

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH

Financial Information Disclosure Statement

For the Year Ended December 31, 2021

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>CONTENTS</u>	<u>PAGES</u>
SECTION A - INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)	
I. PROFIT AND LOSS INFORMATION	1
II. BALANCE SHEET INFORMATION	2
III. SUPPLEMENT FINANCIAL INFORMATION	3
A. ADVANCES AND IMPAIRMENT ALLOWANCES	3
B. OVERDUE AND RESCHEDULED ASSETS	4
C. OFF-BALANCE SHEET INFORMATION	5
D. SEGMENTAL INFORMATION	6
E. INTERNATIONAL CLAIMS	7
F. NON-BANK MAINLAND EXPOSURES	8
G. FOREIGN CURRENCY POSITION	9
H. LIQUIDITY INFORMATION	10
SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)	
A. CAPITAL AND CAPITAL ADEQUACY RATIO	11
B. OTHER FINANCIAL INFORMATION	11
SECTION C - REMUNERATION DISCLOSURE	11
DECLARATION	12

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

I. PROFIT AND LOSS INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

Figures in HKD thousands

	Year to 2021-12-31	Year to 2020-12-31
INTEREST INCOME	144,664	281,719
INTEREST EXPENSE	(43,208)	(100,088)
	<u>101,456</u>	<u>181,631</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	2,657	1,508
Gains less losses on securities held for trading purposes	0	0
Gains less losses from other trading activities	4,406	8,668
Net fees and commission income		
Gross fees and commission income	5,589	7,347
Fees and commission expense	(1,216)	(1,284)
Others	173	41
	<u>11,609</u>	<u>16,280</u>
Total income	113,065	197,911
OPERATING EXPENSES		
Staff and rental expenses	(18,331)	(19,993)
Other expenses (less fees and commission expenses)	(15,858)	(13,037)
	<u>(34,189)</u>	<u>(33,030)</u>
IMPAIRMENT PROVISION FOR LOANS	(183,437)	(144,352)
Total expenses	(217,626)	(177,382)
PROFIT BEFORE TAXATION	(104,561)	20,529
TAXATION CHARGE	0	(15,274)
PROFIT AFTER TAXATION	<u>(104,561)</u>	<u>5,255</u>

II. BALANCE SHEET INFORMATION
AS AT 31 DECEMBER 2021

	Figures in HKD thousands	
	As at 2021-12-31	As at 2021-06-30
ASSETS		
Cash and short term fund (except those included in amount due from overseas offices)	547,644	175,476
Placement with Bank maturity of more than one month but not more than 12 months: (except those included in amount due from overseas offices)	2,774,626	2,674,174
Amount due from overseas offices	136	140
Loans and advances less impairment allowances	2,957,837	2,997,466
Certificates of deposit held	194,973	194,147
Amortised cost securities	375,474	434,615
Fair value through other comprehensive income securities	2,215,440	1,879,547
Other accounts	41,073	48,711
Property, plant and equipment	25,568	24,942
Accumulated depreciation	(18,511)	(15,589)
Tangible fixed assets	2,394	2,366
Total Assets	9,116,654	8,415,995
LIABILITIES		
Deposit and balances from banks (except those included in amount due to overseas offices)	2,170,398	1,629,674
Deposit from customers		
-Demand deposits and current accounts	20,331	22,269
-Savings deposits	2,161,969	2,074,929
-Time, call and notice deposits	3,872,730	3,824,394
Amount due to overseas offices	154,794	83,416
Other accounts	27,620	68,779
Total Liabilities	8,407,842	7,703,461
Reserves and current profit	708,812	712,534
Total equity and Liabilities	9,116,654	8,415,995

