



**第一商業銀行**

香港分行

**First Commercial Bank Limited**

Hong Kong Branch

**Key Financial Information Disclosure Statement**

**For the year ended 31 December 2017**



**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**SECTION A. - INFORMATION OF THE BRANCH (INCLUDE H.K. BR. ONLY)**

**I. PROFIT AND LOSS INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

Figures in HKD thousands

	<b>For the year ended 31 December</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Interest Income	428,230	321,118
Interest Expense	<u>(155,416)</u>	<u>(115,593)</u>
Net interest income	272,814	205,525
Fee and commission income	48,769	43,159
Fee and commission expense	<u>(2,212)</u>	<u>(2,226)</u>
Net fee and commission income	46,557	40,933
Other operating income		
- Gains less losses arising from dealing in foreign currencies	6,087	4,655
- Net gains/(losses) on financial instruments designated at fair value through profit or loss	1,943	1,731
- Gains less losses on disposal of available-for-sale securities	-	73
- Others	<u>129</u>	<u>-</u>
	8,159	6,459
<b>Total income</b>	<b>327,530</b>	<b>252,917</b>
Operating expenses		
- Staff and rental expenses	(38,092)	(37,345)
- Other expenses	<u>(7,414)</u>	<u>(5,843)</u>
<b>Total expenses</b>	<b>(45,506)</b>	<b>(43,188)</b>
Profit before impairment allowances	282,024	209,729
Impairment losses written back/(charges) on loans and advances	(30,414)	(52,073)
Impairment losses on available-for-sale securities	<u>-</u>	<u>-</u>
<b>Profit before taxation</b>	<b>251,610</b>	<b>157,656</b>
Taxation charge	(43,979)	(25,191)
<b>Profit after taxation</b>	<b><u>207,631</u></b>	<b><u>132,465</u></b>

**Notes:**

1. The accounting policies adopted by the Bank, are consistent with those applied in the previous financial year.



## II. BALANCE SHEET INFORMATION

AS AT 31 DECEMBER 2017

Figures in HKD thousands

	<u>31-Dec-2017</u>	<u>30-Jun-2017</u>
<b><u>ASSETS</u></b>		
Cash and balances with banks (except those included in amount due from overseas offices)	2,411,640	3,946,533
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	1,617,096	1,771,222
Amount due from overseas offices	2,313,301	1,645,441
Trade bills less impairment allowances	-	2,651
Loans and advances less impairment allowances	7,733,059	6,725,197
Certificates of deposit held	234,465	-
Available-for-sale debt securities less impairment allowances	3,164,646	2,999,859
Held-to-maturity debt securities	-	-
Other assets		
- Accrued interest	44,087	41,916
- Other accounts less impairment allowances	39,610	63,015
Property, plant and equipment	2,188	1,678
<b>Total assets</b>	<b><u>17,560,092</u></b>	<b><u>17,197,512</u></b>
<b><u>LIABILITIES</u></b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	905,077	982,037
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	345,010	365,727
- Savings deposits	7,110,491	6,971,281
- Time deposits	6,191,415	6,212,659
- Structured deposits	-	20,949
Amount due to overseas offices	1,424,193	1,186,150
Other accounts and provisions	120,557	112,578
<b>Total liabilities</b>	<b><u>16,096,743</u></b>	<b><u>15,851,381</u></b>
<b>Reserves and current profit/(loss)</b>	<b><u>1,463,349</u></b>	<b><u>1,346,131</u></b>
<b>Total equity and liabilities</b>	<b><u>17,560,092</u></b>	<b><u>17,197,512</u></b>



### III. SUPPLEMENTARY FINANCIAL INFORMATION

Figures in HKD thousands

#### 1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

	As at	
	31-Dec-2017	30-Jun-2017
Trade bills	-	2,678
Collective impairment allowances	-	(27)
Gross trade bills less impairment allowances	<u>0</u>	<u>2,651</u>

#### 2. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES

##### A. Advances to customers and impairment allowances on advances to customers

	As at	
	31-Dec-2017	30-Jun-2017
Advances to customers	7,425,752	6,253,096
Advances to banks and other financial institutions	<u>390,775</u>	<u>545,275</u>
Total	7,816,527	6,798,371
Collective impairment allowances	(78,466)	(67,989)
Individual impairment allowances	<u>(5,002)</u>	<u>(5,185)</u>
Total	(83,468)	(73,174)
Gross advances less impairment allowances	<u>7,733,059</u>	<u>6,725,197</u>
Allowances as a percentage of gross advances		
- Collective impairment allowances	1.00%	1.00%
- Individual impairment allowances	<u>0.06%</u>	<u>0.08%</u>
Total allowances	<u>1.06%</u>	<u>1.08%</u>

