Citibank (Hong Kong) Limited

Regulatory Disclosures

For the Year ended
December 31, 2022

Table of contents

Introduction

Purpose and Basis of preparation

The information contained in this document is for Citibank (Hong Kong) Limited ("the Company"), and is prepared in accordance with the Banking (Disclosure) Rules ("BDR") and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

These regulatory disclosures are governed by the Company's disclosure policy, which has been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document.

The information in this document is not audited and does not constitute statutory accounts.

The Regulatory Disclosures

The Company's Regulatory Disclosures at 31 December 2022 comprises information required under the framework of the Basel Committee on Banking Supervision ("BCBS"). The disclosures are made in accordance with the latest BDR issued by the HKMA.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates.

Template KM1: Key prudential ratios

The following table provides an overview of the key prudential ratios of the Company.

	In thousands of Hong Kong dollar	(a) At December 31, 2022	(b) At September 30, 2022	(c) At June 30, 2022	(d) At March 31, 2022	(e) At December 31, 2021
	Regulatory Capital					
1	Common Equity Tier 1 (CET1)	24,087,612	25,074,660	24,943,880	24,845,004	24,676,448
2	Tier 1	24,087,612	25,074,660	24,943,880	24,845,004	24,676,448
3	Total capital	24,897,304	25,870,909	25,731,617	25,632,004	25,469,680
	Risk-Weighted Assets (RWA)					
4	Total RWA	100,655,411	101,055,196	101,064,352	99,753,525	97,843,803
	Capital Adequacy Ratios					
5	CET1 ratio (%)	23.93%	24.81%	24.68%	24.91%	25.22%
6	Tier 1 ratio (%)	23.93%	24.81%	24.68%	24.91%	25.22%
7	Total capital ratio (%)	24.74%	25.60%	25.46%	25.70%	26.03%
	Additional CET1 buffer requirements					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.970%	0.968%	0.967%	0.967%	0.967%
10	Higher loss absorbency requirements (%) (applicable only to GSIBs or DSIBs)	0.000%	0.000%	0.000%	0.000%	0.000%
11	Total AI specific CET1 buffer requirements (%)	3.470%	3.468%	3.467%	3.467%	3.467%
12	CET1 available after meeting the AI's minimum capital requirements (%)	16.74%	17.60%	17.46%	17.70%	18.03%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	350,734,679	350,688,387	332,419,485	336,325,596	321,300,707
14	LR (%)	6.87%	7.15%	7.50%	7.39%	7.68%
	Liquidity Maintenance Ratio (LMR)					
17a	LMR (%)	69.56%	56.66%	49.61%	49.62%	50.10%
	Core Funding Ratio (CFR)					
20a	CFR (%)	161.54%	152.75%	149.44%	150.84%	150.64%

Table OVA: Overview of risk management

Effective risk management is of primary importance to the Company overall operations. Accordingly, the Company's risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. Specifically, the activities that the Company engages in, and the risks those activities generate, must be consistent with the Company's mission and value proposition, the key principles that guide it, and risk appetite.

The Citi Global Enterprise Risk Management Framework and Company's Risk Management Framework consist of management of risk by risk category, Risk Culture, Risk Governance Structure (i.e. Board, Executive Management and Lines of Defense), Strategic Planning fully integrated with the defined Risk Appetite, Risk Management System i.e. Risk identification through the policies, procedures, and processes which the Company identifies, measures, manages, monitors, reports, and controls risks across the firm. Independent Risk Management, in conjunction with other independent control and supporting functions, reviews and updates this Risk Management Framework at least annually and as needed to address any modifications that may be required because of any material changes to the firm or its operating environment. The Risk Management Committee (RMC) of the Company and the Board review and consider for approval the Company's Risk Management Framework at least annually.

RMC is delegated by the Board to establish the risk appetite statement, review on a regular basis and seek approval from the Board. The committee ensures that an adequate risk management framework, including policies and limits, is in place to identify, measure, mitigate and control all material risks that the Company takes during its business activities.

The Company utilizes a Risk Taxonomy that supports firm-wide frameworks including the Risk Management Framework. The Risk Taxonomy and the Risk Management Framework include the following risk types: Credit risk, Liquidity Risk, Market Risk (Trading / Non-Trading, including interest rate risk), Operational Risk, Compliance risk, Reputation risk and Strategic risk. Additionally, the Company is exposed to risks that may materialize in, or arise from, more than one risk within or across multiple risk categories (e.g., credit risk and operational risk), creating crosscutting risks. Crosscutting risks include conduct risk, country risk and climate-related risk.

An effective risk management framework requires a strong risk culture composed of shared values and expected behaviors to promote safe and sound risk taking across the firm, in line with the firm's strategy and risk appetite. The Company's talent, performance management and compensation programs are designed to attract, recognize and reward individuals with the knowledge, skills, abilities and demonstrated behavior support the design, implementation and embedding of the Risk Management Framework. As part of this risk culture, all employees are accountable for risk management and must identify, escalate, and address risk-taking activities that exceed the Company's risk appetite in a timely manner.

Stress testing is an integral component of how the Company measures risk and supports business-as-usual risk management, as well as capital and liquidity planning, strategic and operating planning and recovery and resolution planning. Stress tests are forward-looking assessments of the potential impact of various adverse events and circumstances on the Company. The Company's Enterprise Stress Testing Policy establishes the framework for evaluating the impact of the adverse and / or stressful events and circumstances on its operations and financial conditions. Stress testing is performed for individual risk categories, products and portfolios and to evaluate aggregations of risks at an overall Company level.

The Company uses a lines of defense construct to manage its risk. The construct comprises units that create risks (first line of defense), those that independently assess risk (second line of defense) and units that provide independent assurance (third line of defense). Additionally, the firm has units tasked with maintaining a strong control environment (Enterprise Support Functions).

First Line of Defense: Front Line Units and Front-Line Unit activities

Front line units are accountable for one of several risks and either (i) engage in activities designed to generate revenue, reduce expenses or increase efficiency / transform the Company's operating model; (ii) provide operational support or servicing to other units in the firm in the delivery of products or services to customers; (iii) provide technology services to other units in the firm.

- In addition, front line units engage in in-unit control and in-unit management activities. These activities benefit the front-line unit through (i) the performance and/or support of the management of risks generated by the unit (i.e., in-unit control); or (ii) the performance of activities that are critical to risk management (e.g., talent, performance management, compensation; program management; governance).

- Front line units are responsible and held accountable for managing the risks associated with their activities within the boundaries set by independent risk management. They are also responsible for designing and implementing effective internal controls and maintaining processes for managing their risk profile, including through risk mitigation, so that it remains consistent with the Company's established risk appetite.

- Front line units may also conduct enterprise support activities which are also subject to the relevant Bank-wide independent risk management oversight processes specific to the risk category that they generate (e.g., operational risk, compliance risk, reputation risk).

Table OVA: Overview of risk management (continued)

Front line unit activities are considered part of the first line of defense and are subject to the oversight and challenge of independent risk management. In cases where front line unit activities are conducted by units with another lines of defense designation, those activities are subject to the relevant Bank-wide independent risk management oversight processes specific to the risk category that they generate.

Other than the front-line Business units, a number of Corporate Functions, due to their nature of responsibility, are considered as First Line of Defense. These include Chief Administrative Office, Enterprise Operations and Technology, Finance and Global Public Affairs.

Second Line of Defense: Independent Risk Management

The second line of defense is comprised of independent risk management units that are independent of a front-line unit. They are responsible for overseeing the risk-taking activities of the first line of defense and challenging the first line of defense in their execution of their risk management responsibilities. They are also responsible for independently identifying, measuring, monitoring, controlling and reporting aggregate risks and for setting standards for the management and oversight of risk. Independent risk management units also engage in in-unit control and in-unit management activities.

Independent risk management is comprised of Independent Risk Management (IRM) and Independent Compliance Risk Management (ICRM) and are led by a chief risk executive (e.g. Chief Risk Officer or Chief Compliance Officer) who has unrestricted access to the Board of Directors and it's Risk Management Committee to facilitate the ability to execute their specific responsibilities pertaining to escalation to the Board.

Third Line of Defense: Internal Audit

Internal audit is independent of front-line units and independent risk management. The role of Internal Audit is to provide independent, objective, reliable, valued and timely assurance to the Board of Directors, and it's Audit Committee as relevant, senior management and regulators over the effectiveness of governance, risk management and controls that mitigate current and evolving risks and enhance the control culture.

Enterprise Support Functions:

Human Resources (HR) and Legal are the Enterprise Support Functions. They engage in activities that support safety and soundness across the Company. While these functions are not considered part of the second line of defense, they provide advisory services and/or design, implement, maintain, and oversee firm-wide programs that support maintaining an effective control environment. Similarly, while they are not required to independently report to the Board of Directors or it's Risk Management Committee on the results of their risk assessments, they may choose to do so, or may be asked to do so by the Board. As noted above, any front-line unit activities within enterprise support functions remain subject to the relevant Bank-wide independent risk management oversight processes specific to the risk categories for which it is accountable.

