[Translation]

Interim Financial Publication
for 6 months ended September 30, 2019

December 13, 2019

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Interim Balance Sheet
(As of September 30, 2019)

(Millions of Yen)

Account Name	Amount	Account Name	Amount
Cash and due from banks	2,088,094	Deposits	1,783,694
Receivables under resale agreements	334,209	Call money	4,420
Monetary claims bought	8,037	Payables under repurchase agreements	2,162
Trading assets	16,483	Trading liabilities	12,191
Securities	2,915	Borrowed money	7
Loans and bills discounted	288,456	Foreign exchanges	77,469
Foreign Exchanges	25,365	Other liabilities	190,541
Other assets	189,267	Income taxes payable	3,464
Derivatives other than for trading - assets	181,386	Derivatives other than for trading - liabilities	179,930
Others	7,881	Asset retirement obligation	11
Tangible fixed assets	10	Others	7,134
Intangible fixed assets	113	Provision for bonuses	648
Deferred tax assets	487	Acceptances and guarantees	169,944
Customers' liabilities for acceptances and guarantees	169,944	Head office and branch accounts	996,142
Allowance for loan losses	(714)	Total liabilities	3,237,223
Head office and branch accounts	121,025	Brought-in capital	2,000
		Retained earnings	4,222
		Valuation difference on AFS securities	250
		Total net assets	6,473
Total assets	3,243,696	Total liabilities and net assets	3,243,696

Interim Statement of Income
(From April 1, 2019 to September 30, 2019)

(Millions of Yen)

Account Name	Amount	
Ordinary income		22,613
Interest income	11,309	
[Interest on loans and discounts]	[1,482]	
[Interest and dividends on securities]	[46]	
Fees and commissions	7,212	
Trading income	61	
Other ordinary income	3,704	
Other income	325	
Ordinary expenses		16,990
Interest expenses	7,135	
[Interest on deposits]	[3,771]	
Fees and commissions paid	1,225	
Other ordinary expenses	214	
General and administrative expenses	7,659	
Other expenses	754	
Ordinary profit		5,623
Income before income taxes		5,623
Income taxes-current	2,093	
Income taxes-deferred	(600)	
Total income taxes		1,492
Net income		4,130
Retained earnings brought forward at the beginning of the year		7,292
Remittance to head office		7,200
Retained earnings brought forward		4,222

Amounts less than one million yen have been omitted.

Accounting Policies

1. Standard for valuation of trading assets and trading liabilities / booking of income and losses for trading purposes transaction

Transactions for trading purposes, such as seeking gains arising from short-term changes in interest rates, foreign exchange rates, or securities prices and other market related indices or from variation among markets (hereinafter referred to as “Trading Purposes”), are included in “Trading assets” or “Trading liabilities” on the balance sheet on a trade date basis. Income and Expenses on trading-purpose transactions are recognized on a trading date basis, and recorded as “Trading income” and “Trading losses”.

Securities and monetary claims purchased for trading purposes are stated at the interim fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the interim fiscal year-end.

“Trading income” and “Trading losses” include interest received or paid during the interim fiscal year. The year-on-year valuation differences of securities and money claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

2. Standard and method for valuation of AFS securities

AFS securities that have market prices are carried at their balance sheet date market prices (cost of securities sold is calculated using primarily the moving-average method). Net unrealized gains/losses on AFS securities, net of income taxes, are included in “Net assets”.

3. Standard and method for valuation of derivative transaction

Derivative transactions (excluding those for trading purposes) are carried at fair value.

4. Depreciation method for fixed assets

(1) Tangible fixed assets

Tangible fixed assets are depreciated using the declining-balance method (with the exception of building facilities acquired on or after April 1, 2016, for which the straight-line had been applied).

The estimated useful lives are as follows:

Buildings: 10 to 15 years

Others: 3 to 15 years

(2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use is depreciated over its estimated useful life (5 years).

5. Standard for the translation into Japanese yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet date.

6. Standard for Allowance

(1) Allowance for loan losses

Allowance for loan losses is provided as detailed below in accordance with the internal standards for write-offs and provisioning.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“bankrupt borrowers”) or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“effectively bankrupt borrowers”), an allowance is provided based on the amount of claims, after the write-off stated in the additional paragraph below, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy, an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees. For other claims, an allowance is provided based on the expected loan-loss ratio assigned to each risk rating.

Responsible divisions for Self-Assessment and Front office mutually conduct assessment of all claims in accordance with the internal rules for self-assessment of assets. The allowance is provided based on the results of these assessments.

(2) Provision for bonuses

Provision for bonuses is reported in preparation for the payment of bonuses to the employees at the amount estimated for the payment of bonuses to the employees during the interim fiscal year.

