

[Translation]

## Financial Report for the 20th Business Year

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

**Citigroup Global Markets Japan Inc.**

Lee Robert Waite, Representative Director, President and CEO

### Balance Sheet

(for the fiscal year ended December 31, 2019)

		(Millions of Yen)	
<b>( Assets )</b>		<b>( Liabilities )</b>	
<b>Current assets</b>	3,156,162	<b>Current liabilities</b>	2,868,779
Cash and deposits	230,973	Trading products	370,203
Cash segregated as deposits	8,891	Trading securities and other	244,292
Trading products	646,054	Derivatives	125,911
Trading securities and other	504,646	Trade date accrual	51,428
Derivatives	141,408	Margin transaction liabilities	3,462
Margin transaction assets	3,893	Cash collateral received for securities	3,462
Cash collateral pledged for securities	3,893	lending on margin transactions	
borrowing on margin transactions		Loans payable secured by securities	2,229,962
Loans secured by securities	2,100,091	Cash received on debt credit	346,148
Cash collateral pledged for	1,632,794	transaction of securities	
securities borrowed		Borrowings on Gensaki transactions	1,883,813
Loans on Gensaki transactions	467,297	Deposits received	4,841
Advance paid	302	Guarantee deposits received	134,542
Short-term guarantee deposits	152,930	Short-term loans payable	55,000
Variation margin paid	820	Accounts payable	2,097
Accounts receivable	571	Accrued expenses	7,911
Accrued income	11,440	Income taxes payable	1,000
Others	192	Reserve for bonuses	4,783
		Others	3,543
<b>Noncurrent assets</b>	6,586	<b>Noncurrent liabilities</b>	107,040
Property, plant and equipment	2	Bonds payable	2,600
Furniture and fixtures	2	Long-term loans payable	94,500
Intangible assets	412	Reserve for retirement benefits	9,241
Software	225	Others	698
Others	187		
Investments and other assets	6,172	<b>Reserves under the special laws</b>	3,121
Investment securities	742	Reserve for financial products	3,121
Long-term loans receivable	648	transaction liabilities	
Long-term guarantee deposits	1,259		
Deferred tax assets	3,341	<b>Total Liabilities</b>	2,978,940
Others	180		
<b>Total Assets</b>	3,162,748	<b>( Net assets )</b>	
		<b>Shareholders' equity</b>	187,990
		Capital stock	96,307
		Capital surplus	55,660
		Legal capital surplus	55,660
		Retained earnings	36,022
		Other retained earnings	36,022
		Retained earnings brought forward	36,022
		<b>Valuation and translation adjustments</b>	(4,182)
		Deferred net gain/ (loss) on hedges	(4,182)
		<b>Total Net Assets</b>	183,807
		<b>Total Liabilities and Net Assets</b>	3,162,748

[Translation]

**Statement of Income**  
(from January 1, 2019 to December 31, 2019)

(Millions of Yen)

Account		Amount	
Ordinary income	Operating revenue and expenses	Operating revenue	78,875
		Commission received	36,314
		Net trading income	6,516
		Financial revenue	36,044
		Financial expenses	31,995
		Operating revenue, net of interest expense	46,879
		Selling, general and administrative expenses	37,589
		<b>Operating income</b>	<b>9,290</b>
	Non-operating income and expenses	Non-operating income	104
		Non-operating expenses	222
<b>Ordinary income</b>		<b>9,171</b>	
	Extraordinary income		930
	Gain on early redemption of loan	930	
	Extraordinary loss		1,286
	Restructuring loss	1,082	
	Loss on early redemption of loan	145	
	Loss on disposal of fixed assets	57	
	Reserve for financial products transaction liabilities	1	
<b>Net income before income taxes</b>			<b>8,815</b>
	Income taxes - current		3,380
	Income taxes - deferred		(264)
<b>Net income</b>			<b>5,699</b>

[Translation]

**Statement of Changes in Equity**  
**(from January 1, 2019 to December 31, 2019)**

(Millions of Yen)

	Shareholders' equity				Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholder's equity	Deferred net gain / (loss) on hedges	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Beginning balance	96,307	55,660	30,323	182,291	(4,518)	177,772
Changes of items during the fiscal year						
Net income	-	-	5,699	5,699	-	5,699
Net changes of net assets other than shareholders' equity	-	-	-	-	336	336
Total changes of items during the fiscal year	-	-	5,699	5,699	336	6,035
Closing balance	96,307	55,660	36,022	187,990	(4,182)	183,807

[Translation]

## **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

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indemnity, the Company also makes a provision for vested benefit obligation at this fiscal year end per the supplemental retirement plan.

