

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED
HONG KONG BRANCH

Key Financial Information Disclosure Statements
For The Half Year Ended 30 June 2016

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statements For The Half Year Ended 30 June 2016

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TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH**SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>****I. PROFIT AND LOSS INFORMATION
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Year ended	
	<u>30 June 2016</u>	<u>30 June 2015</u>
	HK\$'000	HK\$'000
INTEREST INCOME	23,149	35,851
INTEREST EXPENSE	(9,639)	(19,088)
	<u>13,510</u>	<u>16,763</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	3,856	7,910
Gains less losses arising from trading in interest rate derivatives	0	0
Net fees and commission income		
Income from fees and commission	3,033	4,034
Fees and commission expenses	(213)	(209)
Other income	0	0
	<u>6,676</u>	<u>11,735</u>
OPERATING EXPENSES		
Staff expenses	(7,626)	(8,117)
Rental expenses	(2,832)	(2,818)
Other expenses	(3,414)	(4,736)
	<u>(13,872)</u>	<u>(15,671)</u>
CHARGES FOR BAD AND DOUBTFUL DEBTS		
Provision for bad and doubtful debts	7,261	(295)
Other provisions	(10,729)	531
	<u>(3,468)</u>	<u>236</u>
PROFIT BEFORE TAXATION	2,846	13,063
TAXATION	(578)	0
PROFIT AFTER TAXATION	<u>2,268</u>	<u>13,063</u>

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

II. BALANCE SHEET INFORMATION

AS AT 30 JUNE 2016

	<u>30 June 2016</u>	<u>31 December</u>
	HK\$'000	2015 HK\$'000
ASSETS		
Cash and balances with banks	1,128,823	1,387,289
Amount due from Exchange Fund	28,767	20,105
Placement with banks maturing between one and twelve months (except those included in amount due from overseas offices)	77,588	0
Amount due from overseas offices	193,968	193,758
Trade bills	119,841	325,749
Advances and other accounts	1,079,635	1,237,510
Held-to-maturity securities	47,943	48,686
Fixed & intangible assets	1,247	1,636
Total assets	<u><u>2,677,812</u></u>	<u><u>3,214,733</u></u>
LIABILITIES		
Deposits and balances of banks (except those included in amount due to overseas offices)	34,981	1,897
Deposits from customers		
Demand deposits and current accounts	25,709	31,249
Savings deposits	1,247,317	1,154,011
Time, call and notice deposits	1,182,128	1,328,335
Amount due to overseas offices	94,097	579,122
Other accounts and provisions		
Other liabilities	56,659	88,934
Provision	22,897	19,429
Total liabilities	<u><u>2,663,788</u></u>	<u><u>3,202,977</u></u>
Capital and reserves	14,024	11,756
Total equity and liabilities	<u><u>2,677,812</u></u>	<u><u>3,214,733</u></u>

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

**III. ADDITIONAL BALANCE SHEET INFORMATION
AS AT 30 JUNE 2016**

ADVANCES AND OTHER ACCOUNTS

	<u>30 June 2016</u>	<u>31 December</u>
	HK\$'000	2015 HK\$'000
A. Advances to customers	890,671	1,161,071
Advances to banks and other financial institutions	77,587	0
Accrued interest and other accounts		
Accrued interest	3,866	4,394
Other accounts	107,511	72,045
Total	<u>1,079,635</u>	<u>1,237,510</u>
Less: Provisions for bad and doubtful debts on Advances to customers		
Collective impairment allowance	(9,222)	(12,657)
Individual impairment allowance	(1,813)	(1,550)
Advances to banks and other financial institutions		
Collective impairment allowance	(776)	0
Individual impairment allowance	0	0
Accrued interest		
Collective impairment allowance	0	0
Individual impairment allowance	0	0
Other accounts		
Collective impairment allowance	0	0
Individual impairment allowance	0	0
Total	<u>(11,811)</u>	<u>(14,207)</u>
Advances and other accounts after provisions for bad and doubtful debts	<u>1,067,824</u>	<u>1,223,303</u>

B. Details of the impaired advances to customers

	<u>30 June 2016</u>	<u>31 December</u>
	HK\$'000	2015 HK\$'000
Impaired loans which are individually determined to be impaired advances to customers	<u>0</u>	<u>0</u>
Individuals assessed allowance made in respect of impaired advances to customers	<u>0</u>	<u>0</u>
As a percentage of total advances to customers	<u>0.00%</u>	<u>0.00%</u>

Note: As at 30 Jun 2016 and 31 Dec 2015, there is no collateral held in respect of impaired advances to customers.