III. SUPPLEMENT FINANCIAL INFORMATION

AS AT 31 DECEMBER 2021

Figures in HKD thousands

	2021-12-31	As at 2021-06-30
A. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES		
Advances to customers	2,858,266	2,878,913
Advances to Banks	233,968	232,976
Total	3,092,234	3,111,889
Collective impairment allowances	(27,879)	(27,648)
Individual impairment allowances	(106,519)	(86,775)
Total	(134,398)	(114,423)
Gross advances less impairment allowances	2,957,836	2,997,466
Provisions as a percentage of gross advances		
-Collective impairment allowances	0.90%	0.89%
-Individual impairment allowances	3.44%	2.79%
Total allowances	4.34%	3.68%

A1. IMPAIRMENT ALLOWANCES

	2021-12-31			As at 2021-06-30		
	Collective impairment allowances	Individual impairment allowances	Total	Collective impairment allowances	Individual impairment allowances	Total
Advances to customers	25,539	106,519	132,058	25,318	86,775	112,093
Advances to banks	2,340	0	2,340	2,330	0	2,330
Total			134,398			114,423

a) Impaired advances to customers

	2021-12-31	As at 2021-06-30
Amount of impaired loans and advances	304,339	0
Amount of individual impairment allowances made	106,519	0
Value of collateral	0	0
As a percentage of total advances to customers	10.65%	0.00%

b) Impaired advances to banks

	2021-12-31	As at 2021-06-30
Amount of impaired loans and advances	0	0
Amount of individual impairment allowances made	0	0
Value of collateral	0	0
As a percentage of total advances to banks	0.00%	0.00%

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD thousands

B. OVERDUE AND RESCHEDULED ASSETS

	As at			
	2021-12-31		2021-06-30	
	Amount	%	Amount	%
a) Loans and Advances to customers overdue for				
More than 3 months and up to 6 months	0	0	0	0
More than 6 months and up to 1 year	0	0	0	0
More than 1 year	0	0	0	0
b) Rescheduled loans and advances to customers	304,339	10.65%	0	0
c) Value of collateral held against such overdue loans and advances to customers				
- Current market value of collateral held against the covered portion of overdue loans and advances	0	0	0	0
- Covered portion of overdue loans and advances	0	0	0	0
- Uncovered portion of overdue loans and advances	0	0	0	0
d) Individual impairment allowances on such overdue loans and advances	0		0	

B1. 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 31 December 2021 and 30 June 2021.

B2. OTHER ASSETS (including debt securities)

There were no other assets (including debt securities) which were overdue as at 31 December 2021 and 30 June 2021.

B3. REPOSSESSED ASSETS

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

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD thousands

C. OFF-BALANCE SHEET INFORMATION

C1. CONTINGENT LIABILITIES AND COMMITMENTS

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments :

	As at	
	2021-12-31	2021-06-30
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	2,339	125,098
Other commitments	597,638	396,939
Forward forward deposits placed	0	0
	<u>599,977</u>	<u>522,037</u>

C2. DERIVATIVES

Interest rate contracts	0	0
Exchange rate contracts	0	7,881
	<u>0</u>	<u>7,881</u>

C3. REPLACEMENT COSTS OF DERIVATIVES

Interest rate contracts	0	0
Exchange rate contracts	0	0
	<u>0</u>	<u>0</u>

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 bilateral netting arrangements.

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD thousands

D. SEGMENTAL INFORMATION

D1. GROSS LOANS AND ADVANCES TO CUSTOMERS BY MAJOR SECTORS 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 Provisions" which was submitted to H.K Monetary Authority.

