



Citibank, N.A. - Hong Kong Branch

Financial Information Disclosure Statement

June 30, 2015

CITIBANK, N.A. - HONG KONG BRANCH

We enclose herewith the annual Disclosure Statement for the half-year ended June 30, 2015, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Weber Lo
Chief Executive, Hong Kong
September 30, 2015

CITIBANK, N.A. - HONG KONG BRANCH

Income Statement

Figures in US\$ millions	Half-year ended June 30, 2015	Half-year ended June 30, 2014
Interest income	195	220
Interest expense	<u>(58)</u>	<u>(62)</u>
Net interest income	137	158
Profits arising from dealing in foreign currencies	133	74
Profits on disposal of available-for-sale securities	5	2
Profits / (losses) on securities dealing	13	10
Profits / (losses) from other dealing activities	7	(7)
fee and commission income	158	227
fee and commission expense	(3)	-
Net fees and commission income	155	227
Other operating profits/ (losses)	<u>(12)</u>	<u>(4)</u>
Operating income	438	460
Staff costs	(121)	(113)
Premises and equipment expenses	(8)	(8)
Intercompany service fees expense	(222)	(139)
Custodian charges & Clearance Fees	(10)	(11)
Others	(27)	(27)
Other operating expenses	<u>(259)</u>	<u>(177)</u>
Operating profit before impairment	50	162
Net charge of impairment losses	<u>(40)</u>	<u>(1)</u>
Profit before taxation	10	161
Taxation	<u>1</u>	<u>(29)</u>
Profit after taxation	<u>11</u>	<u>132</u>

CITIBANK, N.A. - HONG KONG BRANCH

Balance Sheet

Figures in US\$ millions	At Jun 30 2015	At December 31 2014
Assets		
Cash and balances with banks and other financial institutions	4,536	2,575
Placements with banks and other financial institutions (Note 1)	1,191	647
Amounts due from overseas offices	11,200	9,629
Trade bills	499	513
Securities held for trading	4,741	5,738
Loans and receivables (Note 2)	19,362	18,572
Available-for-sale securities	2,176	3,235
Other investments	1	-
Fixed assets	17	17
Total Assets	43,723	40,926
Liabilities		
Deposits and balances of banks and other financial institutions	4,378	4,176
Deposits from customers (Note 9)	30,069	27,190
Amounts due to overseas offices	2,491	3,275
Other liabilities	6,785	6,285
Total Liabilities	43,723	40,926

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At Jun 30 2015	At December 31 2014
1. Placements with banks and other financial institutions		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	1,191	647
2. Loans and receivables		
Advances to customers	15,167	14,926
Advances to banks	181	263
Accrued interest and other accounts	4,047	3,383
Less: impairment allowances - collectively assessed	(33)	-
Less: impairment allowances - individually assessed	-	-
	<u>19,362</u>	<u>18,572</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. In Q1 2015, collective impairment allowance for commercial banking portfolio is reflected in financials of the Branch.

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 Jun 30, 2015		At December 31, 2014	
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	261	0%	204	0%
Property investment	1,334	56%	1,286	69%
Financial concerns	4,294	81%	3,884	83%
Stockbrokers	3	0%	31	0%
Wholesale and retail trade	668	54%	575	55%
Manufacturing	733	40%	798	34%
Transport and transport equipment	666	16%	695	22%
Recreational activities	1	0%	-	0%
Information technology	262	4%	295	3%
Others	1,077	32%	1,019	33%
	<u>9,299</u>		<u>8,787</u>	
Individuals				
Advances for the purchase of other residential properties	43	100%	48	100%
Others	1,505	100%	1,398	100%
	<u>1,548</u>		<u>1,446</u>	
Gross advances to customers for use in Hong Kong	10,847	64%	10,233	65%
Trade finance	1,207	34%	1,291	30%
Gross advances to customers for use outside Hong Kong	3,113	9%	3,402	11%
Gross advances to customers	<u>15,167</u>	50%	<u>14,926</u>	49%

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

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At Jun 30, 2015

At December 31, 2014

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.

