



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 2015



Financial Information Disclosure Statement

For the six months ended 30 June 2015

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Section A. Hong Kong Branch Information

1 Income statement information

	Note	For the six months ended	
		30 June 2015	30 June 2014
		HK\$,000	HK\$,000
Interest income		125,165	92,098
Interest expenses		(49,468)	(34,828)
Net interest income		75,697	57,270
Other operating income	3a	16,681	12,997
Operating expenses	3b	(14,146)	(13,029)
Impairment losses and provisions for impaired loans and receivables		9,199	(14,908)
Profit before taxation		87,431	42,330
Tax expense		(12,117)	(8,889)
Profit after taxation		75,314	33,441



2 Balance sheet information

	Note	As at	
		30 June 2015	31 December 2014
		HK\$,000	HK\$,000
Assets			
Cash and balances with banks (except those included in amount due from head office and overseas office)		2,755,923	985,058
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)		2,411,806	1,658,313
Amount due from head office and overseas office		575,406	2,345,691
Trade bills		3,685	6,180
Loans and receivables	3d	6,232,988	6,826,765
Investment securities			
- Available-for-sale securities		617,964	91,363
Other assets		79,586	75,310
Property, plant and equipment		1,996	2,178
Total assets		12,679,354	11,990,858
Liabilities			
Deposit and balances of banks and other financial institutions (except those included in amount due from head office and overseas office)		2,497,989	1,070,913
Deposit from customers	3c	6,738,736	6,065,171
Amount due to head office and overseas offices		2,716,085	4,228,394
Other liabilities and provision		180,145	160,268
Total liabilities		12,132,955	11,524,746
Equities			
Current profit		75,314	101,245
Reserves		471,085	364,867
		546,399	466,112
Total equities and liabilities		12,679,354	11,990,858

3 Notes to the income statement and balance sheet information

a. Other operating income

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$,000	HK\$,000
Service fee and commission income	15,264	11,583
Service fee and commission expenses	(854)	(932)
Net fees and commission income	14,410	10,651
Gains less losses arising from trading in foreign currencies	2,125	1,978
Others	146	368
	<u>16,681</u>	<u>12,997</u>

b. Operating expenses

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$,000	HK\$,000
Staff and rental expenses	11,446	10,351
Other expenses	2,700	2,678
	<u>14,146</u>	<u>13,029</u>

c. Deposits from customers

	As at	
	30 June 2015	31 December 2014
	HK\$,000	HK\$,000
Demand deposits and current accounts	355,814	260,631
Savings accounts	3,097,939	2,795,223
Time, call and notice deposits	3,284,983	3,009,317
	<u>6,738,736</u>	<u>6,065,171</u>



d. Loans and receivables

	As at	
	30 June 2015	31 December 2014
	HK\$,000	HK\$,000
Loans and advances to customers	6,270,021	6,842,538
Loans and advances to banks	0	32,000
Accrued interest and other accounts	26,226	24,402
	<u>6,296,247</u>	<u>6,898,940</u>
Less: Impairment allowances		
Loans and advances to customers		
- <i>Collective provision</i>	62,815	68,400
- <i>Individual provision</i>	0	3,103
Loans and advances to banks		
- <i>Collective provision</i>	0	320
Trade bills		
- <i>Collective provision</i>	37	62
Others		
- <i>Collective provision</i>	407	290
	<u>63,259</u>	<u>72,175</u>
Impairment allowances for loans and receivables	<u>63,259</u>	<u>72,175</u>
	<u>6,232,988</u>	<u>6,826,765</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 2015	31 December 2014
	HK\$,000	HK\$,000
Gross amounts	0	3,103
Individual impairment allowances	0	3,103
Value of collateral	0	2,230
Percentage of such loans and advances to its total amount of loans and advances to customers	0%	0.05%

f. Overdue and rescheduled loans:

(i) Overdue loans

	As at			
	30 June 2015		31 December 2014	
	Percentage of total	Percentage of total		
	advances to	advances to		
	customers	customers		
	HK\$,000	HK\$,000		
Gross amount of advances to customers which have been overdue for:				
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	3,103	0.05%
	0	0	3,103	0.05%

Value of collateral held against the overdue loans and advances

	As at	
	30 June 2015	31 December 2014
	HK\$,000	HK\$,000
Current market value of collateral held against the covered portion of overdue loans and advances	0	2,230
Covered portion of overdue loans and advances	0	2,230
Uncovered portion of overdue loans and advances	0	873

(ii) Rescheduled loans

There was no rescheduled loan as at 30 June 2015 and 31 December 2014.

g. Repossessed assets

There was no repossessed asset as at 30 June 2015 and 31 December 2014.

