[Translation]

Financial Report for the 22nd Business Year

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Citigroup Global Markets Japan Inc.
Lee Robert Waite, Representative Director, President and CEO

Balance Sheet

(for the fiscal year ended December 31, 2021)

(Millions of Yen)

(Assets)		**(Liabilities)**	
Current assets	3,805,931	**Current liabilities**	3,383,184
Cash and deposits	302,819	Trading products	704,228
Cash segregated as deposits	4,887	Trading securities and other	449,112
Trading products	813,250	Derivatives	255,116
Trading securities and other	577,276	Margin transaction liabilities	2,462
Derivatives	235,974	Cash collateral received for securities lending on margin transactions	2,462
Trade date accrual	19,029		
Margin transaction assets	2,144	Loans payable secured by securities	2,348,379
Cash collateral pledged for securities borrowing on margin transactions	2,144	Cash received on debt credit transaction of securities	479,606
Loans secured by securities	2,389,967	Borrowings on Gensaki transactions	1,868,772
Cash collateral pledged for securities borrowed	1,381,041	Deposits received	1,489
		Guarantee deposits received	147,519
Loans on Gensaki transactions	1,008,925	Variation margin received	11,423
Advance paid	53	Short-term loans payable	152,546
Short-term guarantee deposits	270,824	Current portion of bonds payable	700
Accounts receivable	667	Accounts payable	2,493
Accrued income	1,975	Accrued expenses	3,814
Others	310	Income taxes payable	362
		Reserve for bonuses	5,051
		Others	2,713
Noncurrent assets	10,396	**Noncurrent liabilities**	220,614
Property, plant and equipment	3,665	Bonds payable	1,900
Facilities attached to buildings	3,465	Long-term loans payable	205,639
Furniture and fixtures	200	Reserve for retirement benefits	8,221
Intangible assets	522	Others	4,853
Software	359		
Others	163	**Reserves under the special laws**	2,450
Investments and other assets	6,208	Reserve for financial products transaction liabilities	2,450
Investment securities	742		
Long-term loans receivable	543		
Long-term guarantee deposits	1,492		
Deferred tax assets	3,428		
		Total Liabilities	3,606,248
		(Net assets)	
		Shareholders' equity	212,626
		Capital stock	96,307
		Capital surplus	58,631
		Legal capital surplus	55,660
		Other captial surplus	2,971
		Retained earnings	57,687
		Other retained earnings	57,687
		Retained earnings brought forward	57,687
		Valuation and translation adjustments	(2,546)
		Deferred net gain/ (loss) on hedges	(2,546)
		Total Net Assets	210,079
Total Assets	3,816,328	**Total Liabilities and Net Assets**	3,816,328

Statement of Income

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

(Millions of Yen)

Account				Amount	
Ordinary income	Operating revenue and expenses	Operating revenue			52,196
			Commission received	37,979	
			Net trading income	14,839	
			Financial revenue	(622)	
		Financial expenses			5,110
		Operating revenue, net of interest expense			47,085
		Selling, general and administrative expenses			37,108
		Operating income			**9,977**
	Non-operating income and expenses	Non-operating income			38
		Non-operating expenses			261
		Ordinary income			**9,754**
	Extraordinary income				979
		Reversal of reserve for financial products transaction liabilities		641	
		Gain on early redemption of loan		157	
		Reversal of restructuring loss		180	
	Extraordinary loss				706
		Restructuring loss		392	
		Loss on early redemption of loan		313	
		Loss on disposal of fixed assets		0	
		Net income before income taxes			**10,027**
		Income taxes - current			2,849
		Income taxes - deferred			1,031
		Net income			**6,145**

Statement of Changes in Equity

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

(Millions of Yen)

	Shareholders' equity						Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus			Retained earnings	Total shareholder's equity		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Deferred net gain / (loss) on hedges	
					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 consolidation	-	-	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

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)

Securities without fair value are carried at cost using the moving average method.

（２） Basis and methods of valuation of derivatives

Carried at fair value.

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

（１） Accounting for hedging activities

① Hedge accounting method

The Company applies the deferred hedge accounting.

② Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Long-term collateral financing transactions

③ Hedge policy

The Company manages interest rate risk implied in its investment and funding through the use of derivatives such as interest rate swaps as hedging instruments based on the Company's risk management policy.

