

Taishin International Bank Hong Kong Branch

Financial Disclosure

For the Period Ended 31 Dec 2018

TAISHIN INTERNATIONAL BANK CO., LTD
(incorporated in Taiwan, R.O.C. with limited liability)

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Taishin International Bank - Hong Kong Branch
Profit & Loss Account

	For the Year Ended	
	31 December 2018 HK\$'000	31 December 2017 HK\$'000
Interest income	424,115	287,061
Interest expense	(260,919)	(150,896)
Net Interest Income	<u>163,196</u>	<u>136,165</u>
Gains less losses arising from trading in foreign currencies	40,774	43,129
Gains less losses on securities held for trading purposes	6,250	3,878
Gains less losses from other trading activities	1,008	2,039
Fees and commission income	31,751	23,913
Fees and commission expenses	(4,765)	(5,321)
Others	35,101	927
Other Operating Income	<u>110,119</u>	<u>68,565</u>
Operating Income	<u>273,315</u>	<u>204,730</u>
Staff and rental expenses	(84,315)	(76,906)
Other expenses	(26,587)	(16,422)
Operating Expenses	<u>(110,902)</u>	<u>(93,328)</u>
Operating Income Before Debt Charges	<u>162,413</u>	<u>111,402</u>
Net Releases/ (Charges) for bad & doubtful debts	1,409	(23,663)
Net Releases for other provisions	281	3,926
Profit Before Taxation	<u>164,103</u>	<u>91,665</u>
Taxation	-	13,882
Profit After Taxation	<u>164,103</u>	<u>105,547</u>

Taishin International Bank - Hong Kong Branch
Balance Sheet

	31 December 2018 HK\$'000	30 June 2018 HK\$'000
<u>Assets</u>		
Cash and bank balances	193,186	150,169
Placements with banks	263,475	236,076
Amount due from overseas offices	4,904,232	4,023,479
Trade bills	1,040,906	545,687
Advances and other accounts	5,365,617	6,701,788
Debt securities - at fair value through other comprehensive income	3,343,172	3,355,688
Tangible fixed assets	15,312	2,554
	15,125,900	15,015,441
<u>Liabilities</u>		
Deposits and balances from banks	65,259	19,431
Borrowings with banks	175,000	254,094
Customer deposits	11,033,832	10,472,221
Demand deposits	96,992	55,777
Savings deposits	3,131,531	3,210,232
Time, call and notice deposits	7,805,309	7,206,212
Amount due to overseas offices	226,448	1,391,840
Certificate of deposits issued	1,334,456	-
Other accounts and provisions	2,127,368	2,811,578
	14,962,363	14,949,164
<u>Capital & Reserve</u>		
Reserves	(566)	4,825
Current profit & loss	164,103	61,452
	163,537	66,277
	15,125,900	15,015,441

Taishin International Bank - Hong Kong Branch
Additional Balance Sheet Information

	31 December 2018	30 June 2018
	HKD'000	HKD'000
(a) Trade Bills		
Trade Bills	1,042,660	547,459
General provisions	(1,754)	(1,743)
Specific provisions	-	(29)
	<u>1,040,906</u>	<u>545,687</u>
(b) Advances and other accounts		
Advances to customers	4,638,225	5,449,049
General provisions	(10,306)	(14,149)
Specific provisions	(6,312)	(3,006)
	<u>4,621,607</u>	<u>5,431,894</u>
Advances to banks	-	-
General provisions	-	-
	<u>-</u>	<u>-</u>
Accrued interest and other accounts	745,824	1,271,474
General provisions	(1,693)	(1,578)
Specific provisions	(121)	(2)
	<u>744,010</u>	<u>1,269,894</u>
Total	<u>5,365,617</u>	<u>6,701,788</u>
(c) Percentage of total provisions against gross advances to customers		
General provisions	0.22%	0.26%
Specific provisions	0.14%	0.06%
	<u>0.36%</u>	<u>0.32%</u>
(d) Non-performing advances to customers and provisions		
Non-performing loans	-	-
% of total advances to customers	<u>0.00%</u>	<u>0.00%</u>
Specific provisions made in respect of such advances	-	-
Collateral held against the non-performing loans	-	-
(e) Percentage of total provisions against gross advances to banks		
General provisions	0.00%	0.00%
	<u>0.00%</u>	<u>0.00%</u>

Taishin International Bank - Hong Kong Branch
Additional Balance Sheet Information (continued)

(f) Non-performing advances to banks

No non-performing and overdue advances to banks at the respective balance sheet dates.

