

[Translation]

## Financial Report for the 24th Business Year

1-1-1, Otemachi, Chiyoda-ku, Tokyo

**Citigroup Global Markets Japan Inc.**

Marc Raoul Marie Luet, Representative Director, President and CEO

### Balance Sheet

(for the fiscal year ended December 31, 2023)

(Millions of Yen)

<b>( Assets )</b>		<b>( Liabilities )</b>	
<b>Current assets</b>	6,086,748	<b>Current liabilities</b>	5,442,250
Cash and deposits	414,002	Trading products	1,207,257
Cash segregated as deposits	40,182	Trading securities and other	617,499
Trading products	1,192,026	Derivatives	589,757
Trading securities and other	557,568	Trade date accrual	86,490
Derivatives	634,457	Margin transaction liabilities	3,031
Margin transaction assets	2,839	Cash collateral received for securities	3,031
Cash collateral pledged for securities	2,839	Loans payable secured by securities	3,342,216
borrowing on margin transactions		Cash received on debt credit	682,584
Loans secured by securities	3,740,319	transaction of securities	
Cash collateral pledged for	1,521,788	Borrowings on Gensaki transactions	2,659,631
securities borrowed		Deposits received	38,417
Loans on Gensaki transactions	2,218,531	Guarantee deposits received	541,954
Advance paid	86	Short-term loans payable	197,127
Short-term guarantee deposits	675,850	Accounts payable	3,525
Variation margin paid	1,728	Accrued expenses	10,921
Accounts receivable	1,389	Income taxes payable	1,374
Accrued income	17,170	Reserve for bonuses	6,391
Others	1,152	Others	3,542
<b>Noncurrent assets</b>	10,301	<b>Noncurrent liabilities</b>	409,646
Property, plant and equipment	2,481	Bonds payable	1,600
Facilities attached to buildings	2,356	Long-term loans payable	398,862
Furniture and fixtures	98	Reserve for retirement benefits	6,543
Construction in progress	26	Others	2,641
Intangible assets	760	<b>Reserves under the special laws</b>	3,243
Software	454	Reserve for financial products	3,243
Others	306	transaction liabilities	
Investments and other assets	7,058	<b>Total Liabilities</b>	5,855,140
Investment securities	742	<b>( Net assets )</b>	
Long-term loans receivable	420	<b>Shareholders' equity</b>	242,914
Long-term guarantee deposits	1,497	Capital stock	96,307
Deferred tax assets	4,397	Capital surplus	58,631
		Legal capital surplus	55,660
		Other capital surplus	2,971
		Retained earnings	87,975
		Other retained earnings	87,975
		Retained earnings brought forward	87,975
		<b>Valuation and translation adjustments</b>	(1,005)
		Deferred net gain/ (loss) on hedges	(1,005)
<b>Total Assets</b>	6,097,049	<b>Total Net Assets</b>	241,908
		<b>Total Liabilities and Net Assets</b>	6,097,049

[Translation]

**Statement of Income**  
(from January 1, 2023 to December 31, 2023)

(Millions of Yen)

Account		Amount	
Ordinary income	Operating revenue and expenses	Operating revenue	139,318
		Commission received	50,134
		Net trading income	43,734
		Financial revenue	45,450
		Financial expenses	71,002
		Operating revenue, net of interest expense	68,316
		Selling, general and administrative expenses	46,840
	<b>Operating income</b>	<b>21,476</b>	
	Non-operating income and expenses	Non-operating income	120
		Non-operating expenses	193
<b>Ordinary income</b>		<b>21,403</b>	
	Extraordinary income	35	
	Gain on early redemption of loan	35	
	Extraordinary loss	872	
	Reserve for financial products transaction liabilities	718	
	Loss on early redemption of loan	154	
<b>Net income before income taxes</b>		<b>20,566</b>	
Income taxes - current		7,600	
Income taxes - deferred		(518)	
<b>Net income</b>		<b>13,484</b>	

[Translation]

**Statement of Changes in Equity**  
**(from January 1, 2023 to December 31, 2023)**

(Millions of Yen)

