

# **BANK OF TAIWAN, HONG KONG BRANCH**

Key Financial Information Disclosure Statement  
For the year ended 31 Dec 2020

**BANK OF TAIWAN – HONG KONG BRANCH**  
**Key Financial Information Disclosure Statement**  
**For the year ended 31 Dec 2020**

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SECTION A – INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)

I. PROFIT AND LOSS INFORMATION

HK\$'000

	For the year end	
	31 Dec 20	31 Dec 19
Interest income	349,228	573,831
Interest expense	(178,916)	(320,773)
Net interest income	170,312	253,058
Fee and commission income	8,596	11,326
Fee and commission expense	(1,835)	(1,700)
Net fee and commission income	6,761	9,626
Other operating income		
Gains less losses arising from non-trading activities in foreign currencies	2,782	2,673
Gains less losses arising from trading activities in foreign currencies	224	18
Gains less losses on disposal of securities	-	-
Others	-	173
	3,006	2,864
<b>Total income</b>	<b>180,079</b>	<b>265,548</b>
Operating expenses		
Staff expense	(25,111)	(27,639)
Rental expense	(1,145)	(1,220)
Other expense	(20,048)	(20,948)
	(46,304)	(49,807)
Write-back/(charges) of Impairment provisions for loans	(92,406)	6,594
Write-back/(charges) of Impairment provisions for other assets	126	479
Revaluation gains for negotiable debt instruments	(979)	12,105
Gains less losses from the disposal of property, plant and equipment	-	-
<b>Profit before taxation</b>	<b>40,516</b>	<b>234,919</b>
Tax expense	-	-
<b>Profit after taxation</b>	<b>40,516</b>	<b>234,919</b>

## II. BALANCE SHEET INFORMATION

HK\$ '000

	As at	
	<u>31 Dec 20</u>	<u>30 Jun 20</u>
<b><u>Assets</u></b>		
Cash and balances with banks (except those included in amount due from overseas offices)	2,638,349	3,370,225
Placements with banks and other financial institutions with maturity of more than one month but less than twelve months (except those included in amount due from overseas offices)	4,745,155	4,652,942
Amount due from overseas offices	9,398	125,115
Trade bills	10,080	2,326
Certificates of deposit held	329,305	317,736
Negotiable debt instruments	3,142,854	3,036,070
Loans and impairment losses		
Loans and advances to customers	3,616,794	4,711,759
Loans and advances to banks	155,077	155,041
Impairment losses (collective and specific)	(131,775)	(82,396)
Property, plant and equipment	10,277	15,240
Other accounts	83,956	64,898
<b>Total assets</b>	<b>14,609,470</b>	<b>16,368,956</b>
<b><u>Liabilities</u></b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	1,304,026	2,988,321
Deposits from customers		
Demand deposits and current accounts	160,465	135,078
Savings deposits	3,054,558	2,521,996
Time, call and notice deposits	3,919,189	4,029,767
Amount due to overseas offices	4,232,559	4,691,321
Other accounts	113,823	153,434
<b>Total liabilities</b>	<b>12,784,620</b>	<b>14,519,917</b>
<b><u>Equities</u></b>		
Reserves	1,773,688	1,773,688
Current profit / (loss)	51,162	75,351
<b>Total equities</b>	<b>1,824,850</b>	<b>1,849,039</b>
<b>Total Equities and Liabilities</b>	<b>14,609,470</b>	<b>16,368,956</b>

**A. ADVANCES AND IMPAIRMENT LOSSES****i. Advance to customers and impairment losses on advances**

	As at	
	<u>31 Dec 20</u>	<u>30 Jun 20</u>
Advances to customers	3,616,794	4,711,759
Advances to banks and other financial institutions	155,077	155,041
Total	<u>3,771,871</u>	<u>4,866,800</u>
Collective impairment provisions	(46,270)	(65,408)
Specific impairment provisions	(87,056)	(18,538)
Total	<u>(133,326)</u>	<u>(83,946)</u>
Gross advances less impairment provisions	3,638,545	4,782,854
Provisions as a percentage of gross advances		
- Collective impairment provisions	1.23%	1.34%
- Specific impairment provisions	2.31%	0.38%
Total provisions	<u>3.53%</u>	<u>1.72%</u>

