



彰化銀行香港分行

CHANG HWA COMMERCIAL BANK, LTD.

HONG KONG BRANCH

Financial Information Disclosure Statement

For the year ended 31 December 2014



Financial Information Disclosure Statement

For the year ended 31 December 2014

<u>Contents</u>	Pages
Section A. Hong Kong Branch Information	
1. Income statement information	1
2. Balance sheet information	2
3. Notes to income statement and balance sheet information	3
4. Off-balance sheet exposures information	6
5. Segmental information	
a. Loans and advances to customer by industry classification	7
b. Geographical segments analysis	7
c. Non-bank Mainland exposures	8
d. Cross-border claim	9
6. Currency risk	10
7. Average liquidity ratio	11
8. Remuneration disclosure	11
9. Comparative figures	11
Section B. Bank information (Consolidated basis)	
1. Financial information	12
2. Capital and capital adequacy ratio	12
3. Total amount of shareholders' funds	12
Declaration of Compliance	13



Section A. Hong Kong Branch Information

1 Income statement information

	Note	For the year ended	
		31 December 2014	31 December 2013
		HK\$,000	HK\$,000
Interest income		214,425	110,476
Interest expenses		(88,184)	(24,048)
Net interest income		<u>126,241</u>	<u>86,428</u>
Other operating income	3a	51,839	39,420
Operating expenses	3b	(26,848)	(25,893)
Impairment losses and provisions for impaired loans and receivables		<u>(26,948)</u>	<u>(25,335)</u>
Profit before taxation		<u>124,284</u>	<u>74,620</u>
Tax expense		<u>(23,039)</u>	<u>(15,180)</u>
Profit after taxation		<u>101,245</u>	<u>59,440</u>



2 Balance sheet information

	Note	As at	
		31 December 2014	30 June 2014
		HK\$,000	HK\$,000
Assets			
Cash and balances with banks (except those included in amount due from head office and overseas office)		985,058	819,517
Placement with Bank and other financial institutions maturing between one and twelve months (except those included in amount due from head office and overseas office)		1,658,313	2,480,442
Amount due from head office and overseas office		2,345,691	1,805,675
Trade bills		6,180	3,588
Loans and receivables	3d	6,826,765	5,922,057
Investment securities			
- Available-for-sale securities		91,363	93,497
Other assets		75,310	32,835
Property, plant and equipment		2,178	2,235
Total assets		11,990,858	11,159,846
Liabilities			
Deposit and balances of banks and other financial institutions (except those included in amount due from head office and overseas office)		1,070,913	2,705,437
Deposit from customers	3c	6,065,171	5,757,160
Amount due to head office and overseas offices		4,228,394	2,213,213
Other liabilities and provision		160,268	85,594
Total liabilities		11,524,746	10,761,404
Equities			
Current profit		101,245	33,441
Reserves		364,867	365,001
		466,112	398,442
Total equities and liabilities		11,990,858	11,159,846

3 Notes to the income statement and balance sheet information

a. Other operating income

	For the year ended	
	31 December 2014	31 December 2013
	HK\$,000	HK\$,000
Service fee and commission income	49,052	36,092
Service fee and commission expenses	(1,682)	(1,106)
Net fees and commission income	47,370	34,986
Gains less losses arising from trading in foreign currencies	4,015	4,265
Others	454	169
	51,839	39,420

b. Operating expenses

	For the year ended	
	31 December 2014	31 December 2013
	HK\$,000	HK\$,000
Staff and rental expenses	22,247	20,767
Other expenses	4,601	5,126
	26,848	25,893

c. Deposits from customers

	31 December 2014	30 June 2014
	HK\$,000	HK\$,000
Demand deposits and current accounts	260,631	289,035
Savings accounts	2,795,223	2,809,611
Time, call and notice deposits	3,009,317	2,658,514
	6,065,171	5,757,160

d. Loans and receivables

	31 December 2014	30 June 2014
	HK\$,000	HK\$,000
Loans and advances to customers	6,842,538	5,802,051
Loans and advances to banks	32,000	160,664
Accrued interest and other accounts	24,402	20,622
	<u>6,898,940</u>	<u>5,983,337</u>
Less: Impairment allowances		
Loans and advances to customers		
- <i>Collective provision</i>	68,400	59,428
- <i>Individual provision</i>	3,103	1,691
Loans and advances to banks		
- <i>Collective provision</i>	320	161
Trade bills		
- <i>Collective provision</i>	62	0
Others		
- <i>Collective provision</i>	290	0
	<u>72,175</u>	<u>61,280</u>
Impairment allowances for loans and receivables	<u>72,175</u>	<u>61,280</u>
	<u>6,826,765</u>	<u>5,922,057</u>

e. Detail of impaired loans and advances to customers

Detail of impaired loans and advances to customers which are individually impaired:

	31 December 2014	30 June 2014
	HK\$,000	HK\$,000
Gross amounts	3,103	3,920
Individual impairment allowances	3,103	1,691
Value of collateral	2,230	2,229
Percentage of such loans and advances to its total amount of loans and advances to customers	0.05%	0.07%

f. Overdue and rescheduled loans:

(i) Overdue loans

	31 December 2014		30 June 2014	
	HK\$,000	Percentage of total advances to customers	HK\$,000	Percentage of total advances to customers
Gross amount of advances to customers which have been overdue for:				
More than 3 months but not more than 6 months	0	0.00%	0	0.00%
More than 6 months but not more than one year	0	0.00%	0	0.00%
More than one year	3,103	0.05%	3,920	0.07%
	<u>3,103</u>	<u>0.05%</u>	<u>3,920</u>	<u>0.07%</u>

	31 December 2014	30 June 2014
	HK\$,000	HK\$,000
Value of collateral held against the overdue loans and advances		
Current market value of collateral held against the covered portion of overdue loans and advances	2,230	2,229
Covered portion of overdue loans and advances	2,230	2,229
Uncovered portion of overdue loans and advances	873	1,691

(ii) Rescheduled loans

There was no rescheduled loan as at 31 December 2014 and 30 June 2014.

g. Repossessed assets

There was no repossessed asset as at 31 December 2014 and 30 June 2014.



4 Off-balance sheet exposure information

The following is a summary of the contractual amounts of each significant class of off-balance sheet exposure information:

	31 December 2014	30 June 2014
	HK\$,000	HK\$,000
Contingent Liabilities and Commitments		
Direct credit substitutes	18,616	18,604
Transaction-related contingencies	0	0
Trade-related contingencies	49,649	16,822
Other commitments	959,905	1,329,174
	<u>1,028,170</u>	<u>1,364,600</u>
Derivatives		
Exchange rate contracts	<u>232,703</u>	<u>0</u>
Replacement cost of derivatives		
Exchange rate contracts	<u>0</u>	<u>0</u>

For contingent liabilities and commitments, the contract amounts represents the amount at risk should the contract be drawn upon and the client defaults. The notional amounts of derivatives indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.

The replacement cost of derivatives does not take into account the effects of bilateral netting arrangements.

5 Segmental information

a. Loans and advances to customer by industry classification

Loans and advances for use in Hong Kong	31 December 2014		30 June 2014	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
Industrial, commercial and financial	HK\$,000	HK\$,000	HK\$,000	HK\$,000
- Property development	105,000	0	105,000	0
- Property investment	310,270	0	274,099	119,068
- Financial concerns	187,135	0	159,516	0
- Stockbrokers	77,568	0	0	0
- Wholesale and retail trade	534,234	168,435	550,283	155,481
- Manufacturing	569,352	91,477	861,653	116,991
- Transport and transport equipment	13,000	0	44,000	0
- Recreational activities	0	0	0	0
- Information technology	0	0	155,031	155,031
- Others	664,367	39,479	583,458	900
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	0	0	0	0
- Loans for the purchase of other residential properties	5,021	5,021	5,178	5,178
- Credit card advances	0	0	0	0
- Others	0	0	0	0
Trade finance	61,264	0	43,220	0
Loans and advances for use outside Hong Kong				
	4,347,327	105,462	3,181,277	46,133
Total loans and advances	6,874,538	409,874	5,962,715	598,782

b. Geographical segments analysis

The breakdown of the gross amount of advances to customers by countries, which according to the location of the counterparties and the amounts was reported after taking into account any recognised risk transfers, where it constitutes 10% or more of the relevant disclosure item.



	31 December 2014	30 June 2014
Loans and advances by geographical segment	HK\$,000	HK\$,000
- Hong Kong	2,663,127	3,032,185
- China	3,943,553	2,681,378
- Taiwan	110,755	91,232
- Others	154,000	154,000
Impaired loans and advances by geographical segment		
- Taiwan	3,103	3,920
	<u>6,874,538</u>	<u>5,962,715</u>

c. Non-bank Mainland exposures

Types of counterparties	On-balance	Off-balance	Total
	sheet exposure	sheet exposure	
	HK\$ million	HK\$ million	HK\$ million
As at 31 December 2014			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,697	108	1,805
2. Local governments, local government-owned entities and their subsidiaries and JVs	387	0	387
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	63	0	63
4. Other entities of central government not reported in item 1 above	389	0	389
5. Other entities of local governments not reported in item 2 above	204	3	207
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,125	40	2,165
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	272	0	272
Total	<u>5,137</u>	<u>151</u>	<u>5,288</u>
Total assets after provision	11,991		
On-balance sheet exposures as percentage of total assets	42.84%		

Types of counterparties	On-balance	Off-balance	Total
	sheet exposure	sheet exposure	
	HK\$ million	HK\$ million	HK\$ million
As at 30 June 2014			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,431	115	1,546
2. Local governments, local government-owned entities and their subsidiaries and JVs	431	0	431
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	0	0	0
4. Other entities of central government not reported in item 1 above	0	194	194
5. Other entities of local governments not reported in item 2 above	39	39	78
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,535	139	1,674
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	3,436	487	3,923
Total assets after provision	11,160		
On-balance sheet exposures as percentage of total assets	30.79%		

d. Cross-border claim

Cross-border claims include the following types of financial claims: receivables and loans and advances, cash and balances and placements with banks (including loans and advances to banks), holdings of certificates of deposit, bills, promissory notes, commercial paper, other debt instruments and investments and accrued interest and overdue interest on all above assets.

