

Citibank Japan Ltd.

Annual Report

For the Fiscal Year Ended March 31, 2011



Growth.

Powered by Citi.

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■ Message from the CEO



On behalf of Citibank Japan, I would like to express our sincere condolences to all those affected by the tragic events on March 11, 2011. Citi and its employees around the world are deeply saddened by these events. As part of our efforts to help, we have pledged more than 300 million yen in charitable contributions, organized multiple volunteer activities and implemented initiatives to support our individual and institutional clients. In conjunction with our title sponsorship of the Japan Golf Tour Championship Citibank Cup Shishido Hills, we pledged 30 million yen, matching the first-place prize money of the tournament, to support disaster relief and rebuilding efforts in Ibaraki prefecture and surrounding areas. We wish for a full recovery and we hope that even in a small way, we can bring courage and hope to the people of Japan.

Citibank enjoys a long and distinguished history in Japan, dating back to 1902 when we opened our first branch in Yokohama. We have since grown to become one of the leading financial institutions in Japan, providing innovative and high quality services to our customers from our retail and corporate banking divisions. Whether it be helping our individual customers manage their financial needs, or helping our corporate clients expand into new and exciting markets, Citibank Japan continues to be there for our customers, helping them succeed through all market conditions.

Citibank Japan is well capitalized with 258.8 billion yen in total shareholders' equity as of March 31, 2011. Our capital adequacy ratio of 25.16% as of March 31, 2011 is among the highest in the banking industry in Japan and is far in excess of the minimum requirement as prescribed by the Financial Services Agency. Our business results continue to show positive momentum. In the 12 months ended March 31, 2011, Citibank Japan reported net income of 12.5 billion yen with assets of approximately 4.24 trillion yen.

Citibank Japan continues to grow and look for new ways of serving our retail and corporate clients. In our retail banking division, since we opened the first smart banking branches in Citi's global network in April 2010 we now have eight new state of the art "smart banking" branches. Citibank Japan continues to seek opportunities to open new smart banking branches in prime locations around Japan and will bring the total number of retail banking branches across the country to 35. Citi believes Japan is a key market for investment in innovation and is committed to growth here.

In our corporate banking division, our Japan desk coverage has been expanded further and we now have 14 desks in 12 countries, including Asia Pacific, North and South Americas, Europe and Middle East as we continue to help our Japanese clients grow around the world.

I would like to express my sincere gratitude to our customers and employees for their wonderful support and we look forward to continuing to build a franchise that consistently exceeds client expectations while embracing the communities in which we are privileged to do business.

July 2011

Darren Buckley
Representative Director, President & CEO
Citibank Japan Ltd.

■ Company Overview

■ Company Profile

Company Name	Citibank Japan Ltd. ("CJL")
Head Office Address	Citigroup Center 3-14 Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo 140-8639
Bank Code	0401
Head Office Branch Code	730
Telephone Number	0120-039-104 or 03-5462-5000
Commencement of Operations	July 1, 2007 (International Banking Corporation, a predecessor to Citibank, opened its Yokohama branch in October 1902)
Business Overview	As one of Citigroup's core businesses in Japan, CJL is engaged in banking services through the Retail Banking Division, which provides banking services to a wide range of retail customers, and through the Corporate Banking Division, which is dedicated to institutional clients.
Number of Employees	1,676 (As of March 31 2011)
Number of Branches (including head office)	38 (including 32 retail branches / mini-branches and 1 internet-only branch)

Directors and Statutory Auditors*

Representative Director, President	Darren Buckley
Representative Director, Deputy President	Marc Merlino
Director, Vice Chairman	Junichi Maruyama
Director, Vice Chairman	Masatsugu Nagato
Director, Deputy President	Tetsuo Matsugaki
Director	Dennis Hussey
Director	Jun Kadoda
Director	Yukio Yoshimura
Director	Mark Hart
Director	Alison Birch
Director	Deepak Jain
Statutory Auditor (full-time)	Takashi Kinoshita
Statutory Auditor (outside)	Mamoru Sato
Statutory Auditor (outside)	Shigeto Tsutsumi

(*) Chronological order of appointment for the same title

Executive Officers

Chief Executive Officer (CEO)	Darren Buckley
Head of Corporate Banking Division	Marc Merlino
Chief Administrative Officer (CAO)	Tetsuo Matsugaki
Head of Retail Banking Division	Dennis Hussey
Head of Corporate Treasury Division	Nelson Thackery
Head of Marketing Division	Caleb Hunt
Head of Legal Division	Yoshito Hirata
Head of Compliance Division	Koichi Tanaka
Head of Control & Emerging Risk Division	Masahiko Sawairi
Chief Risk Officer	Kazuhiro Tanimoto
Co-Head of Operations & Technology Division	Ichiro Nakauchi
Co-Head of Operations & Technology Division	Shinri Isaka
Head of Human Resources Division	Moira Lynam
Chief Auditor	Yuichi Ito
Deputy Head of Business Strategy & Planning Division and Head of Management Coordination Unit	Hiroaki Nigo

(As of July 1, 2011 except for Number of Employees)

■ Financial Summary (From 09/2008 to 03/2011)

	09/2008	03/2009	09/2009	03/2010	09/2010	03/2011
	(Billions of Yen)					
Total Assets	6,737.8	6,189.2	5,148.8	4,600.7	5,028.7	4,244.8
Deposits	5,768.8	5,311.0	4,346.6	3,720.9	4,017.7	3,399.3
Total Net Assets	282.5	299.3	306.7	312.3	262.0	262.0
Capital Stock	123.1	123.1	123.1	123.1	123.1	123.1
Capital Adequacy Ratio	16.61%	23.56%	24.61%	25.13%	22.04% *	25.16%

(*) We paid Yen 61 billion interim dividend during the interim period ended on September 30, 2010.

■ Credit Ratings

	Moody's		S&P		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Citibank Japan Ltd						
Long Term	A2	Negative	A+	Negative	A+	Watch Negative
Short Term	P-1		A-1		F1+	Watch Negative
Citigroup Inc.						
Long Term	A3	Rating Under Review Watch Downgrade	A	Negative	A+	Watch Negative
Short Term	P-1	Watch Downgrade	A-1		F1+	Watch Negative
Citibank, N.A.						
Long Term	A1	Rating Under Review Watch Downgrade	A+	Negative	A+	Watch Negative
Short Term	P-1		A-1		F1+	Watch Negative

(As of July 12, 2011)

For further details, please refer to Citigroup Form 10Q files with the Securities and Exchange Commission (SEC) available at <http://www.citigroup.com/citi/fin/sec.htm>

■ Deposit Insurance

CJL has its head office located in Japan and is a member of the Deposit Insurance Corporation (DIC). Pursuant to the Deposit Insurance System, non-interest-bearing Yen deposits for payment and settlement purposes accepted by CJL are protected in full per depositor; and interest-bearing Yen deposits accepted by CJL are protected up to a maximum of 10 million yen in principal plus related interest thereon per depositor.

■ Bank Agency Service

Name of Bank Agent	Citigroup Global Markets Japan, Inc. ("CGMJ")
Offices of Bank Agent	CGMJ Tokyo Headquarters
Service Coverage	Intermediary of certain products offered by CJL's Corporate Banking Division (yen/foreign currency deposits and remittance services)

■ Designated Dispute Resolution Organization for CJL

Japanese Bankers Association (JBA)
Contact for consultation and exchange of views: JBA Customer Relations Center
0570-017109 or **03-5252-3772**

CJL has concluded a Basic Contract for Implementation of Dispute Resolution Procedure with JBA, the Designated Dispute Resolution Organization under the Banking Act. JBA runs the JBA Customer Relations Center as a contact point to which customers can go for consultation and inquiries or to which they can direct their opinions and complaints about banks. Refer to the JBA website for more information. <http://www.zenginkyo.or.jp/adr/>

* JBA Customer Relations Center's services are available only in Japanese.

■ Our History

1812 City Bank of New York established.



1902 International Banking Corporation opened its first branch in Yokohama.

1923 International Banking Corporation opened Tokyo Branch (temporarily closed in 1941, reopened in 1946).



1973 First National City Corporation listed on Tokyo Stock Exchange (delisted in 1998 with the merger between Citicorp and Travelers Group).

1974 First National City Corporation holding company changed its name to Citicorp.

1977 Citibank N.A. launched Citicard Banking Centers, anchored by ATMs and CitiCard. The 24-hour ATMs are for the first time used for more than emergency cash.



1980 Decades of innovation and expansion lead to Citibank operations in 90 countries, making it one of the first truly global banks.

1991 Citibank Japan launches International Cash Card.



1998 Citicorp and Travelers Group merge to form Citigroup Inc. Citibank Japan starts internet banking.

2007 Citibank Japan Ltd. commences operations as a locally incorporated bank. Citigroup Inc.'s shares listed on the first section of the Tokyo Stock Exchange.



2010 Citibank Japan Ltd. opens smart banking branches in Nihonbashi, Tokyo Ekimae, and Nagoya.

2011 The number of Citigroup's Japan Desks network is expanded to 14 locations in 12 countries. Smart banking branches expanded in Shinjuku East, Hamamatsucho, Osaka Ekimae, Ohtemachi and Hiroo. (As of July 1, 2011)



■ Management Strategy

■ Citi's Mission Statement and Principles

Citi works tirelessly to serve individuals, communities, institutions and nations. With 200 years of experience meeting the world's toughest challenges and seizing its greatest opportunities, we strive to create the best outcomes for our clients with financial solutions that are simple, creative and responsible. An institution connecting over 1,000 cities, 160 countries and millions of people, we are your global bank; we are Citi.

The four key principles—the values that guide us as we perform our mission—are:

- Common Purpose — One team, with one goal: serving our clients and stakeholders.
- Responsible Finance — Conduct that is transparent, prudent and dependable.
- Ingenuity — Enhancing our clients' lives through innovation that harnesses the breadth and depth of our information, global network, and world-class products.
- Leadership — Talented people with the best training who thrive in a diverse meritocracy that demands excellence, initiative and courage.

■ CJL's Management Strategy



CJL is the first locally incorporated foreign bank in the Japanese market. CJL's goal is to fully respond to the needs of our retail and corporate clients with innovative products and services and through Citigroup's global network – thereby playing a leading role in the financial industry. With strategic coordination across business lines and group companies, CJL aims to increase its client and revenue base and improve its local asset-liability balance. Based on our long-term vision, we endeavor to continually develop our business and gain increased presence in the market, leveraging our unique position as a locally incorporated foreign bank. CJL has a long and distinguished history in Japan. We have a proud legacy of focusing our energy fully on our customers, delivering new innovations and market firsts, bringing the best of the world to our local customers, providing an excellent working environment and investing in future growth.

CJL is focused on a balanced growth strategy through its Retail Banking Division and Corporate Banking Division. 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 selected core group of relationships to which it leverages and delivers Citigroup's global strengths, providing high quality financial products, services and advice to help our customers succeed. Both Divisions continually look to improve customer experience and operational efficiencies through extensive ongoing reengineering programs.

CJL is subject to the very high regulatory standards expected of all Japanese banks, as well as the international standards expected by our regulators in the United States. We have made best efforts to enhance sound governance and internal control structures since the localization of our banking operations in July 2007 and will continue our utmost efforts to improve these structures further to meet both Japanese and global best practices. We are committed to confront in a resolute manner any undue demands and anti-social forces that threaten social order and safety.

CJL is committed to providing a working environment where its employees can thrive and achieve their full potential. By attracting and training the best people and giving them broad career development opportunities, we aim to foster an environment where employees are able to provide our clients with outstanding financial products, service and advice.

CJL is, and will continue to be, active in diversity initiatives and the community. We have focused on enhancing the opportunities available to working parents in the workplace through the childcare center in our head office and other support programs. Our community activities focus broadly on improving access to financial education and assisting those with disabilities within the communities in which we operate.

In order to fully achieve the above objectives, we seek to focus on the following principles, under the overarching theme of "Growth through Innovation" and backed by a strong foundation of compliance and control frameworks.

Live Client First

Create a client-centric organization and value system to seamlessly meet client needs; design our products, services and processes around the customer experience.

Be the World's Best Team

Promote a cohesive "One Citi" culture across business lines and develop talent focused on delivering the best financial products and services for our clients.

Serve Stronger Value Propositions

Leverage "One Citi" capabilities to respond to our clients' increasing demand for innovative products and services across all businesses, and continue to strive for speed and simplicity.

Optimize and Protect the Franchise

Strengthen the retail and corporate banking business platforms as well as business partnerships with other group companies, focusing our resources on growth, innovation and operating efficiency driven by the relentless pursuit of excellence.

Grow Market Share and Recognition

Deliver increased market share and recognition through a renewed focus on growth.

Build an Iconic Brand

Strengthen our brand commensurate with our 100+ year legacy in Japan based on a foundation of trust, integrity and innovation.

Deliver Financial Performance

Deliver profit growth and improved operating efficiency.

■ Business Outline

■ Retail Banking Division

Citibank has been a pioneer in the retail banking arena in Japan, widely recognized for our customer service and product innovations. Examples of our past successes include being the first bank in Japan to introduce “24-hours-a-day, 7-days-a-week” (“24x7”) ATMs and telephone banking services, as well as ATM cards that can be used at CDs/ATMs overseas. We also introduced the consultative model whereby Citibank financial experts provide professional financial advice to our retail customers. We established a unique presence in the market by being highly responsive to changes in the business environment at a time of asset growth from foreign currency deposits and investment markets in Japan.

We are redefining banking with a more effective, better-service banking format and customer-centric approach. Through our innovative smart banking model we are changing to make banking simpler, taking the complexity out of the products and services that we provide, and making ourselves more accessible and convenient to the customers that we serve. We are redesigning all processes in our branches so they are centered around the customer, allowing customers to seamlessly, quickly and digitally execute transactions, while maintaining a high level of compliance and control.



As announced in the Nikkei daily and Nikkei Veritas weekly newspapers, CJL was awarded the number one ranking in the annual Nikkei Retail Banking Strength Survey for 2010, in which 118 banks in Japan were rated in two main areas, one for over-the-counter service and one for product quality and lineup. Japan is a highly service intensive market, where quality standards are very high, and this is the first time that CJL has received the top ranking. We believe that the results show the strength of our customer-centric approach to service, which is designed around the customer, giving customized solutions where, how and when they want them.

As of July 1st, 2011, CJL boasts a retail network of 32 branches and sub-branches (including 8 smart banking branches), 2 “24x7” state-of-the-art call centers, a new best-in-class internet banking platform, and 112 proprietary ATMs. We are further connected to approximately 100,000 more ATMs in Japan through alliances with Japan Post Bank, city banks, regional banks and convenience stores, etc. This network is the backbone helping CJL to seamlessly meet the needs of mass affluent retail clients in Japan’s major cities.

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

The competitive environment is intensifying as our competitors make efforts to follow our marketing strategies including a greater focus on our core target, the retail mass affluent. This has resulted in some dilution of our “innovative” image, and it is with this in mind that we will pursue efficient business operations and continually improve services to mass affluent customers through deeper insight and customer centricity, and by expanding our sales network and upgrading our products.

<Major Business Activities>

We continued to serve our customers with a unique set of capabilities from basic banking services to more specialized offerings – e.g. local and global ATM access, market-leading foreign exchange capabilities, a wide range of carefully selected deposit and investment opportunities and preferential “Citigold” and “Citigold Premium” services.

Improved Clients' Convenience

In April 2010, we opened innovative, smart banking branches in Nihonbashi and Tokyo Ekimae and subsequently in November 2010 and March 2011, we relocated and renovated our Nagoya Branch and Shinjuku East Branch respectively. Also the first smart banking mini-branch was opened at Tokyo Monorail Hamamatsucho station in this April as the second phase of the smart banking project. Osaka Ekimae Branch, Ohtemachi Branch and Hiroo Branch were newly renovated as smart banking branches from May to June 2011. We continue to relocate and renovate branches as well as to open new branches to enhance convenience for our clients and optimize the branch network.

Offering Innovative Products and Services

As for innovation in our product range, we have been enhancing foreign exchange related products, which have been an area of innovation for CJL. As part of efforts to further expand the range of our services, we also substantially enhanced the “Premium Deposit” (PD Kaizen). We also plan to introduce new currency pairs for depositors by the end of fiscal year 2011.

