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### ◀ Meeting the Challenge in One Hundred Weeks

Chiba Bank is the dominant bank and cornerstone of private economic development in Chiba Prefecture, which is home to Narita International Airport and Japan's busiest seaport. Chiba Bank has pledged to transform itself within one hundred weeks into a banking group focused on high-value consumer services characterized by speed of execution, innovation and high earning power.

THE CHIBA BANK, LTD. ANNUAL REPORT 2004

Year ended March 31, 2004

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

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### Forward-Looking Statements

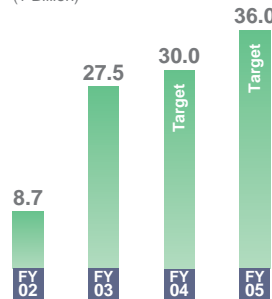
This annual report contains forward-looking statements concerning Chiba Bank's future plans, strategies and performance. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the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

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

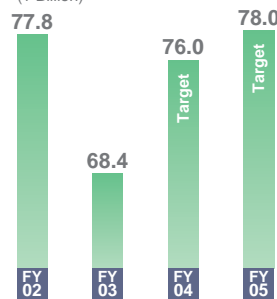
# Meeting the Challenge in One-Hundred Weeks—Progress of the Medium-Term Plan

Now 52 weeks into its goal, the Bank notes most key results are either already met or ahead of schedule, as shown by the graphs below.

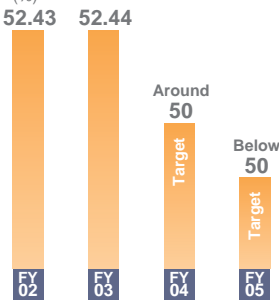
**Consolidated Net Income**  
(¥ Billion)



**Net Business Income**  
(¥ Billion)

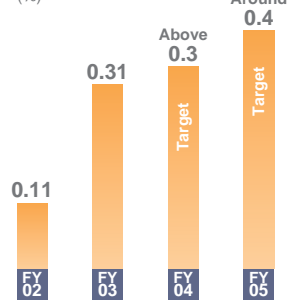


**Overhead Ratio**  
(%)

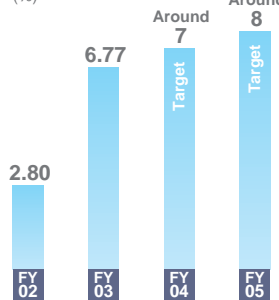


The lower figure indicates better efficiency.

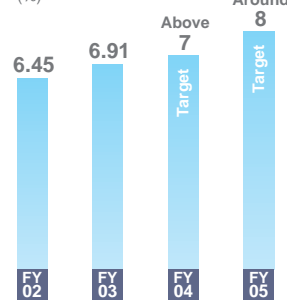
**ROA (Net income basis)**  
(%)



**ROE (Net income basis)**  
(%)



**Tier 1 Ratio**  
(%)



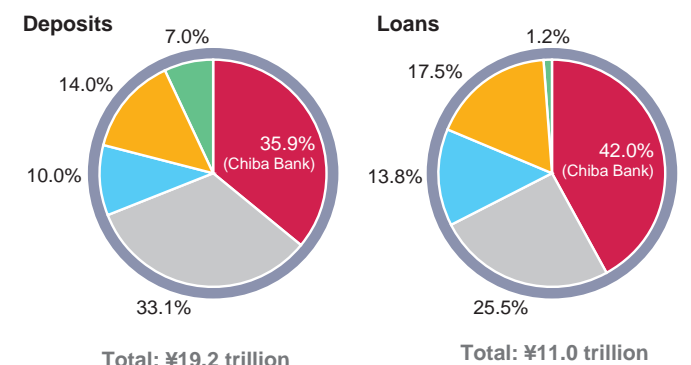
# Chiba Bank Profile

Chiba Bank is the dominant bank in Chiba Prefecture, which is adjacent to Tokyo and home of Narita Airport and Japan's busiest seaport.

To serve the needs of the 6 million-plus population, the Bank operates 157 domestic branches, including 148 in Chiba Prefecture, the region's largest network. In addition, Chiba Bank has 1,531 ATMs in the prefecture. Overseas, the Bank maintains branches in New York, Hong Kong and London and a representative office in Shanghai.

On March 31, 2004, the Bank held deposits of ¥7,365.9 billion and loans and bills discounted totaling ¥5,678.1 billion. Chiba Bank, popularly known to its customers as "Chibagin," focuses its investment, training and operations on a renewed drive to enhance retail banking business by expanding beyond traditional services and channels. Chiba Bank remains the cornerstone of economic development in its region.

**Business Share of Banks Operating in Chiba**  
(As of March 31, 2003)



Legend: Chiba Bank (Red), City Banks (Grey), Regional Banks (excluding Chiba Bank) (Blue), Second-tier Regional Banks (Yellow), Trust Banks, etc. (Green)

Source: MONTHLY KINYU JOURNAL  
Special Issue, December 2003

## Medium-term Management Plan “100 Weeks of Innovation and Speed”



Targets	Consolidated Net Income	Net Business Income	Overhead Ratio (OHR)	Return on Assets (ROA)	Return on Equity (ROE)	Tier I Ratio
<b>FY 2004</b>	¥30 billion	¥76 billion	Around 50%	Above 0.3%	Around 7%	Above 7%
<b>FY 2005</b>	¥36 billion	¥78 billion	Below 50%	Around 0.4%	Around 8%	Around 8%

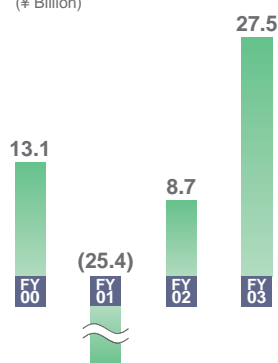
\* Projections for FY 2005 are shown, as the activities in FY 2004 will be reflected in the financial results of FY 2005, although “100 Weeks of Innovation and Speed” is for FY 2003 and FY 2004.

Chiba Bank has launched its medium-term management plan, for the period started from April 2003 to March 2005, entitled “100 Weeks of Innovation and Speed,” that directly addresses the severe business environment and other issues currently facing banks and seeks to exploit it as a positive opportunity for growth. The key phrase of the plan is “Best Practice of Bank Management.” This concept guides the Bank’s active transformation into a financial services group highly regarded by all stakeholders, which has both financial flexibility and high earnings power. The plan lays out changes in the management system and aims to steadily expand earnings power by concentrating management resources on retail business, which has the best prospects for high growth. The Bank will demonstrate “high creativity” and “speed” throughout its operations.

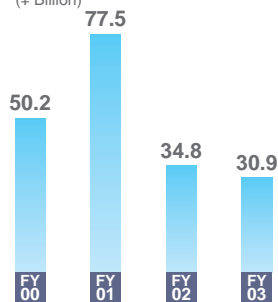
In addition, the Bank is reviewing the fundamental framework of its decision-making and operational processes and reforming its management structure, headquarters organization and personnel system to ensure a continuous expansion in its business.

## Message from the President

### Consolidated Net Income (¥ Billion)



### Credit Cost (¥ Billion)



I would like to take this opportunity to express my sincere gratitude to our customers and shareholders for their continuing support.

Looking at the current state of Japanese financial institutions and the recent tough competitive environment they have faced, there are winners that are emerging through adapting to the constantly evolving force of information technology and the process of deregulation. In the aftermath of the financial crisis which dealt with the problem of non-performing loans, the primary focus is now shifting towards the means of establishing new financial functions and facilities.

Chiba Bank views this development as a positive factor for growth and will adopt various measures with “high creativity” and “speed,” both key factors in our medium-term management plan. At the same time we will seek to underline our goal of improving customer satisfaction and provide our clients with high quality products and services, quickly and efficiently.

In April 2003, Chiba Bank implemented a new medium-term management plan—“100 Weeks of Innovation and Speed.” The aim of the plan is to increase our profitability, strengthen our corporate governance and reform our organizational structure. We are making, and will continue to make, every effort to achieve all aspects of the plan before its conclusion in March 2005.

### Improving Profitability through the Medium-term Management Plan— “100 Weeks of Innovation and Speed”

Chiba Bank has been taking measures to increase profit by concentrating management resources on its consumer banking business and improving economic value added for clients through our corporate banking business. Steady progress has been made in this area.



Tadashi Takeyama, President

In consumer banking business, and in particular the residential mortgage area—which is a key element in our drive for increased profits—Chiba Bank has been increasing the number of its “loan centers” and “loan plazas” in order that we can offer a more personal service and speak to our customers face-to-face. The response has been encouraging.

Chiba Bank also provides a wide variety of investment trusts and personal annuities in response to the growing diversity of our customers’ investment needs.

In corporate banking business, Chiba Bank aims to deliver solutions to our customers’ financing needs through a broad range of products and services. Meanwhile, the Bank has established “Regional Corporate Banking Departments” specializing in corporate banking business and has assigned skilled staff to key areas for development of business with new corporate customers.

### The Pursuit of Higher Efficiency

Chiba Bank has been conducting a program to improve profitability and lower the operational cost base. Efficiency gains have enabled the Bank to trim expenses and staff numbers and have reduced the overhead ratio to 52.4% in fiscal year 2003. It is now one of the most efficient regional banks in Japan.

### Maintaining and Improving Sound Financial Status

As a regional financial institution, Chiba Bank has been supporting management improvement by enhancing its relationship-banking functions. The balance of its non-performing loans has been drastically reduced following the upgrades in borrower classification resulting from the Bank’s efforts to improve its customers’ management, such as offering tailored financial restructuring proposals.

At the same time, the decline in credit costs and write-offs of impairment losses on investment securities have boosted ordinary profit and net income. Financial stability has been further improved as the non-consolidated capital ratio (BIS guidelines) and Tier 1 ratio have reached 10.8% and 6.9%, respectively.

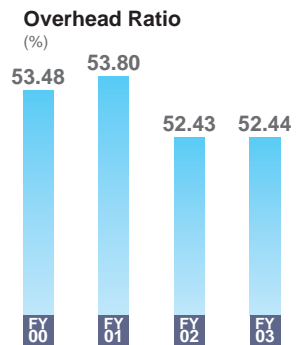
Chiba Bank is striving to be a fully integrated regional financial services group of the highest quality, a leading regional bank with profitability, efficiency and soundness, that is credible and appreciated by shareholders, investors and customers alike. As President, I am ready to take all measures to maximize our corporate value and meet the expectations of the customers and shareholders.

We look forward to your continued support.

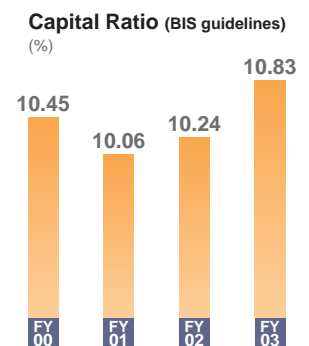
June 29, 2004

*Tadashi Takeyama*

Tadashi Takeyama, President



The lower figure indicates better efficiency.





## Business Base

Chiba Prefecture lies adjacent to Tokyo, and as a part of the capital's greater metropolitan area, is a region of high growth potential.

As countless commuters settle in the region, Chiba's population continues to grow as well, and today the prefecture ranks as the sixth most populated in Japan, with over six million residents. With the Keiyo Industrial Area anchoring the manufacturing heart of the prefecture, Chiba has a ¥19 trillion gross prefectural product, the eighth largest in Japan and roughly equal to that of Denmark.

Narita International Airport in Chiba is Japan's leading passenger and air cargo hub.



### Chiba Prefecture

Chiba is also home to Narita International Airport, which is among the world's largest airports, both in number of travelers and freight handled. The Port of Chiba is also one of Japan's largest commercial seaports. Serving the main traffic and shipping lanes between Japan and

the rest of the world, Chiba's transit facilities are of increasing importance to the country.

One of Japan's largest convention centers, Makuhari Messe, is likewise located in Chiba, and adds yet another strong attractiveness for business. Global retailers like Carrefour SA of France and Costco Corporation of the U.S. opened stores in Chiba before opening elsewhere, and commercial development in the prefecture continues at a steady pace.

Along with such remarkable economic growth, Chiba is also a leisure destination, as it has Japan's largest theme park, visited by over 25 million people each year, and the natural beauty of the Boso Peninsula attracts people inside and outside of Chiba. With its wealth of tourism resources, Chiba is promoting the tourist industry and setting sights on becoming a "Prefecture of Tourism."

With the completion of the Tsukuba Express (scheduled to open in 2004), the New Narita High Speed Railway (scheduled to start in 2010), the Chiba City Bayshore Redevelopment Plan and other projects, Chiba's economy is expected to remain on a strong growth trajectory.

### Chiba Prefecture: Principal Data

	Population	Area	Prefectural Income	Balance of Deposits	Balance of Loans
Chiba Prefecture	6 million	5,156 km <sup>2</sup>	¥18.0 trillion	¥19.2 trillion	¥11.0 trillion

### Domestic Branch Network

(As of March 31, 2004)



#### Extensive Branch Network

As of July 2004, Chiba Bank had 157 bank locations in Japan and three overseas, as well as one overseas representative office. The Bank has 148 bank locations in Chiba Prefecture—a banking network completely outnumbering the competitors—through which it provides financial products and services to its customers.

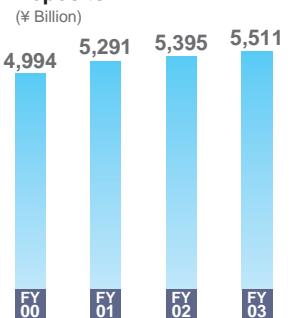
#### Off-branch ATMs

In addition to 251 off-branch ATMs, Chiba Bank has tie-ups allowing its customers to use cash cards at E-net convenience store ATMs and IY Bank ATMs, adding up to over 1,000 ATM cash points in Chiba Prefecture, and approximately 13,000 nationwide.

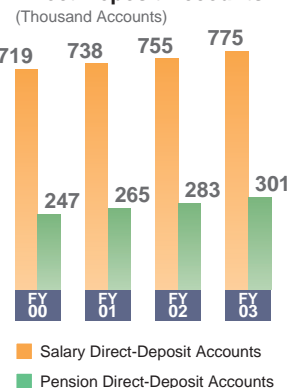
#### Expansion of Consumer Banking Operations

Chiba Bank's core strength is in its consumer banking business base, which now includes approximately one million households in the prefecture with their main account at the Bank. In addition to the strong franchise value derived from its dense network of locations within the prefecture, the Bank is building its customer base by enlisting new employees for new accounts, and offering seminars on pension and annuity planning. These measures have resulted in a growing number of customer accounts set up for automatic direct deposit of salaries and pension/annuity payments.

#### Growth of Personal Deposits



#### Salary Direct-Deposit Accounts and Pension Direct-Deposit Accounts



Makuhari Messe, Japan's premier convention center and home to the Tokyo Motor Show.

## Expansion of Retail Operations

One of Chiba Bank's top priorities is increasing income from its consumer banking business. With a population of six million and further population growth expected, Chiba Prefecture's consumer banking market provides sound reasoning for a shift in the Bank's resources to services targeting individual financial needs. With greater focus on this segment, stronger sales of housing loans and investment instruments are already being realized.

Chiba Bank's Loan Plazas increase convenience for consumers.



### Housing Loans

Ranked sixth in Japan for the number of residential housing starts, Chiba Prefecture offers an excellent market for housing loans. Consequently, the Bank is putting its resources, including additional personnel, into sales operations in this market segment.

In addition to the full utilization of its very extensive bank location network, special sales channels in prominent locations around the prefecture have been set up to promote the Bank's housing loan programs.

### New Loan Sales Channels

In order to promote its loan business, Chiba Bank has established two new channels, "Loan Centers" and "Loan Plazas."