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 2015	31 December 2014
	HK\$,000	HK\$,000
Contingent Liabilities and Commitments		
Direct credit substitutes	18,605	18,616
Transaction-related contingencies	0	0
Trade-related contingencies	11,426	49,649
Other commitments	819,837	959,905
	<u>849,868</u>	<u>1,028,170</u>
Derivatives		
Exchange rate contracts	<u>0</u>	<u>232,703</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

	As at			
	30 June 2015		31 December 2014	
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	50,000	0	105,000	0
- Property investment	310,084	0	310,270	0
- Financial concerns	256,873	0	187,135	0
- Stockbrokers	48,451	0	77,568	0
- Wholesale and retail trade	284,911	32,906	534,234	168,435
- Manufacturing	476,438	14,228	569,352	91,477
- Transport and transport equipment	0	0	13,000	0
- Recreational activities	0	0	0	0
- Information technology	0	0	0	0
- Others	542,133	1,100	664,367	39,479
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	4,871	4,871	5,021	5,021
- Credit card advances	0	0	0	0
- Others	0	0	0	0
Trade finance	104,277	0	61,264	0
Loans and advances for use outside Hong Kong				
	4,191,983	121,987	4,347,327	105,462
Total loans and advances	6,270,021	175,092	6,874,538	409,874

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	
	30 June 2015	31 December 2014
Loans and advances by geographical segment	HK\$,000	HK\$,000
- Hong Kong	2,200,008	2,663,127
- China	3,884,540	3,943,553
- Taiwan	91,637	110,755
- Others	93,836	154,000
Impaired loans and advances by geographical segment		
- Taiwan	0	3,103
	6,270,021	6,874,538

c. Mainland activities

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%		

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	5,137	151	5,288
Total assets after provision	11,991		
On-balance sheet exposures as percentage of total assets	42.84%		

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 financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</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
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

<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 financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	
As at 31 December 2014						
1. Developed countries	816	0	39	2	0	857
of which - United Kingdom	496	0	0	0	0	496
2. Offshore centres	76	0	0	944	0	1,020
of which - Hong Kong	63	0	0	790	0	853
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	0	0	0
6. Developing Asia-Pacific	4,330	0	0	2,605	0	6,935
of which - China	523	0	0	2,571	0	3,094
of which - Taiwan	3,807	0	0	34	0	3,841

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 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
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)

There was no structural position as at 30 June 2015 and 31 December 2014.

7 Liquidity information disclosures

a. Average liquidity maintenance ratio/average liquidity ratio

	For the first half year of	
	2015	2014
Average liquidity maintenance ratio	41.92%	N/A
Average liquidity ratio	N/A	44.13%

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 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

	As at	
	30 June 2015	31 December 2014
	NTD,000	NTD,000
Total Assets	1,836,134,168	1,815,872,967
Total Liabilities	1,712,550,548	1,696,631,866
Total Advances	1,287,286,985	1,259,366,749
Total Customers Deposits	1,485,055,689	1,452,969,285

	For the six months ended	
	30 June 2015	30 June 2014
	NTD,000	NTD,000
Pre-tax profit/(loss)	3,669,906	7,118,194

2 Capital and capital adequacy ratio

	As at	
	30 June 2015	31 December 2014
Capital adequacy ratio	11.37%	11.45%

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	
	30 June 2015	31 December 2014
	NTD,000	NTD,000
Shareholders’ funds	123,583,620	119,241,101



Declaration of Compliance

We enclose herewith the Financial Information Disclosure Statement for the six months ended 30 June 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

29 September 2015