



CHIBA BANK

Annual Report 2000

Chiba Bank

# Profile

As of March 31, 2000

Established	March 1943	
Network	Domestic	160 Offices (141 branches, 19 sub-branches) 306 Off-branch ATM service counters 2 Money exchange counters
	Overseas	3 Branches (New York / Hong Kong / London) 2 Representative offices (Shanghai / Singapore) 2 Subsidiaries (London / Cayman Islands)
Number of Employees	4,569	
Total Assets*	¥7,672.7 billion	
Deposits*	¥6,609.6 billion	
Loans and Bills Discounted*	¥5,619.2 billion	
Common Stock*	¥106.8 billion	
Number of Issued Shares	777,911 thousand	
Capital Adequacy Ratio (Consolidated basis)	9.70 % (Based on BIS guidelines)	

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



Head Office



## Contents

Message from the Management.....	1
Medium-Term Management Plan: ACT2003.....	2
President's Message .....	3
Retail Strategies .....	6
Improving Operating Efficiency .....	8
Resolution of Problem Assets.....	9
Risk Management.....	10
Establishment of a Compliance System .....	11
Operating Results for the Year Ended March 31, 2000 .....	12
<b>Financial Section</b>	
Five-Year Summary of Selected Financial Data (Non-Consolidated Basis) .....	14
Consolidated Balance Sheets .....	15
Consolidated Statements of Income and Retained Earnings.....	16
Consolidated Statement of Cash Flows.....	17
Notes to Consolidated Financial Statements.....	18
Market Value of Securities .....	23
Report of Independent Certified Public Accountants (Consolidated) .....	24
Non-Consolidated Balance Sheets.....	25
Non-Consolidated Statements of Income and Retained Earnings .....	26
Notes to Non-Consolidated Financial Statements.....	27
Report of Independent Certified Public Accountants (Non-Consolidated) .....	32
Organization .....	33
Board of Directors/Affiliates at a Glance .....	34
Corporate Data .....	35

## Message from the Management



Takashi Tamaki, *Chairman*

Tsuneo Hayakawa, *President*

Following full-fledged deregulation, the Japanese financial industry is at a critical turning point, facing such changes as the reorganization of major financial institutions and the entry of companies from other industries. Furthermore, internet-based transactions are quickly expanding due to rapid advances in information technology. Banks must accurately and swiftly meet the demand for increasingly diversified products and services.

In the midst of these changes, Chiba Bank implemented a new medium-term management plan, ACT 2003, in October 1999. With management strategy focused on creating the highest-quality, comprehensive financial services group in the Chiba region, we are working to further extend our service network, make a greater contribution to local communities and provide better satisfaction to our customers by offering useful products and services.

We would like to thank our customers, shareholders and associates for their encouragement and look forward to your support as we continue working to meet your expectations.

July 2000

*Takashi Tamaki*

Takashi Tamaki  
Chairman

*Tsuneo Hayakawa*

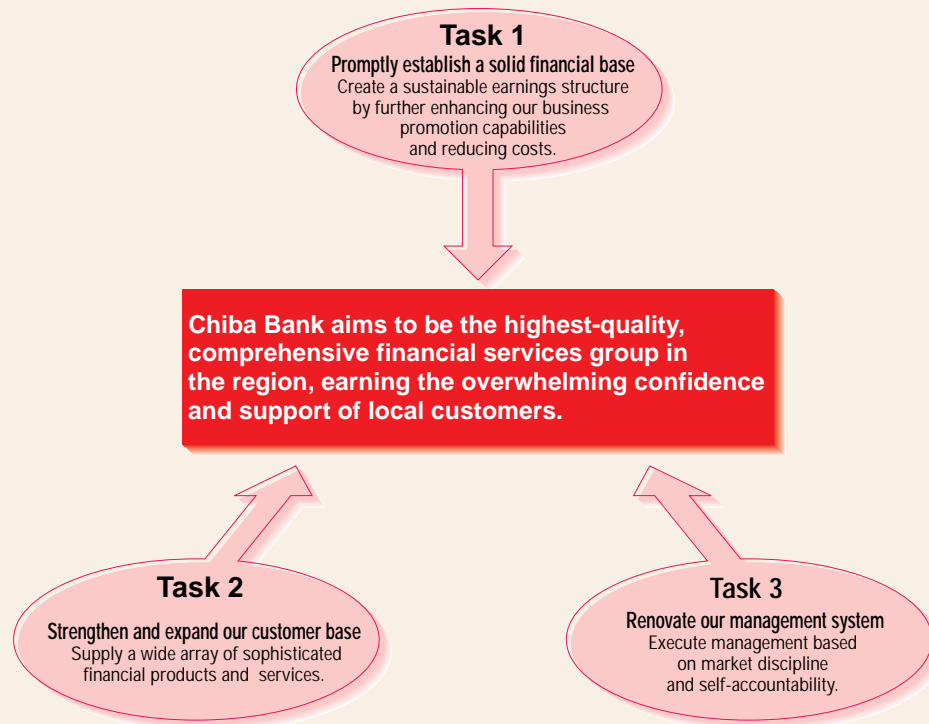
Tsuneo Hayakawa  
President

## Medium-Term Management Plan: ACT 2003

***Chiba Bank formulated and launched a new medium-term management plan, which we named ACT 2003, and which covers the period until 2003.***

***Under this plan, we endeavor to earn an even higher level of trust and support from regional customers so that we may lay the groundwork for more prosperity in the Chiba Bank of the twenty-first century.***

### Target Image of the Chiba Bank Group in 2003



## **A**ggressive **C**reative **T**ough 2003

ACT, an acronym of the words "Aggressive," "Creative," and "Tough," represents the essence of the group motto: "Let's reach our performance targets by aggressively grasping changes in the operating environment, acting creatively and tenaciously conquering challenges."

---

## President's Message

***Chiba Bank's foremost objective is to provide customer satisfaction in every aspect of our operations by delivering financial services of the highest quality. We are now actively promoting a new medium-term management plan, ACT 2003 to address the requirements of the new financial era.***

### **Start of Medium-Term Management Plan ACT 2003**

The operating environment surrounding Chiba Bank is changing swiftly with competition intensifying at a greater speed than we envisioned at the time the previous management plan was prepared. This is exemplified by such trends as the reorganization of major financial institutions, the market entry of companies from other industries and rapid advances in information technology.

To ensure that we maintain the confidence and support of our customers in addressing these financial trends, we believe we need to clarify our vision. We therefore ended the preceding medium-term management plan ahead of schedule in September 1999 and began a new plan, ACT 2003, in October 1999 to cover the period through March 2003.

ACT 2003 places management's focus on gaining the overwhelming confidence and support of local customers.



## **Achieving the Plan's Objectives**

In a rapidly changing environment, we need to clarify our vision of Chiba Bank for the future. Our goal is to remain a bank with a solid position in the region in the twenty-first century by tackling specific management tasks with emphasis on financial soundness and profitability indicators such as the capital adequacy ratio and return on assets. The entire management of the Bank is devoting its efforts to achieving this goal.

### **Three Objectives to Achieve**

#### ***Task 1: Promptly establish a solid financial base***

Chiba Bank will solidify its financial base by upgrading its fund management capability, improving asset quality, and making operations more efficient.

A strengthened financial foundation is essential to earn the confidence and favor of customers. As a leading bank in Chiba, we endeavor to meet the funding needs of many types of customers by providing a variety of bank loan products. Furthermore, we will work to achieve such objectives as stable funding, a sound balance sheet, more efficient operations and further cost reductions to maintain the top-ranked earnings among regional banks.

#### ***Task 2: Strengthen and expand our customer base***

Chiba Bank will supply a wide array of financial products and services through multiple channels to further increase customer satisfaction.

To meet diversifying and ever-more-sophisticated customer needs, we will provide a wide range of financial products and services. In addition, we will focus on improving channels such as telephone banking and internet banking to make Chiba Bank's services more convenient for customers.

Moreover, we will promote further disclosure of our banking operations through issuance of this annual report and other publications for the benefit of customers and shareholders.

#### ***Task 3: Renovate our management system***

Chiba Bank will strengthen its management system, including risk management, and enhance overall group capabilities.

We will reinforce our profit management and legal compliance systems while taking into account various types of banking risks in order to execute management based on market discipline and self-accountability. We will contribute to the enhancement of overall group capabilities by deploying the respective strengths of group companies in specialized fields.

### **Future Tasks**

Chiba Bank will become a better-quality bank by fulfilling the tasks in ACT 2003.

To successfully achieve the aforementioned management tasks, all managers and employees must be innovative. Recognizing the importance of ACT 2003, all members of Chiba Bank are participating in the plan and taking measures to fulfill their roles and responsibilities.

This plan represents a challenge for Chiba Bank to establish a firm foundation as a trusted financial institution in the twenty-first century. Although competition is expected to intensify to unprecedented levels owing to changing market conditions, Chiba Bank is determined to earn and maintain customer trust and satisfaction, in and out of Chiba Prefecture, and continuously supply customers with superior quality financial services.

*Tsuneo Hayakawa*

Tsuneo Hayakawa  
President



# Retail Strategies

## Channel Strategy

Chiba Bank is building multiple service channels to enhance convenience for customers by combining an extensive network of branches and off-branch ATMs, primarily in Chiba Prefecture, with telephone banking and internet banking services.

## Branches and Off-Branch Facilities

Our extensive and easily accessible branch network covers all parts of Chiba Prefecture with 151 offices, the most in the area. Customers are welcomed in face-to-face consultations and receive advice on their varied financial needs including asset manage-

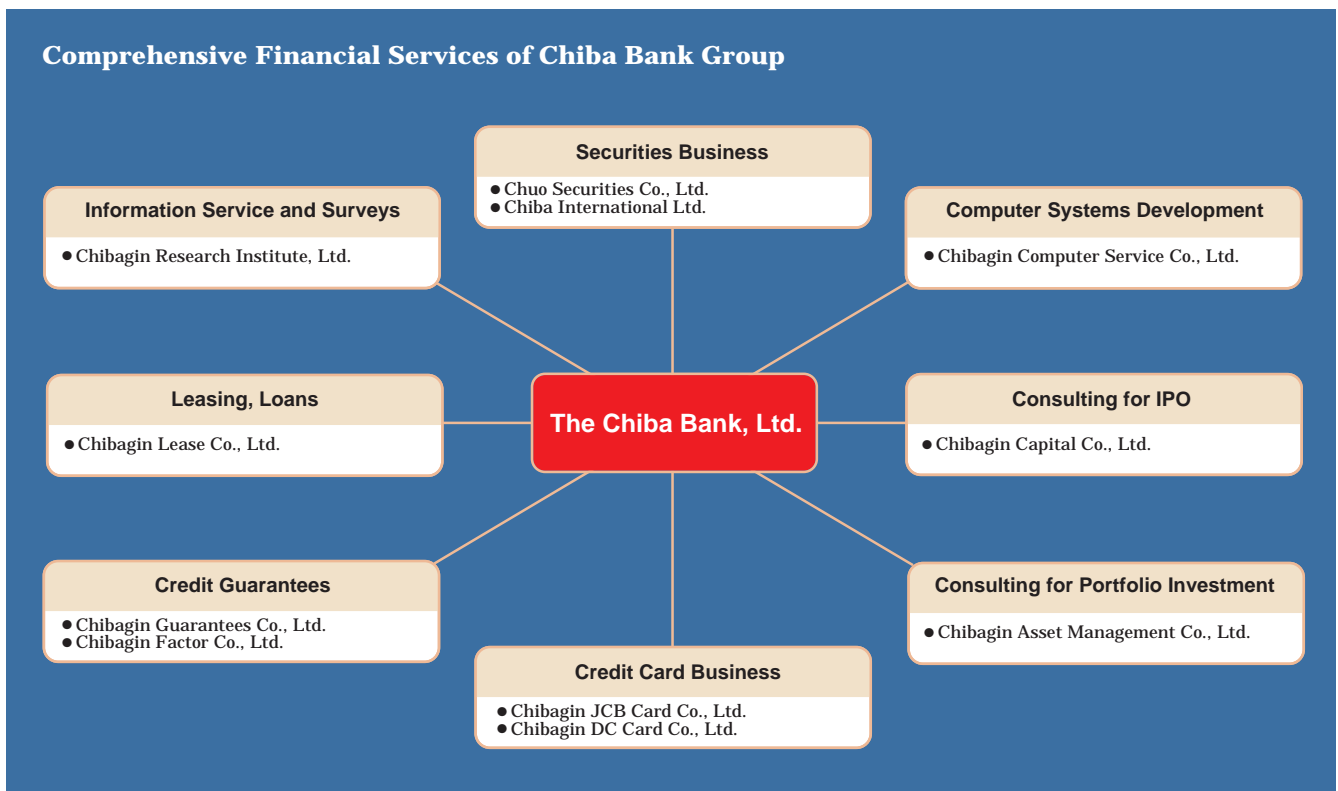
ment. We plan to further boost our consultation capabilities while streamlining back-office operations.

