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[Disclosure Booklet]

Explanatory Documents
on the Status of Business and Property
for the fiscal year ended Dec 31, 2022

This disclosure booklet is prepared by the Company for publication

on the Internet under Article 46-4 of the Financial Instruments and Exchange Law.

Citigroup Global Markets Japan Inc.

Contents

I Outline and Organization

1. Corporate Name Citigroup Global Markets Japan Inc. (the Company)

2. Registration Date September 30, 2007
(Registration Number) (The Director-General of the Kanto Finance Bureau (Kinsho) No.130)

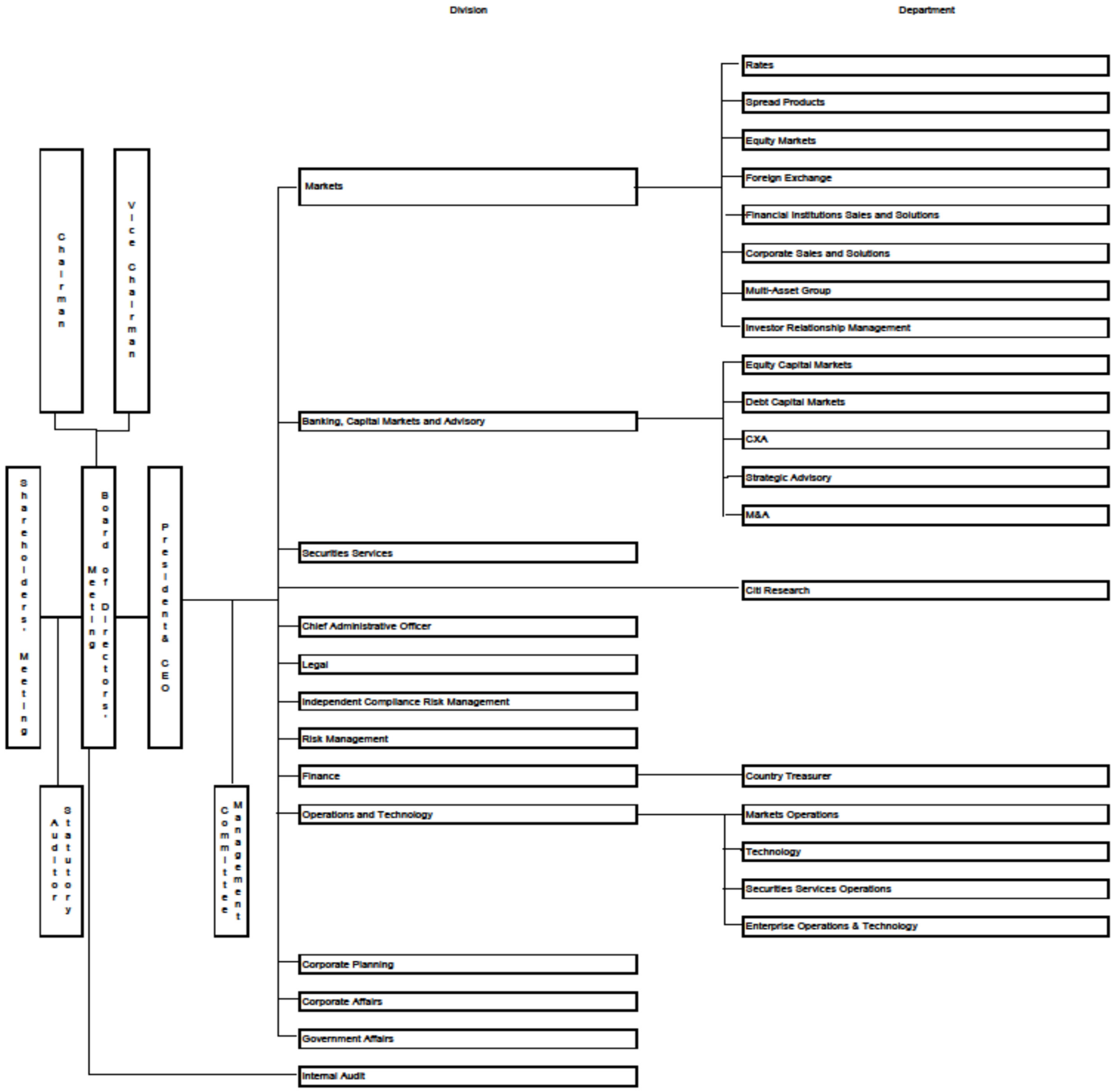
3. History and Organization

(1) History

Year	History
1972	・ Smith Barney Tokyo Representative Office established
1977	・ Salomon Brothers Asia Limited established in Hong Kong
1980	・ Salomon Brothers Asia International Tokyo Representative Office established ・ Smith Barney Tokyo Branch opened
1982	・ Salomon Brothers Asia Limited Tokyo Branch opened
1987	・ Becomes Remote Member of Osaka Securities Exchange
1988	・ Becomes Official Member of Tokyo Stock Exchange
1989	・ Becomes Standing Underwriting Manager for JGB syndication ・ Becomes Clearing Member of Tokyo International Financial Futures Exchange ・ Becomes Special Participant of Nagoya Stock Exchange
1991	・ Becomes Official Member of Osaka Securities Exchange
1998	・ Salomon Smith Barney (Japan) Limited formed upon Salomon Brothers Asia Limited's acquisition of all operations of Smith Barney Tokyo Branch
1999	・ Name changed to Nikko Salomon Smith Barney Limited upon acquisition of Nikko Securities' institutional businesses ・ Becomes Official Member of Nagoya Stock Exchange
2004	・ Begins operation as Nikko Citigroup Limited
2008	・ Nikko Citi Holdings Inc. established
2009	・ Name changed to Citigroup Global Markets Japan Inc.
2017	・ Japan headquarters moved to Otemachi Park Building

