

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 2019



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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	HK\$'000	
	<i>6 months ended 30 June 2019</i>	<i>6 months ended 30 June 2018</i>
Interest income	1,215,552	938,192
Interest expense	529,573	349,176
Net interest income	<u>685,979</u>	<u>589,016</u>
Gains less (losses) arising from dealing in foreign currencies	110,086	98,205
Gains less (losses) on securities held for trading purposes	129	1,679
Gains less (losses) from other dealing activities	(576)	539
Net fees and commission income	59,020	75,703
- gross fees and commission income	71,505	84,960
- less: fee and commission expenses	(12,485)	(9,257)
Other operating income	103,150	59,410
Net operating income	<u>271,809</u>	<u>235,536</u>
Operating expenses	241,715	256,769
- Staff expenses	172,229	168,674
- Rental expenses	40,389	32,139
- Other expenses	29,097	55,956
Operating profit before impairment	<u>716,073</u>	<u>567,783</u>
(Charge for) / Write back of impairment allowances on advances to customers	(19,777)	38,391
Write back of / (Charge for) impairment allowances on other impaired assets	1,095	(2,372)
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	<u>697,391</u>	<u>603,802</u>
Taxation charges	107,630	95,503
Profit after taxation	<u><u>589,761</u></u>	<u><u>508,299</u></u>



2. Balance sheet information

	HK\$'000	
	<u>30 June 2019</u>	<u>31 December 2018</u>
(i) Assets		
Cash and balances with banks	1,096,704	2,685,624
Placements with banks and other financial institutions maturing between 1 and 12 months	7,875,867	2,741,095
Amount due from overseas offices	24,089,063	27,557,043
Trade bills	316,022	534,961
Advances and other accounts (Additional Balance Sheet Information)	26,819,867	25,197,347
FVOCI securities	11,679,951	10,506,761
Amortised cost securities	5,604,238	6,159,282
Fixed assets	120,873	12,179
Total assets	<u><u>77,602,585</u></u>	<u><u>75,394,292</u></u>
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	700,000	771,974
Deposits from customers	67,208,023	65,834,946
- Demand deposits and current accounts	1,098,993	1,176,675
- Savings deposits	26,770,632	28,676,637
- Time, call and notice deposits	39,338,398	35,981,634
Amount due to overseas offices	133,010	1,267,252
Issued debt securities	0	0
Other liabilities	3,375,546	2,061,216
Reserves and current profit	6,186,006	5,458,904
Total liabilities	<u><u>77,602,585</u></u>	<u><u>75,394,292</u></u>

3. Additional Balance sheet information

HK\$'000

	30 June 2019	31 December 2018
(i) Advances and other accounts		
Advances to customers	24,300,569	23,744,314
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	2,759,084	1,711,624
Less: Impairment allowance for impaired assets (Note)	239,786	258,591
Advances to customers	236,727	256,034
Advances to banks and other financial institutions	0	0
Trade bills	1,582	805
Securities and others	1,477	1,752
Advances and other accounts after impairment allowance for impaired assets	26,819,867	25,197,347

Note:

Impairment allowance for impaired assets

- Advances to customers
- Trade bills
- Securities and others

Total

	30 June 2019		31 December 2018	
	Collective	Individual	Collective	Individual
- Advances to customers	72,439	164,288	121,080	134,954
- Trade bills	1,582	0	805	0
- Securities and others	1,477	0	1,752	0
Total	75,498	164,288	123,637	134,954

(ii) Details of the impaired assets

Impaired loans amount*

Individual impairment allowances

- Percentage to total advances to Banks & other FI's /Customers

	30 June 2019		31 December 2018	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	196,658	0	195,610
Individual impairment allowances	0	164,288	0	134,954
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.81%	0.00%	0.82%

