



臺灣中小企業銀行 香港分行
Taiwan Business Bank Hong Kong Branch

(於臺灣註冊成立之有限責任公司)
Incorporated in Taiwan with limited liability)

Suite 2705-9, 27/F, Tower 6, The Gateway, Harbour City, Kowloon, H.K.
Tel : (852) 2971 0111 Fax : (852) 2511 6791

**TAIWAN BUSINESS BANK, LTD.
HONG KONG BRANCH**

**Key Financial Information Disclosure Statement
For The Whole Year Ended 2020 /12 / 31**



臺灣中小企業銀行 香港分行
Taiwan Business Bank Hong Kong Branch

(於臺灣註冊成立之有限責任公司
Incorporated in Taiwan with limited liability)

Suite 2705-9, 27/F, Tower 6, The Gateway, Harbour City, Kowloon, H.K.
Tel : (852) 2971 0111 Fax : (852) 2511 6791

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH
Key Financial Information Disclosure Statement
For The Whole Year Ended 2020 /12 / 31

<u>Contents</u>	<u>Page</u>
Section A-Information of the Branch (Hong Kong Branch Only)	
I. Income statement information	1
II. Balance sheet information	2
III. Additional Balance sheet information	3
1. Loans and advances and impairment provisions	3
2. Overdue and rescheduled assets	4
3. Off-balance sheet information	7
4. Gross advances to customers segmental analysis	8
5. International claims	9
6. Non-bank Mainland exposures	10
7. Currency risk	11
8. Liquidity information disclosures	12
9. Remuneration Disclosure	13
Section B-Information of the Bank (Consolidated Basis)	
I. Capital and capital adequacy ratio	14
II. Other financial information	14
Declaration	15

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

Section A-Information of the Branch (Hong Kong Branch Only)

I. Income statement information

	<u>For the year end</u> <u>2020/12/31</u> <u>HK\$'000</u>	<u>For the year end</u> <u>2019/12/31</u> <u>HK\$'000</u>
Interest Income	127,646	218,431
Interest Expense	<u>(32,748)</u>	<u>(72,449)</u>
	<u>94,898</u>	<u>145,982</u>
Other operating income		
Gains less losses arising from trading in foreign currencies	1,969	2,394
Gains less losses on securities held for trading purpose	0	0
Gains less losses from other trading activities	0	0
Income from fees and commissions	7,263	7,679
Others	<u>93</u>	<u>77</u>
	<u>9,325</u>	<u>10,150</u>
Operating Expense		
Staff and rental expenses	<u>(18,183)</u>	<u>(17,997)</u>
Net charge for other provisions	<u>(150)</u>	<u>3,629</u>
Other expenses	<u>(19,135)</u>	<u>(19,808)</u>
Impairment losses and provisions for impaired loans and receivables	<u>(39,835)</u>	<u>(2,905)</u>
Gains less losses from the disposal of property, plant and equipment and investment properties	<u>(18)</u>	<u>(130)</u>
	<u>(77,321)</u>	<u>(37,211)</u>
Profit before taxation	26,902	118,921
Taxation expense or tax income	<u>(21,960)</u>	<u>(23,080)</u>
Profit after taxation	<u><u>4,942</u></u>	<u><u>95,841</u></u>

