

## TAIWAN COOPERATIVE BANK, HONG KONG BRANCH

### Financial Information Disclosure Statement

For the Half Year Ended June 30, 2023

**TAIWAN COOPERATIVE BANK, HONG KONG BRANCH**  
**FINANCIAL INFORMATION DISCLOSURE STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

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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, 2023

Figures in HKD thousands

	2023-06-30	2022-06-30
INTEREST INCOME	158,755	68,649
INTEREST EXPENSE	(86,496)	(15,376)
	<u>72,259</u>	<u>53,273</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	325	196
Gains less losses on securities held for trading purposes	0	0
Gains less losses from other trading activities	39	0
Net fees and commission income		
Gross fees and commission income	1,582	4,271
Fees and commission expense	(563)	(552)
Others	0	0
	<u>1,383</u>	<u>3,915</u>
<b>Total income</b>	<b>73,642</b>	<b>57,188</b>
OPERATING EXPENSES		
Staff and rental expenses	(9,440)	(7,775)
Other expenses (less fees and commission expenses)	(5,437)	(5,751)
	<u>(14,877)</u>	<u>(13,526)</u>
IMPAIRMENT PROVISION FOR LOANS	62,353	28,501
<b>Total expenses</b>	<b>47,476</b>	<b>14,975</b>
PROFIT BEFORE TAXATION	121,118	72,163
TAXATION CHARGE	0	0
PROFIT AFTER TAXATION	<u>121,118</u>	<u>72,163</u>

**II. BALANCE SHEET INFORMATION**  
**AS AT 30 JUNE 2023**

	Figures in HKD thousands	
	2023-06-30	As at 2022-12-31
<b>ASSETS</b>		
Cash and short term fund (except those included in amount due from overseas offices)	106,105	861,958
Placement with Bank maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	2,281,365	283,947
Amount due from overseas offices	125	127
Loans and advances less impairment allowances	2,507,099	2,861,897
Certificates of deposit held	0	0
Amortised cost securities	0	49,181
Fair value through other comprehensive income securities	1,876,049	1,944,673
Other accounts	(66,094)	49,995
Property, plant and equipment	24,348	25,568
Accumulated depreciation	(10,417)	(24,350)
Intangible assets	3,086	3,082
<b>Total Assets</b>	<b>6,721,666</b>	<b>6,056,078</b>
<b>LIABILITIES</b>		
Deposit and balances from banks (except those included in amount due to overseas offices)	550,275	415,878
Deposit from customers		
-Demand deposits and current accounts	3,241	19,940
-Savings deposits	1,849,401	2,055,692
-Time, call and notice deposits	3,344,155	2,738,150
Amount due to overseas offices	87,187	91,253
Other accounts	57,385	30,621
<b>Total Liabilities</b>	<b>5,891,644</b>	<b>5,351,534</b>
Reserves and current profit	830,022	704,544
<b>Total equity and Liabilities</b>	<b>6,721,666</b>	<b>6,056,078</b>

### III. SUPPLEMENT FINANCIAL INFORMATION

AS AT 30 JUNE 2023

Figures in HKD thousands

	2023-06-30	As at 2022-12-31
<b>A. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES</b>		
Advances to customers	1,505,825	1,975,621
Advances to Banks	1,032,372	971,867
Total	2,538,197	2,947,488
Collective impairment allowances	(25,492)	(27,632)
Individual impairment allowances	0	(53,071)
Total	(25,492)	(80,703)
Gross advances less impairment allowances	2,512,705	2,866,785
Allowances as a percentage of gross advances		
-Collective impairment allowances	1.00%	0.94%
-Individual impairment allowances	0.00%	1.80%
Total allowances	1.00%	2.74%

#### A1. IMPAIRMENT ALLOWANCES

	2023-06-30			As at 2022-12-31		
	Collective impairment allowances	Individual impairment allowances	Total	Collective impairment allowances	Individual impairment allowances	Total
Advances to customers	15,224	0	15,224	17,962	53,071	71,033
Advances to banks	10,268	0	10,268	9,670	0	9,670
Total			25,492			80,703

#### a) Impaired advances to customers

	2023-06-30	As at 2022-12-31
Amount of individual impaired loans and advances	0	180,454
Amount of individual impairment allowances made	0	53,071
Value of collateral	0	0
As a percentage of total advances to customers	0.00%	9.13%

#### b) Impaired advances to banks

	2023-06-30	As at 2022-12-31
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 2023

Figures in HKD thousands

#### B. OVERDUE AND RESCHEDULED ASSETS

	As at			
	2023-06-30		2022-12-31	
	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	0	0.00%	180,454	9.08%
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 2023 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 2023 and 31 December 2022.