Our service network includes 302 off-branch ATM locations (as of June 30, 2000) in Chiba to offer customers a high level of convenience. In addition, our “E-net” ATM facilities, which are installed in convenience stores, are available 24 hours, giving customers easy access to these service channels while shopping.

## Emerging New Service Channels

As information equipment and appliances become increasingly commonplace, Chiba Bank will take advantage of this advanced

technology to expand points of contact with customers beyond our branch network. We will utilize these new channels for better service for customers by deploying the know-how we have accumulated in branch operations.





### **Quick Response to Developments in Information Technology**

Chiba Bank extends and upgrades its array of products and services in line with developments in information technology, including upgrading banking functions via the internet and mobile phones. New products and services exploit the latest financial technologies and IT advances.

### **Improvement of Customer Relationships**

To become a bank that more customers choose, Chiba Bank is promoting the Customer Satisfaction campaign throughout its operations.

### **Management Improvement Activities**

At Chiba Bank, we believe that a financial institution cannot survive in today's environment if it is not truly appreciated, trusted and selected by customers.

The Bank's Customer Satisfaction campaign, therefore, is aimed not only at welcoming customers in a friendly manner and maintaining clean and neat branch counters but also at improving management through our customer-first policy.

All customer comments and requests are reflected with the highest importance in developing and improving our products and services.

According to the latest Bank Branch Service Survey conducted in December 1999 by Nihon Keizai Shimbun, a leading financial newspaper in Japan, Chiba Bank had the highest total assessment among major banks. We believe that this remarkable honor was attributable to our consistent reviews of overall operations. Chiba Bank will continue its efforts to further increase customer satisfaction.

## **CUSTOMER SATISFACTION CAMPAIGN**

### **Corporate Mottoes**

1. Customer Satisfaction - *To create a bank that is trusted and loved by customers*
2. Employee Satisfaction - *To create a bank that makes employees and their families proud and satisfied*
3. Society Satisfaction - *To create a bank that is essential and respected as a member of the region*

### **Employees' Mottoes**

1. Express appreciation to customers - *We will express our gratitude to customers and serve them with a good-hearted attitude.*
2. Meet expectations of customers - *We will try our best to meet customers' individual needs.*
3. Give a deep impression on customers - *We will try our best to impress our customers by offering services that exceed their expectations.*

## Improving Operating Efficiency

*Chiba Bank is improving operating efficiency by streamlining back-office operations and enhancing over-the-counter service.*

### Introducing New Back-Office Operation Systems at Branch Offices

Chiba Bank intends to gradually introduce new branch office systems starting in fiscal 2001. This should reduce the number of staff and allow us to reduce operational risk with more accurate and swifter back-office processing.

For example, the image processing system, which optically reads slips, and electronic seal storage will considerably reduce manual operations at branch offices.

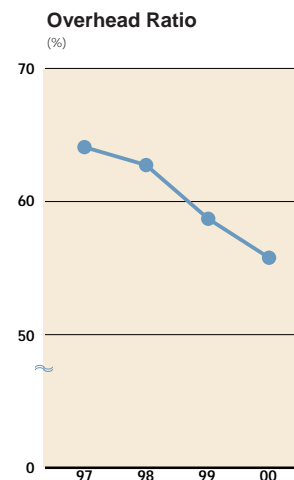
Furthermore, the number of back-office staff will be reduced owing to the enhanced efficiency of loan administration and centralized back-office processing. While we reduce total staff at branch offices through

these measures, we will put more emphasis on upgrading over-the-counter services, allowing the creation of innovative branches that can give more satisfaction to customers.

### Improvement in the Overhead Ratio

Along with strengthening our business, these moves to streamline our operations are significantly improving management efficiency indicators.

The overhead ratio (OHR), a measure of certain expenses that are related to the generation of gross profit, improved 3.16 percentage points over the previous fiscal year to 55.62 percent, which we are proud to say is one of the most efficient among regional banks in Japan.



## Resolution of Problem Assets

*Chiba Bank strives to prevent additional nonperforming loans, promotes appropriate write-offs and sets aside provisions for loan losses to maintain asset quality.*

### Disposal of Problem Assets

Chiba Bank strictly applies its internal assessment to loans and other assets in line with the Financial Supervisory Agency's Financial Inspection Manual and the guidelines of the Japanese Institute of Certified Public Accountants. Chiba Bank sets aside sufficient provisions for write-offs of problem assets and provisions for possible loan losses, excluding loans deemed collectible because of relevant collateral or guarantees.

Therefore, Chiba Bank is well prepared to deal with potential increases in problem loans that might occur in the future due to borrower bankruptcy or any other cause.

Chiba Bank continues to conduct thorough credit risk management to prevent additional problem loans and further raise asset quality. Moreover, Chiba Bank is committed to finalizing the disposal of problem loans through the active recovery of

problem loans, the sale of loan assets and the liquidation of claims.

### Disclosure Methods

Since fiscal 1998, Chiba Bank has conducted two types of assessments of loan assets in accordance with the related revisions to the Banking Law and the Revitalization Law. The first is the disclosure of problem loans classified as risk-monitored loans by the Banking Law, and the other is the disclosure of

problem assets based on the standard set by the Revitalization Law.

The total amount of risk-monitored loans, which are calculated on the basis of such conditions as delay or suspension of principal payments, suspension of interest payments and waived or reduced interest payments, increased slightly, reflecting the stringent internal assessment amid sluggish economic conditions.

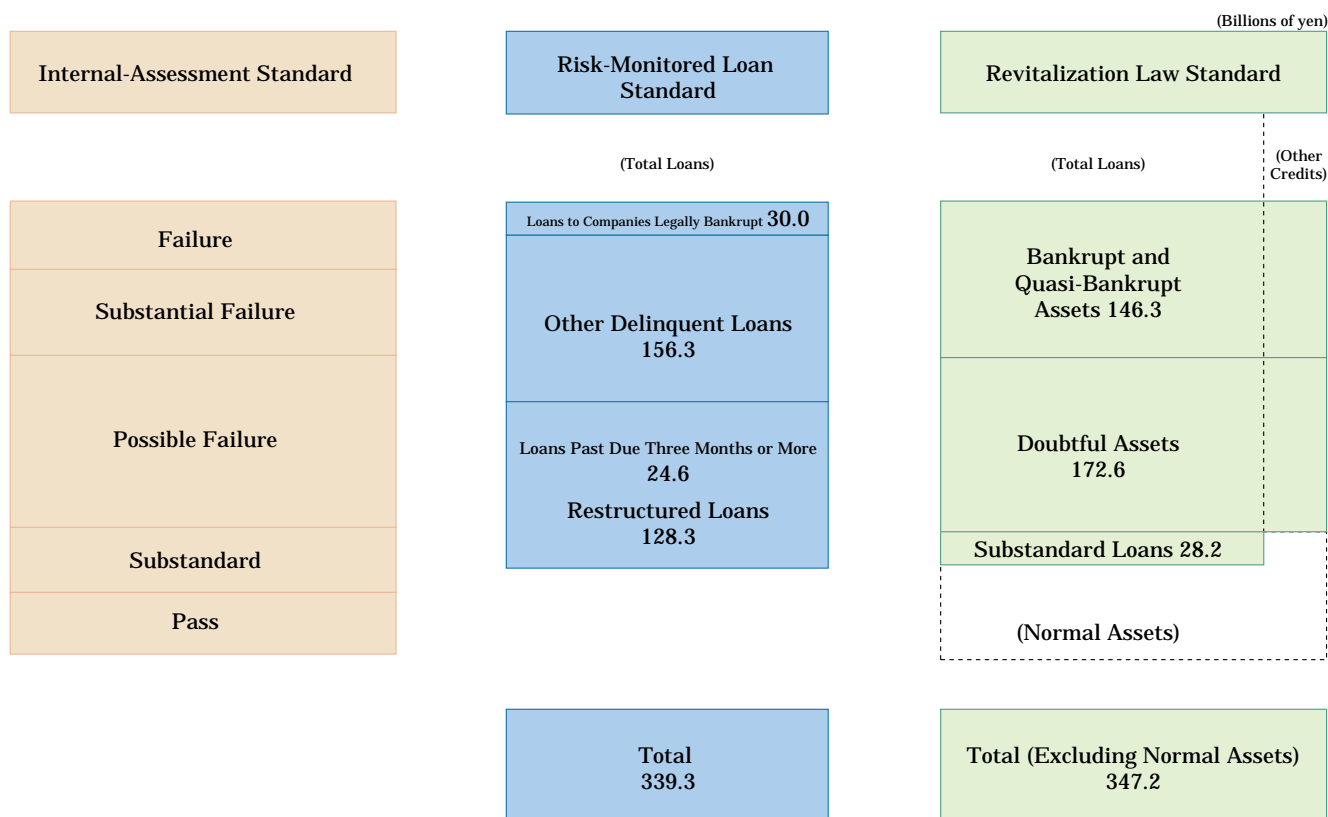
Under the Revitalization Law, banks classify assets into four categories by focusing on the financial conditions and

operating results of the debtors concerned. Under this standard, the amounts of problem assets tend to be greater than those disclosed as risk-monitored loans because the range of portfolio content disclosed is expanded to cover all credit assets including not only loans but also securities and guarantees of obligations.

The disclosed amount of problem assets increased due to Chiba Bank's continuing implementation of strict self-assessment of assets amid a limited economic recovery. The coverage ratio, however, remains at a sufficiently prudent level.

Assets under both "Disclosure of risk-monitored loans" and "Disclosure under the Revitalization Law" are subject to disclosure, regardless of the proportion covered by collateral or guarantees. As most of Chiba Bank's credit assets are covered by collateral and guarantees, the amount disclosed does not show the amount of uncollectible credit assets.

### Comparison of Problem Assets Under Risk-Monitored Loan Standard and Revitalization Law Standard (Non-Consolidated)



## Risk Management

*Although such trends as deregulation, globalization and innovations in financial technology increase new business opportunities, they also make banking-related risks more diverse and complex. Chiba Bank therefore continues to strengthen its risk management structure.*

### **Integrated Risk Management**

As banking operations are exposed to more diverse and complicated risks, various risks such as credit risk and market risk must be managed not only individually but also on a unified basis to improve profitability and maintain sound management. The Risk Management Office within the Corporate Planning Division controls and administers various integrated risks.