	Shareholders' equity						Valuation and translation adjustments	Total net assets	
	Capital stock	Capital surplus			Retained earnings		Total shareholder's equity		Deferred net gain / (loss) on hedges
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Retained earnings brought forward			
Beginning balance	96,307	55,660	2,971	58,631	74,490	229,429	(1,248)	228,181	
Changes of items during the fiscal year									
Net income	-	-	-	-	13,484	13,484	-	13,484	
Net changes of net assets other than shareholders' equity	-	-	-	-	-	-	242	242	
Total changes of items during the fiscal year	-	-	-	-	13,484	13,484	242	13,727	
Closing balance	96,307	55,660	2,971	58,631	87,975	242,914	(1,005)	241,908	

## **Notes to Financial Statements**

The financial statements of Citigroup Global Markets Japan Inc. (hereafter referred to as “the Company”) have been prepared in accordance with “Ordinance on Company Accounting” (Ministry of Justice Ordinance No. 13, February 7, 2006), “Cabinet Office Ordinance Concerning Financial Instruments Dealers” (Cabinet Office Ordinance No. 52, August 6, 2007) and “Rule Concerning Uniform Accounting Standards for Securities Dealers” (Self-regulatory Rule of Japan Securities Dealers Association, November 14, 1974).

The amounts are presented in millions of Japanese yen and are rounded down to the nearest million yen.

### **[Major Accounting Policies]**

#### **1. Valuation of financial instruments**

##### ( 1 ) Basis and methods of valuation of financial instruments

###### ① Trading assets and liabilities

Securities held for trading purposes and classified as trading assets and liabilities are carried at fair value.

###### ② Non-trading assets and liabilities (Available-for-sale securities)

Stocks without market price are carried at cost using the moving average method.

##### ( 2 ) Basis and methods of valuation of derivatives

Derivatives are carried at fair value. Based on the net assets or liabilities that have been offset between financial assets and financial liabilities in relation to a specific market risk (risk pertaining to fluctuations in market prices) or credit risk (risk pertaining to default on a counterparty's contract), the current market value is calculated based on the group of those financial assets and financial liabilities.

#### **2. Depreciation and amortization**

##### ( 1 ) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are depreciated using the straight-line method. The useful life, which is the basis of calculating depreciation costs, is determined by the Company based on management's best estimate of the useful life of each asset.

##### ( 2 ) Intangible assets

Intangible assets are amortized using the straight-line method. The useful life is determined by the Company based on management's best estimate.

#### **3. Allowance**

##### ( 1 ) Reserve for bonuses

To provide for the bonus payments to officers and employees, the Company makes a provision for the estimated amount of bonus payable as derived by the calculation method.

( 2 ) Reserve for retirement benefits

To provide for the payment of employees' retirement benefits per the retirement plan, the Company makes a provision for retirement benefits based on projected benefit obligations and projected plan assets at the end of this fiscal year. In addition, to provide for employees' lump sum severance indemnity, the Company also makes a provision for vested benefit obligation at this fiscal year end per the supplemental retirement plan.

**4. Statutory reserve**

Reserve for financial products transaction liabilities is recorded as reserve under the special laws to provide for losses associated with financial transactions of the entrusted securities transactions and derivatives transactions per the amount calculated as prescribed in article 175 of the "Cabinet Office Ordinance Concerning Financial Instruments Transaction Business" and pursuant to the provisions in Article 46-5, Section 1 of the Financial Instruments and Exchange Law.

**5. Revenues and expenses**

The Company has adopted ASBJ Statement No. 29 Accounting Standard for Revenue Recognition of March 31, 2020 and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition of March 26, 2021 since the beginning of the current fiscal year to recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. Main obligations to perform for the commission received under the contract with the customer in our major business and the normal point in time (the normal time to recognize the revenues) at which the performance obligations are satisfied are described in the notes to Revenue Recognition.

**6. Other material matters that constitute basis for preparing the financial statements**

( 1 ) Accounting for hedging activities

Termination of hedge accounting

For interest rate swaps that no longer meet the requirements of hedge accounting, the Company ceased to apply hedge accounting, evaluated fair value of the interest swaps, and report the valuation difference of interest swaps at the time of the termination of hedge accounting as deferred net gain/(loss) on hedges. The valuation difference is reported in profit and loss as an adjustment of interest rates and will be amortized over the periods until the expiration of the Long-term collateral financing transactions that are hedged. The changes in fair value of interest rate swaps after the termination of hedge accounting are included in net trading income.

