



**Commerzbank AG Hong Kong Branch
Financial Disclosure for the year ended 31 December 2015**

COMMERZBANK AG
HONG KONG BRANCH
(Expressed in HKD'000)



I. Income Statement Information

	<u>1.Jan - 31.Dec.2015</u>	<u>1.Jan - 31.Dec.2014</u>
Interest income	404,618	543,233
Interest expense	(241,427)	(365,037)
Other operating income		
- Net Gains / (Losses) arising from trading in foreign currencies	66,390	7,823
- Net Gains / (Losses) on securities held for trading purposes	-	-
- Net Gains / (Losses) from trading in interest rate derivatives	(121,836)	22,243
- Net fees and commission income	144,360	136,470
- <i>gross fees and commission income</i>	197,335	149,725
- <i>gross fees and commission expenses</i>	(52,975)	(13,255)
- Income from non-trading investments	21	2,848
- Gains from available-for-sale investment securities at fair value through profit or loss	-	-
- Profit/(loss) on sale of fixed assets	99	-
- Others	330,769	252,674
Operating expenses		
- Rental expenses	(32,432)	(31,596)
- Staff expenses	(142,226)	(129,087)
- Other operating expenses	(169,299)	(165,959)
Impairment releases / (losses and provisions) for impaired loans and receivables	(44,612)	13,497
Impairment losses on assets	-	-
Losses from the disposal of property, plant and equipment and investment properties	-	-
Profit / (Loss) before taxation	194,425	287,109
Tax expense	-	-
Profit / (Loss) after taxation	194,425	287,109

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II. Balance Sheet Information

ASSETS			LIABILITIES		
	31-Dec-15	30-Jun-15		31-Dec-15	30-Jun-15
(i) Cash and balances with banks (except those included in item (iii))	175,810	112,024	(i) Deposits and balances from banks (except those included in item (iv))	387,508	3,817,212
(ii) Amount due from Exchange Fund	58,303	151,930	(ii) Amount due to Exchange Fund	792,630	1,880,338
(iii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in item (iii))	-	-	(iii) Deposits from customers	2,120,161	1,120,172
			- Demand deposits and current accounts	1,334,519	611,254
			- Savings deposits	-	-
			- Time, call and notice deposits	785,642	508,918
(iv) Amount due from overseas offices of the institution	4,184,607	12,141,612	(iv) Amount due to overseas offices of the institution	8,198,057	13,523,679
(v) Trade bills	-	-	(v) Certificates of deposit issued	-	-
(vi) Certificates of deposit held	-	-	(vi) Issued debt securities	-	-
(vii) Securities held for trading purposes	-	-	(vii) Other liabilities	1,896,286	3,240,731
(viii) Loans and receivables	8,645,646	10,179,414	(viii) Provisions	103,253	18,575
(ix) Investment securities	411,781	1,012,462			
(x) Other investments	-	-			
(xi) Property, plant and equipment and investment properties	21,748	3,265			
(xii) Total assets	<u>13,497,895</u>	<u>23,600,707</u>	(ix) Total liabilities	<u>13,497,895</u>	<u>23,600,707</u>

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III. Additional Balance Sheet Information

	<u>31-Dec-15</u>	<u>30-Jun-15</u>
(i) Loans and receivables		
- loans and advances to customers	3,308,780	3,736,301
- loans and advances to banks	3,995,556	4,356,974
- other accounts	1,341,310	2,086,139
- <i>accrued interest</i>	82,698	126,318
- <i>others</i>	1,258,612	1,959,821
- provisions for impaired loans and receivables to customers which constitute the institution's		
- collective impairment allowances	5,575	6,560
- individual impairment allowances	84,222	-
- provisions for impaired loans and receivables to bank which constitute the institution's		
- collective impairment allowances	9,201	7,725
- individual impairment allowances	-	-
-provisions made by the head office against the exposures of the Branch		
- collective impairment allowances	-	-
- individual impairment allowances	-	-
(ii) Amount of loans and advances to customers on which individual impairment allowances made in respect of such loans and advances		
a. amount of impaired loans and advances to customers which are individually determined to be impaired	310,006	-
b. amount of individual impairment allowances made for such loans and advances	84,222	-
c. value of collateral which has been taken into account in respect of such loans and advances to which the individual impairment allowances relate	-	-
d. percentage of such loans and advances to the total amount of loans and advances to customers	9.37%	0.00%

During the period, there were no loans and advances to banks which are individually determined to be impaired.

