

Financial Flash Report (Unconsolidated)
<Under Japanese GAAP>
for Fiscal Year Ended March 31,2009

5/15/2009

Company name: **Citibank Japan Ltd. (“CJL”)**
 URL: <http://www.citibank.co.jp>
 Representative: (Title) Representative Director and President (Name) Darren Buckley
 For Inquiry: (Title) Chief Financial Officer (Name) V. Prakash
 TEL (03) 5462-5000

Trading account: Established

(Amounts less than one million yen have been omitted)

1. Financial Highlights for Fiscal Year ended March 31, 2009

(1) Results of Operations

	Ordinary Income		Ordinary Profit		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended March 31,2009	191,258	(-)	44,223	(-)	26,357	(-)
Fiscal period ended March 31,2008	175,475	(-)	19,548	(-)	24,606	(-)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ratio of operating expense to operating income	Total Deposits
	Yen		%	%	Million Yen
Fiscal year ended March 31,2009	0.10	—	9.2	76.8	5,311,045
Fiscal period ended March 31,2008	0.10	—	13.3	88.8	5,317,493

Notes: 1. Citibank, N.A., Japan Branches transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date.
 2. Percentage changes are not shown in the operating performance above, since corresponding period of the previous year was irregular nine-month accounting period.

(2) Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio	Total Net Assets per Share	Stand-alone Capital Adequacy Ratio
	Million Yen	Million Yen	%	Yen	%
Fiscal year ended March 31,2009	6,189,258	299,305	4.8	1.22	23.5
Fiscal period ended March 31,2008	6,482,334	271,248	4.1	1.11	14.1

Notes: 1. Equity Capital:
 As of March 31,2009: 299,305 million yen
 As of March 31,2008: 271,248 million yen
 2. Net assets ratio = (Net assets – Subscription rights) / 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 year end
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal year ended March 31,2009	545,312	(87,725)	—	469,880
Fiscal period ended March 31,2008	(306,613)	318,982	—	12,294

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 st Quarter	2 nd Quarter	3 rd Quarter	Year end	FY total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended March 31,2009	—	—	—	—	—	—	—	—
Fiscal period ended March 31,2008	—	—	—	—	—	—	—	—

3. Others

(1) Change in Accounting principles, Accounting procedures and Others for the preparation of quarterly statements:

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

(2) Number of Outstanding shares (common stocks)

- ① Number of Outstanding shares (including Treasury stock)
 - As of March31,2009 : 244,200,000,001shares
 - As of March31,2008 : 244,200,000,001shares
- ② Number of Treasury stock
 - As of March31,2009 : - shares
 - As of March31,2008 : - shares

I Results of Operation

(1) Analysis on Results of Operation

(Results of Operation for Fiscal Year ended March 31, 2009)

- Ordinary income totaled 191.2 billion yen.
- Among ordinary income, interest income totaled 128.6 billion yen. Fees and commissions totaled 22.7 billion yen includes mainly mutual fund related commissions, domestic/foreign transfer related commissions and custody fees. Other ordinary income of 38.7 billion yen includes mainly revenues from funding swap, foreign exchange gain on FX trading.
- Ordinary expenses totaled 147.0 billion yen.
- Among ordinary expenses, interest expenses totaled 73.2 billion yen and general and administrative expenses totaled 64.4 billion yen. Provision of allowance for loan 2.4 billion yen was included in other expenses.
- Ordinary profit totaled 44.2 billion yen and income before income taxes including extraordinary income and extraordinary loss totaled 46.8 billion yen.
- Net income for the year ended March 31, 2009 was 26.3 billion yen.

