

Deposit Guarantee Update

29 December 2008



As a result of the extraordinary circumstances in global financial markets, the Australian Government announced it will guarantee bank deposits held in Australian-owned banks, Australian subsidiaries of foreign-owned banks, building societies and credit unions.

As an Australian subsidiary of a foreign-owned bank, we would like to assure all our clients that your deposits held with Citigroup Pty Limited *are* included under the Australian Government Guarantee Scheme.

What are the latest changes to the deposit guarantee?

As an Australian subsidiary of a foreign-owned bank, all customers of Citigroup Pty Limited with deposits of \$1 million or less are automatically covered by this guarantee free of charge.

Anyone with more than \$1 million in deposits can choose to opt-in to the Government's guarantee scheme. Any part of their deposits over \$1 million are then guaranteed when paying the relevant fee set by the Federal Government.

The deposit guarantee fee will be calculated at a customer level, not account level. "Customer" in this context includes individuals, legal entities such as businesses, trusts, partnerships, corporations, incorporated and unincorporated associations.

How long will the guarantee apply?

The Government deposit guarantee is in place until 12 October 2011.

Do I need to do anything to have my deposit of \$1 million or less guaranteed?

No. All deposits up to \$1 million are automatically covered by the Government guarantee.

How will the fee be charged if I opt-in to the guarantee for the amount over \$1 million?

If you choose to opt-in to the Government's deposit guarantee for the portion of your deposits above \$1 million, Citigroup Pty Limited will include this fee in the interest rate quoted to you on a term deposit or charge a nominated account monthly in arrears. If you would like to take advantage of this optional guarantee please contact your Relationship Manager or call 1300 559 424.

What deposits are covered by the Government's guarantee?

The guarantee applies to all types of deposit accounts. For example it includes transaction accounts, savings accounts, term deposits and mortgage offset accounts. The guarantee also applies to deposits denominated in any currency.

The guarantee applies to deposits held by all types of legal entities, including individuals (including joint accounts), partnerships, businesses, trusts and Government entities.

How will customer level balances be determined?

The guarantee applies at a customer level. A customer is defined as a legal entity. Therefore all funds held by each legal entity will be combined to determine the total customer balance.

Here are some examples of how that is determined:

Individual customers with more than one account

- If Mary had a Citibank Ultimate Saver account with \$500,000 and a Citibank Term Deposit with \$1 million, her total customer balance would be \$1.5 million. Her first \$1 million will be automatically guaranteed. If she would like to guarantee the amount above \$1 million, Mary would need to opt-in to obtain the guarantee on that amount and pay the fee.

Joint account holders

- If Anne had an individual account with \$700,000 and also held a joint account with Tom that had a balance of \$900,000, Anne's total customer level balance would be \$1,150,000 (\$700,000 plus \$450,000 - half of the balance in the joint account will be attributed to Anne). If Anne would like the amount above \$1 million included in the guarantee, Anne would need to opt-in to include that amount in the guarantee and pay the fee.

Note: Tom would not need to do anything, as his total customer level balance would be treated as \$450,000 for the purpose of the guarantee, which is covered fee-free by the Government.

Trust accounts

- If XYZ Pty Limited has a company account with \$600,000, and also holds an account in trust for XYZ Super Fund with a balance of \$500,000, both balances will be covered automatically by the Government guarantee as they are treated as accounts held by separate legal entities and both balances are less than \$1 million.

What about deposits held with Citibank N.A., Sydney Branch?

Customers of Citibank N.A. Sydney Branch who are Australian residents can also opt-in to access the deposit guarantee, but there is no fee-free threshold. If a customer chooses to opt-in to the scheme the terms and conditions of the Australian Government Guarantee Scheme apply including the relevant fee set by the Government.

Citi's* strength

Our capital: At Citi, we have increased our capital by US\$115 billion since September 2007. Taking this into account, our Tier 1 pro forma capital adequacy ratio is approximately 14.8%, which is well in excess of regulatory minimums.

Our liquidity: We have a unique and diversified universal bank model with over 200 million customer accounts in over 100 countries, which gives us strong and stable operating income, US\$780.3 billion in deposits, unparalleled access to funding, and, as a result, extraordinary levels of liquidity. In Australia, Citigroup Pty Limited is an Authorised Deposit-Taking Institution which must meet the same strict liquidity requirements as local banks as set out by the Australian Prudential Regulation Authority (APRA).

Our balance sheet and ratings: Citi's balance sheet is in excess of US\$2 trillion. In Australia, the strong credit ratings** of both Citigroup Pty Limited and Citibank N.A., Sydney Branch demonstrate our financial strength and security.

Our history: Citi has an almost 200 year history of leadership throughout the world, and we have been serving customers in Asia for over 100 years.

Further information

For more information please contact your Relationship Manager or call 1300 559 424.

* "Citi" refers to the global Citigroup Inc group of companies

** Credit ratings current at the time of publishing:

Citigroup Pty Limited: Standards & Poor's = A+, Moody's = A1

Citibank N.A., Sydney Branch: Standard & Poor's = A+, Moody's = Aa3, Fitch = A+

