



Citicorp International Limited

Financial Information Disclosure Statement

2017 Interim

CITICORP INTERNATIONAL LIMITED

We enclose herewith the Financial Information Disclosure Statement for the half-year ended June 30, 2017, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking

By Order of the Board

Lo Wai Ming Steven
Director and Chief Executive
September 29, 2017

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, 2017

2017 First Half Results

For the period under review, operating income was HK\$1,791 million (higher than prior year by 12%). Operating expenses was HK\$898 million (lower than prior year by 2%).

Profit after taxation was HK\$744 million (higher than prior year by 30%).

STATEMENT OF COMPREHENSIVE INCOME

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

	<i>Note</i>	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Interest income	1	11,820	12,991
Interest expense	2	<u>(123)</u>	<u>(2,918)</u>
Net interest income		11,697	10,073
Net fee and commission income	3	1,778,678	1,588,172
Net trading income	4	527	1,815
Operating income		1,790,902	1,600,060
- Staff costs		(611,323)	(599,241)
- Premises & equipment expenses		(70,058)	(65,330)
- Depreciation expenses		(162)	(114)
- Other operating expenses		(216,241)	(254,781)
Operating expenses		<u>(897,784)</u>	<u>(919,466)</u>
Profit before taxation		893,118	680,594
Taxation	5	<u>(149,279)</u>	<u>(108,916)</u>
Profit after tax		743,839	571,678
Other comprehensive income			
Changes in fair value of available-for-sale financial assets		-	(1,774)
Total comprehensive income		<u><u>743,839</u></u>	<u><u>569,904</u></u>

BALANCE SHEET

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

	<i>Note</i>	<i>At Jun 30, 2017</i>	<i>At Dec 31, 2016</i>
Assets			
Balances with banks	6	8,358,517	7,615,282
Fixed assets	7	446	420
Deferred tax assets		19,830	18,716
Current taxation		-	56,337
Other assets		899,392	96,422
		<u>9,278,185</u>	<u>7,787,177</u>
Liabilities			
Deposits and balances of banks		92	-
Current taxation		93,930	-
Other liabilities		1,309,270	656,123
		<u>1,403,292</u>	<u>656,123</u>
Equity			
Share capital		187,556	187,556
Reserves	8	7,687,337	6,943,498
		<u>7,874,893</u>	<u>7,131,054</u>
		<u>9,278,185</u>	<u>7,787,177</u>

Additional Information

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

1 Interest income

	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Interest income on placements with banks	11,820	4,470
Interest income from available-for-sale financial assets	-	8,521
	<u>11,820</u>	<u>12,991</u>

2 Interest expense

	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Interest expense on deposits and balances of banks	<u>123</u>	<u>2,918</u>

3 Net fee and commission income

	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Agency and servicing fees	41,226	36,273
Banking support services fees	1,735,755	1,546,941
Others	<u>1,697</u>	<u>4,958</u>
	<u>1,778,678</u>	<u>1,588,172</u>

4 Net trading income

	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Net (loss) / gain from dealing in foreign exchange	228	(404)
Net gain / (loss) from trading securities	<u>299</u>	<u>2,219</u>
	<u>527</u>	<u>1,815</u>

Additional Information

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

5 Taxation

	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Current Tax - Hong Kong Profits Tax	150,268	115,627
Current Tax - Overseas	149	430
Deferred tax	<u>(1,138)</u>	<u>(7,141)</u>
	<u>149,279</u>	<u>108,916</u>

6 Balances with banks

	<i>At Jun 30, 2017</i>	<i>At Dec 31, 2016</i>
Balances with banks	2,658,517	1,815,282
Placement with bank maturing within one month	<u>5,700,000</u>	<u>5,800,000</u>
	<u>8,358,517</u>	<u>7,615,282</u>

7 Fixed assets

	<i>Furniture and equipment</i>
<i>Cost:</i>	
At January 1, 2017	5,307
Additions	188
Write-offs	<u>(631)</u>
At June 30, 2017 4,864
<i>Accumulated depreciation:</i>	
At January 1, 2017	4,887
Charge for the period	162
Write-offs	<u>(631)</u>
At June 30, 2017 4,418
<i>Net book value:</i>	
At Jun 30, 2017	<u>446</u>
At Dec 31, 2016	<u>420</u>

Additional Information

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

8 Reserves

	<i>At Jun 30, 2017</i>	<i>At Dec 31, 2016</i>
Retained profits	7,599,109	6,855,271
Capital reserves	88,228	88,227
	7,687,337	6,943,498

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, 2017</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>
Offshore centres	8,357,371	-	5,827	25,862	8,389,060
of which Hong Kong SAR	8,357,371	-	5,158	25,862	8,388,391
<i>At Dec 31, 2016</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>
Offshore centres	7,679,653	-	4,231	63,401	7,747,285
of which Hong Kong SAR	7,679,653	-	4,060	63,343	7,747,056

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, 2017</i>	<i>AUD</i>	<i>GBP</i>	<i>USD</i>	<i>RMB</i>	<i>SGD</i>
Spot assets	1,319	12,613	1,036,292	118	-
Spot liabilities	(106)	(11,783)	(1,037,015)	(279)	(162)
Net short position	<u>1,213</u>	<u>830</u>	<u>(723)</u>	<u>(161)</u>	<u>(162)</u>
<i>At Dec 31, 2016</i>	<i>AUD</i>	<i>GBP</i>	<i>USD</i>	<i>RMB</i>	<i>SGD</i>
Spot assets	10,428	1,267	174,689	114	790
Spot liabilities	(9,578)	(675)	(193,998)	(615)	(80)
Net short position	<u>850</u>	<u>592</u>	<u>(19,309)</u>	<u>(501)</u>	<u>710</u>

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

11 Liquidity ratio

	<i>Half-year ended Jun 30, 2017</i>	<i>Half-year ended Jun 30, 2016</i>
Average liquidity maintenance ratio for the period	<u>160%</u>	<u>269%</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)

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, 2017</i>	<i>At Dec 31, 2016</i>
Common Equity Tier 1 (CET1) capital ratio	<u>107.13%</u>	<u>104.04%</u>
Tier 1 capital ratio	<u>107.13%</u>	<u>104.04%</u>
Total capital ratio	<u>107.13%</u>	<u>104.04%</u>
 <i>Countercyclical Capital Buffer Ratio</i>		
	<i>At Jun 30, 2017</i>	<i>At Dec 31, 2016</i>
Countercyclical Capital Buffer Ratio	<u>1.01%</u>	<u>0.59%</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>.

Capital Conservation Buffer Ratio

Under the Banking (Capital) Rules, the capital conservation buffer ratios for calculating the Bank’s buffer level are 1.250% for 2017 and 0.625% for 2016.

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.

The Pillar 3 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/cil.

13 Leverage ratio

	<i>At Jun 30, 2017</i>	<i>At Dec 31, 2016</i>
Leverage ratio	<u>84.84%</u>	<u>91.55%</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>.