



臺灣中小企業銀行 香港分行
TAIWAN BUSINESS BANK Hong Kong Branch

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TAIWAN BUSINESS BANK
HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the half year ended 2015 / 6 / 30



TAIWAN BUSINESS BANK HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the half year ended 2015 / 6 / 30

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TAIWAN BUSINESS BANK HONG KONG BRANCH
Section A-Information of the Branch (Hong Kong Branch Only)

I. Income statement information

	For half year end 2015/6/30 HK\$'000	For half year end 2014/6/30 HK\$'000
Interest Income	126,990	91,291
Interest Expense	(85,590)	(52,124)
	<u>41,400</u>	<u>39,167</u>
Other operating income		
Gains less losses arising from trading in foreign currencies	1,210	1,271
Gains less losses on securities held for trading purpose	0	0
Gains less losses from other trading activities	0	0
Income from fees and commissions	4,822	4,540
Others	0	5
	<u>6,032</u>	<u>5,816</u>
Operating Expense		
Staff and rental expenses	(9,847)	(9,104)
Net charge for other provisions	85	(193)
Other expenses	(4,427)	(3,303)
Impairment losses and provisions for impaired loans and receivables	(6,960)	12,080
Gains less losses from the disposal of property, plant and equipment and investment properties	0	0
	<u>(21,149)</u>	<u>(520)</u>
Profit before taxation	26,283	44,463
Taxation expense or tax income	0	0
Profit after taxation	<u><u>26,283</u></u>	<u><u>44,463</u></u>

II. Balance sheet information

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	3,896,254	5,360,666
Placement with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	1,238,220	578,330
Amount due from overseas offices	1,047,725	1,010,760
Trade bills	2,837	18,936
Available-for-sale securities and impairment provisions	0	0
Available-for-sale securities	406,945	219,658
Impairment provisions (specific)	0	0
Held-to-maturity securities	97,996	65,284
Loans and advances and impairment provisions		
Loans and advances to customers	2,787,559	3,128,194
Loans and advanced to banks	0	0
Impairment provisions (collective and specific)	(37,127)	(96,518)
Property, plant and equipment and investment properties	3,259	3,886
Other assets		
Accrued interest	71,047	68,465
Others	8,365	1,839
Total assets	<u>9,523,080</u>	<u>10,359,500</u>
Liabilities		
Deposits and balances of banks (except those included in amount due to overseas offices)	3,812,588	3,113,223
Deposits from customers		
Demand deposits and current accounts	142,017	158,944
Savings deposits	1,714,641	1,730,339
Time, call and notice deposits	1,209,122	1,065,980
Amount due to overseas offices	2,513,605	4,196,977
Other liabilities	91,534	80,747
Total liabilities	<u>9,483,507</u>	<u>10,346,210</u>
Reserves	13,290	7,553
Current profit/(loss)	26,283	5,737
Total equities	<u>39,573</u>	<u>13,290</u>
Total Equities and Liabilities	<u>9,523,080</u>	<u>10,359,500</u>

III. Additional Balance sheet information

1. Loans and advances and impairment provisions

A. Loans and advances and impairment provisions

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
Loans and advances to customers	2,787,559	3,128,194
Loans and advances to banks	0	0
Total	<u>2,787,559</u>	<u>3,128,194</u>
Collective impairment provisions	(27,493)	(30,012)
Specific impairment provisions	(9,634)	(66,506)
Total	<u>(37,127)</u>	<u>(96,518)</u>
Gross loans and advances less impairment provisions	<u>2,750,432</u>	<u>3,031,676</u>
Provisions as % of gross loans and advances		
Collective impairment provisions	0.99%	0.96%
Specific impairment provisions	0.35%	2.13%
Total	<u>1.33%</u>	<u>3.09%</u>

B. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
2015/6/30			
Loans and advances to customers	9,634	27,493	37,127
Loans and advances to banks	0	0	0
Total	<u>9,634</u>	<u>27,493</u>	<u>37,127</u>
2014/12/31			
Loans and advances to customers	66,506	30,012	96,518
Loans and advances to banks	0	0	0
Total	<u>66,506</u>	<u>30,012</u>	<u>96,518</u>

C. Impaired loans and advances to customers

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
Impaired loans and advances to customers	38,272	126,970
Specific impairment provisions	(9,634)	(66,506)
Total	<u>28,638</u>	<u>60,464</u>
Market value of collateral of loans and advances to customers	5,166	0
covered portion of impaired loans and advances to customers	5,166	0
uncovered portion of impaired loans and advances to customers	33,106	126,970
Impaired advances as % of gross loans and advances to customers	1.37%	4.06%
Specific impairment provisions as % of impaired loans and advances to customers	25.17%	52.38%

D. Impaired loans and advances to bank

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
Impaired loans and advances to banks	0	0
Specific impairment provisions	0	0
Total	<u>0</u>	<u>0</u>
Market value of collateral of loans and advances to banks	0	0
covered portion of impaired loans and advances to banks	0	0
uncovered portion of impaired loans and advances to banks	0	0
Impaired advances as % of gross loans and advances to banks	0.00%	0.00%
Specific impairment provisions as % of impaired loans and advances to banks	0.00%	0.00%

2. Overdue and rescheduled assets

Part I. Loans and advances to customers

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
A. Loans and advances to customers overdue for		
more than 3 months but not more than 6 months	0	0
more than 6 months but not more than 1 year	0	0
more than 1 year	88	4,224
Total	<u>88</u>	<u>4,224</u>
Specific impairment provisions made in respect of the above	(88)	(4,224)
Market value of collateral of overdue loans and advances to customers	0	0
covered portion of overdue loans and advances to customers	0	0
uncovered portion of overdue loans and advances to customers	88	4,224
B. Rescheduled loans and advances to customers	<u>38,184</u>	<u>122,746</u>
(Net of those overdue loans and advances which have been disclosed above)		
	As % of gross advances to customers	As % of gross advances to customers
	2015/6/30	2014/12/31
a. Advance to customers overdue for		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	0.00%	0.14%
Total	<u>0.00%</u>	<u>0.14%</u>
b. Rescheduled loans and advances to customers	<u>1.37%</u>	<u>3.92%</u>

C. Repossessed assets

As at 2015 / 6 / 30 and 2014 / 12 / 31, there were no repossessed assets held by our branch.

Part II. Loans and advances to banks

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
A. Loans and advances to banks overdue for		
more than 3 months but not more than 6 months	0	0
more than 6 months but not more than 1 year	0	0
more than 1 year	0	0
Total	<u>0</u>	<u>0</u>
Specific impairment provisions made in respect of the above	0	0
Market value of collateral of overdue loans and advances to banks	0	0
covered portion of overdue loans and advances to banks	0	0
uncovered portion of overdue loans and advances to banks	0	0
B. Rescheduled loans and advances to banks	<u>0</u>	<u>0</u>
(Net of those overdue loans and advances which have been disclosed above)		
	As % of gross advances	As % of gross advances
	to banks	to banks
	2015/6/30	2014/12/31
a. Advance to bank overdue for		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	0.00%	0.00%
Total	<u>0.00%</u>	<u>0.00%</u>
b. Rescheduled loans and advances to banks	<u>0.00%</u>	<u>0.00%</u>

C. Repossessed assets

As at 2015 / 6 / 30 and 2014 / 12 / 31, there were no repossessed assets held by our branch.

