



Citibank (Hong Kong) Limited

Financial Information Disclosure Statement

2022 Interim

CITIBANK (HONG KONG) LIMITED

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2022, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

By Order of the Board

Kong Pik Tung Vicky
Director and Chief Executive

September 30, 2022

CITIBANK (HONG KONG) LIMITED

The directors are pleased to announce the unaudited interim results of Citibank (Hong Kong) Limited (the "Company") for the half-year ended June 30, 2022.

2022 First Half Results

- Operating Income down 7% to HK\$ 3,202 million (HK\$ 3,432 million for the first half of 2021)
- Profit before taxation down 50% to HK\$ 535 million (HK\$ 1,073 million for the first half of 2021)
- Profit after taxation down 48% to HK\$ 458 million (HK\$ 887 million for the first half of 2021)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	<i>Note</i>	<i>Half-year ended Jun 30, 2022</i>	<i>Half-year ended Jun 30, 2021</i>
Interest income	1	1,886,296	1,653,378
Interest expense	2	(477,332)	(331,402)
Net interest income		1,408,964	1,321,976
Net fee and commission income	3	1,465,995	1,827,131
Net trading income	4	289,956	267,792
Dividend income from unlisted companies		1,149	3,398
Other operating income		36,119	11,366
Operating income		3,202,183	3,431,663
Staff costs		(670,865)	(663,596)
Premises & equipment expenses		(51,421)	(25,433)
Depreciation expenses		(118,654)	(118,357)
Other operating expenses	5	(1,748,324)	(1,495,255)
Operating expenses		(2,589,264)	(2,302,641)
Operating profit before Impairment losses		612,919	1,129,022
Impairment losses - loans and advances to customers		(84,756)	(50,737)
Impairment losses - others		7,180	(5,302)
Impairment losses		(77,576)	(56,039)
Profit before taxation		535,343	1,072,983
Taxation	6	(77,007)	(186,234)
Profit after taxation		458,336	886,749
Other comprehensive income for the period, net of tax			
Items that will not be classified to profit or loss:			
Remeasurement on defined benefits plan		1,130	(6,123)
Items that may be classified subsequently to profit or loss:			
Changes in fair value of Financial assets at fair value through other comprehensive income		(175,706)	9,299
Other comprehensive income for the period		(174,576)	3,176
Total comprehensive income for the period		283,760	889,925

STATEMENT OF FINANCIAL POSITION

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

	<i>Note</i>	<i>At Jun 30,</i> 2022	<i>At Dec 31,</i> 2021
Assets			
Cash and balances with banks and other financial institutions		19,492,573	12,569,987
Placements with banks and other financial institutions	7	21,783,572	14,726,914
Loans and advances	8	160,894,027	163,183,853
Financial assets at fair value through profit or loss		64,866,989	70,178,185
Financial assets at fair value through other comprehensive income		47,206,818	44,065,706
Financial assets at amortised cost		3,922,625	3,898,275
Property, plant and equipment	15	620,828	417,912
Intangible assets		22,856	34,217
Current tax assets		10,850	89,284
Deferred tax assets		85,046	46,898
Other assets		4,357,747	3,035,390
		<u>323,263,931</u>	<u>312,246,621</u>
Liabilities			
Deposits and balances from banks and other financial institutions		59,433,309	46,429,581
Deposits from customers	16	232,652,336	235,727,127
Trading financial liabilities		455,000	36,853
Other liabilities		5,149,802	4,763,301
		<u>297,690,447</u>	<u>286,956,862</u>
Equity			
Share capital		7,348,440	7,348,440
Reserves	17	18,225,044	17,941,319
		<u>25,573,484</u>	<u>25,289,759</u>
		<u>323,263,931</u>	<u>312,246,621</u>

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

Loans and advances to customers		117,278,846	118,102,358
Deposits from customers		232,969,953	236,069,123

