



Citicorp International Limited

Financial Information Disclosure Statement

2014 Interim

CITICORP INTERNATIONAL LIMITED

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2014, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

By Order of the Board

Mok Siu Hung Paulus
Director and Chief Executive
September 30, 2014

CITICORP INTERNATIONAL LIMITED

The directors are pleased to announce the unaudited interim results of Citicorp International Limited (the "Company") for the half-year ended June 30, 2014.

2014 First Half Results

For the period under review, operating income was HK\$1,166 million (lower than prior year by 16%). Operating expenses was HK\$846 million (higher than prior year by 22%).

Profit after taxation was HK\$267 million (lower than prior year by 54%).

STATEMENT OF COMPREHENSIVE INCOME

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

	<i>Note</i>	<i>Half-year ended Jun 30, 2014</i>	<i>Half-year ended Jun 30, 2013</i>
Interest income	1	14,847	8,786
Interest expense	2	(1,851)	(1,129)
Net interest income		12,996	7,657
Net fee and commission income	3	1,152,539	1,375,346
Net trading income	4	248	242
Operating income		1,165,783	1,383,245
- Staff costs		(547,467)	(513,119)
- Premises & equipment expenses		(55,762)	(51,715)
- Depreciation expenses		(360)	(299)
- Other operating expenses		(241,974)	(126,692)
Operating expenses		(845,563)	(691,825)
Profit before taxation		320,220	691,420
Taxation	5	(53,606)	(116,926)
Profit after tax		266,614	574,494
Other comprehensive income			
Changes in fair value of available-for-sale financial assets		5,367	(6,814)
Total comprehensive income		271,981	567,680

BALANCE SHEET

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

	<i>Note</i>	<i>At Jun 30, 2014</i>	<i>At Dec 31, 2013</i>
Assets			
Balances with banks		750,887	762,164
Placements with banks	6	4,237,857	4,163,828
Available-for-sale financial assets		1,426,335	1,474,080
Fixed assets	7	1,194	1,550
Deferred tax assets		39,577	36,935
Current taxation		109,648	166,712
Other assets		1,548,082	132,345
		8,113,580	6,737,614
Liabilities			
Deposits and balances of banks		1,450,120	1,491,141
Other liabilities		1,713,551	572,710
		3,163,671	2,063,851
Equity			
Share capital		187,556	187,556
Reserves	8	4,762,353	4,486,207
		4,949,909	4,673,763
		8,113,580	6,737,614

ADDITIONAL INFORMATION

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

1 Interest income

	<i>Half-year ended Jun 30, 2014</i>	<i>Half-year ended Jun 30, 2013</i>
Interest income on placements with banks	4,417	5,126
Interest income from available-for-sale financial assets	10,430	3,660
	<u>14,847</u>	<u>8,786</u>

2 Interest expense

	<i>Half-year ended Jun 30, 2014</i>	<i>Half-year ended Jun 30, 2013</i>
Interest expense on deposits and balances of banks	<u>1,851</u>	<u>1,129</u>

3 Net fee and commission income

	<i>Half-year ended Jun 30, 2014</i>	<i>Half-year ended Jun 30, 2013</i>
Corporate finance fees	-	5,280
Agency and servicing fees	28,965	23,515
Banking support services fees	1,123,574	1,346,551
	<u>1,152,539</u>	<u>1,375,346</u>

4 Net trading income

	<i>Half-year ended Jun 30, 2014</i>	<i>Half-year ended Jun 30, 2013</i>
Net gain from dealing in foreign exchange	390	156
Net gain from securities trading	-	86
Net loss from sale of available-for-sale financial assets	(142)	-
	<u>248</u>	<u>242</u>

ADDITIONAL INFORMATION

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

5 Taxation

	<i>Half-year ended Jun 30, 2014</i>	<i>Half-year ended Jun 30, 2013</i>
Current Tax - Hong Kong Profits Tax	56,242	140,825
Current Tax - Overseas	7	1,765
Deferred tax	(2,643)	(25,664)
	<u>53,606</u>	<u>116,926</u>

