily rose to the 0.9% range in the first half of the period, but gradually trended downward throughout the second half and moved in the 0.6% range near the end of the period. Meanwhile, the Nikkei Stock Average briefly rose above ¥16,000 in response to the ongoing weakening of the yen and rising U.S. stock prices. However, the average subsequently fell in reaction to the impact of the tapering of monetary easing in the United States and turmoil in emerging economies and closed the period in the ¥14,000 range.

### Business Performance

We offer a wide range of financial products and services for depositors. During the year ended March 2014, we undertook a variety of activities to encourage households to use the Chiba Bank as their main bank by establishing accounts for salary transfers, receiving pension income, and other purposes. These efforts were reflected in the year-end balance of deposits, which increased by ¥569.2 billion year on year to ¥10,495.8 billion.

Loans outstanding as of March 31, 2014 amounted to ¥8,061.6 billion, an increase of ¥175.6 billion over the level a year earlier. This reflects the Chiba Bank's determined efforts to respond to the borrowing needs of both corporate and individual customers.

Marketable securities increased by ¥5.3 billion year on year to ¥2,180.2 billion as of March 31, 2014.

On this basis, total assets reached ¥12,023.6 billion as of March 31, 2014, an increase of ¥649.8 billion over the level a year earlier.

Net assets amounted to ¥766.1 billion as of March 31, 2014, an increase of ¥36.9 billion over the level a year earlier.

### Income and Expenses

Total income declined by ¥4,735 million from the previous fiscal year to ¥217,995 million due mainly to a decrease in interest income, including interest on loans and discounts. Total expenses declined by ¥9,925 million from the previous fiscal year to ¥140,775 million due primarily to a decline in other expenses, including provision of allowance for loan losses.

As a result of these developments, income before income taxes and minority interests increased by ¥5,189 million from the previous fiscal year to ¥77,220 million and net income rose by ¥2,286 million from the previous fiscal year to ¥46,438 million.

### Consolidated Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥285.2 billion, an increase of ¥126.7 billion over the previous year's figure. Reasons for the higher figure include an increase in deposits.

Net cash provided by investing activities amounted to a net inflow of ¥23.8 billion, a year on year increase of ¥19.9 billion, including proceeds from sales and redemptions of marketable securities.

Net cash used in financing activities amounted to a net outflow of ¥41.1 billion, a year on year increase of ¥16.1 billion, including the redemption of subordinated bonds.

Based on these changes, net cash and cash equivalents amounted to ¥648.1 billion as of March 31, 2014, an increase of ¥268.0 billion over the position a year earlier.

### Dividend Policy

Our basic policy, which reflects the important public role of the Chiba Bank, is to ensure proper financial soundness while actively providing returns to shareholders through reliable dividends and share buyback programs and using our capital effectively to achieve growth. Our basic policy also provides for the payment of dividends twice yearly. The date of record for the interim dividend is September 30, while that for the final dividend is March 31. The Board of Directors sets the interim dividend and the final dividend is set at the General Meeting of Shareholders.

The regular General Meeting of Shareholders approved a final dividend of ¥6.0 per share for the business year ended March 31, 2014. The total annual dividend, including the interim dividend, was ¥12 per share.

### Outlook for the Year Ending March 2015

We estimate that the Chiba Bank Group will earn ordinary profit of ¥76.0 billion and net income of ¥54.0 billion in the year ending March 31, 2015. Our non-consolidated forecasts for the Chiba Bank are ordinary profit of ¥68.0 billion and net income of ¥44.0 billion.

We plan to pay an annual dividend of ¥12 per share, including an interim dividend of ¥6, in the year ending March 31, 2015.

## Asset Quality

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

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

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

Claims disclosed under the Financial Reconstruction Law were ¥169.4 billion as of March 31, 2014, and the non-performing loan ratio was 2.07%.

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

### Self-Assessment and Debtor Classification

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

### Disposal of Non-Performing Assets

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

Moreover, the allowance for loan losses from Bankrupt Debtors and Effectively Bankrupt Debtors makes up the full amount of the claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Debtors

### Debtor Classification

<b>Normal Debtors</b>	Debtors whose business situation is good and whose financial position gives no cause for concern.
<b>Debtors Requiring Caution</b>	Debtors who are viewed with concern because of stagnant or unstable business performance, including losses.
<b>Potentially Bankrupt Debtors</b>	Debtors who are not currently bankrupt but are seen as being at serious risk of bankruptcy.
<b>Effectively Bankrupt Debtors</b>	Debtors who are bankrupt in real terms, even though legal and formal bankruptcy proceedings have not been implemented.
<b>Bankrupt Debtors</b>	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, 2013	As of March 31, 2014	As of March 31, 2013	As of March 31, 2014
<b>Loans to Bankrupt Borrowers</b>	2.9	2.5	2.7	2.1
<b>Delinquent Loans</b>	113.8	112.2	112.4	109.9
<b>Loans Past Due 3 Months or More</b>	2.2	0.8	2.2	0.8
<b>Restructured Loans</b>	64.0	53.4	64.1	53.4
<b>Total</b>	183.1	169.0	181.5	166.3

is equal to the amount of expected losses calculated on the past loan loss ratio, as a rule.

The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees stands at 74.2%, indicating a high level of security on the basis of claims disclosed under the Financial Reconstruction Law and limited cause for concern about the occurrence of future losses.

#### Disclosure of Non-Performing Assets

Under banking regulations, disclosure of non-performing assets includes reporting of 1) risk-monitored loans as defined in the Banking Law (hereinafter Risk-monitored Loans) and 2) disclosed claims under the Financial Reconstruction Law.

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

#### Risk-Monitored Loans

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

#### Disclosed Claims under the Financial Reconstruction Law

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

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

(¥ Billion)

	As of March 31, 2013	As of March 31, 2014
Bankrupt and Substantially Bankrupt Claims	20.1	20.6
Doubtful Claims	96.9	94.4
Substandard Claims	66.3	54.2
Total	183.4	169.4
Total Claims Outstanding	8,023.6	8,182.5
Non-performing Loan Ratio (%)	2.28	2.07
Coverage Ratio (%)	73.2	74.2

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

(Non-Consolidated) (As of March 31, 2014)

(¥ Billion)

Assets Classification under Self-Assessment		Risk-Monitored Loans under the Banking Law		Disclosed Claims under the Financial Reconstruction Law	
Bankrupt Assets and Effectively Bankrupt Assets	20.6	Loans to Bankrupt Borrowers	2.5	Bankrupt and Substantially Bankrupt Claims	20.6
		Delinquent Loans	112.2		
Potentially Bankrupt Assets	94.4			Doubtful Claims	94.4
Assets Requiring Caution	67.7	Loans Past Due 3 Months or More	0.8	Substandard Claims	54.2
		Restructured Loans	53.4		
1,388.3	Other Assets Requiring Caution	1,320.6		Normal Claims	8,013.1
Normal Assets	6,678.9				
Total Assets	8,182.5	Loans Outstanding	8,083.0	Total Claims	8,182.5

## Risk Management

### Integrated Risk Management System

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

Accordingly, in addition to assigning divisions to manage overall risk in the Group for each form of risk, the Chiba Bank has an integrated risk management system in which the Risk Management Division centrally monitors these risks. The division engages in detailed management and discussions of risks at meetings of the ALM Committee, Credit Risk Management Committee, and Operational Risk Management Committee and reports to the Board of Directors on risk-related matters. In addition, the division is developing an integrated risk management system for considering and implementing risk countermeasures.

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

### Integrated Risk Management

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

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

The Chiba Bank has introduced a risk capital allocation system as a concrete framework for integrated risk measurement. A risk capital allocation system is a mechanism for engaging in business operations that duly recognizes risk and return, such as profitability improvement at business sectors and the effective utilization of capital. The system ensures management soundness by means of the pre-allocation of risk capital (the amount of acceptable risk) to areas such as the domestic banking sector and treasury sector within the scope of capital, an indicator of financial strength.

### Credit Risk Management

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

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

Also the Chiba Bank has long ensured the independence of the sections involved in credit risk. Specifically, the credit screening and administrative sections manage credit risk for individual business transactions in the credit executing section (banking offices and the sales promotion divisions). The Credit Risk Management Department in the Risk Management Division, whose organization and operation are independent from the credit screening and administrative sections and the credit executing sections, is a credit risk management section that engages in unified management of overall credit risk. The Risk Management Department in the Risk Management Division is a unified risk management section that engages in the integrated management of all forms of risk, including credit risk. The Audit and Inspection Division audits operations in the business units involved in credit risk management.

The Credit Risk Management Committee meets regularly and considers credit risk management policy, monitors the operation of the internal credit rating system and the credit portfolio, and works to ensure the quality of loan assets.

### Internal Credit Rating System

The Chiba Bank uses an internal credit rating system to place borrowers into 15 credit rating categories on the basis of financial data such as financial condition and cash flow. We strive to enhance the identification and examination of the financial circumstances at companies, the starting point of credit risk management, by means of periodic annual reviews and reviews at other times in accordance with the status of individual debtors. The internal credit rating system is the core of credit risk management and is extensively used in actual management, such as credit pricing standard and approval authorization.

### Individual Asset Credit Management

The banking branches or offices and the Credit and Supervisory Department in the Credit Division take the lead with regard to examining individual applications for credit, engaging in rigorous investigations in accordance with screening criteria on the basis of the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Department in the Business Support Division provides support for the financial soundness of borrowers who need to improve their operations, and the Credit Administration Department in the Business Support Division engages in resolution and collection activities with regard to Bankrupt Debtors and other borrowers. The Chiba Bank strives to accumulate high-quality loan assets and minimize future losses through this practice of advanced screening and supervision after credit has been extended.



**Credit Portfolio Management**

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

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

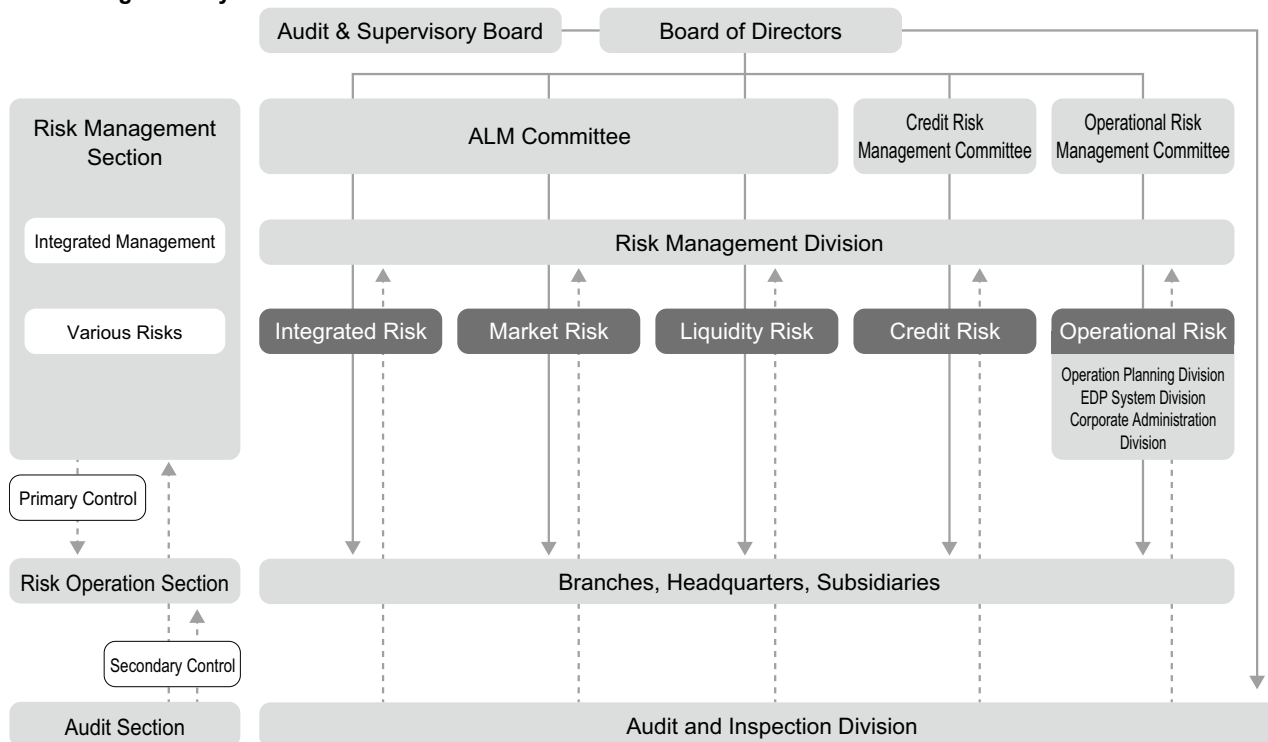
By importing the quantitative results into various systems, we utilize them in loan pricing that reflects credit risk and other processes. In this way, we aim to ensure more appropriate interest rate levels than were previously possible and refine risk management.

