

INDUSTRIAL BANK OF TAIWAN CO., LTD.
HONG KONG BRANCH

Financial Disclosure Statement
For the period ended 30 June 2015

I. Profit and Loss Information

	For the period 1 Jan 2015 to 30 Jun 2015 HK\$'000	For the period 1 Jan 2014 to 30 Jun 2014 HK\$'000
Interest income	81,802	62,559
Interest expense	(29,243)	(31,570)
Other operating income		
- Gains less losses from trading in foreign currencies	46,278	21,043
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	23,480	14,628
- <i>Fees and commission income</i>	23,993	15,054
- <i>Fees and commission expenses</i>	(513)	(426)
- Others	573	301
Total operating income	122,890	66,961
Operating expenses		
- Rental expenses	(5,465)	(5,500)
- Staff expenses	(11,847)	(9,382)
- Net (charge) /credit for debt provision	(34,353)	(3,385)
- Other operating expenses	(6,893)	(5,997)
Total operating expenses	(58,558)	(24,264)
Impairment losses and provisions for impaired loans and receivables	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
	-	-
Profit before taxation	64,332	42,697
Tax expense	(4,797)	(8,163)
Profit after taxation	59,535	34,534

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II. Balance Sheet Information

	As at 30 Jun 2015 HK\$'000	As at 31 Dec 2014 HK\$'000
Assets		
Cash and balances with banks	435,835	923,423
Amount due from Exchange Fund repayable or callable within one month	49,279	43,781
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	566,033	716,665
Amount due from overseas offices	310,092	745,230
Trade bills	207,908	298,900
Certificates of deposit held	77,523	77,555
Securities held for trading purposes	-	-
Loans and receivables and other accounts	4,241,854	3,240,696
Investment securities	1,594,466	1,532,751
Other investments	-	-
Property, plant and equipment	4,738	6,067
Total assets	7,487,728	7,585,068
Equity and liabilities		
Deposit and balances from banks	2,219,800	1,953,378
Deposit from customers	4,328,469	4,136,846
- Demand deposit and current accounts	71,708	23,015
- Savings deposits	748,899	654,915
- Time, call and notice deposits	3,507,862	3,458,916
Amounts due to overseas offices	712,969	1,017,334
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	159,955	379,712
Total liabilities	7,421,193	7,487,270
Reserves	66,535	97,798
Total Equity and Liabilities	7,487,728	7,585,068

III. Additional Balance Sheet Information

(i) Loans and receivables and other accounts

	As at 30 Jun 2015 HK\$'000	As at 31 Dec 2014 HK\$'000
- Loans and advances to customers	4,141,125	3,083,952
- Loans and advances to banks	-	-
- Accrued interests and other accounts	173,838	195,500
	<u>4,314,963</u>	<u>3,279,452</u>
Less: - Collective impairment allowances	(65,197)	(38,756)
<i>Loans and advances to customers</i>	(60,292)	(31,908)
<i>Loans and advances to banks</i>	-	-
<i>Trade bills</i>	(2,189)	(2,223)
<i>Accrued interests and other accounts</i>	(2,716)	(4,625)
- Individual impairment allowances	(7,912)	-
<i>Loans and advances to customers</i>	(7,837)	-
<i>Loans and advances to banks</i>	-	-
<i>Trade bills</i>	-	-
<i>Accrued interests and other accounts</i>	(75)	-
	<u>(73,109)</u>	<u>(38,756)</u>
	<u>4,241,854</u>	<u>3,240,696</u>

(ii) Analysis of gross amount of loans and advances to customers by industry

	As at 30 Jun 2015		As at 31 Dec 2014	
	Outstanding Balance HK\$'000	Covered by Collateral or other security HK\$'000	Outstanding Balance HK\$'000	Covered by Collateral or other security HK\$'000
Loans and advances for use in Hong Kong				
<i>Industrial, commercial and financial sectors:</i>				
- Property development	-	-	-	-
- Property investment	20,000	-	66,500	-
- Financial concerns	370,565	10,000	310,695	5,429
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	574,816	126,384	181,612	196,569
- Manufacturing	486,727	92,643	396,256	199,867
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	291,904	100,790	100,074	-
<i>Individuals:</i>				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-	-	-
- Loans for the purchase of other residential properties	-	-	-	-
- Credit card advances	-	-	-	-
- Others	-	-	-	-
Trade finance	117,827	10,752	235,090	51,391
Loans and advances for use outside Hong Kong	2,279,286	1,231,837	1,793,725	1,312,645
Total	4,141,125	1,572,406	3,083,952	1,765,901

(iii) Analysis of gross amount of loans and advances to customers by geographical segments

