



**Commerzbank AG Hong Kong Branch  
Interim Financial Disclosure for the half-year ended 30 June 2019**

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



**I. Income Statement Information**

	<u>1. Jan - 30. Jun. 2019</u>	<u>1. Jan - 30. Jun. 2018</u>
Interest income	191,528	131,848
Interest expense	(146,360)	(112,573)
Other operating income		
- Net Gains / (Losses) arising from trading in foreign currencies	79,400	177,179
- Net Gains / (Losses) on securities held for trading purposes	-	-
- Net Gains / (Losses) from trading in interest rate derivatives	(72,939)	(127,781)
- Net fees and commission income	32,220	59,984
- <i>gross fees and commission income</i>	41,321	77,764
- <i>gross fees and commission expenses</i>	(9,101)	(17,780)
Income from non-trading investments	(57)	725
Profit/(loss) on sale of fixed assets	-	-
Others	60,593	266,538
Operating expenses		
- Rental expenses	(9,643)	(8,958)
- Staff expenses	(89,708)	(85,404)
- Other operating expenses	(97,551)	(115,956)
Impairment releases / (losses and provisions) for impaired loans and receivables	(1,091)	(4,252)
Impairment losses on assets	-	-
Profit / (Loss) before taxation	(53,608)	181,350
Tax expense	-	(17,908)
Profit / (Loss) after taxation	(53,608)	163,442

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**II. Balance Sheet Information**

	<b>LIABILITIES</b>		
<b>ASSETS</b>	<u>30-Jun-19</u>	<u>31-Dec-18</u>	<u>31-Dec-18</u>
(i) Cash and balances with banks (except those included in item (iii))	55,502	51,956	1,930,825
(ii) Amount due from Exchange Fund	9,934	18,694	900,000
(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))	-	-	1,371,487
(iv) Amount due from overseas offices of the institution	8,424,302	11,605,886	1,113,047
(v) Trade bills	-	-	-
(vi) Certificates of deposit held	-	-	258,440
(vii) Securities held for trading purposes	-	-	756,458
(viii) Loans and receivables	8,357,810	8,689,732	12,751,168
(ix) Investment securities	998,680	499,660	-
(x) Other investments	-	-	-
(xi) Property, plant and equipment and investment properties	8,033	9,337	-
(xii) Total assets	<u>17,854,261</u>	<u>20,875,265</u>	<u>17,854,261</u>
			<u>20,875,265</u>
(i) Deposits and balances from banks (except those included in item (iv))			1,339,953
(ii) Amount due to Exchange Fund			16,174
(iii) Deposits from customers - Demand deposits and current accounts - Savings deposits - Time, call and notice deposits			884,607
(iv) Amount due to overseas offices of the institution			15,144
(v) Certificates of deposit issued			-
(vi) Issued debt securities			-
(vii) Other liabilities			-
(viii) Provisions			-
(ix) Total liabilities			<u>17,854,261</u>

**III. Additional Balance Sheet Information**

30-Jun-19 31-Dec-18

(i) Loans and receivables		
- loans and advances to customers	7,370,812	7,107,632
- loans and advances to banks	145,932	326,242
- other accounts	841,066	1,255,858
- <i>accrued interest</i>	67,708	100,779
- <i>others</i>	773,358	1,155,079
- provisions for impaired loans and receivables to customers which constitute the institution's		
- collective impairment allowances	12,847	8,298
- individual impairment allowances	-	-
- provisions for impaired loans and receivables to bank which constitute the institution's		
- collective impairment allowances	269	777
- 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	-	-
b. amount of individual impairment allowances made for such loans and advances	-	-
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	0.00%	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:

- -

**III. Additional Balance Sheet Information**

(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
  - Stockbrokers
  - Wholesale and retail trade
  - Manufacturing
  - Transport and transport equipment
  - Recreational activities
  - Information technology
  - Electricity and gas
  - Civil engineering works
  - Others

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

- Loans and advances for use outside Hong Kong

	<u>30-Jun-19</u>	<u>30-Jun-19</u>	<u>31-Dec-18</u>	<u>31-Dec-18</u>
	Outstanding Balance	Balance Covered by Collateral	Outstanding Balance	Balance Covered by Collateral
	-	-	-	-
	1,178,415	-	1,794,724	-
	304,165	-	272,584	-
	2,440,044	-	2,765,987	-
	5,157	-	5,266	-
	-	-	15,664	-
	24,000	-	24,000	-
	266,601	-	269,025	-
	3,152,430	717,730	1,960,382	772,749
	7,370,812	717,730	7,107,632	772,749

**III. Additional Balance Sheet Information**

30-Jun-19

31-Dec-18

(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	506,518	555,298
Hong Kong	4,218,379	5,147,250
New Zealand	236,980	255,544
North America:		
United States	249,108	275,181
Europe:		
Sweden	284,371	286,960
Netherlands	585,672	587,391
Germany	3	8
Cayman Islands	773,134	-
British Virgin Islands	516,647	-
Gross amount of loans and advances to customers	<u>7,370,812</u>	<u>7,107,632</u>

(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) Overdue and rescheduled assets

