



Citicorp International Limited

Financial Information Disclosure Statement

2016 Interim

CITICORP INTERNATIONAL LIMITED

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2016, 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, 2016

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, 2016

2016 First Half Results

For the period under review, operating income was HK\$1,600 million (lower than prior year by 12%). Operating expenses was HK\$919 million (higher than prior year by 12%).

Profit after taxation was HK\$572 million (lower than prior year by 32%).

STATEMENT OF COMPREHENSIVE INCOME

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

	<i>Note</i>	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Interest income	1	12,991	12,941
Interest expense	2	<u>(2,918)</u>	<u>(1,841)</u>
Net interest income		10,073	11,100
Net fee and commission income	3	1,588,172	1,815,463
Net trading income	4	1,815	735
Operating income		1,600,060	1,827,298
- Staff costs		(599,241)	(550,478)
- Premises & equipment expenses		(65,330)	(61,832)
- Depreciation expenses		(114)	(325)
- Other operating expenses		(254,781)	(205,757)
Operating expenses		<u>(919,466)</u>	<u>(818,392)</u>
Profit before taxation		680,594	1,008,906
Taxation	5	<u>(108,916)</u>	<u>(172,135)</u>
Profit after tax		571,678	836,771
Other comprehensive income			
Changes in fair value of available-for-sale financial assets		<u>(1,774)</u>	<u>(1,816)</u>
Total comprehensive income		<u><u>569,904</u></u>	<u><u>834,955</u></u>

BALANCE SHEET

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

	<i>Note</i>	<i>At Jun 30, 2016</i>	<i>At Dec 31, 2015</i>
Assets			
Balances with banks	6	7,280,639	6,858,152
Available-for-sale financial assets		745,375	1,035,984
Fixed assets	7	371	424
Deferred tax assets		25,138	19,068
Other assets		1,196,176	225,263
		<u>9,247,699</u>	<u>8,138,891</u>
Liabilities			
Deposits and balances of banks		747,564	1,035,320
Current taxation		230,684	115,057
Other liabilities		1,527,660	816,626
		<u>2,505,908</u>	<u>1,967,003</u>
Equity			
Share capital		187,556	187,556
Reserves	8	6,554,235	5,984,332
		<u>6,741,791</u>	<u>6,171,888</u>
		<u>9,247,699</u>	<u>8,138,891</u>

Additional Information

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

1 Interest income

	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Interest income on placements with banks	4,470	4,946
Interest income from available-for-sale financial assets	<u>8,521</u>	<u>7,995</u>
	<u><u>12,991</u></u>	<u><u>12,941</u></u>

2 Interest expense

	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Interest expense on deposits and balances of banks	<u>2,918</u>	<u>1,841</u>

3 Net fee and commission income

	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Agency and servicing fees	36,273	32,339
Banking support services fees	1,546,941	1,783,124
Others	<u>4,958</u>	<u>-</u>
	<u><u>1,588,172</u></u>	<u><u>1,815,463</u></u>

4 Net trading income

	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Net (loss) / gain from dealing in foreign exchange	(404)	738
Net gain / (loss) from trading securities	<u>2,219</u>	<u>(3)</u>
	<u><u>1,815</u></u>	<u><u>735</u></u>

Additional Information

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

5 Taxation

	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Current Tax - Hong Kong Profits Tax	115,627	171,783
Current Tax - Overseas	430	(25)
Deferred tax	(7,141)	377
	<u>108,916</u>	<u>172,135</u>

6 Balances with banks

	<i>At Jun 30, 2016</i>	<i>At Dec 31, 2015</i>
Balances with banks	2,480,639	1,358,152
Placement with bank maturing within one month	4,800,000	5,500,000
	<u>7,280,639</u>	<u>6,858,152</u>

7 Fixed assets

	<i>Furniture and equipment</i>
<i>Cost:</i>	
At January 1, 2016	5,259
Additions	<u>61</u>
At June 30, 2016	<u>5,320</u>
<i>Accumulated depreciation:</i>	
At January 1, 2016	4,835
Charge for the period	<u>114</u>
At June 30, 2016	<u>4,949</u>
<i>Net book value:</i>	
At June 30, 2016	<u>371</u>
At Dec 31, 2015	<u>424</u>