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

II. Balance sheet information

	<u>2020/12/31</u>	<u>2020/06/30</u>
	HK\$'000	HK\$'000
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	1,093,120	757,458
Placement with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	310,072	110,393
Amount due from overseas offices	0	0
Trade bills	0	0
Available-for-sale securities and impairment provisions		
Available-for-sale securities	796,261	663,678
Impairment provisions (specific)	0	0
Held-to-maturity securities	256,049	325,783
Loans and advances and impairment provisions		
Loans and advances to customers	2,636,850	3,247,236
Loans and advanced to banks	0	0
Impairment provisions (collective and specific)	(43,285)	(35,525)
Property, plant and equipment and investment properties	27,000	7,631
Other assets		
Accrued interest	10,485	9,135
Others	138,248	59,111
Total assets	<u>5,224,800</u>	<u>5,144,900</u>
<u>Liabilities</u>		
Deposits and balances of banks (except those included in amount due to overseas offices)	671,349	785,772
Deposits from customers		
Demand deposits and current accounts	164,012	120,518
Savings deposits	2,127,951	1,887,404
Time, call and notice deposits	1,446,525	1,561,250
Amount due to overseas offices	248,236	201,046
Other liabilities	178,265	97,319
Total liabilities	<u>4,836,338</u>	<u>4,653,309</u>
Paid up capital	0	78,000
Reserves	383,520	379,609
Current profit/(loss)	4,942	33,982
Total equities	<u>388,462</u>	<u>491,591</u>
Total Equities and Liabilities	<u>5,224,800</u>	<u>5,144,900</u>

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

III. Additional Balance sheet information

1. Loans and advances and impairment provisions

	<u>2020/12/31</u>	<u>2020/06/30</u>	
A. Loans and advances and impairment provisions	<u>HK\$'000</u>	<u>HK\$'000</u>	
Loans and advances to customers	2,636,850	3,247,236	
Loans and advances to banks	0	0	
Total	<u>2,636,850</u>	<u>3,247,236</u>	
Collective impairment provisions	(26,864)	(32,345)	
Specific impairment provisions	<u>(16,421)</u>	<u>(3,180)</u>	
Total	<u>(43,285)</u>	<u>(35,525)</u>	
Gross loans and advances less impairment provisions	<u><u>2,593,565</u></u>	<u><u>3,211,711</u></u>	
Provisions as % of gross loans and advances			
Collective impairment provisions	1.02%	1.00%	
Specific impairment provisions	<u>0.62%</u>	<u>0.10%</u>	
Total	1.64%	1.10%	
B. Impairment provisions	<u>Specific</u>	<u>Collective</u>	<u>Total</u>
<u>2020/12/31</u>	<u>impairment provisions</u>	<u>impairment provisions</u>	<u>Total</u>
Loans and advances to customers	16,421	26,864	43,285
Loans and advances to banks	0	0	0
Total	<u>16,421</u>	<u>26,864</u>	<u>43,285</u>
<u>2020/06/30</u>	<u>Specific</u>	<u>Collective</u>	<u>Total</u>
Loans and advances to customers	3,180	32,345	35,525
Loans and advances to banks	0	0	0
Total	<u>3,180</u>	<u>32,345</u>	<u>35,525</u>
C. Impaired loans and advances to customers	<u>2020/12/31</u>	<u>2020/06/30</u>	
	<u>HK\$'000</u>	<u>HK\$'000</u>	
Impaired loans and advances to customers	66,740	12,719	
Specific impairment provisions	(16,421)	(3,180)	
Total	<u>50,319</u>	<u>9,539</u>	
Market value of collateral of loans and advances to customers	0	0	
covered portion of impaired loans and advances to customers	0	0	
uncovered portion of impaired loans and advances to customers	66,740	12,719	
Impaired advances as % of gross loans and advances to customers	2.53%	0.39%	
Specific impairment provisions as % of impaired loans and advances to customers	24.60%	25.00%	
D. Impaired loans and advances to bank	<u>2020/12/31</u>	<u>2020/06/30</u>	
	<u>HK\$'000</u>	<u>HK\$'000</u>	
Impaired loans and advances to banks	0	0	
Specific impairment provisions	0	0	
Total	<u>0</u>	<u>0</u>	
Market value of collateral of loans and advances to banks	0	0	
covered portion of impaired loans and advances to banks	0	0	
uncovered portion of impaired loans and advances to banks	0	0	
Impaired advances as % of gross loans and advances to banks	0.00%	0.00%	
Specific impairment provisions as % of impaired loans and advances to banks	0.00%	0.00%	

