Interim Financial Publication
for Fiscal Year Ending March 31, 2017

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Balance Sheet

As of September 30, 2016
(Millions of Yen)

Account Name	Amount	Account Name	Amount
Cash and due from banks	1,652,540	Deposits	1,650,773
Receivables under resale agreements	393,557	Trading liabilities	12,585
Monetary claims bought	4,530	Foreign exchanges	478,061
Trading assets	17,574	Other liabilities	357,588
Securities	96,513	Income taxes payable	500
Loans and bills discounted	251,358	Derivatives other than for trading-liabilities	220,751
Foreign exchanges	63,526	Asset retirement obligations	4
Other assets	272,024	Others	136,330
Derivatives other than for trading-assets	228,452	Provision for bonuses	787
Others	43,571	Provision for directors' bonuses	86
Tangible fixed assets	4	Provision for retirement benefits	3,511
Intangible fixed assets	18	Provision for directors' retirement benefits	7
Deferred tax assets	3,281	Acceptances and guarantees	159,123
Customers' liabilities for acceptances and guarantees	159,123	Total liabilities	2,662,526
Allowance for loan losses	(686)	Capital stock	123,100
		Capital surplus	121,100
		Legal capital surplus	121,100
		Retained earnings	5,795
		Legal retained earnings	2,000
		Other retained earnings	3,795
		Retained earnings brought forward	3,795
		Total shareholders' equity	249,995
		Valuation difference on AFS securities	843
		Total valuation and translation adjustments	843
		Total net assets	250,838
Total assets	2,913,364	Total liabilities and net assets	2,913,364

Statement of Income

From Apr. 1, 2016 to Sep. 30, 2016
(Millions of Yen)

Account Name	Amount	
Ordinary income		16,439
Interest income	8,108	
(Interest on loans and bills discounted)	2,698	
(Interest and dividends on securities)	104	
Fees and commissions	5,362	
Trading income	-	
Other ordinary income	857	
Other income	2,111	
Ordinary expenses		15,515
Interest expenses	3,131	
(Interest on deposits)	3,111	
Fees and commissions paid	1,186	
Trading Losses	164	
Other ordinary expenses	-	
General and administrative expenses	10,147	
Other expenses	884	
Ordinary profit		923
Extraordinary income		-
Extraordinary loss		8
Income before income taxes		915
Income taxes - current	104	
Income taxes - deferred	175	
Total income taxes		279
Net income		636

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 interim 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 interim fiscal year-end.

"Trading income" and "Trading losses" include interest received or paid during the interim 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 (with the exception of building facilities acquired on or after April 1, 2016, for which the straight-line had been applied).

The estimated useful lives are as follows:

Buildings:	10 to 15 years
Others:	4 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).

5. Standard for Allowance

(1) Allowance for loan losses

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

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

Responsible divisions for Self-Assessment and Front office mutually conduct assessment of all claims in accordance with the internal rules for self-assessment of assets, and the Internal Audit Division, 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 interim 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 interim 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 period, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end. The basis for period recognition for the estimated retirement benefits adopts the benefit formula prorates approach. The unrecognized prior service cost and actuarial differences are recognized as profit and loss 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 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. Standard for the translation into Japanese yen

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

7. Method for hedge accounting

The exceptional method is applied to certain interest rate swaps that meet the criteria for the exceptional treatments. No assessment is performed for hedge effectiveness of qualifying interest rate swaps accounted for by the exceptional treatments, as it is ascertained that the criteria for the exceptional treatments are continually met.

8. Accounting for consumption taxes

National and Local Consumption Taxes are excluded from transaction amounts.

Change in Accounting Policies

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In accordance with the revision to the Corporation Tax Act, with effect from the first half period of the fiscal year, CJL has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force(PITF) Solution No. 32, June 17, 2016). Accordingly, CJL has changed the depreciation method for building facilities acquired on and after April 1, 2016 from the declining-balance method to the straight-line method. As a result, there are no material impact to the ordinary profit and income before income taxes.

