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**Citibank (Hong Kong) Limited**

**Financial Information Disclosure Statement**

**2020 Interim**

**CITIBANK (HONG KONG) LIMITED**

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2020, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

By Order of the Board

Lam Chi Kong Lawrence  
Director and Chief Executive

September 30, 2020

**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, 2020.

**2020 First Half Results**

- Operating Income down 2% to HK\$ 3,520 million (HK\$ 3,602 million for the first half of 2019)
- Profit before taxation down 20% to HK\$ 1,184 million (HK\$ 1,485 million for the first half of 2019)
- Profit after taxation down 20% to HK\$ 976 million (HK\$ 1,218 million for the first half of 2019)

## 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, 2020</i>	<i>Half-year ended Jun 30, 2019</i>
Interest income	1	2,411,257	2,841,951
Interest expense	2	(751,705)	(1,019,817)
<b>Net interest income</b>		<b>1,659,552</b>	<b>1,822,134</b>
Net fee and commission income	3	1,618,953	1,693,007
Net trading income	4	233,497	76,065
Dividend income from unlisted companies		3,977	2,707
Net gain on disposal of Financial assets at fair value through other comprehensive income		1,029	-
Other operating income		3,304	8,307
<b>Operating income</b>		<b>3,520,312</b>	<b>3,602,220</b>
Staff costs		(607,638)	(598,365)
Premises & equipment expenses		(32,195)	(37,645)
Depreciation expenses		(128,524)	(130,652)
Other operating expenses	5	(1,273,742)	(1,299,946)
<b>Operating expenses</b>		<b>(2,042,099)</b>	<b>(2,066,608)</b>
<b>Operating profit before Impairment losses</b>		<b>1,478,213</b>	<b>1,535,612</b>
Impairment losses - loans and advances to customers		(288,484)	(50,071)
Impairment losses - others		(2,362)	(901)
<b>Impairment losses</b>		<b>(290,846)</b>	<b>(50,972)</b>
<b>Operating profit after impairment</b>		<b>1,187,367</b>	<b>1,484,640</b>
Loss from disposal of property, plant and equipment		(3,393)	-
<b>Profit before taxation</b>		<b>1,183,974</b>	<b>1,484,640</b>
Taxation	6	(207,601)	(266,829)
<b>Profit after taxation</b>		<b>976,373</b>	<b>1,217,811</b>
<b>Other comprehensive income for the period, net of tax</b>			
Items that will not be classified to profit or loss:			
Remeasurement on defined benefits plan		(2,913)	33
Items that may be classified subsequently to profit or loss:			
Changes in fair value of Financial assets at fair value through other comprehensive income		65,449	(14,173)
Transfer to profit or loss on disposal of Financial assets at fair value through other comprehensive income		(1,029)	-
<b>Other comprehensive income for the period</b>		<b>61,507</b>	<b>(14,140)</b>
<b>Total comprehensive income for the period</b>		<b>1,037,880</b>	<b>1,203,671</b>

## STATEMENT OF FINANCIAL POSITION

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

	<i>Note</i>	<i>At Jun 30,</i> 2020	<i>At Dec 31,</i> 2019
<b>Assets</b>			
Cash and balances with banks and other financial institutions		10,833,258	12,949,226
Placements with banks and other financial institutions	7	10,339,699	9,047,648
Loans and advances	8	129,071,226	131,060,164
Financial assets at fair value through profit or loss		58,812,660	51,638,058
Financial assets at fair value through other comprehensive income		31,357,541	24,100,132
Property, plant and equipment	15	743,570	827,895
Intangible assets		38,181	49,327
Deferred tax assets		47,981	68,348
Other assets		4,414,634	3,086,413
		<u>245,658,750</u>	<u>232,827,211</u>
<b>Liabilities</b>			
Deposits and balances from banks and other financial institutions		27,427,109	30,158,731
Deposits from customers	16	187,774,846	174,758,805
Trading financial liabilities		36,389	36,200
Current taxation		222,680	526,034
Other liabilities		6,325,914	4,511,934
		<u>221,786,938</u>	<u>209,991,704</u>
<b>Equity</b>			
Share capital		7,348,440	7,348,440
Reserves	17	16,523,372	15,487,067
		<u>23,871,812</u>	<u>22,835,507</u>
		<u>245,658,750</u>	<u>232,827,211</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		97,706,141	99,321,834
Deposits from customers		188,259,204	175,406,887

