



---

**Citibank, N.A. - Hong Kong Branch**

**Financial Information Disclosure Statement**

**2016 Interim**

**CITIBANK, N.A. - HONG KONG BRANCH**

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2016, 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, 2016

CITIBANK, N.A. - HONG KONG BRANCH

**Income Statement**

Figures in US\$ millions	Half-year ended June 30, 2016	Half-year ended June 30, 2015
Interest income	214	195
Interest expense	(54)	(58)
<b>Net interest income</b>	<b>160</b>	<b>137</b>
Profits arising from dealing in foreign currencies	162	133
Profits on disposal of available-for-sale securities	18	5
Profits / (losses) on securities dealing	-	13
Profits / (losses) from other dealing activities	(26)	7
fee and commission income	178	158
fee and commission expenses	(205)	(3)
Net fees and commission income / (expenses)	(27)	155
Other operating profits / (losses)	8	(12)
<b>Operating income</b>	<b>295</b>	<b>438</b>
Staff costs	(123)	(121)
Premises and equipment expenses	(1)	(8)
Intercompany service fees expenses	12	(222)
Custodian charges & clearance fees	(5)	(10)
Others	(35)	(27)
Other operating expenses	(28)	(259)
<b>Operating profit before impairment</b>	<b>143</b>	<b>50</b>
Net charge of impairment losses	(2)	(40)
<b>Profit before taxation</b>	<b>141</b>	<b>10</b>
Taxation	(41)	1
<b>Profit after taxation</b>	<b>100</b>	<b>11</b>

**CITIBANK, N.A. - HONG KONG BRANCH**

**Balance Sheet**

Figures in US\$ millions	At June 30 2016	At December 31 2015
<b>Assets</b>		
Cash and balances with banks and other financial institutions	3,513	2,340
Placements with banks and other financial institutions (Note 1)	780	292
Amounts due from overseas offices	15,107	14,873
Trade bills	334	573
Securities held for trading	5,290	4,486
Loans and receivables (Note 2)	18,762	19,172
Available-for-sale securities	4,475	4,120
Other investments	6	1
Fixed assets	9	15
<b>Total Assets</b>	<b>48,276</b>	<b>45,872</b>
<b>Liabilities</b>		
Deposits and balances of banks and other financial institutions	3,281	4,290
Deposits from customers (Note 9)	34,348	31,047
Amounts due to overseas offices	3,114	3,416
Other liabilities	7,533	7,119
<b>Total Liabilities</b>	<b>48,276</b>	<b>45,872</b>

**CITIBANK, N.A. - HONG KONG BRANCH**

**ADDITIONAL INFORMATION**

Figures in US\$ millions	At June 30 2016	At December 31 2015
<b>1. Placements with banks and other financial institutions</b>		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	780	292
<b>2. Loans and receivables</b>		
Advances to customers	13,442	13,742
Advances to banks	12	41
Accrued interest and other accounts	5,341	5,425
Less: impairment allowances - collectively assessed	(32)	(36)
Less: impairment allowances - individually assessed	(1)	-
	<u>18,762</u>	<u>19,172</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 June 30, 2016		At December 31, 2015	
<b>3. Advances to customers analyzed by industry sector</b>				
	<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	108	1%	255	0%
Property investment	1,453	29%	1,571	44%
Financial concerns	3,155	83%	3,486	78%
Stockbrokers	2	0%	1	0%
Wholesale and retail trade	473	54%	589	55%
Manufacturing	799	24%	716	36%
Transport and transport equipment	542	19%	630	18%
Recreational activities	10	0%	8	1%
Information technology	358	0%	172	2%
Others	947	42%	1,019	29%
	<u>7,847</u>		<u>8,447</u>	
Individuals				
Advances for the purchase of other residential properties	39	100%	40	100%
Others	1,191	100%	1,281	100%
	<u>1,230</u>		<u>1,321</u>	
Gross advances to customers for use in Hong Kong	9,077	57%	9,768	58%
Trade finance	1,287	30%	1,012	35%
Gross advances to customers for use outside Hong Kong	3,078	4%	2,962	8%
Gross advances to customers	<u>13,442</u>	43%	<u>13,742</u>	46%