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

2. Overdue and rescheduled assets

Part I. Loans and advances to customers

	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
A. Loans and advances to customers overdue for		
more than 3 months but not more than 6 months	0	0
more than 6 months but not more than 1 year	0	0
more than 1 year	0	0
Total	<u>0</u>	<u>0</u>
Specific impairment provisions made in respect of the above	0	0
Market value of collateral of overdue loans and advances to customers	0	0
covered portion of overdue loans and advances to customers	0	0
uncovered portion of overdue loans and advances to customers	0	0
B. Rescheduled loans and advances to customers	<u>12,668</u>	<u>12,744</u>
(Net of those overdue loans and advances which have been disclosed above)		
	As % of gross advances to customers	As % of gross advances to customers
	<u>2020/12/31</u>	<u>2020/06/30</u>
a. Advance to customers overdue for		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	0.00%	0.00%
Total	<u>0.00%</u>	<u>0.00%</u>
b. Rescheduled loans and advances to customers	<u>0.48%</u>	<u>0.39%</u>
C. Repossessed assets		
As at 2020 / 06 / 30 and 2019 / 12 / 31, there were no repossessed assets held by our branch.		

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

Part II. Loans and advances to banks

	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
A. Loans and advances to banks overdue for		
more than 3 months but not more than 6 months	0	0
more than 6 months but not more than 1 year	0	0
more than 1 year	0	0
Total	<u>0</u>	<u>0</u>
Specific impairment provisions made in respect of the above	0	0
Market value of collateral of overdue loans and advances to banks	0	0
covered portion of overdue loans and advances to banks	0	0
uncovered portion of overdue loans and advances to banks	0	0
B. Rescheduled loans and advances to banks	<u>0</u>	<u>0</u>
(Net of those overdue loans and advances which have been disclosed above)		
	As % of gross advances	As % of gross advances
	to banks	to banks
	<u>2020/12/31</u>	<u>2020/06/30</u>
a. Advance to bank overdue for		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	0.00%	0.00%
Total	<u>0.00%</u>	<u>0.00%</u>
b. Rescheduled loans and advances to banks	<u>0.00%</u>	<u>0.00%</u>

C. Repossessed assets

As at 2020 / 06 / 30 and 2019 / 12 / 31, there were no repossessed assets held by our branch.

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

Part III. Other assets

(Available-for-sale securities and Held-to-maturity securities)

	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
A. Other assets overdue for		
more than 3 months but not more than 6 months	0	0
more than 6 months but not more than 1 year	0	0
more than 1 year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Specific impairment provisions made in respect of the above	0	0
Market value of collateral of overdue other assets	0	0
covered portion of overdue other assets	0	0
uncovered portion of overdue other assets	0	0
B. Rescheduled Other assets	<u>0</u>	<u>0</u>
(Net of those overdue other assets which have been disclosed above)		
	As % of gross	As % of gross
	Other assets	Other assets
	<u>2020/12/31</u>	<u>2020/06/30</u>
a. Other assets overdue for		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than 1 year	0.00%	0.00%
more than 1 year	<u>0.00%</u>	<u>0.00%</u>
Total	<u>0.00%</u>	<u>0.00%</u>
b. Rescheduled Other assets	<u>0.00%</u>	<u>0.00%</u>
C. Repossessed assets		
As at 2020 / 06 / 30 and 2019 / 12 / 31, there were no repossessed assets held by our branch.		

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

3. Off-balance sheet information

For contingent liabilities, commitments and derivatives, they refer to the contractual amounts at risks should the contracts be fully drawn upon and the clients do not repay accordingly.

