[Translation]

Interim Financial Publication
for 6 months ended June 30, 2023

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Interim Balance Sheet
(As of June 30, 2023)

(Millions of Yen)

Account Name	Amount	Account Name	Amount
Cash and due from banks	2,597,721	Deposits	2,366,949
Receivables under resale agreements	383,768	Negotiable certificates of deposit	30,000
Monetary claims bought	8,208	Call money	18,826
Trading assets	57,932	Payables under repurchase agreements	59,147
Securities	2,759	Trading liabilities	48,676
Loans and bills discounted	538,530	Foreign exchanges	82,869
Foreing exchanges	57,995	Other liabilities	615,520
Other assets	622,892	Income taxes payable	2,780
Derivatives other than for trading-assets	592,678	Derivatives other than for trading-liabilities	567,849
Other	30,213	Asset retirement obligations	11
Tangible fixed assets	9	Other	44,878
Intangible fixed assets	170	Provision for bonuses	436
Deferred tax assets	2,858	Acceptances and guarantees	191,566
Customer's liabilities for acceptances and guarantees	191,566	Head office and branch accounts	1,650,534
Allowance for loan losses	(918)	Total liabilities	5,064,528
Head office and branch accounts	611,292	Brought-in capital	2,000
		Interim retained earnings broughts forward	8,449
		Valuation difference on available-for-sale securities	(191)
		Total net assets	10,258
Total assets	5,074,786	Total liabilities and net assets	5,074,786

Interim Statement of Income
(From January 1, 2023 to June 30, 2023)

(Millions of Yen)

Accounts	Amounts	
Ordinary income		50,716
Interest income	26,049	
[Interest on loans and discounts]	[5,057]	
[Interest and dividends on securities]	[16]	
Fees and commissions	9,243	
Trading income	2,403	
Other ordinary income	12,263	
Other income	756	
Ordinary expenses		39,576
Interest expenses	26,513	
[Interest on deposits]	[8,566]	
Fees and commissions paid	1,443	
Other ordinary expenses	98	
General and administrative expenses	10,125	
Other expenses	1,396	
Ordinary profit		11,140
Interim income before income taxes		11,140
Income taxes-current	3,159	
Income taxes-deferred	260	
Total Income taxes		3,420
Interim net income		7,720
Retained earnings brought forward (Beginning balance)		14,229
Remittance to head office		13,500
Interim retained earnings brought forward		8,449

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: 3 to 15 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 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. 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.

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.

Notes to Interim Balance Sheet

1. For securities held as collateral under “receivables under resale agreements” and “derivative transactions” which can be sold or pledged without restrictions, 459,491 million yen were pledged and there was no security amount held by Citibank, N.A., Tokyo Branch at the interim 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.

Bankrupt and quasi-bankrupt claims	- million yen
Doubtful claim	3,729 million yen
Past due loans (3 months or more)	- million yen
Restructured loans	- million yen
Total	3,729 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 13,276 million yen.

8. AFS securities of 2,745 million yen were pledged as collateral for settlements of FX transactions etc. In addition, other assets included other guarantee deposits of 16,194 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 473,279 million yen and the amount of those with remaining period within one year was 338,342 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: 26 million yen.

Notes to Interim Statement of Income

Head office cost sharing

(1) Direct expense (Expatriate salary etc.)	1 million yen
(2) Indirect charge	184 million yen

Notes related to Financial Instruments

1. Fair Value of Financial Instruments

Fair value and balance sheet amount of financial instruments as of June 30, 2023 are shown below.