(g) Rescheduled advances to banks

There were no rescheduled advances to banks at the respective balance sheet dates.

(h) Overdue advances to customers

	31 December 2018 HKD'000	30 June 2018 HKD'000
Gross amount of advances which have been overdue for:		
more than 1 months but not more than 3 months	-	2,355
more than 3 months but not more than 6 months	-	-
more than 6 months but not more than 1 year	-	-
more than 1 year	-	-
	<u>-</u>	<u>2,355</u>
% of total advances to customers which have been overdue for:		
more than 1 months but not more than 3 months	0.00%	0.04%
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	0.00%	0.00%
	<u>0.00%</u>	<u>0.04%</u>

Current market value of collateral held against the covered portion of overdue loans and advances

Covered portion of overdue loans and advances

Uncovered portion of overdue loans and advances

(i) Rescheduled advances to customers

	31 December 2018 HKD'000	30 June 2018 HKD'000
Amount of total assets which have been rescheduled	<u>13,600</u>	<u>23,317</u>
	13,600	23,317

(j) Other overdue assets (Accrued Interest)

	31 December 2018 HKD'000	30 June 2018 HKD'000
Other assets which have been overdue for:		
more than 3 months but not more than 6 months	-	-
more than 6 months but not more than 1 year	-	-
more than 1 year	-	-
	<u>-</u>	<u>-</u>

(k) Repossessed assets

There were no repossessed assets at the respective balance sheet dates.

(l) Reconciliation between overdue loans and non-performing loans

	31 December 2018 HKD'000	30 June 2018 HKD'000
Amount of overdue advances to customers	-	2,355
Less: advances to customers which are overdue for more than 1 month but not more than 3 months and on which interest is still being accrued	-	(2,355)
Less: advances to customers which are overdue for more than 3 months but not more than 6 months and on which interest is still being accrued	-	-
Less: advances to customers which are overdue for more than 6 months but not more than 1 year and on which interest is still being accrued	-	-
Add: advances to customers which are overdue 3 months or less or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased.	-	-
Add: rescheduled advances to customers	-	-
Non-performing loans	<u>-</u>	<u>-</u>

Taishin International Bank - Hong Kong Branch
Additional Balance Sheet Information (continued)

(m) Non-bank Mainland Exposures

The following is the Branch's Mainland exposures to non-bank counterparties. For the categories of non-bank counterparties and the type of direct exposures to be disclosed were made with reference to the Completion Instructions for Part 3 of the "Return of Mainland Activities - (MA(BS)20)".

In HKD Millions	<u>On-balance sheet</u>	<u>Off-balance sheet</u>	<u>Total</u>
As at 31 December 2018	exposure	exposure	
Central government, central government-owned entities and their subsidiaries and JVs	330	36	366
Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	348	52	400
Other entities of central government not reported in item 1 above	118	432	550
Other entities of local government not reported in item 2 above	131	20	151
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	309	1	310
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	839	351	1,190
Total	2,075	892	2,967
Total assets after provision	15,126		
On-balance sheet exposures as percentage of total assets	13.72%		
As at 30 June 2018			
Central government, central government-owned entities and their subsidiaries and JVs	309	22	331
Local governments, local government-owned entities and their subsidiaries and JVs	-	125	125
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	260	-	260
Other entities of central government not reported in item 1 above	100	228	328
Other entities of local government not reported in item 2 above	140	20	160
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	257	2	259
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,383	730	2,113
Total	2,449	1,127	3,576
Total assets after provision	15,015		
On-balance sheet exposures as percentage of total assets	16.31%		