A. The contractual or notional amounts of each material class of its off-balance sheet exposures (other than Derivative transactions)

	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Direct credit substitutes	0	0
Transaction-related contingencies	0	0
Trade-related contingencies	65,028	61,158
Other commitments	369,122	543,267
Others	0	0
Total	<u>434,150</u>	<u>604,425</u>

B. Derivative transactions

	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Exchange rate contract	0	0
Interest rate contract	0	0
Total	<u>0</u>	<u>0</u>
Replacement cost of derivatives		
Exchange rate contract		
Positive Fair Value	0	0
Negative Fair Value	0	0
Interest rate contract		
Positive Fair Value	0	0
Negative Fair Value	0	0
Total	<u>0</u>	<u>0</u>

The fair value of derivatives represent the costs of replacing all contracts which have a positive value in the market.

They do not take into account the effects of bilateral netting arrangements.

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

4. Gross advances to customers segmental analysis

A. By loan usage

The following analysis of gross loans and advances to customers by major sectors are prepared in accordance with the definitions and the detailed descriptions in the completion instructions for the "Return of Quarterly Analysis of Loans and Advances and Provisions".

	<u>2020/12/31</u>		<u>2020/06/30</u>	
	<u>HK\$'000</u>		<u>HK\$'000</u>	
	<u>Amount</u>	<u>Balance covered by collateral</u>	<u>Amount</u>	<u>Balance covered by collateral</u>
Loan and advances for use in HK				
Industrial, commercial and financial:				
-Property development	0	0	0	0
-Property investment	0	0	0	0
-Financial concerns	75,973	0	420,575	0
-Stockbrokers	100,774	0	100,754	0
-Wholesale and retail trade	284,879	199,430	335,475	199,391
-Manufacturing	0	0	8,715	0
-Transport and transport equipment	0	0	0	0
-Recreational activities	0	0	0	0
-Information Technology	136,364	0	0	0
-Others	182,167	0	136,522	0
Individuals:				
-Loans for the purchase of flats in the Home Ownership Scheme, Private Sector	0	0	0	0
-Loan for the purchase of other residential properties	0	0	0	0
Credit card advances	0	0	0	0
-Others	0	0	0	0
Total	780,157	199,430	1,002,041	199,391
Trade finance	36,773	0	24,643	0
Loan and advances for use outside HK	1,819,920	0	2,220,552	0
Total	2,636,850	199,430	3,247,236	199,391

B. By countries or geographical segments

<u>2020/12/31</u>	<u>Gross</u>	<u>Overdue</u>	<u>Specific</u>
	<u>Amount</u>	<u>& Impaired</u>	
<u>HK\$'000</u>			
Hong Kong	1,263,998	66,740	16,421
Bermuda	75,938	0	0
Cayman Islands	429,444	0	0
Singapore	249,511	0	0
China	32,039	0	0
Others	585,920	0	0
Total	2,636,850	66,740	16,421
<u>2020/06/30</u>	<u>Gross</u>	<u>Overdue</u>	<u>Specific impairment</u>
<u>HK\$'000</u>	<u>Amount</u>	<u>& Impaired</u>	<u>provisions</u>
Hong Kong	1,795,309	12,719	3,180
Bermuda	75,938	0	0
Cayman Islands	488,799	0	0
Singapore	389,937	0	0
China	21,181	0	0
Others	476,072	0	0
Total	3,247,236	12,719	3,180

Only exposures to a country or geographical segment in accordance with the location of the counterparty not less than 10% of the aggregate gross amount of loans and advances to customers as at the above respective reporting data are disclosed.

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

5. International claims

International claims include the following types of financial claims, receivables and loans and advances, cash and balances and placements with banks (including loans and advances to banks), holdings of certificates of deposit, bills, promissory notes, commercial paper, other debt instruments and investments and accrued interest and overdue interest on all above assets.