Notes to Balance Sheet

1. For securities held as collateral under "receivables under resale agreements" and "derivative transactions" which can be sold or pledged without restrictions, 53,780 million yen were pledged and 364,449 million yen were held by CJL as of September 30, 2016.

2. There was no Bankrupt loans. Past due loans/non-accrual loans were 2,847 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. There was no Past due loans (3 months or more).
"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. There was no Restructured loans.
"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" were 2,847 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 etc. without restrictions. The total face value was 40,234 million yen.

7. AFS securities of 91,406 million yen were pledged as collateral for settlements of FX transactions. In addition, other assets include Cash collateral paid for financial instruments of 33,056 million yen, initial margins of futures markets 81 million yen and other guarantee deposits of 3,085 million yen.

8. Overdraft facilities and commitment line contracts on loans are agreements to lend to customers up to a prescribed amount, as long as there is no violation of any condition established in the contracts.
The amount of unused commitments was 282,234 million yen and the amount of those with remaining period within one year was 142,843 million yen.
Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which we can reject an application from customers or reduce the contract amounts in the event that economic conditions change, we need to secure claims, or other events occur. In addition, we may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when need arises and securing claims after contracts are made on a periodic basis.

9. Accumulated depreciation on tangible fixed assets: 145 million yen.

10. Stand-alone Capital Adequacy Ratio (National Standards) under the Banking Law Enforcement Regulations Article 19-2-1-3-ロ-(10). 42.13%

Notes related to Financial Instruments

1. Disclosure on Financial Instruments

(1) Policy on Financial Instruments

CJL is engaged in banking operations such as deposit taking business, credit extension business including loans, fund transfer and clearing business both in Yen and foreign currencies and investment business including marketable securities. The ALM, Asset and Liability Management, in CJL has related across these listed businesses. CJL has conducted integrated management of the Banking Portfolio, as ALM, for the purpose of managing interest rate and FX risk associated with market movement and liquidity risk from mismatch of future cash flows. Also it aims to minimize funding cost and maximize investment returns. As part of this effort, CJL enters into certain derivative transactions. As the banking portfolio in CJL, liabilities are sourced mainly from corporate customer deposits. And in asset, it has invested into securities, mainly in Japanese Government Bond (JGB), customer loans and Reverse Repo.

(2) Types of and Risks associated with Financial Instruments

A majority of financial assets that CJL holds are loans to corporate customers in Japan and overseas, the securities and placements to the bank subsidiaries of Citigroup Inc. to which CJL belongs. Loans to corporate customers in Japan and overseas, for which CJL is exposed to credit risks potentially arising from the obligors' default and also there are risks on material adverse changes in economics, politics, and social environments. Securities are mainly low credit risk Japanese government bonds. These are exposed to interest rate risk and market price risks.

A majority of financing source of CJL is a stable source of deposits from corporate customers, and group companies. They are exposed to liquidity risk where we may not be able to be repaid timely on maturities. Interest rate exposure is managed by establishing risk limits, etc.

As to funding, CJL’s funding sources are stable, consisting of deposits from retail and institutional customers, and group companies. These funding activities associate liquidity risk in which CJL may not be able to repay timely on maturities and interest rate risk.

Derivative contracts include interest rate swaps, currency swaps, and forward FX 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

① Credit Risk Management

CJL establishes consistent risk management framework and controls credit risks related to loans, trade finance and other financial products by undertaking credit analysis, controlling credit limits, assigning internal obligor risk ratings, obtaining parent support, guarantee or collateral and managing classified or delinquent accounts in accordance with Credit Risk Management Policy and related rules and procedures. The key highlights of Credit Risk management aforementioned conducted by Risk Management Division are reported to Credit Risk Management Committee (“CRMC”, as a sub-committee of the Management Committee) and Board of Directors’ meeting (“BOD”), which takes place regularly. Moreover, the credit risk control process is assessed by internal auditor periodically.