Taishin International Bank - Hong Kong Branch
Maturity Classification

	31 December 2018 HKD'000	30 June 2018 HKD'000
(a) Placements with banks		
Remaining maturity:		
within one month	263,475	59,182
three months or less but over one month	-	176,894
one year or less but over three months	-	-
	<u>263,475</u>	<u>236,076</u>
(b) Trade bills		
Remaining maturity:		
within one month	367,125	157,400
three months or less but over one month	447,991	170,791
one year or less but over three months	227,544	219,268
	<u>1,042,660</u>	<u>547,459</u>
(c) Advances to customers		
Remaining maturity:		
repayable on demand	3,976	26,306
three months or less	2,258,675	3,331,075
one year or less but over three months	313,308	381,496
five years or less but over one year	2,028,664	1,518,240
over five years	33,602	191,932
within an indefinite period	-	-
	<u>4,638,225</u>	<u>5,449,049</u>
(d) Advances to banks		
Remaining maturity:		
within one month	-	-
three months or less but over one month	-	-
	<u>-</u>	<u>-</u>
(e) Negotiable debt instruments		
Remaining maturity:		
within one month	109,670	-
three months or less but over one month	99,896	149,101
one year or less but over three months	925,564	528,123
five years or less but over one year	2,208,042	2,678,464
over five years	-	-
	<u>3,343,172</u>	<u>3,355,688</u>
(f) Customer deposits		
Remaining maturity:		
repayable on demand	3,404,619	3,266,009
three months or less	5,821,425	4,649,509
one year or less but over three months	1,807,047	2,556,703
five years or less but over one year	741	-
over five years	-	-
	<u>11,033,832</u>	<u>10,472,221</u>
(g) Borrowings with banks		
Remaining maturity:		
within one month	175,000	254,094
three months or less but over one month	-	-
one year or less but over three months	-	-
	<u>175,000</u>	<u>254,094</u>
(h) Certificate of deposits issued		
Remaining maturity:		
within one month	-	-
three months or less but over one month	637,404	-
one year or less but over three months	697,052	-
	<u>1,334,456</u>	<u>-</u>

Taishin International Bank - Hong Kong Branch
Off-balance Sheet Exposures

(a) Contingent liabilities and commitments

The following is a summary of the contractual amount of each significant class of off-balance sheet financial instruments or contracts entered into by the branch and remained outstanding at the respective balance sheet dates:

	31 December 2018 HKD'000	30 June 2018 HKD'000
Direct credit substitutes	28,403	28,445
Trade-related contingencies	260,986	207,885
Forward forward deposits placed	-	-
Other commitments	4,235,642	4,685,029
	<u>4,525,031</u>	<u>4,921,359</u>

(b) Derivatives

The following is a summary of the contractual amount of each significant class of off-balance sheet contracts entered into by the branch and remained outstanding at the respective balance sheet dates:

	31 December 2018 HKD'000	30 June 2018 HKD'000
Exchange rate contracts	79,240,292	70,027,194
Interest rate contracts	4,944,129	6,553,922
Equity contracts	-	2,793
	<u>84,184,421</u>	<u>76,583,909</u>

The replacement cost of contracts represents the mark-to-market value on all contracts with a positive value and which have not been subject to any bilateral netting arrangement.

	31 December 2018 HKD'000	30 June 2018 HKD'000
Exchange rate contracts	566,310	1,107,002
Interest rate contracts	55,983	77,106
Equity contracts	-	63
	<u>622,293</u>	<u>1,184,171</u>

