

中國信託銀行



CTBC BANK

CTBC Bank Co., Ltd.

Hong Kong Branch

Key Financial Information Disclosure Statements

For Year Ended 31 December 2020



TABLE OF CONTENTS

Page

A. HONG KONG BRANCH INFORMATION

1. Income statement information	1
2. Balance sheet information	2
3. Additional Balance sheet information	
(i) <i>Advances and other accounts</i>	3
(ii) <i>Details of the impaired assets</i>	3
(iii) <i>Overdue and rescheduled loans</i>	3
(iv) <i>Repossessed assets held</i>	3
4. Off-balance sheet exposures	
(i) <i>The contract or notional amounts of off-balance sheet exposures outstanding</i>	4
(ii) <i>The replacement costs of derivatives outstanding</i>	4
5. Segmental information	
(i) <i>Advances to customers by industry classification</i>	5
(ii) <i>Value of collateral secured the loans and advances by industry classification</i>	5
(iii) <i>Non-bank Mainland exposures</i>	6
(iv) <i>International claims</i>	7
6. Currency risk	7
7. Liquidity	8
8. Remuneration disclosure	10

B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy	10
2. Other financial information	10



A. HONG KONG BRANCH INFORMATION

1. Income statement information

HK\$'000

	<i>year ended</i> <i>31 December 2020</i>	<i>year ended</i> <i>31 December 2019</i>
Interest income	1,404,096	2,299,628
Interest expense	390,625	998,673
Net interest income	<u>1,013,471</u>	<u>1,300,955</u>
Gains less (losses) arising from dealing in foreign currencies	110,188	207,727
Gains less (losses) on securities held for trading purposes	18,996	9,300
Gains less (losses) from other dealing activities	(12,369)	3,847
Net fees and commission income	76,280	110,270
- gross fees and commission income	110,180	139,492
- less: fee and commission expenses	(33,900)	(29,222)
Other operating income	165,742	182,459
Net operating income	<u>358,837</u>	<u>513,603</u>
Operating expenses	517,283	531,485
- Staff expenses	339,031	371,849
- Rental expenses	80,712	81,929
- Other expenses	97,540	77,707
Operating profit before impairment	<u>855,025</u>	<u>1,283,073</u>
Charge for of impairment allowances on advances to customers	(160,435)	(163,893)
Write back of / (Charge for) impairment allowances on other impaired assets	13,474	(1,069)
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	<u>708,064</u>	<u>1,118,111</u>
Taxation charges	134,025	186,170
Profit after taxation	<u><u>574,039</u></u>	<u><u>931,941</u></u>

**2. Balance sheet information**

	HK\$'000	
	31 December 2020	30 June 2020
(i) Assets		
Cash and balances with banks	1,472,420	1,748,833
Placements with banks and other financial institutions maturing between 1 and 12 months	5,963,965	2,415,075
Amount due from overseas offices	12,898,777	15,776,324
Trade bills	384,311	265,940
Certificates of deposit held	0	199,992
Securities held for trading purposes	0	230,407
Advances and other accounts (Additional Balance Sheet Information)	28,502,381	28,074,921
Investment securities	25,609,292	21,978,154
Fixed assets	185,715	56,729
Total assets	75,016,861	70,746,375
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	8,506	14,246
Deposits from customers	61,345,208	60,322,765
- Demand deposits and current accounts	1,658,302	1,104,620
- Savings deposits	34,837,991	29,403,588
- Time, call and notice deposits	24,848,915	29,814,557
Amount due to overseas offices	104,136	81,656
Issued debt securities	0	0
Other liabilities	6,277,014	3,247,994
Reserves and current profit	7,281,997	7,079,714
Total liabilities	75,016,861	70,746,375



3. Additional Balance sheet information

HK\$'000

(i) Advances and other accounts	<u>31 December 2020</u>	<u>30 June 2020</u>
Advances to customers	22,952,302	25,472,108
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	5,889,042	3,021,550
Less: Impairment allowance for impaired assets (Note)	338,963	418,737
Advances to customers	337,320	417,267
Trade bills	885	868
Securities and others	758	602
Advances and other accounts after impairment allowance for impaired assets	<u>28,502,381</u>	<u>28,074,921</u>

Note:

Impairment allowance for impaired assets

	<u>31 December 2020</u>		<u>30 June 2020</u>	
	Collective	Individual	Collective	Individual
- Advances to customers	81,333	255,987	73,284	343,983
- Trade bills	885	0	868	0
- Securities and others	758	0	602	0
Total	<u>82,976</u>	<u>255,987</u>	<u>74,754</u>	<u>343,983</u>

(ii) Details of the impaired assets

	<u>31 December 2020</u>		<u>30 June 2020</u>	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	408,483	0	501,749
Individual impairment allowances	0	255,987	0	343,983
- Percentage to total advances to Banks & other FI's /Customers	0.00%	1.78%	0.00%	1.97%
Value of Collateral for impaired loans	0	0	0	126,715

* Impaired loans are loans on which interest is being placed in suspense or on which interest accrual has ceased.

(iii) Overdue and rescheduled loans

	<u>31 December 2020</u>		<u>30 June 2020</u>	
	Banks and other FI's	Customers	Banks and other FI's	Customers
(a) Overdue loans				
Three months or less but over one month	0	9,054	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.04%	0.00%	0.00%
Six months or less but over three months	0	291,592	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	1.27%	0.00%	0.00%
One year or less but over six months	0	0	0	188,116
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.74%
Over one year	0	67,647	0	118,815
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.29%	0.00%	0.47%
Total Overdue loans	0	368,293	0	306,931
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	1.60%	0.00%	1.20%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	49,246	0	60,010
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.21%	0.00%	0.24%
(c) Value of collateral held against overdue loans and advances of those reported in (a)				
- Current market value of collateral held against the covered portion of overdue loans and advances	0	0	0	489
- Covered portion of overdue loans and advances	0	0	0	271
- Uncovered portion of overdue loans and advances	0	368,293	0	306,660
(d) Individual impairment allowance made on overdue loans	0	215,990	0	279,938
(iv) Repossessed assets held	0	0	0	0

**4. Off-balance sheet exposures**

HK\$'000

	31 December 2020	30 June 2020
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	466,193	445,507
Transaction-related contingencies	131,917	53,755
Trade-related contingencies	1,457,033	1,462,314
Forward forward deposits placed	0	4,611,488
Other commitments	19,625,768	19,954,042
Others	0	0
Total of above	<u>21,680,911</u>	<u>26,527,106</u>
Derivatives		
Exchange rate contracts	315,708,694	509,122,578
Interest rate contracts	125,704,716	117,193,529
Others	0	0
Total of above	<u>441,413,410</u>	<u>626,316,107</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	4,680,799	1,705,021
Interest rate contracts	746,914	661,027
Others	0	0
Total of above	<u>5,427,713</u>	<u>2,366,048</u>

For contingent liabilities and commitments, the contract amount represents the amount at risk should the contract be drawn upon and the client defaults. The total of the contract amount is not representative of future liquidity requirements.

For derivatives, the notional amounts indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

In deriving the derivatives' replacement costs, no effect of bilateral netting arrangements has been taken into account.



5. Segmental information

HK\$'000

(i) Advances to customers by industry classification	31 December 2020		30 June 2020	
	Advances to customers	Value of collateral secured	Advances to customers	Value of collateral secured
a) Loans for use in Hong Kong				
Industrial, commercial and financial:				
- Property development	112,446	102,445	55,177	44,938
- Property investment	2,782,663	2,404,353	2,743,081	339,377
- Financial concerns	769,948	197,960	748,269	406,718
- Stockbrokers	81,602	0	105,745	0
- Wholesale and retail trade	1,308,014	855,185	1,085,122	600,578
- Manufacturing	961,659	152,310	717,926	97,645
- Transport and transport equipment	348,845	0	348,768	0
- Recreational activities	0	0	0	0
- Information technology	543,466	0	560,586	0
- Others	639,700	75,242	789,436	125,520
Individual:				
- Loans for the purchase of other residential properties	0	0	0	0
- Others	0	0	0	0
b) Trade finance	3,291,904	595,620	3,702,917	800,346
c) Loans for use outside Hong Kong	12,112,055	2,430,731	14,615,081	2,728,095
Total of above	<u>22,952,302</u>	<u>6,813,846</u>	<u>25,472,108</u>	<u>5,143,217</u>

(ii) Advances to customers by countries or geographical areas

	31 December 2020	30 June 2020
Hong Kong	16,126,055	17,322,966
China	2,826,630	3,524,339
Taiwan	1,926,527	2,789,997
Others	2,073,090	1,834,806
Total of above	<u>22,952,302</u>	<u>25,472,108</u>

