

BANK OF TAIWAN, HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2022

BANK OF TAIWAN – HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2022

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

I. PROFIT AND LOSS INFORMATION

HK\$'000

	For the half year end	
	<u>30 Jun 22</u>	<u>30 Jun 21</u>
Interest income	97,431	96,692
Interest expense	(42,814)	(39,607)
Net interest income	54,617	57,085
Fee and commission income	3,365	4,444
Fee and commission expense	(824)	(908)
Net fee and commission income	2,541	3,536
Other operating income		
Gains less losses arising from non-trading activities in foreign currencies	76	1,590
Gains less losses arising from trading activities in foreign currencies	-	433
Gains less losses on disposal of securities	-	-
Others	7	-
	83	2,023
Total income	57,241	62,644
Operating expenses		
Staff expense	(9,607)	(9,712)
Rental expense	(601)	(592)
Other expense	(7,442)	(8,979)
	(17,650)	(19,283)
Write-back/(charges) of Impairment provisions for loans	26,000	3,666
Write-back/(charges) of Impairment provisions for other assets	(60)	(356)
Revaluation gains for negotiable debt instruments	(3,019)	4,953
Gains less losses from the disposal of property, plant and equipment	-	-
Profit before taxation	62,512	51,624
Tax expense	-	-
Profit after taxation	62,512	51,624

II. BALANCE SHEET INFORMATION

HK\$ '000

	As at	
	<u>30 Jun 22</u>	<u>31 Dec 21</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	3,773,401	3,187,525
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)	4,273,285	4,875,358
Amount due from overseas offices	139,683	1,022,196
Trade bills	-	-
Certificates of deposit held	552,908	540,169
Negotiable debt instruments	3,286,738	3,131,073
Loans and impairment losses		
Loans and advances to customers	1,851,848	1,925,340
Loans and advances to banks	188,345	148,180
Impairment losses (collective and specific)	(34,962)	(58,903)
Property, plant and equipment	18,982	23,282
Other accounts	55,383	41,640
Total assets	14,105,611	14,835,860
<u>Liabilities</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	1,166,973	1,536,549
Deposits from customers		
Demand deposits and current accounts	120,701	102,407
Savings deposits	2,763,890	2,925,260
Time, call and notice deposits	4,125,914	4,096,318
Amount due to overseas offices	3,918,777	4,197,542
Other accounts	64,914	75,155
Total liabilities	12,161,169	12,933,231
<u>Equities</u>		
Reserves	1,890,082	1,801,621
Current profit / (loss)	54,360	101,008
Total equities	1,944,442	1,902,629
Total Equities and Liabilities	14,105,611	14,835,860

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

	As at	
	<u>30 Jun 22</u>	<u>31 Dec 21</u>
Advances to customers	1,851,848	1,925,340
Advances to banks and other financial institutions	188,345	148,180
Total	<u>2,040,193</u>	<u>2,073,520</u>
Collective impairment provisions	(21,715)	(21,847)
Specific impairment provisions	(15,130)	(38,538)
Total	<u>(36,845)</u>	<u>(60,385)</u>
Gross advances less impairment provisions	2,003,348	2,013,135
Provisions as a percentage of gross advances		
- Collective impairment provisions	1.06%	1.05%
- Specific impairment provisions	0.74%	1.86%
Total provisions	<u>1.81%</u>	<u>2.91%</u>

ii. Impairment provisions

	Specific impairment provisions	Collective impairment provisions	Total
<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>
<u>31 Dec 21</u>			
Advances to customers	38,538	20,365	58,903
Advances to banks and other financial institutions	-	1,482	1,482
Total	<u>38,538</u>	<u>21,847</u>	<u>60,385</u>

iii. Impaired advances to customers

	<u>30 Jun 22</u>	<u>31 Dec 21</u>
amount of impaired loans and advances	75,649	138,776
amount of specific provisions made	15,130	38,538
value of collateral	-	-
% of advances to customers	4.09%	7.21%

There were no loans and advances to banks and other financial institutions which are determined impaired as at 30 June 2022 and 31 December 2021.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

HK\$'000

B. OVERDUE AND RESCHEDULED ASSETS

	<u>30 Jun 22</u>	As at <u>31 Dec 21</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>13,478</u>

	As a percentage of total gross advances to customers	
	<u>30 Jun 22</u>	<u>31 Dec 21</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>0.70</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 2022 and 31 December 2021.

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 2022 and 31 December 2021.

v. Amount of repossessed assets

There were no repossessed assets held by the branch as at 30 June 2022 and 31 December 2021.