**Self-Assessment of Assets**

Self-assessment of assets is the practice whereby financial institutions review and analyze their own assets individually and classify them on the basis of asset value impairment and the risk of default. Selfassessment of assets is obligatory for financial institutions under the system of prompt corrective action under the Banking Law. The system of prompt corrective action is a system by which administrative measures are triggered in accordance with the state of the capital ratio of financial institutions. A prerequisite to the accurate calculation of capital is implementation of appropriate write-offs and provisions and the preparation of financial statements that to the extent possible objectively reflect the actual state of asset quality.

At the Chiba Bank, branches and offices conduct selfassessments of assets on the basis of Asset Self-Assessment Regulations, the credit screening and administrative sections check details of self-assessments. Next, the Audit and Credit Assessment Department in Audit and Inspection Division conducts an audit to verify the accuracy of the self-assessment results and process. According to the results of these assessments, the Credit Risk Management Department in the Risk Management Division calculates the amounts of provisions, and the Credit Administration Department in the Business Support Division implements write-offs. Finally, the Audit and Credit Assessment Department in Audit and Inspection Division conducts an audit. Through this process, the Chiba Bank rigorously maintains the soundness of its assets.

**Risk Management System**



## Market Risk Management

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

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

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

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

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

## Liquidity Risk Management

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

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

As the section that manages risk, the Market Risk Management Department in the Risk Management Division strives to avoid increases in liquidity risk by identifying and assessing various factors that affect liquidity risk and monitoring the observance of limits. The ALM Committee meets to discuss and decide matters related to liquidity risk, as it does with market risk. The Chiba Bank also maintains a crisis management plan that provides for a rapid, network-wide response in the event of unforeseen circumstances that could affect the Chiba Bank's cash flow.

## Operational Risk Management

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

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

The Chiba Bank has an Operational Risk Management Committee. On the basis of direct involvement in management, the committee receives reports concerning the state of operational risk losses and develops a management structure for improving and correcting problem areas by means of a PDCA cycle involving the preparation of a risk management plan, development of management regulations, and evaluation and improvement. To ensure the effectiveness of management by means of this PDCA cycle, the Chiba Bank has introduced Control Self-Assessment (CSA), by which it formulates and implements measures to identify, assess, monitor, and manage the details of risk, as well as to reduce risk. Management by means of CSA entails responding to operational risk loss events that have occurred at the Chiba Bank as well as preventing problems from occurring by evaluating the adequacy of the Chiba Bank's management system based on scenarios prepared by using loss events that have occurred at other banks or in other industries and the devising of countermeasures as necessary.

### **Clerical Risk Management**

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

The Chiba Bank considers accurate clerical work to be essential to obtaining the trust of customers, and the Operation Planning Division plays a central role in the performance of exact clerical work in accordance with basic procedures and in the effort to prevent clerical accidents.

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

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

With regard to the auditing system, the Audit and Inspection Division visits all branches, offices, and headquarters at least once a year and conducts rigorous audits of all clerical work in accordance with auditing standards. The division promptly notifies the branches, offices, and headquarters of the audit results, periodically reports to the Board of Directors, and implements a framework for reflecting audit results in clerical improvements.

### **System Risk Management**

System risk is the risk of incurring a loss resulting from a leak or falsification of information owned by the Chiba Bank or the unauthorized use, failure, or incorrect operation of computer systems. The Chiba Bank possesses customer transaction data and various other types of information and has developed systems to process that information. To ensure the provision of various services to customers, the role of computer systems in banking operations is increasing year by year, and the event of a system risk would result in great inconvenience to customers. For this reason, we regard system risk management as increasingly important.

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

### **Business Continuity System**

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

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

### **Basel III Compliance**

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

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

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

A number of new requirements will be introduced under Basel III, including leverage and liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio).

The Chiba Bank is currently developing and strengthening management systems to comply with these regulations.

# Financial and Corporate Information

## Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2014

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Assets</b>			
Cash and Due from Banks (Note 28)	¥ 749,388	¥ 442,958	\$ 7,281,271
Call Loans and Bills Bought	399,772	227,511	3,884,301
Receivables under Resale Agreements	34,995	29,994	340,026
Receivables under Securities Borrowing Transactions	2,043	—	19,854
Monetary Claims Bought	24,453	24,778	237,595
Trading Assets (Notes 7 and 33)	275,939	285,577	2,681,107
Money Held in Trust (Note 35)	43,794	41,190	425,520
Securities (Notes 7, 13, 33 and 34)	2,180,202	2,174,866	21,183,464
Loans and Bills Discounted (Notes 9, 13 and 33)	8,061,697	7,886,033	78,329,748
Foreign Exchanges (Note 10)	6,248	6,386	60,716
Other Assets (Notes 11 and 13)	87,594	89,003	851,090
Tangible Fixed Assets (Note 12)	102,786	98,639	998,706
Intangible Fixed Assets	10,987	10,621	106,762
Net Defined Benefit Asset (Note 20)	5,218	3,611	50,702
Deferred Tax Assets (Note 31)	6,779	14,513	65,875
Customers' Liabilities for Acceptances and Guarantees	81,866	93,586	795,441
Allowance for Loan Losses	(50,142)	(55,531)	(487,194)
<b>Total Assets</b>	<b>¥12,023,627</b>	<b>¥11,373,741</b>	<b>\$116,824,985</b>
<b>Liabilities</b>			
Deposits (Notes 13, 14 and 33)	¥10,495,839	¥ 9,926,630	\$101,980,567
Call Money and Bills Sold	103,949	54,172	1,010,000
Payables under Securities Lending Transactions (Note 13)	83,248	74,402	808,862
Trading Liabilities (Notes 15 and 33)	24,074	30,352	233,910
Borrowed Money (Notes 13 and 16)	291,989	280,672	2,837,051
Foreign Exchanges (Note 17)	930	358	9,042
Bonds Payable (Note 18)	10,000	20,000	97,163
Other Liabilities (Note 19)	128,806	127,911	1,251,518
Provision for Retirement Benefits (Note 20)	—	19,490	—
Net Defined Benefit Liability (Note 20)	18,324	—	178,044
Provision for Directors' Retirement Benefits	217	199	2,110
Provision for Reimbursement of Deposits	2,035	1,850	19,778
Provision for Point Loyalty Programs	412	388	4,012
Reserve under Special Laws	22	15	218
Deferred Tax Liabilities (Note 31)	2,565	1,225	24,929
Deferred Tax Liabilities for Land Revaluation (Note 21)	13,157	13,240	127,839
Acceptances and Guarantees	81,866	93,586	795,441
<b>Total Liabilities</b>	<b>¥11,257,439</b>	<b>¥10,644,497</b>	<b>\$109,380,485</b>
<b>Net Assets</b>			
Capital Stock (Note 22)	¥ 145,069	¥ 145,069	\$ 1,409,533
Capital Surplus	122,134	122,134	1,186,690
Retained Earnings	437,645	401,813	4,252,286
Treasury Shares	(17,581)	(7,581)	(170,823)
Total Shareholders' Equity	687,267	661,435	6,677,686
Valuation Difference on Available-for-sale Securities (Note 36)	59,757	51,396	580,625
Deferred Gains or Losses on Hedges	23	(1,167)	228
Revaluation Reserve for Land (Note 21)	9,834	9,983	95,554
Remeasurements of Defined Benefit Plans	866	—	8,418
Total Accumulated Other Comprehensive Income	70,482	60,212	684,826
Subscription Rights to Shares	374	277	3,634
Minority Interests	8,064	7,317	78,354
<b>Total Net Assets</b>	<b>¥ 766,187</b>	<b>¥ 729,243</b>	<b>\$ 7,444,500</b>
<b>Total Liabilities and Net Assets</b>	<b>¥12,023,627</b>	<b>¥11,373,741</b>	<b>\$116,824,985</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2014

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥116,461	¥121,646	\$1,131,570
Interest and Dividends on Securities	20,172	18,990	195,998
Other Interest Income	870	908	8,454
Trust Fees	2	1	26
Fees and Commissions	46,156	42,120	448,467
Trading Income (Note 23)	3,196	2,391	31,055
Other Ordinary Income (Note 24)	5,941	6,344	57,731
Other Income (Note 25)	25,195	30,328	244,809
<b>Total Income</b>	<b>¥217,995</b>	<b>¥222,731</b>	<b>\$2,118,111</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 5,007	¥ 5,151	\$ 48,657
Interest on Borrowings and Rediscounts	839	1,300	8,160
Other Interest Expenses	5,204	4,783	50,572
Fees and Commissions Payments	15,945	15,723	154,928
Trading Expenses	—	3	—
Other Ordinary Expenses (Note 26)	3,228	841	31,370
General and Administrative Expenses	88,775	88,943	862,569
Other Expenses (Note 27)	21,773	33,955	211,558
<b>Total Expenses</b>	<b>¥140,775</b>	<b>¥150,700</b>	<b>\$1,367,813</b>
Income before Income Taxes and Minority Interests	77,220	72,030	750,298
Income Taxes-Current	26,834	26,864	260,729
Income Taxes-Deferred	3,003	119	29,184
Net Income before Minority Interests	47,382	45,046	460,385
Minority Interests in Income	944	894	9,174
<b>Net Income</b>	<b>¥ 46,438</b>	<b>¥ 44,152</b>	<b>\$ 451,211</b>

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2014

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Income before Minority Interests</b>	<b>¥47,382</b>	<b>¥45,046</b>	<b>\$460,385</b>
Other Comprehensive Income (Note 29)			
Valuation Difference on Available-for-sale Securities	8,448	38,240	82,083
Deferred Gains or Losses on Hedges	1,190	382	11,571
Share of Other Comprehensive Income of Associates Accounted for using Equity Method	22	23	223
Total Other Comprehensive Income	9,661	38,646	93,878
<b>Comprehensive Income</b>	<b>¥57,044</b>	<b>¥83,693</b>	<b>\$554,263</b>
(Breakdown)			
Comprehensive Income Attributable to Owners of the Parent	¥55,991	¥82,662	\$544,025
Comprehensive Income Attributable to Minority Interests	¥ 1,053	¥ 1,030	\$ 10,238

See notes to consolidated financial statements.

