



Citibank, N.A. - Hong Kong Branch

Financial Information Disclosure Statement

December 31, 2018

CITIBANK, N.A. - HONG KONG BRANCH

We enclose herewith the Financial Information Disclosure Statement for the year ended December 31, 2018, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Angel Ng
Chief Executive, Hong Kong
April 30, 2019

CITIBANK, N.A. - HONG KONG BRANCH

Income Statement

Figures in US\$ millions	For the year ended December 31, 2018	For the year ended December 31, 2017
Interest income	1,026	653
Interest expense	<u>(320)</u>	<u>(155)</u>
Net interest income	706	498
Profits arising from dealing in foreign currencies	244	190
(Loss) / profits on disposal of available-for-sale securities	(3)	7
Profits on securities dealing	7	4
Profits from other dealing activities	15	65
fee and commission income	484	439
fee and commission expenses	(490)	(412)
Net fees and commission (expenses) / income	(6)	27
Other operating profits / (Loss)	<u>1</u>	<u>(1)</u>
Operating income	964	790
Staff costs	(212)	(222)
Premises and equipment expenses	(14)	(25)
Intercompany service fees expenses	(79)	(68)
Custodian charges & clearance fees	(16)	(13)
Others	(65)	(61)
Other operating expenses	<u>(160)</u>	<u>(142)</u>
Operating profit before impairment	578	401
Net recovery of impairment losses	<u>1</u>	<u>8</u>
Profit before taxation	579	409
Taxation	<u>(95)</u>	<u>(64)</u>
Profit after taxation	484	345

CITIBANK, N.A. - HONG KONG BRANCH

Balance Sheet

Figures in US\$ millions	At December 31 2018	At June 30 2018
Assets		
Cash and balances with banks and other financial institutions	2,713	2,092
Placements with banks and other financial institutions (Note 1)	845	925
Amounts due from overseas offices	16,409	19,549
Trade bills	263	440
Certificate of deposit held	-	298
Securities held for trading	6,605	6,937
Loans and receivables (Note 2)	22,639	25,124
Available-for-sale securities	4,688	4,135
Other investments	3	4
Fixed assets	8	11
Total Assets	54,173	59,515
Liabilities		
Deposits and balances of banks and other financial institutions	3,652	5,225
Deposits from customers (Note 9)	39,132	40,640
Amounts due to overseas offices	2,535	3,767
Other liabilities	8,854	9,883
Total Liabilities	54,173	59,515

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2018	At June 30 2018
1. Placements with banks and other financial institutions		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	845	925
2. Loans and receivables		
Advances to customers	16,963	19,024
Advances to banks	68	18
Accrued interest and other accounts	5,636	6,109
Less: impairment allowances - collectively assessed	(28)	(27)
Less: impairment allowances - individually assessed	-	-
	<u>22,639</u>	<u>25,124</u>

Starting from 2009, individually assessed impairment allowance for specific remedial credits is maintained at Citibank, N.A. Hong Kong Branch ("the Branch") while, in general, collective impairment allowance of the Branch is still maintained at head office for absorbing all probable credit losses inherent in the bank's portfolio except for commercial banking portfolio.

The impairment allowance is calculated on an individual basis and considers the borrower's overall financial condition, risk rating, loan tenor, prospects for support from any financially responsible guarantors and the realizable value of any collateral. Specific impairment value may also be established for specific remedial credits when the discounted cash flows, collateral value (less disposal costs), or observable market price of the impaired loan is lower than its carrying value.