Credit risk of issuers and counterparty risk of derivatives are controlled and monitored by Credit Risk Management Services Unit and Portfolio Management Unit in Risk Management Division by obtaining related credit information and marked-to market periodically.

② Market Risk Management

(A) Risk Management of Banking Book

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 approved by the Management Committee.

On a day to day basis, Market Risk Management Unit 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.

(B) Risk Management of Trading Book

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

(C) 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 VaR calculation (holding period of one day, with the confidence level of 99%) for trading securities and derivative products.

CJL market risk amount for trading activities (probable loss amount) as of September 30,2016 was 32 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 October 1, 2015 through September 30,2016, one exception was observed. However, VaR still may not pick up all probability of event under unpredictable market conditions so long as it is based on the certain probability calculated by statistical method using historical market movement.

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 "Reverse Repo". 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 4,052 million yen on the scenario that interest rate to increase by 100 basis points (1%) for total portfolio, by 4,550 million yen on the scenario that benchmark JPY interest rate to increase by 100 basis points (1%) as of September 30, 2016. On the same basis, CJL's net income before taxes would decrease by 231 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 over the 100 basis points (1%) moving range, there can be larger effect than the reported effect amounts on P&L.

③ 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 September 30, 2016 are shown below.

(Millions of Yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and due from banks	1,652,540	1,652,552	11
(2) Receivables under resale agreements	393,557	394,239	681
(3) Monetary claims bought (*1)	4,528	4,528	-
(4) Trading assets			
Trading securities	5,044	5,044	-
(5) Securities			
Other securities	96,513	96,513	-
(6) Loans and bills discounted	251,358		
Allowance for loan losses (*1)	(394)		
	250,963	253,399	2,435
(7) Foreign exchange (*1)	63,467	63,467	-
Total Assets	2,466,614	2,469,743	3,129
(1) Deposits	1,650,773	1,652,963	2,189
(2) Foreign exchange	478,061	478,061	-
Total Liabilities	2,128,835	2,131,025	2,189
Derivative transactions (*2)			
Trading	7,662	7,662	-
Total derivative transactions	7,662	7,662	-

Others	Contract amount	Fair value
Overdraft facilities and commitment line(*3)	282,234	(1,262)

(*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” 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) Receivables under resale agreements

For Receivables under resale agreements with remaining period exceeding 1 year, fair value is determined as present future cash flows, discounted by interest rate that would be applied to new acceptance. Total future cash flows are contractual payment of principal and interest.

For Receivables under resale agreements with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(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

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.

(2) 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. Derivative for hedge accounting is interest rate swap with exceptional treatment and the fair value of this hedging swap is included in the hedged loan.

(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 Securities

AFS securities with market value are as follows: (as of September 30, 2016)

(Unit: Millions of Yen)

	Type	Balance sheet amount	Acquisition cost	Valuations gains/(losses)
Balance sheet amount exceeding acquisition cost	Bonds	96,413	95,197	1,215
	Japanese Government Bonds	91,306	90,498	807
	Corporate Bonds	5,106	4,698	407
	Sub Total	96,413	95,197	1,215
Balance sheet amount equal or less than acquisition cost	Bonds	100	100	(0)
	Japanese Government Bonds	100	100	(0)
	Sub total	100	100	(0)
Total		96,513	95,297	1,215

Notes related to Deferred tax accounting

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

Deferred tax assets	(Millions of Yen)
Provision for retirement benefits	1,166
Accrued expense	537
Loss carry forward	376
Fixed Assets	313
Unearned Commission	271
Provision for bonuses	243
Allowance for loan losses	211
Accrued Enterprise Tax	149
Other	361
Deferred assets sub total	3,630
Valuation reserve	(8)
Deferred tax assets total	3,622
Deferred tax liabilities	
Valuation difference on AFS securities	341
Deferred tax liabilities total	341
Net deferred tax assets	3,281

Indicators by Share

1. Net assets per share: 1.02 yen
2. Net income per share: 0.00 yen