# Financial and Corporate Information

## Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2014

Millions of Yen (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income							Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Minority Interests	
<b>Balance at March 31, 2012</b>	¥145,069	¥123,591	¥376,039	¥ (8,480)	¥636,220	¥13,268	¥(1,549)	¥9,393	—	¥21,112	¥231	¥6,511	¥664,076
Net Income	—	—	44,152	—	44,152	—	—	—	—	—	—	—	44,152
Cash Dividends	—	—	(9,613)	—	(9,613)	—	—	—	—	—	—	—	(9,613)
Purchase of Treasury Shares	—	—	—	(9,470)	(9,470)	—	—	—	—	—	—	—	(9,470)
Disposal of Treasury Shares	—	(38)	—	552	513	—	—	—	—	—	—	—	513
Cancellation of Treasury Shares	—	(1,418)	(8,398)	9,816	—	—	—	—	—	—	—	—	—
Reversal of Revaluation Reserve for Land	—	—	(367)	—	(367)	—	—	—	—	—	—	—	(367)
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	38,127	382	590	—	39,100	45	806	39,952
Total of Items during FY2012	—	(1,457)	25,773	898	25,215	38,127	382	590	—	39,100	45	806	65,167
<b>Balance at March 31, 2013</b>	¥145,069	¥122,134	¥401,813	¥ (7,581)	¥661,435	¥51,396	¥(1,167)	¥9,983	—	¥60,212	¥277	¥7,317	¥729,243
Net Income	—	—	46,438	—	46,438	—	—	—	—	—	—	—	46,438
Cash Dividends	—	—	(10,750)	—	(10,750)	—	—	—	—	—	—	—	(10,750)
Purchase of Treasury Shares	—	—	—	(10,066)	(10,066)	—	—	—	—	—	—	—	(10,066)
Disposal of Treasury Shares	—	—	(5)	66	61	—	—	—	—	—	—	—	61
Reversal of Revaluation Reserve for Land	—	—	149	—	149	—	—	—	—	—	—	—	149
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	8,361	1,190	(149)	866	10,269	96	746	11,112
Total of Items during FY2013	—	—	35,831	(9,999)	25,831	8,361	1,190	(149)	866	10,269	96	746	36,944
<b>Balance at March 31, 2014</b>	¥145,069	¥122,134	¥437,645	¥(17,581)	¥687,267	¥59,757	¥ 23	¥9,834	¥866	¥70,482	¥374	¥8,064	¥766,187

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income							Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Minority Interests	
<b>Balance at March 31, 2013</b>	\$1,409,533	\$1,186,690	\$3,904,135	\$ (73,661)	\$6,426,697	\$499,383	\$ (11,343)	\$97,003	—	\$585,043	\$2,697	\$71,100	\$7,085,537
Net Income	—	—	451,211	—	451,211	—	—	—	—	—	—	—	451,211
Cash Dividends	—	—	(104,451)	—	(104,451)	—	—	—	—	—	—	—	(104,451)
Purchase of Treasury Shares	—	—	—	(97,813)	(97,813)	—	—	—	—	—	—	—	(97,813)
Disposal of Treasury Shares	—	—	(58)	651	593	—	—	—	—	—	—	—	593
Reversal of Revaluation Reserve for Land	—	—	1,449	—	1,449	—	—	—	—	—	—	—	1,449
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	81,243	11,571	(1,449)	8,418	99,783	937	7,254	107,975
Total of Items during FY2013	—	—	348,151	(97,162)	250,989	81,243	11,571	(1,449)	8,418	99,783	937	7,254	358,964
<b>Balance at March 31, 2014</b>	\$1,409,533	\$1,186,690	\$4,252,286	\$ (170,823)	\$6,677,686	\$580,625	\$ 228	\$95,554	\$8,418	\$684,826	\$3,634	\$78,354	\$7,444,500

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2014

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Cash Flows from Operating Activities:</b>			
Income before Income Taxes and Minority Interests	¥ 77,220	¥ 72,030	\$ 750,298
Depreciation and Amortization	7,409	8,258	71,990
Impairment Loss	250	185	2,433
Equity in (Earnings) Losses of Affiliates	(214)	(152)	(2,081)
Increase (Decrease) in Allowance for Loan Losses	(5,389)	5,430	(52,366)
Increase (Decrease) in Provision for Retirement Benefits	—	(41)	—
Decrease (Increase) in Net Defined Benefit Asset	(1,297)	—	(12,605)
Increase (Decrease) in Net Defined Benefit Liability	(134)	—	(1,308)
Increase (Decrease) in Provision for Directors' Retirement Benefits	17	(29)	174
Increase (Decrease) in Provision for Reimbursement of Deposits	185	327	1,799
Increase (Decrease) in Provision for Point Loyalty Programs	24	(8)	234
Interest Income	(137,503)	(141,545)	(1,336,023)
Financing Expenses	11,052	11,234	107,389
Loss (Gain) Related to Securities	(1,904)	(5,203)	(18,509)
Loss (Gain) on Money Held in Trust	(525)	(886)	(5,109)
Foreign Exchange Losses (Gains)	(143)	(155)	(1,392)
Loss (Gain) on Disposal of Fixed Assets	730	545	7,098
Net Decrease (Increase) in Trading Assets	9,637	41,467	93,644
Net Increase (Decrease) in Trading Liabilities	(6,278)	949	(61,004)
Net Decrease (Increase) in Loans and Bills Discounted	(175,664)	(331,109)	(1,706,804)
Net Increase (Decrease) in Deposit (excluding Negotiable Certificates of Deposit)	483,761	289,873	4,700,368
Net Increase (Decrease) in Negotiable Certificates of Deposit	85,447	(2,858)	830,234
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	21,316	136,037	207,118
Net Decrease (Increase) in Due from Banks (excluding Due from BOJ)	(38,343)	135,417	(372,560)
Net Decrease (Increase) in Call Loans and Bills Bought and Others	(176,937)	(146,675)	(1,719,173)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	(2,043)	—	(19,854)
Net Increase (Decrease) in Call Money and Bills Sold	49,776	20,077	483,642
Net Increase (Decrease) in Payables under Securities Lending Transactions	8,845	(2,944)	85,944
Net Decrease (Increase) in Foreign Exchanges - Assets	137	(4,181)	1,335
Net Increase (Decrease) in Foreign Exchanges - Liabilities	572	128	5,564
Interest and Dividends Received	139,025	141,509	1,350,812
Interest Paid	(11,743)	(12,022)	(114,108)
Other, net	(22,759)	(36,902)	(221,138)
Subtotal	¥ 314,527	¥ 178,755	\$ 3,056,041
Income Taxes Paid	(29,288)	(20,256)	(284,575)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ 285,239</b>	<b>¥ 158,499</b>	<b>\$ 2,771,466</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Securities	¥ (809,419)	¥ (523,652)	\$ (7,864,550)
Proceeds from Sales of Securities	521,602	282,862	5,068,038
Proceeds from Redemption of Securities	323,634	266,127	3,144,521
Increase in Money Held in Trust	(6,200)	(12,800)	(60,241)
Decrease in Money Held in Trust	5,300	1,721	51,496
Purchase of Tangible Fixed Assets	(7,857)	(7,194)	(76,348)
Purchase of Intangible Fixed Assets	(3,240)	(3,211)	(31,490)
Proceeds from Sales of Tangible Fixed Assets	4	50	46
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥ 23,823</b>	<b>¥ 3,904</b>	<b>\$ 231,472</b>
<b>Cash Flows from Financing Activities:</b>			
Decrease in Subordinated Borrowings	¥ (10,000)	¥ (18,000)	\$ (97,163)
Redemption of Subordinated Bonds	(10,000)	(20,000)	(97,163)
Cash Dividends Paid	(10,750)	(9,613)	(104,451)
Cash Dividends Paid to Minority Shareholders	(307)	(224)	(2,984)
Purchase of Treasury Shares	(10,066)	(9,470)	(97,813)
Proceeds from Sales of Treasury Shares	4	6	46
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (41,119)</b>	<b>¥ (57,301)</b>	<b>\$ (399,528)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>¥ 143</b>	<b>¥ 155</b>	<b>\$ 1,392</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ 268,086</b>	<b>¥ 105,257</b>	<b>\$ 2,604,803</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>¥ 380,096</b>	<b>¥ 274,838</b>	<b>\$ 3,693,127</b>
<b>Cash and Cash Equivalents at End of Period (Note 28)</b>	<b>¥ 648,182</b>	<b>¥ 380,096</b>	<b>\$ 6,297,930</b>

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Year ended March 31, 2014

### 1. Basis of Presentation

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

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

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

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥102.92 to \$1.00, the exchange rate prevailing at March 31, 2014.

### 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2014 was 9 (9 as of March 31, 2013).

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 income, net income, retained earnings and other comprehensive income of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets. Also, the consolidated financial statements do not include the accounts of seven limited partnerships (six as of March 31, 2013). The Bank has adopted the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, March 25, 2011) from the fiscal year ended March 31, 2014; WIYAS Funding Corporation, hitherto disclosed as a special purpose entity, became an unconsolidated subsidiary that is not accounted for by the equity method. The investments in these unconsolidated subsidiaries are not accounted for by the equity method since net income, retained earnings and other comprehensive income of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. The difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

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

### 3. Significant Accounting Policies

#### (1) Trading Account

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

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

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

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

#### (2) Securities

Held-to-maturity bonds are stated at amortized cost determined by the moving average method. Investments in unconsolidated subsidiaries not accounted for by the equity method are stated at cost determined by the moving average method. Available-for-sale equity shares and investment trusts listed on Japanese markets are stated at the average market value during the last month of the fiscal year, and other available-for-sale securities whose fair value can be estimated are stated at fair value at the fiscal year end while their costs are calculated mainly by the moving average method. Other non-marketable securities whose fair value cannot be reliably estimated are stated at cost determined by the moving average method or amortized cost.

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

Moreover, the same way as above (1) and fair value method based upon the market value at the fiscal year end are applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management.

#### (3) Derivatives

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

#### (4) Tangible Fixed Assets

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

Buildings ..... 6 years to 50 years  
Others ..... 2 years to 20 years

Tangible fixed assets of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.



#### **(5) Intangible Fixed Assets**

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

#### **(6) Allowance for Loan Losses**

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

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

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

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

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

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

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off as of March 31, 2014 was ¥37,179 million (¥38,880 million as of March 31, 2013). Allowance made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

#### **(7) Provision for Directors' Retirement Benefits**

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

#### **(8) Provision for Reimbursement of Deposits**

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

#### **(9) Provision for Point Loyalty Programs**

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

#### **(10) Reserve under Special Laws**

Reserve under special laws is a Reserve for Financial Products Transaction Liabilities provided by Chibagin Securities. This reserve is provided for losses from securities transactions pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instrument Business Operators, etc.

#### **(11) Retirement Benefits**

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date.

The retirement benefit obligation for employees is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

The net actuarial gain (loss) is amortized using the straight-line method over 10 years from the following fiscal year. Also, consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments assuming the voluntary retirement of all employees at the fiscal year-end.

#### **(12) Translation of Foreign Currencies**

The Bank's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date. Consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end of each company.

#### **(13) Lease Transactions**

(As lessees)

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

(As lessors)

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

#### **(14) Hedge Accounting**

i) Hedge of Interest Rate Risk

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

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

fied by their maturity.

## ii) Hedge of Foreign Currency Fluctuation Risk

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

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

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

## (15) Cash Flows

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

## (16) Consumption Taxes

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

## (17) Appropriation of Retained Earnings

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and by the general meeting of shareholders. There is a limit for dividend by Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

## 4. Changes in Accounting Principles, Accounting Estimates and Restatement

### (Changes in Accounting Principles Pursuant to Revisions in Accounting Standard)

#### (Application of Accounting Standard for Consolidated Financial Statements)

The Bank has adopted the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, March 25, 2011), as of the fiscal year ended March 31, 2014. WIYAS Funding Corporation, hitherto disclosed as a special purpose entity, has been treated as an unconsolidated subsidiary that is not accounted for by the equity method. This adoption has no impact.

#### (Application of Accounting Standard for Retirement Benefits)

The Bank has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, "Retirement Benefits Statement") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, "Retirement Benefits Guidance") as of the end of the fiscal year ended March 31, 2014 (except for certain provisions described in the main clause of Section 35 of the Retirement Benefits Statement and in the main clause of Section 67 of the Retirement Benefits Guidance). These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for

retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefit liability adjustments through accumulated other comprehensive income.

As a result, Net defined benefit asset was ¥5,218 million and Net defined benefit liability was ¥18,324 million as of the end of financial year ended March 31, 2014. Also, Deferred tax liabilities increased by ¥474 million and Total accumulated other comprehensive income increased by ¥866 million.

In addition, Net assets increased by ¥1.02 per share.

## 5. Accounting Standards and Guidance issued but not yet Applied

### I. Accounting Standard for Retirement Benefits (May 17, 2012)

#### (1) Overview

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

#### (2) Scheduled Date of Adoption

Revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015.

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

As a result of this adoption, retained earnings at the beginning of the fiscal year starting April 1, 2014 will decrease by ¥4,161 million.

## II. Accounting Standard for Business Combinations (September 13, 2013)

#### (1) Overview

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

#### (2) Scheduled Date of Adoption

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

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

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

## 6. Securities Purchased under Resale Agreements

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥37,826 million was held in hand on March 31, 2014 (¥30,701 million on March 31, 2013).