(2) Organization Chart

As of December 31, 2022



4. Shareholders in the Top 10, Number of Shares Held and Percentage of Voting Rights

As of December 31, 2022

Name of shareholders	Number of shares held	Percentage of voting rights
Citigroup Japan Holdings G.K.	3,842,000	100.00%
Total 1 party		

5. Names of Board of Directors and Statutory Auditor

As of December 31, 2022

Position	Name	Representation	Full-time/Non-Full-time
Representative Director, President and CEO	Lee Robert Waite	Yes	Full-time
Director, Chairman	Fumiaki Kurahara	No	Full-time
Director	Robert Itsuo Nakamura	No	Full-time
Director, Vice Chairman	Masuo Fukuda	No	Full-time
Director	Muneyuki Kuzushima	No	Full-time
Director	Hideki Ishibashi	No	Full-time
Director	Kayoko Nishimura	No	Full-time
Statutory Auditor	Yuichi Ito		Full-time

(Note) Marc Raoul Marie Luet assumed the office of Representative Director, President and CEO on January 12, 2023.

6. Names of Employees Specified by Cabinet Order

(1) Persons overseeing the operations concerning the guidance for compliance with the laws and regulations, etc. with respect to the financial instruments business

As of December 31, 2022

Name	Title
Hideki Ishibashi	Director, Head of Independent Compliance Risk Management Division, Chief Internal Control Officer
Hiroko Tanaka	General Counsel

(2) Persons overseeing the division to make an advice or conducting management with respect to the investment advisory business and investment management business

Not applicable

7. Business Operation

(1) Type I Financial Instruments Business

① Businesses under Article 28(1) (i) of Financial Instruments and Exchange Law (hereinafter referred to as the "FIEL")

(i) Sale and purchase of Securities (excluding those falling under the category of Derivative Transactions; the same shall apply hereinafter), Exchange traded Derivatives (excluding Financial Instruments (limited to those in Article 2(24) (iii-2)) or Financial Indices (limited to the value of the Financial Instruments or figures calculated based thereon) related Exchange traded Derivatives (the same shall apply "Commodities related Exchange traded Derivatives" hereinafter) or Foreign Exchange traded Derivative Transactions (excluding sale and purchase of Securities falling under Article 2(8) (x) of FIEL)

(ii) Intermediary ("Baikai"), brokerage ("Toritsugi") (excluding Brokerage for Clearing of Securities,etc.) or agency service ("Dairi") for sale and purchase of Securities, Exchange traded Derivatives or Foreign Exchange traded Derivatives Transactions (excluding intermediary ("Baikai"), brokerage ("Toritsugi") or agency service ("Dairi") for sale and purchase of Securities falling under Article 2(8) (x) of FIEL)

(iii) Intermediary ("Baikai"), brokerage ("Toritsugi") or agency service ("Dairi") for agency ("Itaku") of the following transactions;

(a) Sale and purchase of Securities conducted in a Financial Instruments Exchange Market or Exchange traded Derivatives; or

(b) Sale and purchase of Securities conducted in a Foreign Financial Instruments Market (meaning a market in a Foreign State similar to Financial Instruments Exchange Market; the same shall apply hereinafter) or Foreign Exchange traded Derivatives Transactions

(iv) Brokerage for Clearing of Securities, etc.; or

(v) Secondary Distribution of Securities or exclusive Offer to Sell, etc. to Professional Investors

(vi) The handling of a Public Offering or Secondary Distribution of Securities, or the handling of a Private Placement of Securities or exclusive Offer to Sell, etc. to Professional Investors

② Business under Article 28(1) (ii) of FIEL

Over-the-Counter Transactions of Derivatives or intermediary ("Baikai"), brokerage ("Toritsugi") (excluding Brokerage for Clearing of Securities,etc.) or agency service ("Dairi") therefor; or, Brokerage for Clearing of Securities, etc. in relation to Over-the-Counter Transactions

③ Business under Article 28(1) (iii) (a) of FIEL

Wholesale Underwriting of Securities that are specified by a Cabinet Order as those for which management of risks of loss is highly necessary

④ Business under Article 28(1) (iii) (b) of FIEL

Wholesale Underwriting of Securities other than those listed in Article 28(1) (iii) (a) of FIEL

⑤ Business under Article 28(1) (iii) (c) of FIEL

Acts listed in Article 2(8) (vi) that are other than Wholesale Underwriting of Securities

⑥ Securities, etc. Management Business

(2) Type II Financial Instruments Business

(3) Investment Advisory and Agency Business

① Business under Article 28(3) (ii) of FIEL.

Agency or intermediation for the conclusion of an Investment Advisory Contract or a Discretionary Investment Contract

(4) Supplemental Business Operation to Financial Instruments Business (i.e. the business conducted by the Company listed in Article 35(1) of FIEL)

① Lending and borrowing of Securities, or intermediary ("Baikai") or agency service ("Dairi") thereof

② Money loan incidental to a margin transaction

③ Money loan secured by Securities that are deposited for safe custody from customers

④ Agency service ("Dairi") for customers concerning Securities

⑤ Agency service ("Dairi") of the business pertaining to payment of earnings, redemption money or cancellation money with regard to beneficiary securities of Investment Trusts or foreign investment trusts, or the business pertaining to delivery of the Securities or any other assets belonging to the trust property pertaining to the Securities

⑥ Agency service ("Dairi") of the business pertaining to distribution of money, distribution of refunds or residual assets or payment of interest or redemption money with regard to Investment Securities, Investment Equity Subscription Rights Certificates or Investment Corporation Bonds, or Foreign Investment Securities

⑦ Conclusion of a Contract for Cumulative Investment

⑧ Provision of information or advice in relation to Securities

⑨ Agency service ("Dairi") of the business of any Counterparty Financial Business Operator, etc.