The analysis of cross-border claims by geographical segments in accordance with the location and the types of counterparties which constitutes not less than 10% of total cross-border claims after taking into account any recognized risk transfer are as follow:

<u>In millions of HK\$</u>	Public sector			Total
	Banks	entities	Others	
As at 31 December 2014				
Asia Pacific excluding Hong Kong	3,894	0	2,759	6,653
of which – Taiwan	3,512	0	34	3,546
of which – China	346	0	2,571	2,917
North and Latin America	219	0	39	258
of which – United States	219	0	39	258
Caribbean	0	0	0	0
Western Europe	589	0	4	593
of which – United Kingdom	496	0	0	496
As at 30 June 2014				
Asia Pacific excluding Hong Kong	4,681	0	1,726	6,407
of which – Taiwan	3,967	0	227	4,194
of which – China	666	0	1,345	2,011
North and Latin America	64	0	38	102
of which – United States	64	0	38	102
Caribbean	0	0	446	446
Western Europe	424	0	0	424
of which – United Kingdom	413	0	0	413

6 Currency risk

The currency risk which arise from operations for the net position (in absolute terms) in a particular currency which constitutes not less than 10% of the total net position in all foreign currencies is as follow:

<u>Equivalent in millions of HK\$</u>	USD	AUD	CNY	Total
As at 31 December 2014				
Spot assets	9,383	101	874	10,358
Spot liabilities	9,583	101	911	10,595
Forward purchase	233	0	0	233
Forward sales	0	0	0	0
Net option position	0	0	0	0
Net long/(short) position	33	0	(37)	(4)

<u>Equivalent in millions of HK\$</u>	USD	AUD	CNY	Total
As at 30 June 2014				
Spot assets	8,654	99	525	9,278
Spot liabilities	8,639	103	529	9,271
Forward purchase	0	0	0	0
Forward sales	0	0	0	0
Net option position	0	0	0	0
Net long/(short) position	15	(4)	(4)	7

There was no structural position as at 31 December 2014 and 30 June 2014.

7 Average liquidity Ratio

	For the year of	
	2014	2013
Average Liquidity ratio	48.62%	45.49%

The average liquidity ratio is the arithmetic mean of each calendar month's average liquidity ratio for the period as calculated in accordance with the "Fourth Schedule of the Banking Ordinance".

8 Remuneration disclosure

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5) - Guideline on a Sound Remuneration System, Chang Hwa Commercial Bank Ltd has disclosed the relevant information under the part of Corporate Governance Report of annual report 2014.

9 Comparative figures

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted in the current period.

Section B. Bank Information (Consolidated Basis)

1 Financial information

	31 December 2014	30 June 2014
	NTD,000	NTD,000
Total Assets	1,815,872,967	1,757,826,621
Total Liabilities	1,696,631,866	1,644,062,669
Total Advances	1,259,366,749	1,200,815,138
Total Customers Deposits	1,452,969,285	1,396,540,089

	For the year ended	
	31 December 2014	31 December 2013
	NTD,000	NTD,000
Pre-tax profit/(loss)	12,424,085	10,747,720

2 Capital and capital adequacy ratio

	31 December 2014	30 June 2014
Capital adequacy ratio	11.45%	11.29%

The capital and capital adequacy ratio is calculated in accordance with “Guideline of managing Capital adequacy ratio” and “Instruction of calculation of the bank’s self-owned capital and credit risk-weighted assets”. The capital adequacy ratio is calculated as the percentage of self-owned capital divided by risk-weighted assets.

Self-owned capital is the sum of common stockholders’ equity, other Tier I capital and Tier II capital.

Risk-weighted assets are the sum of credit risk-weighted assets and the capital requirement for credit risk and operation risk multiplied by 12.5.

3 Total amount of shareholders’ funds

	31 December 2014	30 June 2014
	NTD,000	NTD,000
Shareholders’ funds	119,241,101	113,763,952

Declaration of Compliance

We enclose herewith the Financial Information Disclosure Statements for the year ended 31 December 2014. We confirm that the information contained in the disclosure statement complies fully with the Banking (Disclosure) Rules and the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" for overseas incorporated authorized institutions issued by Hong Kong Monetary Authority and to the best of our knowledge and belief, is not false or misleading in any material respect.

Amendment – Disclosure of average liquidity ratio

Pursuant to Section 103 of Banking (Disclosure) Rules, our branch has disclosed the average liquidity ratio in note 7 of section A. As a result, the Financial Information Disclosure Statement was amended and superseded the Financial Information Disclosure Statement dated 30 March 2015. This amendment does not have any material impact on the financial position and the financial result of our branch.

For and on behalf of
Chang Hwa Commercial Bank, Limited
Hong Kong Branch



Sun Hui Lan Carol
The Chief Executive

5 May 2015