	<u>2021-12-31</u>		<u>2021-06-30</u>	
	Gross Amount	Balance covered by collateral	Gross Amount	Balance covered by collateral
D2. LOANS AND ADVANCES FOR USE IN HONG KONG				
a). Industrial, commercial and financial:				
-Property development	0	0	0	0
-Property investment	0	0	0	0
-Financial concerns	105,286	0	182,498	0
-Stockbrokers	0	0	0	0
-Wholesale and retail trade	0	0	0	0
-Manufacturing	100,000	0	100,000	0
-Transport and transport equipment	187,174	0	0	0
-Electricity and gas	0	0	0	0
-Recreational activities	0	0	0	0
-Information technology	0	0	0	0
-Other	0	0	0	0
b). Individuals				
-Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	0	0	0	0
-Loans for the purchase of other residential properties	0	0	0	0
-Credit card advances	0	0	0	0
-Others	0	0	0	0
D3. TRADE FINANCE	55,616	22,773	56,045	33,646
D4. LOANS AND ADVANCES FOR USE OUTSIDE HONG KONG	2,410,190	100,489	2,540,370	93,643
Total loans & advances to customers	2,858,266	123,262	2,878,913	127,289

D5. GROSS LOANS AND ADVANCES TO CUSTOMERS BY COUNTRIES OR GEOGRAPHICAL AREAS ANALYSIS

After taking into account the transfer of risk, exposures to a single country exceeding 10% of the aggregate gross advances to customers which are disclosed as follows:

	<u>2021-12-31</u>	<u>2021-06-30</u>
-Hong Kong	1,204,392	897,689
-China	338,075	437,640
-British Virgin Islands	146,143	322,483
-Cayman Islands	489,869	440,844
-Others	679,787	780,257
Total	2,858,266	2,878,913

D6. OVERDUE AND IMPAIRED LOANS BY COUNTRIES OR GEOGRAPHICAL AREAS ANALYSIS

	<u>2021-12-31</u>	<u>2021-06-30</u>
-Hong Kong	0	0
-China	0	0
-British Virgin Islands	0	0
-Cayman Islands	304,339	0
-Others	0	0
Total	304,339	0

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD millions

E. INTERNATIONAL CLAIMS

The following tables analyses international claims by location and types of counterparties. Country or geographical segment classification is based upon the locations of counterparties after taking into account any recognized risk transfer. They are prepared in according with the H.K.M.A. Return of "International Banking Statistics" completion instructions. Countries or geographical segments constituting not less than 10% of the total cross-border claims are disclosed.

		Non-bank private sector			
	<u>Banks</u>	<u>Official Sectors</u>	<u>Non-bank Financial Institution</u>	<u>Non-financial private sector</u>	<u>Total</u>
<u>As at December 31, 2021</u>					
1. Developed countries	1,234	0	394	0	1,628
2. Offshore centres	2,090	0	362	1,123	3,575
of which: Hong Kong	1,883	0	177	967	3,027
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	39	40	0	0	79
5. Developing Africa and Middle East	351	251	0	85	687
6. Developing Asia-Pacific	1,476	0	393	1,307	3,176
of which: China	80	0	348	685	1,113
Taiwan	801	0	0	177	978
7. International Organisations	0	0	79	0	79
Total	5,190	291	1,228	2,515	9,224

	<u>Banks</u>	<u>Official Sectors</u>	<u>Non-bank private sector</u>		<u>Total</u>
			<u>Non-bank Financial Institution</u>	<u>Non-financial private sector</u>	
<u>As at June 30, 2021</u>					
1. Developed countries	630	0	392	37	1,059
2. Offshore centres	391	0	157	1,997	2,545
of which: Hong Kong	369	0	113	786	1,268
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	0	40	0	0	40
5. Developing Africa and Middle East	349	339	93	13	794
6. Developing Asia-Pacific	3,208	99	321	355	3,983
of which: China	949	37	257	179	1,422
Taiwan	1,028	0	0	100	1,128
7. International Organisations	0	80	0	0	80
Total	4,578	558	963	2,402	8,501

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD millions

F. NON-BANK MAINLAND EXPOSURES

Non-bank counterparties are identified in accordance with the definitions set out in the banking return of "Mainland Activities" issued by the HKMA.

