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**Citibank (Hong Kong) Limited**

**Pillar 3 Regulatory Disclosures**

**For the Period ended  
June 30, 2017**

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This document contains Pillar 3 disclosure of the Citibank (Hong Kong) Limited (the "Company") relating to capital adequacy ratios, leverage ratio, risk-weighted assets ("RWA") by risk types and other financial information. The following disclosures are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

## 1 Capital adequacy ratios

The capital adequacy ratios were calculated in accordance with the Banking (Capital) Rules issued by the HKMA.

<b>In thousands of Hong Kong dollar</b>	<b>At June 30, 2017</b>	<b>At March 31, 2017</b>
<b>Capital</b>		
Common Equity Tier 1 (CET1)	19,688,557	19,797,874
Tier 1	19,688,557	19,797,874
Total	20,374,935	20,472,809
<b>Total RWA</b>	<b>64,376,092</b>	<b>63,207,214</b>
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 (CET1) capital ratio	30.58%	31.32%
Tier 1 capital ratio	30.58%	31.32%
Total capital ratio	31.65%	32.39%

## 2 Leverage ratio

<b>In thousands of Hong Kong dollar</b>	<b>At June 30, 2017</b>	<b>At March 31, 2017</b>
<b>Capital and Total exposures</b>		
Tier 1 capital	19,688,557	19,797,874
Total exposures	180,614,004	176,094,363
<b>Leverage Ratio</b>	<b>10.90%</b>	<b>11.24%</b>

The leverage ratio was complied in accordance with the Leverage Ratio Framework issued by the HKMA.

## Template OV1: Overview of Risk-Weighted Assets

The following table sets out the RWA by risk types and the corresponding minimum capital requirements (i.e. 8% of RWA), as required by the HKMA.

In thousands of Hong Kong dollar		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at June 30, 2017	As at March 31, 2017	As at June 30, 2017
1	Credit risk for non-securitization exposures	54,766,767	53,905,659	4,381,341
2	Of which STC approach	54,766,767	53,905,659	4,381,341
4	Counterparty credit risk	225,211	136,489	18,017
5	Of which SA-CCR <sup>Note</sup>	143,473	89,151	11,478
16	Market risk	138,150	32,425	11,052
17	Of which STM approach	138,150	32,425	11,052
19	Operational risk	9,672,700	9,549,125	773,816
21	Of which STO approach	9,672,700	9,549,125	773,816
24a	Deduction to RWA	426,736	416,484	34,139
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	426,736	416,484	34,139
<b>25</b>	<b>Total</b>	<b>64,376,092</b>	<b>63,207,214</b>	<b>5,150,087</b>

Note: Prior to the implementation of SA-CCR, Current exposure method is used for calculating default risk exposures of derivative contracts.

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, exposures to CCPs and Securitization exposures as at June 30, 2017.

**Template CR1: Credit quality of exposures**

The following table provides an overview of credit quality of on- and off-balance exposures as at June 30, 2017.

In thousands of Hong Kong dollar		(a)	(b)	(c)	(d)
		Gross carrying amounts of		Allowances / impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	84,455	99,122,405	303,800	98,903,060
2	Debt securities	-	52,774,478	-	52,774,478
3	Off-balance sheet exposures	-	1,915,297	-	1,915,297
<b>4</b>	<b>Total</b>	<b>84,455</b>	<b>153,812,180</b>	<b>303,800</b>	<b>153,592,835</b>

Loans included Placement with banks and other financial institutions with residual maturities greater than one year, Loans and advances to customers and related accrued interest receivables.

Commitment included 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 June 30, 2017 and December 31, 2016 respectively.