#### B3. REPOSSESSED ASSETS

There were no repossessed assets held by Hong Kong branch as at 30 June 2023 and 31 December 2022.



### III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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	
	2023-06-30	2022-12-31
Off-balance sheet exposures (in contractual amounts)		
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	80,729	42,409
Other commitments	984,068	511,739
Forward forward deposits placed	0	0
	<u>1,064,797</u>	<u>554,148</u>

##### C2. DERIVATIVES

Interest rate contracts	0	0
Exchange rate contracts	5,147	3,944
	<u>5,147</u>	<u>3,944</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 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").

	<u>2023-06-30</u>		<u>2022-12-31</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	66,622	0	66,285	0
-Stockbrokers	0	0	0	0
-Wholesale and retail trade	0	0	0	0
-Manufacturing	95,455	0	282,612	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	2,351	4,703	103,971	54,338
D4. LOANS AND ADVANCES FOR USE OUTSIDE HONG KONG	1,341,397	107,094	1,522,753	91,032
Total loans & advances to customers	1,505,825	111,797	1,975,621	145,370

##### 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>2023-06-30</u>	<u>2022-12-31</u>
-Hong Kong	453,573	758,357
-China	301,759	372,693
-British Virgin Islands	117,217	171,208
-Cayman Islands	0	125,447
-Others	633,276	547,915
Total	1,505,825	1,975,620

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

	<u>2023-06-30</u>	<u>2022-12-31</u>
-Hong Kong	0	0
-China	0	0
-British Virgin Islands	0	54,270
-Cayman Islands	0	126,184
-Others	0	0
Total	0	180,454



### III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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.

		Non-bank private sector			
	Banks	Official Sectors	Non-bank Financial Insitution	Non-financial private sector	Total
<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

	Banks	Non-bank private sector			Total
		Official Sectors	Non-bank Financial Institution	Non-financial private sector	
<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

### III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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 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
<b>Total</b>	<b>614</b>	<b>113</b>	<b>727</b>
Total assets after provision	6,722		
On-balance sheet exposures as percentage of total assets	9.13%		

<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
<b>Total</b>	<b>591</b>	<b>106</b>	<b>697</b>
Total assets after provision	6,056		
On-balance sheet exposures as percentage of total assets	13.49%		

### III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 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 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)

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

There were no foreign currency structural positions as at 30 June 2023 and 31 December 2022.

### III. SUPPLEMENT FINANCIAL INFORMATION - CONTINUED

AS AT 30 JUNE 2023

Figures in HKD thousands

#### H. LIQUIDITY INFORMATION

	For the quarter ended 30-Jun-23	For the quarter ended 30-Jun-22
Average liquidity maintenance ratio for the period	67.06%	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 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 Risk 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 2023

### A. CAPITAL AND CAPITAL ADEQUACY RATIO

	30-Jun-2023	31-Dec-2022
	(%)	(%)
a) Capital Adequacy Ratio	14.68	14.58
	NTD in thousands	NTD in thousands
b) Aggregate amount of shareholder's funds	249,248,934	233,767,256

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-2023	31-Dec-2022
	NTD in thousands	NTD in thousands
Total assets	4,394,627,113	4,246,509,984
Total liabilities	4,145,378,179	4,012,742,728
Total advances	2,685,416,776	2,589,152,177
Total customers deposits	3,686,249,526	3,599,527,665

	For the half year ended	
	30-Jun-2023	30-Jun-2022
	NTD in thousands	NTD in thousands
Profit / (Loss) before taxation	11,053,610	9,771,561

## 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.tw/about-tcb/info/locations/oversea/hk/disclosure>



## 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 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.



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Chief Executive  
Taiwan Cooperative Bank  
Hong Kong Branch  
27 Sep, 2023