



**Commerzbank AG Hong Kong Branch
Interim Financial Disclosure for the half-yearly ended 30 June 2015**

September 2015

I. Income Statement Information

	<u>1.Jan - 30.Jun.2015</u>	<u>1.Jan - 30.Jun.2014</u>
Interest income	256,997	252,641
Interest expense	(193,028)	(161,518)
Other operating income		
- Net Gains / (Losses) arising from trading in foreign currencies	(8,573)	9,765
- Net Gains / (Losses) on securities held for trading purposes	-	3,269
- Net Gains / (Losses) from trading in interest rate derivatives	(45,383)	(1,085)
- Net fees and commission income	71,390	64,724
- <i>gross fees and commission income</i>	79,851	74,873
- <i>gross fees and commission expenses</i>	(8,461)	(10,149)
- Income from non-trading investments	141	-
- Gains from available-for-sale investment securities at fair value through profit or loss	-	-
- Profit/(loss) on sale of fixed assets	62	-
- Others	145,193	153,598
Operating expenses		
- Rental expenses	(17,442)	(17,227)
- Staff expenses	(70,071)	(69,383)
- Other operating expenses	(77,350)	(75,522)
Impairment releases / (losses and provisions) for impaired loans and receivables	27,133	(3,004)
Impairment losses on assets	-	-
Losses from the disposal of property, plant and equipment and investment properties	-	-
Profit / (Loss) before taxation	89,069	156,258
Tax expense	-	-
Profit / (Loss) after taxation	89,069	156,258

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



II. Balance Sheet Information

ASSETS			LIABILITIES		
	<u>30-Jun-15</u>	<u>31-Dec-14</u>		<u>30-Jun-15</u>	<u>31-Dec-14</u>
(i) Cash and balances with banks (except those included in item (iii))	112,024	129,129	(i) Deposits and balances from banks (except those included in item (iv))	3,817,212	1,317,602
(ii) Amount due from Exchange Fund	151,930	29,034	(ii) Amount due to Exchange Fund	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	1,120,172	910,163
			- <i>Demand deposits and current accounts</i>	<i>611,254</i>	<i>598,899</i>
			- <i>Savings deposits</i>	<i>-</i>	<i>-</i>
			- <i>Time, call and notice deposits</i>	<i>508,918</i>	<i>311,264</i>
(iv) Amount due from overseas offices of the institution	12,141,612	11,186,705	(iv) Amount due to overseas offices of the institution	13,523,679	18,310,373
(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	3,240,731	4,586,794
(viii) Loans and receivables	10,179,414	12,723,744	(viii) Provisions	18,575	59,780
(ix) Investment securities	1,012,462	1,112,291			
(x) Other investments	-	-			
(xi) Property, plant and equipment and investment properties	3,265	3,809			
(xii) Total assets	<u>23,600,707</u>	<u>25,184,712</u>	(ix) Total liabilities	<u>23,600,707</u>	<u>25,184,712</u>

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



III. Additional Balance Sheet Information

	<u>30-Jun-15</u>	<u>31-Dec-14</u>
(i) Loans and receivables		
- loans and advances to customers	3,736,301	3,840,988
- loans and advances to banks	4,356,974	6,014,457
- other accounts	2,086,139	2,868,299
- <i>accrued interest</i>	<i>126,318</i>	<i>148,825</i>
- <i>others</i>	<i>1,959,821</i>	<i>2,719,474</i>
- provisions for impaired loans and receivables to customers which constitute the institution's		
- collective impairment allowances	6,560	4,527
- individual impairment allowances	-	37,852
- provisions for impaired loans and receivables to bank which constitute the institution's		
- collective impairment allowances	7,725	12,492
- 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	-	45,333
b. amount of individual impairment allowances made for such loans and advances	-	37,852
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%	1.18%

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	-	35,313
Western Europe	-	10,019

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



III. Additional Balance Sheet Information

30-Jun-15

31-Dec-14

(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:

Hong Kong

3,105,354

3,049,522

Macao

-

182,047

North America:

United States

424,969

444,270

Caribbean:

Cayman Islands

50,933

-

Western Europe:

