



彰化銀行香港分行

**CHANG HWA COMMERCIAL BANK, LTD.**

**HONG KONG BRANCH**

**Financial Information Disclosure Statement**

**For the six months ended 30 June 2018**



**Financial Information Disclosure Statement**

**For the six months ended 30 June 2018**

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**Section A. Hong Kong Branch Information**

**1 Income statement information**

	Note	For the six months ended	
		30 June 2018	30 June 2017
		HK\$,000	HK\$,000
Interest income		244,934	166,218
Interest expenses		(115,009)	(73,642)
<b>Net interest income</b>		129,925	92,576
Other operating income	3a	35,766	28,421
Operating expenses	3b	(16,263)	(16,323)
Impairment losses and provisions for impaired loans and receivables		(8,332)	(4,121)
<b>Profit before taxation</b>		141,096	100,553
Tax expense		(22,646)	(16,069)
<b>Profit after taxation</b>		118,450	84,484

**2 Balance sheet information**

	Note	As at	
		30 June 2018	31 December 2017
		HK\$,000	HK\$,000
<b>Assets</b>			
Cash and balances with banks (except those included in amount due from head office and overseas office)		3,442,640	3,983,634
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)		2,942,849	3,267,589
Amount due from head office and overseas office		906,568	725,491
Trade bills		2,520	2,443
Certificate of Deposit Held		470,856	234,516
Investment securities			
- Available-for-sale securities		981,777	689,320
Loans and receivables	3d	6,572,746	5,958,368
Other assets		62,876	112,675
Property, plant and equipment		1,284	1,401
<b>Total assets</b>		<b>15,384,116</b>	<b>14,975,437</b>
<b>Liabilities</b>			
Deposit and balances of banks and other financial institutions (except those included in amount due to head office and overseas office)		3,028,509	2,280,704
Deposit from customers	3c	8,413,289	8,674,802
Amount due to head office and overseas offices		3,174,617	3,197,038
Other liabilities and provision		163,973	331,633
<b>Total liabilities</b>		<b>14,780,388</b>	<b>14,484,177</b>
<b>Equities</b>			
Current profit		118,450	179,738
Reserves		485,278	311,522
		603,728	491,260
<b>Total equities and liabilities</b>		<b>15,384,116</b>	<b>14,975,437</b>

**3 Notes to the income statement and balance sheet information**

**a. Other operating income**

	For the six months ended	
	30 June 2018	30 June 2017
	HK\$,000	HK\$,000
Service fee and commission income	25,441	28,045
Service fee and commission expenses	(1,292)	(1,608)
Net fees and commission income	24,149	26,437
Gains less losses arising from trading in foreign currencies	4,786	1,937
Gains less losses from other trading activities	6	47
Income from non-trading investments	6,825	0
	<b>35,766</b>	<b>28,421</b>

**b. Operating expenses**

	For the six months ended	
	30 June 2018	30 June 2017
	HK\$,000	HK\$,000
Staff and rental expenses	13,145	13,736
Other expenses	3,118	2,587
	<b>16,263</b>	<b>16,323</b>

**c. Deposits from customers**

	As at	
	30 June 2018	31 December 2017
	HK\$,000	HK\$,000
Demand deposits and current accounts	220,483	209,734
Savings accounts	3,667,606	3,838,012
Time, call and notice deposits	4,525,200	4,627,056
	<b>8,413,289</b>	<b>8,674,802</b>

**d. Loans and receivables**

	As at	
	30 June 2018	31 December 2017
	HK\$,000	HK\$,000
Loans and advances to customers	6,607,577	5,994,196
Loans and advances to banks	0	0
Accrued interest and other accounts	54,067	44,856
	<u>6,661,644</u>	<u>6,039,052</u>
Less: Impairment allowances		
Loans and advances to customers		
- <i>Collective provisions</i>	88,118	79,730
- <i>Specific provisions</i>	471	641
Loans and advances to banks		
- <i>Collective provisions</i>	0	0
Trade bills		
- <i>Collective provisions</i>	25	24
Others		
- <i>Collective provisions</i>	284	289
	<u>88,898</u>	<u>80,684</u>
Impairment allowances for loans and receivables		
	<u>6,572,746</u>	<u>5,958,368</u>

**e. Detail of impaired loans and advances to customers**

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

	As at	
	30 June 2018	31 December 2017
	HK\$,000	HK\$,000
Gross amounts	512	697
Individual impairment allowances	471	641
Value of collateral	0	0
Percentage of such loans and advances to its total amount of loans and advances to customers	0.01%	0.01%

**f. Overdue and rescheduled loans:**

(i) Overdue loans

	As at			
	30 June 2018		31 December 2017	
	Percentage of total loans & advances to customers	Percentage of total loans & advances to customers	Percentage of total loans & advances to customers	Percentage of total loans & advances to customers
Gross amount of loans and advances to customers which have been overdue for:	HK\$,000		HK\$,000	
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	512	0.01%	697	0.01%
	<b>512</b>	<b>0.01%</b>	<b>697</b>	<b>0.01%</b>

Value of collateral held against the overdue loans and advances

	As at	
	30 June 2018 HK\$,000	31 December 2017 HK\$,000
Current market value of collateral held against the covered portion of overdue loans and advances	0	0
Covered portion of overdue loans and advances	0	0
Uncovered portion of overdue loans and advances	0	0

(ii) Rescheduled loans

	As at			
	30 June 2018		31 December 2017	
	Percentage of total loans & advances to customers	Percentage of total loans & advances to customers	Percentage of total loans & advances to customers	Percentage of total loans & advances to customers
Rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months and net of those disclosed in subsection (i)	HK\$,000		HK\$,000	
	0	0%	0	0%

**g. Repossessed assets**

There was no repossessed asset as at 30 June 2018 and 31 December 2017.

