



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 2017



**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

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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 2017

Figures in HKD thousands

	For the half year ended 30 June	
	<u>2017</u>	<u>2016</u>
Interest Income	189,839	160,181
Interest Expense	<u>(65,863)</u>	<u>(59,360)</u>
Net interest income	123,976	100,821
Fee and commission income	26,333	20,747
Fee and commission expense	<u>(1,119)</u>	<u>(1,049)</u>
Net fee and commission income	25,214	19,698
Other operating income		
- Gains less losses arising from dealing in foreign currencies	2,959	2,261
- Net gains/(losses) on financial instruments designated at fair value through profit or loss	1,162	752
- Gains less losses on disposal of available-for-sale securities	-	73
- Others	<u>129</u>	<u>-</u>
	4,250	3,086
Total income	153,440	123,605
Operating expenses		
- Staff and rental expenses	(19,130)	(18,639)
- Other expenses	<u>(5,258)</u>	<u>(3,587)</u>
Total expenses	(24,388)	(22,226)
Profit before impairment allowances	129,052	101,379
Impairment losses written back/(charges) on loans and advances	(19,862)	1,552
Impairment losses on available-for-sale securities	<u>-</u>	<u>-</u>
Profit before taxation	109,190	102,931
Taxation charge	(18,777)	(16,578)
Profit after taxation	<u>90,413</u>	<u>86,353</u>

Notes:

1. The accounting policies adopted by the Bank, are consistent with those applied in the previous financial year.
2. Comparative figures
Certain comparative figures have been reclassified to conform with the financial statements presentation.



II. BALANCE SHEET INFORMATION

AS AT 30 JUNE 2017

Figures in HKD thousands

	<u>30-Jun-2017</u>	<u>31-Dec-2016</u> (restated)
<u>ASSETS</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	3,946,533	3,963,606
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	1,771,222	2,221,959
Amount due from overseas offices	1,645,441	2,043,405
Trade bills less impairment allowances	2,651	10,068
Loans and advances less impairment allowances	6,725,197	6,056,858
Certificates of deposit held	-	-
Available-for-sale debt securities less impairment allowances	2,999,859	2,557,554
Held-to-maturity debt securities	-	-
Other assets		
- Accrued interest	41,916	38,454
- Other accounts less impairment allowances	63,015	162,712
Property, plant and equipment	1,678	2,121
Total assets	<u>17,197,512</u>	<u>17,056,737</u>
<u>LIABILITIES</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	982,037	768,443
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	365,727	331,498
- Savings deposits	6,971,281	6,290,681
- Time deposits	6,212,659	7,216,792
- Structured deposits	20,949	21,785
Amount due to overseas offices	1,186,150	1,075,123
Other accounts and provisions	112,578	96,697
Total liabilities	<u>15,851,381</u>	<u>15,801,019</u>
Reserves and current profit/(loss)	<u>1,346,131</u>	<u>1,255,718</u>
Total equity and liabilities	<u>17,197,512</u>	<u>17,056,737</u>



III. SUPPLEMENTARY FINANCIAL INFORMATION

Figures in HKD thousands

1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

	As at	
	30-Jun-2017	31-Dec-2016
Trade bills	2,678	10,170
Collective impairment allowances	(27)	(102)
Gross trade bills less impairment allowances	<u>2,651</u>	<u>10,068</u>

2. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES

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

	As at	
	30-Jun-2017	31-Dec-2016
		(restated)
Advances to customers	6,253,096	6,180,198
Advances to banks and other financial institutions	545,275	-
Total	<u>6,798,371</u>	<u>6,180,198</u>
Collective impairment allowances	(67,989)	(62,191)
Individual impairment allowances	(5,185)	(61,149)
Total	<u>(73,174)</u>	<u>(123,340)</u>
Gross advances less impairment allowances	<u>6,725,197</u>	<u>6,056,858</u>
Allowances as a percentage of gross advances		
- Collective impairment allowances	1.00%	1.01%
- Individual impairment allowances	0.08%	1.00%
Total allowances	<u>1.08%</u>	<u>2.01%</u>