Template OV1: Overview of Risk-Weighted Assets

The following table provides an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
	In thousands of Hong Kong dollar	**At December 31, 2022**	**At September 30, 2022**	**At December 31, 2022**
1	Credit risk for non-securitization exposures	89,008,662	89,266,309	7,120,693
2	Of which STC approach	89,008,662	89,266,309	7,120,693
6	Counterparty default risk and default fund contributions	61,811	55,778	4,945
7	Of which SA-CCR approach	61,811	55,778	4,945
10	CVA risk	49,300	43,175	3,944
16	Securitization exposures in banking book	586,487	589,921	46,919
18	Of which SEC-ERBA (including IAA)	586,487	589,921	46,919
20	Market risk	571,088	562,650	45,687
21	Of which STM approach	571,088	562,650	45,687
24	Operational risk	10,378,063	10,537,363	830,245
27	**Total**	**100,655,411**	**101,055,196**	**8,052,433**

The Company has adopted the “standardized approach” for the calculation of the risk-weighted assets for credit risk, market risk, and operational risk.

The Company does not have any credit-related derivatives and exposures to CCPs as at December 31, 2022.

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The following table shows the differences between the carrying values as reported in the Company's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

At 31 December, 2022:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
In thousands of Hong Kong dollar	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with banks and other financial institutions	*18,189,823*	*5,124,872*	*5,124,872*	-	-	-	-
Placements with banks and other financial institutions	*22,437,963*	*74,641,571*	*74,641,571*	-	-	-	-
Loans and advances							
Loans and advances to customers	*120,345,643*	*120,849,515*	*120,849,515*	-	-	-	-
Loans and advances to banks	*39,120,309*	-	-	-	-	-	-
Financial assets at fair value through profit or loss	*84,462,918*	*84,401,669*	*84,401,669*	-	-	-	-
Financial assets at fair value through other comprehensive income	*49,390,806*	*49,390,806*	*49,390,806*	-	-	-	-
Financial assets at amortised cost	*3,898,775*	*3,898,775*	-	-	*3,898,775*	-	-
Fixed assets	*570,760*	*101,374*	*101,374*	-	-	-	-
Intangible assets	*17,513*	*17,513*	-	-	-	-	*17,513*
Deferred tax assets	*94,243*	*94,243*	-	-	-	-	*94,243*
Other assets	3,304,932	3,837,353	3,170,661	40,001	11,135	-	615,556
Impairment allowances	-	(293,769)	(26,824)	-	-	-	(266,945)
Total assets	**341,833,685**	**342,063,922**	**337,653,644**	**40,001**	**3,909,910**	**-**	**460,367**
Liabilities							
Deposits and balances from banks and other financial institutions	55,860,990	55,860,990	-	-	-	-	55,860,990
Deposits from customers	255,133,639	255,363,876	-	-	-	-	255,363,876
Trading financial liabilities	142,667	142,667	-	-	-	-	142,667
Current taxation	65,981	65,981	-	-	-	-	65,981
Other liabilities	5,862,133	5,862,133	-	-	-	-	5,862,133
Total liabilities	**317,065,410**	**317,295,647**	**-**	**-**	**-**	**-**	**317,295,647**

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The following table provides information on the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation.

At 31 December, 2022:

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
	In thousands of Hong Kong dollar		credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	**341,603,555**	**337,653,644**	**3,909,910**	**40,001**	**-**
2	- Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	341,603,555	337,653,644	3,909,910	40,001	-
4	Off-balance sheet amounts	87,533,810	648,856	-	-	-
5	Potential exposures for counterparty credit risk	121,170	-	-	121,170	-
6	Alpha (α) used for computing default risk exposure	64,468	-	-	64,468	-
7	Recognized collateral for Credit risk mitigation	(12,065,509)	(12,065,509)	-	-	-
8	Net open position for foreign exchange exposures	571,088	-	-	-	571,088
9	**Exposure amounts considered for regulatory purposes**	**330,943,628**	**326,236,991**	**3,909,910**	**225,639**	**571,088**

Template LIA: Explanations of differences between accounting and regulatory exposure amounts

The following provides explanations on the differences observed between accounting carrying values (as defined in template LI1) and amounts considered for regulatory capital purposes (as defined in template LI2).

Major differences between the amounts in columns (a) and (b) in template LI1

i) The carrying values as reported in published financial statements are after Netting adjustment on account of foreign currency margin products.

ii) The carrying values of "Placement with banks and other financial institutions" as reported in published financial statements which have residual contractual maturities within one month are classified as "Cash and balances with banks, central banks and other financial institutions", while balances with residual contractual maturities greater than one year are classified as "Loans and advances".

The main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2

i) Exposure amounts considered for regulatory purposes consist of Off-balance sheet exposures including contingent liabilities and commitments after application of Credit Conversion Factor ("CCF").

ii) Counterparty credit risk exposures for regulatory purposes consist of both the replacement cost and potential future exposures ("PFE").
iii) Under the SA-CCR approch, a factor α of 1.4 is applied to the sum of replacement cost and PFE in arriving at the default risk exposure.

iv) Exposures amount is calculated after deducting credit risk mitigration under standardized approach.

v) For Market risk framework, the exposure amounts considered Net open position for foreign exchange exposures.

Valuation of financial instruments

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organized secondary markets for most financial instruments, and in particular for loans, deposits and unlisted derivatives, direct market prices are not available. The fair value of such instruments was therefore calculated on the basis of well-established valuation techniques using current market parameters. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence can only be used as an indicator of the value realizable in a future sale.

All valuation models are validated before they are used as a basis for financial reporting, by qualified personnel independent of the area that created the model. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instruments.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented below:

(i) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the statement of financial position date;

(ii) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts and, in the case of loans and unquoted debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognized separately by deducting the amount of the impairment allowances from both the carrying amount and fair value;

(iii) the fair value of fixed rate loans and mortgages carried at amortized cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans; and

(iv) the fair value of forward exchange contracts and interest rate swaps is estimated by discounting future cash flows. Future cash flows are estimated based on model estimates of the amount it would receive or pay to terminate the contract at the statement of financial position date taking into account current market conditions and the current creditworthiness of the counterparties. The discount rate used is a market rate for a similar instrument at the statement of financial position date. The fair value of an option contract is determined by applying the binomial valuation model. Inputs are based on market related data at the statement of financial position date.

Fair value hierarchy

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unverified inputs and validated models. Unverified inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unverified inputs or invalidated models.

Table PV1: Prudent valuation adjustments

The following table provide a detailed breakdown of the constituent elements of valuation adjustment.

At 31 December, 2022:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	In thousands of Hong Kong dollar	Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	159	-	-	159	-	159
2	*Mid-market value*	-	-	*159*	-	-	*159*	-	*159*
3	*Close-out costs*	-	-	-	-	-	-	-	-
4	*Concentration*	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	**Total adjustments**	-	-	159	-	-	159	-	159

Template CC1: Composition of regulatory capital

		In thousands of Hong Kong dollar	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	7,348,440	(6)
2	Retained earnings	17,728,211	(7)
3	Disclosed reserves	(308,376)	(8)+(9)
4	*Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)*	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0	
6	**CET1 capital before regulatory deductions**	24,768,275	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liability)	0	
9	Other intangible assets (net of associated deferred tax liability)	17,373	(2) + (4)
10	Deferred tax assets net of deferred tax liabilities	94,383	(3) - (4)
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	
13	Credit-enhancing interest only strip, and any gain on sale and other increase in the CET1 capital arising from securitization transactions	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	6,026	(5)
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in CET1 capital instruments	0	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	562,881	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)		
26b	Regulatory reserve for general banking risks	562,881	
26c	Securitization exposures specified in a notice given by the Monetary Authority	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	**Total regulatory deductions to CET1 capital**	680,663	
29	**CET1 capital**	24,087,612	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	*Capital instruments subject to phase out arrangements from AT1 capital*	0	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	0	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	0	
36	**AT1 capital before regulatory deductions**	0	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	

Template CC1: Composition of regulatory capital (continued)

		In thousands of Hong Kong dollar	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
41	National specific regulatory adjustments applied to AT1 capital	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	**Total regulatory deductions to AT1 capital**	0	
44	**AT1 capital**	0	
45	**Tier 1 capital (T1 = CET1 + AT1)**	24,087,612	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	*Capital instruments subject to phase out arrangements from Tier 2 capital*	0	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	0	
49	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	0	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	809,692	Note (i)
51	**Tier 2 capital before regulatory deductions**	809,692	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-captial LAC liabilities	0	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	0	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions)(for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	0	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
56	National specific regulatory adjustments applied to Tier 2 capital	0	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	0	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	0	
57	**Total regulatory deductions to Tier 2 capital**	0	
58	**Tier 2 capital (T2)**	809,692	
59	**Total capital (TC = T1 + T2)**	24,897,304	
60	**Total risk weighted assets**	100,655,411	
	Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	23.93%	
62	Tier 1 capital ratio	23.93%	
63	Total capital ratio	24.74%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	7.970%	
65	*of which: capital conservation buffer requirement*	2.500%	
66	*of which: bank specific countercyclical buffer requirement*	0.970%	
67	*of which: higher loss absorbency requirement*	0.000%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	16.74%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	0	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
74	Mortgage servicing rights (net of related tax liability)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Not applicable	Not applicable

Template CC1: Composition of regulatory capital (continued)

		In thousands of Hong Kong dollar	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	0	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	0	
78	Provisions eligible for inclusion in Tier 2 in respect of exposure	0	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	0	
	Capital instruments subject to phase-out arrangements		
80	*Current cap on CET1 capital instruments subject to phase-out arrangements*	Not applicable	Not applicable
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	Not applicable	Not applicable
82	*Current cap on AT1 capital instruments subject to phase-out arrangements*	0	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	0	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	0	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	0	

Note (i):

The amount is the sum of regulatory reserve for general banking risks and collective impairment allowances, limited to 1.25% of risk-weighted assets for credit risks under standardized approach.