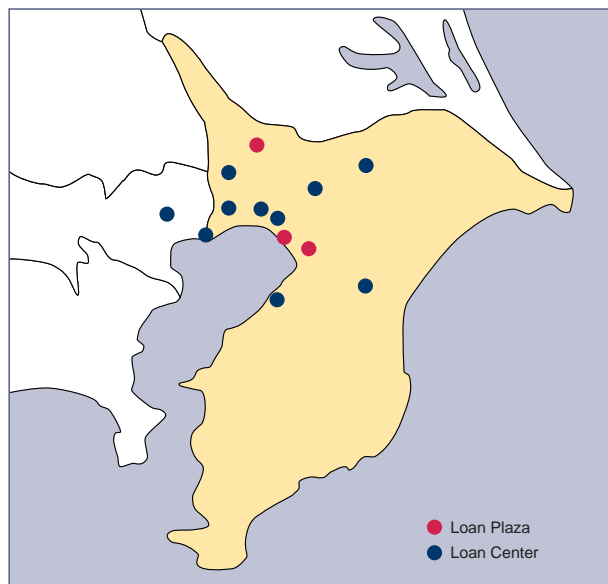
Loan Centers are business offices which offer individual housing loans through companies involved with the housing industry, while Loan Plazas are offices, which operate on

Saturdays, Sundays and holidays, to assist homebuyers with financial consultation, making applications and making contracts on borrowing housing loans. As of June 2004, 13 Loan Plazas and Loan Centers were contributing well to the promotion of the Bank's loan business.

The Bank is also improving its non-face-to-face channels such as Internet banking services where customers can conveniently retrieve information and apply for housing loans without the need of visiting the Bank.

### Locations of Loan Plazas and Loan Centers

(As of March 31, 2004)





### Improved Product

Chiba Bank's primary product for housing loans is the "Best Choice 21." It has been constantly improving its features in response to the expansion of customer needs, and allows borrowing over the appraised collateral value, subject to credit approval, and can be used for refinancing and as funds for buying furnishings accompanying home purchases.

### Promotion of Unsecured Consumer Loans

Chiba Bank is also developing its business in the area of unsecured consumer loans.

In order to meet the needs of its customers, the Bank offers loans such as auto loans, bankcard loans, education loans and loans for domestic refurbishment and refurnishing. In many cases, applications and processing of unsecured consumer loans are handled via facsimile, the Internet and even cellular phones, alleviating the need for customers to visit the Bank. In the area of education loans, the Bank has increased alliances with educational institutions for efficient promotion. Furthermore, the Bank is utilizing CRM data from its one-million households customer accounts for direct-mail advertising campaigns.

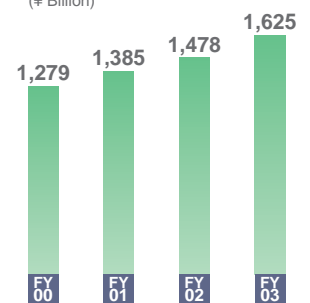
### Investment Products

Chiba Bank offers a variety of investment products and services to help depositors and investors in response to Japan's persistently low interest rates.

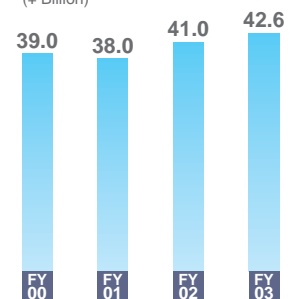
With the repeal, in December 1998, of the law prohibiting sales of investment trusts by banks, Chiba Bank trained its staff to serve a broader range of customer investment needs and began offering a line-up of investment products.

In order to ensure customer satisfaction, the Bank is also providing post-investment services, including regular seminars explaining investment products and current fund performance.

**Growth of Housing Loans Outstanding**  
(¥ Billion)

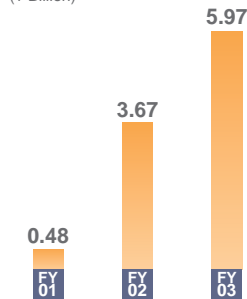


**Growth of Unsecured Consumer Loans Outstanding**  
(¥ Billion)



### Growth of Investment Trusts and Annuity Insurance

(Fees and Commissions)  
(¥ Billion)



### Products

As of March 2004, Chiba Bank offered 29 investment funds provided by top-ranked investment trust companies from Japan and abroad. From conservative, low-risk public bond funds to higher risk, more aggressive stock funds, the Bank offers products to suit every type of investment need. With ¥265.5 billion in investment trusts, the Bank is a leader among Japan's regional banks in this area of service.

Following the deregulation of annuity insurance sales in October 2002, Chiba Bank immediately entered the market. As of March 2004, the Bank had 12 brands of annuity insurance available at practically all of its locations. Growth in annuity insurance sales has been steady, with accumulated insurance premiums handled since the start of operations already surpassing ¥150 billion.

### Channel Strategy

In an effort to reduce the cost and increase the effectiveness of promotional efforts to the maximum degree, Chiba Bank is emphasizing the importance of teller sales as a primary sales channel for these products. As an example, from the second half of fiscal year 2002 through the second half of fiscal year 2003, the sales of stock funds and annuity

insurance handled directly through bank locations rose from 47.8% to 60.5% (on a transaction basis).

Also, we have made it possible to execute investment trust transactions through the Bank's website, with a view to improving the Bank's operational efficiency as well as convenience for customers.

The Bank serves customers through multiple channels, including the Internet.



### Consulting Plaza to Open

In October 2004, in response to the increasing sophistication and diversity of its customers' financial needs, Chiba Bank will open the "Chibagin Consulting Plaza," a multi-purpose Money Plaza in front of the JR Chiba Station, located in the heart of Chiba City's commercial area.



"Chibagin Consulting Plaza" offers one-stop financial guidance from a downtown, off-branch location.

The Plaza will provide one-stop guidance on all types of loans, investment trusts, annuity insurance, credit cards, foreign currencies, equities and other financial tools. Beyond the convenience of this service to bank customers, the Plaza will be a strong branding symbol for the Bank. The business hours of the Plaza will be expanded compared with existing branches, operating from 9:00 am to 7:00 pm on weekdays and 10:00 am to 5:00 pm on holidays.

## Corporate Banking

As a regional financial institution, Chiba Bank places great significance on being a stable source of financing for businesses in the region. On the other hand, the Bank has been trying to improve the Economic Value Added, by providing the appropriate financial products and services to specific needs, carefully considering the profitability, credit risk, etc., as being the “Best business partner” for customers.

Chiba Bank is stepping up its capabilities to evaluate and serve corporate customers



### Measures to Increase the Economic Value Added

#### Interest Rate Pricing based on Credit Risk

Chiba Bank's improved internal rating system has simplified the process of evaluating each debtor's credit risk. New interest pricing standards established in October 2003, aimed to adjust

interest rates appropriately for new and existing loans with growth in the economic value added of corporate business as a consequence.

#### Development of New Financing Methods

Chiba Bank took the role as an arranger on “Chiba CLOs,” which utilized the conversion of company assets to securities. The method provides loans based on the securitization of company assets in the form of asset-backed commercial paper (ABCP), part of which is sold to local investors as investment trusts. This concept was developed in cooperation with Chiba Prefecture, Chiba City and the Chiba Prefecture Credit Guarantee Corporation, and is the first scheme of its kind in Japan.

The Bank plans to arrange more CLOs in the future, and will likewise continue to work with syndicated loans, PFI and other innovative lending initiatives.

### Supporting Companies for Revitalization and Sound Management

#### Chiba Bank's Organization for Support

Chiba Bank has long been dedicated to supporting corporate customers' revitalization. To this end it established a special division, Credit Division II, in October 2001, and then in October 2003, established a Corporate Strategy Support Team within the same division, posting staff skilled in corporate research, financing, legal matters, M&A and related activities. The Division is assisting companies to improve their business management and credit classification ranking.

### Establishment of the “Regional Corporate Revitalization Scheme”

In February 2004, the prefecture’s financial institutions jointly established the “Regional Corporate Revitalization Scheme,” a fund to support turnarounds of local businesses. The fund was designed to assist companies to create and implement plans to expand their sales market, reduce costs and spin off non-essential operations as part of their rebuilding efforts, and will be of benefit to individual businesses and the prefecture’s economy as a whole.

### Responding Appropriately to Customer Needs

#### Introducing New Products

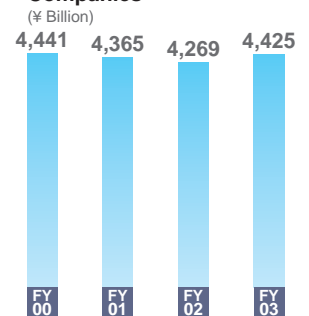
Chiba Bank offers products designed to quickly satisfy the needs of its small and medium-sized business customers. “Dash 5000,” created jointly with Chiba Prefecture Credit Guarantee Corporation, and the Bank’s original product, “Chibagin Business Loan,” both rely on a scoring model for expeditious loan appraisals. In July 2004, a new product, “Spurt 3000,” was added to the line-up for a wider range of companies.

#### New Channels for Better Quality Customer Service

In a further effort to improve its financial products and services, the Bank opened three new Regional Corporate Banking Departments in the prefecture in October 2003.

In June of the same year, the Bank set up a “Business Center” to promote its telephone and facsimile banking services to small-sized company customers. These measures have further improved the Bank’s responsiveness to the diverse needs of its business clients.

### Loans Outstanding to Small and Medium-Sized Companies



The Bank supports small-business customers with streamlined, need-oriented services.



# Social Contributions and Environmental Activities

As a financial institution rooted in the prefecture, Chiba Bank has a responsibility to fully contribute to local society. In order to do this, the Bank is supporting and developing local business ventures as a means of stimulating the regional economy, and giving financial assistance to environmental groups, cultural bodies and sports organizations for the betterment of the community as a whole.

Bank staff are encouraged to get to know the local businesses in their area.



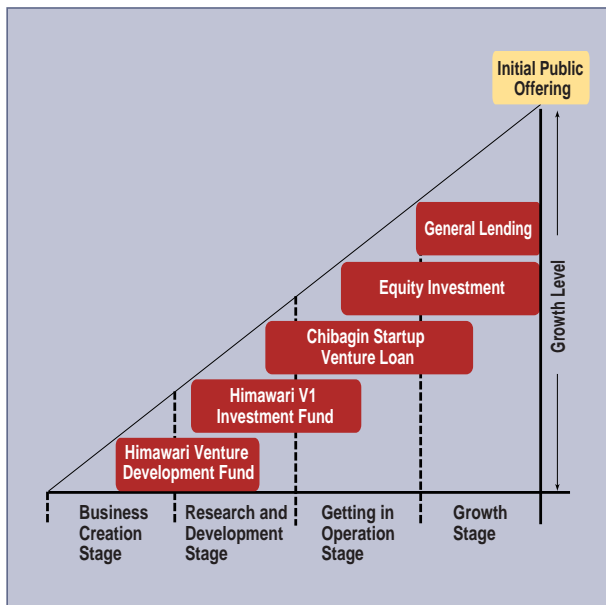
## Efforts to Stimulate the Local Economy

### Support for Venture Businesses

In order to promote the healthy growth of the regional economy, Chiba Bank Group is participating in the venture business market. The “Himawari Venture Development Fund” offers assistance grants and seed money for incubators, and for companies ready to finance first-stage business start-ups, there is the “Chibagin Startup Venture Loan.” In 2003, funding and grants provided by the Himawari Venture Development Fund to 63 start-up projects amounted to ¥189 million.

Also starting from 2003, Chiba Bank became a sponsor of the “Nanohana Competition” at Chiba University, which is a contest for venture business proposals.

### Chiba Bank Group’s Support for Venture Businesses



## Environmental Activities

### Contributing to Greening Programs

Commemorating its 60th year in business, Chiba Bank is contributing to local tree planting activities. Greening efforts are taking place in prefectural forests and parks, and around the Bank’s offices and on counters.

### Supporting Restrictions on Diesel Emissions

In response to the restrictions on diesel emissions enacted in October 2003, and to benefit the environment, the Bank is providing a new loan for vehicles that meet the requirements of the new regulation.



Approximately 1,000 volunteers (Chiba Bank employees and family members) helped to collect trash along a 6-kilometer stretch of the Kujukuri beach.

### Environmental Activities

Along with contributions to the Chiba Prefecture Environment Fund, Chiba Bank is promoting environmental action and earth-friendly policies in the form of support for the use of recycled paper, the use of fuel-efficient low-emission vehicles and energy conservation policies at its headquarters. In another activity, volunteers from the Bank participated in the clean-up campaign, walking and picking up trash across Kujukuri beach.

### Cultural & Sports Support Activities

#### Supporting the Arts

Chiba Bank operates the Chibagin Art Gallery and holds the annual Chibagin Himawari Concert, helping the local community enjoy the arts. Since 1990, the Chibagin Art Gallery has shown fine examples of Japanese and Western paintings, sculpture, crafts and other artistic work from over 300 artists either born or residing in Chiba Prefecture.



Support for the arts enriches community life and cohesion.

#### Supporting Sports Activities

In order to promote the health and well-being of local youth, Chiba Bank gives support to regional sports programs, including the Chiba Prefecture Youth Baseball Tournament and the Chiba Prefecture Youth Soccer Tournament. These tournaments are host to many of the prefecture's best young athletes and some of the most competitive youth sports action of the year.



Chiba Bank is a strong supporter of youth sports programs.

# Asset Quality

Chiba Bank considers the need to resolve the issue of non-performing assets to be of serious importance. Strict asset value assessment, appropriate disposal of non-performing assets, prevention of future non-performing loans and provision of support for the financial recovery of borrowers remain the Bank's top priorities.

## Self-assessment and Debtor Classification

Self-assessment is a process by which financial institutions assess and classify their own assets based on analysis of asset recoverability and the risk of damage to asset value. Loans and assets are classified into the following five categories based on creditworthiness.

"Debtors Requiring Caution" are further subdivided into "Substandard Debtors" and "Other Debtors Requiring Caution."

## Debtor Classification

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

## Disclosure of Non-performing Assets

Under banking regulations, disclosure of non-performing assets occurs in two ways: (1) Risk-monitored Loans under Banking Law, and (2) Disclosed Claims under the Financial Reconstruction Law. In both cases, Chiba Bank classifies these figures in accordance with its self-assessment debtor classifications. It should be mentioned that "Risk-monitored Loans" covers only the amount of the loans, while "Disclosed Claims under the Financial Reconstruction Law" (with the exception of those classified as "Substandard Claims") also includes assets other than the loan, such as customers' liabilities for acceptance of guarantees, accrued interest and foreign exchange.

## Risk-monitored Loans

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

## Risk-monitored Loans

(¥ Billion)

	Non-consolidated		Consolidated	
	As of March 31, 2003*	As of March 31, 2004	As of March 31, 2003*	As of March 31, 2004
Loans to Bankrupt Borrowers	51.4 (15.6)	9.3	53.1 (16.2)	9.5
Delinquent Loans	274.8 (214.8)	201.4	287.5 (218.8)	203.6
Loans Past Due 3 Months or More	11.8 (11.8)	16.3	11.9 (11.9)	16.4
Restructured Loans	188.3 (188.3)	134.0	189.0 (189.0)	134.5
Total	526.5 (430.7)	361.1	541.6 (436.0)	364.1

\*As of March 31, 2003, partial direct write-offs were not carried out. Pro forma figures, in case partial direct write-offs had been carried out, are shown in parentheses.

### Disclosed Claims under the Financial Reconstruction Law

The Financial Reconstruction Law requires disclosure of claims classified as “Bankrupt and Substantially Bankrupt Claims,” which under the Bank’s classification under self-assessment includes “Bankrupt Assets” and “Effectively Bankrupt Assets.” “Doubtful Claims” under the Financial Reconstruction Law refers to “Potentially Bankrupt Debtors” in the Bank’s classification, while “Substandard Claims” category would include the claims corresponding to “Loans Past Due 3 Months or More” and “Restructured Loans” of Risk-monitored Loans under Banking Law within the Bank’s “Assets Requiring Caution.” The Bank has implemented partial direct write-offs of claims classified as “Bankrupt and Substantially Bankrupt Claims” beginning as of March 31, 2004.

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

(¥ Billion)

	As of March 31, 2003*		As of March 31, 2004
Bankrupt and Substantially Bankrupt Claims	151.3	(55.0)	39.4
Doubtful Claims	177.0	(177.0)	171.5
Substandard Claims	200.2	(200.2)	150.3
Total	528.6	(432.2)	361.4
Total Claims Outstanding	5,761.7	(5,665.4)	5,800.8
Coverage ratio (%)	85.6	(82.4)	78.4

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

\*As of March 31, 2003, partial direct write-offs were not carried out. Pro forma figures, in case partial direct write-offs had been carried out, are shown in parentheses.

