

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 2021

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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	<i>year ended</i> <i>31 December 2021</i>	<i>HK\$'000</i> <i>year ended</i> <i>31 December 2020</i>
Interest income	1,085,344	1,404,096
Interest expense	145,660	390,625
Net interest income	<u>939,684</u>	<u>1,013,471</u>
Gains less (losses) arising from dealing in foreign currencies	70,457	110,188
Gains less (losses) on securities held for trading purposes	4,477	18,996
Gains less (losses) from other dealing activities	10,794	(12,369)
Net fees and commission income	102,474	76,280
- gross fees and commission income	135,009	110,180
- less: fee and commission expenses	(32,535)	(33,900)
Other operating income	167,785	165,742
Net operating income	<u>355,987</u>	<u>358,837</u>
Operating expenses	552,414	517,283
- Staff expenses	396,129	339,031
- Rental expenses	78,205	80,712
- Other expenses	78,080	97,540
Operating profit before impairment	<u>743,257</u>	<u>855,025</u>
Charge for impairment allowances on advances to customers (Charge for) / Write back of impairment allowances on other impaired assets	(219,559) (1,613)	(160,435) 13,474
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	<u>522,085</u>	<u>708,064</u>
Taxation charges	88,121	134,025
Profit after taxation	<u><u>433,964</u></u>	<u><u>574,039</u></u>

**2. Balance sheet information**

HK\$'000

	<i>31 December 2021</i>	<i>30 June 2021</i>
(i) Assets		
Cash and balances with banks	649,791	888,366
Placements with banks and other financial institutions maturing between 1 and 12 months	33,854	13,857
Amount due from overseas offices	16,785,474	23,161,598
Trade bills	664,962	377,889
Certificates of deposit held	0	0
Securities held for trading purposes	0	0
Advances and other accounts (Additional Balance Sheet Information)	28,528,650	28,020,796
Investment securities	31,067,983	24,165,385
Fixed assets	120,441	154,493
Total assets	77,851,155	76,782,384
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	405,275	861,999
Deposits from customers	66,819,672	65,614,137
- Demand deposits and current accounts	1,133,810	1,103,568
- Savings deposits	42,101,065	39,360,306
- Time, call and notice deposits	23,584,797	25,150,263
Amount due to overseas offices	161,430	63,147
Issued debt securities	0	0
Other liabilities	2,927,946	2,899,027
Reserves and current profit	7,536,832	7,344,074
Total liabilities	77,851,155	76,782,384

3. Additional Balance sheet information

HK\$'000

(i) Advances and other accounts	<u>31 December 2021</u>	<u>30 June 2021</u>
Advances to customers	25,857,787	25,379,137
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	2,978,804	2,870,085
Less: Impairment allowance for impaired assets (Note)	307,941	228,426
Advances to customers	306,584	227,120
Trade bills	1,020	936
Securities and others	337	370
Advances and other accounts after impairment allowance for impaired assets	<u>28,528,650</u>	<u>28,020,796</u>

Note:

	<u>31 December 2021</u>		<u>30 June 2021</u>	
	Collective	Individual	Collective	Individual
Impairment allowance for impaired assets				
- Advances to customers	82,000	224,584	75,967	151,153
- Trade bills	1,020	0	936	0
- Securities and others	337	0	370	0
Total	<u>83,357</u>	<u>224,584</u>	<u>77,273</u>	<u>151,153</u>

(ii) Details of the impaired assets

	<u>31 December 2021</u>		<u>30 June 2021</u>	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	224,677	0	225,141
Individual impairment allowances	0	224,584	0	151,153
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.87%	0.00%	0.89%
Value of Collateral for impaired loans	0	0	0	0

* 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 2021</u>		<u>30 June 2021</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	0	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.00%
Six months or less but over three months	0	0	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.00%
One year or less but over six months	0	0	0	186,203
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.73%
Over one year	0	186,963	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.72%	0.00%	0.00%
Total Overdue loans	0	186,963	0	186,203
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.72%	0.00%	0.73%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	37,714	0	38,938
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.15%	0.00%	0.15%
(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	0
- Covered portion of overdue loans and advances	0	0	0	0
- Uncovered portion of overdue loans and advances	0	186,963	0	186,203
(d) Individual impairment allowance made on overdue loans	0	186,963	0	112,362