**ii. Impairment provisions**

	Specific impairment provisions	Collective impairment provisions	Total
<b><u>31 Dec 20</u></b>			
Advances to customers	87,056	44,719	131,775
Advances to banks and other financial institutions	-	1,551	1,551
Total	<u>87,056</u>	<u>46,270</u>	<u>133,326</u>
<b><u>30 Jun 20</u></b>			
Advances to customers	18,538	63,858	82,396
Advances to banks and other financial institutions	0	1,550	1,550
Total	<u>18,538</u>	<u>65,408</u>	<u>83,946</u>

**iii. Impaired advances to customers**

	<u>31 Dec 20</u>	<u>30 Jun 20</u>
amount of impaired loans and advances	228,806	18,538
amount of specific provisions made	87,056	18,538
value of collateral	-	-
% of advances to customers	6.33%	0.39%

There were no loans and advances to banks and other financial institutions which are determined impaired as at 31 December 2020 and 30 June 2020.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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**B. OVERDUE AND RESCHEDULED ASSETS**

	<u>31 Dec 20</u>	As at <u>30 Jun 20</u>
<b>i. Advances to customers overdue for</b>		
more than 3 months and up to 6 months	145,385	-
more than 6 months and up to 1 year	-	-
more than 1 year	-	-
	<u>145,385</u>	<u>-</u>
Specific impairment provisions made in respect of the above overdue advances	3,635	-
Market value of collateral held against the covered portion of all overdue advances	<u>-</u>	<u>-</u>
Covered portion of all overdue advances	<u>-</u>	<u>-</u>
Uncovered portion of all overdue advances	-	-
<b>ii. Rescheduled advances to customers</b> (Net of those overdue advances which have been disclosed above)	<u>16,960</u>	<u>18,538</u>

	<b>As a percentage of total gross advances to customers</b>	
	<u>31 Dec 20</u>	<u>30 Jun 20</u>
	%	%
<b>a. Advances to customers overdue for</b>		
more than 3 months and up to 6 months	0.00	0.00
more than 6 months and up to 1 year	0.00	0.00
more than 1 year	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b>b. Rescheduled advances to customers</b>	<u>0.47</u>	<u>0.39</u>

**iii. Loans and advances to banks and other financial institutions**

There were no loans and advances to banks and other financial institutions which were overdue as at 31 December 2020 and 30 June 2020.

**iv. Other assets (trade bills and debt securities)**

There were no other assets (including trade bills and debt securities) which were overdue as at 31 December 2020 and 30 June 2020.

**v. Amount of repossessed assets**

There were no repossessed assets held by the branch as at 31 December 2020 and 30 June 2020.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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C. OFF-BALANCE SHEET INFORMATION

i. CONTINGENT LIABILITIES AND COMMITMENTS

	<u>31 Dec 20</u>	As at <u>30 Jun 20</u>
<b>Off-balance sheet exposures (in contractual amounts)</b>		
Direct credit substitutes	-	-
Transaction-related contingencies	1,058	1,058
Trade-related contingencies	17,713	27,407
Forward forward deposits placed	-	-
Other commitments	688,484	1,088,107

ii. DERIVATIVES

	<u>31 Dec 20</u>	<u>30 Jun 20</u>
<b>Interest rate contracts</b>		
Contractual amount	1,085,541	1,085,286
Replacement cost	-	-
Positive fair value	-	-
Negative fair value	-53,603	-64,989
<b>Exchange rate and gold contracts</b>		
Contractual amount	77,416	-
Replacement cost	-	-
Positive fair value	564	-
Negative fair value	-537	-

For contingent liabilities and commitments, the contract amounts represent the amounts at risk should the contract be fully drawn upon and the client default. The total of the contract amount is not representative of future liquidity requirements. The replacement costs represent the cost of replacing all contracts which have a positive value when marked to market. They do not take into account the effects of valid bilateral netting agreements.

