



**第一商業銀行**

香港分行

**First Commercial Bank Limited**

Hong Kong Branch

**Key Financial Information Disclosure Statement**

**For the half year ended 30 June 2018**



**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT  
FOR THE HALF YEAR ENDED 30 JUNE 2018**

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

I. PROFIT AND LOSS INFORMATION

FOR THE HALF YEAR ENDED 30 JUNE 2018

Figures in HKD thousand

	For the half year ended 30 June	
	2018	2017
Interest Income	287,478	189,839
Interest Expense	(115,809)	(65,863)
Net interest income	171,669	123,976
Fee and commission income	17,332	26,333
Fee and commission expense	(1,067)	(1,119)
Net fee and commission income	16,265	25,214
Other operating income		
- Gains less losses arising from dealing in foreign currencies	2,620	2,959
- Net gains/(losses) on financial instruments designated at fair value through profit or loss	454	1,162
- Net gains/(losses) on others	-	129
	3,074	4,250
<b>Total income</b>	<b>191,008</b>	<b>153,440</b>
Operating expenses		
- Staff and rental expenses	(20,424)	(19,130)
- Other expenses	(2,946)	(5,258)
<b>Total expenses</b>	<b>(23,370)</b>	<b>(24,388)</b>
Profit before impairment allowances	167,638	129,052
Impairment losses written back/(charges) on loans and advances	(16,418)	(19,862)
Impairment losses written back/(charges) on other assets	190	-
<b>Profit before taxation</b>	<b>151,410</b>	<b>109,190</b>
Taxation charge	(27,832)	(18,777)
<b>Profit after taxation</b>	<b>123,578</b>	<b>90,413</b>



## II. BALANCE SHEET INFORMATION

AS AT 30 JUNE 2018

Figures in HKD thousands

	<u>30-Jun-2018</u>	<u>31-Dec-2017</u>
<b><u>ASSETS</u></b>		
Cash and balances with banks (except those included in amount due from overseas offices)	2,575,082	2,411,640
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	2,558,317	1,617,096
Amount due from overseas offices	1,494,822	2,313,301
Trade bills less impairment allowances	284	-
Loans and advances less impairment allowances	7,960,721	7,733,059
Certificates of deposit held less impairment allowances	612,714	234,465
Financial assets at fair value through other comprehensive income less impairment allowances	3,536,366	3,164,646
Financial assets at amortised cost less impairment allowances	-	-
Other assets		
- Accrued interest	63,426	44,087
- Other accounts less impairment allowances	94,516	39,610
Property, plant and equipment	2,008	2,188
<b>Total assets</b>	<b><u>18,898,256</u></b>	<b><u>17,560,092</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)	2,400,667	905,077
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	358,814	345,010
- Savings deposits	6,438,589	7,110,491
- Time deposits	7,051,291	6,191,415
- Structured deposits	34,865	-
Amount due to overseas offices	813,189	1,424,193
Provisions for loan commitments and financial guarantees	11,657	
Other liabilities	203,217	120,557
<b>Total liabilities</b>	<b><u>17,312,289</u></b>	<b><u>16,096,743</u></b>
<b>Reserves and current profit/(loss)</b>	<b><u>1,585,967</u></b>	<b><u>1,463,349</u></b>
<b>Total equity and liabilities</b>	<b><u>18,898,256</u></b>	<b><u>17,560,092</u></b>

Notes:

Our Branch has adopted the accounting policies of HKFRS 9 from 1 January 2018, and the financial assets have been reclassified and measured according to the requirements.



### III. SUPPLEMENTARY FINANCIAL INFORMATION

Figures in HKD thousands

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

	As at	
	30-Jun-2018	31-Dec-2017
Trade bills	288	-
Collective impairment allowances	(4)	-
Gross trade bills less impairment allowances	<u>284</u>	<u>0</u>

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

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

	As at	
	30-Jun-2018	31-Dec-2017
Advances to customers	7,501,001	7,425,752
Advances to banks and other financial institutions	549,332	390,775
Total	<u>8,050,333</u>	<u>7,816,527</u>
Collective provisions	(84,846)	(78,466)
Specific provisions	(4,766)	(5,002)
Total	<u>(89,612)</u>	<u>(83,468)</u>
Gross advances less provisions	<u>7,960,721</u>	<u>7,733,059</u>
Allowances as a percentage of gross advances		
- Collective provisions	1.05%	1.00%
- Specific provisions	0.06%	0.06%
Total provisions	<u>1.11%</u>	<u>1.06%</u>