NOTES ON THE FINANCIAL STATEMENTS

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

	<i>Half-year ended Jun 30, 2022</i>	<i>Half-year ended Jun 30, 2021</i>
1 Interest income		
Interest income on loans to customers	1,254,355	1,164,225
Interest income on placements with banks and other financial institutions	425,670	417,087
Interest income on financial assets designated at fair value through other comprehensive income and at amortised cost		
- Listed	20,596	3,774
- Unlisted	79,595	58,880
Interest income on financial instruments that are not measured at fair value through profit or loss	1,780,216	1,643,966
Interest income on financial assets designated at fair value through profit or loss		
- Listed	11,060	(1,289)
- Unlisted	95,020	10,701
Total interest income from all financial assets	<u>1,886,296</u>	<u>1,653,378</u>
Included in the above is interest income accrued on impaired financial assets of \$2,518 thousand (Jun 30, 2021: \$1,563 thousand).		
2 Interest expense		
Interest expense on deposits from customers	230,177	220,487
Interest expense on deposits from banks and other financial institutions	240,138	108,180
Interest on lease liabilities	4,488	2,735
Other interest expense	2,529	-
Total Interest expense	<u>477,332</u>	<u>331,402</u>
3 Net fee and commission income		
Fee and commission income from retail banking	693,243	1,135,117
Fee and commission income from card business	333,323	354,121
Service fee from fellow subsidiaries	484,764	417,816
	<u>1,511,330</u>	<u>1,907,054</u>
Fee and commission expenses	<u>(45,335)</u>	<u>(79,923)</u>
	<u>1,465,995</u>	<u>1,827,131</u>

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

CITIBANK (HONG KONG) LIMITED
FINANCIAL INFORMATION DISCLOSURE STATEMENT

	<i>Half-year ended Jun 30, 2022</i>	<i>Half-year ended Jun 30, 2021</i>
4 Net trading income		
Net gain from foreign exchange	337,801	313,116
Net loss from financial assets measured at fair value through profit or loss	(47,845)	(45,324)
	289,956	267,792
5 Other operating expenses		
Marketing expenses	519,267	485,664
Intercompany expenses	1,071,077	850,340
Others	157,980	159,251
	1,748,324	1,495,255
6 Taxation		
Provision for Hong Kong Profits Tax	80,316	179,910
Overseas Taxation	-	1,830
Deferred taxation	(3,309)	4,494
	77,007	186,234
	<i>At Jun 30, 2022</i>	<i>At Dec 31, 2021</i>
7 Placements with banks and other financial institutions		
Maturing between one month and one year	21,784,790	14,729,236
Less: Impairment allowances		
- Stage 1	(1,218)	(2,322)
- Stage 2	-	-
- Stage 3	-	-
	21,783,572	14,726,914

	At Jun 30, 2022	At Dec 31, 2021
8 Loans and advances less impairment	.	
Gross loans and advances to customers	117,255,141	118,050,853
Less: Impairment allowances		
- Stage 1	(153,995)	(148,415)
- Stage 2	(113,754)	(114,984)
- Stage 3	(26,163)	(27,092)
	116,961,229	117,760,362
Gross loans and advances to banks	43,935,255	45,430,651
Less: Impairment allowances		
- Stage 1	(2,457)	(7,160)
- Stage 2	-	-
- Stage 3	-	-
	43,932,798	45,423,491
	160,894,027	163,183,853

9 Loans and advances to customers analyzed by geographical area

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

10 International claims

The country risk exposures in the tables below are prepared according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk.

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

	At Jun 30, 2022				
	Non-bank private sector				
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
Developed countries	82,832,443	61,168,626	10,884,736	1,604,727	156,490,532
of which United States	82,272,277	53,656,876	8,982,869	316,549	145,228,571
	At Dec 31, 2021				
	Non-bank private sector				
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
Developed countries	69,313,325	60,796,729	12,642,956	1,348,257	144,101,267
of which United States	68,923,509	51,804,199	10,040,633	226,800	130,995,141

11 Mainland activities

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

	<i>At Jun 30, 2022</i>		
	<i>On-balance sheet exposures</i>	<i>Off-balance sheet exposures</i>	<i>Total exposures</i>
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1,581,677	-	1,581,677
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	482	-	482
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	9,571	-	9,571
Total	1,591,730	-	1,591,730
Total assets after provision	323,581,548		
On-balance sheet exposures as percentage of total assets	0.49%		
	<i>At Dec 31, 2021</i>		
	<i>On-balance sheet exposures</i>	<i>Off-balance sheet exposures</i>	<i>Total exposures</i>
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1,763,289	751,202	2,514,491
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	495	-	495
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	10,419	-	10,419
Total	1,774,203	751,202	2,525,405
Total assets after provision	312,588,617		
On-balance sheet exposures as percentage of total assets	0.57%		

