

Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)

Financial Disclosure

For the Year Ended 31 December 2020

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

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Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)
Profit & Loss Account

	For the Year Ended	
	31 December 2020	31 December 2019
	HK\$'000	HK\$'000
Interest income	366,031	508,573
Interest expense	(164,271)	(302,840)
Net Interest Income	<u>201,760</u>	<u>205,733</u>
Gains less losses arising from trading in foreign currencies	62,567	40,926
Gains less losses on securities held for trading purposes	40,833	24,395
Gains less losses from other trading activities	2,268	1,242
Net gains from disposal of financial assets measured at fair value through other comprehensive income	41,560	-
Fees and commission income	65,817	45,862
Fees and commission expenses	(8,499)	(4,243)
Others	4,153	15,404
Other Operating Income	<u>208,699</u>	<u>123,586</u>
Operating Income	<u>410,459</u>	<u>329,319</u>
Staff and rental expenses	(142,905)	(119,508)
Other expenses	(32,089)	(30,695)
Operating Expenses	<u>(174,994)</u>	<u>(150,203)</u>
Operating Income Before Debt Charges	<u>235,465</u>	<u>179,116</u>
Net (Charges)/ Releases for bad & doubtful debts	(54,371)	(10,757)
Net Releases/ (Charges) for other provisions	437	(566)
Profit Before Taxation	<u>181,531</u>	<u>167,793</u>
Taxation	(32,188)	-
Profit After Taxation	<u>149,343</u>	<u>167,793</u>

Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)
Balance Sheet

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
<u>Assets</u>		
Cash and bank balances	111,749	150,898
Placements with banks	783,887	-
Amount due from overseas offices	1,824,367	4,118,513
Trade bills	885,508	610,890
Advances and other accounts	8,500,776	9,272,177
Debt securities	5,639,198	5,390,102
measured at fair value through other comprehensive income	5,474,818	5,287,218
measured at fair value through profit or loss	-	102,884
measured at amortised cost	164,380	-
Tangible fixed assets	69,687	71,328
	<u>17,815,172</u>	<u>19,613,908</u>
<u>Liabilities</u>		
Deposits and balances from banks	17,953	3
Borrowings with banks	781,404	940,956
Customer deposits	14,243,856	15,378,661
Demand deposits	107,501	138,624
Savings deposits	4,666,089	4,098,557
Time, call and notice deposits	9,470,266	11,141,480
Amount due to overseas offices	1,543,500	742,717
Certificate of deposits issued	350,000	-
Other accounts	701,103	2,440,223
	<u>17,637,816</u>	<u>19,502,560</u>
<u>Capital & Reserve</u>		
Reserves	28,013	101
Current profit & loss	149,343	111,247
	<u>177,356</u>	<u>111,348</u>
	<u>17,815,172</u>	<u>19,613,908</u>

Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)
Additional Balance Sheet Information

	31 December 2020	30 June 2020
	HKD'000	HKD'000
(a) Trade Bills		
Trade Bills	887,857	612,411
General provisions	(2,349)	(1,521)
Specific provisions	-	-
	<u>885,508</u>	<u>610,890</u>
(b) Advances and other accounts		
	31 December 2020	30 June 2020
	HKD'000	HKD'000
Advances to customers	7,788,511	8,084,113
General provisions	(18,975)	(19,411)
Specific provisions	(64,519)	(14,343)
	<u>7,705,017</u>	<u>8,050,359</u>
Advances to banks	-	-
General provisions	-	-
	<u>-</u>	<u>-</u>
Accrued interest and other accounts	797,393	1,223,260
General provisions	(1,231)	(1,442)
Specific provisions	(403)	-
	<u>795,759</u>	<u>1,221,818</u>
Total	<u>8,500,776</u>	<u>9,272,177</u>
(c) Percentage of total provisions against gross advances to customers		
	31 December 2020	30 June 2020
General provisions	0.24%	0.24%
Specific provisions	0.83%	0.18%
	<u>1.07%</u>	<u>0.42%</u>
(d) Non-performing advances to customers and provisions		
	31 December 2020	30 June 2020
	HKD'000	HKD'000
Non-performing loans	<u>62,209</u>	<u>12,021</u>
% of total advances to customers	<u>0.80%</u>	<u>0.15%</u>
Specific provisions made in respect of such advances	<u>62,209</u>	<u>12,021</u>
Collateral held against the non-performing loans	<u>-</u>	<u>-</u>
(e) Percentage of total provisions against gross advances to banks		
	31 December 2020	30 June 2020
General provisions	0.00%	0.00%
	<u>0.00%</u>	<u>0.00%</u>