(iv) Repossessed assets held

0	0	0	0
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4. Off-balance sheet exposures	HK\$'000	
	31 December 2021	30 June 2021
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	430,670	448,955
Transaction-related contingencies	536,874	125,509
Trade-related contingencies	1,111,354	1,417,878
Forward forward deposits placed	0	4,860,890
Other commitments	24,105,370	19,108,080
Others	0	0
Total of above	<u>26,184,268</u>	<u>25,961,312</u>
Derivatives		
Exchange rate contracts	252,293,802	353,292,273
Interest rate contracts	183,029,030	135,506,711
Others	35,021	0
Total of above	<u>435,357,853</u>	<u>488,798,984</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	1,770,946	1,710,118
Interest rate contracts	687,240	652,543
Others	140	0
Total of above	<u>2,458,326</u>	<u>2,362,661</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

	31 December 2021		30 June 2021	
	Advances to customers	Value of collateral secured	Advances to customers	Value of collateral secured
(i) Advances to customers by industry classification				
a) Loans for use in Hong Kong				
Industrial, commercial and financial:				
- Property development	17,806	0	35,834	17,750
- Property investment	2,904,116	2,790,494	3,212,275	3,041,111
- Financial concerns	1,295,799	508,113	1,099,825	189,555
- Stockbrokers	48,826	0	12,148	0
- Wholesale and retail trade	1,360,573	1,061,797	1,471,528	1,053,455
- Manufacturing	1,181,447	300,247	986,385	158,873
- Transport and transport equipment	213,873	0	490,437	93,180
- Recreational activities	0	0	0	0
- Information technology	567,814	0	691,528	0
- Others	1,378,266	740,175	1,028,241	137,578
Individual:				
- Loans for the purchase of other residential properties	0	0	0	0
- Others	47,033	0	0	0
b) Trade finance	4,329,086	665,895	4,316,735	731,237
c) Loans for use outside Hong Kong	12,513,148	2,412,239	12,034,201	2,478,330
Total of above	<u>25,857,787</u>	<u>8,478,960</u>	<u>25,379,137</u>	<u>7,901,069</u>
(ii) Advances to customers by countries or geographical areas				
	<u>31 December 2021</u>		<u>30 June 2021</u>	
Hong Kong	16,900,374		17,228,947	
China	3,021,320		3,372,147	
Taiwan	4,862,312		3,510,112	
Others	1,073,781		1,267,931	
Total of above	<u>25,857,787</u>		<u>25,379,137</u>	
(iii) Overdue loans by countries or geographical areas				
	<u>31 December 2021</u>		<u>30 June 2021</u>	
Hong Kong	186,963		186,203	
China	0		0	
Taiwan	0		0	
Others	0		0	
Total of above	<u>186,963</u>		<u>186,203</u>	
(iv) Impaired loans by countries or geographical areas				
	<u>31 December 2021</u>		<u>30 June 2021</u>	
Hong Kong	186,963		186,203	
China	0		0	
Taiwan	27,735		27,680	
Others	9,979		11,258	
Total of above	<u>224,677</u>		<u>225,141</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 2021

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	642,710	9,434	652,144
2. Local governments, local government-owned entities and their subsidiaries and JVs	396,665	73,035	469,700
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,552,717	1,024,043	3,576,760
4. Other entities of central government not reported in item 1 above	1,513,103	366,645	1,879,748
5. Other entities of local governments not reported in item 2 above	144,955	1,972	146,927
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,464,663	533,656	5,998,319
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7,804	116,951	124,755
Total	10,722,617	2,125,736	12,848,353
Total assets after provision	77,851,155		
On-balance sheet exposures as percentage of total assets	13.77%		

30 June 2021

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	893,366	0	893,366
2. Local governments, local government-owned entities and their subsidiaries and JVs	473,796	104,959	578,755
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,502,049	789,765	4,291,814
4. Other entities of central government not reported in item 1 above	2,041,849	228,384	2,270,233
5. Other entities of local governments not reported in item 2 above	279,090	0	279,090
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,500,551	805,124	7,305,675
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	13,690,701	1,928,232	15,618,933
Total assets after provision	76,782,384		
On-balance sheet exposures as percentage of total assets	17.83%		