Notes to the Template

Row No.	Description	Hong Kong basis	Basel III basis
10	**Deferred tax assets net of deferred tax liabilities**	94,383	94,383
	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.		

Remarks:

The amount of the 10% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

Template CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
In thousands of Hong Kong dollar	**As at December 31, 2022**	**As at December 31, 2022**	
Assets			
Cash and balances with banks and other financial institutions	18,189,823	5,124,872	
Placements with banks and other financial institutions	22,437,963	74,641,571	
Loans and advances			
- Loans and advances to customers	120,345,643	120,849,515	
- Loans and advances to banks	39,120,309	-	
Financial assets at fair value through profit or loss	84,462,918	84,401,669	
Financial assets at fair value through other comprehensive income	49,390,806	49,390,806	
Financial assets at amortised cost	3,898,775	3,898,775	
Fixed assets	570,760	101,374	
Intangible assets	17,513	17,513	(2)
Deferred tax assets	94,243	94,243	(3)
of which : deferred tax liabilities related to intangibles		*(140)*	(4)
Other assets	3,304,932	3,837,353	
of which: defined benefit pension fund net assets		*6,026*	(5)
Less: Impairment allowances		(293,769)	
of which: collective impairment allowances reflected in regulatory capital		*(246,811)*	(1)
Total Assets	**341,833,685**	**342,063,922**	
Liabilities			
Deposits and balances from banks and other financial institutions	55,860,990	55,860,990	
Deposits from customers	255,133,639	255,363,876	
Trading financial liabilities	142,667	142,667	
Current taxation	65,981	65,981	
Other liabilities	5,862,133	5,862,133	
Total Liabilities	**317,065,410**	**317,295,647**	
Shareholders' Equity			
Share capital	7,348,440	7,348,440	
of which: paid-in share captial		*7,348,440*	(6)
Reserves	17,419,835	17,419,835	
of which: retained profits		17,728,211	(7)
Investment revaluation reserve		(297,454)	(8)
capital reserves		(10,922)	(9)
Total Shareholders' Equity	24,768,275	24,768,275	
Total Liabilities and Shareholders' Equity	**341,833,685**	**342,063,922**	

Table CCA: Main features of regulatory capital instruments

1	Issuer	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA	NA	NA	NA	NA	NA
3	Governing law(s) of the instrument	Hong Kong	Hong Kong	Hong Kong	Hong Kong	Hong Kong	Hong Kong	Hong Kong
	Regulatory treatment							
4	Transitional Basel III rules#	NA	NA	NA	NA	NA	NA	NA
5	Post-transitional Basel III rules+	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
8	Amount recognised in regulatory capital (as of most recent reporting date)	HKD 200 (Class A)	HKD 299,800 (Class A)	HKD 170,800 (Class A)	HKD 29,200 (Class A)	HKD 50,000 (Class A)	HKD 4,450,000 (Class A)	HKD 5,000,000 (Class A)
9	Par value of instrument	NA	NA	NA	NA	NA	NA	NA
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	5 July 1965	22 July 1965	11 October 1965	30 December 1965	16 January 1967	7 April 1976	3 February 1983
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity	no maturity	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	No	No	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA	NA	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA	NA	NA	NA	NA
	Coupons / dividends							
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	NA	NA	NA	NA	NA	NA	NA
19	Existence of a dividend stopper	No	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA	NA	NA
30	Write-down feature	No	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA	NA	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA	NA	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA	NA	NA	NA	NA	NA
36	Non-compliant transitioned features	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA	NA	NA	NA

Footnote:

Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

+ *Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*

* *Include solo-consolidated*

Table CCA: Main features of regulatory capital instruments

1	Issuer	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited	Citibank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA	NA	NA	NA	NA
3	Governing law(s) of the instrument	Hong Kong	Hong Kong	Hong Kong	Hong Kong	Hong Kong	Hong Kong
	Regulatory treatment						
4	Transitional Basel III rules#	NA	NA	NA	NA	NA	NA
5	Post-transitional Basel III rules+	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
8	Amount recognised in regulatory capital (as of most recent reporting date)	HKD 585,000,000 (Class A)	HKD 78,000,000 (Class B)	HKD 2,722,440,000 (Class A)	HKD 78,000,000 (Class A)	HKD 3,787,983,000 (Class A)	HKD 87,017,000 (Class B)
9	Par value of instrument	NA	NA	NA	NA	NA	NA
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	21 May 2004	1 July 2004	13 June 2005	1 July 2005	15 December 2009	15 December 2009
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	No	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA	NA	NA	NA
	Coupons / dividends						
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	NA	NA	NA	NA	NA	NA
19	Existence of a dividend stopper	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA	NA
30	Write-down feature	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA	NA	NA	NA	NA
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA	NA	NA

Footnote:

Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

+ *Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*

* *Include solo-consolidated*

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

The following table provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Company's CCyB ratio at December 31, 2022.

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyb ratio in effect (%)**	**RWA used in computation of CCyB ratio (in thousands of Hong Kong dollar)**	**AI-specific CCyB ratio (%)**	**CCyB amount**
1	Hong Kong SAR	1.000%	52,609,483		
2	Denmark	2.000%	24		
3	Sweden	1.000%	261		
4	United Kingdom	1.000%	19,558		
5	Sum		52,629,326		
6	Total		54,277,036	0.970%	526,294

Template LR1: Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure

The following table reconciles the total assets in the published financial statements of the Company to the LR exposure measure.

		(a)
	Item	**Value under LR framework (in thousands of Hong Kong dollar)**
1	Total consolidated assets as per published financial statements	341,833,685
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	264,451
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	9,126,970
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(293,769)
7	Other adjustments	(196,658)
8	**Leverage ratio exposure measure**	**350,734,679**

Template LR2: Leverage ratio ("LR")

The following table provides a detailed breakdown of the components of the Company's LR denominator.

		(a)	(b)
		In thousands of Hong Kong dollar	
		At December 31, 2022	At September 30, 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	342,317,690	342,217,259
2	Less: Asset amounts deducted in determining Tier 1 capital	(680,663)	(696,869)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	**341,637,027**	**341,520,390**
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	56,001	98,209
5	Add-on amounts for PFE associated with all derivative contracts	208,450	215,568
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	**Total exposures arising from derivative contracts**	**264,451**	**313,777**
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	**Total exposures arising from SFTs**	**-**	**-**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	87,533,810	87,102,661
18	Less: Adjustments for conversion to credit equivalent amounts	(78,406,840)	(77,968,443)
19	**Off-balance sheet items**	**9,126,970**	**9,134,218**
Capital and total exposures			
20	Tier 1 capital	24,087,612	25,074,660
20a	Total exposures before adjustments for specific and collective provisions	351,028,448	350,968,385
20b	Adjustments for specific and collective provisions	(293,769)	(279,998)
21	Total exposures after adjustments for specific and collective provisions	350,734,679	350,688,387
Leverage ratio			
22	**Leverage ratio**	**6.87%**	**7.15%**

Table LIQA: Liquidity risk management

The Company's liquidity risk management process is integrated into the overall Citi liquidity and funding process and liquidity monitoring framework. Liquidity is managed at the Citi-level, the Citbank, N.A.-level, the Country level and the level of Material Legal Entity ("MLE").

Citigroup policy requires all MLE (which is the level at which the Company is operating at) to maintain a strong liquidity position and ensure sufficient cash flows to meet all financial commitment and to capitalize on opportunities for business expansion. This includes the Company's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and make new loans and investments as opportunities arise. The Company maintains a pool of customer deposits, which made up of current and savings accounts and time deposits. The customer deposits are widely diversified by type and maturity and represent a stable source of funding.

Policies and Procedures

The Company has established an Asset and Liability Management Committee ("ALCO"). The ALCO Charter includes the monitoring and control of liquidity and funding. ALCO monitors trends in balance sheet and ensures that any concerns that might impact the stability of the customer deposits are addressed effectively.

It is the responsibility of the Company's management to ensure compliance with local regulatory requirements and limits set by ALCO. The Company's liquidity resources are managed by the treasurer. Liquidity is managed on a daily basis by treasury function. The Board is ultimately responsible for overseeing liquidity risk that the Company is able to take and ensure that there is a robust liquidity management process in place.