Figures in US\$ millions	At December 31, 2018		At June 30, 2018	
3. Advances to customers analyzed by industry sector				
	<u>Amount</u>	<u>% of advances covered by collateral or other securities</u>	<u>Amount</u>	<u>% of advances covered by collateral or other securities</u>
Gross advances to customers for use in Hong Kong				
Industrial, commercial and financial				
Property development	308	0%	230	0%
Property investment	1,446	26%	1,505	23%
Financial concerns	4,911	89%	4,875	87%
Stockbrokers	2	0%	15	0%
Wholesale and retail trade	704	24%	422	34%
Manufacturing	952	13%	951	15%
Transport and transport equipment	503	14%	599	0%
Recreational activities	1	0%	1	0%
Information technology	255	0%	353	0%
Others	2,541	49%	2,051	52%
	<u>11,623</u>		<u>11,002</u>	
Individuals				
Advances for the purchase of other residential properties	17	100%	18	100%
Others	1,635	100%	1,809	100%
	<u>1,652</u>		<u>1,827</u>	
Gross advances to customers for use in Hong Kong	13,275	60%	12,829	60%
Trade finance	1,222	26%	1,724	15%
Gross advances to customers for use outside Hong Kong	2,466	0%	4,471	2%
Gross advances to customers	<u>16,963</u>	49%	<u>19,024</u>	43%

The above analysis has been classified according to categories and definitions used by the Hong Kong Monetary Authority.

ADDITIONAL INFORMATION

Figures in US\$ millions

At December 31, 2018

At June 30, 2018

4. Advances to customers analyzed by geographic area

Advances to customers by geographical area are classified according to the location of the counterparties. After taking into account the transfer of risk, exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross amount of advances to customers are disclosed.

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
China	2,017	11.89%	3,583	18.83%

5. Overdue advances to customers

	Overdue Advances to Customers	% of Gross Advances to Customers	Other Assets	Overdue Advances to Customers	% of Gross Advances to Customers	Other Assets
Advances to customers which have been overdue for periods of:						
6 months or less but over 3 months	-	-	1	-	-	-
1 year or less but over 6 months	-	-	1	-	-	1
Over 1 year	-	-	-	-	-	-
	<u>-</u>	<u>0.00%</u>	<u>2</u>	<u>-</u>	<u>0.00%</u>	<u>1</u>
Covered portion of overdue advances to customers	-			-		
Uncovered portion of overdue advances to customers	<u>-</u>			<u>-</u>		

The covered portion of overdue advances to customers represents the amount after credit risk mitigation, which consists of guarantee, standby letter of credit, fixed deposits and properties.

There were no overdue advances to banks as at December 31, 2018 and June 30, 2018.

6. Rescheduled advances to customers

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
Rescheduled advances to customers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Rescheduled advances are those advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or because of the inability of the borrower to meet the original repayment schedule. Rescheduled advances to customers are stated net of any advances which have subsequently become overdue for over three months and which are included in overdue advances to customers in Note 5.

There were no rescheduled advances to banks as at December 31, 2018 and June 30, 2018.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At December 31, 2018

At June 30, 2018

7. Impaired advances to customers

a) Impaired advances to customers

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
Overdue advances to customers	-	-	-	-
Rescheduled advances to customers	-	-	-	-
Less: impairment allowances - collectively assessed	-	-	-	-
Less: impairment allowances - individually assessed	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

b) Individually assessed impaired advances to customers

	Amount	Amount
Gross individually assessed impaired advances to customers	-	-
Less: impairment allowances - individually assessed	-	-
	<u>-</u>	<u>-</u>

Collateral held in respect of gross individually assessed impaired advances to customers:

Amount of collateral which has been taken into account in respect of gross individually assessed impaired advances to customers

<u>-</u>	<u>-</u>
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Where collateral values are greater than gross advances, only the amount of collateral up to the gross advance was included.

8. Repossessed assets

	Amount	Amount
Repossessed assets	<u>2</u>	<u>3</u>

Assets acquired in exchange for the release in full or in part of the obligations of the borrowers due to restructuring or the inability of borrowers to repay, are recorded as "Other assets" in the statement of financial position at the lower of net realization value and the carrying amount of the asset (net of any impairment allowance), until the assets are realized.