Taishin International Bank Co., Ltd.
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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 2020 HKD'000	30 June 2020 HKD'000
Gross amount of advances which have been overdue for:		
more than 1 months but not more than 3 months	40,245	-
more than 3 months but not more than 6 months	9,943	-
more than 6 months but not more than 1 year	-	6,617
more than 1 year	6,617	-
	<u>56,805</u>	<u>6,617</u>
% of total advances to customers which have been overdue for:		
more than 1 months but not more than 3 months	0.52%	0.00%
more than 3 months but not more than 6 months	0.13%	0.00%
more than 6 months but not more than 1 year	0.00%	0.08%
more than 1 year	0.08%	0.00%
	<u>0.73%</u>	<u>0.08%</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	56,805	6,617

(i) Rescheduled advances to customers

	31 December 2020 HKD'000	30 June 2020 HKD'000
Amount of total assets which have been rescheduled	<u>7,714</u>	<u>7,726</u>

(j) Other overdue assets (Accrued Interest)

	31 December 2020 HKD'000	30 June 2020 HKD'000
Other assets which have been overdue for:		
more than 1 months but not more than 3 months	6	-
more than 3 months but not more than 6 months	397	-
more than 6 months but not more than 1 year	-	-
more than 1 year	-	-
	<u>403</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 2020 HKD'000	30 June 2020 HKD'000
Amount of overdue advances to customers	56,805	6,617
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	-	-
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.	5,404	5,404
Add: rescheduled advances to customers	-	-
Non-performing loans	<u>62,209</u>	<u>12,021</u>

Taishin International Bank Co., Ltd.
Hong Kong Branch
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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>exposure</u>	<u>Off-balance sheet</u> <u>exposure</u>	<u>Total</u>
As at 31 December 2020			
Central government, central government-owned entities and their subsidiaries and JVs	663	4	667
Local governments, local government-owned entities and their subsidiaries and JVs	39	125	164
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	414	246	660
Other entities of central government not reported in item 1 above	152	263	415
Other entities of local government not reported in item 2 above	307	21	328
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	808	196	1,004
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,105	157	1,262
Total	3,488	1,012	4,500
Total assets after provision	17,815		
On-balance sheet exposures as percentage of total assets	19.58%		
As at 30 June 2020			
Central government, central government-owned entities and their subsidiaries and JVs	386	91	477
Local governments, local government-owned entities and their subsidiaries and JVs	39	125	164
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	551	232	783
Other entities of central government not reported in item 1 above	267	293	560
Other entities of local government not reported in item 2 above	480	256	736
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	931	237	1,168
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,195	274	1,469
Total	3,849	1,508	5,357
Total assets after provision	19,614		
On-balance sheet exposures as percentage of total assets	19.63%		

Taishin International Bank Co., Ltd.
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Maturity Classification

	31 December 2020 HKD'000	30 June 2020 HKD'000
(a) Placements with banks		
Remaining maturity:		
within one month	628,845	-
three months or less but over one month	155,042	-
one year or less but over three months	-	-
	<u>783,887</u>	<u>-</u>
(b) Trade bills		
Remaining maturity:		
within one month	135,114	83,592
three months or less but over one month	397,591	274,970
one year or less but over three months	355,152	253,849
	<u>887,857</u>	<u>612,411</u>
(c) Advances to customers		
Remaining maturity:		
repayable on demand	152,215	11,334
three months or less	3,894,590	3,943,912
one year or less but over three months	573,762	1,272,664
five years or less but over one year	3,167,944	2,744,555
over five years	-	111,648
within an indefinite period	-	-
	<u>7,788,511</u>	<u>8,084,113</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	-	-
three months or less but over one month	100,197	-
one year or less but over three months	187,945	346,095
five years or less but over one year	3,141,081	3,761,385
over five years	2,209,945	1,282,622
	<u>5,639,198</u>	<u>5,390,102</u>
(f) Customer deposits		
Remaining maturity:		
repayable on demand	5,637,500	4,667,100
three months or less	5,872,249	7,723,227
one year or less but over three months	2,733,014	2,987,353
five years or less but over one year	1,093	981
over five years	-	-
	<u>14,243,856</u>	<u>15,378,661</u>
(g) Borrowings with banks		
Remaining maturity:		
within one month	383,432	639,492
three months or less but over one month	254,945	301,464
one year or less but over three months	143,027	-
	<u>781,404</u>	<u>940,956</u>
(h) Certificate of deposits issued		
Remaining maturity:		
within one month	-	-
three months or less but over one month	350,000	-
one year or less but over three months	-	-
	<u>350,000</u>	<u>-</u>