### Comparison of Classifications under Self-Assessment, Financial Reconstruction Law and Risk-monitored Loan (Non-consolidated)

As of March 31, 2004

(¥ Billion)

Assets Under Self-Assessment		Disclosed Claims under Financial Reconstruction Law		Risk-monitored Loans under Banking Law	
Bankrupt Assets	9.3	Bankrupt and Substantially Bankrupt Claims	39.4	Loans to Bankrupt Borrowers	9.3
Effectively Bankrupt Assets	30.1			Delinquent Loans	201.4
Potentially Bankrupt Assets	171.5	Doubtful Claims	171.5		
Assets Requiring Caution	893.9	Substandard Claims	150.3	Loans Past Due 3 Months or More	16.3
Substandard Assets	191.6			Restructured Loans	134.0
Other Assets Requiring Caution	702.3	Normal Claims	5,439.4		
Normal Assets	4,695.9				
Total Assets	5,800.8	Total Claims	5,800.8	Loans Outstanding	5,678.1

# Corporate Governance

In an effort to respond quickly to the changing financial environment, and to be decisive in matters of business while maintaining strict accountability in all respects, Chiba Bank is fortifying its system of corporate governance.

## Board of Directors, Board of Designated Directors and Board of Corporate Auditors

Chiba Bank's Board of Directors, made up of eleven Directors, makes business policy and management decisions and, since April 2003, directly oversees the work of the Executive Officers. The Board of Designated Directors, which is made up of Directors appointed by the Board of Directors, has the responsibility for discussing various matters of importance that affect the Bank's business. Directors and Executive Officers also participate in the Board of Directors & Executive Officers, where they deal directly with operational matters, enabling them to take swift and appropriate action based on a solid grasp of the situation at hand. The Bank also uses a five-person Board of Corporate Auditors, which includes two members appointed from outside the Bank, and which determines and implements the audit policy and plan, while participating in meeting with the Board of Directors and Board of Designated Directors. This affords the Board of Corporate Auditors an ideal perspective on the actions of the Bank and its officers.

## Executive Officer System and Headquarters Organization

In order to expedite decision-making and business execution, the Bank introduced an Executive Officer system in April 2003. Accompanying this new system, the Bank split the headquarters' organization into two groups, Corporate Staff Unit and Business Operation Unit, a restructuring measure taken to clearly designate responsibility for swift action on policy, performance and results. Also, a new personnel system was implemented, which emphasizes education and skills and establishes a more performance-oriented system, along with improving the morale of employees.

## Disclosure

Chiba Bank is completely committed to improving the transparency of its business, thereby earning the complete trust of its customers, shareholders and investors. Along with issuing the disclosures required by the Securities and Exchange Law, the Bank addresses matters of importance in its disclosure reports and over its website, openly providing information of its financial position and sharing whatever information that is relevant to the interests of its stakeholders.



# Compliance Systems

Chiba Bank considers compliance with the law to be one of the highest priorities in its business. Not only in its adherence to external financial laws and regulations and internal rules, but in its conduct as a corporate citizen of the community, the Bank operates in a manner that is fair and at all times respectful of the law.

## Compliance Organization

Chiba Bank's compliance programs are led by its Compliance Committee, which meets on a regular basis and is comprised of Directors, Executive Officers and Division General Managers. This committee discusses, determines and plans specific policies and actions to be taken to achieve thorough compliance throughout the Bank's organization. It is supported by a Compliance Department in the General Administrative Division, which maintains manuals, proposes seminars and ensures that rules are being observed in all of the branch offices and headquarters. The Bank also has a designated Compliance Officer responsible at every branch and division for checking on adherence to rules and coordinating compliance training.

## Staff Conduct Guidelines

Within the broader requirements of compliance with the law the Bank has its own code, the "Chiba Bank's Code of Ethics," which offers specific rules for employees of the Bank. This code of ethics is contained in the compliance manuals, which are issued to every employee.

"Compliance Manual One" contains three sections, the Chiba Bank Code of Ethics, the Basics of Actions and How to Act, covering general issues relating to compliance.

"Compliance Manual Two" covers specific laws and regulations that must be obeyed, as well as points of caution in day-to-day operations, broken down according to area of responsibility.

## Compliance Program

Because the issue of compliance is of paramount importance, the Bank has a compliance program with specific aims, which it carries out each year. This action plan, approved by the Board of Directors, involves specific training and guidance of staff, etc. Moreover, Audit & Inspection Division audits how the program is carried out and the results are reported to the Board of Directors.

## Information Management

Chiba Bank strictly guards its customer information under the procedures of the Information Management Rule. Extra safeguards are built in to information systems to rule out the possibility of wrongful access, and members of staff are trained to a high degree of awareness in the correct manner of handling information.

### CHIBA BANK'S CODE OF ETHICS

#### 1. Building a Solid Reputation

Chiba Bank declares that it will remain constantly aware of its social responsibilities and public mission as a bank. It will work to build a solid public reputation through sound and appropriate business operations based on the principle of self-responsibility.

#### 2. Ensuring Consistent Compliance with Laws, Regulations, Rules and Basic Principles

Chiba Bank declares that it will strictly observe all laws, regulations and rules and pursue its business activities fairly, in good faith and without contravening social norms.

#### 3. Combating Antisocial Elements

Chiba Bank declares that it will firmly oppose antisocial elements and groups that threaten the order and safety of civil society and hinder sound economic and social development.

#### 4. Transparent Management

Chiba Bank declares that it will ensure consistent management transparency by actively and fairly disclosing management information.

# Risk Management Systems

While innovations in banking technology and the deregulation of the financial industry have opened up new business opportunities for banks, they have also greatly increased the complexity and diversity of risks facing the industry. Chiba Bank is responding to this evolving business environment with a full awareness of the importance of accurately identifying, analyzing and managing risk, and to guarantee this, the Bank is fortifying and expanding its risk management system.

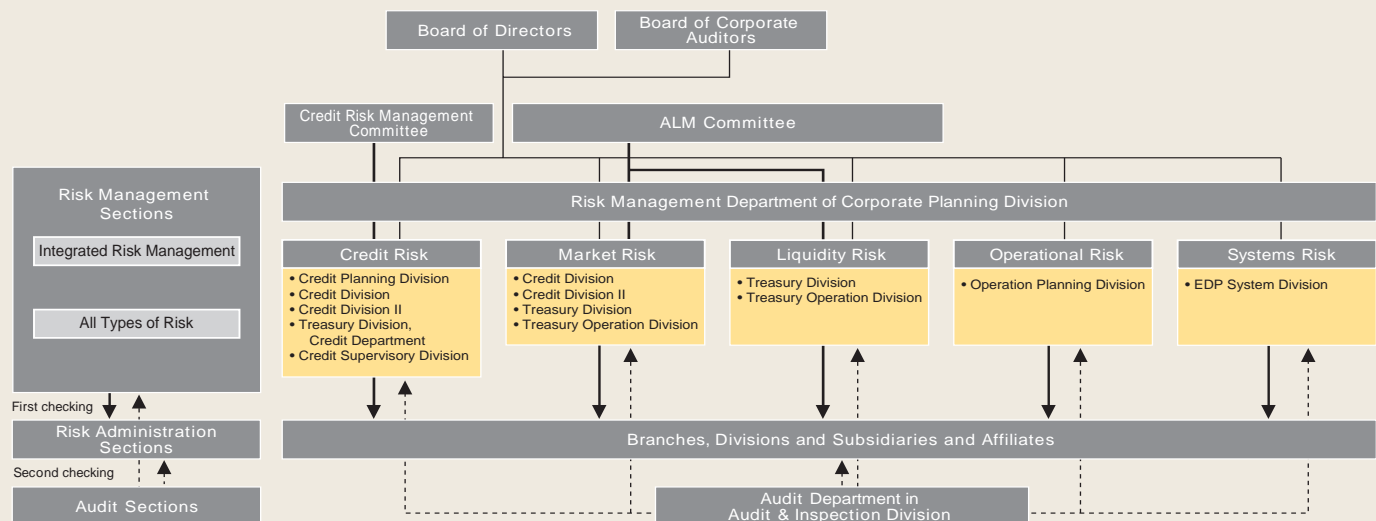
## Integrated Risk Management

In order to improve its profitability and ensure sound business operations, Chiba Bank monitors to ensure that all risks, such as credit risk, market risk, liquidity risk, operational risk and system risk, are both separately controlled by specific divisions as well as kept within acceptable limits overall.

Therefore, the Bank has appointed sections for handling each type of risk, and the Risk Management Department of the Corporate Planning Division has been charged with overseeing all risk management operations and reports to the Board of Directors, along with the ALM Committee and the Credit Risk Management Committee that attend to the finer considerations and issues facing the operation as a whole.

To ensure that all necessary measures are correctly implemented, the Bank has the Audit & Inspection Division regularly audit the operations, and report its findings to the Board of Directors.

## Risk Management System



## Risk Capital Allocation

The integrated risk management system at Chiba Bank includes the risk capital allocation system. In the system, the Bank pre-allocates risk capital to the sales promotion section and market section within the scope of its capital and each section strives to improve profitability or use its capital efficiently considering risk and returns while maintaining sound management of the business.

## Credit Risk Management

Chiba Bank takes a very strict approach to credit risk management, in order to reduce new non-performing loans and improve the quality of its assets.

### Credit Screening and Management

The Bank's Credit Screening and Management Unit and Sales Promotion Unit are separate units, which have always functioned independently. The Credit Planning Division verifies the accuracy of self-assessments, while the Audit & Inspection Division, which functions independently of the Credit Screening and Management Unit, checks the credit management status, self-assessment, reserves for possible loan losses and credit rating of individual debtors.

Management of individual debtors is handled primarily by the Credit Division, which pays strict attention to all qualification criteria. While it is the duty of Credit Division II to assist "Debtors Requiring Caution" to improve their creditworthiness, it is the Credit Supervisory Division that is responsible for the collection and disposal process when borrowers become insolvent. This credit screening and management organization is helping the Bank to develop a healthy loan portfolio. The Credit Planning Division is responsible for credit portfolio management and risk quantification. The Credit Risk Management Committee, which is chaired by the President, considers matters relating to credit-risk management policy, monitoring credit portfolios and ensuring the health of loan assets.

### Corporate Rating System

Chiba Bank views ratings as the cornerstone of credit risk management and uses a corporate rating system that provides uniform criteria to determine default risk. This has helped the Bank to meet the stringent demands of credit risk management.

Specifically, the Division rates companies into 15 grades, based on the financial condition and cash flow of the borrower, checking these factors on a yearly basis and as needed, ensuring that information is accurate. These screening activities are essential to the Bank's credit risk management operations, and along with the corporate rating system are central to many aspects of management, from interest rate pricing to lending authorization.

### Asset Self-assessment

At Chiba Bank, branch offices conduct self-assessments of assets semi-annually, and then the lending approval section of the Headquarters (e.g. Credit Division) scrutinizes the results. Additionally the Credit Planning Division verifies the accuracy of the results and the Audit & Inspection Division audits the results and the process of the self-assessment. Based on the results of the self-assessment, the Credit Planning Division determines appropriate write-offs and reserves of non-performing loans. The Audit & Inspection Division also participates in this review. This process ensures the continuing soundness of the Bank's business.

### Quantifying Credit Risk

Credit risk quantification involves the use of statistical methods to quantify projected future losses from bankruptcy or deterioration of a borrower's business performance.

Chiba Bank uses a credit risk quantification system to determine credit risk, and also processes data on defaults and recovery of loans from defaulters. This information is compiled and organized for secondary analysis, the results of which allow the Bank to further enhance the health of its credit portfolio.

Following analysis, the calculations of quantified credit risk are entered into the profit management system, where they are used to determine loan interest rate pricing which fairly reflects credit risk. This more precise risk management process offers the Bank greater income potential than traditional risk management methods.

### Market Risk Management

Chiba Bank has an ALM system, which handles risk issues relating to bonds, equities, exchange rates and other market risk factors. The ALM Committee, which is chaired by the President, meets on a regular basis to discuss and decide specific policy on issues affecting the overall risk management situation.

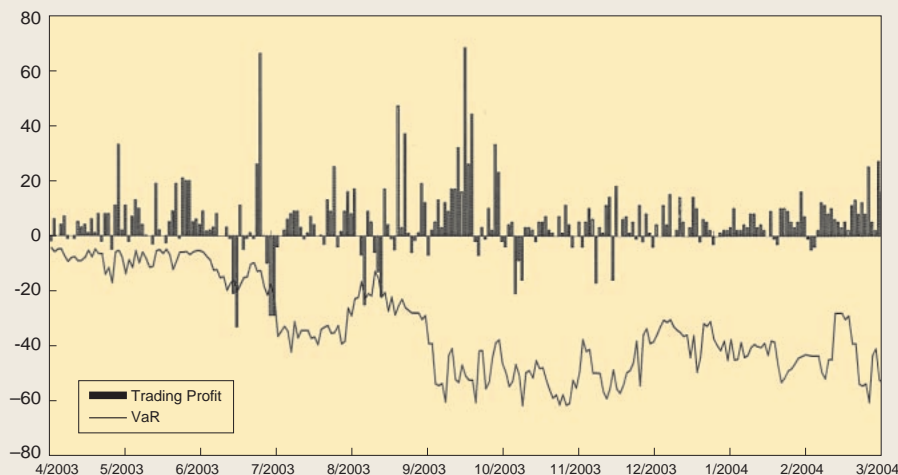
Specifically, the ALM Committee reviews market risks and sets upper limits and alarm points for funds invested in securities and deposits. It uses the Value-at-Risk (VaR) formula to quantify risk in each market, and also determines limits on total market investment funds within the allocated risk capital. The ALM Committee meets on a quarterly basis to set investment policy and exercises control over all issues relating to market risk.

For market transactions for trading purposes, VaR is calculated on a daily basis, and regular “stress tests” are applied, with trading limits set accordingly. Strict loss-cutting rules are also enforced to further alleviate daily trading risk and prevent major losses.

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

### Measure of Market Risk on Trading, using VaR

(Millions of Yen)



#### Market Risk Situation Trading Transactions

Chiba Bank defines risk as VaR, which is the maximum possible loss under specific assumptions. The assumptions are as follows:

Period held: 1 day  
Confidence level: 99%  
Period monitored: 1 year

\* The left-hand graph shows trends in market risk as calculated under these conditions in fiscal year 2003.

	(Millions of Yen)		
	Maximum	Minimum	Average
VaR	61	4	33

### Liquidity Risk

Chiba Bank's Treasury Division monitors the market situation, analyzes cash positions, determines risks on fund raising activities and sets limits on excessive market procurement. It also sets minimum levels for assets that can quickly be converted into cash as reserve liquidity. It likewise controls risk by setting limits on daily positions taken in market transactions. The Risk Management Department of the Corporate Planning Division has the responsibility for comprehensive oversight of liquidity risk, working to identify various market trends that may influence assets and liabilities in cash flow, and preventing risk from rising above acceptable levels.

The Bank also has a crisis management plan providing for network-wide response to potential negative events that could cause a shortfall in the Bank's cash position.

### Operational Risk Management

The Operation Planning Division prevents accidents and irregularities from occurring by ensuring that operations are carried out in accordance with the Bank's strict administrative guidelines. Accuracy and procedural correctness are verified at all business locations by way of regular checks, ensuring steady improvement of operational standards.

Chiba Bank's extensive auditing system requires at least one annual inspection of every branch and division by the Audit & Inspection Division. The results of these rigorous on-site audits are immediately conveyed back to the branches and divisions, and communicated periodically to the Board of Directors, so that policy can be aligned to effect further improvements in operations.

### System Risk Management

The EDP System Division is implementing actions and measures necessary to obviate risk to the Bank's computer systems.

