[Translation]

Financial Publication
for the Fiscal Year ended December 31, 2025

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Balance Sheet
(As of December 31, 2025)

(Millions of Yen)

Account Name	Amount	Account Name	Amount
Cash and due from banks	1,881,569	Deposits	2,919,069
Cash	582	Current deposits	1,054,212
Due from banks	1,880,987	Ordinary deposits	1,806,556
Receivables under resale agreements	349,850	Time deposits	46,299
Monetary claims bought	8,953	Other deposits	12,002
Trading assets	175,978	Trading liabilities	130,438
Securities related to trading transactions	34,826	Trading-related financial derivatives	130,438
Derivatives of scurities related to trading transactions	18	Foreign exchanges	96,147
Trading-related financial derivatives	141,132	Due to foreign banks (their accounts)	96,147
Securities	312,132	Other liabilities	368,608
Government bonds	312,132	Income taxes payable	5,350
Loans and bills discounted	946,944	Accrued expenses	3,084
Bills discounted	572	Unearned revenue	1,975
Loans on bills	1,545	Variation margins of futures markets	18
Loans on deeds	356,297	Derivatives other than for trading-liabilities	321,250
Overdrafts	588,529	Other	36,928
Foreign exchanges	88,845	Provision for bonuses	978
Due from foreign banks (our accounts)	73,287	Acceptances and guarantees	221,071
Due from foreign banks (their accounts)	12,927	Head office and branch accounts	1,010,346
Foreign bills bought	2,630	Head office	78,523
Other assets	327,008	Overseas branch	931,822
Prepaid expenses	37	Total liabilities	4,746,661
Accrued income	4,899	Brought-in capital	2,000
Initial margins of futures markets	124	Retained earnings broughts forward	15,835
Derivatives other than for trading-assets	318,601	Valuation difference on available-for-sale securities	(5,961)
Other	3,346	Total net assets	11,873
Tangible fixed assets	1		
Other tangible fixed assets	1		
Intangible fixed assets	316		
Software	316		
Deferred tax assets	9,139		
Customer's liabilities for acceptances and guarantees	221,071		
Allowance for loan losses	(4,459)		
Head office and branch accounts	441,181		
Head office	48,904		
Overseas branch	392,276		
Total assets	4,758,534	Total liabilities and net assets	4,758,534

Statement of Income
(From January 1, 2025 to December 31, 2025)

(Millions of Yen)

Account Name	Amount	
Ordinary income		125,811
Interest income	68,777	
Interest on loans and discounts	20,584	
Interest and dividends on securities	2,243	
Interest on receivables under resale agreements	18,880	
Interest on deposits with banks	12,806	
Interest on foreign exchanges	1,486	
Interest on accounts with head office and branches	12,598	
Other interest income	177	
Fees and commissions	21,075	
Fees and commissions on foreign exchanges	4,488	
Fees and commissions on domestic exchanges	1,884	
Other fees and commissions	14,703	
Trading income	6,159	
Gains on trading-related derivatives transactions	6,159	
Other ordinary income	29,565	
Gains on foreign exchange transactions	26,985	
Gains on sales of bonds	4	
Other	2,576	
Other income	233	
Recoveries of written off claims	0	
Other	233	
Ordinary expenses		103,265
Interest expenses	53,971	
Interest on deposits	23,289	
Interest on negotiable certificates of deposit	14	
Interest on call money	700	
Interest on payables under repurchase agreements	33	
Interest on borrowings and rediscounts	122	
Interest on foreign exchanges	31	
Interest on accounts with head office and branches	29,779	
Fees and commissions paid	3,851	
Fees and commissions on foreign exchanges	195	
Fees and commissions on domestic exchanges	832	
Other fees and commissions	2,823	
Trading Losses	204	
Losses on securities and derivatives related to trading transactions	204	
Other ordinary expenses	13,397	
Loss on sales of bonds	982	
Loss on derivatives other than for trading or hedging	4,802	
Other	7,612	
General and administrative expenses	28,261	
Other expenses	3,577	
Provision of allowance for loan losses	3,290	
Other	286	
Ordinary profit		22,546
Income before income taxes		22,546
Income taxes-current	10,331	
Income taxes-deferred	(2,909)	
Total income taxes		7,421
Net income		15,124
Retained earnings brought forward at the beginning of the year		20,710
Remittance to head office		20,000
Retained earnings brought forward		15,835

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:

Equipment: 3 to 6 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 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 are provided as detailed below in accordance with the internal standards for write-offs and provisioning.