Exposures in Mainland China arising from non-bank counterparties are summarised as follows:

<u>As at December 31, 2021</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
1. Central government, central government-owned entities and their subsidiaries and JVs	0	0	0
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	559	198	757
4. Other entities of central government not reported in item 1 above	50	0	50
5. Other entities of local governments not reported in item 2 above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	750	18	768
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	1,359	216	1,575
Total assets after provision	9,117		
On-balance sheet exposures as percentage of total assets	14.91%		

<u>As at June 30, 2021</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
1. Central government, central government-owned entities and their subsidiaries and JVs	0	0	0
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	384	13	397
4. Other entities of central government not reported in item 1 above	50	0	50
5. Other entities of local governments not reported in item 2 above	133	0	133
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	971	59	1,030
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	1,538	72	1,610
Total assets after provision	8,416		
On-balance sheet exposures as percentage of total assets	18.27%		

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD millions

G. FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the HKMA banking return of 'Foreign Currency Position' completion instructions. The net position in foreign currencies are disclosed as follows:

As at December 31, 2021

	USD	EUR	JPY	CNY	AUD	NZD	Total
Spot assets	7,091	125	69	516	439	17	8,257
Spot liabilities	(7,094)	(130)	(70)	(512)	(439)	(17)	(8,262)
Forward purchases	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0
Net long (short) position	(3)	(5)	(1)	4	0	0	(5)

As at June 30, 2021

	USD	EUR	JPY	CNY	AUD	NZD	Total
Spot assets	6,020	154	85	828	436	15	7,538
Spot liabilities	(6,024)	(154)	(87)	(824)	(429)	(15)	(7,533)
Forward purchases	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0
Net long (short) position	(4)	0	(2)	4	7	0	5

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

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2021

Figures in HKD thousands

H. LIQUIDITY INFORMATION

	For the quarter ended	For the quarter ended
	31-Dec-21	31-Dec-20
Average liquidity maintenance ratio for the period	69.62%	56.11%
Calculation Period	Oct-Dec 2021	Oct-Dec 2020

The average liquidity maintenance ratio for the period is the simple average of each calendar month's average liquidity maintenance ratio. The liquidity maintenance ratio is computed in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015.

Liquidity Risk Management

(1) Governance of liquidity risk management

The liquidity risk of our branch was managed in accordance with the "Head Office's Liquidity and Interest Rate Risk Management Policy", "Hong Kong Branch's Liquidity Management Policy", "Hong Kong Branch's Stress Testing Policy", "Hong Kong Branch's Contingency Funding Plan" and other related regulations received from our Head Office to ensure maintaining stable and adequate liquidity in order to meet the payment and settlement obligation under the normal and pressure situations. Therefore, the payment and settlement system can be operated smoothly.

(2) Structure and responsibilities for liquidity risk management

The Investment Management Committee is mainly responsible for the liquidity risk management in our Branch. The Chief Executive is the chairman of the Committee. The members include the Heads of Treasury Department, Deposits Department, Loans Department, Accounting Department, Risk Management Department and Compliance Department. Chief Executive could also invite other staff to attend the Committee meeting if necessary.

(3) Liquidity risk reports

The branch prepares daily LMR report and delivers it to management level, and prepares monthly maturity gap ratio and repricing gap reports to The Investment Management Committee and Head Office. Based on liquidity gap analysis and the changes of the structure, the branch allocates adequate funding to reduce liquidity risk.

(4) Funding strategy

The branch manages the liquidity risk to maintain adequate liquidity level and ensure payment ability. The liquidity risk management principles includes:

1. The funding sources should be diversified, stable and reliable.
2. The use of funds should be broad.
3. Regularly assess the structure of the asset and liability portfolio.

(5) Liquidity risk mitigation techniques

The minimum liquidity maintenance ratio included in our branch internal policy is higher than the statutory minimum requirement and liquidity position is monitored by the management on a daily basis to ensure that our branch maintains adequate liquidity.

(6) Stress testing

Liquidity stress test should be performed periodically for institution-specific, market-wide and combined stress scenarios and the results will be reported and delivered to management level. The result will be the reference for the improvement of liquidity risk management and contingency funding plan.