The analysis of international claims by geographical segments in accordance with the location and the types of counterparties which constitutes not less than 10% of total international claims after taking into account any recognized risk transfer is as follow :

2020/12/31	HK\$ millions	<u>Non-bank private sector</u>				Others	Total
		<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank Financial institutions</u>	<u>Non-financial private sector</u>		
1. Developed countries	927	0	125	147	0	1,199	
2. Offshore centers	272	0	117	1,105	0	1,494	
of which-Hong Kong	194	0	117	552	0	863	
of which-Cayman Islands	0	0	0	137	0	137	
3. Developing Europe	0	0	0	0	0	0	
4. Developing Latin America and Caribbean	0	0	0	0	0	0	
5. Developing Africa and Middle East	193	0	0	31	0	224	
6. Developing Asia-Pacific	795	0	117	509	0	1,421	
7. International organizations	0	0	0	0	0	0	
8. Unallocated by country	0	0	0	0	0	0	

2020/06/30	HK\$ millions	<u>Non-bank private sector</u>				Others	Total
		<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank Financial institutions</u>	<u>Non-financial private sector</u>		
1. Developed countries	605	2	110	156	0	873	
2. Offshore centers	407	0	472	1,402	0	2,281	
of which-Hong Kong	256	0	396	519	0	1,171	
of which-Cayman Islands	93	0	0	397	0	490	
3. Developing Europe	0	0	0	0	0	0	
4. Developing Latin America and Caribbean	0	0	0	3	0	3	
5. Developing Africa and Middle East	112	0	0	0	0	112	
6. Developing Asia-Pacific	677	1	78	21	0	777	
7. International organizations	0	0	0	0	0	0	
8. Unallocated by country	0	0	0	0	0	0	

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

6. Non-bank Mainland exposures

2020/12/31

HK\$'000

	<u>On-balance</u> <u>sheet exposures</u>	<u>Off-balance</u> <u>sheet exposures</u>	<u>Total</u>	<u>Specific</u> <u>provision</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	220,916	0	220,916	0
2. Local governments, local government-owned entities and their subsidiaries and JVs	80,004	0	80,004	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	224,835	74,063	298,898	0
4. Other entities of central government not reported in item 1 above	60,519	14,531	75,050	0
5. Other entities of local governments not reported in item 2 above	99,456	0	99,456	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	662,232	26,383	688,615	12,203
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0	0
Total	1,347,962	114,977	1,462,939	12,203
Total assets after provision	5,224,800			
On-balance sheet exposures as percentage of total assets	25.80%			

2020/06/30

HK\$'000

	<u>On-balance</u> <u>sheet exposures</u>	<u>Off-balance</u> <u>sheet exposures</u>	<u>Total</u>	<u>Specific</u> <u>provision</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	235,907	77,503	313,410	0
2. Local governments, local government-owned entities and their subsidiaries and JVs	80,004	0	80,004	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	330,646	74,063	404,709	0
4. Other entities of central government not reported in item 1 above	155,075	3,188	158,263	0
5. Other entities of local governments not reported in item 2 above	141,427	0	141,427	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	876,500	94,462	970,962	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0	0
Total	1,819,559	249,216	2,068,775	0
Total assets after provision	5,144,900			
On-balance sheet exposures as percentage of total assets	35.37%			

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

7. Currency risk

2020/12/31

<u>HK\$ millions</u>	USD	GBP	JPY	EUR	CNY	CAD	AUD	NZD	Total
Spot assets	3,620	13	87	177	350	3	31	0	4,281
Spot liabilities	3,618	12	87	177	348	3	31	0	4,276
Forward purchase	0	0	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0	0	0
Net option position	0	0	0	0	0	0	0	0	0
Net long/short position	2	1	0	0	2	0	0	0	5

2020/06/30

<u>HK\$ millions</u>	USD	GBP	JPY	EUR	CNY	CAD	AUD	NZD	Total
Spot assets	3,506	12	57	241	341	3	47	0	4,207
Spot liabilities	3,490	11	51	237	337	6	49	0	4,181
Forward purchase	0	0	0	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0	0	0	0
Net option position	0	0	0	0	0	0	0	0	0
Net long/short position	16	1	6	4	4	(3)	(2)	0	26