The Company's liquidity risk management framework requires limits to be set for prudent liquidity management, the limits and internal targets include:

- Net intragroup balance
- Liquidity ratios
- Loan to deposit ratio
- Daily TLST
- Monthly Local TLST
- Resolution Liquidity Adequacy and Positioning ("RLAP")

All limits and internal targets are reviewed at least annually together with Horizontal Liquidity Review Process and more frequently if required, to ensure that they are remain relevent to current market conditions and business strategy. These limits and targets are monitored and reviewed by ALCO on a regular basis. Any limit excess will be escalated under a delegated authority structure and reviewed by ALCO and the Board. A Contingency Funding and Liquidity Plan ("CFP") playbook is in place for Hong Kong, on a total country basis, which lays out the trigger points and actions in the event of liquidity crisis to ensure that there is an effective response by senior management in case of such an event.

The Company's securities holdings are mainly in government securities that can be liquidated, repurchased or used as collateral in the event of liquidity stress.

Stress Test

Citi uses multiple measures in monitoring its liquidity, including those described below. In addition, there continues to be numerous regulatory developments relating to future liquidity standards and requirements applicable to financial institutions such as Citi, including certain measures discussed below.

Stress testing and scenario analyzes are intended to quantify the potential impact of a liquidity event on the balance sheet (including on and off balance sheet), contingent funding obligations and other liquidity exposures, and to identify viable funding alternatives that can be utilized. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), potential uses of funding and political and economic conditions in certain countries. These conditions include standard and stress market conditions as well as firm-specific events.

A wide range of liquidity events are considered to ascertain potential mismatches between liquidity sources and uses over a variety of time horizons by tenor buckets. Liquidity limits are set accordingly. To monitor the liquidity of the Bank, those stress tests and potential mismatches may be calculated with varying frequencies, with several important tests performed daily. All assumptions used in the stress scenarios must be reviewed under the process of "Horizontal Liquidity Review Process".

TLST - "Term Liquidity Stress Test" is the Company's primary long-term internal stress metric. The TLST scenario assumes a market and idiosyncratic backdrop against which the Company can measure its stressed liquidity needs. The scenario describes stress conditions across 365 days including the Company's customer/counterparty behaviour, its ability to access funding markets as well as any mitigating actions management can take to protect franchise. TLST is used to measure a 12-month survival, i.e. the Company must maintain sufficient liquidity to meet all maturing obligations within 12 months under the TLST stress scenario. TLST is prepared and monitored daily for all currencies including HKD, CNY and G10 currencies.

Local TLST - "Institution Specific and Local Market Scenario" represents a significant local market disruption such as a collapse of a major local bank, or an abrupt change in the regulatory or political environment, which will affect the liquidity available to that market. It requires a self-sufficiency period over a 12-month period and it is performed on a monthly basis.

Resolution Liquidity Adequacy and Positioning ("RLAP") is a short term internal stress metric used to measure the short-term (30 days) survival horizon under a Severe Market Disruption stress scenario. It is designed to ensure there are sufficient liquidity resources to withstand outflows associated with Resolution scenario with a 30-day survival period under a severely stress market condition. Assumptions are internally developed and referenced to US LCR and the RLAP is produced and monitored on a daily basis.

Table LIQA: Liquidity risk management (Continued)

Encumbered and unencumbered assets

An asset is defined as encumbered, from a liquidity perspective, if it has been pledged as collateral against an existing liability, and as a result is no longer available to the bank to secure funding, satisfy collateral needs or be sold to reduce the funding requirement. An asset is therefore categorized as unencumbered if it has not been pledged against an existing liability. As of December 31, 2022, High Quality Liquid Asset (HQLA) held by the bank is mostly unencumbered assets, except a small portion of Hong Kong exchange fund bills which are set aside for intraday liquidity needs.

The Company maintains a sufficient cushion of HQLA which can be sold or used as collateral to provide liquidity under stress period. The compositions of the HQLA are mainly in government securities together with a small portion of high investment grade credit securities. The size of the liquidity cushion was approximately HK$133 billion as of December 31, 2022.

Citibank, N.A.'s credit ratings as at the end of December 31, 2022 were A+(S&P) and Aa3 (Moody's). Given that Citibank other entities are our only counterparties for these derivative transactions and cash positions are held or posted as collateral according to the mark to market of the contracts. Citibank's credit ratings downgrade has minimal impact on Bank's derivative collateral requirement.

Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period at the statement of financial position date to the contractual maturity date.

2022	*Total*	*Repayable on demand*	*1 month or less*	*Over 1 month to 3 months*	*Over 3 months to 1 year*	*Over 1 year to 5 years*	*Over 5 years*	*Undated or overdue*
Assets								
Cash and balances with banks, central banks and other financial institutions	18,189,823	5,124,872	13,064,951	-	-	-	-	-
Placements with banks and other financial institutions	22,437,963	-	-	3,234,696	19,203,267	-	-	-
Loans and advances	159,465,952	7,888,020	604,728	3,327,075	15,536,092	62,799,016	69,227,640	83,381
Financial assets at fair value through profit or loss	84,462,918	-	46,236,272	36,340,454	1,287,276	-	-	598,916
Financial assets at fair value through other comprehensive income	49,390,806	-	15,485,750	16,803,553	11,416,559	5,684,944	-	-
Financial assets at amortised cost	3,898,775	-	-	-	1,949,387	1,949,388	-	-
Non-interest bearing assets	3,987,448	-	-	-	-	-	-	3,987,448
	341,833,685	13,012,892	75,391,701	59,705,778	49,392,581	70,433,348	69,227,640	4,669,745
Liabilities								
Deposits and balances from banks and other financial institutions	55,860,990	387,365	22,809,108	964,526	6,538,250	25,161,741	-	-
Deposits from customers	255,133,639	136,099,542	47,065,695	56,129,783	15,752,070	86,549	-	-
Trading financial liabilities	142,667	-	-	-	-	-	-	142,667
Lease liabilities	594,241	-	14,422	28,899	127,665	363,821	59,434	-
Non-interest bearing liabilities	5,333,873	-	-	-	-	-	-	5,333,873
	317,065,410	136,486,907	69,889,225	57,123,208	22,417,985	25,612,111	59,434	5,476,540
Commitments								
Other commitments	87,533,740	85,162,376	1,120,665	1,225,979	24,720	-	-	-
Forward forward deposits placed	70	-	70	-	-	-	-	-
	87,533,810	85,162,376	1,120,735	1,225,979	24,720	-	-	-
Of which:								
Debt securities								
- included in financial assets at fair value through profit or loss	83,864,002	-	46,236,272	36,340,454	1,287,276	-	-	-
- included in financial assets at fair value through other comprehensive income	49,390,806	-	15,485,750	16,803,553	11,416,559	5,684,944	-	-
- included in financial assets at amortised cost	3,898,775	-	-	-	1,949,387	1,949,388	-	-
	137,153,583	-	61,722,022	53,144,007	14,653,222	7,634,332	-	-

Table CRA: General information about credit risk

Credit risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.

This category includes credit and counterparty risks from loans and advances and counterparty risks from trading and investing activities and also third parties to either hold, collect or settle the funds on behalf of the Company. The Company identifies and manages this risk through its (a) target market definitions, (b) credit approval process, (c) post-disbursement monitoring and (d) remedial management procedures.

Credit Risk Management is responsible for the quality and performance of credit portfolios of the Company, through which it can pursue a long-term sustainable and profitable growth. It manages, monitors and controls all credit risks within the Company through:

- formulating credit policies on new acquisition, portfolio management, collection and recovery for credit portfolios;
- developing risk acceptance criteria for portfolios towards segments, sectors, industries, usages and collateral;
- undertaking an independent review and objective assessment of credit risks;
- controlling exposures to portfolios, industries, counterparties and countries etc by setting limits;
- monitoring the performance of credit portfolios, including collateral positions, and developing effective remedial strategies;
- evaluating potentially adverse scenario that many impact the quality and performance of credit portfolios;
- establishing key risk indicators that assess the market situation on on-going basis; and
- providing advice and guidance to business units on various credit-related issues.

The Company's credit risk arises mainly from its consumer and treasury operations.

Consumer credit risk

The Retail Credit Risk Policy (RCRP), along with the firm-wide Risk Rating Policy, is the foundation of Global Consumer Risk Management. The RCRP provide the rules by which credit and fraud risks are managed and authorities, exceptions and limits are defined. The ability for Independent Risk Management to successfully manage risk is complemented by a robust control framework, which includes: ongoing business monitoring; risk-based independent verification; detective mechanisms including frequent portfolio and business reviews; and a robust Risk Appetite Framework.

Active monitoring of conformance with established risk limits and tolerances occurs through a variety of Key Risk Indicators (KRIs), benchmarks, and financial measures. These include a risk tolerance limit, which requires every portfolio to obtain initial approval and annual re-approval of risk tolerances. In addition, origination benchmarks are an essential control mechanism to ensure the Company's originations are performing on a consistent basis within the risk appetite of any individual business. There are numerous monitoring systems and triggering mechanisms in place to determine if additional scrutiny or action is needed. Risk tolerance limits and the Risk Appetite Ratio are critical Key Risk Indicators which call for additional scrutiny by senior management and specific action when triggers are breached.