Western Europe others

155,045

165,148

Switzerland

-

1

Gross amount of loans and advances to customers

3,736,301

3,840,988

(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

-

10,019

(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-15</u>				<u>31-Dec-14</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	7,358	11,845	984	20,187	11,938	21,203	16,945	50,086
Spot liabilities	(520)	(3,770)	(12,556)	(16,846)	(11,282)	(20,432)	(18,279)	(49,993)
Forward purchases	2,085	17,882	17,977	37,944	14,798	40,350	22,937	78,085
Forward sales	(8,963)	(25,982)	(7,211)	(42,156)	(15,411)	(41,152)	(21,560)	(78,123)
Net option position	-	-	-	-	-	-	-	-
Net long (or net short) position	<u>(40)</u>	<u>(25)</u>	<u>(806)</u>	<u>(871)</u>	<u>43</u>	<u>(31)</u>	<u>43</u>	<u>55</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	<u>Non-bank private sector</u>		Total
			Non-bank financial institutions	Non-financial private sector	
<u>As at 30 June 2015</u>					
Developed countries	12,930	-	427	396	13,753
of which					
- Germany	12,760	-	-	396	13,156
Developing Asia and Pacific	3,504	-	-	1,245	4,749
of which					
- China	3,314	-	-	1,245	4,559
<u>As at 31 December 2014</u>					
Developed countries	11,750		446	167	12,363
of which					
- Germany	11,603	-	-	157	11,760
Developing Asia and Pacific	5,681	-	-	1,228	6,909
of which					
- China	5,498	-	-	1,228	6,726

VI. Non-Bank Mainland Exposures

As at 30 Jun 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	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%			

As at 31 Dec 2014

Central government, central government-owned entities and their subsidiaries and JVs	168	259	427	-
Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	19	-	19	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,312	525	1,837	-
Total	1,499	784	2,283	-
Total assets after provision	25,125			
On-balance sheet exposures as percentage of total assets	5.97%			

	<u>30-Jun-15</u>	<u>31-Dec-14</u>
<u>VII. Off-balance Sheet Exposures (other than derivative transactions)</u>		
- Direct credit substitutes	1,165,776	1,001,396
- Transaction-related contingencies	267,497	78,386
- Trade-related contingencies	444,150	244,836
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	3,820,169	4,623,196
- Others	-	-
<u>VIII. Derivative Transactions</u>		
Derivatives notional amounts:		
- Exchange rate-related derivative contracts	41,972,763	79,754,522
- Interest rate derivative contracts	3,117,206	3,318,226
- Others	-	-
Derivatives assets:		
- Exchange rate-related derivative contracts	1,894,266	2,655,254
- Interest rate derivative contracts	25,402	30,001
Derivatives liabilities:		
- Exchange rate-related derivative contracts	2,138,009	2,668,741
- Interest rate derivative contracts	28,339	31,504

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 2014 and 30 June 2015, the Bank has no bilateral netting arrangements.

	<u>Jan - Jun 2015</u>	<u>Jan - Jun 2014</u>
<u>IX. Liquidity maintenance ratio</u>		
Average liquidity maintenance ratio	61.59%	N.A.
Average liquidity ratio	N.A.	47.70%

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 six months ended 30 June 2015 is calculated in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015, while the average liquidity ratio for the six months ended 30 June 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>30-Jun-15¹</u>	<u>31-Dec-14²</u>
Consolidated Amount of Shareholders' funds	29,810	26,960
Consolidated Capital Adequacy Ratio*	15.10%	14.60%
(ii) Other Financial Information		
Total assets	561,022	557,609
Total liabilities	531,212	530,649
Total claims on banks and customers	305,548	318,678
Total lending	235,417	240,853
Total liabilities to customers	260,483	248,977
	<u>1.Jan - 30.Jun.2015</u>	<u>1.Jan - 30.Jun.2014</u>
Pre-tax Profit / (Loss)	1,004	581

¹ Non audited figures for 2015 Source: 2015 Interim Report

² Audited figures for 2014 Source : 2014 Group Annual Report

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

XIII. Statement of Compliance

This 2015 Interim 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*