

Citibank, N.A. New Zealand Branch
and Associated Banking Group
Disclosure Statement

For the Nine Months Ended 30 September 2014

GENERAL DISCLOSURES

The financial statements are those of the aggregated financial statements for Citibank, N.A. New Zealand Branch and the Associated Banking Group (the "Banking Group").

The ultimate holding company of the Banking Group is Citigroup Inc. (Citigroup) which is a global diversified financial services holding company domiciled in the United States of America whose businesses provide a broad range of financial services to consumer and corporate customers.

Registered Bank: Directorate and Responsible Persons

Responsible Person of Citibank, N.A. in New Zealand

Derek Syme
Citi Country Officer
Citibank, N.A. New Zealand Branch

Responsible Person of Citibank, N.A. signing as agent for all Citibank, N.A. directors

Stephen Roberts
Citi Country Officer
Citi Australia

Directors of Citibank, N.A.

Anthony M. Santomero
Barbara J. Desoer
Duncan P. Hennes
Eugene M. McQuade
Gary M. Reiner
Robert L. Ryan
Joan E. Spero
Diana L. Taylor
James S. Turley

On 22 April 2014 Franz B. Humer resigned, Robert L. Joss retired and Barbara J. Desoer was appointed to Citibank, N.A.'s board of directors. There have been no other changes since the last full year disclosure statement dated 31 December 2013.

Guarantee Arrangements

Citibank, N.A. New Zealand Branch does not have any guarantees over any material obligations as at 24 November 2014.

Insurance Business and Non-consolidated Activities

Citibank, N.A. does not conduct any insurance business or non-financial business in New Zealand.

Credit Ratings

Citibank, N.A. has the following long-term debt ratings which are applicable to the New Zealand Branch's long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars:

| | |
|-------------------|-------------|
| Moody's | A2 (stable) |
| Standard & Poor's | A (stable) |
| Fitch | A (stable) |

As Citibank, N.A. New Zealand Branch is part of the same legal entity as Citibank, N.A. it has an implied rating from Standard & Poor's, Moody's and Fitch equal to Citibank, N.A..

No material qualifications attach to the obligations and the ratings have not been withdrawn.

Conditions of Registration

There has been a change to Citibank, N.A.'s Conditions of Registration since the last disclosure statement dated 30 June 2014, which applies from 1 July 2014.

The change refers to a revised version of "Framework for Restrictions on High LVR Residential Mortgage Lending" (BS19), to amend certain defined terms and to add additional clauses on anti-avoidance.

Financial Statements

Any person, upon request and without charge, may obtain a copy of Citibank, N.A. New Zealand Branch and Associated Banking Group's most recent disclosure statement, which contains a copy of the most recent publicly available consolidated financial statements of Citibank, N.A. (the Citibank Call Report for the nine months ended 30 September 2014), and the Citigroup Inc. Quarterly Report on Form 10-Q for the quarter ended 30 September 2014, immediately by requesting a copy from Citibank, N.A.'s New Zealand office in Auckland. The disclosure statement is also available on the Banking Group's website 'www.citi.co.nz'.

The information relating to Citibank, N.A. contained in this disclosure statement is derived from, and is qualified in its entirety by reference to, the detailed information and consolidated financial statements included in the Citibank Call Report for the nine months ended 30 September 2014, which is included as part of the Disclosure Statement. Citibank, N.A. prepares its Call Reports in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council (FFIEC). In 1997, the FFIEC adopted U.S. GAAP as the reporting basis for the balance sheet, income statement and related schedules included in the Call Report. However, the presentation of financial statements in the Call Reports differs significantly from the presentation of financial statements included in Citigroup Inc.'s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission and Citibank, N.A.'s audited financial statements filed with the Federal Deposit Insurance Corporation. In addition, the Call Reports generally contain less disclosure than audited financial statements prepared in accordance with U.S. GAAP.

Citibank, N.A. is an indirect wholly-owned subsidiary of Citigroup Inc.

CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP

| Financial Information of Citibank, N.A. | (Thousands of US Dollars, except ratios) | |
|---|--|---------------|
| (The following information has not been audited) | 30-Sep-14 | 30-Sep-13 |
| Profitability | | |
| Net Profit/(Loss) after tax for the nine months ended | 9,205,000 | 11,057,000 |
| Net Profit/(Loss) after tax over the previous twelve months as a percentage of average total assets | 0.91% | 0.97% |
| Size | | |
| Total Assets | 1,377,620,000 | 1,352,412,000 |
| Percentage Change in total assets over the previous twelve months | 1.86% | -0.92% |
| Asset Quality | | |
| Total Impaired Assets | 17,370,000 | 20,594,000 |
| Total Impaired Assets as a percentage of Total Assets | 1.26% | 1.52% |
| Total Individual Credit Impaired Allowance | - | - |
| Total Individual Credit Impaired Allowance as a percentage of Total Impaired Assets | 0.00% | 0.00% |
| Total Collective Credit Impairment Allowance | - | - |
| Total Collective Credit Impairment Allowance as a percentage of Total Impaired Assets | 0.00% | 0.00% |

Impaired assets for Citibank, N.A. consist of nonaccrual loans, restructured loans, other nonaccrual assets and other real estate owned. Citibank, N.A. maintains an allowance that is available to absorb all probable credit losses inherent in its portfolio. The allowance for loan and lease losses at 30 September 2014 is US\$12,904 million (30 September 2013: US\$16,777 million).

Total individually impaired assets for Citibank, N.A. are not included because such figures are not publicly available.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

| | | Banking Group | |
|--|-------------|----------------------|------------------|
| | | 30-Sep-14 | 30-Sep-13 |
| | | \$(000's) | \$(000's) |
| | NOTE | unaudited | unaudited |
| Interest Income | | 61,285 | 50,328 |
| Interest Expense | | 32,395 | 24,566 |
| NET INTEREST INCOME | | 28,890 | 25,762 |
| Operating Revenue | 3 | 4,366 | 6,613 |
| | | 33,256 | 32,375 |
| Operating Expenses | | 11,075 | 17,026 |
| PROFIT BEFORE INCOME TAX | | 22,181 | 15,349 |
| Income Tax Expense | | 5,944 | 4,985 |
| PROFIT AFTER INCOME TAX | | 16,237 | 10,364 |
| Other Comprehensive Income | | | |
| Available For Sale Reserve | | | |
| Fair value gain/losses taken directly to equity | | 197 | (413) |
| Tax on movements and transfers | | (54) | 115 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT | | 143 | (298) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 16,380 | 10,066 |

The accompanying notes form part of these financial statements and supplementary information.

**STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

| | Banking Group | |
|--|-------------------------------------|-------------------------------------|
| | 30-Sep-14 \$(000's) unaudited | 30-Sep-13 \$(000's) unaudited |
| Capital | | |
| Citicorp Services Limited | | |
| Authorized, Issued and Paid-Up Capital | | |
| 25,000,000 (2013: 25,000,000) Ordinary Shares, fully paid | 28,595 | 28,595 |
| | <u>28,595</u> | <u>28,595</u> |
| Head Office Account | | |
| Citibank, N.A. New Zealand Branch | | |
| At the beginning of the year | 33,273 | 33,271 |
| Remittance to Head Office | (13,314) | (6) |
| At the end of the period | <u>19,959</u> | <u>33,265</u> |
| Available For Sale Reserve | | |
| At the beginning of the year | (350) | (30) |
| Other comprehensive income | 143 | (298) |
| At the end of the period | <u>(207)</u> | <u>(328)</u> |
| Retained earnings | | |
| At the beginning of the year | 126,101 | 115,983 |
| Profit after income tax | 16,237 | 10,364 |
| At the end of the period | <u>142,338</u> | <u>126,347</u> |
| Equity at the end of the period | <u>190,685</u> | <u>187,879</u> |
| Represented by: | | |
| Equity at the beginning of the year | 187,619 | 177,819 |
| Transactions with owners, recorded directly in equity | | |
| Remittance to Head Office | (13,314) | (6) |
| Total transactions with owners | <u>(13,314)</u> | <u>(6)</u> |
| Total Comprehensive Income for the period | | |
| Profit for the period | 16,237 | 10,364 |
| Other comprehensive income | | |
| Net change in fair value of available for sale assets to profit or loss on disposal | 197 | (413) |
| Income tax on other comprehensive income | (54) | 115 |
| Total other comprehensive income | <u>143</u> | <u>(298)</u> |
| Total Comprehensive Income for the period | <u>16,380</u> | <u>10,066</u> |
| Equity at the end of the period | <u>190,685</u> | <u>187,879</u> |