There were no foreign currency structural positions as at 2020 / 06 / 30 and 2019 / 12 / 31

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

8. Liquidity information disclosures

8.1 Average liquidity maintenance ratio/average liquidity ratio

	<u>31/3/2020</u>	<u>30/6/2020</u>	<u>30/9/2020</u>	<u>31/12/2020</u>	<u>31/12/2020</u>
Average value of its LMR for the year/period	40.52%	40.84%	40.84%	44.63%	41.71%
Calculation period	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Dec 2020
	<u>31/3/2019</u>	<u>30/6/2019</u>	<u>30/9/2019</u>	<u>31/12/2019</u>	<u>31/12/2019</u>
Average value of its LMR for the year/period	39.07%	41.86%	43.85%	41.32%	41.53%
Calculation period	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Dec 2019

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

8.2 Qualitative disclosures

a. Approach to liquidity risk management.

The branch manages our liquidity risk in accordance with the Liquidity Risk Management Policy, which is set by Asset and Liability Committee and Risk Management Committee in Hong Kong branch and approved by our head office. The Policy provides a set of principles for the prudent management of liquidity in the normal course of business. The primary measures used to manage liquidity within the tolerance are the stress-testing and scenario analysis, liquidity maintenance ratio, loan-to-deposit and cash flow maturity mismatch analysis. In additions, our policy set a higher internal limit of liquidity maintenance ratio than the statutory minimum to reduce the liquidity risk.

Asset and Liability Committee is mainly responsible for the liquidity risk management in our branch. General Manager is the chairman of the Committee. The members include the department head of Treasury, Risk Management, Accounting, and all members of Treasury. General Manager could also invite other department heads to attend to Committee meeting in need.

The branch also follows the guidance set forth by the Hong Kong Monetary Authority in Supervisory Policy Manual (LM-2) - Sound Systems and Controls for Liquidity Risk Management.

b. Funding strategies

The branch's main funding strategies include diverse funding source, relationship-building in financial market, and intra-group transactions.

c. Liquidity risk mitigation techniques

(i) The branch will take the action to reduce the rising liquidity risk by several measures include HKEF Notes intraday repo, funding from head office, and reduction of interbank lending activities.

(ii) Maintenance of liquidity cushion

Tier 1 assets: HKD 1,549,203,135 Tier 2 assets: HKD 0 (both as of 31/12/2020)

The liquidity cushion assets are easily able to be sold for liquidity demand.

d. Stress test

The branch perform stress testing quarterly for items as below

(i) Cash flow

(ii) Liquidity maintenance ratio

(iii) Liquidity gapping

The scenarios of 3 cases for our stress testing are "institution-specific stress scenario", "general market stress scenario", and "combination of both". We perform all three scenarios for item (i), and the extreme scenario, "combination of both", for both item (ii) and (iii). The different loss rate of deposit are assumed based on each 3 scenarios

e. Contingency funding plan

The General Manager of branch should convene the meeting with all departments head to control and assess in case of excess of warning index.

Furthermore, the branch should report to risk management department of head office which is going to assess the possibility whether the operating risk occur and the branch start Contingency funding plan.

The branch maintains two kinds of the warning indexes which are internal warning index and market warning index. Internal warning index includes profitability, quality of assets, source of assets and funding, financial cost, maturity date mismatch, and regulation of branch and authority. Market warning index includes the bank credit rating, stock price, interbank transaction, and average deposit balance from customers.

8.3 Quantitative disclosures

f. Metrics of liquidity management

The branch maintains the due date gap ratio and sets up the formula as follows: (due date assets – due date liabilities) / total liabilities. The limit matrix is as below

Tenor \ CCY		Total	USD	HKD	CNH	Others
		O/N	Limit	-75%	-75%	-75%
	Warning	-70%	-70%	-70%	-70%	-70%
A week	Limit	-75%	-75%	-75%	-75%	-75%
	Warning	-70%	-70%	-70%	-70%	-70%
A month	Limit	-40%	-50%	-70%	-70%	-70%
	Warning	-35%	-45%	-65%	-65%	-65%

g. Concentration limit

The branch sets limit for funding concentration.

