



Citibank, N.A. - Hong Kong Branch

Financial Information Disclosure Statement

2017 Interim

CITIBANK, N.A. - HONG KONG BRANCH

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2017, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Weber Lo
Chief Executive, Hong Kong
September 29, 2017

CITIBANK, N.A. - HONG KONG BRANCH

Income Statement

Figures in US\$ millions	Half-year ended June 30, 2017	Half-year ended June 30, 2016
Interest income	294	214
Interest expense	(64)	(54)
Net interest income	230	160
Profits arising from dealing in foreign currencies	54	162
Profits on disposal of available-for-sale securities	10	18
(Losses) / profits on securities dealing	-	-
Profits / (losses) from other dealing activities	58	(26)
fee and commission income	196	178
fee and commission expenses	(188)	(205)
Net fees and commission income	8	(27)
Other operating profits / (losses)	1	8
Operating income	361	295
Staff costs	(110)	(123)
Premises and equipment expenses	(12)	(1)
Intercompany service fees expenses	(37)	12
Custodian charges & clearance fees	(6)	(5)
Others	(26)	(35)
Other operating expenses	(69)	(28)
Operating profit before impairment	170	143
Net charge of impairment losses	4	(2)
Profit before taxation	174	141
Taxation	(26)	(41)
Profit after taxation	148	100

CITIBANK, N.A. - HONG KONG BRANCH

Balance Sheet

Figures in US\$ millions	At June 30 2017	At December 31 2016
Assets		
Cash and balances with banks and other financial institutions	4,089	2,888
Placements with banks and other financial institutions (Note 1)	384	354
Amounts due from overseas offices	14,740	15,227
Trade bills	249	395
Securities held for trading	5,605	4,987
Loans and receivables (Note 2)	20,151	20,112
Available-for-sale securities	5,112	4,853
Other investments	4	5
Fixed assets	7	7
Total Assets	50,341	48,828
Liabilities		
Deposits and balances of banks and other financial institutions	3,169	3,513
Deposits from customers (Note 9)	34,585	32,937
Amounts due to overseas offices	5,619	2,990
Other liabilities	6,968	9,388
Total Liabilities	50,341	48,828

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2017	At December 31 2016
1. Placements with banks and other financial institutions		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	384	354
2. Loans and receivables		
Advances to customers	15,403	12,974
Advances to banks	-	63
Accrued interest and other accounts	4,774	7,101
Less: impairment allowances - collectively assessed	(26)	(26)
Less: impairment allowances - individually assessed	-	-
	<u>20,151</u>	<u>20,112</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, 2017		At December 31, 2016	
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	151	0%	185	0%
Property investment	1,410	33%	1,394	27%
Financial concerns	4,534	80%	3,298	82%
Stockbrokers	14	0%	2	0%
Wholesale and retail trade	357	28%	343	32%
Manufacturing	853	12%	681	14%
Transport and transport equipment	447	8%	563	0%
Recreational activities	1	10%	7	0%
Information technology	580	0%	366	0%
Others	1,101	61%	1,327	64%
	<u>9,448</u>		<u>8,166</u>	
Individuals				
Advances for the purchase of other residential properties	22	100%	31	100%
Others	1,306	100%	1,012	100%
	<u>1,328</u>		<u>1,043</u>	
Gross advances to customers for use in Hong Kong	10,776	59%	9,209	56%
Trade finance	1,109	30%	1,069	43%
Gross advances to customers for use outside Hong Kong	3,518	3%	2,696	10%
Gross advances to customers	<u>15,403</u>	44%	<u>12,974</u>	45%

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 June 30, 2017

At December 31, 2016

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	3,618	23.49%	2,442	18.82%

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	-	-	-	-	-	-
Over 1 year	113	0.73%	-	113	0.87%	-
	114	0.73%	-	113	0.87%	-
Covered portion of overdue advances to customers	114			113		
Uncovered portion of overdue advances to customers	-			-		
	114			113		

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	113	0.73%	113	0.87%

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

6. Rescheduled advances to customers

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
Rescheduled advances to customers	-	-	-	-

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, 2017 and December 31, 2016.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At June 30, 2017

At December 31, 2016

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	114	0.73%	113	0.87%
Rescheduled advances to customers	-	-	-	-
Less: impairment allowances - collectively assessed	-	-	-	-
Less: impairment allowances - individually assessed	-	-	-	-
	<u>114</u>	<u>0.73%</u>	<u>113</u>	<u>0.87%</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>113</u>	<u>0.73%</u>	<u>113</u>	<u>0.87%</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

-	-
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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
Reposessed assets	<u>-</u>	<u>4</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	26,177	25,657
Saving deposits	3,868	3,573
Time, call and notice deposits	4,540	3,707
	<u>34,585</u>	<u>32,937</u>