⑩ Retention of assets of a registered investment corporation

⑪ Consultation to any other business operator with regard to a business assignment, merger, company split, share exchange or share transfer, or intermediation for these matters

⑫ Consultation to any other business operator with regard to management

⑬ Sale and purchase of currencies and other assets designated by a Cabinet Order as being related to Derivative Transactions (excluding Transactions of Securities-Related Derivatives) or intermediary ("Baikai"), brokerage ("Toritsugi") or agency service ("Dairi") thereof

⑭ Sale and purchase of negotiable deposits and other monetary claims (excluding those that fall under the category of Securities), or intermediary ("Baikai"), brokerage ("Toritsugi") or agency service ("Dairi") thereof

8. Addresses of Head Office and Other Branches

As of December 31, 2022

Category	Address
Head Office	1-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100－8132

9. Other Business Operation

(1) Registered businesses conducted by the Company listed in Article 35(2) of FIEL

① Business pertaining to transactions conducted by using fluctuations in commodity prices and other indicators, market gaps, etc. as specified by a Cabinet Office Ordinance (excluding business pertaining to transactions on a commodity market, etc. defined in Article 2(21) of the Commodity Futures Act)

② Business pertaining to money lending business defined in Article 2(1) of the Act on Controls, etc. on Money Lending or other money loan, or intermediary service of lending and borrowing of money

③ Business pertaining to conclusion of a Loan Participation Contract, or an intermediary, brokerage or agency service

④ Goods leasing business

⑤ Business pertaining to creation and sale of computer programs for the business of any other business operator, and a business to accept the entrustment of computing service

⑥ Business of a conclusion of a contract on the acquisition or transfer of Carbon Dioxide Equivalent Quotas, or an intermediary, brokerage or agency service

⑦ Derivatives transactions pertaining to Carbon Dioxide Equivalent Quaotas, or an intermediary, brokerage or agency service

⑧ Business of concluding a contract for a guarantee or assumption of an obligation, or an intermediary, brokerage or agency service

⑨ Business of making an arrangement with or introducing another business operator, to customers of its Business

⑩ Business of management and lease of real estate and building

(2) Approved Businesses conducted by the Company listed in Article 35(4) of FIEL

① Business for intermediary, etc. of custody business, business for intermediary, etc. of fund service business and business for intermediary, etc. of foreign depositary receipt business

② Business for intermediary business related to LNG physical trading

③ Business for maritime freight index derivative transactions including intermediary and agency thereof

④ Agency/Brokerage services of collateral management related to OTC derivative transactions（since May 2022）

⑤ Intermediary services for the foreign commodity market transactions (since September 2022)

10. Engaged Businesses included in the Matters Set Forth in Article 7(3)(a), (3)-2, (3)-3 (a) and from (4) to (9) of the Cabinet Office Ordinance on Concerning Financial Instruments Business

① Securities-related business

② Sale and purchase of real estate trust beneficiary interests

11. Complaint Processing and Dispute Resolution

(1) Type I Financial Instruments Business

Measures to conclude a Basic Contract for Implementation of Dispute Resolution Procedure with Financial Instruments Mediation Assistance Center (hereinafter referred to as the "FINMAC")

(2) Type II Financial Instruments Business

Measures to utilize the Financial Futures Association of Japan (outsourcing to FINMAC) or measures to utilize Type II Financial Instruments Firms(outsourcing to FINMAC); otherwise, measures to utilize FINMAC directly as grievance procedure and dispute resolution prescribed in article 37-7(1) (ii) (b) of FIEL.

(3) Investment Advisory and Agency Business

Measures to utilize the Center of Tokyo Bar Association, Daiichi Tokyo Bar Association, and Diani Tokyo Bar Association as the measures for dispute resolution prescribed in article 37-7(1)(iii)(b) of FIEA Measures to publicize the business operation system and internal policy on public website of the Company.

(4) Investment Management Business

Not applicable

(5) Money Lending Business

Measures to conclude a Basic Contract for Implementation of Dispute Resolution Procedure with Japan Financial Services Association

12. Financial Instruments Firms Associations and Certified Investor Protection Organization Memberships

・Financial Instruments Firms Association : Japan Securities Dealers Association
The Financial Futures Association of Japan
Type II Financial Instruments Firms Association

13. Financial Instruments Exchange Memberships

Tokyo Stock Exchange
Osaka Exchange
Nagoya Stock Exchange
Tokyo Financial Exchange

14. Investor Protection Fund Membership

Japan Investor Protection Fund

II Business Overview

1. Business Outline for the Current Period

In 2022, the global economy and financial markets were strongly affected by factors such as 1)the Russia/Ukraine war, 2) rising global inflation and 3) accompanying monetary tightening by central banks. In the U.S. in particular, consumer prices were pushed up not only by supply constraints caused by COVID-19 and sharp rises in commodity prices driven by the Russia/Ukraine war but also by tight labor markets and strong wage growth. The U.S. core CPI (excluding food and energy) peaked in September at 6.6% year-on-year, the highest growth in about 40 years. Under these circumstances, the U.S. Fed began raising policy rates in March, and hiked 425bp in total by year-end. In addition, policymakers started to reduce a size of balance sheet in June. In Europe, too, inflation accelerated sharply mainly due to soaring energy prices, and the ECB raised interest rates by 250bp. Meanwhile, toward the end of the year, signs of moderation in inflation began to appear, mainly in the United States. The situation above has left a deep scar on financial markets. US long-term interest rates (10-year) rose from 1.5% at the end of 2021 to over 4% in October and November. The Fed's tightening also heightened concerns about the economy and corporate earnings, with the US stock market (S&P 500) down 19% for the year. However, toward the end of the year, long-term interest rates fell and the stock market remained firm due to market expectations that the Fed would stop raising rates in 2023 and could possibly turn to a rate cut. In Japan, reflecting the contrast in monetary policy between Japan and the US, the yen depreciated against the dollar sharply, reaching 151 yen in October from 115 yen at the end of 2021. Meanwhile, long-term interest rates remained stable under the Bank of Japan's Yield Curve Control (YCC) until November. At the BoJ meeting in December, however, the target range for 10-year JGB yields was widened from around ±0.25% to around ±0.50%, and long-term interest rates rose significantly. Speculation about additional policy adjustments continued to smolder among market participants. On the other hand, the Tokyo Stock Price Index fell by 5% over the year, but the drop was smaller than overseas, partly because the sharp yen depreciation against the dollar boosted corporate earnings.

