

Profile

Citi in China

Citi has had a presence in China since 1902. On 2 April 2007, we became a locally incorporated bank, one of the first foreign banks to do so. As a locally incorporated bank, Citi China's legal name is Citibank (China) Co., Ltd. and is fully owned by its parent, Citibank N.A.

China is one of Citi's most important growth markets and we have created a strong platform on which to build a leading, long-term franchise here.

We have excellent relationships with key government decision-makers at the city, regional and national levels, as well as with the management of top-tier local corporations.

Citi is also committed to expanding existing and building new relationships with fast growing small and medium-sized enterprises (SMEs).

Branch Locations

- Seven corporate bank branches: Beijing, Shanghai, Tianjin, Chengdu, Guangzhou, Shenzhen and Hangzhou
- Two investment bank representative offices: Shanghai and Beijing
- 20 consumer bank outlets: Shanghai (seven), Beijing (five), Tianjin (two), Guangzhou (two), Shenzhen (two), Chengdu (one) and Hangzhou (one)
- One representative office in Xiamen
- A Citi software and technology services company with branches in Shanghai, Guangzhou, Zhuhai and Dalian

Citi currently employs more than 3,000 employees in China and has invested in two local banks, Guangdong Development Bank and Shanghai Pudong Development Bank. Citi's local partnerships reflect our commitment

to pursue multiple avenues of expansion in China, given the size and importance of this market.

Solutions

Citi China offers a broad range of corporate and investment banking services including M&A, equity, syndicated loans and bonds, structured finance, commodity derivatives, working capital facilities, cash management, trade finance, securities services and foreign exchange.

Securities and Funds

Citi offers the most comprehensive range of securities and funds services in China.

We offer a continually expanding solution set that includes direct custody and clearing, global custody, fund and alternative administration services, depository receipts, warrant settlements and agency and trust and escrow services. In China, Citi serves the entire investment industry from asset managers, institutional investors, insurance companies and public sector to broker-dealers and global custodians.

Citi has a unique ability to meet client needs on a local, pan-Asia Pacific or global basis. With the largest sub-custody proprietary network in the industry - 49 markets, we are one of the largest custodians in the world, with assets under custody of over US\$10.8 trillion. Our breadth of business service and geographic reach allows us to deliver solutions for our clients' most complex needs, while eliminating the risk and inefficiencies of dealing with multiple providers.

In China, Citi is the leading provider of investment services to Qualified Foreign Institutional Investors (QFII) where we hold more than 20 percent of the



market and Qualified Domestic Institutional Investors (QDII) where we hold a market share of more than 60 percent. Citi is also the sole USD cash-clearing bank for the China Securities Depository and Clearing Corporation Limited (CSDCC).

From early on, Citi has been a key partner to China's securities regulators who consult us to train, support and advise on improving the country's securities regulatory framework. We have recently consulted on the intended rollout of securities finance in China, derivatives settlement and clearing and on the QDII foreign expert advisory panel. Through these established channels we are able to facilitate communication with regulators in the most effective manner.

Our service excellence is illustrated by the client survey awards we win: Citi China has been top-rated by our clients, achieving the "pole position" among all custodian banks in China in *Global Custodian's* Emerging Markets Survey in both 2005 and 2006.

Cash

Citi is China's cash management bank of choice and the premier provider of the most technologically advanced cash management services and web-enabled solutions in China.

To more than 2000 multinational (MNCs) and small and medium sized enterprises (SMEs), Citi differentiates itself by adding authentic value to our clients' business in a sector dominated by commoditized products. We achieve this through our commitment to innovation.

Citi Virtual Account reconciliation logic has redefined the "straight-through-processing" (STP) of corporate collections in China. Our RMB cash pooling structures have set the benchmark for local currency liquidity management by delivering the flexibility to meet the precise needs of our clients. Unique features include target balancing, prioritized balance use, individual drawdown limits and business tax minimization logic.

CitiDirect® Online Banking, our award winning web-enabled delivery platform, delivers seamless electronic banking with multiple banks through the most extensive host-to-host network available. We have also built the broadest alliance bank network with China's 'Big Four' banks, through which we leverage over 26,000 main branches and over 100,000 nationwide distribution points for RMB services and efficient nationwide cross-bank transfers. Reciprocally, these banks utilize Citi's global network and our extensive clearing USD, Euro and Yen clearing capabilities.

We remain the only locally incorporated foreign bank to offer real-time detailed Chinese language payments and collections information for all reporting modules and statements, allowing instantaneous RMB urgent payments and posting of incoming RMB collections data to e-banking accounts.

