

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 2023

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A. HONG KONG BRANCH INFORMATION

1. Income statement information

	<i>6 months ended 30 June 2023</i>	<i>6 months ended 30 June 2022</i>
		HK\$'000
Interest income	1,978,663	661,024
Interest expense	1,097,117	81,362
Net interest income	881,546	579,662
Gains less (losses) arising from dealing in foreign currencies	159,270	30,535
Gains less (losses) on securities held for trading purposes	87	1,445
Gains less (losses) from other dealing activities	(4,937)	(10,599)
Net fees and commission income	53,584	62,717
- gross fees and commission income	72,099	74,441
- less: fee and commission expenses	(18,515)	(11,724)
Other operating income	89,350	49,096
Net operating income	297,354	133,194
Operating expenses	278,374	242,727
- Staff expenses	199,790	173,498
- Rental expenses	34,621	38,473
- Other expenses	43,963	30,756
Operating profit before impairment	900,526	470,129
Write back of / (Charge for) impairment allowances on advances to customers	46,753	(7,677)
Charge for of impairment allowances on other impaired assets	(611)	(1,535)
Gains less (losses) from disposal of tangible fixed assets	0	0
Profit before taxation	946,668	460,917
Taxation charges	153,352	79,790
Profit after taxation	793,316	381,127



2. Balance sheet information

	HK\$'000	
	<u>30 June 2023</u>	<u>31 December 2022</u>
(i) Assets		
Cash and balances with banks	1,005,598	3,585,134
Placements with banks and other financial institutions maturing between 1 and 12 months	9,718,332	4,648,930
Amount due from overseas offices	20,080,858	18,061,428
Trade bills	479,963	750,306
Certificates of deposit held	0	222,808
Securities held for trading purposes	0	0
Advances and other accounts (Additional Balance Sheet Information)	30,799,799	30,901,261
Investment securities	36,623,506	35,438,886
Fixed assets	48,556	80,760
Total assets	<u>98,756,612</u>	<u>93,689,513</u>
(ii) Liabilities		
Deposits and balances of banks and other financial institutions	556,466	1,406,661
Deposits from customers	80,472,737	78,903,597
- Demand deposits and current accounts	1,010,924	1,180,549
- Savings deposits	25,930,056	33,391,084
- Time, call and notice deposits	53,531,757	44,331,964
Amount due to overseas offices	814,951	181,873
Issued debt securities	0	0
Other liabilities	7,815,969	4,855,570
Reserves and current profit	9,096,489	8,341,812
Total liabilities	<u>98,756,612</u>	<u>93,689,513</u>



3. Additional Balance sheet information

HK\$'000

	30 June 2023	31 December 2022
(i) Advances and other accounts		
Advances to customers	23,978,813	26,651,738
Advances to banks and other financial institutions	0	0
Accrued interest and other accounts	6,950,219	4,456,835
Less: Impairment allowance for impaired assets (Note)	129,233	207,312
Advances to customers	125,788	202,925
Trade bills	1,910	3,083
Securities and others	1,535	1,304
Advances and other accounts after impairment allowance for impaired assets	30,799,799	30,901,261

Note:

	30 June 2023		31 December 2022	
	Collective	Individual	Collective	Individual
Impairment allowance for impaired assets				
- Advances to customers	106,748	19,040	122,831	80,094
- Trade bills	1,910	0	3,083	0
- Securities and others	1,535	0	1,304	0
Total	110,193	19,040	127,218	80,094

(ii) Details of the impaired assets

	30 June 2023		31 December 2022	
	Banks and other FI's	Customers	Banks and other FI's	Customers
Impaired loans amount*	0	45,628	0	100,413
Individual impairment allowances	0	19,040	0	80,094
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.19%	0.00%	0.38%
Value of Collateral for impaired loans	0	36,805	0	8,698

* 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 2023		31 December 2022	
	Banks and other FI's	Customers	Banks and other FI's	Customers
(a) Overdue loans				
Three months or less but over one month	0	0	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.00%
Six months or less but over three months	0	3,894	0	48,299
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.02%	0.00%	0.18%
One year or less but over six months	0	33,293	0	24,468
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.14%	0.00%	0.09%
Over one year	0	0	0	0
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.00%	0.00%	0.00%
Total Overdue loans	0	37,187	0	72,767
- Total Percentage to total advances to Banks & other FI's /Customers	0.00%	0.16%	0.00%	0.27%
(b) Rescheduled loans				
Rescheduled loans, net of those reported in (a)	0	8,441	0	58,523
- Percentage to total advances to Banks & other FI's /Customers	0.00%	0.04%	0.00%	0.22%
(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	40,500	0	17,000
- Covered portion of overdue loans and advances	0	36,805	0	8,551
- Uncovered portion of overdue loans and advances	0	382	0	64,216
(d) Individual impairment allowance made on overdue loans	0	10,599	0	52,447
(iv) Repossessed assets held	0	0	0	0