## NOTES ON THE FINANCIAL STATEMENTS

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

	<i>Half-year ended Jun 30, 2020</i>	<i>Half-year ended Jun 30, 2019</i>
<b>1 Interest income</b>		
Interest income on loans to customers	1,543,537	1,543,296
Interest income on placements with banks and other financial institutions	397,826	462,908
Interest income on financial assets designated at fair value through other comprehensive income		
- Listed	2,333	1,229
- Unlisted	224,246	250,898
Interest income on financial instruments that are not measured at fair value through profit or loss	2,167,942	2,258,331
Interest income on financial assets designated at fair value through profit or loss		
- Listed	5,536	626
- Unlisted	237,779	582,994
Total interest income from all financial assets	2,411,257	2,841,951
Included in the above is interest income accrued on impaired financial assets of \$2,093 thousand (Jun 30, 2019: \$1,955 thousand).		
<b>2 Interest expense</b>		
Interest expense on deposits from customers	541,750	691,706
Interest expense on deposits from banks and other financial institutions	205,506	328,111
Other interest expense	4,449	-
Interest expense on financial instruments that are not measured at fair value through profit or loss	751,705	1,019,817
<b>3 Net fee and commission income</b>		
Fee and commission income from retail banking	846,148	832,177
Fee and commission income from card business	361,398	504,309
Service fee from fellow subsidiaries	443,371	437,433
	1,650,917	1,773,919
Fee and commission expenses	(31,964)	(80,912)
	1,618,953	1,693,007

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, 2020</i>	<i>Half-year ended Jun 30, 2019</i>
<b>4 Net trading income</b>		
Net gain from foreign exchange	315,823	282,171
Net loss from financial assets measured at fair value through profit or loss	(82,326)	(206,106)
	<u>233,497</u>	<u>76,065</u>
<b>5 Other operating expenses</b>		
Marketing expenses	375,268	412,127
Intercompany expenses	724,466	736,887
Others	174,008	150,932
	<u>1,273,742</u>	<u>1,299,946</u>
<b>6 Taxation</b>		
Provision for Hong Kong Profits Tax	197,836	245,643
Overseas Taxation	1,703	3,166
Deferred taxation	8,062	18,020
	<u>207,601</u>	<u>266,829</u>
	<i>At Jun 30, 2020</i>	<i>At Dec 31, 2019</i>
<b>7 Placements with banks and other financial institutions</b>		
Maturing between one month and one year	10,339,793	9,047,689
Less: Impairment allowances		
- Stage 1	(94)	(41)
- Stage 2	-	-
- Stage 3	-	-
	<u>10,339,699</u>	<u>9,047,648</u>

	<i>At Jun 30,</i> 2020	<i>At Dec 31,</i> 2019
<b>8 Loans and advances less impairment</b>		
Gross loans and advances to customers	97,790,991	99,070,064
Less: Impairment allowances		
- Stage 1	(288,647)	(174,832)
- Stage 2	(227,874)	(182,760)
- Stage 3	(52,687)	(38,720)
	<u>97,221,783</u>	<u>98,673,752</u>
Gross loans and advances to banks	31,849,703	32,386,559
Less: Impairment allowances		
- Stage 1	(260)	(147)
- Stage 2	-	-
- Stage 3	-	-
	<u>31,849,443</u>	<u>32,386,412</u>
	<u><u>129,071,226</u></u>	<u><u>131,060,164</u></u>

