

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH

Financial Information Disclosure Statement

For the Year Ended December 31, 2023

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

<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 ON ADVANCES	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, 2023

Figures in HKD thousands

	2023-12-31	2022-12-31
INTEREST INCOME	346,924	191,512
INTEREST EXPENSE	<u>(199,355)</u>	<u>(72,014)</u>
	<u>147,569</u>	<u>119,498</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	665	306
Gains less losses on securities held for trading purposes	0	0
Gains less losses from other trading activities	0	0
Net fees and commission income		
Gross fees and commission income	3,229	5,852
Fees and commission expense	(989)	(954)
Others	<u>56</u>	<u>0</u>
	<u>2,961</u>	<u>5,204</u>
Total income	<u>150,530</u>	<u>124,702</u>
OPERATING EXPENSES		
Staff and rental expenses	(21,319)	(18,660)
Other expenses (less fees and commission expenses)	<u>(17,322)</u>	<u>(17,855)</u>
	<u>(38,641)</u>	<u>(36,515)</u>
IMPAIRMENT PROVISION FOR LOANS	59,835	33,723
Total expenses	<u>(21,194)</u>	<u>2,792</u>
PROFIT BEFORE TAXATION	171,724	121,910
TAXATION CHARGE	<u>(11,379)</u>	<u>0</u>
PROFIT AFTER TAXATION	<u><u>160,345</u></u>	<u><u>121,910</u></u>

II. BALANCE SHEET INFORMATION
AS AT 31 DECEMBER 2023

	Figures in HKD thousands	
	2023-12-31	As at 2023-06-30
ASSETS		
Cash and short term fund (except those included in amount due from overseas offices)	215,793	106,105
Placement with Bank maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	2,235,744	2,281,365
Amount due from overseas offices	128	125
Loans and advances less impairment allowances	2,882,824	2,507,099
Certificates of deposit held	0	0
Amortised cost securities	0	0
Fair value through other comprehensive income securities	1,733,002	1,876,049
Other accounts	4,755	(66,094)
Property, plant and equipment	24,439	24,348
Accumulated depreciation	(13,040)	(10,417)
Intangible assets	4,765	3,086
Total Assets	7,088,410	6,721,666
LIABILITIES		
Deposit and balances from banks (except those included in amount due to overseas offices)	701,788	550,275
Deposit from customers		
-Demand deposits and current accounts	1,867	3,241
-Savings deposits	1,594,647	1,849,401
-Time, call and notice deposits	3,715,838	3,344,155
Amount due to overseas offices	80,976	87,187
Other accounts	100,887	57,385
Total Liabilities	6,196,003	5,891,644
Reserves and current profit	892,407	830,022
Total equity and Liabilities	7,088,410	6,721,666

III. SUPPLEMENT FINANCIAL INFORMATION

AS AT 31 DECEMBER 2023

Figures in HKD thousands

	2023-12-31	As at 2023-06-30
A. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES		
Advances to customers	1,622,577	1,505,825
Advances to Banks	1,289,470	1,032,372
Total	2,912,047	2,538,197
Collective impairment allowances	(29,222)	(25,492)
Individual impairment allowances	0	0
Total	(29,222)	(25,492)
Gross advances less impairment allowances	2,882,825	2,512,705
Allowances as a percentage of gross advances		
-Collective impairment allowances	1.00%	1.00%
-Individual impairment allowances	0.00%	0.00%
Total allowances	1.00%	1.00%

A1. IMPAIRMENT ALLOWANCES

	2023-12-31			As at 2023-06-30		
	Collective impairment allowances	Individual impairment allowances	Total	Collective impairment allowances	Individual impairment allowances	Total
Advances to customers	16,327	0	16,327	15,224	0	15,224
Advances to banks	12,895	0	12,895	10,268	0	10,268
Total			29,222			25,492

a) Impaired advances to customers

	2023-12-31	As at 2023-06-30
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 customers	0.00%	0.00%

b) Impaired advances to banks

	2023-12-31	As at 2023-06-30
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 2023