## 7. Trading Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Trading Account Securities	¥ 10,438	¥ 9,018	\$ 101,426
Derivatives of Trading Securities	1	—	16
Trading-related Financial Derivatives	24,745	31,142	240,438
Other Trading Assets	240,753	245,416	2,339,227
Total	¥275,939	¥285,577	\$2,681,107

## 8. Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Japanese Government Bonds	¥ 980,105	¥1,081,313	\$ 9,522,987
Japanese Local Government Bonds	335,825	365,217	3,262,979
Japanese Corporate Bonds	218,833	213,044	2,126,253
Japanese Stocks	190,513	174,535	1,851,082
Other Securities	454,923	340,754	4,420,163
Total	¥2,180,202	¥2,174,866	\$21,183,464

Securities included investments in non-consolidated subsidiaries and affiliates of ¥3,725 million on March 31, 2014 (¥3,530 million on March 31, 2013).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in Japanese Corporate Bonds was ¥28,890 million as of March 31, 2014 (¥30,604 million as of March 31, 2013).

## 9. Loans and Bills Discounted

### (1) Loans and Bills Discounted

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Bills Discounted	¥ 19,052	¥ 22,490	\$ 185,121
Loans on Bills	144,018	153,460	1,399,325
Loans on Deeds	7,297,211	7,127,713	70,901,786
Overdrafts	601,414	582,368	5,843,516
Total	¥8,061,697	¥7,886,033	\$78,329,748

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of March 31, 2014 was ¥20,199 million (¥23,314 million as of March 31, 2013).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥2,029,752 million relating to these contracts, including ¥1,906,395 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2014 (The respective amounts were ¥2,004,934 million and ¥1,917,809 million as of March 31, 2013).

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

Additionally, the unused amount within the limits of overdraft

facilities on General Accounts as of March 31, 2014 was ¥963,532 million (¥971,775 million as of March 31, 2013). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

## (2) Risk Monitored Loans

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Loans to Bankrupt Borrowers	¥ 2,120	¥ 2,702	\$ 20,599
Delinquent Loans	109,915	112,475	1,067,972
Loans Past Due 3 Months or More	840	2,266	8,164
Restructured Loans	53,488	64,133	519,709
Total	¥166,364	¥181,578	\$1,616,445

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (Article 97 of 1965 Cabinet Order).

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

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

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

## 10. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Due from Foreign Banks (our accounts)	¥4,214	¥4,742	\$40,953
Foreign Bills Bought	1,152	830	11,194
Foreign Bills Receivable	881	813	8,570
Total	¥6,248	¥6,386	\$60,716

## 11. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Accrued Income	¥13,995	¥14,850	\$135,986
Prepaid Expenses	489	469	4,756
Derivatives	4,151	3,865	40,339
Lease Investment Assets	37,438	35,619	363,760
Other	31,519	37,808	306,248
Total	¥87,594	¥92,614	\$851,090

## 12. Tangible Fixed Assets

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
	¥92,941	¥91,636	\$903,042

Deferred gain on real estate deductible for tax purposes amounted to ¥11,300 million on March 31, 2014 (¥11,300 million on March 31, 2013).

# Financial and Corporate Information

## 13. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Securities	¥761,257	¥806,082	\$7,396,590
Loans and Bills Discounted	57,587	69,523	559,536

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Deposits	¥ 50,991	¥ 61,361	\$ 495,448
Payables under Securities Lending Transactions	83,248	74,402	808,862
Borrowed Money	285,254	265,172	2,771,612

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Securities	¥80,947	¥86,985	\$786,511

Initial margins of futures markets of ¥69 million, cash collateral paid for financial instruments of ¥1,484 million and guarantee deposits of ¥6,562 million were included in Other Assets as of March 31, 2014 (The respective amounts were ¥74 million, ¥2,878 million and ¥6,702 million as of March 31, 2013).

## 14. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Current Deposits	¥ 191,164	¥ 190,913	\$ 1,857,412
Ordinary Deposits	5,964,588	5,581,007	57,953,636
Savings Deposits	239,859	239,419	2,330,547
Deposits at Notice	6,356	6,423	61,760
Time Deposits	3,542,639	3,453,649	34,421,293
Other Deposits	167,271	156,703	1,625,254
Subtotal	¥10,111,879	¥9,628,118	\$98,249,902
Negotiable Certificates of Deposit	383,960	298,512	3,730,665
Total	¥10,495,839	¥9,926,630	\$101,980,567

## 15. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Trading Securities Sold for Short Sales	¥ 1,019	¥ —	\$ 9,908
Derivatives of Trading Securities	—	7	—
Trading-related Financial Derivatives	23,054	30,344	224,002
Total	¥24,074	¥30,352	\$233,910

## 16. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Borrowings from the Bank of Japan and Other Financial Institutions	¥291,989	¥280,672	\$2,837,051

Subordinated Borrowings of ¥5,000 million was included in Borrowed Money as of March 31, 2014 (¥15,000 million as of March 31, 2013).

## 17. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Foreign Bills Sold	¥763	¥332	\$7,418
Foreign Bills Payable	167	25	1,625
Total	¥930	¥358	\$9,042

## 18. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Issuer: The Bank (Subordinated Bonds)	¥10,000	¥20,000	\$97,163

## 19. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Domestic Exchange Settlement Account, credit	¥ 1,946	¥ 945	\$ 18,914
Accrued Expenses	9,357	10,251	90,916
Unearned Revenue	26,026	24,559	252,885
Income Taxes Payable	14,211	16,666	138,088
Derivatives	7,424	15,093	72,142
Other	69,838	60,394	678,573
Total	¥128,806	¥127,911	\$1,251,518

## 20. Retirement Benefit Plans

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

### I. Retirement Benefit Plans for the Fiscal Year ended March 31, 2014

#### (1) Retirement Benefit Obligation

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2014	2014
Balance at the Beginning of Current Period of Retirement Benefit Obligation	¥67,094	\$651,914
Service Cost	1,928	18,741
Interest Cost	1,330	12,924
Actuarial Gain or Loss	513	4,992
Retirement Allowance Paid	(3,535)	(34,356)
Balance at the End of Current Period of Retirement Benefit Obligation	¥67,331	\$654,214

#### (2) Plan Assets at Fair Value

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2014	2014
Balance at the Beginning of Current Period of Plan Assets at Fair Value	¥48,223	\$468,549
Expected Return on Plan Assets	1,445	14,046
Actuarial Gain or Loss	4,309	41,873
Contributions by the Company	2,436	23,675
Retirement Allowance Paid	(2,189)	(21,272)
Balance at the End of Current Period of Plan Assets at Fair Value	¥54,225	\$526,872

#### (3) Net Defined Benefit Liability / Asset

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2014	2014
Funded Retirement Benefit Obligation	¥49,099	\$477,062
Plan Assets	(54,225)	(526,872)
	¥ (5,126)	\$ (49,810)
Unfunded Retirement Benefit Obligation	18,232	177,152
Net Amount Accrued on the Balance Sheets	¥13,106	\$127,342
	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2014	2014
Net Defined Benefit Liability	¥18,324	\$178,044
Net Defined Benefit Asset	(5,218)	(50,702)
Net Amount Accrued on the Balance Sheets	¥13,106	\$127,342

#### (4) Retirement Benefit Cost

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2014	2014
Service Cost	¥1,928	\$18,741
Interest Cost	1,330	12,924
Expected Return on Plan Assets	(1,445)	(14,046)
Amortization of Actuarial Gain or Loss	538	5,228
Net Periodic Retirement Benefit Cost	¥2,351	\$22,847

#### (5) Remeasurements of Defined Benefit Plans

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 1)
	2014	2014
Unrecognized Actuarial Gain or Loss	¥1,341	\$13,032

#### (6) Components of Plan Assets at Fair Value

	2014
Stocks	48%
General Accounts at Life Insurance Companies	28%
Bonds	23%
Other	1%

#### (7) Assumptions used in Accounting for the above Plans

	2014
Discount Rate	2.0%
Expected Rate of Long-term Return on Plan Assets	3.0%

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

#### (8) Defined Contribution Plans

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

## II. Retirement Benefit Plans for the Fiscal Year ended March 31, 2013

### (1) Retirement Benefit Obligation

	Millions of Yen (Note 1)
	2013
Retirement Benefit Obligation	¥(67,094)
Plan Assets at Fair Value	48,223
Unfunded Retirement Benefit Obligation	(18,871)
Unrecognized Actuarial Gain or Loss	2,992
Net Amount Accrued on the Balance Sheets	(15,879)
Prepaid Pension Cost	3,611
Provision for Retirement Benefits	¥(19,490)

### (2) Retirement Benefit Cost

	Millions of Yen (Note 1)
	2013
Service Cost	¥2,041
Interest Cost	1,367
Expected Return on Plan Assets	(1,445)
Amortization of Actuarial Gain or Loss	1,982
Other (nonrecurring additional retirement allowance paid and other)	21
Net Periodic Retirement Benefit Cost	¥3,966

### (3) Assumptions used in Accounting for the above Plans

	2013
Discount Rate	2.0%
Expected Rate of Return on Plan Assets	3.5%
Amortization Period of Actuarial Gain or Loss	10 years

## 21. Revaluation Reserve for Land

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

Date of the revaluation: March 31, 1998

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

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

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥35,707 million as of March 31, 2014 (¥35,882 million as of March 31, 2013).

## 22. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2014 and 2013.

	Number of Shares	
	2014	2013
Shares in Issue	875,521,087	875,521,087

The number of treasury shares held by the Bank was 29,448 thousand as of March 31, 2014 (15,553 thousand as of March 31, 2013).

## 23. Trading Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Gains on Trading Account Securities Transactions	¥1,512	¥1,187	\$14,698
Income from Trading-related Financial Derivatives Transactions	1,410	845	13,706
Other Trading Income	272	359	2,652
Total	¥3,196	¥2,391	\$31,055

## 24. Other Ordinary Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Gains on Foreign Exchange Transactions	¥1,203	¥1,453	\$11,695
Gains on Sales of Bonds	4,139	4,695	40,224
Gains on Redemption of Bonds	17	—	172
Income from Derivatives other than for Trading or Hedging	579	195	5,635
Other	0	0	3
Total	¥5,941	¥6,344	\$57,731

## 25. Other Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Gains on Sales of Stocks and Other Securities	¥ 1,064	¥ 2,814	\$ 10,340
Gains on Money Held in Trust	528	886	5,134
Revenue on Lease	13,251	13,672	128,756
Recoveries of Written-off Claims	2,865	3,615	27,846
Reversal of Allowance for Loan Losses	19	—	190
Other	7,466	9,339	72,544
Total	¥25,195	¥30,328	\$244,809

# Financial and Corporate Information

## 26. Other Ordinary Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Loss on Sales of Bonds	¥3,125	¥501	\$30,369
Loss on Redemption of Bonds	—	283	—
Loss on Devaluation of Bonds	103	56	1,001
Total	¥3,228	¥841	\$31,370

## 27. Other Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Provision of Allowance for Loan Losses	¥ —	¥ 9,794	\$ —
Written-off of Loans	5,085	5,388	49,411
Losses on Sales of Stocks and Other Securities	81	22	794
Losses on Devaluation of Stocks and Other Securities	6	1,442	64
Loss on Money Held in Trust	2	0	24
Cost of Leased Assets	11,477	11,693	111,518
Provision for Reimbursement of Deposits	886	980	8,610
Loss on Disposal of Non-current Assets	730	569	7,098
Impairment Loss on Fixed Assets	250	185	2,433
Other	3,252	3,878	31,605
Total	¥21,773	¥33,955	\$211,558

## 28. Cash and Cash Equivalents

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Cash and Due from Banks	¥749,388	¥442,958	\$7,281,271
Interest-bearing Deposits included in Due from Banks (excluding Due from BOJ)	(101,205)	(62,861)	(983,342)
Cash and Cash Equivalents	¥648,182	¥380,096	\$6,297,930

