



Citibank (Hong Kong) Limited

Financial Information Disclosure Statement

2021 Interim

CITIBANK (HONG KONG) LIMITED

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2021, 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, 2021

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, 2021.

2021 First Half Results

- Operating Income down 3% to HK\$ 3,432 million (HK\$ 3,520 million for the first half of 2020)
- Profit before taxation down 9% to HK\$ 1,073 million (HK\$ 1,184 million for the first half of 2020)
- Profit after taxation down 9% to HK\$ 887 million (HK\$ 976 million for the first half of 2020)

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, 2021</i>	<i>Half-year ended Jun 30, 2020</i>
Interest income	1	1,653,378	2,411,257
Interest expense	2	(331,402)	(751,705)
Net interest income		1,321,976	1,659,552
Net fee and commission income	3	1,827,131	1,618,953
Net trading income	4	267,792	233,497
Dividend income from unlisted companies		3,398	3,977
Net gain on disposal of Financial assets at fair value through other comprehensive income		-	1,029
Other operating income		11,366	3,304
Operating income		3,431,663	3,520,312
Staff costs		(663,596)	(607,638)
Premises & equipment expenses		(25,433)	(32,195)
Depreciation expenses		(118,357)	(128,524)
Other operating expenses	5	(1,495,255)	(1,273,742)
Operating expenses		(2,302,641)	(2,042,099)
Operating profit before Impairment losses		1,129,022	1,478,213
Impairment losses - loans and advances to customers		(50,737)	(288,484)
Impairment losses - others		(5,302)	(2,362)
Impairment losses		(56,039)	(290,846)
Operating profit after impairment		1,072,983	1,187,367
Loss from disposal of property, plant and equipment		-	(3,393)
Profit before taxation		1,072,983	1,183,974
Taxation	6	(186,234)	(207,601)
Profit after taxation		886,749	976,373
Other comprehensive income for the period, net of tax			
Items that will not be classified to profit or loss:			
Remeasurement on defined benefits plan		(6,123)	(2,913)
Items that may be classified subsequently to profit or loss:			
Changes in fair value of Financial assets at fair value through other comprehensive income		9,299	65,449
Transfer to profit or loss on disposal of Financial assets at fair value through other comprehensive income		-	(1,029)
Other comprehensive income for the period		3,176	61,507
Total comprehensive income for the period		889,925	1,037,880

STATEMENT OF FINANCIAL POSITION

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

	<i>Note</i>	<i>At Jun 30,</i> 2021	<i>At Dec 31,</i> 2020
Assets			
Cash and balances with banks and other financial institutions		11,809,484	9,409,863
Placements with banks and other financial institutions	7	13,400,233	13,626,667
Loans and advances	8	157,436,629	151,732,931
Financial assets at fair value through profit or loss		79,213,869	72,478,139
Financial assets at fair value through other comprehensive income		34,441,462	38,819,529
Financial assets at amortised cost		3,882,400	3,875,900
Property, plant and equipment	15	597,643	660,797
Intangible assets		48,468	33,324
Deferred tax assets		60,338	66,757
Other assets		3,893,889	4,374,865
		<u>304,784,415</u>	<u>295,078,772</u>
Liabilities			
Deposits and balances from banks and other financial institutions		51,292,618	49,731,929
Deposits from customers	16	222,929,166	215,542,715
Trading financial liabilities		159,528	10,425
Current taxation		110,606	48,786
Other liabilities		5,752,039	6,096,149
		<u>280,243,957</u>	<u>271,430,004</u>
Equity			
Share capital		7,348,440	7,348,440
Reserves	17	17,192,018	16,300,328
		<u>24,540,458</u>	<u>23,648,768</u>
		<u>304,784,415</u>	<u>295,078,772</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		108,474,952	101,066,791
Deposits from customers		223,285,784	215,951,245