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 2021</i>						
Developed countries	6,752	8,708	224	352	0	16,036
Offshore centres	1,421	2,876	214	13,355	0	17,866
- of which Hong Kong	383	2,876	4	13,236	0	16,499
Developing Asia-Pacific	25,117	539	234	12,910	0	38,800
- of which China	5,815	448	234	8,933	0	15,430
- of which Taiwan	17,119	0	0	2,998	0	20,117
<i>30 June 2021</i>						
Developed countries	6,711	4,462	166	536	0	11,875
Offshore centres	1,499	1,594	229	12,112	0	15,434
- of which Hong Kong	391	1,594	12	11,924	0	13,921
Developing Asia-Pacific	30,843	294	77	14,042	0	45,256
- of which China	5,018	203	77	11,193	0	16,491
- of which Taiwan	23,474	0	0	1,814	0	25,288

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 2021</i>						
Spot assets	48,201	9,915	3,108	407	13	67,269
Spot liabilities	(55,006)	(8,579)	(878)	(444)	(13)	(65,934)
Forward purchases	125,501	77,750	696	261	7,521	213,746
Forward sales	(118,087)	(79,345)	(2,927)	(224)	(7,646)	(214,855)
Net option position	0	0	0	0	0	0
Net long (short) position	609	(259)	(1)	0	(125)	226
Net structural position	0	0	0	0	0	0
<i>30 June 2021</i>						
Spot assets	51,945	8,641	1,425	275	20	67,133
Spot liabilities	(57,814)	(6,413)	(765)	(461)	(20)	(66,219)
Forward purchases	173,603	96,169	1,538	798	7,911	285,424
Forward sales	(165,549)	(100,566)	(2,199)	(613)	(7,930)	(286,341)
Net option position	0	0	0	0	0	0
Net long (short) position	2,185	(2,169)	(1)	(1)	(19)	(3)
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 2021</i>	<i>For the quarter ended 31 December 2020</i>
Average liquidity maintenance ratio for the period	71.15%	72.15%

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 53% fair value through other comprehensive income securities and 47% 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 2021						
	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	649,791	649,791	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	33,854	0	33,854	0	0	0	0
Amount due from overseas offices	16,785,474	16,785,474	0	0	0	0	0
Trade bills	664,962	241,744	351,249	71,969	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)	28,528,650	5,534,535	6,111,214	7,417,939	8,968,621	192,350	303,991
Investment securities	31,067,983	2,557,622	2,775,065	2,995,810	15,366,726	7,372,760	0
Fixed assets	120,441	0	0	0	0	0	120,441
Total assets	77,851,155	25,769,166	9,271,382	10,485,718	24,335,347	7,565,110	424,432
Liabilities							
Deposits and balances of banks and other financial institutions	405,275	405,275	0	0	0	0	0
Deposits from customers	66,819,672	50,096,099	8,686,656	8,032,732	4,185	0	0
Amount due to overseas offices	161,430	153,870	0	0	0	0	7,560
Other liabilities	2,927,946	461,019	515,882	958,572	441,524	15,325	535,624
Reserves and current profit	7,536,832	0	0	0	0	0	7,536,832
Total liabilities	77,851,155	51,116,263	9,202,538	8,991,304	445,709	15,325	8,080,016
Net Gap	0	(25,347,097)	68,844	1,494,414	23,889,638	7,549,785	(7,655,584)
Off Balance Sheet Exposures							
Contingent liabilities	2,078,898	493,522	626,005	802,256	156,424	691	0
Irrevocable commitments	3,379,857	3,379,857	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	5,458,755	3,873,379	626,005	802,256	156,424	691	0

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



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 2021.

B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy

NTD million

	<u>31 December 2021</u>	<u>30 June 2021</u>
Consolidated capital adequacy ratio	14.63%	14.51%
Aggregate amount of shareholders' fund	338,967	303,837

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 2021</u>	<u>30 June 2021</u>
Total assets	4,878,152	4,548,667
Total liabilities	4,539,185	4,244,830
Total advances	2,737,051	2,598,222
Total customer deposits	4,110,680	3,835,513
	<i>year ended</i>	<i>year ended</i>
	<u>31 December 2021</u>	<u>31 December 2020</u>
Pre-tax profit / (loss)	34,973	32,268

* Notes for NTD/HKD conversion rates : 3.55 (31-Dec-2021); 3.59 (30-Jun-2021) and 3.68 (31-Dec-2020).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the year ended 31 December 2021. 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.

Yuen Chi Hung
Alternate Chief Executive
CTBC Bank Co., Ltd.
Hong Kong Branch
(incorporated in Taiwan with limited liability)

6 April 2022