## 29. Other Comprehensive Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Valuation Difference on Available-for-sale Securities			
Gains (Losses) Arising during the Fiscal Year	¥15,207	¥63,966	\$147,762
Reclassification Adjustment to Profit or Loss	(1,899)	(4,727)	(18,458)
Amount before Income Tax Effect	13,307	59,239	129,304
Income Tax Effect	(4,859)	(20,998)	(47,220)
Total	¥ 8,448	¥38,240	\$ 82,083
Deferred Gains or Losses on Hedges			
Gains (Losses) Arising during the Fiscal Year	¥ (2,697)	¥ (3,130)	\$ (26,211)
Reclassification Adjustment to Profit or Loss	4,541	3,722	44,123
Amount before Income Tax Effect	1,843	591	17,912
Income Tax Effect	(652)	(209)	(6,341)
Total	¥ 1,190	¥ 382	\$ 11,571
Share of Other Comprehensive Income of Entities Accounted for using Equity Method			
Gains (Losses) Arising during the Fiscal Year	¥ 30	¥ 23	\$ 296
Reclassification Adjustment to Profit or Loss	(7)	—	(72)
Amount before Income Tax Effect	22	23	223
Income Tax Effect	—	—	—
Total	¥ 22	¥ 23	\$ 223
Total Other Comprehensive Income	¥ 9,661	¥38,646	\$ 93,878

## 30. Lease Transactions

### (1) Finance Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Lessee Side			
Amount Corresponding to the Purchased Prices of the Leased Assets	¥278	¥283	\$2,706
Amount Corresponding to Accumulated Depreciation	89	80	868
Amount Corresponding to Balance at Fiscal Year-end	¥189	¥203	\$1,838

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Amount Corresponding to Lease Payables (within 1 year)	¥ 13	¥ 13	\$ 135
Amount Corresponding to Lease Payables (over 1 year)	175	189	1,703
Total	¥189	¥203	\$1,838

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Lease Fees Paid	¥13	¥14	\$135
Amount Corresponding to Depreciation	13	14	135

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

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

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

### (2) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Lessee Side (Lease Payables related to Non-cancelable Operating Lease Transactions)			
Amount Corresponding to Lease Payables (within 1 year)	¥133	¥151	\$1,298
Amount Corresponding to Lease Payables (over 1 year)	107	187	1,043
Total	¥241	¥339	\$2,342

### 31. Tax Effect

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Deferred Tax Assets:			
Allowance for Loan Losses	¥25,505	¥27,494	\$247,823
Write-offs of Securities	1,300	1,309	12,633
Provision for Retirement Benefits	6,852	7,031	66,584
Other	8,080	9,229	78,514
Subtotal	¥41,739	¥45,065	\$405,554
Valuation Allowance	(1,575)	(1,683)	(15,306)
Total Deferred Tax Assets	¥40,164	¥43,382	\$390,247
Deferred Tax Liabilities:			
Valuation Difference on Available-for-sale Securities	¥32,931	¥28,071	\$319,975
Prepaid Pension Cost	1,716	1,239	16,676
Reserve for Advanced Depreciation	60	60	591
Remeasurements of defined benefit plans	474	—	4,613
Other	766	721	7,445
Total Deferred Tax Liabilities	¥35,950	¥30,094	\$349,301
Net Deferred Tax Assets	¥ 4,214	¥13,288	\$ 40,947

For the years ended March 31, 2014 and 2013, 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.

### 32. Segment Information

#### I. Segment Information of the previous Fiscal Year (from April 1, 2012 to March 31, 2013) and this Fiscal Year (from April 1, 2013 to March 31, 2014)

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

#### II. Related Information

##### (1) Information by Service Type

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

##### (2) Information by Geographic Areas

###### i) Ordinary Income

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

###### ii) Tangible Fixed Assets

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

##### (3) Information by Major Customers

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

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

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

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

Not applicable.

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

Not applicable.

### 33. Financial Instruments

#### I. Disclosure on Financial Instruments

##### (1) Policy on Financial Instruments

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

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

##### (2) Types of and Risks Associated with Financial Instruments

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

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

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

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

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

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

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

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

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

#### (3) Risk Management Relating to Financial Instruments

##### i) Credit Risk Management

We have established the system of self-assessment of assets to provide appropriate allowance and write-offs. We also perform rigid credit risk management through individual credit management and credit portfolio management based on internal rating system. The Risk Management Division, which is

responsible for credit risk management, has been placed as a division independent of the Credit Unit (including Credit Division) for a check-and-balance effect. Further, the Credit Risk Management Committee discusses plans and actions on credit portfolios based on consideration of credit risk situations.

The details of credit risk management are as follows:

### (Individual Credit Management)

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

### (Credit Portfolio Management)

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

## ii) Market Risk Management

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

### (Risk Limit Monitoring)

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

### (Quantitative Information on Market Risk)

#### (a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥185,024 million as of March 31, 2014 (¥111,623 million as of March 31, 2013). In case of 99% confidence level, VaR is ¥139,286 million as of March 31, 2014 (¥84,030 million as of March 31, 2013).

#### (b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days;

confidence interval of 99.9%; and observation period of 1 year). Those VaR is used for risk limit monitoring. Our VaR of trading business is ¥33 million as of March 31, 2014 (¥23 million as of March 31, 2013). In case of 99% confidence level, VaR is ¥25 million as of March 31, 2014 (¥17 million as of March 31, 2013).

#### (c) Validity of VaR

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

## iii) Liquidity Risk Management

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

### (Limit Management)

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

## iv) Integrated Risk Management

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

### (Risk Capital Allocation Framework)

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

## (4) Supplementary Explanation on Fair Value of Financial Instruments

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



## II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheet and the fair value of financial instruments as of March 31, 2014 with their difference. Note that the following table does not include non-listed equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

Millions of Yen (Note 1)

	March 31, 2014			March 31, 2013		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1)Securities						
Available-for-sale Securities	¥ 2,168,530	¥ 2,168,530	¥ —	¥2,162,243	¥ 2,162,243	¥ —
(2)Loans and Bills Discounted	8,061,697			7,886,033		
Allowance for Loan Losses*2	(47,946)			(52,714)		
	8,013,750	8,114,392	100,642	7,833,318	7,943,896	110,577
Total Assets	¥10,182,281	¥10,282,923	¥100,642	¥9,995,562	¥10,106,139	¥110,577
(1)Deposits	10,111,879	10,112,412	(532)	9,628,118	9,628,868	(750)
(2)Negotiable Certificates of Deposit	383,960	383,960	—	298,512	298,513	(1)
Total Liabilities	¥10,495,839	¥10,496,372	¥ (532)	¥9,926,630	¥ 9,927,381	¥ (751)
Derivative Transactions*3						
Not Qualifying for Hedge Accounting	1,976	1,976	—	982	982	—
Qualifying for Hedge Accounting	[3,502]	[3,502]	—	[8,345]	[8,345]	—
Total Derivative Transactions	¥ [1,525]	¥ [1,525]	¥ —	¥ [7,362]	¥ [7,362]	¥ —

\*1 Unrealized gains (losses) are presented.

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

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

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

### Assets

#### (1) Securities

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

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

#### (2) Loans and Bills Discounted

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

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

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

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

### Liabilities

#### (1) Deposits and (2) Negotiable Certificates of Deposit

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

#### Derivative Transactions

See "37. Derivative Transactions."

## Financial and Corporate Information

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

Millions of Yen (Note 1)		
	<b>March 31, 2014</b>	March 31, 2013
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Non-listed Stocks (*1)(*2)	<b>¥5,656</b>	¥6,540
(2) Investments in Limited Partnerships, etc. (*3)	<b>2,289</b>	2,551
<b>Total</b>	<b>¥7,945</b>	¥9,092

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

(\*2) An impairment loss of ¥1 million (¥21 million for the previous fiscal year) was recorded on these non-listed stocks in the current fiscal year.

(\*3) Fair value of investments in limited partnerships, etc., is not disclosed since such partnerships invest in assets, such as non-listed stocks, of which fair value is extremely difficult to estimate.

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

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

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

Millions of Yen (Note 1)						
<b>March 31, 2013</b>						
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
<b>Securities</b>	<b>¥ 293,014</b>	<b>¥ 593,809</b>	<b>¥ 524,850</b>	<b>¥201,241</b>	<b>¥225,190</b>	<b>¥ 81,439</b>
Held-to-maturity Bonds	—	—	—	—	—	—
Available-for-sale Securities with Maturities	293,014	593,809	524,850	201,241	225,190	81,439
Government Bonds	173,200	270,000	259,000	195,500	158,800	—
Local Government Bonds	34,268	152,375	120,080	1,240	51,600	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	41,182	93,462	55,158	2,379	11,919	8,355
Loans (*)	1,402,856	1,416,945	934,357	603,266	683,004	2,149,134
<b>Total</b>	<b>¥1,695,871</b>	<b>¥2,010,755</b>	<b>¥1,459,208</b>	<b>¥804,507</b>	<b>¥908,194</b>	<b>¥2,230,573</b>

(\*) These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥696,468 million in total.

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

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

Millions of Yen (Note 1)						
<b>March 31, 2013</b>						
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
<b>Deposits (*)</b>	<b>¥8,875,860</b>	<b>¥695,081</b>	<b>¥40,909</b>	<b>¥5,218</b>	<b>¥11,047</b>	<b>¥ —</b>
Negotiable Certificates of Deposit	298,173	338	—	—	—	—
<b>Total</b>	<b>¥9,174,033</b>	<b>¥695,420</b>	<b>¥40,909</b>	<b>¥5,218</b>	<b>¥11,047</b>	<b>¥ —</b>

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

### 34. Market Value of Securities

#### (1) Trading Securities

Millions of Yen (Note 1)		
	March 31, 2014	March 31, 2013
	Unrealized Gains (Losses) Included in the Consolidated Statement of Income	Unrealized Gains (Losses) Included in the Consolidated Statement of Income
Trading Securities	¥56	¥111

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

Millions of Yen (Note 1)							
		March 31, 2014			March 31, 2013		
		Consolidated balance sheet amount	Fair Value	Difference	Consolidated balance sheet amount	Fair Value	Difference
(a) Securities for which the fair value exceeds the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—	—
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—	—
	Other	3,557	3,566	8	2,377	2,381	4
	Foreign Bonds	—	—	—	—	—	—
	Subtotal	¥3,557	¥3,566	¥ 8	¥2,377	¥2,381	¥ 4
(b) Securities for which the fair value does not exceed the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—	—
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—	—
	Other	2,312	2,296	(16)	5,472	5,442	(29)
	Foreign Bonds	—	—	—	—	—	
	Subtotal	¥2,312	¥2,296	¥(16)	¥5,472	¥5,442	¥(29)
	Total	¥5,870	¥5,863	¥ (7)	¥7,849	¥7,824	¥(25)

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

Millions of Yen (Note 1)							
		March 31, 2014			March 31, 2013		
		Consolidated balance sheet amount	Acquisition Cost	Difference	Consolidated balance sheet amount	Acquisition Cost	Difference
(a) Securities for which the fair value exceeds the amortized acquisition cost	Stocks	¥ 172,893	¥ 99,032	¥73,861	¥ 132,328	¥ 73,243	¥ 59,084
	Bonds:	1,433,733	1,423,108	10,624	1,514,121	1,494,377	19,744
	Japanese Government Bonds	924,786	917,597	7,188	956,623	943,754	12,868
	Japanese Local Government Bonds	307,518	305,420	2,097	357,370	352,427	4,943
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	201,429	200,090	1,338	200,128	198,195	1,932
	Other	262,873	249,554	13,318	238,513	227,120	11,393
	Foreign Bonds	168,748	167,242	1,505	193,092	189,892	3,200
	Subtotal	¥1,869,500	¥1,771,695	¥97,805	¥1,884,963	¥1,794,741	¥ 90,222
(b) Securities for which the fair value does not exceed the amortized acquisition cost	Stocks	¥ 9,223	¥ 11,247	¥ (2,023)	¥ 33,111	¥ 39,398	¥ (6,286)
	Bonds:	101,032	101,187	(155)	145,454	146,400	(946)
	Japanese Government Bonds	55,319	55,393	(73)	124,690	125,549	(859)
	Japanese Local Government Bonds	28,307	28,344	(36)	7,847	7,853	(6)
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	17,404	17,450	(45)	12,916	12,997	(81)
	Other	188,774	191,535	(2,760)	98,713	102,144	(3,431)
	Foreign Bonds	174,396	176,904	(2,507)	81,951	83,776	(1,825)
	Subtotal	¥ 299,030	¥ 303,969	¥ (4,939)	¥ 277,279	¥ 287,944	¥ (10,664)
	Total	¥2,168,530	¥2,075,664	¥92,865	¥2,162,243	¥2,082,685	¥ 79,557

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

None.

