

Financial Publication
for Fiscal Year Ended March 31, 2010

June 30, 2010

Citibank Japan, LTD (“CJL”)
2-3-14 Higashi-shinagawa, Shinagawa-ku, Tokyo
Representative Director, President & CEO Darren Buckley

Balance Sheet

As of March 31, 2010
(Millions of Yen)

Account Name	Amount	Account Name	Amount
Cash and due from banks	3,117,233	Deposits	3,720,949
Cash	9,570	Current deposits	284,589
Due from banks	3,107,663	Ordinary deposits	1,121,872
Call loans	72,499	Time deposits	323,850
Monetary claims bought	2,997	Other deposits	1,990,636
Trading assets	73,031	Negotiable certificates of deposit	190,500
Securities related to trading transactions	9,745	Call money	5,000
Derivatives of securities related to trading transactions	59	Trading liabilities	64,495
Trading-related financial derivatives	63,226	Derivatives of securities related to trading transactions	30
Securities	737,742	Trading-related derivatives	64,464
Government bonds	730,802	Borrowed money	2
Other securities	6,939	Borrowings from other banks	2
Loans and bills discounted	283,100	Foreign exchanges	77,341
Bills discounted	504	Due to foreign banks (their accounts)	77,341
Loans on bills	26,147	Due to foreign banks (our accounts)	0
Loans on deeds	210,999	Foreign bills payable	0
Overdrafts	45,448	Other liabilities	146,603
Foreign exchanges	51,860	Domestic exchange settlement account (credit)	343
Due from foreign banks (our accounts)	13,044	Income taxes payable	2,189
Due from foreign banks (their accounts)	4,261	Accrued expenses	7,347
Foreign bills bought	31,859	Unearned revenue	1,044
Foreign bills receivable	2,694	Deposits received from employees	0
Other assets	171,663	Variation margins of futures markets	50
Prepaid expenses	11,006	Derivatives other than for trading-liabilities	122,887
Accrued income	17,698	Others	12,739
Initial margins of futures markets	402	Provision for bonuses	814
Variation margins of futures markets	87	Provision for directors' bonuses	141
Derivatives other than for trading-assets	117,453	Provision for retirement benefits	2,091
Others	25,014	Provision for directors' retirement benefits	17
Tangible fixed assets	3,254	Reserves for restructuring	184
Buildings	1,037	Reserves for business reorganization	86
Construction in progress	1,015	Acceptances and guarantees	80,194
Other tangible fixed assets	1,201	Total liabilities	4,288,423
Intangible fixed assets	10,553	Capital stock	123,100
Software	4,071	Capital surplus	121,100
Goodwill	6,481	Legal capital surplus	121,100
Deferred tax assets	5,274	Retained earnings	63,135
Customers' liabilities for acceptances and guarantees	80,194	Other retained earnings	63,135
Allowance for loan losses	(8,674)	Retained earnings brought forward	63,135
		Total shareholders' equity	307,335
		Valuation difference on available-for-sale securities	4,972
		Deferred gains or losses on hedges	(1)
		Total valuation and translation adjustments	4,971
		Total net assets	312,307
Total assets	4,600,730	Total liabilities and net assets	4,600,730

Statement of Income

From April 1, 2009 to March 31, 2010
(Millions of Yen)

