

中國信託銀行



CTBC BANK

CTBC Bank Co., Ltd.

Hong Kong Branch

Key Financial Information Disclosure Statements

30 June 2017



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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	<i>6 months ended 30 June 2017</i>	<i>6 months ended 30 June 2016</i>
		HK\$'000
Interest income	633,631	521,173
Interest expense	203,069	203,108
Net interest income	430,562	318,065
Other operating income		
- Gains less (losses) arising from dealing in foreign currencies	104,170	166,891
- Gains less (losses) on securities held for trading purposes	(4,957)	51,062
- Gains less (losses) from other dealing activities	(387)	(4,257)
- Net fees and commission income	79,433	84,862
- gross fees and commission income	91,596	96,944
- less: fee and commission expenses	(12,163)	(12,082)
- Others	58,289	46,032
Operating expenses	295,871	290,332
- Staff expenses	165,364	148,612
- Rental expenses	29,355	37,185
- Other expenses	101,152	104,535
Impairment losses and impairment allowances for impaired assets	39,779	69,299
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	331,460	303,024
Taxation charges	57,854	42,544
Profit after taxation	273,606	260,480



2. Balance sheet information

HK\$'000

	<u>30 June 2017</u>	<u>31 December 2016</u>
(i) Assets		
Cash and balances with banks	8,991,783	6,533,702
Placements with banks and other financial institutions maturing between 1 and 12 months	3,077,736	672,766
Amount due from overseas offices	12,574,163	18,254,299
Trade bills	680,211	1,102,962
Advances and other accounts (Additional Balance Sheet Information)	24,266,704	23,438,605
Available-for-sale securities	2,096,103	2,809,913
Held-to-maturity securities	7,995,885	7,415,778
Tangible fixed assets	20,367	23,588
Total assets	<u>59,702,952</u>	<u>60,251,613</u>
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	37,694	84,634
Deposits from customers	53,114,861	52,002,607
- Demand deposits and current accounts	1,439,376	1,378,651
- Savings deposits	28,312,034	27,358,178
- Time, call and notice deposits	23,363,451	23,265,778
Amount due to overseas offices	132,918	459,908
Issued debt securities	0	0
Other accounts and provisions	2,358,454	3,934,246
Reserves and current profit	4,059,025	3,770,218
Total liabilities	<u>59,702,952</u>	<u>60,251,613</u>



3. Additional Balance sheet information

HK\$'000

(i) Advances and other accounts	30 June 2017	31 December 2016
Advances to customers	22,332,600	20,089,187
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	2,263,864	3,696,139
Less: Impairment allowance for impaired assets (Note)	329,760	346,721
Advances to customers	322,958	335,691
Advances to banks and other financial institutions	0	0
Trade bills	6,802	11,030
Investment securities	0	0
Advances and other accounts after impairment allowance for impaired assets	<u>24,266,704</u>	<u>23,438,605</u>

Note:

	30 June 2017		31 December 2016	
	Trade bills	Customers	Trade bills	Customers
Impairment allowance for impaired assets -				
- Collective	6,802	221,377	11,030	197,391
- Individual	0	101,581	0	138,300
Total	<u>6,802</u>	<u>322,958</u>	<u>11,030</u>	<u>335,691</u>

(ii) Details of the impaired assets

	30 June 2017		31 December 2016	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	270,552	0	410,669
Individual impairment allowances	0	101,581	0	138,300
- Percentage to total advances to Banks & other FI's /Customers	0.00%	1.21%	0.00%	2.04%

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

(iii) Overdue and rescheduled loans

	30 June 2017		31 December 2016	
	Banks and other FI's	Customers	Banks and other FI's	Customers
(a) Overdue loans				
Within one month	0	0	0	74,164
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.37%
Six months or less but over one month	0	35,465	0	62,926
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.16%	0.00%	0.31%
One year or less but over six months	0	54,964	0	88,610
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.25%	0.00%	0.44%
Over one year	0	95,852	0	198,970
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.43%	0.00%	0.99%
Total Overdue loans	0	186,281	0	424,670
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.83%	0.00%	2.11%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	46,872	0	38,679
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.21%	0.00%	0.19%
(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	65,348	0	183,566
- Covered portion of overdue loans and advances	0	65,348	0	183,566
- Uncovered portion of overdue loans and advances	0	120,933	0	241,104

