



華南商業銀行  
HUA NAN COMMERCIAL BANK, LTD

香港分行  
HONG KONG BRANCH

香港灣仔港灣道18號中環廣場56樓5601-5603室  
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 2016

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

<b>I. Income Statement Information</b>		Half year to 30 June 2016	Half year to 30 June 2015
Net interest income		114,005	99,949
Interest income		169,506	175,022
Interest expense		(55,501)	(75,073)
Other operating income		21,724	17,765
Gains less losses arising from trading in foreign currencies		3,810	4,458
Gains less losses on securities held for trading purposes		344	(1,302)
Gains less losses from other trading activities		(1,519)	(1,153)
Net fees and commission income:	<u>Half year to 30 Jun. 2016</u>	<u>30 Jun. 2015</u>	
Income from fees and commission	20,071	16,860	
Less : fees and commission expenses	(1,022)	(1,125)	
Others		40	27
Operating expenses		(20,624)	(21,998)
Staff and rental expenses		(17,319)	(18,837)
Other expenses less fees and commission expenses		(3,305)	(3,161)
Provisions for bad and doubtful debts		401	1,173
Profit before taxation		<u>115,506</u>	<u>96,889</u>
Tax expense		(19,300)	(15,800)
Profit after taxation		<u><u>96,206</u></u>	<u><u>81,089</u></u>

HKD'000

II. Balance Sheet Information	30 Jun. 2016	31 Dec. 2015
<b>Assets</b>		
Cash and short term fund (except those included in amount due from overseas offices)	7,660,111	7,852,611
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	3,306,943	3,072,428
Amount due from overseas offices of the institution	1,290,270	656,361
Trade bills	27,989	30,766
Certificates of deposit held	77,588	218,755
Advances to customers, banks and other financial institutions	7,082,694	7,375,704
Investment securities	923,462	480,047
Tangible fixed assets	1,405	1,220
Other assets and interest receivables	35,600	42,296
<b>Total assets</b>	<b>20,406,062</b>	<b>19,730,188</b>
<b>Equity and Liabilities</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,075,977	2,145,852
Deposits from customers	17,370,089	16,606,791
demand deposits and current accounts	426,823	435,955
savings deposits	7,609,054	7,217,439
time, call and notice deposits	9,334,212	8,953,397
Amount due to overseas offices of the institution	150,989	268,741
Other liabilities and provisions	155,680	151,150
<b>Total liabilities</b>	<b>19,752,735</b>	<b>19,172,534</b>
Reserves and current profit	653,327	557,654
<b>Total equity and liabilities</b>	<b>20,406,062</b>	<b>19,730,188</b>

HKD'000

III. Additional Balance Sheet Information		30 Jun. 2016	31 Dec. 2015
(i) Advances and other accounts		<u>30 Jun. 2016</u>	<u>31 Dec. 2015</u>
<i>A. Advances to customers</i>			
			6,912,000
Loans to finance imports to H.K. and exports and re-exports from H.K.		134,794	129,610
Other loans for use in H.K.		3,892,073	3,815,834
Other loans for use outside H.K.		2,885,133	3,337,247
<i>B. Advances to banks and other financial institutions</i>			170,694
<i>C. Accrued interest and other accounts</i>			35,600
Accrued interest		27,670	35,163
Other accounts:		7,930	7,133
	<u>30 Jun. 2016</u>	<u>31 Dec. 2015</u>	
Prepaid expenses	1,564	1,048	
Other accounts receivable	49	49	
Prepaid taxes	3,442	3,362	
Other prepayment	1,155	150	
Fair value adjustments on financial assets designated at fair value	0	696	
Forward exchange contract receivable	0	9	
Refundable deposits	1,622	1,605	
Computer software	98	214	
Unamortized NCD premium	0	0	
<i>D. Provisions for bad and doubtful debts</i>			75,590
Reserves for loans:			
General provisions			71,396
To customers		69,062	72,768
To banks		2,334	947
Specific provisions			4,194
To customers		4,194	2,275
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. 2016	5,418	0	0	5,418	0.08%	4,100
31 Dec. 2015	0	0	0	0	0.00%	0

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

	<u>30 Jun. 2016</u>			<u>31 Dec. 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
<b>Total</b>	<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>		



HKD'000

III. Additional Balance Sheet Information (Continued)	30 Jun. 2016	31 Dec. 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	5,418	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)	5,418	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	5,418	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
	5,418	0
<u>Non-performing Loans</u>		
	<u>30 Jun. 2016</u>	<u>31 Dec. 2015</u>
Hong Kong areas	5,418	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. 2016		31 Dec. 2015	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,892,073	366,420	3,815,834	453,741
a.Industrial,commercial and financial	3,892,073	366,420	3,815,834	453,741
Manufacturing	314,392	34,026	335,836	105,250
Property development	1,326,980	50	1,157,903	52,498
Property investment	745,000	192,585	900,021	192,585
Electricity and gas	21,458	0	232,403	0
Recreational activities	6,500	6,500	7,500	7,500
Information technology	141,571	0	145,190	0
Wholesale and retail trade	254,600	70,959	124,994	95,908
Transport	139,888	62,300	121,110	0
Hotels,boarding houses & catering	328,974	0	204,628	0
Financial concerns	293,886	0	357,466	0
Stockbrokers	318,824	0	228,783	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	134,794	56,338	129,610	54,546
C.Loans for use outside H.K.	2,885,133	119,535	3,337,247	109,189
Total	6,912,000	542,293	7,282,691	617,476