9. Deposits from customers

	Amount	Amount
Demand deposits and current accounts	28,995	32,611
Saving deposits	3,134	3,140
Time, call and notice deposits	7,003	4,889
	<u>39,132</u>	<u>40,640</u>

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2018			At June 30 2018		
10. Non-bank Mainland exposure						
The following analysis of non-bank Mainland exposures is based on the categories contained in the HKMA Return of Mainland Activities (MA(BS)20) as submitted to the HKMA by the Branch.						
	On-balance sheet exposure	Off-balance sheet exposure	Total	On-balance sheet exposure	Off-balance sheet exposure	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	958	533	1,491	2,311	210	2,521
2 Local governments, local government-owned entities and their subsidiaries and JVs	39	-	39	4	-	4
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,533	799	2,332	1,309	924	2,233
4 Other entities of central governments not reported in item 1 above	52	343	395	79	442	521
5 Other entities of local governments not reported in item 2 above	-	-	-	49	-	49
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	293	196	489	353	139	492
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,077	40	1,117	1,520	46	1,566
Total	<u>3,952</u>	<u>1,911</u>	<u>5,863</u>	<u>5,625</u>	<u>1,761</u>	<u>7,386</u>
Total assets after provision	54,073			59,411		
On-balance sheet exposures as percentage of total assets	7.31%			9.47%		

11. Foreign currency exposure

The net non-structural foreign currency position (regardless of sign) for each foreign currency which constitutes 10% or more of the total net non-structural positions in all foreign currencies are disclosed.

	At December 31 2018	At June 30 2018
a) Hong Kong Dollars		
Spot assets	18,174	17,692
Spot liabilities	(17,482)	(17,471)
Forward purchases	62,349	68,517
Forward sales	(63,215)	(68,290)
Net (short) / long position	<u>(174)</u>	<u>448</u>
b) Chinese Renminbi		
Spot assets	2,352	2,372
Spot liabilities	(3,660)	(3,959)
Forward purchases	75,729	75,027
Forward sales	(73,460)	(72,992)
Net long position	<u>961</u>	<u>448</u>

ADDITIONAL INFORMATION

 Figures in US\$ millions

11. Foreign currency exposure (continued)

	At December 31 2018	At June 30 2018
c) New Taiwan Dollar		
Spot assets	61	36
Spot liabilities	(61)	(36)
Forward purchases	9,804	2,531
Forward sales	(9,916)	(2,512)
Net (short) / long position	<u>(112)</u>	<u>19</u>

There were no foreign currency structural positions nor net option positions as at the above reporting dates.

12. International Claims

The country-risk exposures in the table below are prepared in accordance with the HKMA Return of the International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk. Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
<u>As at December 31, 2018</u>						
a) Developed countries	16,960	5,352	1,406	1,215	-	24,933
Of which: United States	16,517	4,755	962	319	-	22,553
b) Offshore centres	336	1	1,763	4,010	-	6,110
Of which: Hong Kong SAR	335	1	1,497	3,713	-	5,546
c) Developing Asia and Pacific	2,175	672	1,156	1,424	-	5,427
Of which: China	950	672	851	1,195	-	3,668
<u>As at June 30, 2018</u>						
a) Developed countries	20,312	6,325	1,595	1,400	-	29,632
Of which: United States	19,642	5,661	1,105	417	-	26,825
b) Offshore centres	130	1	1,397	4,533	-	6,061
Of which: Hong Kong SAR	129	1	1,117	4,219	-	5,466
c) Developing Asia and Pacific	2,588	251	1,532	2,544	-	6,915
Of which: China	1,408	251	1,297	2,311	-	5,267

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2018	At June 30 2018
13. Off-balance sheet information		
a) Contingent liabilities and commitments		
Contractual or notional amounts		
Direct credit substitutes	831	766
Transaction-related contingencies	247	265
Trade-related contingencies	350	435
Other commitments	16,133	13,237
Others	1,510	-
	<u>19,071</u>	<u>14,703</u>

Contingent liabilities and commitments are credit-related instruments, the risk involved is similar to the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contract amounts represent the amounts at risk should the contract be fully drawn upon and the client default.