(iv) Repossessed assets held	0	47,500	0	76,676
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4. Off-balance sheet exposures	HK\$'000	
	<u>30 June 2017</u>	<u>31 December 2016</u>
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	1,059,361	1,433,630
Transaction-related contingencies	89,862	111,216
Trade-related contingencies	939,115	1,124,094
Other commitments	61,535,457	48,401,818
Others	0	0
Total of above	<u>63,623,795</u>	<u>51,070,758</u>
Derivatives		
Exchange rate contracts	586,186,786	413,907,627
Interest rate contracts	14,083,498	16,741,263
Others	0	0
Total of above	<u>600,270,284</u>	<u>430,648,890</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	6,602,378	5,669,597
Interest rate contracts	295,870	665,010
Others	0	0
Total of above	<u>6,898,248</u>	<u>6,334,607</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>30 June 2017</i>	<i>31 December 2016</i>
(i) Advances to customers by industry classification		
a) Loans for use in Hong Kong	3,973,931	5,037,102
Industrial, commercial and financial:		
- Civil engineering works	25,380	48,824
- Property development	450,754	334,881
- Property investment	709,371	767,737
- Financial concerns	529,984	328,477
- Stockbrokers	88,089	300,000
- Wholesale and retail trade	343,293	535,240
- Manufacturing	714,075	1,655,033
- Transport and transport equipment	0	0
- Electricity and gas	0	0
- Information technology	393,410	406,472
- Recreational activities	0	0
- Others	715,672	652,683
Individual:		
- Loans for the purchase of other residential properties	0	0
- Others	3,903	7,755
b) Trade finance	2,723,391	2,440,020
c) Loans for use outside Hong Kong	15,635,278	12,612,065
Total of above	<u>22,332,600</u>	<u>20,089,187</u>
(ii) Value of collateral secured the loans and advances by industry classification		
a) Loans for use in Hong Kong	2,323,472	2,036,961
Industrial, commercial and financial:		
- Civil engineering works	11,680	36,822
- Property development	235,030	283,495
- Property investment	655,130	629,688
- Financial concerns	0	36,425
- Stockbrokers	0	0
- Wholesale and retail trade	235,165	319,395
- Manufacturing	570,098	165,409
- Transport and transport equipment	0	0
- Electricity and gas	0	0
- Information technology	0	0
- Recreational activities	0	0
- Others	612,466	562,237
Individual:		
- Loans for the purchase of other residential properties	0	0
- Others	3,903	3,490
b) Trade finance	946,131	792,075
c) Loans for use outside Hong Kong	3,504,966	3,292,612
Total of above	<u>6,774,569</u>	<u>6,121,648</u>



5. Segmental information (cont'd)

HK\$'000

(iii) Non-bank Mainland exposures

30 June 2017

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	1,800,858	109,535	1,910,393
2. Local governments, local government-owned entities and their subsidiaries and JVs	551,284	0	551,284
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,139,992	460,787	3,600,779
4. Other entities of central government not reported in item 1 above	420,101	2,011	422,112
5. Other entities of local governments not reported in item 2 above	218,179	0	218,179
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,749,533	868,396	9,617,929
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	14,879,947	1,440,729	16,320,676
Total assets after provision	59,702,952		
On-balance sheet exposures as percentage of total assets	24.92%		

31 December 2016

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	1,250,599	0	1,250,599
2. Local governments, local government-owned entities and their subsidiaries and JVs	304,215	0	304,215
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,927,360	794,692	2,722,052
4. Other entities of central government not reported in item 1 above	649,100	4,946	654,046
5. Other entities of local governments not reported in item 2 above	217,833	0	217,833
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,382,261	1,105,413	9,487,674
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	12,731,368	1,905,051	14,636,419
Total assets after provision	60,251,613		
On-balance sheet exposures as percentage of total assets	21.13%		



