

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 2020



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## A. HONG KONG BRANCH INFORMATION

### 1. Income statement information

	<i>6 months ended</i> <i>30 June 2020</i>	<i>6 months ended</i> <i>30 June 2019</i>
		HK\$'000
Interest income	844,065	1,215,552
Interest expense	283,719	529,573
Net interest income	560,346	685,979
Gains less (losses) arising from dealing in foreign currencies	68,722	110,086
Gains less (losses) on securities held for trading purposes	3,129	129
Gains less (losses) from other dealing activities	(21,313)	(576)
Net fees and commission income	41,976	59,020
- gross fees and commission income	58,087	71,505
- less: fee and commission expenses	(16,111)	(12,485)
Other operating income	117,616	103,150
Net operating income	210,130	271,809
Operating expenses	245,133	241,715
- Staff expenses	158,646	172,229
- Rental expenses	40,217	40,389
- Other expenses	46,270	29,097
Operating profit before impairment	525,343	716,073
Charge for impairment allowances on advances to customers	(31,156)	(19,777)
Write back of impairment allowances on other impaired assets	16,984	1,095
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	511,171	697,391
Taxation charges	79,882	107,630
Profit after taxation	431,289	589,761



**2. Balance sheet information**

	HK\$'000	
	<u>30 June 2020</u>	<u>31 December 2019</u>
<b>(i) Assets</b>		
Cash and balances with banks	1,748,833	2,116,212
Placements with banks and other financial institutions maturing between 1 and 12 months	2,415,075	2,957,478
Amount due from overseas offices	15,776,324	21,938,691
Trade bills	265,940	281,852
Certificates of deposit held	199,992	619,074
Securities held for trading purposes	230,407	0
Advances and other accounts (Additional Balance Sheet Information)	28,074,921	26,817,258
Investment securities	21,978,154	20,496,873
Fixed assets	56,729	84,533
<b>Total assets</b>	<u>70,746,375</u>	<u>75,311,971</u>
<b>(ii) Liabilities</b>		
Deposits and balances of banks and other financial institutions	14,246	608,387
Deposits from customers	60,322,765	63,227,719
- Demand deposits and current accounts	1,104,620	1,136,649
- Savings deposits	29,403,588	27,672,699
- Time, call and notice deposits	29,814,557	34,418,371
Amount due to overseas offices	81,656	1,110,275
Issued debt securities	0	0
Other liabilities	3,247,994	3,802,451
Reserves and current profit	7,079,714	6,563,139
<b>Total liabilities</b>	<u>70,746,375</u>	<u>75,311,971</u>



## 3. Additional Balance sheet information

HK\$'000

(i) Advances and other accounts	30 June 2020	31 December 2019
Advances to customers	25,472,108	24,121,011
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	3,021,550	3,078,889
Less: Impairment allowance for impaired assets (Note)	418,737	382,642
Advances to customers	417,267	381,330
Trade bills	868	484
Securities and others	602	828
Advances and other accounts after impairment allowance for impaired assets	<u>28,074,921</u>	<u>26,817,258</u>

Note:

	30 June 2020		31 December 2019	
	Collective	Individual	Collective	Individual
Impairment allowance for impaired assets				
- Advances to customers	73,284	343,983	65,730	315,600
- Trade bills	868	0	484	0
- Securities and others	602	0	828	0
Total	<u>74,754</u>	<u>343,983</u>	<u>67,042</u>	<u>315,600</u>

## (ii) Details of the impaired assets

	30 June 2020		31 December 2019	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	501,749	0	385,616
Individual impairment allowances	0	343,983	0	315,600
- Percentage to total advances to Banks & other FI's /Customers	0.00%	1.97%	0.00%	1.60%
Value of Collateral for impaired loans	0	126,715	0	39,627

\* 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 2020		31 December 2019	
	Banks and other FI's	Customers	Banks and other FI's	Customers
<b>(a) Overdue loans</b>				
Three months or less but over one month	0	0	0	165,122
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.68%
Six months or less but over three months	0	0	0	27,622
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.11%
One year or less but over six months	0	188,116	0	36,375
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.74%	0.00%	0.15%
Over one year	0	118,815	0	82,846
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.47%	0.00%	0.34%
Total Overdue loans	0	306,931	0	311,965
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	1.20%	0.00%	1.29%
<b>(b) Rescheduled loans</b>				
Rescheduled loans, net of those reported in (a)	0	60,010	0	87,801
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.24%	0.00%	0.36%
<b>(c) Value of collateral held against overdue loans and advances of those reported in (a)</b>				
- Current market value of collateral held against the covered portion of overdue loans and advances	0	489	0	62,489
- Covered portion of overdue loans and advances	0	271	0	20,207
- Uncovered portion of overdue loans and advances	0	306,660	0	291,758
<b>(d) Individual impairment allowance made on overdue loans</b>	0	279,938	0	263,094
<b>(iv) Repossessed assets held</b>	0	0	0	0