Part III. Other assets

(Available-for-sale securities and Held-to-maturity securities)

	2015/6/30	2014/12/31
	<u>HK\$'000</u>	<u>HK\$'000</u>
A. Other assets overdue for		
more than 3 months but not more than 6 months	0	0
more than 6 months but not more than 1 year	0	0
more than 1 year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Specific impairment provisions made in respect of the above	0	0
Market value of collateral of overdue other assets	0	0
covered portion of overdue other assets	0	0
uncovered portion of overdue other assets	0	0
B. Rescheduled Other assets	<u>0</u>	<u>0</u>
(Net of those overdue other assets which have been disclosed above)		
	As % of gross	As % of gross
	Other assets	Other assets
	2015/6/30	2014/12/31
a. Other assets overdue for		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	<u>0.00%</u>	<u>0.00%</u>
Total	<u>0.00%</u>	<u>0.00%</u>
b. Rescheduled Other assets	<u>0.00%</u>	<u>0.00%</u>

C. Repossessed assets

As at 2015 / 6 / 30 and 2014 / 12 / 31, there were no repossessed assets held by our branch.

3. Off-balance sheet information

For contingent liabilities, commitments and derivatives, they refer to the contractual amounts at risks should the contracts be fully drawn upon and the clients do not repay accordingly.

A. The contractual or notional amounts of each material class of its off-balance sheet exposures (other than Derivative transactions)

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	65,114	75,780
Other commitments	1,041,313	0
Others	0	0
Total	<u>1,106,427</u>	<u>75,780</u>

B. Derivative transactions

	2015/6/30	2014/12/31
	HK\$'000	HK\$'000
Exchange rate contract	45,494	8,232
Interest rate contract	0	0
Total	<u>45,494</u>	<u>8,232</u>
Replacement cost of derivatives		
Exchange rate contract		
Positive Fair Value	127	36
Negative Fair Value	(127)	(36)
Interest rate contract		
Positive Fair Value	0	0
Negative Fair Value	0	0
Total	<u>0</u>	<u>0</u>

The fair value of derivatives represent the costs of replacing all contracts which have a positive value in the market. They do not take into account the effects of bilateral netting arrangements.

4. Gross advances to customers segmental analysis

A. By loan usage

The following analysis of gross loans and advances to customers by major sectors are prepared in accordance with the definitions and the detailed descriptions in the completion instructions for the "Return of Quarterly Analysis of Loans and Advances and Provisions".

	2015/6/30		2014/12/31	
	HK\$'000		HK\$'000	
	Balance covered		Balance covered	
	Amount	by collateral	Amount	by collateral
Loan and advances for use in HK				
Industrial, commercial and financial:				
-Property development	82,104	82,104	145,999	85,999
-Property investment	0	0	0	0
-Financial concerns	120,111	0	7,755	0
-Stockbrokers	0	0	0	0
-Wholesale and retail trade	225,194	0	147,991	0
-Manufacturing	316,882	0	440,395	0
-Transport and transport equipment	77,520	0	0	0
-Recreational activities	0	0	0	0
-Information Technology	0	0	0	0
-Others	254,997	4,884	241,516	4,886
Individuals:				
-Loan for the purchase of other residential properties	0	0	0	0
-Others	0	0	42,646	38,777
Total	1,076,808	86,988	1,026,302	129,662
Trade finance	72,093	0	119,976	0
Loan and advances for use outside HK	1,638,658	131,009	1,981,916	69,023
Total	2,787,559	217,997	3,128,194	198,685

B. By countries or geographical segments

2015/6/30	Gross	Overdue	Specific
	Amount	& Impaired	impairment provisions
HK\$'000			
Hong Kong	1,180,598	17,732	4,499
Cayman Islands	557,108	0	0
Virgin Islands	216,788	0	0
China	316,595	20,540	5,135
Taiwan	52,512	0	0
Others	463,959	0	0
Total	2,787,559	38,272	9,634

2014/12/31	Gross	Overdue	Specific
	Amount	& Impaired	impairment provisions
HK\$'000			
Hong Kong	1,434,570	100,087	59,785
Cayman Islands	672,707	0	0
Virgin Islands	220,555	0	0
China	346,939	26,883	6,721
Taiwan	84,705	0	0
Others	368,718	0	0
Total	3,128,194	126,970	66,506

Only exposures to a country or geographical segment in accordance with the location of the counterparty not less than 10% of the aggregate gross amount of loans and advances to customers as at the above respective reporting dates are disclosed.

