

Hua Nan Commercial Bank, Ltd

Hong Kong Branch

Financial Information Disclosure Statements

For the year ended 31 December 2015

Section A-Branch Information

HKD'000

I. Income Statement Information	Year ended 31 Dec. 2015	Year ended 31 Dec. 2014
Net interest income	202,378	210,973
Interest income	350,419	329,629
Interest expense	-148,041	-118,656
Other operating income	33,238	39,160
Gains less losses arising from trading in foreign currencies	9,053	10,506
Gains less losses on securities held for trading purposes	-3,365	-1,339
Gains less losses from other trading activities	-1,486	-1,186
Net fees and commission income:	<u>Year 2015</u>	<u>Year 2014</u>
Income from fees and commission	31,186	33,027
Less : fees and commission expenses	-2,184	-1,980
Others	34	132
Operating expenses	-39,573	-37,893
Staff and rental expenses	-33,434	-31,098
Other expenses less fees and commission expenses	-6,139	-6,795
Provisions for bad and doubtful debts	-957	-1,460
Profit before taxation	<u>195,086</u>	<u>210,780</u>
Tax expense	-32,300	-34,800
Profit after taxation	<u><u>162,786</u></u>	<u><u>175,980</u></u>

HKD'000

II. Balance Sheet Information	31 Dec. 2015	30 Jun. 2015
Assets		
Cash and short term fund (except those included in amount due from overseas offices)	7,852,611	7,563,692
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	3,072,428	3,016,923
Amount due from overseas offices of the institution	656,361	1,555,310
Trade bills	30,766	19,086
Certificates of deposit held	218,755	227,427
Advances to customers, banks and other financial institutions	7,375,704	6,682,555
Investment securities	480,047	663,027
Tangible fixed assets	1,220	867
Other assets and interest receivables	42,296	50,209
Total assets	19,730,188	19,779,096
Equity and Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,145,852	2,419,679
Deposits from customers	16,606,791	16,612,152
demand deposits and current accounts	435,955	432,635
savings deposits	7,217,439	7,115,130
time, call and notice deposits	8,953,397	9,064,387
Amount due to overseas offices of the institution	268,741	94,853
Other liabilities and provisions	151,150	173,316
Total liabilities	19,172,534	19,300,000
Reserves and current profit	557,654	479,096
Total equity and liabilities	19,730,188	19,779,096

III. Additional Balance Sheet Information		31 Dec. 2015	30 Jun. 2015
(i) Advances and other accounts		31 Dec. 2015	30 Jun. 2015
<i>A. Advances to customers</i>			
			7,282,691
Loans to finance imports to H.K. and exports and re-exports from H.K.		129,610	155,240
Other loans for use in H.K.		3,815,834	3,310,685
Other loans for use outside H.K.		3,337,247	3,216,630
<i>B. Advances to banks and other financial institutions</i>			93,013
<i>C. Accrued interest and other accounts</i>			42,296
Accrued interest		35,163	39,551
Other accounts:		7,133	10,658
		31 Dec. 2015	30 Jun. 2015
Prepaid expenses		1,048	1,569
Other accounts receivable		49	50
Prepaid taxes		3,362	6,311
Other prepayment		150	35
Fair value adjustments on financial assets designated at fair value		696	759
Forward exchange contract receivable		9	0
Refundable deposits		1,605	1,599
Computer software		214	335
Gain from revaluation of securities		0	0
<i>D. Provisions for bad and doubtful debts</i>			75,990
Reserves for loans:			
General provisions			73,715
To customers		72,768	66,763
To banks		947	422
Specific provisions			2,275
To customers		2,275	2,305
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>
31 Dec. 2015	0	0	0	0	0.00%	0
30 Jun. 2015	0	0	0	0	0.00%	0

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

	<u>31 Dec. 2015</u>			<u>30 Jun. 2015</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:	0	0.00%	0	0	0.00%	0
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. 2015	30 Jun. 2015
(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
Add: - 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
Less: 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
	0	0
	0	0
<u>Non-performing Loans</u>		
	<u>31 Dec. 2015</u>	<u>30 Jun. 2015</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. 2015		30 Jun. 2015	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,815,834	453,741	3,310,685	474,708
a.Industrial,commercial and financial	3,815,834	453,741	3,310,685	474,708
Manufacturing	335,836	105,250	595,251	118,467
Property development	1,157,903	52,498	613,691	52,518
Property investment	900,021	192,585	659,523	192,585
Electricity and gas	232,403	0	244,319	0
Recreational activities	7,500	7,500	7,500	7,500
Information technology	145,190	0	145,215	0
Wholesale and retail trade	124,994	95,908	125,356	103,638
Transport	121,110	0	121,155	0
Hotels,boarding houses & catering	204,628	0	204,704	0
Financial concerns	357,466	0	330,423	0
Stockbrokers	228,783	0	263,548	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	129,610	54,546	155,240	69,033
C.Loans for use outside H.K.	3,337,247	109,189	3,216,630	41,577
Total	7,282,691	617,476	6,682,555	585,318

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

31 Dec. 2015 30 Jun. 2015

(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.)