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

III. ADDITIONAL BALANCE SHEET INFORMATION
FOR THE HALF YEAR ENDED 30 JUNE 2016

ADVANCES AND OTHER ACCOUNTS-continued

C. Overdue and rescheduled advances to customers

	30 June 2016		31 December 2015	
	HK\$'000	%	HK\$'000	%
a. Advances to customers overdue for				
more than 1 month and up to 3 months	0	0.00%	0	0.00%
more than 3 months and up to 6 months	11,561	1.30%	0	0.00%
more than 6 months and up to 1 year	0	0.00%	0	0.00%
more than 1 year	0	0.00%	0	0.00%
	<u>11,561</u>	<u>1.30%</u>	<u>0</u>	<u>0.00%</u>
b. Individual impairment allowance on advances to customers overdue for				
more than 1 month and up to 3 months	0		0	
more than 3 months and up to 6 months	260		0	
more than 6 months and up to 1 year	0		0	
more than 1 year	0		0	
	<u>260</u>		<u>0</u>	
c. Value of collateral held against the overdue loans	<u>N/A</u>		<u>N/A</u>	
d. Rescheduled advances to customers	<u>0</u>	0.00%	<u>0</u>	0.00%

D. Natures of other accounts

	30 June 2016	31 December 2015
	HK\$'000	HK\$'000
Other accounts receivable	55,243	299
Prepaid expenses	1,196	1,203
Prepaid guarantee deposits	1,895	1,889
Premium-Buy Option	1,769	7,541
Revaluation-forward fx/swap/option	47,408	61,113
	<u>107,511</u>	<u>72,045</u>

E. Analysis of other assets which have been overdue

	30 June 2016	31 December 2015
	HK\$'000	HK\$'000
Other assets overdue for more than 3 months	<u>55,236</u>	<u>0</u>
As a percentage of total assets	<u>2.06%</u>	<u>0.00%</u>

F. Repossessed assets

The Hong Kong Branch did not have any repossessed assets at the corresponding year / period end dates.

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

IV. OFF-BALANCE SHEET EXPOSURES

AS AT 30 JUNE 2016

The following is a summary of the contractual amounts of each significant class of contingent liabilities, commitments and derivatives :

	<u>30 June 2016</u>	<u>31 December</u>
	HK\$'000	<u>2015</u>
		HK\$'000
Contingent liabilities and commitments		
Direct credit contingencies	0	0
Trade-related contingencies	26,674	35,731
Forward forward deposit placed	0	0
Other commitments	2,176,843	3,765,588
	<u>2,203,517</u>	<u>3,801,319</u>
	<u>30 June 2016</u>	<u>31 December</u>
	HK\$'000	<u>2015</u>
		HK\$'000
Derivatives		
Exchange rate contracts	4,453,519	3,956,190
Interest rate contracts	0	0
	<u>4,453,519</u>	<u>3,956,190</u>
	<u>30 June 2016</u>	<u>31 December</u>
	HK\$'000	<u>2015</u>
		HK\$'000
Fair value of derivatives (of the above derivatives)		
Exchange rate contracts:		
-Positive replacement cost	47,408	61,113
Interest rate contracts:		
-Positive replacement cost	0	0
	<u>47,408</u>	<u>61,113</u>

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. The fair value 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.

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

V. SEGMENTAL INFORMATION
AS AT 30 JUNE 2016

I. GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

	30 June 2016		31 December 2015	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Amounts of Loan and advances covered by collateral		Amounts of Loan and advances covered by collateral
A. Loans for use in Hong Kong				
a. Industrial, commercial and financial				
Property development	0	0	0	0
Property investment	0	0	0	0
Financial concerns	77,191	0	76,968	0
Stockbrokers	56,044	0	0	0
Wholesale and retail trade	129,519	13,934	322,441	212,585
Manufacturing	49,775	21,789	151,309	93,052
Transport and transport equipment	0	0	0	0
Recreational activities	0	0	0	0
Information technology	0	0	0	0
Others	14,194	1,000	15,000	1,500
b. Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	0	0	0	0
loans for the purchase of other residential properties	0	0	0	0
Credit card advances	0	0	0	0
Others	0	0	0	0
c. All others	0	0	0	0
B. Trade finance	225,341	73,401	238,408	85,052
C. Loan for use outside Hong Kong	416,194	46,890	356,945	186,935
Total	<u>968,258</u>	<u>157,014</u>	<u>1,161,071</u>	<u>579,124</u>

2A. GROSS ADVANCES TO CUSTOMERS BY COUNTRIES OR GEOGRAPHICAL AREAS

	30 June 2016	31 December 2015
	HK\$'000	HK\$'000
Hong Kong	372,524	647,653
China	373,504	424,851
India	108,374	0
Taiwan	75,643	88,567
Others	38,213	0
Total	<u>968,258</u>	<u>1,161,071</u>