##### B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
<b><u>Balance as at 31 Dec 2017</u></b>			
- Advances to customers	5,002	74,558	79,560
- Advances to banks and other financial institutions	<u>-</u>	<u>3,908</u>	<u>3,908</u>
	<u>5,002</u>	<u>78,466</u>	<u>83,468</u>
<b><u>Balance as at 30 Jun 2017</u></b>			
- Advances to customers	5,185	62,536	67,721
- Advances to banks and other financial institutions	<u>-</u>	<u>5,453</u>	<u>5,453</u>
	<u>5,185</u>	<u>67,989</u>	<u>73,174</u>



III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

2. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES - *continued*

C. Impaired advances to customers

	As at	
	<u>31-Dec-2017</u>	<u>30-Jun-2017</u>
- Gross impaired advances to customers	5,016	5,500
- Individual impairment allowances	<u>(5,002)</u>	<u>(5,185)</u>
Total	<u>14</u>	<u>315</u>
Market value of collateral pledged	<u>0</u>	<u>0</u>
Covered portion of impaired advances	<u>14</u>	<u>6</u>
Uncovered portion of impaired advances	<u>5,002</u>	<u>5,494</u>
Gross impaired advances as a percentage of gross advances to customers	<u>0.07%</u>	<u>0.09%</u>
Individual impairment allowances as a percentage of gross impaired advances	<u>99.72%</u>	<u>94.27%</u>

There were no impaired advances to banks and other financial institutions, nor were there any individual impairment allowances made for them as at 31 December 2017 and 30 June 2017.



III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

2. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES - *continued*

D. Overdue and rescheduled advances to customers

	As at	
	31-Dec-2017	30-Jun-2017
a. Advances to customers overdue for		
more than 1 month and up to 3 months	-	-
more than 3 months and up to 6 months	-	-
more than 6 months and up to 1 year	-	-
more than 1 year	427	448
	<u>427</u>	<u>448</u>
Individual impairment allowances made in respect of the above overdue advances	417	442
Market value of collateral held against the covered portion of all overdue advances	0	0
Covered portion of all overdue advances	10	6
Uncovered portion of all overdue advances	417	442
b. Rescheduled advances to customers	<u>5,015</u>	<u>5,052</u>
(Net of those overdue advances which have been disclosed in above)		

	As a percentage of total gross advances to customers	
	31-Dec-2017	30-Jun-2017
	Percentage (%)	Percentage (%)
c. Advances to customers overdue for		
more than 1 month and up to 3 months	-	-
more than 3 months and up to 6 months	-	-
more than 6 months and up to 1 year	-	-
more than 1 year	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
d. Rescheduled advances to customers	<u>0.07</u>	<u>0.08</u>

E. Reconciliation for advances to customer between overdue advances and impaired advances is as follows:

	31-Dec-2017	30-Jun-2017
Advances to customers overdue for more than 3 months	427	448
Less: loans overdue but not impaired	-	-
Add: overdue loans for 3 months or less and on which interest is being placed in suspense or interest ceased to accrue	1,197	-
Add: impaired loans overdue for 3 months or less or not yet overdue and on which is still being accrued	3,391	5,052
Total impaired advances	<u>5,015</u>	<u>5,500</u>

There were no advances to banks and other financial institutions which were overdue or rescheduled as at 31 December 2017 and 30 June 2017.

F. Repossessed assets

As at 31 December 2017 and 30 June 2017, there were no repossessed assets held by our bank.