In terms of investment products, we have not only increased our lineup of mutual funds, such as “Citi Country Selector Foreign Currency Series” and “Carry Four 3” as “OneCiti” cross-business funds, but also strengthened our lineup for the insurance products and brokerage related (SIB) transactions. We have also introduced “allied credit card” products to our customers in partnership with our group company, Citi Cards Japan, featuring the ability to obtain and collect “points” on the allied cards for certain banking activities.



The newly established Sales Promotion Unit has been hiring specialists in Treasury, Insurance and Loans respectively in order to respond to clients' needs accurately and to improve the quality and timeliness of specialized product consultation.

Asset Strategy

In 2010 we refocused efforts on launching a stronger asset proposition for retail customers in Japan. The mortgage team has strengthened to support all branches. We have introduced Home Equity Loan and Investment Property Loan products, and intend to continue offering improved loan products to our customers.

Build an Iconic Brand

We continue to “Build Iconic Brand” taking full advantage of the opportunities afforded by the “Powered by Citi” bluewave template at airports (Narita and Haneda) and transit locations. We also enhance the visibility of our brand through sponsorships such as the prestigious Japan Golf Tour Championship Citibank Cup Shishido Hills and the Citi Ice Rink at Roppongi Midtown.

Response to March 11 Great Eastern Japan Earthquake

We introduced measures to communicate with and support clients from the affected areas, and published these online as well as in local newspapers in the disaster area. Call center staff were provided with appropriate procedures to assist callers, and branch staff were also instructed to provide appropriate assistance in keeping with instructions provided to all banks in Japan. We continue to offer special handling to members of families who lost property or who face financial difficulty, and we especially seek to carefully and appropriately assist those families who lost loved ones in the tragedy.

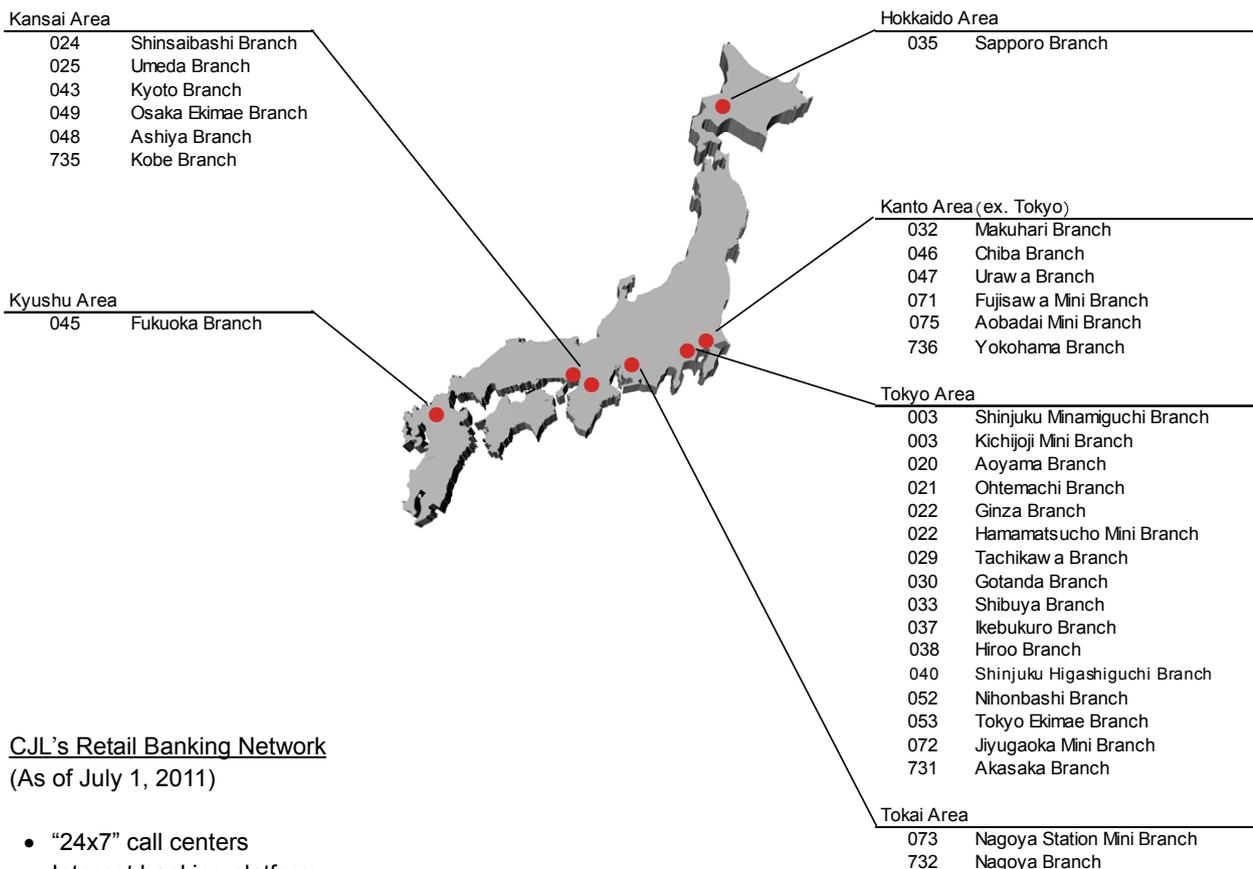
More broadly, in the immediate aftermath of the disaster, a relief fund was established on March 12 to permit customers, staff, and members of the public to make donations to assist the Japan Red Cross. This fund was well received, and in fact attracted donations from outside Japan also as our global network also appealed for help.

Damage to CJL's branches on March 11 was relatively minor, and there was no damage or interruption to our systems or back up systems. We were able to maintain reasonably normal operations at our branches and continued to offer 24 hour call center support, ATMs, and full online banking. CJL has taken necessary measures to conserve power at both branches and head office in the critical summer season, without compromising on service to our clients or the safety of customers or staff. We hope in a small way that maintaining services assisted clients in maintaining a sense of normalcy in a traumatic time.

<Retail Banking Network>



Citibank's Nationwide Branch and ATM Network
Bank Code:0401



CJL's Retail Banking Network
(As of July 1, 2011)

- "24x7" call centers
- Internet banking platform
- 32 branches and sub-branches
- 112 proprietary ATMs
- Approximately 100,000 ATMs through alliances with the Japan Post Bank, city banks, regional banks and convenience stores, etc.

Overseas Network

Citibank's ATM Banking Card is usable at approximately 1.8 million CDs/ATMs in 200 countries worldwide allowing withdrawal of funds from a Yen Savings Account in the local currency of the country where the ATM is located.



■ Corporate Banking Division

The Corporate Banking Division located in Tokyo and Osaka provides comprehensive financial services to a select group of corporate, financial institution and public sector clients and their affiliates in Japan and around the world. In addition to providing a full range of corporate banking services in Japan, we also provide Global Relationship Management services; raising money, moving money, investing money and managing risk capabilities, leveraging Citigroup's presence in over 100 countries and our broad product capabilities for the benefit of our clients.

CJL serves approximately 300 major Japanese corporate clients and the Japanese subsidiaries of over 500 global companies. With a broad set of service offerings, CJL focuses on delivering innovative relationship-driven solutions for our clients' needs related to both their day-to-day operations and their strategic business objectives.

We are uniquely positioned as a locally incorporated foreign bank. Widely recognized as an industry leader, CJL has been consistently ranked at the top of major surveys in particular for global transaction services and foreign exchange. We are also a leading finance provider in the syndicated loan market in Japan. Further, we have been a pioneer in the structured finance market since the mid-1980's and have played an important role as a market leader in providing innovative solutions to many of our clients.

<Major Business Activities>

Our client coverage model consists of 4 departments: Corporates, Financial Institutions, Public Sector group and Global Subsidiaries group. Each client coverage department is committed to serving the unique needs of their client set, by combining information and services with specialized Industry insight. By combining a deep understanding of each client's unique needs with a view of key industry trends, we are in a position to tailor structured solutions to help our clients meet their growth ambitions. We focus on responding to our clients' various day-to-day needs, as well as strategic business objectives, by offering financing alternatives and bank capital in an effort to build and further deepen long term relationships.

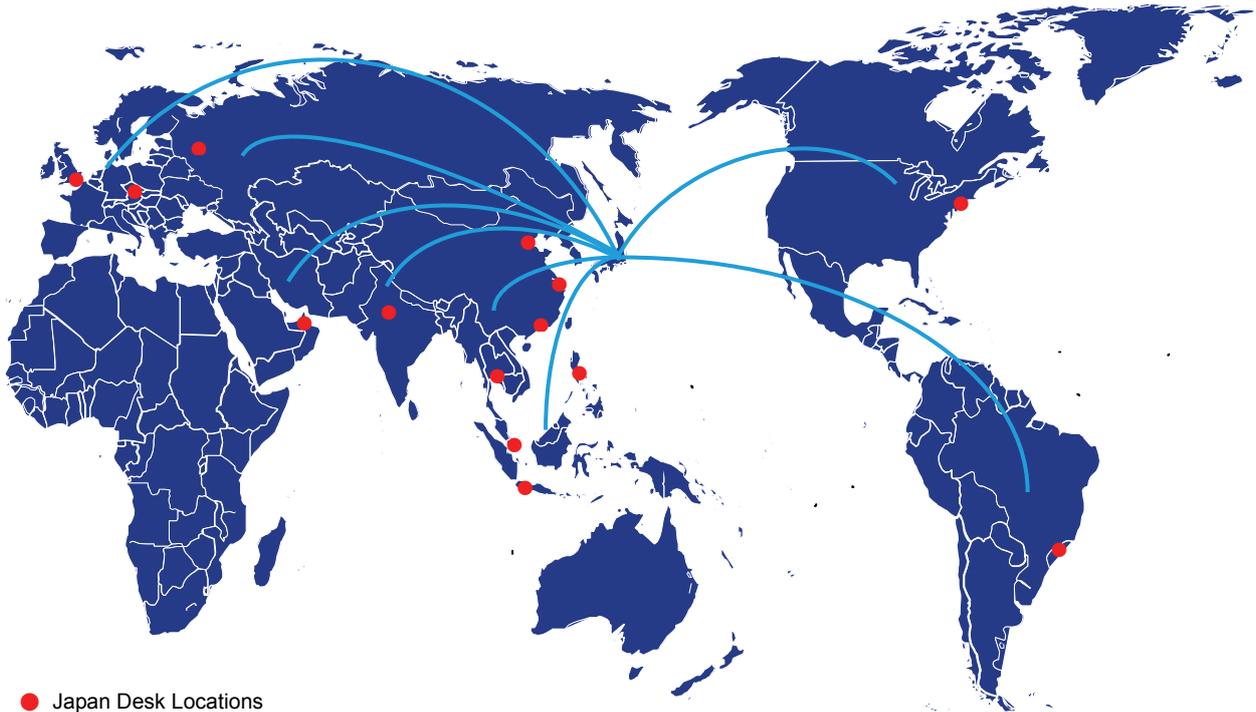
We have further strengthened our capability to support our Japanese clients around the globe through "Japan Desks" offering exclusive relationship management efforts by experienced bankers. We have now expanded the network to 14 locations in 12 countries including newly established Japan Desks in Manila, Prague and Dubai. With each of these Japan Desks and its hub function to extend coverage to neighboring countries and jurisdictions, our client support structure has become increasingly more available pan-regionally around the globe, covering North and South America, Europe, Middle East, Africa, and Asia. We held our first-ever Japan Desk Network Forum in Tokyo last July, attended by about 150 clients, where our Japan Desk bankers and Relationship Managers explained our global presence and capabilities to clients who are interested in expanding their business operations overseas. We will be holding the second Japan Desk Network Forum in July this year again.

Our core set of product offering consists of 3 product groups: Markets (FX and Risk Treasury), Corporate Finance (Acquisition Finance & Syndication Loans, Securitization), and Global Transaction Services (Cash Management, Trade, Securities & Funds Services and Export Agency Finance). We were named Best Foreign Cash Management Bank in Japan in the 2010 Asiamoney Poll, voted by all segments: small-sized, medium-sized and large-sized corporates. Also in the 2010 Euromoney Poll, our FX business was ranked #3, showing a big jump vs. #9 in the previous year as our FX products and services were evaluated highly by our clients.

Global Relationship Management



< Japan Desk Locations >



● Japan Desk Locations

Citigroup's Japan Desks around the World
(As of March 2011)

United Kingdom (London)	Singapore
Russia (Moscow)	China (Beijing, Shanghai, Guangzhou)
India (Delhi)	United States (New York)
Thailand (Bangkok)	Brazil (Sao Paulo)
Indonesia (Jakarta)	United Arab Emirates (Dubai)
Philippines (Manila)	Czech Republic (Prague)

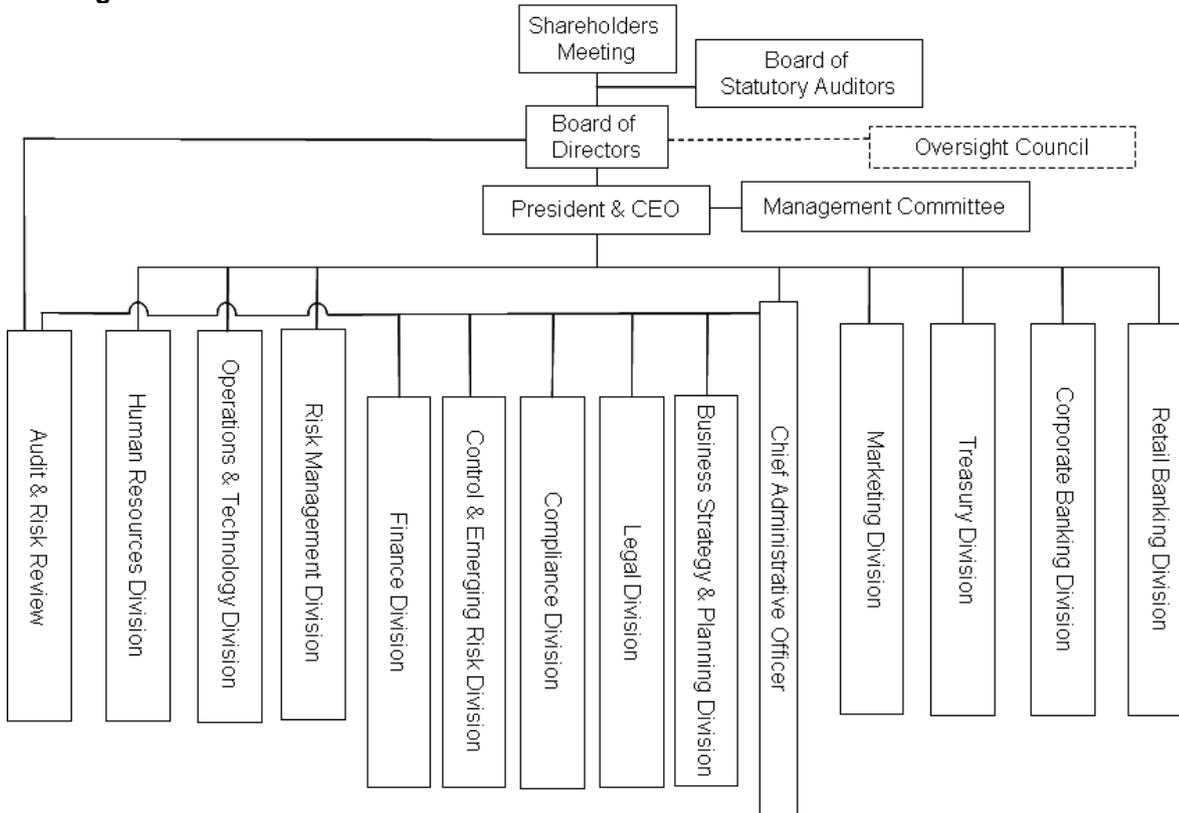
■ List of CJL's Major Activities

CJL provides the following services:

1. Acceptance of Deposits
Demand deposit, savings deposit, call deposit, time deposit, negotiable deposit, non-resident Yen deposit, foreign currency deposit, etc.
2. Fund Lending etc.
Loan on bills, loan on deeds, overdraft, commercial bill discount, syndicated loan, etc.
3. Domestic Fund Transfer
Remittance, transfer and collection of payment.
4. Foreign Exchange
Remittance, transfer and collection of payments, trade finance (trade bill discount, etc.), L/C, foreign exchange (foreign currency) dealing, and other services related to foreign exchange.
5. Others
 - (1) Guaranty of liabilities (acceptance of payments) and bill acceptance.
 - (2) Investment/Trading in securities (Japanese government bonds).
 - (3) Acquisition and transfer of monetary claims, and securitization related services.
 - (4) Handling of receipt of money and other affairs pertaining to money of Government of Japan, local public bodies, etc.
 - (5) Dealing in financial derivatives (interest rate, currency, etc.).
 - (6) Over-the-counter sales of mutual funds and insurance products.
 - (7) Safekeeping and transfer of securities, etc.
 - (8) Brokerage for clearing of securities, etc.
 - (9) Handling of private placement of securities.
 - (10) Financial instruments intermediary service.
 - (11) Money exchange.