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>30 June 2017</i>						
Developed countries	6,257	752	24	56	0	7,089
Offshore centres	1,824	624	524	8,160	0	11,132
- of which Hong Kong	1,568	624	524	8,147	0	10,863
Developing Asia-Pacific	27,203	415	127	13,959	0	41,704
- of which China	6,744	415	127	11,411	0	18,697
- of which Taiwan	16,664	0	0	1,434	0	18,098
<i>31 December 2016</i>						
Developed countries	9,888	813	109	95	0	10,905
Offshore centres	2,594	700	305	8,392	0	11,991
- of which Hong Kong	1,871	700	305	8,379	0	11,255
Developing Asia-Pacific	24,410	509	444	12,266	0	37,629
- of which China	4,975	509	444	9,816	0	15,744
- of which Taiwan	17,568	0	0	1,292	0	18,860

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					Total
	USD	CNY	EUR	JPY	NTD	
<i>30 June 2017</i>						
Spot assets	45,049	3,593	1,710	497	546	52,066
Spot liabilities	43,859	5,212	712	420	549	52,264
Forward purchases	279,886	37,418	416	1,720	32,662	355,926
Forward sales	281,620	35,280	1,414	1,802	32,580	355,675
Net option position	0	0	0	0	0	0
Net long (short) position	(544)	519	0	(5)	79	53
Net structural position	0	0	0	0	0	0
<i>31 December 2016</i>						
Spot assets	47,131	4,272	803	388	403	53,222
Spot liabilities	44,297	5,208	719	356	376	52,523
Forward purchases	181,035	32,040	753	1,319	26,658	247,816
Forward sales	184,029	31,073	837	1,353	26,540	248,489
Net option position	0	0	0	0	0	0
Net long (short) position	(160)	31	0	(2)	145	26
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 2015, the HKMA applied the new Liquidity Maintenance Ratio to category 2 institution under Banking Ordinance Cap 155M Section 103B (3). The average liquidity maintenance ratio is a simple 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.

For the period precede 1 January 2015, the Branch's average value of liquidity ratio is calculated in accordance with the Fourth Schedule of the Banking Ordinance.

	<i>6 months ended</i>	<i>6 months ended</i>
	<u>30 June 2017</u>	<u>30 June 2016</u>
Average liquidity maintenance ratio	49.44%	45.22%

Liquidity Risk Management

The liquidity maintenance ratio 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 also performed the liquidity maintenance ratio projection on a daily basis.

Governance

The Branch has an Asset-Liability Committee ("ALCO"), responsible for the management of assets, liabilities, commitments and contingent liabilities of the Branch. Its function is to ensure the management of risk and liquidity profile of the branch which are carried on within the approved limits and policies. Liquidity stress test result cover general, institution specific and combined crisis scenario is also addressed on a quarterly basis in the ALCO meeting to ensure the effective control on liquidity of the branch.

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 issued or guaranteed by sovereigns. Composition consists of China Government Bond, Hong Kong Exchange Fund Bills and NCDs issued by authorized institution in Hong Kong.

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 2016.



B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy

	<i>Unaudited</i>	NTD million
	<u>30 June 2017</u>	<u>31 December 2016</u>
Consolidated capital adequacy ratio	14.13%	14.00%
Aggregate amount of shareholders' fund	265,732	253,097

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

	<i>Unaudited</i>	NTD million
	<u>30 June 2017</u>	<u>31 December 2016</u>
Total assets	3,623,178	3,522,673
Total liabilities	3,357,446	3,269,576
Total advances	2,094,239	2,049,562
Total customer deposits	2,846,582	2,762,678
	<i>6 months ended</i>	<i>6 months ended</i>
	<u>30 June 2017</u>	<u>30 June 2016</u>
Pre-tax profit / (loss)	17,671	14,790

* Notes for NTD/HKD conversion rates : 3.90 (30-Jun-2017); 4.16 (31-Dec-2016) and 4.16 (30-Jun-2016).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the 6 months ended 30 June 2017. 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.

Hwang Sheng Wen
Chief Executive
CTBC Bank Co., Ltd.
Hong Kong Branch

29 September 2017

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