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

30 Jun. 2016      31 Dec. 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.)

<b><u>Hong Kong</u></b> : Loans and advance to customers	3,096,601	3,257,789
<b><u>Taiwan</u></b> : Loans and advance to customers	581,583	583,677
Overdue loans	0	0
Non-performing loans	5,418	0
<b><u>China</u></b> : Loans and advance to customers	2,992,060	3,326,665

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

(iii) Repossessed assets      0      0

HKD Million

**IV. Segmental Information (Continued)**

## (iv) International claims

	Banks	Official Sector	financial institutions	Non-financial private sector	Others	Total
<u>As at 30 Jun. 2016</u>						
1. Developing Asia-Pacific	9,852	1	230	3,613	0	13,696
of which country: Taiwan	6,261	0	0	597	0	6,858
China	2,581	1	230	2,808	0	5,620
2. Offshore centres	1,291	112	65	3,130	0	4,598
of which country: Hong Kong	1,291	112	65	3,069	0	4,537
<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

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

## (v) Mainland activities exposures

<u>30 Jun. 2016</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)	722	0	722
2. Local government, local government-owned entities and their subsidiaries and JVs	235	29	264
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	421	234	655
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	412	16	428
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,711	692	2,403
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	10	6	16
<u>Total</u>	3,511	977	4,488
Total assets after provision			20,330
On-balance sheet exposures as percentage of total assets			17.27%



HKD Million

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

31 Dec. 2015	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)	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
<b>Total</b>	<b>3,891</b>	<b>618</b>	<b>4,509</b>
Total assets after provision		19,654	
On-balance sheet exposures as percentage of total assets		19.80%	

**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. 2016	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	14,356	243	14	138	1,975	7
Spot liabilities	(14,357)	(242)	(15)	(139)	(1,975)	(8)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	(1)	1	(1)	(1)	0	(1)
31 Dec. 2015	<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

HKD'000

VI. Off-Balance Sheet Exposures	30 Jun. 2016	31 Dec. 2015
(i) Contingent liabilities and commitments	<u>30 Jun. 2016</u>	<u>31 Dec. 2015</u>
A. Direct credit substitutes		
Customers' liabilities under guarantee	0	273
B. Transaction-related contingencies		
Customers' liabilities under L/C	185,619	174,252
C. Trade-related contingent items		
Collection receivable for customers	139,173	155,810
Customers' liabilities under guarantee (SG)	54,683	54,508
Customers' liabilities under acceptance	33,477	44,448
D. Sale and repurchase agreements		
Customers' liabilities under guarantee	0	273
E. Other commitments		
With an original maturity of under 1 year available OD & loans limit	2,570,924	2,761,554
With an original maturity of over 1 year loans limit	1,659,399	1,170,743
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	<u>30 Jun. 2016</u>	<u>31 Dec. 2015</u>
Contract amounts :		
Interest rate contracts	193,970	193,777
Exchange rate contracts	10,675	4,856
	<u>204,645</u>	<u>198,633</u>
Replacement costs (of the above derivatives) :		
Interest rate contracts	0	696
Exchange rate contracts	0	16
	<u>0</u>	<u>712</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 2016	For the first half-year of 2015
The average liquidity maintenance ratio	38.59%	38.34%

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 2015 Annual Report (Chinese version) (in the part of Corporate Governance Report).

Section B-Bank Information (Consolidated Basis)	NTD'000 (HKD/NTD=4.163)	
I. Capital and Capital Adequacy	30 Jun. 2016	31 Dec. 2015
Consolidated capital adequacy ratio	12.17%	13.12%
Aggregate amount of shareholders' funds	186,250,072	191,228,526

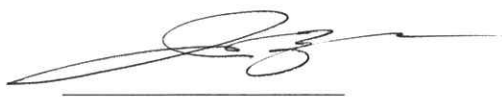
The ratio is computed in accordance with the New Basel Capital Accord's Capital Adequacy Directive and the basis of computation incorporates allowances for credit, market and operational risks.

II. Other Financial Information	30 Jun. 2016	31 Dec. 2015
Total assets	2,442,007,640	2,300,231,861
Total liabilities	2,288,344,240	2,146,096,240
Total net advances	1,511,119,406	1,479,314,846
Total customer deposits	2,028,846,649	1,921,636,730
	Half-year to 30 June 2016	Half-year to 30 June 2015
Pre-tax Profit	8,538,135	8,449,861

#### 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 : 27 September 2016

Tsai, Cheng Chih  
 Vice President & General Manager