

# Hua Nan Commercial Bank, Ltd

## Hong Kong Branch

### Financial Information Disclosure Statements

For the year ended 31 December 2014

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

<b>I. Income Statement Information</b>	<b>Year ended 31 Dec. 2014</b>	<b>Year ended 31 Dec. 2013</b>
Net interest income	210,973	177,118
Interest income	329,629	251,600
Interest expense	(118,656)	(74,482)
Other operating income	39,160	41,403
Gains less losses arising from trading in foreign currencies	10,506	10,763
Gains less losses on securities held for trading purposes	(1,339)	(3,550)
Gains less losses from other trading activities	(1,186)	319
Net fees and commission income:	<u>Year 2014</u>	<u>Year 2013</u>
Income from fees and commission	33,027	33,750
Less : fees and commission expenses	(1,980)	(2,190)
Others	132	2,311
Operating expenses	(37,893)	(38,789)
Staff and rental expenses	(31,098)	(31,472)
Other expenses less fees and commission expenses	(6,795)	(7,317)
Provisions for bad and doubtful debts	<u>(1,460)</u>	<u>(22,969)</u>
Profit before taxation	210,780	156,763
Tax expense	<u>(34,800)</u>	<u>(25,578)</u>
Profit after taxation	<u>175,980</u>	<u>131,185</u>

II. Balance Sheet Information	31 Dec. 2014	30 Jun. 2014
<b>Assets</b>		
Cash and short term fund (except those included in amount due from overseas offices)	7,567,425	5,995,202
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	3,326,291	2,264,817
Amount due from overseas offices of the institution	823,792	827,226
Trade bills	15,569	7,405
Certificates of deposit held	77,585	77,519
Advances to customers, banks and other financial institutions	6,817,451	7,447,034
Investment securities	788,269	1,039,267
Tangible fixed assets	568	556
Other assets and interest receivables	41,436	37,033
Total assets	<u>19,458,386</u>	<u>17,696,059</u>
<b>Equity and Liabilities</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,358,314	2,112,408
Deposits from customers	16,320,184	14,730,852
demand deposits and current accounts	409,454	480,275
savings deposits	7,180,367	6,723,921
time, call and notice deposits	8,730,363	7,526,656
Amount due to overseas offices of the institution	220,627	379,665
Other liabilities and provisions	162,737	161,477
Total liabilities	<u>19,061,862</u>	<u>17,384,402</u>
Reserves and current profit	396,524	311,657
Total equity and liabilities	<u>19,458,386</u>	<u>17,696,059</u>

<b>III. Additional Balance Sheet Information</b>		<b>31 Dec. 2014</b>	<b>30 Jun. 2014</b>
<b>(i) Advances and other accounts</b>		<u>31 Dec. 2014</u>	<u>30 Jun. 2014</u>
<i>A. Advances to customers</i>			6,765,451
Loans to finance imports to H.K. and exports and re-exports from H.K.		139,401	164,314
Other loans for use in H.K.		3,136,565	3,980,819
Other loans for use outside H.K.		3,489,485	3,239,901
<i>B. Advances to banks and other financial institutions</i>			52,000
<i>C. Accrued interest and other accounts</i>			41,436
Accrued interest		34,828	30,264
Other accounts:		6,608	6,769
	<u>31 Dec. 2014</u>	<u>30 Jun. 2014</u>	
Prepaid expenses	643	1,481	
Other accounts receivable	49	56	
Prepaid taxes	3,518	2,835	
Other prepayment	124	16	
Fair value adjustments on financial assets designated at fair value	364	316	
Forward exchange contract receivable	0	0	
Refundable deposits	1,613	1,592	
Computer software	297	473	
Gain from revaluation of securities	0	0	
<i>D. Provisions for bad and doubtful debts</i>			70,660
Reserves for loans:			76,910
General provisions			68,337
To customers		67,588	73,781
To banks		749	787
Specific provisions			2,323
To customers		2,323	2,342
Reserves for other receivables:			
Specific provisions			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>
31 Dec. 2014	0	0	0	0	0.00%	0
30 Jun. 2014	0	0	0	0	0.00%	0

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

	<u>31 Dec. 2014</u>			<u>30 Jun. 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	<u>0</u>	<u>0</u>
Covered portion of all overdue advances	<u>0</u>	<u>0</u>
Uncovered portion of all overdue advances	<u>0</u>	<u>0</u>



III. Additional Balance Sheet Information (Continued)	31 Dec. 2014	30 Jun. 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>31 Dec. 2014</u>	<u>30 Jun. 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**

