

Table 1

Citibank Japan Branch: Profit & Loss Account

(JPYbn, years to 31 March)

	2003	2004	2005
Interest received on loans made	18.1	14.9	13.7
Income received on other assets	65.3	50.9	65.7
Commissions and charges received	23.1	29.2	22.5
Other income	48.6	41.8	31.3
Total revenues	155.0	136.8	133.3
Interest paid on deposits taken	17.3	16.0	26.6
Expenses paid on other funding	35.9	23.4	23.6
Commission and charges paid	2.1	2.6	2.7
Other financial expenses paid	0.8	1.1	1.0
SGA	49.5	53.3	53.6
Other expenses paid	1.1	3.3	0.3
Total expenses	106.7	99.8	107.7
	48.3	37.0	25.6
Extra-ordinary profits	0.0	0.8	0.7
Extra-ordinary losses	2.0	1.1	42.2
Pre-tax profit/(loss)	46.2	36.7	(15.9)
Taxation	24.4	18.8	11.3
Tax effect accounting adjustment	-4.8	-1.3	-15.5
Net profit/(loss)	26.6	19.2	(11.7)

Table 2

Citibank Japan Branch: Balance Sheet

(JPYbn, at 31 March)

	2003	2004	2005
Property and equipment	40.3	38.2	36.4
Loans made	1,592.4	1,342.2	1,123.0
Deferred tax assets	9.5	11.9	26.5
Other financial assets	1,296.5	2,345.5	2,087.0
Total financial assets	2,898.4	3,699.6	3,236.5
Deposits taken	3,695.9	5,032.5	4,212.2
Other financial liabilities	695.5	1,315.6	829.7
Total financial liabilities	4,391.4	6,348.1	5,041.9
Net financial assets	-1,493.0	-2,648.5	-1,805.4
Net assets	-1,452.7	-2,610.3	-1,769.2
Funded by			
Branch capital account Dr	3,047.4	3,645.4	2,616.0
Branch capital account Cr	1,565.1	1,014.5	855.7
	-1,482.3	-2,630.9	-1,760.3
Profit reserves etc	29.6	20.6	-8.9
Equity	-1,452.7	-2,610.3	-1,769.2

Source: Citigroup

Note: Rounding differences exist

Tables 1 and 2 above show the financial accounts of Citibank Japan Branch as restated in Anglo-Saxon format from the original Japanese language financial accounts prepared for domestic disclosure purposes as a deposit taking institution. Notably, in the year to March 2005 an extra-ordinary loss of JPY42.2bn was taken up and the comment reads in English translation and in Japanese as below.

“However, the Bank received an administrative order from the FSA in September 2004 requiring that new account opening be stopped for those branches belonging to the Private Banking Group and that those branches close by 30 September 2005. As a result, an amount of JPY40.9bn has been provided to meet the anticipated future expenses and losses involved and a net loss of JPY11.6bn is reported reflecting this amount being included in the extra-ordinary items [net loss quoted in okuen/JPY100m units unrounded]./nao, heiko wa sakunen 9 gatsu kinyucho yori gyosei shobun o uke, puraibeto bankingu bumon ni zoku suru shiten ni oite no shinki torihiki teishi, honnen 9 gatsu 30 nichi made ni gaito shiten no heisa o mejiraremashita. kono tame, shorai no tokutei no shishutsu mata wa sonshitsu ni

sonaeru tame ni 409 okuen no hikiatekin o keijo shite ori, kumiiregaku no tokubetsu sonshitsu keijo ni yori, toki junsonshitsu wa 116 okuen to narimashita.”

Citigroup New York reported consolidated after-tax charges for the Japan Private Banking Event-related business closure of USD244m (pre-tax USD400m) for financial 2004 [amounts that correspond to the pre-tax JPY40.9bn figure and an Analytica estimated after-tax JPY25.9bn figure in the Citibank Japan Branch disclosure for financial 2004/05] and USD29m for financial 2005, while net losses for the Private Bank Japan business were USD167m for financial 2005. These figures indicate total expenses and losses directly resulting from the Event of approximately JPY65bn, while expenses and losses indirectly resulting would raise this figure substantially.

Please note also that the balance sheet shown in Table 2 is in the form of a branch balance sheet and cannot properly be taken in isolation. In effect the Branch funds Citigroup worldwide through the branch account given current JPY interest rate levels and the Branch shows a net liability as a stand-alone entity, which it is not.