( 3 ) Reserve for officers' retirement

To provide for retirement benefit to officers on the amount needed at the current fiscal year end based on the supplemental retirement plan. A reserve for officers' retirement of 258 million yen is included in others in noncurrent liabilities.

**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.

[Translation]

**[Notes to Changes in Presentation]**

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) from the beginning of this fiscal year. Thus, all deferred tax assets are classified as "Investments and other assets" on the balance sheet. In addition, all deferred tax liabilities are classified as "Noncurrent liabilities" on the balance sheet.

**[Notes to Balance Sheet]**

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

( 1 ) Assets pledged as collateral

- Trading products 2,264 million yen

In addition to the above, at December 31, 2019, Securities borrowed of 204 million yen were used as collateral for short-term loans payable.

( 2 ) Collateralized liabilities

- Short-term loans payable 2,000 million yen

**2. Fair value of collateralized securities**

( 1 ) Securities pledged out

- Securities loaned to customers for margin transaction 3,819 million yen
- Securities loaned as collateral under financing agreements 442,727 million yen
- Securities pledged related to securities sold under Gensaki transactions 1,917,544 million yen
- Securities pledged as margin 24,028 million yen
- Securities pledged as collateral for other transactions 87,973 million yen

( 2 ) Securities received in

- Securities borrowed on margin transactions 3,819 million yen
- Securities borrowed under financing agreements 1,901,903 million yen
- Securities received related to securities purchased under Gensaki transactions 466,855 million yen

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

**4. Guarantee obligations**

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

- SMBC Trust Bank Ltd. 159 million yen

[Translation]

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

▪ Short-term monetary claims	52 million yen
▪ Short-term monetary debts	43,147 million yen
▪ Long-term monetary debts	79,439 million yen

[Notes to Statement of Income]

**Volume of transactions with the affiliates**

Operating transactions	
▪ Operating revenues	771 million yen
▪ Operating expenses	787 million yen
Other than operating transactions	785 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 loss carry-forward and reserve for retirement.

Key components of deferred tax liabilities are dividend receivable.

<b>2. Valuation allowance deducted from deferred tax assets</b>	17,506 million yen
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**[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, 2019 was 763 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 2019 through December 2019, 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

[Translation]

risk for the purpose of the risk management of these instruments. As of December 31, 2019 assuming all risk factors other than interest rate are same and if the interest rate decrease by 10 basis point (0.10%), the market value of these instruments is estimated to decrease by 5 million yen. Contrarily, if the interest rate increases by 10 basis point (0.10%), it is estimated the value will increase by 5 million yen.

② Management of liquidity risk associated with funding activities

Treasury Unit as first line of defense and Market 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 High Quality Liquid Assets 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.

[Translation]

2. Fair Value of Financial Instruments

The following table represents book values, fair values as well as differences as of December 31, 2019.

(Millions of Yen)

	Book Value	Fair Value	Difference
(1) Cash and deposits	230,973	230,973	—
(2) Cash segregated as deposits	8,891	8,891	—
(3) Trading products			
Trading securities and others	504,646	504,646	—
(4) Margin transaction assets			
Cash collateral pledged for securities borrowing on margin transactions	3,893	3,893	—
(5) Loans secured by securities			
Cash collateral pledged for securities borrowed	1,632,794	1,636,558	3,764
Loans on Gensaki transactions	467,297	467,297	—
(6) Short-term guarantee deposits	152,930	152,930	—
<b>Total Assets</b>	<b>3,001,426</b>	<b>3,005,191</b>	<b>3,764</b>
(1) Trading products			
Trading securities and others	244,292	244,292	—
(2) Trade date accrual	51,428	51,428	—
(3) Margin transaction liabilities			
Cash collateral received for securities lending on margin transactions	3,462	3,462	—
(4) Loans payable secured by securities			
Cash received on debt credit transaction of securities	346,148	346,148	—
Borrowings on Gensaki transactions	1,883,813	1,883,813	—
(5) Guarantee deposits received	134,542	134,542	—
(6) Short-term loans payable	55,000	55,000	—
(7) Bonds payable	2,600	2,437	(162)
(8) Long-term loans payable	94,500	94,319	(180)
<b>Total Liabilities</b>	<b>2,815,788</b>	<b>2,815,444</b>	<b>(343)</b>
Derivative transactions (*)			
Hedge accounting not applied	19,679	19,679	—
Hedge accounting applied	(4,182)	(4,182)	—
<b>Total Derivative Transactions</b>	<b>15,497</b>	<b>15,497</b>	<b>—</b>