**D. GROSS ADVANCES TO CUSTOMERS SEGMENTAL ANALYSIS**

The following information concerning advances to customers by industry sectors has been classified in accordance with industry categories contained in the banking returns of Quarterly Analysis of Loans and Advances and the Provisions

**i. BY INDUSTRY SECTOR**

	As at			
	<u>31 Dec 20</u>		<u>30 Jun 20</u>	
	<u>Gross Amount</u>	<u>Balance Covered By Collateral</u>	<u>Gross Amount</u>	<u>Balance Covered By Collateral</u>
Loans and advances for use in Hong Kong				
Industrial, Commercial and Financial				
Property development	203,846	-	203,846	-
Property investment	-	-	-	-
Financial concerns	434,216	-	845,879	-
Stockbrokers	197,812	-	197,782	-
Manufacturing	47,007	-	56,318	-
Wholesale and retail trade	10,536	5,195	68,685	6,680
Transport and transport equipment	-	-	-	-
Electricity and gas	-	-	-	-
Information technology	142,500	-	150,000	-
Recreational activities	32,566	-	-	-
All others	-	-	-	-
Individuals				
Loans for the purchase of other residential properties	15,579	15,579	12,638	12,638
Subtotal	1,084,062	20,774	1,535,148	19,318
Trade finance	77,960	15,907	77,550	11,743
Loans and advances for use outside Hong Kong	2,454,772	62,031	3,099,061	86,695
<b>Total loans and advances</b>	<b>3,616,794</b>	<b>98,712</b>	<b>4,711,759</b>	<b>117,756</b>



III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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ii. BY MAJOR COUNTRIES OR GEOGRAPHICAL SEGMENTS

After taking into account recognized risk transfer, exposures to a single country exceeding 10% of the aggregate gross loans and advances to customers by geographical segment disclosed.

<u>As at 31 Dec 20</u>	<u>Gross Amount</u>	<u>Overdue &amp; Impaired</u>	<u>Specific impairment provisions</u>
1.China	878,812	87,056	87,056
2.Hong Kong	1,915,590	-	-
3.Others	822,392	-	-
	<b>3,616,794</b>	<b>87,056</b>	<b>87,056</b>

<u>As at 30 Jun 20</u>	<u>Gross Amount</u>	<u>Overdue &amp; Impaired</u>	<u>Specific impairment provisions</u>
1.China	1,628,304	18,538	18,538
2.Hong Kong	2,172,961	-	-
3.Others	910,494	-	-
	<b>4,711,759</b>	<b>18,538</b>	<b>18,538</b>

**E. INTERNATIONAL CLAIMS**

The information on international 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 recognised risk transfer. 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. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
<b><u>As at 31 Dec 20</u></b>						
1. Developed countries	1,684	-	-	-	-	1,684
2. Offshore centres	989	-	434	363	-	1,786
<i>of which:</i>						
<i>Hong Kong SAR</i>	978	-	434	316	-	1,728
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbea	-	-	-	-	-	-
5. Developing Africa and Middle East	112	152	-	-	-	264
6. Developing Asia-Pacific	6,665	119	474	1,880	-	9,138
<i>of which:</i>						
<i>China</i>	1,724	-	435	1,656	-	3,815
<i>Chinese Taipei</i>	2,601	-	-	146	-	2,747
7. International organisations	300	-	-	-	-	300
8. Unallocated by country	-	-	-	-	-	-

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
<b><u>As at 30 Jun 20</u></b>						
1. Developed countries	1,249	-	-	-	-	1,249
2. Offshore centres	946	-	489	320	-	1,755
<i>of which:</i>						
<i>Hong Kong SAR</i>	719	-	489	289	-	1,497
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbea	-	-	-	-	-	-
5. Developing Africa and Middle East	107	152	-	-	-	259
6. Developing Asia-Pacific	8,364	119	795	2,090	-	11,368
<i>of which:</i>						
<i>China</i>	3,441	-	756	1,792	-	5,989
<i>Chinese Taipei</i>	2,897	-	-	143	-	3,040
7. International organisations	294	-	-	-	-	294
8. Unallocated by country	-	-	-	-	-	-

The above figures are disclosed according to the HKMA return of international banking statistics and pursuant to Section 63 of the Banking Ordinance.

**F. MAINLAND ACTIVITIES**

The categories of non-bank counterparties and the type of direct exposures refers to the Completion Instructions for the Return of Mainland Activities-MA(BS)20.