##### B. Impairment allowances

<u>Balance as at 30 Jun 2018</u>	Specific provisions	Collective provisions	Total
- Advances to customers	4,766	77,623	82,389
- Advances to banks and other financial institutions	-	7,223	7,223
	<u>4,766</u>	<u>84,846</u>	<u>89,612</u>
<u>Balance as at 31 Dec 2017</u>	Specific provisions	Collective provisions	Total
- Advances to customers	5,002	74,558	79,560
- Advances to banks and other financial institutions	-	3,908	3,908
	<u>5,002</u>	<u>78,466</u>	<u>83,468</u>

Under the requirements of HKFRS 9 "Financial Instruments". Since 1 January 2018 our Branch has adopted Expect Credit Loss ("ECL") approach to measure the impairment allowance of financial assets. The scope of impairment covers amortised cost financial assets, loan commitments and financial guarantees, as well as debt instruments measured at Fair Value through Other Comprehensive Income ("FVOCI").



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>30-Jun-2018</u>	<u>31-Dec-2017</u>
- Gross impaired advances to customers	4,782	5,016
- Specific provisions	<u>(4,766)</u>	<u>(5,002)</u>
Total	<u>16</u>	<u>14</u>
Market value of collateral pledged	<u>0</u>	<u>0</u>
Covered portion of impaired advances	<u>16</u>	<u>14</u>
Uncovered portion of impaired advances	<u>4,766</u>	<u>5,002</u>
Gross impaired advances as a percentage of gross advances to customers	<u>0.06%</u>	<u>0.07%</u>
Specific provisions as a percentage of gross impaired advances	<u>99.67%</u>	<u>99.72%</u>

There were no impaired advances to banks and other financial institutions, nor were there any specific provisions made for them as at 30 June 2018 and 31 December 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

**30-Jun-2018** **31-Dec-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	1,105	-
more than 1 year	406	427
	<u>1,511</u>	<u>427</u>

Specific provisions made in respect of the above overdue advances

1,495 417

Market value of collateral held against the covered portion of all overdue advances

0 0

Covered portion of all overdue advances

16 10

Uncovered portion of all overdue advances

1,495 417

#### b. Rescheduled advances to customers

4,782 5,015

(Net of those overdue advances which have been disclosed in above)

As a percentage of total  
gross advances to customers

**30-Jun-2018** **31-Dec-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	0.01	-
more than 1 year	0.01	0.01
	<u>0.02</u>	<u>0.01</u>

#### d. Rescheduled advances to customers

0.06 0.07

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

**30-Jun-2018** **31-Dec-2017**

Advances to customers overdue for more than 3 months	1,511	427
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	3,271	3,391
Total impaired advances	<u>4,782</u>	<u>5,015</u>

There were no advances to banks and other financial institutions which were overdue or rescheduled as at 30 June 2018 and 31 December 2017.

### F. Repossessed assets

As at 30 June 2018 and 31 December 2017, there were no repossessed assets held by our bank.



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

Figures in HKD thousands

**3. OTHER ACCOUNTS AND IMPAIRMENT ALLOWANCES**

	As at	
	<u>30-Jun-2018</u>	<u>31-Dec-2017</u>
Other accounts receivable and prepayment	43,281	40,315
Specific provisions	<u>(708)</u>	<u>(705)</u>
Other accounts less provisions	<u>42,573</u>	<u>39,610</u>





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

Figures in HKD thousands

#### 4. DEBT SECURITIES HELD

##### A. Financial assets at fair value through other comprehensive income/ Available-for-sale securities

	As at	
	30-Jun-2018	31-Dec-2017
Government Bonds (including Hong Kong Exchange Fund Bills)	49,827	49,860
Floating rate notes	2,136,104	1,700,108
Debt securities	1,350,435	1,414,678
Total	<u>3,536,366</u>	<u>3,164,646</u>
Issued by:		
Government organization	49,827	49,860
Banks	2,554,622	2,089,679
Other financial institutions	932,481	1,025,107
Corporate entities	-	-
Total	<u>3,536,930</u>	<u>3,164,646</u>
Impairment allowances	(564)	-
Financial assets at fair value through other comprehensive income less impairment allowances	<u>3,536,366</u>	<u>3,164,646</u>
Impairment allowances as a percentage of financial assets at fair value through other comprehensive income	0.02%	0.00%

##### B. Financial assets at amortised cost/ Held-to-maturity securities

	As at	
	30-Jun-2018	31-Dec-2017
Debt securities	-	-
Issued by:		
Other financial institutions outside Hong Kong	-	-

##### C. Overdue or impaired securities

###### Balance as at 30 Jun 2018

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Impairment allowances
- Neither overdue nor impaired	3,536,930	-	(564)
- Non-overdue but impaired	-	-	-
- Overdue and impaired	-	-	-
Total	<u>3,536,930</u>	<u>0</u>	<u>(564)</u>

###### Balance as at 31 Dec 2017

	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	<u>3,164,646</u>	<u>0</u>	<u>0</u>

On 1 January 2018, the financial assets held by our Branch have been reclassified into the appropriate HKFRS 9 categories. The adoption of expected credit loss approach could increased the impairment allowances for financial instruments.