The Company's consumer credit policy, approval process and credit delegation authority are designed for the fact that there are high volumes of relatively homogeneous, small value transactions in each consumer loan category. Because of the nature of consumer banking, the credit policies are based primarily on statistical analyzes of risks with respect to different products and types of customers. The Company has established methodologies on risk assessment for new product launch as well as periodic review of the terms of existing products, so as to achieve the desired customer profiles.

Credit risk for treasury transactions

The Company's treasury activities are predominantly with group entities or with institutions and governments with strong credit standing. As such, credit risk for the Company's treasury activities is not significant.

Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as 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.

Master netting arrangements

The Company enters into master netting arrangements with counterparties whenever possible. Netting agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis.

Concentration of credit risk

The Company pursues a strategy of mitigating any concentration in credit risk by diversifying the asset portfolio. The total asset portfolio consists of a balanced mix of collateralized products (mortgages and margin finance), as well as credit cards and unsecured credit facility but is concentrated in Hong Kong.

Template CR1: Credit quality of exposures

The following table provides an overview of credit quality of on- and off-balance exposures as at December 31, 2022.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on exposures calculated under the STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
	In thousands of Hong Kong dollar	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	74,794	160,346,816	282,636	26,824	255,812	-	160,138,974
2	Debt securities	-	133,323,709	-	-	-	-	133,323,709
3	Off-balance sheet exposures	-	2,752,667	-	-	-	-	2,752,667
4	**Total**	**74,794**	**296,423,192**	**282,636**	**26,824**	**255,812**	**-**	**296,215,350**

Loans includes Trade Bills, Placement with banks and other financial institutions with residual maturities greater than one year and Loans and advances to customers, along with the related accrued interest receivables.

Commitment includes Trade-related contingencies, Forward forward deposits placed, and Other commitments with an original maturity of not more than one year and with an original maturity of more than one year.

Template CR2: Changes in defaulted loans and debt securities

The following table provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at December 31, 2022 and June 30, 2022 respectively.

		(a)
	In thousands of Hong Kong dollar	Amount
1	**Defaulted loans and debt securities at end of the previous reporting period**	**90,532**
2	Loans and debt securities that have defaulted since the last reporting period	109,968
3	Returned to non-defaulted status	(14,067)
4	Amounts written off	(105,943)
5	Other changes	(5,696)
6	**Defaulted loans and debt securities at end of the current reporting period**	**74,794**

Table CRB: Additional disclosure related to credit quality of exposures

The following provide additional qualitative and quantitative information on the credit quality of exposures to supplement the quantitative information provided under templates CR1 and CR2 as at December 31, 2022.

(i) Credit quality of Loans and advances to customers

The Company classifies the loans and advances in accordance with the loan classification system required to be adopted for reporting to the HKMA.

The ageing analysis of loans and advances to customers that are past due but not impaired as follows:

	As at December 31, 2022
Gross loans and advances to customers that are past due but not impaired	
- Overdue 3 months or less	2,551,342

(ii) Credit losses and impairment of assets

The Company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost and fair value through other comprehensive income.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Table CRB: Additional disclosure related to credit quality of exposures (Continued)

(iii) Credit risk exposure by geographical areas, industry and residual maturity

Geographical area **In thousands of Hong Kong dollar**	**As at December 31, 2022**
Hong Kong	175,702,145
United States	111,737,606
Other	9,058,235
Total	**296,497,986**

Industry **In thousands of Hong Kong dollar**	**As at December 31, 2022**
Banks	39,299,769
Official sector	133,323,709
Non-bank private sector	
- Individual	121,747,147
- Other	2,127,361
Total	**296,497,986**

Residual maturity **In thousands of Hong Kong dollar**	**As at December 31, 2022**
Repayable on demand and Up to 1 year	157,875,021
Over 1 year to 5 years	69,057,995
Over 5 years	69,481,399
Undated or overdue	83,571
Total	**296,497,986**

(iv) Overdue loans and advances to customers

In thousands of Hong Kong dollar	***As at December 31, 2022***
Loans and advances to customers which have been overdue for periods of:	
- 6 months or less but over 3 months	30,972
- 1 year or less but over 6 months	4,229
- over 1 year	-
	35,201
Current market value of collateral held against the covered portion of overdue loans and advances to customers	24,350
Covered portion of overdue loans and advances to customers	7,201
Uncovered portion of overdue loans and advances to customers	28,000
	35,201
Specific impairment	23,093

Table CRB: Additional disclosure related to credit quality of exposures (Continued)

(iv) Overdue loans and advances to customers (Continued)

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.

(v) Rescheduled loans and advances to customers

In thousands of Hong Kong dollar	***As at December 31, 2022***
Rescheduled loans and advances to customers	14,515

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a 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 (iv) above.

(vi) Impaired loans and advances to customers

In thousands of Hong Kong dollar	***As at December 31, 2022***
Overdue loans and advances to customers	35,201
Rescheduled loans and advances to customers	14,515
Impaired loans and advances to customers	49,716

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 also no exposures to a non-individual exceeding 10% of the aggregate impaired loans and advances to customers as at the above respective reporting dates.

Table CRC: Qualitative disclosures related to credit risk mitigation

Under the Banking (Capital) Rules, recognized netting is defined as any netting done pursuant to a valid bilateral netting arrangement. Consistent with the Banking (Capital) Rules, the Company only includes valid bilateral netting arrangements in the calculation of credit risk mitigation for capital adequacy purpose.

For all facilities except instalment mortgages, non-revolving loan supported by recognized guarantee and margin finance not hitting the required conditions, it is the Company's policy that they should be reviewed at least on an annual basis, with the collateral (if any) being revalued during the review. Where facilities have been overdue and are tangibly secured, the collateral must be revalued at a minimum of once every month.

For mortgages, valuation on the mortgaged property must be updated at a minimum of once every year through the consistent use of real estate price indices. When the market is subject to significant changes in conditions, valuation should be updated more frequently. For accounts past due over 120 days, an updated valuation through a panel surveyor on the mortgaged property is required. An updated valuation must be obtained on an annual basis or earlier if there is a reason to believe that the value of the mortgaged property has declined.

For Global Margin Lending, all collateral are subject to daily mark-to-market revaluation (excluding Saturday, Sunday and other Hong Kong Pubic holidays); and margin calls must be initiated if the equity position has deteriorated to the margin trigger level. The frequency of revaluation may be intensified under the volatile market scenario.

The main types of recognized collateral taken by the Company includes cash on deposit, real estate properties, Equity shares, units or shares in collective investment schemes, Life Insurance Policies and various recognized debt securities.

The credit and market risks concentrations within the recognized collateral and guarantees used by the Company are considered to be immaterial.

Template CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at December 31, 2022.

		(a)	(b1)	(b)	(d)	(f)
	In thousands of Hong Kong dollar	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	140,444,433	19,694,541	12,060,085	7,634,456	-
2	Debt securities	133,323,709	-	-	-	-
3	**Total**	**273,768,142**	**19,694,541**	**12,060,085**	**7,634,456**	**-**
4	Of which defaulted	34,987	7,207	7,207	-	-

Table CRD: Qualitative disclosures on use of ECAI ratings under STC approach

Credit ratings from Moody's Investors Service and Standard & Poor's Ratings Services are used for the exposures of Sovereign, Public sector entity ("PSE"), Multilateral development bank, Bank, Securities firm, Corporate and Collective investment scheme ("CIS"). The Company follows the process prescribed in Part 4 of the Banking (Capital) Rules to map the ratings to the exposures booked in the Company's banking book.

Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach

The following table illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements under the STC approach as at December 31, 2022

		(a)	(b)	(c)	(d)	(e)	(f)
	In thousands of Hong Kong dollar	**Exposures pre-CCF and pre-CRM**		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	135,355,745	-	135,355,865	-	-	0%
2	PSE exposures	-	-	7,634,336	-	1,526,867	20%
2a	Of which: domestic PSEs	-	-	7,634,336	-	1,526,867	20%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	-	-	-	-	-	0%
4	Bank exposures	77,627,322	70	77,627,322	70	33,788,587	44%
5	Securities firm exposures	-	-	-	-	-	0%
6	Corporate exposures	129	-	65	-	65	100%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	653,574	-	653,574	-	2,659	0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10	Regulatory retail exposures	28,994,628	84,020,353	21,711,093	-	16,283,320	75%
11	Residential mortgage loans	85,151,202	2,752,597	77,516,866	648,786	32,295,531	41%
12	Other exposures which are not past due exposures	9,818,560	760,790	5,036,530	-	5,036,530	100%
13	Past due exposures	52,484	-	52,484	-	75,103	143%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	**Total**	**337,653,644**	**87,533,810**	**325,588,135**	**648,856**	**89,008,662**	**27%**

Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

The following table presents a breakdown of credit risk exposures under the STC approach by asset classes and by risk weights as at December 31, 2022.

