



Citibank (Hong Kong) Limited

Financial Information Disclosure Statement

2023 Interim

CITIBANK (HONG KONG) LIMITED

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2023, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

By Order of the Board

Kong Pik Tung Vicky
Director and Chief Executive

September 29, 2023

CITIBANK (HONG KONG) LIMITED

The directors are pleased to announce the unaudited interim results of Citibank (Hong Kong) Limited (the "Company") for the half-year ended June 30, 2023.

2022 First Half Results

- Operating Income up 9% to HK\$ 3,476 million (HK\$ 3,202 million for the first half of 2022)
- Profit before taxation up 20% to HK\$ 644 million (HK\$ 535 million for the first half of 2022)
- Profit after taxation up 28% to HK\$ 584 million (HK\$ 458 million for the first half of 2022)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in thousands of Hong Kong dollar unless otherwise indicated)

	<i>Note</i>	<i>Half-year ended Jun 30, 2023</i>	<i>Half-year ended Jun 30, 2022</i>
Interest income	1	5,411,434	1,886,296
Interest expense	2	(3,747,708)	(477,332)
Net interest income		1,663,726	1,408,964
Net fee and commission income	3	1,441,600	1,465,995
Net trading income	4	350,853	289,956
Dividend income from unlisted companies		939	1,149
Other operating income		18,745	36,119
Operating income		3,475,863	3,202,183
Staff costs		(797,585)	(670,865)
Premises & equipment expenses		(34,761)	(51,421)
Depreciation expenses		(104,608)	(118,654)
Other operating expenses	5	(1,670,444)	(1,748,324)
Operating expenses		(2,607,398)	(2,589,264)
Operating profit before Impairment losses		868,465	612,919
Impairment losses - loans and advances to customers		(226,217)	(84,756)
Impairment losses - others		3,410	7,180
Impairment losses		(222,807)	(77,576)
Operating profit after impairment		645,658	535,343
Loss from disposal of property, plant and equipment		(1,943)	-
Profit before taxation		643,715	535,343
Taxation	6	(59,298)	(77,007)
Profit after taxation		584,417	458,336
Other comprehensive income for the period, net of tax			
Items that will not be classified to profit or loss:			
Remeasurement on defined benefits plan		2,636	1,130
Items that may be classified subsequently to profit or loss:			
Changes in fair value of Financial assets at fair value through other comprehensive income		52,032	(175,706)
Other comprehensive income for the period		54,668	(174,576)
Total comprehensive income for the period		639,085	283,760

STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Hong Kong dollar unless otherwise indicated)

	<i>Note</i>	<i>At Jun 30, 2023</i>	<i>At Dec 31, 2022</i>
Assets			
Cash and balances with banks and other financial institutions		18,173,627	18,189,823
Placements with banks and other financial institutions	7	24,010,536	22,437,963
Loans and advances	8	157,040,576	159,465,952
Financial assets at fair value through profit or loss		80,128,882	84,462,918
Financial assets at fair value through other comprehensive income		45,790,088	49,390,806
Financial assets at amortised cost		3,637,563	3,898,775
Property, plant and equipment	15	515,866	570,760
Intangible assets		12,171	17,513
Current tax assets		111,860	-
Deferred tax assets		70,317	94,243
Other assets		3,000,031	3,304,932
		<u>332,491,517</u>	<u>341,833,685</u>
Liabilities			
Deposits and balances from banks and other financial institutions		50,820,758	55,860,990
Deposits from customers	16	252,102,292	255,133,639
Trading financial liabilities		140,715	142,667
Current taxation		-	65,981
Other liabilities		4,018,844	5,862,133
		<u>307,082,609</u>	<u>317,065,410</u>
Equity			
Share capital		7,348,440	7,348,440
Reserves	17	18,060,468	17,419,835
		<u>25,408,908</u>	<u>24,768,275</u>
		<u>332,491,517</u>	<u>341,833,685</u>

The statement of financial position is prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The following table discloses the balances in accordance with the banking return completion instructions issued by the Hong Kong Monetary Authority (“HKMA”), before the effects of offsetting as suggested in HKAS 32.

