

BANK OF TAIWAN, HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the year ended 31 Dec 2022

BANK OF TAIWAN – HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the year ended 31 Dec 2022

<u>CONTENTS</u>	<u>PAGE(S)</u>
SECTION A – INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)	
I. PROFIT AND LOSS INFORMATION	3
II. BALANCE SHEET INFORMATION	4
III. ADDITIONAL BALANCE SHEET INFORMATION	5
A. ADVANCES AND IMPAIRMENT ALLOWANCES	5
B. OVERDUE AND RESCHEDULED ASSETS	6
C. OFF-BALANCE SHEET INFORMATION	7
D. GROSS ADVANCES TO CUSTOMERS SEGMENTAL ANALYSIS	8-9
E. INTERNATIONAL CLAIMS	10
F. MAINLAND ACTIVITIES	11
G. FOREIGN CURRENCY POSITION	12
H. LIQUIDITY INFORMATION DISCLOSURES	12-13
I. DISCLOSURE OF REMUNERATION	13
<u>SECTION B – INFORMATION OF THE BANK (CONSOLIDATED BASIS)</u>	
I. CAPITAL AND CAPITAL ADEQUACY RATIO	14
II. OTHER FINANCIAL INFORMATION	14
DECLARATION	15

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

I. PROFIT AND LOSS INFORMATION

HK\$'000

	For the year end	
	31 Dec 22	31 Dec 21
Interest income	327,890	177,939
Interest expense	(182,623)	(71,347)
Net interest income	145,267	106,592
Fee and commission income	5,732	8,232
Fee and commission expense	(1,617)	(1,774)
Net fee and commission income	4,115	6,458
Other operating income		
Gains less losses arising from non-trading activities in foreign currencies	885	3,126
Gains less losses arising from trading activities in foreign currencies	-	460
Gains less losses on disposal of securities	438	1,254
Others	9	-
	1,332	4,840
Total income	150,714	117,890
Operating expenses		
Staff expense	(20,654)	(20,653)
Rental expense	(1,222)	(1,202)
Other expense	(15,200)	(18,155)
	(37,076)	(40,010)
Write-back/(charges) of Impairment provisions for loans	42,866	13,266
Write-back/(charges) of Impairment provisions for other assets	65	(330)
Revaluation gains for negotiable debt instruments	(3,387)	825
Gains less losses from the disposal of property, plant and equipment	-	-
Profit before taxation	153,182	91,641
Tax expense	(10)	(10)
Profit after taxation	153,192	91,651

II. BALANCE SHEET INFORMATION

HK\$ '000

	As at	
	<u>31 Dec 22</u>	<u>30 Jun 22</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	3,553,384	3,773,401
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)	2,969,090	4,273,285
Amount due from overseas offices	11,508	139,683
Trade bills	-	-
Certificates of deposit held	894,867	552,908
Negotiable debt instruments	3,384,421	3,286,738
Loans and impairment losses		
Loans and advances to customers	1,509,841	1,851,848
Loans and advances to banks	428,902	188,345
Impairment losses (collective and specific)	(16,979)	(34,962)
Property, plant and equipment	14,979	18,982
Other accounts	101,978	55,383
Total assets	12,851,991	14,105,611
<u>Liabilities</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	500,051	1,166,973
Deposits from customers		
Demand deposits and current accounts	60,044	120,701
Savings deposits	2,069,369	2,763,890
Time, call and notice deposits	4,852,649	4,125,914
Amount due to overseas offices	3,243,404	3,918,777
Other accounts	98,250	64,914
Total liabilities	10,823,767	12,161,169
<u>Equities</u>		
Reserves	1,889,863	1,890,082
Current profit / (loss)	138,361	54,360
Total equities	2,028,224	1,944,442
Total Equities and Liabilities	12,851,991	14,105,611