5. International claims

International claims include the following types of financial claims : receivables and loans and advances, cash and balances and placements with banks (including loans and advances to banks), holdings of certificates of deposit, bills ,promissory notes, commercial paper ,other debt instruments and investments and accrued interest and overdue interest on all above assets.

The analysis of international claims by geographical segments in accordance with the location and the types of counterparties which constitutes not less than 10% of total international claims after taking into account any recognized risk transfer is as follow :

<u>Non-bank private sector</u>						
2015/6/30		Official	Financial	Non-financial		
HK\$ millions	Bands	Sector	institutions	private sector	Others	Total
1. Developed countries	1777	0	0	56	0	1833
of which-Japan	992	0	0	0	0	992
2. Offshore centres	1259	0	8	1698	0	2965
of which-Hong Kong	991	0	8	691	0	1690
3. Developing Europe	0	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	154	0	154
5. Developing Africa and Middle East	0	0	0	2	0	2
6. Developing Asia-Pacific	3259	0	0	519	0	3778
of which-China	1109	0	0	445	0	1554
of which-Taiwan	1839	0	0	31	0	1870

<u>Non-bank private sector</u>						
2014/12/31		Official	Public Sector			
HK\$ millions	Bands	Sector	private sector	Others	Total	
1. Developed countries	709	0	57	0	766	
2. Offshore centres	917	0	2016	0	2951	
of which-Hong Kong	588	0	981	0	1587	
3. Developing Europe	0	0	0	0	0	
4. Developing Latin America and Caribbean	0	0	171	0	171	
5. Developing Africa and Middle East	0	0	3	0	3	
6. Developing Asia-Pacific	5357	0	433	0	5790	
of which-China	2891	0	350	0	3241	
of which-Taiwan	1949	0	39	0	1988	

6. Non-bank Mainland exposures

2015/6/30		On-balance	Off-balance	Total	Specific
HK\$'000		sheet exposures	sheet exposures		provision
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)		315,151	0	315,151	0
2. Local governments, local government-owned entities and their subsidiaries and JVs		0	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs		550,569	64,822	615,391	5,135
4. Other entities of central government not reported in item 1 above		110,777	29,063	139,840	0
5. Other entities of local governments not reported in item 2 above		0	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China		1,327,808	45,620	1,373,428	88
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures		0	0	0	0
Total		2,304,305	139,505	2,443,810	5,223
Total assets after provision		9,523,080			
On-balance sheet exposures as percentage of total assets		24.20%			

2014/12/31		On-balance	Off-balance	Total	Specific
HK\$'000		sheet exposures	sheet exposures		provision
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)		0	0	0	0
2. Local governments, local government-owned entities and their subsidiaries and JVs		0	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs		346,939	155	347,094	6,721
4. Other entities of central government not reported in item 1 above		0	0	0	0

5. Other entities of local governments not reported in item 2 above	0	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,530,369	122,510	1,652,879	55,727
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0	0
Total	1,877,308	122,665	1,999,973	62,448
Total assets after provision	10,359,500			
On-balance sheet exposures as percentage of total assets	18.12%			

7. Currency risk

2015/6/30

HK\$ millions	USD	GBP	JPY	EUR	CNY	CAD	AUD	Total
Spot assets	5,595	3	30	52	2,868	2	39	8,589
Spot liabilities	5,572	3	30	52	2,867	1	38	8,563
Forward purchases	1	0	0	0	0	0	1	2
Forward sales	1	0	0	0	0	0	1	2
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	23	0	0	0	1	1	1	26