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

Figures in HKD thousands

#### 5. 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	
	<u>30-Jun-2018</u>	<u>31-Dec-2017</u>
Direct credit substitutes	31,281	29,954
Trade-related contingencies		
- Customer's liabilities under letter of credit	15,593	14,879
- Customer's liabilities under guarantee	-	-
- Customer's liabilities under acceptance	5,946	19,106
Forward forward deposits placed	-	6,316
Other commitments		
- Other commitments with an original maturity of not more than one year	1,883,723	2,168,408
- Other commitments with an original maturity of more than one year	973,011	617,197
	<u>2,909,554</u>	<u>2,855,860</u>
Provisions for loan commitments and financial guarantees	<u>11,657</u>	<u>0</u>

##### B. Derivative financial instruments

	Contract / notional amount	Contract / notional amount
<b>Exchange rate contracts</b>		
- Spot and forwards	1,540	30,993
- Swaps	218,352	134,405
- Options purchased	199,665	218,834
- Options written	199,665	218,834
	<u>619,222</u>	<u>603,066</u>

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

	Replacement costs	Replacement costs
<b>Exchange rate contracts</b>		
- Spot and forwards	1	80
- Swaps	282	87
- Options purchased	1,246	-
- Options written	968	-
	<u>2,497</u>	<u>167</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.

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

#### 6. 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

As at 30 Jun 2018

As at 31 Dec 2017

	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
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##### a. Industrial, commercial and financial

- Property development	253,476	-	1,010,559	757,404
- Property investment	2,069,126	1,771,758	1,050,034	752,667
- Financial concerns	536,813	30,000	356,812	20,000
- Wholesale and retail trade	1,269,635	1,111,373	1,320,540	1,140,981
- Manufacturing	197,608	20,694	215,900	23,650
- Transport and transport equipment	72,000	-	193,600	-
- Electricity and gas	-	-	-	-
- Information technology	-	-	-	-
- Others	504,630	347,678	439,955	342,261

##### b. Individuals

- Loans for the purchase of other residential properties	44,079	44,079	16,506	16,506
- Others	30,121	22,032	68,834	51,180

##### c. Others

	-	-	-	-
	<u>4,977,488</u>	<u>3,347,614</u>	<u>4,672,740</u>	<u>3,104,649</u>

##### 2. Trade finance

	96,474	22,446	95,151	31,174
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##### 3. Loan for use outside Hong Kong

	<u>2,427,039</u>	<u>513,529</u>	<u>2,657,861</u>	<u>880,952</u>
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##### Total

	<u>7,501,001</u>	<u>3,883,589</u>	<u>7,425,752</u>	<u>4,016,775</u>
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### III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD thousands

#### 6. 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 30 Jun 2018</u>		<u>As at 31 Dec 2017</u>	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
- Manufacturing	4,376	4,370	4,589	4,585
- Loan for use outside Hong Kong	406	396	427	417
	<u>4,782</u>	<u>4,766</u>	<u>5,016</u>	<u>5,002</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 30 Jun 2018</u>	Outstanding balance	Advances overdue for over three months	Impaired advances	Individual impairment allowances
- Hong Kong	5,552,047	1,105	1,105	1,099
- Taiwan	232,838	-	3,271	3,271
- China	1,246,792	406	406	396
- Others	469,324	-	-	-
	<u>7,501,001</u>	<u>1,511</u>	<u>4,782</u>	<u>4,766</u>

