



華南商業銀行香港分行 香港灣仔港灣道18號中環廣場56樓5601-5603室  
HUA NAN COMMERCIAL BANK, LTD HONG KONG BRANCH 電話:852-28240288 SWIFT:HNBKHKHH

# Hua Nan Commercial Bank, Ltd

Hong Kong Branch

Financial Information Disclosure Statements

For the half year ended 30 June 2015

**Section A-Branch Information**
**HKD'000**

<b>I. Income Statement Information</b>	<b>Half year to 30 June 2015</b>	<b>Half year to 30 June 2014</b>
Net interest income	99,949	114,105
Interest income	175,022	166,972
Interest expense	(75,073)	(52,867)
Other operating income	17,765	21,492
Gains less losses arising from trading in foreign currencies	4,458	5,239
Gains less losses on securities held for trading purposes	(1,302)	1,547
Gains less losses from other trading activities	(1,153)	(975)
Net fees and commission income:	<u>Half year to 30 Jun. 2015</u>	<u>30 Jun. 2014</u>
Income from fees and commission	16,860	16,601
Less : fees and commission expenses	(1,125)	(978)
Others	27	58
Operating expenses	(21,998)	(20,272)
Staff and rental expenses	(18,837)	(16,734)
Other expenses less fees and commission expenses	(3,161)	(3,538)
Provisions for bad and doubtful debts	<u>1,173</u>	<u>(7,791)</u>
Profit before taxation	96,889	107,534
Tax expense	<u>(15,800)</u>	<u>(17,800)</u>
Profit after taxation	<u><u>81,089</u></u>	<u><u>89,734</u></u>

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**II. Balance Sheet Information****30 Jun. 2015 31 Dec. 2014****Assets**

Cash and short term fund (except those included in amount due from overseas offices)	7,563,692	7,567,425
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	3,016,923	3,326,291
Amount due from overseas offices of the institution	1,555,310	823,792
Trade bills	19,086	15,569
Certificates of deposit held	227,427	77,585
Advances to customers, banks and other financial institutions	6,682,555	6,817,451
Investment securities	663,027	788,269
Tangible fixed assets	867	568
Other assets and interest receivables	50,209	41,436
Total assets	<u>19,779,096</u>	<u>19,458,386</u>

**Equity and Liabilities**

Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,419,679	2,358,314
Deposits from customers	16,612,152	16,320,184
demand deposits and current accounts	432,635	409,454
savings deposits	7,115,130	7,180,367
time, call and notice deposits	9,064,387	8,730,363
Amount due to overseas offices of the institution	94,853	220,627
Other liabilities and provisions	173,316	162,737
Total liabilities	<u>19,300,000</u>	<u>19,061,862</u>
Reserves and current profit	479,096	396,524
Total equity and liabilities	<u>19,779,096</u>	<u>19,458,386</u>

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**III. Additional Balance Sheet Information****30 Jun. 2015 31 Dec. 2014**

(i) Advances and other accounts	30 Jun. 2015	31 Dec. 2014		
<i>A. Advances to customers</i>			6,682,555	6,765,451
Loans to finance imports to H.K. and exports and re-exports from H.K.	155,240	139,401		
Other loans for use in H.K.	3,310,685	3,136,565		
Other loans for use outside H.K.	3,216,630	3,489,485		
<i>B. Advances to banks and other financial institutions</i>			0	52,000
<i>C. Accrued interest and other accounts</i>			50,209	41,436
Accrued interest	39,551	34,828		
Other accounts:	10,658	6,608		
	<u>30 Jun. 2015</u>	<u>31 Dec. 2014</u>		
Prepaid expenses	1,569	643		
Other accounts receivable	50	49		
Prepaid taxes	6,311	3,518		
Other prepayment	35	124		
Fair value adjustments on financial assets designated at fair value	759	364		
Forward exchange contract receivable	0	0		
Refundable deposits	1,599	1,613		
Computer software	335	297		
Gain from revaluation of securities	0	0		
<i>D. Provisions for bad and doubtful debts</i>			69,490	70,660
Reserves for loans:				
General provisions			67,185	68,337
To customers	66,763	67,588		
To banks	422	749		
Specific provisions			2,305	2,323
To customers	2,305	2,323		
Reserves for other receivables:				
Specific provisions			0	0

**III. Additional Balance Sheet Information (Continued)****(ii) Non-performing loans**

	<u>Principal amt</u>	<u>Suspended interest</u>	<u>Value of collateral</u>	<u>Total amt</u>	<u>Percentage to total advances</u>	<u>Provisions</u>
30 Jun. 2015	0	0	0	0	0.00%	0
31 Dec. 2014	0	0	0	0	0.00%	0