Specifically, the Division is responsible for the hardware and circuitry of basic systems for customer accounts and information, maintaining full redundancy of systems and ensuring an immediate switch to back-up systems in the event of any failure in the main computer network. With regard to information control, the Division is responsible for the management of computer information throughout the Bank's network of branches, and for ensuring against improper access, damage from computer viruses or misuse of information. Contingency plans addressing such risks as criminal acts and natural disasters are also in the Division's area of responsibility.

The computer systems are inspected by the Audit & Inspection Division and external auditors regularly, completing the rigorous framework of risk management controls.

# Financial Highlights

## Five-Year Summary (Consolidated)

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

Millions of Yen

	2004	2003	2002	2001	2000
<b>For the Year</b>					
Total Income	¥ 208,885	¥ 203,946	¥ 210,533	¥ 238,493	¥ 235,894
Total Expenses	160,719	187,744	256,065	216,702	202,328
Income (Loss) Before Income Taxes and Minority Interests	48,165	16,202	(45,531)	21,790	33,566
Net Income (Loss)	27,584	8,770	(25,420)	13,191	18,350
<b>At Year-End</b>					
Total Assets	¥8,231,727	¥8,021,618	¥8,145,849	¥7,942,695	¥7,739,544
Loans and Bills Discounted	5,645,137	5,601,309	5,752,206	5,608,711	5,651,663
Securities	1,457,660	1,343,972	1,406,706	1,487,836	1,054,150
Deposits	7,346,684	7,232,986	7,249,830	6,977,864	6,664,114
Total Stockholders' Equity	388,247	325,738	334,967	369,061	321,894
Capital Ratio (BIS guidelines)	11.06%	10.42%	10.22%	10.56%	9.70%
PER (Times)	17.74	32.81	—	25.20	18.31
PBR (Times)	1.25	0.88	1.03	0.97	1.04
<b>Per Share</b>					
Yen					
Net Income (Loss)	¥ 32.74	¥ 10.42	¥ (30.18)	¥ 16.90	¥ 23.69
Stockholders' Equity	461.54	387.29	397.77	438.21	415.56

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

## Five-Year Summary (Non-consolidated)

The Chiba Bank, Ltd.  
Years Ended March 31

Millions of Yen

	2004	2003	2002	2001	2000
<b>For the Year</b>					
Total Income	¥ 179,026	¥ 176,401	¥ 186,111	¥ 218,856	¥ 213,827
Total Expenses	134,258	158,413	232,014	196,081	184,126
Income (Loss) Before Income Taxes	44,768	17,988	(45,902)	22,775	29,701
Net Income (Loss)	25,779	8,964	(26,739)	13,107	16,285
Net Business Income	68,496	77,847	47,522	79,460	66,075
Real Net Business Income*1	68,411	71,537	67,853	70,578	62,705
Core Net Business Income*2	67,235	68,350	66,841	65,883	64,972
Overhead Ratio*3	52.44%	52.43%	53.80%	53.48%	55.62%
<b>At Year-End</b>					
Total Assets	¥8,217,800	¥8,012,028	¥8,134,080	¥7,906,943	¥7,672,781
Loans and Bills Discounted	5,678,111	5,606,409	5,749,973	5,597,488	5,619,200
Securities	1,458,700	1,346,470	1,407,271	1,485,083	1,055,838
Deposits	7,365,960	7,250,035	7,271,500	6,990,874	6,680,950
Total Stockholders' Equity	380,370	320,132	329,358	365,439	318,262
Capital Ratio (BIS guidelines)	10.83%	10.24%	10.06%	10.45%	9.53%
PER (Times)	19.07	32.26	—	25.47	20.73
PBR (Times)	1.29	0.90	1.05	0.98	1.06
<b>Per Share</b>					
Yen					
Net Income (Loss)	¥ 30.45	¥ 10.60	¥ (31.62)	¥ 16.72	¥ 20.93
Cash Dividends	6.00	5.00	5.00	5.00	5.00
Stockholders' Equity	450.11	378.82	389.57	432.20	409.12

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

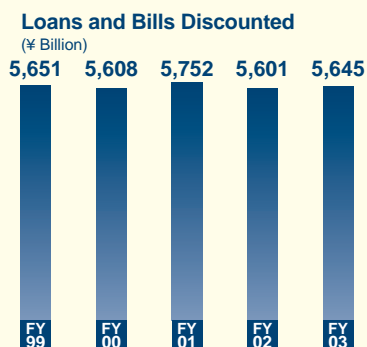
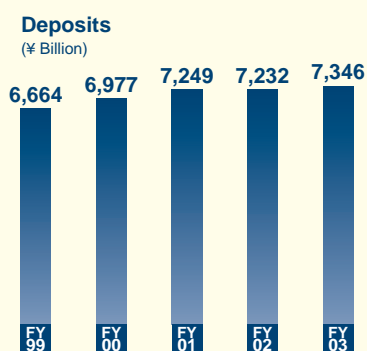
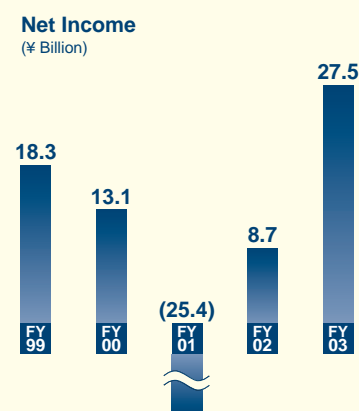
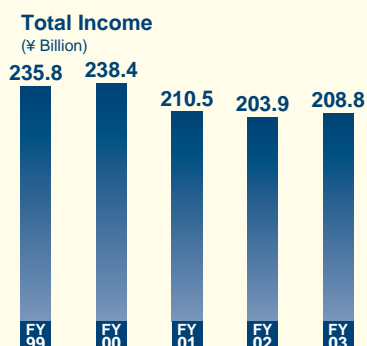
\*1 Real Net Business Income : Net business income + Transfer to general reserve for possible loan losses

\*2 Core Net Business Income : Net business income - Gain/Loss on bonds + Transfer to general reserve for possible loan losses

\*3 OHR =  $\frac{\text{Expenses}}{\text{Net business income} - \text{Gain/Loss on bonds} + \text{Transfer to general reserve for possible loan losses} + \text{Expenses}}$  (The lower figure indicates better efficiency.)



# Management's Discussion and Analysis



## Consolidated Operating Results for the Year Ended March 31, 2004

The Chiba Bank Group's focus on creativity and speediness in all aspects of the banking business resulted in the following consolidated performance in the year under review.

In fiscal year 2004, consolidated ordinary income benefited from effective allocation of cash position, but these earnings were offset by reduced earnings due to lower lending rates, resulting in total income of ¥203,837 million, ¥39 million below the level of the previous year. On the other hand, expenses benefited from a recovery of the stock market at the end of the fiscal year, limiting the need for write-off of stocks. Coupled with a decrease in the amount of non-performing assets and lower operating costs achieved through rationalization, total expenses were held to ¥160,008 million, a decline of ¥26,859 million from the previous year. The Bank recorded extraordinary gains responding to the exemption from future retirement benefit obligations.

As a result, ordinary profit in the term increased ¥26,820 million over the level of the previous year, to ¥43,829 million, and net income increased by ¥18,813 million to ¥27,584 million. Net Income per share was ¥32.79. Based on self-assessment, write-offs and reserves continued in a rigorous manner, improving the overall health of the Bank's assets.

Breaking down results by segment, banking operations recorded total income of ¥177,521 million and ordinary profit of ¥41,392 million; leasing operations earned total income of ¥16,929 million, with ordinary profit of ¥986 million; and total income for other operations reached ¥10,728 million, with ordinary profits of ¥1,494 million.

## Financial Position

### • Assets, Liabilities and Capital

Changes in Major Accounts were as follows:

Chiba Bank's investment products, services and strong efforts to provide an array of convenient products for the needs of households resulted in an increase in total deposits led by growth in personal deposits. Total deposits grew by ¥89.3 billion over the previous year, to ¥7,247.1 billion.

Loans and bills discounted, led by products for individuals represented by housing loans and auto loans increased by ¥43.8 billion over the previous year, to ¥5,645.1 billion.

Securities increased by ¥113.6 billion in the year under review, to ¥1,457.6 billion.

Total assets rose by ¥210.1 billion, to ¥8,231.7 billion.

The Bank's capital adequacy ratio as calculated according to BIS standards increased by 0.63%, to 11.06%.

### • Cash Flows

On a consolidated basis, cash flows from operating activities were negative by ¥80.1 billion due to increased loans and trading assets, etc., while cash flows from investing activities also ran negative by ¥63.9 billion, due to increased purchases of securities.

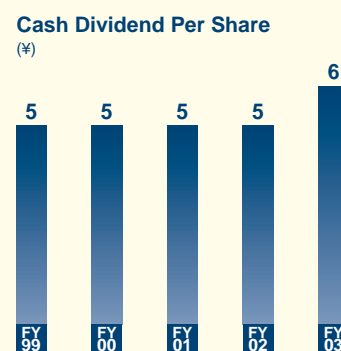
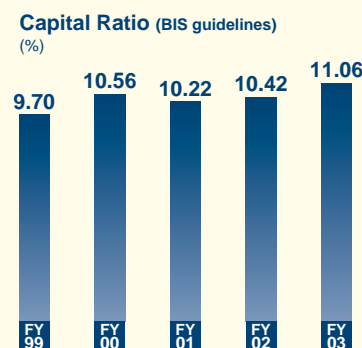
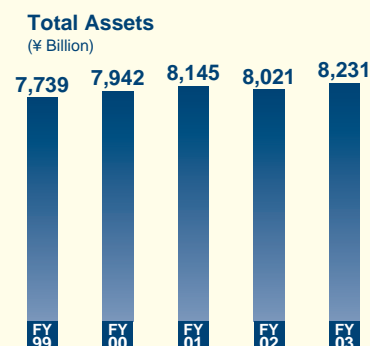
In financing activities, repayment of subordinated borrowings and redemption of notes likewise increased, resulting in cash outflow of ¥14.2 billion.

Consequently, cash and cash equivalents at the end of the year under review fell by ¥158.4 billion, to ¥237.9 billion.

## Dividends

Considering the public nature of the banking industry, and as a means of maintaining the soundness of the Bank's business, Chiba Bank upholds a policy of distributing a regular dividend to shareholders.

In addition to a ¥2.5 dividend, which is commensurate with the dividend in the previous term, the Bank decided to add an additional ¥1.0 dividend in celebration of the Bank's sixtieth commemoration of its founding, for a total per share year-end dividend of ¥3.5 (and a total annual dividend of ¥6.0 including the interim dividends.)



Figures shown in the graphs are presented on a consolidated basis.

## Report of Independent Auditors

The Board of Directors

The Chiba Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Chiba Bank, Ltd. and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Chiba Bank, Ltd., and consolidated subsidiaries at March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

*Shin Nihon & Co.*

Shin Nihon & Co.

June 29, 2004

# Financial Statements

## Consolidated Balance Sheets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2004 and 2003

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
<b>ASSETS</b>			
Cash and Due from Banks (Note 10) . . . . .	¥ 283,134	¥ 400,263	\$ 2,678,915
Call Loans and Bills Bought . . . . .	172,663	190,000	1,633,678
Receivables under Securities Borrowing Transactions . . . . .	10,467	5,442	99,043
Commercial Paper and Other Debt Purchased . . . . .	2,012	268	19,041
Trading Assets (Notes 4 and 10) . . . . .	361,219	247,145	3,417,722
Money Held in Trust (Note 32) . . . . .	30,248	15,795	286,200
Securities (Notes 5 and 10) . . . . .	1,457,660	1,343,972	13,791,851
Loans and Bills Discounted (Notes 6 and 10) . . . . .	5,645,137	5,601,309	53,412,220
Foreign Exchanges (Note 7) . . . . .	1,832	2,435	17,337
Other Assets (Notes 8 and 10) . . . . .	102,838	102,853	973,020
Premises and Equipment (Note 9) . . . . .	107,599	110,667	1,018,065
Deferred Tax Assets (Note 28) . . . . .	77,250	120,291	730,913
Customers' Liabilities for Acceptances and Guarantees . . . . .	93,883	107,928	888,287
Reserve for Possible Loan Losses . . . . .	(114,220)	(226,755)	(1,080,710)
<b>Total Assets</b> . . . . .	<b>¥8,231,727</b>	<b>¥8,021,618</b>	<b>\$77,885,581</b>
<b>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits (Note 11) . . . . .	¥7,346,684	¥7,232,986	\$69,511,629
Call Money and Bills Sold . . . . .	3,593	4,026	34,000
Payables under Repurchase Agreements . . . . .	26,399	32,499	249,786
Payables under Securities Lending Transactions . . . . .	102,409	32,407	968,964
Trading Liabilities (Note 12) . . . . .	7,644	7,718	72,325
Borrowed Money (Note 13) . . . . .	92,397	113,154	874,230
Foreign Exchanges (Note 14) . . . . .	405	519	3,840
Subordinated Bonds (Note 15) . . . . .	39,500	45,500	373,735
Other Liabilities (Note 16) . . . . .	91,094	62,440	861,901
Reserve for Employees' Retirement Benefits (Note 17) . . . . .	23,384	29,022	221,254
Reserve for Losses on Sales of Loans . . . . .	—	12,175	—
Reserves under Special Laws . . . . .	104	71	987
Deferred Tax Liabilities (Note 28) . . . . .	139	7	1,324
Deferred Tax Liabilities on Land Revaluation . . . . .	8,693	8,748	82,259
Consolidation Difference . . . . .	5	10	48
Acceptances and Guarantees . . . . .	93,883	107,928	888,287
<b>Total Liabilities</b> . . . . .	<b>¥7,836,339</b>	<b>¥7,689,217</b>	<b>\$74,144,567</b>
<b>Minority Interests</b>			
Minority Interests in Consolidated Subsidiaries . . . . .	¥ 7,139	¥ 6,662	\$ 67,553
<b>Stockholders' Equity</b>			
Common Stock (Note 19) . . . . .	¥ 121,019	¥ 121,019	\$ 1,145,039
Capital Surplus . . . . .	98,178	98,178	928,931
Retained Earnings . . . . .	127,850	104,431	1,209,678
Land Revaluation Excess (Note 18) . . . . .	12,879	12,960	121,857
Net Unrealized Gains (Losses) on Other Securities . . . . .	29,907	(9,148)	282,974
Foreign Currency Translation Adjustments . . . . .	308	213	2,919
Treasury Stock . . . . .	(1,895)	(1,914)	(17,939)
<b>Total Stockholders' Equity</b> . . . . .	<b>¥ 388,247</b>	<b>¥ 325,738</b>	<b>\$ 3,673,460</b>
<b>Total Liabilities, Minority Interests and Stockholders' Equity</b> . . . . .	<b>¥8,231,727</b>	<b>¥8,021,618</b>	<b>\$77,885,581</b>

See notes to consolidated financial statements.