( 2 ) Application of Group Tax Sharing System

The Company has adopted Group Tax Sharing System with Citigroup Japan Holdings G.K. as the parent company.

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### ( 3 ) Accounting for Trade date accrual

Trade date accruals are contra-accounts to report contract price amount on the securities or derivatives under trading inventories, which are sold or bought between trade date and settlement date. The balances are offset between asset and liability on the balance sheet.

### ( 4 ) Accounting for dividend income

Dividend income recorded on the statement of income includes dividend income equivalent amounts received from non-issuing companies as well as dividend received from issuing companies, and deducts dividend income equivalent amounts paid to others.

## **[Notes to Changes in Accounting Policies]**

(Application of Implementation Guidance on the Accounting Standard for Fair Value Measurement)

The Company has adopted “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Implementation Guidance on Fair Value Measurement Accounting Standard”) from the beginning of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard, a new accounting policy prescribed by the Implementation Guidance on Fair Value Measurement Accounting Standard is applied prospectively. Also, it does not affect the financial report due to the application of the implementation guidance .

## **[Notes to Revenue Recognition]**

(Basic Information for Understanding Profits)

The following are the main obligations to perform for the commission received under the contract with the customer in our major business and the normal point in time (the normal time to recognize the revenues) at which the performance obligations are satisfied.

### Brokerage Commissions

The Company is obliged to perform intermediary, brokerage or agency service for sales and purchase of Securities, etc. or Derivative Transactions, etc. The obligation of performance is fulfilled on the Contract Date (one point) at the time of the performance of the relevant service and recognizes the revenues.

### Fees for Underwriting, Secondary Distribution and Solicitation for Selling and Others for Professional Investors

The Company is obliged to undertake Underwriting, Secondary Distribution and Solicitation for Selling and Others for Professional Investors. The performance obligation is fulfilled at the time of completion of our business under the Agreement, and the Underwriting Fee and the Administrative Director Fee Equivalent are recognized on the Condition Determination Date (at one point), and the Sales Fee Equivalent is recognized on

the Application Date (at one point).

#### Other Commissions

Other Commissions include fees for various services, and the main fees arising from a customer's contract are those for M&A. The fee is subject to the obligation to perform advisory services related to M&A, and the revenue is recognized at the time of completion (at one point) of the provision of the services under the contractual agreement.

The breakdown of the commission received in the current fiscal year is as follows.

(Millions of Yen)

	Amount
Commissions received	
Revenues under the contract with the customer	15,782
Brokerage Commissions	12,911
Fees for Underwriting, Secondary Distribution and Solicitation for Selling and Others for Professional Investors	95
Other Commissions	2,775
Commissions received other than the above(*1)	34,351
Total commissions received	50,134

(\*1) Mainly a distribution of revenues to Japanese legal entity, etc. related to international transactions.

#### [Notes to Significant Accounting Estimates]

The items, which are recorded based on the accounting estimates in the current fiscal year and have possibilities to affect the financial report significantly in the following fiscal year, are as follows.

##### **1.Valuation of derivatives in Trading products, which uses unobservable input containing material impact on market value calculation**

( 1 ) Amounts recorded in the financial report of the current fiscal year

These derivatives are recorded in assets by 30.8 billion yen and in liabilities by 30.9 billion yen in the Balance Sheet as of the current fiscal year end, and have uncertainty in the estimates due to the unobservable input used in market value calculation.

( 2 ) Information for the significant accounting estimates with respect to the identified items

- Calculation method for the amounts recorded in the current fiscal year  
Described in [Notes to Financial Instruments] 2. Fair Value of Financial Instruments.
- Major assumptions used for the calculation in the current fiscal year  
Major assumptions, with respect to the accounting estimates for market value calculation of derivative transactions under Trading products, are derivatives pricing model and inputs used in the model. In the pricing model, various inputs are used such as interest rate, foreign exchange rate, stock price, volatility and credit spread. In particular, this pricing model for these derivatives

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uses unobservable inputs such as long-term interest rate, volatility, credit spread and correlation factor.

(3) Impact on the financial report in the following fiscal year

The change of major assumptions led by the change of market environment may have a material impact on the valuation of these derivatives in the financial report of the following fiscal year.