**4. Off-balance sheet exposures**

HK\$'000

	<u>30 June 2023</u>	<u>31 December 2022</u>
(i) The contract or notional amounts of off-balance sheet exposures outstanding		
Contingent liabilities and commitments		
Direct credit substitutes	697,617	764,644
Transaction-related contingencies	476,220	451,306
Trade-related contingencies	1,340,568	798,574
Forward forward deposits placed	0	0
Other commitments	27,916,179	24,866,714
Others	0	0
Total of above	<u>30,430,584</u>	<u>26,881,238</u>
Derivatives		
Exchange rate contracts	519,877,569	420,620,584
Interest rate contracts	92,857,932	120,471,187
Others	64,280	0
Total of above	<u>612,799,781</u>	<u>541,091,771</u>
(ii) The replacement costs of derivatives outstanding		
Exchange rate contracts	5,096,883	2,992,541
Interest rate contracts	1,253,328	938,264
Others	131	0
Total of above	<u>6,350,342</u>	<u>3,930,805</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 2023</u>		<u>31 December 2022</u>	
	Advances to customers	Value of collateral secured	Advances to customers	Value of collateral secured
(i) Advances to customers by industry classification				
a) Loans for use in Hong Kong				
Industrial, commercial and financial:				
- Property development	16,518	0	17,169	0
- Property investment	3,887,297	3,488,461	3,692,630	3,453,116
- Financial concerns	1,483,610	604,600	1,609,634	602,094
- Stockbrokers	93,838	0	18,877	0
- Wholesale and retail trade	884,668	736,762	1,082,362	783,475
- Manufacturing	966,449	399,670	911,564	470,822
- Transport and transport equipment	601,067	484,819	729,076	615,693
- Recreational activities	0	0	0	0
- Information technology	463,269	0	463,269	0
- Others	1,904,514	817,294	2,534,091	923,950
Individual:				
- Loans for the purchase of other residential properties	0	0	0	0
- Others	32,812	0	15,599	0
b) Trade finance	2,165,303	596,647	2,207,762	688,641
c) Loans for use outside Hong Kong	11,479,468	2,664,173	13,369,705	2,887,092
Total of above	<u>23,978,813</u>	<u>9,792,426</u>	<u>26,651,738</u>	<u>10,424,883</u>
(ii) Advances to customers by countries or geographical areas				
	<u>30 June 2023</u>		<u>31 December 2022</u>	
Hong Kong	16,622,085		18,204,841	
China	3,210,244		3,731,564	
Taiwan	2,894,762		3,585,556	
Others	1,251,722		1,129,777	
Total of above	<u>23,978,813</u>		<u>26,651,738</u>	
(iii) Overdue loans by countries or geographical areas				
	<u>30 June 2023</u>		<u>31 December 2022</u>	
Hong Kong	37,187		72,767	
China	0		0	
Taiwan	0		0	
Others	0		0	
Total of above	<u>37,187</u>		<u>72,767</u>	
(iv) Impaired loans by countries or geographical areas				
	<u>30 June 2023</u>		<u>31 December 2022</u>	
Hong Kong	37,187		72,767	
China	0		0	
Taiwan	8,441		27,646	
Others	0		0	
Total of above	<u>45,628</u>		<u>100,413</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 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	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%		

31 December 2022

Types of counterparties

1. Central government, central government-owned entities and their subsidiaries and JVs	1,625,403	0	1,625,403
2. Local governments, local government-owned entities and their subsidiaries and JVs	263,441	39,314	302,755
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,928,480	1,202,487	5,130,967
4. Other entities of central government not reported in item 1 above	2,266,737	285,658	2,552,395
5. Other entities of local governments not reported in item 2 above	376,394	0	376,394
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,756,234	298,402	6,054,636
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	307,098	307,098
Total	14,216,689	2,132,959	16,349,648
Total assets after provision	93,689,513		
On-balance sheet exposures as percentage of total assets	15.17%		



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 2023</i>						
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
<i>31 December 2022</i>						
Developed countries	8,237	13,667	71	309	0	22,284
- of which United States	291	12,051	0	87	0	12,429
Offshore centres	1,878	474	402	6,151	0	8,905
Developing Asia-Pacific	28,737	1,343	0	11,161	0	41,241
- of which China	4,091	1,287	0	8,709	0	14,087
- of which Taiwan	20,634	0	0	1,745	0	22,379

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 2023</i>						
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
<i>31 December 2022</i>						
Spot assets	62,775	7,028	2,030	925	11	80,908
Spot liabilities	(70,807)	(7,032)	(1,054)	(575)	(11)	(80,266)
Forward purchases	209,620	101,608	553	378	5,916	322,568
Forward sales	(202,737)	(101,206)	(1,530)	(727)	(6,109)	(324,176)
Net option position	0	0	0	0	0	0
Net long (short) position	(1,149)	398	(1)	1	(193)	(966)
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 2023</u>	<u>30 June 2022</u>
Average liquidity maintenance ratio for the period	101.92%	60.82%

