

BANK OF TAIWAN, HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2021

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For the half year ended 30 Jun 2021

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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	
	<u>30 Jun 21</u>	<u>30 Jun 20</u>
Interest income	96,692	226,030
Interest expense	(39,607)	(122,870)
Net interest income	57,085	103,160
Fee and commission income	4,444	4,330
Fee and commission expense	(908)	(928)
Net fee and commission income	3,536	3,402
Other operating income		
Gains less losses arising from non-trading activities in foreign currencies	1,590	1,030
Gains less losses arising from trading activities in foreign currencies	433	15
Gains less losses on disposal of securities	-	-
Others	-	-
	2,023	1,045
Total income	62,644	107,607
Operating expenses		
Staff expense	(9,712)	(12,381)
Rental expense	(592)	(580)
Other expense	(8,979)	(9,281)
	(19,283)	(22,242)
Write-back/(charges) of Impairment provisions for loans	3,666	11,569
Write-back/(charges) of Impairment provisions for other assets	(356)	28
Revaluation gains for negotiable debt instruments	4,953	(24,095)
Gains less losses from the disposal of property, plant and equipment	-	-
Profit before taxation	51,624	72,867
Tax expense	-	-
Profit after taxation	51,624	72,867

II. BALANCE SHEET INFORMATION

HK\$ '000

	As at	
	<u>30 Jun 21</u>	<u>31 Dec 20</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	3,776,073	2,638,349
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)	4,449,042	4,745,155
Amount due from overseas offices	555,280	9,398
Trade bills	3,641	10,080
Certificates of deposit held	498,335	329,305
Negotiable debt instruments	3,219,447	3,142,854
Loans and impairment losses		
Loans and advances to customers	2,416,424	3,616,794
Loans and advances to banks	-	155,077
Impairment losses (collective and specific)	(69,724)	(131,775)
Property, plant and equipment	4,742	10,277
Other accounts	79,276	83,956
Total assets	14,932,536	14,609,470
<u>Liabilities</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	1,648,570	1,304,026
Deposits from customers		
Demand deposits and current accounts	168,648	160,465
Savings deposits	2,622,937	3,054,558
Time, call and notice deposits	4,189,324	3,919,189
Amount due to overseas offices	4,347,709	4,232,559
Other accounts	85,583	113,823
Total liabilities	13,062,771	12,784,620
<u>Equities</u>		
Reserves	1,801,621	1,773,688
Current profit / (loss)	68,144	51,162
Total equities	1,869,765	1,824,850
Total Equities and Liabilities	14,932,536	14,609,470

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

	As at	
	<u>30 Jun 21</u>	<u>31 Dec 20</u>
Advances to customers	2,416,424	3,616,794
Advances to banks and other financial institutions	-	155,077
Total	<u>2,416,424</u>	<u>3,771,871</u>
Collective impairment provisions	(29,230)	(46,270)
Specific impairment provisions	(40,494)	(87,056)
Total	<u>(69,724)</u>	<u>(133,326)</u>
Gross advances less impairment provisions	2,346,700	3,638,545
Provisions as a percentage of gross advances		
- Collective impairment provisions	1.21%	1.23%
- Specific impairment provisions	1.68%	2.31%
Total provisions	<u>2.89%</u>	<u>3.53%</u>

ii. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
<u>30 Jun 21</u>			
Advances to customers	40,494	29,230	69,724
Advances to banks and other financial institutions	-	0	0
Total	<u>40,494</u>	<u>29,230</u>	<u>69,724</u>
<u>31 Dec 20</u>			
Advances to customers	87,056	44,719	131,775
Advances to banks and other financial institutions	0	1,551	1,551
Total	<u>87,056</u>	<u>46,270</u>	<u>133,326</u>

iii. Impaired advances to customers

	<u>30 Jun 21</u>	<u>31 Dec 20</u>
amount of impaired loans and advances	141,655	228,806
amount of specific provisions made	40,494	87,056
value of collateral	-	-
% of advances to customers	5.86%	6.33%

There were no loans and advances to banks and other financial institutions which are determined impaired as at 30 June 2021 and 31 December 2020.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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B. OVERDUE AND RESCHEDULED ASSETS

	<u>30 Jun 21</u>	As at <u>31 Dec 20</u>
i. Advances to customers overdue for		
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>-</u>	<u>145,385</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	-	-
ii. Rescheduled advances to customers (Net of those overdue advances which have been disclosed above)	<u>15,204</u>	<u>16,960</u>

	As a percentage of total gross advances to customers	
	<u>30 Jun 21</u>	<u>31 Dec 20</u>
	%	%
a. Advances to customers overdue for		
more than 3 months and up to 6 months	0.00	4.02
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>4.02</u>
b. Rescheduled advances to customers	<u>0.63</u>	<u>0.47</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 2021 and 31 December 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 30 June 2021 and 31 December 2020.

v. Amount of repossessed assets

There were no repossessed assets held by the branch as at 30 June 2021 and 31 December 2020.