Citibank, N.A., Tokyo Branch uses Current Expected Credit Losses, hereinafter referred to as “CECL” approach, a forward-looking provisioning method.

Allowance is provided based on the amount of CECL which considers lifetime expected losses estimated at origination and regularly thereafter, factoring historical data, current conditions and reasonable forecasts enabling earlier identification of risks.

The provided allowance is consistent with the expected credit risk.

(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.

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 continuously met.

(Changes in accounting estimates)

Changes in estimates of Allowance for Loan Losses (Allowance based on CECL)

Citibank, N.A., Tokyo Branch had recorded Allowances for Loan Losses based primarily on the expected loan-loss ratio assigned to each risk rating. Effectively this fiscal year, transitioning to the forward-looking CECL approach ensures both timely and comprehensive loss provisioning aligning with regulatory expectations and adopting a more proactive approach to risk management. CECL considers lifetime expected losses estimated at origination and regularly thereafter, factoring historical data, current conditions and reasonable forecasts enabling earlier identification of risks and meets global standards for forward-looking provisioning.

This aligns reported reserves with anticipated credit risks, and more precise Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) through significant portfolio segmentation. Larger Allowance for Loan Losses may initially reduce retained earnings reflecting more conservative/realistic risk profile avoiding unexpected losses during downturns.

Current Allowance for Loan Losses was 4,459 million yen due to the change in accounting estimates.

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, 439,270 million yen were pledged and there was no security amount held by Citibank, N.A., Tokyo Branch at the fiscal year-end.

2. The followings are the claims under the Banking Act and the Act on Emergency Measures for the Rehabilitation of the Financial Functions. Those claims are recorded in the Balance Sheet accounts of Corporate Bonds in “Securities” (limited to the Corporate Bonds issued by private placement of securities (Article 2, paragraph (3) of the Financial Instruments and Exchange Act)), “Loans and bills discounted”, “Foreign exchanges”, accrued interest and provisional payment in the “Other Assets”, and Customer's liabilities for acceptances and guarantees. There is not applicable balance at the fiscal year-end.

Bankrupt and quasi-bankrupt claims	- million yen
Doubtful claim	- million yen
Past due loans (3 months or more)	- million yen
Restructured loans	- million yen
Total	- million yen

3. “Bankrupt and quasi-bankrupt claims” are claims against a debtor who has fallen into the situation such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, and commencement of rehabilitation proceedings, and other similar claims.

4. “Doubtful claim” is a claim that is unlikely to recover the principal of the claim in accordance with the contract and to receive interest, and is not considered to be a Bankrupt or quasi-bankrupt claims thereto, although the debtor has not yet reached a state of bankruptcy, but its financial condition and operating results have deteriorated.

5. “Past due loans (3 months or more)” are loans of which the payment of principal or interest is past due for three months or more, excluding “Bankrupt and quasi-bankrupt claims” and “Doubtful claim”.

6. “Restructured loans” are loans of 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 and quasi-bankrupt claims”, “Doubtful claim” and “Past due loans (3 months or more)”.
The amount of the claim is the amount before the appropriate allowance.

7. Bills discounted are treated as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. Citibank, N.A., Tokyo Branch 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 3,202 million yen.

8. Securities totaling 346,958 million yen were pledged as collateral for FX transactions and other transactions. In addition, other assets include other guarantee deposits of 1,885 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 497,669 million yen and the amount of those with remaining period within one year was 371,041 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: 18 million yen.

Notes to Statement of Income

Head office cost sharing

(1) Direct expense (Expatriate salary etc.)	272 million yen
(2) Indirect charge	6,920 million yen

Notes related to Financial Instruments

1. Disclosure on Financial Instruments

(1) Policy on Financial Instruments

Citibank, N.A., Tokyo Branch (“CBNA”) 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 CBNA across these businesses is conducted through the integrated management of the Banking Portfolio with the aim of managing interest rate and FX risk associated with market movements and liquidity risk from mismatch of future cash flows, minimizing funding costs and achieving appropriate investment returns and for the purpose of ALM and risk management, CBNA could enter into permissible derivative transactions. As the banking portfolio in CBNA, liabilities are primarily sourced from institutional client deposits, and assets are mainly JPY deposits with BOJ, client loans, JGB, reverse repo, etc.

