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**Citibank (Hong Kong) Limited**

**Financial Information Disclosure Statement**

**2019 Interim**

**CITIBANK (HONG KONG) LIMITED**

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2019, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

By Order of the Board

Ng Yin Yee Angel  
Director and Chief Executive

September 30, 2019

**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, 2019.

**2019 First Half Results**

- Operating Income down 5% to HK\$ 3,602 million (HK\$ 3,801 million for the first half of 2018)
- Profit before taxation down 10% to HK\$ 1,485 million (HK\$ 1,646 million for the first half of 2018)
- Profit after tax down 13% to HK\$ 1,218 million (HK\$ 1,400 million for the first half of 2018)

## 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<br/>ended<br/>Jun 30, 2019</i> | <i>Half-year<br/>ended<br/>Jun 30, 2018</i> |
|--|-------------|---|---|
| Interest income  | 1           | 2,841,951                                   | 2,095,908                                   |
| Interest expense   | 2           | (1,019,817)                                 | (355,034)                                   |
| <b>Net interest income</b>   |             | <b>1,822,134</b>                            | <b>1,740,874</b>                            |
| Net fee and commission income  | 3           | 1,693,007                                   | 1,719,267                                   |
| Net trading income   | 4           | 76,065                                      | 333,722                                     |
| Dividend income from unlisted companies  |             | 2,707                                       | 3,122                                       |
| Other operating income   |             | 8,307                                       | 3,874                                       |
| <b>Operating income</b>  |             | <b>3,602,220</b>                            | <b>3,800,859</b>                            |
| Staff costs  |             | (598,365)                                   | (608,335)                                   |
| Premises & equipment expenses  |             | (145,405)                                   | (156,928)                                   |
| Depreciation expenses  |             | (22,892)                                    | (25,978)                                    |
| Other operating expenses   | 5           | (1,299,946)                                 | (1,319,312)                                 |
| <b>Operating expenses</b>  |             | <b>(2,066,608)</b>                          | <b>(2,110,553)</b>                          |
| <b>Operating profit before Impairment losses</b>   |             | <b>1,535,612</b>                            | <b>1,690,306</b>                            |
| Impairment losses - loans and advances to customers  |             | (50,071)                                    | (44,847)                                    |
| Impairment losses - others   |             | (901)                                       | 793   |
| <b>Impairment losses</b>   |             | <b>(50,972)</b>                             | <b>(44,054)</b>                             |
| <b>Profit before taxation</b>  |             | <b>1,484,640</b>                            | <b>1,646,252</b>                            |
| Taxation   | 6           | (266,829)                                   | (246,258)                                   |
| <b>Profit after taxation</b>   |             | <b>1,217,811</b>                            | <b>1,399,994</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   |             | 33  | 20  |
| Items that may be classified subsequently to profit or loss:                               |             |   |   |
| Changes in fair value of Financial assets at fair value through other comprehensive income |             | (14,173)                                    | 1,968                                       |
| <b>Other comprehensive income for the period</b>   |             | <b>(14,140)</b>                             | <b>1,988</b>                                |
| <b>Total comprehensive income for the period</b>   |             | <b>1,203,671</b>                            | <b>1,401,982</b>                            |