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

	<u>30 Jun 22</u>	As at <u>31 Dec 21</u>
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	-	-
Transaction-related contingencies	-	-
Trade-related contingencies	43,291	41,353
Forward forward deposits placed	-	-
Other commitments	391,264	685,291

ii. DERIVATIVES

	<u>30 Jun 22</u>	<u>31 Dec 21</u>
Interest rate contracts		
Contractual amount	674,904	748,697
Replacement cost	-	-
Positive fair value	5,040	-
Negative fair value	(2,349)	(25,152)
Exchange rate and gold contracts		
Contractual amount	-	233,169
Replacement cost	-	-
Positive fair value	-	727
Negative fair value	-	(701)

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>30 Jun 22</u>		<u>31 Dec 21</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	-	-	100,000	-
Property investment	-	-	-	-
Financial concerns	384,538	-	382,147	-
Stockbrokers	-	-	-	-
Manufacturing	276,305	-	288,025	-
Wholesale and retail trade	-	-	2,808	2,808
Transport and transport equipment	-	-	-	-
Electricity and gas	-	-	-	-
Information technology	-	-	-	-
Recreational activities	-	-	83,761	-
All others	-	-	-	-
Individuals				
Loans for the purchase of other residential properties	11,567	11,567	14,915	14,915
Subtotal	672,410	11,567	871,656	17,723
Trade finance	65,829	14,779	79,634	14,435
Loans and advances for use outside Hong Kong	1,113,609	-	974,050	-
Total loans and advances	1,851,848	26,346	1,925,340	32,158

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 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

<u>As at 31 Dec 21</u>	<u>Gross Amount</u>	<u>Overdue & Impaired</u>	<u>Specific impairment provisions</u>
1.China	195,540	138,776	38,538
2.Hong Kong	1,070,589	-	-
3.Others	659,211	-	-
	1,925,340	138,776	38,538

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 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	-	-	-	-	-	-

	<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 21</u>						
1. Developed countries	1,516	-	79	38	-	1,633
2. Offshore centres	870	-	381	590	-	1,841
<i>of which:</i>						
<i>Hong Kong SAR</i>	634	-	382	560	-	1,576
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	384	-	-	-	-	384
6. Developing Asia-Pacific	7,930	120	78	772	-	8,900
<i>of which:</i>						
<i>China</i>	1,143	-	-	497	-	1,640
<i>Chinese Taipei</i>	4,287	-	-	12	-	4,299
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 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%		

As at 31 Dec 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	145	158	303
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	494	41	535
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures	-	-	-
	<u>639</u>	<u>199</u>	<u>838</u>
Total assets after provision	14,836		
On-balance sheet exposures as percentage of total assets	4.31%		

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 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	0	(1)	-	2	-	56

<u>As at 31 Dec 21</u>	USD	GBP	JPY	EUR	CNY	AUD	SGD	NZD	other foreign currencies	Total
Spot assets	11,587	6	67	179	712	23	1	3	-	12,578
Spot liabilities	(11,494)	(6)	(60)	(176)	(715)	(22)	-	-	-	(12,473)
Forward purchases	118	-	-	-	-	-	-	-	-	118
Forward sales	(118)	-	-	-	-	-	-	-	-	(118)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	93	-	7	3	(3)	1	1	3	-	105

There were no foreign currency structural positions as at 30 June 2022 and 31 December 2021.

H. LIQUIDITY INFORMATION DISCLOSURE**For the period**

	<u>30 Jun 22</u>	<u>30 Jun 21</u>
Average LMR for the year/period	113.37%	110.03%
Calculation period	Apr~Jun 2022	Apr~Jun 2021

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 22</u>	As at <u>31 Dec 21</u>
A. Capital Adequacy Ratio	15.63%	15.25%
B. Aggregate amount of shareholder's funds	393,264,693	402,190,612

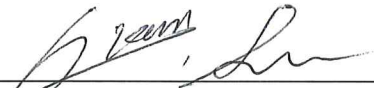
The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework after taken into account for credit risk, market risk and operational risk.

II. OTHER FINANCIAL INFORMATION

	<u>30 Jun 22</u>	As at <u>31 Dec 21</u>
Total assets	5,788,853,759	5,548,408,167
Total liabilities	5,395,589,066	5,146,217,555
Total advances	3,192,230,513	2,940,449,487
Total customer deposits	4,433,809,998	4,208,804,676
	For the half year ended	
	<u>30 Jun 22</u>	<u>30 Jun 21</u>
Profit / (Loss) before taxation	9,672,557	9,644,057

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 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

30 AUG 2022

Date