**[Notes to Balance Sheet]**

**1. Assets pledged as collateral and collateralized liabilities**

( 1 ) Assets pledged as collateral	
• Trading products	11 million yen
( 2 ) Collateralized liabilities	
• Short-term loans payable	- million yen

**2. Fair value of collateralized securities**

( 1 ) Securities pledged out	
• Securities loaned to customers for margin transaction	2,847 million yen
• Securities loaned as collateral under financing agreements	834,126 million yen
• Securities pledged related to securities sold under Gensaki transactions	2,655,648 million yen
• Securities pledged as margin	38,141 million yen
• Securities pledged as collateral for other transactions	2,494 million yen
( 2 ) Securities received in	
• Securities borrowed on margin transactions	2,847 million yen
• Securities borrowed under financing agreements	1,821,494 million yen
• Securities received related to securities purchased under Gensaki transactions	2,147,297 million yen

**3. Accumulated depreciation of property, plant and equipment** 3,470 million yen

**4. Guarantee obligations**

The Company guarantees housing loans obtained by employees from the following financial institution.

• SMBC Trust Bank Ltd.	30 million yen
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**5. Monetary claims from the affiliates and monetary debts to the affiliates**

• Short-term monetary claims	83 million yen
• Short-term monetary debts	200,813 million yen
• Long-term monetary debts	354,950 million yen

**[Notes to Statement of Income]****Volume of transactions with the affiliates**

## Operating transactions

- Operating revenues 593 million yen
- Operating expenses 28,712 million yen

Other than operating transactions 118 million yen

**[Notes to Statement of Changes in Equity]****Outstanding shares**

(Unit: shares)

Types of shares	Number at the beginning of the fiscal year	Number increased	Number decreased	Number at the end of the fiscal year
Common stock	3,842,000	-	-	3,842,000

**[Notes to accounting for income taxes]****1. Key components of deferred tax assets**

Key components of deferred tax assets are reserve for retirement and reserve for bonus.

**2. Valuation allowance deducted from deferred tax assets** 5,115 million yen

**[Notes to Financial Instruments]**

1. Matters Related to Financial Instruments

(1) Transaction Policy

The Company operates securities-related businesses including intermediary, agency or broker activities for the purchase and sale of securities, underwriting and secondary offering of securities, primary and secondary offerings of securities, dealing of private placement of securities, securities lending transactions, Gensaki transactions, and trading of securities and other financial instruments (hereinafter “Trading”). As part of Trading, the Company also trades derivative products with clients in order to meet their various risk needs. Furthermore, the Company trades derivatives to hedge or control the risks occurred through Trading activities.

To meet the funding needs of those operations, the Company optimizes its funding through the use of unsecured and secured funding transactions in consideration of the nature of assets held. The Company conducts liquidity stress test and other liquidity monitoring based on the internal policy, and, monitors funding activities to ensure the Company meet the target set in the policy.

(2) Description of Financial Instruments and associated risks

The cash trades of financial instruments by the Company consist of listed stocks, government bonds, government guaranteed bonds, fiscal investment and loan program agency bonds, municipal bonds, corporate bonds, foreign bonds, beneficiary certificates, structured bonds and monetary claims. The risk associated with such financial instruments is mainly market risk and credit risk.

The Company trades listed derivatives and OTC derivatives. Listed derivatives consist of equity index futures, JGB futures, interest rate futures, listed options on futures and options on listed stocks, etc. OTC derivatives consist of interest rate swap, currency swaps, bond options, currency options, equity options, credit default swaps, commodity swaps, forward rate agreements, FX forward contracts, etc. The risks associated with such financial instruments are mainly market risk and credit risk.

The Company's sources of funding include borrowing, collateralized funding transactions, issuance of debt, etc. The risk associated with such financial instruments is mainly liquidity risk.

(3) Risk Management Framework of Financial Instruments

① Market risk and credit risk management

(i) Risk management framework

Market risk and credit risk management is performed by Risk Management Division, independently from Trading division. Market risks are managed by setting market risk limit in consideration of its financial standing and setting the operational standards corresponding to trading practice and trading strategy. To elaborate, market risk limits are set based on sensitivity for market risk factors and Value-at-Risk calculated by a model examined by a dedicated model validation group and monitored. Any violation of the market risk limit is required to be resolved immediately. Risk Management Division evaluates counterparties' credit risks by applying the internal credit rating standard and sets the credit limit for each counterparty and then manages the transactions in accordance with the credit risk limits.