### III. SUPPLEMENTARY FINANCIAL INFORMATION - continued

Figures in HKD thousands

#### 3. DEBT SECURITIES HELD AND OTHER ACCOUNTS

##### A. Available-for-sale securities

	As at	
	31-Dec-2017	30-Jun-2017
Government Bonds (including Hong Kong Exchange Fund Bills)	49,860	50,270
Floating rate notes	1,700,108	1,380,294
Debt securities	1,414,678	1,569,295
Total	3,164,646	2,999,859
Issued by:		
Government organization	49,860	50,270
Banks	2,089,679	1,832,172
Other financial institutions	1,025,107	922,235
Corporate entities	-	195,182
Total	3,164,646	2,999,859
Impairment allowances	-	-
Available-for-sale securities less impairment allowances	3,164,646	2,999,859
Impairment allowances as a percentage of Available-for-sale securities	0.00%	0.00%

##### B. Held-to-maturity securities

	As at	
	31-Dec-2017	30-Jun-2017
Debt securities	-	-
Issued by:		
Other financial institutions outside Hong Kong	-	-

##### C. Overdue or impaired securities

<u>Balance as at 31 Dec 2017</u>	Available-for-sale securities	Held-to-maturity securities	Individual impairment allowances
- Neither overdue nor impaired	3,164,646	-	-
- Non-overdue but impaired	-	-	-
- Overdue and impaired	-	-	-
Total	3,164,646	0	0
<u>Balance as at 30 Jun 2017</u>	Available-for-sale securities	Held-to-maturity securities	Individual impairment allowances
- Neither overdue nor impaired	2,999,859	-	-
- Non-overdue but impaired	-	-	-
- Overdue and impaired	-	-	-
Total	2,999,859	0	0





III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

3. DEBT SECURITIES HELD AND OTHER ACCOUNTS - *continued*

D. Other accounts

	As at	
	<u>31-Dec-2017</u>	<u>30-Jun-2017</u>
Outward cheques receivable	3,488	6,415
Deferred tax asset	25,177	34,199
Evaluation adjustment on Available-for-sale securities	6,374	15,639
Other accounts	<u>5,276</u>	<u>7,114</u>
Total	<b>40,315</b>	<b>63,367</b>
Other accounts		
Individual impairment allowances	(705)	(352)
Other accounts less impairment allowances	<u><b>39,610</b></u>	<u><b>63,015</b></u>

At 31 December 2017, an impairment provision of HK\$704,625 (30 June 2017: HK\$352,000) was being included in the individual impairment provision of the other accounts, this was in payment of legal fee for bad debts written off account.



### III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

#### 4. OFF-BALANCE SHEET INFORMATION

##### A. Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	As at	
	31-Dec-2017	30-Jun-2017
Direct credit substitutes	29,954	29,813
Trade-related contingencies		
- Customer's liabilities under letter of credit	14,879	12,926
- Customer's liabilities under guarantee	-	-
- Customer's liabilities under acceptance	19,106	4,858
Forward forward deposits placed	6,316	-
Other commitments		
- Other commitments with an original maturity of not more than one year	2,168,408	2,585,221
- Other commitments with an original maturity of more than one year	617,197	188,950
	<u>2,855,860</u>	<u>2,821,768</u>

##### B. Derivative financial instruments

	Contract / notional amount	Contract / notional amount
Exchange rate contracts		
- Spot and forwards	30,993	21,702
- Swaps	134,405	125,003
- Options purchased	218,834	471,327
- Options written	218,834	471,327
	<u>603,066</u>	<u>1,089,359</u>

##### Replacement Costs of Derivatives (of the above derivatives)

	Replacement costs	Replacement costs
Exchange rate contracts		
- Spot and forwards	80	3
- Swaps	87	6
- Options purchased	-	39
- Options written	-	28
	<u>167</u>	<u>76</u>

For contingent liabilities and commitments, the contract amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amount is not representative of future liquidity requirements. The replacement costs represent the cost of replacing all contracts which have a positive value when marked to market. They do not take into account the effects of bilateral netting arrangements.



### III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

#### 5. GROSS ADVANCES TO CUSTOMERS ANALYSED AND REPORTED BY LOAN USAGE

The following information concerning advances to customers by industry sectors has been classified in accordance with industry categories contained in the banking returns of Quarterly Analysis of Loans and Advances and the Provisions (MA(BS)2A) and Assets and Liabilities of an Authorised Institution (MA(BS)1) submitted to the Hong Kong Monetary Authority.