(2) Analysis on Financial Conditions

(Analysis on Assets, Debts, net Assets, and Cash Flow)

① Assets, liabilities, and net assets

- As of March 31, 2009, total assets were 6,189.2 billion yen, down 293.0 billion yen from the last fiscal period ended March 31.
- Cash and deposits to other banks (due from banks) totaled 4,482.5 billion yen, down 29.3 billion yen from the last fiscal period end, due in large part to reduction in placements made with overseas Citibank, N.A. branches.
- Loans totaled 294.3 billion yen, down 20.9 billion yen.
- Trade assets including settlement account decreased 259.7 billion yen to 74.0 billion yen
- Available for sales securities increased by 83.2 billion yen to 688.8 billion yen.
- Total liabilities were 5,889.9 billion yen, down 321.1 billion yen from the last fiscal period ended March 31, 2008.
- Deposits from customers totaled 5,311.0 billion yen, down 6.4 billion yen from the last fiscal period end.
- Call money decreased 115.1 billion yen to 17.2 billion yen.
- Total net assets were 299.3 billion yen, up 28.0 billion yen from the last fiscal period end. Among net assets, retained earnings increased 26.3 billion yen to 50.9 billion yen.

② Cash flow

Cash flows from operating activities in the period under review totaled 545.3 billion yen (inflow). Cash from investment activities was 87.7 billion yen (Outflow). As a result, cash and cash equivalents as of the end of the period under review totaled 469.8 billion yen.

③ Capital adequacy ratio

The capital adequacy ratio (National standards) at the end of the period was 23.5%.

(3) Citibank Japan's Capabilities

Citibank has been operating in Japan since 1902 and is one of Citigroup's largest banking franchises outside of North America. Strategically important as a major banking participant in the world's second largest economy, CJL is a core business within Citigroup's global banking network.

CJL serves approximately 300 top-tier Japanese corporate clients and the Japanese subsidiaries of over 500 global companies. In today's markets they require increasingly complex and innovative financial solutions to accompany their global strategies. Leveraging Citi's global strengths and our deep local relationships, CJL provides high quality financial products, services and advice to help our clients succeed. Widely recognized as an industry leader, CJL has been consistently ranked at the top of major surveys for cash management banks and for Corporate Finance services.

Localized in July 2007, CJL is uniquely positioned as the only local foreign bank in the market (as of March 31, 2009). CJL boasts a retail network of 31 branches, two 24x7 state-of-the-art call centers, a new best-in-class internet banking platform, 106 24-hour, 7 days per week proprietary ATMs and is connected to a further 98,000 through alliances with the Post Office and many other banks. Through this network, and aided by extensive customer research and feedback programs, CJL seamlessly meets the needs of mass affluent retail customers in Japan's major cities.

In addition to full local connectivity and a broad suite of local banking products, CJL is able to provide customers global ATM access, market-leading foreign exchange capabilities, and a broad range of carefully selected deposit and investment opportunities. For our Citigold clients, advice and services tailored for growth and protection of personal assets are provided through specially trained Citigold Executives at exclusive Citigold Centers within our core branches.

CJL is financially strong and well capitalized with over 299 billion yen in shareholders' funds and a tier 1 capital ratio of 23.3% as of March 31, 2009, among the highest of all Japanese banks. We strive to be a pillar of strength for our clients in today's challenging markets and are continuously looking for new growth opportunities for our franchise.

II Status of Corporate Group

Citigroup 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 as of March 31, 2009 is as below.

- Citibank Japan Ltd.
- Citi Cards Japan, Inc.
- CFJ G.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
- Nikko Citi Business Service Inc.

III Management Policy

Management Policy of the Company

CJL has a long and distinguished history in Japan, and a proud legacy of focusing our energy fully on our clients, of delivering new innovations and market firsts, of bringing the best of the world to our local clients, of providing an excellent working environment and of investing in our future growth. Whether it be helping our individual clients manage their financial needs, or helping our corporate clients expand into new and exciting markets, CJL remains committed to be there for our clients through challenging market conditions and long into the future.

CJL is focused on a balanced growth strategy through its Retail Banking and Corporate Banking Divisions. The Retail Banking Division continually invests in new product, distribution and service innovations to grow its mass affluent customer base and expand its premier Citigold proposition. The Corporate Banking Division has a core group of relationships to which it leverages Citi's global strengths to provide high quality financial products, services and advice to help the clients succeed. Both continually look to improve the customer experience and operational efficiency through extensive ongoing reengineering programs.

