

Financial Flash Report (Unconsolidated)  
<Under Japanese GAAP>  
for Fiscal Year Ending March 31,2008

5/16/2008

Company name: Citibank Japan Ltd. (“CJL”)  
Representative: (Title) Representative Director & President  
For Inquiry: (Title) Financial Controller

URL <http://www.citibank.co.jp>  
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Trading account: Established

(Amounts less than one million yen have been omitted)

1. Financial Highlights for fiscal year ended March 31, 2008

(1) Results of Operations

	Ordinary Income		Ordinary Profit		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended March 31,2008	175,475	(-)	19,548	(-)	24,606	(-)
Fiscal year ended March 31,2007	—		—		—	

	Net Income per Share	Net Income per Share (Dilluted)	Retrun on Equity	Ratio of operating expense to operating income	Total Deposits
	Yen	Yen	%	%	Million Yen
Fiscal year ended March 31,2008	0.10	—	13.3	88.8	5,317,493
Fiscal year ended March 31,2007	—	—	—	—	—

Notes: 1. Equity in earnings of affiliate:

Fiscal year ended March 31,2008: - million yen

Fiscal year ended March 31,2007: - million yen

2. Percentage represents changes compared with the corresponding period of the previous fiscal year.

3. Citibank,N.A., Japan Branch transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date.

(2) Financial Conditions

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Total Net Assets per Share	Stand-alone Capital Adequacy Ratio
	Million Yen	Million Yen	%	Yen	%
Fiscal year ended March 31,2008	6,482,334	271,248	4.1	1.11	14.1
Fiscal year ended March 31,2007	—	—	—	—	—

Notes: 1. Equity Capital:

As of March 31,2008: 271,248 million yen

As of March 31,2007: - million yen

2. Shareholders' equity ratio is calculated by “Total net assets” divided by “Total assets”.

3. Stand-alone Capital Adequacy Ratio (National Standards) has been calculated based on “the standards for Capital Adequacy Ratio Pursuant to Article 14-2 of the Banking Law (Financial Services Agency Ordinance Announcement No. 19, 2006).”

(3) Conditions of Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financial Activities	Cash and Cash Equivalents at term end
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal year ended March 31,2008	△306,613	318,982	—	12,294
Fiscal year ended March 31,2007	—	—	—	—

2. State of Dividends

(Base date)	Dividend per Share					Total amount of Dividend for the year	Ratio of dividend	Ratio of dividend to net assets
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year end	FY total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended March 31,2007	—	—	—	—	—	—	—	—
Fiscal year ended March 31,2008	—	—	—	—	—	—	—	—

3. Others

(1) Financial statements

- ① Changes pursuant to the amendment of accounting standards, etc.: None
- ② Changes other than ①: None

(2) Number of shares outstanding (common stocks)

- ① Number of shares outstanding as of term end (including treasury stock)
  - As of March31,2008 : 244,200,000,001 shares
  - As of March31,2007: - shares
- ② Number of treasury stocks as of term end
  - As of March31,2008: - shares
  - As of March31,2007: - shares

## I Results of Operation

### (1) Analysis on Results of Operation

(Results of Operation for the current Term)

In order for Citigroup (“Citi”) to conduct its banking operations in Japan as a locally incorporated entity, all the businesses of Citibank, N.A., Japan Branch was transferred as of July 1, 2007, to CJL, a newly established corporation, and CJL started its operation on that date. The establishment of a locally incorporated entity is intended to serve a significant future expansion of banking operations for retail and corporate customers, while ensuring an appropriate management control framework in Japan. This accounting period covers the time from July 1 to March 31, 2008.

As to operating results, gross operating profit totaled 73.1 billion yen. Among gross operating profit, net interest income totaled 36.2 billion yen. In fees and commissions, mainly loan related fees and mutual fund related commissions totaled 21.7 billion yen.

General and administrative expenses, meanwhile, totaled 54.8 billion yen including 2.1 billion yen tax expense related to business transfer, 2.1 billion yen amortization charge of goodwill, and 1.2 billion yen increase of personnel expenses with increase of number of staff.

As a result, ordinary profit totaled 19.5 billion yen.

