

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH

Financial Information Disclosure Statement

For the Year Ended December 31, 2022

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

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

I. PROFIT AND LOSS INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

Figures in HKD thousands

	2022-12-31	2021-12-31
INTEREST INCOME	191,512	144,664
INTEREST EXPENSE	(72,014)	(43,208)
	<u>119,498</u>	<u>101,456</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	306	2,657
Gains less losses on securities held for trading purposes	0	0
Gains less losses from other trading activities	0	4,406
Net fees and commission income		
Gross fees and commission income	5,852	5,589
Fees and commission expense	(954)	(1,216)
Others	0	173
	<u>5,204</u>	<u>11,609</u>
Total income	124,702	113,065
OPERATING EXPENSES		
Staff and rental expenses	(18,660)	(18,331)
Other expenses (less fees and commission expenses)	(17,855)	(15,858)
	<u>(36,515)</u>	<u>(34,189)</u>
IMPAIRMENT PROVISION FOR LOANS	33,723	(183,437)
Total expenses	2,792	217,626
PROFIT BEFORE TAXATION	121,910	104,561
TAXATION CHARGE	0	0
PROFIT AFTER TAXATION	<u>121,910</u>	<u>104,561</u>

II. BALANCE SHEET INFORMATION
AS AT 31 DECEMBER 2022

Figures in HKD thousands

	2022-12-31	As at 2022-06-30
<u>ASSETS</u>		
Cash and short term fund (except those included in amount due from overseas offices)	861,958	207,361
Placement with Bank maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	283,947	2,070,371
Amount due from overseas offices	127	130
Loans and advances less impairment allowances	2,861,897	3,114,537
Certificates of deposit held	0	156,954
Amortised cost securities	49,181	132,237
Fair value through other comprehensive income securities	1,944,673	2,027,597
Other accounts	49,995	42,594
Property, plant and equipment	25,568	25,568
Accumulated depreciation	(24,350)	(21,450)
Intangible assets	3,082	3,195
Total Assets	6,056,078	7,759,094
<u>LIABILITIES</u>		
Deposit and balances from banks (except those included in amount due to overseas offices)	415,878	1,316,982
Deposit from customers		
-Demand deposits and current accounts	19,940	21,313
-Savings deposits	2,055,692	1,929,891
-Time, call and notice deposits	2,738,150	3,701,797
Amount due to overseas offices	91,253	93,697
Other accounts	30,621	24,253
Total Liabilities	5,351,534	7,087,933
Reserves and current profit	704,544	671,161
Total equity and Liabilities	6,056,078	7,759,094

III. SUPPLEMENT FINANCIAL INFORMATION

AS AT 31 DECEMBER 2022

Figures in HKD thousands

	2022-12-31	As at 2022-06-30
A. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES		
Advances to customers	1,975,621	2,751,762
Advances to Banks	971,867	470,864
Total	2,947,488	3,222,626
Collective impairment allowances	(27,632)	(29,687)
Individual impairment allowances	(53,071)	(78,402)
Total	(80,703)	(108,089)
Gross advances less impairment allowances	2,866,785	3,114,536
Allowances as a percentage of gross advances		
-Collective impairment allowances	0.94%	0.92%
-Individual impairment allowances	1.80%	2.43%
Total allowances	2.74%	3.35%

A1. IMPAIRMENT ALLOWANCES

	2022-12-31			As at 2022-06-30		
	Collective impairment allowances	Individual impairment allowances	Total	Collective impairment allowances	Individual impairment allowances	Total
Advances to customers	17,962	53,071	71,033	24,978	78,402	103,380
Advances to banks	9,670	0	9,670	4,709	0	4,709
Total			80,703			108,089

a) Impaired advances to customers

	2022-12-31	As at 2022-06-30
Amount of individual impaired loans and advances	180,454	254,678
Amount of individual impairment allowances made	53,071	78,402
Value of collateral	0	0
As a percentage of total advances to customers	9.13%	9.26%

b) Impaired advances to banks

	2022-12-31	As at 2022-06-30
Amount of individual 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 2022

Figures in HKD thousands

B. OVERDUE AND RESCHEDULED ASSETS

	2022-12-31		As at		2022-06-30
	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	180,454	9.08%	231,130		8.40%
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 30 June 2022 and 31 December 2022.

B2. OTHER ASSETS (including debt securities)

There were no other assets (including debt securities) which were overdue as at 30 June 2022 and 31 December 2022.

B3. REPOSSESSED ASSETS

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

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2022

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	
	2022-12-31	2022-06-30
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	42,409	2,354
Other commitments	511,739	610,549
Forward forward deposits placed	0	0
	<u>554,148</u>	<u>612,903</u>

C2. DERIVATIVES

Interest rate contracts	0	0
Exchange rate contracts	3,944	0
	<u>3,944</u>	<u>0</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 2022

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 return of "Quarterly Analysis of Loans and Advances and Provisions" which was submitted to Hong Kong Monetary Authority ("HKMA").

