



Citibank, N.A. - Hong Kong Branch

Financial Information Disclosure Statement

2018 Interim

CITIBANK, N.A. - HONG KONG BRANCH

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2018, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Angel Ng
Chief Executive, Hong Kong
September 28, 2018

CITIBANK, N.A. - HONG KONG BRANCH

Income Statement

Figures in US\$ millions	Half-year ended June 30, 2018	Half-year ended June 30, 2017
Interest income	446	294
Interest expense	<u>(123)</u>	<u>(64)</u>
Net interest income	323	230
Profits arising from dealing in foreign currencies	155	54
Profits on disposal of available-for-sale securities	-	10
Profits on securities dealing	2	-
Profits from other dealing activities	5	58
fee and commission income	<u>197</u>	<u>196</u>
fee and commission expenses	<u>(202)</u>	<u>(188)</u>
Net fees and commission (expenses) / income	(5)	8
Other operating profits	<u>2</u>	<u>1</u>
Operating income	482	361
Staff costs	(107)	(110)
Premises and equipment expenses	(6)	(12)
Intercompany service fees expenses	<u>(37)</u>	<u>(37)</u>
Custodian charges & clearance fees	(8)	(6)
Others	<u>(33)</u>	<u>(26)</u>
Other operating expenses	<u>(78)</u>	<u>(69)</u>
Operating profit before impairment	291	170
Net recovery of impairment losses	<u>3</u>	<u>4</u>
Profit before taxation	294	174
Taxation	<u>(49)</u>	<u>(26)</u>
Profit after taxation	<u>245</u>	<u>148</u>

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

Figures in US\$ millions	At June 30 2018	At December 31 2017
Assets		
Cash and balances with banks and other financial institutions	2,092	1,353
Placements with banks and other financial institutions (Note 1)	925	807
Amounts due from overseas offices	19,549	15,412
Trade bills	440	568
Certificate of deposit held	298	77
Securities held for trading	6,937	6,260
Loans and receivables (Note 2)	25,124	22,815
Available-for-sale securities	4,135	2,797
Other investments	4	4
Fixed assets	11	10
Total Assets	59,515	50,103
Liabilities		
Deposits and balances of banks and other financial institutions	5,225	3,492
Deposits from customers (Note 9)	40,640	34,463
Amounts due to overseas offices	3,767	3,896
Other liabilities	9,883	8,252
Total Liabilities	59,515	50,103

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2018	At December 31 2017
1. Placements with banks and other financial institutions		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	925	807
2. Loans and receivables		
Advances to customers	19,024	17,209
Advances to banks	18	-
Accrued interest and other accounts	6,109	5,633
Less: impairment allowances - collectively assessed	(27)	(27)
Less: impairment allowances - individually assessed	-	-
	<u>25,124</u>	<u>22,815</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, 2018		At December 31, 2017	
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	230	0%	256	0%
Property investment	1,505	23%	1,577	30%
Financial concerns	4,875	87%	4,771	86%
Stockbrokers	15	0%	2	0%
Wholesale and retail trade	422	34%	450	46%
Manufacturing	951	15%	911	14%
Transport and transport equipment	599	0%	630	0%
Recreational activities	1	0%	-	0%
Information technology	353	0%	595	0%
Others	2,051	52%	1,403	56%
	<u>11,002</u>		<u>10,595</u>	
Individuals				
Advances for the purchase of other residential properties	18	100%	20	100%
Others	1,809	100%	1,702	100%
	<u>1,827</u>		<u>1,722</u>	
Gross advances to customers for use in Hong Kong	12,829	60%	12,317	60%
Trade finance	1,724	15%	1,234	19%
Gross advances to customers for use outside Hong Kong	4,471	2%	3,658	2%
Gross advances to customers	<u>19,024</u>	43%	<u>17,209</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, 2018

At December 31, 2017

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	3,583	18.83%	2,642	15.35%

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	-	-	-	-	-	2
1 year or less but over 6 months	-	-	1	-	-	1
Over 1 year	-	-	-	-	-	-
	<u>-</u>	<u>0.00%</u>	<u>1</u>	<u>-</u>	<u>0.00%</u>	<u>3</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 June 30, 2018 and December 31, 2017.