Risk Management Division monitors market risk limit usage, compliance with internal rules, and credit risk limit usage based on the trading positions and trading income and loss. Finance division manages trading income and losses and capital adequacy ratio according to the Financial Instruments and Exchange Law.

(ii) Quantitative information on Market Risks

a) Financial instruments for trading purpose

The company adopted Value-at-Risk (VaR) (holding period of one day, with the confidence level of 99%) to compute estimated fair market value of loss amounts associated with trading purpose securities and derivative products. The VaR computation uses the Monte-Carlo Method taking risk factors such as stock prices, interest rates and foreign exchange rates as risk factors under consideration of nonlinear option pricing and unique risk of equities and bonds.

The Company's market risk amount for trading activities (probable loss amount) as of December 31, 2023 was 870 million yen.

The Company also conducts a comparative analysis of the VaR result against the actual profit and loss (P&L). Per the result for the period of January 2023 through December 2023, there was no business day where actual profit and loss exceeded VaR, and the Company continues to work on the improvement of the calculation including periodical update of correlation. VaR depends on many statistical assumptions and historical movement of market factors, thus, there can be some cases where actual losses would exceed VaR estimation depending on the market conditions. VaR covers financial instruments related to transactions of cash collateral for securities and Gensaki transactions, although these are not trading securities.

b) Financial instruments for non-trading purpose

Major financial instruments which may be impacted from the interest rate risk are "Long-term loans payable" and "Bonds payable". However, quantitative analysis is not used to measure market

risk for the purpose of the risk management of these instruments. As of December 31, 2023 assuming all risk factors other than interest rate are same and if the interest rate decrease by 10 basis point (0.10%), the market value of these instruments is estimated to decrease by 27 million yen. Contrarily, if the interest rate increases by 10 basis point (0.10%), it is estimated the value will increase by 27 million yen.

② Management of liquidity risk associated with funding activities

Treasury Unit as first line of defense and Treasury Risk Management Unit as second line of defense are in charge of managing liquidity risk associated with funding activities. In practice, the firm maintains appropriate level of liquid asset surplus in compliance with internal policy. Also, the department diversifies the tenors, counterparties and means of funding, in consideration of market environment and assets held. Furthermore, it runs long-term and short-term stress tests in order to monitor and manage the liquidity risk appropriately.

(4) Supplementary explanations about matters concerning fair value of financial instruments

Because certain pre-conditions are used in the calculation of fair value of financial instruments, the value may differ depending on different pre-conditions.

## 2. Fair Value of Financial Instruments

The following table represents book values, fair values as well as differences as of December 31, 2023.

This table does not include stocks without market price (Amount recorded in the balance sheet 742 million yen). In addition, cash is omitted from the notes, and deposits, cash segregated as deposits, Trade date accrual, Margin transaction assets, Margin transaction liabilities, Loans on Gensaki transactions, Loans payable secured by securities, Short-term guarantee deposits, Guarantee deposits received, and Short-term loans payable are also omitted from the notes because the fair value is considered to approximate the book value due to the short term of settlement period.

(Millions of Yen)

	Book Value	Fair Value	Difference
<b>Assets</b>			
Trading securities and others	557,568	557,568	—
Cash collateral pledged for securities borrowed	1,521,788	1,522,715	927
<b>Total Assets</b>	<b>2,079,356</b>	<b>2,080,283</b>	<b>927</b>
<b>Liabilities</b>			
Trading securities and others	617,499	617,499	—
Bonds payable	1,600	1,585	(14)
Long-term loans payable	398,862	400,849	1,987
<b>Total Liabilities</b>	<b>1,017,961</b>	<b>1,019,935</b>	<b>1,973</b>
<b>Derivative transactions (*1)</b>			
Hedge accounting not applied	44,700	44,700	—
<b>Total Derivative Transactions</b>	<b>44,700</b>	<b>44,700</b>	<b>—</b>

(\*1) Derivative assets and liabilities are presented in net amounts.