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

	<u>30 Jun 21</u>	As at <u>31 Dec 20</u>
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	-	-
Transaction-related contingencies	-	1,058
Trade-related contingencies	42,812	17,713
Forward forward deposits placed	-	-
Other commitments	851,705	688,484

ii. DERIVATIVES

	<u>30 Jun 21</u>	<u>31 Dec 20</u>
Interest rate contracts		
Contractual amount	900,841	1,085,541
Replacement cost	-	-
Positive fair value	-	-
Negative fair value	-40,172	-53,603
Exchange rate and gold contracts		
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.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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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 21</u>		<u>31 Dec 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	50,000	-	203,846	-
Property investment	-	-	-	-
Financial concerns	434,888	-	434,216	-
Stockbrokers	160,000	-	197,812	-
Manufacturing	78,930	-	47,007	-
Wholesale and retail trade	5,367	5,359	10,536	5,195
Transport and transport equipment	-	-	-	-
Electricity and gas	-	-	-	-
Information technology	-	-	142,500	-
Recreational activities	18,638	-	32,566	-
All others	-	-	-	-
Individuals				
Loans for the purchase of other residential properties	15,247	15,247	15,579	15,579
Subtotal	763,070	20,606	1,084,062	20,774
Trade finance	97,015	16,749	77,960	15,907
Loans and advances for use outside Hong Kong	1,556,339	62,127	2,454,772	62,031
Total loans and advances	2,416,424	99,482	3,616,794	98,712

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 30 Jun 21</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	681,755	141,655	40,494
2.Hong Kong	1,102,166	-	-
3.Others	632,503	-	-
	2,416,424	141,655	40,494

<u>As at 31 Dec 20</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	878,812	228,806	87,056
2.Hong Kong	1,915,590	-	-
3.Others	822,392	-	-
	3,616,794	228,806	87,056

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 21</u>						
1. Developed countries	1,273	-	95	36	-	1,404
2. Offshore centres	905	-	436	196	-	1,537
<i>of which:</i>						
<i>Hong Kong SAR</i>	665	-	435	166	-	1,266
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	191	152	-	-	-	343
6. Developing Asia-Pacific	8,541	120	311	1,252	-	10,224
<i>of which:</i>						
<i>China</i>	2,018	-	233	964	-	3,215
<i>Chinese Taipei</i>	4,376	-	-	143	-	4,519
7. International organisations	301	-	-	-	-	301
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 20</u>						
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 Caribbean	-	-	-	-	-	-
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	-	-	-	-	-	-

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 30 Jun 21

	<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	108	-	108
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	1,057	1,553	2,610
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>1,165</u>	<u>1,553</u>	<u>2,718</u>
Total assets after provision	14,933		
On-balance sheet exposures as percentage of total assets	7.80%		

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	-	-	-
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	-	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>-</u>	<u>1,910</u>
Total assets after provision	14,609		
On-balance sheet exposures as percentage of total assets	13.07%		

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.

	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
As at 30 Jun 21										
Spot assets	11,541	10	40	96	1,040	6	1	3	-	12,737
Spot liabilities	(11,445)	(6)	(42)	(99)	(1,041)	(9)	(1)	-	-	(12,643)
Forward purchases	-	-	-	-	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	96	4	(2)	(3)	(1)	(3)	-	3	-	94
As at 31 Dec 20										
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

There were no foreign currency structural positions as at 30 June 2021 and 31 December 2020.

H. LIQUIDITY INFORMATION DISCLOSURE

For the period

	<u>30 Jun 21</u>	<u>30 Jun 20</u>
Average LMR for the year/period	110.03%	63.87%
Calculation period	Apr~Jun 2021	Apr~Jun 2020

The liquidity ratio refers to the statutory minimum liquidity maintenance ratio specified under section 103 of the Banking Ordinance on effective from 1 January 2015.

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 CG-5 "Guideline on a 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)

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I. CAPITAL AND CAPITAL ADEQUACY RATIO

	<u>30 Jun 21</u>	As at <u>31 Dec 20</u>
A. Capital Adequacy Ratio	15.69%	14.95%
B. Aggregate amount of shareholder's funds	404,976,884	383,142,022

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.

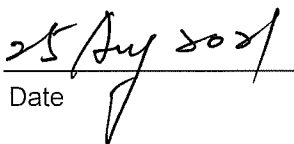
II. OTHER FINANCIAL INFORMATION

	<u>30 Jun 21</u>	As at <u>31 Dec 20</u>
Total assets	5,504,881,503	5,398,790,232
Total liabilities	5,099,904,619	5,015,648,210
Total advances	2,914,757,611	2,869,204,520
Total customer deposits	4,134,804,421	4,172,026,396
	For the half year ended	
	<u>30 Jun 21</u>	<u>30 Jun 20</u>
Profit / (Loss) before taxation	9,644,057	5,112,500

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 30 Jun 2021. 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


Date