

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

Financial Disclosure Statement
For the year ended 31 December 2015

I. Profit and Loss Information

	For the period 1 Jan 2015 to 31 Dec 2015 HK\$'000	For the period 1 Jan 2014 to 31 Dec 2014 HK\$'000
Interest income	175,255	137,920
Interest expense	(60,301)	(64,478)
Other operating income		
- Gains less losses from trading in foreign currencies	58,063	-
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	28,526	30,562
- <i>Fees and commission income</i>	29,568	31,461
- <i>Fees and commission expenses</i>	(1,042)	(899)
- Others	429	41,807
Total operating income	201,972	145,811
Operating expenses		
- Rental expenses	(11,281)	(11,003)
- Staff expenses	(25,698)	(20,383)
- Net (charge) /credit for debt provision	(74,589)	125
- Other operating expenses	(14,755)	(12,356)
Total operating expenses	(126,323)	(43,617)
Impairment losses and provisions for impaired loans and receivables	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	(286)	-
Profit before taxation	75,363	102,194
Tax expense	(18,433)	(17,597)
Profit after taxation	56,930	84,597

II. Balance Sheet Information

	As at 31 Dec 2015 HK\$'000	As at 30 Jun 2015 HK\$'000
Assets		
Cash and balances with banks	745,234	435,835
Amount due from Exchange Fund repayable or callable within one month	102,835	49,279
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	254,400	566,033
Amount due from overseas offices	655,419	310,092
Trade bills	103,004	207,908
Certificates of deposit held	77,505	77,523
Securities held for trading purposes	-	-
Loans and receivables and other accounts	5,487,137	4,241,854
Investment securities	1,823,890	1,594,466
Other investments	-	-
Property, plant and equipment	10,884	4,738
Total assets	9,260,308	7,487,728
Equity and liabilities		
Deposit and balances from banks	2,322,361	2,219,800
Deposit from customers	5,150,043	4,328,469
- Demand deposit and current accounts	132,684	71,708
- Savings deposits	919,123	748,899
- Time, call and notice deposits	4,098,236	3,507,862
Amounts due to overseas offices	1,294,091	712,969
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	430,200	159,955
Total liabilities	9,196,695	7,421,193
Reserves	63,613	66,535
Total Equity and Liabilities	9,260,308	7,487,728

III. Additional Balance Sheet Information

(i) Loans and receivables and other accounts

	As at 31 Dec 2015 HK\$'000	As at 30 Jun 2015 HK\$'000
- Loans and advances to customers	5,141,173	4,141,125
- Loans and advances to banks	-	-
- Accrued interests and other accounts	426,383	173,838
	<u>5,567,556</u>	<u>4,314,963</u>
Less: - Collective impairment allowances	(75,768)	(65,197)
<i>Loans and advances to customers</i>	(71,165)	(60,292)
<i>Loans and advances to banks</i>	-	-
<i>Trade bills</i>	(1,545)	(2,189)
<i>Accrued interests and other accounts</i>	(3,058)	(2,716)
- Individual impairment allowances	(4,651)	(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>	(4,651)	(75)
	<u>(80,419)</u>	<u>(73,109)</u>
	<u>5,487,137</u>	<u>4,241,854</u>

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

	As at 31 Dec 2015		As at 30 Jun 2015	
	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	274,991	254,737	20,000	-
- Financial concerns	305,233	27,500	370,565	10,000
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	573,926	109,297	574,816	126,384
- Manufacturing	635,967	125,178	486,727	92,643
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	490,865	235,560	291,904	100,790
<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	47,277	14,689	117,827	10,752
Loans and advances for use outside Hong Kong	2,812,914	1,476,394	2,279,286	1,231,837
Total	5,141,173	2,243,355	4,141,125	1,572,406

(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 31 Dec 2015	As at 30 Jun 2015
	HK\$'000	HK\$'000
Hong Kong	3,032,869	2,130,887
China	1,145,136	1,175,057
Taiwan	602,747	542,498

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

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

(iv) Individual impaired loans and advances to customers

	<u>As at 31 Dec 2015</u>	<u>As at 30 Jun 2015</u>
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

There are no overdue loans and advances to customers as at 31 December 2015.