Loans and advances to customers		123,559,320	120,575,880
Deposits from customers		252,328,353	255,363,876

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollar unless otherwise indicated)

	<i>Half-year ended Jun 30, 2023</i>	<i>Half-year ended Jun 30, 2022</i>
1 Interest income		
Interest income on loans to customers	2,274,040	1,254,355
Interest income on placements with banks and other financial institutions	792,215	425,670
Interest income on financial assets designated at fair value through other comprehensive income and at amortised cost		
- Listed	50,195	20,596
- Unlisted	636,382	79,595
Interest income on financial instruments that are not measured at fair value through profit or loss	3,752,832	1,780,216
Interest income on financial assets designated at fair value through profit or loss		
- Listed	102,578	11,060
- Unlisted	1,556,024	95,020
Total interest income from all financial assets	5,411,434	1,886,296
Included in the above is interest income accrued on impaired financial assets of \$1,193 thousand (Jun 30, 2022: \$2,518 thousand).		
2 Interest expense		
Interest expense on deposits from customers	2,479,038	230,177
Interest expense on deposits from banks and other financial institutions	1,263,942	240,138
Interest on lease liabilities	4,728	4,488
Other interest expense	-	2,529
Total Interest expense	3,747,708	477,332
3 Net fee and commission income		
Fee and commission income from retail banking	641,736	693,243
Fee and commission income from card business	388,113	333,323
Service fee from fellow subsidiaries	441,583	484,764
	1,471,432	1,511,330
Fee and commission expenses	(29,832)	(45,335)
	1,441,600	1,465,995

Above amounts entirely represent net fee and commission income, other than fees included in determining the effective interest rate, arising from financial assets or financial liabilities that are neither held for trading nor designated at fair value through profit or loss.

CITIBANK (HONG KONG) LIMITED
FINANCIAL INFORMATION DISCLOSURE STATEMENT

	<i>Half-year ended Jun 30, 2023</i>	<i>Half-year ended Jun 30, 2022</i>
4 Net trading income		
Net gain from foreign exchange	344,796	337,801
Net gain/(loss) from financial assets measured at fair value through profit or loss	6,057	(47,845)
	350,853	289,956
5 Other operating expenses		
Marketing expenses	578,112	519,267
Intercompany expenses	1,000,273	1,071,077
Others	92,059	157,980
	1,670,444	1,748,324
6 Taxation		
Provision for Hong Kong Profits Tax	45,710	80,316
Overseas Taxation	-	-
Deferred taxation	13,588	(3,309)
	59,298	77,007
	<i>At Jun 30, 2023</i>	<i>At Dec 31, 2022</i>
7 Placements with banks and other financial institutions		
Maturing between one month and one year	24,015,313	22,443,125
Less: Impairment allowances		
- Stage 1	(4,777)	(5,162)
- Stage 2	-	-
- Stage 3	-	-
	24,010,536	22,437,963

	<i>At Jun 30,</i> <i>2023</i>	<i>At Dec 31,</i> <i>2022</i>
8 Loans and advances less impairment	.	
Gross loans and advances to customers	123,752,917	120,619,278
Less: Impairment allowances		
- Stage 1	(237,910)	(135,707)
- Stage 2	(147,275)	(111,104)
- Stage 3	(34,473)	(26,824)
	123,333,259	120,345,643
Gross loans and advances to banks	33,714,023	39,129,310
Less: Impairment allowances		
- Stage 1	(6,706)	(9,001)
- Stage 2	-	-
- Stage 3	-	-
	33,707,317	39,120,309
	157,040,576	159,465,952

9 Loans and advances to customers analyzed by geographical area

Loans and advances to customers by geographical area are classified according to the location of the counterparties. After taking into account the transfer of risk, there were no exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross amount of loans and advances to customers as at the above respective reporting dates.

10 International claims

The country risk exposures in the tables below are prepared according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of 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.