## STATEMENT OF FINANCIAL POSITION

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

|   | <i>Note</i> | <i>At Jun 30,</i><br><i>2019</i> | <i>At Dec 31,</i><br><i>2018</i> |
|---|-------------|----------------------------------|----------------------------------|
| <b>Assets</b>   |             |                                  |                                  |
| Cash and balances with banks and other financial institutions     |             | 11,724,584                       | 9,280,836                        |
| Placements with banks and other financial institutions            | 7           | 8,490,746                        | 11,338,603                       |
| Loans and advances  | 8           | 125,371,831                      | 112,538,429                      |
| Trade Bills   |             | -                                | 13,313                           |
| Financial assets at fair value through profit or loss             |             | 58,949,696                       | 55,731,792                       |
| Financial assets at fair value through other comprehensive income |             | 31,066,830                       | 31,220,807                       |
| Property, plant and equipment                                     | 15          | 398,173                          | 382,991                          |
| Intangible assets   |             | 53,465                           | 67,704                           |
| Deferred tax assets   |             | 40,777                           | 55,816                           |
| Other assets  |             | 3,012,206                        | 3,297,926                        |
|   |             | <u>239,108,308</u>               | <u>223,928,217</u>               |
| <b>Liabilities</b>  |             |                                  |                                  |
| Deposits and balances from banks and other financial institutions |             | 27,013,584                       | 27,003,586                       |
| Deposits from customers   | 16          | 182,367,336                      | 169,383,388                      |
| Trading financial liabilities                                     |             | 80,472                           | 81,880                           |
| Current taxation  |             | 291,729                          | 46,085                           |
| Other liabilities   |             | 5,157,864                        | 4,418,848                        |
|   |             | <u>214,910,985</u>               | <u>200,933,787</u>               |
| <b>Equity</b>   |             |                                  |                                  |
| Share capital   |             | 7,348,440                        | 7,348,440                        |
| Reserves  | 17          | 16,848,883                       | 15,645,990                       |
|   |             | <u>24,197,323</u>                | <u>22,994,430</u>                |
|   |             | <u>239,108,308</u>               | <u>223,928,217</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 | 92,130,790  | 83,178,792  |
| Deposits from customers         | 183,036,864 | 170,060,783 |

## NOTES ON THE FINANCIAL STATEMENTS

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

|   | <i>Half-year<br/>ended<br/>Jun 30, 2019</i> | <i>Half-year<br/>ended<br/>Jun 30, 2018</i> |
|---|---|---|
| <b>1 Interest income</b>  |   |   |
| Interest income on loans to customers   | 1,543,296                                   | 1,368,825                                   |
| Interest income on placements with banks and other financial institutions   | 462,908                                     | 402,229                                     |
| Interest income on investment   |   |   |
| - Listed  | 1,229                                       | 3,127                                       |
| - Unlisted  | 250,898                                     | 141,293                                     |
| Interest income on financial instruments that are not measured at fair value through profit or loss                                 | 2,258,331                                   | 1,915,474                                   |
| Interest income on financial assets designated at fair value through profit or loss   |   |   |
| - Listed  | 626   | 1,006                                       |
| - Unlisted  | 582,994                                     | 179,428                                     |
| Total interest income from all financial assets   | <u>2,841,951</u>                            | <u>2,095,908</u>                            |
| Included in the above is interest income accrued on impaired financial assets of \$1,955 thousand (Jun 30, 2018: \$1,404 thousand). |   |   |
| <b>2 Interest expense</b>   |   |   |
| Interest expense on deposits from customers   | 691,706                                     | 314,170                                     |
| Interest expense on deposits from banks and other financial institutions  | 328,111                                     | 40,864                                      |
| Interest expense on financial instruments that are not measured at fair value through profit or loss                                | <u>1,019,817</u>                            | <u>355,034</u>                              |
| <b>3 Net fee and commission income</b>  |   |   |
| Fee and commission income from retail banking   | 832,177                                     | 893,011                                     |
| Fee and commission income from card business  | 504,309                                     | 493,760                                     |
| Service fee from fellow subsidiaries  | 437,433                                     | 405,352                                     |
|   | <u>1,773,919</u>                            | <u>1,792,123</u>                            |
| Fee and commission expenses   | (80,912)                                    | (72,856)                                    |
|   | <u>1,693,007</u>                            | <u>1,719,267</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<br/>ended<br/>Jun 30, 2019</i> | <i>Half-year<br/>ended<br/>Jun 30, 2018</i> |
|---|---|---|
| <b>4 Net trading income</b>   |   |   |
| Net gain from dealing in foreign exchange   | 282,171                                     | 256,142                                     |
| Net (loss) / gain from financial assets designated at fair value through profit or loss | (206,106)                                   | 77,580                                      |
|   | 76,065                                      | 333,722                                     |
| <b>5 Other operating expenses</b>   |   |   |
| Marketing expenses  | 412,127                                     | 421,600                                     |
| Intercompany expenses   | 736,887                                     | 745,694                                     |
| Others  | 150,932                                     | 152,018                                     |
|   | 1,299,946                                   | 1,319,312                                   |
| <b>6 Taxation</b>   |   |   |
| Provision for Hong Kong Profits Tax   | 245,643                                     | 245,605                                     |
| Overseas Taxation   | 3,166                                       | 3,339                                       |
| Deferred taxation   | 18,020                                      | (2,686)                                     |
|   | 266,829                                     | 246,258                                     |
|   | <i>At Jun 30,<br/>2019</i>                  | <i>At Dec 31,<br/>2018</i>                  |
| <b>7 Placements with banks and other financial institutions</b>                         |   |   |
| Maturing between one month and one year   | 8,490,865                                   | 11,338,718                                  |
| Less: Impairment allowances   |   |   |
| - Stage 1   | (119)                                       | (115)                                       |
| - Stage 2   | -   | -   |
| - Stage 3   | -   | -   |
|   | 8,490,746                                   | 11,338,603                                  |