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

Millions of Yen (Note 1)

	March 31, 2014			March 31, 2013		
	Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks	¥ 4,624	¥ 663	¥ 11	¥ 4,136	¥1,596	¥ 17
Bonds:	409,134	3,809	667	176,004	4,063	52
Japanese Government Bonds	336,748	2,930	496	128,467	1,566	52
Japanese Local Government Bonds	67,868	847	103	44,480	2,491	—
Japanese Short-term Corporate Bonds	—	—	—	—	—	—
Japanese Corporate Bonds	4,517	31	67	3,055	5	—
Other	98,662	731	2,528	86,521	1,848	453
Foreign Bonds	93,495	330	2,457	80,208	631	448
Total	¥512,421	¥5,204	¥3,207	¥266,661	¥7,509	¥523

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

None.

## (7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was ¥109 million (Stocks; ¥6 million, Corporate bonds; ¥103 million) (¥1,499 million (Stocks; ¥1,442 million, Corporate bonds; ¥56 million) for the previous fiscal year).

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

Bankrupt, effectively bankrupt and potentially bankrupt:

Fair value is lower than acquisition cost.

Requiring caution:

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

Normal:

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

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

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

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

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

Normal issuer means one who does not belong to the others.

### 35. Money Held in Trust

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Consolidated Balance Sheet Amount	¥36,597	¥36,890	\$355,588
Unrealized Gains (Losses) Included in the Consolidated Statements of Income	1,598	4,054	15,533

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Acquisition Cost	¥7,197	¥4,300	\$69,932
Consolidated Balance Sheet Amount	7,197	4,300	69,932
Valuation Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Valuation Difference	¥92,865	¥79,557	\$902,310
Securities Available for Sale	92,865	79,557	902,310
Other Money Held in Trust	—	—	—
Deferred Tax Liabilities (Assets)	32,931	28,071	319,975
Valuation Difference, Net of Taxes	¥59,933	¥51,485	\$582,334
Amount Attributable to Minority Interests	273	164	2,659
Net Unrealized Gains on Securities Available for Sale Owned by Subsidiaries, which is Attributable to the Parent	97	74	950
Valuation Difference on Available-for-sale Securities	¥59,757	¥51,396	\$580,625

### 37. Derivative Transactions

#### (1) Derivative Transactions to which Hedge Accounting is not Applied

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

#### (a) Interest rate derivatives

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

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

	Millions of Yen (Note 1)			
	March 31, 2013			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
	Total	Over 1 Year		
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter:				
FRAs:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,508,436	1,222,032	30,030	30,030
Receive Float / Pay Fixed	1,485,867	1,205,777	(29,205)	(29,205)
Receive Float / Pay Float	100,700	69,700	12	12
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	19,083	11,678	(7)	(7)
Bought	3,000	3,000	2	2
Total	¥ —	¥ —	¥ 832	¥ 832

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

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## (b) Currency derivatives

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

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

Millions of Yen (Note 1)					
March 31, 2013					
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)	
	Total	Over 1 Year			
Listed:					
Futures:					
Sold	¥ —	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—	—
Options:					
Sold	—	—	—	—	—
Bought	—	—	—	—	—
Over-the-counter:					
Currency Swaps	180,861	124,073	132	132	
Forward Foreign Eexchange:					
Sold	13,361	—	(118)	(118)	
Bought	9,235	—	83	83	
Currency Options:					
Sold	36,810	—	(1,121)	1,505	
Bought	36,810	—	1,121	(753)	
Other:					
Sold	1,105	279	(104)	(104)	
Bought	1,105	279	152	152	
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 145</b>	<b>¥ 896</b>	

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

## (c) Equity derivatives

None.

## (d) Bond derivatives

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

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

Millions of Yen (Note 1)					
March 31, 2013					
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)	
	Total	Over 1 Year			
Listed:					
Futures:					
Sold	¥1,883	¥ —	¥(7)	¥(7)	
Bought	—	—	—	—	
Futures Options:					
Sold	—	—	—	—	
Bought	—	—	—	—	
Over-the-counter:					
Options:					
Sold	—	—	—	—	
Bought	—	—	—	—	
Other:					
Sold	—	—	—	—	
Bought	—	—	—	—	
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(7)</b>	<b>¥(7)</b>	

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

## (e)Commodity derivatives

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

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

Millions of Yen (Note 1)				
March 31, 2013				
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
	Total	Over 1 Year		
Listed:				
Futures:				
Sold	¥—	¥—	¥—	¥—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	—	—	—	—
Receive Float / Pay Fixed	—	—	—	—
Over-the-counter:				
Commodity Forward				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	111	111	(18)	(18)
Receive Float / Pay Fixed	111	111	31	31
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥—	¥—	¥12	¥12

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

## (f)Credit derivatives

None.

## (2) Derivative Transactions to which Hedge Accounting is Applied

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

## (a)Interest rate derivatives

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

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

Millions of Yen (Note 1)				
March 31, 2013				
	Hedged item	Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Principle Method				
Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		162,667	135,413	(3,086)
Receive Float / Pay Float		—	—	—
Other		3,000	—	(49)
Exceptional Accrual Method				
Interest Swap	Loans			
Receive Fixed / Pay Float		—	—	—
Receive Float / Pay Fixed		4,702	2,801	*3
Receive Float / Pay Float		—	—	—
Total		¥ —	¥ —	¥(3,136)

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

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## (b) Currency derivatives

Method of hedge accounting ; Principle method

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

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

Millions of Yen (Note 1)				
March 31, 2013				
Hedged item	Notional Principal or Contract Amount		Fair Value	
	Total	Over 1 Year		
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥195,444	¥4,860	¥(5,209)
Total		¥ —	¥ —	¥(5,209)

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

## (c) Equity derivatives

None.

## (d) Bond derivatives

None.

## 38. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2014	2013	2014
Net Assets per Share of Common Stock	¥895.60	¥839.15	\$8.70
Net Income per Share of Common Stock	54.29	50.88	0.53
Diluted Net Income per Share of Common Stock	54.23	50.84	0.53

## I. Basis on calculating Net Assets per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Consolidated Net Assets	¥766,187	¥729,243	\$7,444,500
Less: Subscription Rights to Shares	374	277	3,634
Less: Minority Interest	8,064	7,317	78,354
Consolidated Net Assets Attributable to Common Stockholders	757,749	721,648	7,362,512

	Number of Shares	
	2014	2013
Number of Shares of Common Stock Used for Calculating Net Assets per Share	846,072,149	859,967,258

## II. Basis on calculating Net Income per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Consolidated Net Income	¥46,438	¥44,152	\$451,211
Consolidated Net Income not Attributable to Common Stockholders	—	—	—
Consolidated Net Income Attributable to Common Stockholders	46,438	44,152	451,211

	Number of Shares	
	2014	2013
Average Number of Shares of Common Stock (excluding Treasury Stock)	855,370,592	867,749,525

The increased number of shares of common stock for stock options is 800 thousand (693 thousand for the previous fiscal year), which is used for calculating Diluted Net Income per Share.



### 39. Related Party Transactions

#### I. Related Party Transactions for the Fiscal Year ended March 31, 2014

None.

#### II. Related Party Transactions for the Fiscal Year ended March 31, 2013

##### (1) Transactions between the Bank and Related Parties

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

Party classification	Name of company or individual	Address	Capital	Type of business	Percentage of voting rights held by the Bank	Relations with related party	Type of transaction	Amounts of the transactions	Account classification	Balance at the fiscal year-end
Company, a majority of whose voting rights are owned by the close members of directors' respective families	Watanabereisyoku Co., Ltd.	Kamogawa-city, Chiba Pref.	¥10 million	Food Manufacturing	0.00	—	Lending	Average balance of ¥563 million	Loan	¥540 million

The Watanabereisyoku Co., Ltd. is no longer a related party, because Katsuhiko Watanabe resigned as the Director at the shareholders meeting on June 28, 2012. The Percentage of voting rights held by the Bank is the percentage at the previous fiscal year-end, the Amounts of the transactions is the average amount of the term during which it was a related party, and the Balance at the fiscal year-end is the balance at the time it became no longer a related party. The terms of transactions and policies of determining the terms are similar to general cases.

##### (2) Transactions between Subsidiaries of the Bank and Related Parties

None.

#### III. Notes to a Parent Company or Major Affiliated Companies

None.

### 40. Cash Dividends Paid

#### I. Cash Dividends Paid for the Fiscal Year ended March 31, 2013

Resolution	Category of Shares	Millions of Yen (Note 1)	Yen (Note 1)	Record Date	Date of Effectuation
		Total Amounts of Cash Dividends Paid	Cash Dividends per Share		
Annual General Shareholders Meeting, at June 28, 2012	Common Stock	¥4,838	¥5.50	March 31, 2012	June 29, 2012
Board of Directors, at November 12, 2012	Common Stock	¥4,784	¥5.50	September 30, 2012	December 5, 2012

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

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

#### III. Cash Dividends with the Record Date in the Fiscal Year ended March 31, 2014 and the Effective Date in the Fiscal Year ending March 31, 2015

Approval	Category of Shares	Millions of Yen (Note 1)	Source of Dividends	Yen (Note 1)	Record Date	Date of Effectuation
		Total Amounts of Cash Dividends Paid		Cash Dividends per Share		
Annual General Shareholders Meeting, at June 27, 2014	Common Stock	¥5,076	Retained earnings	¥6.00	March 31, 2014	June 30, 2014

### 41. Stock Options

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
General and Administrative Expenses	¥152	¥142	\$1,484

# Financial and Corporate Information

## II. The Stock Option Activity

### (1) Outline of the Stock Option

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

### (2) Size and Situation of the Stock Option

#### (a) The number of the stock option

	Number of Shares			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
<b>Non-vested</b>				
As of March 31, 2013	—	—	—	—
Granted	—	—	—	229,400
Forfeited	—	—	—	—
Vested	—	—	—	229,400
Outstanding	—	—	—	—
<b>Vested</b>				
As of March 31, 2013	159,100	222,200	344,700	—
Vested	—	—	—	229,400
Exercised	30,600	46,800	52,400	—
Forfeited	—	—	—	—
Outstanding	128,500	175,400	292,300	229,400

#### (b) Price information

	Yen (Note 1)			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Exercise Price	1	1	1	1
Average Price at Exercise	520	529	672	—
Fair Value at Grant Date	467	446	403	686

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

### (1) Valuation Method

The Black-Scholes option pricing model

### (2) Main Figures and the Way of Estimation

	The fourth subscription rights
Volatility of Stock Price (*1)	37.009%
Estimated Remaining Outstanding Period (*2)	5 years
Estimated Dividend (*3)	¥12 per share
Risk-free Interest Rate (*4)	0.285%

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

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

\*3. Estimated Dividend is based on the actual results of the fiscal year 2013.

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

## IV. Estimated Number of Stock Options to be Vested

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

#### 42. Material Subsequent Events

On April 1, 2014, the Bank, Chibagin Guarantee Co., Ltd. and three other companies acquired from minority shareholders the shares of consolidated subsidiaries and non-consolidated subsidiaries to which the equity method is applied.

##### I. Summary of the Transactions

###### (1) Name of the Acquired Subsidiaries and their Business

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

###### (2) Date of the Business Combination

April 1, 2014

###### (3) Legal Form of the Business Combination

Share acquisition from the minority shareholders

###### (4) Name of Acquired Subsidiaries after Transactions

No change

###### (5) Other

The transactions are intended to implement flexible group management quickly and effectively, without being tied to existing concepts, in response to diverse and sophisticated customer needs. The Bank has 100% of share of voting rights of each combined subsidiary directly or indirectly.