■ Corporate Governance Framework

■ Organizational Structure



■ Roles of Major Functions

The Board of Directors is composed of 11 Directors (as of July 1, 2011) and is responsible for important decision-making regarding CJL's management including the preparation of the annual plan. The Executive Officers in charge of business, control and other divisions report to the Board of Directors on the status of each division as appropriate. The Board meets once a month in principle.

The Board of Statutory Auditors is composed of three statutory auditors (two of them are external auditors, as of July 1, 2011) and is responsible for auditing the performance of the Directors through participation in important meetings, such as the Board of Directors meetings, and audit conducted in accordance with the audit plan.

The Management Committee is composed of the heads of the divisions of CJL and so on and is responsible for the decision-making of day-to-day operations of CJL. Sub-committees are established under the Management Committee to discuss and make decisions on more technical matters.

The Oversight Council is composed of external experts and offers advice and recommendations to the Board of Directors, as its advisory body, mainly on CJL's management, control and compliance systems.

■ Development of Internal Control Systems (Summary)

CJL has established the following basic policies on internal control to ensure appropriate operations.

- 1 In order to ensure that the execution of duties of its directors and employees is in compliance with relevant laws and regulations, the Bank shall establish, amend or abolish necessary internal rules and regulations as appropriate. The Bank shall also establish internal control departments and develop internal rules and regulations necessary for the employees to report to the management when they discover acts in violation of the laws and regulations. The departments in charge shall confirm the status of the implementation of the rules and regulations and report the results of such confirmation to the directors and the statutory auditors as occasion demands.
- 2 In connection with the retention and management of information related to the execution of duties of its directors, the Bank shall duly retain and manage such information in accordance with the internal rules and regulations. The Bank shall enable its directors and the statutory auditors to review and make copies of such information related to the execution of duties at any time, and the manager of each Division shall be in charge of managing matters in relation to the retention and management of such information managed by such manager.
- 3 In connection with risk management, the Bank shall establish departments in charge of risk management and develop internal rules and regulations related to the management of various risks. The departments in charge shall monitor the status of risk for which they are responsible, and report the results of such monitoring to the directors and the statutory auditors on a regular basis and as occasion demands.
- 4 In order to ensure that the duties of its directors are executed efficiently, the duties of directors and employees shall be executed duly and efficiently pursuant to the authority and rules for decision-making, and in order to improve the efficiency of the execution of duties, the Bank shall establish an annual budget and review the achievements against the budget periodically.
- 5 In order to ensure that the Bank and the affiliated companies duly conduct business, the Bank shall, to the extent permitted by laws and regulations, cooperate with the internal audit departments of the affiliated companies to audit such companies, and determine the internal control issues, such as compliance and risk management. Also the internal control departments of the Bank shall improve the internal control system of the Bank and exchange sufficient information with related departments in order to prevent inappropriate transactions or inappropriate accounting treatment between the Bank and affiliated companies.
- 6 Assistant of the Bank shall assist the statutory auditors with their duties in accordance with the requests or instructions of the statutory auditors. Personnel matters, such as evaluation, concerning the Statutory Auditor Assistant shall require consultation in advance with the statutory auditors.
- 7 The directors of the Bank shall report to the Statutory Auditors the following matters: (i) Matters resolved at Management Committees; (ii) Matters which may cause substantial damage to the Bank; (iii) Important matters concerning the monthly management situation; (iv) Important matters concerning the internal audit or risk management; (v) Material breaches of laws and regulations; and (vi) Any other important matters concerning compliance. The Bank shall enable its employees to report directly to the statutory auditors in the case where the employees discover material facts listed in Items (ii) or (v) above.
- 8 In order to ensure that an audit is conducted effectively by the statutory auditors, the Bank shall enable the statutory auditors to exploit professionals, such as lawyers and accountants, as necessary, in order to receive advice concerning the duties of the statutory auditors. The Board of Directors shall examine the items and methods of internal auditing on a regular basis, confirm that such items cover all necessary matters, and suggest amendment of such items and methods as necessary.

■ Risk Management Framework

CJL's risk management framework balances strong corporate oversight by the Board of Directors with well defined oversight roles and responsibilities amongst the Control functions covering the various risk types.

CJL has the following three layers of risk management or control:

- 1) Risk ownership by the Business Divisions themselves;
- 2) Oversight by the Control Divisions ("**Control Divisions**") – Compliance, Control, Risk Management, Legal, Finance and Operations and Technology, and, for HR related risks, HR; and
- 3) All subject to review by Internal Audit / ARR.

All three layers of control work together to achieve CJL's shared goals with the following particular items:

- To maintain a highly effective control environment and to establish efficient, proactive risk management; and
- To foster appropriate solutions for our customers and to facilitate business growth in accordance with agreed strategic goals and with the risk management capacity of CJL.

CJL has a Risk Management and Control governance model whereby the Business Division Heads are responsible for the risks incurred in their Divisions, and the Heads of the Control Divisions are responsible as follows:

- Risk Management Division has oversight for credit, market, operational, country and payment systems / financial market infrastructure risk;
- Compliance Division has oversight for compliance risks associated with clients, products and services, and regulatory risks;
- Finance Division has oversight for risks relating to finance and tax; and
- Legal Division ensures that CJL is appropriately managing legal and regulatory related risks.

Also there are several risk oversight committees such as follows:

- Credit Risk Management Committee
- Asset and Liability Committee
- Business Risk, Control & Compliance Committee
- Retail Banking - Products and Services Approval Committee
- Corporate Banking - Capital Markets Approval Committee
- System and Operations Committee

Additionally, CJL has recently adopted a comprehensive risk management approach whereby it has appointed a Comprehensive Risk Manager ("**CRM**") who heads the Comprehensive Risk Management Secretariat consisting of the Coordinator of Comprehensive Risk Management and representatives from each risk oversight committee. The comprehensive risk management organization is responsible for, among other things:

- To identify those risks to be managed
- To quantify or assess each risk
- To make an integrated assessment of those risks
- To monitor and review those identified risks
- To report to the Management Committee and the Board of Directors the risks in an integrated manner
- To work with Capital Adequacy team
- To review and plan the comprehensive risk management improvements

Under the scheme, the Comprehensive Risk Manager will ensure that the Management Committee and the Board of Directors are kept advised of the risks of and to CJL in a comprehensive and integrated manner through the Comprehensive Risk Management reporting.

■ Compliance Framework

■ Basic Policy

As a bank, CJL fully recognizes the importance of its social responsibilities and the public nature of its business. We understand that conducting business with fairness and integrity based on the Code of Conduct and in compliance with laws and regulations, etc. is the basic principle of our management, and is the true meaning of “Compliance”. In order for us to accomplish “Compliance”, the officers and employees of CJL are responsible and will continue our efforts in conducting our businesses in compliance with laws and regulations, etc., and in accordance with the Code of Conduct.

■ Compliance Management Framework

CJL’s Compliance Division covers compliance related matters and is independent from businesses. The Division consists of 4 units under the Chief Compliance Officer; (i) Retail Banking Compliance Unit, (ii) Corporate Banking Compliance Unit, (iii) Anti-Money Laundering Compliance Unit and (iv) Infrastructure Unit. The first two units are responsible for compliance matters relevant to businesses, AML Compliance Unit covers matters relevant to anti-social forces and the prevention of money laundering, and Infrastructure Unit is responsible for matters relevant to overall banking operations. The Compliance Division owns the Code of Conduct and, in accordance with Compliance Policy, promotes compliance and cultivates a compliance mindset, through following activities.

- Implementation, promotion and periodic follow-up of the Compliance Program – a program for implementing specific measures to ensure compliance
- Implementation of Compliance Manual and other compliance-related policies, rules, guidelines, etc.
- Various Compliance Trainings which includes annual mandatory compliance training provided by the Compliance Division and training for Directors and Executive Officers which is provided by the Training Unit.
- Review from compliance point of view in new Products and Services Approval Committee
- Development of infrastructure for the enhancement of compliance framework.

The Compliance Division reports compliance related issues and compliance status to Business Risk Control and Compliance Committee and Management Committee on a regular and ad-hoc basis. Material issues are to be escalated to Board of Director meeting through Management Committee.

In addition, CJL’s legal compliance status is monitored and controlled by the Control Divisions in close coordination with Compliance Division in order to ensure that the proper legal compliance framework is in place within the organization.

■ Preventive Measures against Anti-Social Forces and Money Laundering

CJL considers that preventive measures against anti-social forces and money laundering are one of the most important parts of legal compliance as a financial institution with public nature, and has continued its efforts to establish a proper prevention system.

■ Measures against the Breach of Legal Compliance

It is the responsibility of each of the directors and our employees to comply with the Code of Conduct that provides an overview of some of the key policies of which all need to be aware. We strongly encourage employees to raise concerns or questions regarding ethics and applicable laws, regulations and policies, and to report violations and suspected violations in accordance with the relevant internal policies. We believe that it is critical that we identify issues at an early stage and proactively resolve those issues in order to maintain the highest standards of conduct as a financial institution. CJL has established, in addition to the standard reporting procedures, an Ethics Hotline in order to properly take measures supporting compliance.

■ Diversity and CSR Activities

CJL pursues Corporate Social Responsibility (CSR) activities in alignment with Citigroup's global policies and priorities. We embrace the responsibility, as a socially responsible financial group, to make a difference in the community and to promote environmental and social sustainability by building positive relationships with customers, employees and their families, the community, and stakeholders. Through our CSR activities, we respond to corporate governance and compliance initiatives and also reinforce our commitment to Financial Education, Community Development, the Environment, and Diversity with employees from various background and nationalities.

■ Financial Education

Taking advantage of our business expertise, we provide various financial education programs from elementary school to mature adults. We provide learning materials and support for financial education programs, so that the next generation of children can learn not just about money and the economy, but also how to think effectively, and ultimately plan their careers and lives in order to realize their dreams. This year, we will launch a new financial education program for mature women.

<Major Activities>

- Student City
- Travel to the Future
- MESE (Management Economic Simulation Exercise)
- National Economics Quiz Tournament (Economics Koshien)
- University Program
- Financial Life Skills and Money Management for Women

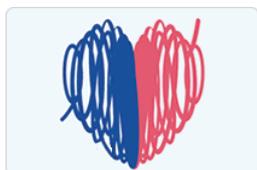


■ Community Development

CJL strives to make a difference where our employees live and work. We encourage and provide support for philanthropic activities undertaken by our employees and their families, leading many of them to participate actively in the community.

<Major Activities>

- Support for the disaster-impacted areas: Volunteer activities by the employees and family, Relief Donations by the employees and the customers, Grants to NPO's actively engaged in the disaster-impacted areas.
- United Nations World Food Program (WFP) School Feeding Initiatives through Cafeteria Charity Program "Share Your Lunch"
- FIT (Financial Industry in Tokyo) for Charity Run
- YMCA Charity Run
- Citi Volunteer Program



■ Environment

CJL believes that working to promote environmental and social sustainability is a good business practice. Under the banner of "Green Citi", we are committed to protect the environment through the following initiatives:

<Major Activities>

- The Equator Principles
- The Carbon Principle (Citi was a drafting member and has adopted these principles)
- Achieved LEED (Leadership in Energy and Environmental Design) Certification
 - Citibank Tokyo Call Center received Silver certification (June, 2009)
 - Aoyama Branch received Gold certification (May, 2010)
- Office Initiatives
 - Energy and Resource Savings in line with the government-mandated 15% reduction during the summer of 2011
 - Paperless processes
 - Recycling in the office



■ Diversity

CJL values and promotes Diversity as a strategic activity. By respecting and accepting various values, ways of thinking and attributes such as nationality, age, gender, sexual orientation, language and religion, we create an environment where differences are respected. Creating an environment where Diversity thrives, actively encourages a range of thoughts and ideas in support of our business goals. We encourage our employees to participate and take responsibility for their engagement in Diversity activities, internally and externally which adds to the richness of the society in which we live.

<Major Activities>

- Improving career development for women
- Work-Life Balance
- Encourage the hiring of people with disabilities
- Support for LGBT





Citibank Japan Ltd.

Financial Information

For the Fiscal Year Ended March 31, 2011

1. Matters Related to Principal Business

< Business Overview >

- Net income for the period ended March 31, 2011 was 12.5 billion yen, up by 0.3 billion yen from the same period of the last fiscal year.
- Ordinary income totaled 96.3 billion yen, down by 15.7 billion yen from the same period of the last fiscal year.
 - Interest income totaled 48.4 billion yen, down by 20.4 billion yen from the same period of the last fiscal year.
 - Trading income totaled 3.3 billion yen, up by 3.2 billion yen from the same period of the last fiscal year.
 - Other ordinary income totaled 22.1 billion yen, up by 1.8 billion yen from the same period of the last fiscal year.
- Ordinary expenses totaled 78.2 billion yen, down by 11.8 billion yen from the same period of the last fiscal year.
 - Interest expenses totaled 10.0 billion yen, down by 9.9 billion yen from the same period of the last fiscal year.
 - Trading losses totaled 1.5 billion yen, up by 1.3 billion yen from the same period of the last fiscal year.
 - General and administrative expenses totaled 63.1 billion yen, up by 2.0 billion yen from the same period of the last fiscal year.
 - Provision of allowance for loan losses in Other expenses was zero, while 5.2 billion yen at the same period of the last fiscal year.
- Ordinary profit totaled 18.1 billion yen, down by 3.8 billion yen from the same period of the last fiscal year.
- Income before income taxes including extraordinary income and extraordinary loss totaled 23.3 billion yen, up by 0.3 billion yen from the same period of the last fiscal year.
- As of March 31, 2011, total assets were 4,244.8 billion yen, down by 355.8 billion yen from the last fiscal year ended March 31, 2010.
 - Cash and deposits to other banks (due from banks) totaled 2,543.0 billion yen, down by 574.2 billion yen from the last fiscal year end, due in large part to reduction in placements to professional markets.
 - Available for sales securities (“AFS securities”) up by 19.2 billion yen to 756.9 billion yen.
 - Loans totaled 250.0 billion yen, down by 33.0 billion yen.
- Total liabilities were 3,982.8 billion yen, down by 305.5 billion yen from the last fiscal year ended March 31, 2010.
 - Deposits totaled 3,399.2 billion yen, down by 321.6 billion yen from the last fiscal year end.
- Total net assets were 262.0 billion yen, down by 50.2 billion yen from the last fiscal year end, including 61.0 billion yen payment as interim dividend on July 23, 2010.
- Cash flows from operating activities for the period ended March 31, 2011 totaled 429.0 billion yen (Inflow). Cash from investment activities was 24.1 billion yen (Outflow). Cash from financial activities was 61.0 billion yen (Outflow). As a result, cash and cash equivalents as of the end of the period totaled 610.6 billion yen.
- The capital adequacy ratio (National standards) at the end of this period was 25.16%. (25.13% as of March 31, 2010)

< Summary of Principal Business/Financial Indicators >

(Millions of Yen)

	March 2008 Year end (Jul 1, 2007 - Mar 31, 2008)	March 2009 Year end (Apr 1, 2008 - Mar 31, 2009)	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)	March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)	Interim Fiscal Period ended Sep. 2010 (Apr 1, 2010 - Sep 30, 2010) *
Ordinary income	175,475	191,258	112,113	96,399	53,028
Ordinary profit	19,548	44,223	21,977	18,132	14,085
Net income (Interim)	-	-	-	-	9,810
Net income	24,606	26,357	12,170	12,509	-
Capital stock	123,100	123,100	123,100	123,100	123,100
Total Net assets	271,248	299,305	312,307	262,022	262,047
Total assets	6,482,334	6,189,258	4,600,730	4,244,847	5,028,789
Deposits	5,317,493	5,311,045	3,720,949	3,399,295	4,017,785
Loans and bills discounted	315,363	294,390	283,100	250,088	287,741
Available for sale (AFS) securities	605,626	688,830	737,742	756,974	701,253
Total shares issued (thousand shares)	244,200,000	244,200,000	244,200,000	244,200,000	244,200,000
Capital adequacy ratio (National standard)	14.13%	23.56%	25.13%	25.16%	22.04%
Dividend payment ratio	-	-	-	487.64%	-
Number of employees	1,647	1,548	1,608	1,676	1,661

(Note)

1. Citibank, N.A., Japan Branches transferred its businesses to CJL on July 1, 2007 and CJL started its operation on that date.
2. Fiscal year ended Mar. 2008 were irregular nine-month accounting period since the opening year.
3. *Financial figures are unaudited.

