

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 2022

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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	<i>year ended</i> <u>31 December 2022</u>	<i>year ended</i> <u>31 December 2021</u>
	HK\$'000	
Interest income	2,026,827	1,085,344
Interest expense	576,383	145,660
Net interest income	<u>1,450,444</u>	<u>939,684</u>
Gains less (losses) arising from dealing in foreign currencies	314,574	70,457
Gains less (losses) on securities held for trading purposes	1,749	4,477
Gains less (losses) from other dealing activities	(35,872)	10,794
Net fees and commission income	129,862	102,474
- gross fees and commission income	159,520	135,009
- less: fee and commission expenses	(29,658)	(32,535)
Other operating income	7,769	167,785
Net operating income	<u>418,082</u>	<u>355,987</u>
Operating expenses	510,436	552,414
- Staff expenses	367,543	396,129
- Rental expenses	76,979	78,205
- Other expenses	65,914	78,080
Operating profit before impairment	<u>1,358,090</u>	<u>743,257</u>
Charge for impairment allowances on advances to customers	(78,789)	(219,559)
Charge for of impairment allowances on other impaired assets	(3,456)	(1,613)
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	<u>1,275,845</u>	<u>522,085</u>
Taxation charges	174,207	88,121
Profit after taxation	<u><u>1,101,638</u></u>	<u><u>433,964</u></u>



2. Balance sheet information

HK\$'000

	<u>31 December 2022</u>	<u>30 June 2022</u>
(i) Assets		
Cash and balances with banks	3,585,134	1,227,539
Placements with banks and other financial institutions maturing between 1 and 12 months	4,648,930	10,499,897
Amount due from overseas offices	18,061,428	7,826,788
Trade bills	750,306	613,980
Certificates of deposit held	222,808	0
Securities held for trading purposes	0	0
Advances and other accounts (Additional Balance Sheet Information)	30,901,261	31,147,998
Investment securities	35,438,886	26,224,991
Fixed assets	80,760	115,151
Total assets	<u>93,689,513</u>	<u>77,656,344</u>
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	1,406,661	704,261
Deposits from customers	78,903,597	64,502,631
- Demand deposits and current accounts	1,180,549	1,214,569
- Savings deposits	33,391,084	35,213,747
- Time, call and notice deposits	44,331,964	28,074,315
Amount due to overseas offices	181,873	1,513,620
Issued debt securities	0	0
Other liabilities	4,855,570	3,261,896
Reserves and current profit	8,341,812	7,673,936
Total liabilities	<u>93,689,513</u>	<u>77,656,344</u>

**3. Additional Balance sheet information**

HK\$'000

	31 December 2022	30 June 2022
(i) Advances and other accounts		
Advances to customers	26,651,738	28,249,862
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	4,456,835	3,031,817
Less: Impairment allowance for impaired assets (Note)	207,312	133,681
Advances to customers	202,925	130,499
Trade bills	3,083	1,561
Securities and others	1,304	1,621
Advances and other accounts after impairment allowance for impaired assets	<u>30,901,261</u>	<u>31,147,998</u>

Note:

	31 December 2022		30 June 2022	
	Collective	Individual	Collective	Individual
Impairment allowance for impaired assets				
- Advances to customers	122,831	80,094	89,900	40,599
- Trade bills	3,083	0	1,561	0
- Securities and others	1,304	0	1,621	0
Total	<u>127,218</u>	<u>80,094</u>	<u>93,082</u>	<u>40,599</u>

(ii) Details of the impaired assets

	31 December 2022		30 June 2022	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	100,413	0	61,457
Individual impairment allowances	0	80,094	0	40,599
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.38%	0.00%	0.22%
Value of Collateral for impaired loans	0	8,698	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

	31 December 2022		30 June 2022	
	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	20,838
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.07%
Six months or less but over three months	0	48,299	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.18%	0.00%	0.00%
One year or less but over six months	0	24,468	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.09%	0.00%	0.00%
Over one year	0	0	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.00%
Total Overdue loans	0	72,767	0	20,838
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.27%	0.00%	0.07%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	58,523	0	27,910
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.22%	0.00%	0.10%
(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	8,551	0	0
- Covered portion of overdue loans and advances	0	8,551	0	0
- Uncovered portion of overdue loans and advances	0	64,216	0	20,838
(d) Individual impairment allowance made on overdue loans	0	52,447	0	7,931
(iv) Repossessed assets held	0	0	0	0