4. Off-balance sheet exposures	HK\$'000	
	<u>30 June 2020</u>	<u>31 December 2019</u>
<b>(i) The contract or notional amounts of off-balance sheet exposures outstanding</b>		
<b>Contingent liabilities and commitments</b>		
Direct credit substitutes	445,507	445,157
Transaction-related contingencies	53,755	360,331
Trade-related contingencies	1,462,314	1,060,771
Forward forward deposits placed	4,611,488	0
Other commitments	19,954,042	21,247,913
Others	0	0
Total of above	<u>26,527,106</u>	<u>23,114,172</u>
<b>Derivatives</b>		
Exchange rate contracts	509,122,578	573,809,859
Interest rate contracts	117,193,529	75,667,525
Others	0	0
Total of above	<u>626,316,107</u>	<u>649,477,384</u>
<b>(ii) The replacement costs of derivatives outstanding</b>		
Exchange rate contracts	1,705,021	2,448,405
Interest rate contracts	661,027	187,158
Others	0	0
Total of above	<u>2,366,048</u>	<u>2,635,563</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**

	<u>30 June 2020</u>		<u>31 December 2019</u>	
	Advances to customers	Value of collateral secured	Advances to customers	Value of collateral secured
<b>HK\$'000</b>				
<b>(i) Advances to customers by industry classification</b>				
a) Loans for use in Hong Kong				
Industrial, commercial and financial:				
- Property development	55,177	44,938	248,587	217,333
- Property investment	2,743,081	339,377	2,928,829	531,227
- Financial concerns	748,269	406,718	773,351	454,419
- Stockbrokers	105,745	0	185,920	0
- Wholesale and retail trade	1,085,122	600,578	950,420	613,542
- Manufacturing	717,926	97,645	729,972	94,200
- Transport and transport equipment	348,768	0	350,442	0
- Recreational activities	0	0	0	0
- Information technology	560,586	0	637,361	0
- Others	789,436	125,520	833,428	209,011
Individual:				
- Loans for the purchase of other residential properties	0	0	0	0
- Others	0	0	0	0
b) Trade finance	3,702,917	800,346	2,688,941	735,601
c) Loans for use outside Hong Kong	14,615,081	2,728,095	13,793,760	2,272,447
Total of above	<u>25,472,108</u>	<u>5,143,217</u>	<u>24,121,011</u>	<u>5,127,780</u>
<b>(ii) Advances to customers by countries or geographical areas</b>				
	<u>30 June 2020</u>		<u>31 December 2019</u>	
Hong Kong	17,322,966		18,068,874	
China	3,524,339		2,875,544	
Taiwan	2,789,997		1,964,455	
Others	1,834,806		1,212,138	
Total of above	<u>25,472,108</u>		<u>24,121,011</u>	
<b>(iii) Overdue loans by countries or geographical areas</b>				
	<u>30 June 2020</u>		<u>31 December 2019</u>	
Hong Kong	294,968		299,944	
China	10,636		10,688	
Taiwan	1,327		1,333	
Others	0		0	
Total of above	<u>306,931</u>		<u>311,965</u>	
<b>(iv) Impaired loans by countries or geographical areas</b>				
	<u>30 June 2020</u>		<u>31 December 2019</u>	
Hong Kong	322,113		311,326	
China	29,236		29,888	
Taiwan	136,674		29,176	
Others	13,726		15,226	
Total of above	<u>501,749</u>		<u>385,616</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***30 June 2020*

Types of counterparties

	On-balance sheet exposures	Off-balance sheet exposures	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	1,100,771	0	1,100,771
2. Local governments, local government-owned entities and their subsidiaries and JVs	534,781	177,677	712,458
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,006,553	635,654	3,642,207
4. Other entities of central government not reported in item 1 above	1,698,668	78,917	1,777,585
5. Other entities of local governments not reported in item 2 above	398,471	4,102	402,573
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,139,697	1,442,517	9,582,214
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>14,878,941</b>	<b>2,338,867</b>	<b>17,217,808</b>
Total assets after provision	70,746,375		
On-balance sheet exposures as percentage of total assets	21.03%		

