

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 2023



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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	<i>year ended</i> <i>31 December 2023</i>	<i>year ended</i> <i>31 December 2022</i>
		HK\$'000
Interest income	4,340,978	2,026,827
Interest expense	2,590,905	576,383
Net interest income	1,750,073	1,450,444
Gains less (losses) arising from dealing in foreign currencies	410,882	314,574
Gains less (losses) on securities held for trading purposes	4,529	1,749
Gains less (losses) from other dealing activities	(7,088)	(35,872)
Net fees and commission income	97,845	129,862
- gross fees and commission income	133,689	159,520
- less: fee and commission expenses	(35,844)	(29,658)
Other operating income	150,003	7,769
Net operating income	656,171	418,082
Operating expenses	583,870	510,436
- Staff expenses	436,673	367,543
- Rental expenses	64,730	76,979
- Other expenses	82,467	65,914
Operating profit before impairment	1,822,374	1,358,090
Write back of / (Charge for) impairment allowances on advances to customers	18,969	(78,789)
Write back of / (Charge for) impairment allowances on other impaired assets	214	(3,456)
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	1,841,557	1,275,845
Taxation charges	311,312	174,207
Profit after taxation	1,530,245	1,101,638



2. Balance sheet information

	HK\$'000	
	<u>31 December 2023</u>	<u>30 June 2023</u>
(i) Assets		
Cash and balances with banks	2,207,844	1,005,598
Placements with banks and other financial institutions maturing between 1 and 12 months	10,220,509	9,718,332
Amount due from overseas offices	21,107,061	20,080,858
Trade bills	196,978	479,963
Certificates of deposit held	2,411,668	0
Securities held for trading purposes	1,444,162	0
Advances and other accounts (Additional Balance Sheet Information)	27,775,973	30,799,799
Investment securities	37,909,736	36,623,506
Fixed assets	162,832	48,556
Total assets	<u>103,436,763</u>	<u>98,756,612</u>
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	193,228	556,466
Deposits from customers	87,667,342	80,472,737
- Demand deposits and current accounts	1,061,853	1,010,924
- Savings deposits	23,921,626	25,930,056
- Time, call and notice deposits	62,683,863	53,531,757
Amount due to overseas offices	213,930	814,951
Issued debt securities	0	0
Other liabilities	5,439,173	7,815,969
Reserves and current profit	9,923,090	9,096,489
Total liabilities	<u>103,436,763</u>	<u>98,756,612</u>

3. Additional Balance sheet information

HK\$'000

(i) Advances and other accounts	<u>31 December 2023</u>	<u>30 June 2023</u>
Advances to customers	23,697,306	23,978,813
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	4,241,725	6,950,219
Less: Impairment allowance for impaired assets (Note)	163,058	129,233
Advances to customers	159,455	125,788
Trade bills	402	1,910
Securities and others	3,201	1,535
Advances and other accounts after impairment allowance for impaired assets	27,775,973	30,799,799

Note:

	<u>31 December 2023</u>		<u>30 June 2023</u>	
	Collective	Individual	Collective	Individual
Impairment allowance for impaired assets				
- Advances to customers	72,622	86,833	106,748	19,040
- Trade bills	402	0	1,910	0
- Securities and others	3,201	0	1,535	0
Total	76,225	86,833	110,193	19,040

(ii) Details of the impaired assets

	<u>31 December 2023</u>		<u>30 June 2023</u>	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	124,752	0	45,628
Individual impairment allowances	0	86,833	0	19,040
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.53%	0.00%	0.19%
Value of Collateral for impaired loans	0	39,876	0	36,805

* 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 2023</u>		<u>30 June 2023</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	18,174	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.08%	0.00%	0.00%
Six months or less but over three months	0	69,593	0	3,894
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.29%	0.00%	0.02%
One year or less but over six months	0	4,081	0	33,293
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.02%	0.00%	0.14%
Over one year	0	24,485	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.10%	0.00%	0.00%
Total Overdue loans	0	116,333	0	37,187
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.49%	0.00%	0.16%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	8,419	0	8,441
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.04%	0.00%	0.04%
(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	39,876	0	40,500
- Covered portion of overdue loans and advances	0	39,876	0	36,805
- Uncovered portion of overdue loans and advances	0	76,457	0	382
(d) Individual impairment allowance made on overdue loans	0	78,415	0	10,599