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 30% fair value through other comprehensive income securities and 70% 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 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	1,005,598	1,005,598	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	9,718,332	0	9,718,332	0	0	0	0
Amount due from overseas offices	20,080,858	19,412,860	560,256	107,742	0	0	0
Trade bills	479,963	131,085	291,810	57,068	0	0	0
Certificates of deposit held	0	0	0	0	0	0	0
Securities held for trading purposes	0	0	0	0	0	0	0
Advances and other accounts (Additional Balance Sheet Information)	30,799,799	6,749,219	5,093,791	7,916,852	10,398,509	523,738	117,690
Investment securities	36,623,506	488,630	2,151,236	3,606,569	23,298,862	7,078,209	0
Fixed assets	48,556	0	0	0	0	0	48,556
Total assets	98,756,612	27,787,392	17,815,425	11,688,231	33,697,371	7,601,947	166,246
Liabilities							
Deposits and balances of banks and other financial institutions	556,466	556,466	0	0	0	0	0
Deposits from customers	80,472,737	43,418,565	17,587,968	19,461,135	5,069	0	0
Amount due to overseas offices	814,951	807,391	0	0	0	0	7,560
Other liabilities	7,815,969	1,874,782	1,819,245	2,300,304	851,468	114,903	855,267
Reserves and current profit	9,096,489	0	0	0	0	0	9,096,489
Total liabilities	98,756,612	46,657,204	19,407,213	21,761,439	856,537	114,903	9,959,316
Net Gap	0	(18,869,812)	(1,591,788)	(10,073,208)	32,840,834	7,487,044	(9,793,070)
Off Balance Sheet Exposures							
Contingent liabilities	2,514,405	233,088	968,931	1,189,061	123,325	0	0
Irrevocable commitments	3,171,890	3,171,890	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	5,686,295	3,404,978	968,931	1,189,061	123,325	0	0
30 June 2022							
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
Assets							
Cash and balances with banks	1,227,539	1,227,539	0	0	0	0	0
Placements with banks and other financial institutions maturing between 1 and 12 months	10,499,897	0	10,499,897	0	0	0	0
Amount due from overseas offices	7,826,788	7,826,788	0	0	0	0	0
Trade bills	613,980	141,896	398,146	73,938	0	0	0
Certificates of deposit held	0	0	0	0	0	0	0
Securities held for trading purposes	0	0	0	0	0	0	0
Advances and other accounts (Additional Balance Sheet Information)	31,147,998	5,596,385	5,879,473	8,840,621	10,059,959	234,496	537,064
Investment securities	26,224,991	380,806	905,357	4,469,470	13,332,507	7,136,851	0
Fixed assets	115,151	0	0	0	0	0	115,151
Total assets	77,656,344	15,173,414	17,682,873	13,384,029	23,392,466	7,371,347	652,215
Liabilities							
Deposits and balances of banks and other financial institutions	704,261	704,261	0	0	0	0	0
Deposits from customers	64,502,631	47,670,221	8,918,881	7,670,908	242,621	0	0
Amount due to overseas offices	1,513,620	1,506,060	0	0	0	0	7,560
Other liabilities	3,261,896	437,164	410,910	1,303,453	413,154	33,150	664,065
Reserves and current profit	7,673,936	0	0	0	0	0	7,673,936
Total liabilities	77,656,344	50,317,706	9,329,791	8,974,361	655,775	33,150	8,345,561
Net Gap	0	(35,144,292)	8,353,082	4,409,668	22,736,691	7,338,197	(7,693,346)
Off Balance Sheet Exposures							
Contingent liabilities	2,305,529	262,979	871,856	1,041,919	128,775	0	0
Irrevocable commitments	3,151,368	3,151,368	0	0	0	0	0
Forward forward deposits placed	0	0	0	0	0	0	0
Total	5,456,897	3,414,347	871,856	1,041,919	128,775	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>30 June 2023</u>	<u>31 December 2022</u>
Consolidated capital adequacy ratio	13.31%	14.06%
Aggregate amount of shareholders' fund	358,703	361,008

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>30 June 2023</u>	<u>31 December 2022</u>
Total assets	5,740,224	5,537,173
Total liabilities	5,381,521	5,176,165
Total advances	3,270,997	3,210,623
Total customer deposits	4,725,642	4,612,471
	<u>6 months ended</u>	<u>6 months ended</u>
	<u>30 June 2023</u>	<u>30 June 2022</u>
Pre-tax profit / (loss)	26,319	21,799

* Notes for NTD/HKD conversion rates : 3.97 (30-Jun-2023); 3.94 (31-Dec-2022) and 3.79 (30-Jun-2022).

Chief executive's declaration of compliance

We enclose herewith the Key Financial Information Disclosure Statement for the 6 months ended 30 June 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 an internal review has been conducted to ensure the information 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 September 2023