### **Credit Risk Management**

Credit risk, which constitutes the largest portion of risk involved in the banking business, is the risk that the borrower will be unable to pay the principal and interest of loans due to the deterioration of the financial condition. To maintain the soundness of assets by preventing additional problem assets, Chiba Bank is committed to strengthening credit risk management.

At Chiba Bank, credit risk and business promotion have been supervised by separate divisions. The Credit Division conducts strict, policy-based screening of individual loans. Furthermore, the introduction of an internal credit rating system contributes significantly to systematic, objective and consistent screening. The Risk Management Office controls overall credit risk management, performing credit risk modeling with statistical methods and managing loan portfolios through activities such as monitoring the concentration of loans to specific industries or groups. Furthermore, the Credit Risk Management Committee, headed by the President, works to ensure the soundness of loan assets by meeting on a regular basis to consider credit risk

management policies and monitor the Bank's loan asset portfolio.

Chiba Bank has established strict systems to conduct internal audits of assets. Each branch conducts an internal assessment semiannually according to the Bank's Internal Assessment Regulations. These assessments are checked by divisions with authorization for approval of loans, and then the Credit Assessment Office within the Audit & Inspection Division audits the results. Based on these assessments, an appropriate allowance is made for reserves for losses and write-offs of problem assets to help improve the soundness and safety of assets.

Chiba Bank emphasizes human resource development considering the importance of credit risk management. The Bank works to raise the credit risk management ability of its entire staff through an internal training program and practical on-the-job training.

### **Market Risk Management**

Market risk is the risk of incurring losses caused by the deterioration of asset value through changes in interest rates, securities prices and foreign exchange rates. As a result of the ongoing globalization of finance, assets and liabilities that are sensitive to interest rate risk and foreign exchange risk have increased, making the management of market risk increasingly important.

In managing market risk on core banking transactions such as deposits and conventional loans and securities, Chiba Bank rigorously strives to minimize

risks and maximize profits through asset and liability management (ALM). The ALM Committee, chaired by the President, meets regularly and establishes detailed countermeasures for interest rate and price fluctuation risks.

For market risk on short-term trading transactions, Chiba Bank has trading limits and loss-cutting rules to limit risk. In addition, value-at-risk is calculated daily to monitor potential losses.

Chiba Bank segregates duties into two organizational functions to ensure balanced internal control. The Treasury Division and overseas branches carry out transactions, and the Risk Management Office within the Corporate Planning Division is responsible for integrated risk management. The Risk Management Office monitors market risk daily and reports it to the management board.

### **Liquidity Risk Management**

Liquidity risk refers to risks such as incurring losses due to events such as funding at a relatively high interest rate as a result of a shortage of funds following an unexpected drawdown.

The Treasury Division prevents unexpected situations through appropriate daily cash flow management using analysis of the market environment and capital funding situations. In addition, the Risk Management Office tracks the effects of the fluctuation of assets and liabilities on cash flow and conducts liquidity risk management.

## **Management of Operational Risk and System Risk**

Operational risk is the risk of incurring losses due to negligence, clerical errors or accidents or wrongdoing by employees. Chiba Bank prioritizes the completion of accurate transactions that conform to established principles. The Operations Planning Division is responsible for monitoring transaction procedures, regulating valuables such as cash, drafts and passbooks, establishing a branch supervisory system, and improving training methods and clerical

operations procedures.

System risk is the risk of incurring losses associated with computer system problems. Computer systems are increasingly critical to sophisticated and diversified banking operations. Systems at Chiba Bank are fully prepared for contingencies. The existing hardware and lines are double-protected and will switch automatically to a backup. Moreover, Chiba Bank strictly protects against disasters and crimes through the rigorous control of customer data and the establishment of a contingency

plan for improper access and/or natural disasters.

Furthermore, under an inspection system within the Bank, the Inspection Office within the Audit & Inspection Division inspects each branch and head office division at least once a year. Under strict standards, it inspects the overall operations and computer systems. The results of the inspections are regularly reported to the Board of Directors and to each branch and division concerned. This reporting system contributes to the improvement of operations.

## **Establishment of a Compliance System**

*Maintaining a strong compliance system, which is aimed at ensuring compliance with laws and the elimination of the influence of antisocial forces, is a top priority of Chiba Bank's management.*

### **Legal Compliance System of the Bank**

To fulfill their social responsibilities and public missions, banks must carry out fair and honest business activities by complying with all laws and rules related to social norms, in addition to laws related to banking transactions and internal regulations.

The Compliance Office within the Audit & Inspection Division controls matters of legal compliance. The Compliance Office creates a corporate culture that respects compliance through such measures as the provisioning of compliance-related

regulations, investigations and internal guidance on legal affairs, and the inclusion of compliance-related programs in diverse training curriculums.

To further strengthen compliance with laws and regulations, a compliance manual is distributed to all Chiba Bank employees, and compliance officers are appointed in every branch and head office division. In addition, Chiba Bank makes bankwide efforts to eliminate any influence from antisocial forces in its business operations.

## **CODE OF ETHICS**

### **Earning Unwavering Trust**

Remaining constantly aware of the social responsibility and public mission of a bank, 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, Chiba Bank will conduct fair and honest business activities.

### **Opposition to Antisocial Forces**

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**

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

# Operating Results for the Year Ended March 31, 2000

*Under the strategic focus of the medium-term management plan, ACT 2003, which started in October 1999, Chiba Bank endeavors to respond to diversified customer needs, raise management efficiency and build a strong management structure to ensure stable earnings. Such efforts to solidify the management base and upgrade financial services have resulted in the operating results described below.*

## Business Environment

The Japanese economy showed signs of emerging from a prolonged recession in the fiscal year ended March 31, 2000.

Although consumer spending remained sluggish without a clear upturn in momentum, this was offset by the bottoming out of private-sector capital investment, which had long been stagnant, and an incremental improvement in industrial production indicators. Economic conditions in Chiba Prefecture closely mirrored the trends in the national economy.

In the financial markets, both short-term interest rates and yields on long-term government bonds remained low throughout the period, despite temporary rises. The stock market was heavily influenced by expectations of an economic

recovery, and the Nikkei Average closed the fiscal year above 20,000 yen.

## Assets

Loans and bills discounted at March 31, 2000, decreased ¥127.5 billion from the prior fiscal year-end to ¥5,619.2 billion, reflecting generally weak demand for capital, despite Chiba Bank's focused business promotion activities to meet the financing needs of small and medium-sized companies and individuals mainly in Chiba Prefecture.

The balance of securities at the fiscal year-end was ¥1,055.8 billion, an increase of ¥135.3 billion from the prior fiscal year-end. The balance of trading assets at March 31, 2000, was ¥110.6 billion.

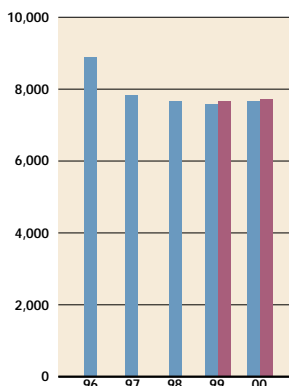
## Liabilities and Stockholders' Equity

Total deposits increased ¥174.9 billion to ¥6,680.9 billion. In particular, individual deposits increased as a result of both Chiba Bank's introduction of new products and services and aggressive efforts to increase automatic salary transfers and pension deposit accounts. The balance of trading liabilities was ¥5.2 billion.

Total stockholders' equity was ¥318.2 billion, an increase of ¥12.4 billion from the prior fiscal year-end. Chiba Bank's capital adequacy ratio at March 31, 2000, was 9.53% (9.70% on a consolidated basis), an increase of 0.44 percentage points from a year earlier and well above the ratio of 8% mandated by the Bank for International Settlements (BIS).

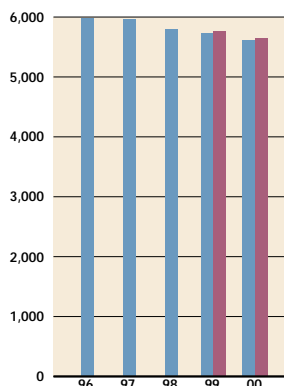
**Total Assets**

(Billions of yen)



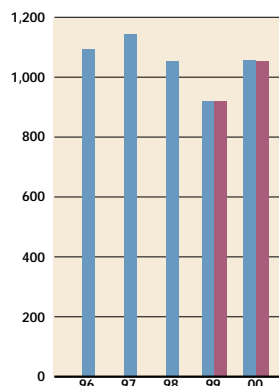
**Loans and Bills Discounted**

(Billions of yen)



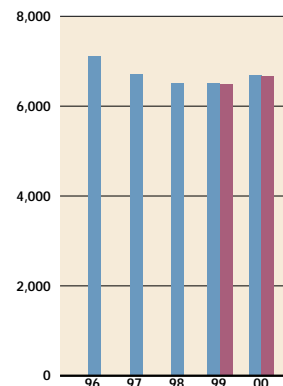
**Securities**

(Billions of yen)



**Deposits**

(Billions of yen)



■ Non-Consolidated  
■ Consolidated

## Income

Chiba Bank's efforts to invest funds efficiently, promote rationalization throughout its operations and reduce expenses resulted in net business income before the general reserve for possible loan losses of ¥66.0 billion. Chiba Bank conducted internal assessments of its assets and made the necessary write-offs and reserves, in accordance with its predetermined strict standards. Income before income taxes amounted to ¥29.7 billion and net income totaled ¥16.2 billion.

## Dividends and Dividend Policy

Chiba Bank's fundamental policy is to maintain a stable dividend while deploying internal reserves to strengthen its operations. A year-end cash dividend of ¥2.50 per share of common stock, the same level as in the prior fiscal year, was approved at the ordinary general meeting of shareholders. Accordingly, cash dividends for the fiscal year totaled ¥5.00 per share, including an interim dividend of ¥2.50 per share.

Internal reserves for the fiscal year will be effectively appropriated for strategic investments to improve comprehensive financial services.

## Operating Results for the Consolidated Fiscal Year

The Chiba Bank Group consists of The Chiba Bank, Ltd., and its 20 subsidiaries. The group companies engage in a variety of businesses including banking, securities and lease operations. The group's efforts to increase operating performance and management efficiency resulted in the consolidated results below.

Consolidated deposits at the fiscal year-end rose ¥173.0 billion to ¥6,664.1 billion. Consolidated loans and bills discounted at March 31, 2000, were ¥5,651.6 billion, a decline of ¥131.1 billion from the prior fiscal year-end, and securities at the fiscal year-end increased ¥133.5 billion to ¥1,054.1 billion. Consolidated total assets at March 31, 2000, increased ¥79.4 billion to ¥7,739.5 billion.

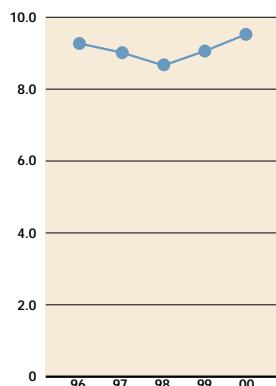
On a consolidated basis, total income amounted to ¥235.8 billion, and total expenses were ¥202.3 billion. As a result, income before income taxes and net income for the year ended March 31, 2000, were ¥33.5 billion and ¥18.3 billion, respectively. Net income per share was ¥23.69.

Net cash provided by operating activities was ¥214.5 billion and net cash used in investing activities was ¥163.0 billion, mainly due to the acquisition of marketable securities. Net cash provided by financing activities amounted to ¥26.1 billion, principally due to the issuance of convertible bonds. As a result, cash and cash equivalents at the end of the fiscal year increased ¥77.4 billion to ¥263.9 billion.