As to extraordinary income, sales gain of Citigroup Center building was ¥23.1 billion. As a result, net income for the period amounted to 24.6 billion yen.

### (2) Analysis on Financial Conditions

#### ① Assets, Liabilities, and Net assets

As of March 31, 2008, total assets were 6,482.3 billion yen, up 435.4 billion yen from the interim fiscal year end and net assets totaled 271.2 billion yen.

As to the main components of assets, deposits to other banks totaled 4,503.0 billion yen, up 451.9 billion yen from the interim fiscal year end, due in large part to deposits made with foreign Citibank, N.A. head office and branches. Loans totaled 315.3 billion yen, available for sales securities were ¥605.6 billion, and trading assets were ¥212.1 billion. Land and buildings decreased by 24.0 billion yen to 1.5 billion yen, due to sales of our owned property “Citigroup Center building”. As of March 31, 2008, goodwill recognized in connection with the assumption of banking operations mentioned above was 12.2 billion yen. While among liabilities, deposits from customers totaled 5,317.4 billion yen, up 219.7 billion yen from the interim fiscal year end, because of increase of foreign Citibank, N.A. head office and branches.

#### ② Cash flow

Cash flows from operating activities in the period under review totaled 306.6 billion yen (outflow). Cash from investment activities was 318.9 billion yen (inflow). As a result, cash and cash equivalents as of the end of the period under review totaled 12.2 billion yen.

#### ③ Capital adequacy ratio

The capital adequacy ratio (National standards) at the end of the period under review was 14.1%.

## II Status of Corporate Group

Our group provides financial services in Japan on banking business, securities business, credit card business and trust business.

List of significant Citi's operating companies in Japan are as below.

- Citibank Japan Ltd.
- Citi Cards Japan, Inc.
- CFJ K.K.
- Citigroup Principal Investments Japan Co., Ltd.
- Citigroup Global Investments Japan Ltd.
- Citigroup Venture Capital International Japan Co., Ltd.
- Citilease Company Ltd.
- Nikko Citi Holdings Inc.
- Nikko Cordial Securities Inc.
- Nikko Asset Management Co., Ltd.
- Nikko Citigroup Limited
- Nikko Principal Investments Japan Ltd.
- NikkoCiti Trust and Banking Corporation

## III Management Policy

### (1) Management Policy of the Company

#### **Citi's Corporate Philosophy and "Shared Responsibilities"**

Citi's goal is to be the most respected global financial services company. Each member of the Citi family has three Shared Responsibilities:

#### **We have a responsibility to OUR CLIENTS**

We must put our clients first, provide superior advice, products and services, and always act with the highest level of integrity.

#### **We have a responsibility to EACH OTHER**

We must provide outstanding people the best opportunity to realize their potential. We must treat our teammates with respect, champion our remarkable diversity, share the responsibility for our successes, and accept accountability for our failures.

#### **We have a responsibility to OUR FRANCHISE**

We must put Citi's long-term interests ahead of each unit's short-term gains, and provide superior results for our shareholders. We must respect the local culture and take an active role in the communities where we work and live. We must honor those who came before us and extend our legacy for those who will come after us.

#### **"Growth" and "Change"**

Citi, along with promoting the "shared responsibilities" stated above, will continue to pursue "growth" and "change" as our core tasks. We have also set the following goals throughout our global network and areas where we run our business.

#### **Balanced approach to growth**

Driven by both organic growth and strategic acquisitions, we will broaden our core business activities. We plan to cultivate and penetrate into new markets around the world as well as further develop existing markets.

#### **One face to the client**

We will serve our clients as one company by integrating our products and services and developing common client-facing systems. In so doing, as is obvious, we are committed to strict compliance with related laws and regulations.

**Increasingly international**

With continued international investments, we will expand our operating and revenue base from the U.S. market to markets outside the U.S. We will also attach more importance to the Japanese market than ever before.

**Greater efficiency in business**

We will further streamline our organization and operations to achieve greater efficiency in business management.

**Citibank Japan's Business Strategy**

We consider Japan as one of the most important business bases in our global strategy and will aggressively develop all the businesses we have currently in Japan. One of the pillars of the development strategy is to expand the scale of banking operations.