B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
<u>Balance as at 30 Jun 2017</u>			
- Advances to customers	5,185	62,536	67,721
- Advances to banks and other financial institutions	-	5,453	5,453
	<u>5,185</u>	<u>67,989</u>	<u>73,174</u>
<u>Balance as at 31 Dec 2016</u>			
	(restated)		
- Advances to customers	61,149	62,191	123,340
- Advances to banks and other financial institutions	-	-	0
	<u>61,149</u>	<u>62,191</u>	<u>123,340</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>30-Jun-2017</u>	<u>31-Dec-2016</u>
		(restated)
- Gross impaired advances to customers	5,500	75,509
- Individual impairment allowances	<u>(5,185)</u>	<u>(61,149)</u>
Total	<u>315</u>	<u>14,360</u>
Market value of collateral pledged	<u>0</u>	<u>0</u>
Covered portion of impaired advances	<u>6</u>	<u>0</u>
Uncovered portion of impaired advances	<u>5,494</u>	<u>75,509</u>
Gross impaired advances as a percentage of gross advances to customers	<u>0.09%</u>	<u>1.22%</u>
Individual impairment allowances as a percentage of gross impaired advances	<u>94.27%</u>	<u>80.98%</u>

There were no impaired advances to banks and other financial institutions; nor were there any individual impairment allowances made for them as at 30 June 2017 and 31 December 2016.



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-2017	31-Dec-2016
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	-	69,798
more than 1 year	448	470
	<u>448</u>	<u>70,268</u>
Individual impairment allowances made in respect of the above overdue advances	<u>442</u>	<u>56,579</u>
Market value of collateral held against the covered portion of all overdue advances	<u>0</u>	<u>0</u>
Covered portion of all overdue advances	<u>6</u>	<u>0</u>
Uncovered portion of all overdue advances	<u>442</u>	<u>70,268</u>
b. Rescheduled advances to customers	<u>5,052</u>	<u>5,241</u>
(Net of those overdue advances which have been disclosed in above)		

	As a percentage of total gross advances to customers	
	30-Jun-2017	31-Dec-2016
	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	-	1.13
more than 1 year	0.01	0.01
	<u>0.01</u>	<u>1.14</u>
d. Rescheduled advances to customers	<u>0.08</u>	<u>0.08</u>

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

	30-Jun-2017	31-Dec-2016
Advances to customers overdue for more than 3 months	448	70,268
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	-	-
Add: impaired loans overdue for 3 months or less or not yet overdue and on which is still being accrued	5,052	5,241
Total impaired advances	<u>5,500</u>	<u>75,509</u>

There were no advances to banks and other financial institutions which were overdue or rescheduled as at 30 June 2017 and 31 December 2016.

F. Repossessed assets

As at 30 June 2017 and 31 December 2016, 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	
	30-Jun-2017	31-Dec-2016
Government Bonds (including Hong Kong Exchange Fund Bills)	50,270	49,764
Floating rate notes	1,380,294	795,891
Debt securities	1,569,295	1,711,899
Total	2,999,859	2,557,554
Issued by:		
Government organization	50,270	49,764
Banks	1,832,172	1,420,528
Other financial institutions	922,235	705,641
Corporate entities	195,182	381,621
Total	2,999,859	2,557,554
Impairment allowances	-	-
Available-for-sale securities less impairment allowances	2,999,859	2,557,554
Impairment allowances as a percentage of Available-for-sale securities	0.00%	0.00%

B. Held-to-maturity securities

	As at	
	30-Jun-2017	31-Dec-2016
Debt securities	-	-
Issued by:		
Other financial institutions outside Hong Kong	-	-

C. Overdue or impaired securities

<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
<u>Balance as at 31 Dec 2016</u>	Available-for-sale securities	Held-to-maturity securities	Individual impairment allowances
- Neither overdue nor impaired	2,557,554	-	-
- Non-overdue but impaired	-	-	-
- Overdue and impaired	-	-	-
Total	2,557,554	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>30-Jun-2017</u>	<u>31-Dec-2016</u>
		(restated)
Outward cheques receivable	6,415	95,024
Deferred tax asset	34,199	34,199
Evaluation adjustment on Available-for-sale securities	15,639	14,676
Other accounts	<u>7,114</u>	<u>19,163</u>
Total	63,367	163,062
Other accounts		
Individual impairment allowances	(352)	(350)
Other accounts less impairment allowances	<u>63,015</u>	<u>162,712</u>

