



Citibank, N.A. - Hong Kong Branch

Financial Information Disclosure Statement

December 31, 2015

CITIBANK, N.A. - HONG KONG BRANCH

We enclose herewith the annual Disclosure Statement for the year ended December 31, 2015, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Mok Siu Hung Paulus
Alternate Chief Executive, Hong Kong
March 31, 2016

CITIBANK, N.A. - HONG KONG BRANCH

Income Statement

Figures in US\$ millions	For the year ended December 31, 2015	For the year ended December 31, 2014
Interest income	385	447
Interest expense	<u>(113)</u>	<u>(124)</u>
Net interest income	272	323
Profits arising from dealing in foreign currencies	260	159
Profits on disposal of available-for-sale securities	5	5
Profits / (losses) on securities dealing	12	12
Profits / (losses) from other dealing activities	20	(22)
fee and commission income	290	295
fee and commission expense	(5)	(2)
Net fees and commission income	285	293
Other operating profits/ (losses)	<u>(36)</u>	<u>(10)</u>
Operating income	818	760
Staff costs	(238)	(232)
Premises and equipment expenses	(12)	(14)
Intercompany service fees expense	(396)	(295)
Custodian charges & Clearance Fees	(14)	(23)
Others	(66)	(61)
Other operating expenses	<u>(476)</u>	<u>(379)</u>
Operating profit before impairment	92	135
Net charge of impairment losses	<u>(60)</u>	<u>(12)</u>
Profit before taxation	32	123
Taxation	<u>(3)</u>	<u>(18)</u>
Profit after taxation	<u>29</u>	<u>105</u>

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

Figures in US\$ millions	At December 31 2015	At Jun 30 2015
Assets		
Cash and balances with banks and other financial institutions	2,340	4,536
Placements with banks and other financial institutions (Note 1)	292	1,191
Amounts due from overseas offices	14,873	11,200
Trade bills	573	499
Securities held for trading	4,486	4,741
Loans and receivables (Note 2)	19,172	19,362
Available-for-sale securities	4,120	2,176
Other investments	1	1
Fixed assets	15	17
Total Assets	45,872	43,723
Liabilities		
Deposits and balances of banks and other financial institutions	4,290	4,378
Deposits from customers (Note 9)	31,047	30,069
Amounts due to overseas offices	3,416	2,491
Other liabilities	7,119	6,785
Total Liabilities	45,872	43,723

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2015	At Jun 30 2015
1. Placements with banks and other financial institutions		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	292	1,191
2. Loans and receivables		
Advances to customers	13,742	15,167
Advances to banks	41	181
Accrued interest and other accounts	5,425	4,047
Less: impairment allowances - collectively assessed	(36)	(33)
Less: impairment allowances - individually assessed	-	-
	<u>19,172</u>	<u>19,362</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, 2015		At Jun 30, 2015	
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	255	0%	261	0%
Property investment	1,571	44%	1,334	56%
Financial concerns	3,486	78%	4,294	81%
Stockbrokers	1	0%	3	0%
Wholesale and retail trade	589	55%	668	54%
Manufacturing	716	36%	733	40%
Transport and transport equipment	630	18%	666	16%
Recreational activities	8	1%	1	0%
Information technology	172	2%	262	4%
Others	1,019	29%	1,077	32%
	<u>8,447</u>		<u>9,299</u>	
Individuals				
Advances for the purchase of other residential properties	40	100%	43	100%
Others	1,281	100%	1,505	100%
	<u>1,321</u>		<u>1,548</u>	
Gross advances to customers for use in Hong Kong	9,768	58%	10,847	64%
Trade finance	1,012	35%	1,207	34%
Gross advances to customers for use outside Hong Kong	2,962	8%	3,113	9%
Gross advances to customers	<u>13,742</u>	46%	<u>15,167</u>	50%

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 December 31, 2015

At Jun 30, 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	2,882	20.97%	3,477	22.92%

5. Overdue advances to customers

	Gross Advances to Customers	% of Gross Advances to Customers	Other Assets	Gross 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	-	-	2
1 year or less but over 6 months	1	0.01%	6	-	-	1
Over 1 year	124	0.90%	-	141	0.93%	-
	<u>125</u>	<u>0.91%</u>	<u>7</u>	<u>141</u>	<u>0.93%</u>	<u>3</u>
Covered portion of overdue advances to customers	125			141		
Uncovered portion of overdue advances to customers	-			-		
	<u>125</u>			<u>141</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	124	0.90%	141	0.93%

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

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 December 31, 2015 and June 30, 2015

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At December 31, 2015

At Jun 30, 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	125	0.91%	141	0.93%
Rescheduled advances to customers	-	-	-	-
Less: impairment allowances - collectively assessed	-	-	-	-
Less: impairment allowances - individually assessed	-	-	-	-
	<u>125</u>	<u>0.91%</u>	<u>141</u>	<u>0.93%</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>124</u>	<u>0.90%</u>	<u>141</u>	<u>0.93%</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

