



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 2015



Financial Information Disclosure Statement
For the year ended 31 December 2015

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Section A. Hong Kong Branch Information

1 Income statement information

	Note	For the year ended	
		31 December 2015	31 December 2014
		HK\$,000	HK\$,000
Interest income		251,799	214,425
Interest expenses		(97,768)	(88,184)
Net interest income		154,031	126,241
Other operating income	3a	49,439	51,839
Operating expenses	3b	(28,378)	(26,848)
Impairment losses and provisions for impaired loans and receivables		(13,789)	(26,948)
Profit before taxation		161,303	124,284
Tax expense		(27,300)	(23,039)
Profit after taxation		134,003	101,245

2 Balance sheet information

	Note	As at	
		31 December 2015	30 June 2015
		HK\$,000	HK\$,000
Assets			
Cash and balances with banks (except those included in amount due from head office and overseas office)		635,002	2,755,923
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)		4,294,851	2,411,806
Amount due from head office and overseas office		786,370	575,406
Trade bills		2,990	3,685
Loans and receivables	3d	6,109,397	6,232,988
Investment securities			
- Available-for-sale securities		607,870	617,964
Other assets		85,782	79,586
Property, plant and equipment		1,956	1,996
Total assets		12,524,218	12,679,354
Liabilities			
Deposit and balances of banks and other financial institutions (except those included in amount due from head office and overseas office)		1,323,033	2,497,989
Deposit from customers	3c	7,528,805	6,738,736
Amount due to head office and overseas offices		3,394,477	2,716,085
Other liabilities and provision		143,900	180,145
Total liabilities		12,390,215	12,132,955
Equities			
Current profit		134,003	75,314
Reserves		0	471,085
		134,003	546,399
Total equities and liabilities		12,524,218	12,679,354

3 Notes to the income statement and balance sheet information

a. Other operating income

	For the year ended	
	31 December 2015	31 December 2014
	HK\$,000	HK\$,000
Service fee and commission income	46,192	49,052
Service fee and commission expenses	(1,789)	(1,682)
Net fees and commission income	44,403	47,370
Gains less losses arising from trading in foreign currencies	4,999	4,015
Others	37	454
	<u>49,439</u>	<u>51,839</u>

b. Operating expenses

	For the year ended	
	31 December 2015	31 December 2014
	HK\$,000	HK\$,000
Staff and rental expenses	23,593	22,247
Other expenses	4,785	4,601
	<u>28,378</u>	<u>26,848</u>

c. Deposits from customers

	As at	
	31 December 2015	30 June 2015
	HK\$,000	HK\$,000
Demand deposits and current accounts	249,949	355,814
Savings accounts	3,552,697	3,097,939
Time, call and notice deposits	3,726,159	3,284,983
	<u>7,528,805</u>	<u>6,738,736</u>

d. Loans and receivables

	As at	
	31 December 2015	30 June 2015
	HK\$,000	HK\$,000
Loans and advances to customers	6,165,388	6,270,021
Loans and advances to banks	0	0
Accrued interest and other accounts	29,935	26,226
	<u>6,195,323</u>	<u>6,296,247</u>
Less: Impairment allowances		
Loans and advances to customers		
- <i>Collective provisions</i>	85,313	62,815
- <i>Specific provisions</i>	0	0
Loans and advances to banks		
- <i>Collective provisions</i>	0	0
Trade bills		
- <i>Collective provisions</i>	30	37
Others		
- <i>Collective provisions</i>	583	407
	<u>85,926</u>	<u>63,259</u>
Impairment allowances for loans and receivables	<u>85,926</u>	<u>63,259</u>
	<u>6,109,397</u>	<u>6,232,988</u>

e. Detail of impaired loans and advances to customers

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

	As at	
	31 December 2015	30 June 2015
	HK\$,000	HK\$,000
Gross amounts	0	0
Individual impairment allowances	0	0
Value of collateral	0	0
 Percentage of such loans and advances to its total amount of loans and advances to customers	 0%	 0%



f. Overdue and rescheduled loans:

(i) Overdue loans

	As at			
	31 December 2015		30 June 2015	
	Percentage of total advances to customers	Percentage of total advances to customers	Percentage of total advances to customers	Percentage of total advances to customers
Gross amount of advances to customers which have been overdue for:	HK\$,000	HK\$,000	HK\$,000	HK\$,000
More than 3 months but not more than 6 months	0	0	0	0.00%
More than 6 months but not more than one year	0	0	0	0.00%
More than one year	0	0	0	0.00%
	0	0	0	0.00%

Value of collateral held against the overdue loans and advances

	As at	
	31 December 2015 HK\$,000	30 June 2015 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

There was no rescheduled loan as at 31 December 2015 and 30 June 2015.

g. Repossessed assets

There was no repossessed asset as at 31 December 2015 and 30 June 2015.

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	
	31 December 2015	30 June 2015
	HK\$,000	HK\$,000
Contingent Liabilities and Commitments		
Direct credit substitutes	18,601	18,605
Transaction-related contingencies	0	0
Trade-related contingencies	6,036	11,426
Other commitments	1,189,822	819,837
	<u>1,214,459</u>	<u>849,868</u>
Derivatives		
Exchange rate contracts	<u>597,363</u>	<u>0</u>
Replacement cost of derivatives		
Exchange rate contracts	<u>(174)</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

	As at			
	31 December 2015		30 June 2015	
Loans and advances for use in Hong Kong	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	0	0	50,000	0
- Property investment	115,624	0	310,084	0
- Financial concerns	294,262	0	256,873	0
- Stockbrokers	48,441	0	48,451	0
- Wholesale and retail trade	250,747	26,201	284,911	32,906
- Manufacturing	207,840	14,226	476,438	14,228
- Transport and transport equipment	0	0	0	0
- Recreational activities	0	0	0	0
- Information technology	0	0	0	0
- Others	408,783	20,011	542,133	1,100
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	4,725	4,725	4,871	4,871
- Credit card advances	0	0	0	0
- Others	0	0	0	0
Trade finance	80,008	0	104,277	0
Loans and advances for use outside Hong Kong				
	4,754,958	105,554	4,191,983	121,987
Total loans and advances	6,165,388	170,717	6,270,021	175,092

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.

	As at	
	31 December 2015	30 June 2015
Loans and advances by geographical segment	HK\$,000	HK\$,000
- Hong Kong	1,658,207	2,200,008
- China	3,877,579	3,884,540
- Taiwan	87,578	91,637
- Others	542,024	93,836
Impaired loans and advances by geographical segment		
- Taiwan	0	0
	6,165,388	6,270,021

c. Mainland activities

Types of counterparties	On-balance	Off-balance	Total
	sheet exposure	sheet exposure	
	HK\$ million	HK\$ million	HK\$ million
As at 31 December 2015			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	998	65	1,063
2. Local governments, local government-owned entities and their subsidiaries and JVs	562	0	562
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	21	0	21
4. Other entities of central government not reported in item 1 above	256	0	256
5. Other entities of local governments not reported in item 2 above	60	19	79
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,490	231	2,721
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	333	0	333
Total	4,720	315	5,035
Total assets after provision	12,524		
On-balance sheet exposures as percentage of total assets	37.69%		

Types of counterparties	On-balance	Off-balance	Total
	sheet exposure	sheet exposure	
	HK\$ million	HK\$ million	HK\$ million
As at 30 June 2015			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,545	35	1,580
2. Local governments, local government-owned entities and their subsidiaries and JVs	706	0	706
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	311	0	311
5. Other entities of local governments not reported in item 2 above	39	2	41
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,913	22	1,935
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	148	0	148
Total	4,662	59	4,721
Total assets after provision	12,679		
On-balance sheet exposures as percentage of total assets	36.77%		