(iv) Repossessed assets held

0	0	0	0
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4. Off-balance sheet exposures	HK\$'000	
	<i>31 December 2023</i>	<i>30 June 2023</i>
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	890,350	697,617
Transaction-related contingencies	472,833	476,220
Trade-related contingencies	1,090,256	1,340,568
Forward forward deposits placed	0	0
Other commitments	24,454,939	27,916,179
Others	0	0
Total of above	<u>26,908,378</u>	<u>30,430,584</u>
Derivatives		
Exchange rate contracts	408,730,474	519,877,569
Interest rate contracts	89,121,190	92,857,932
Others	0	64,280
Total of above	<u>497,851,664</u>	<u>612,799,781</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	2,588,074	5,096,883
Interest rate contracts	886,792	1,253,328
Others	0	131
Total of above	<u>3,474,866</u>	<u>6,350,342</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 2023</u>		<u>30 June 2023</u>	
	customers	secured	customers	secured
(i) Advances to customers by industry classification				
a) Loans for use in Hong Kong				
Industrial, commercial and financial:				
- Property development	10,000	0	16,518	0
- Property investment	4,293,040	4,042,523	3,887,297	3,488,461
- Financial concerns	683,121	331,896	1,483,610	604,600
- Stockbrokers	56,271	0	93,838	0
- Wholesale and retail trade	1,111,622	813,634	884,668	736,762
- Manufacturing	1,171,164	360,317	966,449	399,670
- Transport and transport equipment	633,246	433,246	601,067	484,819
- Recreational activities	0	0	0	0
- Information technology	463,268	0	463,269	0
- Others	2,298,150	1,269,122	1,904,514	817,294
Individual:				
- Loans for the purchase of other residential properties	0	0	0	0
- Others	155,440	0	32,812	0
b) Trade finance	2,021,763	489,947	2,165,303	596,647
c) Loans for use outside Hong Kong	10,800,221	2,623,834	11,479,468	2,664,173
Total of above	<u>23,697,306</u>	<u>10,364,519</u>	<u>23,978,813</u>	<u>9,792,426</u>

(ii) Advances to customers by countries or geographical areas

	<u>31 December 2023</u>	<u>30 June 2023</u>
Hong Kong	17,552,177	16,622,085
China	2,736,037	3,210,244
Taiwan	2,141,358	2,894,762
Others	1,267,734	1,251,722
Total of above	<u>23,697,306</u>	<u>23,978,813</u>

(iii) Overdue loans by countries or geographical areas

	<u>31 December 2023</u>	<u>30 June 2023</u>
Hong Kong	98,159	37,187
China	18,174	0
Taiwan	0	0
Others	0	0
Total of above	<u>116,333</u>	<u>37,187</u>

(iv) Impaired loans by countries or geographical areas

	<u>31 December 2023</u>	<u>30 June 2023</u>
Hong Kong	98,160	37,187
China	18,174	0
Taiwan	8,418	8,441
Others	0	0
Total of above	<u>124,752</u>	<u>45,628</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 2023

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	742,002	0	742,002
2. Local governments, local government-owned entities and their subsidiaries and JVs	267,534	52,029	319,563
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,296,132	1,038,734	4,334,866
4. Other entities of central government not reported in item 1 above	2,221,050	295,474	2,516,524
5. Other entities of local governments not reported in item 2 above	275,419	0	275,419
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,230,023	523,965	4,753,988
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	296,249	296,249
Total	11,032,160	2,206,451	13,238,611

Total assets after provision

103,436,763

On-balance sheet exposures as percentage of total assets

10.67%

30 June 2023

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	594,381	0	594,381
2. Local governments, local government-owned entities and their subsidiaries and JVs	343,349	143,982	487,331
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,384,647	1,194,198	4,578,845
4. Other entities of central government not reported in item 1 above	2,153,724	296,701	2,450,425
5. Other entities of local governments not reported in item 2 above	313,800	0	313,800
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,760,879	559,636	5,320,515
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	300,087	300,087
Total	11,550,780	2,494,604	14,045,384

Total assets after provision

98,756,612

On-balance sheet exposures as percentage of total assets

11.70%



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		
<u>31 December 2023</u>						
Developed countries	9,185	16,591	0	245	0	26,021
- of which United States	199	14,438	0	162	0	14,799
Offshore centres	2,354	659	342	5,973	0	9,328
Developing Asia-Pacific	37,098	671	0	8,336	0	46,105
- of which China	6,420	615	0	6,892	0	13,927
- of which Taiwan	26,564	0	0	432	0	26,996
<u>30 June 2023</u>						
Developed countries	8,375	16,032	0	342	0	24,749
- of which United States	378	14,190	0	88	0	14,656
Offshore centres	2,358	801	441	5,475	0	9,075
Developing Asia-Pacific	31,493	249	0	9,354	0	41,096
- of which China	3,319	193	0	7,331	0	10,843
- of which Taiwan	24,105	0	0	1,398	0	25,503