<Principal Business/Financial Indicators>

Gross operating profit

(Millions of Yen)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
	Domestic	International	Total	Domestic	International	Total
Interest income and expenses						
Interest income	8,684	60,219	68,904	8,468	39,983	48,451
Interest expenses	1,807	18,186	19,993	1,671	8,369	10,041
Fees and commission						
Fees and commissions	11,407	9,201	20,609	12,219	8,465	20,684
Fees and commissions paid	2,259	417	2,676	2,162	403	2,565
Trading income and losses						
Trading income	3,651	(3,569)	81	197	3,179	3,376
Trading losses	(363)	544	180	491	1,023	1,515
Other ordinary income and expenses						
Other ordinary income	2,612	17,695	20,308	2,166	19,958	22,125
Other ordinary expenses	509	351	860	117	226	344
Gross operating profit	22,144	64,047	86,192	18,608	61,563	80,171
Gross operating profit ratio	1.49%	1.96%	1.82%	1.05%	2.42%	1.85%

(Notes)

- Domestic operations are yen-denominated transactions and international operations are foreign currency-denominated transactions conducted in Japan. However, non-resident yen-denominated transactions and offshore account transactions, etc. are included in the international operations.
- Gross operating profit ratio = (gross operating profit / average balance of interest-earning assets) x 100 ÷ (the number of days of the period / 365)

Average balance of Interest-Earning Assets / Interest-Bearing Liabilities

(Millions of Yen)

		March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
		Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest-earning assets	Average balance	1,478,928	3,254,979	4,733,907	1,771,535	2,539,070	4,310,605
	Interest	8,684	60,219	68,904	8,468	39,983	48,451
	Yield (%)	0.58	1.85	1.45	0.47	1.57	1.12
Loans and bills discounted	Average balance	149,187	125,283	274,470	149,666	116,365	266,031
	Interest	2,529	2,345	4,874	2,331	1,704	4,036
	Yield (%)	1.69	1.87	1.77	1.55	1.46	1.51
AFS securities	Average balance	620,561	6,914	627,475	714,493	6,252	720,746
	Interest	5,282	144	5,426	5,125	126	5,252
	Yield (%)	0.85	2.08	0.86	0.71	2.02	0.72
Call loans	Average balance	21,030	67,277	88,308	26,865	69,960	96,826
	Interest	44	330	374	28	369	398
	Yield (%)	0.21	0.49	0.42	0.10	0.52	0.41
Receivables under resale agreements	Average balance	382,481	-	382,481	464,325	-	464,325
	Interest	450	-	450	503	-	503
	Yield (%)	0.11	-	0.11	0.10	-	0.10
Monetary claims bought	Average balance	3,332	-	3,332	3,015	-	3,015
	Interest	54	-	54	56	-	56
	Yield (%)	1.63	-	1.63	1.86	-	1.86
Due from banks with interest	Average balance	302,333	2,986,408	3,288,742	413,167	2,258,544	2,671,712
	Interest	292	56,704	56,997	385	37,043	37,429
	Yield (%)	0.09	1.89	1.73	0.09	1.64	1.40
Interest-bearing liabilities	Average balance	1,785,922	2,754,717	4,540,640	2,211,449	1,954,474	4,165,923
	Interest	1,807	18,186	19,993	1,671	8,369	10,041
	Yield (%)	0.10	0.66	0.44	0.07	0.42	0.24
Deposits	Average balance	1,628,373	2,672,438	4,300,811	2,038,908	1,863,716	3,902,625
	Interest	1,482	18,129	19,611	1,468	8,313	9,781
	Yield (%)	0.09	0.67	0.45	0.07	0.44	0.25
Negotiable certificates of deposit	Average balance	138,480	-	138,480	171,676	-	171,676
	Interest	295	-	295	201	-	201
	Yield (%)	0.21	-	0.21	0.11	-	0.11
Call money	Average balance	10,059	12	10,072	821	140	962
	Interest	8	0	8	0	0	1
	Yield (%)	0.08	2.15	0.08	0.07	0.25	0.10
Payables under repurchase agreements	Average balance	-	-	-	-	-	-
	Interest	-	-	-	-	-	-
	Yield (%)	-	-	-	-	-	-
Borrowed money	Average balance	9,008	0	9,008	41	0	41
	Interest	19	-	19	0	-	0
	Yield (%)	0.21	-	0.21	0.00	-	0.00

(Notes) 1. Average balance of foreign currency-denominated transactions in Japan, which are classified as international operations, is calculated based on the daily basis.

2. Average balance of and interest accrued from borrowing and lending between domestic and international operations are offset.

Analysis of interest received / paid

(Millions of Yen)

		March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
		Domestic operations	Internationa l operations	Total	Domestic operations	Internationa l operations	Total
Interest received	Volume-related increase (decrease)	3,042	(35,232)	(23,762)	1,718	(13,244)	(6,137)
	Rate-related increase (decrease)	(5,457)	(22,086)	(35,972)	(1,934)	(6,991)	(14,315)
	Net increase (decrease)	(2,415)	(57,319)	(59,734)	(216)	(20,236)	(20,453)
Loans and bills discounted	Volume-related increase (decrease)	(646)	226	(624)	8	(166)	(149)
	Rate-related increase (decrease)	(337)	(1,520)	(1,655)	(205)	(474)	(688)
	Net increase (decrease)	(984)	(1,294)	(2,279)	(197)	(641)	(838)
AFS Securities	Volume-related increase (decrease)	(892)	2	(901)	798	(13)	802
	Rate-related increase (decrease)	(395)	(2)	(386)	(955)	(4)	(976)
	Net increase (decrease)	(1,287)	0	(1,287)	(156)	(17)	(174)
Call loans	Volume-related increase (decrease)	(191)	778	36	12	13	35
	Rate-related increase (decrease)	(52)	(712)	(215)	(27)	26	(11)
	Net increase (decrease)	(244)	65	(178)	(15)	39	24
Receivables under resale agreements	Volume-related increase (decrease)	1,368	-	1,368	90	-	90
	Rate-related increase (decrease)	(1,354)	-	(1,354)	(36)	-	(36)
	Net increase (decrease)	13	-	13	53	-	53
Monetary claims bought	Volume-related increase (decrease)	(97)	(12)	(107)	(5)	-	(5)
	Rate-related increase (decrease)	(6)	-	(8)	6	-	6
	Net increase (decrease)	(103)	(12)	(116)	1	-	1
Due from banks with interest	Volume-related increase (decrease)	153	(35,105)	(29,065)	99	(13,756)	(10,674)
	Rate-related increase (decrease)	74	(19,471)	(25,283)	(6)	(5,904)	(8,893)
	Net increase (decrease)	227	(54,577)	(54,349)	93	(19,661)	(19,568)
Interest paid	Volume-related increase (decrease)	(191)	(18,928)	(14,615)	430	(5,283)	(1,648)
	Rate-related increase (decrease)	(1,260)	(32,858)	(38,623)	(566)	(4,533)	(8,303)
	Net increase (decrease)	(1,452)	(51,786)	(53,239)	(135)	(9,816)	(9,951)
Deposits	Volume-related increase (decrease)	(204)	(18,500)	(14,853)	369	(5,418)	(1,791)
	Rate-related increase (decrease)	(843)	(32,731)	(37,426)	(383)	(4,398)	(8,038)
	Net increase (decrease)	(1,048)	(51,231)	(52,280)	(14)	(9,816)	(9,830)
Negotiable certificates of deposit	Volume-related increase (decrease)	480	-	480	69	-	69
	Rate-related increase (decrease)	(707)	-	(707)	(163)	-	(163)
	Net increase (decrease)	(226)	-	(226)	(94)	-	(94)
Call money	Volume-related increase (decrease)	(86)	(6)	(91)	(7)	2	(7)
	Rate-related increase (decrease)	(38)	0	(39)	0	(2)	0
	Net increase (decrease)	(124)	(6)	(131)	(7)	0	(7)
Payables under repurchase agreements	Volume-related increase (decrease)	(10)	-	(10)	-	-	-
	Rate-related increase (decrease)	-	-	-	-	-	-
	Net increase (decrease)	(10)	-	(10)	-	-	-
Borrowed Money	Volume-related increase (decrease)	(21)	(294)	(248)	(18)	-	(18)
	Rate-related increase (decrease)	0	0	(68)	0	-	0
	Net increase (decrease)	(21)	(295)	(316)	(19)	-	(19)

(Note) Changes due to a combination of volume - and rate - related increase (decrease) have been included in rate - related increase (decrease).

Yield on interest-earning assets, Yield on interest-bearing liabilities, Net yield/Interest rate (%)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
	Domestic	International	Total	Domestic	International	Total
Yield on interest-earning assets	0.58	1.85	1.45	0.47	1.57	1.12
Yield on interest-bearing liabilities including general expenses	2.00	1.63	1.77	1.65	1.85	1.74
Net yield / Interest rate	(1.41)	0.21	(0.32)	(1.17)	(0.28)	(0.62)

Fees and commissions

(Millions of Yen)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
	Domestic	International	Total	Domestic	International	Total
Fees and commissions	11,407	9,201	20,609	12,219	8,465	20,684
Fees and commissions on fund transfer	1,039	3,429	4,468	1,068	3,243	4,311
Other fees and commissions	10,368	5,772	16,141	11,150	5,222	16,372
Fees and commissions paid	2,259	417	2,676	2,162	403	2,565
Fees and commissions on fund transfer	390	237	628	397	269	667
Other fees and commissions	1,869	179	2,048	1,764	134	1,898
Fees and commissions profit	9,148	8,784	17,932	10,056	8,062	18,118

Trading income and losses

(Millions of Yen)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
	Domestic	International	Total	Domestic	International	Total
Trading income	3,651	(3,569)	81	197	3,179	3,376
Gains on trading account securities transactions	-	-	-	-	-	-
Income from securities and derivatives related to trading transactions	-	-	-	-	-	-
Income from trading-related derivatives transactions	3,651	(3,569)	81	197	3,179	3,376
Other trading income	-	-	-	-	-	-
Trading losses	(363)	544	180	491	1,023	1,515
Losses on trading securities and Derivatives	19	-	19	-	-	-
Losses on securities and derivatives related to trading transactions	(382)	544	161	491	1,023	1,515
Losses on trading-related derivatives transactions	-	-	-	-	-	-
Other trading losses	-	-	-	-	-	-
Trading profit	4,015	(4,113)	(98)	(294)	2,155	1,861

Other ordinary income and expenses

(Millions of Yen)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
	Domestic	International	Total	Domestic	International	Total
Other ordinary income	2,612	17,695	20,308	2,166	19,958	22,125
Gains on foreign exchange transactions	-	17,199	17,199	-	19,958	19,958
Gains on sales of bonds	2,612	-	2,612	2,166	-	2,166
Gains on redemption of bonds	-	-	-	-	-	-
Income from derivatives other than for trading or hedging	-	-	-	-	-	-
Others	-	495	495	-	-	-
Other ordinary expenses	509	351	860	117	226	344
Losses on foreign exchange transactions	-	-	-	-	-	-
Losses on sales of bonds	509	-	509	117	-	117
Losses on redemption of bonds	-	-	-	-	-	-
Losses on devaluation of bonds	-	-	-	-	-	-
Expenses on derivatives other than for trading or hedging	-	-	-	-	-	-
Others	-	351	351	-	226	226
Other ordinary profit	2,103	17,343	19,447	2,049	19,731	21,781

General and administrative expenses

(Millions of Yen)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)	March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)
Salary	17,944	19,062
Accrued pension cost	2,158	2,325
Welfare expenses	200	159
Depreciation cost	1,992	2,449
Rental fees on land, buildings, and machinery	5,131	5,405
Maintenance cost	299	327
Supplies cost	295	348
Utilities cost	232	175
Expenses of business trip	223	277
Communication charge	1,481	1,411
Advertising expenses	2,685	3,895
Tax and public charges	2,228	1,124
Others	26,243	26,198
Total	61,118	63,162

Profit ratio

(%)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)	March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)
Ordinary profit to total assets	0.43	0.38
Ordinary profit to capital (net assets)	7.18	6.31
Net income to total assets	0.23	0.26
Net income to capital (net assets)	3.97	4.35

Ordinary profit to total assets	=	$\frac{\text{Ordinary profit} / (\text{Number of days of the period} / 365)}{\text{Average balance of total assets (excl. customers' liabilities for acceptances and guarantees)}}$	×100
Ordinary profit to capital (net assets)	=	$\frac{\text{Ordinary profit} / (\text{Number of days of the period} / 365)}{(\text{Beginning net assets} + \text{net assets}) / 2}$	×100
Net income to total assets	=	$\frac{\text{Net income} / (\text{Number of days of the period} / 365)}{\text{Average balance of total assets (excl. customers' liabilities for acceptances and guarantees)}}$	×100
Net income to capital (net assets)	=	$\frac{\text{Net income} / (\text{Number of days of the period} / 365)}{(\text{Beginning net assets} + \text{net assets}) / 2}$	×100

<Indicators for Deposits>

Average balance by deposit type

(Millions of Yen)

	As of Mar. 31, 2010			As of Mar. 31, 2011		
	Domestic	International	Total	Domestic	International	Total
Liquid deposits	1,374,920	-	1,374,920	1,605,789	-	1,605,789
Time deposits	248,642	-	248,642	428,653	-	428,653
Negotiable certificates of deposit	138,480	-	138,480	171,676	-	171,676
Others	4,811	2,672,438	2,677,249	4,465	1,863,716	1,868,181
Total	1,766,854	2,672,438	4,439,292	2,210,585	1,863,716	4,074,301

(Note) Liquid deposits = current deposits + ordinary deposits + saving deposits + deposits at notice

Time deposits balance by remaining period

(Millions of Yen)

	As of Mar. 31, 2010							As of Mar. 31, 2011						
	Less than 3 months	Over 3 months, less than 6 months	Over 6 months, less than 1 year	Over 1 year, less than 2 years	Over 2 years, less than 3 years	Over 3 years	Total	Less than 3 months	Over 3 months, less than 6 months	Over 6 months, less than 1 year	Over 1 year, less than 2 years	Over 2 years, less than 3 years	Over 3 years	Total
Fixed interest time deposits	237,240	34,299	34,137	2,666	1,981	1,515	311,841	204,341	37,330	32,305	3,210	1,848	4	279,040
Floating interest time deposits	3,067	7,824	533	-	-	585	12,009	3,067	7,801	533	-	-	585	11,986
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	240,307	42,123	34,670	2,666	1,981	2,101	323,850	207,408	45,131	32,838	3,210	1,848	590	291,026

<Indicators for Loans and Bills Discounted>

Balance by loan type

(1) Balance at the end of period

(Millions of Yen)