#### 4 Off-balance sheet exposures information

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

	As at	
	30 June 2018	31 December 2017
	HK\$,000	HK\$,000
<b>Contingent Liabilities and Commitments</b>		
Direct credit substitutes	15,695	15,634
Transaction-related contingencies	0	0
Trade-related contingencies	71,010	13,137
Other commitments	373,031	780,320
	<u>459,736</u>	<u>809,091</u>
<b>Derivatives</b>		
Exchange rate contracts	<u>0</u>	<u>0</u>
<b>Replacement cost of derivatives</b>		
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 customers by industry classification**

	As at			
	30 June 2018		31 December 2017	
Loans and advances for use in Hong Kong	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
<b>Industrial, commercial and financial</b>	HK\$,000	HK\$,000	HK\$,000	HK\$,000
- Property development	100,450	88,750	96,032	88,750
- Property investment	0	0	0	0
- Financial concerns	253,476	0	234,045	0
- Stockbrokers	140,000	0	140,000	0
- Wholesale and retail trade	449,321	254,227	295,451	254,571
- Manufacturing	128,160	13,741	127,853	11,726
- Transport and transport equipment	0	0	0	0
- Recreational activities	0	0	0	0
- Information technology	173,444	0	176,085	0
- Others	0	0	0	0
<b>Individuals</b>				
- 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	3,429	3,429	3,514	3,514
- Credit card advances	0	0	0	0
- Others	44,420	44,420	63,876	63,876
<b>Trade finance</b>	140,572	0	149,693	0
<b>Loans and advances for use outside Hong Kong</b>	<b>5,174,305</b>	<b>394,262</b>	<b>4,707,647</b>	<b>278,358</b>
<b>Total loans and advances</b>	<b>6,607,577</b>	<b>798,829</b>	<b>5,994,196</b>	<b>700,795</b>

**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 recognized risk transfers, where it constitutes 10% or more of the relevant disclosure item.

	As at	
	30 June 2018	31 December 2017
<b>Loans and advances by geographical segment</b>	HK\$,000	HK\$,000
- Hong Kong	1,156,569	1,023,311
- China	4,340,773	3,927,028
- Taiwan	32,852	35,112
- Others	1,076,871	1,008,048
<b>Impaired loans and advances by geographical segment</b>		
- Taiwan	512	697
	<u>6,607,577</u>	<u>5,994,196</u>

**c. Mainland activities**

Types of counterparties	On-balance	Off-balance	Total
	sheet exposure	sheet exposure	
	HK\$ million	HK\$ million	HK\$ million
<b>As at 30 June 2018</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	345	0	345
2. Local governments, local government-owned entities and their subsidiaries and JVs	603	0	603
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	468	0	468
4. Other entities of central government not reported in item 1 above	232	59	291
5. Other entities of local governments not reported in item 2 above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,921	0	1,921
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	787	7	794
Total	<u>4,356</u>	<u>66</u>	<u>4,422</u>
Total assets after provision	15,384		
On-balance sheet exposures as percentage of total assets	28.31 %		

Types of counterparties	On-balance	Off-balance	Total
	sheet exposure	sheet exposure	
	HK\$ million	HK\$ million	HK\$ million
<b>As at 31 December 2017</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	416	19	435
2. Local governments, local government-owned entities and their subsidiaries and JVs	402	0	402
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	336	0	336
4. Other entities of central government not reported in item 1 above	160	59	219
5. Other entities of local governments not reported in item 2 above	80	0	80
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,765	176	1,941
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	777	23	800
<b>Total</b>	<b>3,936</b>	<b>277</b>	<b>4,213</b>
Total assets after provision	14,975		
On-balance sheet exposures as percentage of total assets	26.28 %		

**d. International claims**

International 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 international claims by geographical segments in accordance with the location and the types of counterparties which constitutes not less than 10% of total international claims after taking into account any recognized risk transfer is as follow:

<u>Equivalent in millions of HK\$</u>	<u>Non-bank private sector</u>					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
<b>As at 30 June 2018</b>						
1. Developed countries	945	0	0	402	0	1,347
of which – United States	170	0	0	116	0	286
of which – United Kingdom	127	0	0	36	0	163
of which – Japan	263	0	0	0	0	263
2. Offshore centres	0	0	0	423	0	423
of which - Hong Kong	0	0	0	191	0	191
3. Developing Europe	0	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	0	0	0
5. Developing Africa and Middle East	0	0	0	69	0	69
6. Developing Asia-Pacific	7,541	0	119	2,924	0	10,584
of which - China	1,020	0	119	2,461	0	3,600
of which - Taiwan	6,473	0	0	8	0	6,481