|   | <i>At Jun 30,</i><br><i>2019</i> | <i>At Dec 31,</i><br><i>2018</i> |
|---|----------------------------------|----------------------------------|
| <b>8 Loans and advances less impairment</b> |                                  |                                  |
| Gross loans and advances to customers       | 91,781,699                       | 82,842,316                       |
| Less: Impairment allowances                 |                                  |                                  |
| - Stage 1                                   | (121,109)                        | (151,180)                        |
| - Stage 2                                   | (173,950)                        | (159,568)                        |
| - Stage 3                                   | (25,378)                         | (30,171)                         |
|   | 91,461,262                       | 82,501,397                       |
| Gross loans and advances to banks           | 33,910,732                       | 30,037,189                       |
| Less: Impairment allowances                 |                                  |                                  |
| - Stage 1                                   | (163)                            | (157)                            |
| - Stage 2                                   | -                                | -                                |
| - Stage 3                                   | -                                | -                                |
|   | 33,910,569                       | 30,037,032                       |
|   | 125,371,831                      | 112,538,429                      |

**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, 2019</i>         |                        |  |   |              |
|------------------------|--------------------------------|------------------------|--|---|--------------|
|                        | <i>Non-bank private sector</i> |                        |  |   |              |
|                        | <i>Banks</i>                   | <i>Official Sector</i> | <i>Non-bank<br/>financial<br/>institutions</i> | <i>Non-financial<br/>private sector</i> | <i>Total</i> |
| Developed countries    | 51,085,996                     | 50,592,170             | 4,106,725                                      | 993,110                                 | 106,778,001  |
| of which United States | 50,383,892                     | 38,999,020             | 1,431,069                                      | 293,650                                 | 91,107,631   |
|                        | <i>At Dec 31, 2018</i>         |                        |  |   |              |
|                        | <i>Non-bank private sector</i> |                        |  |   |              |
|                        | <i>Banks</i>                   | <i>Official Sector</i> | <i>Non-bank<br/>financial<br/>institutions</i> | <i>Non-financial<br/>private sector</i> | <i>Total</i> |
| Developed countries    | 48,360,850                     | 47,714,760             | 3,888,818                                      | 835,857                                 | 100,800,285  |
| of which United States | 47,723,251                     | 36,774,110             | 1,041,402                                      | 210,239                                 | 85,749,002   |



**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 Hong Kong Monetary Authority under the Banking (Disclosure) Rules with reference to the HKMA Return of Mainland activities.