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

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

	<i>At Jun 30, 2020</i>				
	<i>Non-bank private sector</i>				
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	<i>Total</i>
Developed countries	50,314,939	52,169,130	6,337,265	1,045,034	109,866,368
of which United States	49,799,862	41,914,850	3,267,678	331,331	95,313,721
	<i>At Dec 31, 2019</i>				
	<i>Non-bank private sector</i>				
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	<i>Total</i>
Developed countries	52,799,074	45,446,380	6,688,256	1,069,377	106,003,087
of which United States	52,161,511	34,275,780	3,807,223	295,500	90,540,014



**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, 2020</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	1,941,087	911,195	2,852,282
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	542	-	542
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	12,063	-	12,063
<b>Total</b>	<b>1,953,692</b>	<b>911,195</b>	<b>2,864,887</b>
Total assets after provision	246,143,108		
On-balance sheet exposures as percentage of total assets	0.79%		
	<i>At Dec 31, 2019</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	2,937,726	930,157	3,867,883
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	789	-	789
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	18,627	-	18,627
<b>Total</b>	<b>2,957,142</b>	<b>930,157</b>	<b>3,887,299</b>
Total assets after provision	233,475,293		
On-balance sheet exposures as percentage of total assets	1.27%		

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

	At Jun 30, 2020		At Dec 31, 2019	
	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	2,924,832	100%	3,083,098	100%
Wholesale and retail trade	37,801	50%	63,211	41%
Manufacturing	5,252	62%	8,588	45%
Others	23,506	58%	37,916	43%
<i>Individuals</i>				
Loans for the purchase of other residential properties	60,775,875	100%	55,171,177	100%
Credit card advances	12,308,634	-	13,473,213	-
Others	22,194,454	74%	27,869,597	80%
	98,270,354		99,706,800	
Netting adjustment on account of foreign currency margin products	(484,358)		(648,082)	
Total loans and advances to customers for use in Hong Kong	97,785,996		99,058,718	
Loans and advances to customers for use outside Hong Kong	4,995	-	11,346	-
Trade finance	-	-	-	-
Total	97,790,991		99,070,064	

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>2020</u>	<u>2019</u>
<u>Overdue loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	26,004	-
Credit card advances	56,665	40,934
Others	8,297	3,772
<u>Impaired loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	29,026	3,147
Credit card advances	56,665	40,934
Others	30,029	22,551
<u>Collective impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	3,301	1,400
Credit card advances	418,050	289,198
Others	91,478	60,391
<u>Specific impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	2	-
Credit card advances	48,610	36,319
Others	2,509	2,218

**13 Overdue and rescheduled assets**

*(i) Overdue loans and advances to customers*

	<i>At Jun 30, 2020</i>		<i>At Dec 31, 2019</i>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Loans and advances to customers which have been overdue for periods of:				
- 6 months or less but over 3 months	66,257	0.07%	44,706	0.05%
- 1 year or less but over 6 months	26,004	0.03%	-	0.00%
- over 1 year	-	0.00%	-	0.00%
	92,261	0.10%	44,706	0.05%
Current market value of collateral held against the covered portion of overdue loans and advances to customers	66,253		-	
Covered portion of overdue loans and advances to customers	26,332		-	
Uncovered portion of overdue loans and advances to customers	65,929		44,706	
	92,261		44,706	
Specific impairment allowances	48,076		32,381	

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

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

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

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

***(ii) Rescheduled loans and advances to customers***

	<i>At Jun 30, 2020</i>		<i>At Dec 31, 2019</i>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Rescheduled loans and advances to customers	<u>24,754</u>	0.03%	<u>21,926</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***

	<i>% of loans and advances to customers</i>		<i>% of loans and advances to customers</i>	
	<i>Amount</i>	<i>% of loans and advances to customers</i>	<i>Amount</i>	<i>% of loans and advances to customers</i>
Overdue loans and advances to customers	92,261	0.10%	44,706	0.05%
Rescheduled loans and advances to customers	<u>24,754</u>	0.03%	<u>21,926</u>	0.02%
Impaired loans and advances to customers	<u>117,015</u>	0.13%	<u>66,632</u>	0.07%

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 2020 and 31 December 2019, nor were there any rescheduled advances to banks and other financial institutions.