	In thousands of Hong Kong dollar	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure Class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	135,355,865	-	-	-	-	-	-	-	-	-	135,355,865
2	PSE exposures	-	-	7,634,336	-	-	-	-	-	-	-	7,634,336
2a	Of which: domestic PSEs	-	-	7,634,336	-	-	-	-	-	-	-	7,634,336
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	16,750,364	-	60,877,028	-	-	-	-	-	77,627,392
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	65	-	-	-	65
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	642,687	-	10,285	-	-	-	602	-	-	-	653,574
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	21,711,093	-	-	-	-	21,711,093
11	Residential mortgage loans	-	-	-	70,005,417	-	1,466,401	6,693,834	-	-	-	78,165,652
12	Other exposures which are not past due exposures	-	-	-	-	-	-	5,036,530	-	-	-	5,036,530
13	Past due exposures	13	-	-	-	-	-	7,207	45,264	-	-	52,484
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	**Total**	**135,998,565**	**-**	**24,394,985**	**70,005,417**	**60,877,028**	**23,177,494**	**11,738,238**	**45,264**	**-**	**-**	**326,236,991**

Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)

The Company engages in over-the-counter (OTC) derivative transactions that may result in counterparty credit risk. The OTC derivative transactions include (1) embedded derivatives of hybrid (combined) deposits to customers and (2) stand-alone derivatives.

Embedded derivatives of hybrid (combined) deposits

Positioned as a single product, a hybrid (combined) deposit to customers generally consists of two components: an embedded derivative and a host cash deposit. The host cash deposit serves as a collateral over the terms of the transaction that fully mitigates the counterparty credit risks associated with the embedded derivative.

Stand-alone derivatives transactions

The Company participates in stand-alone derivative transactions predominately for managing its own exposures as part of its asset and liability management process. The derivative activities of this type are with group entities.

No internal capital for counterparty are considered necessary for the fully mitigated transactions and transactions with group entities.

Citibank, N.A.'s credit ratings as at the end of December 31, 2022 were A+(S&P) and Aa3(Moody's). Given that Citibank other entities are our only counterparties for these derivative transactions and cash positions are held or posted as collateral according to the mark to market of the contracts. Citibank's credit ratings downgrade has minimal impact on Bank's derivative collateral requirement.

Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

The following table presents a comprehensive breakdown of default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at December 31, 2022.

		(a)	(b)	(c)	(d)	(e)	(f)
	In thousands of Hong Kong dollar	Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	40,001	121,170		1.4	225,639	61,811
1a	CEM	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	**Total**						**61,811**

Template CCR2: CVA capital charge

The following table provide information on portfolio subject to the CVA capital charge and the CVA calculations based on standardized CVA method and advanced CVA method as at December 31, 2022.

	In thousands of Hong Kong dollar	(a) EAD post CRM	(b) RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	225,639	49,300
4	**Total**	**225,639**	**49,300**

Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach

The following table presents a breakdown of default risk exposures, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by asset classes and risk-weights (the latter representing the riskiness attributed to the exposure according to the respective approaches), irrespective of the approach used to determine the amount of default risk exposures as at December 31, 2022.

	In thousands of Hong Kong dollar	(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
	Risk Weight / Exposure Class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	170,030	-	55,609	-	-	-	-	-	225,639
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	**Total**	**-**	**-**	**170,030**	**-**	**55,609**	**-**	**-**	**-**	**-**	**-**	**225,639**

Template CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

The following table presents a breakdown of all types of collateral posted or recognized collateral received to support or reduce the exposures to counterparty default risk exposures as at December 31, 2022 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
In thousands of Hong Kong dollar	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	305,589	-	-	-	-
Cash - other currencies	-	1,780,404	-	-	-	-
Debt securities	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**2,085,993**	**-**	**-**	**-**	**-**

Table SECA: Qualitative disclosures related to securitization exposures

At the end of the reporting period, the Company only acted as an investor in the securitization exposures. There were no securitization exposures in trading book and re-securitization exposures in both banking book and trading book as at December 31, 2022.

The securitization exposures held by the Company are rated with investment grades and backed by non-granular pools.

The Company held relatively small amounts of securitization exposures. They are classified and measured for accounting purpose in accordance with the Company's accounting policies on financial instruments.

Ratings from Fitch Ratings is adopted in assessing securitization exposures. The securitization exposures held by the Company is rated by recognized ECAI designated by the Capital Rules and is adopted the "Securitization External Ratings-Based Approach" for the calculation of the risk-weighted assets.

Template SEC1: Securitization exposures in banking book

The following table presents a breakdown of securitization exposures in the banking book (regardless of whether the exposures arising from securitization transactions satisfy all the requirements under Schedule 9 or 10 of the BCR) as at December 31, 2022.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
	In thousands of Hong Kong dollar	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total) – of which:**	**-**	**-**	**-**	**-**	**-**	**-**	**3,909,910**	**-**	**3,909,910**
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	3,909,910	-	3,909,910
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	**Wholesale (total) – of which:**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
7	loans to corporates	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

Template SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor

The following table presents securitization exposures in the banking book where an AI acts as an investing institution of securitization transactions and the associated capital requirements as at December 31, 2022.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
	In thousands of Hong Kong dollar	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-SA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-FBA	SEC-SA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-FBA	SEC-SA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-FBA
1	**Total exposures**	**3,909,910**	**-**	**-**	**-**	**-**	**-**	**-**	**3,909,910**	**-**	**-**	**-**	**586,487**	**-**	**-**	**-**	**46,919**	**-**
2	Traditional securitization	3,909,910	-	-	-	-	-	-	3,909,910	-	-	-	586,487	-	-	-	46,919	-
3	Of which securitization	3,909,910	-	-	-	-	-	-	3,909,910	-	-	-	586,487	-	-	-	46,919	-
4	Of which retail	3,909,910	-	-	-	-	-	-	3,909,910	-	-	-	586,487	-	-	-	46,919	-
5	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table MRA: Qualitative disclosures related to market risk

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, etc. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to manage the Company's exposure to the price volatility inherent in financial instruments.

The Treasury Department manages interest rate risks within the limits approved by the Market Risk Management and/or Asset and Liability Management Committee (ALCO), and these risks are monitored and reported by an independent Reporting unit. It also reviews and sets limits package as well as permitted product list, ensuring adherence to risk management objectives. These are governed by Citi Mark to Market Policy and Non-Trading Market Risk Management Policy.

Derivative instruments are used to manage the Company's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Company are foreign exchange rate related contracts, which are primarily over-the-counter derivatives.

Derivative instruments shall be reflected in the trading systems which feed to Risk system. Market Risk Reporting Unit prepares risk reports for exposure usage monitoring against the limits as approved. Reporting Unit sends the report to the business, market risk management for limit monitoring purpose. Once there are limit excesses, it will be communicated between Treasury Department and Market Risk Management on the resolution plan and timeline and trace of resolution. The models and parameters in the systems are regularly updated and assessed as defined in the Citi policies.

The Company sets various positions and sensitivity limit structures. Additionally, the Company applies quantitative techniques and simulation models to identify and assess the potential net interest income and market value effects of these interest rate positions in different interest rate scenarios. The primary objective of such interest rate risk management is to limit the potential adverse effect of interest rate movements on net interest income. The Market Risk Manager monitors interest rate risks against set limits on a daily basis. All exceptions are reviewed and approved by the appropriate level of Market Risk Management.

Template MR1: Market risk under Standardized (market risk) approach (STM approach)

The following table provide components of market risk capital requirement calculated using Standardized (market risk) approach (STM approach) as at December 31, 2022.

		(a)
	In thousands of Hong Kong dollar	RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	571,088
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	**571,088**

Table IRRBBA: Interest rate risk in banking book – risk management objectives and policies

Interest Rate Risk in the Banking Book ("IRRBB") pertains to the risk to the Company's financial condition resulting from adverse movements in interest rates that affect the Company's capital and earnings. The Company's principal measures of risk to economic value of equity ("EVE") and net interest income ("NII") are defined based on the standardized framework described in the Supervisory Policy Manual module IR-1 "Interest Rate Risk in the Banking Book" and in accordance with the method used in the Return on Interest Rate Risk in the Banking Book (MA(BS)12A).

Through the treasury discipline, IRRBB is managed within the limits that are reviewed and monitored by the Company's independent Treasury Risk organization, Asset and Liability Committee (ALCO) and the Board. The Company has an established IRRBB limit framework for identified risk factors that clearly defines approved risk profiles and is within the Treasury Risk Appetite Framework. In order to manage IRRBB effectively, the Company may take hedging actions or restructure existing positions to reduce IRRBB. The Company regularly assesses viability of these actions and other strategies, including further strengthening its capital position, and implement such strategies when deemed prudent, ensuring the Company operates well within established limits.

IRRBB regulatory reporting and monitoring is done on a quarterly basis. IRRBB measures from this return, including any hedging strategies or actions to reduce IRRBB, are presented to the ALCO and the Board. In addition to and in accordance with global firm-specific standards, IRRBB based on internal methodologies and assumptions is monitored on a monthly basis. While the Company uses internally defined standard interest rate shocks and scenario assumptions for internal risk reports, rate models and other assumptions that relate to interest rate risk sensitivity are consistent between internal monitoring and regulatory reporting. These models and assumptions are reviewed and validated on an annual basis, at the minimum, and where applicable, are governed by an established Model Risk Management Policy.

