

BANK OF TAIWAN, HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2019

BANK OF TAIWAN – HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2019

<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
I. DISCLOSURE OF REMUNERATION	12
<u>SECTION B – INFORMATION OF THE BANK (CONSOLIDATED BASIS)</u>	
I. CAPITAL AND CAPITAL ADEQUACY RATIO	13
II. OTHER FINANCIAL INFORMATION	13
DECLARATION	14

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

I. PROFIT AND LOSS INFORMATION

HK\$'000

	For the half year end	
	30 Jun 19	30 Jun 18
Interest income	289,867	240,797
Interest expense	(162,560)	(121,741)
Net interest income	127,307	119,056
Fee and commission income	6,001	8,638
Fee and commission expense	(841)	(852)
Net fee and commission income	5,160	7,786
Other operating income		
Gains less losses arising from non-trading activities in foreign currencies	1,663	1,014
Gains less losses arising from trading activities in foreign currencies	11	177
Gains less losses on disposal of available-for-sale securities	-	-
Others	39	1
	1,713	1,192
Total income	134,180	128,034
Operating expenses		
Staff expense	(12,867)	(12,260)
Rental expense	(609)	(4,860)
Other expense	(9,858)	(4,474)
	(23,334)	(21,594)
Write-back/(charges) of Impairment provisions for loans	(689)	(6,748)
Write-back/(charges) of Impairment provisions for L/C	419	(75)
Revaluation gains for negotiable debt instruments	8,155	(3,205)
Gains less losses from the disposal of property, plant and equipment	-	-
Profit before taxation	118,731	96,412
Tax expense	-	-
Profit after taxation	118,731	96,412

II. BALANCE SHEET INFORMATION

HK\$ '000

	As at	
	<u>30 Jun 19</u>	<u>31 Dec 18</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	2,060,694	2,519,815
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)	4,360,904	3,443,609
Amount due from overseas offices	5,985	8,010
Trade bills	-	-
Certificates of deposit held	183,308	183,708
Negotiable debt instruments	2,918,377	3,009,506
Loans and impairment losses		
Loans and advances to customers	5,820,299	5,640,424
Loans and advances to banks	234,533	235,037
Impairment losses (collective and specific)	(105,014)	(100,159)
Property, plant and equipment	25,530	2,775
Other accounts	112,051	129,301
Total assets	15,616,667	15,072,026
<u>Liabilities</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,147,754	1,469,831
Deposits from customers		
Demand deposits and current accounts	119,739	113,048
Savings deposits	2,479,258	3,179,872
Time, call and notice deposits	4,132,839	3,692,033
Amount due to overseas offices	4,864,751	4,899,056
Other accounts	170,899	110,580
Total liabilities	13,915,240	13,464,420
<u>Equities</u>		
Reserves	1,572,708	1,413,667
Current profit / (loss)	128,719	193,939
Total equities	1,701,427	1,607,606
Total Equities and Liabilities	15,616,667	15,072,026

III. ADDITIONAL BALANCE SHEET INFORMATION

HK\$'000

A. ADVANCES AND IMPAIRMENT LOSSES

I. Advance to customers and impairment losses on advances

	As at	
	<u>30 Jun 19</u>	<u>31 Dec 18</u>
Advances to customers	5,820,299	5,640,424
Advances to banks and other financial institutions	234,533	235,037
Total	<u>6,054,832</u>	<u>5,875,461</u>
Collective impairment provisions	(81,552)	(76,696)
Specific impairment provisions	(21,836)	(23,463)
Total	<u>(103,388)</u>	<u>(100,159)</u>
Gross advances less impairment provisions	5,951,444	5,775,302
Provisions as a percentage of gross advances		
- Collective impairment provisions	1.35%	1.31%
- Specific impairment provisions	0.36%	0.40%
Total provisions	<u>1.71%</u>	<u>1.70%</u>

II. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
<u>30 Jun 19</u>			
Advances to customers	21,836	79,207	101,043
Advances to banks and other financial institutions	0	2,345	2,345
Total	<u>21,836</u>	<u>81,552</u>	<u>103,388</u>
<u>31 Dec 18</u>			
Advances to customers	23,463	74,346	97,809
Advances to banks and other financial institutions	0	2,350	2,350
Total	<u>23,463</u>	<u>76,696</u>	<u>100,159</u>

III. Impaired advances to customers

	<u>30 Jun 19</u>	<u>31 Dec 18</u>
amount of impaired loans and advances	21,836	33,022
amount of specific provisions made	21,836	23,463
value of collateral	0	9,941
% of advances to customers	0.38%	0.59%

There were no loans and advances to banks and other financial institutions which are determined impaired as at 30 June 2019 and 31 December 2018.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

B. OVERDUE AND RESCHEDULED ASSETS

	<u>30 Jun 19</u>	As at <u>31 Dec 18</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	-	9,941
more than 1 year	-	-
	<u>-</u>	<u>9,941</u>
Specific impairment provisions made in respect of the above overdue advances	-	382
Market value of collateral held against the covered portion of all overdue advances	<u>-</u>	<u>9,941</u>
Covered portion of all overdue advances	<u>-</u>	<u>9,941</u>
Uncovered portion of all overdue advances	-	-
ii. Rescheduled advances to customers (Net of those overdue advances which have been disclosed above)	<u>21,836</u>	<u>23,081</u>

	As a percentage of total gross advances to customers	
	<u>30 Jun 19</u>	<u>31 Dec 18</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	0.18
more than 1 year	0.00	0.00
	<u>0.00</u>	<u>0.18</u>
b. Rescheduled advances to customers	<u>0.38</u>	<u>0.41</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 2019 and 31 December 2018.

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 2019 and 31 December 2018.

v. Amount of repossessed assets

There were no repossessed assets held by the branch as at 30 June 2019 and 31 December 2018.

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

	As at	
	<u>30 Jun 19</u>	<u>31 Dec 18</u>
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	-	-
Transaction-related contingencies	1058	1058
Trade-related contingencies	33,320	61,006
Forward forward deposits placed	-	0
Other commitments	1,199,021	1,383,289

(ii) DERIVATIVES

	<u>30 Jun 19</u>	<u>31 Dec 18</u>
Interest rate contracts		
Contractual amount	789,595	791,291
Replacement cost	-	0
Positive fair value	1,004	11,277
Negative fair value	-23,038	-12,741
Exchange rate and gold contracts		
Contractual amount	46,999	0
Replacement cost	-	0
Positive fair value	416	0
Negative fair value	-413	0

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>30 Jun 19</u>		<u>31 Dec 18</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	291,346	-	736,346	-
Property investment	-	-	-	-
Financial concerns	904,744	-	548,420	-
Stockbrokers	290,804	-	461,794	-
Manufacturing	59,846	-	55,178	-
Wholesale and retail trade	114,864	5,646	133,364	4,017
Transport and transport equipment	-	-	-	-
Electricity and gas	-	-	-	-
Information technology	148,125	-	142,500	-
Recreational activities	-	-	-	-
All others	-	-	-	-
Individuals				
Loans for the purchase of other residential properties	5,579	5,579	1,627	1,627
Subtotal	1,815,308	11,225	2,079,229	5,644
Trade finance	105,420	14,054	121,845	16,880
Loans and advances for use outside Hong Kong	3,899,571	163,406	3,439,350	169,406
Total loans and advances	5,820,299	188,685	5,640,424	191,930

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 30 Jun 19</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	1,992,587	21,836	21,836
2.Hong Kong	2,676,617		
3.Others	1,151,095	-	-
	<u>5,820,299</u>	<u>21,836</u>	<u>21,836</u>

