

中國信託銀行



CTBC BANK

CTBC Bank Co., Ltd.

Hong Kong Branch

Key Financial Information Disclosure Statements

For Period Ended 30 June 2018



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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	HK\$'000	
	<i>6 months ended</i> <i>30 June 2018</i>	<i>6 months ended</i> <i>30 June 2017</i>
Interest income	938,192	633,631
Interest expense	349,176	203,069
Net interest income	<u>589,016</u>	<u>430,562</u>
Gains less (losses) arising from dealing in foreign currencies	98,205	104,170
Gains less (losses) on securities held for trading purposes	1,679	(4,957)
Gains less (losses) from other dealing activities	539	(387)
Net fees and commission income	75,703	79,433
- gross fees and commission income	84,960	91,596
- less: fee and commission expenses	(9,257)	(12,163)
Other operating income	59,410	58,289
Net operating income	<u>235,536</u>	<u>236,548</u>
Operating expenses	256,769	286,588
- Staff expenses	168,674	165,364
- Rental expenses	32,139	29,355
- Other expenses	55,956	91,869
Operating profit before impairment	<u>567,783</u>	<u>380,522</u>
Write back of / (Charge for) impairment allowances on advances to customers	38,391	(39,779)
(Charge for) impairment allowances on other impaired assets	(2,372)	(9,283)
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	<u>603,802</u>	<u>331,460</u>
Taxation charges	95,503	57,854
Profit after taxation	<u><u>508,299</u></u>	<u><u>273,606</u></u>



2. Balance sheet information

	HK\$'000	
	30 June 2018	2017
(i) Assets		
Cash and balances with banks	6,383,430	12,511,165
Placements with banks and other financial institutions maturing between 1 and 12 months	1,550,931	2,927,102
Amount due from overseas offices	22,222,089	18,972,777
Trade bills	1,131,177	872,178
Advances and other accounts (Additional Balance Sheet Information)	26,449,839	25,579,053
FVOCI Securities	8,512,400	4,580,826
Amortised cost Securities	4,877,340	5,342,933
Tangible fixed assets	15,403	18,169
Total assets	71,142,609	70,804,203
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	309,187	19,012
Deposits from customers	62,563,236	63,591,946
- Demand deposits and current accounts	1,248,897	1,267,624
- Savings deposits	28,220,953	34,350,457
- Time, call and notice deposits	33,093,386	27,973,865
Amount due to overseas offices	1,265,794	503,575
Issued debt securities	0	0
Other liabilities	2,067,372	2,346,544
Reserves and current profit	4,937,020	4,343,126
Total liabilities	71,142,609	70,804,203

3. Additional Balance sheet information

HK\$'000

	30 June 2018	31 December 2017
(i) Advances and other accounts		
Advances to customers	25,100,479	24,297,327
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	1,619,836	1,678,812
Less: Impairment allowance for impaired assets (Note)	270,476	397,086
Advances to customers	264,324	388,364
Advances to banks and other financial institutions	0	0
Trade bills	3,732	8,722
Securities and others	2,420	0
Advances and other accounts after impairment allowance for impaired assets	<u>26,449,839</u>	<u>25,579,053</u>

Note:

	30 June 2018		31 December 2017	
	Collective	Individual	Collective	Individual
Impairment allowance for impaired assets				
- Advances to customers	123,223	141,101	240,891	147,473
- Trade bills	3,732	0	8,722	0
- Securities and others	2,420	0	0	0
Total	<u>129,375</u>	<u>141,101</u>	<u>249,613</u>	<u>147,473</u>

(ii) Details of the impaired assets

	30 June 2018		31 December 2017	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	200,748	0	205,210
Individual impairment allowances	0	0	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.80%	0.00%	0.84%

* 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 2018		31 December 2017	
	Banks and other FI's	Customers	Banks and other FI's	Customers
(a) Overdue loans				
Three months or less but over one month	0	23,841	0	3,089
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.09%	0.00%	0.01%
Six months or less but over three months	0	11,032	0	36,286
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.04%	0.00%	0.15%
One year or less but over six months	0	36,599	0	16,292
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.15%	0.00%	0.07%
Over one year	0	67,499	0	65,376
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.27%	0.00%	0.27%
Total Overdue loans	0	138,971	0	121,043
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.55%	0.00%	0.50%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	46,236	0	46,938
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.18%	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	62,814	0	19,830
- Covered portion of overdue loans and advances	0	27,702	0	19,830
- Uncovered portion of overdue loans and advances	0	111,269	0	101,213

(iv) Repossessed assets held	0	0	0	0
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**4. Off-balance sheet exposures**