12 Loans and advances to customers analyzed by industry sector

	At Jun 30, 2022		At Dec 31, 2021	
	Amount	% of loans and advances covered by collateral or other security	Amount	% of loans and advances covered by collateral or other security
Loans and advances to customers for use in Hong Kong				
<i>Industrial, commercial and financial</i>				
Property investment	2,281,353	100%	2,394,784	100%
Wholesale and retail trade	912	50%	3,325	72%
Manufacturing	-	-	2,143	100%
Others	278	50%	4,000	86%
<i>Individuals</i>				
Loans for the purchase of other residential properties	78,819,946	100%	76,496,019	100%
Credit card advances	11,344,386	-	12,619,584	-
Others	25,122,724	80%	26,869,155	80%
	117,569,599		118,389,010	
Netting adjustment on account of foreign currency margin products	(317,617)		(341,996)	
Total loans and advances to customers for use in Hong Kong	117,251,982		118,047,014	
Loans and advances to customers for use outside Hong Kong	3,159	-	3,839	-
Total	117,255,141		118,050,853	

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

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

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

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<u>2022</u>	<u>2021</u>
<u>Overdue loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	14,728	4,086
Credit card advances	24,666	24,789
Others	2,724	2,754
<u>Impaired loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	14,728	4,086
Credit card advances	24,666	24,789
Others	30,708	26,720
<u>Collective impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	2,064	1,921
Credit card advances	208,480	209,498
Others	56,021	50,642
<u>Specific impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	-	-
Credit card advances	24,705	24,670
Others	1,458	2,422

13 Overdue and rescheduled assets

(i) Overdue loans and advances to customers

	At Jun 30, 2022		At Dec 31, 2021	
	Amount	% of loans and advances to customers	Amount	% of loans and advances to customers
Loans and advances to customers which have been overdue for periods of:				
- 6 months or less but over 3 months	42,118	0.04%	31,629	0.03%
- 1 year or less but over 6 months	-	0.00%	-	0.00%
- over 1 year	-	0.00%	-	0.00%
	42,118	0.04%	31,629	0.03%
Current market value of collateral held against the covered portion of overdue loans and advances to customers	69,959		14,794	
Covered portion of overdue loans and advances to customers	14,728		4,086	
Uncovered portion of overdue loans and advances to customers	27,390		27,543	
	42,118		31,629	
Specific impairment allowances	19,346		19,748	

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

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

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

13 **Overdue and rescheduled assets (continued)**

(ii) Rescheduled loans and advances to customers

	<u>At Jun 30, 2022</u>		<u>At Dec 31, 2021</u>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Rescheduled loans and advances to customers	<u>27,984</u>	0.02%	<u>23,966</u>	0.02%

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

(iii) Impaired loans and advances to customers

	<u>At Jun 30, 2022</u>		<u>At Dec 31, 2021</u>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Overdue loans and advances to customers	42,118	0.04%	31,629	0.03%
Rescheduled loans and advances to customers	<u>27,984</u>	0.02%	<u>23,966</u>	0.02%
Impaired loans and advances to customers	<u>70,102</u>	0.06%	<u>55,595</u>	0.05%

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

There were no advances to banks or other assets which were overdue for over three months as at 30 June 2022 and 31 December 2021, nor were there any rescheduled advances to banks and other financial institutions.

14 Repossessed assets

	<i>At Jun 30,</i> 2022	<i>At Dec 31,</i> 2021
Repossessed assets	2,790	-

Assets acquired in exchange for the release in full or in part of the obligations of the borrowers due to restructuring or the inability of borrowers to repay, are recorded as "Other assets" in the statement of financial position at the lower of net realization value and the carrying amount of the asset (net of any impairment allowance), until the assets are realized.