6. Rescheduled advances to customers

	Amount	% of Gross Advances to Customers	Amount	% of Gross Advances to Customers
Rescheduled advances to customers	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</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, 2018 and December 31, 2017.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At June 30, 2018

At December 31, 2017

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
Reposessed assets	<u>3</u>	<u>1</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	32,611	26,021
Saving deposits	3,140	3,262
Time, call and notice deposits	4,889	5,180
	<u>40,640</u>	<u>34,463</u>

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2018			At December 31 2017		
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)	2,311	210	2,521	2,021	674	2,695
2 Local governments, local government-owned entities and their subsidiaries and JVs	4	-	4	8	2	10
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,309	924	2,233	584	389	973
4 Other entities of central governments not reported in item 1 above	79	442	521	403	197	600
5 Other entities of local governments not reported in item 2 above	49	-	49	50	-	50
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	353	139	492	325	446	771
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,520	46	1,566	1,337	31	1,368
Total	<u>5,625</u>	<u>1,761</u>	<u>7,386</u>	<u>4,728</u>	<u>1,739</u>	<u>6,467</u>
Total assets after provision	59,411			49,945		
On-balance sheet exposures as percentage of total assets	9.47%			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 June 30 2018	At December 31 2017
a) Hong Kong Dollars		
Spot assets	17,692	17,347
Spot liabilities	(17,471)	(16,703)
Forward purchases	68,517	42,401
Forward sales	(68,290)	(43,257)
Net long / (short) position	<u>448</u>	<u>(212)</u>
b) Chinese Renminbi		
Spot assets	2,372	2,354
Spot liabilities	(3,959)	(3,695)
Forward purchases	75,027	65,262
Forward sales	(72,992)	(63,780)
Net long position	<u>448</u>	<u>141</u>

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

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, 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
<u>As at December 31, 2017</u>						
a) Developed countries	15,959	3,433	1,980	1,205	-	22,577
Of which: United States	15,536	2,945	1,133	355	-	19,969
b) Offshore centres	476	1	1,127	3,856	-	5,460
Of which: Hong Kong SAR	475	1	1,046	3,572	-	5,094
c) Developing Asia and Pacific	1,817	168	1,195	1,872	-	5,052
Of which: China	1,262	168	955	1,719	-	4,104

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2018	At December 31 2017
13. Off-balance sheet information		
a) Contingent liabilities and commitments		
Contractual or notional amounts		
Direct credit substitutes	766	819
Transaction-related contingencies	265	268
Trade-related contingencies	435	382
Other commitments	13,237	13,337
Others	-	598
	14,703	15,404

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	375,065	256,794
Interest rate contracts	241,654	220,822
Others	4,924	3,143
	621,643	480,759
Fair value assets		
Exchange rate contracts	3,253	2,996
Interest rate contracts	1,087	843
Others	137	67
	4,477	3,906
Fair value liabilities		
Exchange rate contracts	3,287	3,078
Interest rate contracts	1,063	855
Others	135	63
	4,485	3,996

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**

	Quarter ended June 30, 2018	Quarter ended March 31, 2018	Half-year ended June 30, 2017
14. Liquidity ratio			
The average Liquidity Maintenance Ratio for the period	34.10%	31.55%	31.17%
The average Core Funding Ratio for the period	285.70%	256.54%	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 half 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 half 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/cbna.hk>.

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

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2018		At December 31 2017	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	130,928	130,928	124,952	124,952
Total Capital	144,418	154,654	138,008	148,946
Tier 1 Capital Ratio	13.80%	12.67%	12.94%	12.20%
Total Capital Ratio	15.22%	14.97%	14.29%	14.54%
Stockholder's Equity	147,575	147,575	141,906	141,906
Total Risk Weighted Assets	948,803	1,033,050	965,435	1,024,502

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

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 2018	At December 31 2017
Other Financial Information		
Total Assets	1,397,794	1,384,707
Total Liabilities	1,249,664	1,242,187
Total Advances (Net of Allowances for Loan Losses)	622,913	618,514
Total Deposits (including those from banks)	1,003,190	976,696

Figures in US\$ millions	Half-year ended June 30, 2018	Half-year ended June 30, 2017
Pre-tax Profit	11,265	9,584

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

ADDITIONAL INFORMATION

Figures in US\$ millions	At June 30 2018		At December 31 2017	
Capital and Capital Adequacy	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	162,002	162,002	162,377	162,377
Total Capital	187,240	198,964	187,877	199,989
Tier 1 Capital Ratio	14.11%	13.77%	14.09%	14.06%
Total Capital Ratio	16.31%	16.91%	16.30%	17.31%
Stockholder's Equity	200,094	200,094	200,740	200,740
Total Risk Weighted Assets	1,147,865	1,176,863	1,152,644	1,155,099

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

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 2018	At December 31 2017
Total Assets	1,912,334	1,842,465
Total Liabilities	1,711,366	1,640,793
Total Advances (Net of Allowances for Loan Losses)	659,054	654,679
Total Deposits (including those from banks)	996,730	959,822

Figures in US\$ millions	Half-year ended June 30, 2018	Half-year ended June 30, 2017
Pre-tax Profit	12,035	11,659