	As of Mar. 31, 2010			As of Mar. 31, 2011		
	Domestic	International	Total	Domestic	International	Total
Loans on bills	24,349	1,797	26,147	29,281	1,883	31,165
Loans on deeds	88,684	122,315	210,999	69,269	106,652	175,921
Overdrafts	42,669	2,779	45,448	41,737	1,255	42,993
Bills discounted	504	-	504	8	-	8
Total	156,208	126,892	283,100	140,297	109,791	250,088

(2) Average balance

(Millions of Yen)

	As of Mar. 31, 2010			As of Mar. 31, 2011		
	Domestic	International	Total	Domestic	International	Total
Loans on bills	24,021	1,790	25,812	23,139	1,782	24,921
Loans on deeds	99,365	119,062	218,427	90,688	109,524	200,212
Overdrafts	25,224	4,429	29,654	35,639	5,058	40,698
Bills discounted	576	-	576	198	-	198
Total	149,187	125,283	274,470	149,666	116,365	266,031

Balance of loans and bills discounted by remaining term

(Millions of Yen)

	As of Mar. 31, 2010						As of Mar. 31, 2011					
	Less than 1 year	Over 1 year, less than 3 years	Over 3 years, less than 5 years	Over 5 years, less than 7 years	Over 7 years	Total	Less than 1 year	Over 1 year, less than 3 years	Over 3 years, less than 5 years	Over 5 years, less than 7 years	Over 7 years	Total
Fixed interest loans and bills discounted	59,591	243	115	140	138	60,229	36,789	56	134	111	413	37,505
Floating interest loans and bills discounted	83,430	25,996	27,631	14,254	71,558	222,871	80,095	16,074	27,245	28,335	60,832	212,583
Total	143,021	26,240	27,747	14,394	71,696	283,100	116,884	16,131	27,379	28,446	61,246	250,088

Balance of loans and bills discounted by collateral type

(Millions of Yen)

Type of collateral pledged	As of Mar. 31, 2010	As of Mar. 31, 2011
	Loan and bills discounted	Loan and bills discounted
Deposits	11,350	10,427
Securities	8,948	6,955
Claims	-	-
Commodities	-	-
Real estate	41,443	44,116
Foundations	-	-
Others	10,502	14,908
Sub-total	72,244	76,408
Guarantees	59,849	60,974
Clean credit	151,006	112,706
Total	283,100	250,088

Balance of customers' liabilities for acceptances and guarantees by collateral type

(Millions of Yen)

Type of collateral pledged	As of Mar. 31, 2010	As of Mar. 31, 2011
	Customers' liabilities for acceptances and guarantees	Customers' liabilities for acceptances and guarantees
Deposits	1,854	914
Securities	37,315	29,520
Claims	-	-
Commodities	-	-
Real estate	-	-
Foundations	-	-
Others	-	-
Sub-total	39,169	30,435
Guarantees	-	-
Clean credit	41,024	45,094
Total	80,194	75,530

Balance of loans and bills discounted by use

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Lending for equipments	119,410	95,961
Lending for operations	163,690	154,127
Total	283,100	250,088

Balance of loans and bills discounted by industry

(Millions of Yen)

	As of Mar. 31, 2010		As of Mar. 31, 2011	
	Amount	(%)	Amount	(%)
Domestic				
Manufacturing	17,263	6.10%	8,388	3.35%
Agriculture / Forestry	-	-	-	-
Fishery	-	-	-	-
Mining	-	-	-	-
Construction	-	-	-	-
Electric/gas/heat supply/water	-	-	-	-
Information and telecommunications	7,074	2.49%	7,313	2.93%
Shipping / transportation	-	-	-	-
Wholesale / retail	20,746	7.33%	36,767	14.70%
Finance / insurance	27,177	9.60%	32,285	12.91%
Real estate	32,250	11.40%	-	-
Other Services	5,149	1.81%	4,440	1.78%
Central / Local government	-	-	-	-
Individuals	59,456	21.01%	61,448	24.57%
Overseas	113,982	40.26%	99,445	39.76%
Total	283,100	100%	250,088	100%

Balance of loans and bills discounted for small and medium size businesses

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Total loans and bills discounted (A)	283,100	250,088
Balance of loans for small and medium size corporations etc. (B)	137,703	130,150
(B) / (A)	48.64%	52.04%

(Note) Small and medium size corporation etc. refers as followings;

- companies with its capital less than or equal to 300 million yen (100 million yen for wholesale businesses and 50 million yen for retail sale and services businesses), or
- companies with its full-time employees less than or equal to 300 on the payroll (100 for wholesale, 50 for retail sale and 100 for services), or
- individuals.

Balance of specified overseas claims

CJL does not hold specified overseas claims.

Deposit-loan ratio

(%)

	As of Mar. 31, 2010			As of Mar. 31, 2011		
	Domestic	International	Total	Domestic	International	Total
Balance at the end of period	8.11	6.38	7.23	6.44	7.86	7.00
Average balance	8.44	4.68	6.18	6.77	6.24	6.52

(Note) Negotiable certificates of deposit are included in "deposits".

Allowance for loan losses

(Millions of Yen)

Category	As of Mar. 31, 2010				As of Mar. 31, 2011			
	Beginning balance	Increased	Decreased	Ending Balance	Beginning balance	Increased	Decreased	Ending Balance
Allowance for general loan losses	2,937	6,696	2,937	6,696	6,696	898	6,696	898
Allowance for specific loan losses	518	1,978	518	1,978	1,978	3,320	1,978	3,320
Specified overseas claim reserve account	-	-	-	-	-	-	-	-
Total	3,455	8,674	3,455	8,674	8,674	4,218	8,674	4,218

Loan write-offs

None

Risk management Loans

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Bankrupt loans	49	-
Past due loans/non-accrual loans	2,464	5,140
Past due loans (3 months or more)	26,256	2
Restructured loans	737	200
Total	29,508	5,343

(Notes)

1. "Bankrupt loans" are loans 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 (excluding write-offs, hereinafter "non-accrual loans"), and as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance of the Japanese Corporate Tax Law.
2. "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)" are loans on which the principal or interest is past due for three months or more from the next day of prescribed payment date, excluding "bankrupt loans" and "Past due loans/non-accrual loans". These loans as of March 31, 2010 include loans classified as "Needs Special Attention" (but exclude Restructured Loans) in accordance with the Bank's internal asset self assessment.
4. "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)".

Claims under the Financial Reconstruction Law

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Bankrupt / De facto Bankrupt	338	1,950
In Danger of Bankrupt	2,241	3,190
Need attention	26,994	203
Subtotal (A)	29,573	5,343
Normal	389,176	417,862
Total (B)	418,750	423,206
(A) / (B)	7.06%	1.26%

(Notes)

1. "Bankrupt / De facto Bankrupt" are claims to bankrupt borrowers in the event of filing for commencement of bankruptcy, corporate reorganization, rehabilitation proceedings and loans pursuant to these proceedings.
2. "In Danger of Bankrupt" are claims of which borrowers are not in bankruptcy but their financial status and business performance deteriorate, with a low collectability of principal and interest under the terms and conditions of the contract.
3. "Need attention" are past due loans (3 months or more) and restructured loans from "risk management loans"
4. "Normal" are claims classified as other than the credit listed in 1 to 3 above, with no problems seen with borrowers' financial status and business performance.

<Indicators for Securities >

Average balance of trading securities

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Trading Japanese government bonds	44,487	-
Trading municipal bonds	-	-
Trading government guaranteed bonds	-	-
Other trading securities	-	-
Trading bonds lending	-	-
Total	44,487	-

Average balance of securities related to trading transactions

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Trading Japanese government bonds	1,179	90,784
Trading municipal bonds	-	-
Trading government guaranteed bonds	-	-
Other trading securities	-	-
Trading bonds lending	-	-
Total	1,179	90,784

Balance of AFS securities by remaining period

(Millions of Yen)

Category	As of Mar. 31, 2010						As of Mar. 31, 2011					
	Up to 1 year	1 - 5 years	5 - 10 years	Over 10 years	Indefinite term	Total	Up to 1 year	1 - 5 years	5 - 10 years	Over 10 years	Indefinite term	Total
Japanese Government bonds	20,034	632,443	78,325	-	-	730,802	10,075	626,063	100,200	-	-	736,340
Municipal bonds	-	-	-	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	14,680	-	-	-	14,680
Stocks	-	-	-	-	-	-	-	-	-	-	-	-
Foreign bonds	1,005	-	5,934	-	-	6,939	-	-	5,953	-	-	5,953
Foreign stocks	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total	21,039	632,443	84,259	-	-	737,742	10,075	640,744	106,154	-	-	756,974

Average balance of AFS securities

(Millions of Yen)

	As of Mar. 31, 2010			As of Mar. 31, 2011		
	Domestic	International	Total	Domestic	International	Total
Japanese Government bonds	620,517	-	620,517	704,874	-	704,874
Municipal bonds	-	-	-	-	-	-
Corporate bonds	44	-	44	9,619	-	9,619
Stocks	-	-	-	-	-	-
Foreign bonds	-	6,914	6,914	-	6,252	6,252
Foreign stocks	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	620,561	6,914	627,475	714,493	6,252	720,746

Deposits-AFS securities ratio

(%)

	As of Mar. 31, 2010			As of Mar. 31, 2011		
	Domestic	International	Total	Domestic	International	Total
Balance at the end of period	37.96	0.34	18.86	34.50	0.42	21.19
Average balance	35.12	0.25	14.13	32.32	0.33	17.69

(Note) Negotiable certificates of deposit are included in "deposits."

2. Financial statements

Financial figures has been audited by KPMG AZSA LLC based on article 396, paragraph 1 of the Corporation Act.

<Balance Sheet>

(Millions of Yen)

Account Name	As of March 31, 2010	As of March 31, 2011
	Amount	Amount
Asset		
Cash and due from banks	3,117,233	2,543,019
Cash	9,570	11,073
Due from banks	3,107,663	2,531,946
Call loans	72,499	50,323
Monetary claims bought	2,997	2,765
Trading assets	73,031	260,279
Securities related to trading transactions	9,745	188,883
Derivatives of securities related to trading transactions	59	3
Trading-related financial derivatives	63,226	71,393
Securities	737,742	756,974
Government bonds	730,802	736,340
Corporate bonds	-	14,680
Other securities	6,939	5,953
Loans and bills discounted	283,100	250,088
Bills discounted	504	8
Loans on bills	26,147	31,165
Loans on deeds	210,999	175,921
Overdrafts	45,448	42,993
Foreign exchanges	51,860	94,327
Due from foreign banks (our accounts)	13,044	25,405
Due from foreign banks (their accounts)	4,261	25,361
Foreign bills bought	31,859	38,680
Foreign bills receivable	2,694	4,879
Other assets	171,663	202,349
Prepaid expenses	11,006	9,488
Accrued income	17,698	9,830
Initial margins of futures markets	402	94
Variation margins of futures markets	87	-
Derivatives other than for trading-assets	117,453	163,155
Others	25,014	19,780
Tangible fixed assets	3,254	3,297
Buildings	1,037	2,273
Construction in progress	1,015	103
Other tangible fixed assets	1,201	920
Intangible fixed assets	10,553	7,165
Software	4,071	3,564
Goodwill	6,481	3,601
Deferred tax assets	5,274	2,943
Customers' liabilities for acceptances and guarantees	80,194	75,530
Allowance for loan losses	(8,674)	(4,218)
Total assets	4,600,730	4,244,847

(Millions of Yen)

Account Name	As of March 31, 2010	As of March 31, 2011
	Amount	Amount
Liabilities		
Deposits	3,720,949	3,399,295
Current deposits	284,589	281,290
Ordinary deposits	1,121,872	1,427,123
Time deposits	323,850	291,026
Other deposits	1,990,636	1,399,854
Negotiable certificates of deposit	190,500	173,000
Call money	5,000	-
Trading liabilities	64,495	46,799
Derivatives of securities related to trading transactions	30	1
Trading-related derivatives	64,464	46,798
Borrowed money	2	1
Borrowings from other banks	2	1
Foreign exchanges	77,341	85,239
Due to foreign banks (their accounts)	77,341	67,990
Due to foreign banks (our accounts)	0	17,249
Foreign bills payable	0	0
Other liabilities	146,603	199,953
Domestic exchange settlement account (credit)	343	247
Income taxes payable	2,189	2,047
Accrued expenses	7,347	5,274
Unearned revenue	1,044	958
Deposits received from employees	0	-
Variation margins of futures markets	50	13
Derivatives other than for trading-liabilities	122,887	154,195
Assets retirement obligations	-	704
Others	12,739	36,511
Provision for bonuses	814	640
Provision for directors' bonuses	141	41
Provision for retirement benefits	2,091	2,057
Provision for directors' retirement benefits	17	25
Reserves for restructuring	184	143
Reserves for business reorganization	86	86
Other provision	-	9
Acceptances and guarantees	80,194	75,530
Total liabilities	4,288,423	3,982,824
Net Assets		
Capital stock	123,100	123,100
Capital surplus	121,100	121,100
Legal capital surplus	121,100	121,100
Retained earnings	63,135	14,644
Legal retained earnings	-	2,000
Other retained earnings	63,135	12,644
Retained earnings brought forward	63,135	12,644
Total shareholders' equity	307,335	258,844
Valuation difference on AFS securities	4,972	3,180
Deferred gains or losses on hedges	(1)	(1)
Total valuation and translation adjustments	4,971	3,178
Total net assets	312,307	262,022
Total liabilities and net assets	4,600,730	4,244,847

<Income Statement>

(Millions of Yen)

Account Name	From Apr. 1, 2009 to Mar. 31, 2010	From Apr. 1, 2010 to Mar. 31, 2011
Ordinary income	112,113	96,399
Interest income	68,904	48,451
Interest on loans and bills discounted	4,874	4,036
Interest and dividends on securities	5,426	5,252
Interest on call loans	374	398
Interest on receivables under resale agreements	450	503
Interest on deposits with banks	56,997	37,429
Other interest income	781	831
Fees and commissions	20,609	20,684
Fees and commissions on fund transfer	4,468	4,311
Other fees and commissions	16,141	16,372
Trading income	81	3,376
Gains on trading-related derivatives transactions	81	3,376
Other ordinary income	20,308	22,125
Gains on foreign exchange transactions	17,199	19,958
Gains on sales of bonds	2,612	2,166
Others	495	-
Other income	2,209	1,760
Others	2,209	1,760
Ordinary expenses	90,135	78,266
Interest expenses	19,993	10,041
Interest on deposits	19,611	9,781
Interest on negotiable certificates of deposit	295	201
Interest on call money	8	1
Interest on borrowings and rediscounts	19	0
Interest on interest swaps	28	2
Other interest expenses	29	54
Fees and commissions paid	2,676	2,565
Fees and commissions on fund transfer	628	667
Other fees and commissions	2,048	1,898
Trading Losses	180	1,515
Losses on trading account securities transactions	19	-
Losses on securities and derivatives related to trading transactions	161	1,515
Other ordinary expenses	860	344
Losses on sales of bonds	509	117
Others	351	226
General and administrative expenses	61,118	63,162
Other expenses	5,305	637
Provision of allowance for loan losses	5,219	-
Others	86	637
Ordinary profit	21,977	18,132
Extraordinary income	1,043	6,093
Reversal of allowance for loan losses	-	4,400
Recoveries of written-off claims	0	0
Others	1,042	1,692
Extraordinary loss	45	852
Losses on disposal of fixed assets	45	237
Others	-	614
Income before income taxes	22,975	23,373
Income taxes - current	10,631	7,313
Income taxes - deferred	172	3,550
Income taxes - total	10,804	10,864
Net income	12,170	12,509

<Statement of Changes in Net Assets>

(Millions of Yen)