The Bank's capital adequacy ratio increased 0.47 percentage points from the previous year-end to 9.70% on a consolidated basis at March 31, 2000.

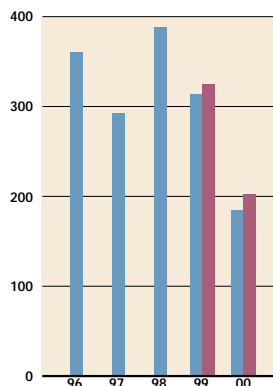
**Capital Adequacy Ratio (Consolidated Basis)**

(%)



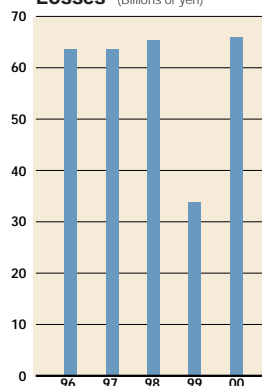
**Total Expenses**

(Billions of yen)



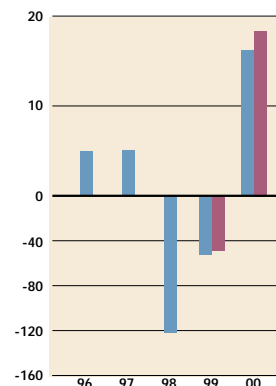
**Net Business Income Before the General Reserve for Possible Loan Losses**

(Billions of yen)



**Net Income (Loss)**

(Billions of yen)



# Financial Section

## Five-Year Summary of Selected Financial Data (Non-Consolidated Basis)

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

	Billions of Yen				
	2000	1999	1998	1997	1996
<b>For the Fiscal Year</b>					
Total Income .....	¥ 213.8	¥ 224.0	¥ 266.4	¥ 298.0	¥ 417.5
Total Expenses.....	184.1	313.9	388.0	292.7	360.7
Income (Loss) Before Income Taxes .....	29.7	(89.8)	(121.5)	5.3	56.8
Provision for Income Taxes .....	13.4	(37.1)	0.2	0.2	51.7
Net Income (Loss) .....	16.2	(52.7)	(121.8)	5.1	5.0
Return on Average Total Stockholders' Equity .....	5.34%	—	—	1.32%	1.31%
Return on Average Total Assets .....	0.21%	—	—	0.06%	0.06%
<b>At Year-End</b>					
Total Assets.....	¥7,672.7	¥7,574.9	¥7,658.9	¥7,841.7	¥8,885.7
Deposits.....	6,680.9	6,505.9	6,505.3	6,713.1	7,122.8
Loans and Bills Discounted .....	5,619.2	5,746.7	5,793.1	5,978.8	5,987.3
Securities .....	1,055.8	920.4	1,053.6	1,143.4	1,094.7
Total Stockholders' Equity.....	318.2	305.7	264.3	390.0	388.8
Capital Adequacy Ratio* .....	9.53%	9.08%	—	—	—
<b>Per Share</b>					
Yen					
Net Income (Loss) .....	¥ 20.93	¥ (67.84)	¥(156.59)	¥ 6.58	¥ 6.53
Cash Dividends.....	5.00	5.00	5.00	5.00	5.00
Net Assets .....	409.12	393.09	339.84	501.44	499.86
Market Price .....	434	518	499	710	920

Note: Yen figures are rounded down to the nearest billion.

\*These figures are based on BIS guidelines and include transitional adjustments.



# Consolidated Balance Sheets

The Chiba Bank, Ltd. and its Consolidated Subsidiaries As of March 31, 2000 and 1999

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>ASSETS</b>			
Cash and Due from Banks.....	¥ 454,186	¥ 204,104	\$ 4,278,724
Call Loans and Bills Bought.....	122,723	—	1,156,128
Commercial Paper and Other Debt Purchased .....	60	52	571
Trading Assets.....	111,967	186,654	1,054,807
Money Held in Trust.....	30,886	28,624	290,968
Securities.....	1,054,150	920,565	9,930,765
Loans and Bills Discounted.....	5,651,663	5,782,808	53,242,242
Foreign Exchanges.....	2,834	3,446	26,705
Other Assets.....	128,586	114,855	1,211,370
Premises and Equipment (Note 11) .....	117,783	122,877	1,109,595
Deferred Tax Assets.....	108,607	122,551	1,023,153
Customers' Liabilities for Acceptances and Guarantees .....	154,226	173,570	1,452,912
Reserve for Possible Loan Losses.....	(198,131)	—	(1,866,525)
Reserve for Investment Losses.....	(2)	—	(19)
<b>Total Assets</b> .....	<b>¥7,739,544</b>	<b>¥7,660,111</b>	<b>\$72,911,395</b>
<b>LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits.....	¥6,664,114	¥6,491,079	\$62,780,164
Call Money and Bills Sold .....	54,930	1,888	517,482
Trading Liabilities .....	5,371	4,433	50,604
Borrowed Money .....	150,263	158,401	1,415,576
Foreign Exchanges.....	200	973	1,892
Bonds.....	17,000	17,000	160,151
Convertible Bonds.....	29,985	—	282,478
Other Liabilities.....	274,969	262,627	2,590,385
Reserve for Possible Loan Losses.....	—	187,273	—
Reserve for Retirement Allowances .....	14,205	13,692	133,824
Reserve for Losses on Sales of Loans.....	30,401	19,711	286,402
Other Reserves.....	69	120	655
Deferred Tax Liabilities.....	34	—	326
Deferred Tax Liability on Premises Evaluation.....	9,388	9,456	88,441
Consolidation Difference.....	2,441	3,255	23,003
Acceptances and Guarantees.....	154,226	173,570	1,452,912
<b>Total Liabilities</b> .....	<b>¥7,407,602</b>	<b>¥7,343,485</b>	<b>\$69,784,296</b>
<b>Minority Interest</b>			
Minority Interest in Consolidated Subsidiaries .....	¥ 10,047	¥ 9,517	\$ 94,653
<b>Stockholders' Equity</b>			
Common Stock .....	¥ 106,888	¥ 106,881	\$ 1,006,958
Capital Surplus .....	84,047	84,040	791,782
Premises Revaluation Account.....	13,343	13,275	125,702
Retained Earnings .....	119,057	104,579	1,121,597
Treasury Stock .....	1,442	1,667	13,593
<b>Total Stockholders' Equity</b> .....	<b>321,894</b>	<b>307,108</b>	<b>3,032,447</b>
<b>Total Liabilities, Minority Interest and Stockholders' Equity</b> .....	<b>¥7,739,544</b>	<b>¥7,660,111</b>	<b>\$72,911,395</b>

See notes to financial statements.

# Consolidated Statements of Income and Retained Earnings

The Chiba Bank, Ltd. and its Consolidated Subsidiaries For the Years Ended March 31, 2000 and 1999

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Income</b>			
Interest Income: .....	<b>¥179,905</b>	¥193,166	<b>\$1,694,825</b>
Interest on Loans and Discounts .....	<b>143,107</b>	149,293	<b>1,348,163</b>
Interest and Dividends on Securities .....	<b>23,881</b>	26,398	<b>224,976</b>
Other Interest Income .....	<b>12,916</b>	17,474	<b>121,685</b>
Fees and Commissions.....	<b>25,747</b>	22,379	<b>242,555</b>
Trading Income .....	<b>2,003</b>	1,223	<b>18,874</b>
Other Operating Income .....	<b>3,712</b>	8,445	<b>34,970</b>
Other Income .....	<b>24,525</b>	16,401	<b>231,049</b>
Transfer from Reserves.....	<b>0</b>	—	<b>0</b>
<b>Total Income</b> .....	<b>235,894</b>	241,616	<b>2,222,274</b>
<b>Expenses</b>			
Interest Expenses:.....	<b>47,103</b>	65,203	<b>443,741</b>
Interest on Deposits.....	<b>25,508</b>	39,602	<b>240,305</b>
Interest on Borrowings and Rediscounts.....	<b>4,162</b>	5,959	<b>39,215</b>
Other Interest Expenses.....	<b>17,432</b>	19,641	<b>164,221</b>
Fees and Commissions.....	<b>6,897</b>	6,828	<b>64,983</b>
Trading Expenses.....	<b>338</b>	470	<b>3,187</b>
Other Operating Expenses .....	<b>5,028</b>	5,785	<b>47,371</b>
General and Administrative Expenses .....	<b>86,214</b>	87,498	<b>812,199</b>
Other Expenses .....	<b>56,745</b>	160,495	<b>534,579</b>
<b>Total Expenses</b> .....	<b>202,328</b>	326,280	<b>1,906,059</b>
Income (Loss) Before Income Taxes .....	<b>33,566</b>	(84,663)	<b>316,214</b>
Provision for Income Taxes.....	<b>221</b>	205	<b>2,087</b>
Adjustment to Income Taxes and Others .....	<b>13,978</b>	(34,980)	<b>131,686</b>
Minority Interest in Net Income (Loss) .....	<b>1,015</b>	(528)	<b>9,563</b>
<b>Net Income (Loss)</b> .....	<b>¥ 18,350</b>	¥ (49,359)	<b>\$ 172,878</b>
<b>Retained Earnings</b>			
Balance at the Beginning of the Year .....	<b>¥104,579</b>	¥157,819	<b>\$ 985,204</b>
Net Income (Loss) .....	<b>18,350</b>	(49,359)	<b>172,878</b>
Dividends.....	<b>3,872</b>	3,879	<b>36,484</b>
<b>Balance at the End of the Year</b> .....	<b>¥119,057</b>	¥104,579	<b>\$1,121,597</b>
<b>Per Share of Common Stock</b>			
	Yen (Note 1)		U.S. Dollars (Note 8)
Net Income (Loss).....	<b>¥23.69</b>	¥(63.68)	<b>\$0.22</b>

See notes to financial statements.

# Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and its Consolidated Subsidiaries For the Year Ended March 31, 2000

	Millions of Yen (Note 1)	Thousands of U.S. Dollars (Note 8)
	2000	2000
<b>Cash Flows from Operating Activities:</b>		
Income Before Taxes and Other Adjustments.....	¥ 33,566	\$ 316,214
Depreciation and Amortization .....	5,428	51,143
Amortization and Consolidation Difference .....	(1,483)	(13,978)
Increase in Reserve for Possible Loan Losses .....	10,857	102,287
Investments Accounted for by the Equity Method.....	(219)	(2,063)
Increase in Reserve for Losses on Sales of Loans.....	10,689	100,705
Increase in Reserve for Retirement Allowances.....	512	4,832
Increase in Reserve for Investment Losses .....	2	19
Interest Income .....	(179,905)	(1,694,825)
Interest Expense .....	47,103	443,741
Gain on Investment Securities.....	(3,317)	(31,256)
Gain on Money Held in Trust.....	(10)	(103)
Foreign Exchange Losses.....	122	1,152
Losses on Disposal of Premises and Equipment .....	426	4,014
Decrease in Trading Assets .....	76,193	717,787
Decrease in Trading Liabilities.....	938	8,840
Decrease in Loans and Bills Discounted.....	131,144	1,235,462
Increase in Deposits.....	173,035	1,630,101
Increase in Commercial Paper and Other Debt Purchased.....	(122,731)	(1,156,204)
Decrease in Call Money and Borrowed Money.....	44,811	422,157
Decrease in Deposits Collateralized for Securities Lent.....	7,587	71,480
Decrease in Loaned Money (excluding Deposits at BOJ) .....	(172,811)	(1,627,991)
Decrease in Foreign Exchange (Assets).....	611	5,760
Decrease in Foreign Exchange (Liabilities).....	(772)	(7,275)
Interest Received.....	180,267	1,698,231
Interest Paid.....	(51,784)	(487,843)
Other Expenses .....	24,479	230,612
Subtotal .....	214,741	2,023,001
Income Tax Paid.....	(239)	(2,259)
<b>Net Cash Provided by Operating Activities.....</b>	<b>214,501</b>	<b>2,020,742</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Securities.....	(504,215)	(4,750,026)
Proceeds from Sales of Securities.....	239,208	2,253,493
Proceeds from Maturities of Securities.....	104,894	988,172
Increase in Money Held in Trust .....	(2,395)	(22,566)
Decrease in Money Held in Trust.....	97	914
Proceeds from Sales of Premises and Equipment .....	1,610	15,172
Purchase of Premises and Equipment .....	(2,269)	(21,377)
<b>Net Cash Used in Investing Activities.....</b>	<b>(163,069)</b>	<b>(1,536,218)</b>
<b>Cash Flows from Financing Activities</b>		
Increase in Convertible Bonds .....	30,000	282,619
Proceeds from Sales of Own Stocks.....	0	0
Dividends Paid .....	(3,869)	(36,456)
Dividends Paid for Minority Interests .....	(3)	(28)
<b>Net Cash Provided by Financing Activities.....</b>	<b>26,127</b>	<b>246,136</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents .....</b>	<b>(122)</b>	<b>(1,152)</b>
<b>Net Increase in Cash and Cash Equivalents .....</b>	<b>77,437</b>	<b>729,508</b>
<b>Cash and Cash Equivalents at Beginning of Period.....</b>	<b>186,483</b>	<b>1,756,789</b>
<b>Cash and Cash Equivalents at End of Period (Note 6) .....</b>	<b>¥ 263,920</b>	<b>\$ 2,486,294</b>