4. Off-balance sheet exposures	HK\$'000	
	<u>31 December 2022</u>	<u>30 June 2022</u>
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	764,644	424,484
Transaction-related contingencies	451,306	510,682
Trade-related contingencies	798,574	1,370,363
Forward forward deposits placed	0	0
Other commitments	24,866,714	23,139,010
Others	0	0
Total of above	<u>26,881,238</u>	<u>25,444,539</u>
Derivatives		
Exchange rate contracts	420,620,584	534,444,157
Interest rate contracts	120,471,187	164,400,964
Others	0	13,230
Total of above	<u>541,091,771</u>	<u>698,858,351</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	2,992,541	1,811,034
Interest rate contracts	938,264	700,896
Others	0	61
Total of above	<u>3,930,805</u>	<u>2,511,991</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

	<u>31 December 2022</u>		<u>30 June 2022</u>	
	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	17,169	0	18,840	0
- Property investment	3,692,630	3,453,116	2,949,688	2,702,911
- Financial concerns	1,609,634	602,094	1,470,975	330,692
- Stockbrokers	18,877	0	37,911	0
- Wholesale and retail trade	1,082,362	783,475	1,156,349	871,638
- Manufacturing	911,564	470,822	1,478,295	556,422
- Transport and transport equipment	729,076	615,693	728,986	607,259
- Recreational activities	0	0	0	0
- Information technology	463,269	0	571,737	0
- Others	2,534,091	923,950	1,736,631	844,497
Individual:				
- Loans for the purchase of other residential properties	0	0	0	0
- Others	15,599	0	23,378	0
b) Trade finance	2,207,762	688,641	4,098,006	798,218
c) Loans for use outside Hong Kong	13,369,705	2,887,092	13,979,066	2,717,938
Total of above	<u>26,651,738</u>	<u>10,424,883</u>	<u>28,249,862</u>	<u>9,429,575</u>
(ii) Advances to customers by countries or geographical areas				
	<u>31 December 2022</u>		<u>30 June 2022</u>	
Hong Kong	18,204,841		18,486,015	
China	3,731,564		3,968,262	
Taiwan	3,585,556		4,803,481	
Others	1,129,777		992,104	
Total of above	<u>26,651,738</u>		<u>28,249,862</u>	
(iii) Overdue loans by countries or geographical areas				
	<u>31 December 2022</u>		<u>30 June 2022</u>	
Hong Kong	72,767		20,838	
China	0		0	
Taiwan	0		0	
Others	0		0	
Total of above	<u>72,767</u>		<u>20,838</u>	
(iv) Impaired loans by countries or geographical areas				
	<u>31 December 2022</u>		<u>30 June 2022</u>	
Hong Kong	72,767		33,547	
China	0		0	
Taiwan	27,646		27,910	
Others	0		0	
Total of above	<u>100,413</u>		<u>61,457</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 2022

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	1,625,403	0	1,625,403
2. Local governments, local government-owned entities and their subsidiaries and JVs	263,441	39,314	302,755
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,928,480	1,202,487	5,130,967
4. Other entities of central government not reported in item 1 above	2,266,737	285,658	2,552,395
5. Other entities of local governments not reported in item 2 above	376,394	0	376,394
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,756,234	298,402	6,054,636
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	307,098	307,098
Total	14,216,689	2,132,959	16,349,648
Total assets after provision	93,689,513		
On-balance sheet exposures as percentage of total assets	15.17%		

30 June 2022

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	613,748	17,427	631,175
2. Local governments, local government-owned entities and their subsidiaries and JVs	360,724	241,759	602,483
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,030,674	1,007,459	4,038,133
4. Other entities of central government not reported in item 1 above	1,882,742	598,387	2,481,129
5. Other entities of local governments not reported in item 2 above	127,166	78,000	205,166
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,773,867	729,469	7,503,336
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	132,202	132,202
Total	12,788,921	2,804,703	15,593,624
Total assets after provision	77,656,344		
On-balance sheet exposures as percentage of total assets	16.47%		



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 2022</i>						
Developed countries	8,237	13,667	71	309	0	22,284
- of which United States	291	12,051	0	87	0	12,429
Offshore centres	1,878	474	402	6,151	0	8,905
Developing Asia-Pacific	28,737	1,343	0	11,161	0	41,241
- of which China	4,091	1,287	0	8,709	0	14,087
- of which Taiwan	20,634	0	0	1,745	0	22,379
<i>30 June 2022</i>						
Developed countries	7,960	7,030	188	349	0	15,527
- of which United States	615	6,639	144	157	0	7,555
Offshore centres	1,820	2,639	320	14,437	0	19,216
Developing Asia-Pacific	23,552	199	236	14,189	0	38,176
- of which China	5,512	143	236	10,336	0	16,227
- of which Taiwan	14,146	0	0	2,964	0	17,110