④ The assessment of hedge effectiveness

The Company assesses hedge effectiveness by comparing the changes in fair value between hedged item and hedging instrument from the inception of the hedge relationship to the point of the assessment.

（２） Accounting for consumption taxes

Consumption taxes and local consumption taxes are accounted for based on tax exclusion method.

（３） Application of Tax Effect Accounting for Transition from the Consolidated Taxation System to the Group Tax Sharing System

Concerning items which transitioned to the group tax sharing system and those for which the non-consolidated tax payment system were reviewed in line with the transition to the group tax sharing system, which has been established under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), the Company will not apply the provisions of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28 of February 16, 2018), in accordance with Paragraph 3 of “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No.39 of March 31, 2020). As a result, the amounts of deferred tax assets and deferred tax liabilities are reported based on the provisions of the tax act before the amendment.

（４） 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.

（５） 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 Presentation Methods]

(Application of Accounting Standard for Disclosure of Accounting Estimates)

The Company has adopted ASBJ Statement No. 31 Accounting Standard for Disclosure of Accounting Estimates of March 31st, 2020 for the financial report since the current fiscal year, and described material accounting estimates in the notes on Significant Accounting Estimates.

[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 18.7 billion yen and in liabilities by 20.5 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

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	2,150 million yen
･ Securities loaned as collateral under financing agreements	601,015 million yen
･ Securities pledged related to securities sold under Gensaki transactions	1,897,835 million yen
･ Securities pledged as margin	35,667 million yen
･ Securities pledged as collateral for other transactions	74,464 million yen

（２） Securities received in

･ Securities borrowed on margin transactions	2,150 million yen
･ Securities borrowed under financing agreements	1,688,388 million yen
･ Securities received related to securities purchased under Gensaki transactions	1,005,773 million yen

３． Accumulated depreciation of property, plant and equipment 2,331 million yen

４． Guarantee obligations

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

･ SMBC Trust Bank Ltd. 47 million yen

５． Monetary claims from the affiliates and monetary debts to the affiliates

･ Short-term monetary claims	38 million yen
･ Short-term monetary debts	137,475 million yen
･ Long-term monetary debts	195,314 million yen

[Notes to Statement of Income]

Volume of transactions with the affiliates

Operating transactions

- Operating revenues 738 million yen
- Operating expenses 1,490 million yen

Other than operating transactions 165 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 and deferred tax liabilities

Key components of deferred tax assets are reserve for retirement and loss carry-forward.

Key components of deferred tax liabilities are dividend receivable.

2. Valuation allowance deducted from deferred tax assets 7,437 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.

In order to hedge interest rate risk from cash collateral received from long-term collateral financing transactions, the Company applies hedge accounting by identifying cash collateral as a hedged item and interest rate swap as a hedging instrument. The Company assesses hedge effectiveness by comparing the changes in fair value between hedged item and hedging instrument from the inception of the hedge relationship to the point of the assessment.

（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, 2021 was 556 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 2021 through December 2021, 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, 2021 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 increase by 5 million yen. Contrarily, if the interest rate increases by 10 basis point (0.10%), it is estimated the value will decrease by 5 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

Fair values of financial instruments are based on their market prices or on the reasonably calculated prices, in cases where market prices are not available. Such prices have been calculated using certain assumptions and may differ if calculated based on different assumptions.

2. Fair Value of Financial Instruments

The following table represents book values, fair values as well as differences as of December 31, 2021.

(Millions of Yen)