**As at 31 Dec 20**

	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total exposures</u>
1. Central government, central government-owned entities & their subsidiaries & JVs	54	-	54
2. Local governments, local government-owned entities & their subsidiaries & JVs	-	-	0
3. PRC national residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	294	-	294
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 1 above	-	-	-
6. PRC national residing outside ML China or entities incorporated outside ML China where the credit is granted for use in ML China	1,562	0	1,562
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>1,910</u>	<u>0</u>	<u>1,910</u>
Total assets after provision	14,609		
On-balance sheet exposures as percentage of total assets	13.07%		

**As at 30 Jun 20**

	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total exposures</u>
1. Central government, central government-owned entities & their subsidiaries & JVs	54	-	54
2. Local governments, local government-owned entities & their subsidiaries & JVs	-	-	-
3. PRC national residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	388	20	408
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 1 above	-	-	-
6. PRC national residing outside ML China or entities incorporated outside ML China where the credit is granted for use in ML China	2,128	295	2,423
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>2,570</u>	<u>315</u>	<u>2,885</u>
Total assets after provision	16,369		
On-balance sheet exposures as percentage of total assets	15.70%		

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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**G. FOREIGN CURRENCY POSITION**

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 (in absolute terms) for each foreign currency which constitutes 10% or more of the total net position in all foreign currencies.

<u>As at 31 Dec 20</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	11,079	7	44	107	1,188	9	2	3	-	12,439
Spot liabilities	(11,021)	(6)	(45)	(107)	(1,189)	(12)	(1)	-	-	(12,381)
Forward purchases	39	-	-	-	-	-	-	-	-	39
Forward sales	(39)	-	-	-	-	-	-	-	-	(39)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	58	1	(1)	0	(1)	(3)	1	3	-	58

<u>As at 30 Jun 20</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	12,799	7	33	54	1,301	100	2	3	-	14,299
Spot liabilities	(12,685)	(4)	(32)	(57)	(1,296)	(98)	(1)	(1)	-	(14,174)
Forward purchases	-	-	-	-	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	114	3	1	(3)	5	2	1	2	-	125

There were no foreign currency structural positions as at 31 December 2020 and 30 June 2020.

**H. LIQUIDITY INFORMATION DISCLOSURE**

For the period

	<u>31 Dec 20</u>	<u>31 Dec 19</u>
Average LMR for the year/period	<b>82.93%</b>	<b>49.45%</b>
Calculation period	Oct~Dec 2020	Oct~Dec 2019

The liquidity ratio refers to the statutory minimum liquidity maintenance ratio specified under section 103 of the Banking Ordinance.

The average value of its LMR calculated based on the arithmetic mean of the average value of its LMR reported in its liquidity position return for each month during the reporting period.

Liquidity ratios are monitored on a daily basis (Treasury department is responsible for adjustments of allocation of assets and liabilities based on the LMR calculated by Accounting department) and liquidity stress test has been performed quarterly in the branch. The Asset-Liability Committee (ALCO) has been established in the branch and ALCO meetings are held on a weekly basis.

**I. REMUNERATION DISCLOSURE**

In accordance with section 3 of the HKMA's Supervisory Policy Manual Guideline CG-5 "Sound Remuneration System", Bank of Taiwan has disclosed the relevant information in the part of Corporate Governance of the Bank's Annual Report.

## SECTION B – INFORMATION OF THE BANK (CONSOLIDATED BASIS)

NT\$'000

**I. CAPITAL AND CAPITAL ADEQUACY RATIO**

	<u>31 Dec 20</u>	As at <u>30 Jun 20</u>
A. Capital Adequacy Ratio	14.95%	15.40%
B. Aggregate amount of shareholder's funds	383,144,455	375,791,024

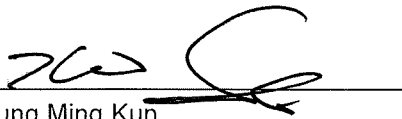
The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework after taken into account for credit risk, market risk and operational risk.

**II. OTHER FINANCIAL INFORMATION**

	<u>31 Dec 20</u>	As at <u>30 Jun 20</u>
Total assets	5,398,798,096	5,162,318,004
Total liabilities	5,015,653,641	4,786,526,980
Total advances	2,869,204,520	2,836,634,502
Total customer deposits	4,172,026,396	4,005,180,914
	<b>For the year ended</b>	
	<u>31 Dec 20</u>	<u>31 Dec 19</u>
Profit / (Loss) before taxation	12,342,611	13,211,156

# 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 Statements of Bank of Taiwan, Hong Kong Branch for the year ended 31 Dec 2020. We confirmed that the information contained therein complies, in all material respects, 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", and to the best of my knowledge and belief, it is not false or misleading.



Hung Ming Kun  
Chief Executive  
Bank of Taiwan, Hong Kong Branch

March 26, 2021  
Date