**Long-Term Outlook and Goals**

We will expand our presence in the market for retail and corporate banking operations, and improve the asset and liability balance. In addition, we will play a leadership role in the financial industry by recognizing ever-changing client needs or by offering innovative products and services that create client needs. Also, we will establish optimum standards for business management and internal control structures. We confront in a forceful and resolute manner the undue demands and anti-social forces that threaten the social order and safety. At the same time, we continue to make an effort to be widely recognized as a “company people want to work for.”

**Retail Banking Division**

Recognizing intensifying competition over retail banking services, we will enhance business operations targeted at our core customers, the mass affluent, by expanding our sales network, upgrading the products we offer and enhancing partnerships with our group companies and affiliates. At the same time, we will add new product and service lineups that appeal to various customers— including a wider range of individuals and small and medium sized companies— in an effort to expand our customer base.

**Corporate Banking Division**

We will expand our corporate banking business by developing the corporate client base as well as reinforcing our operation through strengthened partnerships with our group companies and affiliates. By providing high-quality products/service, comprehending and understanding clients' needs, and leveraging our strength of industry knowledge, we will utilize Citi's global network to become a more competitive financial institution.

IV Financial Statements

(1) Balance Sheet

As of March 31,2008  
(Millions of Yen)

Account Name	Amount	Account Name	Amount
Cash and due from banks	4,511,907	Deposits	5,317,493
Cash	8,844	Current deposits	210,674
Due from banks	4,503,063	Ordinary deposits	1,432,816
Call loans	1,414	Time deposits	211,216
Monetary claims bought	8,137	Other deposits	3,462,785
Trading assets	212,175	Negotiable certificates of deposit	110,000
Trading account securities	130,917	Call money	132,400
Derivatives of securities related to trading transactions	177	Trading liabilities	57,115
Trading-related financial derivatives	81,080	Derivatives of securities related to trading transactions	319
Securities	605,626	Trading-related financial derivatives	56,796
Government bonds	513,372	Borrowed money	13
Corporate bonds	85,319	Borrowings from other banks	13
Other securities	6,934	Foreign exchanges	74,775
Loans and bills discounted	315,363	Due to foreign banks (their accounts)	74,669
Bills discounted	980	Due to foreign banks (our accounts)	105
Loans on bills	42,904	Foreign bills payable	0
Loans on deeds	222,093	Other liabilities	359,088
Overdrafts	49,385	Domestic exchange settlement account, credit	442
Foreign exchanges	333,809	Income taxes payable	19,284
Due from foreign banks (our accounts)	17,377	Accrued expenses	22,711
Due from foreign banks (their accounts)	257,692	Unearned revenue	4,090
Foreign bills bought	53,998	Deposits received from employees	0
Foreign bills receivable	4,741	Variation margins of futures markets	19
Other assets	311,824	Derivatives other than for trading-liabilities	243,241
Prepaid expenses	13,520	Other	69,298
Accrued income	26,610	Provision for bonuses	1,103
Initial margins of futures markets	586	Provision for directors' bonuses	53
Variation margins of futures markets	2	Provision for retirement benefits	3,018
Derivatives other than for trading-assets	251,705	Provision for directors' retirement benefits	28
Other	19,399	Reserves for restructuring	1,239
Tangible fixed assets	5,069	Reserves for Private Bank closure	1,099
Buildings	1,542	Acceptances and guarantees	153,656
Construction in progress	1,550	Total liabilities	6,211,085
Other tangible fixed assets	1,976	Capital stock	123,100
Intangible fixed assets	16,209	Capital surplus	121,100
Software	3,965	Legal capital surplus	121,100
Goodwill	12,243	Retained earnings	24,606
Deferred tax assets	8,165	Other retained earnings	24,606
Customers' liabilities for acceptances and guarantees	153,656	Retained earnings brought forward	24,606
Allowance for loan losses	△ 1,027	Shareholders' equity	268,806
		Valuation difference on available-for-sale securities	2,446
		Deferred gains or losses on hedges	△ 4
		Valuation and translation adjustments	2,441
		Total net assets	271,248
Total assets	6,482,334	Total liabilities and net assets	6,482,334

(2) Statement of Income

For the fiscal year ended March 31, 2008  
(Millions of Yen)