(Millions of Yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and due from banks	2,597,721	2,597,721	-
(2) Receivables under resale agreements	383,768	383,768	-
(3) Monetary claims bought (*1)	8,171	8,171	-
(4) Trading assets			
Trading securities	8,329	8,329	-
(5) Securities			
Other securities	2,759	2,759	-
(6) Loans and bills discounted	538,530		
Allowance for loan losses (*1)	(728)		
	537,802	532,431	(5,370)
(7) Foreign exchange (*1)	57,954	57,954	-
(8) Head office and branch accounts	611,292	602,655	(8,636)
Total Assets	4,207,799	4,193,792	(14,007)
(1) Deposits	2,366,949	2,366,949	-
(2) Negotiable certificates of deposits	30,000	30,000	-
(3) Call money	18,826	18,826	-
(4) Payables under repurchase agreements	59,147	59,147	-
(5) Foreign exchange	82,869	82,869	-
(6) Head office and branch accounts	1,650,534	1,641,152	(9,382)
Total Liabilities	4,208,328	4,198,945	(9,382)
Derivative transactions (*2)			
Trading	25,844	25,844	-
Total derivative transactions	25,844	25,844	-

(*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.

2. 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	8,329	-	-	8,329
Securities				
Other securities	2,759	-	-	2,759
Total Assets	11,089	-	-	11,089
Total Liabilities	-	-	-	-
Derivative transactions				
Interest related instruments	743	-	-	743
Currency related instruments	-	24,828	-	24,828
Bond related instruments	272	-	-	272
Total derivative transactions	1,016	24,828	-	25,844

(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	-	2,597,721	-	2,597,721
Receivables under resale agreements	-	383,768	-	383,768
Monetary claims bought	-	8,171	-	8,171
Loans and bills discounted	-	-	532,431	532,431
Foreign exchange	-	57,954	-	57,954
Head office and branch accounts	-	602,655	-	602,655
Total Assets	-	3,650,272	532,431	4,182,703
Deposits	-	2,366,949	-	2,366,949
Negotiable certificates of deposit	-	30,000	-	30,000
Call money	-	18,826	-	18,826
Payables under repurchase agreements	-	59,147	-	59,147
Foreign exchange	-	82,869	-	82,869
Head office and branch accounts	-	1,641,152	-	1,641,152
Total Liabilities	-	4,198,945	-	4,198,945

(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.

(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.

(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) Negotiable certificates of deposits

The carrying amount is presented as the fair value, as the fair value approximates such carrying amount. They are classified into Level 2.

(3) Call Money

The carrying amount is presented as the fair value, as the fair value approximates such carrying amount. They are classified into Level 2.

(4) Payables under repurchase agreements

For Payables under repurchase 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 Payables under repurchase 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.

(5) 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.

(6) 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. 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. 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 “Securities” and Trading securities in “Trading assets” on Interim Balance sheet.

1. Securities classified as trading purposes: (as of June 30, 2023)

(Unit: Millions of Yen)

	Valuations gains/(losses) included in the earnings for the interim fiscal year
Securities classified as trading purposes	(41)

2. AFS securities with market value are as follows: (as of June 30, 2023)

(Unit: Millions of Yen)

	Type	Interim Balance sheet amount	Acquisition cost	Valuations gains/(losses)
Interim Balance sheet amount exceeding acquisition cost	Bonds	-	-	-
	Japanese Government Bonds	-	-	-
	Sub Total	-	-	-
Interim Balance sheet amount equal or less than acquisition cost	Bonds	2,759	3,035	(276)
	Japanese Government Bonds	2,759	3,035	(276)
	Sub total	2,759	3,037	(276)
Total		2,759	3,037	(276)

3. AFS securities sold during the interim fiscal year are as follows: (from January 1, 2023 to June 30, 2023)

(Unit: Millions of Yen)

	Sold amount	Gains on sales	Losses on sales
Bonds	2,985	-	14
Japanese Government Bond	2,985	-	14
Total	2,985	-	14

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)
Deferred Asset	877
Accrued expense	354
Accrued enterprise tax	353
Unearned commission	352
Loan loss reserve	281
Fixed assets	251
Accrued income	163
Bonus reserve	133
Other securities	84
Other	5
Deferred tax assets total	2,858
Deferred tax liabilities	-
Deferred tax liabilities total	-
Net deferred tax asset	2,858