



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 Whole Year Ended 2016 / 12 / 31



TAIWAN BUSINESS BANK HONG KONG BRANCH
Key Financial Information Disclosure Statement
For The Whole Year Ended 2016 / 12 / 31

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TAIWAN BUSINESS BANK HONGKONG BRANCH

Section A-Information of the Branch (Hong Kong Branch Only)

I. Income statement information

	For the year end 2016/12/31 HK\$'000	For the year end 2015/12/31 HK\$'000
Interest Income	132,332	201,650
Interest Expense	<u>-46,792</u>	<u>-119,463</u>
	<u>85,540</u>	<u>82,187</u>
Other operating income		
Gains less losses arising from trading in foreign currencies	2,433	2,896
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	8,856	9,467
Others	<u>0</u>	<u>0</u>
	<u>11,289</u>	<u>12,363</u>
Operating Expense		
Staff and rental expenses	-20,272	-19,515
Net charge for other provisions	-74	122
Other expenses	-11,849	-8,496
Impairment losses and provisions for impaired loans and receivables	9,980	-11,356
Gains less losses from the disposal of property, plant and equipment and investment properties	<u>0</u>	<u>0</u>
	<u>-22,215</u>	<u>-39,245</u>
Profit before taxation	74,614	55,305
Taxation expense or tax income	-16,484	0
Profit after taxation	<u><u>58,130</u></u>	<u><u>55,305</u></u>

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II. Balance sheet information

	2016/12/31 HK\$'000	2016/06/30 HK\$'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	1,621,186	2,488,387
Placement with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	581,618	1,408,259
Amount due from overseas offices	0	0
Trade bills	414	693
Available-for-sale securities and impairment provisions	0	0
Available-for-sale securities	441,803	452,670
Impairment provisions (specific)	0	0
Held-to-maturity securities	218,108	155,654
Loans and advances and impairment provisions		
Loans and advances to customers	1,961,048	2,206,775
Loans and advanced to banks	0	0
Impairment provisions (collective and specific)	-26,952	-29,524
Property, plant and equipment and investment properties	2,180	2,080
Other assets		
Accrued interest	15,647	15,177
Others	7,726	12,593
Total assets	<u>4,822,778</u>	<u>6,712,764</u>
Liabilities		
Deposits and balances of banks (except those included in amount due to overseas offices)	973,122	3,007,921
Deposits from customers		
Demand deposits and current accounts	174,928	144,096
Savings deposits	2,187,378	1,883,466
Time, call and notice deposits	1,244,895	1,268,300
Amount due to overseas offices	9,828	190,128
Other liabilities	28,233	34,555
Total liabilities	<u>4,618,384</u>	<u>6,528,466</u>
Paid up capital	78,000	78,000
Reserves	68,264	68,595
Current profit/(loss)	58,130	37,703
Total equities	<u>204,394</u>	<u>184,298</u>
Total Equities and Liabilities	<u>4,822,778</u>	<u>6,712,764</u>

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III. Additional Balance sheet information

I. Loans and advances and impairment provisions

A. Loans and advances and impairment provisions

	2016/12/31	2016/06/30
	HK\$'000	HK\$'000
Loans and advances to customers	1,961,048	2,206,775
Loans and advances to banks	<u>0</u>	<u>0</u>
Total	1,961,048	2,206,775
Collective impairment provisions	-19,305	-21,757
Specific impairment provisions	<u>-7,647</u>	<u>-7,767</u>
Total	-26,952	-29,524
Gross loans and advances less impairment provisions	<u>1,934,096</u>	<u>2,177,251</u>
Provisions as % of gross loans and advances		
Collective impairment provisions	0.98%	0.99%
Specific impairment provisions	<u>0.39%</u>	<u>0.35%</u>
Total	1.37%	1.34%

B. Impairment provisions

2016/12/31

	Specific impairment provisions	Collective impairment provisions	Total
Loans and advances to customers	7,647	19,305	26,952
Loans and advances to banks	<u>0</u>	<u>0</u>	<u>0</u>
Total	7,647	19,305	26,952

2016/06/30

	Specific impairment provisions	Collective impairment provisions	Total
Loans and advances to customers	7,767	21,757	29,524
Loans and advances to banks	<u>0</u>	<u>0</u>	<u>0</u>
Total	7,767	21,757	29,524