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

(iii) Overdue and rescheduled loans

(a) Overdue loans

Three months or less but over one month

- Percentage to total advances to Banks & other FI's /Customers

Six months or less but over three months

- Percentage to total advances to Banks & other FI's /Customers

One year or less but over six months

- Percentage to total advances to Banks & other FI's /Customers

Over one year

- Percentage to total advances to Banks & other FI's /Customers

Total Overdue loans

- Total Percentage to total advances to Banks & other FI's /Customers

(b) Rescheduled loans

Rescheduled loans, net of those reported in (a)

- Percentage to total advances to Banks & other FI's /Customers

(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

- Covered portion of overdue loans and advances

- Uncovered portion of overdue loans and advances

	30 June 2019		31 December 2018	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Three months or less but over one month	0	0	0	70,383
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.30%
Six months or less but over three months	0	38,857	0	6,532
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.16%	0.00%	0.03%
One year or less but over six months	0	83,622	0	9
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.34%	0.00%	0.00%
Over one year	0	3,820	0	43,547
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.02%	0.00%	0.18%
Total Overdue loans	0	126,299	0	120,471
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.52%	0.00%	0.51%
Rescheduled loans, net of those reported in (a)	0	67,191	0	70,217
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.28%	0.00%	0.30%
- Current market value of collateral held against the covered portion of overdue loans and advances	0	4,613	0	1,995
- Covered portion of overdue loans and advances	0	4,613	0	1,995
- Uncovered portion of overdue loans and advances	0	121,686	0	118,476

(iv) Repossessed assets held

	0	0	0	0
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**4. Off-balance sheet exposures**

HK\$'000

30 June 2019

31 December 2018

(i) The contract or notional amounts of off-balance sheet exposures outstanding**Contingent liabilities and commitments**

Direct credit substitutes	488,210	487,503
Transaction-related contingencies	351,272	108,996
Trade-related contingencies	1,054,258	901,937
Forward forward deposits placed	2,037,966	0
Other commitments	20,082,450	19,625,815
Others	0	0
Total of above	24,014,156	21,124,251

Derivatives

Exchange rate contracts	712,975,646	432,692,304
Interest rate contracts	33,207,767	23,116,273
Others	0	0
Total of above	746,183,413	455,808,577

(ii) The replacement costs of derivatives outstanding

Exchange rate contracts	2,173,930	1,241,701
Interest rate contracts	141,189	56,996
Others	0	0
Total of above	2,315,119	1,298,697

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 2019</u>	<u>31 December 2018</u>
(i) Advances to customers by industry classification		
a) Loans for use in Hong Kong	7,316,825	6,541,765
Industrial, commercial and financial:		
- Property development	71,101	696,400
- Property investment	2,891,914	1,471,958
- Financial concerns	1,057,772	916,131
- Stockbrokers	158,193	343,121
- Wholesale and retail trade	539,407	386,269
- Manufacturing	716,971	646,845
- Transport and transport equipment	0	0
- Recreational activities	0	0
- Information technology	609,188	569,700
- Others	1,272,279	1,511,341
Individual:		
- Loans for the purchase of other residential properties	0	0
- Others	0	0
b) Trade finance	3,432,446	3,380,275
c) Loans for use outside Hong Kong	13,551,298	13,822,274
Total of above	<u>24,300,569</u>	<u>23,744,314</u>
(ii) Value of collateral secured the loans and advances by industry classification		
a) Loans for use in Hong Kong	2,245,254	2,359,693
Industrial, commercial and financial:		
- Property development	37,251	236,771
- Property investment	853,062	712,183
- Financial concerns	472,337	233,102
- Stockbrokers	0	0
- Wholesale and retail trade	192,363	156,316
- Manufacturing	97,061	81,084
- Transport and transport equipment	0	0
- Recreational activities	0	0
- Information technology	0	0
- Others	593,180	940,238
Individual:		
- Loans for the purchase of other residential properties	0	0
- Others	0	0
b) Trade finance	797,412	846,747
c) Loans for use outside Hong Kong	2,698,343	3,023,271
Total of above	<u>5,741,009</u>	<u>6,229,710</u>