The accompanying notes form part of these financial statements and supplementary information.

| STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 | NOTE | Banking Group | | |
|--|------|-------------------------------------|-------------------------------------|-----------------------------------|
| | | 30-Sep-14 \$(000's) unaudited | 30-Sep-13 \$(000's) unaudited | 31-Dec-13 \$(000's) audited |
| ASSETS | | | | |
| Cash and Demand Deposits with Central Banks | 6 | 693,527 | 583,545 | 631,791 |
| Advances to Financial Institutions at Call | 6 | 4,247 | 679 | 973 |
| Due from Related Parties | 8 | 109,768 | 185,335 | 207,226 |
| Financial Assets at Fair Value through Profit or Loss | | 870,097 | 757,481 | 593,908 |
| Derivative Financial Instruments | 8 | 36,970 | 15,407 | 11,847 |
| Current Tax Assets | | 3,031 | 3,210 | 1,938 |
| Available For Sale Assets | | 52,038 | 103,377 | 72,349 |
| Loans and Advances | | 660,413 | 678,667 | 663,298 |
| Other Assets | | 9,555 | 8,786 | 5,357 |
| Deferred Tax Assets | | 1,016 | 692 | 801 |
| Property Plant and Equipment | | 1,183 | 397 | 1,174 |
| TOTAL ASSETS | | 2,441,845 | 2,337,576 | 2,190,662 |
| LIABILITIES | | | | |
| Deposits from Other Banks | 4 | 21,471 | 22,393 | 35,501 |
| Due to Related Parties | 8 | 1,174,102 | 1,026,032 | 979,650 |
| Other Deposits | 4 | 1,035,613 | 1,053,302 | 969,691 |
| Derivative Financial Instruments | 8 | 9,788 | 36,913 | 10,294 |
| Provisions | | 176 | 176 | 176 |
| Other Liabilities | | 10,010 | 10,881 | 7,731 |
| TOTAL LIABILITIES | | 2,251,160 | 2,149,697 | 2,003,043 |
| EQUITY | | | | |
| Issued and Paid-Up Capital | | 28,595 | 28,595 | 28,595 |
| Head Office Account | | 19,959 | 33,265 | 33,273 |
| Available For Sale Reserve | | (207) | (328) | (350) |
| Retained Earnings | | 142,338 | 126,347 | 126,101 |
| TOTAL EQUITY | | 190,685 | 187,879 | 187,619 |
| TOTAL LIABILITIES AND EQUITY | | 2,441,845 | 2,337,576 | 2,190,662 |
| Total Interest Earning and Discount Bearing Assets | | 2,390,090 | 2,309,084 | 2,169,545 |
| Total Interest and Discount Bearing Liabilities | | 2,231,186 | 2,101,727 | 1,984,842 |

The accompanying notes form part of these financial statements and supplementary information.

| STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 | NOTE | Banking Group | |
|--|------|-------------------------------------|-------------------------------------|
| | | 30-Sep-14 \$(000's) unaudited | 30-Sep-13 \$(000's) unaudited |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Interest Income | | 57,642 | 48,740 |
| Trading Gain | | - | 28,689 |
| Other Income | | 11,660 | 9,956 |
| Decrease in placements due from related companies | | 55,929 | - |
| Decrease in available for sale financial assets | | 21,447 | - |
| Decrease in placements/loans | | 2,885 | 56,847 |
| Increase in deposits due to related parties | | 189,859 | 1,085 |
| Increase in customer deposits | | 51,892 | 129,060 |
| | | <u>391,314</u> | <u>274,377</u> |
| Cash was applied to: | | | |
| Interest Expense | | 31,455 | 24,296 |
| Trading Loss | | 32,040 | - |
| Tax Paid | | 7,453 | 3,258 |
| Other Expenses | | 11,078 | 18,691 |
| Increase in placements due from related companies | | - | 10,862 |
| Increase in financial assets at fair value | | 277,001 | 89,226 |
| Increase in available for sale financial assets | | - | 52,256 |
| | | <u>359,027</u> | <u>198,589</u> |
| Net cash flows from operating activities | | <u>32,287</u> | <u>75,788</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was (applied to)/provided from: | | | |
| Purchase of property, plant and equipment | | (232) | (233) |
| Disposal of property, plant and equipment | | - | 25 |
| Net cash used in investing activities | | <u>(232)</u> | <u>(208)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was provided from: | | | |
| (Decrease)/Increase in Head Office account | | (13,167) | (8) |
| Net cash used in financing activities | | <u>(13,167)</u> | <u>(8)</u> |
| Net (decrease)/increase in cash | | 18,888 | 75,572 |
| Opening cash and cash equivalents | | 675,626 | 532,842 |
| Closing cash and cash equivalents | | <u>694,514</u> | <u>608,414</u> |