Operating revenue totaled 93.9 billion yen, and Operating revenue, net of interest expense, amounted to 68.0 billion yen. Selling, general and administrative expenses totaled 42.9 billion yen, the operating income amounted to 25.0 billion yen and the ordinary income including non-operating income and expenses amounted to 24.6 billion yen. The net income before income tax amounted to 24.6 billion yen and the net income amounted to 17.4 billion yen with extraordinary income and loss and income taxes. Summaries by accounts are as follows.

(1) Commission received

Commission received was 49.9 billion yen. The following is the breakdown by category.

① Brokerage commissions

Brokerage commissions were 10.1 billion yen. Equity trading volume was 25,523.6 billion yen. Brokerage commissions on equities were 8.7 billion yen and average brokerage commission rate on equities was 0.034%. Brokerage commissions on equity futures and options, JGB futures and ETFs totaled 1.4 billion yen.

② Underwriting and selling commissions

Underwriting and selling commissions were 0.1 billion yen.

③ Subscription and distribution commissions

There was no subscription and distribution commissions in the current fiscal year.

④ Other commissions

Other commissions were 39.6 billion yen, mainly due to commissions from overseas subsidiaries and affiliates.

(2) Net trading income

Net trading income recorded 34.9 billion yen. Trading gain related to equities was 20.6 billion yen. Trading gain related to bonds was 4.2 billion yen and trading gain related to foreign exchange and other was 9.9 billion yen.

(3) Interest revenue and expenses

Net interest revenue and expenses were 16.8 billion yen loss.

(4) Selling, general and administrative expenses

Selling, general and administrative expenses were 42.9 billion yen.

(5) Non-operating income and expenses

Net non-operating expense was 0.3 billion yen, mainly including revaluation loss generated from assets and liabilities in foreign currencies.

(6) Extraordinary income and loss

Extraordinary income was 0.05 billion yen from gain on early redemption of loan. Extraordinary loss was 0.07 billion yen from reserve for financial products transaction liabilities.

(7) Income taxes

Net income before income taxes amounted to 24.6 billion yen. Income taxes-current amounted to 7.3 billion yen and income taxes-deferred amounted to a benefit of 0.1 billion yen.

(8) Net income

Net income amounted to 17.4 billion yen and net income per share was 4,540 yen.

2. Key Financial Data

(1) Overall Operating Results

(Millions of Yen)

	FY 2020	FY 2021	FY 2022
Capital stock	96,307	96,307	96,307
Total number of issued shares (thousands)	3,842	3,842	3,842
Operating revenue	66,128	52,196	93,934
(Commission received)	45,964	37,979	49,964
((Brokerage commissions))	7,439	9,716	10,177
((Underwriting & selling commissions))	206	211	135
((Other commissions))	38,318	28,051	39,652
(((Profit distribution to Japan subsidiaries concerning international transaction)))	33,470	22,533	33,237
(((Other)))	4,847	5,518	6,414
(Net trading income)	13,688	14,839	34,926
((Equities and other))	8,118	8,248	20,698
((Bonds))	135	5,819	4,281
((Foreign exchange and other))	5,435	771	9,946
(((Foreign exchange)))	5,651	704	6,190
(((Other)))	(216)	66	3,756
(Financial revenue)	6,474	(622)	9,043
Financial expenses	13,743	5,110	25,927
Operating revenue, net of interest expense	52,384	47,085	68,007
Ordinary income	15,888	9,754	24,643
Net income	15,518	6,145	17,444

(2) Trading and underwriting volume in securities

① Equity Trading Activity (excluding electronically recorded transferable rights that must be indicated on securities, etc. (hereinafter referred to as Digitalized Securities))

(Millions of Yen)

	FY 2020	FY 2021	FY 2022
Brokerage	20,152,368	25,925,266	25,523,632
Proprietary	6,537,581	12,830,653	13,131,894
Total	26,689,950	38,755,919	38,655,527

①-2　Equity Trading Activity (limited to those for Digitalized Securities)
Not applicable

②　Underwriting, offering and solicitation for selling and others for professional investors, and subscription placement, offering placement, private placement and solicitation for placement for professional investors (excluding those for electronic public offering services and Digitalized Securities)

(Millions of Yen)

Type		Underwriting	Offering	Total sales solicitation to professional investors	Subscription Placement	Offering Placement	Private Placement	Placement solicitation to professional investors
FY 2020	Stocks	1,413	−	−	1,072	−	−	−
	JGBs	−			−		−	−
	Municipal bonds	6,244			6,244		−	−
	Special bonds	3,000	−	−	3,000	−	−	−
	Corporate bonds	22,100	−	−	8,100	−	4,160	−
	Bonds Total	31,344	−	−	17,344	−	4,160	−
	Beneficiary certificate				−	−	213,009	−
	Other	−	−	−	−	−	−	−
FY 2021	Stocks	540	172	−	132	−	−	−
	JGBs	−			−		−	−
	Municipal bonds	6,444			6,444		−	−
	Special bonds	600	−	−	600	−	−	−
	Corporate bonds	46,300	−	−	25,900	−	−	−
	Bonds Total	53,344	−	−	32,944	−	−	−
	Beneficiary certificate				−	−	464,952	−
	Other	−	−	−	−	−	−	−
FY 2022	Stocks	38	−	−	−	−	−	−
	JGBs	−			−		−	−
	Municipal bonds	1,824			1,656		−	−
	Special bonds	200	−	−	200	−	−	−
	Corporate bonds	37,400	−	−	37,200	−	−	−
	Bonds Total	39,424	−	−	39,056	−	−	−
	Beneficiary certificate				−	−	444,170	−
	Other	−	−	−	−	−	−	−

②-2　Underwriting, offering and solicitation for selling and others for professional investors, and subscription placement, offering placement, private placement and solicitation for placement for professional investors (limited to those for electronic public offering services)
Not applicable

②-3　Underwriting, offering and solicitation for selling and others for professional investors, and subscription placement, offering placement, private placement and solicitation for placement for professional investors (limited to services related to Digitalized Securities)
Not applicable

(3) Other business activities

The Businesses listed in Article 35(2) and (4) of FIEL have been omitted in consideration of financial statements impact.