<u>Hong Kong</u> : Loans and advance to customers	3,257,789	2,461,041
<u>Taiwan</u> : Loans and advance to customers	583,677	616,578
Overdue loans	0	0
Non-performing loans	0	0
<u>China</u> : Loans and advance to customers	3,326,665	3,508,031

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	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
<u>As at 31 Dec. 2015</u>						
1. Developing Asia-Pacific	10,345	1	256	3,781	0	14,383
of which country: Taiwan	7,734	0	27	580	0	8,341
China	1,608	1	229	3,142	0	4,980
2. Offshore centres	820	71	102	3,226	0	4,219
of which country: Hong Kong	819	71	102	3,194	0	4,186
<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

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

(v) Mainland activities exposures

<u>31 Dec. 2015</u>	On-balance sheet exposure	Off-balance sheet exposure	Total
Types of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	984	0	984
2. Local government, local government-owned entities and their subsidiaries and JVs	266	47	313
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	581	332	913
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	464	22	486
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,596	217	1,813
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>	3,891	618	4,509
Total assets after provision			19,654
On-balance sheet exposures as percentage of total assets			19.80%

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

<u>30 Jun. 2015</u>	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)	1,064	100	1,164
2. Local government, local government-owned entities and their subsidiaries and JVs	681	30	711
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
Total	4,044	621	4,665
Total assets after provision	19,710		
On-balance sheet exposures as percentage of total assets	20.52%		

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.)

<u>31 Dec. 2015</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	13,107	259	15	209	2,236	6
Spot liabilities	-13,087	-263	-15	-216	-2,236	-6
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	20	-4	0	-7	0	0
<u>30 Jun. 2015</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
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

VI. Off-Balance Sheet Exposures			31 Dec. 2015	30 Jun. 2015
(i) Contingent liabilities and commitments			31 Dec. 2015	30 Jun. 2015
A. Direct credit substitutes			273	2,992
Customers' liabilities under guarantee	273	2,992		
B. Transaction-related contingencies			0	0
C. Trade-related contingent items			429,018	448,580
Collection receivable for customers	174,252	217,721		
Customers' liabilities under L/C	155,810	139,873		
Customers' liabilities under guarantee (SG)	54,508	57,907		
Customers' liabilities under acceptance	44,448	33,079		
D. Sale and repurchase agreements			453,161	444,633
E. Other commitments				
With an original maturity of under 1 year available OD & loans limit			2,761,554	2,502,276
With an original maturity of over 1 year loans limit			1,170,743	919,320
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. 2015	30 Jun. 2015
Contract amounts :				
Interest rate contracts			193,777	271,388
Exchange rate contracts			4,856	0
			<u>198,633</u>	<u>271,388</u>
Replacement costs (of the above derivatives) :				
Interest rate contracts			696	0
Exchange rate contracts			16	0
			<u>712</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.

VII. Liquidity	Year 2015	Year 2014
The average liquidity ratio	N/A	43.74%
The average liquidity maintenance ratio	38.33%	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).

NTD'000
(HKD/NTD=4.242)

Section B-Bank Information (Consolidated Basis)

I. Capital and Capital Adequacy	31 Dec. 2015	30 Jun. 2015
Consolidated capital adequacy ratio	13.12%	12.37%
Aggregate amount of shareholders' funds	191,228,526	175,541,555

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	31 Dec. 2015	30 Jun. 2015
Total assets	2,300,231,861	2,215,503,802
Total liabilities	2,146,096,240	2,076,755,567
Total net advances	1,479,314,846	1,453,097,919
Total customer deposits	1,921,636,730	1,841,705,970

	<u>Year ended</u> 31 Dec. 2015	<u>Year ended</u> 31 Dec. 2014
Pre-tax Profit	15,544,853	14,595,236

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



Date: 29 March 2016

Tsai, Cheng Chih
Vice President & General Manager