	Book Value	Fair Value	Difference
(1) Cash and deposits	302,819	302,819	—
(2) Cash segregated as deposits	4,887	4,887	—
(3) Trading products			
Trading securities and others	577,276	577,276	—
(4) Trade date accrual	19,029	19,029	—
(5) Margin transaction assets			
Cash collateral pledged for securities borrowing on margin transactions	2,144	2,144	—
(6) Loans secured by securities			
Cash collateral pledged for securities borrowed	1,381,041	1,383,302	2,261
Loans on Gensaki transactions	1,008,925	1,008,925	—
(7) Short-term guarantee deposits	270,824	270,824	—
Total Assets	3,566,949	3,569,211	2,261
(1) Trading products			
Trading securities and others	449,112	449,112	—
(2) Margin transaction liabilities			
Cash collateral received for securities lending on margin transactions	2,462	2,462	—
(3) Loans payable secured by securities			
Cash received on debt credit transaction of securities	479,606	479,606	—
Borrowings on Gensaki transactions	1,868,772	1,868,772	—
(4) Guarantee deposits received	147,519	147,519	—
(5) Short-term loans payable	152,546	152,546	—
(6) Current portion of bonds payable	700	700	—
(7) Bonds payable	1,900	1,828	(71)
(8) Long-term loans payable	205,639	207,421	1,781
Total Liabilities	3,308,259	3,309,969	1,709
Derivative transactions (*)			
Hedge accounting not applied	(19,141)	(19,141)	—
Hedge accounting applied	(2,546)	(2,546)	—
Total Derivative Transactions	(21,688)	(21,688)	—

(*) Derivative assets and liabilities are presented in net amounts, including derivatives other than Trading products. Negative amount represents net liability. These derivatives are presented after the netting if applicable, regardless of hedge accounting adoption.

(Footnote 1) Fair value measurement for financial instruments

Assets

(1) Cash and deposits

Fair value of cash and deposits is considered to approximate the book value due to the short term of settlement period.

(2) Cash segregated as deposits

Fair value of cash segregated as deposits is considered to approximate the book value due to the short term of settlement period.

(3) Trading products (Trading securities and other)

Fair value of stocks is defined to be 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 to be market closing price or the published standard price.

(4) Trade date accrual

Fair value of trade date accrual is considered to approximate the book value due to the short term of settlement period.

(5) Margin transaction assets

Cash collateral pledged for securities borrowing on margin transactions

Fair value of cash collateral pledged for securities borrowing on margin transactions is considered to approximate the book value due to the short term of settlement period.

(6) 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.

Loans on Gensaki transactions

Fair value of loans on Gensaki transactions is considered to approximate the book value due to the short term of settlement period.

(7) Short-term guarantee deposits

Fair value of short-term guarantee deposits is considered to approximate the book value due to the short term of contract.

Liabilities

(1) Trading products (Trading securities and other)

Fair value of stocks is defined to be 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) Margin transaction liabilities

Cash collateral received for securities lending on margin transactions

Fair value of cash collateral received for securities lending on margin transactions is considered to approximate the book value due to the short term of settlement period

(3) Loans payable secured by securities

Cash received on debt credit transaction of securities

Fair value of cash received on debt credit transaction of securities is considered to approximate the book value due to the short term of settlement period.

Borrowings on Gensaki transactions

Fair value of borrowings on Gensaki transactions is considered to approximate the book value due to the short term of settlement period.

(4) Guarantee deposits received

Fair value of guarantee deposits received is considered to approximate the book value due to the short term of settlement period.

(5) Short-term loans payable

Fair value of short-term loans payable is considered to approximate the book value due to the short term of settlement period.

(6) Current portion of bonds payable

Fair value of current portion of bonds payable is considered to approximate the book value due to the short term of redemption period.

(7) Bonds payable

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

(8) 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.

<u>Derivative instruments</u>

（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.

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	1,365,041	—	—	—	—	16,000
Total	1,365,041	—	—	—	—	16,000

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
Short-term loans payable	152,546	—	—	—	—	—
Current portion of bonds payable	700	—	—	—	—	—
Bonds payable	—	—	—	—	1,000	900
Long-term loans payable	—	99,092	—	—	20,000	86,546
Total	153,246	99,092	—	—	21,000	87,446

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 (Note 1)	Account	Balance at the fiscal year end (Note 1)
Parent company	Citigroup Japan Holdings G.K.	Direct 100%	Borrowing	Borrowing(Note 4)	11,000	Short-term loans payable	–
				Interest expense on loans payable (Note 4)	77	Accrued expenses	–
				Loss on early redemption of loan (Note 7)	313		
Parent company	Citicorp LLC	Indirect 100%	Borrowing	Borrowing(Note 4)	221,163	Short-term loans payable	134,546
						Long-term loans payable	194,639
				Interest revenue on loans payable (Note 4)(Note 6)	10	Accrued income	0
				Interest expense on loans payable (Note 4)	1,410	Accrued expenses	66
				Gain on early redemption of loan (Note 7)	148		