(iii) Analysis of impaired loans and advances to customers by countries of location:

Hong Kong	310,006	-
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III. Additional Balance Sheet Information

	<u>31-Dec-15</u>	<u>31-Dec-15</u>	<u>30-Jun-15</u>	<u>30-Jun-15</u>
	Outstanding Balance	Balance Covered by Collateral	Outstanding Balance	Balance Covered by Collateral
(iv) Analysis of gross amount of loans and advances to customers:				
- Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	-	-	-	-
- Property investment	-	-	-	-
- Financial concerns	65,000	-	128,000	-
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	714,671	-	1,041,194	-
- Manufacturing	1,558,454	-	1,147,227	-
- Transport and transport equipment	4,996	-	5,327	-
- Recreational activities	-	-	1	-
- Information technology	10,075	-	17,830	-
- Electricity and gas	-	-	-	-
- Civil engineering works	24,000	-	24,000	-
- Others	104,167	-	104,167	-
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-	-	-
- Loans for the purchase of other residential properties	-	-	-	-
- Credit card advances	-	-	-	-
- Others	-	-	-	-
- Trade finance	64,968	-	622,428	-
- Loans and advances for use outside Hong Kong	762,449	699,717	646,127	424,969
	<u>3,308,780</u>	<u>699,717</u>	<u>3,736,301</u>	<u>424,969</u>

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III. Additional Balance Sheet Information

31-Dec-15

30-Jun-15

(v) Geographical analysis of gross loans and advances to customers

The following geographical analysis of gross loans and advances to customers is classified in accordance with the location of the counterparties.

Asia & Pacific:

China

294,506

-

Hong Kong

2,558,988

3,105,354

North America:

United States

405,211

424,969

Caribbean:

Cayman Islands

50,075

50,933

Western Europe:

Western Europe others

-

155,045

Gross amount of loans and advances to customers

3,308,780

3,736,301

(vi) Overdue and impaired loans and advances to customers and banks by countries where constitutes not less than 10% of the gross amount of loans and advances

-

-

(vii)

(a) gross amount of loans and advances to customers and banks which have been overdue for:

- more than 3 months but not more than 6 months

-

-

- more than 6 months but not more than one year

-

-

- more than one year

-

-

(b) amount of rescheduled loans and advances to customers and banks excluding those which have been overdue for more than 3 months and disclosed pursuant to item (vii)(a) above

-

-

(c) amount of repossessed assets held

-

-

(viii) Other assets such as trade bills and debt securities which have been overdue for

- more than 3 months but not more than 6 months

-

-

- more than 6 months but not more than one year

-

-

- more than one year

-

-

IV. Currency Risk

Foreign currency exposures other than reporting currency constitutes not less than 10% of the total net position in all foreign currencies

	<u>31-Dec-15</u>				<u>30-Jun-15</u>			
	CNY	USD	EUR	Total	CNY	USD	EUR	Total
	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million
Spot assets	3,018	5,613	2,921	11,552	7,358	11,845	984	20,187
Spot liabilities	(1,251)	(1,805)	(7,297)	(10,353)	(520)	(3,770)	(12,556)	(16,846)
Forward purchases	4,917	18,787	12,027	35,731	2,085	17,882	17,977	37,944
Forward sales	(5,512)	(21,405)	(9,972)	(36,889)	(8,963)	(25,982)	(7,211)	(42,156)
Net option position	-	-	-	-	-	-	-	-
Net long (or net short) position	1,172	1,190	(2,321)	41	(40)	(25)	(806)	(871)
Net structural position	-	-	-	-	-	-	-	-

V. International Claims

International claims by major countries or geographical segments to which not less than 10% of the total International claims are attributable after taking into account any recognised risk transfer

	Banks	Official sectors	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
<u>As at 31 Dec 2015</u>					
Developed countries	4,601	-	407	405	5,413
of which					
- Germany	4,595	-	-	405	5,000
Offshore Centres	203	12	-	1,510	1,725
of which					
- Hong Kong	167	12	-	1,460	1,639
Developing Asia and Pacific	3,539	-	295	491	4,325
of which					
- China	3,392	-	295	491	4,178
<u>As at 30 June 2015</u>					
Developed countries	12,930	-	427	396	13,753
of which					
- Germany	12,760	-	-	396	13,156
Offshore Centres	192	12	-	1,363	1,567
of which					
- Hong Kong	101	12	-	1,310	1,423
Developing Asia and Pacific	3,504	-	-	1,245	4,749
of which					
- China	3,314	-	-	1,245	4,559

VI. Non-Bank Mainland Exposures

As at 31 Dec 2015

	On-balance Sheet Exposure (HK\$million)	Off-balance Sheet Exposure (HK\$million)	Total Exposure (HK\$million)	Individual Impairment Allowances (HK\$million)
Central government, central government-owned entities and their subsidiaries and JVs	1,060	159	1,219	-
Local governments, local government-owned entities and their subsidiaries and JVs	62	-	62	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	13	-	13	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	960	766	1,726	-
Total	2,095	925	3,020	-
Total assets after provision	13,395			
On-balance sheet exposures as percentage of total assets	15.65%			