	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	<u>7,837</u>	<u>0.19%</u>	<u>7,837</u>	<u>-</u>	<u>-</u>	<u>7,837</u>

(vi) Rescheduled loans and advances to customers

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

(vii) Other advances

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

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

(viii) Repossessed assets

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

(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 private sector Non-bank financial institutions	Non-financial private sector	Others	Total
	HK\$ million					
<u>As at 31 December 2015</u>						
Offshore centres						
- Hong Kong SAR	478	-	357	2,940	-	3,775
Developing Asia and Pacific						
- China	268	-	-	1,436	-	1,704
- Taiwan	1,058	-	-	826	-	1,884
<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

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(x) Currency risk

	USD	GBP	JPY	EUR	CNY	AUD	Others	Total
	HK\$ million							
<u>As at 31 December 2015</u>								
Spot assets	6,553	-	4	31	881	3	-	7,472
Spot liabilities	(6,175)	-	(3)	(30)	(983)	(2)	-	(7,193)
Forward purchases	1,492	-	-	70	1,313	-	288	3,163
Forward sales	(1,888)	-	-	(69)	(1,205)	-	(288)	(3,450)
Net options position	-	-	-	-	-	-	-	-
Net long / (short) position	(18)	-	1	2	6	1	-	(8)
Net structural position	-	-	-	-	-	-	-	-
<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	-	-	-	-	-	-	-	-

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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 31 December 2015</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	13,369	9,883	23,252
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,573,652	193,076	1,766,728
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	2,619,177	561,579	3,180,756
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	124,022	-	124,022
Total	4,330,220	764,538	5,094,758
Total assets after provision	9,260,308		
On-balance sheet exposures as percentage of total assets	46.76%		

<u>As at 31 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%		

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

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

	As at 31 Dec 2015 HK\$'000	As at 30 Jun 2015 HK\$'000
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	131,836	131,867
Transaction-related contingencies	13,443	10,072
Trade-related contingencies	74,235	90,040
Note issuance and revolving underwriting facilities	-	-
Other commitments	781,802	859,544
Others	-	-
	1,001,316	1,091,523

V. Derivative Transactions

	As at 31 Dec 2015 HK\$'000	As at 30 Jun 2015 HK\$'000
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	13,542,443	20,934,938
Interest rate derivative contracts	4,071,547	2,037,886
Others	-	-
	17,613,990	22,972,824
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	341,340	104,647
Interest rate derivative contracts	17,637	12,903
Others	-	-
	358,977	117,550
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	341,039	102,157
Interest rate derivative contracts	14,959	12,867
Others	-	-
	355,998	115,024

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 31 Dec 2014
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Average Liquidity Ratio	47.98%

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 financial year.

	For the period 1 Jan 2015 to 31 Dec 2015
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Average Liquidity Maintenance Ratio	55.36%

VII. Consolidated Bank Information

	As at 31 Dec 2015 ¹ (Audited) NT\$'000	As at 31 Dec 2014 ² (Audited) NT\$'000
(i) Capital and Capital adequacy		
Consolidated Amount of Shareholders funds	46,281,290	44,991,989
Consolidated Capital Adequacy Ratio*	14.12%	14.93%
(ii) Other Financial Information		
Total assets	485,986,142	428,063,498
Total liabilities	439,704,852	383,071,509
Total loans and advances	146,443,247	131,025,730
Total customer deposits	172,776,282	156,516,082
Pre-tax Profit	3,612,937	3,375,777

¹ The figures for year ended 31 December 2015 are extracted from the audited Consolidated Financial Statements of Industrial Bank of Taiwan Co., Ltd.

² The figures for year ended 31 December 2014 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 2015 of Industrial Bank of Taiwan Co., Ltd. (Chinese Version Only).

IX. Statement of Compliance

This 2015 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.

A handwritten signature in black ink, appearing to read 'Vincent HO Chuan Man', is written over a horizontal line.

Vincent HO Chuan Man
Alternative Chief Executive
Industrial Bank of Taiwan Co., Ltd. Hong Kong Branch