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 (Note 1)	Account	Balance at the fiscal year end (Note 1)
Subsidiary of the parent company	Citigroup Global Markets Limited	n/a	Broker/dealer in the U.K.	Gensaki transactions (Note 2)(Note 3)	—	Loans on Gensaki transactions	114,264
						Borrowings on Gensaki transaction	1,469,110
						Accrued income	2
						Accrued expenses	165
				Debt credit transaction of securities (Note 2) (Note 3)	—	Cash received on debt credit transaction of securities	195,929
						Cash collateral pledged for securities borrowed	352,434
						Accrued income	75
						Accrued expenses	102
				Derivatives (Note 2)(Note 3)	—	Derivatives (liability)	5,408
						Short-term guarantee deposits	11,310
						Accrued income	0
				Purchase and sale of securities (Note 2)(Note 3)	—	Trade date accrual (asset)	1,063
				Brokerage transactions (Note 2)(Note 3)	—	Accrued income	42
				Other commissions (Note 5)	6,554	Accrued income	51
Subsidiary of the parent company	Citigroup Global Markets Inc.	n/a	Broker/dealer in the U.S.	Gensaki transactions (Note 2)(Note 3)	—	Borrowings on Gensaki transaction	225,361
						Accrued expenses	72
				Other commissions (Note 5)	3,823	Accrued income	—

(Millions of Yen)

Category	Company name	Percentage of voting right	Relationship with the related parties	Description of transaction	Transaction amount (Note 1)	Account	Balance at the fiscal year end (Note 1)
Subsidiary of the parent company	Citibank N.A.	n/a	Derivative counterparty	Derivatives (Note 2)(Note 3)	—	Derivatives (liability)	137,688
						Short-term guarantee deposits	126,240
						Accrued income	8
				Other commissions (Note 5)	10,263	Accrued income	54
Subsidiary of the parent company	Citigroup Financial Products Inc.	n/a	Derivative counterparty	Derivatives (Note 2)(Note 3)	—	Derivatives (asset)	12,170
						Guarantee deposits received	11,749
						Accrued expenses	0
			Borrowing	Borrowing(Note 4)	8,000	Short-term loans payable	8,000
				Interest expense on loans payable (Note 4)	96	Accrued expenses	1
				Gain on early redemption of loan (Note 7)	8		
Subsidiary of the parent company	Citigroup Global Markets HK Limited	n/a	Derivative counterparty	Derivatives (Note 2)(Note 3)	—	Derivatives (liability)	1,571
						Short-term guarantee deposits	1,961
						Accrued income	0

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

(Note 1) Consumption taxes are not included in transaction amount and balance at the fiscal year end.

(Note 2) Market price based on transactions at arm's-length. The terms of transaction is reviewed as necessary.

(Note 3) Transaction amounts are omitted due to recurring nature of transaction.

(Note 4) 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 5) The amount is transfer priced among the related parties based on the transfer pricing model, etc.

(Note 6) This is due to negative interest rates.

(Note 7) 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 to per-share information]

（１） Net assets per share 54,679.80 yen

（２） Net income per share for the year 1,599.67 yen

[Notes to others]

１. Notes to Business Combination

(Transactions under common control)

The Company has acquired the business run by Citigroup Service Japan G.K. with regard to the sublease of Otemachi Park Building and other support services ("Otemachi Park Building-related business") by way of absorption-type company split on October 1st, 2021.

（１） Outline of absorption-type company split for Otemachi Park Building-related business

① Date of business combination

October 1st, 2021

② Legal form of business combination

The Company is a successor company in absorption-type split, and Citigroup Service Japan G.K. is a splitting company in absorption-type split.

③ Company name after business combination

No change.

④ Purpose of the transaction

The transaction was executed as parts of reassessment of business allocation within Citigroup in Japan

（２） Outline of accounting treatment

This transaction is recorded as a transaction under common control in accordance with ASBJ Statement No. 21 Accounting Standard for Business Combinations of January 16th, 2019 and ASBJ Guidance No. 10 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures of January 16th, 2019.

２. Subordinated debts

Loans payable include the subordinated debt of 8,000 million yen stipulated by Article 176 of the Cabinet Office Ordinance Concerning Financial Instruments Dealers.