III. ADDITIONAL BALANCE SHEET INFORMATION

HK\$'000

A. ADVANCES AND IMPAIRMENT LOSSES

i. Advance to customers and impairment losses on advances

	As at	
	<u>31 Dec 22</u>	<u>30 Jun 22</u>
Advances to customers	1,509,841	1,851,848
Advances to banks and other financial institutions	428,902	188,345
Total	<u>1,938,743</u>	<u>2,040,193</u>
Collective impairment provisions	(21,268)	(21,715)
Specific impairment provisions	-	(15,130)
Total	<u>(21,268)</u>	<u>(36,845)</u>
Gross advances less impairment provisions	1,917,475	2,003,348
Provisions as a percentage of gross advances		
- Collective impairment provisions	1.10%	1.06%
- Specific impairment provisions	0.00%	0.74%
Total provisions	<u>1.10%</u>	<u>1.81%</u>

ii. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
<u>31 Dec 22</u>			
Advances to customers	-	16,979	16,979
Advances to banks and other financial institutions	-	4,289	4,289
Total	<u>-</u>	<u>21,268</u>	<u>21,268</u>
<u>30 Jun 22</u>			
Advances to customers	15,130	19,832	34,962
Advances to banks and other financial institutions	-	1,883	1,883
Total	<u>15,130</u>	<u>21,715</u>	<u>36,845</u>

iii. Impaired advances to customers

	<u>31 Dec 22</u>	<u>30 Jun 22</u>
amount of impaired loans and advances	-	75,649
amount of specific provisions made	-	15,130
value of collateral	-	-
% of advances to customers	0.00%	4.09%

There were no loans and advances to banks and other financial institutions which are determined impaired as at 31 December 2022 and 30 June 2022.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

B. OVERDUE AND RESCHEDULED ASSETS

	<u>31 Dec 22</u>	As at <u>30 Jun 22</u>
i. Advances to customers overdue for		
more than 3 months and up to 6 months	-	-
more than 6 months and up to 1 year	-	-
more than 1 year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Specific impairment provisions made in respect of the above overdue advances	-	-
Market value of collateral held against the covered portion of all overdue advances	-	-
Covered portion of all overdue advances	-	-
Uncovered portion of all overdue advances	-	-
ii. Rescheduled advances to customers (Net of those overdue advances which have been disclosed above)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	As a percentage of total gross advances to customers	
	<u>31 Dec 22</u>	<u>30 Jun 22</u>
	%	%
a. Advances to customers overdue for		
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>
	<u>0.00</u>	<u>0.00</u>
b. Rescheduled advances to customers	<u>0.00</u>	<u>0.00</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 2022 and 30 June 2022.

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 2022 and 30 June 2022.

v. Amount of repossessed assets

There were no repossessed assets held by the branch as at 31 December 2022 and 30 June 2022.

C. OFF-BALANCE SHEET INFORMATION**i. CONTINGENT LIABILITIES AND COMMITMENTS**

	<u>31 Dec 22</u>	As at <u>30 Jun 22</u>
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	-	-
Transaction-related contingencies	-	-
Trade-related contingencies	25,436	43,291
Forward forward deposits placed	-	-
Other commitments	323,724	391,264

ii. DERIVATIVES

	<u>31 Dec 22</u>	<u>30 Jun 22</u>
Interest rate contracts		
Contractual amount	670,647	674,904
Replacement cost	-	-
Positive fair value	9,862	5,040
Negative fair value	-	(2,349)
Exchange rate and gold contracts		
Contractual amount	-	-
Replacement cost	-	-
Positive fair value	-	-
Negative fair value	-	-

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.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

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 22</u>		<u>30 Jun 22</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	-	-	-	-
Property investment	-	-	-	-
Financial concerns	-	-	384,538	-
Stockbrokers	-	-	-	-
Manufacturing	273,773	-	276,305	-
Wholesale and retail trade	-	-	-	-
Transport and transport equipment	-	-	-	-
Electricity and gas	-	-	-	-
Information technology	-	-	-	-
Recreational activities	-	-	-	-
All others	-	-	-	-
Individuals				
Loans for the purchase of other residential properties	7,880	7,880	11,567	11,567
Subtotal	281,653	7,880	672,410	11,567
Trade finance	61,903	9,814	65,829	14,779
Loans and advances for use outside Hong Kong	1,166,285	-	1,113,609	-
Total loans and advances	1,509,841	17,694	1,851,848	26,346

