

BANK OF TAIWAN, HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the year ended 31 Dec 2023

BANK OF TAIWAN – HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the year ended 31 Dec 2023

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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 23	31 Dec 22
Interest income	708,375	327,890
Interest expense	(444,555)	(182,623)
Net interest income	263,820	145,267
Fee and commission income	5,989	5,732
Fee and commission expense	(1,474)	(1,617)
Net fee and commission income	4,515	4,115
Other operating income		
Gains less losses arising from non-trading activities in foreign currencies	2,109	885
Gains less losses arising from trading activities in foreign currencies	785	-
Gains less losses on disposal of securities	139	438
Others	8	9
	3,041	1,332
Total income	271,376	150,714
Operating expenses		
Staff expense	(21,398)	(20,654)
Rental expense	(1,334)	(1,222)
Other expense	(13,755)	(15,200)
	(36,487)	(37,076)
Write-back/(charges) of Impairment provisions for loans	13,966	42,866
Write-back/(charges) of Impairment provisions for other assets	(257)	65
Revaluation gains for negotiable debt instruments	(3,263)	(3,387)
Gains less losses from the disposal of property, plant and equipment	-	-
Profit before taxation	245,335	153,182
Tax expense	(6)	(10)
Profit after taxation	245,341	153,192

II. BALANCE SHEET INFORMATION

HK\$ '000

	As at	
	<u>31 Dec 23</u>	<u>30 Jun 23</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	3,680,869	3,048,094
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)	3,945,203	3,254,940
Amount due from overseas offices	84,817	22,400
Trade bills	-	-
Certificates of deposit held	1,529,311	1,046,654
Negotiable debt instruments	3,199,069	3,406,579
Loans and impairment losses		
Loans and advances to customers	719,016	1,231,667
Loans and advances to banks	420,623	560,149
Impairment losses (collective and specific)	(7,919)	(14,047)
Property, plant and equipment	6,574	10,758
Other accounts	202,144	113,928
Total assets	13,779,707	12,681,122
<u>Liabilities</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	1,297,285	156,758
Deposits from customers		
Demand deposits and current accounts	35,050	50,179
Savings deposits	1,712,413	1,848,718
Time, call and notice deposits	5,770,215	5,355,341
Amount due to overseas offices	2,509,912	2,990,261
Other accounts	190,780	146,724
Total liabilities	11,515,655	10,547,981
<u>Equities</u>		
Reserves	2,024,490	2,024,490
Current profit / (loss)	239,562	108,651
Total equities	2,264,052	2,133,141
Total Equities and Liabilities	13,779,707	12,681,122

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 23</u>	<u>30 Jun 23</u>
Advances to customers	719,016	1,231,667
Advances to banks and other financial institutions	420,623	560,149
Total	<u>1,139,639</u>	<u>1,791,816</u>
Collective impairment provisions	(12,119)	(19,648)
Specific impairment provisions	-	-
Total	<u>(12,119)</u>	<u>(19,648)</u>
Gross advances less impairment provisions	1,127,520	1,772,168
Provisions as a percentage of gross advances		
- Collective impairment provisions	1.06%	1.10%
- Specific impairment provisions	0.00%	0.00%
Total provisions	<u>1.06%</u>	<u>1.10%</u>

ii. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
31 Dec 23			
Advances to customers	-	7,913	7,913
Advances to banks and other financial institutions	-	4,206	4,206
Total	<u>-</u>	<u>12,119</u>	<u>12,119</u>
30 Jun 23			
Advances to customers	-	14,047	14,047
Advances to banks and other financial institutions	-	5,601	5,601
Total	<u>-</u>	<u>19,648</u>	<u>19,648</u>

iii. Impaired advances to customers

	<u>31 Dec 23</u>	<u>30 Jun 23</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%	6.14%

There were no loans and advances to banks and other financial institutions which are determined impaired as at 30 June 2023 and 31 December 2023.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

B. OVERDUE AND RESCHEDULED ASSETS

	<u>31 Dec 23</u>	As at <u>30 Jun 23</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>
Specific impairment provisions made in respect of the above overdue advances	-	-
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	-	-
ii. Rescheduled advances to customers		
(Net of those overdue advances which have been disclosed above)	<u>-</u>	<u>-</u>

	As a percentage of total gross advances to customers	
	<u>31 Dec 23</u>	<u>30 Jun 23</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>
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 30 June 2023 and 31 December 2023.

iv. Other assets (trade bills and debt securities)

There were no other assets (including trade bills and debt securities) which were overdue as at 30 June 2023 and 31 December 2023.

v. Amount of repossessed assets

There were no repossessed assets held by the branch as at 30 June 2023 and 31 December 2023.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

C. OFF-BALANCE SHEET INFORMATION

i. CONTINGENT LIABILITIES AND COMMITMENTS

	<u>31 Dec 23</u>	As at <u>30 Jun 23</u>
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	-	-
Transaction-related contingencies	-	-
Trade-related contingencies	47,062	16,496
Forward forward deposits placed	-	-
Other commitments	836,362	717,390

ii. DERIVATIVES

	<u>31 Dec 23</u>	<u>30 Jun 23</u>
Interest rate contracts		
Contractual amount	343,859	485,950
Replacement cost	-	-
Positive fair value	1,669	5,939
Negative fair value	-	-
Exchange rate and gold contracts		
Contractual amount	1,094,315	38,838
Replacement cost	-	-
Positive fair value	22,103	146
Negative fair value	(21,325)	(140)