The accompanying notes form part of these financial statements and supplementary information.

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

The financial statements are those of the aggregated financial statements for Citibank, N.A. New Zealand Branch and the Associated Banking Group (the "Banking Group").

The ultimate holding company of the Banking Group is Citigroup Inc. which is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The entity's interim financial statements have been prepared in accordance with the requirements of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014, with New Zealand Generally Accepted Accounting Practice ("NZGAAP") and the New Zealand equivalent to International Financial Reporting Standard NZ IAS 34 Interim Financial Reporting, as appropriate for profit-oriented entities. They comply with International Accounting Standard 34 Interim Financial Reporting.

These financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013.

These interim financial statements were authorised for issue by Citibank, N.A. under power of attorney and by the boards of directors of Citicorp Services Limited and its subsidiary on this 24th day of November 2014.

b) Basis of preparation

The financial report is presented in New Zealand dollars, which is the functional currency of the Banking Group.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss, and available for sale assets.

The amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

c) Changes in accounting policy

There have been no material changes in accounting policies since the last annual financial statements dated 31 December 2013.

d) Comparative Amounts

Where necessary, certain comparative amounts have been reclassified to conform to the current year's presentation.

2. FINANCIAL RISK MANAGEMENT

There have been no material changes in the Banking Group's policies for managing risk, or material exposure to any new types of risk since the last annual financial statements dated 31 December 2013.

3. OPERATING REVENUE/(LOSS)

| | Banking Group | |
|-------------------------|---------------|--------------|
| | 30-Sep-14 | 30-Sep-13 |
| | \$(000's) | \$(000's) |
| | unaudited | unaudited |
| Net Trading Losses | (6,157) | (3,748) |
| Other Operating Revenue | 10,523 | 10,361 |
| | <u>4,366</u> | <u>6,613</u> |

4. TOTAL LIABILITIES TO THIRD PARTIES

| | Branch | | |
|---|------------------|------------------|------------------|
| | 30-Sep-14 | 30-Sep-13 | 31-Dec-13 |
| | \$(000's) | \$(000's) | \$(000's) |
| | unaudited | unaudited | audited |
| Deposits from Other Banks | 21,471 | 22,393 | 35,501 |
| Other Deposits | 1,035,613 | 1,053,302 | 969,691 |
| Current Tax Liabilities, Provisions and Other Liabilities | 7,955 | 9,391 | 6,752 |
| | <u>1,065,039</u> | <u>1,085,086</u> | <u>1,011,944</u> |

Branch information is provided as per the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014.

5. IMPAIRED ASSETS

Citibank, N.A. New Zealand Branch and Associated Banking Group have no impaired assets, restructured assets, assets (including real estate) acquired through the enforcement of security or other assets under administration.

Citibank, N.A. New Zealand Branch and Associated Banking Group have no assets that are past due and not impaired.

6. CASH BALANCES

Cash and cash equivalents include cash on hand, deposits held overnight or on call with financial institutions, nostro accounts and other short term highly liquid assets which are subject to insignificant risk of change in their fair value and are used by the entity in the management of its short term commitments.

| | Banking Group | |
|------------------------------------|----------------|----------------|
| | 30-Sep-14 | 30-Sep-13 |
| | \$(000's) | \$(000's) |
| | unaudited | unaudited |
| CASH AND CASH EQUIVALENTS COMPRISE | | |
| Cash Balances with Third Parties | 697,774 | 584,224 |
| Cash Balances with Related Parties | (3,260) | 24,190 |
| | <u>694,514</u> | <u>608,414</u> |