(\*) 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.

[Translation]

(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) 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.

(5) 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.

(6) 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) Trade date accrual

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

(3) 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

(4) 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.

(5) Guarantee deposits received

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

(6) 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.

(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.

## [Translation]

### Derivative instruments

#### (Foreign exchange contracts)

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

#### (Interest rate contracts)

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

#### (Equity contracts)

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

#### (Other derivatives)

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

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

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

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

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.

[Translation]

(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	1,612,794	—	—	—	—	20,000
Total	1,612,794	—	—	—	—	20,000

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	55,000	—	—	—	—	—
Bonds payable	—	—	700	—	—	1,900
Long-term loans payable	—	—	8,000	—	—	86,500
Total	55,000	—	8,700	—	—	88,400

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

[Translation]

[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)	12,500	Long-term loans payable	12,000
				Interest expense on loans payable (Note 4)	80	Accrued expenses	0
Parent company	Citicorp LLC	Indirect 100%	Borrowing	Borrowing(Note 4)	111,397	Short-term loans payable	40,000
				Interest revenue on loans payable (Note 4)(Note 6)	69	Long-term loans payable	67,000
				Interest expense on loans payable (Note 4)	665	Accrued expenses	71
				Gain on early redemption of loan	930		
				Loss on early redemption of loan	145		

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)	—	Borrowings on Gensaki transaction	1,523,443
						Accrued income	16
						Accrued expenses	3,070
				Debt credit transaction of securities (Note 2) (Note 3)	—	Cash received on debt credit transaction of securities	202,756
						Cash collateral pledged for securities borrowed	181,503
						Accrued income	129
						Accrued expenses	74
Subsidiary of the parent company	Citigroup Global Markets Inc.	n/a	Broker/dealer in the U.S.	Derivatives (Note 2)(Note 3)	—	Derivatives (asset)	32,432
						Guarantee deposits received	30,846
						Accrued expenses	38
				Purchase and sale of securities (Note 2)(Note 3)	—	Trade date accrual (liability)	1,069
				Brokerage transactions (Note 2)(Note 3)	—	Accrued income	30
				Other commissions (Note 5)	8,110	Accrued income	295
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	235,789
						Accrued expenses	672



[Translation]

(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)	71,662
						Short-term guarantee deposits	76,353
				Accrued income			95
				Other commissions (Note 5)	9,871	Accrued income	212
Subsidiary of the parent company	Citigroup Financial Products Inc.	n/a	Derivative counterparty	Derivatives (Note 2)(Note 3)	—	Derivatives (asset)	28,938
						Guarantee deposits received	27,875
			Borrowing	Borrowing(Note 4)	16,000	Short-term loans payable	8,000
						Long-term loans payable	8,000
			Interest expense on loans payable (Note 4)	158	Accrued expenses	17	
Subsidiary of the parent company	Citigroup Global Markets HK Limited	n/a	Derivative counterparty	Derivatives (Note 2)(Note 3)	—	Derivatives (liability)	7,091
						Short-term guarantee deposits	6,912
						Accrued income	10

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 after the starting date of transaction. 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.

[Translation]

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

( 1 ) Net assets per share	47,841.72 yen
( 2 ) Net income per share for the year	1,483.35 yen

**[Notes to others]**

**Subordinated debts**

Loans payable include the subordinated debt of 16,000 million yen stipulated by Article 176 of the Cabinet Office Ordinance Concerning Financial Instruments Dealers.