

PILLAR III DISCLOSURES

Citigroup Pty Limited Consolidated Group
Capital Adequacy, Credit Risk Exposure, and Securitisation
31 December 2014

INCORPORATING THE IMPLEMENTATION OF BASEL III AND THE REQUIREMENTS
OF AUSTRALIAN PRUDENTIAL STANDARD APS 330



Citigroup Pty Limited – Pillar III Disclosure

Capital Adequacy – 31 December 2014



- In accordance with APRA Prudential Standard APS 330, Table 3, Citigroup Pty Limited's capital adequacy in terms of risk-weighted assets as at 31 December 2014 was:

Risk Weighted Assets (RWA)	A\$ millions	
	31/12/2014	30/09/2014
Credit Risk by portfolio		
Residential Mortgage	3,271.9	3,325.2
Other retail ⁽¹⁾	5,351.2	5,128.1
Corporate	83.5	82.6
Bank	626.4	506.1
Government	-	-
All Other	165.7	153.5
Securitisation	115.5	93.4
Total Credit risk	9,614.2	9,288.9
Market risk	3.7	3.2
Operational risk	1,381.4	1,424.1
Total risk weighted assets (RWA)	10,999.3	10,716.2

Capital Adequacy	31/12/2014	30/09/2014
Common Equity Tier 1 Capital Adequacy Ratio	29.1%	31.7%
Tier 1 Capital Adequacy Ratio	29.1%	31.7%
Total Capital Adequacy Ratio	30.1%	32.4%

(1) Consists mainly of personal unsecured lending (including credit cards).

Citigroup Pty Limited – Pillar III Disclosure

Credit Risk – 31 December 2014



- In accordance with APRA Prudential Standard APS 330, Table 4, Citigroup Pty Limited's credit risk exposure as at 31 December 2014 was:

a) Credit risk														
A\$ Millions														
Dec 2014														
Gross														
Average														
	Gross						Total	Average						Total
	Cash	Loans	Placements & Debt securities	Other	Derivatives	Guarantees & Commitments ⁽¹⁾		Cash	Loans	Placements & Debt securities	Other	Derivatives	Guarantees & Commitments ⁽¹⁾	
Credit risk exposures														
Residential Mortgage		8,084.8				226.3	8,311.1		8,114.0				238.4	8,352.4
Other retail		5,221.0				0.3	5,221.3		5,133.5				0.3	5,133.8
Corporate		86.3				1.4	87.6		85.7				1.5	87.2
Bank	790.3		1,801.8		27.2		2,619.3	947.7		1,415.0		23.1		2,385.7
Government	26.2		334.9				361.1	64.8		545.1				609.9
All Other				165.6			165.6				159.5			159.5
Total	816.5	13,392.1	2,136.7	165.6	27.2	227.9	16,766.0	1,012.4	13,333.1	1,960.1	159.5	23.1	240.3	16,728.5

A\$ Millions														
Sept 2014														
Gross														
Average														
	Gross						Total	Average						Total
	Cash	Loans	Placements & Debt securities	Other	Derivatives	Guarantees & Commitments ⁽¹⁾		Cash	Loans	Placements & Debt securities	Other	Derivatives	Guarantees & Commitments ⁽¹⁾	
Credit risk exposures														
Residential Mortgage		8,143.0				250.6	8,393.5		8,134.6				239.2	8,373.8
Other retail		5,046.0				0.3	5,046.4		5,055.6				0.4	5,056.1
Corporate		85.1				1.7	86.7		88.6				2.2	90.8
Bank	1,105.0		1,028.1		19.0		2,152.0	1,278.1		1,130.4		18.9		2,427.4
Government	103.3		755.4				858.7	95.1		843.5				938.6
All Other				153.5			153.5				171.9			171.9
Total	1,208.3	13,274.0	1,783.5	153.5	19.0	252.6	16,690.8	1,373.2	13,278.8	1,973.9	171.9	18.9	241.9	17,058.5

	Dec 2014			Sept 2014		
	Residential Mortgage	Other retail	Total	Residential Mortgage	Other retail	Total
b) Impairment						
Impaired facilities ⁽²⁾	6.2	102.7	108.9	6.2	108.2	114.4
Past due facilities ⁽³⁾	137.9	156.9	294.8	146.5	163.0	309.5
Specific provisions ⁽⁴⁾	4.2	201.0	205.2	4.4	194.8	199.2
Charges for specific provisions & write-off for the quarter	0.2	70.1	70.3	0.1	70.8	70.9

	Dec 2014	Sept 2014
c) General reserve for credit losses	101.7	103.7

Notes:

¹ These amounts represent the credit equivalent amount.

² Impaired facilities are those items for which the ultimate collectibility of principal and interest is compromised.