**(iii) The gross amount of advances to customers which have been overdue**

	<u>30 Jun. 2015</u>			<u>31 Dec. 2014</u>		
	<u>Loans</u>	<u>Percentage to total advances</u>	<u>Provisions</u>	<u>Loans</u>	<u>Percentage to total advances</u>	<u>Provisions</u>
six months or less but over three months:	0	0.00%	0	0	0.00%	0
one year or less but over six months:	0	0.00%	0	0	0.00%	0
over one year:	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>
Total	<u>0</u>		<u>0</u>	<u>0</u>		<u>0</u>

## Market value of collateral held

against the covered portion of all

overdue advances 0 0

Covered portion of all overdue

advances 0 0

Uncovered portion of all overdue

advances 0 0

**III. Additional Balance Sheet Information (Continued)**
**30 Jun. 2015 31 Dec. 2014**

(iv) a. The amount of advances to customers which have been overdue for more than three months and on which interest is still being accrued	0	0
b. The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	0	0
c. The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is still being accrued	0	0
(v) The amount of rescheduled advances to customers (net of those which have been overdue for over three months and reported in (iii) above)	0	0
(vi) Reconciliation between overdue loans and non-performing loans		
The amount of advances to customers which have been overdue for more than three months	0	0
<b>Add:</b> - The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	0	0
- The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is still being accrued	0	0
<b>Less:</b> The amount of advances to customers which have been overdue for more than three months and on which interest is still being accrued	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
<u>Non-performing Loans</u>		
	<u>30 Jun. 2015</u>	<u>31 Dec. 2014</u>
Hong Kong areas	0	0
Other areas	0	0
(vii) The debt securities which have been overdue	0	0
(viii) Other assets which have been overdue	0	0

**IV. Segmental Information****(i) Breakdown of the gross amount of advances to customers by industry sectors**

	30 Jun. 2015		31 Dec. 2014	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,310,685	474,708	2,954,320	497,003
a.Industrial,commercial and financial	3,310,685	474,708	2,954,320	497,003
Manufacturing	595,251	118,467	418,361	114,043
Property development	613,691	52,518	752,477	52,548
Property investment	659,523	192,585	510,725	220,000
Electricity and gas	244,319	0	244,319	0
Recreational activities	7,500	7,500	6,500	6,500
Information technology	145,215	0	62,262	0
Wholesale and retail trade	125,356	103,638	127,802	101,972
Transport	121,155	0	157,109	1,940
Hotels,boarding houses & catering	204,704	0	225,711	0
Financial concerns	330,423	0	214,179	0
Stockbrokers	263,548	0	234,875	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	155,240	69,033	139,401	64,389
C.Loans for use outside H.K.	3,216,630	41,577	3,671,730	163,452
Total	6,682,555	585,318	6,765,451	724,844

**(ii) Gross amount of advances to customers by countries or geographical areas**

30 Jun. 2015 31 Dec. 2014

(A country or geographical area is reported where it constitutes 10% or more of the aggregate gross amount of advances to customers after taking into consideration the transfers of risks.)

<b><u>Hong Kong</u></b> : Loans and advance to customers	2,461,041	3,371,316
<b><u>Taiwan</u></b> : Loans and advance to customers	616,578	690,257
Overdue loans	0	0
Non-performing loans	0	0
<b><u>China</u></b> : Loans and advance to customers	3,508,031	2,498,003

There are no overdue and non-performing loans under the identified countries or geographical areas in addition to Taiwan

**(iii) Repossessed assets**

0 0

**IV. Segmental Information (Continued)****(iv) International claims**

	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
<u>As at 30 Jun. 2015</u>						
1. Developing Asia-Pacific	9,279	2	0	4,242	0	13,523
of which country: Taiwan	5,419	0	0	633	0	6,052
China	3,081	2	0	3,579	0	6,662
2. Offshore centres	1,482	73	331	2,172	0	4,058
of which country: Hong Kong	1,403	73	331	2,136	0	3,943
<u>As at 31 Dec. 2014</u>						
1. Developing Asia-Pacific	8,455	1	0	3,419	0	11,875
of which country: Taiwan	5,570	0	0	783	0	6,353
China	2,548	1	0	2,604	0	5,153
2. Offshore centres	1,768	54	214	3,362	0	5,398
of which country: Hong Kong	1,689	54	214	3,158	0	5,115

The basis of the country/geographical classification has been taken account the transfer of risk.

**(v) Mainland activities exposures**

<u>30 Jun. 2015</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
Types of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,064	100	1,164
2. Local government, local government-owned entities and their subsidiaries and JVs	875	30	905
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	582	303	885
4. Other entities of central governments not reported in item 1 above	0	0	0
5. Other entities of local governments not reported in item 2 above	300	12	312
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,417	176	1,593
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<u>Total</u>	4,238	621	4,859
Total assets after provision			19,710
On-balance sheet exposures as percentage of total assets			21.50%



**IV. Segmental Information (Continued)****(v) Mainland activities exposures**

31 Dec. 2014	On-balance sheet exposure	Off-balance sheet exposure	Total
Type of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,154	100	1,254
2. Local government, local government-owned entities and their subsidiaries and JVs	925	109	1,034
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	640	220	860
4. Other entities of central governments not reported in item 1 above	0	0	0
5. Other entities of local governments not reported in item 2 above	295	15	310
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,457	191	1,648
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>4,471</b>	<b>635</b>	<b>5,106</b>
Total assets after provision	19,388		
On-balance sheet exposures as percentage of total assets	23.06%		

**V. Currency Risk**

(An individual currency is reported if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.)

