

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH

Financial Information Disclosure Statement

For the Half Year Ended June 30, 2022

TAIWAN COOPERATIVE BANK, HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE HALF YEAR ENDED JUNE 30, 2022

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

I. PROFIT AND LOSS INFORMATION

FOR THE HALF YEAR ENDED JUNE 30, 2022

Figures in HKD thousands

	2022-06-30	2021-06-30
INTEREST INCOME	68,649	79,197
INTEREST EXPENSE	(15,376)	(25,421)
	<u>53,273</u>	<u>53,776</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	196	1,790
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	4,271	3,653
Fees and commission expense	(552)	(592)
Others	0	173
	<u>3,915</u>	<u>9,430</u>
Total income	57,188	63,206
OPERATING EXPENSES		
Staff and rental expenses	(7,775)	(8,559)
Other expenses (less fees and commission expenses)	(5,751)	(6,126)
	<u>(13,526)</u>	<u>(14,685)</u>
IMPAIRMENT PROVISION FOR LOANS	28,501	(163,155)
Total expenses	14,975	(177,840)
PROFIT BEFORE TAXATION	72,163	(114,634)
TAXATION CHARGE	0	0
PROFIT AFTER TAXATION	72,163	(114,634)

II. BALANCE SHEET INFORMATION
AS AT 30 JUNE 2022

Figures in HKD thousands

	As at	
	2022-06-30	2021-12-31
ASSETS		
Cash and short term fund	207,361	547,644
(except those included in amount due from overseas offices)		
Placement with Bank maturity of more than one month but not more than 12 months	2,070,371	2,774,626
(except those included in amount due from overseas offices)		
Amount due from overseas offices	130	136
Loans and advances less impairment allowances	3,114,537	2,957,837
Certificates of deposit held	156,954	194,973
Amortised cost securities	132,237	375,474
Fair value through other comprehensive income securities	2,027,597	2,215,440
Other accounts	42,594	41,073
Property, plant and equipment	25,568	25,568
Accumulated depreciation	(21,450)	(18,511)
Intangible assets	3,195	2,394
Total Assets	7,759,094	9,116,654
LIABILITIES		
Deposit and balances from banks	1,316,982	2,170,398
(except those included in amount due to overseas offices)		
Deposit from customers		
-Demand deposits and current accounts	21,313	20,331
-Savings deposits	1,929,891	2,161,969
-Time, call and notice deposits	3,701,797	3,872,730
Amount due to overseas offices	93,697	154,794
Other accounts	24,253	27,620
Total Liabilities	7,087,933	8,407,842
Reserves and current profit	671,161	708,812
Total equity and Liabilities	7,759,094	9,116,654

III. SUPPLEMENT FINANCIAL INFORMATION

AS AT 30 JUNE 2022

Figures in HKD thousands

	2022-06-30	As at 2021-12-31
A. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES		
Advances to customers	2,751,762	2,858,266
Advances to Banks	470,864	233,968
Total	3,222,626	3,092,234
Collective impairment allowances	(29,687)	(27,879)
Individual impairment allowances	(78,402)	(106,519)
Total	(108,089)	(134,398)
Gross advances less impairment allowances	3,114,536	2,957,836
Allowances as a percentage of gross advances		
-Collective impairment allowances	0.92%	0.90%
-Individual impairment allowances	2.43%	3.44%
Total allowances	3.35%	4.34%

A1. IMPAIRMENT ALLOWANCES

	2022-06-30			As at 2021-12-31		
	Collective impairment allowances	Individual impairment allowances	Total	Collective impairment allowances	Individual impairment allowances	Total
Advances to customers	24,978	78,402	103,380	25,539	106,519	132,058
Advances to banks	4,709	0	4,709	2,340	0	2,340
Total			108,089			134,398

a) Impaired advances to customers

	2022-06-30	As at 2021-12-31
Amount of individual impaired loans and advances	254,678	304,339
Amount of individual impairment allowances made	78,402	106,519
Value of collateral	0	0
As a percentage of total advances to customers	9.26%	10.65%

b) Impaired advances to banks

	2022-06-30	As at 2021-12-31
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 30 JUNE 2022

Figures in HKD thousands

B. OVERDUE AND RESCHEDULED ASSETS

	2022-06-30		As at 2021-12-31	
	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	231,130	8.40%	304,339	10.65%
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 2021.

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 2021.

B3. REPOSSESSED ASSETS

There were no repossessed assets held by Hong Kong branch as at 30 June 2022 and 31 December 2021.

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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	
	2022-06-30	2021-12-31
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	2,354	2,339
Other commitments	610,549	597,638
Forward forward deposits placed	0	0
	<u>612,903</u>	<u>599,977</u>

C2. DERIVATIVES

Interest rate contracts	0	0
Exchange rate contracts	0	0
	<u>0</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 30 JUNE 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>2022-06-30</u>		<u>2021-12-31</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	105,944	0	105,286	0
-Stockbrokers	0	0	0	0
-Wholesale and retail trade	0	0	0	0
-Manufacturing	288,346	0	100,000	0
-Transport and transport equipment	0	0	187,174	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	135,705	63,056	55,616	22,773
D4. LOANS AND ADVANCES FOR USE OUTSIDE HONG KONG	2,221,767	101,024	2,410,190	100,489
Total loans & advances to customers	2,751,762	164,080	2,858,266	123,262

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>2022-06-30</u>	<u>2021-12-31</u>
-Hong Kong	1,182,497	1,204,392
-China	393,665	338,075
-British Virgin Islands	175,560	146,143
-Cayman Islands	200,219	489,869
-Others	799,821	679,787
Total	2,751,762	2,858,266

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

	<u>2022-06-30</u>	<u>2021-12-31</u>
-Hong Kong	0	0
-China	0	0
-British Virgin Islands	53,932	0
-Cayman Islands	200,746	304,339
-Others	0	0
Total	254,678	304,339

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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 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

	<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, 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

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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 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%		

<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%		

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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 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)

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)

There were no foreign currency structural positions as at 30 June 2022 and 31 December 2021.

III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 2022

Figures in HKD thousands

H. LIQUIDITY INFORMATION

	<u>For the quarter</u> <u>ended</u>	<u>For the quarter</u> <u>ended</u>
	30-Jun-22	30-Jun-21
Average liquidity maintenance ratio for the period	67.96%	64.60%

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.

SECTION B-INFORMATION OF THE BANK (CONSOLIDATED BASIS)

AS AT 30 JUNE 2022

A. CAPITAL AND CAPITAL ADEQUACY RATIO

	30-Jun-2022	31-Dec-2021
	(%)	(%)
a) Capital Adequacy Ratio	13.64	15.06
	NTD in thousands	NTD in thousands
b) Aggregate amount of shareholder's funds	224,358,378	250,239,470

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
	30-Jun-2022	31-Dec-2021
	NTD in thousands	NTD in thousands
Total assets	4,080,602,658	4,184,135,941
Total liabilities	3,856,244,280	3,933,896,471
Total advances	2,465,813,640	2,436,227,879
Total customers deposits	3,493,616,810	3,481,003,982

	For the half year ended	
	30-Jun-2022	30-Jun-2021
	NTD in thousands	NTD in thousands
Profit / (Loss) before taxation	9,771,561	10,218,974

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 2021(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 half year ended 30 June 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.

For and on behalf of
TAIWAN COOPERATIVE BANK, LTD.
HONG KONG BRANCH


.....
Authorised Signature(s)

Chief Executive

Taiwan Cooperative Bank

Hong Kong Branch

20 Sep, 2022