(iii) Overdue loans by countries or geographical areas

	31 December 2020	30 June 2020
Hong Kong	362,414	294,968
China	5,879	10,636
Taiwan	0	1,327
Others	0	0
Total of above	<u>368,293</u>	<u>306,931</u>

(iv) Impaired loans by countries or geographical areas

	31 December 2020	30 June 2020
Hong Kong	362,414	322,113
China	5,879	29,236
Taiwan	27,633	136,674
Others	12,557	13,726
Total of above	<u>408,483</u>	<u>501,749</u>

Exposures to an individual country or geographical area is reported if it constitutes 10% or more of the total advances to customers.



5. Segmental information (cont'd)

HK\$'000

(iii) Non-bank Mainland exposures

31 December 2020

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	940,445	0	940,445
2. Local governments, local government-owned entities and their subsidiaries and JVs	502,603	245,576	748,179
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,227,907	688,663	3,916,570
4. Other entities of central government not reported in item 1 above	1,229,954	267,985	1,497,939
5. Other entities of local governments not reported in item 2 above	322,096	8,811	330,907
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,578,993	731,736	7,310,729
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	12,801,998	1,942,771	14,744,769
Total assets after provision	75,016,861		
On-balance sheet exposures as percentage of total assets	17.07%		

30 June 2020

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	1,100,771	0	1,100,771
2. Local governments, local government-owned entities and their subsidiaries and JVs	534,781	177,677	712,458
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,006,553	635,654	3,642,207
4. Other entities of central government not reported in item 1 above	1,698,668	78,917	1,777,585
5. Other entities of local governments not reported in item 2 above	398,471	4,102	402,573
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,139,697	1,442,517	9,582,214
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	14,878,941	2,338,867	17,217,808
Total assets after provision	70,746,375		
On-balance sheet exposures as percentage of total assets	21.03%		



5. Segmental information (cont'd)

HK\$ million

(iv) International claims

	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<i>31 December 2020</i>						
Developed countries	11,073	4,480	631	717	0	16,901
Offshore centres	2,269	1,907	302	11,243	0	15,721
- of which Hong Kong	933	1,907	82	10,903	0	13,825
Developing Asia-Pacific	27,122	501	0	12,474	0	40,097
- of which China	6,037	393	0	9,797	0	16,227
- of which Taiwan	16,663	0	0	1,647	0	18,310
<i>30 June 2020</i>						
Developed countries	7,027	3,681	341	757	0	11,806
Offshore centres	1,834	1,370	391	10,218	0	13,813
- of which Hong Kong	700	1,370	334	10,140	0	12,544
Developing Asia-Pacific	27,658	377	450	15,181	0	43,666
- of which China	5,485	345	450	11,146	0	17,426
- of which Taiwan	18,279	0	0	1,643	0	19,922

Claim on an individual country or geographical area is reported if it constitutes 10% or more of the total international claims.

The above classification has been taken into account of transfer of risk.

6. Currency risk

HK\$ million

	USD	CNY	EUR	JPY	NTD	Total
<i>31 December 2020</i>						
Spot assets	46,359	7,913	3,389	1,110	26	65,043
Spot liabilities	55,540	5,650	1,004	422	26	63,674
Forward purchases	154,901	67,532	670	1,451	5,698	240,675
Forward sales	144,050	71,892	3,052	2,135	5,618	242,385
Net option position	0	0	0	0	0	0
Net long (short) position	1,670	(2,097)	3	4	80	(341)
Net structural position	0	0	0	0	0	0
<i>30 June 2020</i>						
Spot assets	45,995	8,199	3,276	428	96	61,135
Spot liabilities	52,742	4,829	944	485	71	60,393
Forward purchases	254,232	91,952	2,810	3,924	6,907	374,620
Forward sales	246,658	96,310	5,142	3,866	6,807	375,390
Net option position	0	0	0	0	0	0
Net long (short) position	827	(988)	0	1	125	(28)
Net structural position	0	0	0	0	0	0

The "Total" column represents the aggregate positions of all currencies.

The net option position is calculated using the delta equivalent value of the option contracts.