Taishin International Bank - Hong Kong Branch
Segmental Information

(a) Loans & advances to customers by industry sector

	31 December 2018		30 June 2018	
	HKD'000		HKD'000	
	Gross advances	Secured advances	Gross advances	Secured advances
Loans & advances for use in Hong Kong				
Industrial, commercial and financial sectors				
- property development	308,992	133,683	197,801	133,683
- property investment	-	-	358,968	-
- financial concerns	1,227,221	353,569	428,243	95,347
- stockbrokers	130,000	-	169,237	-
- wholesale and retail trade	574,742	540,411	1,214,198	950,185
- manufacturing	353,222	-	117,280	-
- transport and transport equipment	-	-	-	-
- recreational activities	-	-	-	-
- information technology	-	-	3,499	3,499
- others	7,832	-	178,584	-
	<u>2,602,009</u>	<u>1,027,663</u>	<u>2,667,810</u>	<u>1,182,714</u>
Individuals				
- loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-	-	-
- loans for the purchase of other residential properties	-	-	-	-
- credit card advances	-	-	-	-
- others	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans & advances for use inside Hong Kong	2,602,009	1,027,663	2,667,810	1,182,714
Trade finance	294,981	-	558,112	-
Loans & advances for use outside Hong Kong	1,741,235	255,670	2,223,127	1,021,744
Loans & advances to customers	<u>4,638,225</u>	<u>1,283,333</u>	<u>5,449,049</u>	<u>2,204,458</u>

(b) Loans & advances to customers by geographical areas

	31 December 2018	30 June 2018
	HKD'000	HKD'000
Hong Kong	2,738,962	2,880,559
Virgin Islands	657,070	976,281
Others	1,242,193	1,592,209
	<u>4,638,225</u>	<u>5,449,049</u>

Taishin International Bank - Hong Kong Branch
Segmental Information (continued)

(c) International Claims

International claims include receivables and loans and advances, cash and balances and placements with banks, bills, other debt instruments and investments and accrued interest and overdue interest on the assets. Claims are classified according to the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10 per cent or more of the aggregate cross border claims are shown as follows:

In HKD Millions	Banks	Official Sector	Non-bank Financial Institutions	Non-financial Private Sector	Total
As at 31 December 2018					
Developed countries	1,902	-	518	-	2,420
of which:					
Australia	743	-	-	-	743
United States	115	-	512	-	627
Offshore centres	49	-	586	754	1,389
of which:					
Bermuda	-	-	-	266	266
Cayman Islands	-	-	475	199	674
Singapore	49	-	72	28	149
West Indies UK	-	-	39	165	204
Developing Europe	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	75	75
of which:					
Brazil	-	-	-	75	75
Developing Africa and Middle East	-	-	1	-	1
of which:					
Seychelles	-	-	1	-	1
Developing Asia and Pacific	7,345	81	187	1,334	8,946
of which:					
China	1,778	81	118	1,072	3,048
Taiwan	4,953	-	69	262	5,284
International Organisations	-	-	-	-	-
	9,296	81	1,291	2,162	12,830

As at 30 June 2018

Developed countries	1,731	-	552	-	2,283
of which:					
Australia	764	-	-	-	764
United States	96	-	541	-	637
Offshore centres	60	-	401	891	1,352
of which:					
Bermuda	-	-	-	290	290
Cayman Islands	-	-	237	412	649
Singapore	60	-	148	28	236
West Indies UK	-	-	16	156	172
Developing Europe	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	157	157
of which:					
Brazil	-	-	-	157	157
Developing Africa and Middle East	-	-	1	-	1
of which:					
Seychelles	-	-	1	-	1
Developing Asia and Pacific	6,180	84	900	1,955	9,119
of which:					
China	1,529	84	-	1,576	3,189
Taiwan	4,042	-	900	379	5,321
International Organisations	-	-	-	-	-
	7,971	84	1,854	3,003	12,912

Talshin International Bank - Hong Kong Branch
Currency Risk

The foreign currency exposures are prepared in accordance with the Completion Instruction "Return of Foreign Currency Position - (MA(BS)6)". The net position (in absolute terms) in a particular currency which constitutes not less than 10% of the total net position in all foreign currencies are disclosed. The net options position is calculated on the basis of the delta-weighted position of all foreign currency options contracts.