## Consolidated Statements of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2004 and 2003

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥118,956	¥123,533	\$1,125,523
Interest and Dividends on Securities	15,114	16,333	143,012
Other Interest Income	443	1,559	4,201
Fee and Commission Income	36,900	31,862	349,135
Trading Income (Note 21)	2,531	2,185	23,951
Other Operating Income (Note 22)	3,350	6,177	31,698
Other Income (Note 23)	31,588	22,293	298,875
<b>Total Income</b>	<b>¥208,885</b>	<b>¥203,946</b>	<b>\$1,976,394</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 3,536	¥ 5,503	\$ 33,460
Interest on Borrowings and Rediscounts	1,714	2,211	11,114
Other Interest Expenses	5,678	6,418	58,837
Fee and Commission Expenses	10,728	9,970	101,511
Other Operating Expenses (Note 24)	577	1,151	5,460
General and Administrative Expenses	80,582	81,781	762,438
Other Expenses (Note 25)	57,901	80,707	547,845
<b>Total Expenses</b>	<b>¥160,719</b>	<b>¥187,744</b>	<b>\$1,520,666</b>
Income Before Income Taxes and Minority Interests	48,165	16,202	455,728
Income Taxes-Current	3,580	2,165	33,877
Income Taxes-Deferred	16,622	6,728	157,280
Minority Interests in Net Income (Loss)	378	(1,461)	3,581
<b>Net Income</b>	<b>¥ 27,584</b>	<b>¥ 8,770</b>	<b>\$ 260,991</b>
<b>Per Share of Common Stock</b>			
Net Income per Share of Common Stock	¥ 32.74	¥ 10.42	\$ 0.31
Stockholders' Equity per Share of Common Stock	461.54	387.29	4.37



## Consolidated Statements of Stockholders' Equity

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2004 and 2003

	Thousands		Millions of Yen (Note 1)						
	Issued number of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	Total stockholders' equity
Balance at March 31, 2002	845,521	¥121,019	¥98,178	¥ 98,653	¥13,344	¥ 4,882	¥368	¥(1,478)	¥334,967
Net Income	—	—	—	8,770	—	—	—	—	8,770
Cash Dividends, ¥5.00 per Share of Common Stock	—	—	—	(4,199)	—	—	—	—	(4,199)
Reversal of Land Revaluation Excess	—	—	—	601	(601)	—	—	—	—
Change of Effective Statutory Tax Rate	—	—	—	—	217	—	—	—	217
Effect on Change in Scope of Consolidated Subsidiaries	—	—	—	604	—	—	—	—	604
Net Unrealized Losses on Other Securities	—	—	—	—	—	(14,031)	—	—	(14,031)
Change of Foreign Currency Translation Adjustments	—	—	—	—	—	—	(155)	—	(155)
Treasury Stock Transactions	—	—	—	—	—	—	—	(435)	(435)
<b>Balance at March 31, 2003</b>	<b>845,521</b>	<b>121,019</b>	<b>98,178</b>	<b>104,431</b>	<b>12,960</b>	<b>(9,148)</b>	<b>213</b>	<b>(1,914)</b>	<b>325,738</b>
Net Income	—	—	—	27,584	—	—	—	—	27,584
Gain on Sales of Treasury Stocks	—	—	0	—	—	—	—	—	0
Cash Dividends, ¥5.00 per Share of Common Stock	—	—	—	(4,197)	—	—	—	—	(4,197)
Reversal of Land Revaluation Excess	—	—	—	81	(81)	—	—	—	—
Change in Interest in Subsidiary	—	—	—	(48)	—	—	—	—	(48)
Net Unrealized Gains on Other Securities	—	—	—	—	—	39,056	—	—	39,056
Change of Foreign Currency Translation Adjustments	—	—	—	—	—	—	95	—	95
Treasury Stock Transactions	—	—	—	—	—	—	—	18	18
<b>Balance at March 31, 2004</b>	<b>845,521</b>	<b>¥121,019</b>	<b>¥98,178</b>	<b>¥127,850</b>	<b>¥12,879</b>	<b>¥29,907</b>	<b>¥308</b>	<b>¥(1,895)</b>	<b>¥388,247</b>

	Thousands		Thousands of U.S. Dollars (Note 1)						
	Issued number of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	Total stockholders' equity
Balance at March 31, 2003	845,521	\$1,145,039	\$928,925	\$ 988,088	\$122,625	\$ (86,563)	\$2,020	\$(18,113)	\$3,082,021
Net Income	—	—	—	260,991	—	—	—	—	260,991
Gain on Sales of Treasury Stocks	—	—	6	—	—	—	—	—	6
Cash Dividends, ¥5.00 per Share of Common Stock	—	—	—	(39,714)	—	—	—	—	(39,714)
Reversal of Land Revaluation Excess	—	—	—	767	(767)	—	—	—	—
Change in Interest in Subsidiary	—	—	—	(454)	—	—	—	—	(454)
Net Unrealized Gains on Other Securities	—	—	—	—	—	369,537	—	—	369,537
Change of Foreign Currency Translation Adjustments	—	—	—	—	—	—	899	—	899
Treasury Stock Transactions	—	—	—	—	—	—	—	174	174
<b>Balance at March 31, 2004</b>	<b>845,521</b>	<b>\$1,145,039</b>	<b>\$928,931</b>	<b>\$1,209,678</b>	<b>\$121,857</b>	<b>\$282,974</b>	<b>\$2,919</b>	<b>\$(17,939)</b>	<b>\$3,673,460</b>

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2004 and 2003

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
<b>Cash Flows from Operating Activities:</b>			
Income Before Income Taxes and Minority Interests	¥ 48,165	¥ 16,202	\$ 455,728
Depreciation of Premises, Equipment and Others	4,672	5,308	44,210
Amortization of Consolidation Difference	(5)	(1,009)	(48)
Investments Accounted for by the Equity Method	(289)	(69)	(2,741)
Decrease in Reserve for Possible Loan Losses	(112,535)	(5,903)	(1,064,768)
Decrease in Reserve for Losses on Sales of Loans	(12,175)	(6,284)	(115,196)
Increase (Decrease) in Liability for Employees' Retirement Benefits	(5,638)	4,633	(53,346)
Interest Income	(134,515)	(141,426)	(1,272,735)
Interest Expense	10,929	14,133	103,411
(Gains) Losses on Investment Securities	(3,004)	10,477	(28,427)
(Gains) Losses on Money Held in Trust	(254)	34	(2,406)
Foreign Exchange Losses	77	35	736
Losses on Disposal of Premises and Equipment	676	867	6,398
Increase in Trading Assets	(114,073)	(13,435)	(1,079,318)
Increase (Decrease) in Trading Liabilities	(74)	33	(707)
(Increase) Decrease in Loans and Bills Discounted	(43,828)	147,929	(414,687)
(Increase) Decrease in Deposits	89,321	(38,587)	845,123
Increase in Negotiable Certificates of Deposits	24,376	21,860	230,642
Decrease in Borrowed Money (excluding Subordinated Borrowings)	(16,757)	(9,618)	(158,553)
(Increase) Decrease in Due from Banks (excluding Deposits at BOJ)	(41,328)	2,048	(391,036)
(Increase) Decrease in Call Loans and Bills Bought and Others	15,593	(42,855)	147,536
(Increase) Decrease in Receivables under Securities Borrowing Transactions	(5,025)	33,668	(47,549)
Increase (Decrease) in Call Money and Bills Sold	(6,533)	16,405	(61,816)
Increase (Decrease) in Payables under Securities Lending Transactions	70,001	(25,146)	662,332
(Increase) Decrease in Foreign Exchanges (Assets)	603	(304)	5,708
Increase (Decrease) in Foreign Exchanges (Liabilities)	(113)	169	(1,071)
Interest Received	137,852	144,472	1,304,307
Interest Paid	(13,606)	(15,668)	(128,740)
Others	29,842	(22,810)	282,358
Sub total	¥ (77,645)	¥ 95,159	\$ (734,655)
Income Taxes Paid	(2,513)	(2,044)	(23,779)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ (80,158)</b>	<b>¥ 93,115</b>	<b>\$ (758,434)</b>
<b>Cash Flows from Investing Activities:</b>			
Purchases of Securities	¥(1,067,411)	¥(753,945)	\$(10,099,453)
Proceeds from Sales of Securities	356,494	458,857	3,373,024
Proceeds from Maturities of Securities	664,362	320,459	6,285,955
Increase in Money Held in Trust	(14,605)	(26,748)	(138,196)
Decrease in Money Held in Trust	57	24,944	547
Purchases of Premises and Equipment	(4,678)	(3,378)	(44,268)
Proceeds from Sales of Premises and Equipment	1,845	3,089	17,464
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥ (63,934)</b>	<b>¥ 23,279</b>	<b>\$ (604,927)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from Issuance of Subordinated Borrowings	¥ 11,000	¥ 10,000	\$ 104,078
Decrease in Subordinated Borrowings	(15,000)	(3,000)	(141,924)
Increase in Subordinated Bonds	10,000	—	94,616
Decrease in Subordinated Bonds	(16,000)	—	(151,386)
Dividends Paid	(4,197)	(4,199)	(39,714)
Dividends Paid for Minority Interests	(33)	(41)	(318)
Purchase of Treasury Stocks	(64)	(132)	(611)
Proceeds from Sales of Treasury Stocks	9	—	91
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (14,285)</b>	<b>¥ 2,626</b>	<b>\$ (135,168)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>¥ (77)</b>	<b>¥ (35)</b>	<b>\$ (736)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ (158,457)</b>	<b>¥ 118,986</b>	<b>\$ (1,499,264)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>¥ 396,412</b>	<b>¥ 277,423</b>	<b>\$ 3,750,707</b>
<b>Net Change in Cash and Cash Equivalents Due to the Additional Consolidation of Subsidiaries</b>	<b>¥ —</b>	<b>¥ 2</b>	<b>\$ —</b>
<b>Cash and Cash Equivalents at End of Period (Note 26)</b>	<b>¥ 237,954</b>	<b>¥ 396,412</b>	<b>\$ 2,251,443</b>

# Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Years Ended March 31, 2004 and 2003

## 1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its domestic subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Commercial Code 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 Bank's foreign subsidiary maintains its book of accounts in conformity with accounting principles and practices of the country of its domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements by the Bank as required by the Securities and Exchange Law of Japan. The classification of accounts is in conformity with the Enforcement Regulations concerning Banking Law of Japan.

In preparing the accompanying consolidated financial statements, in accordance with Enforcement Regulation concerning Banking Law of Japan, Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Yen in the accompanying consolidated financial statements do not necessarily agree with the sums of individual amounts. Also, 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.

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥105.69 to \$1.00, the exchange rate prevailing at March 31, 2004.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank, Chibagin Business Services Co., Ltd., Chibagin JCB Card Co., Ltd., Chuo Securities Co., Ltd. and nine other subsidiaries. Chibagin Loan Business Support Co., Ltd. was liquidated and Chibagin General Management Co., Ltd. has been in the process of liquidation.

All significant inter-company accounts and transactions have been eliminated. The consolidated financial statements do not include the accounts of The Chibagin Computer Service Co., Ltd. and three other subsidiaries, since the combined total assets, total revenue, net income and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Although, the investments in unconsolidated subsidiaries are carried using the equity method and are included in securities in the balance sheets, the difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method of accounting is presented as consolidation difference and is amortized on a straight-line method over a period of five years, if significant in amount, or is charged or credited to income in the year of acquisition.

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

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

## 3. Significant Accounting Policies

### (1) Trading Account

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

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

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

### (2) Securities

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

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

### (3) Derivatives

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

### (4) Premises and Equipment

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

Buildings . . . . . 6 years to 50 years

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

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

### (5) Software

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

### (6) Reserve for Possible Loan Losses

Reserve made by the Bank was provided in accordance with the prescribed standards established by the Bank.

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

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

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

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

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

The Bank conducts self-assessment of assets at its branches. The assessment is checked by the divisions authorized to approve loans, and the results are then audited by Audit & Inspection Division. Based on the assessment, an appropriate allowance is made for reserves for losses and write-offs of problem assets.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectable and charged off against the total outstanding amount of the claims. The amount of write-off was ¥107,001 million.

Reserves are made by consolidated subsidiaries for general provision in the amount deemed necessary based on the loan loss experience, and for specific provision in the amount deemed uncollectable based on the respective assessments.

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

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

The Bank received an approval from Ministry of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of employee pension fund, in accordance with the implementation of the "Defined Benefit Enterprise Pension Plan law" on July 1, 2003. As a result, the Bank applied the temporary treatment stipulated in Article 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (JICPA's Accounting Committee Report No. 13), and derecognized retirement benefit liabilities on the entrusted portion and plan assets equivalent to the amount to be returned on the day of approval.

The amount of expected return of plan assets was ¥19,194 million at March 31, 2004.

Consequently, the Bank records extraordinary gains of ¥4,975 million in the year ended March 31, 2004.

Prior service cost is amortized using the straight-line method, primarily over two years within the employees' average remaining service period at incurrence. Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence. The unrecognized net retirement benefit obligation at the adoption of new accounting standard was ¥20,385 million at April 1, 2000. Of which, ¥2,762 million, responding to the exemption from future retirement benefit obligations with respect to the entrusted portion of employee pension fund was charged-off and the rest is being amortized using the straight-line method over 5 years.

#### (8) Reserve under Special Laws

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

#### (9) Foreign Currency Transactions

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

As for the accounting method of foreign currency transactions, until the year ended March 31, 2003, the Bank applied the temporary treatment stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25) to currency swaps and foreign exchange swaps for the purpose of hedging lending or borrowing funds in different currencies. Effective the year ended March 31, 2004, the Bank applies the hedge accounting pursuant to the basic provision of JICPA Industry Audit Committee Report No. 25.

Consequently, for the year ended March 31, 2004, the Bank has valued such foreign exchange swaps at fair value and included their fair-valued assets and liabilities in the consolidated balance sheets. Previously, profits or losses on the foreign exchange swaps were charged to income by periodical allocation. As a result, "Other assets" and "Other liabilities" decreased by ¥4 million each. However, this accounting change had no impact on profit or loss.

Foreign currency translation differences arising from other forward foreign exchange transactions were formerly accounted for as "Other assets" or "Other liabilities" on a net basis, but effective the year ended March 31, 2004, they are accounted for as "Other assets" or "Other liabilities" on a gross basis pursuant to JICPA Industry Audit committee Report No. 25. Consequently, "Other assets" and "Other liabilities" increased by ¥1,154 million each. 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.

#### (10) Lease Transactions

Finance lease transactions, except for those that meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, are accounted for as operating leases (See Note 20).

#### (11) Method of Hedge Accounting

##### i) Interest Rate Risk Hedge

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, the Bank applies the deferred hedge accounting method.

Until the year ended March 31, 2003, the Bank applied the temporary treatment 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) to the "macro hedge," which is the management of interest-rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives. Effective the year ended March 31, 2004, the Bank applies the basic provisions of JICPA Industry Audit Committee Report No. 24. The Bank assesses the effectiveness of such hedges by monitoring offsetting movement of the fair value by the changes in interest rates, of the hedged items (such as deposits and loans) and hedging instruments (such as interest rate swaps) classified by their maturity.

A portion of deferred hedge losses and gains, which was previously under the "macro hedge" is charged to "Interest income" or "Interest expenses" over a four-year period from the year ended March 31, 2004 according to their notional principles or maturity. At the year ended March 31, 2004, gross amounts of deferred hedge losses on "macro hedges" were ¥40 million.

##### ii) Currency Exchange Rates Risk Hedge

As for the hedge accounting method applied to hedging transactions for currency risk arising from financial assets and liabilities, the Bank applies the deferred hedge accounting method.

The Bank applies deferred hedge accounting stipulated in the basic provisions of JICPA Industry Audit Committee Report No. 25 to the foreign exchange swap transactions executed for the purpose of hedging lending or borrowing funds in different currencies. While in the year ended March 31, 2004, the Bank applied the temporary treatment stipulated in JICPA Industry Audit Committee Report No. 25.

Pursuant to JICPA Industry Audit Committee Report No. 25, the Bank assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

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

#### (12) Consumption Taxes

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

#### (13) Other Significant Accounting Policies

- i) Accounting Standard for Treasury Stock and Reversal of Legal Reserves 'Accounting Standard for Treasury Stock and Reversal of Legal Reserves' (Financial Accounting Standard No. 1) was applied from April 1, 2002. But it would not have a material impact on the balance sheets of the Bank.
- ii) Implementation Guidance for Accounting Standard for Earnings Per Share From April 1, 2002, the Bank applies 'Implementation Guidance for Accounting Standard for Earnings Per Share' (Financial Accounting Standards Implementation Guidance No. 4). This accounting change has no impact on net income/loss per share.



## iii) Accounting Standard for Financial Instruments

- a) Formerly, repurchase agreement transactions were carried as trading. Effective the year ended March 31, 2003, the Bank recognizes them on the consolidated balance sheets as finance transactions. The effect to the trading assets caused by this new accounting standard was immaterial.
- b) Formerly, securities lending/borrowing transactions secured by cash were recorded in other assets/liabilities. Effective the year ended March 31, 2003, based on the 'Practical Guidelines Concerning Accounting for Financial Instruments' (JICPA Accounting Committee Report No. 14), they are recorded on the consolidated balance sheets as 'Receivables under securities borrowing transactions' and 'Payables under securities lending transactions'. This change brought decreases in other assets and other liabilities and increases in Receivables under securities borrowing transactions and Payables under securities lending transactions by ¥5,442 million and ¥32,407 million respectively.