7. STATEMENT OF CASH FLOWS RECONCILIATION TO PROFIT

| | Banking Group | |
|--|---------------|---------------|
| | 30-Sep-14 | 30-Sep-13 |
| | \$(000's) | \$(000's) |
| | unaudited | unaudited |
| RECONCILIATION OF NET PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Profit after Tax | 16,237 | 10,364 |
| Add back | | |
| Depreciation | 223 | 187 |
| Increase in accrual of interest expense | 940 | 270 |
| Increase in accrual of other expenses/income | 1,155 | - |
| Decrease in accrual of fees and commissions | - | 69 |
| Decrease in operating assets and liabilities | 45,011 | 34,648 |
| Decrease in accrual of tax | - | 1,727 |
| Decrease in revaluations | - | 32,437 |
| Deduct | | |
| Decrease in accrual of other expenses/income | - | 2,301 |
| Decrease in accrual of provisions | - | 25 |
| Increase in accrual of interest income | 3,643 | 1,588 |
| Increase in accrual of fees and commissions | 244 | - |
| Increase in derivative financial instruments revaluations | 25,883 | - |
| Increase in accrual of tax | 1,509 | - |
| Net Cash Flows from Operating Activities | <u>32,287</u> | <u>75,788</u> |

8. RELATED PARTIES TRANSACTIONS

a) ULTIMATE HOLDING COMPANY

The ultimate parent of Citibank, N.A. New Zealand Branch, Citicorp Services Limited and Citibank Nominees (New Zealand) Limited (Associated Banking Group) is Citigroup Inc. These financial statements reflect only the operations of the New Zealand branch of Citibank, N.A. and Associated Banking Group. The financial statements of Citigroup Inc. should be read in conjunction with these statements.

b) BALANCES

| | Banking Group | | |
|--|----------------------|------------------|------------------|
| | 30-Sep-14 | 30-Sep-13 | 31-Dec-13 |
| | \$(000's) | \$(000's) | \$(000's) |
| | unaudited | unaudited | audited |
| Assets | | | |
| Due from Related Parties - Head Office* | 108,764 | 71,319 | 177,410 |
| Due from Related Parties - Other Related Parties | 1,004 | 114,016 | 29,816 |
| | 109,768 | 185,335 | 207,226 |
| Derivative Financial Instruments - Head Office* | 36,970 | 15,407 | 11,847 |
| Other Assets - Head Office* | 1,876 | 1,478 | 1,262 |
| Other Assets - Other Related Parties | 17 | 386 | 157 |
| | 148,631 | 202,606 | 220,492 |
| Liabilities | | | |
| Due to Related Parties - Head Office* | 1,043,863 | 956,724 | 933,323 |
| Due to Related Parties - Other Related Parties | 130,239 | 69,308 | 46,327 |
| | 1,174,102 | 1,026,032 | 979,650 |
| Derivative Financial Instruments - Head Office* | 9,788 | 36,913 | 10,294 |
| Other Liabilities - Head Office* | 1,994 | 1,550 | 1,049 |
| Other Liabilities - Other Related Parties | 237 | 116 | 106 |
| | 1,186,121 | 1,064,611 | 991,099 |
| Derivative Notional Amounts | | | |
| Interest Rate Swaps - Head Office* | 518,000 | 468,000 | 568,000 |
| Foreign Exchange Forwards - Head Office* | 550,168 | 504,104 | 299,539 |

*Head Office includes other branches of Citibank, N.A.

All transactions with related parties are at commercial arms length terms and rates. These are conducted predominantly with other Citibank, N.A. branches and in the case of the Branch, the Associated Banking Group as well.

9. CREDIT EXPOSURES TO INDIVIDUAL COUNTERPARTIES

Based on actual credit exposures no credit exposure to any individual counterparty of Citibank, N.A., New Zealand Branch and Associated Banking Group equaled or exceeded 10% of Citibank, N.A.'s equity during this accounting period.