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 June 30, 2016

At December 31, 2015

**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	<u>2,753</u>	<u>20.48%</u>	<u>2,882</u>	<u>20.97%</u>

**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	-	-	3	-	-	1
1 year or less but over 6 months	1	0.01%	1	1	0.01%	6
Over 1 year	<u>118</u>	<u>0.87%</u>	<u>-</u>	<u>124</u>	<u>0.90%</u>	<u>-</u>
	<u>119</u>	<u>0.88%</u>	<u>4</u>	<u>125</u>	<u>0.91%</u>	<u>7</u>

Covered portion of overdue advances to customers	119	125
Uncovered portion of overdue advances to customers	<u>-</u>	<u>-</u>
	<u>119</u>	<u>125</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.

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.

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
North and South America	<u>118</u>	<u>0.87%</u>	<u>124</u>	<u>0.90%</u>

There were no overdue advances to banks as at June 30, 2016 and December 31, 2015.

**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 June 30, 2016 and December 31, 2015.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At June 30, 2016

At December 31, 2015

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	119	0.88%	125	0.91%
Rescheduled advances to customers	-	-	-	-
Less: impairment allowances - collectively assessed	-	-	-	-
Less: impairment allowances - individually assessed	-	-	-	-
	<u>119</u>	<u>0.88%</u>	<u>125</u>	<u>0.91%</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>118</u>	<u>0.88%</u>	<u>124</u>	<u>0.90%</u>

b) Individually assessed impaired advances to customers

	Amount	Amount
Gross individually assessed impaired advances to customers	1	-
Less: impairment allowances - individually assessed	<u>(1)</u>	<u>-</u>
	<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

	Amount	Amount
Reposessed assets	<u>1</u>	<u>-</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	26,646	23,219
Saving deposits	3,424	3,983
Time, call and notice deposits	4,278	3,845
	<u>34,348</u>	<u>31,047</u>

**CITIBANK, N.A. - HONG KONG BRANCH**

**ADDITIONAL INFORMATION**

Figures in US\$ millions

**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.

	At June 30 2016			At December 31 2015		
	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)	1,424	66	1,490	1,227	80	1,307
2 Local governments, local government-owned entities and their subsidiaries and JVs	3	-	3	3	-	3
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	521	68	589	509	58	567
4 Other entities of central governments not reported in item 1 above	224	281	505	275	130	405
5 Other entities of local governments not reported in item 2 above	-	-	-	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	249	15	264	280	19	299
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,377	756	2,133	1,195	521	1,716
<b>Total</b>	<b>3,798</b>	<b>1,186</b>	<b>4,984</b>	<b>3,489</b>	<b>808</b>	<b>4,297</b>
Total assets after provision	48,170			45,757		
On-balance sheet exposures as percentage of total assets	7.89%			7.63%		

**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 June 30 2016	At December 31 2015
<b>a) Hong Kong Dollars</b>		
Spot assets	14,948	13,809
Spot liabilities	(14,492)	(13,698)
Forward purchases	33,880	30,157
Forward sales	(34,844)	(30,318)
Net long / (short) position	(508)	(50)
<b>b) Chinese Renminbi</b>		
Spot assets	3,524	2,474
Spot liabilities	(3,831)	(4,155)
Forward purchases	103,261	108,823
Forward sales	(103,102)	(107,388)
Net long / (short) position	(148)	(246)