Since a significant portion of commitments is expected to expire without being drawn upon, the total of the contract amounts is not representative of future liquidity requirements.

b) Derivatives

Notional amounts		
Exchange rate contracts	375,540	375,065
Interest rate contracts	247,342	241,654
Others	3,812	4,924
	<u>626,694</u>	<u>621,643</u>
Fair value assets		
Exchange rate contracts	2,518	3,253
Interest rate contracts	1,121	1,087
Others	157	137
	<u>3,796</u>	<u>4,477</u>
Fair value liabilities		
Exchange rate contracts	2,561	3,287
Interest rate contracts	1,094	1,063
Others	157	135
	<u>3,812</u>	<u>4,485</u>

The above derivatives transactions are undertaken by the Branch in the foreign exchange, interest rate, equity and commodity markets. The notional amounts of these instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

Derivatives are carried at fair value in the balance sheet. Asset values represent the cost to the Branch of replacing all transactions with a fair value in the Branch's favor assuming that all the Branch's relevant counterparties default at the same time, and that transactions can be replaced at the market. Liability values represent the cost to the Branch's counterparties of replacing all their transactions with the Branch with a fair value in their favor if the Branch were to default.

The fair values of the above derivative exposures do not take into account the effects of bilateral netting arrangements.

ADDITIONAL INFORMATION

	Quarter ended December 31, 2018	Quarter ended September 30, 2018	Year ended December 31, 2017
14. Liquidity ratio			
The average Liquidity Maintenance Ratio for the period	34.55%	35.24%	31.94%
The average Core Funding Ratio for the period	273.11%	267.45%	N/A

The Banking (Liquidity) Rules ("BLR") signified the implementation of Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR") for category 2A institution under Basel III liquidity standards in Hong Kong. The CFR was implemented in Hong Kong since January 1, 2018. Quarterly and yearly average value of LMR and CFR reported are calculated based on the arithmetic mean of the average values of its LMR and CFR reported in its liquidity position return, for each month during the quarter and year respectively. The relevant disclosures pursuant to section 103 of the Banking (Disclosure) Rules can be found in our website <http://www.citibank.com.hk/cbnahk>.

Liquidity Risk Management

The Branch's liquidity risk management process is integrated into the overall Citi liquidity and funding process and liquidity monitoring framework. Liquidity is managed at the Citi-level, the Citibank NA-level, the Country level and the level of Material Legal Entity ("MLE").

Citi policy requires all MLE (which is the level at which the Branch is operating at) to maintain a strong liquidity position and ensure sufficient cash flows to meet all financial commitment and to capitalize on opportunities for business expansion. This includes the Branch's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and make new loans and investments as opportunities arise. The Branch maintains a pool of customer deposits, which made up of current and savings accounts and time deposits. The customer deposits are widely diversified by type and maturity and represent a stable source of funding.

Policies and Procedures

The Branch has established an Asset and Liability Management Committee ("ALCO"). The ALCO Charter includes the monitoring and control of liquidity and funding. ALCO monitors trends in balance sheet and ensures that any concerns that might impact the stability of the customer deposits are addressed effectively.

It is the responsibility of the Branch's management to ensure compliance with local regulatory requirements and limits set by ALCO. The Branch's liquidity resources are managed by the treasurer. Liquidity is managed on a daily basis by treasury function. ALCO is ultimately responsible for overseeing liquidity risk that the Branch is able to take and ensure that there is a robust liquidity management process in place.