See notes to financial statements.

# Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and its Consolidated subsidiaries For the Years Ended March 31, 2000 and 1999

## 1 Basis of Presentation

The consolidated financial statements of The Chiba Bank, Ltd. (the “Bank”) have been compiled from the financial statements prepared in accordance with generally accepted accounting principles in Japan, together with the independent auditors’ opinion thereon, and filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. For the convenience of non-Japanese readers of this document, the presentation has been modified in certain respects.

In accordance with the Banking Law of Japan, and the Uniform Accounting Standards for Banks in Japan promulgated by the Ministry of Finance of Japan, the Yen amounts are presented in millions of Yen by rounding down figures below one million. As a result, the totals in Yen in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

## 2 Principles of Consolidation

### (1) Consolidated Subsidiaries

Sobu, Co., Ltd.  
Chibagin Cash Business Co., Ltd.  
Chibagin Staff Services Co., Ltd.  
Chibagin Business Services Co., Ltd.  
Chibagin General Management Co., Ltd.  
Chibagin Loan Business Support Co., Ltd.  
Chiba International Ltd.  
Chiba Capital Funding (Cayman) Ltd.  
Chibagin Guarantee Co., Ltd.  
Chibagin Lease Co., Ltd.  
Chuo Securities Co., Ltd.

### (2) Unconsolidated Subsidiaries

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

## 3 Use of the Equity Method

Investment in seven out of nine unconsolidated subsidiaries is carried using the equity method. Investment in two other subsidiaries is carried at cost, since the effect of applying the equity method in these subsidiaries is not material.

## 4 Fiscal Year of the Consolidated Subsidiaries

(1) Fiscal year-ends of the consolidated subsidiaries are as follows:

the end of December: 2  
the end of March: 9

(2) The financial statements of the consolidated subsidiaries, of which fiscal year-ends are December 31, are included in consolidation on the basis of their fiscal year after making appropriate adjustments for the significant transactions during the period from their year-ends to the date of the Bank’s fiscal year-end.

## 5 Significant Accounting Policies

### (1) Trading Account

The following criteria are applied in accounting for the Bank’s Trading Account Assets and Liabilities and Trading Income and Expenses:

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

Trading account 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 increase/decrease between the amount of profit/loss based on the assumption that transactions were settled at the end of the fiscal year and at the end of the previous fiscal year.

**(2) Securities**

Securities of the Bank are carried at cost, determined by the moving average method. Moreover, the same method is applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management. Securities held by the consolidated subsidiaries are principally carried at the lower of cost or market, determined by the moving average method.

**(3) Premises and Equipment**

Premises and equipment are stated at cost less accumulated depreciation and deferred gains on sales of real estate. In accordance with the Uniform Accounting Standards for Banks in Japan, depreciation is computed using the declining balance method for buildings and equipment up to the standard amount as provided by the Corporation Tax Law of Japan and others are amortized in accordance with that law. Premises and equipment of the consolidated subsidiaries are depreciated principally by the declining balance method over the estimated useful lives.

**(4) Software**

Depreciation of internal-use software is computed using the straight-line method over a period not greater than 5 years.

**(5) Reserve for Possible Loan Losses**

Reserve made by the Bank was based on the Guidelines for Examination of Internal Controls Related Self-Assessment of Assets of Banks and Other Financial Institutions and for Auditing of Write-offs and Loan Loss Provisions issued as part of the Fourth Report of the Auditing Subcommittee for Banks and Other Financial Institutions of the Japan Certified Public Accountants Association. The reserve is provided for normally performing loans and loans to borrowers under close observation, based on the ratio sustained over a specific period in the past. The reserve is also provided for the loans to borrowers that are currently not actually or effectively in bankruptcy, but are viewed as having a high probability of going into bankruptcy (Loans to Borrowers with Bankruptcy Imminent). In such cases, the anticipated proceeds from the sales of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan are first subtracted from the book value of the loan. Then, the reserve for such loan is computed based on a comprehensive judgment regarding the borrower's ability to pay, which is deemed necessary. In addition, the reserve is also provided for loans to borrowers that are legally bankrupt, as evidenced by a declaration of bankruptcy, ongoing composition, or other similar circumstances (Loans to Borrowers under Bankruptcy Proceedings) and loans to borrowers in effectively similar conditions (Loans to Borrowers Substantially in Bankruptcy). In such cases, the reserve amount is equivalent to the loans outstanding after deduction of the anticipated proceeds from the sales of collateral pledged against such loans and the anticipated amount that may be recovered from guarantors of the loan.

Also, regarding the Reserve for Loans to Specific Countries, the expected amount of the losses on such loans arising from political and economic conditions in those countries has been included in the Reserve for Specific Overseas Loans.

For all loans, operating divisions and branches assess the quality of such assets, based on internal assessment standards, and the Credit Assessment Office conducts an audit of these assessments. Provisions are based on the assessments mentioned.

Provisions for consolidated subsidiaries have been made as deemed necessary with reference to previous loan loss experience of these companies.

**(6) Reserve for Retirement Allowance and Pension Plans**

The Bank has a reserve for retirement allowance and a pension plan in line with its employee retirement benefit plans. The reserve for retirement allowances is set aside for lump-sum payment on retirement on the basis of the amount which would be required if all eligible employees had voluntarily retired at the end of the fiscal year concerned. The Bank also adopted the Adjusted Pension Plan, which is a funded plan to adjust the government welfare pension fund.

Consolidated subsidiaries principally have funded pension plans for employees.

**(7) Reserve for Losses on Sales of Loans**

The reserve for losses on sales of loans is provided in an amount judged necessary based both on the collateral value of loans secured by real estate that are sold to Cooperative Credit Purchasing Company Ltd. or are liquidated, and on the Bank's assessment of the likelihood of future losses on sales of loans.

**(8) Reserve for Investment Losses**

The reserve for investment losses is provided in an amount judged necessary for possible investment losses.

### (9) Translation of Foreign Currencies

- (i) A revised accounting standard is being applied to the translation of the financial statements of all foreign subsidiaries into Japanese yen based on Directive 767 of the Ministry of Finance.
- (ii) Foreign currency accounts held by the Bank are translated into Japanese yen at the current exchange rate prevailing at the end of the fiscal year, except that 1) assets related to the capital subscription of foreign companies (excluding those funded by foreign currencies) and 2) certain special accounts, as approved by the Japanese regulatory authorities, are translated at the historical rates. Overseas branch's accounts are translated into Yen at the exchange rates prevailing at the end of the fiscal year. Foreign currency accounts held by the consolidated foreign subsidiaries are translated into the base currencies of the subsidiaries at the respective year-end exchange rates.

### (10) Lease Transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transactions.

6

### 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.

7

### Differences Between Japanese Accounting Principles and International Accounting Standards

The accompanying consolidated financial statements are in line with accounting principles and practices generally accepted in Japan. Such principles and practices generally conform with International Accounting Standards ("IAS"), except for cash flow information and certain other disclosures, including market value information required by IAS 30.

As described in Notes 2 and 3, the Bank consolidated all its significant subsidiaries and uses the equity method for its material non-consolidated subsidiaries.

8

### U.S. Dollar 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 ¥106.15 to \$1.00, the exchange rate prevailing at March 31, 2000.

9

### Others

Following a change in the Japanese Uniform Accounting Standards for Bank's rules, reserves for possible loan losses are no longer reported as liabilities but as deductible assets. As a result, total assets on a consolidated basis as of March 31, 2000 were ¥198,131 million lower than they would have been under the former reporting method.

10

### Risk Monitored Loans

#### Non-accrual loans

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
Loans to Companies Legally Bankrupted	¥ 48,628	¥ 40,364	\$ 458,108
Other Delinquent Loans	155,050	143,836	1,460,677
Loans Past Due 3 Months or More	24,949	23,409	235,041
Restructured Loans	129,213	107,674	1,217,269
Total	¥357,841	¥315,285	\$3,371,095

11

### Premises and Equipment

Fixed assets are depreciated on the declining balance method under the Uniform Accounting Standards for Banks. Premises and equipment as of March 31, 2000 are shown at cost less accumulated depreciation of ¥95,701 million (US\$901,570 thousand).

## Lease Transactions

## (a) Finance Lease Transactions

Finance lease transactions, except where the ownership of the leased asset is regarded as being transferred to the lessee

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Lessee Side</b>			
Amount Corresponding to the Purchased Prices of the Leased Asset	<b>¥288</b>	¥335	<b>\$2,717</b>
Amount Corresponding to Accumulated Depreciation	<b>179</b>	173	<b>1,688</b>
Amount Corresponding to Balance at Fiscal Year End	<b>¥109</b>	¥162	<b>\$1,029</b>

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
Amount Corresponding to Lease Payable (within 1 year)	<b>¥ 39</b>	¥ 49	<b>\$ 374</b>
Amount Corresponding to Lease Payable (over 1 year)	<b>69</b>	113	<b>655</b>
<b>Total</b>	<b>¥109</b>	¥162	<b>\$1,029</b>

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
Lease Fees Paid	<b>¥52</b>	¥52	<b>\$494</b>
Amount Corresponding to Depreciation	<b>52</b>	52	<b>494</b>

Note: The lease period is set at the useful lifetime of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Lessor Side</b>			
Amount Corresponding to Lease Receivable (within 1 year)	<b>¥ 9,736</b>	¥ 7,963	<b>\$ 91,721</b>
Amount Corresponding to Lease Receivable (over 1 year)	<b>22,827</b>	17,929	<b>215,051</b>
<b>Total</b>	<b>¥32,563</b>	¥25,893	<b>\$306,772</b>
Receipt of Leasing Fee	<b>¥ 9,607</b>	¥ 8,009	<b>\$ 90,506</b>

## (b) Operating Lease Transactions

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Lessee Side</b>			
Amount Corresponding to Lease Payable (within 1 year)	—	—	—
Amount Corresponding to Lease Payable (over 1 year)	—	—	—
<b>Total</b>	—	—	—