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>					<u>Total</u>
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank</u>		<u>Others</u>	
			<u>financial institutions</u>	<u>Non-financial private sector</u>		
As at 31 December 2015						
1. Developed countries	838	102	0	211	0	1,151
of which - United Kingdom	116	102	0	36	0	254
of which - Japan	310	0	0	37	0	347
2. Offshore centres	0	0	0	689	0	689
of which - Hong Kong	0	0	0	457	0	457
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	111	0	0	0	0	111
6. Developing Asia-Pacific	4,870	0	0	2,418	310	7,598
of which - China	168	0	0	2,403	0	2,571
of which - Taiwan	4,702	0	0	15	0	4,717

<u>Equivalent in millions of HK\$</u>	<u>Non-bank private sector</u>					<u>Total</u>
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank</u>		<u>Others</u>	
			<u>financial institutions</u>	<u>Non-financial private sector</u>		
As at 30 June 2015						
1. Developed countries	2,662	100	39	131	0	2,932
of which - United Kingdom	1,971	100	0	20	0	2,091
of which - Japan	310	0	0	37	0	347
2. Offshore centres	0	0	0	1,008	0	1,008
of which - Hong Kong	0	0	0	914	0	914
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	113	0	0	0	0	113
6. Developing Asia-Pacific	3,187	0	0	2,409	0	5,596
of which - China	439	0	0	2,382	0	2,821
of which - Taiwan	2,685	0	0	27	0	2,712

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 2015				
Spot assets	9,770	102	1,383	11,255
Spot liabilities	10,319	102	1,283	11,704
Forward purchase	511	0	0	511
Forward sales	0	0	86	86
Net option position	0	0	0	0
Net long/(short) position	(38)	0	14	(24)

<u>Equivalent in millions of HK\$</u>	USD	AUD	CNY	Total
As at 30 June 2015				
Spot assets	9,898	87	1,261	11,246
Spot liabilities	9,879	87	1,263	11,229
Forward purchase	0	0	0	0
Forward sales	0	0	0	0
Net option position	0	0	0	0
Net long/(short) position	19	0	(2)	17

There was no structural position as at 31 December 2015 and 30 June 2015.

7 Liquidity information disclosures

a. Average liquidity maintenance ratio/average liquidity ratio

	For the year of	
	2015	2014
Average liquidity maintenance ratio	42.08%	N/A
Average liquidity ratio	N/A	48.62%

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average liquidity maintenance ratio for the period as calculated in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015.

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".

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 mainly responsible for the liquidity risk management in our branch. Chief Executive is the chairman of the Committee. The members include the department head of Treasury, risk management and accounting department. Chief Executive could also invite other department heads to attend the Committee meeting in need.

The branch also follows the guidance set forth by the Hong Kong Monetary Authority in Supervisory Policy Manual (LM-2) - Sound Systems and Controls for Liquidity Risk Management.

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 2015.

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

	As at	
	31 December 2015	30 June 2015
	NTD,000	NTD,000
Total Assets	1,906,257,219	1,836,134,168
Total Liabilities	1,776,782,260	1,712,550,548
Total Advances	1,321,934,363	1,287,286,985
Total Customers Deposits	1,547,739,711	1,485,055,689

	For the year ended	
	31 December 2015	31 December 2014
	NTD,000	NTD,000
Pre-tax profit/(loss)	13,746,201	12,424,085

2 Capital and capital adequacy ratio

	As at	
	31 December 2015	30 June 2015
Capital adequacy ratio	11.78%	11.37%

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

	As at	
	31 December 2015	30 June 2015
	NTD,000	NTD,000
Shareholders' funds	129,474,959	123,583,620




Declaration of Compliance

We enclose herewith the Financial Information Disclosure Statement for the year ended 31 December 2015. 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



Suen Jenn Shing

Alternate Chief Executive

22 March 2016