#### A. By loan usage

1. Loan for use in Hong Kong	<u>As at 31 Dec 2017</u>		<u>As at 30 Jun 2017</u>	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
<b>a. Industrial, commercial and financial</b>				
- Property development	1,010,559	757,404	253,055	-
- Property investment	1,050,034	752,667	933,160	792,138
- Financial concerns	356,812	20,000	358,597	-
- Wholesale and retail trade	1,320,540	1,140,981	1,188,508	968,206
- Manufacturing	215,900	23,650	95,388	18,847
- Transport and transport equipment	193,600	-	244,800	-
- Electricity and gas	-	-	-	-
- Information technology	-	-	-	-
- Others	439,955	342,261	588,218	342,345
<b>b. Individuals</b>				
- Loans for the purchase of other residential properties	16,506	16,506	17,131	17,131
- Others	68,834	51,180	65,556	40,203
<b>c. Others</b>	-	-	-	-
	<u>4,672,740</u>	<u>3,104,649</u>	<u>3,744,413</u>	<u>2,178,870</u>
<b>2. Trade finance</b>	95,151	31,174	75,725	16,253
<b>3. Loan for use outside Hong Kong</b>	<u>2,657,861</u>	<u>880,952</u>	<u>2,432,958</u>	<u>999,429</u>
<b>Total</b>	<u>7,425,752</u>	<u>4,016,775</u>	<u>6,253,096</u>	<u>3,194,552</u>



III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

5. GROSS ADVANCES TO CUSTOMERS ANALYSED AND REPORTED BY LOAN USAGE- *continued*

B. Analysis of impaired advances for the individual loan usage category:

	<u>As at 31 Dec 2017</u>		<u>As at 30 Jun 2017</u>	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
- Manufacturing	4,589	4,585	5,052	4,743
- Loan for use outside Hong Kong	427	417	448	442
	<u>5,016</u>	<u>5,002</u>	<u>5,500</u>	<u>5,185</u>

C. By geographical area

After taking into account the transfer of risk, exposures to a single country exceeding 10% of the aggregate gross advances to customers which are disclosed as follows:

<u>As at 31 Dec 2017</u>	Outstanding balance	Advances overdue for over three months	Impaired advances	Individual impairment allowances
- Hong Kong	5,523,022	-	1,197	1,193
- Taiwan	226,307	-	3,392	3,392
- China	1,189,398	427	427	417
- Others	487,025	-	-	-
	<u>7,425,752</u>	<u>427</u>	<u>5,016</u>	<u>5,002</u>

<u>As at 30 Jun 2017</u>	Outstanding balance	Advances overdue for over three months	Impaired advances	Individual impairment allowances
- Hong Kong	4,380,165	-	1,540	1,231
- Taiwan	196,879	-	3,512	3,512
- China	1,172,340	448	448	442
- Others	503,712	-	-	-
	<u>6,253,096</u>	<u>448</u>	<u>5,500</u>	<u>5,185</u>



III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD millions

6. INTERNATIONAL CLAIMS

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognized risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognized risk transfer are disclosed.

	As at 31 Dec 2017					
			Non-bank private sector			
			Non-bank	Non-		
	Banks	Official sector	financial institution	financial private	Others	Total claims
Counterparty country/jurisdiction						
Developed countries	2,500	-	556	228	-	3,284
Offshore centres	340	56	81	5,471	-	5,948
— of which : Hong Kong	340	56	81	5,448	-	5,925
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	157	-	-	-	-	157
Developing Africa and Middle East	428	-	235	-	-	663
Developing Asia and Pacific	5,494	-	512	1,378	-	7,384
— of which : Chinese Taipei	4,307	-	20	207	-	4,534
China	921	-	492	935	-	2,348
International Organisations	-	-	157	-	-	157
<b>Total</b>	<b>8,919</b>	<b>56</b>	<b>1,541</b>	<b>7,077</b>	<b>0</b>	<b>17,593</b>

	As at 30 Jun 2017					
			Non-bank private sector			
			Non-bank financial institution	Non-financial private		
Counterparty country/jurisdiction	Banks	Official sector			Others	Total claims
Developed countries	3,305	-	471	230	-	4,006
Offshore centres	389	81	137	4,247	-	4,854
– of which : Hong Kong	238	81	137	4,247	-	4,703
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	425	-	232	-	-	657
Developing Asia and Pacific	5,612	-	457	1,620	-	7,689
– of which : Chinese Taipei	4,313	-	-	236	-	4,549
China	872	-	457	1,109	-	2,438
<b>Total</b>	<b>9,731</b>	<b>81</b>	<b>1,297</b>	<b>6,097</b>	<b>0</b>	<b>17,206</b>

The above figures are disclosed according to the HKMA return of international banking statistics and pursuant to Section 63 of the Banking Ordinance.