Account Name	Amount	
Ordinary income		175,475
Interest income	128,563	
Interest on loans and discounts	6,823	
Interest and dividends on securities	5,202	
Interest on call loans	321	
Interest on receivables under resale agreements	167	
Interest on bills bought	1	
Interest on deposits with banks	112,670	
Other interest income	3,377	
Fees and commissions	23,922	
Fees and commissions on domestic and foreign exchanges	3,979	
Other interest income	19,943	
Trading income	651	
Gains on trading account securities transactions	651	
Other ordinary income	20,706	
Gains on foreign exchange transactions	18,666	
Gains on sales of bonds	1,880	
Other	159	
Other income	1,631	
Other	1,631	
Ordinary expenses		155,926
Interest expenses	92,289	
Interest on deposits	90,879	
Interest on negotiable certificates of deposit	293	
Interest on call money	268	
Interest on borrowings and rediscounts	0	
Interest on interest swaps	296	
Other interest expenses	550	
Fees and commissions payments	2,209	
Fees and commissions on domestic and foreign exchanges	479	
Other fees and commissions	1,730	
Trading expenses	5,020	
Expenses on securities and derivatives related to trading transactions	950	
Expenses on trading-related financial derivatives transactions	4,070	
Other ordinary expenses	1,124	
Loss on sales of bonds	1,025	
Other	99	
General and administrative expenses	54,834	
Other expenses	448	
Other	448	
Ordinary profit		19,548
Extraordinary income		24,139
Gain on disposal of noncurrent assets	23,102	
Reversal of allowance for loan losses	1,033	
Recoveries of written-off claims	0	
Other	2	
Extraordinary loss		479
Loss on disposal of noncurrent assets	479	
Income before income taxes		43,208
Income taxes-current		18,632
Income taxes-deferred		△ 30
Net income		24,606

(3) Statement of Changes in Net Assets

For the fiscal year ended March 31, 2008  
(Millions of Yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		Total shareholders' equity
		Capital surplus reserve	Total Capital surplus	Other retained earnings	Total Retained earnings	
				Earned surplus brought forward		
Beginning Balance	111,000	109,000	109,000	-	-	220,000
Changes of items during the period						
Issuance of new shares	12,100	12,100	12,100			24,200
Net income				24,606	24,606	24,606
Net changes of items other than shareholders' equity						
Total changes of items during the period	12,100	12,100	12,100	24,606	24,606	48,806
Balance at the end of the current period	123,100	121,100	121,100	24,606	24,606	268,806

	Valuation and translation adjustments			Total net assets
	Valuation difference on available for sale securities, net of taxes	Net deferred gains (losses) on hedges, net of taxes	Total valuation and translation adjustments	
Beginning Balance	-	-	-	220,000
Changes of items during the period				
Issuance of new shares				24,200
Net income				24,606
Net changes of items other than shareholders' equity	2,446	△ 4	2,441	2,441
Total changes of items during the period	2,446	△ 4	2,441	51,247
Balance at the end of the current period	2,446	△ 4	2,441	271,248

(4) Statement of Cash Flows

For the fiscal year ended March 31, 2008  
(Millions of Yen)