(4) Regulatory capital adequacy ratio

(Millions of Yen)

		FY 2020	FY 2021	FY 2022
Net capital ratio (A / B X 100)		436.7%	458.0%	418.4%
Net capital (A)		203,294	209,805	255,713
Risk total (B)		46,543	45,801	61,114
	Market risk	22,862	21,849	28,597
	Counterparty risk	13,585	13,842	20,349
	Basic risk	10,095	10,109	12,167
	Crypto-Assets, etc. Deduction	-	-	-

(5) Number of employees and registered sales representatives

	FY 2020	FY 2021	FY 2022
Employees	794	826	897
(Registered sales representatives)	(259)	(256)	(263)

(6) Performance-based compensation of Board of Directors (limited to financial instruments business operators engaged in investment management business)

Not applicable

III Financial Matters

1. Financial Information

(1) Statement of financial condition

(Millions of Yen)

Account	Previous fiscal year (As of December 31, 2021)	Current fiscal year (As of December 31, 2022)
(ASSETS)		
Current assets	3,805,931	4,876,204
Cash and deposits	302,819	431,921
Cash segregated as deposits	4,887	8,884
Trading products	813,250	820,328
Trading securities and other	577,276	405,199
Derivatives	235,974	415,129
Trade date accrual	19,029	93,711
Margin transaction assets	2,144	4,664
Cash collateral pledged for securities borrowing on margin transactions	2,144	4,664
Loans secured by securities	2,389,967	3,015,642
Cash collateral pledged for securities borrowed	1,381,041	1,341,897
Loans on Gensaki transactions	1,008,925	1,673,744
Advance paid	53	167
Short-term guarantee deposits	270,824	480,390
Variation margin paid	-	7,085
Accounts receivable	667	520
Accrued income	1,975	12,531
Others	310	355
Noncurrent assets	10,396	10,333
Property, plant and equipment	3,665	3,082
Buildings	3,465	2,934
Furniture & fixtures	200	148
Intangible assets	522	624
Software	359	383
Others	163	241
Investments and other assets	6,208	6,626
Investment securities	742	742
Long-term loans receivable	543	516
Long-term guarantee deposits	1,492	1,488
Deferred tax assets	3,428	3,879
Total Assets	3,816,328	4,886,538

(Millions of Yen)

Account	Previous fiscal year (As of December 31, 2021)	Current fiscal year (As of December 31, 2022)
(**LIABILITIES**)		
Current liabilities	3,383,184	4,396,023
Trading products	704,228	885,522
Trading securities and other	449,112	476,871
Derivatives	255,116	408,650
Margin transaction liabilities	2,462	4,875
Cash collateral received for securities lending on margin transactions	2,462	4,875
Loans payable secured by securities	2,348,379	2,843,020
Cash received on debt credit transaction of securities	479,606	594,200
Borrowings on Gensaki transactions	1,868,772	2,248,820
Deposits received	1,489	1,620
Guarantee deposits received	147,519	399,750
Variation margin received	11,423	-
Short-term loans payable	152,546	235,931
Current portion of bonds payable	700	-
Accounts payable	2,493	4,746
Accrued expenses	3,814	9,538
Income taxes payable	362	1,685
Reserve for bonuses	5,051	6,239
Others	2,713	3,092
Noncurrent liabilities	220,614	259,808
Bonds payable	1,900	1,600
Long-term loans payable	205,639	247,250
Reserve for retirement benefits	8,221	7,324
Others	4,853	3,633
Reserves under the special laws	2,450	2,525
Reserve for financial products transaction liabilities	2,450	2,525
Total Liabilities	3,606,248	4,658,357
(**NET ASSETS**)		
Shareholders' equity	212,626	229,429
Capital stock	96,307	96,307
Capital surplus	58,631	58,631
Legal capital surplus	55,660	55,660
Other capital surplus	2,971	2,971
Retained earnings	57,687	74,490
Other retained earnings	57,687	74,490
Retained earnings brought forward	57,687	74,490
Valuation and translation adjustments	(2,546)	(1,248)
Deferred net gain/ (loss) on hedges	(2,546)	(1,248)
Total Net Assets	210,079	228,181
Total Liabilities and Net Assets	3,816,328	4,886,538

(2) Statement of operations

(Millions of Yen)

Account	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Operating revenue	52,196	93,934
Commission received	37,979	49,964
Net trading income	14,839	34,926
Financial revenue	(622)	9,043
Financial expenses	5,110	25,927
Operating revenue, net of interest expense	47,085	68,007
Selling, general and administrative expenses	37,108	42,972
Trade-related expenses	5,552	7,779
Compensation	17,713	19,868
Occupancy	6,552	6,562
Administrative expenses	4,475	4,905
Depreciation	289	785
Taxes	1,491	1,868
Others	1,033	1,202
Operating income	9,977	25,035
Non-operating income	38	100
Non-operating expenses	261	491
Ordinary income	9,754	24,643
Extraordinary income	979	55
Reversal of reserve for financial products transaction liabilities	641	-
Gain on early redemption of loan	157	55
Reversal of restructuring loss	180	-
Extraordinary loss	706	75
Restructuring loss	392	-
Loss on early redemption of loan	313	-
Loss on disposal of fixed assets	0	-
Reserve for financial products transaction liabilities	-	75
Net income before income taxes	10,027	24,623
Income taxes - current	2,849	7,345
Income taxes - deferred	1,031	(166)
Net income	6,145	17,444