The Company employs additional measurements of vulnerability to loss, including stress testing based on the six standardized interest rate shocks defined by the HKMA and internally selected scenarios that reflect plausible balance sheet and risk changes as observed in the past as well as based on hypothetical or forward-looking assumptions. Potential impact from these changes is considered when reviewing policy, setting limits as well as assessing capital adequacy.

In calculating ΔNII, the Company assumes that businesses and/or the Treasury make no additional changes in balances or positioning in response to the unanticipated rate changes. A static balance sheet is maintained throughout the 12 month forecast horizon, remaining constant in terms of size and product mix regardless of the interest rate scenario with maturing instruments being replaced with ones of the same original tenor and repricing terms. No prepayment and early redemption assumptions are considered for loans and time deposits as risk from these options have been assessed as immaterial and impact is curbed by the penalty fee structure in place. Optionality risks in existing as well as new products are assessed and reviewed on a regular basis, and when it is believed to be material, are incorporated into the IRRBB measurements.

Other key assumptions incorporated by the Company with respect to the HKMA reporting requirements are as follows:

- For cash flow profiling, the Company adopts methodology of including commercial margins and other spread components
- Major currency positions reported are determined based on the criteria defined by HKMA. Currencies identified as significant for the current annual reporting date at 31st December 2022 are HKD, USD, AUD and GBP. IRR Economic Value Sensitivities do not include any netting across currencies. All favorable exposures (gains) are excluded and adverse exposures (losses) are reported.

Quantitative Disclosure

Non-maturity deposits ("NMD") repricing risk is modeled according to modeled rate and balance forecasts that incorporate assumptions on customer behavior and the impact of pricing decisions. Both the rate and balance models, reviewed on an annual basis, at the minimum, are determined using historical data spanning different rate cycles. Other factors that may present uncertainty in runoff rates and future deposits balances are also considered.

Given multi rate sensitivity assumptions applied in the six interest rate shock scenarios, the average repricing maturity assigned to NMDs will be different. Below table provides the average (notional-weighted maturity) and the longest repricing maturity in parallel up interest rate shock scenario.

(in years)	**Repricing maturity assigned to NMDs**
Average (notional-weighted maturity)	1.3
Longest	2.1

Template IRRBB1: Quantitative information on interest rate risk in banking book

This table provides information on the change in economic value of equity ("EVE") and change in net interest income ("NII") over next 12 months under each of the prescribed interest rate shock scenario in respect of the Company's interest rate exposures arising from banking book positions. The Company's variations in earnings based on the standardized framework described in the Supervisory Policy Manual module IR-1 "Interest Rate Risk in the Banking Book" and the Return on Interest Rate Risk in the Banking Book (MA(BS)12A) for the current annual reporting date at 31st December 2022, and comparative figures versus prior year are as follows:

In million of Hong Kong dollar		ΔEVE		ΔNII	
	Period	**31st December 2022**	**31st December 2021**	**31st December 2022**	**31st December 2021**
1	Parallel up	387	0	-358	-1163
2	Parallel down	1,164	1,898	240	-27
3	Steepener	0	0		
4	Flattener	635	374		
5	Short rate up	600	37		
6	Short rate down	189	278		
7	**Maximum**	1,164	1,898	240	-27
	Period	**31st December 2022**		**31st December 2021**	
8	**Tier 1 capital**	24,088		24,799	

Based on the above reported figures, the maximum EVE decline will occur in flattener interest rate shock scenario, which would lead to a 4.83% Maximum EVE vs Tier 1 Capital ratio in 2022, an 2.82% decrease from 7.65% reported in 2021.

In million of Hong Kong dollar		Maximum EVE		
	Period	**31st December 2022**	**31st December 2021**	**ΔYoY**
1	Maximum	1,164	1,898	
2	Tier 1 capital	24,088	24,799	
3	**Maximum EVE vs Teir 1 Capital**	**4.83%**	**7.65%**	**-2.82%**

Table REMA: Remuneration policy

Information hereby provided are in accordance with the Section 3 of the Guideline on Sound Remuneration System (CG-5), under the Supervisory Policy Manual (SPM) issued by the Hong Kong Monetary Authority (HKMA).

Governance Structure of the Remuneration System

Citibank (Hong Kong) Limited (CHKL) is part of the Citigroup incorporated in the United States. Majority of its compensation policy are driven by global policy originated from the New York corporate office. As part of a global organization, Citi Hong Kong follows the global policies, programs, directions and guidelines where it is applicable to the local context. In formulating the Hong Kong Remuneration Policy, references are made from the respective global policies, standards, and procedures with local regulatory governance / practices considered.

The Personnel and Compensation Committee established at the corporate level in New York, renamed as Compensation, Performance Management and Culture Committee (CPC) in April 2022, has been delegated Board authority to oversee compensation matters for Citi and its subsidiaries and affiliates. The CPC is responsible for determining the compensation of the CEO and approving the compensation of other executive officers and members of Citi's Operating Committee. The CPC is also responsible for approving the incentive compensation structure for members of senior management and certain highly compensated employees.

The CPC annually reviews and discusses the compensation discussion and analysis required in the Citi's Proxy Statement with management, and if appropriate, recommends to the Board. Additionally, the CPC reviews and approves the overall goals of Citi's material incentive compensation programs, including the Citi's Compensation Philosophy and provides oversight for Citi's incentive compensation programs so that they both (i) appropriately balance risk and financial results in a manner that does not encourage employees to expose Citi to imprudent risks, and (ii) are consistent with bank safety and soundness.

The CPC meets periodically with Citi's senior risk officers to discuss the risk attributes of Citi's incentive compensation programs. The CPC has the power to hire and fire independent compensation consultants, legal counsel, financial or other advisors as it may deem necessary to assist it in the performance of its duties and responsibilities.

Locally, the Nomination and Remuneration Committee (NRC) of CHKL, reporting to the Board of CHKL, is responsible for overseeing senior management's implementation of the remuneration system applying to CHKL to ensure compliance with the applicable regulatory requirements and assessing whether the CHKL's overall remuneration policy is in line with its risk appetite, risk culture and long-term interests.

Hong Kong Remuneration Policy

The Hong Kong Remuneration Policy (Policy) has been set up to laid down Citi's compensation philosophy, the general guiding principles on remuneration and to identify the specific categories of employees and their definitions. The Policy also covers specific restrictions and limitations on the use of different compensation tools and sets out the regular monitoring approaches to ensure full compliance to the policies, including an annual self-assessment performed by KPMG, an external independent party, a semi-annual internal monitoring process, and Citi's internal audit review which is scheduled from time to time.

The definitions for the following categories of employees which are in accordance with the Guideline on a Sound Remuneration System (CG-5) issued by the HKMA are set out in the Policy:

Senior Management
Individual employees who are responsible for oversight of CHKL firm-wide strategy or activities, or who oversees a major material business line in CHKL. The Chief Executive (CE), Alternate Chief Executives, Executive Directors and members of the Management Committee reporting directly to the CE, and Heads of Control Function (Finance, Independemt Compliance Risk management, Internal Audit and Risk Management), will be classified as Senior Management.

Table REMA: Remuneration policy (Continued)

Key Personnel

Individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking of material exposures on behalf of CHKL that could materially impact on CHKL capital sufficiency level. Under the current legal entity as regulated by the HKMA, the members of Management Committee who is not identified as Senior Management as mentioned above, Treasury and Operational Risk Heads, will be classified as Key Personnel.

The Policy was reviewed and approved by the Hong Kong Country Senior Personnel Committee (CSPC), and the Board and/or NRC of CHKL on its remuneration matters, which consists of all Independent Non-Executive Directors. The CSPC is a committee that makes decision on major Human Resources related issue including but not limited to cross franchise compensation and benefits planning in Hong Kong.

The current revision of the Policy was last updated in June 2022 and was duly approved by the above parties. The next annual review has been scheduled in Q2 2023.

Compensation Objectives and Philosophy

Our compensation objectives, as outlined below, have been developed and approved by the CPC, in consultation with management, the CPC's independent consultants and Citi's senior risk officers. They have been specifically created to encourage prudent risk-taking and management of controls while attracting the world-class talent necessary to our success. Our Compensation Philosophy is summarized in the following five objectives:

- Reinforce a business culture based on the highest ethical standards
- Manage our risks by encouraging prudent decision-making
- Reflect regulatory guidance in compensation programs
- Attract and retain the best talent to lead us to success
- Align compensation programs, structures, and decisions with stockholder and other stakeholder interests

Our full Compensation Philosophy statement is available on our public website.

Key Design Characteristics of the Remuneration System

Citi's compensation structure consists of a fixed remuneration component and a variable remuneration component. The fixed remuneration refers to the individual annual salary, and any other cash allowances where applicable. They are determined at a level that is necessary to allow Citi to compete for talent from the market and to retain them. The variable remuneration refers to the year-end discretionary incentive bonus and any variable incentive compensation plan awards. The variable remuneration is structured to encourage behaviors that supports Citi's long-term objectives and business strategies. It is designed in a way not to encourage excessive risk-taking that would jeopardize Citi's risk tolerance and long-term financial soundness, while balancing the needs to attract and retain talent with the relevant skills, knowledge and expertise to discharge their specific functions. The mix between fixed and variable remuneration depends on the importance of the employee's role within the organization. In general, highly compensated employees will receive a greater percentage of their total annual compensation as variable remuneration. When implementing remuneration programs, Citi considers the risks associated with such programs, which in general would be the risk of encouraging excessive risk-taking behavior that would ultimately impact on Citi's performance and reputation.