(a) Gross amount of loans and advances to customers by major countries or geographical areas

The following geographical analysis of gross loans and advances to customers is classified in accordance with the location of the counterparties after taking into account the transfer of risk in respect of such loans and advances where appropriate. In general, such transfer of risk takes place if the loans or advances of a customer are guaranteed by a party in a country, which is different from that of the customer. A country or geographical segment, to which not less than 10% of the Branch's total amount of loans and advances to customers are attributable after taking into account any recognized risk transfer, is disclosed below:

	As at 30 Jun 2015	As at 31 Dec 2014
	HK\$'000	HK\$'000
Hong Kong	2,130,887	1,587,652
China	1,175,057	898,836
Taiwan	542,498	342,962

(b) Impaired loans and advance to customers by countries or geographical area

	As at 30 Jun 2015	As at 31 Dec 2014
	HK\$'000	HK\$'000
Hong Kong	7,837	-

(c) Gross amount of overdue loans and advance to customers by countries or geographical area

	As at 30 Jun 2015	As at 31 Dec 2014
	HK\$'000	HK\$'000
Hong Kong	7,837	-

(iv) Individual impaired loans and advances to customers

	As at 30 Jun 2015	As at 31 Dec 2014
Impaired loans and advances	7,837	-
Percentage to total loans and advances to banks	0.19%	-
Individual impairment allowances	7,837	-
Collateral value	-	-

(v) Overdue loans and advances to customers

	Outstanding balance HK\$'000	% to total loans and advances to customers %	Individual impairment allowances HK\$'000	Collateral value HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000
<u>As at 30 Jun 2015</u>						
3 months or less	7,837	0.19%	7,837	-	-	7,837
6 months or less but over 3 months	-	-	-	-	-	-
1 year or less but over 6 months	-	-	-	-	-	-
Over 1 year	-	-	-	-	-	-
Total	7,837	0.19%	7,837	-	-	7,837

There are no overdue loans and advances to customers as at 31 December 2014.

(vi) Rescheduled loans and advances to customers

There are no rescheduled loans and advances to customers as at 30 June 2015 and 31 December 2014.

(vii) Other advances

There are no overdue amounts of other advances (trade bills and debt securities) as at 30 June 2015 and 31 December 2014.

There are no advances to banks and financial institutions are overdue, rescheduled or impaired as at 30 June 2015 and 31 December 2014.

(viii) Repossessed assets

There are no repossessed assets held by Hong Kong Branch as at 30 June 2015 and 31 December 2014.

(ix) International claims

International claims by country or geographical segment is based on the physical location of the counterparty in which not less than 10% of total international claims (including Hong Kong) after taking into account the transfer of risks. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country, which is different from that of the counterparty, or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks	Official sector	Non-bank financial institutions HK\$ million	Non-bank private sector Non- financial private sector	Others	Total
<u>As at 30 June 2015</u>						
Offshore centres						
- Hong Kong SAR	469	-	285	1,134	-	1,888
Developing Asia and Pacific						
- China	533	-	-	1,261	-	1,794
- Taiwan	588	-	-	621	-	1,209
<u>As at 31 December 2014</u>						
Offshore centres						
- Hong Kong SAR	1,047	-	5	1,087	-	2,139
Developing Asia and Pacific						
- China	-	-	-	786	-	786
- Taiwan	407	-	-	411	-	818

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(x) Currency risk

	USD	GBP	JPY	EUR	CNY	AUD	Others	Total
	HK\$ million							
<u>As at 30 June 2015</u>								
Spot assets	5,587	1	9	15	773	3	-	6,388
Spot liabilities	(5,324)	-	(9)	(14)	(1,000)	(3)	-	(6,350)
Forward purchases	1,714	2	5	76	1,112	-	652	3,561
Forward sales	(1,713)	(2)	(5)	(76)	(1,110)	-	(652)	(3,558)
Net options position								
Net long / (short) position	264	1	-	1	(225)	-	-	41
Net structural position	-	-	-	-	-	-	-	-
<u>As at 31 December 2014</u>								
Spot assets	5,308	-	7	3	886	-	-	6,204
Spot liabilities	(5,698)	-	(7)	(9)	(887)	(1)	-	(6,602)
Forward purchases	1,281	-	35	18	739	-	545	2,618
Forward sales	(1,280)	-	(35)	(18)	(739)	-	(545)	(2,617)
Net options position	-	-	-	-	-	-	-	-
Net long / (short) position	(389)	-	-	(6)	(1)	(1)	-	(397)
Net structural position	-	-	-	-	-	-	-	-

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(xi) Non-bank Mainland exposures