Citi China cash management services have been recognized by a host of cash management industry awards including the Best Foreign Cash Management Bank in China in the *Asiamoney Polls* 2006 and 2007 and the Best Corporate/Institutional Cash Management Bank in *Global Finance* 2006.

Trade

To China, Citi brings the global reach and the broadest international trade experience of any bank. We provide importers, exporters and domestic trade players with a comprehensive range of trade services that are amongst the most innovative in the market today.

Using Citi's award-winning electronic banking capability, we provide the perfect platform for businesses that seek to optimize transaction turnaround and funds flow timing. Our electronic banking capability also allows businesses to expand into new markets while minimizing risk and maintaining competitiveness.

Citi's well-developed client base enables us to bring simpler, faster connectivity to all parts of the value and supply chains, from MNCs to SMEs for whom our strong business analysis model enables us to reduce cycle times on credit decisions.



Citi's international trade status means that we can confidently share with our clients the knowledge and understanding gained in dealing with trade complexities both in other countries and other industries.

In 2005, Citi pioneered the launch of Accounts Receivables Financing for local and foreign banks in China and in 2007 has focused on reducing client

costs and improving processing efficiencies through document preparation solutions. We are the strongest provider of Corporate Accepted Drafts in the market.

In recognition of our trade excellence, Citi was awarded the Best Trade Bank in Asia and Citi China evaluated Highly Commended in *Trade Finance Awards for Excellence 2007*.

Leadership

Securities Services:	Pioneering QFII Participant and No. 2 Quota Allocation	
	Best Custodian in Asia	2007 Asia Asset Management Awards
	Best Funds Administrator in Asia	2007 Asia Asset Management Awards
	Best Global Custodian in Asia	2007 Global Investor
	Top Rated Agent Bank in China	2005 and 2006 Global Custodian
Cash Management:	Best Depository Receipts Bank in Asia	2007 The Asset
	Best Foreign Cash Management Bank	2007 Asia Money Cash Management Poll
	Best Domestic Cash Services (Medium and Large)	2007 Asia Money Cash Management Poll
	Best Cross-Border Cash Services (Large)	2007 Asia Money Cash Management Poll
	Best Global Cash Management Bank in Asia	2006 Euromoney Awards for Excellence
	Best Cash Management Bank in Asia	2006 FinanceAsia
	Best Bank for Liquidity Management in Asia	2005 Global Finance
Trade Services:	Best Corporate/Institutional Internet Bank in China	2005 Global Finance
	Best Trade Bank in Asia	2007 Trade Finance
	Best Global Trade Services Bank	2007 Trade Finance Awards for Excellence
Foreign Exchange:	Best Foreign Cash Management in China	2006 Asiamoney
	Best Electronic Banking Platform	2006 Asiamoney
	Best for Overall FX Sales in China	2005 Asiamoney

For more information, please contact your Citi representative today.

Brett Krause, Managing Director, China Global Transaction Services Head	brett.krause@citi.com	+86 21 2896 6771
Alan Lin, Director, China Trade and Cash Product Head	alan.lin@citi.com	+86 21 2896 6730
Tim Fleming, Director, China Trade and Cash Sales Head	tim.fleming@citi.com	+86 21 2896 6778
Yap Cheeping, China Securities Country Manager	cheeping.yap@citi.com	+86 21 2896 6555

For additional information, please contact your Citi Relationship Manager or Global Transaction Services representative.

The purpose of this newsletter is to bring to the attention of our clients recent regulatory developments in China. It is intended for reference only and is neither an offer to sell nor the solicitation of an offer to enter into a transaction. Nothing contained herein constitutes any opinion of us. Although the information contained herein is believed to be reliable, we make no representation as to the accuracy or completeness of any information contained herein or otherwise provided by us. The ultimate decision to proceed with any related transaction rests solely with you. We are not acting as your advisor or agent.

We use your contact details for our own internal purposes only. If any of your details are incorrect or have recently changed, or if you no longer wish to receive this newsletter, please inform your Citi Relationship Manager. This newsletter and its contents are proprietary information and assets of us and may not be reproduced or otherwise disseminated in whole or in part without our written consent.

Global Transaction Services
www.transactionservices.citigroup.com

© 2007 Citibank, N.A. All rights reserved. Citi and Arc Design and CitiDirect are service marks of Citigroup Inc., used and registered throughout the world.

CTA3668 09/07