7. Method for hedge accounting

The exceptional method is applied to certain interest rate swaps that meet the criteria for the exceptional treatments. No assessment is performed for hedge effectiveness of qualifying interest rate swaps accounted for by the exceptional treatments, as it is ascertained that the criteria for the exceptional treatments are continuously met.

8. Accounting for consumption taxes

National and Local Consumption Taxes are excluded from transaction amounts.

Notes to Interim Balance Sheet

1. For securities held as collateral under “receivables under resale agreements” and “derivative transactions” which can be sold or pledged without restrictions, 354,208 million yen were pledged and there was no held by Citibank, N.A., Tokyo Branch at the interim fiscal year-end.

2. There was no Bankrupt loans. Past due loans/non-accrual loans were 404 million yen.
“Bankrupt loans” are loans on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons (excluding write-offs, hereinafter “non-accrual loans”), and as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance of the Japanese Corporate Tax Law.
“Past due loans/non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

3. There was no Past due loans (3 months or more).
“Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Past due loans/non-accrual loans”.

4. Restructured loans were 1,663 million yen.
“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Past due loans/non-accrual loans” and “Past due loans (3 months or more)”.

5. The total amount of “Bankrupt loans”, “Past due loans/non-accrual loans”, “Past due loans (3 months or more)” and “Restructured loans” were 2,068 million yen.
Claims shown from 2 to 5 are the amounts before the appropriate allowance.

6. Bills discounted are treated as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. Citibank, N.A., Tokyo Branch has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign bills bought etc. without restrictions. The total face value was 22,483 million yen.

7. There was no AFS securities pledged as collateral for settlements of FX transactions. In addition, other assets included other guarantee deposits of 1,402 million yen.

8. Overdraft facilities and commitment line contracts on loans are agreements to lend to customers up to a prescribed amount, as long as there is no violation of any condition established in the contracts.
The amount of unused commitments was 237,148 million yen and the amount of those with remaining period within one year was 166,277 million yen.
Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which we can reject an application from customers or reduce the contract amounts in the event that economic conditions change, we need to secure claims, or other events occur. In addition, we may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers’ financial positions, revising contracts when need arises and securing claims after contracts are made on a periodic basis.

9. Accumulated depreciation on tangible fixed assets: 49 million yen.

Notes to Interim Statement of Income

Head office cost sharing

(1) Direct expense (Expatriate salary etc.)	77 million yen
(2) Indirect charge	69 million yen

Notes related to Financial Instruments

Fair Value of Financial Instruments

Fair value and balance sheet amount of financial instruments as of September 30, 2019 are shown below.

(Millions of Yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and due from banks	2,088,094	2,088,094	-
(2) Receivables under resale agreements	334,209	340,118	5,909
(3) Monetary claims bought (*1)	8,034	8,034	-
(4) Trading assets			
Trading securities	4,291	4,291	-
(5) Securities			
Other securities	2,915	2,915	-
(6) Loans and bills discounted	288,456		
Allowance for loan losses (*1)	(574)		
	287,882	287,673	(209)
(7) Foreign exchange (*1)	25,335	25,335	-
(8) Head office and branch accounts	121,025	121,025	-
Total Assets	2,871,788	2,877,487	5,699
(1) Deposits	1,783,694	1,783,694	-
(2) Call money	4,420	4,420	-
(3) Payables under repurchase agreements	2,162	2,162	-
(4) Borrowed money	7	7	-
(5) Foreign exchange	77,469	77,469	-
(6) Head office and branch accounts	996,142	1,001,157	5,015
Total Liabilities	2,863,897	2,868,912	5,015
Derivative transactions (*2)			
Trading	1,478	1,478	-
Total derivative transactions	1,478	1,478	-

Others	Contract amount	Fair value
Overdraft facilities and commitment line（*3）	237,148	(664)

(*1) General allowance for loan losses and specific allowance for loan losses provided to “Loans and bills discounted” are separately shown in the above table. Allowance for loan losses provided to “Monetary claims bought” and “Foreign exchange” are directly deducted from the book value due to immateriality.
(*2) Derivatives included in “Trading assets”, “Trading liabilities”, “Other assets” and “Other liabilities” are shown together. Negative amount indicates in case of liabilities exceeding the assets.
(*3) Contract amount of Overdraft facilities and commitment line are unused amount.

(Notes) Valuation method of financial instruments

(Assets)

(1) Cash and due from banks
For due from banks without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For due from banks with maturity, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to new acceptances. Total future cash flows are contractual payment of principal and interest. For due from banks with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(2) Receivables under resale agreements

For Receivables under resale agreements with remaining period exceeding 1 year, fair value is determined as present future cash flows, discounted by interest rate that would be applied to new acceptance. Total future cash flows are contractual payment of principal and interest.

For Receivables under resale agreements with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(3) Monetary claims bought

For monetary claims bought, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because they have short remaining period (within 1 year).