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
<b>As at June 30, 2016</b>						
a) Developed countries	17,718	2,245	1,481	1,387	-	22,831
Of which: United States	15,184	1,876	882	332	-	18,274
b) Offshore centres	1,067	-	1,034	3,595	-	5,696
Of which: Hong Kong SAR	1,045	-	947	3,343	-	5,335
c) Developing Asia and Pacific	1,728	434	1,141	1,786	-	5,089
Of which: China	1,276	434	1,098	1,662	-	4,470
<b>As at December 31, 2015</b>						
a) Developed countries	16,312	2,938	1,125	1,663	-	22,038
Of which: United States	14,071	2,689	1,275	821	-	18,856
b) Offshore centres	863	-	1,382	3,428	-	5,673
Of which: Hong Kong SAR	748	-	1,299	3,236	-	5,283
c) Developing Asia and Pacific	1,145	242	1,110	1,961	-	4,458
Of which: China	790	242	1,005	1,880	-	3,917

**CITIBANK, N.A. - HONG KONG BRANCH**

**ADDITIONAL INFORMATION**

Figures in US\$ millions	At June 30 2016	At December 31 2015
<b>13. Off-balance sheet information</b>		
<b>a) Contingent liabilities and commitments</b>		
Contractual or notional amounts		
Direct credit substitutes	702	1,042
Transaction-related contingencies	104	110
Trade-related contingencies	349	382
Other commitments	11,231	10,612
Others	241	1,300
	12,627	13,446

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	331,981	320,371
Interest rate contracts	172,071	170,561
Others	5,529	6,212
	509,581	497,144
Fair value assets		
Exchange rate contracts	3,025	3,307
Interest rate contracts	1,572	1,258
Others	149	287
	4,746	4,852
Fair value liabilities		
Exchange rate contracts	3,041	3,180
Interest rate contracts	1,593	1,236
Others	151	283
	4,785	4,699

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.

## CITIBANK, N.A. - HONG KONG BRANCH

### ADDITIONAL INFORMATION

Figures in US\$ millions	Half-year ended June 30, 2016	Half-year ended June 30, 2015
--------------------------	----------------------------------	----------------------------------

#### 14. Liquidity ratio

The average Liquidity Maintenance Ratio for the period	35.88%	32.65%
--	--------	--------

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.

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.

#### 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 June 30 2016		At December 31 2015	
<b>Capital and Capital Adequacy</b>				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	128,824	128,824	127,323	127,323
Total Capital	140,147	151,297	138,762	149,749
Tier 1 Capital Ratio	13.94%	12.65%	14.17%	12.74%
Total Capital Ratio	15.17%	14.86%	15.44%	14.99%
Stockholder's Equity	148,892	148,892	144,721	144,721
Total Risk Weighted Assets	923,987	1,018,300	898,769	999,014

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.

Figures in US\$ millions	At June 30 2016	At December 31 2015
<b>Other Regulatory Financial Information</b>		
Total Assets	1,365,660	1,229,801
Total Liabilities	1,216,220	1,154,512
Total Advances (Net of Allowances for Loan Losses)	586,129	567,512
Total Deposits (including those from banks)	947,268	915,174

Figures in US\$ millions	Half-year ended June 30, 2016	Half-year ended June 30, 2015
<b>Pre-tax Profit</b>	9,371	10,997

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

**ADDITIONAL INFORMATION**

Figures in US\$ millions	At June 30 2016		At December 31 2015	
<b>Capital and Capital Adequacy</b>				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	181,282	181,282	176,420	176,420
Total Capital	206,144	218,860	198,746	211,115
Tier 1 Capital Ratio	15.05%	15.71%	14.81%	15.49%
Total Capital Ratio	17.12%	18.96%	16.69%	18.54%
Stockholder's Equity	231,888	231,888	221,857	221,857
Total Risk Weighted Assets	1,204,408	1,154,193	1,190,853	1,138,711

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.

<b>Other Regulatory Financial Information</b>	At June 30 2016	At December 31 2015
Total Assets	1,818,771	1,731,210
Total Liabilities	1,585,750	1,508,118
Total Advances (Net of Allowances for Loan Losses)	621,211	604,991
Total Deposits (including those from banks)	937,852	907,887

Figures in US\$ millions	Half-year ended June 30, 2016	Half-year ended June 30, 2015
<b>Pre-tax Profit</b>	10,757	13,831