In HKD Millions	USD	CNY	INR	IDR	CAD	JPY	Total
As at 31 Dec 2018							
Spot assets	11,057	928	-	-	2	8	11,995
Spot liabilities	(11,743)	(1,125)	-	-	(9)	(114)	(12,991)
Forward purchases	40,132	11,633	249	3,681	1,314	94	57,103
Forward sales	(39,543)	(11,363)	(285)	(3,668)	(1,301)	(4)	(56,164)
Net option position	(54)	(1)	55	-	-	-	-
Net long(short) position	(151)	72	19	13	6	(16)	(57)
As at 30 June 2018							
Spot assets	10,336	1,329	-	-	-	44	11,709
Spot liabilities	(11,432)	(1,454)	-	-	(7)	(44)	(12,937)
Forward purchases	36,046	6,554	2,942	3,806	392	-	49,740
Forward sales	(34,904)	(6,447)	(2,929)	(3,801)	(385)	-	(48,466)
Net option position	(3)	-	-	4	-	-	1
Net long(short) position	43	(18)	13	9	-	-	47

There were no foreign currency structural position as at the above respective reporting dates.

Taishin International Bank - Hong Kong Branch
Liquidity Information

The average liquidity maintenance ratio ("LMR") for the period ended 31 December 2018 is the simple average of 3 months' average ratio during the quarter in the "Return of Liquidity Position of an Authorized Institution - MA(BS)-1E" calculated for the purpose of the Banking Ordinance.

The average LMR for the year ended 31 December, 2017 is calculated as the simple average of 12 months' average ratio during the year in the "Return of Liquidity Position of an Authorized Institution - MA(BS)-1E" calculated for the purpose of the Banking Ordinance.

Average liquidity maintenance ratio for the period of October to December 2018 43.79%

Average liquidity maintenance ratio for the period of January to December 2017 46.75%

Liquidity Risk Management

(a) Governance of liquidity risk management

The goal of liquidity risk management is to ensure timely funding allocation as to fulfil payment obligations and meet funding demands of the Branch.

Liquidity risk tolerance is the bank's willingness to accept the maximum liquidity risk after considering the business development strategy, operational objectives, financial status and financing capabilities. Limit package is a quantitative standard for controlling liquidity risk. The definition and setting of the bank's liquidity risk is reflected in the current year's limit package. The board of directors regularly reviews, approves the liquidity risk tolerance and limit package.

Asset/Liability Management Committee ("ALCO") of Taishin Holdings is responsible for supervising liquidity risk management in accordance with the bank's Asset/Liability Management Policy, and verifying liquidity risk management procedures and mechanisms to ensure that the executing unit manages liquidity risk within the limits approved by the Board of Directors, and reviewing liquidity risk reports regularly.

The Finance Management ("FM") Division of Head Office takes ultimate responsibilities to manage liquidity risk of the overseas branches. It is also responsible to formulate policies related to liquidity risk management and to disclose liquidity risk exposure status of overseas branches to ALCO of Head Office. Also, FM Division of Head Office is responsible for monitoring liquidity risk as to ensure that the risk exposure is within the limits. If the risk limit is breached, the FM Division is responsible to further report such incident to the senior management.

The Risk Management ("RM") Division of Head Office is the limit package and stress test formulation and execution unit, which regularly submitting the limit package to the Board of Directors for approval. The RM Division is also responsible for performing liquidity stress tests regularly.

To maintain the bank's smooth operations, the Funding Unit of Head Office is the central unit which undertakes and manages the overall liquidity risk of the bank.

The Funding Unit of HK Branch is responsible to control the liquidity risk and funding gap of the branch. In the event of insufficient funding, this unit may bring up the matter to HK ALCO to liaise amongst various business units so as to relocate the deposit taking and loan strategies, or by borrowing funds from Head Office, or liquidate high grade bonds to eliminate the shortfall. The unit is responsible to provides liquidity risk reports to HK ALCO, FM Division and RM Division of Head Office.

(b) Funding strategy

Funding management principle of the Branch is to keep smooth and clear channels with diversity in their source of funding. The allocation considerations for the use of funds are in the order of liquidity, safety and then profitability.

The execution unit of the branch's funding position is the Funding unit. The primary goal is to ensure the bank's liquidity is preserved as well as appropriate liquidity level. In order to ensure the effective use of available funds, this unit should pursue reasonable returns without sacrificing the bank's priority of maintain an appropriate level of liquidity.