Taishin International Bank Co., Ltd.
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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 2020 HKD'000	30 June 2020 HKD'000
Direct credit substitutes	109,082	108,008
Trade-related contingencies	178,545	403,273
Forward forward deposits placed	-	-
Other commitments	6,240,172	4,863,101
	<u>6,527,799</u>	<u>5,374,382</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 2020 HKD'000	30 June 2020 HKD'000
Exchange rate contracts	31,558,031	50,723,785
Interest rate contracts	7,766,617	8,320,502
Equity contracts	-	-
	<u>39,324,648</u>	<u>59,044,287</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 2020 HKD'000	30 June 2020 HKD'000
Exchange rate contracts	118,193	476,224
Interest rate contracts	57,519	69,830
Equity contracts	-	-
	<u>175,712</u>	<u>546,054</u>

Taishin International Bank Co., Ltd.
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Segmental Information

(a) Loans & advances to customers by industry sector

	31 December 2020		30 June 2020	
	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	150,000	-	300,000	93,750
- property investment	46,513	-	46,502	-
- financial concerns	2,156,464	389,750	1,772,857	289,923
- stockbrokers	607,272	-	649,013	-
- wholesale and retail trade	783,375	465,776	756,155	373,102
- manufacturing	247,506	-	683,553	-
- transport and transport equipment	-	-	117,916	117,916
- recreational activities	-	-	-	-
- information technology	-	-	-	-
- electricity and gas	54,265	-	54,253	-
- others	201,698	142,976	26,223	7,390
	<u>4,247,093</u>	<u>998,502</u>	<u>4,406,472</u>	<u>882,081</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	316,682	285,862	284,367	263,350
	<u>316,682</u>	<u>285,862</u>	<u>284,367</u>	<u>263,350</u>
Loans & advances for use inside Hong Kong	4,563,775	1,284,364	4,690,839	1,145,431
Trade finance	338,466	-	228,881	-
Loans & advances for use outside Hong Kong	2,886,270	460,884	3,164,393	424,495
Loans & advances to customers	<u>7,788,511</u>	<u>1,745,248</u>	<u>8,084,113</u>	<u>1,569,926</u>

(b) Loans & advances to customers by geographical areas

Advances to customers by geographical areas are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advance is guaranteed by a party in a country which is different from that of the counterparty. Only exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross amount of loans and advances to customer as at the above respective reporting dates are disclosed.

	31 December 2020	30 June 2020
	HKD'000	HKD'000
Gross advances to customers:		
Hong Kong	2,175,758	2,119,104
Virgin Islands	1,494,459	1,137,020
Cayman Islands	1,029,433	1,162,021
Taiwan	902,170	817,416
China	808,285	832,465
Others	1,378,406	2,016,087
	<u>7,788,511</u>	<u>8,084,113</u>
Overdue advances to customers:		
Hong Kong	24,336	-
Bermuda	20,724	-
Taiwan	6,617	6,617
Others	5,128	-
	<u>56,805</u>	<u>6,617</u>
Non-performing advances to customers:		
Hong Kong	24,336	-
Bermuda	20,724	-
Taiwan	12,021	12,021
Others	5,128	-
	<u>62,209</u>	<u>12,021</u>