(3) Statement of changes in net assets

FY 2021 (from January 1, 2021 to December 31, 2021)

(Millions of Yen)

	Shareholders' equity						Valuation and translation adjustments	
	Capital stock	Capital surplus			Retained earnings	Total shareholder's equity	Deferred net gain / (loss) on hedges	Total net assets
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward			
Beginning balance	96,307	55,660	-	55,660	51,541	203,509	(3,781)	199,727
Changes of items during the fiscal year								
Business combination	-	-	2,971	2,971	-	2,971	-	2,971
Net income	-	-	-	-	6,145	6,145	-	6,145
Net changes of net assets other than shareholders' equity	-	-	-	-	-	-	1,235	1,235
Total changes of items during the fiscal year	-	-	2,971	2,971	6,145	9,117	1,235	10,352
Closing balance	96,307	55,660	2,971	58,631	57,687	212,626	(2,546)	210,079

FY 2022 (from January 1, 2022 to December 31, 2022)

(Millions of Yen)

	Shareholders' equity						Valuation and translation adjustments	
	Capital stock	Capital surplus			Retained earnings	Total shareholder's equity	Deferred net gain / (loss) on hedges	Total net assets
		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	57,687	212,626	(2,546)	210,079
Cumulative effects of changes in accounting policies	-	-	-	-	(641)	(641)	-	(641)
Restated balance	96,307	55,660	2,971	58,631	57,045	211,984	(2,546)	209,437
Changes of items during the fiscal year								
Net income	-	-	-	-	17,444	17,444	-	17,444
Net changes of net assets other than shareholders' equity	-	-	-	-	-	-	1,298	1,298
Total changes of items during the fiscal year	-	-	-	-	17,444	17,444	1,298	18,743
Closing balance	96,307	55,660	2,971	58,631	74,490	229,429	(1,248)	228,181

(4) Notes to the financial statements

① Notes to statement of financial condition

1) Assets pledged as collateral and collateralized liabilities

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
・ Assets pledged as collateral		
Trading products	11	11

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
・ Collateralized liabilities		
Short-term loans payable	—	—

2) Collateralized securities

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
・ Securities pledged out		
Securities loaned to customers for margin transactions	2,150	4,569
Securities loaned as collateral under financing agreements	601,015	712,431
Securities pledged related to securities sold under Gensaki transactions	1,897,835	2,239,174
Securities pledged as margin	35,667	30,940
Securities pledged as collateral for other transactions	74,464	40,912

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
・ Securities received in		
Securities borrowed on margin transactions	2,150	4,569
Securities borrowed under financing agreements	1,688,388	1,609,793
Securities received related to securities purchased under Gensaki transactions	1,005,773	1,637,041

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
3) Accumulated depreciation of property, plant and equipment	2,331	2,959

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
4) Monetary claims from the affiliates and monetary debts to the affiliates		
・ Short-term monetary claims from the affiliates	38	65
・ Short-term monetary debts to the affiliates	137,475	217,174
・ Long-term monetary debts to the affiliates	195,314	215,545

② Notes to statement of operations

	(Millions of Yen) FY2021	(Millions of Yen) FY2022
Volume of transactions with the affiliates		
Operating transactions		
・ Operating revenue from the affiliates	738	1,014
・ Operating expenses to the affiliates	1,490	7,414
Other than Operating transactions	165	55

③ Notes to statement of changes in net assets

1) Outstanding shares

(FY2021) (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

(FY2022) (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

2. Major Lenders and Borrowings

(Millions of Yen)

	FY2021		FY2022	
	Lender	Balance at the end of the fiscal year	Lender	Balance at the end of the fiscal year
Short-term	Citicorp LLC	134,546	Citicorp LLC	210,931
	Citigroup Financial Products Inc.	8,000		
Long-term	Citicorp LLC	194,639	Citicorp LLC	214,750

3. Securities Held (Non-Trading)

(Millions of Yen)

	FY2021			FY2022		
	Book Value	Fair Value	Unrealized gain/ (loss)	Book Value	Fair Value	Unrealized gain/ (loss)
Current assets	-	-	-	-	-	-
Equities	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Noncurrent assets	742	-	-	742	-	-
Equities	742	-	-	742	-	-
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-

4. Derivative Transactions (Non-Trading)

(Millions of Yen)

Transaction type	FY2021			FY2022		
	Notional amount	Fair value Asset (Liability)	Unrealized gain/ (loss)	Notional amount	Fair value Asset (Liability)	Unrealized gain/ (loss)
Interest rate swap on long-term cash collateral pledged for bonds borrowed	16,000	(2,546)	(2,546)	12,000	(1,248)	(1,248)

5. External Audit

Pursuant to the Article 436(2) (i) of the Companies Act, the Company's financial report and its supplementary schedules were audited by KPMG AZSA LLC. And the Company received audit report with unqualified opinion from KPMG AZSA LLC.

IV Internal Control Structure

1. Overview of Internal Control

The Company has the following divisions and departments which are responsible for internal control of the Company.

・**Legal Division**

Legal Division consists of Legal Department and Derivatives Documentation Group. The Division provides support to business operations including provision of legal advice in connection with general legal affairs, laws, regulations and rules relating to financial instruments transactions, implementation of legal, regulatory and compliance policies and procedures and also provides supervision of dispute resolution, etc.

・**Independent Compliance Risk Management Division**

Independent Compliance Risk Management Division consists of Markets Compliance, Surveillance, Central Compliance, AML Compliance, Banking & Research Compliance / Control Group and ICRM Compliance Testing, Sanctions Compliance and Regulatory Liaison and Exam Management Units. The Division is seen as a key advocate within Citi of "Responsible Finance". This is mainly accomplished by the following:

・Setting and implementing Compliance policies and related actions .

・Establishing and managing necessary governance framework and operating process regarding regulatory changes in domestic and foreign regulatory environment in cooperation with various risk stakeholders.