Additional Information

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

8 Reserves

	<i>At Jun 30, 2016</i>	<i>At Dec 31, 2015</i>
Available-for-sales revaluation reserve	772	2,546
Retained profits	6,453,167	5,881,489
Capital reserves	100,296	100,297
	6,554,235	5,984,332

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 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, 2016</i>				
	<i>Non-bank private sector</i>				<i>Total</i>
	<i>Banks</i>	<i>Official Sector</i>	<i>Non-bank financial institutions</i>	<i>Non-financial private sector</i>	
Offshore centres	7,465,410	-	3,455	56,608	7,525,473
of which Hong Kong SAR	7,465,410	-	2,149	56,608	7,524,167
Developing Asia and Pacific	10,110	-	-	749,619	759,729
of which South Korea	10,110	-	-	746,737	756,847

Additional Information

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

9 International claims (continued)

	<i>At Dec 31, 2015</i>				<i>Total</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>	
Offshore centres	6,910,497	-	1,842	26,117	6,938,456
of which Hong Kong SAR	6,910,497	-	1,842	26,117	6,938,456
Developing Asia and Pacific	15,345	-	-	1,038,789	1,054,134
of which South Korea	15,345	-	-	1,037,382	1,052,727

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, 2016</i>	<i>USD</i>	<i>RMB</i>	<i>SGD</i>
Spot assets	947,283	557,482	-
Spot liabilities	(944,947)	(558,074)	(2,585)
Net short position	<u>2,336</u>	<u>(592)</u>	<u>(2,585)</u>
<i>At Dec 31, 2015</i>	<i>USD</i>	<i>RMB</i>	<i>SGD</i>
Spot assets	1,585,272	119	-
Spot liabilities	(1,645,780)	(632)	(623)
Net short position	<u>(60,508)</u>	<u>(513)</u>	<u>(623)</u>

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

11 Liquidity ratio

	<i>Half-year ended Jun 30, 2016</i>	<i>Half-year ended Jun 30, 2015</i>
Average liquidity maintenance ratio for the period	<u>269%</u>	<u>160%</u>

The liquidity maintenance ratio is calculated in accordance with the Banking (Liquidity) Rules effective from January 1, 2015, and the average ratio is computed as the simple average of each calendar month's average ratio.

Additional Information

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

11 Liquidity ratio (continued)

Liquidity risk management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion. This includes the Company's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

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, 2016</i>	<i>At Dec 31, 2015</i>
Common Equity Tier 1 (CET1) capital ratio	<u>96.06%</u>	<u>88.04%</u>
Tier 1 capital ratio	<u>96.06%</u>	<u>88.04%</u>
Total capital ratio	<u>96.06%</u>	<u>88.04%</u>
 <i>Countercyclical Capital Buffer Ratio</i>		
	<i>At Jun 30, 2016</i>	<i>At Dec 31, 2015</i>
Countercyclical Capital Buffer Ratio	<u>0.013%</u>	<u>0.00%</u>

The relevant disclosures pursuant to section 24B of the Banking (Disclosure) Rules for this period can be found in our website <http://www.citibank.com.hk/cil>.

There is no information disclosed relating to the Countercyclical capital buffer ("CCyB") ratio pursuant to section 45B of the Banking (Disclosure) Rules 2015 because the applicable JCCyB ratio for Hong Kong and for jurisdiction outside Hong Kong are at 0% before 1 January 2016.

Capital Conservation Buffer Ratio

Under the Banking (Capital) Rules, the capital conservation buffer ratios for calculating the Bank's buffer level are 0.625% for 2016 and 0% for 2015.

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.

Additional Information

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

13 Leverage ratio

	<i>At Jun 30, 2016</i>	<i>At Dec 31, 2015</i>
Leverage ratio	<u>72.83%</u>	<u>75.78%</u>

The disclosure on leverage ratio is effective since March 31, 2015 and is computed on the same basis as specified in a notice from the HKMA in accordance with section 3C of the Capital Rules. The relevant disclosures pursuant to section 24A of the Banking (Disclosure) Rules can be found in our website <http://www.citibank.com.hk/cil>.