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 2022</i>						
Spot assets	62,775	7,028	2,030	925	11	80,908
Spot liabilities	(70,807)	(7,032)	(1,054)	(575)	(11)	(80,266)
Forward purchases	209,620	101,608	553	378	5,916	322,568
Forward sales	(202,737)	(101,206)	(1,530)	(727)	(6,109)	(324,176)
Net option position	0	0	0	0	0	0
Net long (short) position	(1,149)	398	(1)	1	(193)	(966)
Net structural position	0	0	0	0	0	0
<i>30 June 2022</i>						
Spot assets	49,759	6,962	1,437	148	14	66,364
Spot liabilities	(57,099)	(5,440)	(1,009)	(454)	(14)	(64,843)
Forward purchases	269,840	75,681	264	4,393	9,946	360,929
Forward sales	(261,440)	(79,269)	(692)	(4,087)	(9,849)	(363,386)
Net option position	0	0	0	0	0	0
Net long (short) position	1,060	(2,066)	0	0	97	(936)
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 2022</i>	<i>For the quarter ended 31 December 2021</i>
Average liquidity maintenance ratio for the period	72.49%	71.15%

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 30% fair value through other comprehensive income securities and 70% 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 2022						
	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	3,585,134	3,585,134	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	4,648,930	0	4,648,930	0	0	0	0
Amount due from overseas offices	18,061,428	17,479,472	0	581,956	0	0	0
Trade bills	750,306	138,762	417,758	193,786	0	0	0
Certificates of deposit held	222,808	0	222,808	0	0	0	0
Securities held for trading purposes	0	0	0	0	0	0	0
Advances and other accounts (Additional Balance Sheet Information)	30,901,261	5,401,090	5,342,241	7,377,892	12,182,776	505,631	91,631
Investment securities	35,438,886	1,713,889	2,207,456	4,393,678	20,893,317	6,230,546	0
Fixed assets	80,760	0	0	0	0	0	80,760
Total assets	93,689,513	28,318,347	12,839,193	12,547,312	33,076,093	6,736,177	172,391
Liabilities							
Deposits and balances of banks and other financial institutions	1,406,661	1,406,661	0	0	0	0	0
Deposits from customers	78,903,597	49,604,610	15,149,582	13,904,880	244,525	0	0
Amount due to overseas offices	181,873	174,313	0	0	0	0	7,560
Other liabilities	4,855,570	727,707	856,333	1,885,551	670,537	90,687	624,755
Reserves and current profit	8,341,812	0	0	0	0	0	8,341,812
Total liabilities	93,689,513	51,913,291	16,005,915	15,790,431	915,062	90,687	8,974,127
Net Gap	0	(23,594,944)	(3,166,722)	(3,243,119)	32,161,031	6,645,490	(8,801,736)
Off Balance Sheet Exposures							
Contingent liabilities	2,014,524	324,751	421,378	1,143,971	124,424	0	0
Irrevocable commitments	2,872,309	2,872,309	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	4,886,833	3,197,060	421,378	1,143,971	124,424	0	0

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



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 2022.

B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy

NTD million

	<u>31 December 2022</u>	<u>30 June 2022</u>
Consolidated capital adequacy ratio	14.06%	14.28%
Aggregate amount of shareholders' fund	361,008	337,274

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 2022</u>	<u>30 June 2022</u>
Total assets	5,537,173	5,111,513
Total liabilities	5,176,165	4,774,239
Total advances	3,210,623	2,866,868
Total customer deposits	4,612,471	4,262,776
	<i>year ended</i>	<i>year ended</i>
Pre-tax profit / (loss)	<u>31 December 2022</u> 47,438	<u>31 December 2021</u> 34,973

* Notes for NTD/HKD conversion rates : 3.94 (31-Dec-2022); 3.79 (30-Jun-2022) and 3.55 (31-Dec-2021).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the year ended 31 December 2022. 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 is not false or misleading in any material aspect.

HSU CHIA YUN
Chief Executive
CTBC Bank Co., Ltd.
Hong Kong Branch
(incorporated in Taiwan with limited liability)

25 April 2023