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 22</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	171,561	-	-
2.Hong Kong	296,865	-	-
3.Others	1,041,415	-	-
	1,509,841	-	-

<u>As at 30 Jun 22</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	242,701	75,649	15,130
2.Hong Kong	697,076	-	-
3.Others	912,071	-	-
	1,851,848	75,649	15,130

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>		
<u>As at 31 Dec 22</u>						
1. Developed countries	2,691	-	124	34	-	2,849
2. Offshore centres	638	-	-	759	-	1,397
<i>of which:</i>						
<i>Hong Kong SAR</i>	423	-	-	419	-	842
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	536	-	-	-	-	536
6. Developing Asia-Pacific	5,688	120	39	677	-	6,524
<i>of which:</i>						
<i>China</i>	141	-	-	235	-	376
<i>Chinese Taipei</i>	2,668	-	-	10	-	2,678
7. International organisations	315	-	-	-	-	315
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>		
<u>As at 30 Jun 22</u>						
1. Developed countries	2,390	-	79	36	-	2,505
2. Offshore centres	946	-	385	766	-	2,097
<i>of which:</i>						
<i>Hong Kong SAR</i>	815	-	385	425	-	1,625
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	419	-	-	-	-	419
6. Developing Asia-Pacific	6,395	121	39	624	-	7,179
<i>of which:</i>						
<i>China</i>	364	-	-	348	-	712
<i>Chinese Taipei</i>	3,390	-	-	11	-	3,401
7. International organisations	316	-	-	-	-	316
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.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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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 22

	<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	-	-	-
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	148	-	148
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	228	37	265
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>376</u>	<u>37</u>	<u>413</u>
Total assets after provision	12,852		
On-balance sheet exposures as percentage of total assets	2.93%		

As at 30 Jun 22

	<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	-	-	-
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	157	-	157
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	333	37	370
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>490</u>	<u>37</u>	<u>527</u>
Total assets after provision	14,106		
On-balance sheet exposures as percentage of total assets	3.47%		

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 22</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	9,358	4	89	29	1,085	20	1	-	-	10,586
Spot liabilities	(9,307)	(4)	(89)	(30)	(1,084)	(20)	(1)	-	-	(10,535)
Forward purchases	-	-	-	-	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	51	-	-	(1)	1	-	-	-	-	51

<u>As at 30 Jun 22</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	10,637	8	71	176	871	18	-	2	-	11,783
Spot liabilities	(10,589)	(6)	(70)	(172)	(871)	(19)	-	-	-	(11,727)
Forward purchases	-	-	-	-	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	48	2	1	4	-	(1)	-	2	-	56

There were no foreign currency structural positions as at 31 December 2022 and 30 June 2022.

H. LIQUIDITY INFORMATION DISCLOSURE

i. Liquidity Risk Management System

(i)Liquidity Risk Management Strategy and Process : To maintain adequate liquidity level, to ensure payment ability, and to enhance contingency management, we comply with the internal policies set out by head office and this branch. The policies set out by head office: “臺灣銀行股份有限公司流動性及利率風險管理政策”, “臺灣銀行股份有限公司流動性風險管理準則” and “臺灣銀行股份有限公司辦理國際金融業務作業準則”. The policies set out by this branch: “臺灣銀行股份有限公司香港分行風險管理政策” and “臺灣銀行股份有限公司香港分行流動性管理政策”.

(ii)Liquidity Risk Management Organization and Structure : 1.This branch has set up Asset and Liability Management Committee (ALCO), to maintain sound operations and strengthen ability of asset and liability management, with the branch Chief Executive as the chairman of ALCO, Alternate Chief Executive and business executives as members . 2.ALCO meetings, which held periodically or whenever once in need, review the liquidity risk, interest rate risk, foreign exchange risk, and loan-deposit structure of the branch. For liquidity risk management, ALCO is the supervisory unit and the treasury department is the unit for executing.