Account name	Amount
I Cash flows from operating activities	
Income before income taxes and others	43,208
Depreciation	1,448
Goodwill amortization	2,160
Decrease in allowance for loan losses	△ 1,033
Decrease in reserve for bonus	△ 1,253
Increase in employee retirement	57
Interest income recognized on statements of operations	△ 127,935
Interest expenses recognized on statements of operations	92,289
Gains on sales of investment securities	854
Gains on foreign exchange	5,725
Gains on dispositions of fixed assets	△ 22,623
Net increase (decrease) in trading asset	28,955
Net increase (decrease) in trading liability	16,418
Net increase (decrease) in loans and bills discounted	36,052
Net increase (decrease) in deposits	△ 268,037
Net increase (decrease) in negotiable certificates of deposits	60,000
Net increase (decrease) in due from banks (excluding from Bank of Japan)	△ 107,821
Net increase (decrease) in call loan	19,865
Net increase (decrease) in call money	65,622
Net increase (decrease) in borrowed money	△ 4,172
Net increase (decrease) in foreign exchanges asset	△ 168,456
Net increase (decrease) in foreign exchanges liability	△ 130,961
Interest income (cash basis)	138,578
Interest expenses (cash basis)	△ 98,232
Net increase (decrease) in monetary claims bought	61,603
Net increase (decrease) in other assets	△ 74,218
Net increase (decrease) in other liabilities	121,212
Other, net	4,080
Sub-total	△ 306,613
Income taxes	0
Cash flows from operating activities	△ 306,613
II Cash flows from investing activities	
Purchases of investment securities	△ 368,305
Proceeds from sales of investment securities	487,151
Proceeds from redemption of investment securities	136,730
Purchases of tangible fixed assets	△ 5,932
Proceeds from sales of tangible fixed assets	48,338
Purchases of intangible fixed assets	△ 3,597
Proceeds from business transfer	24,597
Net cash used in investing activities	318,982
III Cash flows from financing activities	
Net cash provided by financing activities	0
IV Effect of foreign exchange rate changes on cash and cash equivalents	△ 75
V Net increase in cash and cash equivalents	12,294
VI Cash and cash equivalents at the beginning of the fiscal year	0
VII Cash and cash equivalents at the end of the fiscal year	12,294

Amounts less than one million yen have been omitted.

## Accounting Policies

### 1. Standard for valuation of trading assets and trading liabilities / booking of income and expenses for trading purposes transaction

Transactions for trading purposes, such as seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets (hereinafter referred to as "Specified Trading Purposes"), are included in "Trading assets" or "Trading liabilities" on the balance sheet on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trading date basis, and recorded as "Trading profits" and "Trading losses". Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the balance sheet date.

"Trading profits" and "Trading losses" include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and money claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

### 2. Standard and method for valuation of securities (excluding for trading purposes)

Other securities that have market prices are carried at their balance sheet date market prices (cost of securities sold is calculated using primarily the moving-average method). Net unrealized gains/losses on other securities, net of income taxes, are included in "Net assets".

### 3. Standard and method for valuation of derivative transaction

Derivative transactions (excluding those for specified trading purposes) are carried at fair value.

### 4. Depreciation method for fixed assets

#### (1) Tangible fixed assets

Tangible fixed assets are depreciated using the declining-balance method.

The estimated useful lives are as follows:

Buildings: 3 to 38 years

Equipment: 2 to 20 years

For the estimated useful lives and the remaining price, same method before the revision of Corporate Tax Law on March 2007 was applicable.

#### (2) Intangible fixed assets

Capitalized software for internal use is depreciated over its estimated useful life (5 years).

Goodwill is equally amortized over 5 years.

### 5. Standard for the translation into Japanese yen

Assets and liabilities denominated in foreign currencies and accounts overseas branches are translated into Japanese yen at the exchange rate prevailing at the balance sheet date.

### 6. Standard for Allowance

#### (1) Allowance for loan losses

Allowance for loan losses is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("effectively bankrupt borrowers"), an allowance is provided based on the amount of claims, after the write-off stated in the additional paragraph below, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy, an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees. For other claims, an allowance is provided based on the historical loan-loss ratio.

Marketing-related businesses assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these marketing-related businesses, audits their assessment. The allowance is provided based on the results of these assessments.

(2) Provision for bonuses

Provision for bonuses are reported in preparation for the payment of bonuses to the employees at the amount estimated for the payment of bonuses to the employees during the fiscal year.

(3) Provision for directors' bonuses

Provision for directors' bonuses are reported in preparation for the payment of bonuses to directors at the amount estimated for the payment of bonuses to the directors during the fiscal year.

(4) Provision for retirement benefits

Provision for retirement benefits are reported in preparation for the payment of employee retirement allowance in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end. The actuarial differences are reported as expenses as follows

Actuarial differences:

Amortized using the straight-line method, primarily over 7 to 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(5) Provision for directors' retirement benefits

Provision for directors' retirement benefits are reported in preparation for the payment of director retirement allowance out of directors' estimated allowance for the amount allocable to the period under review

(6) Reserves for restructuring

It's provided for the payment and expense of restructuring program based on estimated amounts of future payments.