³ Past due facilities are those loans where the contractual interest or principal payments are 90 days past due but the Company believes that conditions for impairment have not been met.

⁴ The specific provision represents both individually assessed provisions and a portion of collectively assessed provisions. The measure of credit losses is in accordance with Australian Accounting Standards (AASB) and APRA regulatory requirements.

Citigroup Pty Limited – Pillar III Disclosure

Securitisation Exposures – 31 December 2014



- In accordance with APRA Prudential Standard APS 330, Table 5, Citigroup Pty Limited's securitisation risk exposure as at 31 December 2014 was:

Securitisation Activity	Underlying asset type A\$ Millions		Recognized gain or (loss) on sale A\$ Millions	
	Dec 2014	Sept 2014	Dec 2014	Sept 2014
a) Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type.				
Underlying asset type				
Residential mortgage exposures	1,130.0	-	-	-
Credit card and other personal loans	-	-	-	-
Other retail	-	-	-	-
Recognized gain or (loss) on sale	-	-	-	-

Securitisation Exposure	On Balance Sheet A\$ Millions		Off Balance Sheet A\$ Millions	
	Dec 2014	Sept 2014	Dec 2014	Sept 2014
b) Aggregate amount of: on-balance sheet securitisation exposures retained or purchased broken down by exposure type; and off-balance sheet securitisation exposures broken down by exposure type.				
Securitisation facility type				
Holding of securities	140.4	53.6	-	-
Liquidity support facilities	24.6	11.5	-	-
Other credit enhancements	32.5	32.5	-	-
Other	9.2	7.5	-	-
Total	206.8	105.1	-	-

Citigroup Pty Limited – Pillar III Disclosure

Common Disclosure Template – 31 December 2014

Citigroup Pty Limited Group is using the post 1 January 2018 Common Disclosure Template because it is fully applying the Basel III regulatory adjustments as implemented by APRA. This template should be read in conjunction with the Regulatory Balance Sheet.

	31-Dec-14 Basel III \$M	REF
Common Equity Tier 1 Capital: instruments and reserves		
1 Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	459.8	(A)
2 Retained earnings	2,215.4	(B)
3 Accumulated other comprehensive income (and other reserves)	846.4	(C)
4 Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-	
5 Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CTE1)	-	
6 Common Equity Tier 1 Capital before regulatory adjustments	3,521.6	
Common Equity Tier 1 Capital: regulatory adjustments		
7 Prudential valuation adjustments	-	
8 Goodwill (net of related tax liability)	-	
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	(96.1)	(D)
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(120.4)	(E)
11 Cash-flow hedge reserve	-	
12 Shortfall of provisions to expected losses	-	
13 Securitisation gain on sale	-	
14 Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15 Defined benefit superannuation fund net assets	(4.0)	(F)
16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17 Reciprocal cross-holdings in common equity	-	
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19 Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20 Mortgage service rights (amount above 10% threshold)	-	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22 Amount exceeding the 15% threshold	-	
23 of which: significant investments in the ordinary shares of financial entities	-	
24 of which: mortgage servicing rights	-	
25 of which: deferred tax assets arising from temporary differences	-	
CET1	3,301.2	
APRA Specific Regulatory Adjustments		
26 National specific regulatory adjustments (rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i, 26j)	(96.3)	
26a of which: treasury shares	-	
26b of which: offset to dividends declared due to a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c of which: deferred fee income	2.7	(G)
26d of which: equity investments in financial institutions not reported in rows 18, 19 and 23	-	
26e of which: deferred tax assets not reported in rows 10, 21 and 25	-	
26f of which: capitalised expenses	(46.4)	(H)
26g of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	(2.4)	(I)
26h of which: covered bonds in excess of asset cover in pools	-	
26i of which: undercapitalisation of a non-consolidated subsidiary	-	
26j of which: other national specific regulatory adjustments not reported in rows 26a to 26i	(50.2)	
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28 Total regulatory adjustments to Common Equity Tier 1	(316.7)	
29 Common Equity Tier 1 Capital (CET1)	3,204.8	