	30 June 2018	HK\$'000 31 December 2017
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	396,750	1,609,033
Transaction-related contingencies	91,852	98,174
Trade-related contingencies	1,322,340	1,284,469
Other commitments	23,051,442	65,258,849
Others	0	0
Total of above	<u>24,862,384</u>	<u>68,250,525</u>
Derivatives		
Exchange rate contracts	224,438,103	302,187,660
Interest rate contracts	16,862,175	14,370,585
Others	0	0
Total of above	<u>241,300,278</u>	<u>316,558,245</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	1,258,150	1,285,641
Interest rate contracts	70,925	90,004
Others	0	0
Total of above	<u>1,329,075</u>	<u>1,375,645</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>30 June 2018</u>	<u>31 December 2017</u>
(i) Advances to customers by industry classification		
a) Loans for use in Hong Kong	7,420,072	4,854,712
Industrial, commercial and financial:		
- Civil engineering works	12,343	16,052
- Property development	635,263	411,103
- Property investment	1,359,955	703,865
- Financial concerns	1,548,041	883,575
- Stockbrokers	207,499	515,387
- Wholesale and retail trade	637,616	420,567
- Manufacturing	759,032	791,580
- Transport and transport equipment	0	0
- Electricity and gas	0	0
- Information technology	532,560	424,236
- Recreational activities	0	0
- Others	1,726,978	688,347
Individual:		
- Loans for the purchase of other residential properties	0	0
- Others	785	0
b) Trade finance	2,892,426	2,725,194
c) Loans for use outside Hong Kong	14,787,981	16,717,421
Total of above	<u>25,100,479</u>	<u>24,297,327</u>
(ii) Value of collateral secured the loans and advances by industry classification		
a) Loans for use in Hong Kong	2,296,145	2,709,434
Industrial, commercial and financial:		
- Civil engineering works	8,453	4,643
- Property development	83,640	240,056
- Property investment	642,653	647,956
- Financial concerns	242,961	235,687
- Stockbrokers	0	0
- Wholesale and retail trade	256,444	330,563
- Manufacturing	149,487	618,387
- Transport and transport equipment	0	0
- Electricity and gas	0	0
- Information technology	0	0
- Recreational activities	0	0
- Others	912,507	632,142
Individual:		
- Loans for the purchase of other residential properties	0	0
- Others	0	0
b) Trade finance	808,129	756,653
c) Loans for use outside Hong Kong	3,780,930	4,445,805
Total of above	<u>6,885,204</u>	<u>7,911,892</u>



5. Segmental information (cont'd)

HK\$'000

(iii) Non-bank Mainland exposures

30 June 2018

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	1,685,444	60,518	1,745,962
2. Local governments, local government-owned entities and their subsidiaries and JVs	402,533	63,926	466,459
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,482,473	797,131	4,279,604
4. Other entities of central government not reported in item 1 above	1,753,741	15,409	1,769,150
5. Other entities of local governments not reported in item 2 above	152,863	34,350	187,213
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	9,005,674	861,021	9,866,695
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	90,762	0	90,762
Total	16,573,490	1,832,355	18,405,845

Total assets after provision

71,142,609

On-balance sheet exposures as percentage of total assets

23.30%

31 December 2017

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	2,087,007	6,596	2,093,603
2. Local governments, local government-owned entities and their subsidiaries and JVs	460,524	7,185	467,709
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,321,193	514,647	3,835,840
4. Other entities of central government not reported in item 1 above	1,436,629	389,905	1,826,534
5. Other entities of local governments not reported in item 2 above	436,536	0	436,536
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,954,242	1,369,744	10,323,986
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	90,297	0	90,297
Total	16,786,428	2,288,077	19,074,505

Total assets after provision

70,804,203

On-balance sheet exposures as percentage of total assets

23.71%



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 2018</i>						
Developed countries	4,942	2,094	68	250	0	7,354
Offshore centres	1,183	1,807	502	9,943	0	13,435
- of which Hong Kong	849	1,807	502	9,940	0	13,098
Developing Asia-Pacific	35,272	417	811	14,063	0	50,563
- of which China	6,225	417	811	10,418	0	17,871
- of which Taiwan	26,799	0	0	2,364	0	29,163
<i>31 December 2017</i>						
Developed countries	7,645	1,073	57	265	0	9,040
Offshore centres	1,353	1,314	788	8,410	0	11,865
- of which Hong Kong	827	1,314	788	8,408	0	11,337
Developing Asia-Pacific	34,715	420	774	14,383	0	50,292
- of which China	6,514	420	774	11,559	0	19,267
- of which Taiwan	26,107	0	0	1,371	0	27,478

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>30 June 2018</i>						
Spot assets	51,984	4,353	1,410	710	192	60,061
Spot liabilities	51,581	7,110	947	509	178	62,268
Forward purchases	108,160	31,413	907	1,060	7,938	151,809
Forward sales	108,650	28,652	1,366	1,260	7,900	149,629
Net option position	0	0	0	0	0	0
Net long (short) position	(87)	4	4	1	52	(27)
Net structural position	0	0	0	0	0	0
<i>31 December 2017</i>						
Spot assets	53,566	4,043	1,954	644	275	62,409
Spot liabilities	53,268	5,645	1,292	447	272	62,517
Forward purchases	145,407	25,455	910	1,707	17,621	193,818
Forward sales	145,977	23,912	1,570	1,904	17,353	193,782
Net option position	0	0	0	0	0	0
Net long (short) position	(272)	(59)	2	0	271	(72)
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 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.

	6 months ended <u>30 June 2018</u>	6 months ended <u>30 June 2017</u>
Average liquidity maintenance ratio (January to March)	50.79%	49.11%
Average liquidity maintenance ratio (April to June)	52.42%	49.77%

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.

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 2017.



B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy	Unaudited	NTD million
	<u>30 June 2018</u>	<u>30 December 2017</u>
Consolidated capital adequacy ratio	14.12%	14.47%
Aggregate amount of shareholders' fund	280,361	279,710

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	Unaudited	NTD million
	<u>30 June 2018</u>	<u>31 December 2017</u>
Total assets	3,853,506	3,761,499
Total liabilities	3,573,144	3,481,788
Total advances	2,217,403	2,142,676
Total customer deposits	3,097,174	2,981,845
Pre-tax profit / (loss)	<u>6 months ended 30 June 2018</u> 18,939	<u>6 months ended 30 June 2017</u> 17,671

* Notes for NTD/HKD conversion rates : 3.89 (30-Jun-2018); 3.82 (31-Dec-2017) and 3.90 (30-Jun-2017).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the 6 months ended 30 June 2018. 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

28 September 2018

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