

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

Financial Disclosure Statement
For the year ended 31 December 2014

I. Profit and Loss Information

	For period 1 Jan 2014 to 31 Dec 2014 <u>HK\$'000</u>	For period 1 Jan 2013 to 31 Dec 2013 <u>HK\$'000</u>
Interest income	137,920	88,716
Interest expense	(64,478)	(30,247)
Other operating income		
- Gains less losses from trading in foreign currencies	-	-
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	30,562	39,376
- <i>Fees and commission income</i>	31,461	40,769
- <i>Fees and commission expenses</i>	(899)	(1,393)
- Others	41,807	25,325
Total operating income	<u>145,811</u>	<u>123,170</u>
Operating expenses		
- Rental expenses	(11,003)	(6,375)
- Staff expenses	(20,383)	(12,935)
- Net (charge) /credit for debt provision	125	(22,152)
- Other operating expenses	(12,356)	(8,950)
Total operating expenses	<u>(43,617)</u>	<u>(50,412)</u>
Impairment losses and provisions for impaired loans and receivables	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	2
Profit before taxation	102,194	72,760
Tax expense	(17,597)	(12,907)
Profit after taxation	<u>84,597</u>	<u>59,853</u>

II. Balance Sheet Information

	As at 31 Dec 2014 <u>HK\$'000</u>	As at 30 Jun 2014 <u>HK\$'000</u>
Assets		
Cash and balances with banks	923,423	170,233
Amount due from Exchange Fund repayable or callable within one month	43,781	21,194
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	716,665	362,123
Amount due from overseas offices	745,230	404,756
Trade bills	298,900	311,940
Certificates of deposit held	77,555	77,508
Securities held for trading purposes	-	-
Loans and receivables and other accounts	3,279,452	3,703,111
Investment securities	1,532,751	1,399,697
Other investments	-	-
Property, plant and equipment	6,067	7,452
Total assets	<u>7,623,824</u>	<u>6,458,014</u>
Equity and liabilities		
Deposit and balances from banks	1,953,378	1,515,086
Deposit from customers	4,136,846	3,994,974
- Demand deposit and current accounts	23,015	9,901
- Savings deposits	654,915	727,321
- Time, call and notice deposits	3,458,916	3,257,752
Amounts due to overseas offices	1,017,334	396,653
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	379,712	453,608
Provisions	38,756	42,267
Total liabilities	<u>7,526,026</u>	<u>6,402,588</u>
Reserves	97,798	55,426
Total Equity and Liabilities	<u>7,623,824</u>	<u>6,458,014</u>

III. 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 2013 of Industrial Bank of Taiwan Co., Ltd. (Chinese Version Only).

IV. Additional Balance Sheet Information

	As at 31 Dec 2014 HK\$'000	As at 30 Jun 2014 HK\$'000
(i) Trade bills		
Gross trade bills	298,900	311,940
Less: collective impairment allowances	(2,223)	(2,354)
	296,677	309,586
(ii) Loans and receivables and other accounts		
- Loans and advances to customers	3,083,952	3,525,642
- Loans and advances to banks	-	-
- Accrued interests and other accounts	195,500	177,469
	3,279,452	3,703,111
Less: - Collective impairment allowances	(31,948)	(36,265)
<i>Loans and advances to customers</i>	(31,908)	(36,216)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(40)	(49)
- Individual impairment allowances	-	-
<i>Loans and advances to customers</i>	-	-
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	-	-
	(31,948)	(36,265)
	3,247,504	3,666,846

Industrial Bank of Taiwan Co., Ltd. Hong Kong Branch
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	As at 31 Dec 2014 HK\$'000	As at 30 Jun 2014 HK\$'000
(iii) Individual impaired loans and advances to customers:		
- Impaired loans and advances	-	-
- Individual impairment allowances	-	-
- Collateral value	-	-
- Percentage to total loans and advances to customers	0.00%	0.00%
Individual impaired loans and advances to banks:		
- Impaired loans and advances	-	-
- Individual impairment allowances	-	-
- Collateral value	-	-
- Percentage to total loans and advances to banks	0.00%	0.00%

(iv) Analysis of gross amount of loans and advances to customers:

By Industry	As at 31 Dec 2014		As at 30 June 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	66,500	-	67,900	-
- Financial concerns	310,695	5,429	475,371	-
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	181,612	196,569	213,967	192,468
- Manufacturing	396,256	199,867	398,402	206,376
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	100,074	-	4,994	4,000
<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	235,090	51,391	364,985	187,062
Loans and advances for use outside Hong Kong	1,793,725	1,312,645	2,000,023	991,694
Total	3,083,952	1,765,901	3,525,642	1,581,600

By geographical segments

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 2014 HK\$'000	As at 30 Jun 2014 HK\$'000
Asia & Pacific		
China	898,836	946,258
Hong Kong	1,587,652	2,141,315
Taiwan	342,962	116,205
Total	<u>2,829,450</u>	<u>3,203,778</u>

(v) Individual impaired loans and advances to customers by geographical area

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

(vi) Overdue loans and advances

There are no loans and advances to customers and banks which are overdue for more than 3 months, nor are there any rescheduled loans and advances to customers and banks as at 31 December 2014 and 30 June 2014.

(vii) Overdue assets

There are no overdue assets which are overdue for more than 3 months as at 31 December 2014 and 30 June 2014.