Taishin International Bank Co., Ltd.
Hong Kong Branch
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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 2020					
Developed countries	559	348	163	522	1,592
of which:					
United States	90	347	53	277	767
United Kingdom	132	-	92	194	418
Australia	184	-	-	-	184
Offshore centres	3	-	1,574	1,778	3,355
of which:					
Cayman Islands	-	-	756	333	1,089
Bermuda	-	-	161	408	569
West Indies UK	-	-	583	806	1,389
Developing Europe	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	48	48
of which:					
Brazil	-	-	-	43	43
Belize	-	-	-	5	5
Developing Africa and Middle East	320	-	78	295	693
of which:					
United Arab Emirates	319	-	77	-	396
Saudi Arabia	-	-	-	259	259
Developing Asia and Pacific	5,814	84	424	1,859	8,181
of which:					
China	2,550	84	57	1,032	3,723
Taiwan	2,621	-	367	459	3,447
International Organisations	-	-	-	-	-
	6,696	432	2,239	4,502	13,869
As at 30 June 2020					
Developed countries	1,453	61	353	51	1,918
of which:					
United States	296	-	192	-	488
Japan	375	-	-	-	375
Australia	309	61	-	-	370
United Kingdom	180	-	117	-	297
Offshore centres	1	-	1,358	1,714	3,073
of which:					
Cayman Islands	-	-	794	321	1,115
Bermuda	-	-	166	716	882
West Indies UK	-	-	331	475	806
Developing Europe	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	56	56
of which:					
Brazil	-	-	-	50	50
Developing Africa and Middle East	214	-	75	298	587
of which:					
United Arab Emirates	214	-	75	-	289
Saudi Arabia	-	-	-	256	256
Developing Asia and Pacific	7,349	274	642	1,635	9,900
of which:					
Taiwan	4,137	-	496	204	4,837
China	2,112	274	146	1,060	3,592
International Organisations	-	-	-	-	-
	9,017	335	2,428	3,754	15,534

Taishin International Bank Co., Ltd.
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Currency Risk

The foreign currency exposures are prepared in accordance with the Completion Instruction "Return of Foreign Currency Position - (M/ABS16)". 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	AUD	EUR	TWD	JPY	GBP	CAD	CHF	BRL	SGD	Total
As at 31 December 2020												
Spot assets	12,318	1,530	1,171	87	-	56	13	9	-	-	-	15,184
Spot liabilities	(12,852)	(1,455)	(808)	(70)	-	(57)	(13)	(8)	-	-	(48)	(15,311)
Forward purchases	15,779	10,160	146	1	646	-	17	487	-	-	48	30,526
Forward sales	(15,296)	(10,223)	(473)	(16)	(648)	-	(16)	(487)	(1)	-	-	(30,402)
Net option position	(87)	66	19	-	-	2	-	-	-	-	-	-
Net long position	(138)	78	55	2	(2)	1	1	1	(1)	-	-	(3)
As at 30 June 2020												
Spot assets	13,104	1,697	1,998	118	-	72	23	1	-	-	-	17,013
Spot liabilities	(14,032)	(1,647)	(1,792)	(105)	-	(48)	(24)	(8)	-	-	(48)	(17,704)
Forward purchases	25,541	5,072	-	-	2,040	-	8	4,856	-	-	53	39,688
Forward sales	(24,611)	(5,119)	(205)	(12)	(2,040)	(25)	(8)	(4,847)	-	-	(7)	(38,990)
Net option position	-	-	-	-	-	-	-	-	-	-	-	-
Net (short)/long position	2	3	1	1	-	(1)	(1)	2	-	2	(2)	7

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

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Liquidity Information

The average liquidity maintenance ratio ("LMR") for quarters in 2020 & 2019 are 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.

Average liquidity maintenance ratio for the period of October to December 2020	42.76%
Average liquidity maintenance ratio for the period of October to December 2019	50.14%

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 Bank.

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 Bank 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 Bank'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 Co., Ltd.
(Incorporated in Taiwan with limited liability)
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%

Liquidity Risk Management (Continued)

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

As at 31 December 2020

(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	3,226	-	-	-	-	-	-	-	-	-	-	3,226
Amount receivable arising from securities financing transactions	69,549	165,779	47,044	39,658	-	38,054	-	-	-	-	-	360,084
Amount receivable arising from derivative contracts	130,797	14,459	79,624	69,721	22,223	37,412	15,146	1,796	15,423	17,962	-	397,223
Due from M/A for account of Exchange Fund	22,536	-	-	-	-	-	-	-	-	-	-	22,536
Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
Due from banks	86,109	910,315	699,625	1,001,236	-	-	-	-	-	-	-	2,697,285
Debt securities, prescribed instruments and structured financial instruments held												
(a) Readily monetizable	5,598,248	-	-	-	-	-	-	-	-	-	-	5,598,248
(b) Not readily monetizable	-	-	-	-	-	-	-	-	-	-	-	-
(i) Pledged to customers	-	-	-	38,822	-	38,733	-	-	-	-	-	77,555
(ii) Others	-	-	-	-	-	-	-	-	-	-	-	-
Acceptances and bills of exchange held	24,694	31,094	79,327	397,591	248,339	106,812	-	-	-	-	-	887,857
Loans and advances to non-bank customers	584,471	938,247	1,211,870	1,150,340	401,924	171,853	774,821	1,023,179	1,369,972	-	154,970	7,801,653
Other assets	2,420	5,569	6,020	7,834	5,845	11,184	22,046	11,591	1	-	62,290	134,800
Total	6,522,056	2,085,463	2,123,510	2,705,202	678,331	404,048	812,013	1,046,566	1,385,396	17,962	217,260	17,975,467