Account Name	From Apr. 1, 2009 to Mar. 31, 2010	From Apr. 1, 2010 to Mar 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	123,100	123,100
Changes in amounts during the period		
Total changes in amounts during the period	-	-
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	121,100
Changes in amounts during the period		
Total changes in amounts during the period	-	-
Balance at the end of the current period	121,100	121,100
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	-	-
Changes in amounts during the period		
Dividends of retained earnings	-	2,000
Total changes in amounts during the period	-	2,000
Balance at the end of the current period	-	2,000
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	50,964	63,135
Changes in amounts during the period		
Dividends of retained earnings	-	(63,000)
Net income	12,170	12,509
Total changes in amounts during the period	12,170	(50,490)
Balance at the end of the current period	63,135	12,644
Total retained earnings		
Balance at the end of previous period	50,964	63,135
Changes in amounts during the period		
Dividends of retained earnings	-	(61,000)
Net income	12,170	12,509
Total changes in amounts during the period	12,170	(48,490)
Balance at the end of the current period	63,135	14,644
Total shareholders' equity		
Balance at the end of previous period	295,164	307,335
Changes in amounts during the period		
Dividends of retained earnings	-	(61,000)
Net income	12,170	12,509
Total changes in amounts during the period	12,170	(48,490)
Balance at the end of the current period	307,335	258,844
Valuation and translation adjustments		
Valuation difference on AFS securities		
Balance at the end of previous period	4,153	4,972
Changes in amounts during the period		
Net changes in amounts other than shareholders' equity	819	(1,792)
Total changes in amounts during the period	819	(1,792)
Balance at the end of the current period	4,972	3,180
Deferred gains or losses on hedges		
Balance at the end of previous period	(12)	(1)
Changes in amounts during the period		
Net changes in amounts other than shareholders' equity	11	0
Total changes in amounts during the period	11	0
Balance at the end of the current period	(1)	(1)
Total valuation and translation adjustments		
Balance at the end of previous period	4,140	4,971
Changes in amounts during the period		
Net changes in amounts other than shareholders' equity	831	(1,793)
Total changes in amounts during the period	831	(1,793)
Balance at the end of the current period	4,971	3,178
Total net assets		
Balance at the end of previous period	299,305	312,307
Changes in amounts during the period		
Dividends of retained earnings	-	(61,000)
Net income	12,170	12,509
Net changes in amounts other than shareholders' equity	831	(1,793)
Total changes in amounts during the period	13,002	(50,284)
Balance at the end of the current period	312,307	262,022

<Cash Flow Statement>

(Millions of Yen)

Account Name	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Cash flows from operating activities		
Income before income taxes	22,975	23,373
Depreciation	1,992	2,449
Goodwill amortization	2,880	2,880
Increase (decrease) in allowance for loan losses	5,219	(4,455)
Increase (decrease) in provision for bonuses	134	(173)
Increase (decrease) in provision for retirement benefits	(350)	(34)
Interest income	(68,904)	(48,451)
Interest expenses	19,993	10,041
Losses (gains) on sales of AFS securities	(2,103)	(2,049)
Losses (gains) on foreign exchanges	12	16
Losses (gains) on dispositions of fixed assets	45	237
Net decrease (increase) in trading assets	31,687	(187,248)
Net increase (decrease) in trading liabilities	2,485	(17,695)
Net decrease (increase) in loans and bills discounted	11,289	33,012
Net increase (decrease) in deposits	(1,590,096)	(321,654)
Net increase (decrease) in negotiable certificates of deposit	171,000	(17,500)
Net decrease (increase) in due from banks (excluding cash equivalents)	1,162,180	918,127
Net decrease (increase) in call loan	13,624	22,175
Net increase (decrease) in call money	(12,240)	(5,000)
Net increase (decrease) in borrowed money	(39,998)	0
Net decrease (increase) in foreign exchange assets	22,166	(42,467)
Net increase (decrease) in foreign exchange liabilities	12,973	7,897
Interest received - cash basis	77,689	59,127
Interest paid - cash basis	(29,431)	(11,140)
Net increase (decrease) in reserve for others	(1,563)	(125)
Net decrease (increase) in receivables under resale agreements	29,966	-
Net decrease (increase) in monetary claims bought	1,081	231
Net decrease (increase) in other assets	92,731	(39,090)
Net increase (decrease) in other liabilities	(75,269)	53,646
Others, net	123	(50)
Sub-total	(137,705)	436,079
Income taxes - cash basis	(17,885)	(6,986)
Net cash provided by (used in) operating activities	(155,591)	429,093
Cash flows from investing activities		
Purchases of AFS securities	(585,851)	(326,325)
Proceeds from sales of AFS securities	418,991	282,712
Proceeds from redemption of AFS securities	120,018	21,000
Purchases of tangible fixed assets	(1,257)	(1,070)
Proceeds from sale of tangible fixed assets	1,041	233
Purchases of intangible fixed assets	(498)	(713)
Net cash provided by (used in) investing activities	(47,555)	(24,163)
Cash flows from financing activities		
Dividend paid	-	(61,000)
Net cash provided by (used in) financing activities	-	(61,000)
Effect of foreign exchange rate changes on cash and cash equivalents	(12)	(16)
Net increase (decrease) in cash and cash equivalents	(203,159)	343,913
Cash and cash equivalents at the beginning of the fiscal year	469,880	266,721
Cash and cash equivalents at the end of the fiscal year	266,721	610,635

<Notes for FY 2010 >

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 losses 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 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 fiscal year-end.

"Trading income" 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 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
Others:	2 to 20 years

(2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. 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 calculated in accordance with the internal standards for write-offs and provisioning procedures as follows.

For claims on borrowers that are "normal" and "needs attention" which are defined in "Operational Guidelines for Self-Assessment and Audits on Write-offs and Allowance for Loan Losses in Bank and Other Financial Institutions"(JICPA Bank Auditing Special Committee Report No.4), an allowance is provided based on the expected loan-loss ratio assigned to each risk rating.

For claims on borrowers that is "possibly bankrupt", 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 claims on borrowers that are "bankrupt" and "substantially bankrupt", an allowance is provided based on the amount of claims, net of the expected amount of recoveries from collateral and guarantees.

Front office 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.

(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 are assessed by classifying the hedged items (such as loans) and the hedging instruments (such as interest rate swaps) by each item.

8. Accounting for consumption taxes

National and Local Consumption Taxes are excluded from transaction amounts.

Change in Accounting principles, Accounting procedures and Others for the preparation of quarterly statements

(Accounting standard for Asset Retirement Obligations)

CJL has applied "Accounting Standard Related to Asset Retirement Obligations" (Accounting Standard No. 18, March 31, 2008) and "Application Guidance for Accounting Standard Related to Asset Retirement Obligations" (Guidance No. 21, March 31, 2008) from this period. This change caused decrease of 88 million yen in ordinary profit and decrease of 462 million yen in income before income taxes. The impact to Asset Retirement Obligations was 751 million yen.

Notes to Balance Sheet

1. For securities held as collateral under derivative transactions which can be sold or pledged without restrictions, 346 million yen are pledged as of March 31, 2011.
2. There were no Bankrupt loans and Past due loans/non-accrual loans were 5,140 million yen.
“Bankrupt loans” are loans 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 (excluding write-offs, hereinafter “non-accrual loans”), and as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance of the Japanese Corporate Tax Law.
“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 2 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 200 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 5,343 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 38,689 million 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 2,966 million yen as of March 31, 2011.
8. AFS securities of 736,340 million yen and Trading securities of 188,883 million yen are pledged as collateral for settlements of FX transactions. In addition, other assets include collateral based on ISDA Credit Support Annex of 10,172 million yen, initial margins of futures markets 94 million yen and other guarantee deposits of 6,600 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 305,552 million yen and the amount of those with remaining period within one year was 267,859 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: 6,355 million yen
11. Net assets per share: 1.07 yen
12. Non-cancellable operating lease is as follows:
Future minimum rental payments:
 Within one year 1,337 million yen

Over one year 2,558 million yen

13. Monetary assets to affiliates amounted to 1,914,268 million yen.

14. Monetary liabilities to affiliates amounted to 209,421 million yen.

15. Dividend is subject to the limitation of article 18 of the Banking law. Under the Banking law of Japan, 20% of the retained earnings decreased by dividends shall be appropriated as a Legal retained earnings until the aggregate amount of Legal capital surplus and Legal retained earnings equals the amount of Capital stock.
In this fiscal year, Legal capital surplus increased 2,000 million yen by the dividend.

Notes to Statement of Income

1. Income caused by transactions with affiliates

Total income of funding transaction	36,124 million yen
Total income of fees and commissions	1,333 million yen
Total income of other ordinary transactions	13,431 million yen
Total income of other transactions	4,291 million yen
Expenses caused by transactions with affiliates	
Total expenses of funding transaction	3,061 million yen
Total expenses of fees and commissions	230 million yen
Total expenses of other transactions	4,137 million yen

2. Net income per share 0.05yen

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	2,129,623 (*2) 35,808	Due from banks	1,822,203
								Business transaction & interest	475,353 (*2) 3,051	Deposit	128,825
								Guarantees	-	Customers' liabilities for acceptances and guarantees	4,173
								Settlement of foreign exchange	52,092 (*2)	Due to foreign banks (their account)	29,564
Subsidiary of parent	Citigroup Japan Holdings Corp.	Japan	300,000 Million Yen	Holding company	-	Double-hatted	Funding / Lending	Business transaction & interest	96,397 (*2) 77	Negotiable certificates of deposit	65,000
Subsidiary of parent	CFJ G.K.	Japan	100 Million Yen	Consumer credit	-	-	Funding / Lending	Business transaction & interest	16,449 (*2) 13	Negotiable certificates of deposit	71,000

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

*2 Average balance for amount of transaction

4. Others in Extraordinary income includes 1,088 million yen of interest on deposits with banks for previous period.

5. Others in Extraordinary losses includes 373 million yen of Asset retirement obligation related expense and 241 million yen of lease contract revision related expense for previous period.

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 prior year end	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	

2. Information on Dividends

(Millions of Yen, except per share data)

Date of resolution	Type of shares	Cash dividends	Cash dividends per share	Balance sheet date	Effective date
Meeting of the Board of Directors held on July 13, 2010	Common stock	61,000	0.24	—	July 23, 2010

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, 2011	(Millions of Yen)
Cash and Due from Banks	2,543,019
Due from Banks excluding Bank of Japan	<u>(1,932,384)</u>
Cash and Cash Equivalents	610,635

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 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. Out of 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, 2011, 39.8% 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. 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. 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 controls credit risks related to loans etc. by credit analysis conducted on transaction basis, controlling credit line, credit information, internal 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 Credit Risk Management Committee (CRMC) and Board of Directors' meeting (BOD), which is taken place regularly. 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 Credit Risk Management Services in Risk Management Division 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 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 Asset Liability Committee (ALCO) meeting as per the ALCO Regulation which has been constituted by the CJL BOD Management Committee.

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.

iii . Quantitative information on Market Risks

a) Trading purpose financial instruments

CJL adopted the Monte Carlo Method that simulates variance and covariance estimated from the historical times series data for Value-at-Risk (VaR) calculation (holding period of one day, with the confidence level of 99%) for trading purpose securities and trading purpose derivative products.

CJL market risk amount for trading activities (probable loss amount) as of March 31, 2011 was 145 million yen.

CJL also conducts VaR back testing which is a comparative analysis of the VaR result calculated by the validated model against the actual profit and loss (P&L). As per the VaR back testing result for the period of April 2010 through March 2011, CJL observed no exceptions which were the cases that the actual loss exceeded VaR, and the model used for VaR calculation is considered to be maintaining satisfactory accuracy standards for measuring market risks. However, VaR measures market risk amount based on the certain probability calculated by statistical method using historical market movement, therefore there can be some cases that the VaR cannot pick up all probability of event under exceptionally volatile market conditions.

b) Non-trading purpose financial instruments

In CJL, the main financial instruments which to be influenced by interest rates as one of the key risk variables are, "Placements", "Loans and bills discounted", "AFS securities", "Deposits", "Negotiable certificate of deposits", "Borrowings" and "Hedge Swaps". On the financial Assets and Liabilities, CJL calculates the effect amounts on profits and losses in the next one year when simulating reasonably expected moving range in the quantitative analysis for the purpose of managing interest rate risks. With respect to the revenue effect amount calculation, CJL splits respective financial asset and liability balances into groups of fixed or floating rate groups by tenor buckets responding to holding maturities and applies the interest rate moves by tenors. CJL has exercised results that the net income before taxes would increase by 3,876 million yen on the scenario that benchmark JPY interest rate to increase by 100 basis points (1%) as of March 31, 2011. On the same basis, CJL's net income before taxes would decrease by 1,502 million yen on the scenario that benchmark USD interest rate to increase by 100 basis points (1%). These results are based on the stable risk variables excluding interest rates, and no correlation between interest rates and other risk variables are considered in the calculation. In case of any unexpected moves with the reasonably expected interest rate moving range, there can be larger effect than the reported effect amounts on profits and losses.

(C) Management of Liquidity Risk associated with Funding 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, 2011 are shown below.

(Millions of Yen)			
	Balance sheet amount	Fair value	Difference
(1) Cash and due from banks	2,543,019	2,548,183	5,163
(2) Call loans	50,323	50,323	-
(3) Monetary claims bought (*1)	2,754	2,754	-
(4) Trading assets			
Trading securities	188,883	188,883	-
(5) Securities (*1)			
Other securities	756,973	756,973	-
(6) Loans and bills discounted	250,088		
Allowance for loan losses (*1)	(3,862)		
	246,226	247,936	1,709
(7) Foreign exchange (*1)	94,274	94,274	-
Total Assets	3,882,456	3,889,329	6,872
(1) Deposits	3,399,295	3,399,124	(170)
(2) Negotiable certificates of deposits	173,000	173,000	-
(3) Borrowed money	1	1	-
(4) Foreign exchange (*1)	85,239	85,239	-
Total Liabilities	3,657,536	3,657,366	(170)
Derivative transactions (*2)			
Trading	33,547	33,547	-
Hedge accounting applied	(3)	(3)	-
Total derivative transactions	33,543	33,543	-

Others	Contract amount	Fair value
(1) Overdraft facilities and commitment line (*3)	305,552	(471)

(*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 new acceptances. 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 calculated based on their market prices.

(5) Securities

For securities such as bonds that are available for sale, the fair value is calculated based on their market prices.

(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) 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.

(4) 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 (forward foreign exchange, 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)

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 Deferred tax accounting

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

Deferred tax assets	(Millions of Yen)
Goodwill (calculated on tax basis)	1,936
Accrued expense	1,740
Allowance for loan losses	1,707
Provision for retirement benefits	832
Provision for bonuses	259
Other	1,613
Deferred tax assets total	<u>8,089</u>
Deferred tax liabilities	
Prepaid pension cost	2,736
Valuation difference on AFS securities	2,188
Other	220
Deferred tax liabilities total	<u>5,145</u>
Net deferred tax assets	<u>2,943</u>

2. A reconciliation of the actual ratio of income taxes reflected in income statement to the effective statutory tax rate is as follows:

Effective statutory tax rate	40.46	%
Goodwill amortization	4.98	
Permanent difference such as entertainment expenses, etc.	0.54	
Inhabitant tax per capita levy, etc.	0.13	
Other	0.34	
Actual ratio of income taxes reflected in income statement	<u>46.48</u>	%

3. Market value information

<Securities>

Matters concerning securities market value, valuation difference, etc. are as follows. As well as "Japanese government bonds", "Corporate bonds", "Other securities" and "Securities related to trading transactions" are included in securities.

(1) Securities classified as trading purpose:

(Millions of Yen)

	As of Mar. 31, 2010		As of Mar. 31, 2011	
	Balance sheet amount	Valuations gains (losses) included in P/L during the Previous Period	Balance sheet amount	Valuations gains (losses) included in P/L during the Current Period
Securities classified as trading purposes	9,745	(32)	188,883	(1)

(2) Other securities with market value are as follows:

(Millions of yen)

	Type	As of Mar. 31, 2010			As of Mar. 31, 2011		
		Balance sheet amount	Acquisition cost	Valuations gains/(losses)	Balance sheet amount	Acquisition cost	Valuations gains/(losses)
Balance sheet amount exceeding acquisition cost	Bonds	644,014	635,762	8,252	600,393	594,754	5,639
	Japanese Government Bond	644,014	635,762	8,252	600,393	594,754	5,639
	Others	6,939	6,500	439	5,953	5,500	453
	Sub total	650,954	642,262	8,692	606,347	600,254	6,092
Balance sheet amount equal or less than acquisition cost	Bonds	86,788	87,126	(338)	150,627	151,377	(750)
	Japanese Government Bond	86,788	87,126	(338)	135,946	136,679	(733)
	Corporate Bond	-	-	-	14,680	14,698	(17)
	Sub total	86,788	87,126	(338)	150,627	151,377	(750)
Total		737,742	729,389	8,353	756,974	751,632	5,342

(Notes)

The figures are based on market value.