International claims attributable to individual countries or areas not less than 10% of the bank's total international claims, after recognised risk transfer, are shown as follows:

	<i>At Jun 30, 2023</i>				
	<i>Non-bank private sector</i>				<i>Total</i>
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	<i>Total</i>
Developed countries	74,378,808	77,740,354	7,611,321	1,723,278	161,453,761
of which United States	73,871,610	65,714,788	6,616,105	507,543	146,710,046
	<i>At Dec 31, 2022</i>				
	<i>Non-bank private sector</i>				<i>Total</i>
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	<i>Total</i>
Developed countries	77,816,107	75,670,465	8,947,283	1,515,811	163,949,666
of which United States	77,212,158	68,299,305	7,667,858	388,606	153,567,927

11 Mainland activities

The following analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA Return of Mainland activities.

	<i>At Jun 30, 2023</i>		
	<i>On-balance</i>	<i>Off-balance</i>	<i>Total exposures</i>
	<i>sheet exposures</i>	<i>sheet exposures</i>	
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	846,316	-	846,316
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	923	-	923
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	11,770	-	11,770
Total	859,009	-	859,009
Total assets after provision	332,717,578		
On-balance sheet exposures as percentage of total assets	0.26%		
	<i>At Dec 31, 2022</i>		
	<i>On-balance</i>	<i>Off-balance</i>	<i>Total exposures</i>
	<i>sheet exposures</i>	<i>sheet exposures</i>	
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1,473,839	-	1,473,839
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	428	-	428
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	9,355	-	9,355
Total	1,483,622	-	1,483,622
Total assets after provision	342,063,922		
On-balance sheet exposures as percentage of total assets	0.43%		

12 **Loans and advances to customers analyzed by industry sector**

	<i>At Jun 30, 2023</i>		<i>At Dec 31, 2022</i>	
	<i>Amount</i>	<i>% of loans and advances covered by collateral or other security</i>	<i>Amount</i>	<i>% of loans and advances covered by collateral or other security</i>
Loans and advances to customers for use in Hong Kong				
<i>Industrial, commercial and financial</i>				
Property investment	2,080,630	100%	2,123,831	100%
Wholesale and retail trade	-	-	185	50%
Manufacturing	-	-	-	-
Others	-	-	81	50%
<i>Individuals</i>				
Loans for the purchase of other residential properties	88,733,893	100%	83,193,857	100%
Credit card advances	12,581,132	-	13,021,363	-
Others	20,577,177	77%	22,506,934	77%
	123,972,832		120,846,251	
Netting adjustment on account of foreign currency margin products	(226,061)		(230,237)	
Total loans and advances to customers for use in Hong Kong	123,746,771		120,616,014	
Loans and advances to customers for use outside Hong Kong	6,146	-	3,264	-
Total	123,752,917		120,619,278	

The above analysis has been classified according to categories and definitions used by the HKMA.

12 Loans and advances to customers analyzed by industry sector (continued)

The amount of overdue and impaired loans and advances to customers and respective collective impairment allowances in respect of loans and advances to industry sectors which constitute not less than 10% of the Company's total loans and advances to customers are shown as follows:

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<u>2023</u>	<u>2022</u>
<u>Overdue loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	5,578	7,188
Credit card advances	23,634	25,526
Others	2,149	2,460
 <u>Impaired loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	5,578	7,188
Credit card advances	23,634	25,526
Others	18,737	16,975
 <u>Collective impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	2,328	2,759
Credit card advances	342,300	206,017
Others	40,557	38,003
 <u>Specific impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	-	-
Credit card advances	32,523	25,740
Others	1,950	1,084

13 Overdue and rescheduled assets

(i) Overdue loans and advances to customers

	<u>At Jun 30, 2023</u>		<u>At Dec 31, 2022</u>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Loans and advances to customers which have been overdue for periods of:				
- 6 months or less but over 3 months	29,628	0.02%	30,972	0.03%
- 1 year or less but over 6 months	1,733	0.00%	4,229	0.00%
- over 1 year	-	0.00%	-	0.00%
	<u>31,361</u>	0.02%	<u>35,201</u>	0.03%
 Current market value of collateral held against the covered portion of overdue loans and advances to customers	 <u>32,298</u>		 <u>24,350</u>	
 Covered portion of overdue loans and advances to customers	 5,578		 7,201	
Uncovered portion of overdue loans and advances to customers	<u>25,783</u>		<u>28,000</u>	
	<u>31,361</u>		<u>35,201</u>	
 Specific impairment allowances	 <u>26,429</u>		 <u>23,093</u>	

The covered portion of overdue loans and advances to customers represents the amount of collateral held against outstanding balances. Where collateral values are greater than gross loans and advances, only the amount of collateral up to the gross loans and advance was included.