(4) Trading assets

For securities such as bonds that are held for trading, the fair value is calculated based on their market prices.

(5) Securities

For securities such as bonds that are available for sale, the fair value is calculated based on their market prices.

(6) Loans and bills discounted

For loans without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because of their estimated maturity length and the interest rate conditions. For loans with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

For loan with remaining period exceeding 1 year, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to newly accepted loans. Total future cash flows are contractual payment of principal and interest.

As for the loans to bankrupt, de facto bankrupt, and potentially bankrupt borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collaterals and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected credit loss amount, such carrying amount is presented as the fair value.

(7) Foreign exchange

Foreign exchanges consist of foreign currency deposits with other banks (due from other foreign banks), short-term loans involving foreign currencies (due from other foreign banks), export bills etc. (purchased foreign bills), and loans on notes using import bills (foreign bills receivables). For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because most of these items are deposits without maturity or have short contract term (within 1 year)

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(8) Head office and branch accounts

For Head office and branch accounts without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For Head office and branch accounts with maturity, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to new transactions. For Head office and branch accounts with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(Liabilities)

(1) Deposits

For demand deposits, the amount payable on demand as of balance sheet date is considered to be the fair value. Time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value discounted by expected future cash flow. The discount rate is the risk free rates adjusted with funding spread of Citibank, N.A., Tokyo Branch as of balance sheet date. For deposits with short remaining period (within 6 months), the carrying amount is presented as the fair value as the fair value approximates such carrying amount.

(2) Call Money

The carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(3) Payables under repurchase agreements

For Payables under repurchase agreements with remaining period exceeding 1 year, fair value is determined as present future cash flows, discounted by interest rate that would be applied to new acceptance. Total future cash flows are contractual payment of principal and interest.

For Payables under repurchase agreements with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(4) Borrowed money
The carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(5) Foreign exchange
Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity. Furthermore, foreign currency short-term borrowing have no maturity. Thus, for the foreign exchanges, the carrying amount is presented as the fair value as the fair value approximates such carrying amount.

(6) Head office and branch accounts
For Head office and branch accounts without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For Head office and branch accounts with maturity, fair value is determined as present value of total future cash flows, discounted by interest rate that would be applied to new transactions. For Head office and branch accounts with short remaining period (within 1 year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(Derivative transactions)

Derivatives include interest rate related instruments (interest rate futures, interest rate options, interest rate swaps, etc.), currency related instruments (forward foreign exchange, currency options, currency swaps, etc.) and bond related instruments (bond futures, bonds future options, etc.). Fair values of these derivatives are based on market prices at exchanges, discounted present values, or amount calculated under the option pricing model. Derivative for hedge accounting is interest rate swap with exceptional treatment and the fair value of this hedging swap is included in the hedged loan.

(Others)

For overdraft facilities and commitment line, fair value is the present value discounted by the difference between the expected future cash flow calculated by contractual rate and fee rate that would be applied to newly acceptance at the balance sheet date for the contract with remaining period exceeding 1 year.

Notes related to Securities

These include “Securities” and Trading securities in “Trading assets” on Interim Balance sheet.

1. Securities classified as trading purposes: (as of September 30, 2019)

(Unit: Millions of Yen)

	Valuations gains/(losses) included in the earnings for the interim fiscal year
Securities classified as trading purposes	(2)

2. AFS securities with market value are as follows: (as of September 30, 2019)

(Unit: Millions of Yen)

	Type	Interim Balance sheet amount	Acquisition cost	Valuations gains/(losses)
Interim Balance sheet amount exceeding acquisition cost	Bonds	2,915	2,695	220
	Japanese Government Bonds	-	-	-
	Corporate Bonds	2,915	2,695	220
	Sub Total	2,915	2,695	220
Interim Balance sheet amount equal or less than acquisition cost	Bonds	-	-	-
	Japanese Government Bonds	-	-	-
	Sub total	-	-	-
Total		2,915	2,695	220

3. AFS securities sold during the interim fiscal year are as follows: (from April 1, 2019 to September 30, 2019)

(Unit: Millions of Yen)

	Sold amount	Gains on sales	Losses on sales
Bonds	40,050	15	-
Japanese Government Bond	40,050	15	-
Total	40,050	15	-

Notes related to Deferred tax accounting

The main causes for the deferred tax assets and deferred tax liabilities are as follows:

Deferred tax assets	(Millions of Yen)
Unearned commission	538
Accrued expense	430
Fixed assets	318
Loan loss reserve	218
Bonus reserve	198
Other securities	126
Accrued enterprise tax etc.	103
Other	205
Deferred tax assets total	2,140
Deferred tax liabilities	
Negative tax goodwill	1,653
Deferred tax liabilities total	1,653
Net deferred tax asset	487