	<u>Amount</u>	<u>% of Gross Advances to Customers</u>	<u>Amount</u>	<u>% of Gross Advances to Customers</u>
China	<u>3,477</u>	<u>22.92%</u>	<u>2,777</u>	<u>18.61%</u>

5. Overdue advances to customers

	<u>Amount</u>	<u>% of Gross Advances to Customers</u>	<u>Amount</u>	<u>% of Gross Advances to Customers</u>
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	-	-	-	-
Over 1 year	<u>141</u>	<u>0.93%</u>	<u>164</u>	<u>1.10%</u>
	<u>141</u>	<u>0.93%</u>	<u>165</u>	<u>1.10%</u>

Covered portion of overdue advances to customers

141

164

Uncovered portion of overdue advances to customers

-

-

141

164

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.

After taking into account the transfer of risk, exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross overdue advances to customers are disclosed.

	<u>Amount</u>	<u>% of Gross Advances to Customers</u>	<u>Amount</u>	<u>% of Gross Advances to Customers</u>
North and South America	<u>141</u>	<u>0.93%</u>	<u>164</u>	<u>1.10%</u>

There were no overdue trade bills, debt securities and other assets as at the above reporting dates.

6. Rescheduled advances to customers

	<u>Amount</u>	<u>% of Gross Advances to Customers</u>	<u>Amount</u>	<u>% of Gross Advances to Customers</u>
Rescheduled advances to customers	<u>-</u>	<u>-</u>	<u>1</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.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At Jun 30, 2015

At December 31, 2014

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	141	0.93%	165	1.10%
Less: impairment allowances - collectively assessed	-	-	-	-
Less: impairment allowances - individually assessed	-	-	-	-
	<u>141</u>	<u>0.93%</u>	<u>165</u>	<u>1.10%</u>

After taking into account the transfer of risk, exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross impaired advances to customers are disclosed.

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
North and South America	<u>141</u>	<u>0.93%</u>	<u>164</u>	<u>1.10%</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>

Where collateral values are greater than gross advances, only the amount of collateral up to the gross advance was included.

8. Repossessed assets

There were no repossessed assets as at the above reporting dates

9. Deposits from customers

	Amount	Amount
Demand deposits and current accounts	22,659	19,879
Saving deposits	3,669	3,341
Time, call and notice deposits	<u>3,741</u>	<u>3,970</u>
	<u>30,069</u>	<u>27,190</u>

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

	At Jun 30 2015	At December 31 2014
--	-------------------	------------------------

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)	1,352	162	1,514	1,773	88	1,861
2 Local governments, local government-owned entities and their subsidiaries and JVs	3	-	3	70	-	70
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	610	53	663	510	49	559
4 Other entities of central governments not reported in item 1 above	124	84	208	345	56	401
5 Other entities of local governments not reported in item 2 above	8	1	9	6	-	6
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	432	13	445	853	2	855
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,595	385	1,980	1,155	489	1,644
Total	4,124	698	4,822	4,712	684	5,396
Total assets after provision	43,588			40,791		
On-balance sheet exposures as percentage of total assets	9.46%			11.55%		

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 Jun 30 2015	At December 31 2014
a) Hong Kong Dollars		
Spot assets	10,717	11,522
Spot liabilities	(13,531)	(12,642)
Forward purchases	22,648	21,173
Forward sales	(19,958)	(19,954)
Net long / (short) position	(124)	99
b) Chinese Renminbi		
Spot assets	3,549	3,698
Spot liabilities	(4,510)	(3,408)
Forward purchases	76,696	83,365
Forward sales	(75,434)	(83,923)
Net long / (short) position	301	(268)
c) Japanese Yen		
Spot assets	1,026	776
Spot liabilities	(952)	(460)
Forward purchases	2,633	2,787
Forward sales	(2,870)	(3,128)
Net short position	(163)	(25)

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

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

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 June 30, 2015</u>						
a) Developed countries	3,209	3,855	1,155	1,645	-	9,864
Of which: United States	154	3,855	411	697	-	5,117
b) Offshore centres	200	-	1,810	3,735	-	5,745
Of which: Hong Kong SAR	191	-	1,622	3,481	-	5,294
c) Developing Asia and Pacific	2,111	236	1,540	2,246	-	6,133
Of which: China	1,215	233	1,371	2,114	-	4,933
<u>As at December 31, 2014</u>						
a) Developed countries	855	3,161	538	1,924	-	6,478
Of which: United States	164	2,492	205	886	-	3,747
b) Offshore centres	505	-	2,161	3,822	-	6,488
Of which: Hong Kong SAR	445	-	1,976	3,531	-	5,952
c) Developing Asia and Pacific	2,528	305	1,282	1,963	-	6,078
Of which: China	2,259	305	1,112	1,862	-	5,538