Figures in HKD thousands

B. OVERDUE AND RESCHEDULED ASSETS

	2023-12-31		As at		2023-06-30	
	Amount	%	Amount	%	Amount	%
a) Loans and Advances to customers overdue for						
More than 3 months and up to 6 months	0	0	0		0	0
More than 6 months and up to 1 year	0	0	0		0	0
More than 1 year	0	0	0		0	0
b) Rescheduled loans and advances to customers					0	0.00%
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	0
- Covered portion of overdue loans and advances	0	0	0		0	0
- Uncovered portion of overdue loans and advances	0	0	0		0	0
d) Individual impairment allowances on such overdue loans and advances	0		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 2023 and 30 June 2023.

B2. OTHER ASSETS (including debt securities)

There were no other assets (including debt securities) which were overdue as at 31 December 2023 and 30 June 2023.

B3. REPOSSESSED ASSETS

There were no repossessed assets held by Hong Kong branch as at 31 December 2023 and 30 June 2023.

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2023

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	
	2023-12-31	2023-06-30
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	80,025	80,729
Other commitments	418,956	984,068
Forward forward deposits placed	0	0
	<u>498,981</u>	<u>1,064,797</u>

C2. DERIVATIVES

Interest rate contracts	0	0
Exchange rate contracts	0	5,147
	<u>0</u>	<u>5,147</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 2023

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").

	2023-12-31		2023-06-30	
	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	0	0	66,622	0
-Stockbrokers	0	0	0	0
-Wholesale and retail trade	0	0	0	0
-Manufacturing	113,039	0	95,455	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	13,285	4,689	2,351	4,703
D4. LOANS AND ADVANCES FOR USE OUTSIDE HONG KONG	1,496,253	77,206	1,341,397	107,094
Total loans & advances to customers	1,622,577	81,895	1,505,825	111,797

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:

	2023-12-31	2023-06-30
-Hong Kong	363,269	453,573
-China	292,085	301,759
-British Virgin Islands	117,206	117,217
-Singapore	447,895	341,289
-Others	402,122	291,987
Total	1,622,577	1,505,825

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

	2023-12-31	2023-06-30
-Hong Kong	0	0
-China	0	0
-British Virgin Islands	0	0
-Singapore	0	0
-Others	0	0
Total	0	0

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2023

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>Non-bank private sector</u>			<u>Total</u>
		<u>Official Sectors</u>	<u>Non-bank Financial Insitution</u>	<u>Non-financial private sector</u>	
<u>As at December 31, 2023</u>					
1. Developed countries	1,021	0	138	263	1,422
2. Offshore centres	1,575	0	197	114	1,886
of which: Hong Kong	1,273	0	61	114	1,448
3. Developing Europe	0	0	0	0	0
4. Developing Latin America and Caribbean	36	36	0	0	72
5. Developing Africa and Middle East	471	295	0	0	766
6. Developing Asia-Pacific	1,608	55	400	810	2,873
of which: China	0	0	282	347	629
Taiwan	255	0	0	19	274
7. International Organisations	0	0	79	0	79
Total	4,711	386	814	1,187	7,098

	<u>Banks</u>	<u>Non-bank private sector</u>			<u>Total</u>
		<u>Official Sectors</u>	<u>Non-bank Financial Insitution</u>	<u>Non-financial private sector</u>	
<u>As at June 30, 2023</u>					
1. Developed countries	1,083	0	232	85	1,400
2. Offshore centres	1,511	0	318	684	2,513
of which: Hong Kong	1,464	0	150	342	1,956
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	311	292	0	0	603
6. Developing Asia-Pacific	1,408	54	270	332	2,064
of which: China	0	0	264	107	371
Taiwan	145	0	0	146	291
7. International Organisations	0	0	79	0	79
Total	4,348	381	899	1,101	6,729