(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>30-Jun-19</u>				<u>31-Dec-18</u>			
	CNY	USD	EUR	Total	CNY	USD	EUR	Total
Spot assets	879	4,024	11,128	16,031	1,499	5,077	12,646	19,222
Spot liabilities	(120)	(8,047)	(7,180)	(15,347)	(84)	(3,528)	(15,518)	(19,130)
Forward purchases	3,924	25,357	9,434	38,715	4,863	21,237	9,075	35,175
Forward sales	(4,669)	(21,323)	(13,354)	(39,346)	(6,298)	(22,771)	(6,145)	(35,214)
Net option position	-	-	-	-	-	-	-	-
Net long (or net short) position	14	11	28	53	(20)	15	58	53
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 sector	Non-bank financial institutions	Non-bank private sector	Total
<u>As at 30 June 2019</u>					
Developed countries	8,481	-	251	1,278	10,010
of which					
- Germany	8,471	-	-	169	8,640
Offshore Centres	44	-	-	5,125	5,169
of which					
- Hong Kong	44	-	-	3,828	3,872
Developing Asia and Pacific	129	-	233	275	637
of which					
- China	-	-	233	275	508
<u>As at 31 December 2018</u>					
Developed countries	11,690	-	278	1,182	13,150
of which					
- Germany	11,680	-	-	51	11,731
Offshore Centres	39	-	-	4,986	5,025
of which					
- Hong Kong	39	-	-	4,986	5,025
Developing Asia and Pacific	273	-	243	314	830
of which					
- China	7	-	243	314	564



**VI. Non-Bank Mainland Exposures**

	On-balance Sheet Exposure	Off-balance Sheet Exposure	Total Exposure	Individual Impairment Allowances
<b><u>As at 30 Jun 2019</u></b>				
Central government, central government-owned entities and their subsidiaries and JV:	2,589	75	2,664	-
Local governments, local government-owned entities and their subsidiaries and JV:	-	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,334	887	3,221	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,581	-	1,581	-
<b>Total</b>	<b>6,504</b>	<b>962</b>	<b>7,466</b>	<b>-</b>
<b>Total assets after provision</b>	<b>17,838</b>			
<b>On-balance sheet exposures as percentage of total assets</b>	<b>36.46%</b>			
<b><u>As at 31 Dec 2018</u></b>				
Central government, central government-owned entities and their subsidiaries and JV:	2,629	76	2,705	-
Local governments, local government-owned entities and their subsidiaries and JV:	-	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,071	460	2,531	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,644	-	1,644	-
<b>Total</b>	<b>6,344</b>	<b>536</b>	<b>6,880</b>	<b>-</b>
<b>Total assets after provision</b>	<b>20,860</b>			
<b>On-balance sheet exposures as percentage of total assets</b>	<b>30.41%</b>			

	<u>30-Jun-19</u>	<u>31-Dec-18</u>
<b><u>VII. Off-balance Sheet Exposures (other than derivative transactions)</u></b>		
- Direct credit substitutes	473,808	565,016
- Transaction-related contingencies	341,658	295,552
- Trade-related contingencies	172,646	236,497
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	4,922,103	3,464,431
- Others	-	-

**VIII. Derivative Transactions**

**Derivatives notional amounts:**

- Exchange rate-related derivative contracts	47,188,509	44,600,983
- Interest rate derivative contracts	14,477,102	6,837,259
- Others	-	-

**Derivatives assets:**

- Exchange rate-related derivative contracts	525,144	1,004,174
- Interest rate derivative contracts	131,960	31,232

**Derivatives liabilities:**

- Exchange rate-related derivative contracts	551,604	1,013,835
- Interest rate derivative contracts	134,725	13,443

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 30 June 2019 and 31 Dec 2018, the Bank has no bilateral netting arrangements.

**IX. Liquidity maintenance ratio**

Average liquidity maintenance ratio

<u>Apr - Jun 2019</u>	<u>Apr - Jun 2018</u>
57.07%	48.19%

The above ratios are calculated based on the arithmetic mean of the average values of each calendar month for each quarter

**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**

Commerzbank Group maintains a Liquidity Risk Governance Framework. It sets the group-wide overarching guidelines for liquidity risk management and covers all significant facets of a sound risk management in terms of risk identification, assessment, measurement, steering, mitigation, monitoring and reporting.

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 bases for liquidity management and reporting to the Group's Board of Managing Directors (BoMD). Key decisions on liquidity risk management and monitoring are made by the central Asset & Liability Committee (ALCO). The Global ALCO is supported operationally by the Regional and local ALCOs which purpose is the planning and steering of all asset and liability management activities for the branch. Hong-Kong branch Liquidity Risk Management framework is fully integrated within the Group Risk framework.

The Group's (BoMD) is ultimately responsible for the management of liquidity and respective risks throughout the Group and the determination of the Group's liquidity risk strategy.

For Hong Kong Branch, Group Finance is responsible for the calculation of the daily Liquidity Maintenance Ratio (LMR) and submit to Group Treasury for review and monitoring to ensure that the LMR adequacy is maintained. In addition, Group Market Risk performs daily liquidity gap reporting and monitoring against the agreed limits, as well as liquidity stress test reporting.

**XII. Consolidated Bank Information**

**(i) Capital and Capital adequacy**

Consolidated Amount of Shareholders' funds

30-Jun-19<sup>1</sup> 31-Dec-18<sup>2</sup>

29,417 29,411

Consolidated Capital Adequacy Ratio\*

16.00% 16.30%

**(ii) Other Financial Information**

Total assets

518,030 462,369

Total liabilities

488,613 432,958

Total claims on banks and customers

328,289 305,796

Total liabilities to customers

332,445 301,144

1-Jan-30-Jun-2019 1-Jan-30-Jun-2018

Pre-tax Profit / (Loss)

542 689

*1 Non audited figures for 2019 Source: 2019 Interim Report*

*2 Audited figures for 2018 Source: 2018 Group Annual Report*

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

**XIII. Statement of Compliance**

This 2019 Interim Financial Disclosure Statement 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.



*Dr. Volkhardt Kruse  
Chief Executive*