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At Jun 30 2015	At December 31 2014
13. Off-balance sheet information		
a) Contingent liabilities and commitments		
Contractual or notional amounts		
Direct credit substitutes	1,110	1,154
Transaction-related contingencies	187	190
Trade-related contingencies	409	394
Other commitments	9,249	13,103
Others	-	351
	<u>10,955</u>	<u>15,192</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	229,896	243,529
Interest rate contracts	193,569	164,831
Others	3,929	3,153
	<u>427,394</u>	<u>411,513</u>
Fair value assets		
Exchange rate contracts	1,343	1,603
Interest rate contracts	1,538	1,252
Others	223	264
	<u>3,104</u>	<u>3,119</u>
Fair value liabilities		
Exchange rate contracts	1,256	1,550
Interest rate contracts	1,509	1,223
Others	224	264
	<u>2,989</u>	<u>3,037</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 instantaneously. 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.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	Half-year ended June 30, 2015	Half-year ended June 30, 2014
14. Liquidity ratio		
The average Liquidity Maintenance Ratio for the period	32.65%	N/A
The average Liquidity Ratio for the period	N/A	41.42%

The Banking (Liquidity) Rules ("BLR"), effective on 1 January 2015, signified the implementation of Liquidity Maintenance Ratio ('LMR') for category 2 institution under Basel III liquidity standards in Hong Kong. The average Liquidity Ratio reported for the half-year ended 30 June, 2015 under Basel III are therefore not directly comparable with the average liquidity ratio reported for the half-year ended 30 June, 2014, which were calculated in accordance with the Forth Schedule of the Hong Kong Banking Ordinance.

Average value of LMR reported is calculated based on the arithmetic mean of the average value of its LMR reported in its liquidity position return, for each month during the reporting period, where the average liquidity ratio for half-year ended 30 June, 2014 is the simple average of each calendar month's average liquidity ratio, calculated in accordance with the provision of the Fourth Schedule of the Hong Kong Banking Ordinance.

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 (S2)
- Liquidity Coverage Ratio Prime

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 Jun 30 2015		At December 31 2014	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	129,033	129,033	128,262	128,262
Total Capital	140,316	151,595	139,246	149,331
Tier 1 Capital Ratio	14.12%	12.70%	13.57%	14.17%
Total Capital Ratio	15.36%	14.92%	14.73%	16.49%
Stockholder's Equity	148,267	148,267	147,036	147,036
Total Risk Weighted Assets	913,651	1,015,880	945,407	905,366

The capital components and ratios are calculated under the final U.S. Basel III Rules, reflecting transition arrangements.

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 starting on January 1, 2015 (or, for 2014, prior to the effective date of the Standardized Approach, the Basel I credit risk and Basel II.5 market risk capital rules).

Figures in US\$ millions	At Jun 30 2015	At December 31 2014
Other Regulatory Financial Information		
Total Assets	1,336,201	1,356,442
Total Liabilities	1,187,298	1,208,757
Total Advances (Net of Allowances for Loan Losses)	572,805	574,752
Total Deposits (including those from banks)	921,755	915,762

Figures in US\$ millions	Half-year ended June 30, 2015	Half-year ended June 30, 2014
Pre-tax Profit	10,997	9,659

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

ADDITIONAL INFORMATION

Figures in US\$ millions	At Jun 30 2015		At December 31 2014	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	173,006	173,006	166,663	166,663
Total Capital	193,712	206,374	184,959	196,054
Tier 1 Capital Ratio	13.80%	14.56%	13.07%	15.43%
Total Capital Ratio	15.45%	17.37%	14.51%	18.15%
Stockholder's Equity	219,440	219,440	210,185	210,185
Total Risk Weighted Assets	1,253,875	1,188,191	1,274,672	1,080,391

The capital components and ratios are calculated under the final U.S. Basel III Rules, reflecting transition arrangements.

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 starting on January 1, 2015 (or, for 2014, prior to the effective date of the Standardized Approach, the Basel I credit risk and Basel II.5 market risk capital rules).

Other Regulatory Financial Information	At Jun 30 2015	At December 31 2014
Total Assets	1,829,370	1,842,181
Total Liabilities	1,608,545	1,630,485
Total Advances (Net of Allowances for Loan Losses)	618,043	628,641
Total Deposits (including those from banks)	908,037	899,332

Figures in US\$ millions	Half-year ended June 30, 2015	Half-year ended June 30, 2014
Pre-tax Profit	13,831	8,257