NOTES ON THE FINANCIAL STATEMENTS

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

	<i>Half-year ended Jun 30, 2021</i>	<i>Half-year ended Jun 30, 2020</i>
1 Interest income		
Interest income on loans to customers	1,164,225	1,543,537
Interest income on placements with banks and other financial institutions	417,087	397,826
Interest income on financial assets designated at fair value through other comprehensive income and at amortised cost		
- Listed	3,774	2,333
- Unlisted	58,880	224,246
Interest income on financial instruments that are not measured at fair value through profit or loss	1,643,966	2,167,942
Interest income on financial assets designated at fair value through profit or loss		
- Listed	(1,289)	5,536
- Unlisted	10,701	237,779
Total interest income from all financial assets	<u>1,653,378</u>	<u>2,411,257</u>
Included in the above is interest income accrued on impaired financial assets of \$1,563 thousand (Jun 30, 2020: \$2,093 thousand).		
2 Interest expense		
Interest expense on deposits from customers	220,487	541,750
Interest expense on deposits from banks and other financial institutions	108,180	205,506
Other interest expense	2,735	4,449
Interest expense on financial instruments that are not measured at fair value through profit or loss	<u>331,402</u>	<u>751,705</u>
3 Net fee and commission income		
Fee and commission income from retail banking	1,135,117	846,148
Fee and commission income from card business	354,121	361,398
Service fee from fellow subsidiaries	417,816	443,371
	<u>1,907,054</u>	<u>1,650,917</u>
Fee and commission expenses	<u>(79,923)</u>	<u>(31,964)</u>
	<u>1,827,131</u>	<u>1,618,953</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, 2021</i>	<i>Half-year ended Jun 30, 2020</i>
4	Net trading income		
	Net gain from foreign exchange	313,116	315,823
	Net loss from financial assets measured at fair value through profit or loss	(45,324)	(82,326)
		267,792	233,497
		267,792	233,497
5	Other operating expenses		
	Marketing expenses	485,664	375,268
	Intercompany expenses	850,340	724,466
	Others	159,251	174,008
		1,495,255	1,273,742
		1,495,255	1,273,742
6	Taxation		
	Provision for Hong Kong Profits Tax	179,910	197,836
	Overseas Taxation	1,830	1,703
	Deferred taxation	4,494	8,062
		186,234	207,601
		186,234	207,601
		<i>At Jun 30, 2021</i>	<i>At Dec 31, 2020</i>
7	Placements with banks and other financial institutions		
	Maturing between one month and one year	13,402,388	13,628,205
	Less: Impairment allowances		
	- Stage 1	(2,155)	(1,538)
	- Stage 2	-	-
	- Stage 3	-	-
		13,400,233	13,626,667
		13,400,233	13,626,667

	<i>At Jun 30,</i> 2021	<i>At Dec 31,</i> 2020
8 Loans and advances less impairment	.	
Gross loans and advances to customers	108,439,399	101,016,647
Less: Impairment allowances		
- Stage 1	(162,322)	(177,082)
- Stage 2	(125,861)	(141,482)
- Stage 3	(32,882)	(39,822)
	<u>108,118,334</u>	<u>100,658,261</u>
Gross loans and advances to banks	49,326,228	51,080,394
Less: Impairment allowances		
- Stage 1	(7,933)	(5,724)
- Stage 2	-	-
- Stage 3	-	-
	<u>49,318,295</u>	<u>51,074,670</u>
	<u><u>157,436,629</u></u>	<u><u>151,732,931</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, 2021</i>				
	<u><i>Non-bank private sector</i></u>				
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	<i>Total</i>
Developed countries	72,886,130	69,545,546	13,886,571	1,159,288	157,477,535
of which United States	72,505,474	58,708,916	9,386,860	265,345	140,866,595
	<u><i>At Dec 31, 2020</i></u>				
	<u><i>Non-bank private sector</i></u>				
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	<i>Total</i>
Developed countries	72,412,736	63,996,641	12,163,862	1,151,125	149,724,364
of which United States	71,972,452	53,355,901	8,498,386	309,902	134,136,641

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, 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	1,910,507	804,246	2,714,753
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	633	-	633
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	10,907	-	10,907
Total	1,922,047	804,246	2,726,293
Total assets after provision	305,141,033		
On-balance sheet exposures as percentage of total assets	0.63%		
	<i>At Dec 31, 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	2,048,535	858,141	2,906,676
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	525	-	525
Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	10,232	-	10,232
Total	2,059,292	858,141	2,917,433
Total assets after provision	295,487,302		
On-balance sheet exposures as percentage of total assets	0.70%		

12 Loans and advances to customers analyzed by industry sector

	At Jun 30, 2021		At Dec 31, 2020	
	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	2,615,650	100%	2,716,231	100%
Wholesale and retail trade	15,001	65%	24,652	61%
Manufacturing	3,307	84%	3,784	80%
Others	10,805	85%	15,348	73%
<i>Individuals</i>				
Loans for the purchase of other residential properties	68,740,286	100%	62,791,623	100%
Credit card advances	11,830,353	-	12,320,965	-
Others	25,576,331	78%	23,549,253	76%
	108,791,733		101,421,856	
Netting adjustment on account of foreign currency margin products	(356,618)		(408,530)	
Total loans and advances to customers for use in Hong Kong	108,435,115		101,013,326	
Loans and advances to customers for use outside Hong Kong	4,284	-	3,321	-
Total	108,439,399		101,016,647	

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>2021</u>	<u>2020</u>
<u>Overdue loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	25,385	36,226
Credit card advances	30,951	38,971
Others	2,811	5,271
 <u>Impaired loans and advances to customers</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	25,385	36,226
Credit card advances	30,951	38,971
Others	32,946	34,411
 <u>Collective impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	3,506	3,597
Credit card advances	228,356	253,369
Others	55,642	61,121
 <u>Specific impairment allowances</u>		
<i>Individuals</i>		
Loans for the purchase of other residential properties	2	3
Credit card advances	30,715	36,575
Others	2,165	3,244