As a locally incorporated bank, our customer Yen deposits are insured by the Deposit Insurance Corporation of Japan up to 10 million yen in principal, plus related interest. We are also subject to the very high regulatory standards expected of all Japanese Banks, as well as the international standards expected from our regulators in the United States. While we have rigorously pursued a solid governance and internal control structure since the localization of our banking operations in July, 2007, we will continue our utmost efforts to improve these further to meet both Japanese and global best practices. We are also committed to confront in a resolute manner the undue demands and anti-social forces that threaten the social order and safety.

CJL is active in diversity initiatives and the community. In 2007 we opened our first childcare center in our head office and have focused programs on enhancing the opportunities available to women in the workplace. Our community activities focus broadly on improving access to financial education and assisting those with disabilities within the communities in which we operate.

IV Financial Statements

(1) Balance Sheet

(Millions of Yen)

Account Name	As of March 31, 2009	As of March 31, 2008
	Amount	Amount
Assets		
Cash and due from banks	4,482,573	4,511,907
Call loans	86,123	1,414
Receivables under resale agreements	29,966	-
Monetary claims bought	4,078	8,137
Trading assets	104,718	212,175
Securities	688,830	605,626
Loans and bills discounted	294,390	315,363
Foreign exchanges	74,026	333,809
Other assets	271,789	311,824
Tangible fixed assets	3,930	5,069
Intangible fixed assets	14,205	16,209
Deferred tax assets	6,011	8,165
Customers' liabilities for acceptances and guarantees	132,069	153,656
Allowance for loan losses	(3,455)	(1,027)
Total assets	6,189,258	6,482,334
Liabilities		
Deposits	5,311,045	5,317,493
Negotiable certificates of deposit	19,500	110,000
Call money	17,240	132,400
Trading liabilities	62,010	57,115
Borrowed money	40,000	13
Foreign exchanges	64,368	74,775
Other liabilities	238,601	359,088
Income taxes payable	9,338	19,284
Other	229,262	339,804
Provision for bonuses	679	1,103
Provision for directors' bonuses	31	53
Provision for retirement benefits	2,442	3,018
Provision for directors' retirement benefits	11	28
Reserves for restructuring	851	1,239
Reserves for business reorganization	1,099	1,099
Acceptances and guarantees	132,069	153,656
Total liabilities	5,889,953	6,211,085
Net Assets		
Capital stock	123,100	123,100
Capital surplus	121,100	121,100
Legal capital surplus	121,100	121,100
Retained earnings	50,964	24,606
Other retained earnings	50,964	24,606
Retained earnings brought forward	50,964	24,606
Total Shareholders' equity	295,164	268,806
Valuation difference on available-for-sale securities	4,153	2,446
Deferred gains or losses on hedges	(12)	(4)
Total Valuation and translation adjustments	4,140	2,441
Total net assets	299,305	271,248
Total liabilities and net assets	6,189,258	6,482,334

(2) Income Statement

(Millions of Yen)