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Lessor Side</b>			
Amount Corresponding to Lease Receivable (within 1 year)	<b>¥75</b>	¥43	<b>\$709</b>
Amount Corresponding to Lease Receivable (over 1 year)	<b>8</b>	4	<b>77</b>
<b>Total</b>	<b>¥83</b>	¥47	<b>\$786</b>

**Capital Ratios**

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Tier I</b>			
Common Shareholders' Equity	¥ 316,295	¥ 301,402	\$ 2,979,699
<b>Total Tier I Capital</b>	<b>¥ 316,295</b>	<b>¥ 301,402</b>	<b>\$ 2,979,699</b>
<b>Tier II</b>			
Unrealized Valuation Gains on Securities, after 55% Discount	¥ 114	¥ 56	\$ 1,074
Premises Revaluation Account, after 55% Discount	10,229	10,229	96,364
Reserve for Possible Loan Losses	40,931	45,701	385,596
Others	109,200	111,800	1,028,733
<b>Total Tier II Capital</b>	<b>¥ 160,475</b>	<b>¥ 167,787</b>	<b>\$ 1,511,776</b>
<b>Total Capital</b>	<b>¥ 476,771</b>	<b>¥ 469,189</b>	<b>\$ 4,491,484</b>
<b>Total Risk-Adjusted Assets</b>	<b>¥4,911,955</b>	<b>¥5,080,406</b>	<b>\$46,273,716</b>
<b>Risk-Based Capital Ratio</b>	<b>9.70%</b>	<b>9.23%</b>	<b>9.70%</b>

**Tax Effect**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 8)
	2000	1999	2000
<b>Deferred Tax Assets:</b>			
Reserve for Possible Loan Losses	¥ 63,755	¥ 57,482	\$ 600,612
Reserve for Losses on Sales of Loans	12,555	8,200	118,276
Reserve for Retirement Allowance	3,854	3,517	36,307
Carried Forward Taxable Losses	17,280	47,349	162,789
Other	11,175	10,415	105,276
<b>Total Deferred Tax Assets</b>	<b>¥108,621</b>	<b>¥126,965</b>	<b>\$1,023,278</b>
<b>Deferred Tax Liabilities:</b>			
Devaluation of Securities	¥ (47)	¥ (4,388)	\$ (443)
Other	(0)	(25)	(0)
<b>Total Deferred Tax Liabilities</b>	<b>¥ (48)</b>	<b>¥ (4,414)</b>	<b>\$ (452)</b>
<b>Net Deferred Tax Assets (Liabilities)</b>	<b>¥108,573</b>	<b>¥122,551</b>	<b>\$1,022,826</b>



# Market Value of Securities

The Chiba Bank, Ltd. For the Year Ended March 31, 2000

(March 31, 2000)

Listed	Millions of Yen				
	Book Value	Market Value	Unrealized Gain/Loss		
			Gain	Loss	
<b>Securities:</b>					
Bonds	¥ 76,697	¥ 77,908	¥ 1,210	¥ 1,720	¥ 509
Stocks	200,420	263,802	63,381	87,932	24,551
Others	69,849	70,609	760	1,917	1,157
<b>Total</b>	<b>¥346,968</b>	<b>¥412,321</b>	<b>¥65,352</b>	<b>¥91,571</b>	<b>¥26,218</b>

- Notes: 1. Securities include Japanese national government bonds, Japanese local government bonds and corporate bonds.  
 2. The market values of listed securities are primarily calculated by using the closing prices on the Tokyo Stock Exchange.  
 3. Treasury stocks are included in Stocks. Unrealized gain/loss of the treasury stocks as of March 31, 2000 is under ¥1 million.  
 4. The table below covers the estimated market value of unlisted securities for which it is possible to evaluate a market value.

(March 31, 2000)

Unlisted	Millions of Yen				
	Book Value	Market Value	Unrealized Gain/Loss		
			Gain	Loss	
<b>Securities:</b>					
Bonds	¥354,122	¥358,414	¥4,292	¥4,667	¥ 375
Stocks	2,234	2,512	278	807	529
Others	6,087	6,007	(79)	39	118
<b>Total</b>	<b>¥362,444</b>	<b>¥366,935</b>	<b>¥4,490</b>	<b>¥5,514</b>	<b>¥1,023</b>

5. The market values of unlisted securities are calculated mainly from the following:  
 (i) Over-the-counter securities  
 Trading price table published by the Japan Securities Dealers Association  
 (ii) Publicly offered unlisted bonds  
 Securities bid-offer table published by the Japan Securities Dealers Association  
 (iii) Beneficiary certificates of securities investment trusts  
 Market prices announced by authorized fund management companies  
 6. Securities excluded from the above tables mainly consist of the following:

(March 31, 2000)

Unlisted	Millions of Yen
	Book Value
<b>Securities:</b>	
Bonds	¥183,066
Stocks	10,107
Others	151,563

# Report of Independent Certified Public Accountants (Consolidated)

---

To Mr. Tsuneo Hayakawa, President  
The Chiba Bank, Ltd.

We have examined the consolidated balance sheets of The Chiba Bank, Ltd. and its consolidated subsidiaries as of March 31, 2000 and 1999, and related consolidated statements of income and retained earnings for the years then ended, expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted in Japan, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements mentioned above present fairly the financial position of The Chiba Bank, Ltd. and its consolidated subsidiaries as of March 31, 2000 and 1999, and the results of their operations for the years then ended, in conformity with accounting principles generally accepted in Japan.

Amounts expressed in U.S. dollars have been translated on the basis stated in Note 8 of the Notes to Consolidated Financial Statements.

*Century Ota Showa & Co.*

Century Ota Showa & Co.  
Tokyo, Japan  
June 29, 2000

# Non-Consolidated Balance Sheets

The Chiba Bank, Ltd. As of March 31, 2000 and 1999

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
<b>ASSETS</b>			
Cash and Due from Banks.....	¥ 450,491	¥ 198,787	\$ 4,243,910
Call Loans and Bills Bought .....	122,723	—	1,156,128
Commercial Paper and Other Debt Purchased.....	60	52	571
Trading Assets (Note 5).....	110,696	186,654	1,042,831
Money Held in Trust.....	25,362	24,586	238,926
Securities (Note 6).....	1,055,838	920,486	9,946,669
Loans and Bills Discounted (Note 7) .....	5,619,200	5,746,782	52,936,415
Foreign Exchanges (Note 8) .....	2,834	3,446	26,705
Other Assets (Note 9).....	72,336	69,513	681,453
Premises and Equipment (Note 10).....	110,537	115,450	1,041,331
Deferred Tax Assets.....	108,765	122,049	1,024,643
Customers' Liabilities for Acceptances and Guarantees .....	168,460	187,117	1,587,007
Reserve for Possible Loan Losses.....	(174,519)	—	(1,644,084)
Reserve for Investment Losses.....	(7)	—	(66)
<b>Total Assets</b> .....	<b>¥7,672,781</b>	<b>¥7,574,927</b>	<b>\$72,282,440</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits (Note 11).....	¥6,680,950	¥6,505,990	\$62,938,766
Call Money and Bills Sold .....	54,930	1,888	517,482
Trading Liabilities (Note 12).....	5,271	4,433	49,661
Borrowed Money (Note 13).....	129,799	136,147	1,222,794
Foreign Exchanges (Note 14) .....	200	973	1,892
Convertible Bonds.....	29,985	—	282,478
Other Liabilities (Note 15) .....	231,267	229,545	2,178,690
Reserve for Possible Loan Losses.....	—	160,531	—
Reserve for Retirement Allowances .....	13,862	13,349	130,596
Reserve for Losses on Sales of Loans.....	30,401	19,711	286,402
Other Reserves .....	0	0	0
Deferred Tax Liabilities for Premises Revaluation .....	9,388	9,456	88,441
Acceptances and Guarantees .....	168,460	187,117	1,587,007
<b>Total Liabilities</b> .....	<b>¥7,354,518</b>	<b>¥7,269,144</b>	<b>\$69,284,210</b>
<b>Stockholders' Equity</b>			
Common Stock (Note 16) .....	¥ 106,888	¥ 106,881	\$ 1,006,958
Capital Surplus .....	84,047	84,040	791,782
Legal Reserve .....	49,641	48,852	467,652
Premises Revaluation Account.....	13,343	13,275	125,702
Voluntary Reserve .....	47,671	20,671	449,091
Retained Earnings .....	16,670	32,062	157,045
<b>Total Stockholders' Equity</b> .....	<b>318,262</b>	<b>305,782</b>	<b>2,998,230</b>
<b>Total Liabilities and Stockholders' Equity</b> .....	<b>¥7,672,781</b>	<b>¥7,574,927</b>	<b>\$72,282,440</b>

See notes to financial statements.

# Non-Consolidated Statements of Income and Retained Earnings

The Chiba Bank, Ltd. For the Years Ended March 31, 2000 and 1999

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
<b>Income</b>			
Interest Income: .....	¥ 179,350	¥ 192,543	\$1,689,594
Interest on Loans and Discounts .....	142,810	149,020	1,345,364
Interest and Dividends on Securities .....	23,854	26,312	224,727
Other Interest Income .....	12,685	17,210	119,502
Fees and Commissions.....	19,587	19,036	184,527
Trading Income (Note 17).....	401	1,223	3,786
Other Operating Income (Note 18).....	3,690	8,154	34,769
Other Income (Note 19).....	10,797	3,072	101,719
Transfer from Reserves.....	0	—	0
<b>Total Income</b> .....	<b>213,827</b>	<b>224,030</b>	<b>2,014,394</b>
<b>Expenses</b>			
Interest Expenses:.....	46,695	64,324	439,899
Interest on Deposits.....	25,546	39,685	240,666
Interest on Borrowings and Rediscounts.....	4,175	5,288	39,337
Other Interest Expenses.....	16,972	19,350	159,895
Fees and Commissions.....	6,920	6,858	65,194
Trading Expenses (Note 20) .....	331	470	3,122
Other Operating Expenses (Note 21).....	5,028	5,785	47,371
General and Administrative Expenses .....	81,706	84,150	769,728
Other Expenses (Note 22) .....	43,444	152,329	409,275
<b>Total Expenses</b> .....	<b>184,126</b>	<b>313,918</b>	<b>1,734,589</b>
Income (Loss) Before Income Taxes .....	29,701	(89,887)	279,805
Provision for Income Taxes.....	131	123	1,238
Adjustment to Income Taxes and Others .....	13,283	(37,235)	125,143
<b>Net Income (Loss)</b> .....	<b>16,285</b>	<b>(52,775)</b>	<b>153,424</b>
<b>Retained Earnings</b>			
Balance at the Beginning of the Year .....	32,062	(121,732)	302,051
Voluntary Reserve.....	—	126,434	—
Net Income (Loss).....	16,285	(52,775)	153,424
Prior Year Adjustment to Income Taxes and Others .....	—	84,814	—
Deductions:			
Transfer to Legal Reserve .....	788	788	7,432
Dividends.....	3,889	3,889	36,640
Transfer to Voluntary Reserve.....	27,000	—	254,357
<b>Balance at the End of the Year</b> .....	<b>¥ 16,670</b>	<b>¥ 32,062</b>	<b>\$ 157,045</b>
<b>Per Share of Common Stock</b>			
	Yen (Note 1)		U.S. Dollars (Note 4)
Net Income (Loss).....	¥20.93	¥(67.84)	\$0.20

See notes to financial statements.