At 30 June 2017, an impairment provision of HK\$352,000 (2016: HK\$350,000) 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	
	30-Jun-2017	31-Dec-2016
Direct credit substitutes	29,813	29,244
Trade-related contingencies		
- Customer's liabilities under letter of credit	12,926	27,984
- Customer's liabilities under guarantee	-	-
- Customer's liabilities under acceptance	4,858	17,520
Forward forward deposits placed	-	-
Other commitments		
- Other commitments with an original maturity of not more than one year	2,585,221	2,324,398
- Other commitments with an original maturity of more than one year	188,950	89,186
	<u>2,821,768</u>	<u>2,488,332</u>

B. Derivative financial instruments

	Contract / notional amount	Contract / notional amount
Exchange rate contracts		
- Spot and forwards	21,702	19,796
- Swaps	125,003	53,324
- Options purchased	471,327	599,555
- Options written	471,327	599,555
	<u>1,089,359</u>	<u>1,272,230</u>

Replacement Costs of Derivatives (of the above derivatives)

	Replacement costs	Replacement costs
Exchange rate contracts		
- Spot and forwards	3	1
- Swaps	6	9
- Options purchased	39	9,801
- Options written	28	8,941
	<u>76</u>	<u>18,752</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 30 Jun 2017</u>		<u>As at 31 Dec 2016</u>	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
a. Industrial, commercial and financial				
- Property development	253,055	-	175,000	-
- Property investment	933,160	792,138	244,499	72,863
- Financial concerns	358,597	-	667,410	30,000
- Wholesale and retail trade	1,188,508	968,206	1,296,292	967,122
- Manufacturing	95,388	18,847	174,465	12,151
- Transport and transport equipment	244,800	-	200,000	-
- Electricity and gas	-	-	-	-
- Information technology	-	-	-	-
- Others	588,218	342,345	641,007	342,428
b. Individuals				
- Loans for the purchase of other residential properties	17,131	17,131	21,955	21,955
- Others	65,556	40,203	50,070	44,070
c. Others	-	-	-	-
	<u>3,744,413</u>	<u>2,178,870</u>	<u>3,470,698</u>	<u>1,490,589</u>
2. Trade finance	75,725	16,253	68,172	10,426
3. Loan for use outside Hong Kong	<u>2,432,958</u>	<u>999,429</u>	<u>2,641,328</u>	<u>732,221</u>
Total	<u>6,253,096</u>	<u>3,194,552</u>	<u>6,180,198</u>	<u>2,233,236</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 30 Jun 2017</u>		<u>As at 31 Dec 2016</u>	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances (restated)
- Manufacturing	5,052	4,743	75,039	60,687
- Loan for use outside Hong Kong	448	442	470	462
	<u>5,500</u>	<u>5,185</u>	<u>75,509</u>	<u>61,149</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 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>

<u>As at 31 Dec 2016</u>	Outstanding balance	Advances overdue for over three months	Impaired advances	Individual impairment allowances (restated)
- Hong Kong	3,683,790	69,798	71,408	57,056
- Taiwan	456,487	-	3,631	3,631
- China	1,502,465	470	470	462
- Others	537,456	-	-	-
	<u>6,180,198</u>	<u>70,268</u>	<u>75,509</u>	<u>61,149</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 30 Jun 2017					
Counterparty country/jurisdiction	Banks	Official sector	Non-bank private sector		Total claims
			Non-bank financial institution	Non-financial private	
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
Total	9,731	81	1,297	6,097	17,206