Account Name	From April 1, 2008 to March 31, 2009	From July 1, 2007 to March 31, 2008 *
Ordinary income	191,258	175,475
Interest income	128,639	128,563
Interest on loans and discounts	7,154	6,823
Interest and dividends on securities	6,714	5,202
Interest on call loans	553	321
Interest on receivables under resale agreements	436	167
Interest on bills bought	34	1
Interest on deposits with banks	111,346	112,670
Other interest income	2,399	3,377
Fees and commissions	22,760	23,922
Fees and commissions on domestic and foreign exchanges	5,290	3,979
Other fees and commissions	17,470	19,943
Trading income	310	651
Gains on trading account securities transactions	310	651
Other ordinary income	38,792	20,706
Gains on foreign exchange transactions	37,277	18,666
Gains on sales of bonds	1,395	1,880
Other	119	159
Other income	755	1,631
Other	755	1,631
Ordinary expenses	147,035	155,926
Interest expenses	73,232	92,289
Interest on deposits	71,892	90,879
Interest on negotiable certificates of deposit	522	293
Interest on call money	139	268
Interest on payables under repurchase agreements	10	-
Interest on borrowings and rediscounts	335	0
Interest on interest swaps	15	296
Other interest expenses	317	550
Fees and commissions payments	3,132	2,209
Fees and commissions on domestic and foreign exchanges	618	479
Other fees and commissions	2,514	1,730
Trading expenses	2,088	5,020
Expenses on securities and derivatives related to trading transactions	1,048	950
Expenses on trading-related financial derivatives transactions	1,039	4,070
Other ordinary expenses	1,318	1,124
Loss on sales of bonds	1,035	1,025
Loss on devaluation of bonds	51	-
Other	231	99
General and administrative expenses	64,471	54,834
Other expenses	2,792	448
Provision of allowance for loan losses	2,428	-
Other	363	448
Ordinary profit	44,223	19,548
Extraordinary income	3,894	24,139
Gain on disposal of noncurrent assets	-	23,102
Reversal of allowance for loan losses	-	1,033
Recoveries of written-off claims	0	0
Other	3,894	2
Extraordinary loss	1,291	479
Loss on disposal of noncurrent assets	201	479
Other	1,090	-
Income before income taxes	46,826	43,208
Income taxes - current	19,470	18,632
Income taxes - deferred	998	(30)
Income taxes - total	20,468	18,601
Net income	26,357	24,606

* Citibank, N.A., Japan Branches transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date. Corresponding period of previous year was irregular nine-month accounting period.

(3) Statement of Changes in Net Assets

(Millions of Yen)

Account Name	From April 1, 2008 to March 31, 2009	From July 1, 2007 to March 31, 2008
Shareholders' equity		
Capital stock		
Balance at the end of previous period	123,100	111,000
Changes of items during the period		
Issuance of new shares	-	12,100
Total changes of items during the period	-	12,100
Balance at the end of the current period	123,100	123,100
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	121,100	109,000
Changes of items during the period		
Issuance of new shares	-	12,100
Total changes of items during the period	-	12,100
Balance at the end of the current period	121,100	121,100
Retained earnings		
Other retained earnings		
Earned surplus brought forward		
Balance at the end of previous period	24,606	-
Changes of items during the period		
Net income	26,357	24,606
Total changes of items during the period	26,357	24,606
Balance at the end of the current period	50,964	24,606
Total shareholders' equity		
Balance at the end of previous period	268,806	220,000
Changes of items during the period		
Issuance of new shares		24,200
Net income	26,357	24,606
Total changes of items during the period	26,357	48,806
Balance at the end of the current period	295,164	268,806
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,446	-
Changes of items during the period		
Net changes of items other than shareholders' equity	1,706	2,446
Total changes of items during the period	1,706	2,446
Balance at the end of the current period	4,153	2,446
Deferred gains or losses on hedges		
Balance at the end of previous period	(4)	-
Changes of items during the period		
Net changes of items other than shareholders' equity	(8)	(4)
Total changes of items during the period	(8)	(4)
Balance at the end of the current period	(12)	(4)
Total valuation and translation adjustments		
Balance at the end of previous period	2,441	-
Changes of items during the period		
Net changes of items other than shareholders' equity	1,698	2,441
Total changes of items during the period	1,698	2,441
Balance at the end of the current period	4,140	2,441
Total net assets		
Balance at the end of previous period	271,248	220,000
Changes of items during the period		
Issuance of new shares		24,200
Net income	26,357	24,606
Net changes of items other than shareholders' equity	1,698	2,441
Total changes of items during the period	28,056	51,247
Balance at the end of the current period	299,305	271,248

(4) Statement of Cash Flows

(Millions of Yen)