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 23</u>		<u>30 Jun 23</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	-	-	-	-
Stockbrokers	-	-	-	-
Manufacturing	44,970	-	45,016	-
Wholesale and retail trade	2,344	2,344	-	-
Transport and transport equipment	-	-	-	-
Electricity and gas	-	-	-	-
Information technology	-	-	-	-
Recreational activities	-	-	-	-
All others	-	-	-	-
Individuals				
Loans for the purchase of other residential properties	12,901	12,901	6,419	6,419
Subtotal	60,215	15,245	51,435	6,419
Trade finance	18,443	8,634	53,451	6,637
Loans and advances for use outside Hong Kong	640,358	-	1,126,781	-
Total loans and advances	719,016	23,879	1,231,667	13,056

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

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 23</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	128,947	-	-
2.Hong Kong	34,230	-	-
3.Others	976,463	-	-
	<u>1,139,640</u>	-	-

<u>As at 30 Jun 23</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	141,082	-	-
2.Hong Kong	50,447	-	-
3.Others	1,040,138	-	-
	<u>1,231,667</u>	-	-

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>		
As at 31 Dec 23						
1. Developed countries	2,468	-	202	34	-	2,704
2. Offshore centres	860	-	39	203	-	1,102
<i>of which:</i>						
<i>Hong Kong SAR</i>	667	-	-	179	-	846
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	819	-	-	47	-	866
6. Developing Asia-Pacific	6,215	120	39	483	-	6,857
<i>of which:</i>						
<i>China</i>	1	-	-	145	-	146
<i>Chinese Taipei</i>	3,446	-	-	3	-	3,449
7. International organisations	-	-	393	-	-	393
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>		
As at 30 Jun 23						
1. Developed countries	2,304	-	124	32	-	2,460
2. Offshore centres	572	-	-	512	-	1,084
<i>of which:</i>						
<i>Hong Kong SAR</i>	213	-	-	179	-	392
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	775	-	-	-	-	775
6. Developing Asia-Pacific	5,768	121	39	571	-	6,499
<i>of which:</i>						
<i>China</i>	132	-	-	205	-	337
<i>Chinese Taipei</i>	3,020	-	-	11	-	3,031
7. International organisations	-	-	395	-	-	395
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 23

	<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	130	-	130
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	16	10	26
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>146</u>	<u>10</u>	<u>156</u>
Total assets after provision	13,780		
On-balance sheet exposures as percentage of total assets	1.06%		

As at 30 Jun 23

	<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	141	-	141
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	205	14	219
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>346</u>	<u>14</u>	<u>360</u>
Total assets after provision	12,681		
On-balance sheet exposures as percentage of total assets	2.73%		

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 23</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	10,245	5	88	43	887	4	-	-	-	11,272
Spot liabilities	(10,195)	(4)	(87)	(42)	(887)	(4)	-	-	-	(11,219)
Forward purchases	555	-	-	-	-	-	-	-	-	555
Forward sales	(555)	-	-	-	-	-	-	-	-	(555)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	50	1	1	1	0	-	-	-	-	53

<u>As at 30 Jun 23</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	9,260	5	78	36	897	3	1	-	-	10,280
Spot liabilities	(9,198)	(5)	(78)	(36)	(897)	(3)	(1)	-	-	(10,218)
Forward purchases	20	-	-	-	-	-	-	-	-	20
Forward sales	(20)	-	-	-	-	-	-	-	-	(20)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	62	0	0	0	-	0	-	-	-	62

There were no foreign currency structural positions as at 30 June 2023 and 31 December 2023.

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 23

	0~2days	2~7days	0~1month	1~2month	2~3month	3~4month	4~5month	5~6month
Due Cash Inflow	1,030	456	3,821	2,285	1,370	465	376	881
Due Cash Outflow	1,024	1,139	2,840	1,139	767	648	538	249
Cumulative gap over Total Debt	0.04%	-4.33%	6.27%	13.60%	17.45%	16.28%	15.24%	19.28%
	6~7month	7~8month	8~9month	9~10month	10~11month	11~12month	over 1 year	
Due Cash Inflow	729	1,007	532	691	120	628	2,736	
Due Cash Outflow	497	242	527	952	791	151	6,301	
Cumulative gap over Total Debt	20.77%	25.66%	25.69%	24.02%	19.74%	22.79%	0.00%	

iii.LIQUIDITY INFORMATION DISCLOSURE

For the year/period

	31 Dec 23	31 Dec 22
Average LMR for the year/period	138.88%	133.33%
Calculation period	Oct~Dec 2023	Oct~Dec 2022

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 23</u>	As at <u>30 Jun 23</u>
A. Capital Adequacy Ratio	16.18%	16.08%
B. Aggregate amount of shareholder's funds	438,019,228	416,678,208

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 23</u>	As at <u>30 Jun 23</u>
Total assets	6,160,555,833	6,203,217,148
Total liabilities	5,722,536,605	5,786,538,940
Total advances	3,131,758,621	3,197,231,720
Total customer deposits	4,733,709,276	4,652,068,930
	For the year ended	
	<u>31 Dec 23</u>	<u>31 Dec 22</u>
Profit / (Loss) before taxation	28,482,850	19,189,573

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 2023**. 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

26 MAR 2024

Date