15 Property, plant and equipment

	<i>Right-of-use assets</i>	<i>Installations, plant, machinery and other assets</i>	<i>Construction in progress</i>	<i>Total property, plant and equipment</i>
<i>Cost or valuation:</i>				
At Jan 1, 2022	930,018	428,173	14,786	1,372,977
Additions	302,620	2,279	20,152	325,051
Transfer	-	12,255	(12,255)	-
Write-offs	-	-	(3,481)	(3,481)
At Jun 30, 2022	1,232,638	442,707	19,202	1,694,547
<i>Accumulated depreciation:</i>				
At Jan 1, 2022	596,933	358,132	-	955,065
Charge for the period	97,075	21,579	-	118,654
Write-offs	-	-	-	-
At Jun 30, 2022	694,008	379,711	-	1,073,719
<i>Net book value:</i>				
At Jun 30, 2022	538,630	62,996	19,202	620,828
At Dec 31, 2021	333,085	70,041	14,786	417,912

16 Deposits from customers

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<u>2022</u>	<u>2021</u>
Demand deposits and current accounts	72,143,782	75,246,423
Savings deposits	132,235,990	144,497,688
Time, call and notice deposits	28,272,564	15,983,016
	<u>232,652,336</u>	<u>235,727,127</u>

17 Reserves

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<u>2022</u>	<u>2021</u>
Fair value reserve	(196,594)	(20,888)
Retained profits	18,432,725	17,973,259
Capital reserves	(11,087)	(11,052)
	<u>18,225,044</u>	<u>17,941,319</u>

(a) Nature and purpose of reserves

Fair value reserve

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

Capital reserves

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

(b) Regulatory reserve

To satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements for prudential supervision purposes, the Company has earmarked a regulatory reserve directly from retained profits. As of June 30, 2022, the effect of this requirement is to reduce the amount of reserves which can be distributed to equity shareholders by \$519,988 thousand (December 31, 2021: \$529,833 thousand).

(c) The Directors do not recommend a payment of interim dividend in respect of the six months ended June 30, 2022 (2021: \$Nil).

18 Derivatives

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

(i) Notional amount of derivatives

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

	At Jun 30, 2022	At Dec 31, 2021
<i>Currency derivatives</i>		
Forwards and futures	14,865,291	24,362,668
Options purchased	1,313,338	786,774
Options written	1,313,338	786,774
	17,491,967	25,936,216

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

	At Jun 30, 2022			At Dec 31, 2021		
	<i>Fair value</i>		<i>Credit risk- weighted amount</i>	<i>Fair value</i>		<i>Credit risk- weighted amount</i>
	<i>Assets</i>	<i>Liabilities</i>		<i>Assets</i>	<i>Liabilities</i>	
Currency derivatives	11,798	455,000	58,347	159,242	36,853	164,097
	466,800		58,347	196,095		164,097

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

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

19 Contingent liabilities and commitments

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<u>2022</u>	<u>2021</u>
Contractual or notional amounts		
Trade-related contingencies	-	-
Forward forward deposits placed	-	47
Other commitments		
- with an original maturity of not more than one year	2,788,303	2,046,776
- with an original maturity of more than one year	532,098	572,719
- which are unconditionally cancellable	<u>83,646,107</u>	<u>82,048,560</u>
	<u>86,966,508</u>	<u>84,668,102</u>
Credit risk-weighted amounts	<u>453,139</u>	<u>357,090</u>

Contingent liabilities and commitments are forward forward deposits placed as well as credit-related instruments. The risk involved is similar to the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of other commitments is expected to expire without being drawn upon, the total of contractual amounts is not representative of future liability requirements.

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

20 Currency risk

The Company's foreign currency positions arise from foreign exchange transactions. All foreign currency positions are managed by the Treasury Department within limits approved by the Market Risk Management and Asset and Liability Management Committee (ALCO).

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

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

<i>At Jun 30, 2022</i>	<u><i>USD</i></u>	<u><i>RMB</i></u>
Spot assets	136,522,091	1,081,253
Spot liabilities	(122,419,088)	(2,610,445)
Forward purchases	426,696	2,262,982
Forward sales	(14,432,145)	(173,534)
Net long/(short) non-structural position	<u>97,554</u>	<u>560,256</u>
<i>At Dec 31, 2021</i>	<u><i>USD</i></u>	<u><i>RMB</i></u>
Spot assets	133,271,717	1,003,676
Spot liabilities	(109,822,957)	(2,711,973)
Forward purchases	132,313	2,281,165
Forward sales	(23,540,917)	(7,716)
Net long/(short) non-structural position	<u>40,156</u>	<u>565,152</u>

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

21 Regulatory disclosures

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