Account Name	From April 1, 2008 to March 31, 2009	From July 1, 2007 to March 31, 2008
Cash flows from operating activities		
Income before income taxes and others	46,826	43,208
Depreciation	2,350	1,448
Goodwill amortization	2,880	2,160
Increase (decrease) in allowance for loan losses	2,428	(1,033)
Decrease in provision for bonuses	(423)	(1,253)
Increase (decrease) in provision for retirement benefits	(576)	57
Interest income	(128,639)	(127,935)
Interest expenses	73,232	92,289
Losses (gains) on sales of AFS securities	(308)	854
Losses (gains) on foreign exchanges	0	5,725
Losses (gains) on dispositions of fixed assets	201	(22,623)
Net decrease (increase) in trading assets	107,457	28,955
Net increase (decrease) in trading liabilities	4,894	16,418
Net decrease (increase) in loans and bills discounted	20,972	36,052
Net increase (decrease) in deposits	(6,447)	(268,037)
Net increase (decrease) in negotiable certificates of deposit	(90,500)	60,000
Net decrease (increase) in due from banks (excluding cash equivalents)	486,920	(107,821)
Net decrease (increase) in call loan	(84,708)	19,865
Net increase (decrease) in call money	(115,159)	65,622
Net increase (decrease) in borrowed money	39,987	(4,172)
Net decrease (increase) in foreign exchange assets	259,783	(168,456)
Net increase (decrease) in foreign exchange liabilities	(10,406)	(130,961)
Interest received (cash basis)	130,850	138,578
Interest paid (cash basis)	(78,168)	(98,232)
Net increase (decrease) in Reserve for others	(426)	-
Net increase (decrease) in Receivables under resale agreements	(29,966)	-
Net decrease (increase) in monetary claims bought	4,058	61,603
Net decrease (increase) in other assets	39,016	(74,218)
Net increase (decrease) in other liabilities	(105,456)	121,212
Other, net	4,089	4,080
Sub-total	574,763	(306,613)
Income taxes	(29,450)	0
Net cash provided by (used in) operating activities	545,312	(306,613)
Cash flows from investing activities		
Purchases of AFS securities	(477,537)	(368,305)
Proceeds from sales of AFS securities	360,693	487,151
Proceeds from redemption of AFS securities	35,495	136,730
Purchases of tangible fixed assets	(2,324)	(5,932)
Proceeds from sales of tangible fixed assets	290	48,338
Purchases of intangible fixed assets	(4,344)	(3,597)
Proceeds from business transfer	-	24,597
Net cash provided by (used in) investing activities	(87,725)	318,982
Cash flows from financing activities		
Net cash provided by (used in) financing activities	0	0
Effect of foreign exchange rate changes on cash and cash equivalents	0	(75)
Net increase in cash and cash equivalents	457,586	12,294
Cash and cash equivalents at the beginning of the fiscal year	12,294	0
Cash and cash equivalents at the end of the fiscal year	469,880	12,294

<Notes>

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, foreign exchange rates, or securities prices and other market related indices or from variation among markets (hereinafter referred to as "Trading Purposes"), are included in "Trading assets" or "Trading liabilities" on the balance sheet on a trade date basis. Income and Expenses on trading-purpose transactions are recognized on a trading date basis, and recorded as "Trading income" and "Trading expenses".

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 fiscal year-end.

"Trading income" and "Trading expenses" 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 AFS securities

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 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 18 years
Equipment:	2 to 20 years

(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 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 provisioning.

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 expected loan-loss ratio assigned to each risk rating.

Marketing-related businesses conduct the primary assessment of all claims, independent Risk Management conducts the secondary assessment in accordance with the internal rules for self-

assessment of assets, and the Audit and Risk Review, independently audits their assessment. The allowance is provided based on the results of these assessments.

(2) Provision for bonuses

Provision for bonuses is 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 is reported in preparation for the payment of bonuses to the 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 is 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;

Unrecognized prior service cost:

Amortized using the straight-line method for a period, primarily over 7 years, within the employees' average remaining service period, commencing on the fiscal year in which the services are provided.