Account Name	Amount	Amount
Ordinary income		112,113
Interest income	68,904	
Interest on loans and bills discounted	4,874	
Interest and dividends on securities	5,426	
Interest on call loans	374	
Interest on receivables under resale agreements	450	
Interest on deposits with banks	56,997	
Other interest income	781	
Fees and commissions	20,609	
Fees and commissions on fund transfer	4,468	
Other fees and commissions	16,141	
Trading income	81	
Gains on trading-related derivatives transactions	81	
Other ordinary income	20,308	
Gains on foreign exchange transactions	17,199	
Gains on sales of bonds	2,612	
Others	495	
Other income	2,209	
Others	2,209	
Ordinary expenses		90,135
Interest expenses	19,993	
Interest on deposits	19,611	
Interest on negotiable certificates of deposit	295	
Interest on call money	8	
Interest on borrowings and rediscounts	19	
Interest on interest swaps	28	
Other interest expenses	29	
Fees and commissions paid	2,676	
Fees and commissions on fund transfer	628	
Other fees and commissions	2,048	
Trading losses	180	
Losses on trading account securities transactions	19	
Losses on securities and derivatives related to trading transactions	161	
Other ordinary expenses	860	
Loss on sales of bonds	509	
Others	351	
General and administrative expenses	61,118	
Other expenses	5,305	
Provision of allowance for loan losses	5,219	
Others	86	
Ordinary profit		21,977
Extraordinary income		1,043
Recoveries of written-off claims	0	
Others	1,042	
Extraordinary loss		45
Losses on disposal of fixed assets	45	
Income before income taxes		22,975
Income taxes-current	10,631	
Income taxes-deferred	172	
Income taxes-total		10,804
Net income		12,170

<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

AFS 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 AFS 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 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.

(Change in Accounting Policy)

CJL adopted "Accounting Standard for Retirement Benefit" partial amendments No.3 (ASBJ Statement No.19, July 31, 2008) starting in this current year. There was no impact on financial statements due to applied discount rate was same as the previous discount rate determined by old method.

(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.

6. 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.

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 are assessed by classifying the hedged items (such as 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

(Accounting Standard for Financial Instruments)

CJL adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, March 10, 2008) and "Implementation Guidance on disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 30, 2008) starting in this current year.

Notes to Balance Sheet

1. There were 49 million yen Bankrupt loans and Past due loans/non-accrual loans were 2,464 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.

2. Past due loans (3 months or more) totaled 26,256 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". These loans include loans classified as "Needs Special Attention" (but exclude Restructured Loans) in accordance with the Bank's internal asset self assessment.
3. Restructured loans totaled 737 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)".
4. The total amount of "Bankrupt loans", "Past due loans/non-accrual loans", "Past due loans (3 months or more)" and "Restructured loans" was 29,508 million yen. Claims shown from 1 to 4 are the amounts before the appropriate allowance.
5. 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 32,364 million yen.
6. 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 5,474 million yen as of March 31, 2010.
7. Assets pledged as collateral are as follows:

Assets pledged as collateral:	
Securities	5,197 million yen
Liabilities corresponding to assets pledged as collateral:	
Call money	5,000 million yen

In addition, AFS securities of 725,604 million yen and Trading securities of 9,745 million yen are pledged as collateral for settlements of FX transactions.

Other assets include collateral based on ISDA Credit Support Annex of 12,797 million yen, initial margins of futures markets 402 million yen and guarantee deposits of 6,504 million yen.
8. 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 368,412 million yen and the amount of those with remaining period within one year was 316,349 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.
9. Accumulated depreciation on tangible fixed assets: 8,198 million yen
10. Net assets per share: 1.27yen
11. Non-cancellable operating lease is as follows;

Future minimum rental payments;	
Within one year	1,151 million yen
Over one year	569 million yen
12. Monetary assets to affiliates amounted to 2,771,000 million yen.
13. Monetary liabilities to affiliates amounted to 700,368 million yen.
14. Stand-alone Capital Adequacy Ratio (National Standards) under the Banking Law Enforcement Regulations Article 19-2-1-3-□-(10). 25.13%

Notes to Income Statement

1. Income caused by transactions with affiliates	
Total income of funding transaction	55,191 million yen
Total income of fees and commissions	1,115 million yen
Total income of other ordinary transactions	10,569 million yen
Total income of other transactions	404 million yen
Expenses caused by transactions with affiliates	
Total expenses of funding transaction	9,616 million yen
Total expenses of fees and commissions	173 million yen
Total expenses of other ordinary transactions	353 million yen
Total expenses of other transactions	5,101 million yen