(7) Reserves for Private Bank closure

It's provided for the payment and expense for Private Bank Division closure based on estimated amounts of future payments.

**7. Method for hedge accounting**

For the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets, CJL applies the deferred hedge accounting method.

As for the portfolio hedges to offset market fluctuation, effectiveness of such hedges is assessed by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity.

**8. Accounting for consumption taxes**

National and Local Consumption Taxes are excluded from transaction amounts.

**Notes to Balance Sheet**

1. As for the unsecured borrowed securities, which provide the right to sell or pledge and the securities which were purchased under resale agreements (bond loan transactions), that are permitted to be sold or pledged without restrictions, 25,900 million yen of securities are pledged and there were no securities that were held in hand as of the balance sheet date.
2. There were 1 million yen Bankrupt loans and Non-accrual loans were 127 million yen, respectively  
 “Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 (a) through (e) and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.  
 “Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.
3. Past due loans (3 months or more) totaled 27 million yen.  
 “Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Non-accrual loans.”
4. Restructured loans totaled 920 million yen.  
 “Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and Past due loans (3 months or more).”
5. The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans was 1,076 million yen. Credit amounts shown from 2 to 5 are the amounts before the appropriate allowance.
6. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. CJL has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was 54,978million yen.
7. The outstanding amount which was accounted for as sales of loans to participants for loan participations in accordance with the JICPA Accounting Standard Committee Report No. 3 issued on June 1, 1995, was 70,712 million yen as of March 31, 2008.

8. Assets pledged as collateral are as follows:

Assets pledged as collateral:	
Securities	15,407 million yen
Trading account securities	2,019 million yen
Liabilities corresponding to assets pledged as collateral:	
Call money	17,000 million yen

In addition, Securities of 581,165 million yen and Trading account securities of 128,898 million yen are pledged as collateral for exchange settlements.

Other assets include guarantee deposits of 4,848 million yen.

Rediscount of bills rediscounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24 and the face value of the bank acceptance, commercial bills, documentary bills and foreign exchanges bought without restrictions delivered is 975 million yen.

9. Commitment line contracts on overdrafts and loans are agreements to lend to customers up to a prescribed amount, as long as there is no violation of any condition established in the contracts.  
 The amount of unused commitments was 658,379 million yen and the amount of those with remaining period within one year was 600,572 million yen.  
 Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these

commitments include clauses under which we can reject an application from customers or reduce the contract amounts in the event that economic conditions change, we need to secure claims, or other events occur. In addition, we may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when need arises and securing claims after contracts are made on a periodic basis.

10. Accumulated depreciation on tangible fixed assets: 9,994 million yen

11. Net assets per share was 1.11 yen.

12. Information with respect to non-cancellable operating lease is as follows.

Future minimum rental payments	
Within one year	202 million yen
Over one year	690 million yen

13. Monetary assets to affiliates amounted to 4,789,122 million yen.

14. Monetary liabilities to affiliates amounted to 1,281,270 million yen.

15. Matters concerning business combinations are as follows.

(1) Corporate name and business line at the time of the business combination, legal form of the business combination, corporate name after the combination, and outline and purpose of the transaction

① Corporate name and business line at the time of the business combination

    Combining corporation: Citibank Japan Ltd.

    Business line: Banking operations

    Combined corporation: Citibank, N.A., Japan Branch

    Business line: Banking operations

② Legal form of the business combination

    Assignment of operations

③ Corporate name after the combination

    Citibank Japan Ltd.

④ Outline and purpose of the transaction

    In order for Citigroup to conduct its banking operations in Japan as a locally incorporated entity, the banking operations of Citibank, N.A., Japan Branch were transferred as of July 1, 2007, to CJL, a newly established corporation.

    The establishment of a locally incorporated entity is intended to serve a significant future expansion of banking operations for retail and corporate customers while ensuring an appropriate management control framework in Japan.

    As consideration for the business transfer, CJL issued 24,200 million shares of CJL (worth 24,200 million Yen) to Citibank, N.A..

(2) Implemented accounting treatment

    The business combination was accounted for as stipulated in "Accounting Standards for Business Combinations; III. Accounting Standards for Business Combinations; 4. Accounting for Transactions under Joint Control."