	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK'000	Total exposure HK'000
<u>As at 30 June 2015</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,230	21,046	23,276
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,473,013	486,746	1,959,759
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,028,111	361,482	2,389,593
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	127,651	20,044	147,695
Total	3,631,005	889,318	4,520,323
Total assets after provision	7,487,728		
On-balance sheet exposures as percentage of total assets	48.49%		
<u>As at 31 December 2014</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	23,267	23,267
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,358,369	476,220	1,834,589
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	38,930	1,860	40,790
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,171,600	394,626	1,566,226
Total	2,568,899	895,973	3,464,872
Total assets after provision	7,585,068		
On-balance sheet exposures as percentage of total assets	33.87%		

There are no individual impairment allowances on non-bank Mainland China Exposures as at 30 June 2015 and 31 December 2014.

IV. Off-balance Sheet Exposures (other than derivative transaction)

	As at 30 Jun 2015 HK\$'000	As at 31 Dec 2014 HK\$'000
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	131,867	107,026
Transaction-related contingencies	10,072	44,169
Trade-related contingencies	90,040	304,650
Note issuance and revolving underwriting facilities	-	-
Other commitments	859,544	1,029,196
Others	-	-
	<u>1,091,523</u>	<u>1,485,041</u>

V. Derivative Transactions

	As at 30 Jun 2015 HK\$'000	As at 31 Dec 2014 HK\$'000
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	20,934,938	14,442,959
Interest rate derivative contracts	2,037,886	2,038,727
Others	-	-
	<u>22,972,824</u>	<u>16,481,686</u>
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	104,647	138,107
Interest rate derivative contracts	12,903	9,651
Others	-	-
	<u>117,550</u>	<u>147,758</u>
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	102,157	136,891
Interest rate derivative contracts	12,867	10,094
Others	-	-
	<u>115,024</u>	<u>146,985</u>

None of the above derivatives contracts are subject to the bilateral netting arrangements.

VI. Liquidity

The average liquidity ratio is the simple average of each calendar month's average liquidity ratio for the relevant period calculated for the Branch in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

	For the period 1 Jan 2014 to 30 Jun 2014
Average Liquidity Ratio	47,61%

The Branch has adopted the liquidity maintenance ratio (LMR) requirement in accordance with Banking (Liquidity) Rules starting 1 January 2015 onwards and complies with the minimum requirement of 25% as stipulated by the Hong Kong Monetary Authority (HKMA).

Average LMR is calculated as the simple average of each month's average liquidity maintenance ratio for the first six months of the financial year.

	For the period 1 Jan 2015 to 30 Jun 2015
Average Liquidity Maintenance Ratio	53.45%

VII. Consolidated Bank Information

	As at 31 Dec 2014 ¹ (Audited) <hr/> NTS'000	As at 31 Dec 2013 ² (Audited) <hr/> NTS'000
(i) Capital and Capital adequacy		
Consolidated Amount of Shareholders funds	44,991,989	42,895,706
Consolidated Capital Adequacy Ratio*	14.93%	14.91%
(ii) Other Financial Information		
Total assets	428,063,498	393,029,533
Total liabilities	383,071,509	350,133,827
Total loans and advances	131,025,730	117,770,778
Total customer deposits	156,516,082	120,881,706
Pre-tax Profit	3,375,777	2,770,026

¹ The figures for year ended 31 December 2014 are extracted from the audited Consolidated Financial Statements of Industrial Bank of Taiwan Co., Ltd.

² The figures for year ended 31 December 2013 are extracted from the audited Consolidated Financial Statements of Industrial Bank of Taiwan Co., Ltd.

* The consolidated capital adequacy ratio is calculated in accordance Basel requirements.

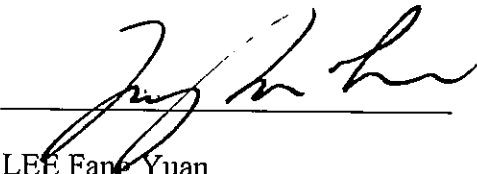
VIII. Disclosure of Remuneration Policy

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5) Guideline on Sound Remuneration System, please refer to the Annual Report 2014 of Industrial Bank of Taiwan Co., Ltd. (Chinese Version Only).

IX. Statement of Compliance

This 2015 Interim Financial Disclosure Statement contains all disclosures required by the Banking (Disclosure) Rules and the Supervisory Policy Manual: Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

This information contained in the disclosure statement is not false or misleading in any respect, and that the operations of the Bank are clearly explained.



LEE Fang Yuan
Chief Executive
Industrial Bank of Taiwan Co., Ltd. Hong Kong Branch