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 is 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

Reserve for restructuring is reported in preparation for the payment and expenses of restructuring program based on estimated amounts of future payments.

(7) Reserves for business reorganization

Reserve for business reorganization is reported in preparation for the payment and expenses 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 and liabilities, the deferred hedge accounting method is applied.

As for the portfolio hedges to net 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.

Change in Accounting Policy

1. Eligible directors and employees in CJL will receive common stock of Citigroup Inc. under Equity award program. Shares are granted with graded vesting conditions and will be delivered when its conditions are met. CJL will be charged from Citigroup for the actual cost related to this delivery, which costs are calculated based on fair market value of shares at the point of this chargeback calculation process.

Current accounting treatment for this stock award expense was calculated based on the original share price (price at grant date) and as an offset, the liability was booked which is to be reversed on chargeback.

Considering of the volatile stock market, this booking mechanics may cause a problem to record the liability that significantly differs from the expected cash outflow related to the contractual obligation upon the request from Citigroup. The new accounting treatment will measure a liability based on the share's fair value remeasured at each reporting date until the date of chargeback. This change will reflect more suitable amount for liability and expense shown in financial statement.

Compared with former treatment, this change increased ordinary income by 342 million yen and income before income taxes (including extraordinary income) by 710 million yen.

Notes to Balance Sheet

1. Among the unsecured borrowed securities and securities purchased under resale agreement which can be sold or pledged without restrictions, 2,037 million yen are pledged and 29,966 million yen are held in hand as of March 31, 2009.
2. There were 1,727 million yen Bankrupt loans and Past due loans/non-accrual loans were 1,899 million yen.
"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 of the Japanese Corporate Tax Law 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.
"Past due loans/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 19 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 "Past due loans/non-accrual loans".
4. Restructured loans totaled 1,950 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," "Past due loans/non-accrual loans" and "Past due loans (3 months or more)".
5. The total amount of "Bankrupt loans", "Past due loans/non-accrual loans", "Past due loans (3 months or more)" and "Restructured loans" was 5,595 million yen. Claims shown from 2 to 5 are the amounts before the appropriate allowance.
6. Bills discounted are treated 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 bills bought without restrictions. The total face value was 36,960million 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 12,656 million yen as of March 31, 2009.
8. Assets pledged as collateral are as follows:

Assets pledged as collateral:	
Securities	15,505 million yen
Liabilities corresponding to assets pledged as collateral:	
Call money	15,000 million yen
- In addition, AFS securities of 666,489 million yen and Trading account securities of 14,336 million yen are pledged as collateral for settlements of FX transactions.
Other assets include collateral based on ISDA Credit Support Annex of 36,831 million yen, guarantee deposits of 6,228 million yen and initial margins of futures markets 565 million yen.
9. Overdraft facilities and commitment line contracts on 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 549,216 million yen and the amount of those with remaining period within one year was 523,941 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: 9,778 million yen

11. Net assets per share: 1.22 yen

12. Non-cancellable operating lease is as follows;

Future minimum rental payments;

Within one year 1,137 million yen

Over one year 6,586 million yen

13. Monetary assets to affiliates amounted to 3,982,957 million yen.

14. Monetary liabilities to affiliates amounted to 2,121,195 million yen.

Notes to Statement of Income

1. Income caused by transactions with affiliates	(Millions of Yen)
Total income of funding transaction	106,239
Total income of fees and commissions	1,637
Total income of other ordinary transactions	34
Total income of other transactions	2,824
Expenses caused by transactions with affiliates	
Total expenses of funding transactions	30,966
Total expenses of fees and commissions	160
Total expenses of other ordinary transactions	35,373
Total expenses of other transactions	3,560

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	Business transaction & interest & Cancellation fee	4,198,418 (*2) 105,812 2,038	Due from banks	3,857,964
								Business transaction & interest	1,237,318 (*2) 30,930		
								Derivative	86,048(*3)	Other liabilities	86,048
								Guarantees	—	Customers' liabilities for acceptances and guarantees	12,891
Subsidiary of parent	CITIBANK SINGAPORE LTD	Singapore	SGD 1.5 Billion	Banking	0%	—	Funding / Lending	Business transaction & interest	176,344(*2) 4,857	Deposit	157,183

(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) Valuation difference based on year end market rate.