C. Impaired loans and advances to customers

	2016/12/31	2016/06/30
	HK\$'000	HK\$'000
Impaired loans and advances to customers	30,587	31,068
Specific impairment provisions	<u>-7,647</u>	<u>-7,767</u>
Total	22,940	23,301
Market value of collateral of loans and advances to customers	0	0
covered portion of impaired loans and advances to customers	0	0
uncovered portion of impaired loans and advances to customers	30,587	31,068
Impaired advances as % of gross loans and advances to customers	1.56%	1.41%
Specific impairment provisions as % of impaired loans and advances to customers	25.00%	25.00%

D. Impaired loans and advances to bank

	2016/12/31	2016/06/30
	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%

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2. Overdue and rescheduled assets

Part I. Loans and advances to customers

	<u>2016/12/31</u>	<u>2016/06/30</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>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>
Specific impairment provisions made in respect of the above	0	0
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	0
B. Rescheduled loans and advances to customers	<u>30,587</u>	<u>31,068</u>
(Net of those overdue loans and advances which have been disclosed above)		
	As % of gross advances	As % of gross advances
	to customers	to customers
	<u>2016/12/31</u>	<u>2016/06/30</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>1.56%</u>	<u>1.41%</u>
C. Repossessed assets		
As at 2016 / 12 / 31 and 2016 / 06 / 30, there were no repossessed assets held by our branch.		

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Part II. Loans and advances to banks

	<u>2016/12/31</u>	<u>2016/06/30</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	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></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><u>0</u></u>	<u><u>0</u></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>2016/12/31</u>	<u>2016/06/30</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	<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 banks	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>
C. Repossessed assets		
As at 2016 / 12 / 31 and 2016 / 06 / 30, there were no repossessed assets held by our branch.		

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Part III. Other assets

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

	<u>2016/12/31</u>	<u>2016/06/30</u>
	HK\$'000	HK\$'000
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>2016/12/31</u>	<u>2016/06/30</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 2016 / 12 / 31 and 2016 / 06 / 30, there were no repossessed assets held by our branch.		

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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>2016/12/31</u>	<u>2016/06/30</u>
	HK\$'000	HK\$'000
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	65,268	65,424
Other commitments	868,504	1,265,946
Others	<u>0</u>	<u>0</u>
Total	933,772	1,331,370

B. Derivative transactions

	<u>2016/12/31</u>	<u>2016/06/30</u>
	HK\$'000	HK\$'000
Exchange rate contract	7,904	0
Interest rate contract	<u>0</u>	<u>0</u>
Total	7,904	0
Replacement cost of derivatives		
Exchange rate contract		
Positive Fair Value	0	0
Negative Fair Value	0	0
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.

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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".

	2016/12/31		2016/06/30	
	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	0	0	0	0
-Property investment	0	0	0	0
-Financial concerns	90,510	0	90,267	0
-Stockbrokers	127,262	0	102,917	0
-Wholesale and retail trade	292,242	0	301,159	0
-Manufacturing	109,916	0	125,470	0
-Transport and transport equipment	93,059	0	73,045	0
-Recreational activities	0	0	0	0
-Information Technology	0	0	0	0
-Others	500	0	90,242	0
Individuals:				
-Loan for the purchase of other residential properties	0	0	0	0
-Others	0	0	0	0
Total	713,489	0	783,100	0
Trade finance	31,125	0	16,380	0
Loan and advances for use outside HK	1,216,434	21,872	1,407,295	97,142
Total	1,961,048	21,872	2,206,775	97,142

B. By countries or geographical segments

2016/12/31	Gross	Overdue	Specific
HK\$'000	Amount	& Impaired	impairment provisions
Hong Kong	805,730	16,139	4,035
Bermuda	265,796	0	0
Cayman Islands	382,825	0	0
Singapore	229,739	0	0
China	99,130	14,448	3,612
Others	177,828	0	0
Total	1,961,048	30,587	7,647
2016/06/30	Gross	Overdue	Specific impairment
HK\$'000	Amount	& Impaired	provisions
Hong Kong	938,066	16,380	4,095
Cayman Islands	442,086	0	0
Singapore	220,347	0	0
China	126,194	14,688	3,672
Others	480,081	0	0
Total	2,206,774	31,068	7,767

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.