The Branch's liquidity risk management framework requires limits to be set for prudent liquidity management, the limits and internal targets mainly include:

- Net intragroup balance
- 3rd party liquid assets
- Liquidity ratios
- Loan to deposit ratio
- Daily stress test (\$2)
- Resolution Liquidity Adequacy & Positioning (RLAP) Ratio

All limits and internal targets are reviewed at least annually and more frequently if required, to ensure that they remain relevant to current market conditions and business strategy. These limits and targets are monitored and reviewed by ALCO on a regular basis. Any limit excess will be escalated under a delegated authority structure and reviewed by ALCO and the Head Office. A Contingency Funding and Liquidity Plan (CFP) playbook is in place for Hong Kong, on a total country basis, which lays out the trigger points and actions in the event of liquidity crisis to ensure that there is an effective response by senior management in case of such an event.

The Branch's securities holdings are mainly in government securities that can be liquidated, repurchased or used as collateral in the event of liquidity stress.

CITIBANK, N.A. (WORLDWIDE CONSOLIDATION OF CITIBANK, N.A. AND ITS SUBSIDIARIES)

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2018		At June 30 2018	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Common Equity Tier (CET1) Capital	129,091	129,091	128,820	128,820
Tier 1 Capital	131,215	131,215	130,928	130,928
Total Capital	144,358	155,154	144,418	154,654
CET1 Ratio	13.94%	12.50%	13.58%	12.47%
Tier 1 Capital Ratio	14.17%	12.70%	13.80%	12.67%
Total Capital Ratio	15.59%	15.02%	15.22%	14.97%
Stockholder's Equity	147,975	147,975	147,575	147,575
Total Risk Weighted Assets	926,229	1,032,809	948,803	1,033,050

Based on the "Collins Amendment" of the Dodd-Frank Act, Citibank N.A., as an Advanced Approaches banking organization, is required to publicly report the lower of the capital ratios calculated under Advanced Approaches RWA and Standardized Approach RWA. For both periods presented, Citibank's reportable CET1 Capital, Tier 1 Capital and Total Capital ratios were the lower derived under the U.S. Basel III Standardized Approach framework.

Figures in US\$ millions	At December 31 2018	At June 30 2018
Other Financial Information		
Total Assets	1,406,745	1,397,794
Total Liabilities	1,258,162	1,249,664
Total Advances (Net of Allowances for Loan Losses)	635,551	622,913
Total Deposits (including those from banks)	1,025,133	1,003,190

Figures in US\$ millions	Year ended December 31, 2018	Year ended December 31, 2017
Pre-tax Profit	21,721	19,058

CITIGROUP INC. (THE ULTIMATE HOLDING COMPANY OF CITIBANK, N.A.)

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2018		At June 30 2018	
Capital and Capital Adequacy	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Common Equity Tier (CET1) Capital	139,252	139,252	142,868	142,868
Tier 1 Capital	158,122	158,122	162,002	162,002
Total Capital	183,144	195,440	187,240	198,964
CET1 Ratio	12.30%	11.86%	12.45%	12.14%
Tier 1 Capital Ratio	13.97%	13.46%	14.11%	13.77%
Total Capital Ratio	16.18%	16.64%	16.31%	16.91%
Stockholder's Equity	196,220	196,220	200,094	200,094
Total Risk Weighted Assets	1,131,933	1,174,448	1,147,865	1,176,863

Based on the "Collins Amendment" of the Dodd-Frank Act, Citi, as an Advanced Approaches banking organization, is required to publicly report the lower of the capital ratios calculated under Advanced Approaches RWA and Standardized Approach RWA. For both periods presented, Citigroup's reportable CET1 Capital and Tier 1 Capital ratios were the lower derived under the U.S. Basel III Standardized Approach, whereas Citigroup's Total Capital ratios were the lower derived under the U.S. Basel III Advanced Approaches framework.

Figures in US\$ millions	At December 31 2018	At June 30 2018
Other Financial Information		
Total Assets	1,917,383	1,912,334
Total Liabilities	1,720,309	1,711,366
Total Advances (Net of Allowances for Loan Losses)	671,881	659,054
Total Deposits (including those from banks)	1,013,170	996,730

Figures in US\$ millions	Year ended December 31, 2018	Year ended December 31, 2017
Pre-tax Profit	23,445	22,761