(i) The ratio of funding amount from a branch (or a consolidated group) to total lending to banks should not be over 30% (or 50%).

(ii) The ratio of time deposit of single customer (or a consolidated group) to total time deposit should not be over 30% (or 50%).

(iii) The amount of funding from a single country (Taiwan excluded) should not be over 300 million USD.

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

h. Analysis of On/Off Balance Sheet by remaining maturity

(i) On-Balance
31/12/2020

unit:HK\$'000	Total	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year	Undate or overdue
Asset items							
Loans to Customers	2,636,850	196,365	172,668	399,795	400,225	1,462,515	5,282
Due from Banks & Placements with	1,398,514	1,088,442	310,072	-	-	-	-
Investment Securities	1,052,310	-	77,518	43,778	161,880	769,134	-
Total	5,087,674	1,284,807	560,258	443,573	562,105	2,231,649	5,282
Liability items							
Deposits from Customers	3,738,488	2,531,474	442,895	590,712	173,407	-	-
Due to Banks	919,585	502,790	338,795	-	-	-	78,000
Total	4,658,073	3,034,264	781,690	590,712	173,407	-	78,000
Net Gap		(1,749,457)	(221,432)	(147,139)	388,698	2,231,649	-

(ii) Off-Balance
31/12/2020

unit:HK\$'000	Total	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year	Undate or overdue
Off Balance Sheet Exposures							
Trade-related contingent items	65,028	19,268	25,358	5,076	-	-	15,326
Other commitments	369,122	-	41,909	16,295	192,987	117,931	-
Total	434,150	19,268	67,267	21,371	192,987	117,931	15,326

9. Remuneration Disclosure

In accordance with section 3 of the HKMA's Supervisory policy Manual Guideline CG-5 "Sound Remuneration System", Taiwan Business Bank Co., Ltd. has disclosed version). the relevant information in the part of Corporate Governance of the Bank's 2019 Annual Report (Chinese version).

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

	<u>as at</u>	<u>as at</u>
Section B-Information of the Bank (Consolidated Basis)	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>TW\$ million</u>	<u>TW\$ million</u>

I. Capital and capital adequacy ratio

A. Capital Adequacy Ratio	13.42%	13.68%
B. Aggregate amount of shareholder's funds	98,659	96,424

The capital adequacy ratio is calculated in accordance with the document entitled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)" (published by the Basel Committee on Banking Supervision in Nov 2012).

	<u>as at</u>	<u>as at</u>
	<u>2020/12/31</u>	<u>2020/06/30</u>
	<u>TW\$ million</u>	<u>TW\$ million</u>

II. Other financial information

Total assets	1,791,635	1,664,290
Total liabilities	1,692,976	1,567,865
Total loans and advances	1,224,295	1,179,321
Total customer deposits	1,418,145	1,327,225

	<u>Year to</u>	<u>Year to</u>
	<u>2020/12/31</u>	<u>2019/6/30</u>
	<u>TW\$ million</u>	<u>TW\$ million</u>
Profit /(Loss) before taxation	5,385	2,501

TAIWAN BUSINESS BANK, LTD. HONG KONG BRANCH

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 Key Financial Information Disclosure Statement of Taiwan Business Bank, Hong Kong Branch for the year ended 31 Dec. 2020. We confirmed that the information contained therein complies, in all material aspects, with the relevant requirements for financial disclosure by overseas incorporated authorized institutions as set out in the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued in Aug 2019, and to the best of my knowledge and belief, it is not false or misleading.



FAN Jen Jung
SVP & General Manager
Taiwan Business Bank, Ltd. Hong Kong Branch

Date :