30 Jun. 2015	USD	EUR	GBP	JPY	CNY	NZD
Spot assets	12,531	244	11	233	3,197	7
Spot liabilities	(12,529)	(243)	(12)	(236)	(3,195)	(7)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	2	1	(1)	(3)	2	0
31 Dec. 2014	USD	EUR	GBP	JPY	CNY	NZD
Spot assets	12,896	262	9	187	2,878	9
Spot liabilities	(12,893)	(262)	(9)	(188)	(2,875)	(9)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	3	0	0	(1)	3	0

HKD'000

**VI. Off-Balance Sheet Exposures** **30 Jun. 2015** **31 Dec. 2014**

(i) Contingent liabilities and commitments	30 Jun. 2015	31 Dec. 2014		
A. Direct credit substitutes			2,992	30,227
Customers' liabilities under guarantee	2,992	30,227		
B. Transaction-related contingencies			0	0
C. Trade-related contingent items			448,580	421,054
Collection receivable for customers	217,721	189,243		
Customers' liabilities under L/C	139,873	112,371		
Customers' liabilities under guarantee (SG)	57,907	73,918		
Customers' liabilities under acceptance	33,079	45,522		
D. Sale and repurchase agreements			444,633	608,311
E. Other commitments				
With an original maturity of under 1 year available OD & loans limit			2,502,276	2,447,901
With an original maturity of over 1 year loans limit			919,320	1,097,770
Note issue and revolving underwriting facilities			0	0

The contract amounts of the contingent liabilities and commitments represent the amounts at risk should the contract be fully drawn upon and the client default, the total of the contract amounts is not representative of future liquidity requirements.

(ii) Derivatives	30 Jun. 2015	31 Dec. 2014
Contract amounts :		
Interest rate contracts	271,388	232,754
Exchange rate contracts	0	4,655
	<u>271,388</u>	<u>237,409</u>
Replacement costs (of the above derivatives) :		
Interest rate contracts	0	0
Exchange rate contracts	0	16
	<u>0</u>	<u>16</u>

The contract amounts indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk. The replacement costs do not take into account the effects of bilateral netting arrangements.

VII. Liquidity	For the first half-year of 2015	For the first half-year of 2014
The average liquidity ratio	N/A	43.56%
The average liquidity maintenance ratio	38.34%	N/A

The Liquidity Ratio specified under section 102 of the Banking Ordinance, which was replaced by the Liquidity Maintenance Ratio ('LMR') on 1 January 2015. LMR was complied in accordance with the Banking (Liquidity) Rules issued by the HKMA with effective from 1 January 2015 for the implementation of the Basel III capital framework.

The average ratio is calculated based on the arithmetic mean of the average value of its liquidity position return for each month during the reporting period.

#### VIII. Remuneration Disclosure

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5)-Guideline on a Sound Remuneration System, please refer to the Bank's 2014 Annual Report (Chinese version) (in the part of Corporate Governance Report).

Section B-Bank Information (Consolidated Basis)	NTD'000 (HKD/NTD=3.987)	
I. Capital and Capital Adequacy	30 Jun. 2015	31 Dec. 2014
Consolidated capital adequacy ratio	12.37%	12.85%
Aggregate amount of shareholders' funds	175,541,555	180,571,590

The ratio is computed in accordance with the New Basel Capital Accord's Capital Adequacy Directive and the basis of computation incorporates allowances for credit, market and operational risks.

II. Other Financial Information	30 Jun. 2015	31 Dec. 2014
Total assets	2,215,503,802	2,210,900,596
Total liabilities	2,076,755,567	2,070,980,217
Total net advances	1,453,097,919	1,477,976,339
Total customer deposits	1,841,705,970	1,831,117,254
	Half-year to 30 June 2015	Half-year to 30 June 2014
Pre-tax Profit	8,449,861	6,805,802

#### Declaration of Compliance

It is certified by the Chief Executive of Hua Nan Commercial Bank, Ltd. Hong Kong Branch that the information disclosed above complies fully with the disclosure standards as set out in CA-D-1 (Guideline on the Application of the Banking (Disclosure) Rules) of the Supervisory Policy Manual (V.2 - 06.08.15) issued by the Hong Kong Monetary Authority and is not false or misleading.

For and on behalf of  
Hua Nan Commercial Bank, Ltd.  
Hong Kong Branch



Tsai, Cheng Chih  
Vice President & General Manager

Date: 7 October 2015