6 Placements with banks

	<i>At Jun 30, 2014</i>	<i>At Dec 31, 2013</i>
Maturing within one month	<u>4,237,857</u>	<u>4,163,828</u>

7 Fixed assets

	<i>Furniture and equipment</i>
<i>Cost:</i>	
At January 1, 2014	5,714
Additions	4
Write-offs	(185)
At June 30, 2014	<u>5,533</u>
<i>Accumulated depreciation:</i>	
At January 1, 2014	4,164
Charge for the period	360
Write-offs	(185)
At June 30, 2014	<u>4,339</u>
<i>Net book value:</i>	
At June 30, 2014	<u>1,194</u>
At Dec 31, 2013	<u>1,550</u>

ADDITIONAL INFORMATION

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

8 Reserves

	<i>At Jun 30,</i> 2014	<i>At Dec 31,</i> 2013
Available-for-sales revaluation reserve	8,932	3,565
Retained profits	4,630,660	4,364,046
Capital reserves	<u>122,761</u>	<u>118,596</u>
	<u>4,762,353</u>	<u>4,486,207</u>

Available-for-sale revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities until the financial assets are derecognized and is dealt with in accordance with the accounting policies for financial instruments and impairment of assets.

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.

9 Cross border claims

The cross-border exposures in the table below are prepared in accordance with the HKMA Return of the External Positions Part II: Cross-Border Claims (MA(BS)9A) guidelines. Cross-border claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk. Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

	<i>At Jun 30,</i> 2014	<i>At Dec 31,</i> 2013
<i>United States of America</i>		
- Banks	5,206,778	4,952,808
- Others	311,452	-
	<u>5,518,230</u>	<u>4,952,808</u>
<i>South Korea</i>		
- Banks	6,035	6,697
- Others	1,428,351	1,221,634
	<u>1,434,386</u>	<u>1,228,331</u>
<i>United Kingdom</i>		
- Others	975,953	-

There were no advances to public sector entities as at the above respective reporting dates.

ADDITIONAL INFORMATION

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

10 Currency risk

The Company's foreign currency positions arise from foreign exchange dealing. 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,</i> <i>2014</i>	<i>At Dec 31,</i> <i>2013</i>
<i>United States dollars</i>		
Spot assets	2,529,341	1,593,575
Spot liabilities	<u>(2,630,299)</u>	<u>(1,695,736)</u>
Net short position	<u>(100,958)</u>	<u>(102,161)</u>

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

11 Liquidity ratio

	<i>Half-year</i> <i>ended Jun 30,</i> <i>2014</i>	<i>Half-year</i> <i>ended Jun 30,</i> <i>2013</i>
Average liquidity ratio for the period	<u>8,240.14%</u>	<u>5,768.87%</u>

The average liquidity ratio is computed as the simple average of each calendar month's average ratio and in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

ADDITIONAL INFORMATION

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

12 Capital adequacy ratio

The capital adequacy ratios were calculated in accordance with the Banking (Capital) Rules (the “Capital Rules”). The ratios are compiled in accordance with the amended Capital Rules effective from January 1, 2013 for the implementation of the Basel III capital accord. In accordance with the Capital Rules, the Company has adopted the “standardized approach” and the “basic indicator approach” for the calculation of the risk-weighted assets for credit risk and operational risk respectively.

The Company’s regulatory capital position was as follows:

	<i>At Jun 30, 2014</i>	<i>At Dec 31, 2013</i>
Common Equity Tier 1 (CET1) capital ratio	<u>65.96%</u>	<u>61.61%</u>
Tier 1 capital ratio	<u>65.96%</u>	<u>61.61%</u>
Total capital ratio	<u>65.96%</u>	<u>61.61%</u>

Regulatory capital disclosure can be found in our website <http://www.citibank.com.hk/cil> covering a description of the main features, the full terms and conditions of the Company’s capital instruments, a detailed breakdown of the Company’s CET1 capital, AT1 capital, Tier 2 capital, regulatory deductions and a full reconciliation between the Company’s accounting and regulatory balance sheets.