**Notes to Statement of Income**

<b>1. Income caused by transactions with affiliates</b>	(Unit: millions of Yen)
Total profit of fund management transaction	112,290
Total profit of service transaction	1,449
Total profit of other businesses/other current transactions	12,312
Total profit of other transactions	1,460
Expenses caused by transactions with affiliates	
Total cost of funding transactions	28,344
Total cost of service transactions	87
Total cost of other transactions	2,602

2. Net income per share                      0.10 yen

3. Information with respect to related party transaction is as follows.

Relation	Name	Address	Capital	Business	Percentage of stocks owned	Content of relations		Description of transaction	Amount (million yen)	Name of account	Balance at Year end (million yen)
						Directors	Business				
Parent	CITIBANK, N.A.	U.S.A.	USD 751 Million	Banking	100% (indirect)	—	Funding / Lending	Capital injection	24,200	—	—
								Business transfer	24,200	—	—
								Business transaction & interest	4,204,274 (*1)	Due from banks	4,385,302
									111,891		
								Business transaction & interest	893,195 (*1)	Deposit	1,159,276
									28,320		
								Overdraft on Forex settlement account	249,261 (*2)	Due from foreign banks	249,261
								Derivative	88,285(*3)	other assets	88,285
82,156(*3)	other liabilities	82,156									
Gurantees	—	Customers liability for gurantees & gurantees	20,915								
Subsidiary of parent	CITIBANK KOREA INC.	South Korea	KRW 1,309,854 Million	Banking	0%	—	Funding / Lending	Business transaction & interest	19,392(*1) 154	Due from banks	71,634
Subsidiary of parent	CITIBANK SINGAPORE LTD	Singapore	SGD 1,500 Million	Banking	0%	—	Funding / Lending	Business transaction & interest	131,671(*1) 2,288	Deposit	113,267

(Note 1) Condition of transactions and its policy are decided as same as third party transactions.

(Note 2) Average balance for amount of transaction

(Note 3) Short-term market transaction. Year end balance is used for the amount.

(Note 4) Valuation difference based on year end market rate. Year end balance is used for the amount.

**Notes to Statement of Changes in Net Assets**

1. The types and number of our shares outstanding are as follows:

(Unit: Thousands of shares)

	Number of shares at Beginning of period	Number of shares increased during the period	Number of shares decreased during the period	Number of shares at end of period	Memo
Common stock	220,000,000	24,200,000	—	244,200,000	*Note
Classified stock	—	—	—	—	
Total	220,000,000	24,200,000	—	244,200,000	

Note: CJL issued new shares to be paid as an in-kind consideration for the business transfer.

**Notes to Statement of Cash flow**

1. Cash and Cash Equivalents consist of cash and due from central banks included in Cash and Due from Banks on the balance sheet.

As of March 31, 2008

Cash and Due from Banks	4,511,907 million yen
Due from Banks excluding central banks	<u>△4,499,613 million yen</u>
Cash and Cash Equivalents	12,294 million yen

2. Assets and Liabilities that are increased due to the business combination

Relations among the amount of assets, liabilities, and revenues increased by business transfer from Citibank, N.A. Japan Branch.

Assets	6,373,832 million yen
Liabilities	<u>△6,369,460</u>
Goodwill	14,404
Net unrealized gains on securities available for sale	5,407
Net deferred gains on hedging instruments	<u>16</u>
Purchasing price	24,200
Cash and Cash Equivalents	24,597
Accounts payable	<u>△24,200</u>
Remain: Gain from business transfer	24,597 million yen

**Notes related to Securities**

These include Japanese government bond, Japanese local government bonds, Other Securities and trading securities.

**1. Securities classified as trading purposes**

(as of Mar.31, 2008)

(Unit: Millions of Yen)

	Balance sheet amount	Valuations gains/losses included in the earnings for the fiscal year
Securities classified as trading purposes	130,917	△11

**2. Other securities with market value are as follows:**

(as of Mar.31, 2008)

(Unit: Millions of Yen)

	Acquisition cost	Balance sheet amount	Valuations gains/losses	Unrealized gains	Unrealized losses
Bonds	595,016	598,692	3,675	3,845	170
Japanese government bond	510,492	513,372	2,879	3,046	166
Corporate Bonds	84,523	85,319	795	798	3
Others	6,500	6,934	434	434	0
Total	601,516	605,626	4,110	4,280	170

(Notes)

1. Balance sheet amount is fair value based on market price at the fiscal year end.
2. Unrealized gains and Unrealized losses are breakdown of Valuations gains/losses.