<u>As at 31 Dec 18</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	1,755,679	23,081	23,081
2.Hong Kong	2,939,936	9,941	382
3.Others	944,809	-	-
	<u>5,640,424</u>	<u>33,022</u>	<u>23,463</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>		
<u>As at 30 Jun 19</u>						
1. Developed countries	1,458	-	-	-	-	1,458
2. Offshore centres	506	142	550	910	-	2,108
<i>of which:</i>						
<i>Hong Kong SAR</i>	449	142	549	880	-	2,020
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	190	153	-	-	-	343
6. Developing Asia-Pacific	6,696	120	539	4,233	-	11,588
<i>of which:</i>						
<i>China</i>	3,320	-	508	3,845	-	7,673
<i>Chinese Taipei</i>	1,790	-	-	146	-	1,936
7. International organisations	157	-	-	-	-	157
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 31 Dec 18</u>						
1. Developed countries	1,724	-	55	-	-	1,779
2. Offshore centres	447	121	550	969	-	2,087
<i>of which:</i>						
<i>Hong Kong SAR</i>	390	121	549	969	-	2,029
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	262	153	-	-	-	415
6. Developing Asia-Pacific	5,927	121	181	4,458	-	10,687
<i>of which:</i>						
<i>China</i>	2,817	-	71	4,161	-	7,049
<i>Chinese Taipei</i>	2,030	-	-	14	-	2,044
7. International organisations	156	-	-	-	-	156
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

HKDmillions

F. MAINLAND ACTIVITIES

The Mainland exposures to non-bank counterparties are in accordance with the Completion Instructions for the Return of Mainland Activities-MA (BS)20, a breakdown of mainland direct exposures to non-bank counterparties is summarised as follows:

<u>As at 30 Jun 19</u>	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
1. Central government, central government-owned entities & their subsidiaries & JVs	28	26	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	430	39	469
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 1 above	-	186	186
6. PRC national residing outside ML China or entities incorporated outside ML China where the credit is granted for use in ML China	2,773	-	2,773
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	3,231	251	3,482
Total assets after provision	15,617		
On-balance sheet exposures as percentage of total assets	20.69%		

<u>As at 31 Dec 18</u>	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
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	350	-	350
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	2,744	254	2,998
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	3,094	254	3,348
Total assets after provision	15,072		
On-balance sheet exposures as percentage of total assets	20.53%		

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HKDmillions

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.

As at 30 Jun 19

	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	11,681	4	28	49	1,137	491	2	-	-	13,392
Spot liabilities	(11,579)	(3)	(29)	(43)	(1,137)	(490)	-	-	-	(13,281)
Forward purchases	23	-	-	-	-	-	-	-	23	46
Forward sales	(23)	-	-	-	-	-	-	-	(23)	(46)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	102	1	(1)	6	0	1	2	0	0	111

As at 31 Dec 18

	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	11,099	3	36	45	1,233	491	2	-	-	12,909
Spot liabilities	(11,047)	(3)	(37)	(46)	(1,230)	(491)	(2)	-	-	(12,856)
Forward purchases	-	-	-	-	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	52	0	(1)	(1)	3	0	0	0	0	53

There were no foreign currency structural positions as at 30 Jun 2019 and 31 Dec 2018.

H. LIQUIDITY INFORMATION DISCLOSURE

For the period

	30 Jun 19	30 Jun 18
Average LMR for the year/period	54.92%	67.77%
Calculation period	Apr~Jun 2019	Apr~Jun 2018

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.

Information in relation to the liquidity management for the branch has been disclosed on a quarterly basis on the Hong Kong Branch page maintained under the website of Bank of Taiwan. <http://www.bot.com.tw/Hkbank/Pages/default.aspx>

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>30 Jun 19</u>	As at <u>31 Dec 18</u>
A. Capital Adequacy Ratio	12.57%	12.55%
B. Aggregate amount of shareholder's funds	333,113,086	310,129,045

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>30 Jun 19</u>	As at <u>31 Dec 18</u>
Total assets	5,111,914,436	5,045,991,546
Total liabilities	4,778,801,350	4,735,862,501
Total advances	2,653,368,817	2,557,027,294
Total customer deposits	3,962,161,844	4,025,002,978
	For the half year ended	
	<u>30 Jun 19</u>	<u>30 Jun 18</u>
Profit / (Loss) before taxation	6,936,610	5,103,625

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 half year ended 30 Jun 2019. 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", 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

SEP 3 2019

Date