*31 December 2019*

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	1,976,732	59,657	2,036,389
2. Local governments, local government-owned entities and their subsidiaries and JVs	626,196	139,626	765,822
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,007,667	703,693	2,711,360
4. Other entities of central government not reported in item 1 above	1,630,645	74,046	1,704,691
5. Other entities of local governments not reported in item 2 above	296,646	6,084	302,730
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	7,972,397	1,309,439	9,281,836
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>14,510,283</b>	<b>2,292,545</b>	<b>16,802,828</b>
Total assets after provision	75,311,971		
On-balance sheet exposures as percentage of total assets	19.27%		





**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 2020</i>						
Developed countries	7,027	3,681	341	757	0	11,806
Offshore centres	1,834	1,370	391	10,218	0	13,813
- of which Hong Kong	700	1,370	334	10,140	0	12,544
Developing Asia-Pacific	27,658	377	450	15,181	0	43,666
- of which China	5,485	345	450	11,146	0	17,426
- of which Taiwan	18,279	0	0	1,643	0	19,922
<i>31 December 2019</i>						
Developed countries	8,104	3,932	186	921	0	13,143
Offshore centres	1,717	1,477	350	9,520	0	13,064
- of which Hong Kong	620	1,477	293	9,520	0	11,910
Developing Asia-Pacific	32,932	642	453	14,169	0	48,196
- of which China	4,234	422	453	11,084	0	16,193
- of which Taiwan	24,712	0	0	1,149	0	25,861

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 2020</i>						
Spot assets	45,995	8,199	3,276	428	96	61,135
Spot liabilities	52,742	4,829	944	485	71	60,393
Forward purchases	254,232	91,952	2,810	3,924	6,907	374,620
Forward sales	246,658	96,310	5,142	3,866	6,807	375,390
Net option position	0	0	0	0	0	0
Net long (short) position	827	(988)	0	1	125	(28)
Net structural position	0	0	0	0	0	0
<i>31 December 2019</i>						
Spot assets	49,151	8,823	3,002	351	81	64,966
Spot liabilities	55,335	6,054	970	466	78	63,909
Forward purchases	285,193	76,936	893	18,152	6,242	445,600
Forward sales	278,399	80,678	2,923	18,036	6,019	446,783
Net option position	0	0	0	0	0	0
Net long (short) position	610	(973)	2	1	226	(126)
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</i>	<i>For the quarter ended</i>
	<u>30 June 2020</u>	<u>30 June 2019</u>
Average liquidity maintenance ratio for the period	69.24%	70.40%