**3. Other securities sold during the fiscal year are as follows:**

(from Jul.1,2007 to Mar.31, 2008)

(Unit: Millions of Yen)

	Sales amount	Gains on sales	Losses on sales
Other securities	487,151	1,880	1,025

**4. The amount scheduled to be redeemed of other securities with maturities are as follows:**

(As of Mar.31, 2008)

(Unit: Millions of Yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	113,267	370,745	95,775	18,903
Japanese government bond	100,279	313,747	95,775	3,570
Corporate Bonds	12,988	56,998	-	15,332
Others	-	1,034	5,900	-
Total	113,267	371,780	101,675	18,903

**Notes related to Deferred tax accounting**

The main causes for the deferred tax assets and deferred tax liabilities are as follows:

Deferred tax assets	
Goodwill (calculated on tax basis)	7,746 million Yen
Accrued expense	3,289
Provision for retirement benefits	1,221
Allowance for loan losses	415
Provision for bonuses	446
Reserves for restructuring	501
Reserves for Private Bank closure	445
Other	<u>1,093</u>
Deferred tax assets total	15,160
Deferred tax liabilities	
Provision for retirement benefits	3,905
Valuation difference on available-for sale securities	3,085
Other	<u>4</u>
Deferred tax liabilities total	<u>6,995</u>
Net deferred tax assets	<u>8,165</u> million Yen

**Additional Data for fiscal year ended March 31, 2008 Financial Report (FY2008)**

1. Capital Adequacy

(Unit: Millions of Yen, %)

( 1 ) Capital Adequacy	14.1%
Tier I Ratio	14.0%
( 2 ) Tier I	256,563
( 3 ) Tier II	710
( 4 ) Deductable item	—
( 5 ) Capital ( 2 ) + ( 3 ) + ( 4 )	257,273
( 6 ) Risk Exposure	1,819,941
( 7 ) Minimum Required capital ( 6 ) × 4 %	72,798

Stand-alone Capital Adequacy Ratio (National Standards) has been calculated based on “the standards for Capital Adequacy Ratio Pursuant to Article 14-2 of the Banking Law (Financial Services Agency Ordinance Announcement No. 19, 2006).

2. Computation of Deferred Tax Assets

(1) Determination of Recoverability of Deferred Tax Assets and estimation period of future taxable income

Citibank,N.A. Japan Branch transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date. Therefore, CJL used Citibank, N.A. Japan branch's data for determining the recoverability of deferred tax assets.

    Illustrated Segment under Practical Guidelines : 1

    Estimation periods for future taxable amount : —

Note: “Auditing Treatment concerning Determination of Recoverability of Deferred Tax Assets (JICPA Audit Committee Report, No. 66)”

(2) Historical information

(Unit: Millions of Yen)

	2003/12	2004/12	2005/12	2006/12	2007/07
Net operating income (Before general reserve cost)	39,812	32,900	19,429	30,629	13,970
Income before income taxes and others	36,796	33,438	▲7,429	36,643	35,138
Taxable income	37,119	27,627	2,100	31,037	15,293

Note: Citibank,N.A., Japan Branch transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date. Therefore, Citibank, N.A. Japan branch's data are used in the chart above.

(3) Estimated future taxable income

The information is not required due to illustrated segment is "1" under Practical Guidelines.

(4) A description of the types of deferred tax assets and liabilities

(Unit: Millions of Yen)

Deferred tax assets	15,160
Goodwill (calculated on tax basis)	7,746
Accrued expense	3,289
Provision for retirement benefits	1,221
Allowance for loan losses	415
Provision for bonuses	446
Reserves for restructuring	501
Reserves for Private Bank closure	445
Other	1,093
Deferred tax liabilities	6,995
Provision for retirement benefits	3,905
Valuation difference on available-for sale securities	3,085
Other	4
Net deferred tax assets	8,165