##### II. Summary of the Accounting Method

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

##### III. Matters Regarding Additional Share Acquisitions of Subsidiaries

###### (1) Acquisition Cost and Details

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

###### (2) Amount of Goodwill recognized and Sources of Goodwill

###### (a) Amount of Goodwill recognized

Negative goodwill	¥5,127 million (provisional figure)
Equity in earnings of affiliates	¥1,876 million (provisional figure)

###### (b) Sources of Goodwill

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

## Independent Auditor's Report



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### Independent Auditor's Report

The Board of Directors  
The Chiba Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Chiba Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

#### *Emphasis of Matter*

We draw attention to Note 42 to the consolidated financial statements, which describes material subsequent event that effective April 1, 2014, where negative goodwill arise because the Bank, Chibagin Guarantee Co., Ltd. and three other companies acquired from minority shareholders the shares of consolidated subsidiaries and non-consolidated subsidiaries to which the equity method is applied.

Our opinion is not qualified in respect of this matter.

#### *Convenience Translation*

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

*Ernst & Young ShinNihon LLC*

June 24, 2014

## Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.  
As of March 31, 2014

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Assets</b>			
Cash and Due from Banks	¥ 748,133	¥ 442,128	\$ 7,269,077
Call Loans	399,772	224,011	3,884,301
Receivables under Resale Agreements	34,995	29,994	340,026
Receivables under Securities Borrowing Transactions	2,043	—	19,854
Monetary Claims Bought	14,346	15,294	139,392
Trading Assets	273,668	284,594	2,659,043
Money Held in Trust	38,594	36,890	374,995
Securities	2,178,930	2,176,011	21,171,106
Loans and Bills Discounted	8,083,049	7,912,140	78,537,209
Foreign Exchanges	6,248	6,386	60,716
Other Assets	36,631	41,098	355,918
Tangible Fixed Assets	97,580	93,529	948,120
Intangible Fixed Assets	10,831	10,474	105,242
Prepaid Pension Cost	4,908	3,611	47,696
Deferred Tax Assets	—	6,982	—
Customers' Liabilities for Acceptances and Guarantees	63,772	73,438	619,628
Allowance for Loan Losses	(39,354)	(44,200)	(382,381)
<b>Total Assets</b>	<b>¥11,954,152</b>	<b>¥11,312,385</b>	<b>\$116,149,943</b>
<b>Liabilities</b>			
Deposits	¥10,541,249	¥ 9,969,843	\$102,421,783
Call Money	103,949	54,172	1,010,000
Payables under Securities Lending Transactions	83,248	74,402	808,862
Trading Liabilities	24,074	30,352	233,910
Borrowed Money	290,790	279,349	2,825,406
Foreign Exchanges	930	358	9,042
Bonds Payable	10,000	20,000	97,163
Other Liabilities	82,103	87,407	797,742
Provision for Retirement Benefits	18,778	18,936	182,455
Provision for Reimbursement of Deposits	2,035	1,850	19,778
Provision for Point Loyalty Programs	158	143	1,539
Deferred Tax Liabilities	271	—	2,642
Deferred Tax Liabilities for Land Revaluation	13,157	13,240	127,839
Acceptances and Guarantees	63,772	73,438	619,628
<b>Total Liabilities</b>	<b>¥11,234,519</b>	<b>¥10,623,495</b>	<b>\$109,157,790</b>
<b>Net Assets</b>			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,409,533
Capital Surplus	122,134	122,134	1,186,690
Retained Earnings	404,144	371,544	3,926,781
Legal Retained Earnings	50,930	50,930	494,852
Other Retained Earnings	353,214	320,614	3,431,929
Treasury Shares	(17,581)	(7,581)	(170,823)
Total Shareholders' Equity	<b>653,766</b>	<b>631,166</b>	<b>6,352,181</b>
Valuation Difference on Available-for-sale Securities	55,633	48,629	540,555
Deferred Gains or Losses on Hedges	23	(1,167)	228
Revaluation Reserve for Land	9,834	9,983	95,554
Total Valuation and Translation Adjustments	<b>65,491</b>	<b>57,445</b>	<b>636,338</b>
Subscription Rights to Shares	374	277	3,634
<b>Total Net Assets</b>	<b>¥ 719,632</b>	<b>¥ 688,889</b>	<b>\$ 6,992,153</b>
<b>Total Liabilities and Net Assets</b>	<b>¥11,954,152</b>	<b>¥11,312,385</b>	<b>\$116,149,943</b>

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-consolidated financial statements do not necessarily agree with the sums of individual amounts.  
U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥102.92 to \$1.00, the exchange rate prevailing at March 31, 2014.

# Financial and Corporate Information

## Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.

For the year ended March 31, 2014

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥116,077	¥121,160	\$1,127,845
Interest and Dividends on Securities	20,929	19,389	203,361
Other Interest Income	690	784	6,710
Trust Fees	2	1	26
Fees and Commissions	36,030	33,591	350,085
Trading Income	1,947	1,326	18,918
Other Ordinary Income	5,932	6,338	57,643
Other Income	11,708	14,286	113,759
<b>Total Income</b>	<b>¥193,319</b>	<b>¥196,878</b>	<b>\$1,878,347</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 5,018	¥ 5,162	\$ 48,763
Interest on Borrowings and Rediscounts	837	1,297	8,141
Other Interest Expenses	5,191	4,756	50,441
Fees and Commissions Payments	18,192	18,104	176,760
Trading Expenses	—	3	—
Other Ordinary Expenses	3,228	841	31,370
General and Administrative Expenses	83,309	83,987	809,456
Other Expenses	8,137	16,848	79,062
<b>Total Expenses</b>	<b>¥123,914</b>	<b>¥131,001</b>	<b>\$1,203,993</b>
Income before Income Taxes	69,404	65,877	674,353
Income Taxes—Current	23,731	24,190	230,584
Income Taxes—Deferred	2,465	461	23,960
<b>Net Income</b>	<b>¥ 43,206</b>	<b>¥ 41,225</b>	<b>\$ 419,810</b>

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## Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2014

### Consolidated Capital Ratio (BIS Guidelines)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>	<b>¥ 698,896</b>	<b>¥ 659,707</b>	<b>\$ 6,790,677</b>
Capital Stock and Capital Surplus	267,203	267,203	2,596,223
Retained Earnings	437,645	401,813	4,252,286
Treasury Shares	(17,581)	(7,581)	(170,823)
Cash Dividends to be Paid	(7,650)	(7,090)	(74,337)
Subscription Rights to Shares	374	277	3,634
Accumulated Other Comprehensive Income and Other Disclosed Reserves	14,096	—	136,965
Instruments and Reserves (Transitional Arrangements)	4,809	5,084	46,729
<b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>	<b>18,486</b>	<b>14,458</b>	<b>179,623</b>
Total Intangible Assets (excluding those Relating to Mortgage Servicing Rights)	1,419	—	13,792
Deferred Gains or Losses on Derivatives under Hedge Accounting	(278)	—	(2,703)
Shortfall of Eligible Provisions to Expected Losses	6,463	—	62,800
Securitization Gain on Sale	12	—	126
Net Defined Benefit Asset	678	—	6,592
Investments in Own Shares (excluding those Reported in the Net Assets Section)	5	—	56
Regulatory Adjustments due to Insufficient Additional Tier 1 and Tier 2	10,184	14,458	98,960
<b>Total Common Equity Tier 1 Capital</b>	<b>¥ 680,409</b>	<b>¥ 645,249</b>	<b>\$ 6,611,054</b>
<b>Additional Tier 1 Capital: Instruments</b>	<b>¥ 2,793</b>	<b>¥ 2,342</b>	<b>\$ 27,144</b>
Adjusted Minority Interests	1,662	1,828	16,151
Instruments (Transitional Arrangements)	1,131	514	10,993
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>	<b>12,978</b>	<b>16,801</b>	<b>126,104</b>
Regulatory Adjustments (Transitional Arrangements)	12,978	16,801	126,104
<b>Total Additional Tier 1 Capital</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Tier 1 Capital</b>	<b>¥ 680,409</b>	<b>¥ 645,249</b>	<b>\$ 6,611,054</b>
<b>Tier 2 Capital: Instruments and Provisions</b>	<b>¥ 57,343</b>	<b>¥ 73,976</b>	<b>\$ 557,164</b>
Adjusted Minority Interests	390	404	3,792
Eligible Instruments (Transitional Arrangements)	15,000	27,000	145,744
General Allowance for Loan Losses and Eligible Provisions	190	269	1,853
Instruments and Provisions (Transitional Arrangements)	41,762	46,302	405,775
<b>Tier 2 Capital: Regulatory Adjustments</b>	<b>12,926</b>	<b>16,732</b>	<b>125,601</b>
Regulatory Adjustments (Transitional Arrangements)	12,926	16,732	125,601
<b>Total Tier 2 Capital</b>	<b>¥ 44,416</b>	<b>¥ 57,243</b>	<b>\$ 431,564</b>
<b>Total Capital</b>	<b>¥ 724,826</b>	<b>¥ 702,493</b>	<b>\$ 7,042,617</b>
<b>Risk-Weighted Assets:</b>			
<b>Total Risk-Weighted Assets</b>	<b>¥5,292,318</b>	<b>¥4,999,884</b>	<b>\$51,421,672</b>
<b>Total Required Capital</b>	<b>¥ 423,385</b>	<b>¥ 399,990</b>	<b>\$ 4,113,734</b>
<b>Capital Ratios:</b>			
Common Equity Tier 1 Capital Ratio	12.85%	12.90%	12.85%
Tier 1 Capital Ratio	12.85%	12.90%	12.85%
Total Capital Ratio	13.69%	14.05%	13.69%

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The Capital ratio has been calculated based on the new standard (Basel III) from the year ended March 31, 2013, considering the transitional arrangements.

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

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

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

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

# Financial and Corporate Information

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

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

Millions of Yen (Note 1)		
<b>March 31, 2013</b>		
	Outstanding Balance	Composition
Domestic Operations:		
Manufacturing	¥ 693,745	8.91%
Agriculture and Forestry	8,851	0.11%
Fishery	1,282	0.02%
Mining, Quarrying and Gravel	15,161	0.19%
Construction	286,120	3.68%
Electricity, Gas, Heat Supply and Water	21,515	0.28%
Information and Communications	50,478	0.65%
Transport and Postal Service	235,164	3.02%
Wholesale and Retail Trade	682,094	8.76%
Finance and Insurance	368,611	4.73%
Real Estate and Leasing	1,803,762	23.17%
Services	482,251	6.19%
Government and Local Public Sector	243,421	3.13%
Others (Mainly Consumer Loans)	2,892,797	37.16%
<b>Total</b>	<b>¥7,785,258</b>	<b>100.00%</b>
Overseas operations and JOM Account	¥ 100,774	—



## Corporate Governance

The Chiba Bank's fundamental approach to corporate governance is to base all of the Bank's activities on the Chiba Bank Code of Ethics, which includes earning unwavering trust, thorough compliance with laws, rules and other fundamental principles, opposition to antisocial forces, transparent management, and other items. We are currently implementing "Best Bank 2020 - 3 years of value creation" our medium term management plan, which covers the three-year period up to the fiscal year ending March 31, 2017. To earn the trust of our customers, upgrading management activities is a central theme of the plan. This includes conducting a rigorous compliance program, strengthening management systems for protecting customers, and other actions. We position the reinforcement and enhancement of corporate governance as one of our highest management priorities in order to accomplish these goals. Based on this stance, the Chiba Bank has the following framework for corporate governance.

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### Board of Directors

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

### Audit & Supervisory Board Members

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

### Executive Officer System

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

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

### Internal Auditing

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

### Group Management Systems

The Chiba Bank maintains a system under which subsidiaries decide their own regulations, in line with the Bank's Compliance Regulations and various risk management regulations, and the Bank's administrative departments control subsidiary compliance and risk management.

