



---

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

**Financial Information Disclosure Statement**

**December 31, 2017**

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

We enclose herewith the Financial Information Disclosure Statement for the year ended December 31, 2017, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Weber Lo  
Chief Executive, Hong Kong  
March 29, 2018

CITIBANK, N.A. - HONG KONG BRANCH

**Income Statement**

Figures in US\$ millions	For the year ended December 31, 2017	For the year ended December 31, 2016
Interest income	653	450
Interest expense	(155)	(102)
<b>Net interest income</b>	<b>498</b>	<b>348</b>
Profits arising from dealing in foreign currencies	190	278
Profits on disposal of available-for-sale securities	7	18
Profits /(losses) on securities dealing	4	(9)
Profits from other dealing activities	65	3
fee and commission income	439	350
fee and commission expenses	(412)	(359)
Net fees and commission income / (expenses)	27	(9)
Other operating (losses) / profits	(1)	11
<b>Operating income</b>	<b>790</b>	<b>640</b>
Staff costs	(222)	(230)
Premises and equipment expenses	(25)	(37)
Intercompany service fees expenses	(68)	(19)
Custodian charges & clearance fees	(13)	(11)
Others	(61)	(82)
Other operating expenses	(142)	(112)
<b>Operating profit before impairment</b>	<b>401</b>	<b>261</b>
Net recovery / (charge) of impairment losses	8	(4)
<b>Profit before taxation</b>	<b>409</b>	<b>257</b>
Taxation	(64)	(60)
<b>Profit after taxation</b>	<b>345</b>	<b>197</b>

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

**Balance Sheet**

Figures in US\$ millions	At December 31 2017	At June 30 2017
<b>Assets</b>		
Cash and balances with banks and other financial institutions	1,353	4,089
Placements with banks and other financial institutions (Note 1)	807	384
Amounts due from overseas offices	15,412	14,740
Trade bills	568	249
Certificate of deposit held	77	-
Securities held for trading	6,260	5,605
Loans and receivables (Note 2)	22,815	20,151
Available-for-sale securities	2,797	5,112
Other investments	4	4
Fixed assets	10	7
<b>Total Assets</b>	<b>50,103</b>	<b>50,341</b>
<b>Liabilities</b>		
Deposits and balances of banks and other financial institutions	3,492	3,169
Deposits from customers (Note 9)	34,463	34,585
Amounts due to overseas offices	3,896	5,619
Other liabilities	8,252	6,968
<b>Total Liabilities</b>	<b>50,103</b>	<b>50,341</b>

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

**ADDITIONAL INFORMATION**

Figures in US\$ millions	At December 31 2017	At June 30 2017
<b>1. Placements with banks and other financial institutions</b>		
	<u>Amount</u>	<u>Amount</u>
Maturing between one month and one year	807	384
<b>2. Loans and receivables</b>		
Advances to customers	17,209	15,403
Advances to banks	-	-
Accrued interest and other accounts	5,633	4,774
Less: impairment allowances - collectively assessed	(27)	(26)
Less: impairment allowances - individually assessed	-	-
	<u>22,815</u>	<u>20,151</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, 2017		At June 30, 2017	
<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	256	0%	151	0%
Property investment	1,577	30%	1,410	33%
Financial concerns	4,771	86%	4,534	80%
Stockbrokers	2	0%	14	0%
Wholesale and retail trade	450	46%	357	28%
Manufacturing	911	14%	853	12%
Transport and transport equipment	630	0%	447	8%
Recreational activities	-	0%	1	10%
Information technology	595	0%	580	0%
Others	1,403	56%	1,101	61%
	<u>10,595</u>		<u>9,448</u>	
Individuals				
Advances for the purchase of other residential properties	20	100%	22	100%
Others	1,702	100%	1,306	100%
	<u>1,722</u>		<u>1,328</u>	
Gross advances to customers for use in Hong Kong	12,317	60%	10,776	59%
Trade finance	1,234	19%	1,109	30%
Gross advances to customers for use outside Hong Kong	3,658	2%	3,518	3%
Gross advances to customers	<u>17,209</u>	45%	<u>15,403</u>	44%

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, 2017

At June 30, 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	2,642	15.35%	3,618	23.49%

**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	-	-
1 year or less but over 6 months	-	-	1	-	-	-
Over 1 year	-	0.00%	-	113	0.73%	-
	<u>-</u>	<u>0.00%</u>	<u>3</u>	<u>114</u>	<u>0.73%</u>	<u>-</u>
Covered portion of overdue advances to customers	-			114		
Uncovered portion of overdue advances to customers	<u>-</u>			<u>-</u>		
				<u>114</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>-</u>	<u>0.00%</u>	<u>113</u>	<u>0.73%</u>

There were no overdue advances to banks as at December 31, 2017 and June 30, 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>-</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 December 31, 2017 and June 30, 2017.

CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

At December 31, 2017

At June 30, 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	-	-	114	0.73%
Rescheduled advances to customers	-	-	-	-
Less: impairment allowances - collectively assessed	-	-	-	-
Less: impairment allowances - individually assessed	-	-	-	-
	<u>-</u>	<u>-</u>	<u>114</u>	<u>0.73%</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>-</u>	<u>0.00%</u>	<u>113</u>	<u>0.73%</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>
	<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	26,021	26,177
Saving deposits	3,262	3,868
Time, call and notice deposits	5,180	4,540
	<u>34,463</u>	<u>34,585</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 December 31 2017			At June 30 2017		
	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)	2,021	674	2,695	2,350	214	2,564
2 Local governments, local government-owned entities and their subsidiaries and JVs	8	2	10	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	584	389	973	579	386	965
4 Other entities of central governments not reported in item 1 above	403	197	600	314	85	399
5 Other entities of local governments not reported in item 2 above	50	-	50	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	325	446	771	88	23	111
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,337	31	1,368	1,325	499	1,824
<b>Total</b>	<b>4,728</b>	<b>1,739</b>	<b>6,467</b>	<b>4,660</b>	<b>1,207</b>	<b>5,867</b>
Total assets after provision	49,945			50,248		
On-balance sheet exposures as percentage of total assets	9.47%			9.27%		

**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 2017	At June 30 2017
<b>a) Hong Kong Dollars</b>		
Spot assets	17,347	15,598
Spot liabilities	(16,703)	(15,243)
Forward purchases	42,401	47,514
Forward sales	(43,257)	(48,491)
Net short position	(212)	(622)
<b>b) Chinese Renminbi</b>		
Spot assets	2,354	4,467
Spot liabilities	(3,695)	(3,630)
Forward purchases	65,262	103,280
Forward sales	(63,780)	(103,326)
Net long position	141	791



CITIBANK, N.A. - HONG KONG BRANCH

ADDITIONAL INFORMATION

Figures in US\$ millions

	At December 31 2,017	At June 30 2,017
<b>c) EURO</b>		
Spot assets	1,798	925
Spot liabilities	(1,103)	(942)
Forward purchases	5,617	6,131
Forward sales	(6,348)	(6,139)
Net short position	<u>(36)</u>	<u>(25)</u>
<b>d) Japanese Yen</b>		
Spot assets	1,495	1,560
Spot liabilities	(694)	(662)
Forward purchases	4,581	7,683
Forward sales	(5,429)	(8,576)
Net (short) / long position	<u>(47)</u>	<u>5</u>

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

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><u>As at December 31 2017</u></b>						
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
<b><u>As at June 30, 2017</u></b>						
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

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

**ADDITIONAL INFORMATION**

Figures in US\$ millions	At December 31 2017	At June 30 2017
<b>13. Off-balance sheet information</b>		
<b>a) Contingent liabilities and commitments</b>		
Contractual or notional amounts		
Direct credit substitutes	819	805
Transaction-related contingencies	268	242
Trade-related contingencies	382	367
Other commitments	13,337	12,469
Others	598	640
	<u>15,404</u>	<u>14,523</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	256,794	357,707
Interest rate contracts	220,822	212,969
Others	3,143	6,263
	<u>480,759</u>	<u>576,939</u>
Fair value assets		
Exchange rate contracts	2,996	2,884
Interest rate contracts	843	1,005
Others	67	111
	<u>3,906</u>	<u>4,000</u>
Fair value liabilities		
Exchange rate contracts	3,078	2,829
Interest rate contracts	855	1,006
Others	63	109
	<u>3,996</u>	<u>3,944</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, 2017	For the year ended December 31, 2016
--------------------------	---	---

#### 14. Liquidity ratio

The average Liquidity Maintenance Ratio for the period	31.94%	35.57%
--	--------	--------

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)
- Resolution Liquidity Adequacy & Positioning (RLAP) Ratio

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 2017		At June 30 2017	
<b>Capital and Capital Adequacy</b>				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	126,549	126,549	129,099	129,099
Total Capital	139,597	150,535	142,010	152,802
Tier 1 Capital Ratio	13.27%	12.48%	13.40%	12.54%
Total Capital Ratio	14.63%	14.85%	14.74%	14.84%
Stockholder's Equity	141,906	141,906	148,051	148,051
Total Risk Weighted Assets	953,898	1,013,618	963,668	1,029,517

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 2017	At June 30 2017
<b>Other Financial Information</b>		
Total Assets	1,384,707	1,401,303
Total Liabilities	1,242,167	1,252,658
Total Advances (Net of Allowances for Loan Losses)	618,514	595,833
Total Deposits (including those from banks)	976,696	970,691

Figures in US\$ millions	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>Pre-tax Profit</b>	19,058	18,212

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

**ADDITIONAL INFORMATION**

Figures in US\$ millions	At December 31 2017		At June 30 2017	
<b>Capital and Capital Adequacy</b>				
	Advanced Approaches	Standardized Approach	Advanced Approaches	Standardized Approach
Tier 1 Capital	164,841	164,841	179,544	179,544
Total Capital	190,331	202,284	204,790	216,927
Tier 1 Capital Ratio	14.53%	14.48%	15.51%	15.43%
Total Capital Ratio	16.77%	17.77%	17.69%	18.64%
Stockholder's Equity	200,740	200,740	230,019	230,019
Total Risk Weighted Assets	1,134,864	1,138,167	1,157,670	1,163,894

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 Financial Information</b>	At December 31 2017	At June 30 2017
Total Assets	1,842,465	1,864,063
Total Liabilities	1,640,793	1,632,956
Total Advances (Net of Allowances for Loan Losses)	654,679	632,670
Total Deposits (including those from banks)	959,822	958,743

Figures in US\$ millions	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>Pre-tax Profit</b>	22,761	21,477