Table REMA: Remuneration policy (Continued)

Performance Measurement, Risk Adjustment, and the Linkage between Pay and Performance

When measuring the company performance, apart from general financial goals, costs and capitals, Citi also puts emphasis on client, culture, risk and control and compliance. Control measurements include internal audit assessment, public rating obtained including the CAMEL rating and the HKMA supervisory rating. Compliance measurements include the assessment on the implementation of compliance related policies in ensuring the business or function are capable of identify, assess, monitor, control and report the related compliance issue. It also includes the assessment on the success of setting an appropriate culture of compliance via the communication of the importance of all compliance related controls throughout the organization.

In evaluating an individual performance, both financial and non-financial factors are considered as part of the performance assessment process. The award of variable remuneration will depend on the fulfillment of their individual performance goals as agreed with their next level management, both financial and non-financial. Overall performance of an individual is assessed as an integral part of their performance measurement and will be appropriately reflected in the variable remuneration awarded to them.

The Leadership Principles represent the qualities, behaviors and expectations we all must exhibit to deliver on our mission of enabling economic growth and progress and to create a culture that drives client excellence, controls excellence and operational excellence. The Leadership Principles are comprised of three core principles and 12 behavioral statements. The core principles are as follows:

• We Take Ownership. We challenge one another to a higher standard in everything we do.

o Greets change with optimism, curiosity and resilience.
o Speaks up with candor and welcomes challenge from others.
o Learns from experiences, adapts and improves.
o Prioritizes the greater good when contributing to and honoring group decisions.

• We Deliver with Pride. We strive for client excellence, controls excellence and operational excellence.

o Simplifies, standardizes and clarifies work.
o Holds self and others accountable for managing risk with appropriate controls.
o Creates long-term value by fixing root causes.
o Takes pride in always doing the right thing.

• We Succeed Together. We value and learn from different perspectives to surpass stakeholder expectations.

o Breaks down barriers to deliver the best of Citi.
o Measures performance through the lens of our stakeholders.
o Invests in colleagues from all backgrounds.
o Shows empathy for colleagues, clients and communities.

Table REMA: Remuneration policy (Continued)

These principles have been designed to be accessible to all colleagues by using human and tangible language. They have been simplified in line with the vision for the firm and are readily actionable.

For Control Function roles, their variable remunerations are not directly linked to the financial performance of Citi's businesses, and are entirely based on their pre-defined performance goals. The amount of variable remuneration awarded to any control function employee is compensated with such employee's role in his or her control function and his or her satisfaction of pre-defined performance goals. Moreover, the variable remuneration pool allocations are directly allocated from Citi's corporate Control Function group without any influence by the local management. The remuneration decisions on individual Control Function employees are also conducted directly within the Control Function group chain of command without any influence by the local business management.

In the scenario when the company performance is weak, the variable remuneration pool as allocated from Citi's corporate office will be reduced in line with the weak performance. Individual's variable remuneration would have to be reviewed and decided within this reduced pool of fund. Employees with higher performance rating may be receiving a less reduced variable remuneration whereas employees with lower performance rating may be receiving a larger reduction in their variable remuneration. For employees who are classified as covered employees according to the criteria as set out by Citi's corporate office, their deferred variable remuneration that is going to be vested may be reduced according to a pre-defined vesting condition that take into consideration of Citi's overall performance.

Deferral policy and vesting criteria, and the parameters used for allocating cash versus other forms of remuneration

The variable remuneration awarded to highly compensated employees, will be deferred under the Citi Discretionary Incentive and Retention Award Plan (DIRA). Generally, deferred variable remuneration awarded under the DIRA is granted in form of equity award that vests in four equal annual installments. The payment or distribution of deferred variable remuneration requires that the employees satisfy pre-defined vesting conditions. The pre-defined vesting conditions generally require that an employee remains actively employed by Citi over the vesting period applicable to the award. In addition, if deferred variable remuneration is awarded in form of equity, the amount realized will depend upon the per-share price of Citi's common stock over an applicable vesting period, thereby linking the Citi's overall performance as reflected in its share price.

In some cases where an individual is identified as a covered employee, the deferral will be subject to a performance based vesting condition which could result in a reduction of the deferred variable remuneration in case of a weak company performance.

Generally, any unvested deferred variable remuneration is subject to clawback / forfeiture in case of an employee's voluntary resignation; or upon involuntary termination on account of gross misconduct; or if it is found that the award is based on materially inaccurate publicly reported financial statements; or employees knowingly engaged in providing materially inaccurate information relating to publicly reported financial statements; or employees materially violated any risk limits established or revised by senior management and/or risk management.

Template REM1: Remuneration awarded during financial year/ Template REM2: Special payments/Template REM3: Deferred remuneration

Aggregated Quantitative Information on Remuneration for the Senior Management and Key Personnel ***(note 1)***

Amount in thousands of Hong Kong dollar

a) Amounts of remuneration awarded for the financial year, split into fixed and variable remuneration (further split into cash & shares), and number of beneficiaries:

Citibank (Hong Kong) Limited (note 2)	Total Fixed Remuneration including benefit cost (note 3)	Variable Remuneration *(awarded as immediate cash)*	Deferred Variable Remuneration *(awarded in the form of shares to be vested in next 4 years)*	Deferred Variable Remuneration *(awarded in the form of deferred cash to be vested in next 4 years subject to financial performance of the designated reference business)*	Number of Beneficiaries *(note 4)* *(number of person)*
2021	35,340	20,395	7,771	NIL	19
2022	36,728	20,836	8,355	NIL	21

b) Special payments (Guaranteed bonus, Sign-on awards and Severance payments) awarded/made in the financial year (note 2).

Citibank (Hong Kong) Limited	Guaranteed bonus	Number of Beneficiaries (note 4) (number of person)	Sign-on awards	Number of Beneficiaries (note 4) (number of person)	Severance payments	Number of Beneficiaries (note 4) (number of person)
2021	NIL	NIL	NIL	NIL	NIL	NIL
2022	5,406	2	1,882	1	NIL	NIL

c) Unvested deferred remuneration as at end of 31 December of the respective year (note 2):

	Unvested Equity - Value as of 31 December	Unvested Defer Cash - Value as of 31 December
2021	8,463	6,121
2022	17,224	14,034

d) Deferred remuneration vested and payout during the respective year (note 2):

	Vested Equity - Value as of the Vesting Dates	Vested Defer Cash - Value as of the Vesting Dates
2021	2,665	1,822
2022	3,310	2,284

e) Total amount of unvested deferred remuneration subject to ex post explicit and / or implicit adjustments:

All unvested deferred remuneration as reported in item (c) above are all subject to ex post explicit and / or implicit adjustments. Deferred remuneration granted in form of Equity is subject to ex post implicit adjustment due to the fluctuation of the Citi stock as traded in the NYSE. For covered employees, the number of stock units is also exposed to a pre-defined vesting condition that could result in a reduction. For all employees, any gross misconduct will also lead to a forfeiture of the unvested deferred remuneration.

f) Deferred variable remuneration reduced due to ex post explicit adjustment:

2021: Nil
2022: Nil

g) Deferred variable remuneration reduced due to ex post implicit adjustment (note 5):

Citibank (Hong Kong) Limited	ex post implicit adjustment
2021	(161)
2022	(5,569)

h) Number of meetings held by the CPC in New York (note 6):

2021: 20 times
2022: 18 times

Note:
1. Data of Executive Directors, Non-Executive Directors, Senior Management and Key Personnel are reported in aggregate to preserve confidentiality of individual compensation information due to the small number of individuals identified as Key Personnel.

2. The above classifications are based on the AIs that run the business of which the Executive Directors, Non-Executive Directors, Senior Management and Key Personnel are responsible.
3. The above disclosure included benefits cost or valuation of the cost, if applicable, that the company paid, including but not limited to the medical and life insurance benefits, retirement benefits, mortgage subsidies, housing assistance and long service award if any.

4. Number of Beneficiaries represents individuals who received remuneration during their employment assignment in a capacity of Executive Director, Non-Executive Director, Senior Management or Key Personnel, and the period could be a full year or a partial year due to people movement and turnover. For example, if an individual worked the first half year and then replaced by another individual who worked in the same capacity for the remaining half year, the number of beneficiaries will be counted as two while the remuneration disclosed will be the sum of each for their respective period.

5. Deferred variable remuneration reduced during the year due to ex post implicit adjustment was calculated as: total units of unvested equity reported X (equity price at end of the year – equity price at end of previous year). A negative value will be reported as the amount of reduction due to ex post implicit adjustment whereas a positive or zero amount will be reported as NIL.

6. Number of meetings held by the Citi Personnel and Compensation Committee, renamed as Compensation, Performance Management and Culture Committee in New York included some conducted in the format of conference calls and email approvals.