7. Liquidity

Starting from June 2018, an authorized institution that is a category 2 institution must disclose the average Liquidity Maintenance Ratio quarterly under the Banking (Disclosure) Rules Cap 155M Section 103B. The average liquidity maintenance ratio is being calculated based on the arithmetic mean of the average value of liquidity maintenance ratio for each month during the reporting period. The liquidity maintenance ratio is calculated in accordance with the guidelines of the HKMA and the Banking (Liquidity) Rules.

	<i>For the quarter ended 31 December 2020</i>	<i>For the quarter ended 31 December 2019</i>
Average liquidity maintenance ratio for the period	72.15%	68.28%

Liquidity Risk Management

The liquidity maintenance ratio ("LMR") is prepared by Accounting Department on a daily basis and a daily report is submitted to branch management and Treasury Department for monitoring purpose. Treasury Department is performed the liquidity maintenance ratio projection on a daily basis and Market Risk Management Department is performed the liquidity stress test at least quarterly.

Funding and Liquidity Cushion

Treasury is responsible for managing the funding of the branch which include interbank market funding and placement, customer deposits, etc and Head Office support when necessary. The branch is maintained the liquidity cushion by holding high quality marketable securities which consists of Hong Kong Exchange Fund Bills, other sovereign bonds or bills, NCDs and other bonds issued by authorized institution in Hong Kong or other financial institution outside Hong Kong. The investment portfolio combines of 71% fair value through other comprehensive income securities and 29% of amortised cost securities.

Governance

Liquidity risk management of CTBC, Hong Kong Branch ("The Branch") is governed by policies as established by the Board of Directors of the Head Office. The Branch has established an Asset and Liability Committee ("ALCO"), which is responsible for the management of liquidity and funding risk of the Branch, ensuring that it is managed within the approved policies and procedures, risk tolerance and limits, and complies with regulatory requirements. ALCO members comprise senior management from treasury, market and liquidity risk manager and business lines representatives.

The Branch's qualitative liquidity risk tolerance is to maintain a balanced asset and liability structure to ensure that it is capable of sustaining business growth while meeting various obligations under normal and certain stressed scenarios. Internal liquidity reporting is compiled and monitored on a regular basis for various level of the governance.

The Branch maintains diverse funding sources, including customer deposits, interbank money market, repo facilities and funding support from the Head Office. Controls and measures are in place to avoid over-reliance on interbank funding and intra-group funding.

Liquidity stress testing covers general market, institution-specific and combined stress scenarios and the results are reviewed on a quarterly basis at ALCO meeting to identify the Branch's potential vulnerabilities and its capacity to withstand stressed circumstances.

The Branch's contingency funding plan makes use of both qualitative and quantitative early warning indicators on different internal and external factors. Any early signs of significant impact on the Branch's liquidity position will be discussed in ALCO. Testing on the plan is conducted on an annual basis and the plan is also subject to regular review by ALCO.