In thousands of Hong Kong dollar		(a)
		Amount
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>95,946</b>
2	Loans and debt securities that have defaulted since the last reporting period	165,213
3	Returned to non-defaulted status	(8,436)
4	Amounts written off	(154,572)
5	Other changes	(13,696)
<b>6</b>	<b>Defaulted loans and debt securities at end of the current reporting period</b>	<b>84,455</b>

**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 June 30, 2017.

In thousands of Hong Kong dollar		(a)	(b1)	(b)	(d)	(f)
		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	59,894,181	7,800,071	6,969,274	830,797	-
2	Debt securities	52,774,478	-	-	-	-
<b>3</b>	<b>Total</b>	<b>112,668,659</b>	<b>7,800,071</b>	<b>6,969,274</b>	<b>830,797</b>	<b>-</b>
4	Of which defaulted	48,434	2,020	2,020	-	-

**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 STC approach as at June 30, 2017.

In thousands of Hong Kong dollar		(a)	(b)	(c)	(d)	(e)	(f)
		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	55,902,508	34,175	55,945,204	415	415	0%
2	PSE exposures	-	-	788,103	-	157,621	20%
2a	Of which: domestic PSEs	-	-	788,103	-	157,621	20%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	461,479	-	461,479	-	-	0%
4	Bank exposures	45,046,265	931	45,046,265	931	20,323,776	45%
5	Securities firm exposures	-	-	-	-	-	0%
6	Corporate exposures	133,522	17,173	107,724	69	107,793	100%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	446,671	-	446,671	-	1,851	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	24,337,809	70,356,981	19,442,504	388	14,582,266	75%
11	Residential mortgage loans	39,508,390	1,935,803	38,777,043	682,387	16,561,621	42%
12	Other exposures which are not past due exposures	5,889,555	658,918	2,909,174	-	2,909,174	100%
13	Past due exposures	84,455	-	84,455	-	122,250	145%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	<b>Total</b>	<b>171,810,654</b>	<b>73,003,981</b>	<b>164,008,622</b>	<b>684,190</b>	<b>54,766,767</b>	<b>33%</b>



**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 STC approach by asset classes and by risk weights as at June 30, 2017.

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	55,945,204	-	-	-	-	-	415	-	-	-
2	PSE exposures	-	-	788,103	-	-	-	-	-	-	-	788,103
2a	Of which: domestic PSEs	-	-	788,103	-	-	-	-	-	-	-	788,103
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	461,479	-	-	-	-	-	-	-	-	-	461,479
4	Bank exposures	-	-	7,332,740	-	37,714,456	-	-	-	-	-	45,047,196
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	107,793	-	-	-	107,793
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	439,068	-	7,190	-	-	-	413	-	-	-	446,671
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	-	-	-	-	-	19,442,504	388	-	-	-	19,442,892
11	Residential mortgage loans	-	-	-	35,070,740	-	407,313	3,981,377	-	-	-	39,459,430
12	Other exposures which are not past due exposures	-	-	-	-	-	-	2,909,174	-	-	-	2,909,174
13	Past due exposures	-	-	2,633	-	-	-	2,020	79,802	-	-	84,455
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	<b>Total</b>	<b>56,845,751</b>	<b>-</b>	<b>8,130,666</b>	<b>35,070,740</b>	<b>37,714,456</b>	<b>19,849,817</b>	<b>7,001,580</b>	<b>79,802</b>	<b>-</b>	<b>-</b>	<b>164,692,812</b>

### 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 June 30, 2017.

In thousands of Hong Kong dollar		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts) <sup>Note</sup>	174,090	254,099		N/A	376,287	143,473
1a	CEM	-	-		-	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	<b>Total</b>						<b>143,473</b>

Note: Prior to the implementation of SA-CCR, Current exposure method is used for calculating default risk exposures of derivative contracts.

## 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 June 30, 2017.

In thousands of Hong Kong dollar		(a)	(b)
		EAD post CRM	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	428,187	81,738
<b>4</b>	<b>Total</b>	<b>428,187</b>	<b>81,738</b>

**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 June 30, 2017.

In thousands of Hong Kong dollar		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
Exposure Class	Risk Weight	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	-	-	163,093	-	196,765	-	-	-	-	-	359,858
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	15,834	-	-	-	-	15,834
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	595	-	-	-	595
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	<b>Total</b>	-	-	<b>163,093</b>	-	<b>196,765</b>	<b>15,834</b>	<b>595</b>	-	-	-	<b>376,287</b>

### 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 June 30, 2017.

In thousands of Hong Kong dollar		(a)
		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	138,150
4	Commodity exposures	-
Option exposures		
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	<b>Total</b>	<b>138,150</b>