(7) Contingency funding plan

The Contingency Funding Plan (CFP) specifies a contingency plan when the market faces abnormal volatility and our branch fails to get funding at reasonable cost or lacks liquidity. The CFP should test periodically.

(8) Sources of funding

Our branch's source of funding is mainly from customer deposits and borrowing from banks.

	As % of total liabilities
Customer deposits	66%
Borrowing from banks	24%

(9) Analysis the on and off balance sheet items by remaining maturity

	Total	up to 1 month	1 month up to 3 months	3 months up to 6 months	6 months up to 1 year	Over 1 year	Balancing amount
31-Dec-21							
On-balance sheet assets	9,253,543	4,800,979	1,445,868	536,393	509,496	1,948,243	12,564
On-balance sheet liabilities	9,116,654	4,983,340	771,597	476,108	2,091,970	0	793,639
Off-balance sheet claims	0	0	0	0	0	0	0
Off-balance sheet obligations	599,977	21,837	44,134	62,228	312,799	158,979	0
Contractual Maturity Mismatch		(204,198)	630,137	(1,943)	(1,895,273)	1,789,264	
Cumulative Contractual Maturity Mismatch		(204,198)	425,939	423,996	(1,471,277)	317,987	
31-Dec-20							
On-balance sheet assets	9,490,414	5,006,046	387,595	1,218,363	1,107,018	1,755,234	16,158
On-balance sheet liabilities	9,344,126	4,451,454	810,563	813,328	2,323,445	0	945,336
Off-balance sheet claims	0	0	0	0	0	0	0
Off-balance sheet obligations	677,446	139,403	79,865	78,314	209,105	170,759	0
Contractual Maturity Mismatch		415,189	(502,833)	326,721	(1,425,532)	1,584,475	
Cumulative Contractual Maturity Mismatch		415,189	(87,644)	239,077	(1,186,455)	398,020	

SECTION B-INFORMATION OF THE BANK (CONSOLIDATED BASIS)

AS AT 31 DECEMBER 2021

A. CAPITAL AND CAPITAL ADEQUACY RATIO

	31-Dec-2021	30-Jun-2021
	(%)	(%)
a) Capital Adequacy Ratio	15.06	14.78
	NTD in thousands	NTD in thousands
b) Aggregate amount of shareholder's funds	250,239,470	244,276,344

The capital adequacy ratio is computed in accordance with the "Basel III Capital Accord" and the basis of computation incorporates allowances for credit risk, market risk and operational risk.

B. OTHER FINANCIAL INFORMATION

	As at	As at
	31-Dec-2021	30-Jun-2021
	NTD in thousands	NTD in thousands
Total assets	4,184,135,941	4,050,866,598
Total liabilities	3,933,896,471	3,806,590,254
Total advances	2,436,227,879	2,407,176,954
Total customers deposits	3,481,003,982	3,353,367,418
	For the year ended	
	31-Dec-2021	31-Dec-2020
	NTD in thousands	NTD in thousands
Profit / (Loss) before taxation	21,596,551	17,255,626

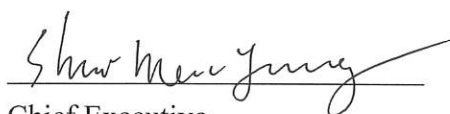
SECTION C - REMUNERATION DISCLOSURE

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5) Guideline on Sound Remuneration System, please refer to the Annual Report 2020(Chinese Version Only) Taiwan Cooperative Bank, in the part of Report of Corporate Governance.

Note: A copy of the Disclosure Statement is available on the website below for public inspection.
<http://www.tcb-bank.com.hk/disclosure.php>

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 Financial Information Disclosure Statements of Taiwan Cooperative Bank, Hong Kong Branch for the year ended 31 December 2021. We confirmed that the information contained therein complies, in all material respects, with 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.



Chief Executive

Taiwan Cooperative Bank

Hong Kong Branch

22 Apr, 2022