7. Liquidity (cont'd)

Analysis of On/Off Balance Sheet by remaining maturity

HK\$'000	31 December 2020						
	Total	1 month or less	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 year	Over 5 Year	Undated or overdue
Assets							
Cash and balances with banks	1,472,420	1,472,420	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	5,963,965	0	5,963,965	0	0	0	0
Amount due from overseas offices	12,898,777	12,898,777	0	0	0	0	0
Trade bills	384,311	154,332	214,432	15,547	0	0	0
Certificates of deposit held	0	0	0	0	0	0	0
Securities held for trading purposes	0	0	0	0	0	0	0
Advances and other accounts (Additional Balance Sheet Information)	28,502,381	4,299,944	6,828,017	8,113,720	8,650,984	239,507	370,209
Investment securities	25,609,292	575,581	1,409,595	932,178	18,125,987	4,565,951	0
Fixed assets	185,715	0	0	0	0	0	185,715
Total assets	75,016,861	19,401,054	14,416,009	9,061,445	26,776,971	4,805,458	555,924
Liabilities							
Deposits and balances of banks and other financial institutions	8,506	8,506	0	0	0	0	0
Deposits from customers	61,345,208	44,199,378	6,524,189	10,621,213	428	0	0
Amount due to overseas offices	104,136	96,576	0	0	0	0	7,560
Other liabilities	6,277,014	626,224	2,115,652	2,419,700	660,568	30,461	424,409
Reserves and current profit	7,281,997	0	0	0	0	0	7,281,997
Total liabilities	75,016,861	44,930,684	8,639,841	13,040,913	660,996	30,461	7,713,966
Net Gap	0	(25,529,630)	5,776,168	(3,979,468)	26,115,975	4,774,997	(7,158,042)
Off Balance Sheet Exposures							
Contingent liabilities	2,055,143	548,050	882,366	565,978	58,749	0	0
Irrevocable commitments	2,523,675	2,523,675	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	4,578,818	3,071,725	882,366	565,978	58,749	0	0
31 December 2019							
HK\$'000	Total	1 month or less	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 year	Over 5 Year	Undated or overdue
Assets							
Cash and balances with banks	2,116,212	2,116,212	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	2,957,478	0	2,957,478	0	0	0	0
Amount due from overseas offices	21,938,691	10,530,780	11,184,248	223,663	0	0	0
Trade bills	281,852	38,526	197,036	46,290	0	0	0
Certificates of deposit held	619,074	199,843	0	419,231	0	0	0
Securities held for trading purposes	0	0	0	0	0	0	0
Advances and other accounts (Additional Balance Sheet Information)	26,817,258	6,032,535	5,147,081	6,720,117	8,206,603	361,338	349,584
Investment securities	20,496,873	0	638,583	1,567,015	13,601,356	4,689,919	0
Fixed assets	84,533	0	0	0	0	0	84,533
Total assets	75,311,971	18,917,896	20,124,426	8,976,316	21,807,959	5,051,257	434,117
Liabilities							
Deposits and balances of banks and other financial institutions	608,387	608,387	0	0	0	0	0
Deposits from customers	63,227,719	42,231,190	12,274,711	8,669,513	52,305	0	0
Amount due to overseas offices	1,110,275	1,102,715	0	0	0	0	7,560
Other liabilities	3,802,451	1,348,431	619,325	959,989	168,455	11,924	694,327
Reserves and current profit	6,563,139	0	0	0	0	0	6,563,139
Total liabilities	75,311,971	45,290,723	12,894,036	9,629,502	220,760	11,924	7,265,026
Net Gap	0	(24,586,423)	20,193,163	2,050,486	8,624,426	549,257	(6,830,909)
Off Balance Sheet Exposures							
Contingent liabilities	1,866,259	807,871	593,885	408,174	51,108	5,221	0
Irrevocable commitments	2,344,941	2,344,941	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	4,211,200	3,152,812	593,885	408,174	51,108	5,221	0



8. Remuneration disclosure

In accordance with paragraph 3.1.2 of the HKMA's Supervisory Policy Manual Guideline on a Sound Remuneration System – CG5 issued on March 12, 2015, CTBC Bank has disclosed the relevant information under Part III Corporate Governance of the Chinese version of CTBC Bank Annual Report 2019.

B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy

NTD million

	<u>31 December 2020</u>	<u>30 June 2020</u>
Consolidated capital adequacy ratio	14.61%	13.33%
Aggregate amount of shareholders' fund	312,380	297,427

The capital adequacy ratio is computed in accordance with the Basel Capital Accord under Taiwan MOF regulation. It is calculated as the percentage of net eligible capital divided by risk-weighted assets.

Net eligible capital is the sum of Tier I capital and qualified Tier II and Tier III capital (Total eligible capital) less required capital deductions.

Risk-weighted assets is the sum of credit risk-weighted assets plus the capital requirement for market risk and operational risk multiplied by 12.5.

2. Other financial information

NTD million

	<u>31 December 2020</u>	<u>30 June 2020</u>
Total assets	4,510,256	4,333,707
Total liabilities	4,197,876	4,036,280
Total advances	2,475,938	2,451,734
Total customer deposits	3,749,190	3,488,153
	<i>year ended</i>	<i>year ended</i>
	<u>31 December 2020</u>	<u>31 December 2019</u>
Pre-tax profit / (loss)	32,268	38,459

* Notes for NTD/HKD conversion rates : 3.68 (31-Dec-2020); 3.83 (30-Jun-2020) and 3.87 (31-Dec-2019).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the year ended 31 December 2020. We confirm that the information contained therein complies fully with the relevant requirements for financial disclosure by overseas incorporated authorized institutions as set out in CA-D-1<Guideline on the Application of the Banking (Disclosure) Rules> of Supervisory Policy Manual issued by Hong Kong Monetary Authority and an internal review has been conducted to ensure the information is not false or misleading in any material aspect.

Lin Yung Chien
Chief Executive
CTBC Bank Co., Ltd.
Hong Kong Branch
(incorporated in Taiwan with limited liability)

31 March 2021