2B. OVERDUE AND IMPAIRED LOANS BY COUNTRIES OR GEOGRAPHICAL AREAS

	30 June 2016	31 December 2015
	HK\$'000	HK\$'000
Overdue loans and advances to customers		
Hong Kong	354	0
China	0	0
Taiwan	11,207	0
	<u>11,561</u>	<u>0</u>
Impaired loan and advances to customer		
Hong Kong	0	0
China	0	0
Taiwan	0	0
	<u>0</u>	<u>0</u>

The above analysis has been classified according to categories and definitions used by the Hong Kong Monetary Authority. Only exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross amount of advances to customer as at the above respective reporting dates are disclosed.

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SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

V. SEGMENTAL INFORMATION
AS AT 30 JUNE 2016

3. INTERNATIONAL CLAIMS

The following tables analyze the international claims by countries or geographical areas and types of counterparties. Countries or geographical areas are based upon the location of counterparties after taking into account the transfer of country risk. They are prepared in according with the HKMA return of "International Banking Statistics" completion instructions. Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

As at 30 June 2016	Banks	Official Sectors	Non-bank Financial Institutions	Non-financial Private Sectors	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
1. Developed countries	49	48	0	39	136
of which United States	16	48	0	0	64
of which Australia	4	0	0	39	43
of which Germany	27	0	0	0	27
2. Offshore Centres	234	29	78	107	448
of which Hong Kong	234	29	78	107	448
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	0	0
5. Developing Africa and Middle East	0	0	0	0	0
6. Developing Asia-Pacific	1,195	31	56	754	2,036
of which Taiwan	574	0	0	488	1,062
of which China	543	0	56	266	865
7. International Organisations	0	0	0	0	0
8. Unallocated by country	0	0	0	0	0
	<u>1,478</u>	<u>108</u>	<u>134</u>	<u>900</u>	<u>2,620</u>

As at 31 December 2015	Banks	Official Sectors	Non-bank Financial Institutions	Non-financial Private Sectors	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
1. Developed countries	97	49	0	1	147
of which United States	28	49	0	0	77
of which Germany	58	0	0	1	59
2. Offshore Centres	539	20	77	138	774
of which Hong Kong	538	20	77	138	773
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	0	0
5. Developing Africa and Middle East	0	0	0	0	0
6. Developing Asia-Pacific	948	0	0	1,274	2,222
of which China	855	0	0	459	1,314
of which Taiwan	93	0	0	815	908
7. International Organisations	0	0	0	0	0
8. Unallocated by country	0	0	0	0	0
	<u>1,584</u>	<u>69</u>	<u>77</u>	<u>1,413</u>	<u>3,143</u>

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

V. SEGMENTAL INFORMATION

AS AT 30 JUNE 2016

4. NON-BANK MAINLAND CHINA EXPOSURE

The categories of non-bank Mainland China exposure has been reclassified according to the new prudential reporting requirement. The categories of non-bank counterparties and the type of direct exposures refer to the Completion Instructions for the Return of Mainland Activities.

<u>Types of counterparties</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
	<u>HK\$ Mil</u>	<u>HK\$ Mil</u>	<u>HK\$ Mil</u>
<u>As at 30 June 2016</u>			
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	4	73	77
2 Local government, local government-owned entities and their subsidiaries and joint ventures (JVs)	56	94	150
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	250	0	250
4 Other entities of central government not reported in item 1 above	78	0	78
5 Other entities of local government not reported in item 2 above	0	0	0
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where credit is granted for used in Mainland China	8	0	8
7 Other counterparties where the exposures are considered to be non-bank Mainland China exposures	38	0	38
Total	<u>434</u>	<u>167</u>	<u>601</u>
Total assets after provision	<u>2,655</u>		
On-balance exposures as percentage of total assets	<u>16.36%</u>		
<u>As at 31 December 2015</u>			
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	0	0	0
2 Local government, local government-owned entities and their subsidiaries and joint ventures (JVs)	0	0	0
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	467	93	560
4 Other entities of central government not reported in item 1 above	77	0	77
5 Other entities of local government not reported in item 2 above	0	0	0
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where credit is granted for used in Mainland China	8	0	8
7 Other counterparties where the exposures are considered to be non-bank Mainland China exposures	0	0	0
Total	<u>552</u>	<u>93</u>	<u>645</u>
Total assets after provision	<u>3,195</u>		
On-balance exposures as percentage of total assets	<u>17.29%</u>		

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

**VI. CURRENCY RISK
AS AT 30 JUNE 2016**

5. FOREIGN CURRENCY EXPOSURES

The foreign currency exposures are prepared in accordance with the H.K.M.A. return of completion "Foreign Currency Position" completion instructions. The net position (regardless of sign) for each foreign currency which constitutes 10% or more of the total net position in all foreign currencies are disclosed.