10. FAIR VALUE HIERARCHY

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair values measured using inputs for the asset or liability that are not substantially based on observable market data (i.e. unobservable inputs).

| | Banking Group | | |
|---|----------------------|----------------------|--------------------|
| | Level 1 \$(000's) | Level 2 \$(000's) | Total \$(000's) |
| | 30-Sep-14 | | |
| ASSETS | | | |
| Financial Assets at Fair Value through Profit or Loss | - | 870,097 | 870,097 |
| Derivative Financial Instruments | - | 36,970 | 36,970 |
| Available For Sale Assets | - | 52,038 | 52,038 |
| | - | 959,105 | 959,105 |
| LIABILITIES | | | |
| Derivative Financial Instruments | - | 9,788 | 9,788 |
| | 30-Sep-13 | | |
| ASSETS | | | |
| Financial Assets at Fair Value through Profit or Loss | - | 757,481 | 757,481 |
| Derivative Financial Instruments | - | 15,407 | 15,407 |
| Available For Sale Assets | - | 103,377 | 103,377 |
| | - | 876,265 | 876,265 |
| LIABILITIES | | | |
| Derivative Financial Instruments | - | 36,913 | 36,913 |
| | 31-Dec-13 | | |
| ASSETS | | | |
| Financial Assets at Fair Value through Profit or Loss | - | 593,908 | 593,908 |
| Derivative Financial Instruments | - | 11,847 | 11,847 |
| Available For Sale Assets | - | 72,349 | 72,349 |
| | - | 678,104 | 678,104 |
| LIABILITIES | | | |
| Derivative Financial Instruments | - | 10,294 | 10,294 |

11. EXPOSURES TO MARKET RISK

| | Implied Risk Weighted Exposure | Notional Capital Charge | Notional Capital Charge - % of Citibank, N.A.'s Equity |
|--------------------------------------|--------------------------------------|----------------------------|---|
| | \$(000's) | \$(000's) | % |
| | | Banking Group | |
| | | 30-Jun-14 | |
| | | unaudited | |
| Interest Rate Risk as at 30/09/14 | 400 | 32 | - |
| Foreign Currency Risk as at 30/09/14 | 488 | 39 | - |
| | | 30-Jun-13 | |
| | | unaudited | |
| Interest Rate Risk as at 30/09/13 | 2,300 | 184 | - |
| Foreign Currency Risk as at 30/09/13 | 21,738 | 1,739 | - |

Market risk notional capital charges are derived in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) per the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014.

The branch segregates its exposure to market risk between trading and non-trading portfolios. Trading portfolios cover risks arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Non-trading portfolios cover risks resulting from mainstream banking activities.

12. LIQUIDITY RISK

The Banking Group holds a portfolio of central bank funds and liquid bank bill and government securities to support liquidity risk management. These are investment grade securities that can be sold in 2 days or less on the open market in normal conditions.

| | Banking Group | | |
|---------------------------------|----------------------|------------------|------------------|
| | 30-Sep-14 | 30-Sep-13 | 31-Dec-13 |
| | \$(000's) | \$(000's) | \$(000's) |
| | unaudited | unaudited | audited |
| Balances with central banks | 693,527 | 583,545 | 631,791 |
| Government bonds/Treasury bills | 52,038 | 103,377 | 102,292 |
| Bank bills | 870,097 | 757,481 | 563,965 |
| | 1,615,662 | 1,444,403 | 1,298,048 |

13. CAPITAL ADEQUACY

Citibank, N.A. New Zealand Branch is a branch of, and each member of the Associated Banking Group is a wholly-owned subsidiary of, Citibank, N.A., which is an indirect wholly-owned subsidiary of Citigroup Inc.

Citibank, N.A. is subject to risk-based capital and leverage guidelines issued by the U.S. regulator for national banks, the Office of the Comptroller of the Currency which, commencing with 2014, constitute the substantial adoption of the Final Basel III Rules, such as those governing the composition of regulatory capital (including the application of regulatory capital adjustments and deductions).

The following table sets forth the capital ratios under current regulatory standards for Citibank, N.A. as of 30 September 2014 and 31 December 2013.

| | 30-Sep-14 | | 31- Dec-13 ⁽¹⁾ | |
|---|---------------------|-----------------------|---------------------------|-----------------------|
| | Advanced Approaches | Standardized Approach | Advanced Approaches | Standardized Approach |
| Common Equity Tier 1 Capital ratio ⁽²⁾ | 13.57 % | 13.74 % | 14.36 % | 14.09 % |
| Tier 1 Capital ratio ⁽²⁾ | 13.57 | 13.74 | 14.36 | 14.09 |
| Total Capital ratio ⁽²⁾ | 14.45 | 15.70 | 15.37 | 16.06 |
| Tier 1 Leverage ratio | 9.46 | 9.46 | 9.71 | 9.71 |

(1) Pro forma presentation based on application of the Final Basel III Rules consistent with current period presentation.