4. Other extraordinary income includes cancellation fee received 2,038 million yen, reversal of previous year stock award expense 903 million yen, reversal of restructuring reserve 580 million yen, and accounting change for stock award 368 million yen.

Other extraordinary loss includes provision for restructuring reserve 1,090 million yen.

Notes to Statement of Changes in Net Assets

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

(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	244,200,000	—	—	244,200,000	
Total	244,200,000	—	—	244,200,000	

Notes to Statement of Cash flow

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

As of March 31, 2009	(Millions of Yen)
Cash and Due from Banks	4,482,573
Due from Banks excluding Bank of Japan	<u>(4,012,693)</u>
Cash and Cash Equivalents	469,880

Notes related to Securities

These include Japanese Government Bond, Corporate Bonds, Other securities and trading securities.

1. Securities classified as trading purposes (as of Mar.31, 2009)

(Unit: Millions of Yen)

	Balance sheet amount	Valuations gains/losses included in the earnings for the fiscal year
Securities classified as trading purposes	14,336	232

2. Other securities with market value are as follows: (as of Mar.31, 2009)

(Unit: Millions of Yen)

	Acquisition cost	Balance sheet amount	Valuations Gains/losses	Unrealized Gains	Unrealized Losses
Bonds	675,404	681,994	6,590	6,935	344
Japanese Government Bond	672,622	679,264	6,642	6,935	293
Corporate Bonds	2,781	2,730	(51)	-	51
Others	6,500	6,835	335	335	-
Total	681,904	688,830	6,925	7,270	344

(Notes)

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

3. Other securities sold during the fiscal year are as follows: (from Apr.1,2008 to Mar.31, 2009)

(Unit: Millions of Yen)

	Sales amount	Gains on sales	Losses on sales
Other securities	360,693	1,395	1,035

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

(As of Mar.31, 2009)

(Unit: Millions of Yen)

	Within 1 year	1 year to 5 years	5 years to 10 years	Over 10 years
Bonds	-	612,857	66,407	2,730
Japanese Government Bond	-	612,857	66,407	-
Corporate Bonds	-	-	-	2,730
Others	-	1,021	5,813	-
Total	-	613,878	72,221	2,730

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)	5,809 million Yen
Accrued expense	2,329
Allowance for loan losses	1,398
Provision for retirement benefits	988
Reserves for business reorganization	445
Reserves for restructuring	344
Provision for bonuses	275
Other	<u>1,584</u>
Deferred tax assets total	13,175
Deferred tax liabilities	
Provision for retirement benefits	3,787
Valuation difference on AFS securities	<u>3,376</u>
Deferred tax liabilities total	<u>7,163</u>
Net deferred tax assets	<u>6,011</u> million Yen

Additional Data for Financial Report (FY2008)

1. Capital Adequacy

(JPY MM, %)

(1) Capital Adequacy	23.5%
Tier I Ratio	23.3%
(2) Tier I	285,801
(3) Tier II	2,937
(4) Deductible item	—
(5) Capital (2) + (3) + (4)	288,739
(6) Risk Exposure	1,225,239
(7) Minimum Required capital (6) × 4 %	49,010

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) since the Term of March 2007.

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 Branches transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date. Therefore, CJL used Citibank, N.A. Japan branches' 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

(JPY MM)

	2004/12	2005/12	2006/12	2007/07	2008/03
Taxable income	27,627	2,100	31,037	15,293	44,376

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

(3) Estimated future taxable income

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