(iii)Liquidity Risk Reports : This branch submits monthly liquidity risk and interest rate risk analysis reports in major currencies to ALCO and head office for review. Based on liquidity gap analysis and the changes of the structure, this branch allocates adequate funding to reduce liquidity risk. In addition, we classified the assets and liabilities into interest sensitive and non-interest sensitive for interest rate risk management and for pricing basis.

(iv)Contingency Funding Plan for Liquidity Risk Management : This branch has contingency funding plan in place to respond to the situations such as abnormal deposit withdrawal and serious lack of liquidity. After reviewing the plan periodically, it would be

(v)Funding Management Strategy : This branch manages the liquidity risk based on the principle of conservativeness and stability. Besides the predictable short-term cash-flow, we dynamically adjust the liquidity gaps of different term based on our operation cash-flows or market changes.1.The funding sources should be diversified, stable and reliable.2.The use of funds should be broad.3.The funding management strategy should be conservative and should strengthen the interaction management between different currencies.

(vi)Liquidity Stress Test : This branch runs liquidity stress-testing periodically to estimate the liquidity level demand when in stress situations. The testing items including assets, liabilities and off-balance sheet commitments. The stress-testing is run by accounting department, and the result will be reported to ALCO and the head office. The result will be the reference for the future business planning, the improvement of liquidity risk management or other strategic plans.

(vii)Liquidity Buffer : In addition to complying with the statutory liquidity maintenance ratio requirement of the authority, daily minimum liquidity maintenance ratio and liquidity ratio buffer are set to maintain the liquidity level of the branch in response to all the possibilities.

ii Liquidity Risk Analysis (Major currencies in HKD)

31 Dec 22

	0~2days	2~7days	0~1month	1~2month	2~3month	3~4month	4~5month	5~6month
Due Cash Inflow	1,348	374	3,636	1,214	672	961	548	310
Due Cash Outflow	1,143	351	2,160	849	650	840	192	207
Cumulative gap over Total Debt	1.53%	1.70%	11.02%	13.74%	13.90%	14.81%	17.47%	18.24%
	6~7month	7~8month	8~9month	9~10month	10~11month	11~12month	over 1 year	
Due Cash Inflow	348	365	214	80	326	531	4,189	
Due Cash Outflow	272	154	202	201	346	105	7,217	
Cumulative gap over Total Debt	18.81%	20.39%	20.48%	19.57%	19.42%	22.61%	0.00%	

iii.LIQUIDITY INFORMATION DISCLOSURE

For the year/period

	<u>31 Dec 22</u>	<u>31 Dec 21</u>
Average LMR for the year/period	133.33%	96.15%
Calculation period	Oct~Dec 2022	Oct~Dec 2021

Disclosure the average value of its LMR and the related information under section 103(3)(c) of the Banking (Disclosure) Rules.

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 monthly 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 22</u>	As at <u>30 Jun 22</u>
A. Capital Adequacy Ratio	14.99%	15.63%
B. Aggregate amount of shareholder's funds	395,470,656	393,264,693

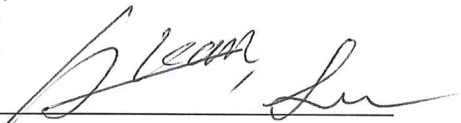
The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework after taken into account for credit risk, market risk and operational risk.

II. OTHER FINANCIAL INFORMATION

	<u>31 Dec 22</u>	As at <u>30 Jun 22</u>
Total assets	6,178,383,194	5,788,853,759
Total liabilities	5,782,912,538	5,395,589,066
Total advances	3,418,227,678	3,192,230,513
Total customer deposits	4,670,274,068	4,433,808,998
	For the year ended	
	<u>31 Dec 22</u>	<u>31 Dec 21</u>
Profit / (Loss) before taxation	19,189,573	16,963,242

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 2022**. 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.



Lu A-Kan
Chief Executive
Bank of Taiwan, Hong Kong Branch

12.1 MAR 2023

Date