The collateral held in respect of the overdue loans and advances mainly consists of properties.

After taking into account the transfer of risk, there were no exposures to a single country outside Hong Kong exceeding 10% of the aggregate overdue loans and advances to customers as at the above respective reporting dates.

13 Overdue and rescheduled assets (continued)

(ii) Rescheduled loans and advances to customers

	<i>At Jun 30, 2023</i>		<i>At Dec 31, 2022</i>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Rescheduled loans and advances to customers	16,588	0.01%	14,515	0.01%

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or because of the inability of the borrower to meet the original repayment schedule. Rescheduled loans and advances to customers are stated net of any loans and advances which have subsequently become overdue for over three months and which are included in overdue loans and advances to customers in part (i).

(iii) Impaired loans and advances to customers

	<i>% of loans and advances to customers</i>		<i>% of loans and advances to customers</i>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Overdue loans and advances to customers	31,361	0.02%	35,201	0.03%
Rescheduled loans and advances to customers	16,588	0.01%	14,515	0.01%
Impaired loans and advances to customers	47,949	0.03%	49,716	0.04%

After taking into account the transfer of risk, there were no exposures to a single country outside Hong Kong exceeding 10% of the aggregate impaired loans and advances to customers as at the above respective reporting dates.

There were no advances to banks or other assets which were overdue for over three months as at 30 June 2023 and 31 December 2022, nor were there any rescheduled advances to banks and other financial institutions.

14 Repossessed assets

	<i>At Jun 30,</i> <i>2023</i>	<i>At Dec 31,</i> <i>2022</i>
Repossessed assets	3,905	-

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.

15 Property, plant and equipment

	<i>Right-of-use</i> <i>assets</i>	<i>Installations,</i> <i>plant,</i> <i>machinery and</i> <i>other assets</i>	<i>Construction in</i> <i>progress</i>	<i>Total property,</i> <i>plant and</i> <i>equipment</i>
<i>Cost or valuation:</i>				
At Jan 1, 2023	1,246,579	453,731	42,243	1,742,553
Additions	10,676	9,827	36,764	57,267
Transfer	-	37,292	(37,292)	-
Write-offs	-	(4,572)	(5,610)	(10,182)
At Jun 30, 2023	1,257,255	496,278	36,105	1,789,638
<i>Accumulated depreciation:</i>				
At Jan 1, 2023	777,193	394,600	-	1,171,793
Charge for the period	80,820	23,788	-	104,608
Write-offs	-	(2,629)	-	(2,629)
At Jun 30, 2023	858,013	415,759	-	1,273,772
<i>Net book value:</i>				
At Jun 30, 2023	399,242	80,519	36,105	515,866
At Dec 31, 2022	469,386	59,131	42,243	570,760

16 Deposits from customers

	<i>At Jun 30,</i> 2023	<i>At Dec 31,</i> 2022
Demand deposits and current accounts	40,037,252	45,718,392
Savings deposits	78,602,999	90,381,150
Time, call and notice deposits	133,462,041	119,034,097
	252,102,292	255,133,639

17 Reserves

	<i>At Jun 30,</i> 2023	<i>At Dec 31,</i> 2022
Fair value reserve	(245,422)	(297,454)
Retained profits	18,315,264	17,728,211
Capital reserves	(9,374)	(10,922)
	18,060,468	17,419,835

(a) Nature and purpose of reserves

Fair value reserve

This reserve comprises the cumulative net change in fair value of fair value through other comprehensive income (FVOCI) debt securities measured at FVOCI under HKFRS 9 held at the end of the reporting period.