Also, the funding unit shall monitor liquidity indicators such as the structural and the concentration of funds and deposits. If necessary, this unit may request redistribution of assets and liabilities by the business unit through ALCO to avoid concentration risks. Secondly, the funding unit shall cooperate with financial institution to regularly review the transaction limits provided by the interbank counterparties as a reference for limit package formulation. Lastly, the funding unit shall, through various financial instruments, such as interbank financing, repos etc. update and regularly test the limits provided by other banks to ensure the smooth flow of all source of funds.

The target and principle of funding management shall be formulated by the Head Office in a unified manner. However, it is necessary for the branch to report any structural changes and update of market conditions at the branch's ALCO for appropriate action.

Taishin International Bank - Hong Kong Branch
Liquidity Information

Liquidity Risk Management (Continued)

(c) Liquidity risk mitigation techniques

After reviewing the liquidity risk exposure and market conditions, net funding received via various channel of the bank will be reallocated and balanced by HK Funding unit through interbank borrowing / lending, repo, reverse repo, or fx swap adjusting the funding gap and tenor mismatch to eliminate the liquidity risks.

Tools that measure liquidity risk under general operating conditions including liquidity indicators and liquidity gaps

The FM Division of Head Office will provide liquidity indicator reports to monitor liquidity risk to on a daily basis. Once the indicator exceeds the internal limit, HK Funding unit will report the incident to HK ALCO, and will escalate the issue to FM Division and RM Division of Head Office if the issue persists. The Head Office Risk Management Division will conduct liquidity stress test and Risk management unit of HK branch is responsible to report the results in the monthly ALCO meeting for discussion. When HK branch encounters liquidity crisis, the branch will activate contingency funding plan to improve its liquidity. Head Office offers full support to HK branch.

Liquidity stress test is used to measure extreme adverse operating conditions

The liquidity stress test shall be performed at least once a month by RM Division. The result will be report to RM Committee and ALCO of Head Office. If the stress test results show that liquidity risk is deteriorating, reasons should be given and FM Division should assist to analyze the relevant factors.

(d) Stress testing

Liquidity risk stress testing is to assess whether the Bank has the ability to obtain sufficient funds and sufficient high-quality liquid assets to meet the large and emergency cash outflow in adverse situation of extreme liquidity stress. The bank should review the Contingency Funding Plan based on stress testing results to ensure that can withstand sudden and significant liquidity shocks.

(e) Contingency funding plan

Contingency funding plan shall be immediately activated when the Branch encounters liquidity crisis, at the same time, the Branch shall seek support from the Head Office, of which it will offer unconditional and full support to the Branch during liquidity crisis. Other funding plan includes expanding of repo volume and interbank loans; liquidating bond portfolio, preventing loss of deposits and monitoring approval of large amount loans.

(f) Tools to assess liquidity positions

Tools for measuring liquidity risk under general operating conditions and extreme adverse operating conditions are as follows:

(i) *General operating condition*

Liquidity gap (cumulative) is used to measure the mismatch of cash in/out flow, timing asymmetry to avoid the risk of unable to cover the funding gap. Limits are shown below (in million ('M')):

currency	1D	2D~1W	1W~2W	2W~1M	1M~3M	3M~6M	6M~1Y
HKD	> - HKD 600M	> - HKD 600M	> - HKD 800M	> - HKD 800M	> - HKD 1,000M	> - HKD 1,000M	> - HKD1,200M
USD	> - USD 300M	> - USD 300M	> - USD 400M	> - USD 400M	> - USD 500M	> - USD 500M	> - USD 500M

(ii) *Extreme adverse operating condition*

Liquidity stress test is used to assess whether the bank has sufficient high quality liquefiable assets available for sale to obtain cash to meet the funding demands under extreme adverse operating conditions. RM division of Head Office will provide liquidity stress test for the HK Branch to formulate a contingency funding plan with mitigation techniques, taking into considerations of local statutory requirements.