5. Segmental information (cont'd)

HK\$'000

(iii) Non-bank Mainland exposures

30 June 2019

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	1,947,628	59,215	2,006,843
2. Local governments, local government-owned entities and their subsidiaries and JVs	417,814	98,849	516,663
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,270,384	516,343	3,786,727
4. Other entities of central government not reported in item 1 above	1,189,572	39,102	1,228,674
5. Other entities of local governments not reported in item 2 above	334,974	2,951	337,925
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,401,626	1,475,402	9,877,028
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	90,410	0	90,410
Total	15,652,408	2,191,862	17,844,270

Total assets after provision

77,602,585

On-balance sheet exposures as percentage of total assets

20.17%

31 December 2018

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	2,108,094	58,738	2,166,832
2. Local governments, local government-owned entities and their subsidiaries and JVs	151,108	14,370	165,478
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,620,244	455,101	4,075,345
4. Other entities of central government not reported in item 1 above	1,161,972	46,644	1,208,616
5. Other entities of local governments not reported in item 2 above	373,001	0	373,001
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,071,551	1,185,778	9,257,329
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	90,669	0	90,669
Total	15,576,639	1,760,631	17,337,270

Total assets after provision

75,394,292

On-balance sheet exposures as percentage of total assets

20.66%

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 2019</i>						
Developed countries	6,192	3,030	104	247	0	9,573
Offshore centres	1,906	1,810	360	9,656	0	13,732
- of which Hong Kong	1,025	1,810	360	9,655	0	12,850
Developing Asia-Pacific	37,896	553	141	14,790	0	53,380
- of which China	4,706	498	141	10,911	0	16,256
- of which Taiwan	29,801	0	0	2,083	0	31,884
<i>31 December 2018</i>						
Developed countries	6,186	2,861	64	232	0	9,343
Offshore centres	1,607	1,898	628	9,014	0	13,147
- of which Hong Kong	1,098	1,898	628	9,013	0	12,637
Developing Asia-Pacific	37,986	175	299	14,337	0	52,797
- of which China	4,542	175	299	10,229	0	15,245
- of which Taiwan	29,511	0	0	2,374	0	31,885

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 2019</i>						
Spot assets	51,772	9,475	1,860	1,681	139	66,897
Spot liabilities	57,228	5,810	895	547	142	65,960
Forward purchases	353,885	75,710	3,446	44,793	10,884	547,766
Forward sales	349,499	78,231	4,412	45,925	10,918	548,657
Net option position	0	0	0	0	0	0
Net long (short) position	(1,070)	1,144	(1)	2	(37)	46
Net structural position	0	0	0	0	0	0
<i>31 December 2018</i>						
Spot assets	57,973	4,334	934	268	87	64,853
Spot liabilities	55,770	6,646	853	499	87	65,398
Forward purchases	211,413	55,594	257	2,362	9,944	284,304
Forward sales	213,803	53,211	337	2,134	9,733	283,659
Net option position	0	0	0	0	0	0
Net long (short) position	(187)	71	1	(3)	211	100
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 30 June 2019</i>	<i>For the quarter ended 30 June 2018</i>
Average liquidity maintenance ratio for the period	70.40%	52.42%

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 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.