(3) Other securities sold during the fiscal year are as follows:

(Millions of yen)

	March 2010 Year end (Apr 1, 2009 - Mar 31, 2010)			March 2011 Year end (Apr 1, 2010 - Mar 31, 2011)		
	Sold amount	Gains on sales	Losses on sales	Sold amount	Gains on sales	Losses on sales
Bonds	416,313	2,612	476	282,712	2,166	117
Japanese Government Bond	416,313	2,612	476	282,712	2,166	117
Others	2,678	-	33	-	-	-
Total	418,991	2,612	509	282,712	2,166	117

<Money Held in Trust>

None

<Derivatives Market Value Information>

(1) Interest rate-related transactions

(Millions of Yen)

Category	Type	As of Mar. 31, 2010				As of Mar. 31, 2011			
		Contract amount	Over 1 year in contract amount	Market value	Revaluation gains/losses	Contract amount	Over 1 year in contract amount	Market value	Revaluation gains/losses
Exchange-traded	Futures	756,312	50,000	(64)	(64)	118,585	-	4	4
	Sell	481,216	-	(11)	(11)	100,386	-	4	4
	Buy	275,096	50,000	(52)	(52)	18,198	-	0	0
	Future Options	-	-	-	-	-	-	-	-
	Sell	-	-	-	-	-	-	-	-
	Buy	-	-	-	-	-	-	-	-
Over-the-counter	Forward rate agreements	-	-	-	-	-	-	-	-
	Sell	-	-	-	-	-	-	-	-
	Buy	-	-	-	-	-	-	-	-
	Interest rate swaps	2,045,781	1,445,781	(2,083)	(2,083)	1,819,792	1,699,792	(937)	(937)
	Receive fixed / pay floating swaps	1,357,797	757,797	20,323	20,323	916,783	916,783	17,581	17,581
	Receive floating / pay fixed swaps	687,554	687,554	(22,406)	(22,406)	902,628	782,628	(18,518)	(18,518)
	Receive floating / pay floating swaps	428	428	-	-	380	380	-	-
	Receive fixed / pay fixed swaps	-	-	-	-	-	-	-	-
	Options	89,846	89,846	0	0	47,084	47,084	0	0
	Sell	44,923	44,923	(639)	(639)	23,542	23,542	(735)	(735)
Buy	44,923	44,923	639	639	23,542	23,542	735	735	
Total	-	-	(2,147)	(2,147)	-	-	(932)	(932)	

(Notes)

- These transactions were marked to market, and revaluation gains and losses are reported on the statement of income. In accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24), derivatives transactions to which the hedge accounting method is applied are excluded.
- Calculation of market value
Market value is calculated based on closing/final price of the Tokyo International Financial Futures Exchange (TIFFE) etc. for exchange-traded transactions, and on discounted cash flow method or option price calculation models for over-the-counter (OTC) transactions.

(2) Currency-related transactions

(Millions of Yen)

		As of Mar. 31, 2010				As of Mar. 31, 2011			
Category	Type	Contract amount	Over 1 year in contract amount	Market value	Revaluation gains/losses	Contract amount	Over 1 year in contract amount	Market value	Revaluation gains/losses
Exchange-traded	Futures	-	-	-	-	-	-	-	-
	Sell	-	-	-	-	-	-	-	-
	Buy	-	-	-	-	-	-	-	-
Over-the-counter	Currency Swaps	888,383	888,383	909	909	846,739	732,464	25,527	25,527
	Forward contracts	12,460,243	663,066	(5,529)	(5,529)	12,823,675	1,269,639	8,963	8,963
	Sell	7,600,287	396,728	(48,080)	(48,080)	8,419,783	975,116	(23,317)	(23,317)
	Buy	4,859,955	266,337	42,551	42,551	4,403,892	294,522	32,281	32,281
	Options	673,948	146,028	97	112	457,763	244,160	0	71
	Sell	328,656	73,069	(6,698)	(101)	228,881	122,080	(7,779)	(987)
	Buy	345,291	72,959	6,796	213	228,881	122,080	7,779	1,059
	Total	-	-	(4,521)	(4,506)	-	-	34,490	34,562

(Notes)

- These transactions were marked to market, and revaluation gains and losses are reported on the statement of income. In accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24), derivatives transactions to which the hedge accounting method is applied are excluded.
- Calculation of market value
Market value is calculated based on discounted cash flow method or option price calculation models for over-the-counter (OTC) transactions.

(3) Stock-related transactions

None

(4) Bond-related transactions

(Millions of Yen)

Category	Type	As of Mar. 31, 2010				As of Mar. 31, 2011			
		Contract amount	Over 1 year in contract amount	Market value	Revaluation gains/losses	Contract amount	Over 1 year in contract amount	Market value	Revaluation gains/losses
Exchange-traded	Bond futures	27,123	-	24	24	3,000	-	2	2
	Sell	17,382	-	22	22	3,000	-	2	2
	Buy	9,741	-	1	1	-	-	-	-
	Bond future options	26,400	-	4	6	-	-	-	-
	Sell	13,200	-	2	12	-	-	-	-
	Buy	13,200	-	1	(6)	-	-	-	-
Over-the-counter	Bond OTC options	-	-	-	-	-	-	-	-
	Sell	-	-	-	-	-	-	-	-
	Buy	-	-	-	-	-	-	-	-
Total		-	-	28	30	-	-	2	2

(Notes)

1. These transactions were marked to market, and revaluation gains and losses are reported on the statement of income. In accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24), derivatives transactions to which the hedge accounting method is applied are excluded.
2. Calculation of market value
Market value is calculated based on closing/final price of the Tokyo Stock Exchange (TSE) etc. for exchange-traded transactions.

(5) Commodity-related transactions

None

(6) Credit derivatives transactions

None

4. Major shareholders

<Major Shareholders>

(As of March 31, 2011)

Name of shareholder	Numbers of shares	Shareholding ratio
Citibank Overseas Investment Corporation	244,200,000 thousand shares	100%
Total	244,200,000 thousand shares	100%

5. Disclosure items based on Pillar III of Basel II

This section describes the information consistent with FSA Notification Number 15 based on Article 19.2.1.5d of the Bank Law Enforcement Rule (Refer to Ministry of Finance Ordinance Number 10).

With regard to the internal controls structures governing calculation of the capital adequacy ratio, KPMG AZSA LLC conducted certain procedures as an independent audit firm. The certain procedures performed on our internal control framework for calculating the capital ratio are based on procedures agreed upon by CJL and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

QUALITATIVE DISCLOSURE

(1) Types of Capital Instruments

CJL's capital is solely funded through issuance of common stocks.

(2) Capital Adequacy Assessment Process

Regulatory capital and risk assets are reported to Management on a monthly basis for verification of the appropriateness of CJL's capital adequacy. We believe the current level of CJL's capital adequacy to be sufficiently high. We aim to maintain our regulatory capital ratio above 10.5%, in accordance with the capital plan approved by the Board of Directors.

(3) Credit Risk Management Policies and Procedures

1. Overview of risk management policies and procedure

CJL manages its credit risk in accordance with the established "Credit Risk Management Policies." We manage credit risk based on credit risk analysis of each customer and also manage credit risk on a portfolio basis, monitoring concentration of credit to certain industries, ratings, clients or industrial groups and delinquency trend of a portfolio. Such a portfolio view of our credit exposures is reviewed and discussed monthly at the Risk Management Committee, and reported to the CRMC and BOD. CJL may sell loans (risk participation) when there is a client's needs in excess of the "Limit of Granting of Credit, etc to One Person" provided in the Article 13 of the Banking Act take, sell loans once CJL provided as is the case with loan syndication, or sell loans or obtain bank guarantee in order to reduce the amount of risk capital, however, CJL is not involved in any of measures such as exchange of portfolio or securitization of its own assets at present. For details, please refer to Quantitative Disclosure (2) for Capital Adequacy and (3) for Credit Risk Exposure as of the fiscal year-end.

CJL applies the Standardized Approach for the Basel II calculation of credit risk assets.

(Corporate Banking Division)

On all the customers to whom credit is extended, CJL assigns Obligor Risk Ratings (ORR). On all the credit facilities established, a Facility Risk Rating (FRR) is assigned based on the types or nature of a transaction. An FRR can differ from the ORR of the customer only if there is a credit enhancement on that credit facility.

The assignment of ORR and establishment of credit facilities are done at the time of initiating a credit relationship. After the credit relationship is initiated, ORR and credit facilities are reviewed at least once a year. For approval of credit facilities (Credit Approval), the Credit Policy requires sign off by at least two Credit Officers (COs) or Senior Credit Officers (SCOs).

COs and SCOs are Bank officers who are given the authority to approve credit. COs and SCOs are appointed by the Risk Management Department of the Corporate Banking Division. The appointment to CO/SCO is based on Risk Management Department's assessment on working experience in credit-related job functions, experience in credit risk training, credit judgment skills, knowledge, and aptitude.

The amount of credit a CO/SCO can approve depends on the authorized "Approval Level." Risk Management Department determines the Approval Level based on each officer's experience and past record.

The Approval Level that is required for Credit Approval is determined by the matrix of the ORR assigned to the customer and the amount of credit facilities proposed. The lower (worse) the ORR and the larger the proposed credit facilities amount, the higher the required Approval Level.

Of the minimum two credit officers required for Credit Approval, at least one must be a Business Sponsoring Officer of the client, who is the account officer for the customer, and the other must be a Risk Management

CO/SCO who is independent from business divisions. This requirement is aimed to establish and maintain check and balance mechanism within CJL.

(Retail Banking Division)

In the Retail Banking Division, the credit approval authority is determined on a product-by-product basis. Credit Approval requires sign off by COs/SCOs. At least one of the credit officers approving the credit must hold the Approval Level for the amount of the proposed credit. Credit approval authority is not granted to officers belonging to Sales, Marketing, Management Control or bank branches.

Standard for Allowance for loan losses is described in Accounting Policies.

2. The following items on portfolios are subject to the standardized approach

1. Name of the eligible credit rating agency, etc. used to calculate the risk weights

S&P, Moody's and Organization for Economic Co-operation and Development ("OECD")

2. Relationship between the type of exposure and eligible credit rating agency, etc., used by type of exposure.

The eligible External Credit Assessment Institutions ("ECAI") etc., we use by the type of credit exposure are as shown below.

- i. OECD - Country Risk Score

- Exposures to the central government and central bank

- Exposures to the Government of Japan and the Bank of Japan

- Exposures to financial institution and regulatory security firm that apply to the standards of capital ratio provided by Basel Committee on Banking Supervision or similar standards to this.

- ii. External Rating of S&P and Moody's

- Exposures to corporates

- Exposures to financial institutions and regulatory security firm that don't apply to the standards of capital ratio provided by Basel Committee on Banking Supervision or similar standards to this.

(4) Credit Risk Mitigation Policies and Procedures

1. Overall Credit Risk Mitigation

CJL applies a comprehensive Credit Risk Mitigation approach based on the Standardized Approach for the Basel II calculation of credit risk assets. Its credit risk assets and regulatory capital ratio are calculated based on the risk weights and the net exposures, reflected the revaluation of exposures and the devaluation of collaterals. These evaluations are utilized by the haircut value reflecting its volatility risks.

2. Overall Credit Risk Mitigation Control Process

CJL reviews credit facilities at least once a year, and collaterals and ability to perform guarantees are also evaluated periodically for securing its portfolio. Types of collaterals and guarantees are provided 3. Risk Mitigation Techniques below.

At present, CJL does not use credit derivatives in its calculation of its risk assets and regulatory capital ratio. CJL takes into account bilateral netting agreements as risk mitigation measures for derivatives and repo transactions, if they are effective in light of regulation, etc. of the transaction country.

3. Risk Mitigation Techniques

- A. Eligible financial assets as collaterals

The following assets that satisfy all the conditions stipulated by the FSA's Capital Requirement Standard Article 89 and 90 are used as eligible collateral to reduce risk assets.

Cash, customer's deposits with CJL, gold, debt securities and equity securities.

- B. Guarantees

The guarantee provided by the government, the central bank, government agencies which meet to all the conditions stipulated by the FSA's Capital Requirement Standard Article 118, 119, and 122 must be met.

C. On-balance netting

Exposures that are used to calculate capital ratio shall be netted with deposits if whose exposures meet all the conditions stipulated by the FSA's Capital Requirement Standard Article 117.

(5) Policies and Procedures for Counterparties of Derivative Products and Transactions with a Long-Horizon Settlement Period

1. Credit risks of counterparties

Credit risk of a counterparty of derivative transactions, etc. is defined as the sum of current replacement costs based on mark-to-market and a simulated amount of potential increase due to the future fluctuation of market value until settlement date.

2. Management of credit facilities

Counterparty credit facilities for derivative transactions, etc. are managed as part of total credit facilities, together with all credit facilities on-balance sheet transactions.

3. Protection by collateral and policy for loss reserve

CJL has ISDA Credit Support Annex ("CSA") concluded with a number of financial institutions. CJL carries Derivative Transactions at fair value, for which CJL does not establish loss reserve. CJL does not have Transactions with a Long-Horizon Settlement Period.

(6) Securitization Exposure Risk Management Policies and Procedures

CJL's engagement in securitization transactions can be described as follows:

1. Originator

CJL is not engaged in any securitization transaction of loan receivables for its own funding purposes or balance sheet management.

2. Investor

CJL does not conduct proprietary investments in any securitization transaction originated by third party financial institutions. CJL may extend loans in order to securitize the client's assets.

3. Swap provider

CJL may provide foreign exchange forwards or interest rate swaps to mitigate the issuer's foreign exchange or interest risks in the securitization transactions originated by CJL.

4. Others

Currently, CJL does not offer credit enhancement for securitized instruments, and is not engaged in the Asset Backed Commercial Paper (ABCP) business. However, it provides certain types of commitment facilities for liquidity support covering securitization transactions originated by CJL.

a. Overview of risk management policies and procedures

The major credit risks related to CJL's securitization transactions are those associated with commitment facilities, where CJL supplies funds when funding through the ABCP market becomes unavailable for certain reasons. In the case of such commitment facilities provided to securitization transactions, the primary source of repayment is cash to be collected from the securitized assets. Therefore, the credit risk of commitment facilities provided to securitization transactions is defined as the risk of being unable to recover the amount of credit extended from the securitized assets in the full amount.

CJL manages credit risk in commitment facilities provided to securitization transactions through: (1) setting the ratio of the future cash flows from the securitized assets to commitment amount sufficiently high to cover expected credit loss at the time of origination (over-collateralization); (2) ensuring necessary credit enhancement; and (3) monitoring appropriately after the execution.

Such risk management procedures are the same for the loans extended to securitization transactions originated by CJL.

As to credit risk management of foreign exchange forwards or interest rate swaps associated with securitization transactions, the policies and procedures are the same as for those transactions NOT associated with securitization transactions.

- b. Name of the approach used by CJL to calculate the amount of credit risk assets in securitization exposures

The Standardized Approach

- c. Accounting policies for securitization transactions

- i. The case of securitizing CJL's own assets

Currently, we do not have such cases.

- ii. The case of CJL purchasing securitized instruments

Currently, we do not have such cases.

- iii. Fee income from CJL arranging third party's origination of securitization transaction

Report such income as fee income.