(viii) Repossessed assets

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

V. Cross-border Claims

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. 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. A country or geographical segment, to which not less than 10% of the Branch's total cross-border claims are attributable after taking into account any recognized risk transfer, is disclosed below:

	Banks	Public sector entities	Others	Total
	HK\$ million equivalent			
As at 31 December 2014				
Asia & Pacific Excluding HK	1,587	-	1,394	2,981
of which China	-	-	899	899
of which Taiwan	1,152	-	347	1,499
North America	169	-	195	364
of which United States	169	-	195	364

	Banks	Public sector entities	Others	Total
	HK\$ million equivalent			
As at 30 June 2014				
Asia & Pacific Excluding HK	511	-	1,473	1,984
of which China	-	-	946	946
of which Taiwan	254	-	272	526
North America	92	-	155	247
of which United States	92	-	155	247

VI. Currency Risk

	As at 31 December 2014						Total
	USD	JPY	EUR	CNY	AUD	Others	
	HK\$ million equivalent						
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 (or net short) position	(389)	-	(6)	(1)	(1)	-	(397)
Net structural position	-	-	-	-	-	-	-
	As at 30 June 2014						
	USD	JPY	EUR	CNY	AUD	Others	Total
	HK\$ million equivalent						
Spot assets	4,606	-	5	690	-	-	5,301
Spot liabilities	(4,846)	-	(5)	(690)	-	-	(5,541)
Forward purchases	1,239	-	27	1,248	4	-	2,514
Forward sales	(1,237)	-	(27)	(1,248)	(4)	-	(2,512)
Net options position	-	-	-	-	-	-	-
Net long (or net short) position	(238)	-	-	-	-	-	(238)
Net structural position	-	-	-	-	-	-	-

VII. Non-Bank Mainland Exposures

	On-balance sheet exposure	Off-balance sheet exposure	Total exposure	Individual Impairment Allowances
As at 31 December 2014	HK\$'000	HK'000	HK'000	HK'000
Mainland entities	980,519	499,487	1,480,006	-
Companies and individuals outside Mainland where the credit is granted for use in Mainland	38,857	1,860	40,717	-
Other counterparties the exposures to whom are considered to be non- bank Mainland exposures	1,326,241	661,995	1,988,236	-
	<u>2,345,617</u>	<u>1,163,342</u>	<u>3,508,959</u>	<u>-</u>

	On-balance sheet exposure	Off-balance sheet exposure	Total exposure	Individual Impairment Allowances
As at 30 June 2014	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland entities	753,251	361,510	1,114,761	-
Companies and individuals outside Mainland where the credit is granted for use in Mainland	605,169	69,290	674,459	-
Other counterparties the exposures to whom are considered to be non- bank Mainland exposures	2,151,721	616,385	2,768,106	-
	<u>3,510,141</u>	<u>1,047,185</u>	<u>4,557,326</u>	<u>-</u>

VIII. Off-balance Sheet Exposures (other than derivative transactions)

	As at 31 Dec 2014	As at 30 Jun 2014
	HK\$'000	HK\$'000
Contractual or notional amounts of other commitments		
Direct credit substitutes	107,026	91,459
Transaction-related contingencies	44,169	38,920
Trade-related contingencies	304,650	234,215
Note issuance and revolving underwriting facilities	-	-
Other commitments	1,029,196	713,093
Others	-	-
	<u>1,485,041</u>	<u>1,077,687</u>

IX. Derivative Transactions

	As at 31 Dec 2014 HK\$'000	As at 30 Jun 2014 HK\$'000
Contractual or notional amounts of other commitments		
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	14,442,959	14,547,851
Interest rate derivative contracts	2,038,727	1,417,428
Others	-	-
	<u>16,481,686</u>	<u>15,965,279</u>
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	138,107	126,700
Interest rate derivative contracts	9,651	3,727
Others	-	-
	<u>147,758</u>	<u>130,427</u>
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	136,891	125,517
Interest rate derivative contracts	10,094	3,963
Others	-	-
	<u>146,985</u>	<u>129,480</u>

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

X. Liquidity Ratio

	For period 1 Jan 2014 - 31 Dec 2014	For period 1 Jan 2013 - 31 Dec 2013
The average liquidity ratio for the reporting period	47.98%	53.91%

XI. Consolidated Bank Information

	As at 31 Dec 2013 ¹ (Audited) NT\$'000	As at 31 Dec 2012 ² (Audited) NT\$'000
(i) Capital and Capital adequacy		
Consolidated Amount of Shareholders funds	42,895,706	42,453,976
Consolidated Capital Adequacy Ratio*	14.91%	16.71%
(ii) Other Financial Information		
Total assets	393,029,533	348,697,280
Total liabilities	350,133,827	306,243,304
Total loans and advances, gross	117,644,494	90,327,878
Total customer deposits	120,881,706	102,862,833
Pre-tax Profit	2,770,026	1,497,470

¹ The figures for year ended 31 December 2013 are extracted from the audited Consolidated Financial Statements of Industrial Bank of Taiwan Co., Ltd.

² The figures for year ended 31 December 2012 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.

XII. Statement of Compliance

This 2014 Annual 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 blue ink, appearing to read 'Lee Fang Yuan', is written over a horizontal line.

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