|   | <i>At Jun 30, 2019</i>                |  |                        |
|---|---------------------------------------|--|------------------------|
|   | <i>On-balance<br/>sheet exposures</i> | <i>Off-balance<br/>sheet exposures</i> | <i>Total exposures</i> |
| Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)   | -                                     | -                                      | -                      |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures                 | 2,479,361                             | 913,651                                | 3,393,012              |
| PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 686                                   | -                                      | 686                    |
| Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure                                  | 18,336                                | -                                      | 18,336                 |
| <b>Total</b>  | <b>2,498,383</b>                      | <b>913,651</b>                         | <b>3,412,034</b>       |
| Total assets after provision  | 239,777,836                           |  |                        |
| On-balance sheet exposures as percentage of total assets  | 1.04%                                 |  |                        |
|   | <i>At Dec 31, 2018</i>                |  |                        |
|   | <i>On-balance<br/>sheet exposures</i> | <i>Off-balance<br/>sheet exposures</i> | <i>Total exposures</i> |
| Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)   | 47,745                                | -                                      | 47,745                 |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures                 | 2,421,623                             | 896,986                                | 3,318,609              |
| PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 696                                   | -                                      | 696                    |
| Other counterparties where the exposures are considered by the reporting institution to be non-bank China exposure                                  | 22,724                                | 50                                     | 22,774                 |
| <b>Total</b>  | <b>2,492,788</b>                      | <b>897,036</b>                         | <b>3,389,824</b>       |
| Total assets after provision  | 224,604,503                           |  |                        |
| On-balance sheet exposures as percentage of total assets  | 1.11%                                 |  |                        |

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

|   | <u>At Jun 30, 2019</u>   |  | <u>At Dec 31, 2018</u>   |  |
|---|--------------------------|--|--------------------------|--|
|   | <i>Amount</i>            | <i>% of loans and advances covered by collateral or other security</i> | <i>Amount</i>            | <i>% of loans and advances covered by collateral or other security</i> |
| Loans and advances to customers for use in Hong Kong              |                          |  |                          |  |
| <i>Industrial, commercial and financial</i>                       |                          |  |                          |  |
| Property investment   | 3,179,595                | 100%   | 3,268,466                | 100%   |
| Wholesale and retail trade  | 106,492                  | 38%  | 176,815                  | 38%  |
| Manufacturing   | 16,474                   | 42%  | 30,171                   | 36%  |
| Others  | 49,496                   | 23%  | 77,808                   | 20%  |
| <i>Individuals</i>  |                          |  |                          |  |
| Loans for the purchase of other residential properties            | 51,228,091               | 100%   | 46,146,603               | 100%   |
| Credit card advances  | 13,157,468               | -  | 13,389,982               | -  |
| Others  | 24,703,275               | 78%  | 19,966,071               | 72%  |
|   | <u>92,440,891</u>        |  | <u>83,055,916</u>        |  |
| Netting adjustment on account of foreign currency margin products | <u>(669,528)</u>         |  | <u>(677,395)</u>         |  |
| Total loans and advances to customers for use in Hong Kong        | 91,771,363               |  | 82,378,521               |  |
| Loans and advances to customers for use outside Hong Kong         | 10,336                   | -  | 10,506                   | -  |
| Trade finance   | <u>-</u>                 | -  | <u>453,289</u>           | 3%   |
| Total   | <u><u>91,781,699</u></u> |  | <u><u>82,842,316</u></u> |  |

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>2019</u>       | <u>2018</u>       |
| <u>Overdue loans and advances to customers</u>         |                   |                   |
| <i>Individuals</i>                                     |                   |                   |
| Loans for the purchase of other residential properties | -                 | 1,062             |
| Credit card advances                                   | 31,516            | 33,330            |
| Others   | 1,998             | 1,802             |
| <br><u>Impaired loans and advances to customers</u>    |                   |                   |
| <i>Individuals</i>                                     |                   |                   |
| Loans for the purchase of other residential properties | -                 | 1,062             |
| Credit card advances                                   | 31,516            | 33,330            |
| Others   | 20,557            | 23,142            |
| <br><u>Collective impairment allowances</u>            |                   |                   |
| <i>Individuals</i>                                     |                   |                   |
| Loans for the purchase of other residential properties | 1,419             | 1,805             |
| Credit card advances                                   | 241,944           | 261,125           |
| Others   | 44,128            | 33,318            |
| <br><u>Specific impairment allowances</u>              |                   |                   |
| <i>Individuals</i>                                     |                   |                   |
| Loans for the purchase of other residential properties | -                 | -                 |
| Credit card advances                                   | 23,535            | 27,425            |
| Others   | 1,510             | 2,430             |