CITIBANK, N.A. - HONG KONG BRANCH
ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2017	At December 31 2016
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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)	2,350	214	2,564	835	477	1,312
2 Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	579	386	965	378	118	496
4 Other entities of central governments not reported in item 1 above	314	85	399	160	278	438
5 Other entities of local governments not reported in item 2 above	4	-	4	4	-	4
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	88	23	111	243	8	251
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,325	499	1,824	1,429	673	2,102
Total	4,660	1,207	5,867	3,049	1,554	4,603
Total assets after provision	50,248			48,706		
On-balance sheet exposures as percentage of total assets	9.27%			6.26%		

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 2017	At December 31 2016
a) Hong Kong Dollars		
Spot assets	15,598	16,834
Spot liabilities	(15,243)	(16,613)
Forward purchases	47,514	38,458
Forward sales	(48,491)	(39,316)
Net long / (short) position	(622)	(637)
b) Chinese Renminbi		
Spot assets	4,467	3,132
Spot liabilities	(3,630)	(3,273)
Forward purchases	103,280	98,823
Forward sales	(103,326)	(98,963)
Net long / (short) position	791	(281)

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, 2017</u>						
a) Developed countries	17,138	2,387	1,787	1,247	-	22,559
Of which: United States	14,820	1,806	1,115	388	-	18,129
b) Offshore centres	511	-	1,292	3,680	-	5,483
Of which: Hong Kong SAR	477	-	1,206	3,308	-	4,991
c) Developing Asia and Pacific	2,871	979	1,738	2,286	-	7,874
Of which: China	2,413	745	1,506	2,131	-	6,795
<u>As at December 31, 2016</u>						
a) Developed countries	18,008	2,465	1,421	1,247	-	23,141
Of which: United States	15,319	1,866	852	315	-	18,352
b) Offshore centres	471	-	1,049	3,416	-	4,936
Of which: Hong Kong SAR	372	-	948	3,133	-	4,453
c) Developing Asia and Pacific	1,367	194	1,278	1,364	-	4,203
Of which: China	699	194	1,243	1,219	-	3,355

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

	At June 30 2017	At December 31 2016
Figures in US\$ millions		
13. Off-balance sheet information		
a) Contingent liabilities and commitments		
Contractual or notional amounts		
Direct credit substitutes	805	830
Transaction-related contingencies	242	104
Trade-related contingencies	367	390
Other commitments	12,469	11,329
Others	640	797
	<u>14,523</u>	<u>13,450</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	357,707	330,679
Interest rate contracts	212,969	151,602
Others	6,263	5,444
	<u>576,939</u>	<u>487,725</u>
Fair value assets		
Exchange rate contracts	2,884	5,559
Interest rate contracts	1,005	1,076
Others	111	132
	<u>4,000</u>	<u>6,767</u>
Fair value liabilities		
Exchange rate contracts	2,829	5,435
Interest rate contracts	1,006	1,100
Others	109	133
	<u>3,944</u>	<u>6,668</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.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	Half-year ended June 30, 2017	Half-year ended June 30, 2016
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14. Liquidity ratio

The average Liquidity Maintenance Ratio for the period	31.17%	35.88%
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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 2017		At December 31 2016	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	129,099	129,099	126,465	126,645
Total Capital	142,010	152,802	138,821	150,291
Tier 1 Capital Ratio	13.40%	12.54%	12.99%	12.63%
Total Capital Ratio	14.74%	14.84%	14.25%	15.01%
Stockholder's Equity	148,051	148,051	144,298	144,298
Total Risk Weighted Assets	963,668	1,029,517	973,933	1,001,016

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 2017	At December 31 2016
Other Financial Information		
Total Assets	1,401,303	1,349,581
Total Liabilities	1,252,659	1,204,776
Total Advances (Net of Allowances for Loan Losses)	595,833	576,891
Total Deposits (including those from banks)	972,081	942,808

Figures in US\$ millions	Half-year ended June 30, 2017	Half-year ended June 30, 2016
Pre-tax Profit	9,584	9,371

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

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2017		At December 31 2016	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	179,544	179,544	178,387	178,387
Total Capital	204,790	216,927	202,146	214,938
Tier 1 Capital Ratio	15.51%	15.43%	15.29%	15.84%
Total Capital Ratio	17.69%	18.64%	17.33%	19.08%
Stockholder's Equity	230,019	230,019	225,120	225,120
Total Risk Weighted Assets	1,157,670	1,163,894	1,166,764	1,126,314

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.

Other Financial Information	At June 30 2017	At December 31 2016
Total Assets	1,864,063	1,792,077
Total Liabilities	1,632,956	1,565,934
Total Advances (Net of Allowances for Loan Losses)	632,670	612,309
Total Deposits (including those from banks)	958,743	929,406

Figures in US\$ millions	Half-year ended June 30, 2017	Half-year ended June 30, 2016
Pre-tax Profit	11,659	10,757