	<u>2022-12-31</u>		<u>2022-06-30</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	66,285	0	105,944	0
-Stockbrokers	0	0	0	0
-Wholesale and retail trade	0	0	0	0
-Manufacturing	282,612	0	288,346	0
-Transport and transport equipment	0	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	103,971	54,338	135,705	63,056
D4. LOANS AND ADVANCES FOR USE OUTSIDE HONG KONG	1,522,753	91,032	2,221,767	101,024
Total loans & advances to customers	<u>1,975,621</u>	<u>145,370</u>	<u>2,751,762</u>	<u>164,080</u>

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 or geographical area exceeding 10% of the aggregate gross advances to customers which are disclosed as follows:

	<u>2022-12-31</u>	<u>2022-06-30</u>
-Hong Kong	758,357	1,182,497
-China	372,693	393,665
-British Virgin Islands	171,208	175,560
-Cayman Islands	125,447	200,219
-Others	547,915	799,821
Total	<u>1,975,620</u>	<u>2,751,762</u>

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

	<u>2022-12-31</u>	<u>2022-06-30</u>
-Hong Kong	0	0
-China	0	0
-British Virgin Islands	54,270	53,932
-Cayman Islands	126,184	200,746
-Others	0	0
Total	<u>180,454</u>	<u>254,678</u>

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2022

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 accordance with the completion instructions of HKMA Return of "International Banking Statistics". Countries or geographical segments constituting not less than 10% of the total cross-border claims are disclosed.

	<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 December 31, 2022</u>					
1. Developed countries	920	73	283	0	1,276
2. Offshore centres	293	0	319	1,585	2,197
of which: Hong Kong	167	0	151	1,251	1,569
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	35	34	0	0	69
5. Developing Africa and Middle East	310	294	0	0	604
6. Developing Asia-Pacific	1,208	55	344	528	2,135
of which: China	36	0	330	250	616
Taiwan	0	0	0	67	67
7. International Organisations	0	0	78	0	78
Total	2,766	456	1,024	2,113	6,359

	<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, 2022</u>					
1. Developed countries	903	0	318	0	1,221
2. Offshore centres	1,315	0	392	1,419	3,126
of which: Hong Kong	1,193	0	220	925	2,338
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	35	35	0	0	70
5. Developing Africa and Middle East	351	304	0	0	655
6. Developing Asia-Pacific	1,472	55	367	798	2,692
of which: China	76	0	342	439	857
Taiwan	610	0	0	148	758
7. International Organisations	0	0	79	0	79
Total	4,076	394	1,156	2,217	7,843

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2022

Figures in HKD millions

F. NON-BANK MAINLAND EXPOSURES

Non-bank counterparties are identified in accordance with the definitions set out in the "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, 2022</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	453	82	535
4. Other entities of central government not reported in item 1 above	0	0	0
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	138	24	162
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	591	106	697
Total assets after provision	6,056		
On-balance sheet exposures as percentage of total assets	13.49%		

<u>As at June 30, 2022</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	664	24	688
4. Other entities of central government not reported in item 1 above	0	0	0
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	488	42	530
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	1,152	66	1,218
Total assets after provision	7,759		
On-balance sheet exposures as percentage of total assets	14.84%		

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2022

Figures in HKD millions

G. FOREIGN CURRENCY POSITION

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

As at December 31, 2022

	USD	EUR	JPY	CNY	AUD	NZD	Total
Spot assets	4,545	81	27	359	204	16	5,232
Spot liabilities	(4,547)	(84)	(27)	(353)	(203)	(16)	(5,230)
Forward purchases	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0
Net long (short) position	(2)	(3)	0	6	1	0	2

As at June 30, 2022

	USD	EUR	JPY	CNY	AUD	NZD	Total
Spot assets	6,162	111	44	397	224	15	6,953
Spot liabilities	(6,168)	(113)	(46)	(394)	(223)	(15)	(6,959)
Forward purchases	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0
Net long (short) position	(6)	(2)	(2)	3	1	0	(6)

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

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2022

Figures in HKD thousands

H. LIQUIDITY INFORMATION

	For the quarter ended 31-Dec-22	For the quarter ended 30-Jun-22
Average liquidity maintenance ratio for the period	62.29%	67.96%

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 ("LMR") 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 the management, 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 under the daily and specific stress scenarios. 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 the management. 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	79%
Borrowing from banks	7%

(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-22							
On-balance sheet assets	6,139,561	3,203,821	291,976	406,127	188,249	2,024,090	25,298
On-balance sheet liabilities	6,056,078	3,001,022	1,819,485	296,486	148,606	921	789,558
Off-balance sheet claims	46,353	44,014	0	2,339	0	0	0
Off-balance sheet obligations	445,526	44,014	0	2,339	235,409	163,764	0
Contractual Maturity Mismatch		202,799	(1,527,509)	109,641	(195,766)	1,859,405	
Cumulative Contractual Maturity Mismatch		202,799	(1,324,710)	(1,215,069)	(1,410,835)	448,570	

	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	

SECTION B-INFORMATION OF THE BANK (CONSOLIDATED BASIS)

AS AT 31 DECEMBER 2022

A. CAPITAL AND CAPITAL ADEQUACY RATIO

	31-Dec-2022 (%)	30-Jun-2022 (%)
a) Capital Adequacy Ratio	14.58	13.64
b) Aggregate amount of shareholder's funds	NTD in thousands 233,767,256	NTD in thousands 224,358,378

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 31-Dec-2022 NTD in thousands	As at 30-Jun-2022 NTD in thousands
Total assets	4,246,509,984	4,080,602,658
Total liabilities	4,012,742,728	3,856,244,280
Total advances	2,589,152,177	2,465,813,640
Total customers deposits	3,599,527,665	3,493,616,810

	For the half year ended 31-Dec-2022 NTD in thousands	31-Dec-2021 NTD in thousands
Profit / (Loss) before taxation	22,137,387	21,596,551

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 2022(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 2022. 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 Mar, 2023