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
<u>31 December 2023</u>						
Spot assets	67,732	8,907	1,562	1,810	6	89,627
Spot liabilities	(80,835)	(5,119)	(975)	(606)	(6)	(88,408)
Forward purchases	203,465	111,827	713	4,692	8,778	333,933
Forward sales	(190,463)	(116,528)	(1,301)	(5,894)	(8,822)	(336,211)
Net option position	0	0	0	0	0	0
Net long (short) position	(101)	(913)	(1)	2	(44)	(1,059)
Net structural position	0	0	0	0	0	0
<u>30 June 2023</u>						
Spot assets	67,603	4,754	1,791	1,398	10	86,429
Spot liabilities	(77,553)	(4,764)	(1,007)	(514)	(10)	(84,620)
Forward purchases	259,512	106,956	1,070	18,579	8,612	402,232
Forward sales	(249,386)	(107,685)	(1,856)	(19,462)	(8,720)	(404,750)
Net option position	0	0	0	0	0	0
Net long (short) position	176	(739)	(2)	1	(108)	(709)
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 2023</i>	<i>For the quarter ended 31 December 2022</i>
Average liquidity maintenance ratio for the period	103.60%	72.49%

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 26% fair value through other comprehensive income securities and 74% 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 2023						
	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	2,207,844	2,207,844	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	10,220,509	0	9,751,729	468,780	0	0	0
Amount due from overseas offices	21,107,061	19,840,808	0	1,266,253	0	0	0
Trade bills	196,978	137,391	58,786	801	0	0	0
Certificates of deposit held	2,411,668	0	0	2,411,668	0	0	0
Securities held for trading purposes	1,444,162	0	0	1,444,162	0	0	0
Advances and other accounts (Additional Balance Sheet Information)	27,775,973	5,379,769	4,621,073	7,172,852	9,738,834	534,041	329,404
Investment securities	37,909,736	1,792,153	425,308	3,723,047	25,292,593	6,676,635	0
Fixed assets	162,832	0	0	0	0	0	162,832
Total assets	103,436,763	29,357,965	14,856,896	16,487,563	35,031,427	7,210,676	492,236
Liabilities							
Deposits and balances of banks and other financial institutions	193,228	193,228	0	0	0	0	0
Deposits from customers	87,667,342	48,843,863	19,893,871	18,924,649	4,959	0	0
Amount due to overseas offices	213,930	206,370	0	0	0	0	7,560
Other liabilities	5,439,173	1,524,153	1,284,419	1,212,250	664,924	93,506	659,921
Reserves and current profit	9,923,090	0	0	0	0	0	9,923,090
Total liabilities	103,436,763	50,767,614	21,178,290	20,136,899	669,883	93,506	10,590,571
Net Gap	0	(21,409,649)	(6,321,394)	(3,649,336)	34,361,544	7,117,170	(10,098,335)
Off Balance Sheet Exposures							
Contingent liabilities	2,453,439	546,157	617,104	1,086,142	204,036	0	0
Irrevocable commitments	2,621,209	2,621,209	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	5,074,648	3,167,366	617,104	1,086,142	204,036	0	0

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



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 2023.

B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy

NTD million

	<u>31 December 2023</u>	<u>30 June 2023</u>
Consolidated capital adequacy ratio	13.48%	13.31%
Aggregate amount of shareholders' fund	381,312	358,703

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 2023</u>	<u>30 June 2023</u>
Total assets	6,046,297	5,740,224
Total liabilities	5,664,984	5,381,521
Total advances	3,456,021	3,270,997
Total customer deposits	4,998,381	4,725,642
	<i>year ended</i>	<i>year ended</i>
Pre-tax profit / (loss)	<u>31 December 2023</u> 53,025	<u>31 December 2022</u> 47,438

* Notes for NTD/HKD conversion rates : 3.93 (31-Dec-2023); 3.97 (30-Jun-2023) and 3.94 (31-Dec-2022).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the year ended 31 December 2023. 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 2024