(2) Types of and Risks associated with Financial Instruments

A majority of financial assets that CBNA holds are loans to corporate customers in Japan and overseas, the securities and placements to the bank subsidiaries of Citigroup Inc. to which CBNA belongs. Loans to corporate customers in Japan and overseas, for which CBNA 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 CBNA 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, CBNA’s funding sources are stable, consisting of deposits from institutional customers, and group companies. These funding activities associate liquidity risk in which CBNA 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 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

CBNA establishes consistent risk management framework and controls credit risks related to lending, counterparty credit 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 accounts in accordance with Citi's Wholesale Credit Risk (WCR) Framework, WCR Policy and related Standards and Procedures. Credit risk of issuers and counterparty risk of derivatives are also monitored by the Credit Risk Management Unit.
The key highlights of Credit Risk Management conducted by the Risk Management Division are reported to the Credit Risk Management Committee (“CRMC”, as a sub-committee of the Country Coordinating Committee) and Country Coordinating Committee, which meet periodically. Moreover, credit risk control processes are assessed by Internal Audit periodically.

② Market Risk Management

(A) Risk Management of Banking Book

CBNA manages interest-rate risks on banking book through ALM based on the defined risk management methods and procedures for ALM. CBNA monitors and reviews its activity implementation status, also discusses action plans in the Asset Liability Committee (“ALCO”) meeting as per the ALCO Charter which has been approved by the Country Coordinating Committee.
On a regular basis, CBNA captures consolidated banking book risk profiles of interest rates and durations of the financial assets and liabilities, performs risk monitoring process using the cash flow analysis as well as 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 in the banking book, CBNA transacts some derivative trades such as bond futures and interest rate swaps.

(B) Risk Management of Trading Book

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

(C) Quantitative information on Market Risk

a) Trading purpose financial instruments

CBNA 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.
CBNA market risk amount for trading activities (probable loss amount) as of December 31, 2025 was 285 million yen.
CBNA 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 January 1, 2025 through December 31, 2025, no 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 CBNA, the main financial instruments which are influenced by interest rates as one of the key risk variables are, “Placements”, “Repurchase agreements”, "Loans and bills discounted", "AFS securities", "Deposits", “Negotiable certificate of deposits” and "Borrowings". On the financial Assets and Liabilities, CBNA calculates the impact on Net Interest Revenue over 12month period when simulating stress shocks using quantitative analysis for the purpose of managing interest rate risks. With respect to the impact on revenue, CBNA splits respective financial asset and liability balances into cashflow by repricing profile and internal models and applies the interest rate moves by corresponding tenors. Based on December 31, 2025 results, the net interest income for CBNA would increase by 11,168 million yen in the scenario that interest rate increases by 100 basis points (1%) for total portfolio and can decrease by 9,818 million yen in the scenario that interest rate decreases by 100 basis points (1%) for total portfolio.

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 Country Coordinating Committee, has been constituted to ensure that CBNA maintains adequate liquidity to meet regulatory requirements and business needs and has appropriate funding for business growth. ALCO's monitoring and reviewing of liquidity, balance sheet and the banking account management is an integral part of the overall risk management framework of CBNA.

(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 December 31, 2025 are shown below.

(Millions of Yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and due from banks	1,881,569	1,881,569	-
(2) Receivables under resale agreements	349,850	349,850	-
(3) Monetary claims bought (*1)	8,953	8,953	-
(4) Trading assets			
Trading securities	34,826	34,826	-
(5) Securities			
Other securities	312,132	312,132	-
(6) Loans and bills discounted	946,944		
Allowance for loan losses (*1)	(4,448)		
	942,495	903,285	(39,209)
(7) Foreign exchange (*1)	88,845	88,845	-
(8) Head office and branch accounts	441,181	440,809	(371)
Total Assets	4,059,854	4,020,272	(39,581)
(1) Deposits	2,919,069	2,919,069	-
(2) Foreign exchange	96,147	96,147	-
(3) Head office and branch accounts	1,010,346	1,010,103	(242)
Total Liabilities	4,025,563	4,025,320	(242)
Derivative transactions (*2)			
Trading	8,044	8,044	-
Total derivative transactions	8,044	8,044	-

(*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. Fair Value Measurement

The fair values of financial instruments are classified as the following fair value hierarchy based on the observability and materiality of the inputs adopted for fair value measurement.

Level 1: The fair values calculated based on the market price (unadjusted) in an active market for identical financial instruments.

Level 2: The fair values calculated using direct or indirect observable inputs other than Level 1 inputs

Level 3: The fair values calculated using one or more significant unobserved inputs

In case of multiple inputs with a significant impact on the fair value measurement, the fair value is classified to the level that has the lowest priority in the fair value calculation among the levels to which each input belongs.