2. Net income per share 0.04yen

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	2,829,651 (*2) 55,027	Due from banks	2,692,508
								Business transaction & interest	912,898 (*2) 9,612	Deposit	583,846
								Derivative	49,336 (*3)	Other liabilities	49,336
								Guarantees	—	Customers' liabilities for acceptances and guarantees	4,189
								Settlement of foreign exchange	43,826 (*2)	Due to foreign banks (their accounts)	54,241
Subsidiary of parent	Citigroup Japan Holdings Corp.	Japan	7,859 Million Yen	Holding company	0%	Double-hatted	Funding / Lending	Business transaction & interest	29,872 (*2) 0	Deposit	50,584
								Business transaction & interest	54,241 (*2) 43	Negotiable certificates of deposit	130,000
Subsidiary of parent	Citibank Aruba NV	Aruba (Dominion of Netherlands)	USD 20 Million	Banking	0%	—	Funding / Lending	Guarantees	—	Customers' liabilities for acceptances and guarantees	900
Subsidiary of parent	Citibank Singapore Ltd.	Singapore	SGD 1,528 Million	Banking	0%	—	Funding / Lending	Business transaction & interest	82,769 (*2) 1,400	Deposit	—

*1 Condition of transactions and its policy are decided as same as third party transactions.

*2 Average balance for amount of transaction

*3 Valuation difference based on year end market rate. Year end balance is used for the amount.

4. Other extraordinary income includes the release of "Reserves for business reorganization" 1,013 million yen.

Notes related to Financial Instruments

1. Disclosure on Financial Instruments

(1) Policy on Financial Instruments

CJL is engaged in banking operations such as credit extension business including loans, fund transfer and clearing business both in Yen and foreign currencies and investment business including marketable securities. In order to conduct these businesses, CJL raises funds mainly as deposits from retail and corporate clients as well as from the group companies and also through other borrowings. Given that CJL owns financial assets and liabilities that are subject to interest rates and foreign exchange rates, CJL conducts comprehensive asset-liability management (ALM) in order to eliminate negative impact from interest rates and foreign exchange rates and also for the purpose of funding cost reduction as well as efficient investment management. As part of such effort, we enter into certain derivative transactions.

(2) Types of and Risks associated with Financial Instruments

A majority of financial assets that CJL holds are placements to the banks in our group. Within the customer related assets, loans to corporate customers in Japan and overseas, for which CJL is exposed to credit risks potentially arising from the obligors' default. Out of total outstanding loan balance as of March 31, 2010, 40.0% is for foreign companies. In case any material adverse changes in economic, politics, and social environments, there is a possibility that any of our obligors would fall in event of default against credit terms on which CJL extends loans. In addition, securities are mainly low credit risk government bonds, etc. held for pure investment or trading purposes. These are exposed to interest rate risk and market price risks.

Deposits are mainly from retail, corporate customers, and group companies. They are exposed to liquidity risk where we may not be able to repay timely on maturities. Interest rate exposure is managed by establishing risk limits, etc.

Derivative contracts include interest rate swaps, currency swaps, and FX forward for ALM purpose. We implement hedge accounting on such hedge instruments against interest rate risks of the underlying assets or liabilities.

In addition, we have trading bonds as well as trading positions that include interest rate related derivatives and currency related derivatives. These financial products are exposed to interest rate risk, foreign exchange rate risk, price risk and credit risk, etc.

(3) Risk Management System relating to Financial Instruments

(A) Credit Risk Management

CJL establishes consistent risk management framework and control credit risks related to loans etc. by credit analysis conducted on transaction basis, controlling credit line, credit information, obligor risk rating, pledge of guarantee and collateral and managing classified or delinquent accounts, in accordance with Credit Risk Management Policy and related rules and procedures.

Credit risk control aforementioned is conducted by Risk Management Division and such issues will be reported to CRMC (Credit Risk Management Committee) and BOD (Board of Directors' meeting), which is taken place periodically. Moreover, the process of credit risk control is assessed by internal auditor periodically.

Credit risk of issuers and counterparty risk of derivatives are controlled and monitored by Risk Management by obtaining credit information and marked-to market periodically.