Capital reserves

The capital reserves comprise the subsequent change in fair value of the share awards granted to employees of the Company recognized in accordance with the accounting policy for share based payments.

(b) Regulatory reserve

To satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements for prudential supervision purposes, the Company has earmarked a regulatory reserve directly from retained profits. As of June 30, 2023, the effect of this requirement is to reduce the amount of reserves which can be distributed to equity shareholders by \$445,474 thousand (December 31, 2022: \$562,881 thousand).

(c) The Directors do not recommend a payment of interim dividend in respect of the six months ended June 30, 2023 (2022: \$Nil).

18 Derivatives

Derivatives are used for managing the Company's own exposures to market risk as part of its asset and liability management process and their sale to customers as part of the Company's business activities. The principal derivative instruments used by the Company are foreign exchange rate related contracts, which are primarily over-the-counter derivatives.

(i) Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of outstanding transactions and do not represent amounts at risk.

	<i>At Jun 30,</i> <i>2023</i>	<i>At Dec 31,</i> <i>2022</i>
<i>Currency derivatives</i>		
Forwards and futures	11,184,037	16,812,285
Options purchased	2,758,669	2,053,360
Options written	2,758,669	2,053,360
	16,701,375	20,919,005

(ii) Fair values and credit risk weighted amounts of derivatives

	<i>At Jun 30, 2023</i>			<i>At Dec 31, 2022</i>		
	<i>Fair value</i>		<i>Credit risk- weighted amount</i>	<i>Fair value</i>		<i>Credit risk- weighted amount</i>
	<i>Assets</i>	<i>Liabilities</i>		<i>Assets</i>	<i>Liabilities</i>	
Currency derivatives	39,480	140,715	24,499	61,249	142,667	61,811

The credit risk-weighted amounts are assessed in accordance with the Banking (Capital) Rules (the "Capital Rules").

The fair value and credit risk weighted amounts do not take into account any bilateral netting arrangements during the period and accordingly these amounts are shown on a gross basis.

19 Contingent liabilities and commitments

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<u>2023</u>	<u>2022</u>
Contractual or notional amounts		
Trade-related contingencies	-	-
Forward forward deposits placed	59	70
Other commitments		
- with an original maturity of not more than one year	1,419,745	2,425,044
- with an original maturity of more than one year	299,222	327,553
- which are unconditionally cancellable	86,310,897	84,781,143
	<u>88,029,923</u>	<u>87,533,810</u>
Credit risk-weighted amounts	<u>244,802</u>	<u>380,367</u>

Contingent liabilities and commitments are forward forward deposits placed as well as 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 contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of other commitments is expected to expire without being drawn upon, the total of contractual amounts is not representative of future liability requirements.

The credit risk-weighted amounts are assessed in accordance with the Capital Rules.

20 Currency risk

The Company's foreign currency positions arise from foreign exchange transactions. All foreign currency positions are managed by the Treasury Department and Wealth Management Department within limits approved by the Business Head and Market Risk Management, dotted notification to Risk Management Committees (RMC) and Asset and Liability Management Committee (ALCO).

The Company seeks to manage closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

The net positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position in all foreign currencies.

<i>At Jun 30, 2023</i>	<i>USD</i>	<i>RMB</i>
Spot assets	130,663,047	928,388
Spot liabilities	(127,130,710)	(2,981,320)
Forward purchases	3,265,820	2,133,516
Forward sales	(6,680,975)	(51,405)
Net long non-structural position	<u>117,182</u>	<u>29,179</u>
<i>At Dec 31, 2022</i>	<i>USD</i>	<i>RMB</i>
Spot assets	141,578,472	995,606
Spot liabilities	(129,964,641)	(2,642,913)
Forward purchases	2,334,133	2,721,087
Forward sales	(13,882,755)	(515,127)
Net long non-structural position	<u>65,209</u>	<u>558,653</u>

There were no foreign currency structural positions and option positions as at the above reporting dates.

21 Regulatory disclosures

The regulatory disclosures which are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the HKMA can be found in our website www.citibank.com.hk.