## (14) Appropriation of Retained Earnings

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

## (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) Revise on the Company Regulation for Employees' Retirement

The Bank has revised the retirement allowances plan on April 1, 2003. This revision has brought ¥4,875 million of unrecognized prior service cost at the beginning of the year ended March 31, 2004.

## 4. Trading Assets

Trading assets as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Trading Securities	¥ 4,782	¥ 15,128	\$ 45,252
Derivatives of Trading			
Securities	—	0	—
Securities Related to			
Trading Transactions	61,551	5,455	582,380
Derivatives of Securities Related			
to Trading Transactions	—	0	—
Trading-Related Financial			
Derivatives	5,236	4,405	49,548
Other Trading Assets	289,647	222,156	2,740,542
<b>Total</b>	<b>¥361,219</b>	<b>¥247,145</b>	<b>\$3,417,722</b>

## 5. Securities

Securities as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Japanese National			
Government Bonds	¥ 475,026	¥ 479,345	\$ 4,494,526
Japanese Local			
Government Bonds	87,876	64,233	831,457
Japanese Corporate Bonds			
and Financial Debentures	410,971	374,431	3,888,461
Japanese Corporate Stocks	191,030	126,222	1,807,462
Other Securities	292,755	299,739	2,769,945
<b>Total</b>	<b>¥1,457,660</b>	<b>¥1,343,972</b>	<b>\$13,791,851</b>

Stocks of Non-consolidated subsidiaries of ¥806 million and ¥486 million are included in Securities as of March 31, 2004 and 2003, respectively.

## 6. Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Bills Discounted	¥ 48,113	¥ 56,782	\$ 455,233
Loans on Bills	332,551	392,715	3,146,478
Loans on Deeds	4,707,589	4,568,700	44,541,484
Overdrafts	556,883	583,110	5,269,025
<b>Total</b>	<b>¥5,645,137</b>	<b>¥5,601,309</b>	<b>\$53,412,220</b>

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

The unused amount within the limits was ¥1,408,288 million relating to these contracts, including ¥1,385,406 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2004.

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.

(b) Risk monitored loans as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Loans to Bankrupt Borrowers	¥ 9,577	¥ 53,168	\$ 90,617
Delinquent Loans	203,635	287,522	1,926,720
Loans Past Due 3 Months or More	16,468	11,955	155,820
Restructured Loans	134,512	189,011	1,272,710
<b>Total</b>	<b>¥364,193</b>	<b>¥541,658</b>	<b>\$3,445,868</b>

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

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

As noted on Note 3. (6), for collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectable and charged off against the total outstanding amount of the claims. Consequently, Loans to bankrupt borrowers and Delinquent loans decreased ¥32,503 million and ¥74,446 million respectively.

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

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



## 7. Foreign Exchange Assets

Foreign exchange assets as of March 31, 2004 and 2003 consisted of the following:

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 without restrictions. Their total face value as of March 31, 2004 and 2003 were ¥48,440 million and ¥57,131 million respectively.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Due from Foreign			
Correspondents	¥1,312	¥1,934	\$12,415
Foreign Bills of Exchange			
Bought	355	366	3,366
Foreign Bills of Exchange			
Receivable	164	135	1,555
Total	¥1,832	¥2,435	\$17,337

## 8. Other Assets

Other assets as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Domestic Exchange			
Settlement	¥ 1,342	¥ 1,102	\$ 12,701
Accrued Income	11,112	13,388	105,140
Prepaid Expenses	691	724	6,541
Others	89,692	87,638	848,638
Total	¥102,838	¥102,853	\$973,020

## 9. Premises and Equipment

Fixed assets are depreciated on the declining-balance method. Premises and Equipment as of March 31, 2004 and 2003 are shown at net of following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
	¥92,479	¥93,815	\$875,007

## 10. Assets Pledged

Assets pledged as collateral are as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Securities	¥172,712	¥103,072	\$1,634,138
Trading Assets	26,397	32,498	249,760
Cash and Due from Banks	40	40	378
Other	4,400	23,174	41,631

Liabilities related to above pledged assets are as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Deposits	¥ 21,367	¥33,843	\$202,168
Payables under Repurchase			
Agreements	26,399	32,499	249,786
Payables under Securities			
Lending Transactions	102,409	32,407	968,964
Borrowed Money	5,214	21,955	49,338

2004

In addition, securities of ¥106,020 million, loans of ¥111,585 million and trading assets of ¥299 million are pledged as collateral for settlement of exchange or as valuation margin. Leased deposits of ¥6,265 million are included in premises and equipment. Initial margin for future contracts of ¥106 million are included in other assets.

2003

In addition, trading assets of ¥299 million, securities of ¥107,114 million and loans of ¥159,305 million are pledged as collateral for settlement of exchange or as valuation margin. Leased deposits of ¥6,799 million are included in premises and equipment. Initial margin for future contracts of ¥107 million are included in other assets.

## 11. Deposits

An analysis of deposits as of March 31, 2004 and 2003 was as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Current Deposits	¥ 169,886	¥ 169,490	\$ 1,607,400
Ordinary Deposits	3,692,767	3,416,687	34,939,615
Savings Deposits	350,969	379,319	3,320,749
Deposits at Notice	14,484	15,115	137,046
Time Deposits	2,861,690	3,012,029	27,076,262
Other Deposits	157,386	165,222	1,489,137
Sub Total	¥7,247,185	¥7,157,864	\$68,570,209
Negotiable Certificates			
of Deposit	99,498	75,122	941,420
Total	¥7,346,684	¥7,232,986	\$69,511,629

## 12. Trading Liabilities

Trading liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Trading Account Securities			
Sold, Not Yet Purchased	¥1,501	¥4,328	\$14,205
Derivatives of Trading			
Securities	—	2	—
Trading Related Securities Sold			
for Short Sales	1,984	—	18,774
Derivatives of Securities Related			
to Trading Transactions	0	0	0
Derivatives	4,158	3,387	39,346
Total	¥7,644	¥7,718	\$72,325

## 13. Borrowed Money

Borrowed money as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Borrowings from The Bank of			
Japan and Other Financial			
Institutions	¥92,397	¥113,154	\$874,230

Subordinated Borrowings of ¥78,000 million and ¥82,000 million are included in Borrowed Money as of March 31, 2004 and 2003.

#### 14. Foreign Exchange Liabilities

Foreign exchange liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Due to Foreign Banks .....	¥ —	¥ 0	\$ —
Foreign Bills Sold .....	361	381	3,425
Foreign Bills of Exchange Payable .....	43	137	415
Total .....	¥405	¥519	\$3,840

#### 15. Subordinated Bonds

Subordinated bonds as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
	¥39,500	¥45,500	\$373,735

#### 16. Other Liabilities

Other liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Domestic Exchange Settlement .....	¥ 212	¥ 430	\$ 2,007
Accrued Expenses .....	7,400	10,234	70,019
Unearned Income .....	19,595	18,817	185,403
Accrued Income Taxes .....	2,924	1,860	27,666
Others .....	60,962	31,097	576,805
Total .....	¥91,094	¥62,440	\$861,901

#### 17. Retirement Benefit Plans

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

(1) The liabilities/assets for employees' retirement benefit plans as of March 31, 2004 and 2003 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Retirement Benefit Obligation .....	¥(58,757)	¥(99,075)	\$(555,944)
Plan Assets at Fair Value .....	28,054	39,259	265,440
Unfunded Retirement Benefit Obligation .....	(30,703)	(59,816)	(290,504)
Unrecognized Net Retirement Benefit Obligation at Transition ..	2,498	8,154	23,639
Unrecognized Actuarial Gain or Loss .....	7,258	22,639	68,675
Unrecognized Prior Service Cost .....	(2,437)	—	(23,063)
Reserve of Employees' Retirement Benefits .....	¥(23,384)	¥(29,022)	\$(221,254)

(2) The components of retirement benefit cost for the years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Service Cost .....	¥2,164	¥2,682	\$20,484
Interest Cost .....	1,642	2,594	15,540
Expected Return on Plan Assets .....	(884)	(1,673)	(8,371)
Amortization of Prior Service Cost .....	(2,437)	—	(23,063)
Amortization of Actuarial Gain or Loss .....	1,616	938	15,294
Amortization of Net Retirement Benefit Obligation at Transition ...	2,893	4,077	27,373
Other .....	—	—	—
Net Periodic Retirement Benefit Cost .....	¥4,994	¥8,618	\$47,258

(3) Assumptions used in accounting for the above plans for the years ended March 31, 2004 and 2003 were as follows:

	2004	2003
Discount Rate .....	2.5%	2.5%
Expected Return Rate .....	3.5%	4.0%
Amortization Period of Prior Service Cost .....	2 years	—
Amortization Period of Actuarial Gain or Loss .....	10 years	10 years
Amortization Period of Net Retirement Benefit Obligation at Transition .....	5 years	5 years

#### 18. Land Revaluation Excess

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

Date of the revaluation: March 31, 1998

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

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

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to the Article 10 of the Law were ¥37,431 million and ¥36,497 million as of March 31, 2004 and 2003, respectively.

#### 19. Common Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2004 and 2003.

The number of shares in issue as of March 31, 2004 and 2003 was as follows:

	Number of Shares	
	2004	2003
Shares in Issue .....	845,521,087	845,521,087

## 20. Retained Earnings

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

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

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

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

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

In line with the Code Amendments, on June 29, 2001, amendments to the Banking Law were promulgated and became effective on October 1, 2001. The Amendments of the Banking Law provide that an amount at least equal to 20% of the aggregated amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period shall be appropriated and set aside as a legal reserve until the aggregate amount of legal reserve set aside as appropriation of retained earnings and the legal capital surplus equals 100% of common stock.

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

## 21. Trading Income

The composition of trading income for the years ended March 31, 2004 and 2003 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Gains on Trading Securities . . . . .	¥ 434	¥ 332	\$ 4,111
Gains on Securities Related to			
Trading Transactions . . . . .	47	65	451
Gains on Derivatives . . . . .	1,878	1,540	17,773
Other Trading Income . . . . .	170	247	1,616
Total . . . . .	¥2,531	¥2,185	\$23,951

## 22. Other Operating Income

The composition of other operating income for the years ended March 31, 2004 and 2003 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Gains on Foreign Exchange			
Transactions . . . . .	¥1,565	¥2,116	\$14,812
Gains on Sale of Bonds . . . . .	1,752	4,059	16,583
Others . . . . .	32	2	303
Total . . . . .	¥3,350	¥6,177	\$31,698

## 23. Other Income

The composition of other income for the years ended March 31, 2004 and 2003 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Gains on Sale of Securities . . . . .	¥ 2,327	¥ 2,779	\$ 22,023
Gains on Money Held in Trust . . . . .	281	108	2,665
Others . . . . .	28,978	19,406	274,187
Total . . . . .	¥31,588	¥22,293	\$298,875

## 24. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2004 and 2003 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Losses on Sale of Bonds . . . . .	¥577	¥ 72	\$5,460
Losses on Redemption			
of Bonds . . . . .	—	800	—
Other Expenses on			
Derivatives . . . . .	—	279	—
Total . . . . .	¥577	¥1,151	\$5,460

## 25. Other Expenses

The composition of other expenses for the years ended March 31, 2004 and 2003 was as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Provision for Possible			
Loan Losses . . . . .	¥12,783	¥36,804	\$120,956
Write-off of Loans and			
Bills Discounted . . . . .	22,326	4,558	211,247
Losses on Sale of Securities . . . . .	47	329	451
Losses on Devaluation of			
Securities . . . . .	451	16,114	4,268
Losses on Money			
Held in Trust . . . . .	27	143	259
Amortization of Net			
Retirement Benefit			
Obligation at Transition . . . . .	2,893	4,077	27,373
Others . . . . .	19,372	18,680	183,291
Total . . . . .	¥57,901	¥80,707	\$547,845

## 26. Cash and Cash Equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets to the cash and cash equivalents as of March 31, 2004 and 2003, is as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Cash and Due from Banks . . . . .	¥283,134	¥400,263	\$2,678,915
Interest-bearing Deposits			
Included in Due from Banks			
(Other than Deposits with			
the Bank of Japan) . . . . .	(45,179)	(3,850)	(427,472)
Cash and Cash Equivalents . . . . .	¥237,954	¥396,412	\$2,251,443

## 27. 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, are accounted for as operating leases. Pro forma information on these operating leases is as follows:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
<b>Lessee Side</b>			
Amount Corresponding to the Purchased Prices of the Leased Asset	¥305	¥324	\$2,891
Amount Corresponding to Accumulated Depreciation	260	242	2,468
Amount Corresponding to Balance at Fiscal Year-End	¥ 44	¥ 82	\$ 423

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Amount Corresponding to Lease Payable (within 1 year)	¥22	¥37	\$216
Amount Corresponding to Lease Payable (over 1 year)	21	44	207
Total	¥44	¥82	\$423

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Lease Fees Paid	¥33	¥47	\$317
Amount Corresponding to Depreciation	33	47	317

Notes: 1. The lease period is set at the useful lifetime of the asset and the straight-line method of depreciation is used to compute the remaining value of the asset.

2. The amount corresponding to interest costs is the difference between total lease fees to be paid and the amount corresponding to the purchase prices of the leased asset. The interest method is used to allocate the amounts to applicable consolidated accounting years.

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
<b>Lessor Side</b>			
Amount Corresponding to the Purchased Prices of the Leased Asset	¥88,761	¥81,337	\$839,825
Amount Corresponding to Accumulated Depreciation	47,943	43,757	453,627
Amount Corresponding to Balance at Fiscal Year-End	¥40,817	¥37,580	\$386,198

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
Amount Corresponding to Lease Receivable (within 1 year)	¥14,822	¥13,515	\$140,248
Amount Corresponding to Lease Receivable (over 1 year)	32,090	29,875	303,624
Total	¥46,912	¥43,390	\$443,872
Receipt of Leasing Fee for the Year	¥15,414	¥13,948	\$145,843

### (b) Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
<b>Lessee Side</b>			
Amount Corresponding to Lease Payable (within 1 year)	¥—	¥—	\$—
Amount Corresponding to Lease Payable (over 1 year)	—	—	—
Total	¥—	¥—	\$—

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
<b>Lessor Side</b>			
Amount Corresponding to Lease Receivable (within 1 year)	¥214	¥182	\$2,026
Amount Corresponding to Lease Receivable (over 1 year)	8	15	80
Total	¥222	¥198	\$2,106

## 28. 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, 2004 and 2003 consisted of the following:

	Millions of Yen (Note 1)		Thousands of
	2004	2003	U.S. Dollars (Note 1)
<b>Deferred Tax Assets:</b>			
Reserve for Possible Loan Losses	¥72,713	¥ 78,795	\$687,991
Write-offs of Securities	9,551	12,285	90,376
Reserve for Employees' Retirement Benefits	8,551	10,472	80,907
Reserve for Losses on Sales of Loans	—	4,957	—
Carried Forward Taxable Losses	—	328	—
Others	6,698	13,677	63,382
Total Deferred Tax Assets	¥97,515	¥120,517	\$922,656
<b>Deferred Tax Liabilities:</b>			
Unrealized Gains on Other Securities	¥20,357	¥ 185	\$192,615
Reserve for Advanced Depreciation	47	47	453
Others	0	0	0
Total Deferred Tax Liabilities	¥20,405	¥ 233	\$193,068
Net Deferred Tax Assets	¥77,110	¥120,284	\$729,588

With the implementation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes is to be a combination of "amount of added value" and "amount of capital" from the fiscal year starting April 1, 2004. The enterprise taxes that have tax bases of the "amount of added value" and the "amount of capital" are not pertinent to the enterprise taxes that have tax bases of income-related amounts.

In connection with the "Revision of the Local Tax Law," the effective statutory tax rate used in the calculations of deferred tax assets and liabilities was changed from 41.3% to 40.3%. As a result, there was a decrease in "Deferred tax assets" of ¥1,743 million and an increase in "Income taxes, deferred" of ¥1,586 million. There was also a decrease in "Deferred tax liabilities for land revaluation" of ¥217 million and an increase in "Land revaluation excess" of the same amount. There was a decrease in "Unrealized gains on other securities" of ¥156 million.