(1) Financial instruments measured at fair value on the balance sheet

(Millions of Yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	合計
Trading assets				
Trading securities	14,909	19,917	-	34,826
Securities				
Other securities		312,132	-	312,132
Total Assets	14,909	332,049	-	346,958
Total Liabilities	-	-	-	-
Derivative transactions				
Interest related instruments	-	1,429	-	1,429
Currency related instruments	-	6,614	-	6,614
Bond related instruments	-	-	-	-
Total derivative transactions	-	8,044	-	8,044

(2) Estimated fair value of financial instruments not carried at fair value on the balance sheet

(Millions of Yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	合計
Cash and due from banks	-	1,881,569	-	1,881,569
Receivables under resale agreements	-	349,850	-	349,850
Monetary claims bought	-	8,953	-	8,953
Loans and bills discounted	-	-	903,285	903,285
Foreign exchange	-	88,845	-	88,845
Head office and branch accounts	-	440,809	-	440,809
Total Assets	-	2,770,028	903,285	3,673,313
Deposits	-	2,919,069	-	2,919,069
Foreign exchange	-	96,147	-	96,147
Head office and branch accounts	-	1,010,103	-	1,010,103
Total Liabilities	-	4,025,320	-	4,025,320

(Notes) Description of the valuation techniques and inputs used to measure fair value

(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. They are classified into Level 2.

(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. They are classified into Level 2.

(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). They are classified into Level 2.

(4) Trading assets

For securities such as bonds that are held for trading, the fair value is calculated based on their market prices. Japanese Government bonds, etc. are mainly classified into Level 1 and other bonds are classified into Level 2, and those with low market liquidity are classified as Level 2.

(5) Securities

For securities such as bonds that are available for sale, the fair value is calculated based on their market prices. Japanese Government bonds, etc. are mainly classified into Level 1 and other bonds are classified into Level 2, and those with low market liquidity are classified as Level 2

(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. All of the above are classified as Level 3.

(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). They are classified into Level 2.

(8) Head office and branch accounts

For Head office and branch accounts without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For Head office and branch accounts with maturity, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to new transactions. For Head office and branch accounts with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. They are classified into Level 2.

(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 Citibank, N.A., Tokyo Branch 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. They are classified into Level 2.

(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. They are classified into Level 2.

(3) Head office and branch accounts
For Head office and branch accounts without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For Head office and branch accounts with maturity, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to new transactions. For Head office and branch accounts with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. They are classified into Level 2.

(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 values of these derivatives are based on market prices at exchanges, discounted present values, or amount calculated under the option pricing model. Exchange traded derivative transactions are mainly classified into Level 1. Over-the-counter derivative transactions are classified into Level 2 if observable inputs are available or impact of unobservable inputs to the fair values is not significant. If impact of unobservable inputs to the fair values is significant, they are classified into Level 3.

Notes related to Securities

These include “Government bonds”, “Corporate bonds” and “Securities related to trading transactions” on Balance sheet.

1. Securities classified as trading purposes: (as of December 31, 2025)

(Unit: Millions of Yen)

	Valuations gains/(losses) included in the earnings for the fiscal year
Securities classified as trading purposes	(488)

2. AFS securities with market value are as follows: (as of December 31, 2025)

(Unit: Millions of Yen)

	Type	Balance sheet amount	Acquisition cost	Valuations gains/(losses)
Balance sheet amount exceeding acquisition cost	Bonds	-	-	-
	Japanese Government Bonds	-	-	-
	Corporate Bonds	-	-	-
	Sub Total	-	-	-
Balance sheet amount equal or less than acquisition cost	Bonds	312,132	320,724	(8,592)
	Japanese Government Bonds	312,132	320,724	(8,592)
	Sub total	312,132	320,724	(8,592)
Total		312,132	320,724	(8,592)

3. AFS securities sold during the fiscal year are as follows: (from January 1, 2025 to December 31, 2025)

(Unit: Millions of Yen)

	Sold amount	Gains on sales	Losses on sales
Bonds	13,801	4	(982)
Japanese Government Bonds	13,801	4	(982)
Total	13,801	4	(982)

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)
Other securities	2,631
Deferred Asset	2,455
Laon loss reserve	1,365
Accrued expense	693
Unearned commission	559
Fixed assets	501
Accrued enterprise tax etc.	376
Bonus reserve	299
Other	257
Deferred tax assets total	9,139
Deferred tax liabilities	-
Deferred tax liabilities total	-
Net deferred tax assets	9,139