(g) Concentration limits on sources of funding

Liquidity indicators are used to monitor deposit structure and concentration risk. Limits are shown below:

Category	Liquidity Indicator	Definition	Currency	Limit
Loan to deposit structure	Loan to deposit ratio	Total loans / Total deposits	All currencies	90%
Concentration risk	Top 10 largest depositors' ratio	Top 10 largest depositors' funds (excluding Taishin Holdings deposit) / Total deposits	All currencies	33%
Funding source	Outstanding interbank borrowing to major funding source ratio	Outstanding Interbank borrowing / (interbank borrowing + total deposits + financial bonds)	USD	10%

Taishin International Bank - Hong Kong Branch
Liquidity Information

Liquidity Risk Management (Continued)

(h) Analysis of assets and liabilities by remaining maturity:

(HK\$'000)

	Next Day	2 - 7 days	8 days - 1 month	3 month or less but over 1 month	6 months or less but over 3 months	1 year or less but over 6 months	2 years or less but over 1 year	3 years or less but over 2 years	5 years or less but over 3 years	Over 5 years	Undated or overdue	Total amount
On-balance sheet assets												
Currency notes and coins	4,542	-	-	-	-	-	-	-	-	-	-	4,542
Amount receivable arising from securities financing transactions	-	-	-	-	-	-	-	-	-	-	-	-
Amount receivable arising from derivative contracts	5,966	24,160	176,386	369,612	137,990	108,306	28,664	5,197	7,319	3,610	-	880,755
Due from MA for account of Exchange Fund	17,725	-	-	-	-	-	-	-	-	-	-	17,725
Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
Due from banks	943,991	1,098,919	785,283	1,363,543	881,339	288,681	-	-	-	-	-	5,361,756
Debt securities, prescribed instruments and structured financial instruments held												
(a) Readily monetizable	1,908,337	-	-	-	-	-	-	-	-	-	-	1,908,337
(b) Not readily monetizable												
(i) Pledged to customers	-	-	1,448,323	-	-	-	-	-	-	-	-	1,448,323
(ii) Others	-	-	-	-	-	-	-	-	-	-	-	-
Acceptances and bills of exchange held	474	65,940	289,778	447,991	36,062	191,482	-	-	-	-	10,933	1,042,660
Loans and advances to non-bank customers	39,806	642,723	1,052,005	530,682	158,162	155,336	901,594	942,524	184,556	33,603	4,063	4,645,054
Other assets	553	815	11,658	6,639	4,126	12,168	69	1	-	-	24,824	60,853
Total	2,921,394	1,837,557	3,763,433	2,718,467	1,217,679	755,973	930,327	947,722	191,875	37,213	39,820	15,370,005
Off-balance sheet claims												
Irrevocable loan commitments or facilities received												
(a) With dates and amounts of drawdown ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
Contractual claims arising from securities financing transactions	-	-	-	-	-	-	-	-	-	-	-	-
Contractual claims arising from derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet claims												
(a) With dates and amounts of receipt of payment ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities												
Deposits from non-bank customers												
(a) Pledged deposits	1,806	112,311	57,781	116,922	7,580	4,210	-	-	-	-	-	300,610
(b) Demand, savings and current account deposits	3,228,524	-	-	-	-	-	-	-	-	-	-	3,228,524
(c) Term, call and notice deposits	174,796	497,105	2,324,382	2,738,540	1,228,919	578,241	-	749	-	-	-	7,542,732
Amount payable arising from securities financing transactions	-	-	1,386,849	-	-	-	-	-	-	-	-	1,386,849
Amount payable arising from derivative contracts	10,752	12,266	223,255	330,544	146,147	106,705	22,185	4,665	7,411	3,812	-	880,730
Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
Due to banks	314,904	50,030	-	-	-	-	-	-	-	101,816	-	466,750
Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	637,404	524,747	172,305	-	-	-	-	-	1,334,456
Other liabilities	971	2,197	6,560	19,800	5,033	2,482	7,731	4,705	541	129	15,668	65,817
Capital and reserves	-	-	-	-	-	-	-	-	-	-	-	163,537
Total	3,731,753	673,909	3,998,825	3,843,210	1,912,426	863,943	29,916	10,119	7,952	105,757	179,205	15,370,005
Off-balance sheet obligations												
Irrevocable loan commitments or facilities granted												
(a) With dates and amounts of drawdown ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others (not included in sub-item (a))	-	-	130,533	757,035	799,327	162,358	469,923	77,992	28,963	-	234,900	2,661,031
Contractual obligations arising from securities financing transactions	-	-	-	-	-	-	-	-	-	-	-	-
Contractual obligations arising from derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet obligations												
(a) With dates and amounts of payment ascertained	1,057	5,847	101,578	57,493	43,464	71,626	-	-	-	-	-	281,065
(b) Others	-	-	-	-	-	-	-	-	-	-	8,324	8,324
Total	1,057	5,847	232,111	814,528	842,791	233,984	469,923	77,992	28,963	-	243,224	2,950,430
Net Gap	(811,416)	1,152,801	(467,503)	(1,030,271)	(1,537,538)	(341,954)	430,488	859,611	154,960	(68,544)	-	-