On-balance sheet liabilities												
Deposits from non-bank customers												
(a) Pledged deposits	140,083	-	8,815	8,277	99,985	5,591	-	-	-	-	-	262,751
(b) Demand, savings and current account deposits	4,636,026	-	-	-	-	-	-	-	-	-	-	4,636,026
(c) Term, call and notice deposits	863,423	733,687	1,731,649	3,399,772	1,192,060	1,441,286	775	318	-	-	-	9,362,970
Amount payable arising from securities financing transactions	69,546	27,532	-	74,633	-	68,282	-	-	-	-	-	239,993
Amount payable arising from derivative contracts	121,890	17,292	88,005	66,228	18,960	35,414	15,813	12,198	14,780	15,516	-	383,673
Due to M/A for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
Due to banks	901,786	83,579	449,061	665,866	83,951	59,976	-	-	-	100,777	-	2,344,996
Debt securities, prescribed instruments and structured financial instruments issued and outstanding												
Other liabilities	16,470	5,692	12,078	33,060	13,800	22,781	29,480	10,683	6,150	23	67,954	218,171
Capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-
Total	6,749,224	867,782	2,289,608	4,597,836	1,408,756	1,633,330	46,068	23,199	20,930	116,316	245,310	17,975,936

Off-balance sheet obligations												
Irrevocable loan commitments or facilities granted												
(a) With dates and amounts of drawdown ascertained	-	-	286,270	310,354	1,567,517	1,143,593	-	71,176	159,127	-	77,521	3,615,558
(b) Others (not included in sub-item (a))	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet obligations	496	9,513	70,298	88,610	65,777	44,119	-	-	-	-	8,815	278,813
(a) With dates and amounts of payment ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others	496	9,513	356,568	398,964	1,633,294	1,187,712	-	71,176	159,127	-	86,336	3,903,186
Total	(227,664)	1,208,168	(522,666)	(2,291,598)	(2,363,719)	(2,416,994)	765,945	952,191	1,205,339	(98,354)	(98,354)	(98,354)

Liquidity Risk Management (Continued)

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

As at 31 December 2019

(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	3,125	-	-	-	-	-	-	-	-	-	-	3,125
Amount receivable arising from securities financing transactions	-	140,617	-	45,828	37,361	-	-	-	-	-	-	223,806
Amount receivable arising from derivative contracts	12,483	106,516	130,375	156,567	103,779	76,623	9,528	4,216	6,200	859	-	606,765
Due from MA for account of Exchange Fund	21,047	-	-	-	-	-	-	-	-	-	-	21,047
Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
Due from banks	1,565,535	555,393	142,484	1,355,272	-	-	-	-	-	-	-	3,618,684
Debt securities, prescribed instruments and structured financial instruments held												
(a) Readily monetizable	4,480,942	-	-	-	-	-	-	-	-	-	-	4,480,942
(b) Not readily monetizable	-	473,452	427,767	311,303	-	-	-	-	-	-	-	1,212,522
(i) Pledged to customers	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-	-	-	-	-	-
Acceptances and bills of exchange held	129	6,007	33,280	146,804	351,127	-	-	-	-	-	-	537,347
Loans and advances to non-bank customers	303,934	530,544	1,209,739	560,551	555,668	889,079	795,815	388,132	823,097	42,605	10,401	6,109,565
Other assets	1,907	1,784	2,144	4,919	3,269	5,988	11,426	11,362	5,434	-	41,249	89,482
Total	6,389,102	1,814,313	1,945,789	2,581,244	1,051,204	971,690	816,769	403,710	834,731	43,464	51,650	16,903,285