As at 31 Dec 2016					
Counterparty country/jurisdiction	Banks	Official sector	Non-bank private sector		Total claims
			Non-bank financial institution	Non-financial private	
Developed countries	2,659	-	334	151	3,144
Offshore centres	506	77	89	3,717	4,389
– of which : Hong Kong	506	77	89	3,717	4,389
Developing Europe	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-
Developing Africa and Middle East	34	-	145	-	179
Developing Asia and Pacific	6,461	-	813	2,038	9,312
– of which : Chinese Taipei	5,527	-	154	342	6,023
China	832	-	659	1,308	2,799
Total	9,660	77	1,381	5,906	17,024

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 30 Jun 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)	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
Total	<u>2,137</u>	<u>515</u>	<u>2,652</u>
Total assets after provision	<u>17,198</u>		
On-balance sheet exposures as percentage of total assets	<u>12.43%</u>		

As at 31 Dec 2016

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	390	-	390
2. Local governments, local government-owned entities and their subsidiaries and JVs	192	-	192
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	266	-	266
4. Other entities of central government not reported in item 1 above	148	62	210
5. Other entities of local governments not reported in item 2 above	425	110	535
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,181	121	1,302
7. Other counterparties where the exposures are considered by exposures the reporting institution to be non-bank Mainland China exposures	-	3	3
Total	<u>2,602</u>	<u>296</u>	<u>2,898</u>
Total assets after provision	<u>17,057</u>		
On-balance sheet exposures as percentage of total assets	<u>15.25%</u>		



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 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>

As at 31 Dec 2016								
Currency	USD	JPY	EUR	CNY	AUD	GBP	Other foreign currencies	Total
Spot assets	11,972	143	92	1,468	62	18	19	13,774
Spot liabilities	(11,932)	(143)	(87)	(1,470)	(62)	(17)	(19)	(13,730)
Forward purchases	20	-	-	3	-	-	-	23
Forward sales	(53)	-	(5)	(1)	-	-	-	(59)
Net option position	-	-	-	-	-	-	-	0
Net long (short) position	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>8</u>

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

9. LIQUIDITY MAINTENANCE RATIO

AVERAGE LIQUIDITY RATIO

	For the half year ended 30 June	
	2017	2016
	Percentage (%)	Percentage (%)
Liquidity maintenance ratio	<u>45.31</u>	<u>40.38</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 with effect from 1 January 2015.



IV. OTHER INFORMATION

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>2017</u>	<u>2016</u>
	HKD '000	HKD '000
Persons	11	10
Basic salaries, allowances and benefits	4,839	4,117
Variable remuneration	79	70
Deferred remuneration	-	-

The remuneration above includes 3 (2016: 3) members of Senior Management and 8 (2016: 7) members of Key Personnel.



IV. OTHER INFORMATION

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-2017</u>	<u>31-Dec-2016</u>
	Percentage (%)	Percentage (%)
	Audited	Audited
Common Equity Tier 1 capital ratio	10.67	10.98
Tier 1 capital ratio	10.69	11.01
Total capital ratio	13.06	13.51
Leverage ratio	<u>6.35</u>	<u>6.58</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 or at the following direct link: https://www.firstbank.com.tw/servlet/fbweb/Statutory#tab_tab2.

B. Aggregate amount of shareholders' funds

<u>30-Jun-2017</u>	<u>31-Dec-2016</u>
HKD '000	HKD '000
<u>48,024,364</u>	<u>45,846,776</u>

II. OTHER FINANCIAL INFORMATION (Consolidation basis)

Figures in HKD thousands

	<u>30-Jun-2017</u>	<u>31-Dec-2016</u>
		(restated)
Total assets	<u>640,598,232</u>	<u>597,703,376</u>
Total liabilities	<u>592,573,868</u>	<u>551,856,600</u>
Net loans and advances	<u>397,734,968</u>	<u>371,381,448</u>
Total customer deposit	<u>503,007,170</u>	<u>474,584,435</u>
	Half year to	Half year to
	<u>30-Jun-2017</u>	<u>30-Jun-2016</u>
		(restated)
Profit/(Loss) before taxation	<u>2,844,406</u>	<u>2,551,469</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 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" issued in August 2015, and to the best of my knowledge and belief, it is not false or misleading.

General Manager (SU HSIEH Yu Hsiu)
First Commercial Bank Limited
Hong Kong Branch

25 September 2017

Date