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 68% fair value through other comprehensive income securities and 31% 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	30 June 2020						
	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
<b>Assets</b>							
Cash and balances with banks	1,748,833	1,748,833	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	2,415,075	0	2,415,075	0	0	0	0
Amount due from overseas offices	15,776,324	12,237,650	3,538,674	0	0	0	0
Trade bills	265,940	130,790	130,505	4,645	0	0	0
Certificates of deposit held	199,992	0	199,992	0	0	0	0
Securities held for trading purposes	230,407	0	0	0	230,407	0	0
Advances and other accounts (Additional Balance Sheet Information)	28,074,921	5,447,365	5,789,847	7,411,286	8,704,712	276,463	445,248
Investment securities	21,978,154	232,483	485,752	1,375,926	15,840,779	4,043,214	0
Fixed assets	56,729	0	0	0	0	0	56,729
<b>Total assets</b>	<b>70,746,375</b>	<b>19,797,121</b>	<b>12,559,845</b>	<b>8,791,857</b>	<b>24,775,898</b>	<b>4,319,677</b>	<b>501,977</b>
<b>Liabilities</b>							
Deposits and balances of banks and other financial institutions	14,246	14,246	0	0	0	0	0
Deposits from customers	60,322,765	40,478,453	8,533,519	11,267,741	43,052	0	0
Amount due to overseas offices	81,656	74,096	0	0	0	0	7,560
Other liabilities	3,247,994	365,580	475,221	1,128,971	526,282	36,855	715,085
Reserves and current profit	7,079,714	0	0	0	0	0	7,079,714
<b>Total liabilities</b>	<b>70,746,375</b>	<b>40,932,375</b>	<b>9,008,740</b>	<b>12,396,712</b>	<b>569,334</b>	<b>36,855</b>	<b>7,802,359</b>
Net Gap	0	(21,135,254)	3,551,105	(3,604,855)	24,206,564	4,282,822	(7,300,382)
<b>Off Balance Sheet Exposures</b>							
Contingent liabilities	1,961,576	385,385	911,137	601,716	63,338	0	0
Irrevocable commitments	2,400,807	2,400,807	0	0	0	0	0
Forward forward deposits placed	4,611,488	4,611,488	0	0	0	0	0
<b>Total</b>	<b>8,973,871</b>	<b>7,397,680</b>	<b>911,137</b>	<b>601,716</b>	<b>63,338</b>	<b>0</b>	<b>0</b>
<b>30 June 2019</b>							
HK\$'000	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
<b>Assets</b>							
Cash and balances with banks	1,096,704	1,096,704	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	7,875,867	0	7,875,867	0	0	0	0
Amount due from overseas offices	24,089,063	17,713,976	5,465,810	909,277	0	0	0
Trade bills	316,022	97,686	190,387	27,949	0	0	0
Certificates of deposit held	447,903	99,866	150,034	198,003	0	0	0
Securities held for trading purposes	0	0	0	0	0	0	0
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
Investment securities	16,836,286	447,153	274,505	1,422,908	11,509,554	3,182,166	0
Fixed assets	120,873	0	0	0	0	0	120,873
<b>Total assets</b>	<b>77,602,585</b>	<b>26,833,743</b>	<b>18,700,814</b>	<b>8,334,378</b>	<b>19,869,138</b>	<b>3,579,918</b>	<b>284,594</b>
<b>Liabilities</b>							
Deposits and balances of banks and other financial institutions	700,000	700,000	0	0	0	0	0
Deposits from customers	67,208,023	43,144,026	10,377,256	13,583,983	98,854	3,904	0
Amount due to overseas offices	133,010	125,450	0	0	0	0	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	0	0	0	0	0	6,186,006
<b>Total liabilities</b>	<b>77,602,585</b>	<b>45,247,159</b>	<b>10,790,961</b>	<b>14,388,002</b>	<b>256,034</b>	<b>14,289</b>	<b>6,906,140</b>
Net Gap	0	(18,413,416)	7,909,853	(6,053,624)	19,613,104	3,565,629	(6,621,546)
<b>Off Balance Sheet Exposures</b>							
Contingent liabilities	1,893,740	327,193	616,421	926,138	18,668	5,320	0
Irrevocable commitments	2,219,701	2,219,701	0	0	0	0	0
Forward forward deposits placed	2,037,966	2,037,966	0	0	0	0	0
<b>Total</b>	<b>6,151,407</b>	<b>4,584,860</b>	<b>616,421</b>	<b>926,138</b>	<b>18,668</b>	<b>5,320</b>	<b>0</b>



**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 2019.

**B. BANK INFORMATION (CONSOLIDATED BASIS)**

**1. Capital and capital adequacy**

	<i>Unaudited</i> <u>30 June 2020</u>	NTD million <u>31 December 2019</u>
Consolidated capital adequacy ratio	13.33%	13.84%
Aggregate amount of shareholders' fund	297,427	309,329

*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> <u>30 June 2020</u>	NTD million <u>31 December 2019</u>
Total assets	4,333,707	4,227,171
Total liabilities	4,036,280	3,917,841
Total advances	2,451,734	2,417,691
Total customer deposits	3,488,153	3,380,582
	<i>6 months ended</i> <u>30 June 2020</u>	<i>6 months ended</i> <u>30 June 2019</u>
Pre-tax profit / (loss)	16,035	19,456

\* Notes for NTD/HKD conversion rates : 3.83 (30-Jun-2020); 3.87 (31-Dec-2019) and 3.98 (30-Jun-2019).

**Chief executive's declaration of compliance**

We enclose herewith the Key Financial Information Disclosure Statement for the 6 months ended 30 June 2020. 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 an internal review has been conducted to ensure the information is not false or misleading in any material aspect.

Hwang Sheng Wen  
Chief Executive  
CTBC Bank Co., Ltd.  
Hong Kong Branch  
(incorporated in Taiwan with limited liability)

25 September 2020