

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

Financial Disclosure Statement
For the period ended 30 June 2016

I. Profit and Loss Information

	For the period 1 Jan 2016 to 30 Jun 2016 HK\$'000	For the period 1 Jan 2015 to 30 Jun 2015 HK\$'000
Interest income	107,278	81,802
Interest expense	(32,573)	(29,243)
Other operating income		
- Gains less losses from trading in foreign currencies	3,163	46,278
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	45,307	23,480
- <i>Fees and commission income</i>	45,884	23,993
- <i>Fees and commission expenses</i>	(577)	(513)
- Others	131	573
Total operating income	123,306	122,890
Operating expenses		
- Rental expenses	(5,035)	(5,465)
- Staff expenses	(14,399)	(11,847)
- Net (charge) /credit for debt provision	(14,894)	(34,353)
- Other operating expenses	(7,264)	(6,893)
Total operating expenses	(41,592)	(58,558)
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	81,714	64,332
Tax expense	(10,819)	(4,797)
Profit after taxation	70,895	59,535

II. Balance Sheet Information

	As at 30 Jun 2016 HK\$'000	As at 31 Dec 2015 HK\$'000
Assets		
Cash and balances with banks	1,018,868	745,234
Amount due from Exchange Fund repayable or callable within one month	54,144	102,835
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	110,613	254,400
Amount due from overseas offices	495,428	655,419
Trade bills	3,770	103,004
Certificates of deposit held	77,618	77,505
Securities held for trading purposes	-	-
Loans and receivables and other accounts	5,140,965	5,487,137
Investment securities	2,164,549	1,823,890
Other investments	-	-
Property, plant and equipment	9,621	10,884
Total assets	<u>9,075,576</u>	<u>9,260,308</u>
Equity and liabilities		
Deposit and balances from banks	2,416,077	2,322,361
Deposit from customers	4,827,571	5,150,043
- Demand deposit and current accounts	100,261	132,684
- Savings deposits	1,090,616	919,123
- Time, call and notice deposits	3,636,694	4,098,236
Amounts due to overseas offices	1,459,928	1,294,091
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	290,454	430,200
Total liabilities	<u>8,994,030</u>	<u>9,196,695</u>
Reserves	81,546	63,613
Total Equity and Liabilities	<u>9,075,576</u>	<u>9,260,308</u>

III. Additional Balance Sheet Information

(i) Loans and receivables and other accounts

	As at 30 Jun 2016 HK\$'000	As at 31 Dec 2015 HK\$'000
- Loans and advances to customers	4,910,243	5,141,173
- Loans and advances to banks	-	-
- Accrued interests and other accounts	312,955	426,383
	<u>5,223,198</u>	<u>5,567,556</u>
Less: - Collective impairment allowances	(66,610)	(75,768)
<i>Loans and advances to customers</i>	(63,609)	(71,165)
<i>Loans and advances to banks</i>	-	-
<i>Trade bills</i>	(57)	(1,545)
<i>Accrued interests and other accounts</i>	(2,944)	(3,058)
- Individual impairment allowances	(15,623)	(4,651)
<i>Loans and advances to customers</i>	-	-
<i>Loans and advances to banks</i>	-	-
<i>Trade bills</i>	-	-
<i>Accrued interests and other accounts</i>	(15,623)	(4,651)
	<u>(82,233)</u>	<u>(80,419)</u>
	<u>5,140,965</u>	<u>5,487,137</u>

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

	As at 30 Jun 2016		As at 31 Dec 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	522,873	5,000	274,991	254,737
- Financial concerns	17,500	17,500	305,233	27,500
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	383,430	99,428	573,926	109,297
- Manufacturing	811,242	167,520	635,967	125,178
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	556,295	261,600	490,865	235,560
<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	300,508	71,009	47,277	14,689
Loans and advances for use outside Hong Kong	2,318,395	711,979	2,812,914	1,476,394
Total	4,910,243	1,334,036	5,141,173	2,243,355

(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 2016	As at 31 Dec 2015
	HK\$'000	HK\$'000
Hong Kong	3,667,528	3,032,869
China	547,763	1,145,136
Taiwan	734,661	602,747

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

There were no impaired loans and advances to customers as at 30 June 2016 and 31 December 2015.