2014/12/31

HK\$ millions	USD	GBP	JPY	EUR	CNY	CAD	AUD	Total
Spot assets	4,721	4	35	61	4,526	15	53	9,415
Spot liabilities	4,699	4	36	61	4,524	15	52	9,391
Forward purchases	0	0	1	0	0	0	0	1
Forward sales	1	0	0	0	0	0	0	1
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	21	0	0	0	2	0	1	24

There were no foreign currency structural positions as at 2015 / 6 / 30 and 2014 / 12 / 31

8. Liquidity information disclosures

a. Average liquidity maintenance ratio/average liquidity ratio

	For the first half year of	
	2015	2014
Average liquidity maintenance ratio	47.29%	N/A
Average liquidity ratio	N/A	48.02%

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average liquidity maintenance ratio for the period as calculated in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015.

The average liquidity ratio is the arithmetic mean of each calendar month's average liquidity ratio for the period as calculated in accordance with the "Fourth Schedule of the Banking Ordinance".

b. Approach to liquidity risk management

The branch manages our liquidity risk in accordance with the Liquidity Risk Management Policy, which is set by Liquidity Risk Management Committee in Hong Kong branch and approved by our head office's Assets and Liabilities Committee.

The Policy provides a set of principles for the prudent management of liquidity in the normal course of business. The primary measures used to manage liquidity within the tolerance are the stress-testing and scenario analysis, liquidity maintenance ratio, loan-to-deposit and cash flow maturity mismatch analysis. In additions, our policy set a higher internal limit of liquidity maintenance ratio than the statutory minimum to reduce the liquidity risk.

Liquidity Risk Management Committee is mainly responsible for the liquidity risk management in our branch.

Chief Executive is the chairman of the Committee. The members include the department head of Treasury, risk management and accounting department. Chief Executive could also invite other department heads to attend to Committee meeting in need.

The branch also follows the guidance set forth by the Hong Kong Monetary Authority in Supervisory Policy Manual (LM-2) - Sound Systems and Controls for Liquidity Risk Management.

9. Remuneration Disclosure

In accordance with section 3 of the HKMA's Supervisory policy Manual Guideline CG-5 "Sound Remuneration System", Taiwan Business Bank Co., Ltd. has disclosed the relevant information in the part of Corporate Governance of the Bank's 2014 Annual Report (Chinese version).

TAIWAN BUSINESS BANK HONG KONG BRANCH
Section B-Information of the Bank (Consolidated Basis)

I. Capital and capital adequacy ratio	<u>as at</u> <u>2015/6/30</u> <u>TW\$ million</u>	<u>as at</u> <u>2014/12/31</u> <u>TW\$ million</u>
A. Capital Adequacy Ratio	11.31%	10.54%
B. Aggregate amount of shareholder's funds	65,041	62,738

The capital adequacy ratio is calculated in accordance with the document entitled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)" (published by the Basel Committee on Banking Supervision in Nov 2012).

II. Other financial information	<u>as at</u> <u>2015/6/30</u> <u>TW\$ million</u>	<u>as at</u> <u>2014/12/31</u> <u>TW\$ million</u>
Total assets	1,393,246	1,392,527
Total liabilities	1,328,204	1,329,789
Total loans and advances	1,015,562	1,012,435
Total customer deposits	1,156,944	1,151,934
	<u>0</u>	<u>0</u>
	<u>2015/6/30</u>	<u>2014/6/30</u>
Profit /(Loss) before taxation	<u>TW\$ million</u> 3,054	<u>TW\$ million</u> 2,556

Declaration

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statement of Authorized Institutions incorporated outside Hong Kong, we have pleasure in presenting the Key Financial Information Disclosure Statement of Taiwan Business Bank, Hong Kong Branch for the half year ended 30 June 2015. We confirmed that the information contained therein complies, in all material aspects, with the relevant requirements for financial disclosure by overseas incorporated authorized institutions as set out in the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued in Aug 2015, and to the best of my knowledge and belief, it is not false or misleading.



LIN Chin Hsiang

Chief Executive

Taiwan Business Bank Hong Kong Branch

Date