**13 Overdue and rescheduled assets**

*(i) Overdue loans and advances to customers*

|  | <u>At Jun 30, 2019</u> |   | <u>At Dec 31, 2018</u> |   |
|--|------------------------|---|------------------------|---|
|  | <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   | 34,073                 | 0.04%                                       | 35,889                 | 0.04%                                       |
| - 1 year or less but over 6 months   | -                      | -   | 305                    | 0.00%                                       |
| - over 1 year  | -                      | 0.00%                                       | -                      | 0.00%                                       |
|  | <u>34,073</u>          | 0.04%                                       | <u>36,194</u>          | 0.04%                                       |
| Current market value of collateral held against the covered portion of overdue loans and advances to customers | <u>-</u>               |   | <u>15,711</u>          |   |
| Covered portion of overdue loans and advances to customers   | -                      |   | 1,062                  |   |
| Uncovered portion of overdue loans and advances to customers   | <u>34,073</u>          |   | <u>35,132</u>          |   |
|  | <u>34,073</u>          |   | <u>36,194</u>          |   |
| Specific impairment allowances   | <u>19,317</u>          |   | <u>24,256</u>          |   |

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)**

|   | <i>At Jun 30, 2019</i> |   | <i>At Dec 31, 2018</i> |   |
|---|------------------------|---|------------------------|---|
|   | <i>Amount</i>          | <i>% of loans and<br/>advances to<br/>customers</i> | <i>Amount</i>          | <i>% of loans and<br/>advances to<br/>customers</i> |
| <b>(ii) Rescheduled loans and advances to customers</b> |                        |   |                        |   |
| Rescheduled loans and advances to customers             | 18,559                 | 0.02%   | 21,340                 | 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>Amount</i> | <i>% of loans and<br/>advances to<br/>customers</i> | <i>Amount</i> | <i>% of loans and<br/>advances to<br/>customers</i> |
|---|---------------|---|---------------|---|
| Overdue loans and advances to customers     | 34,073        | 0.04%   | 36,194        | 0.04%   |
| Rescheduled loans and advances to customers | 18,559        | 0.02%   | 21,340        | 0.03%   |
| Impaired loans and advances to customers    | 52,632        | 0.06%   | 57,534        | 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 2019 and 31 December 2018, 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>2019</i>       | <i>2018</i>       |
| Repossessed assets | -                 | -                 |

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<br/>for own use<br/>carried at cost</i> | <i>Plant,<br/>machinery and<br/>other assets</i> | <i>Installations</i> | <i>Construction<br/>in progress</i> | <i>Total preproperty,<br/>plant and<br/>equipment</i> |
|---|---|--|----------------------|-------------------------------------|---|
| <b><i>Cost or valuation:</i></b>        |   |  |                      |                                     |   |
| At Jan 1, 2019                          | 405,528   | 146,468  | 268,809              | 9,207                               | 830,012   |
| Additions                               | -   | 1,245  | -                    | 37,826                              | 39,071  |
| Transfer                                | -   | 3,705  | 12,308               | (16,013)                            | -   |
| Write-offs                              | -   | (656)  | (5,437)              | (254)                               | (6,347)   |
| At Jun 30, 2019                         | 405,528   | 150,762  | 275,680              | 30,766                              | 862,736   |
| <b><i>Accumulated depreciation:</i></b> |   |  |                      |                                     |   |
| At Jan 1, 2019                          | 112,874   | 124,984  | 209,163              | -                                   | 447,021   |
| Charge for the period                   | 4,055   | 4,275  | 14,562               | -                                   | 22,892  |
| Write-offs                              | -   | (413)  | (4,937)              | -                                   | (5,350)   |
| At Jun 30, 2019                         | 116,929   | 128,846  | 218,788              | -                                   | 464,563   |
| <b><i>Net book value:</i></b>           |   |  |                      |                                     |   |
| At Jun 30, 2019                         | 288,599   | 21,916   | 56,892               | 30,766                              | 398,173   |
| At Dec 31, 2018                         | 292,654   | 21,484   | 59,646               | 9,207                               | 382,991   |