・Providing advisory and support to other divisions to promote appropriate business behavior and activity that is consistent with the required standards.

・Through testing and monitoring activities, evaluating compliance with policies and regulations, implementing corective actions, and establishing necessary governance framework with the partnership with relevant stakeholders.

・Providing various compliance trainings to officers and employees regarding laws, rules, regulations, and internal policies.

・**Risk Management Division**

Risk Management Division is consisted of nine units. Market Risk is responsible for managing exposures to changes in market factors, Credit Risk responsible for managing the exposure to all direct, issuer, and counterparty risk exposures, Operational Risk responsible for oversight of operational risk identification, measurement, monitoring and control within appetite, Treasury Risk responsible for managing liquidity risk and interest rate risk in the banking book, Risk Management Control Unit responsible for core risk process controls and governance activities, Legal Entity Risk Analytics Governance is responsible for managing legal entity regulatory applications for Basel advanced approaches models, related regulatory communications, and establishing associated internal governance procedures, New Activity Committee responsible for managing new activity review and approval, Underwriting Review responsible for managing underwriting/distribution risk related to securities offerings and Legal Entity Oversight responsible for establishing and oversight of Legal Entity Risk Management and Risk Appetite Framework.

・**Finance Division**

Finance Division consists of Controllers, Treasury, Financial Planning & Analysis and Tax Units. The Division is responsible for production, maintenance, and management of ledgers / reports, etc. of the Company's finance, accounting and tax, risk management based on the Company's Capital Adequacy Ratio, liquidity analysis, fund raising, fund management and planning of management accounting and budget of the Company.

- **Corporate Planning Division**

  The Corporate Planning Division is responsible for the matters related to corporate planning of the Company and the matters related to assistance to President of the Company, etc.
- **Corporate Affairs Division**

  The Corporate Affairs Division is responsible for the planning and execution of communications and public affairs programs designed to strengthen the Company's recognition, enhance its brand and protect its reputation and also responsible for the promotion of the Company's CSR activities.
- **Government Affairs**

  The office of Government Affairs is responsible for information gathering, research and analysis for the Company on government policies/activities as well as consultancy and advisory regarding relationship management with government agencies. It is also responsible for engagement in activities of business associations which the Company is involved in.
- **Operations and Technology Division**

  Operations and Technology Division consists of Markets Operations Department, Technology Department, Securities Services Operations and O&T Planning Unit. The Division is responsible for matters concerning settlement of financial products trades, etc. with Japanese and foreign customers, development of Company's information technology strategies, systems development, systems operations and maintenance and risk management around Operations & Technology of the franchise, specifically, Information Security, Personal Information Protection, JIMU risk, Continuity of Business, Information Technology, Record Management and outsourcing management.

The Company also has established the below division which directly report to Board of Directors.

- **Internal Audit Division**

  The Division conducts internal audits on the business of the Company and reports their results and evaluations to the Board of Directors.

Treatment of Customer Complaint

We shall respect the complaints and consultation received from our clients in relation to our business and strive for the prompt, good faith, fair and appropriate settlement thereof. Any received complaints are escalated to coverage Sales Managers and Internal Control Officers and a committee for Risk Management which members consist of our board of directors.

Internal Audit Structure

The Internal Audit Division will execute audits of the audit plan based on the risk assessment performed of the business of the Company including the adequacy of the firm's customer complaint management framework and reports the result and evaluation to the Board of Directors.

2. Condition of Customers' Assets Segregation

We have managed deposited cash and securities to secure and orderly stored them separately from our own property. Thus, even in the event of bankruptcy, deposited money and securities are refunded to customers under certainty. Asset segregation balance of cash and securities, and type of storage condition of the securities or the amount or quantity of securities at the end of December 2021 and December 2022 are as follows.

(1) Asset segregation based on article 43-2 of FIEL

① Condition of trust funds (Millions of Yen)

Type	As of December 31, 2021	As of December 31, 2022
Required segregation of customers' cash deposits at the latest calculation date	3,846	7,789
Funds entrusted for segregated customers' cash deposits at the end of the fiscal year	4,847	8,847
Required segregation of cash deposits at the end of the fiscal year	1,883	2,881

② Condition of securities segregation (excluding Digitalized Securities)

A. Securities for safe keeping

Security Type	As of December 31, 2021				As of December 31, 2022			
	Domestic securities		Foreign securities		Domestic securities		Foreign securities	
Equities (shares)	1,258,224	thousand shares	9,056,651	thousand shares	1,240,417	thousand shares	9,009,975	thousand shares
Bonds (face amount)	130,630	millions of yen	1,605,508	millions of yen	129,881	millions of yen	1,757,161	millions of yen
Beneficiary certificates (number of accounts)	154,888	million accounts	41,213	million accounts	293,665	million accounts	32,064	million accounts
Stock purchase warrants (number of units)	-	units	37	units	-	units	14	units