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, 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	30 June 2019						
	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	1,096,704	1,096,704	-	-	-	-	-
Placements with banks and other financial institutions maturing between 1 and 12 months	7,875,867	-	7,875,867	-	-	-	-
Amount due from overseas offices	24,089,063	17,713,976	5,465,810	909,277	-	-	-
Trade bills	316,022	97,686	190,387	27,949	-	-	-
Advances and other accounts (Additional Balance Sheet Information)	26,819,867	7,378,358	4,744,211	5,776,241	8,359,584	397,752	163,721
FVOCI Securities	11,679,951	99,866	155,723	753,266	10,143,287	527,809	-
Amortised cost Securities	5,604,238	447,153	268,816	867,645	1,366,267	2,654,357	-
Fixed assets	120,873	-	-	-	-	-	120,873
Total assets	77,602,585	26,833,743	18,700,814	8,334,378	19,869,138	3,579,918	284,594
Liabilities							
Deposits and balances of banks and other financial institutions	700,000	700,000	-	-	-	-	-
Deposits from customers	67,208,023	43,144,026	10,377,256	13,583,983	98,854	3,904	-
Amount due to overseas offices	133,010	125,450	-	-	-	-	7,560
Other liabilities	3,375,546	1,277,683	413,705	804,019	157,180	10,385	712,574
Reserves and current profit	6,186,006	-	-	-	-	-	6,186,006
Total liabilities	77,602,585	45,247,159	10,790,961	14,388,002	256,034	14,289	6,906,140
Net Gap	-	(18,413,416)	7,909,853	(6,053,624)	19,613,104	3,565,629	(6,621,546)
Off Balance Sheet Exposures							
Contingent liabilities	1,893,740	327,193	616,421	926,138	18,668	5,320	-
Irrevocable commitments	2,219,701	2,219,701	-	-	-	-	-
Forward forward deposits placed	2,037,966	2,037,966	-	-	-	-	-
Total	6,151,407	4,584,860	616,421	926,138	18,668	5,320	-

HK\$'000	31 December 2018						
	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	2,685,624	2,685,624	-	-	-	-	-
Placements with banks and other financial institutions maturing between 1 and 12 months	2,741,095	-	2,741,095	-	-	-	-
Amount due from overseas offices	27,557,043	3,278,773	24,278,270	-	-	-	-
Trade bills	534,961	128,636	182,678	223,647	-	-	-
Advances and other accounts (Additional Balance Sheet Information)	25,197,347	6,138,422	5,128,873	5,826,465	7,595,561	290,026	218,000
FVOCI Securities	10,506,761	148,737	777,957	600,366	8,678,207	301,494	-
Amortised cost Securities	6,159,282	-	371,965	1,887,277	1,513,932	2,386,108	-
Fixed assets	12,179	-	-	-	-	-	12,179
Total assets	75,394,292	12,380,192	33,480,838	8,537,755	17,787,700	2,977,628	230,179
Liabilities							
Deposits and balances of banks and other financial institutions	771,974	771,974	-	-	-	-	-
Deposits from customers	65,834,946	45,078,705	11,991,690	8,660,882	99,753	3,916	-
Amount due to overseas offices	1,267,252	633,157	626,535	-	-	-	7,560
Other liabilities	2,061,216	421,469	242,500	765,584	57,612	503	573,548
Reserves and current profit	5,458,904	-	-	-	-	-	5,458,904
Total liabilities	75,394,292	46,905,305	12,860,725	9,426,466	157,365	4,419	6,040,012
Net Gap	-	(34,525,113)	20,620,113	(888,711)	17,630,335	2,973,209	(5,809,833)
Off Balance Sheet Exposures							
Contingent liabilities	1,498,436	357,669	575,802	551,976	12,989	-	-
Irrevocable commitments	2,574,506	2,574,506	-	-	-	-	-
Forward forward deposits placed	-	-	-	-	-	-	-
Total	4,072,942	2,932,175	575,802	551,976	12,989	-	-

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 2018.

B. BANK INFORMATION (CONSOLIDATED BASIS)

1. Capital and capital adequacy

	Unaudited 30 June 2019	NTD million 31 December 2018
Consolidated capital adequacy ratio	13.38%	14.12%
Aggregate amount of shareholders' fund	298,483	295,815

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 30 June 2019	NTD million 31 December 2018
Total assets	4,217,882	3,959,578
Total liabilities	3,919,399	3,663,763
Total advances	2,377,975	2,313,708
Total customer deposits	3,345,949	3,156,767
	6 months ended 30 June 2019	6 months ended 30 June 2018
Pre-tax profit / (loss)	19,456	18,939

* Notes for NTD/HKD conversion rates : 3.98 (30-Jun-2019); 3.92 (31-Dec-2018) and 3.89 (30-Jun-2018).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the 6 months ended 30 June 2019. 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
(incorporated in Taiwan with limited liability)

27 September 2019