<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>



III. SUPPLEMENTARY FINANCIAL INFORMATION - *continued*

Figures in HKD millions

7. 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 30 Jun 2018					
			Non-bank private sector			
		Official	Non-bank	Non-		
Counterparty country/jurisdiction	Banks	sector	financial	financial	Others	Total claims
			institution	private		
Developed countries	2,137	-	560	225	-	2,922
Offshore centres	240	67	77	5,527	-	5,911
– of which : Hong Kong	240	67	77	5,480	-	5,864
Developing Europe	-	-	-	-	-	0
Developing Latin America and Caribbean	158	-	-	-	-	158
Developing Africa and Middle East	429	-	387	-	-	816
Developing Asia and Pacific	7,249	-	461	1,219	-	8,929
– of which : Chinese Taipei	4,834	-	30	203	-	5,067
China	1,396	-	431	818	-	2,645
International Organisations	-	-	158	-	-	158
<b>Total</b>	<b>10,213</b>	<b>67</b>	<b>1,643</b>	<b>6,971</b>	<b>0</b>	<b>18,894</b>

	As at 31 Dec 2017					
			Non-bank private sector			
			Non-bank	Non-		
	Banks	Official	financial	financial	Others	Total claims
Counterparty country/jurisdiction		sector	institution	private		
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	-	-	-	-	-	0
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>

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

#### 8. 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 30 Jun 2018

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	0
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	175	63	238
4. Other entities of central government not reported in item 1 above	79	-	79
5. Other entities of local governments not reported in item 2 above	431	268	699
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	981	112	1,093
7. Other counterparties where the exposures are considered by exposures the reporting institution to be non-bank Mainland China exposures	-	-	0
<b>Total</b>	<b><u>1,786</u></b>	<b><u>443</u></b>	<b><u>2,229</u></b>
Total assets after provision	<b><u>18,887</u></b>		
On-balance sheet exposures as percentage of total assets	<b><u>9.46%</u></b>		

##### As at 31 Dec 2017

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
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>		



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

Figures in HKD millions

#### 9. 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 30 Jun 2018

Currency	USD	JPY	EUR	CNY	AUD	GBP	Other foreign currencies	Total
Spot assets	11,794	154	224	1,485	60	3	22	13,742
Spot liabilities	(11,713)	(154)	(251)	(1,523)	(60)	(17)	(21)	(13,739)
Forward purchases	71	-	27	38	-	13	-	149
Forward sales	(149)	-	-	-	-	-	-	(149)
Net option position	-	-	-	-	-	-	-	0
Net long (short) position	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>1</u>	<u>3</u>

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	-	-	61	10	-	14	123
Forward sales	(128)	-	-	(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>

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

#### 10. LIQUIDITY MAINTENANCE RATIO

##### AVERAGE LIQUIDITY RATIO

	Quarter ended 30 June 2018 Percentage (%)	Quarter ended 31 March 2018 Percentage (%)	Half year ended 30 June 2017 Percentage (%)
Liquidity maintenance ratio	<u>45.55</u>	<u>42.86</u>	<u>45.31</u>

Pursuant to the requirement under the Banking (Disclosure) Rule effective from 30 June 2018, The LMR average percentage is calculated based on the arithmetical mean of each calendar month's average LMR in the quarter.

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 half year ended 30 June

	<u>2018</u>	<u>2017</u>
	HKD '000	HKD '000
Persons	11	11
Basic salaries, allowances and benefits	4,903	4,839
Variable remuneration	119	79
Deferred remuneration	-	-

The remuneration above includes 3 (2017: 3) members of Senior Management and 8 (2017: 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>30-Jun-2018</u>	<u>31-Dec-2017</u>
	Percentage (%)	Percentage (%)
	Unaudited	Unaudited
Common Equity Tier 1 capital ratio	10.87	11.27
Tier 1 capital ratio	11.08	11.30
Total capital ratio	13.21	13.67
Leverage ratio	<u>5.96</u>	<u>6.46</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>30-Jun-2018</u>	<u>31-Dec-2017</u>
HKD '000	HKD '000
<u>50,654,159</u>	<u>50,583,387</u>

### II. OTHER FINANCIAL INFORMATION (Consolidation basis)

Figures in HKD thousands

	<u>30-Jun-2018</u>	<u>31-Dec-2017</u>
Total assets	<u>713,964,503</u>	<u>676,144,900</u>
Total liabilities	<u>663,310,344</u>	<u>625,561,383</u>
Net loans and advances	<u>416,026,429</u>	<u>415,719,048</u>
Total customer deposit	<u>549,435,101</u>	<u>530,595,875</u>
	<u>Half year to</u>	<u>Half year to</u>
	<u>30-Jun-2018</u>	<u>30-Jun-2017</u>
Profit/(Loss) before taxation	<u>2,707,290</u>	<u>2,844,406</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 half year ended 30 June 2018. 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 'ML' or similar, positioned above a horizontal line.

General Manager (LIN Huei Chuan)  
First Commercial Bank Limited  
Hong Kong Branch

18 September 2018

Date