### III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD millions

#### 7. MAINLAND ACTIVITIES EXPOSURES

The analysis of Mainland activities 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 Hong Kong Monetary Authority return of non-bank Mainland exposures.

##### As at 31 Dec 2017

	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total exposures</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	235	-	235
2. Local governments, local government-owned entities and their subsidiaries and JVs	120	-	120
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	199	63	262
4. Other entities of central government not reported in item 1 above	39	63	102
5. Other entities of local governments not reported in item 2 above	256	279	535
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,156	62	1,218
7. Other counterparties where the exposures are considered by exposures the reporting institution to be non-bank Mainland China exposures	-	1	1
<b>Total</b>	<b><u>2,005</u></b>	<b><u>468</u></b>	<b><u>2,473</u></b>
Total assets after provision	<b><u>17,560</u></b>		
On-balance sheet exposures as percentage of total assets	<b><u>11.42%</u></b>		

##### As at 30 Jun 2017

	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total exposures</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	392	-	392
2. Local governments, local government-owned entities and their subsidiaries and JVs	120	-	120
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	251	-	251
4. Other entities of central government not reported in item 1 above	55	63	118
5. Other entities of local governments not reported in item 2 above	222	265	487
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,097	184	1,281
7. Other counterparties where the exposures are considered by exposures the reporting institution to be non-bank Mainland China exposures	-	3	3
<b>Total</b>	<b><u>2,137</u></b>	<b><u>515</u></b>	<b><u>2,652</u></b>
Total assets after provision	<b><u>17,198</u></b>		
On-balance sheet exposures as percentage of total assets	<b><u>12.43%</u></b>		



### III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD millions

#### 8. FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the HKMA banking return of "Foreign Currency Position" completion instructions. The net position in foreign currencies are disclosed as follows:

As at 31 Dec 2017								
Currency	USD	JPY	EUR	CNY	AUD	GBP	Other foreign currencies	Total
Spot assets	11,053	143	242	1,181	73	9	16	12,717
Spot liabilities	(10,958)	(143)	(242)	(1,239)	(62)	(9)	(15)	(12,668)
Forward purchases	38	0	0	61	10	-	14	123
Forward sales	(128)	0	0	(2)	(21)	-	(14)	(165)
Net option position	-	-	-	-	-	-	-	0
Net long (short) position	<u>5</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>7</u>
As at 30 Jun 2017								
Currency	USD	JPY	EUR	CNY	AUD	GBP	Other foreign currencies	Total
Spot assets	11,904	140	193	1,261	66	12	11	13,587
Spot liabilities	(11,760)	(141)	(193)	(1,261)	(66)	(12)	(11)	(13,444)
Forward purchases	2	2	1	-	-	-	-	5
Forward sales	(144)	(1)	(1)	-	-	-	-	(146)
Net option position	-	-	-	-	-	-	-	0
Net long (short) position	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

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

#### 9. LIQUIDITY MAINTENANCE RATIO

##### AVERAGE LIQUIDITY RATIO

	For the year ended 31 December	
	2017	2016
	Percentage (%)	Percentage (%)
Liquidity maintenance ratio	<u>44.33</u>	<u>41.38</u>

The Branch's average liquidity maintenance ratio for the period is the simple average of each calendar month's average liquidity ratio. The liquidity maintenance ratio is computed in accordance with the Banking (Liquidity) Rules.



#### IV. OTHER INFORMATION

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##### 1. DISCLOSURE OF REMUNERATION

###### A. Remuneration system

The reward system of our Branch is designed and reviewed by our Head Office. The basis of determining the emoluments payable by the Branch to senior management is mainly by reference to the level of emoluments normally paid by comparable banks and employees' performance. Total compensation comprises a fixed component, allowance and benefits. The reward to be expensed as cash settled, no award as shared-based compensation plan.

###### B. Remuneration for Senior Management and Key Personnel under CG-5

For the purpose of disclosure, Senior Management and Key Personnel mentioned in this section are defined according to the Hong Kong Monetary Authority's Guideline on a Sound Remuneration System.

Senior Management : The senior executives, including General Manager and Deputy General Managers, who are designated by the Bank and responsible for oversight of the branch-wide strategy or material business.

Key Personnel : The employees, including heads of functional departments and risk control, whose individual business activities involve the assumption of material risk which may have significant impact on risk exposure, or whose individual responsibilities are directly and materially linked to the profit.