# Notes to Non-Consolidated Financial Statements

The Chiba Bank, Ltd. For the Years Ended March 31, 2000 and 1999

## 1 Basis of Presentation

The financial statements of The Chiba Bank, Ltd. (the "Bank"), have been compiled from the financial statements prepared in accordance with generally accepted accounting principles in Japan, together with the independent auditors' opinion thereon, and filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. For the convenience of non-Japanese readers of this document, the presentation has been modified in certain respects.

In accordance with the Banking Law of Japan, and the Uniform Accounting Standards for Banks in Japan promulgated by the Ministry of Finance of Japan, the Yen amounts are presented in millions of Yen by rounding down figures below one million. As a result, the totals in Yen in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

## 2 Significant Accounting Policies

Refer to Notes to Consolidated Financial Statements.

## 3 U.S. Dollar 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 ¥106.15 to \$1.00, the exchange rate prevailing at March 31, 2000.

## 4 Others

Following a change in the Japanese Uniform Accounting Standards for Bank's rules, reserves for possible loan losses are no longer reported as liabilities but as deductible assets. As a result, total assets on a non-consolidated basis as of March 31, 2000 were ¥174,519 million lower than they would have been under the former reporting method.

## 5 Trading Assets

Trading assets as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Trading Account Securities	¥ 2,197	¥ 1,878	\$ 20,705
Derivatives of Trading Account Securities	16	—	159
Derivatives	2,991	4,278	28,177
Other Trading Assets	105,490	180,497	993,790
Total	¥110,696	¥186,654	\$1,042,831

## 6 Securities

Securities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Japanese National Government Bonds	¥ 353,904	¥190,997	\$3,333,999
Japanese Local Government Bonds	75,546	68,122	711,696
Japanese Corporate Bonds and Financial Debentures	184,436	205,103	1,737,510
Japanese Corporate Stocks	213,378	214,999	2,010,162
Other Securities	228,572	241,262	2,153,301
Total	¥1,055,838	¥920,486	\$9,946,669

## 7 Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Bills Discounted	¥ 93,402	¥ 98,050	\$ 879,910
Loans on Bills	548,555	607,323	5,167,740
Loans on Deeds	4,229,455	4,156,551	39,844,141
Overdrafts	747,786	884,857	7,044,623
Total	¥5,619,200	¥5,746,782	\$52,936,415

## (b) Non-accrual loans

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Loans to Companies Legally Bankrupted	¥ 30,040	¥ 23,185	\$ 282,996
Other Delinquent Loans	156,317	136,012	1,472,605
Loans Past Due 3 Months or More	24,640	22,650	232,124
Restructured Loans	128,310	106,723	1,208,761
Total	¥339,308	¥288,572	\$3,196,496

8

**Foreign Exchange Assets**

Foreign exchange assets as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Due from Foreign Correspondents	¥1,005	¥ 930	\$ 9,474
Foreign Bills of Exchange Bought	724	336	6,823
Foreign Bills of Exchange Receivable	1,104	2,179	10,408
Total	¥2,834	¥3,446	\$26,705

9

**Other Assets**

Other assets as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Domestic Exchange Settlement	¥ 2,155	¥ 3,669	\$ 20,305
Accrued Income	17,334	17,806	163,301
Prepaid Expenses	523	677	4,931
Others	52,323	47,361	492,916
Total	¥72,336	¥69,513	\$681,453

10

**Premises and Equipment**

Fixed assets are depreciated on the declining balance method under the Uniform Accounting Standards for Banks. Premises and equipment as of March 31, 2000 are shown at cost less accumulated depreciation of ¥90,410 million (US\$851,724 thousand).

11

**Deposits**

An analysis of deposits as of March 31, 2000 and 1999 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Current Deposits	¥ 166,720	¥ 178,855	\$ 1,570,612
Ordinary Deposits	2,028,279	1,784,524	19,107,670
Savings Deposits	525,879	495,142	4,954,117
Deposits at Notice	42,734	48,219	402,590
Time Deposits	3,715,174	3,792,129	34,999,290
Other Deposits	130,839	103,448	1,232,586
Sub Total	6,609,627	6,402,320	62,266,865
Negotiable Certificates of Deposit	71,322	103,670	671,901
Total	¥6,680,950	¥6,505,990	\$62,938,766

12

**Trading Liabilities**

Trading liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Trading Account Securities Sold, Not Yet Purchased	¥2,155	¥ —	\$20,305
Derivatives of Trading Account Securities	26	—	248
Derivatives of Trading Securities	2	—	20
Derivatives	3,087	4,433	29,088
Total	¥5,271	¥4,433	\$49,661

13

**Borrowed Money**

Borrowed money as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Borrowings from The Bank of Japan and Other Financial Institutions	¥129,799	¥136,147	\$1,222,794
Total	¥129,799	¥136,147	\$1,222,794

14

**Foreign Exchange Liabilities**

Foreign exchange liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Due from Foreign Banks	¥ 0	¥ 0	\$ 5
Foreign Bills Sold	200	967	1,855
Foreign Bills of Exchange Payable	0	5	2
Total	¥200	¥973	\$1,892

15

**Other Liabilities**

Other liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Domestic Exchange Settlement	¥ 830	¥ 883	\$ 7,827
Accrued Expenses	29,666	31,707	279,477
Unearned Income	4,293	4,402	40,446
Accrued Income Taxes	94	94	888
Others	196,382	192,459	1,850,052
Total	¥231,267	¥229,545	\$2,178,690

16

**Common Stock**

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2000. The number of shares in issue as of March 31, 2000 and 1999 was as follows.

	Number of Shares	
	2000	1999
Shares in Issue	777,911,094	777,879,651

17

**Trading Income**

The composition of trading income for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Gains on Sales of Trading Account Securities	¥ —	¥ 141	\$ —
Gain on Derivatives	132	—	1,247
Other Trading Income	269	1,082	2,539
Total	¥401	¥1,223	\$3,786

18

**Other Operating Income**

The composition of other operating income for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Gains on Foreign Exchange Transactions	¥ 926	¥1,356	\$ 8,732
Gains on Sales of Bonds	2,692	6,319	25,363
Gains on Redemption of Bonds	67	476	638
Others	3	1	36
Total	¥3,690	¥8,154	\$34,769

19

**Other Income**

The composition of other income for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Gains on Sales of Stocks and Other Securities	¥ 8,273	¥ 292	\$ 77,941
Gains on Money Held in Trust	30	19	290
Others	2,493	2,760	23,487
Total	¥10,797	¥3,072	\$101,719

20

**Trading Expenses**

The composition of trading expenses for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Expenses on Trading Account Securities	¥290	¥ 37	\$2,732
Expenses on Trading Securities	41	—	390
Expenses on Derivatives	—	432	—
Total	¥331	¥470	\$3,122

21

**Other Operating Expenses**

The composition of other operating expenses for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Losses on Sales of Bonds	¥1,827	¥3,236	\$17,212
Losses on Redemption of Bonds	3,199	2,548	30,140
Others	2	—	19
Total	¥5,028	¥5,785	\$47,371

22

**Other Expenses**

The composition of other expenses for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
Provision for Possible Loan Losses	¥23,260	¥ 93,126	\$219,128
Write-off of Claims	57	117	546
Losses on Sales of Stock and Other Securities	83	3,953	786
Losses on Devaluation of Stocks and Other Securities	2,908	7,078	27,400
Losses on Money Held in Trust	35	783	336
Others	17,098	47,269	161,078
Total	¥43,444	¥152,329	\$409,275

Others include the following for the year ended March 31, 2000:

- 1) Provision for losses on sales of loans: ¥11,647 million
- 2) Additional contribution to pension fund: ¥3,664 million



## Lease Transactions

## Finance Lease Transactions

Finance lease transactions, except where the ownership of the leased asset is regarded as being transferred to the lessee

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
<b>Lessee Side</b>			
Amount Corresponding to the Purchased Prices of the Leased Asset	<b>¥2,673</b>	¥2,987	<b>\$25,186</b>
Amount Corresponding to Accumulated Depreciation	<b>2,201</b>	2,058	<b>20,740</b>
Amount Corresponding to Balance at Fiscal Year End	<b>¥ 471</b>	¥ 929	<b>\$ 4,446</b>
<b>Lessors Side</b>			
Millions of Yen			
	2000	1999	2000
Amount Corresponding to Lease Payable (within 1 year)	<b>¥287</b>	¥457	<b>\$2,708</b>
Amount Corresponding to Lease Payable (over 1 year)	<b>184</b>	471	<b>1,739</b>
Total	<b>¥471</b>	¥929	<b>\$4,446</b>
<b>Lease Fees Paid</b>			
Millions of Yen			
	2000	1999	2000
Lease Fees Paid	<b>¥458</b>	¥516	<b>\$4,315</b>
Amount Corresponding to Depreciation	<b>458</b>	516	<b>4,315</b>

Note: The lease period is set at the useful lifetime of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.

## Capital Ratios

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
<b>Tier I</b>			
Common Shareholder's Equity	<b>¥ 302,933</b>	¥ 290,559	<b>\$ 2,853,820</b>
Total Tier I Capital	<b>¥ 302,933</b>	¥ 290,559	<b>\$ 2,853,820</b>
<b>Tier II</b>			
Premises Revaluation Account, after 55% Discount	<b>10,229</b>	10,229	<b>96,364</b>
Reserve for Possible Loan Losses	<b>40,357</b>	43,727	<b>380,188</b>
Others	<b>109,200</b>	111,800	<b>1,028,733</b>
Total Tier II Capital	<b>¥ 159,786</b>	¥ 165,756	<b>\$ 1,505,285</b>
Total Capital	<b>¥ 462,720</b>	¥ 456,316	<b>\$ 4,359,114</b>
Total Risk-Adjusted Assets	<b>¥4,853,091</b>	¥5,020,754	<b>\$45,719,180</b>
Risk-Based Capital Ratio	<b>9.53%</b>	9.08%	<b>9.53%</b>

## Tax Effect

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2000	1999	2000
<b>Deferred Tax Assets:</b>			
Reserve for Possible Loan Losses	<b>¥ 63,773</b>	¥ 57,720	<b>\$ 600,782</b>
Reserve for Losses on Sales of Loans	<b>12,555</b>	8,200	<b>118,276</b>
Reserve for Retirement Allowance	<b>3,835</b>	3,498	<b>36,128</b>
Carried Forward Taxable Losses	<b>16,904</b>	46,185	<b>159,246</b>
Other	<b>11,696</b>	10,835	<b>110,184</b>
Total Deferred Tax Assets	<b>¥108,766</b>	¥126,439	<b>\$1,024,644</b>
<b>Deferred Tax Liabilities:</b>			
Devaluation of Securities	<b>¥ —</b>	¥ (4,388)	<b>\$ —</b>
Other	<b>(0)</b>	(0)	<b>(0)</b>
Total Deferred Tax Liabilities	<b>¥ (0)</b>	¥ (4,389)	<b>\$ (0)</b>
Net Deferred Tax Assets (Liabilities)	<b>¥108,765</b>	¥122,049	<b>\$1,024,635</b>

# Report of Independent Certified Public Accountants (Non-Consolidated)

---

To Mr. Tsuneo Hayakawa, President  
The Chiba Bank, Ltd.

We have examined the non-consolidated balance sheets of The Chiba Bank, Ltd. as of March 31, 2000 and 1999, and the related non-consolidated statements of income and retained earnings for the years then ended, expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted in Japan, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements mentioned above present fairly the financial position of The Chiba Bank, Ltd. as of March 31, 2000 and 1999, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in Japan.

