



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 year ended 2015 / 12 / 31



TAIWAN BUSINESS BANK HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the year ended 2015 / 12 / 31

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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 the year end 2015/12/31 HK\$'000	For the year end 2014/12/31 HK\$'000
Interest Income	201,650	236,229
Interest Expense	<u>(119,463)</u>	<u>(149,838)</u>
	82,187	86,391
Other operating income		
Gains less losses arising from trading in foreign currencies	2,896	3,074
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	9,467	10,122
Others	<u>0</u>	<u>4,598</u>
	12,363	17,794
Operating Expense		
Staff and rental expenses	(19,515)	(18,612)
Net charge for other provisions	122	(65,447)
Other expenses	(8,496)	(8,355)
Impairment losses and provisions for impaired loans and receivables	(11,356)	(153)
Gains less losses from the disposal of property, plant and equipment and investment properties	<u>0</u>	<u>0</u>
	(39,245)	(92,567)
Profit before taxation	55,305	11,618
Taxation expense or tax income	0	(5,881)
Profit after taxation	<u><u>55,305</u></u>	<u><u>5,737</u></u>

II. Balance sheet information

	2015/12/31	2015/06/30
	HK\$'000	HK\$'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	2,952,783	3,896,254
Placement with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	1,282,985	1,238,220
Amount due from overseas offices	14,156	1,047,725
Trade bills	4,679	2,837
Available-for-sale securities and impairment provisions	0	0
Available-for-sale securities	455,468	406,945
Impairment provisions (specific)	0	0
Held-to-maturity securities	147,867	97,996
Loans and advances and impairment provisions		
Loans and advances to customers	2,498,025	2,787,559
Loans and advanced to banks	0	0
Impairment provisions (collective and specific)	(42,492)	(37,127)
Property, plant and equipment and investment properties	2,688	3,259
Other assets		
Accrued interest	18,795	71,047
Others	8,466	8,365
Total assets	<u>7,343,420</u>	<u>9,523,080</u>
Liabilities		
Deposits and balances of banks (except those included in amount due to overseas offices)	3,356,608	3,812,588
Deposits from customers		
Demand deposits and current accounts	142,184	142,017
Savings deposits	1,944,527	1,714,641
Time, call and notice deposits	1,174,216	1,209,122
Amount due to overseas offices	620,424	2,513,605
Other liabilities	36,866	91,534
Total liabilities	<u>7,274,825</u>	<u>9,483,507</u>
Reserves	13,290	13,290
Current profit/(loss)	55,305	26,283
Total equities	<u>68,595</u>	<u>39,573</u>
Total Equities and Liabilities	<u>7,343,420</u>	<u>9,523,080</u>

III. Additional Balance sheet information

1. Loans and advances and impairment provisions

A. Loans and advances and impairment provisions

	2015/12/31	2015/06/30
	HK\$'000	HK\$'000
Loans and advances to customers	2,498,025	2,787,559
Loans and advances to banks	<u>0</u>	<u>0</u>
Total	2,498,025	2,787,559
Collective impairment provisions	(24,564)	(27,493)
Specific impairment provisions	<u>(17,928)</u>	<u>(9,634)</u>
Total	(42,492)	(37,127)
Gross loans and advances less impairment provisions	<u>2,455,533</u>	<u>2,750,432</u>
Provisions as % of gross loans and advances		
Collective impairment provisions	0.98%	0.99%
Specific impairment provisions	<u>0.72%</u>	<u>0.35%</u>
Total	1.70%	1.33%

B. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
2015/12/31			
Loans and advances to customers	17,928	24,564	42,492
Loans and advances to banks	<u>0</u>	<u>0</u>	<u>0</u>
Total	17,928	24,564	42,492
2015/06/30			
Loans and advances to customers	9,634	27,493	37,127
Loans and advances to banks	<u>0</u>	<u>0</u>	<u>0</u>
Total	9,634	27,493	37,127

C. Impaired loans and advances to customers

	2015/12/31	2015/06/30
	HK\$'000	HK\$'000
Impaired loans and advances to customers	41,668	38,272
Specific impairment provisions	<u>(17,928)</u>	<u>(9,634)</u>
Total	23,740	28,638
Market value of collateral of loans and advances to customers	0	5,166
covered portion of impaired loans and advances to customers	0	5,166
uncovered portion of impaired loans and advances to customers	41,668	33,106
Impaired advances as % of gross loans and advances to customers	1.67%	1.37%
Specific impairment provisions as % of impaired loans and advances to customers	43.03%	25.17%

D. Impaired loans and advances to bank

	2015/12/31	2015/06/30
	HK\$'000	HK\$'000
Impaired loans and advances to banks	0	0
Specific impairment provisions	<u>0</u>	<u>0</u>
Total	0	0
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

	<u>2015/12/31</u>	<u>2015/06/30</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
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	<u>0</u>	<u>88</u>
Total	<u><u>0</u></u>	<u><u>88</u></u>
Specific impairment provisions made in respect of the above	0	(88)
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	0	88
B. Rescheduled loans and advances to customers	<u>31,654</u>	<u>38,184</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
	<u>2015/12/31</u>	<u>2015/06/30</u>
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	<u>0.00%</u>	<u>0.00%</u>
Total	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>
b. Rescheduled loans and advances to customers	<u>1.27%</u>	<u>1.37%</u>

C. Repossessed assets

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

Part II. Loans and advances to banks

	<u>2015/12/31</u>	<u>2015/06/30</u>
	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
	<u>2015/12/31</u>	<u>2015/06/30</u>
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 / 12 / 31 and 2015 / 6 / 30, there were no repossessed assets held by our branch.		