**14 Repossessed assets**

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<i>2020</i>	<i>2019</i>
Repossessed assets	-	2,843

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>Buildings held for own use carried at cost</i>	<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>
<b><i>Cost or valuation:</i></b>					
At Jan 1, 2020	405,528	624,654	429,258	60,113	1,519,553
Additions	-	43,483	1,674	5,242	50,399
Transfer	-	-	10,344	(10,344)	-
Write-offs	-	-	(61,321)	(2,807)	(64,128)
At Jun 30, 2020	405,528	668,137	379,955	52,204	1,505,824
<b><i>Accumulated depreciation:</i></b>					
At Jan 1, 2020	120,985	211,440	359,233	-	691,658
Charge for the period	4,055	100,028	24,441	-	128,524
Write-offs	-	-	(57,928)	-	(57,928)
At Jun 30, 2020	125,040	311,468	325,746	-	762,254
<b><i>Net book value:</i></b>					
At Jun 30, 2020	280,488	356,669	54,209	52,204	743,570
At Dec 31, 2019	284,543	413,214	70,025	60,113	827,895

**16 Deposits from customers**

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<i>2020</i>	<i>2019</i>
Demand deposits and current accounts	38,183,432	32,504,494
Savings deposits	106,053,372	80,764,983
Time, call and notice deposits	43,538,042	61,489,328
	<u>187,774,846</u>	<u>174,758,805</u>

**17 Reserves**

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<i>2020</i>	<i>2019</i>
Fair value reserve	58,093	(6,327)
Retained profits	16,477,663	15,504,203
Capital reserves	(12,384)	(10,809)
	<u>16,523,372</u>	<u>15,487,067</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, 2020, the effect of this requirement is to reduce the amount of reserves which can be distributed to equity shareholders by \$141,924 thousand (December 31, 2019: \$629,618 thousand).

*(c) The Directors have declared an interim dividend of \$736,288 thousand (2019 interim dividend: \$1,772,654 thousand) in respect of the six months ended June 30, 2020.*

## 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, 2020	At Dec 31, 2019
<b><i>Currency derivatives</i></b>		
Forwards and futures	11,709,011	9,152,558
Options purchased	1,715,038	2,288,638
Options written	1,715,038	2,288,638
	15,139,087	13,729,834

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

	At Jun 30, 2020			At Dec 31, 2019		
	<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	35,024	36,389	42,501	82,996	36,200	72,836

The credit risk-weighted amounts are assessed in accordance with the Banking (Capital) Rules (the "Capital Rules") and depend on the status of the counterparty and maturity characteristics of the instrument. The risk weights used range from 0% to 1250%.

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>2020</u>	<u>2019</u>
<b>Contractual or notional amounts</b>		
Trade-related contingencies	-	-
Forward forward deposits placed	864,796	39
Other commitments		
- with an original maturity of not more than one year	2,117,948	606,477
- with an original maturity of more than one year	732,355	728,002
- which are unconditionally cancellable	79,802,275	79,437,146
	<u>83,517,374</u>	<u>80,771,664</u>
Credit risk-weighted amounts	<u>545,827</u>	<u>200,030</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 and depend on the status of the counterparty and the maturity characteristics of the instrument. The risk weights used range from 0% to 1250%.

## 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.

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, 2020</i>	<u>USD</u>	<u>RMB</u>
Spot assets	93,932,647	932,518
Spot liabilities	(91,028,373)	(2,362,254)
Forward purchases	4,160,891	1,997,088
Forward sales	(6,951,815)	(18,283)
Net long/(short) non-structural position	<u>113,350</u>	<u>549,069</u>
<i>At Dec 31, 2019</i>	<u>USD</u>	<u>RMB</u>
Spot assets	85,472,961	1,128,277
Spot liabilities	(83,157,124)	(2,359,863)
Forward purchases	2,700,478	1,883,329
Forward sales	(4,858,744)	(12,352)
Net long/(short) non-structural position	<u>157,571</u>	<u>639,391</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](http://www.citibank.com.hk).