(B) Market Risk Management

i . Risk Management of Banking Accounts

CJL manages interest-rate risks on banking book through Asset and Liability Management (ALM). The risk management methods and procedures are clearly described in the "Market Risk Management for Accrual Portfolios Policy and Standards". CJL monitors and reviews its activity implementation status, also discusses action plans in the monthly ALCO(Asset Liability Committee) meeting as per the ALCO Regulation which has been constituted by the CJL BOD.

On a day to day basis, CJL Market Risk Management captures consolidated profiles of interest rates and durations of the financial assets and liabilities, performs risk monitoring process using the gap analysis and interest rate factor sensitivity analysis, and reports the results to the ALCO meeting on a monthly basis. For the purpose of hedging interest-rate risks, CJL transacts some derivative trades such as interest rate swaps.

ii . Risk Management of Trading Accounts

CJL mainly manages interest-rate risks and foreign exchange price risks on trading book following the Market Risk Management Policy and ALCO regulation which have been constituted by the CJL BOD. CJL's market risk amount is measured by Value-at-Risk (VaR) method and its regulated compliance status is monitored and reported to ALCO meeting on a monthly basis.

(C) Management of Liquidity Risk associated with Capital Raising Activities

Liquidity risk management has been regulated by related policies and procedures. ALCO, which is subject to supervision of the Management Committee, has been constituted to ensure that CJL maintains adequate liquidity, has sufficient capital to meet regulatory and business needs, has appropriate funding for business growth. ALCO's monitoring and reviewing of capital, liquidity, balance sheet and the banking account management is an integral part of the overall risk management framework of CJL.

(4) Supplement Explanation for Fair Value of Financial Instruments

Fair value of financial instruments includes market prices as well as reasonably calculated prices in cases where there are no market prices available. Since the calculations of such prices are implemented under certain conditions and assumptions, the result of calculations may vary if different assumptions are used.

2. Fair Value of Financial Instruments

Fair value and balance sheet amount of financial instruments as of March 31, 2010 are shown below.

(Unit: Millions of Yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and due from banks	3,117,233	3,128,067	10,834
(2) Call loans	72,499	72,499	-
(3) Monetary claims bought (*1)	2,983	2,983	-
(4) Trading assets			
Trading securities	9,745	9,745	-
(5) Securities (*1)			
Other securities	737,741	737,741	-
(6) Loans and bills discounted	283,100		
Allowance for loan losses (*1)	(8,313)		
	274,787	274,795	8
(7) Foreign exchange (*1)	51,815	51,815	-
Total Assets	4,266,806	4,277,648	10,842
(1) Deposits	3,720,949	3,721,537	588
(2) Negotiable certificates of deposits	190,500	190,500	-
(3) Call money	5,000	5,000	-
(4) Borrowed money	2	2	-
(5) Foreign exchange (*1)	77,341	77,341	-
Total Liabilities	3,993,793	3,994,381	588
Derivative transactions (*2)			
Hedge accounting not applied	(6,604)	(6,604)	-
Hedge accounting applied	(1)	(1)	-
Total derivative transactions	(6,605)	(6,605)	-
Others	Contract amount	Fair value	
(1) Overdraft facilities and commitment line (*3)	368,412	(244)	

(*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately shown in the above table. Allowance for loan losses provided to "Monetary claims bought", "securities" and "Foreign exchange" are directly deducted from the book value due to immateriality.

(*2) Derivatives included in "Trading assets", "Trading liabilities", "Other assets" and "Other liabilities" are shown together. Negative amount indicates in case of liabilities exceeding the assets.

(*3) Contract amount of Overdraft facilities and commitment line are unused amount.

(Notes) Valuation method of financial instruments

(Assets)

(1) Cash and due from banks

For due from banks without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For due from banks with maturity, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to newly acceptance. Total future cash

flows are contractual payment of principal and interest. For due from banks with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(2) Call loans

For Call loans, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because they have short remaining period (within 1 year).

(3) Monetary claims bought

For monetary claims bought, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because they have short remaining period (within 1 year).

(4) Trading assets

For securities such as bonds that are held for trading, the fair value is determined based on the price quoted by the exchange.

(5) Securities

For securities such as bonds that are held for available for sale, the fair value is determined based on the price quoted by the exchange.