## 29. Segment Information

### (1) Business Segment Information

	For the year ended March 31, 2004					
	Millions of Yen (Note 1)					
	Banking Business	Leasing Business	Other	Total	Eliminations	Consolidated
Ordinary Income, Ordinary Profit/Loss						
Ordinary Income						
(1) Outside Customers	¥ 176,478	¥16,668	¥10,690	¥ 203,837	¥ —	¥ 203,837
(2) Inter-segment	1,043	261	37	1,342	(1,342)	—
Total	¥ 177,521	¥16,929	¥10,728	¥ 205,180	¥ (1,342)	¥ 203,837
Ordinary Expenses	¥ 136,129	¥15,943	¥ 9,234	¥ 161,307	¥ (1,299)	¥ 160,008
Ordinary Profit/Loss	¥ 41,392	¥ 986	¥ 1,494	¥ 43,872	¥ (43)	¥ 43,829
Assets	¥8,197,949	¥47,567	¥53,528	¥8,299,045	¥(67,318)	¥8,231,727
Depreciation	7,255	12,947	160	20,363	—	20,363
Capital Expenditure	6,926	16,829	128	23,885	—	23,885

Notes: 1. Because the percentage of leasing business, previously included in "Other", to the total of all segments has become considerably large, the leasing business is newly provided from the year ended March 31, 2004.

2. Ordinary income and ordinary profit/loss are presented as counterparts of sales and operating profit of companies in other industries.

3. "Other" includes securities and credit card business.

	For the year ended March 31, 2003				
	Millions of Yen (Note 1)				
	Banking Business	Other	Total	Eliminations	Consolidated
Ordinary Income, Ordinary Profit/Loss					
Ordinary Income					
(1) Outside Customers	¥ 179,048	¥24,827	¥ 203,876	¥ —	¥ 203,876
(2) Inter-segment	8,009	(745)	7,264	(7,264)	—
Total	¥ 187,058	¥24,082	¥ 211,141	¥ (7,264)	¥ 203,876
Ordinary Expenses	¥ 170,161	¥24,639	¥ 194,801	¥ (7,933)	¥ 186,867
Ordinary Profit/Loss	¥ 16,897	¥ (556)	¥ 16,340	¥ 668	¥ 17,008
Assets	¥8,089,851	¥88,198	¥8,178,050	¥(156,431)	¥8,021,618
Depreciation	7,457	11,968	19,426	—	19,426
Capital Expenditure	6,527	16,144	22,671	(0)	22,671

The Bank and some of its consolidated subsidiaries are engaged in securities and leasing businesses other than banking business, but these business as a percentage of total group businesses are very small. Thus, segment information by business is omitted.

Notes: 1. Ordinary income and ordinary profit/loss are presented as counterparts of sales and operating profit of companies in other industries.

2. "Other" includes securities, leasing and credit card business.

### (2) Geographic Segment Information

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

### (3) Ordinary income from overseas operations

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

## 30. Subsequent Events

The following appropriation of retained earnings of the Bank was approved at a stockholders' meeting held on June 29, 2004.

	Millions of Yen (Note 1)
Year-End Cash Dividends (¥3.5 per share)	¥ 2,957
Bonuses to Directors	40
Voluntary Reserves	20,000

### 31. Market Value of Securities

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

##### Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2004	
	Amount in the Balance Sheets	Valuation Gain Included in Income before Income Taxes
Trading Securities .....	¥355,982	¥(16)

##### Marketable Other Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2004				
	Cost	Amount in the Balance Sheets	Differences	Gain	Loss
Stocks .....	¥ 136,342	¥ 184,214	¥47,871	¥51,339	¥3,467
Bonds:					
Government Bonds .....	477,654	475,026	(2,628)	362	2,990
Local Government Bonds .....	87,836	87,876	40	903	863
Corporate Bonds .....	402,332	403,672	1,339	1,758	419
Others .....	288,161	292,036	3,874	5,657	1,782
Total .....	¥1,392,328	¥1,442,826	¥50,498	¥60,021	¥9,523

##### Other Securities Available for Sale Sold during The Year

	Millions of Yen (Note 1)		
	March 31, 2004		
	Proceeds from Sales	Gain	Loss
Other Securities Available for Sale .....	¥335,250	¥4,080	¥624

##### Securities for Which Fair Value is Not Readily Determinable

	Millions of Yen (Note 1)
	March 31, 2004
	Amount in the Balance Sheets
Held-to-Maturity Bonds:	
Beneficiary Claims on Loans .....	¥1,500
Other Securities Available for Sale:	
Non-listed Stocks .....	6,008
Non-listed Foreign Securities .....	0
Private Notes .....	7,299

Note: Non-listed stocks include investments in unconsolidated subsidiaries in the amount of ¥806 million.

##### Repayment Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2004			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government Bonds .....	¥137,013	¥195,849	¥ 9,792	¥132,371
Local Government Bonds .....	5,022	75,646	7,207	—
Corporate Bonds .....	52,707	350,112	8,152	—
Others .....	56,876	163,092	24,928	31,960
Total .....	¥251,619	¥784,699	¥50,081	¥164,331



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

### Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2003	
	Amount in the Balance Sheets	Valuation Gain Included in Income before Income Taxes
Trading Securities .....	¥242,739	¥52

### Marketable Other Securities Available for Sale

	Millions of Yen (Note 1)				
	March 31, 2003				
	Cost	Amount in the Balance Sheets	Differences	Gain	Loss
Stocks .....	¥ 139,106	¥ 119,597	¥(19,509)	¥ 7,615	¥27,124
Bonds:					
Government Bonds .....	480,601	479,345	(1,255)	837	2,093
Local Government Bonds .....	62,617	64,233	1,616	1,616	—
Corporate Bonds .....	363,950	367,683	3,732	3,747	14
Others .....	296,598	296,787	189	5,676	5,486
Total .....	¥1,342,875	¥1,327,648	¥(15,226)	¥19,492	¥34,718

### Other Securities Available for Sale Sold during The Year

	Millions of Yen (Note 1)		
	March 31, 2003		
	Proceeds from Sales	Gain	Loss
Other Securities Available for Sale .....	¥438,470	¥6,812	¥399

### Securities for Which Fair Value Is Not Readily Determinable

	Millions of Yen (Note 1)
	March 31, 2003
	Amount in the Balance Sheets
Non-listed Stocks .....	¥6,137
Non-listed Foreign Securities .....	3,034
Private Notes .....	6,748

Note: Non-listed stocks include investments in unconsolidated subsidiaries in the amount of ¥486 million.

### Repayment Schedule of Bonds Held

	Millions of Yen (Note 1)			
	March 31, 2003			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government Bonds .....	¥237,062	¥139,957	¥ —	¥102,326
Local Government Bonds .....	7,105	48,292	8,836	—
Corporate Bonds .....	52,891	311,413	8,885	1,241
Others .....	57,006	193,053	24,368	12,776
Total .....	¥354,066	¥692,715	¥42,089	¥116,343

### 32. Money Held in Trust

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Book Value .....	¥25,204	¥12,372	\$238,479
Valuation Losses included in the Consolidated Statements of Income .....	(45)	(38)	(431)

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Cost .....	¥4,044	¥2,822	\$38,266
Book Value .....	4,043	2,822	38,259
Valuation Differences .....	(0)	(0)	(7)
Gains .....	0	—	7
Losses .....	1	0	14

### 33. Derivative Transactions

#### (a) Risk Control for Derivative Transactions

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

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

- a) Interest rate-related products  
Futures, Futures Options, FRAs (forward rate agreements), Options, Interest-rate Caps and Interest-rate Floors
- b) Currency-related products  
Swaps, Forward Exchange, Options, and Futures
- c) Bond-related products  
Futures, Futures options, and Over-the-Counter Options
- d) Stock-related products  
Index Futures, Index Options and Stock Options

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

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

- a) To respond to the diverse needs of customers.
- b) For risk controls related to the assets and liabilities as a part of asset and liability management.
- c) For trading purposes.

As for risk controls related to assets and liabilities, the Bank and the consolidated subsidiaries utilize the deferred hedge accounting method for the management of interest rate risk and currency risk. The method of hedge accounting is mentioned in the note 3 (11).

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

##### (3) Risk

Main risks of derivatives trading are as follows:

- a) Market Risk  
The risk of incurring a loss because the value of the derivative products decrease caused by fluctuations in market risk factors such as interest rates, foreign exchange rates and bond and stock prices.
- b) Credit Risk  
The risk of incurring a loss because the counterparties are unable to fulfill their obligations due to bankruptcy or other reasons.

Amount of market risk and credit risk on derivative trading calculated into the capital ratio (BIS guidelines) as of March 31, 2004 are ¥4.1 billion and ¥27.0 billion, respectively (consolidated base by current exposure method).

##### (4) Risk Management Structure

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

##### (5) Notional Principal or Contract Amount

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

## (b) Market Value of Derivatives

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

## (1) Interest rate derivatives

	Millions of Yen (Note 1)					
	March 31, 2004			March 31, 2003		
	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)
Listed:						
Futures:						
Sold .....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bought .....	9,486	1	1	—	—	—
Options:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—
Over-the-counter:						
FRA:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—
Swaps:						
Receive Fixed / Pay Float .....	319,035	2,422	2,422	198,443	3,682	3,682
Receive Float / Pay Fixed .....	324,908	(1,289)	(1,289)	192,009	(3,003)	(3,003)
Receive Float / Pay Float .....	309	(6)	(6)	946	(11)	(11)
Options:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—
Others:						
Sold .....	148,775	(1,223)	(1,223)	67,435	113	113
Bought .....	105,300	806	806	38,800	81	81

Notes: 1. Valuation gains (losses) are recognized in the consolidated statements of income. Derivatives which qualify for hedge-accounting are not included in the above table.

2. Market value of exchange-traded transactions are based on closing prices on the Tokyo International Financial Future Exchange, etc. Market values of over-the-counter transactions are based on discounted cash flow method, option pricing models, etc.

## (2) Currency derivatives

	Millions of Yen (Note 1)					
	March 31, 2004			March 31, 2003		
	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)
Listed:						
Futures:						
Sold .....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Bought .....	—	—	—	—	—	—
Options:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—
Over-the-counter:						
Currency Swaps .....	329,445	307	307	188,503	149	149
Forward Foreign Exchange:						
Sold .....	4,265	54	54	—	—	—
Bought .....	3,404	(38)	(38)	—	—	—
Currency Options:						
Sold .....	18,708	568	11	—	—	—
Bought .....	18,708	555	164	—	—	—
Others:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—

Notes: 1. Valuation gains (losses) are recognized in the consolidated statements of income.

Derivatives which qualify for hedge-accounting and which are corresponded to the foreign-currency positions and are recognized in the consolidated balance sheets are not included in the above table.

2. Market values are based on the discounted cash flow method.

3. Other foreign exchange-related derivatives such as forward exchange contracts and currency options which were previously excluded from the above table, are now included in the above table. Derivatives such as currency swaps which qualify for hedge-accounting based on JICPA Industry Audit Committee Report No. 25 are not included in the above table.

Notional principal or contract amount, market value and valuation gains of currency swaps which are accounted for by an accrual basis were as follows.

	Millions of Yen (Note 1)		
	March 31, 2003		
	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)
Swaps .....	¥37,233	¥(80)	¥(80)

Note: Other foreign exchange-related transactions such as forward exchange contracts and currency options, which valuations gains (losses) had been recognized in the consolidated statements of income, are not included above table.

Notional principal or contract amount of those foreign exchange-related transactions were as follows:

	Millions of Yen (Note 1)	
	March 31, 2003	
	Notional Principal or Contract Amount	
Over-the-counter:		
Forward contracts:		
Sold .....		¥ 3,448
Bought .....		2,663
Options:		
Sold .....		11,277
Bought .....		11,277

### (3) Equity derivatives

There are no corresponding items.

### (4) Bond derivatives

	Millions of Yen (Note 1)					
	March 31, 2004			March 31, 2003		
	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)	Notional Principal or Contract Amount	Market Value	Valuation Gain (Loss)
Listed:						
Futures:						
Sold .....	¥137	¥(0)	¥(0)	¥1,570	¥(3)	¥(3)
Bought .....	—	—	—	857	0	0
Futures Options:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—
Over-the-counter:						
Options:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—
Others:						
Sold .....	—	—	—	—	—	—
Bought .....	—	—	—	—	—	—

Notes: 1. Valuation gains (losses) are recognized in the consolidated statement of income. Derivatives which qualify for hedge-accounting are not included in the above table.

2. Market value of exchange traded transactions are based on closing prices on the Tokyo Stock Exchange, etc. Market values of over-the-counter transactions are based on option pricing models, etc.

### (5) Commodity derivatives

There are no corresponding items.

### (6) Credit derivatives

There are no corresponding items.

## Non-consolidated Balance Sheets

The Chiba Bank, Ltd.  
As of March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
<b>ASSETS</b>			
Cash and Due From Banks	¥ 281,374	¥ 398,340	\$ 2,662,261
Call Loans and Bills Bought	172,663	190,000	1,633,678
Receivables under Securities Borrowing Transactions	10,467	5,441	99,043
Commercial Paper and Other Debt Purchased	2,012	268	19,041
Trading Assets	360,735	246,410	3,413,149
Money Held in Trust	25,204	12,372	238,479
Securities	1,458,700	1,346,470	13,801,692
Loans and Bills Discounted	5,678,111	5,606,409	53,724,207
Foreign Exchanges	1,832	2,435	17,337
Other Assets	45,629	48,919	431,731
Premises and Equipment	101,097	103,747	956,551
Deferred Tax Assets	73,369	116,691	694,195
Customers' Liabilities for Acceptances and Guarantees	115,295	144,439	1,090,884
Reserve for Possible Loan Losses	(108,695)	(209,649)	(1,028,439)
Reserve for Investment Losses	—	(270)	—
<b>Total Assets</b>	<b>¥8,217,800</b>	<b>¥8,012,028</b>	<b>\$77,753,810</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits	¥7,365,960	¥7,250,035	\$69,694,014
Call Money and Bills Sold	3,593	4,026	34,000
Payables under Repurchase Agreements	26,399	32,499	249,786
Payables under Securities Lending Transactions	102,409	32,407	968,964
Trading Liabilities	7,644	7,718	72,325
Borrowed Money	116,990	136,884	1,106,919
Foreign Exchanges	405	519	3,840
Subordinated Bonds	10,000	—	94,616
Other Liabilities	57,379	34,069	542,904
Reserve for Employees' Retirement Benefits	22,657	28,370	214,376
Reserve for Losses on Sales of Loans	—	12,175	—
Deferred Tax Liabilities for Land Revaluation	8,693	8,748	82,259
Acceptances and Guarantees	115,295	144,439	1,090,884
<b>Total Liabilities</b>	<b>¥7,837,429</b>	<b>¥7,691,895</b>	<b>\$74,154,886</b>
<b>Stockholders' Equity</b>			
Common Stock	¥ 121,019	¥ 121,019	\$ 1,145,039
Capital Surplus	98,178	98,178	928,931
Legal Reserve	50,930	50,930	481,883
Voluntary Reserves	41,971	36,971	397,114
Retained Earnings	26,224	9,589	248,126
Land Revaluation Excess	12,879	12,960	121,857
Net Unrealized Gains (Losses) on Other Securities	29,395	(9,343)	278,126
Treasury Stock	(227)	(172)	(2,153)
<b>Total Stockholders' Equity</b>	<b>¥ 380,370</b>	<b>¥ 320,132</b>	<b>\$ 3,598,924</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>¥8,217,800</b>	<b>¥8,012,028</b>	<b>\$77,753,810</b>