	31 Dec. 2014		30 Jun. 2014	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,136,565	497,003	3,980,819	835,692
a.Industrial,commercial and financial	3,136,565	497,003	3,980,819	835,692
Manufacturing	600,606	114,043	1,029,734	124,132
Property development	752,477	52,548	840,506	76,237
Property investment	510,725	220,000	828,177	488,693
Electricity and gas	244,319	0	244,319	0
Recreational activities	6,500	6,500	6,500	6,500
Information technology	62,262	0	67,273	0
Wholesale and retail trade	127,802	101,972	310,689	140,130
Transport	157,109	1,940	189,923	0
Hotels,boarding houses & catering	225,711	0	225,522	0
Financial concerns	214,179	0	208,176	0
Stockbrokers	234,875	0	30,000	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	139,401	64,389	164,314	53,090
C.Loans for use outside H.K.	3,489,485	163,452	3,239,901	167,869
Total	6,765,451	724,844	7,385,034	1,056,651

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

31 Dec. 2014 30 Jun. 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	3,371,316	4,161,949
<b><u>Taiwan</u></b> : Loans and advance to customers	690,257	1,102,269
Overdue loans	0	0
Non-performing loans	0	0
<b><u>China</u></b> : Loans and advance to customers	2,498,003	1,838,983

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) Cross-border claims**

	Banks	Public sector entities	Others	Total
<u>As at 31 Dec. 2014</u>				
1. Asia Pacific excluding H.K.	9,861	1	3,513	13,375
of which country: Taiwan	5,570	0	783	6,353
China	2,548	1	2,604	5,153
<u>As at 30 Jun. 2014</u>				
1. Asia Pacific excluding H.K.	7,807	1	3,432	11,240
of which country: Taiwan	5,475	0	1,190	6,665
China	1,985	1	2,080	4,066

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

**(v) Mainland activities exposures**

<u>31 Dec. 2014</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)	1,147	100	1,247
2. Local government, local government-owned entities and their subsidiaries and JVs	933	109	1,042
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	475	220	695
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	460	15	475
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,538	246	1,784
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>	4,553	690	5,243
Total assets after provision	19,388		
On-balance sheet exposures as percentage of total assets	23.48%		



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

30 Jun. 2014	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
Type of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	458	78	536
2. Local government, local government-owned entities and their subsidiaries and JVs	544	0	544
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	135	15	150
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	38	40	78
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,212	328	2,540
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>	3,387	461	3,848
Total assets after provision			17,619
On-balance sheet exposures as percentage of total assets			19.23%

**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.)

31 Dec. 2014	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
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
30 Jun. 2014	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	11,428	287	11	141	2,197	8
Spot liabilities	(11,412)	(287)	(9)	(146)	(2,194)	(8)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	16	0	2	(5)	3	0

VI. Off-Balance Sheet Exposures	31 Dec. 2014	30 Jun. 2014
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(i) Contingent liabilities and commitments	31 Dec. 2014	30 Jun. 2014
A. Direct credit substitutes		
Customers' liabilities under guarantee	30,227	1,668
B. Transaction-related contingencies		
	0	0
C. Trade-related contingent items		
Collection receivable for customers	189,243	251,080
Customers' liabilities under L/C	112,371	160,608
Customers' liabilities under guarantee (SG)	73,918	82,668
Customers' liabilities under acceptance	45,522	39,045
D. Sale and repurchase agreements		
	608,311	627,627
E. Other commitments		
With an original maturity of under 1 year available OD & loans limit	2,447,901	2,328,286
With an original maturity of over 1 year loans limit	1,097,770	1,310,066
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	31 Dec. 2014	30 Jun. 2014
Contract amounts :		
Interest rate contracts	232,754	232,558
Exchange rate contracts	4,655	0
	<u>237,409</u>	<u>232,558</u>
Replacement costs (of the above derivatives) :		
Interest rate contracts	0	0
Exchange rate contracts	16	0
	<u>16</u>	<u>0</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.

<b>VII. Liquidity</b>	Year 2014	Year 2013
The average liquidity ratio	43.74%	43.26%

### **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 2013 Annual Report (Chinese version) (in the part of Corporate Governance Report).

<b>Section B-Bank Information (Consolidated Basis)</b>	NTD'000 (HKD/NTD=4.082)	
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<b>I. Capital and Capital Adequacy</b>	31 Dec. 2014	30 Jun. 2014
Consolidated capital adequacy ratio	12.85%	12.20%
Aggregate amount of shareholders' funds	180,571,590	163,984,215

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.

<b>II. Other Financial Information</b>	31 Dec. 2014	30 Jun. 2014
Total assets	2,210,900,596	2,125,116,426
Total liabilities	2,070,980,217	1,992,695,855
Total net advances	1,477,976,339	1,398,312,760
Total customer deposits	1,831,117,254	1,768,902,163
	<u>Year ended</u> 31 Dec. 2014	<u>Year ended</u> 31 Dec. 2013
Pre-tax Profit	14,595,236	11,167,036

### 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.1 - 30.05.07) 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: 26 March 2015