(6) Loans and bills discounted

For loans without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because of their estimated maturity length and the interest rate conditions. For loans with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

For loan with remaining period exceeding 1 year, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to newly accepted loans. Total future cash flows are contractual payment of principal and interest.

As for the loans to bankrupt, de facto bankrupt, and potentially bankrupt borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collaterals and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected credit loss amount, such carrying amount is presented as the fair value.

(7) Foreign exchange

Foreign exchanges consist of foreign currency deposits with other banks (due from other foreign banks), short-term loans involving foreign currencies (due from other foreign banks), export bills etc. (purchased foreign bills), and loans on notes using import bills (foreign bills receivables). For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because most of these items are deposits without maturity or have short contract term (within 1 year).

(Liabilities)

(1) Deposits (2) Negotiable certificate of deposits

For demand deposits, the amount payable on demand as of balance sheet date is considered to be the fair value. Time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value discounted by expected future cash flow. The discount rate is the risk free rates adjusted with funding spread of CJL as of balance sheet date. For deposits with short remaining period (within 6 months), the carrying amount is presented as the fair value as the fair value approximates such carrying amount.

(3) Call money

For Call money, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because they have short remaining period (within 1 year).

(4) Borrowed money

Since all of borrowed money is without maturity, the carrying amount is presented as the fair value as the fair value approximates such carrying amount.

(5) Foreign exchange

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity. Furthermore, foreign currency short-term borrowing have no maturity. Thus, for the foreign exchanges, the carrying amount is presented as the fair value as the fair value approximates such carrying amount.

(Derivative transactions)

Derivatives include interest rate related instruments (interest rate futures, interest rate options, interest rate swaps, etc.), currency related instruments (currency futures, currency options, currency swaps, etc.) and bond related instruments (bond futures, bonds future options, etc.). Fair value of these derivatives are based on market prices at exchanges, discounted present values, or amount calculated under the option pricing model.

(Others)

(1) Overdraft facilities and commitment line

For overdraft facilities and commitment line, fair value is the present value discounted by the difference between the expected future cash flow calculated by contractual rate and fee rate that would be applied to newly acceptance at the balance sheet date for the contract with remaining period exceeding 1 year.

Notes related to Securities

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

1. Securities classified as trading purposes: (as of Mar.31, 2010)

(Unit: Millions of Yen)

	Valuations gains/(losses) included in the earnings for the fiscal year
Securities classified as trading purposes	(32)

2. Other securities with market value are as follows: (as of Mar.31, 2010)

(Unit: Millions of Yen)

	Type	Balance sheet amount	Acquisition cost	Valuations gains/losses
Balance sheet amount exceeding acquisition cost	Bonds	644,014	635,762	8,252
	Japanese Government Bond	644,014	635,762	8,252
	Others	6,939	6,500	439
	Sub total	650,954	642,262	8,692
Balance sheet amount equal or less than acquisition cost	Bonds	86,788	87,126	(338)
	Japanese Government Bond	86,788	87,126	(338)
	Others	—	—	—
	Sub total	86,788	87,126	(338)
Total		737,742	729,389	8,353

3. Other securities sold during the fiscal year are as follows: (from Apr.1, 2009 to Mar.31, 2010)

(Unit: Millions of Yen)

	Sold amount	Gains on sales	Losses on sales
Bonds	416,313	2,612	476
Japanese Government Bond	416,313	2,612	476
Others	2,678	—	33
Total	418,991	2,612	509

Notes related to Deferred tax accounting

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

Deferred tax assets	(Unit: Millions of Yen)
Goodwill (calculated on tax basis)	3,872
Allowance for loan losses	3,510
Accrued expense	1,612
Provision for retirement benefits	846
Provision for bonuses	329
Other	2,022
Deferred tax assets total	<u>12,193</u>
Deferred tax liabilities	
Valuation difference on AFS securities	3,407
Prepaid pension cost	3,291
Other	220
Deferred tax liabilities total	<u>6,918</u>
Net deferred tax assets	<u><u>5,274</u></u>