On-balance sheet liabilities

Deposits from non-bank customers	-	10,557	16,621	99,468	103,363	5,911	-	-	-	-	-	235,920
(a) Pledged deposits	4,065,870	-	-	-	-	-	-	-	-	-	-	4,065,870
(b) Demand, savings and current account deposits	623,724	1,071,850	2,284,053	3,521,370	1,608,666	445,483	764	780	-	-	-	9,556,690
(c) Term, call and notice deposits	65,751	609,346	415,265	342,060	37,356	-	-	-	-	-	-	1,469,778
Amount payable arising from securities financing transactions	15,176	103,600	121,778	146,835	94,003	79,603	7,611	4,054	6,203	859	-	581,218
Amount payable arising from derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
Due to banks	395,474	100,829	-	-	-	-	-	-	-	101,236	-	597,539
Debt securities, prescribed instruments and structured financial instruments issued and												
Other liabilities	30,804	1,849	6,516	6,568	9,451	12,082	39,800	13,490	5,501	183	24,620	50,000
Capital and reserves	-	-	-	-	-	-	-	-	-	-	195,280	195,280
Total	5,196,799	1,898,031	2,844,233	4,166,301	1,852,839	543,079	48,175	18,324	11,704	102,278	219,900	16,903,159

Off-balance sheet obligations

Irrevocable loan commitments or facilities granted	-	-	-	-	-	-	-	-	-	-	-	-
(a) With dates and amounts of drawdown ascertained	-	-	3,524	524,584	1,144,219	795,611	-	-	-	-	101,731	2,569,669
(b) Others (not included in sub-item (a))	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet obligations	1,044	23,882	97,269	58,491	34,144	77,091	-	-	-	-	7,427	291,921
(a) With dates and amounts of payment ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others	1,044	23,882	100,793	583,075	1,178,363	872,702	-	-	-	-	109,158	2,869,017
Total	1,044	23,882	100,793	583,075	1,178,363	872,702	-	-	-	-	109,158	2,869,017

Net Gap

	1,191,259	(107,600)	(999,237)	(2,168,132)	(1,979,998)	(444,091)	768,594	385,386	823,027	(58,814)		
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Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)
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 Dec 2020

(i) Senior Management

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	8,244,451	-	8
Shares and share-linked instruments	-	-	8
Other	-	-	8
Variable remuneration			
Cash-based	3,178,233	-	8
Shares and share-linked instruments	-	-	8
- Vested (no. of share)	-	-	8
- Unvested (no. of share)	-	-	8
Other	-	-	8

(ii) Key Personnel

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	12,294,743	-	17
Shares and share-linked instruments	-	-	17
Other	-	-	17
Variable remuneration			
Cash-based	3,252,435	-	17
Shares and share-linked instruments	-	-	17
- Vested (no. of share)	-	-	17
- Unvested (no. of share)	-	-	17
Other	-	-	17

As at 31 Dec 2019

(i) Senior Management

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	7,401,122	-	8
Shares and share-linked instruments	-	-	8
Other	-	-	8
Variable remuneration			
Cash-based	1,554,410	-	8
Shares and share-linked instruments	-	60	8
- Vested (no. of share)	-	50	8
- Unvested (no. of share)	-	-	8
Other	-	-	8

(ii) Key Personnel

	Non-deferred	Deferred	No. of beneficiaries
Fixed remuneration			
Cash-based	10,726,581	-	20
Shares and share-linked instruments	-	-	20
Other	-	-	20
Variable remuneration			
Cash-based	2,272,471	-	20
Shares and share-linked instruments	-	-	20
- Vested (no. of share)	-	-	20
- Unvested (no. of share)	-	-	20
Other	-	-	20

Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)
Other Financial Information

Consolidated financial information of Taishin International Bank as follows:

	31 December 2020 TWD'000	30 June 2020 TWD'000
Total assets	2,085,344,017	1,975,157,492
Total liabilities	1,923,013,109	1,819,061,674
Shareholders' Fund	162,330,908	156,095,818
Total advances	1,260,733,061	1,212,789,548
Total customer deposits	1,610,961,492	1,526,811,275
Capital	86,957,118	86,957,118
Capital Adequacy Ratio	16.27%	14.52%

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

	For the year ended	
	31 December 2020 TWD'000	31 December 2019 TWD'000
Pre-tax profit	14,115,340	13,423,236

Statement of Compliance

This is a statement to declare that all information for the year ended 31 December 2020 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 Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)

12 April 2021

Prescribed Summary

This is to inform the general public that the complete disclosures can be found at 6/F & 15/F Room No. 1501-1506, 1510-1511 & 1512A-1512B, Tower 5, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon.

Taishin International Bank Co., Ltd.
Hong Kong Branch
(Incorporated in Taiwan with limited liability)