<u>Equivalent in millions of HK\$</u>	<u>Non-bank private sector</u>					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
<b>As at 31 December 2017</b>						
1. Developed countries	1,848	0	0	275	0	2,123
of which – United States	463	0	0	115	0	578
of which – United Kingdom	192	0	0	36	0	228
of which – Japan	704	0	0	0	0	704
2. Offshore centres	166	0	0	504	0	670
of which - Hong Kong	156	0	0	283	0	439
3. Developing Europe	0	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	0	0	0
5. Developing Africa and Middle East	75	0	0	71	0	146
6. Developing Asia-Pacific	6,631	0	0	2,794	0	9,425
of which - China	503	0	0	2,265	0	2,768
of which - Taiwan	6,082	0	0	8	0	6,090

## 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	Others	Total
<b>As at 30 June 2018</b>					
Spot assets	11,398	449	748	411	13,006
Spot liabilities	11,386	450	743	409	12,988
Forward purchase	0	0	0	0	0
Forward sales	0	0	0	0	0
Net option position	0	0	0	0	0
Net long/(short) position	12	(1)	5	2	18

<u>Equivalent in millions of HK\$</u>	USD	AUD	CNY	Others	Total
<b>As at 31 December 2017</b>					
Spot assets	11,433	325	832	289	12,879
Spot liabilities	11,486	324	830	290	12,930
Forward purchase	0	0	0	0	0
Forward sales	0	0	0	0	0
Net option position	0	0	0	0	0
Net long/(short) position	(53)	1	2	(1)	(51)

There was no structural position as at 30 June 2018 and 31 December 2017.

## 7 Liquidity information disclosures

### a. Average liquidity maintenance ratio

	For the quarter ended 30/6/2018	For the quarter ended 31/3/2018	Half year ended 30/6/2017
Average liquidity maintenance ratio for the period	43.85%	42.26%	41.80%

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average liquidity maintenance ratio for the relevant period as calculated in accordance with Section 103B of Banking (Disclosure) Rules.

**b. Approach to liquidity risk management**

The branch manages our liquidity risk in accordance with the Liquidity Risk Management Policy, which is set by Liquidity Risk Management Committee in Hong Kong branch and approved by our head office's Assets and Liabilities Committee. The Policy provides a set of principles for the prudent management of liquidity in the normal course of business. The primary measures used to manage liquidity within the tolerance are the stress-testing and scenario analysis, liquidity maintenance ratio, loan-to-deposit and cash flow maturity mismatch analysis. In additions, our policy set a higher internal limit of liquidity maintenance ratio than the statutory minimum to reduce the liquidity risk.

Liquidity Risk Management Committee is responsible for the liquidity risk management in our branch. Chief Executive is the chairman of the Committee. The members include the head and staff of treasury department, risk management department and accounting department. Chief Executive could also invite other department heads or staff to attend the Committee meeting in need. The regular Committee meeting will be convened monthly or on a need basis.

The branch also follows Liquidity Risk Management Policy of our head office, the guidance set forth by the Hong Kong Monetary Authority in Supervisory Policy Manual (LM-2) - Sound Systems and Controls for Liquidity Risk Management and (LM-1) – Regulatory Framework for Supervision of Liquidity Risk.

**8 Remuneration disclosure**

In respect to the disclosure requirement under the Hong Kong Monetary Authority'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 2017.



**Section B. Bank Information (Consolidated Basis)**

**1 Financial information**

	As at	
	30 June 2018	31 December 2017
	NTD,000	NTD,000
Total Assets	2,095,013,795	2,036,258,400
Total Liabilities	1,944,155,152	1,891,310,836
Total Advances	1,370,074,982	1,377,040,660
Total Customers Deposits	1,674,630,563	1,672,079,784

	For the six months ended	
	30 June 2018	30 June 2017
	NTD,000	NTD,000
Pre-tax profit/(loss)	7,472,102	7,101,539

**2 Capital and capital adequacy ratio**

	As at	
	30 June 2018	31 December 2017
Capital adequacy ratio	14.16%	13.56%

The capital adequacy ratio is calculated in accordance with “Guideline of managing Capital adequacy ratio” issued by Financial Supervisory Commission Republic of China (Taiwan). The guideline closely follows the prevailing banking supervisory standards relating to capital adequacy issued by the Basel Committee.

**3 Total amount of shareholders’ funds**

	As at	
	30 June 2018	31 December 2017
	NTD,000	NTD,000
Shareholders’ funds	150,858,643	144,947,564



**Declaration of Compliance**

We enclose herewith the Financial Information Disclosure Statement for the six months ended 30 June 2018. 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 authorized institutions incorporated outside Hong Kong which issued by Hong Kong Monetary Authority and to the best of our knowledge and belief, is not false or misleading in any material respect.

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

Teng Hsiu Chuan  
Chief Executive

28 September 2018