**16 Deposits from customers**

|                                      | <i>At Jun 30,</i>  | <i>At Dec 31,</i>  |
|--------------------------------------|--------------------|--------------------|
|                                      | <i>2019</i>        | <i>2018</i>        |
| Demand deposits and current accounts | 32,045,495         | 31,798,387         |
| Savings deposits                     | 83,035,337         | 80,540,712         |
| Time, call and notice deposits       | 67,286,504         | 57,044,289         |
|                                      | <u>182,367,336</u> | <u>169,383,388</u> |

**17 Reserves**

|                    | <i>At Jun 30,</i> | <i>At Dec 31,</i> |
|--------------------|-------------------|-------------------|
|                    | <i>2019</i>       | <i>2018</i>       |
| Fair value reserve | (14,476)          | (303)             |
| Retained profits   | 16,873,929        | 15,659,286        |
| Capital reserves   | (10,570)          | (12,993)          |
|                    | <u>16,848,883</u> | <u>15,645,990</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 earnings. As of June 30, 2019, the effect of this requirement is to reduce the amount of reserves which can be distributed to equity shareholders by \$620,208 thousand (December 31, 2018: 783,361 thousand).

*(c) The Directors have declared an interim dividend of \$1,772,654 thousands (2018 interim dividend: \$784,820 thousands) in respect of the six months ended June 30, 2019.*

## 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,<br>2019 | At Dec 31,<br>2018 |
|------------------------------------|--------------------|--------------------|
| <b><i>Currency derivatives</i></b> |                    |                    |
| Forwards and futures               | 15,626,909         | 8,549,000          |
| Options purchased                  | 2,635,715          | 2,716,649          |
| Options written                    | 2,635,715          | 2,716,649          |
|                                    | 20,898,339         | 13,982,298         |

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

|                      | At Jun 30, 2019   |                    |   | At Dec 31, 2018   |                    |   |
|----------------------|-------------------|--------------------|---|-------------------|--------------------|---|
|                      | <i>Fair value</i> |                    | <i>Credit risk-<br/>weighted<br/>amount</i> | <i>Fair value</i> |                    | <i>Credit risk-<br/>weighted<br/>amount</i> |
|                      | <i>Assets</i>     | <i>Liabilities</i> |   | <i>Assets</i>     | <i>Liabilities</i> |   |
| Currency derivatives | 61,417            | 80,472             | 72,906                                      | 49,189            | 81,880             | 41,928                                      |

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>2019</i>       | <i>2018</i>       |
| <b>Contractual or notional amounts</b>                |                   |                   |
| Trade-related contingencies                           | -                 | -                 |
| Forward forward deposits placed                       | 3,521             | 1,240             |
| Other commitments                                     |                   |                   |
| - with an original maturity of not more than one year | 2,389,851         | 1,764,636         |
| - with an original maturity of more than one year     | 708,523           | 791,120           |
| - which are unconditionally cancellable               | 77,237,343        | 76,287,648        |
|   | 80,339,238        | 78,844,644        |
| Credit risk-weighted amounts                          | 350,900           | 313,541           |

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, 2019</i>                   | <i>USD</i>     | <i>RMB</i>     |
|--|----------------|----------------|
| Spot assets                              | 88,041,541     | 1,369,978      |
| Spot liabilities                         | (85,560,464)   | (2,296,013)    |
| Forward purchases                        | 5,472,151      | 1,353,036      |
| Forward sales                            | (7,786,671)    | (57,330)       |
| Net long/(short) non-structural position | <u>166,557</u> | <u>369,671</u> |
| <br>                                     |                |                |
| <i>At Dec 31, 2018</i>                   | <i>USD</i>     | <i>RMB</i>     |
| Spot assets                              | 85,078,755     | 1,393,024      |
| Spot liabilities                         | (79,518,382)   | (1,939,543)    |
| Forward purchases                        | 996,804        | 1,145,735      |
| Forward sales                            | (6,471,580)    | (18,922)       |
| Net long/(short) non-structural position | <u>85,597</u>  | <u>580,294</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).