### (Footnote 1) Fair value measurement for financial instruments

#### Assets

#### (1) Trading products (Trading securities and other)

Fair value of stocks is defined as market closing price (including dealers' market quotation). Fair value of bonds is market closing price or calculated price based on JGB with same outstanding tenors and swap rates, taking into account of elements such as issuers' credit rating, rate of redemption before maturity, liquidity, etc. Fair value of beneficiary certificates is defined as market closing price or the published standard price.

#### (2) Loans secured by securities (Cash collateral pledged for securities borrowed)

In the case of cash collateral with relatively long contract tenor, fair value is calculated as discounted cash flow for the redemption period using appropriate rate as a discount factor.

In the case of cash collateral with short contract tenor, fair value is considered to approximate the book value due to the short term of settlement period.

### Liabilities

(1) Trading products (Trading securities and other)

Fair value of stocks is defined as market closing price (including dealers' market quotation). Fair value of bonds is market closing price or calculated price based on JGB with same outstanding tenors and swap rates, taking into account of elements such as issuers' credit rating, rate of redemption before maturity, liquidity, etc.

(2) Bonds payable

Fair value of bonds payable is the present value calculated by pricing model based on interest rates, transaction term, credit spread, etc.

(3) Long-term loans payable

Fair value of long-term loans payable is the present value calculated by pricing model based on interest rates, transaction term, credit spread, etc.

### Derivative instruments

(Foreign exchange contracts)

Fair values are calculated using pricing model which factors in swap rate, volatilities etc.

(Interest rate contracts)

Fair values of listed derivatives are defined as settlement quotations or base price for margin calculation determined by market exchange or calculated using pricing model which factors in the fair value of underlying assets, volatilities, interest rate, etc. Fair values of OTC derivatives are calculated using pricing model which factors in swap rate, volatilities etc.

(Equity contracts)

Fair values of listed derivatives are defined as settlement quotations or base price for margin calculation determined by market exchange or calculated using pricing model which factors in the fair value of underlying assets, dividend yield, volatilities, interest rate, etc. Fair values of OTC derivatives are calculated using pricing model which factors in the fair value of underlying assets, dividend yield, volatilities, interest rate, etc.

(Other derivatives)

Fair values of credit default swaps are calculated using pricing model which factors in interest rates, credit rating, credit spread, default probabilities, transaction terms, etc.

Fair values of forward contracts are calculated using pricing model which factors in interest rates, the fair value of underlying assets, transaction terms, etc.

Fair values of embedded derivatives on structured notes/loans are calculated using pricing model which factors in swap rate, volatilities, stock index prices, etc.

Fair values of commodity derivatives are calculated using pricing model which factors in interest rates, listed future market prices, transaction term, etc.

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The Company incorporates the effects of counterparty credit risk and own credit risk when determining fair value of OTC derivatives. The Company also implements Funding Valuation Adjustment (hereafter referred to as “FVA”) based on a market funding risk premium. FVA reflects a market funding risk premium inherent in the uncollateralized portion of derivative portfolios and in collateralized derivatives where the terms of the agreement do not permit the reuse of the collateral received.

(Footnote 2) Repayment schedule of monetary claims

(Millions of Yen)

	Within 1 Year	Between 1 Year and 2 Years	Between 2 Years and 3 Years	Between 3 Years and 4 Years	Between 4 Years and 5 Years	More than 5 Years
Cash collateral pledged for securities borrowed	1,509,788	—	—	—	12,000	—
Total	1,509,788	—	—	—	12,000	—

Monetary claims other than above are expected to be repaid within 1 year.

(Footnote 3) Repayment schedule of bonds, borrowings and other interest-bearing debts

(Millions of Yen)

	Within 1 Year	Between 1 Year and 2 Years	Between 2 Years and 3 Years	Between 3 Years and 4 Years	Between 4 Years and 5 Years	More than 5 Years
Bonds payable	—	—	1,000	600	—	—
Long-term loans payable	—	25,000	203,274	85,588	1,000	84,000
Total	—	25,000	204,274	86,188	1,000	84,000

Interest-bearing debts other than above are expected to be repaid within 1 year.