## Non-consolidated Statements of Income

The Chiba Bank, Ltd.  
For the Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥116,260	¥121,080	\$1,100,018
Interest and Dividends on Securities	15,124	16,329	143,102
Other Interest Income	304	1,427	2,885
Fee and Commission Income	27,850	24,540	263,511
Trading Income	2,096	2,113	19,840
Other Operating Income	3,327	6,151	31,484
Other Income	14,061	4,757	133,049
<b>Total Income</b>	<b>¥179,026</b>	<b>¥176,401</b>	<b>\$1,693,888</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 3,539	¥ 5,506	\$ 33,490
Interest on Borrowings and Rediscounts	2,574	2,959	24,361
Other Interest Expenses	4,722	5,440	44,680
Fee and Commission Expenses	11,000	9,399	104,087
Trading Expenses	36	—	341
Other Operating Expenses	577	1,151	5,460
General and Administrative Expenses	74,356	75,858	703,530
Other Expenses	37,451	58,096	354,353
<b>Total Expenses</b>	<b>¥134,258</b>	<b>¥158,413</b>	<b>\$1,270,302</b>
Income Before Income Taxes	44,768	17,988	423,586
Income Taxes-Current	1,872	1,347	17,719
Income Taxes-Deferred	17,116	7,676	161,955
<b>Net Income</b>	<b>¥ 25,779</b>	<b>¥ 8,964</b>	<b>\$ 243,912</b>



## Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2004 and 2003

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

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
<b>Tier I:</b>			
Common Stock .....	¥ 121,019	¥ 121,019	\$ 1,145,039
Capital Surplus .....	98,178	98,178	928,931
Retained Earnings .....	124,701	102,255	1,179,879
Minority Interest in Consolidated Subsidiaries .....	6,833	6,566	64,654
Net Unrealized Losses on Other Securities .....	—	(9,052)	—
Treasury Stock .....	(1,895)	(1,914)	(17,939)
Foreign Currency Translation Adjustments .....	308	213	2,919
<b>Total Tier I Capital .....</b>	<b>¥ 349,145</b>	<b>¥ 317,265</b>	<b>\$ 3,303,484</b>
<b>Tier II:</b>			
Unrealized Gains on Other Securities, after 55% Discount .....	¥ 22,779	¥ —	\$ 215,536
Land Revaluation Excess, after 55% Discount .....	9,707	9,768	91,852
General Reserve for Possible Loan Losses .....	47,655	48,579	450,896
Subordinated Loans and Bonds .....	113,500	124,500	1,073,895
<b>Total Tier II Capital .....</b>	<b>¥ 193,643</b>	<b>¥ 182,848</b>	<b>\$ 1,832,180</b>
<b>Deductions from Capital .....</b>	<b>¥ 1,408</b>	<b>¥ 1,087</b>	<b>\$ 13,322</b>
<b>Total Capital .....</b>	<b>¥ 541,380</b>	<b>¥ 499,025</b>	<b>\$ 5,122,341</b>
<b>Risk-Adjusted Assets:</b>			
On-Balance-Sheet Items .....	¥4,731,049	¥4,632,322	\$44,763,456
Off-Balance-Sheet Items .....	109,454	114,390	1,035,619
Asset Equivalent of Market Risk .....	52,172	38,160	493,633
<b>Total Risk-Adjusted Assets .....</b>	<b>¥4,892,676</b>	<b>¥4,784,873</b>	<b>\$46,292,707</b>
<b>Capital Ratio (BIS guidelines) .....</b>	<b>11.06%</b>	<b>10.42%</b>	<b>11.06%</b>

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

	Millions of Yen (Note 1)			
	2004		2003	
	Outstanding Balance	Composition	Outstanding Balance	Composition
<b>Domestic Operations:</b>				
Manufacturing .....	¥ 448,973	7.97%	¥ 459,872	8.24%
Agriculture .....	12,904	0.23%	13,885	0.25%
Forestry .....	335	0.01%	353	0.01%
Fisheries .....	1,586	0.03%	1,824	0.03%
Mining .....	7,872	0.14%	8,753	0.16%
Construction .....	280,161	4.98%	302,255	5.41%
Electricity, Gas, Heat Supply and Water .....	7,056	0.12%	6,930	0.12%
Information and Communications .....	25,126	0.45%	22,264	0.40%
Transport .....	128,964	2.29%	123,451	2.21%
Wholesale and Retail Trade .....	575,211	10.22%	592,024	10.60%
Finance and Insurance .....	166,777	2.96%	146,527	2.62%
Real Estate .....	1,125,191	19.99%	1,141,866	20.45%
Various Services .....	456,295	8.10%	499,205	8.94%
Government, Local Public Sector .....	410,828	7.30%	390,528	7.00%
Others (Mainly Consumer Loans) .....	1,982,065	35.21%	1,873,788	33.56%
<b>Total .....</b>	<b>¥5,629,347</b>	<b>100.00%</b>	<b>¥5,583,527</b>	<b>100.00%</b>
<b>Overseas Operations and JOM account .....</b>	<b>¥ 15,790</b>	<b>—</b>	<b>¥ 17,782</b>	<b>—</b>

# Directors, Auditors and Executive Officers

The Chiba Bank, Ltd.  
As of June 29, 2004

## Chairman

Toshiaki Ishii

## President

Tadashi Takeyama

## Counsellor

Tsuneo Hayakawa

## Corporate Staff Unit

### Senior Managing Director

Tetsuo Oiwa

Chief of Corporate Staff Unit

Director in charge of Corporate Planning Division and Credit Planning Division

### Managing Director

Yukio Kusakabe

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

### Director

Hidetoshi Sakuma

General Manager, Corporate Planning Division

## Corporate Auditors

### Standing Corporate Auditors

Yutaka Yamazaki

Toshihiko Tsuchiya

### Corporate Auditors

Hiroshi Sato

Minoru Shimasaki

Jiro Sakan

## Business Operation Unit

### Director and Senior Executive Officer

Nobuyoshi Imai

Chief of Business Operation Unit

### Director and Managing Executive Officers

Nobuhisa Yashiro

General Manager, Kashiwa Branch

Kenji Yasui

Executive Officer in charge of Treasury Division and Treasury Operation Division

Toshio Yoshii

Executive Officer in charge of Business Coordination Division, Corporate Banking Division, Consumer Banking Division and Direct Channel Division

Yoshiyuki Kumano

General Manager, Head Office

### Managing Executive Officers

Hiroshi Nishikawa

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

Yoshifumi Morooka

Executive Officer in charge of Credit Division, Credit Division II and Credit Supervisory Division

### Executive Officers

Kazuo Uehara

General Manager, Chuo Branch

Yuji Watanabe

General Manager, Mobara Branch

Toru Nishikawa

General Manager, Funabashi Branch

Kazuo Ichimura

General Manager, Consumer Banking Division

Yukio Hasegawa

General Manager, Tokyo Head Office

Katsuhiko Watanabe

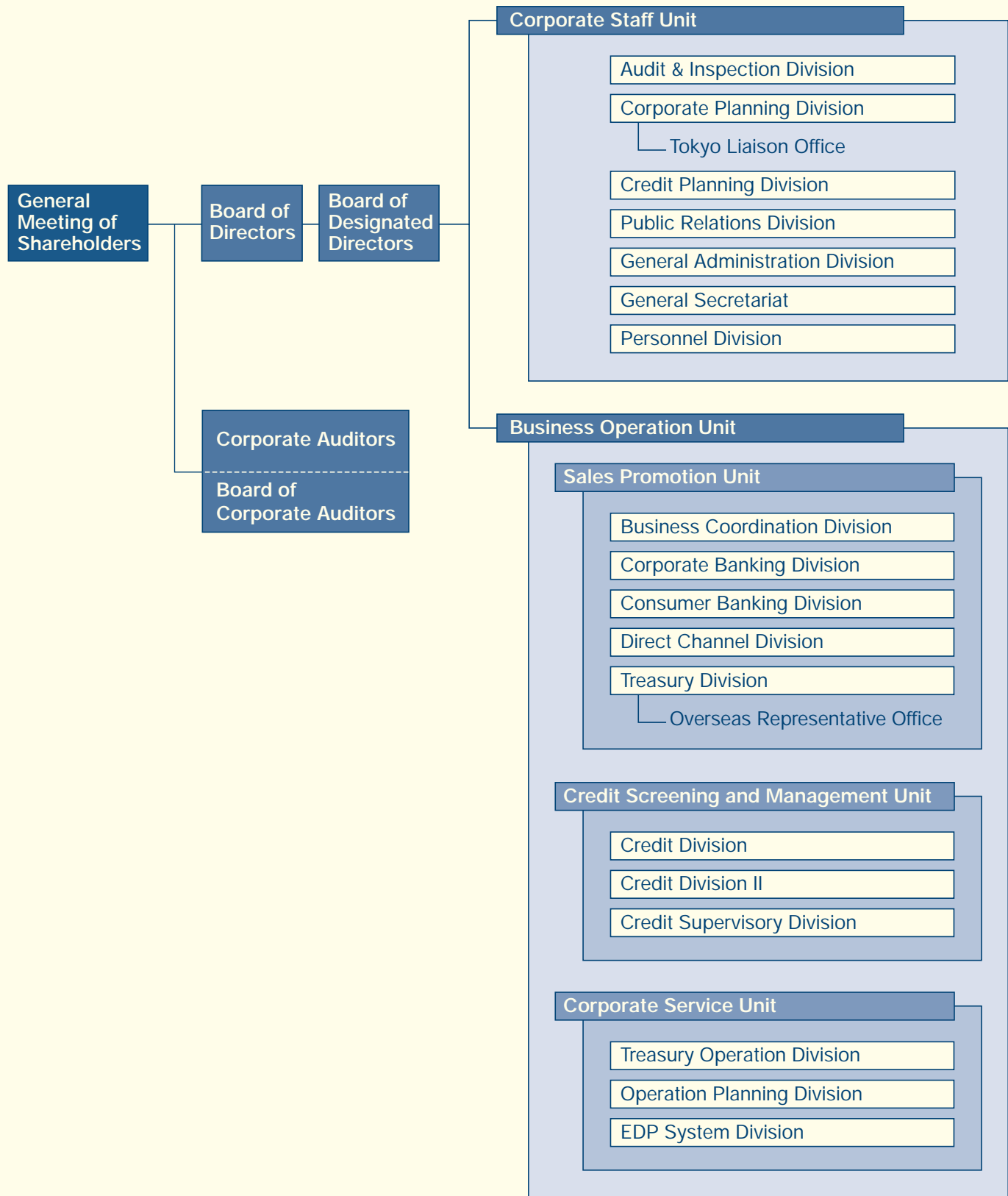
General Manager, Business Coordination Division

Tomoya Nakamigawa

General Manager, Narita Branch

# Organization

As of June 30, 2004



# Subsidiaries and Affiliates

As of July 1, 2004

## **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: September 7, 1959  
Capital: ¥20 million  
Equity Ownership  
By Chiba Bank: 100%

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

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

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

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

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

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

*Principal Business: Intensive back-office processing and cash and securities examinations*

Established: March 25, 1993  
Capital: ¥40 million  
Equity Ownership  
By Chiba Bank: 100%

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

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

*Principal Business: Management and collection of claims*

Established: October 1, 2001  
Capital: ¥500 million  
Equity Ownership  
By Chiba Bank: 100%

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

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

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

Established: May 1, 1978  
Capital: ¥54 million  
Equity Ownership  
By Chiba Bank: 45.63%  
By its subsidiaries: 42.87%

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

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

*Principal Business: Leasing*

Established: December 15, 1986  
Capital: ¥100 million  
Equity Ownership  
By Chiba Bank: 49%  
By its subsidiaries: 51%

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

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

*Principal Business: Securities business*

Established: March 27, 1944  
Capital: ¥4,374 million  
Equity Ownership  
By Chiba Bank: 41.43%  
By its subsidiaries: 7.36%

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

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

*Principal Business: Credit card business*

Established: November 1, 1982  
Capital: ¥50 million  
Equity Ownership  
By Chiba Bank: 49%  
By its subsidiaries: 21%

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

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

*Principal Business: Credit card business*

Established: February 16, 1989  
Capital: ¥50 million  
Equity Ownership  
By Chiba Bank: 40%  
By its subsidiaries: 55%

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

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

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

Established: April 1, 1980  
Capital: ¥150 million  
Equity Ownership  
By Chiba Bank: 46%  
By its subsidiaries: 20%

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

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

*Principal Business: Consulting services 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.**

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

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

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

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

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

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

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

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

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

*Principal Business: Finance*

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

Chibagin General Management Co., Ltd., which is now under liquidation, is excluded from the list.  
Chibagin Cash Business Co., Ltd. was merged with Chibagin Business Service Co., Ltd. on July 1, 2004.

# International Directory

As of July 1, 2004

## Head Office

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

## Treasury Operation Division

5-3, Nihombashi Muromachi 1-chome,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3270-8459  
Fax: 81-3-3242-1735  
81-3-3244-1227  
81-3-3271-1029  
Telex: J26666, J23671  
Cable Address: CHIBABK  
SWIFT Address: CHBA JPJT

## Treasury Division

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

## New York Branch

1133 Avenue of the Americas, 15th Floor,  
New York, 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  
SWIFT Address: CHBA HKHH

## London Branch

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

## Shanghai Representative Office

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

## Chiba Capital Funding (Cayman) Ltd.

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

# Corporate Data

As of March 31, 2004

## Principal Shareholders

The ten largest shareholders of the Bank and their respective shareholdings at March 31, 2004 were as follows:

	Number of Shares (in thousands)*	Percentage of Total Shares in Issue**
Japan Trustee Services Bank, Ltd. (Trust Account) . . . . .	71,813	8.49%
The Master Trust Bank of Japan, Ltd. (Trust Account) . . . . .	51,536	6.09%
The Bank of Tokyo-Mitsubishi, Ltd. . . . .	38,893	4.59%
Nippon Life Insurance Company . . . . .	29,691	3.51%
NIPPONKOA Insurance Co., Ltd. . . . .	28,905	3.41%
The Dai-ichi Mutual Life Insurance Company . . . . .	25,678	3.03%
Meiji Yasuda Life Insurance Company . . . . .	18,498	2.18%
Chiba Bank Employees' Shareholding Association . . . . .	15,767	1.86%
Sumitomo Life Insurance Company . . . . .	14,533	1.71%
UFJ Bank, Ltd. . . . .	12,893	1.52%

\* Rounded to the nearest thousand

\*\* Rounded to two decimal places

## Corporate Information

Established	March 1943
Network	Domestic 157 Offices (141 branches, 14 sub-branches, 2 virtual branches) 13,018 Off-branch ATM locations (including 5,055 E-net ATM locations at convenience stores and 7,712 ATM locations jointly with IY Bank Co., Ltd.) 2 Money exchange counters Overseas 3 Branches (New York/Hong Kong/London) 2 Representative offices (Shanghai/Singapore* <sup>1</sup> ) 1 Subsidiary (Cayman Islands)
Number of Employees* <sup>2</sup>	3,907
Total Assets	¥8,217.8 billion
Loans and Bills Discounted	¥5,678.1 billion
Deposits	¥7,365.9 billion
Common Stock	¥121.0 billion
Capital Ratio (BIS guidelines)	10.83% (Non-consolidated) 11.06% (Consolidated)
Authorized Number of Shares	2,500,000 thousand
Number of Issued Shares	845,521 thousand
Number of Shareholders* <sup>3</sup>	23,798
Ticker Code	8331
Transfer Agent	Japan Securities Agents, Ltd. 2-4, Nihombashi Kayabacho 1-chome Chuo-ku, Tokyo 103-8202

Credit Ratings	Standard & Poor's Moody's Rating and Investment Information, Inc.	Long-term	Short-term
		BBB+	A-2
		Baa1	P-2
		A+	—

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

\*<sup>1</sup> The Singapore Representative Office closed on June 30, 2004.

\*<sup>2</sup> "Number of Employees" includes employees temporarily transferred to other companies but excludes temporary staff and one-year contract employees. The number of employees, on the same basis as in Annual Report 2003, which did not include employees temporarily transferred to other companies, one-year contract employees and temporary staff, was 3,498.

\*<sup>3</sup> Shareholders with fewer than 1,000 shares are excluded.



## **THE CHIBA BANK, LTD.**

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

Telephone: 81-43-245-1111

e-mail: [investor@chibabank.co.jp](mailto:investor@chibabank.co.jp)

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



This annual report is printed on 100% recycled paper using soy ink.

Printed in Japan