	For the year ended 31 December	
	<u>2017</u>	<u>2016</u>
	HKD '000	HKD '000
Persons	11	11
Basic salaries, allowances and benefits	9,382	8,527
Variable remuneration	230	177
Deferred remuneration	-	-

The remuneration above includes 3 (2016: 3) members of Senior Management and 8 (2016: 8) members of Key Personnel.





#### **IV. OTHER INFORMATION**

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### **2. LIQUIDITY RISK MANAGEMENT**

#### **A. Policy Statement of Liquidity Risk Management**

- a. The purpose of liquidity risk management is to ensure our abilities with sufficient cash flows to meet obligations payable to our customers and interbank counterparties. And our Branch should always hold an adequate quantity of high quality liquid assets in order to handle the situation of liquidity shortfalls.
- b. Our Branch obeys "Asset/Liability Management Policy and Procedure", "Liquidity Management Policy", "Contingency Funding Plan" and other related regulations from our Head Office to manage the liquidity risk.
- c. Our Branch manages the liquidity on a prudent basis to ensure that we can always maintain a sufficiently high liquidity maintenance ratio relative to the statutory minimum. Additionally, the internal limit of liquidity maintenance ratio on average for each calendar month is set at 35% in order for the Branch to retain sufficient liquidity during its normal course of operation.

#### **B. Management Mechanism of Liquidity Risk Management**

- a. Assets and Liability Committee ("ALCO") is mainly responsible for the liquidity risk management in our Branch.
- b. The General Manager of our Branch is the chairman of ALCO, or in his absence, the General Manager (C.E.) could designate A.C.E. in our Branch as alternate General Manager. The other attendance members in ALCO at least include the Department Heads from Deposits, Loans, Treasury and Accounting Department. Otherwise, the General Manager could designate any other staff to attend at the ALCO in need.

### **3. PUBLICATION OF KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT ON WEBSITE**

The Disclosure Statement of the Branch will be published on the website of the Bank (<http://www.firstbank.com.tw>) in due course. Users can download from the Bank's website for free.



SECTION B. - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

I. CAPITAL AND CAPITAL ADEQUACY RATIO

A. Capital adequacy ratio

	<u>31-Dec-2017</u>	<u>30-Jun-2017</u>
	Percentage (%)	Percentage (%)
	Unaudited	Audited
Common Equity Tier 1 capital ratio	11.27	10.67
Tier 1 capital ratio	11.30	10.69
Total capital ratio	13.67	13.06
Leverage ratio	<u>6.46</u>	<u>6.35</u>

The capital adequacy ratios of the Bank are compiled in accordance with Basel Capital Accord. The ratio compares the capital base of the Bank with on and off balance sheet assets, weighted for risk.

The relevant disclosures can be found on the Bank's website <http://www.firstbank.com.tw>, accessible through the "Regulatory Disclosures" link on the home page of the website.

B. Aggregate amount of shareholders' funds

	<u>31-Dec-2017</u>	<u>30-Jun-2017</u>
	HKD '000	HKD '000
	<u>50,583,387</u>	<u>48,024,364</u>

II. OTHER FINANCIAL INFORMATION (Consolidation basis)

Figures in HKD thousands

	<u>31-Dec-2017</u>	<u>30-Jun-2017</u>
Total assets	<u>676,144,900</u>	<u>640,598,232</u>
Total liabilities	<u>625,561,383</u>	<u>592,573,868</u>
Net loans and advances	<u>415,719,048</u>	<u>397,734,968</u>
Total customer deposit	<u>530,595,875</u>	<u>503,007,170</u>
	year to	year to
	<u>31-Dec-2017</u>	<u>31-Dec-2016</u>
Profit/(Loss) before taxation	<u>4,697,535</u>	<u>4,935,964</u>



第一商業銀行  
First Commercial Bank

香港分行  
Hong Kong Branch

## **Declaration**

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statement, we have pleasure in presenting the Key Financial Information Disclosure Statements of First Commercial Bank Limited, Hong Kong Branch for the year ended 31 December 2017. We confirmed that the information contained therein complies, in all material respects, with the supervisory policy manual CA-D-1“Guideline on the Application of the Banking (Disclosure) Rules”, and to the best of my knowledge and belief, it is not false or misleading.

A handwritten signature in black ink, appearing to be 'LIN HUEI CHUAN'.

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General Manager (LIN HUEI CHUAN)  
First Commercial Bank Limited  
Hong Kong Branch

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21 March 2018

Date