As at 30 Jun 2015

Central government, central government-owned entities and their subsidiaries and JVs	416	35	451	-
Local governments, local government-owned entities and their subsidiaries and JVs	14	48	62	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	15	-	15	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,701	530	2,231	-
Total	2,146	613	2,759	-
Total assets after provision	23,582			
On-balance sheet exposures as percentage of total assets	9.11%			

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	<u>31-Dec-15</u>	<u>30-Jun-15</u>
VII. <u>Off-balance Sheet Exposures (other than derivative transactions)</u>		
- Direct credit substitutes	286,525	1,165,776
- Transaction-related contingencies	63,810	267,497
- Trade-related contingencies	376,227	444,150
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	4,223,970	3,820,169
- Others	-	-
VIII. <u>Derivative Transactions</u>		
Derivatives notional amounts:		
- Exchange rate-related derivative contracts	38,861,206	41,972,763
- Interest rate derivative contracts	3,221,920	3,117,206
- Others	-	-
Derivatives assets:		
- Exchange rate-related derivative contracts	1,179,928	1,894,266
- Interest rate derivative contracts	23,662	25,402
Derivatives liabilities:		
- Exchange rate-related derivative contracts	1,547,771	2,138,009
- Interest rate derivative contracts	22,862	28,339

The above derivatives assets and liabilities, being the positive or negative marked-to-market value of the respective derivatives contracts, represent gross replacement costs.

As at 31 December 2014 and 31 December 2015, the Bank has no bilateral netting arrangements.

	<u>Jan - Dec 2015</u>	<u>Jan - Dec 2014</u>
IX. <u>Liquidity maintenance ratio</u>		
	54.97%	N.A.
Average liquidity ratio	N.A.	52.14%

The above ratios are calculated as the arithmetic mean of each calendar month's average value for the reporting period. The average liquidity maintenance ratio for the year ended 31 Dec 2015 is calculated in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015, while the average liquidity ratio for year ended 31 Dec 2014 is calculated in accordance with the then prevailing Fourth Schedule of the Hong Kong Banking Ordinance. They are therefore not directly comparable.

X. Disclosure on Remuneration

Under paragraph 3.1.2 of SPM CG-5 "Guideline on a Sound Remuneration System", Commerzbank AG Hong Kong Branch as an overseas-incorporated Authorised Institution is not required to make separate disclosures on its own remuneration system. The Group's Annual Report will provide relevant disclosure, where appropriate.

XI. Disclosure on Liquidity Risk Management

Group Treasury is responsible for liquidity management, which comprises both operational and strategic elements. Group Risk function is responsible for risk management, which includes identification, analysis, monitoring, reporting of liquidity risk and setting of respective limits and escalation processes. The internal bank liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. Key decisions on liquidity risk management and monitoring are made by the central Asset & Liability Committee (ALCO). At the operating level, additional sub-committees are responsible for dealing with liquidity risk issues at local level. The liquidity risk policy of Hong Kong Branch follows the Group's internal liquidity risk model for liquidity management, which will be reviewed yearly and approved by the local ALCO.

XII. Consolidated Bank Information

(i) Capital and Capital adequacy

	<u>31-Dec-15¹</u>	<u>30-Jun-15²</u>
Consolidated Amount of Shareholders' funds	30,407	29,810
Consolidated Capital Adequacy Ratio*	16.50%	15.10%

(ii) Other Financial Information

Total assets	532,641	561,022
Total liabilities	502,234	531,212
Total claims on banks and customers	294,631	305,548
Total lending	230,374	235,417
Total liabilities to customers	257,615	260,483

	<u>1.Jan - 31.Dec.2015</u>	<u>1.Jan - 31.Dec.2014</u>
Pre-tax Profit / (Loss)	1,795	623

¹ Audited figures for 2015 Source: 2015 Financial Report

² Non audited figures for 2015 Source: 2015 Interim Report

* The consolidated capital adequacy ratio is calculated in accordance with Basel Capital Accord

XIII. Statement of Compliance

This 2015 Financial Disclosure Statement which contains all disclosures required by the Banking (Disclosure) Rules and Supervisory Policy Manual:
- Guideline on the Application of the Banking (Disclosure) Rules issued by the HKMA.
The information contained in the disclosure statement is not false or misleading in any respect, and that the operations of the Bank are clearly explained.



Eberhard Brodhage
Chief Executive