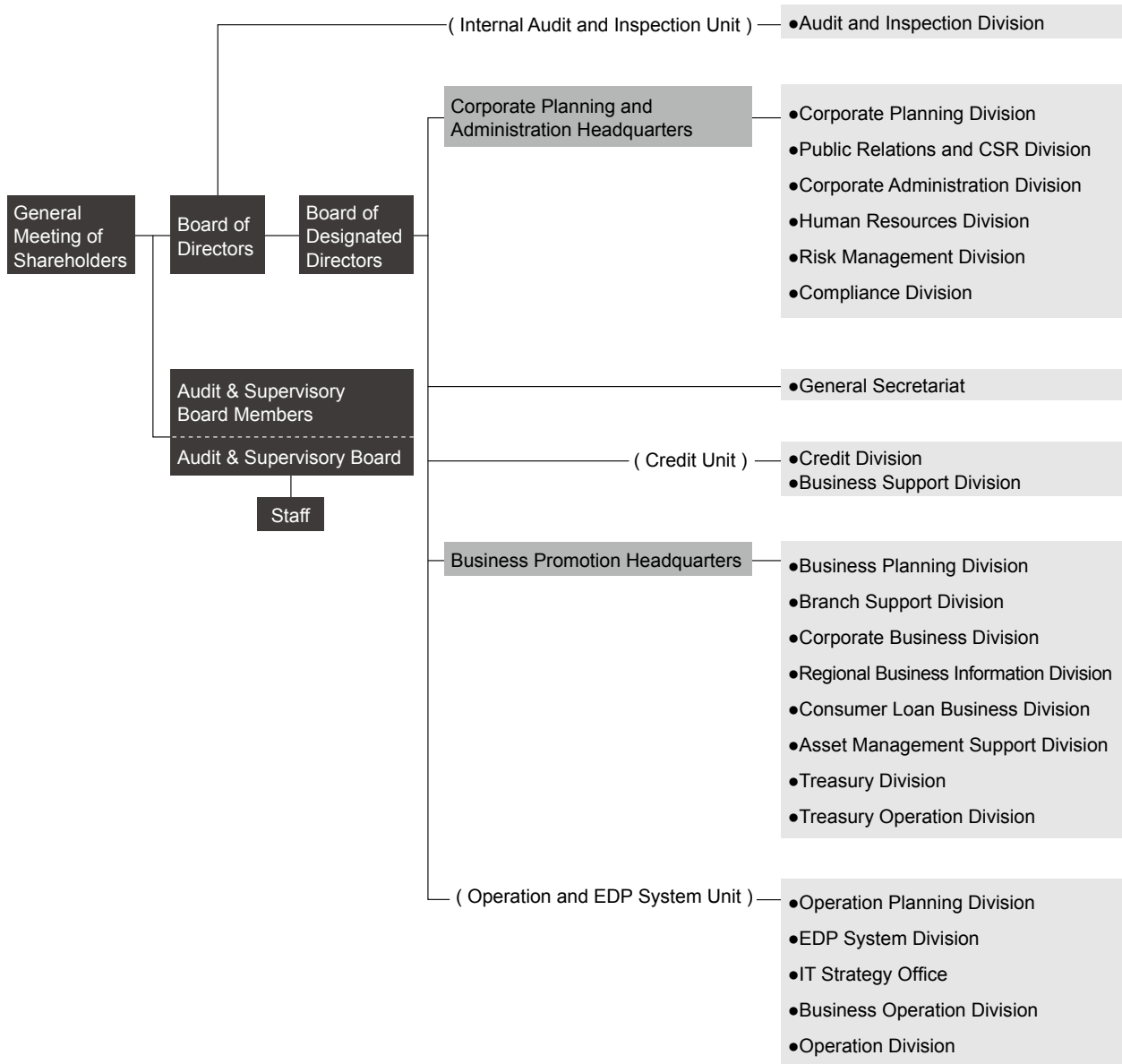
The Chiba Bank's internal audit units conduct internal audits of subsidiaries and assure proper operations throughout the Chiba Bank Group.

### Basic Policy on Establishing Internal Control Systems

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

## Organization

The Chiba Bank, Ltd.  
As of June 27, 2014



## Directors, Executive Officers and Audit & Supervisory Board Members

The Chiba Bank, Ltd.  
As of June 27, 2014

### Directors

President (Representative Director)

**Hidetoshi Sakuma**

Deputy President

(Representative Director)

**Kyoichi Hanashima**

Director and Senior Executive Officer

**Toshikazu Okubo**

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

Director and Senior Executive Officer

**Osamu Kimura**

General Manager of Business Promotion Headquarters

Executive Officer in charge of Branch Support Division, Corporate Business Division and Regional Business Information Division

Director and Managing Executive Officer

**Masao Morimoto**

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

Director and Managing Executive Officer

**Toru Nomura**

Executive Officer in charge of Risk Management Division and Compliance Division

Director and Managing Executive Officer

**Shoichi Hatano**

Executive Officer in charge of Credit Division and Business Support Division

Director and Managing Executive Officer

**Eiji Taniguchi**

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

Director and Managing Executive Officer

**Masahiro Owaku**

Executive Officer in charge of Treasury Division and Treasury Operation Division

Director and Managing Executive Officer

**Kenichi Sawai**

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

Non-Standing Director (Outside Director)

**Toyokuni Yazaki**

### Executive Officers

Managing Executive Officer

**Masami Ohta**

General Manager, Head Office

Managing Executive Officer

**Masaaki Sugiyama**

General Manager, Tokyo Head Office

Executive Officer

**Yukihiro Yoshida**

General Manager, Funabashi Branch

Executive Officer

**Kazuyoshi Fukushima**

General Manager, Audit and Inspection Division

Executive Officer

**Hitoshi Ikeda**

General Manager, Public Relations and CSR Division

Executive Officer

**Daizo Iijima**

General Manager, Human Resources Division

Executive Officer

**Kouji Katakura**

General Manager, Compliance Division

Executive Officer

**Shinji Kihara**

General Manager, Chuo Branch

Executive Officer

**Kazuhiko Mizushima**

General Manager, Branch Support Division

Executive Officer

**Joji Sugo**

General Manager, Credit Division

### Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member

**Tsutomu Nozawa**

Standing Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

**Kazuo Yamazoe**

Standing Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

**Kazuo Fukuda**

Non-Standing Audit & Supervisory Board Member

**Susumu Maruyama**

Non-Standing Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

**Akio Shirato**

# Financial and Corporate Information

## Subsidiaries

The Chiba Bank, Ltd.  
As of July 28, 2014

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

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

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

Established: September 7, 1959

Capital: ¥20 million

Equity Ownership: Chiba Bank 100%

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

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

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

Established: December 22, 1989

Capital: ¥20 million

Equity Ownership: Chiba Bank 100%

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

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

*Principal Business:*

*Management and collection of claims*

Established: October 1, 2001

Capital: ¥500 million

Equity Ownership: Chiba Bank 100%

### **Chibagin Heartful Co., Ltd.**

4-1-10, Masago, Mihama-ku,  
Chiba-shi, Chiba 261-0011

*Principal Business:*

*Outsourcing of operational business*

Established: December 1, 2006

Capital: ¥10 million

Equity Ownership: Chiba Bank 100%

### **Chibagin Securities Co., Ltd.**

2-5-1, Chuo, Chuo-ku,  
Chiba-shi, Chiba 260-0013

*Principal Business: Securities business*

Established: March 27, 1944

Capital: ¥4,374 million

Equity Ownership: Chiba Bank 100%

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

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

*Principal Business: Housing-loan guarantees and fee collection services*

Established: May 1, 1978

Capital: ¥54 million

Equity Ownership: Chiba Bank 45.63%  
its subsidiaries 54.37%

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

2-15-11, Fujimi, Chuo-ku,  
Chiba-shi, Chiba 260-0015

*Principal Business:*

*Credit card and credit guarantee business*

Established: November 1, 1982

Capital: ¥50 million

Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

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

2-15-11, Fujimi, Chuo-ku,  
Chiba-shi, Chiba 260-0015

*Principal Business:*

*Credit card and credit guarantee business*

Established: February 16, 1989

Capital: ¥50 million

Equity Ownership: Chiba Bank 40%  
its subsidiaries 60%

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

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

*Principal Business: Leasing*

Established: December 15, 1986

Capital: ¥100 million

Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

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

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

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

Established: April 1, 1980

Capital: ¥150 million

Equity Ownership: Chiba Bank 46%  
its subsidiaries 54%

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

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

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

Established: May 29, 1984

Capital: ¥100 million

Equity Ownership: Chiba Bank 30%  
its subsidiaries 70%

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

2-13-7, Kotobashi,  
Sumida-ku, Tokyo 130-0022

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

Established: March 31, 1986

Capital: ¥200 million

Equity Ownership: Chiba Bank 35%  
its subsidiaries 65%

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

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

*Principal Business: Information services and surveys, and consulting*

Established: February 28, 1990

Capital: ¥150 million

Equity Ownership: Chiba Bank 30%  
its subsidiaries 70%

## International Directory

The Chiba Bank, Ltd.  
As of June 27, 2014

### **Head Office**

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

### **Treasury Operation Division**

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3270-8459  
Fax: 81-3-3242-1735  
SWIFT Address: CHBA JPJT

### **Treasury Division**

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3231-1285  
Fax: 81-3-3242-1736

### **New York Branch**

1133 Avenue of the Americas,  
15th Floor,  
New York, N.Y. 10036, U.S.A.  
Telephone: 1-212-354-7777  
Fax: 1-212-354-8575  
SWIFT Address: CHBAUS33

### **Hong Kong Branch**

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

### **London Branch**

3rd Floor, Regina House,  
1 Queen Street, London EC4N 1SW,  
The United Kingdom  
Telephone: 44-20-7315-3111  
Fax: 44-20-7236-2205  
SWIFT Address: CHBAGB2L

### **Shanghai Representative Office**

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

### **Singapore Representative Office**

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

## Corporate Data

The Chiba Bank, Ltd.  
As of March 31, 2014

### Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2014 were as follows:

	Number of Shares (in thousands)*1	Percentage of total shares issued*2 (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,414	4.04
Japan Trustee Services Bank, Ltd. (Trust Account)	33,872	3.86
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,168	3.55
NIPPONKOA Insurance Company, Limited	29,998	3.42
Nippon Life Insurance Company	28,070	3.20
The Dai-ichi Life Insurance Company, Limited	26,230	2.99
SUMITOMO LIFE INSURANCE COMPANY	17,842	2.03
Meiji Yasuda Life Insurance Company	15,891	1.81
Chiba Bank Employees' Shareholding Association	12,316	1.40
STATE STREET BANK AND TRUST COMPANY 505223	11,040	1.26

Except for the list above, there are 29,448 thousand (3.36%) of own shares.

(Excludes one thousand shares which, although registered in the name of Chiba Bank on the shareholders' list, are not actually owned by Chiba Bank.)

\*1 Rounded down to the nearest thousand

\*2 Rounded down to the second decimal places

### Corporate Information

Established	March 1943
Network	177 Offices (156 branches, 19 sub-branches and 2 virtual branches) 41,197 Off-branch ATM locations (including 12,915 E-net ATM locations at convenience stores, 10,149 LAWSON ATM locations at convenience stores and 17,866 ATM locations jointly with Seven Bank, Ltd.) 3 Money exchange counters Overseas 3 Branches (New York/Hong Kong/London) 2 Representative offices (Shanghai/Singapore)
Number of Employees*2	4,247
Total Assets	¥11,954.1 billion
Loans and Bills Discounted	¥8,083.0 billion
Deposits (including NCD)	¥10,541.2 billion
Capital Stock	¥145.0 billion
Total Capital Ratio (BIS guidelines)	13.69% (Consolidated) 13.04% (Non-consolidated)
Authorized Number of Shares	2,500,000 thousand
Number of Issued Shares	875,521 thousand
Number of Shareholders*3	26,154
TSE Code	8331
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho Chuo-ku, Tokyo 103-8202

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

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

\*1 "Chibagin Consulting Plaza Ichikawa" newly opened on Apr. 15, 2014 on the second floor of Motoyawata Branch.

\*2 Number of Employees includes transferred employees but excludes temporary staff and one-year contract employees.

\*3 Shareholders with fewer than 1,000 shares are excluded.

**THE CHIBA BANK ,LTD.**

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

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