Citigroup Pty Limited – Pillar III Disclosure

Common Disclosure Template – 31 December 2014

Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	-
31	<i>of which: classified as equity under applicable accounting standards</i>	-
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
36	Additional Tier 1 Capital before regulatory adjustments	-
Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (rows 41a, 41b, 41c)	-
41a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	-
41b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40</i>	-
41c	<i>of which: other national specific regulatory adjustments not reported in rows 41a and 41b (50)</i>	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	Total regulatory adjustments to Additional Tier 1 Capital	-
44	Additional Tier 1 Capital (AT1)	-
45	Tier 1 Capital (T1=CET1+AT1)	3,204.8
Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	-
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	<i>of which: instruments issued by subsidiaries subject to phase out -</i>	-
50	Provisions	101.7
51	Tier 2 Capital before regulatory adjustments	101.7
Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the Tier 2 Capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-
55	Significant investments in the Tier 2 Capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-
56	National specific regulatory adjustments (rows 56a, 56b, 56c)	-
56a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	-
56b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55</i>	-
56c	<i>of which: other national specific regulatory adjustments not reported in rows 56a and 56b</i>	-
57	Total regulatory adjustments to Tier 2 Capital	-
58	Tier 2 Capital (T2)	101.7
59	Total Capital (TC=T1+T2)	3,306.5
60	Total risk-weighted assets based on APRA standards	10,999.3

Citigroup Pty Limited – Pillar III Disclosure

Common Disclosure Template – 31 December 2014

Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	29.1%
62	Tier 1 (as a percentage of risk-weighted assets)	29.1%
63	Total Capital (as a percentage of risk-weighted assets)	30.1%
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements, expressed as a percentage of riskweighted assets)	-
65	<i>of which: capital conservation buffer requirement</i>	-
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	-
67	<i>of which: G-SIB buffer requirement (not applicable)</i>	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	-
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III)	4.5%
70	National Tier 1 minimum ratio (if different from Basel III)	6.0%
71	National total capital minimum ratio (if different from Basel III)	8.0%
Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	-
73	Significant investments in the ordinary shares of financial entities	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratingsbased approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instrument subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on Tier 2 instruments subject to phase out arrangements	-
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-

Citigroup Pty Limited – Pillar III Disclosure

Regulatory Balance Sheet – 31 December 2014

	Audited Financial Statements	Adjustments (1)	Level 2 Regulatory Balance Sheet	Ref
Assets				
Cash and cash equivalents	1,098.2	41.9	1,140.1	
Due from financial institutions	771.7	(771.7)		
Financial assets at fair value through profit or loss	1,033.0	(19.1)	1,013.9	
Available for sale financial assets	102.8	(2.8)	100.0	
of which: investment in commercial (non-financial) entities that are deducted under APRA prudential requirements in CET1 regulatory adjustments	2.4	-	2.4	(I)
Loans, advances and other receivables	14,160.9	551.8	14,712.7	
of which: eligible collective provision component of Loan Loss Provision reported in tier 2	101.7	-	101.7	(J)
of which: loan and lease origination fees and commissions paid to mortgage & credit cards originators and brokers in CET1 regulatory adjustments & other capitalised expenses	46.4	(46.4)	-	
of which: deferred fee income in CET1 regulatory adjustments	-	2.7	2.7	(G)
Property, plant and equipment	50.1	-	50.1	
Net deferred tax assets	122.1	(1.7)	120.4	(E)
Other assets	259.0	134.7	393.7	
of which: defined benefit superannuation plan surplus	5.7	-	5.7	(F)
of which: loan and lease origination fees and commissions paid to mortgage & credit cards originators and brokers in CET1 regulatory adjustments & other capitalised expenses	-	46.4	46.4	(H)
Intangibles	95.4	0.6	96.1	(D)
Total assets	17,693.2	(66.3)	17,626.9	
Liabilities				
Deposits	7,363.6	4,943.0	12,306.6	
Due to financial institutions	5,022.1	(5,017.0)	5.1	
Financial liabilities at fair value through profit or loss	70.7	-	70.7	
Payables and other liabilities	330.3	(43.9)	286.4	
of which: deferred fee income in CET1 regulatory adjustments	2.7	(2.7)	-	
Notes payable	1,380.9	-	1,380.9	
Provisions	0.5	51.6	52.1	
Current tax liabilities	3.5	-	3.5	
Total liabilities	14,171.6	(66.3)	14,105.3	
Net assets	3,521.6	(0.0)	3,521.6	
Equity				
Share capital	459.8	-	459.8	(A)
Reserves	772.5	73.9	846.4	(C)
Retained earnings	2,289.3	(73.9)	2,215.4	(B)
Total equity	3,521.6	-	3,521.6	

Citigroup Pty Limited – Pillar III Disclosure

Regulatory Balance Sheet – 31 December 2014

Reconciliation between Common Disclosure Capital Template and Statutory Financial Statements

Net deferred tax assets (Reference E)

Deferred tax assets per Financial Statement	122.1
Less: tax associated with defined benefit superannuation plan surplus (Reference F)	(1.7)
<hr/> Total per Common Disclosure Template	<hr/> 120.4

Defined benefit superannuation plan surplus (Reference F)

Defined benefit superannuation plan surplus	5.7
Less: tax associated with defined benefit superannuation plan surplus	(1.7)
<hr/> Total per Common Disclosure Template	<hr/> 4.0