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

There were no overdue loans and advances to customers as at 30 June 2016 and 31 December 2015.

(iv) Individual impaired loans and advances to customers

There were no individual impaired loans and advances to customers as at 30 June 2016 and 31 December 2015.

(v) Overdue loans and advances to customers

There were no overdue loans and advances to customers as at 30 June 2016 and 31 December 2015.

(vi) Rescheduled loans and advances to customers

There were no rescheduled loans and advances to customers as at 30 June 2016 and 31 December 2015.

(vii) Other advances

There were no overdue amounts of other advances (trade bills and debt securities) as at 30 June 2016 and 31 December 2015.

There were no overdue, rescheduled or impaired amounts of other advances (trade bills and debt securities) to banks and financial institutions as at 30 June 2016 and 31 December 2015.

(viii) Repossessed assets

There were no repossessed assets held by Hong Kong Branch as at 30 June 2016 and 31 December 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 30 June 2016</u>						
Offshore centres						
- Hong Kong SAR	91	254	482	3,376	-	4,203
Developing Asia and Pacific						
- China	268	-	-	576	-	844
- Taiwan	1,240	-	-	837	-	2,077
<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

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(x) Currency risk

	USD	GBP	JPY	EUR	CNY	AUD	Others	Total
	HK\$ million							
<u>As at 30 June 2016</u>								
Spot assets	5,808	4	14	26	550	3	-	6,405
Spot liabilities	(5,574)	(83)	(4)	(26)	(583)	(6)	-	(6,276)
Forward purchases	1,900	78	25	-	1,633	3	73	3,712
Forward sales	(2,073)	-	(34)	-	(1,632)	-	(73)	(3,812)
Net options position	-	-	-	-	-	-	-	-
Net long / (short) position	61	(1)	1	-	(32)	-	-	29
Net structural position	-	-	-	-	-	-	-	-
<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	-	-	-	-	-	-	-	-

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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 2016</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	458,618	169,271	627,889
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	326	-	326
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	2	2
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,861,791	677,496	3,539,287
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	330,926	-	330,926
Total	3,651,661	846,769	4,498,430
Total assets after provision	9,075,576		
On-balance sheet exposures as percentage of total assets	40.24%		
<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%		

There were no individual impairment allowances on non-bank Mainland China Exposures as at 30 June 2016 and 31 December 2015.

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

	As at 30 Jun 2016 HK\$'000	As at 31 Dec 2015 HK\$'000
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	147,552	131,836
Transaction-related contingencies	5,692	13,443
Trade-related contingencies	87,820	74,235
Note issuance and revolving underwriting facilities	-	-
Other commitments	950,471	781,802
Others	-	-
	1,191,535	1,001,316

V. Derivative Transactions

	As at 30 Jun 2016 HK\$'000	As at 31 Dec 2015 HK\$'000
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	8,076,446	13,542,443
Interest rate derivative contracts	3,816,153	4,071,547
Others	-	-
	11,892,599	17,613,990
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	201,624	341,340
Interest rate derivative contracts	28,125	17,637
Others	-	-
	229,749	358,977
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	204,644	341,039
Interest rate derivative contracts	29,693	14,959
Others	-	-
	234,337	355,998

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

VI. Liquidity

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 2016 to 30 Jun 2016	For the period 1 Jan 2015 to 30 Jun 2015
Average Liquidity Maintenance Ratio	61.23%	53.45%

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.

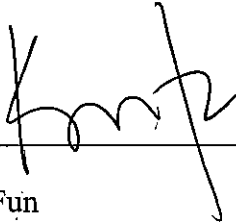
VIII. Disclosure of Remuneration Policy

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 2016 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.



CHU Pui Fun
Alternative Chief Executive
Industrial Bank of Taiwan Co., Ltd. Hong Kong Branch