[Notes to transactions with related parties]

1. Parent Company and Major Shareholder

(Millions of Yen)

Category	Company name	Percentage of voting right	Relationship with the related parties	Description of transaction	Transaction amount	Account	Balance at the fiscal year end	
Parent company	Citicorp LLC	Indirect 100%	Borrowing	Borrowing(Note 1)	538,130	Short-term loans payable	197,127	
							Long-term loans payable	353,862
				Interest expense on loans payable (Note 1)	25,747	Accrued expenses	1,708	
				Gain on early redemption of loan (Note 2)	35			
				Loss on early redemption of loan (Note 2)	154			

2. Subsidiaries of the Parent Company

(Millions of Yen)

Category	Company name	Percentage of voting right	Relationship with the related parties	Description of transaction	Transaction amount	Account	Balance at the fiscal year end
Subsidiary of the parent company	Citigroup Global Markets Limited	n/a	Broker/dealer in the U.K.	Gensaki transactions (Note 3)(Note 4)	-	Loans on Gensaki transactions	57,222
						Borrowings on Gensaki transaction	2,289,973
						Accrued expenses	5,097
				Debt credit transaction of securities (Note 3) (Note 4)	-	Cash received on debt credit transaction of securities	290,712
						Cash collateral pledged for securities borrowed	446,467
						Accrued income	118
						Accrued expenses	48
Subsidiary of the parent company	Citigroup Global Markets Inc.	n/a	Broker/dealer in the U.S.	Derivatives (Note 3)(Note 4)	-	Derivatives (liability)	16,416
						Short-term guarantee deposits	15,564
						Accrued income	95
				Purchase and sale of securities (Note 3)(Note 4)	-	Trade date accrual (liability)	26,563
				Brokerage transactions (Note 3)(Note 4)	-	Accrued income	65
				Other commissions (Note 5)	5,609	Accrued income	82
				Subsidiary of the parent company	Citigroup Global Markets Inc.	n/a	Broker/dealer in the U.S.
		Accrued expenses	715				
Other commissions (Note 5)	3,624	Accrued income	34				

[Translation]

(Millions of Yen)

Category	Company name	Percentage of voting right	Relationship with the related parties	Description of transaction	Transaction amount	Account	Balance at the fiscal year end
Subsidiary of the parent company	Citibank N.A.	n/a	Derivative counterparty	Derivatives (Note 3)(Note 4)	-	Derivatives (liability)	402,164
						Short-term guarantee deposits	422,409
				Other commissions (Note 5)	22,029	Accrued income	2,099
Subsidiary of the parent company	Citigroup Financial Products Inc.	n/a	Derivative counterparty	Derivatives (Note 3)(Note 4)	-	Derivatives (asset)	52,410
						Guarantee deposits received	47,630
						Accrued expenses	144
Subsidiary of the parent company	Citigroup Global Markets HK Limited	n/a	Derivative counterparty	Derivatives (Note 3)(Note 4)	-	Derivatives (asset)	1,011

The terms of transaction and the policy for determining the trade terms

(Note 1) Amount of transaction (borrowing) is the average balance during the current fiscal year. Also, no collateral is pledged in the borrowing. Borrowing decisions are made in consideration primarily of market interest rate.

(Note 2) It is the receipt or payment of the amount of the profit or loss resulting from the early redemption of loan. It is decided based on the terms of transaction of loan and the market interest rate at the time of redemption.

(Note 3) Market price based on transactions at arm's-length. The terms of transaction is reviewed as necessary.

(Note 4) Transaction amounts are omitted due to recurring nature of transaction.

(Note 5) The amount is transfer priced among the related parties based on the transfer pricing model, etc.

**[Note to per-share information]**

( 1 ) Net assets per share	62,964.32 yen
( 2 ) Net income per share for the year	3,509.85 yen

**[Notes to others]**

**1. Transition from the Consolidated Taxation System to the Group Tax Sharing System**

The Company has adopted the Group Tax Sharing System from the beginning of the current fiscal year. The accounting and the disclosure conform to “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Solution No.42, August 12, 2021). Based on the paragraph 32(1) of the ASBJ Practical Solution No.42, the change in the accounting policies by applying the ASBJ Practical Solution No. 42 does not affect our financial statements.

**2. Subordinated debts**

Loans payable includes the subordinated debt of 35,000 million yen stipulated by Article 176 of the Cabinet Office Ordinance Concerning Financial Instruments Dealers.