- d. Names of the eligible credit rating agency used in the assessment of risk weight in securitization exposures (the reason if there has been a change in the eligible credit rating agency used) and the relationship between the type of securitization exposure and the eligible credit rating agency used

S&P and Moody's

(7) Market Risk Management Policies and Procedures

1. Overview of risk management policies and procedures

The Market Risk Management unit ("MRM"), is independent from the business divisions and is given control authority by the Board to identify interest rate, foreign exchange rate or other types of risk factors which impact assets and liabilities (including off-balance sheet assets and liabilities) in the banking and trading books; establish evaluation methods (factor sensitivity or VaR etc.); and monitor risk exposures (including stress tests and market risk limit utilization) based on the defined CJL Market Risk Management Policy. MRM also coordinates management reporting to Asset-Liability Committee (ALCO), in addition to providing recommendations in risk analysis on a regular and timely basis.

2. Name of the approach used to calculate the market-risk-equivalent amount. Range of portfolios using each model where the standardized approach or internal model approach is used.

Standardized method

3. In light of the assumed holding period and/or the probability, etc., that the holding period is longer than assumed, the method of evaluating price appropriately for the characteristics of the transaction.

CJL limits trading products to highly liquid securities, foreign exchange or derivative transactions, and performs mark-to-market evaluation by applying theoretical prices based on market prices and other market data for the trading book. Target transactions and the method of the mark-to-market evaluation are defined by internal procedures.

(8) Operational Risk Management Policies and Procedure

1. General Description of Operational Risk Management Policy and Procedures

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that CJL undertakes. Operational risk is inherent in CJL's business activities and, as with other risk types, is managed through an overall framework with checks and balances that include:

- Recognized ownership of the risk by the business divisions;
- Oversight by Control Functions; and
- Independent review by the Audit and Risk Review Division.

CJL's approach to operational risk is defined in the CJL Operational Risk Management Policy. The objective of the Policy is to establish a consistent, value-added framework for assessing and communicating operational risk

and the overall effectiveness of the internal control environment. Information about CJL's operational risk, historical losses, and the control environment is reported by each Business Division, and summarized for the Management Committee and the Board of Directors.

CJL uses Risk and Control Self-Assessment ("RCSA") as a tool to identify and monitor operational risk. The RCSA standards establish a formal governance structure to provide direction, oversight, and monitoring of CJL's RCSA programs. They establish RCSA as the process whereby important risks inherent in business activities are identified and the effectiveness of the key controls over those risks are evaluated and monitored. The entire process is subject to audit by CJL's Audit and Risk Review Division, and the results of RCSA are included in periodic management reporting, including reporting to the Management Committee and the Board.

Since operational risk is inherent throughout the activities of CJL, all activities are subject to the RCSA/Operational Risk process. However, specific operational risks - IT Risk, Jimu Risk, COB Risk - are subject to additional specialized policies and regulations, as are risks such as Legal risk, HR risk and Reputation risk.

The RCSA Process/Operational Risk Processes are a supplement to good management practices and judgment; managers remain accountable for ensuring that all activities and their associated risks are appropriately managed. In all cases, the business divisions are ultimately responsible for the operational risks they take and for managing such risks.

Management of operational risks through control processes, the RCSA process and Operational Risk Management processes is conducted through business divisions and Control Functions including Risk Management, Control Department; the O&T Planning Department. These Departments or Units are collectively known as the Operational Risk Management Units. The Heads of these Units or their delegates will meet bi-monthly to discuss and coordinate approaches to Operational Risk. A Coordinator is assigned to coordinate reporting of operational risk matters to Senior Management (known as the "Coordinator – Operational Risk Management").

2. Methodology to Calculate Operational Risk

Basic Indicator Approach

(9) Equity Exposure Risk Management Policies and Procedures

There is no Equity Exposure.

(10) Banking Book Interest Rate Risk Management

CJL measures interest rate risks in the banking book on a daily basis by applying the re-pricing ladder method, and considers changes of economic value per 1% interest rate increase for each currency as an index for internal control. CJL's holding assets and liabilities are constructed into ladders sorted by the remaining durations for fixed rate items and by the durations till next re-pricing period for variable rate items, respectively. Liquid deposits, which do not have a clearly defined re-pricing period, or prepayment of housing loans require practical assumptions on runoff tenors and balances, and the independent market risk manager approves their relevancy. The monitored amount of interest rate risks for internal control purpose is not necessarily identical with the total amount of interest rate risks calculated in a form of the outlier ratio as per the Standardized Approach.

QUANTITATIVE DISCLOSURE

(1) Outline of means of raising equity capital

(Millions of Yen)

	as of Mar. 31, 2010	as of Mar. 31, 2011
Tier 1		
Capital	123,100	123,100
Surplus capital	121,100	121,100
Retained earnings	63,135	14,644
(Estimated distributed income)	-	-
(Valuation loss of other securities)	0	0
New share reservation rights	-	-
(Trade rights equivalent)	6,481	3,601
(Goodwill equivalent)	-	-
(Intangible fixed asset equivalent reported by business combination)	-	-
(Equity capital equivalents increased due to securitization transaction)	-	-
Subtotal (A)	300,853	255,243
Preferred securities with step-up interest rate clauses	-	-
Tier 2		
Amount equivalent to 45% of the land revaluation excess	-	-
General allowance for loan losses	6,696	898
Eligible provision in excess of expected loss	-	-
Debt capital instruments etc.	-	-
Perpetual subordinated debt	-	-
Fixed-term perpetual subordinated debt and fixed-term preferred stocks	-	-
Exclusion from Tier 2 capital (Δ)	-	-
Total	6,696	898
of which included in Capital (B)	6,696	898
Deductible item (C)	-	-
Capital (A) + (B) - (C) (D)	307,549	256,142

(2) Capital adequacy

Amount of required capital for Credit Risk

(Millions of Yen)

	as of Mar. 31, 2010		as of Mar. 31, 2011	
	Risk weighted exposure	Required Capital	Risk weighted exposure	Required Capital
On balance sheet asset items				
Cash	0	0	0	0
Exposures to Japanese government and central bank	0	0	0	0
Exposures to foreign government and central bank	601	24	674	26
Exposures to the Bank for International Settlements	-	-	-	-
Exposures to Local Authorities	-	-	-	-
Exposures to overseas public sectors other than central government	2,796	112	4,374	174
Exposures to the International Bank for Reconstruction and Development	-	-	-	-
Exposures to Japan Finance Organization for Municipal Enterprises	-	-	-	-
Exposures to Japan Government-affiliated organization	-	-	2,937	117
Exposures to land development corporation, local housing corporations, Local Public Road Corporations	-	-	-	-
Exposures to financial institutions and Regulated securities companies	486,888	19,476	401,252	16,050
Corporate exposures	132,141	5,286	130,787	5,231
Exposures to small and medium size enterprises and individuals	-	-	-	-
Residential Mortgage Exposures	9,826	393	10,955	438
Retail Exposures related to real-estate acquisition	6,020	241	-	-
Exposures three months or more in arrears	49,504	1,980	10,192	407
Bills before collection	553	22	488	19
Exposures to the Credit Guarantee Association	-	-	-	-
Exposures guaranteed by Industrial Revitalization Corporation of Japan	-	-	-	-
Exposures to Investment	-	-	-	-
Securitization exposures (originator)	-	-	-	-
Securitization exposures (other than the originator)	-	-	-	-
Assets backed up with several assets (so-called funds) which individual asset is ungraspable	-	-	-	-
Others	49,199	1,968	47,059	1,882
On-balance sheet asset items total	737,534	29,501	608,724	24,348
Off-balance sheet asset items				
Derivative transactions	81,775	3,271	96,169	3,846
Others	79,712	3,188	76,923	3,076
Off-balance sheet asset items total	161,487	6,459	173,093	6,923
Total	899,022	35,961	781,817	31,272

Amount of required capital for Market Risk

(Millions of Yen)

	as of Mar. 31, 2010			as of Mar. 31, 2011		
	Specific Risk	General Market Risk	Required Capital	Specific Risk	General Market Risk	Required Capital
Standardized method of which						
Interest Rate Risk	-	129,772	5,191	-	56,969	2,278
Equity Risk	-	-	-	-	-	-
Foreign Exchange Risk	-	7,711	308	-	3,270	130
Commodity Risk	-	-	-	-	-	-
Total	-	137,484	5,499	-	60,239	2,409

Amount of required capital for Operational Risk

(Millions of Yen)

	as of Mar. 31, 2010		as of Mar. 31, 2011	
	Operational Risk	Required Capital	Operational Risk	Required Capital
Basic Indicator Approach	187,211	7,488	175,630	7,025

Total Capital Adequacy Ratio and Tier I Capital Ratio

(Millions of Yen, %)

	as of Mar. 31, 2010		as of Mar. 31, 2011	
	(A)	(B)	(A)	(B)
Tier 1	300,853	255,243	300,853	255,243
Tier 2	6,696	898	6,696	898
Deductible item	-	-	-	-
Total Capital (A) + (B) - (C)	307,549	256,142	307,549	256,142
Risk assets				
On balance sheet transaction	737,534	608,724	737,534	608,724
Off-balance sheet transaction	161,487	173,093	161,487	173,093
Credit Risk exposure	899,022	781,817	899,022	781,817
Market Risk exposure divided by 8%	187,211	175,630	187,211	175,630
Operational Risk exposure divided by 8%	137,484	60,239	137,484	60,239
Total (E)	1,223,718	1,017,687	1,223,718	1,017,687
Tier 1 Capital Ratio (A) / (E) × 100	24.58	25.08	24.58	25.08
Total Capital Adequacy Ratio (D) / (E) × 100	25.13	25.16	25.13	25.16
Total required Capital (Domestic Criteria) (E) × 4%	48,948	40,707	48,948	40,707

(3) Credit Exposure

(Millions of Yen)

	as of Mar. 31, 2010				as of Mar. 31, 2011			
	Loans etc.	Securities	Derivatives	Total	Loans etc.	Securities	Derivatives	Total
Domestic								
Manufacturing	74,859	-	13,142	88,001	64,465	-	11,743	76,209
Agriculture and Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Construction	18	-	2,736	2,755	28	-	336	365
Electric power, gas, water supply	4,001	-	-	4,001	4,579	-	-	4,579
Information and communication	9,415	-	111	9,527	10,213	-	24	10,238
Transportation	730	-	3,466	4,196	737	-	7,548	8,286
Wholesale and retail	65,473	-	2,310	67,783	93,299	-	2,158	95,458
Financial Institutions and Insurance	196,918	-	56,251	253,169	200,056	14,689	79,974	294,720
Real estate	32,273	-	358	32,631	10	-	104	114
Other Services	5,786	-	1,822	7,608	5,181	-	1,324	6,506
Central, Local government	257,150	724,056	-	981,207	599,561	730,696	-	1,330,258
Individuals	58,426	-	3,671	62,097	59,844	-	3,872	63,716
Others	58,773	-	-	58,773	40,938	-	-	40,938
Overseas								
Sovereign	29,276	6,510	-	35,786	32,756	5,504	-	38,260
Financial Institutions	2,880,767	-	52,517	2,933,284	1,946,710	-	67,064	2,013,775
Others	58,300	-	1,008	59,309	55,363	-	398	55,761
Total	3,732,171	730,567	137,396	4,600,135	3,113,748	750,890	174,552	4,039,190

(by Maturity)

(Millions of Yen)

	as of Mar. 31, 2010				as of Mar. 31, 2011			
	Loans etc.	Securities	Derivatives	Total	Loans etc.	Securities	Derivatives	Total
To 1 year	2,258,322	21,041	87,585	2,366,949	2,197,380	10,018	165,571	2,372,970
1 to 3 years	924,515	345,935	18,649	1,289,100	610,726	461,245	8,311	1,080,283
3 to 5 years	352,018	280,084	16,828	648,932	73,740	175,562	484	249,787
Over 5 years	94,783	83,505	14,333	192,622	97,610	105,351	184	203,147
Undefined	102,530	-	-	102,530	133,002	-	-	133,002
Total	3,732,171	730,567	137,396	4,600,135	3,112,460	752,178	174,552	4,039,190

Past-due over 3 months or default exposure

(Millions of Yen)

	as of Mar. 31, 2010	as of Mar. 31, 2011
Domestic		
Corporate	26,426	2,048
Individuals	671	421
Overseas	10,843	10,631
Total	37,940	13,101

(Note)

"Past-due over 3 months or default exposure" is the exposure either in principal or interest payment is delayed more than 3 months or risk weight is 150% before the consideration of loan loss reserve.

Loan loss reserve

(Millions of Yen)

	as of Mar. 31, 2010			as of Sep. 30, 2010			as of Mar. 31, 2011		
	Beginning	Change	Ending	Beginning	Change	Ending	Beginning	Change	Ending
Specific Reserve									
Corporate	-	-	-	-	-	-	-	806	806
Individuals	355	1,493	1,848	1,848	817	2,666	1,848	567	2,415
Others	162	(32)	129	129	(32)	97	129	(32)	97
General Reserve	2,937	3,758	6,696	6,696	(5,519)	1,176	6,696	(5,797)	898
Loan loss reserve for restructuring country									
					None				

Credit Risk exposure after Credit Risk Mitigation by Risk weight under Standardized approach

(Millions of Yen)

	as of Mar. 31, 2010		as of Mar. 31, 2011	
	Rated	Unrated	Rated	Unrated
0%	33	988,022	27	1,347,979
20%	2,333,865	161,109	2,011,981	100,171
35%	-	28,076	-	31,301
50%	55,426	7,954	62,991	4,038
75%	-	-	-	-
100%	17,878	275,494	43,004	237,008
150%	3	35,158	0	7,830
Deduction from Capital	-	-	-	-
Total	2,407,207	1,495,815	2,118,003	1,728,329

(4) Credit Risk Mitigation

(Millions of Yen)

	as of Mar. 31, 2010	as of Mar. 31, 2011
Eligible Financial Collateral		
Cash	588,984	86,809
Bonds	37,315	29,519
Stocks	1,089	854
Others	-	-
Guarantee and Credit Derivatives		
Guarantee	72,292	75,673
Credit Derivatives	-	-
Total	699,682	192,857

(Note)

On-balance netting was adopted for the interbank Money Market transaction with Citibank, N.A. overseas main branches.

(5) Counterparty Credit Risk of Derivatives

i. Measurement of Credit exposure Current Exposure Method

(Millions of Yen)

	as of Mar. 31, 2010	as of Mar. 31, 2011
ii. Total amount of gross positive fair value	173,516	230,114
iii. Credit exposure before Credit Risk Mitigation		
FX related	124,741	169,181
Interest rate related	12,655	5,370
Total	137,396	174,552
iv. The amount deducting iii from sum of ii and gross add-on (Reduction by Netting agreements)	168,627	219,009

v. Collateral type
None

vi. Credit exposure after Credit Risk Mitigation
Same as iii

vii. Notional amount of credit derivatives which have counterparty risk
None

viii. Notional amount of credit derivatives which cover exposures by Credit Risk Mitigation
None

(6) Securitization

None

(7) Market Risk (under Internal Model Approach)

None

(8) Equity Exposure in Banking Book

None

(9) Amount in regarded exposure under the Accord article 167

None

(10) Interest Rate Risk in the Banking Book - the increase/(decrease) in economic value for 1% upward rate shocks according to internal management's method.

(Millions of Yen)

	as of Mar. 31, 2010	as of Mar. 31, 2011
Japanese Yen	7,107	8,072
US Dollar	(4,608)	(555)
Euro	712	994
Others	(605)	2
Total	2,606	8,513

Confirmation

July 29, 2011

Representative Director, President & CEO Darren Buckley

I confirm, to the best of my knowledge, the following representations about matters concerning the Citibank Japan Ltd. financial statements for the Period from April 1, 2010 to March 31, 2011.

1. Matters concerning the financial statements are in conformity with “The Regulations regarding Terminology, Format and Method of Preparation of Financial Statements, etc” and “Enforcement Regulation of the Banking Law” and others, and the financial present fairly in all material respects.
2. Citibank Japan Ltd. promotes and manages the appropriate internal control systems as below, and appropriately prepare financial statements based on it.
 - (1) Assignment of duties and responsible unit are clarified, and the system for accomplishment of operation is appropriately established.
 - (2) Internal Control Department reviews and assesses the propriety and effectiveness of internal control systems for each responsible unit, and reports the material information to the Management and Statutory Auditors’ Meeting.
 - (3) All material activities of Citibank Japan Ltd. are reported to the Management and Board of Directors Meeting as necessary.



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