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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 :

2016/12/31 HK\$ millions	Bands	Non-bank private sector				Others	Total
		Official Sector	Financial institutions	Non-financial private sector			
1. Developed countries	1,604	1	0	0	0	1,605	
of which-Japan	671	0	0	0	0	671	
of which-USA	548	1	0	0	0	549	
2. Offshore centres	598	0	278	1,140	0	2,016	
of which-Hong Kong	520	0	0	364	0	884	
3. Developing Europe	0	0	0	0	0	0	
4. Developing Latin America and Caribbean	0	0	0	0	0	0	
5. Developing Africa and Middle East	0	0	0	1	0	1	
6. Developing Asia-Pacific	330	1	37	180	0	548	

2016/06/30 HK\$ millions	Bands	Non-bank private sector				Others	Total
		Official Sector	Financial institutions	Non-financial private sector			
1. Developed countries	1,795	1	0	0	0	1,796	
of which-Japan	1,072	0	0	0	0	1,072	
2. Offshore centres	1,178	0	157	1,403	0	2,738	
of which-Hong Kong	854	0	0	432	0	1,286	
3. Developing Europe	0	0	0	0	0	0	
4. Developing Latin America and Caribbean	0	0	0	0	0	0	
5. Developing Africa and Middle East	78	0	0	3	0	81	
6. Developing Asia-Pacific	956	0	58	184	0	1,198	
of which-Taiwan	818	0	0	0	0	818	

6. Non-bank Mainland exposures

2016/12/31 HK\$'000	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)	114,525	0	114,525	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	391,016	35,238	426,254	3,612
4. Other entities of central government not reported in item 1 above	0	29,063	29,063	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	840,909	94,238	935,147	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	58,473	15,000	73,473	0
Total	1,404,923	173,539	1,578,462	3,612
Total assets after provision	4,822,778			
On-balance sheet exposures as percentage of total assets	29.13%			

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2016/06/30

HK\$'000

	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)	116,956	0	116,956	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	432,756	153,333	586,089	3,672
4. Other entities of central government not reported in item 1 above	0	29,063	29,063	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	1,038,927	126,037	1,164,964	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	43,483	0	43,483	0
Total	1,632,122	308,433	1,940,555	3,672
Total assets after provision	6,712,764			
On-balance sheet exposures as percentage of total assets	24.31%			

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7. Currency risk

2016/12/31

HK\$ millions	USD	GBP	JPY	EUR	CNY	CAD	AUD	NZD	Total
Spot assets	3,689	17	11	25	375	5	25	0	4,147
Spot liabilities	3,717	16	19	22	351	5	24	0	4,154
Forward purchases	16	0	0	0	0	0	0	0	16
Forward sales	0	0	0	0	15	0	0	0	15
Net option position	0	0	0	0	0	0	0	0	0
Net long (short) position	-12	1	-8	3	9	0	1	0	-6

2016/06/30

HK\$ millions	USD	GBP	JPY	EUR	CNY	CAD	AUD	NZD	Total
Spot assets	5,415	18	32	22	463	3	26	1	5,980
Spot liabilities	5,408	18	30	23	466	3	26	0	5,974
Forward purchases	0	0	0	1	2	0	0	0	3
Forward sales	2	0	1	0	0	0	0	0	3
Net option position	0	0	0	0	0	0	0	0	0
Net long (short) position	5	0	1	0	-1	0	0	1	6

There were no foreign currency structural positions as at 2016 / 12 / 31 and 2016 / 06 / 30

8. Liquidity information disclosures

a. Average liquidity maintenance ratio/average liquidity ratio

	For the year end	For the half year of
	31/12/2016	30/6/2016
Average liquidity maintenance ratio	46.42%	48.05%

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).

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Section B-Information of the Bank (Consolidated Basis)

I. Capital and capital adequacy ratio	<u>as at</u> <u>2016/12/31</u> <u>TW\$ million</u>	<u>as at</u> <u>2016/06/30</u> <u>TW\$ million</u>
A. Capital Adequacy Ratio	11.91%	11.11%
B. Aggregate amount of shareholder's funds	70,870	70,059

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>2016/12/31</u> <u>TW\$ million</u>	<u>as at</u> <u>2016/06/30</u> <u>TW\$ million</u>
Total assets	1,498,729	1,481,231
Total liabilities	1,427,859	1,411,172
Total loans and advances	1,057,791	1,026,596
Total customer deposits	1,253,437	1,224,505
	<u>Year to</u> <u>2016/12/31</u> <u>TW\$ million</u>	<u>Year to</u> <u>2015/12/31</u> <u>TW\$ million</u>
Profit /(Loss) before taxation	6,359	6,169

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 2016. 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.



FAN Jen Jung
Chief Executive
Taiwan Business Bank Hong Kong Branch

Date :