**Taishin International Bank - Hong Kong Branch
Disclosure on Remuneration System**

The remuneration policy of Taishin International Bank, Hong Kong Branch is established in the branch level in accordance with local laws/regulations and prevailing market practices. It is designed to encourage employee behavior that supports the Bank's risk tolerance, risk management framework and long-term financial soundness. The remuneration of staff is composed of "fixed remuneration" and "variable remuneration".

Pay review for individual staff will be conducted each year with reference to various factors like the staff's professional duties, salary market standard and individual performance etc. Discretionary bonus may be paid to employees each year taking into account of a combination of factors like business performance as well as financial and non-financial performance of individual staff. Pay review and payout of variable remuneration should be subject to the approval by Head Office.

During the reporting period, the remuneration of senior management and key personnel was as follows:

In HKD

As at 31 December 2018

(i) Senior Management

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	4,885,530	-	9
Shares and share-linked instruments	-	-	9
Other	-	-	9
Variable remuneration			
Cash-based	2,945,871	-	9
Shares and share-linked instruments			
- Vested (no. of share)	-	38	9
- Unvested (no. of share)	-	190	9
Other	-	-	9

(ii) Key Personnel

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	7,841,824	-	21
Shares and share-linked instruments	-	-	21
Other	-	-	21
Variable remuneration			
Cash-based	2,127,517	-	21
Shares and share-linked instruments			
- Vested (no. of share)	-	-	21
- Unvested (no. of share)	-	-	21
Other	-	-	21

As at 31 December 2017

(i) Senior Management

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	4,618,015	-	5
Shares and share-linked instruments	-	-	5
Other	-	-	5
Variable remuneration			
Cash-based	1,165,007	-	5
Shares and share-linked instruments			
- Vested (no. of share)	-	76	5
- Unvested (no. of share)	-	118	5
Other	-	-	5

(ii) Key Personnel

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	6,373,921	-	19
Shares and share-linked instruments	-	-	19
Other	-	-	19
Variable remuneration			
Cash-based	1,101,209	-	19
Shares and share-linked instruments			
- Vested (no. of share)	-	80	19
- Unvested (no. of share)	-	-	19
Other	-	-	19

Taishin International Bank - Hong Kong Branch
Other Financial Information

Consolidated financial information of Taishin International Bank as follows:

	31 December 2018 TWD'000	30 June 2018 TWD'000
Total assets	1,693,928,471	1,660,533,102
Total liabilities	1,553,381,577	1,533,810,727
Shareholders' Fund	140,546,894	126,722,375
Total advances	1,032,485,957	1,005,857,760
Total customer deposits	1,264,717,943	1,216,168,202
Capital	75,497,712	70,274,554
Capital Adequacy Ratio	14.72%	13.85%

Remarks: Capital Adequacy Ratio is calculated in accordance with the requirements based on Basel III capital accord.

	For the Year ended	
	31 December 2018 TWD'000	31 December 2017 TWD'000
Pre-tax profit	11,651,499	12,245,232

Statement of Compliance

This is a statement to declare that all information for the year ended 31 December 2018 complies fully with the disclosure standards set out in Supervisory Policy Manual Part IV of CA-D-1 "Guideline on the application of the Banking (Disclosure) Rules".


Chief Executive
Taishin International Bank
Hong Kong Branch

16 April 2019

Prescribed Summary

This is to inform the general public that the complete disclosures can be found at 6/F., Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon.

Taishin International Bank
Hong Kong Branch