13 Overdue and rescheduled assets

(i) Overdue loans and advances to customers

	<i>At Jun 30, 2021</i>		<i>At Dec 31, 2020</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	35,199	0.03%	54,525	0.05%
- 1 year or less but over 6 months	-	0.00%	1,995	0.00%
- over 1 year	23,948	0.02%	23,948	0.02%
	59,147	0.05%	80,468	0.07%
Current market value of collateral held against the covered portion of overdue loans and advances to customers	63,765		104,625	
Covered portion of overdue loans and advances to customers	25,385		36,226	
Uncovered portion of overdue loans and advances to customers	33,762		44,242	
	59,147		80,468	
Specific impairment allowances	24,463		32,777	

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, 2021</i>		<i>At Dec 31, 2020</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>30,135</u>	0.03%	<u>29,140</u>	0.03%

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>Amount</i>	<i>Amount</i>	<i>Amount</i>
Overdue loans and advances to customers	59,147	0.05%	80,468	0.07%
Rescheduled loans and advances to customers	<u>30,135</u>	0.03%	<u>29,140</u>	0.03%
Impaired loans and advances to customers	<u>89,282</u>	0.08%	<u>109,608</u>	0.10%

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 2021 and 31 December 2020, 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>2021</i>	<i>2020</i>
Repossessed assets	1,354	-

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>
<i>Cost or valuation:</i>					
At Jan 1, 2021	405,528	701,359	399,731	9,431	1,516,049
Additions	-	34,154	372	24,761	59,287
Transfer	-	-	20,144	(20,144)	-
Write-offs	-	-	(7,805)	(4,084)	(11,889)
At Jun 30, 2021	405,528	735,513	412,442	9,964	1,563,447
<i>Accumulated depreciation:</i>					
At Jan 1, 2021	129,096	408,933	317,223	-	855,252
Charge for the period	4,055	94,582	19,720	-	118,357
Write-offs	-	-	(7,805)	-	(7,805)
At Jun 30, 2021	133,151	503,515	329,138	-	965,804
<i>Net book value:</i>					
At Jun 30, 2021	272,377	231,998	83,304	9,964	597,643
At Dec 31, 2020	276,432	292,426	82,508	9,431	660,797

16 Deposits from customers

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<i>2021</i>	<i>2020</i>
Demand deposits and current accounts	67,404,284	58,271,442
Savings deposits	139,221,474	139,167,015
Time, call and notice deposits	16,303,408	18,104,258
	<u>222,929,166</u>	<u>215,542,715</u>

17 Reserves

	<i>At Jun 30,</i>	<i>At Dec 31,</i>
	<i>2021</i>	<i>2020</i>
Fair value reserve	19,752	10,453
Retained profits	17,183,318	16,302,692
Capital reserves	(11,052)	(12,817)
	<u>17,192,018</u>	<u>16,300,328</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, 2021, the effect of this requirement is to reduce the amount of reserves which can be distributed to equity shareholders by \$440,750 thousand (December 31, 2020: \$360,985 thousand).

(c) The Directors do not recommend a payment of interim dividend in respect of the six months ended June 30, 2021 (2020: payment of interim dividend of \$736,288 thousand).

18 Derivatives

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

(i) Notional amount of derivatives

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

	<i>At Jun 30,</i> <i>2021</i>	<i>At Dec 31,</i> <i>2020</i>
<i>Currency derivatives</i>		
Forwards and futures	26,126,880	16,266,785
Options purchased	1,578,036	1,759,429
Options written	1,578,036	1,759,429
	29,282,952	19,785,643

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

	<i>At Jun 30, 2021</i>			<i>At Dec 31, 2020</i>		
	<i>Fair value</i>		<i>Credit risk- weighted amount</i>	<i>Fair value</i>		<i>Credit risk- weighted amount</i>
	<i>Assets</i>	<i>Liabilities</i>		<i>Assets</i>	<i>Liabilities</i>	
Currency derivatives	27,210	159,528	138,367	130,136	10,425	73,233

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>
	<i>2021</i>	<i>2020</i>
Contractual or notional amounts		
Trade-related contingencies	-	-
Forward forward deposits placed	843,348	901,789
Other commitments		
- with an original maturity of not more than one year	2,670,510	1,698,635
- with an original maturity of more than one year	666,079	749,303
- which are unconditionally cancellable	82,272,672	81,254,645
	86,452,609	84,604,372
	615,116	519,254
Credit risk-weighted amounts		

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 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, 2021</i>	<i>USD</i>	<i>RMB</i>	<i>GBP</i>
Spot assets	141,638,237	1,031,309	4,572,725
Spot liabilities	(117,011,661)	(2,654,382)	(8,078,850)
Forward purchases	496,812	2,335,422	3,835,228
Forward sales	(25,135,825)	(42,132)	(250,483)
Net long/(short) non-structural position	(12,437)	670,217	78,620

<i>At Dec 31, 2020</i>	<i>USD</i>	<i>RMB</i>	<i>GBP</i>
Spot assets	135,276,933	1,048,315	4,146,375
Spot liabilities	(120,136,553)	(2,605,576)	(6,747,280)
Forward purchases	336,937	2,274,836	2,738,039
Forward sales	(15,380,101)	(1,655)	(126,278)
Net long/(short) non-structural position	97,216	715,920	10,856

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.