Part III. Other assets

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

	<u>2015/12/31</u>	<u>2015/06/30</u>
	<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
	<u>2015/12/31</u>	<u>2015/06/30</u>
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 / 12 / 31 and 2015 / 6 / 30, 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)

	<u>2015/12/31</u>	<u>2015/06/30</u>
	HK\$'000	HK\$'000
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	56,785	65,114
Other commitments	1,622,936	1,041,313
Others	<u>0</u>	<u>0</u>
Total	1,679,721	1,106,427

B. Derivative transactions

	<u>2015/12/31</u>	<u>2015/06/30</u>
	HK\$'000	HK\$'000
Exchange rate contract	12,268	45,494
Interest rate contract		
Total	<u>12,268</u>	<u>45,494</u>
Replacement cost of derivatives		
Exchange rate contract		
Positive Fair Value	68	127
Negative Fair Value	(68)	(127)
Interest rate contract		
Positive Fair Value	0	0
Negative Fair Value	<u>0</u>	<u>0</u>
Total	0	0

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".

	2015/12/31		2015/06/30	
	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	83,000	83,000	82,104	82,104
-Property investment	0	0	0	0
-Financial concerns	64,250	0	120,111	0
-Stockbrokers	75,417	0	0	0
-Wholesale and retail trade	302,502	0	225,194	0
-Manufacturing	165,612	0	316,882	0
-Transport and transport equipment	77,190	0	77,520	0
-Recreational activities	0	0	0	0
-Information Technology	0	0	0	0
-Others	135,883	0	254,997	4,884
Individuals:				
-Loan for the purchase of other residential properties	0	0	0	0
-Others	0	0	0	0
Total	903,854	83,000	1,076,808	86,988
Trade finance	25,629	0	72,093	0
Loan and advances for use outside HK	1,568,542	112,930	1,638,658	131,009
Total	2,498,025	195,930	2,787,559	217,997

B. By countries or geographical segments

2015/12/31	Gross	Overdue	Specific
HK\$'000	Amount	& Impaired	impairment provisions
Hong Kong	1,094,223	16,672	4,168
Cayman Islands	573,956	0	0
Virgin Islands	83,571	0	0
China	267,047	14,982	3,746
Taiwan	15,501	0	0
Others	463,726	10,014	10,014
Total	2,498,025	41,668	17,928

2015/06/30	Gross	Overdue	Specific impairment
HK\$'000	Amount	& Impaired	provisions
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

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 :

2015/12/31	HK\$ millions	Non-bank private sector				Total
		Bands	Official Sector	Financial institutions	Non-financial private sector	
1. Developed countries	1,829	1	0	0	0	1,830
of which-Japan	1,197	0	0	0	0	1,197
2. Offshore centres	1,479	0	0	1,627	0	3,106
of which-Hong Kong	1,097	0	0	534	0	1,631
3. Developing Europe	0	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	2	0	2
5. Developing Africa and Middle East	155	0	0	3	0	158
6. Developing Asia-Pacific	995	1	0	406	0	1,402

2015/06/30	HK\$ millions	Non-bank private sector				Total
		Bands	Official Sector	Financial institutions	Non-financial private sector	
1. Developed countries	1,777	0	0	56	0	1,833
of which-Japan	992	0	0	0	0	992
2. Offshore centres	1,259	0	8	1,698	0	2,965
of which-Hong Kong	991	0	8	691	0	1,690
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	3,259	0	0	519	0	3,778
of which-China	1,109	0	0	445	0	1,554
of which-Taiwan	1,839	0	0	31	0	1,870

6. Non-bank Mainland exposures

2015/12/31	On-balance sheet exposures	Off-balance sheet exposures	Total	Specific provision
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	240,818	0	240,818	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	398,589	162,083	560,672	14,982
4. Other entities of central government not reported in item 1 above	67,189	29,063	96,252	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	1,176,595	100,666	1,277,261	10,014
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0	0
Total	1,883,191	291,812	2,175,003	24,996
Total assets after provision	7,343,420			
On-balance sheet exposures as percentage of total assets	25.64%			

2015/06/30

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	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total</u>	<u>Specific provision</u>
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%			

7. Currency risk

2015/12/31								
HK\$ millions	USD	GBP	JPY	EUR	CNY	CAD	AUD	Total
Spot assets	5,777	3	34	37	746	2	22	6,621
Spot liabilities	5,745	4	32	38	746	2	22	6,589
Forward purchases	0	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0	0
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	32	(1)	2	(1)	0	0	0	32

2015/06/30								
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

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

8. Liquidity information disclosures

a. Average liquidity maintenance ratio/average liquidity ratio

	For the year end	For the half year of
	31/12/2015	30/6/2015
Average liquidity maintenance ratio	46.32%	47.29%

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.

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 2015 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>2015/12/31</u> <u>TW\$ million</u>	<u>as at</u> <u>2015/06/30</u> <u>TW\$ million</u>
A. Capital Adequacy Ratio	11.24%	11.31%
B. Aggregate amount of shareholder's funds	67,659	65,041

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>2015/12/31</u> <u>TW\$ million</u>	<u>as at</u> <u>2015/06/30</u> <u>TW\$ million</u>
Total assets	1,476,142	1,393,246
Total liabilities	1,408,483	1,328,204
Total loans and advances	1,018,975	1,015,562
Total customer deposits	1,232,163	1,156,944
	<u>Year to</u> <u>2015/12/31</u> <u>TW\$ million</u>	<u>Year to</u> <u>2014/12/31</u> <u>TW\$ million</u>
Profit/(Loss) before taxation	6,169	3,054

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 31 December 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 : 16 Mar. 2016