B. Securities received as collateral

Not applicable

C. Condition of securities segregation

Security Type	Depositary agent and segregation method
1. Convertible bond-type corporate bonds with stock acquisition rights, equity securities of investment corporations, beneficiary securities and investment securities that are listed on financial instruments exchange markets	①With respect to CB-type corporate bonds with stock acquisition rights (including CB certificates, the same shall apply hereinafter), equity securities of investment corporations, beneficiary certificates and investment securities that are listed on Financial Instruments Exchange Markets (the hereinafter referred to as the “Domestically Listed Securities”), those securities that are the assets of the Company and the other securities that are not Customer-owned Securities (hereinafter referred to as "Company-owned Securities"), in principle, shall be managed separately from Customer-owned Securities by means of a ledger, etc., but stored together at Japan Securities Depository Center (hereinafter referred to as the "Depository", including the organization that is entrusted by the Depositary, the same shall apply hereinafter). ②Customer-owned Securities shall be managed in a manner whereby the holdings of each customer can be immediately identified by means of the Company’s ledger, etc.; provided, however, that Domestically Listed Securities that are not re-deposited in the Depository at the customer’s request shall be stored in Japan Information Processing, Ltd. or any other outside place of custody clearly segregated from Company-owned Securities and managed in a manner whereby the customer to whom the particular securities belong can be immediately identified. Customer-owned Securities that have been delivered to the issuing company (including the transfer agent; the same shall apply hereinafter) for the exercise of stock acquisition rights of CB-type corporate bonds with stock acquisition rights etc. at the request of a customer shall be managed appropriately by means of the Company’s ledger, etc., in a manner whereby the issue, the amount and the issuing party of the particular securities can be immediately identified for each commissioning customer.
2. Domestically listed foreign securities	With respect to domestically listed foreign securities, Company-owned Securities and Customer-owned Securities, in principle, shall be managed separately by means of a ledger, etc. but stored together at Depository. Customer-owned Securities shall be managed in a manner whereby the holdings of each customer can be immediately identified by means of the Company’s ledger, etc.
3. Corporate debt securities, stocks etc. handled at book-entry system under the transfer law	①The Japanese Government Bonds shall be managed at the Bank of Japan pursuant to the Transfer Law in a manner whereby Company-owned Securities etc. and Customer-owned Securities are clearly segregated and, with respect to Customer-owned Securities, the holdings of each customer can be immediately identified by means of the Company’s ledger of the book-entry accounts. ②The corporate debt securities stocks etc.(excluding JGBs described in ① above) shall be managed at the Depository pursuant to the Transfer Law in a manner whereby Company-owned Securities etc. and Customer-owned Securities are clearly segregated and, with respect to Customer-owned Securities, the holdings of each customer can be immediately identified by means of the Company’s ledger of book-entry accounts.
4. Domestic bonds other than CB-type corporate bonds with stock acquisition rights and securities set forth in section 3 above, and stock acquisition rights securities, etc.	In principle, these securities shall be stored in Japan Information Processing, Ltd. or any other outside place of custody where Company-owned Securities, etc., and Customer-owned Securities are clearly segregated and managed in a manner whereby the holdings of each customer can be immediately identified by means of the Company’s ledger, etc. However, in the case of securities of large denomination, etc., where a single certificate is held in common by the Company and the customer, and it is not possible to clearly segregate the place of custody of Company-owned portion etc. and Customer-owned portion, the place of custody shall be made clear and Company-owned portion etc. and Customer-owned portion shall be segregated by means of the Company’s ledger, etc. and Customer-owned Securities shall be managed in a manner whereby the holdings of each customer can be immediately identified.

Security Type	Depositary agent and segregation method
5. Beneficiary certificates of investment trust	With respect to domestic Beneficiary certificates of investment trust, in principle, these certificates shall be stored together at the Depository. In such a case, the place of custody of Company-owned Securities, etc. and Customer-owned Securities shall be clearly segregated and Customer-owned Securities shall be managed in a manner whereby the holdings of each customer can be immediately identified by means of the Company's ledger, etc. However, in the case where a single certificate is held in common by the Company and the customer, and it is not possible to clearly segregate the place of custody of Company-owned portion etc. and Customer-owned portion, the place of custody shall be made clear and Company-owned portion etc. and Customer-owned portion shall be segregated by means of the Company's ledger etc. and Customer-owned Securities shall be managed in a manner whereby the holdings of each customer can be immediately identified. With respect to foreign Beneficiary certificates of investment trust, in principle, these certificates shall be managed clearly as Customer-owned Securities at an overseas Agency's facility and Customer-owned Securities shall be managed in a manner whereby the state of such management of Customer-owned Securities at the Agency can be immediately available and identified by means of the Company's ledger.
6. Securities stored or managed at overseas custodial facilities	With respect to the securities stored or managed at an overseas Custodial Facility, Company-owned Securities and Customer-owned Securities shall be segregated by establishing separate accounts, etc. as shown in the chart below, and Customer-owned Securities shall be managed in a manner whereby the holdings of each customer can be immediately identified by means of the Company's ledger, etc.; provided, however, that in the case it is not possible to store or manage Customer-owned Securities at the Custodial Facility in a manner whereby the holdings of each customer can be immediately identified, the Company shall manage these securities by means of the Company's ledger in such a way that the Company-owned portion and the Customer-owned portion is segregated and the holdings of each customer can be immediately identified.

[Overview of overseas custody]

Name of custodial facility	Country of establishment	Type of securities deposited	Existence of segregated accounts and method of segregation
Euroclear	Belgium	Euro denominated bonds, Australian bonds, Euro Yen bonds, UK bonds, Russian bonds, UK stocks, etc.	Separate accounts have been established for Company-owned Securities and customer-owned Securities at each custodial facility, and the securities for the customers' account is on a commingle basis.
Citibank (Hong Kong) Ltd.	Hong Kong	Turkish bonds, Hong Kong stocks, Thailand stocks, etc.	
Citigroup Global Markets Inc.	USA	US stocks, Canadian stocks, US bonds, Canadian bonds, etc.	Separate accounts have been established for Company-owned Securities and customer-owned Securities at each custodial facility, and the securities for the customers' account is on a separate basis.

③ Condition of asset segregation for Over-the-Counter Transactions of subject Securities-Related Derivatives

Not applicable

④ Condition of securities segregation (limited to Digitalized Securities (excluding rights based on article 1-12-2 of Order for Enforcement of FIEL))

Not applicable

(2) Asset segregation based on article 43-2-2 of FIEL

Not applicable

(3) Asset segregation based on article 43-3 of FIEL (excluding those for Digitalized Securities)

Not applicable

(3-2) Asset segregation based on article 43-3 of FIEL (limited to Digitalized Securities (excluding rights based on article 1-12-2 of Order for Enforcement of FIEL))

Not applicable

V Status of Consolidated Subsidiaries, etc.

The Company has no subsidiary and affiliate provided by the “Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 28 of 1976), article 2(3) and (7), respectively.

End