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2023

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, 2023</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	294	0	294
4. Other entities of central government not reported in item 1 above	100	0	100
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	101	13	114
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	495	13	508
Total assets after provision	7,088		
On-balance sheet exposures as percentage of total assets	6.99%		

<u>As at June 30, 2023</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	371	94	465
4. Other entities of central government not reported in item 1 above	100	0	100
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	143	19	162
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	614	113	727
Total assets after provision	6,722		
On-balance sheet exposures as percentage of total assets	9.13%		

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2023

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, 2023

	USD	EUR	JPY	CNY	AUD	NZD	Total
Spot assets	5,439	109	63	284	158	11	6,064
Spot liabilities	(5,441)	(109)	(63)	(283)	(158)	(11)	(6,065)
Forward purchases	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0
Net long (short) position	(2)	0	0	1	0	0	(1)

As at June 30, 2023

	USD	EUR	JPY	CNY	AUD	NZD	Total
Spot assets	4,970	127	29	421	151	10	5,708
Spot liabilities	(4,966)	(130)	(34)	(419)	(150)	(10)	(5,709)
Forward purchases	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0
Net long (short) position	4	(3)	(5)	2	1	0	(1)

There were no foreign currency structural positions as at 31 December 2023 and 30 June 2023.

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 31 DECEMBER 2023

Figures in HKD thousands

H. LIQUIDITY INFORMATION

	<u>For the quarter</u> <u>ended</u>	<u>For the quarter</u> <u>ended</u>
	31-Dec-23	31-Dec-22
Average liquidity maintenance ratio for the period	52.58%	62.29%

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 Risk 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	76%
Borrowing from banks	11%

(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-23							
On-balance sheet assets	7,119,200	2,674,561	1,067,052	686,318	782,236	1,889,997	19,036
On-balance sheet liabilities	7,088,410	3,000,736	2,382,967	416,706	312,092	0	975,909
Off-balance sheet claims	80,025	77,681	0	2,344	0	0	0
Off-balance sheet obligations	498,981	77,681	0	2,813	400,903	17,584	0
Contractual Maturity Mismatch		(326,175)	(1,315,915)	269,143	69,241	1,872,413	
Cumulative Contractual Maturity Mismatch		(326,175)	(1,642,090)	(1,372,947)	(1,303,706)	568,707	
	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	

SECTION B-INFORMATION OF THE BANK (CONSOLIDATED BASIS)

AS AT 31 DECEMBER 2023

A. CAPITAL AND CAPITAL ADEQUACY RATIO

	31-Dec-2023	30-Jun-2023
	(%)	(%)
a) Capital Adequacy Ratio	14.90	14.68
	NTD in thousands	NTD in thousands
b) Aggregate amount of shareholder's funds	261,499,269	249,248,934

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-2023	30-Jun-2023
	NTD in thousands	NTD in thousands
Total assets	4,559,923,371	4,394,627,113
Total liabilities	4,298,424,102	4,145,378,179
Total advances	2,799,844,667	2,685,416,776
Total customers deposits	3,863,606,778	3,686,249,526
	For the year ended	
	31-Dec-2023	31-Dec-2022
	NTD in thousands	NTD in thousands
Profit / (Loss) before taxation	20,156,250	22,137,387

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 2023(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.
<https://www.tcb-bank.com.tw/about-tcb/info/locations/oversea/hk/disclosure>



合作金庫銀行

TAIWAN COOPERATIVE BANK

Hong Kong Branch Incorporated in Taiwan R.O.C. with Limited Liability

Suites 1303-1310, 13/F, Everbright Centre
108 Gloucester Road, Wanchai, Hong Kong
Tel: (852) 2598 1128 Fax: (852) 2598 1028
<http://www.tcb-bank.com.hk>

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 Dec 2023. 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
15 Apr, 2024