As at 30 June 2016

	<u>USD</u>	<u>CNY</u>	<u>GBP</u>	<u>Others</u>	<u>Total</u>
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	2,208	271	0	34	2,513
Spot Liabilities	(2,206)	(272)	(1)	(36)	(2,515)
Forward purchases	1,977	2,018	0	1	3,996
Forward sales	(1,976)	(2,018)	0	0	(3,994)
Net option position	0	0	0	0	0
Net long / (short) position	<u>3</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>0</u>

As at 31 December 2015

	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Others</u>	<u>Total</u>
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	2,625	463	47	13	3,148
Spot Liabilities	(2,534)	(463)	(50)	(16)	(3,063)
Forward purchases	156	156	1	1	314
Forward sales	(161)	(153)	0	0	(314)
Net option position	0	0	0	0	0
Net long / (short) position	<u>86</u>	<u>3</u>	<u>(2)</u>	<u>(2)</u>	<u>85</u>

The net options positions were calculated by using the "model user" method as at the above respective reporting dates.

There were no foreign currency structural positions as at the above respective reporting dates.

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

VII. LIQUIDITY

FOR THE HALF YEAR ENDED 30 JUNE 2016

	<u>30 June 2016</u>	<u>30 June 2015</u>
	%	%
Average liquidity maintenance ratio for the year / period	<u>57.58%</u>	<u>58.58</u>

The branch's average liquidity maintenance ratio for the year / period is calculated in accordance with the Banking (liquidity) Rules effective from 1 January 2015. The average LMR is the arithmetic mean of each calendar month's average LMR.

VIII. REMUNERATION SYSTEM

FOR THE HALF YEAR ENDED 30 JUNE 2016

The relevant remuneration information about Taiwan Shin Kong Commercial Bank is disclosed under the "Annual Report, Chinese edition, Chapter III - Corporate governance", released by the head office

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION B. - INFORMATION OF THE BANK <CONSOLIDATED BASIS>

**I. CAPITAL AND CAPITAL ADEQUACY
AS AT 30 JUNE 2016**

	<u>30 June 2016</u> %	<u>31 December</u> <u>2015</u> %
A. Capital adequacy ratio	<u>12.45%</u>	<u>11.76%</u>

The capital adequacy ratio is equal to the ratio of a bank's the regulatory capital to its total risk-weighted assets. The computation of capital adequacy ratio is based on the "Basel Capital Accord" in line with the risk-weighted approach proposed by the Bank for International Settlements and the ratio has included all market risk factors.

	<u>30 June 2016</u> NT\$'000	<u>31 December</u> <u>2015</u> NT\$'000
B. Aggregate amount of shareholders' funds	<u>47,729,150</u>	<u>45,778,524</u>

TAIWAN SHIN KONG COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION B. - INFORMATION OF THE BANK <CONSOLIDATED BASIS>

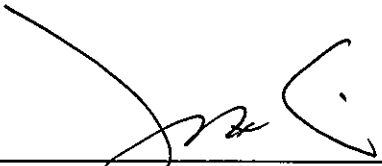
II. OTHER FINANCIAL INFORMATION

AS AT 30 JUNE 2016

	<u>30 June 2016</u> NT\$'000	<u>31 December</u> <u>2015</u> NT\$'000
Total Assets	<u>759,022,226</u>	<u>788,358,017</u>
Total Liabilities	<u>711,293,076</u>	<u>742,579,493</u>
Total advances	<u>488,798,249</u>	<u>485,958,954</u>
Total customers deposit	<u>644,389,114</u>	<u>679,701,535</u>
	<u>1 January 2016</u> to <u>30 June 2016</u> NT\$'000	<u>1 January 2015</u> to <u>30 June 2015</u> NT\$'000
Profit before taxation	<u>2,634,462</u>	<u>2,800,490</u>

Declaration

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statements of Authorized Institutions incorporated outside Hong Kong, we have pleasure in presenting the Key Financial Information Disclosure Statements of Taiwan Shin Kong Commercial Bank Co., Limited - Hong Kong Branch for the half year ended 30 June 2016. We confirm that the information contained therein complies, in all material respects, with the Banking (Disclosure) Rules and the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" and to the best of my knowledge and belief, it is not false or misleading.



Chief Executive

Taiwan Shin Kong Commercial Bank Co., Limited
Hong Kong Branch

30 SEPTEMBER 2016

Date

CERTIFIED TRUE COPY

For and on behalf of
TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.
Hong Kong Branch


.....
Authorized Signature(s)