(2) Based on the "Collins Amendment" of the Dodd-Frank Act, Advanced Approaches banking organizations, upon exiting parallel reporting are required to publicly report the lower of the capital ratios calculated under Advanced Approaches RWA and Standardized Approach RWA starting on 1 January 2015, (or, for 2014, the Basel I credit risk and Basel II.5 market risk capital rules prior to the effective date). As of September 30, 2014, Citibank, N.A.'s reportable Common Equity Tier 1 Capital, Tier 1 Capital, and Total Capital ratios were the lower derived under the Basel III "Advanced Approaches". As of December 31, 2013, Citibank, N.A.'s reportable Common Equity Tier 1 Capital and Tier 1 Capital ratios were the lower derived under the Basel III 2014 Standardized Approach (Basel I credit risk and Basel II.5 market risk capital rules), whereas the reportable Total Capital ratio was the lower derived under the "Advanced Approaches" framework.

During 2014, Citibank N.A. is required to maintain stated minimum Common Equity Tier 1 Capital ratio, Tier 1 Capital, Total Capital and Tier 1 Leverage ratios of 4%, 5.5%, 8% and 4% respectively. Furthermore, to be "well capitalized" under current federal bank regulatory agency definitions, a bank must have a Tier 1 Capital ratio of at least 6%, a Total Capital ratio of at least 10%, and a Tier 1 Leverage ratio of at least 5%.

For information on the Current Regulatory Capital Standards and Final Basel III Rules including the transitional progression to full implementation in relation to Citigroup see "Capital Resources and Liquidity - Capital Resources" in Citigroup's Quarterly Report on Form 10-Q for the quarter ended 30 September 2014. It is available on the Bank's website 'www.citi.co.nz' as part of the Disclosure Statement dated 30 September 2014.

14. SUBSEQUENT EVENTS

There has not arisen in the interval between 30 September 2014 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Banking Group, to affect significantly the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

The Directors' and the New Zealand Chief Executive Officer's Statement

The undersigned officers of Citibank, N.A., being the Citigroup Country Officer of Citibank, N.A. New Zealand Branch (the "CCO"), signing this statement on his own behalf in such capacity, and Stephen H. Roberts, the duly authorised agent in writing of each and every director of Citibank, N.A., signing this statement on behalf of each such director, who, after due enquiry by the CCO and such directors, believe that -

As at the date hereof, the Disclosure Statement contains all the information required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014.

As at the date hereof, the Disclosure Statement is not false or misleading.

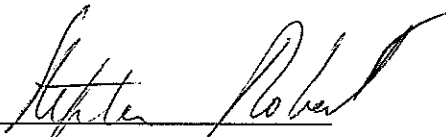
During the calendar quarter ended 30 September 2014, Citibank, N.A., New Zealand Branch complied with the conditions of registration imposed on it by the Reserve Bank of New Zealand pursuant to section 74 of the Reserve Bank of New Zealand Act 1989.

During the calendar quarter ended 30 September 2014, Citibank, N.A., New Zealand Branch had systems in place to monitor and control adequately the material risks of its Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, and other business risks, and those systems were being properly applied.

However, no system of internal control can facilitate the perfect management of banking risks.

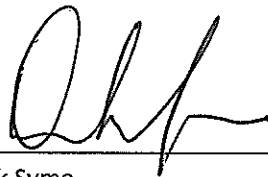
However, changes in the financial condition of Citibank, N.A., Citibank, N.A. New Zealand Branch and Associated Banking Group, and/or Citigroup Inc. may have occurred after 30 September 2014, the most recent date of any of the financial statements included in this Disclosure Statement, although such changes, if any, and except as set forth in the Disclosure Statement, are not believed to be material in the context of such affected entity's overall financial condition.

It is confirmed that the said powers of attorney appointing Stephen Roberts as agent are still in force and have not been revoked.



Signed by Stephen H. Roberts
as agent for all the directors

Dated this 24th day of November 2014
in Sydney
Australia



Derek Syme
Citi Country Officer
Citibank, N.A. New Zealand Branch

Dated this 24th day of November 2014
in Auckland
New Zealand