There were no repossessed assets as at the above reporting dates

9. Deposits from customers

	Amount	Amount
Demand deposits and current accounts	23,219	22,659
Saving deposits	3,983	3,669
Time, call and notice deposits	3,845	3,741
	<u>31,047</u>	<u>30,069</u>

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2015	At Jun 30 2015
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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)	1,227	80	1,307	1,352	162	1,514
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	509	58	567	610	53	663
4 Other entities of central governments not reported in item 1 above	275	130	405	124	84	208
5 Other entities of local governments not reported in item 2 above	-	-	-	8	1	9
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	280	19	299	432	13	445
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,195	521	1,716	1,595	385	1,980
Total	3,489	808	4,297	4,124	698	4,822
Total assets after provision			45,757			43,588
On-balance sheet exposures as percentage of total assets			7.63%			9.46%

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 2015	At Jun 30 2015
a) Hong Kong Dollars		
Spot assets	13,809	10,717
Spot liabilities	(13,698)	(13,531)
Forward purchases	30,157	22,648
Forward sales	(30,318)	(19,958)
Net long / (short) position	<u>(50)</u>	<u>(124)</u>
b) Chinese Renminbi		
Spot assets	2,474	3,549
Spot liabilities	(4,155)	(4,510)
Forward purchases	108,823	76,696
Forward sales	(107,388)	(75,434)
Net long / (short) position	<u>(246)</u>	<u>301</u>

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

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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.

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
<u>As at December 31, 2015</u>						
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
<u>As at June 30, 2015</u>						
a) Developed countries	14,432	3,855	1,155	1,645	-	21,087
Of which: United States	11,377	3,855	411	697	-	16,340
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

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2015	At Jun 30 2015
13. Off-balance sheet information		
a) Contingent liabilities and commitments		
Contractual or notional amounts		
Direct credit substitutes	1,042	1,110
Transaction-related contingencies	110	187
Trade-related contingencies	382	409
Other commitments	10,612	9,249
Others	1,300	-
	<u>13,446</u>	<u>10,955</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	320,371	229,896
Interest rate contracts	170,561	193,569
Others	6,212	7,107
	<u>497,144</u>	<u>430,572</u>
Fair value assets		
Exchange rate contracts	3,307	1,343
Interest rate contracts	1,258	1,538
Others	287	240
	<u>4,852</u>	<u>3,121</u>
Fair value liabilities		
Exchange rate contracts	3,180	1,256
Interest rate contracts	1,236	1,509
Others	283	240
	<u>4,699</u>	<u>3,005</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	For the year ended December 31, 2015	For the year ended December 31, 2014
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14. Liquidity ratio

The average Liquidity Maintenance Ratio for the period	35.01%	N/A
The average Liquidity Ratio for the period	N/A	39.77%

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 year ended 31 December, 2015 under Basel III are therefore not directly comparable with the average liquidity ratio reported for the year ended 31 December, 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 year ended 31 December, 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 December 31 2015		At Jun 30 2015	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	127,323	127,323	129,033	129,033
Total Capital	138,762	149,749	140,316	151,595
Tier 1 Capital Ratio	14.17%	12.74%	14.12%	12.70%
Total Capital Ratio	15.44%	14.99%	15.36%	14.92%
Stockholder's Equity	144,721	144,721	148,267	148,267
Total Risk Weighted Assets	898,769	999,014	913,651	1,015,880

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 December 31 2015	At Jun 30 2015
Other Regulatory Financial Information		
Total Assets	1,229,801	1,336,201
Total Liabilities	1,154,512	1,187,298
Total Advances (Net of Allowances for Loan Losses)	567,512	572,805
Total Deposits (including those from banks)	915,174	921,755

Figures in US\$ millions	For the year ended December 31, 2015	For the year ended December 31, 2014
Pre-tax Profit	19,936	16,422

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

ADDITIONAL INFORMATION

Figures in US\$ millions	At December 31 2015		At Jun 30 2015	
Capital and Capital Adequacy				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	176,420	176,420	173,006	173,006
Total Capital	198,746	211,115	193,712	206,374
Tier 1 Capital Ratio	14.81%	15.49%	13.80%	14.56%
Total Capital Ratio	16.69%	18.54%	15.45%	17.37%
Stockholder's Equity	221,857	221,857	219,440	219,440
Total Risk Weighted Assets	1,190,853	1,138,711	1,253,875	1,188,191

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 Regulatory Financial Information	At December 31 2015	At Jun 30 2015
Total Assets	1,731,210	1,829,370
Total Liabilities	1,508,118	1,608,545
Total Advances (Net of Allowances for Loan Losses)	604,911	618,043
Total Deposits (including those from banks)	907,887	908,037

Figures in US\$ millions	For the year ended December 31, 2015	For the year ended December 31, 2014
Pre-tax Profit	24,826	14,701