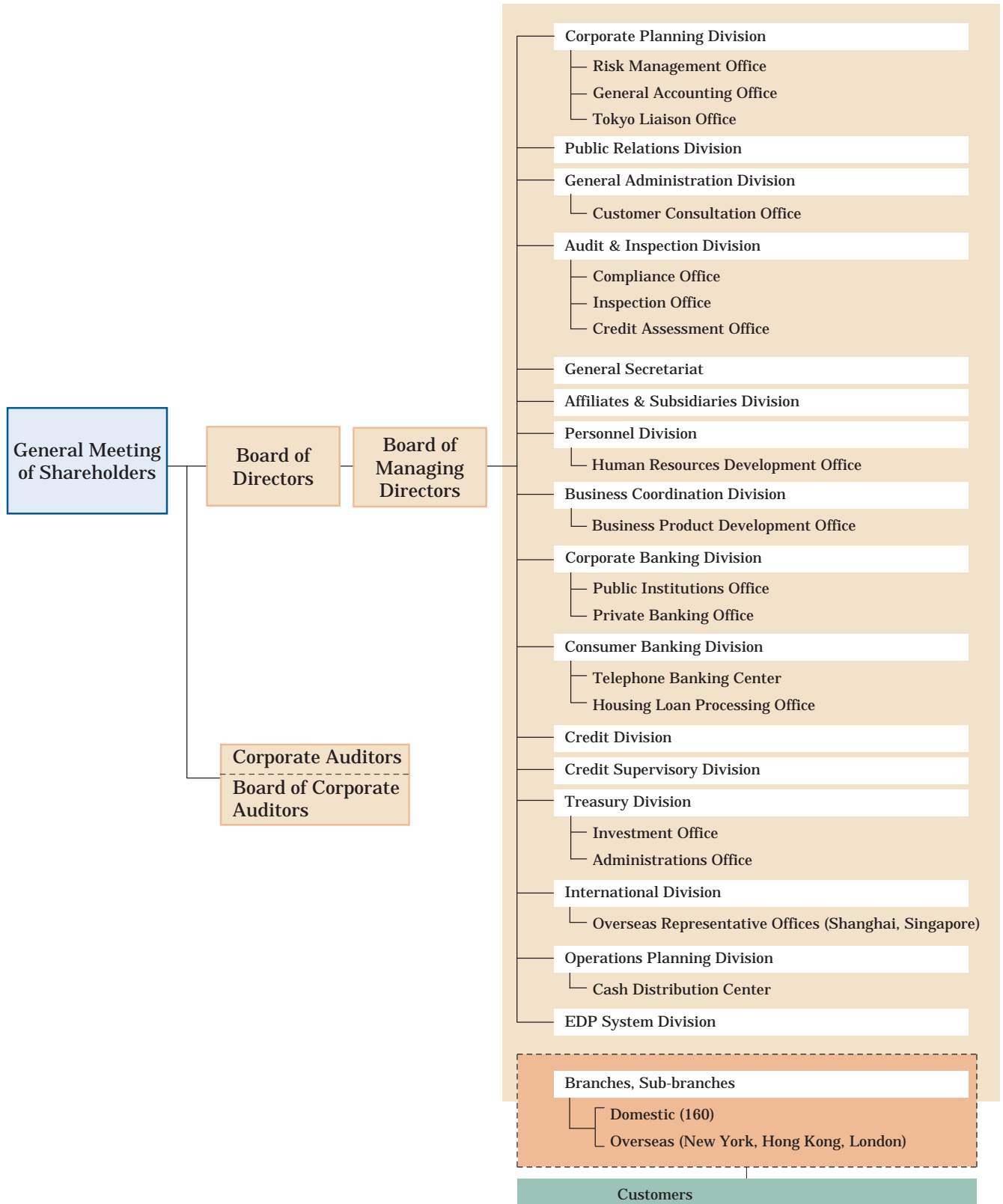
Amounts expressed in U.S. dollars have been translated on the basis stated in Note 3 of the Notes to Non-Consolidated Financial Statements.

*Century Ota Showa & Co.*

Century Ota Showa & Co.  
Tokyo, Japan  
June 29, 2000

# Organization

As of June 30, 2000



# Board of Directors

As of June 30, 2000

## Chairman

Takashi Tamaki

## President

Tsuneo Hayakawa

## Deputy Presidents

Jiro Ishikawa  
Toshiaki Ishii

## Senior Managing Director

Yoshinori Ichihara

## Managing Directors

Tadashi Takeyama  
Tetsuo Suzuki  
Tetsuhiro Kashima

## Directors

Minoru Shingyouchi  
Masahiro Maki  
Nobuyoshi Imai  
Tsutomu Nishikawa  
Hiroshi Nishikawa  
Mitsuyoshi Doi

Tetsuo Oiwa

Kenji Iwase  
Nobuhisa Yashiro  
Kenji Yasui

## Corporate Auditors

Hiroshi Satoh (Standing)  
Shingo Hono (Standing)  
Tomoaki Hayashi  
Kanro Iwai  
Hiroshi Sakuma

## Affiliates at a Glance

As of July 3, 2000

### Sobu Co., Ltd.

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

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

Established: Sept. 7, 1959  
Capital: ¥20 million  
Equity Ownership  
By Chiba Bank: 100%

### Chibagin Cash Business Co., Ltd.

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

*Principal Business: Cash and securities examinations fee collection services*

Established: March 15, 1983  
Capital: ¥20 million  
Equity Ownership  
By Chiba Bank: 100%

### Chibagin Staff Service Co., Ltd.

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

*Principal Business: Temporary staff services*

Established: Dec. 22, 1989  
Capital: ¥20 million  
Equity Ownership  
By Chiba Bank: 100%

### Chibagin Business Service Co., Ltd.

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

*Principal Business: Intensive back-office processing*

Established: March 25, 1993  
Capital: ¥20 million  
Equity Ownership  
By Chiba Bank: 100%

### Chibagin General Management Co., Ltd.

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

*Principal Business: Retention and liquidation of auctioned real estate collateral on the Chiba Bank loans, etc.*

Established: June 29, 1995  
Capital: ¥450 million  
Equity Ownership  
By Chiba Bank: 100%

### Chibagin Loan Business Support Co., Ltd.

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

*Principal Business: Survey and evaluation of collateral real estate*

Established: July 1, 1999  
Capital: ¥20 million  
Equity Ownership  
By Chiba Bank: 100%

### Chibagin Guarantee Co., Ltd.

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

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

Established: May 1, 1978  
Capital: ¥50 million  
Equity Ownership  
By Chiba Bank: 49%  
By its subsidiaries: 41%

### Chibagin JCB Card Co., Ltd.

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

*Principal Business: Credit card business*

Established: Nov. 1, 1982  
Capital: ¥50 million  
Equity Ownership  
By Chiba Bank: 40%  
By its subsidiaries: 30%

### Chibagin Capital Co., Ltd.

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

*Principal Business: Consulting services concerned with the expansion of shareholders' equity, public issues, stock-exchange listing, etc.*

Established: May 29, 1984  
Capital: ¥100 million  
Equity Ownership  
By Chiba Bank: 30%  
By its subsidiaries: 30%

### Chibagin Asset Management Co., Ltd.

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

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

Established: March 31, 1986  
Capital: ¥200 million  
Equity Ownership  
By Chiba Bank: 35%  
By its subsidiaries: 45%

### Chibagin Lease Co., Ltd.

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

*Principal Business: Leasing, loans*

Established: Dec. 15, 1986  
Capital: ¥100 million  
Equity Ownership  
By Chiba Bank: 5%  
By its subsidiaries: 50%

### Chibagin Factor Co., Ltd.

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

*Principal Business: Claims purchasing, fee collection services, credit guarantees*

Established: Feb. 3, 1989  
Capital: ¥50 million  
Equity Ownership  
By Chiba Bank: 5%  
By its subsidiaries: 75%

### Chibagin DC Card Co., Ltd.

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

*Principal Business: Credit card business*

Established: Feb. 16, 1989  
Capital: ¥50 million  
Equity Ownership  
By Chiba Bank: 30%  
By its subsidiaries: 65%

### Chibagin Research Institute, Ltd.

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

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

Established: Feb. 28, 1990  
Capital: ¥150 million  
Equity Ownership  
By Chiba Bank: 5%  
By its subsidiaries: 70%

### Chibagin Computer Service Co., Ltd.

992-6, Shiinazaki-cho, Midori-ku,  
Chiba City, Chiba 266-0016

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

Established: April 1, 1980  
Capital: ¥150 million  
Equity Ownership  
By Chiba Bank: 12%  
By its subsidiaries: 54%

### Chuo Securities Co., Ltd.

8-1, Nihombashi-ningyo-cho,  
3-chome, Chuo-ku, Tokyo 103-0013

*Principal Business: Securities business*

Established: March 27, 1944  
Capital: ¥4,374 million  
Equity Ownership  
By Chiba Bank: 41.28%  
By its subsidiaries: 7.02%

### Chiba International Ltd.

Atlas House, 1 King Street,  
London EC2V 8AU, U.K.

*Principal Business: Securities underwriting, sales and investments*

Established: March 2, 1992  
Capital: £6 million  
Equity Ownership  
By Chiba Bank: 100%

### Chiba Capital Funding (Cayman) Ltd.

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

*Principal Business: Finance*

Established: January 13, 1998  
Capital: US\$1,000  
Equity Ownership  
By Chiba Bank: 100%

# Corporate Data

As of March 31, 2000

## Head Office

1-2, Chiba-minato, Chuo-ku,  
Chiba City, Chiba 260-8720, Japan  
Telephone: (043) 245-1111  
Internet URL Address: <http://www.chibabank.co.jp/>

## International Division

5-3, Nihombashi Muromachi 1-chome,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: (03) 3270-8351 Fax: (03) 3242-1735/1736  
Telex: J26666  
Cable Address: CHIBABK  
SWIFT Address: CHBA JPJT

## Treasury Division

5-3, Nihombashi Muromachi 1-chome,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: (03) 3270-8351 Fax: (03) 3246-0278  
Telex: J23671  
Cable Address: CHIBABK  
SWIFT Address: CHBA JPJT

**Number of Employees:** 4,569

**Auditor:** Century Ota Showa & Co.

## New York Branch

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

## Hong Kong Branch

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

## London Branch

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

## Shanghai Representative Office

Room 707, Shanghai International Trade Center,  
2200 Yan-An Road (West), Shanghai, P.R.C. 200335  
Telephone: 86-21-62780482 Fax: 86-21-62780422

## Singapore Representative Office

20 Collyer Quay #08-03 Tung Centre, Singapore 049319  
Telephone: 65-4385400 Fax: 65-4382511

## Chiba International Ltd.

Atlas House, 1 King Street, London EC2V 8AU, U.K.  
Telephone: 44-20-7315-3115 Fax: 44-20-7315-3113  
Telex: 8813162 CHIBAI G

## Chiba Capital Funding (Cayman) Ltd.

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

## Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings at March 31, 2000 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
The Bank of Tokyo-Mitsubishi, Ltd.	38,893	4.99
The Sanwa Bank, Limited	38,893	4.99
Nippon Life Insurance Company	30,670	3.94
Nippon Fire & Marine Insurance Co., Ltd.	28,905	3.71
Daiichi Life Insurance Company	25,678	3.30
The Sumitomo Trust & Banking Co., Ltd. (Trust Account)	24,577	3.15
Sumitomo Life Insurance Company	21,294	2.73
Meiji Life Insurance Company	19,079	2.45
Chiba Bank Employees' Shareholding Association	15,068	1.93
The Industrial Bank of Japan, Limited	13,038	1.67

\*Rounded off to the nearest thousand

\*\*Rounded off at two decimal places

**THE CHIBA BANK, LTD.**

1-2, Chiba-minato, Chuo-ku, Chiba City, Chiba 260-8720, Japan Telephone: (043) 245-1111  
<http://www.chibabank.co.jp/>