

**YUANTA COMMERCIAL BANK CO., LIMITED
HONG KONG BRANCH**

**Key Financial Information Disclosure Statement
For the Year Ended 31 December 2019**

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statement For the Year Ended 31 December 2019

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YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section A - Information of the Branch <Hong Kong Branch Only>

I. Income Statement

For the Year Ended 31 December 2019

	<u>For the year ended</u>	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000
Interest Income	166,067	150,968
Interest Expense	(84,036)	(72,561)
Net Interest Income	<u>82,031</u>	<u>78,407</u>
Other Operating Income		
Gains less losses arising from trading in foreign currencies	596	(210)
Gains less losses from other trading activities	0	0
Net fees and commission income		
Income from fees and commissions	8,518	19,742
Fees and commission expenses	(640)	(596)
Others	7,959	3,252
	<u>16,433</u>	<u>22,188</u>
Operating Expenses		
Staff expenses	(17,719)	(16,583)
Rental expenses	(14,283)	(14,080)
Other expenses	(16,253)	(13,169)
	<u>(48,255)</u>	<u>(43,832)</u>
Charges for Bad and Doubtful Debts		
Provision for bad and doubtful debts	6,327	(8,783)
Other provisions:		
Provision of accrued interest	55	125
Provision for account receivables	95	(224)
	<u>6,477</u>	<u>(8,882)</u>
Profit Before Taxation	56,686	47,881
Tax expense	680	(10,326)
Profit After Taxation	<u><u>57,366</u></u>	<u><u>37,555</u></u>

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section A - Information of the Branch <Hong Kong Branch Only>

II. Balance Sheet

As At 31 December 2019

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
ASSETS		
Cash and balances with banks	508,164	146,332
Amount due from Exchange Fund	12,123	2,349
Amount due from overseas offices	391,240	60,175
Trade bills	2,621	920
Loans and receivables	2,352,127	2,614,213
Investment debt securities	781,889	1,874,570
Tangible fixed assets	982	7,493
Total Assets	4,049,146	4,706,052
LIABILITIES		
Deposits and balances from banks	77,874	351,367
Deposits from customers	3,466,988	3,820,441
Demand deposits and current accounts	39,597	27,015
Savings deposits	768,010	847,436
Time, call and notice deposits	2,659,381	2,945,990
Amount due to overseas offices	389,370	390,408
Other liabilities and provisions	57,727	113,921
Total Liabilities	3,991,959	4,676,137
Reserves	(179)	3,767
Current profit & loss	57,366	26,148
	57,187	29,915
Total Equity and Liabilities	4,049,146	4,706,052

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section A - Information of the Branch <Hong Kong Branch Only>

III. Additional Balance Sheet Information

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
A. Trade bills		
Trade bills	2,647	929
General provisions	(26)	(9)
Specific provisions	0	0
Total	<u>2,621</u>	<u>920</u>
B. Loans and receivables		
Loans and advances to customers	2,334,268	2,614,350
Other accounts		
Accrued interest	8,308	14,229
Others	41,033	21,302
Total	<u>2,383,609</u>	<u>2,649,881</u>
Less: Provisions for bad and doubtful debts on		
Loans and advances to customers		
General provisions	(31,206)	(35,174)
Specific provisions	0	0
Accrued interest		
General provisions	(66)	(96)
Specific provisions	0	0
Other accounts		
General provisions	(210)	(398)
Specific provisions	0	0
Total	<u>(31,482)</u>	<u>(35,668)</u>
Loans and receivables after provisions for bad and doubtful debts	<u>2,352,127</u>	<u>2,614,213</u>
C. Percentage of total provisions against gross loans and advances to customers		
General provisions	1.34%	1.35%
Specific provisions	0.00%	0.00%
	<u>1.34%</u>	<u>1.35%</u>

D. Loans and advances to banks

There were no loans and advances to banks at the respective reporting dates.

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III. Additional Balance Sheet Information

E. Overdue and rescheduled assets to customers

	31 December 2019		30 June 2019	
	HK\$'000	%	HK\$'000	%
a. Gross amount of loans and advances to customers which have been overdue for				
more than 3 months but not more than 6 months	0	0.00%	0	0.00%
more than 6 months but not more than one year	0	0.00%	0	0.00%
more than one year	0	0.00%	0	0.00%
	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>
b. Specific provision on loans and advances to customers which have been overdue for				
more than 3 months but not more than 6 months	0		0	
more than 6 months but not more than one year	0		0	
more than one year	0		0	
	<u>0</u>		<u>0</u>	
c. Value of collateral held against the overdue loans and advances	<u>0</u>		<u>0</u>	
d. Rescheduled loans and advances to customers	<u>0</u>	0.00%	<u>0</u>	0.00%

F. Overdue other assets

There were no overdue other assets at the respective reporting dates.

G. Repossessed assets

There were no repossessed assets at the respective reporting dates.

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Section A - Information of the Branch <Hong Kong Branch Only>

IV. Off-Balance Sheet Exposures

The following is a summary of the contractual amounts of each significant class of contingent liabilities, commitments and derivatives :

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Contingent liabilities and commitments		
Direct credit substitutes	0	0
Trade-related contingencies	1,971	3,607
Other commitments	262,392	502,363
	<u>264,363</u>	<u>505,970</u>
	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Derivatives		
Exchange rate contracts	98,839	1,386,903
Interest rate contracts	0	0
	<u>98,839</u>	<u>1,386,903</u>
	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Replacement costs of derivatives (of the above derivatives)		
Exchange rate contracts	63	580
Interest rate contracts	0	0
	<u>63</u>	<u>580</u>

For contingent liabilities, commitments and derivatives, they refer to the contractual amounts at risks should the contracts be fully drawn upon and the clients do not repay accordingly. The replacement costs represent the costs of replacing all contracts which have a positive value when marked to market. They do not take into account the effects of bilateral netting arrangements.

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V. Sector Information

1. Gross amount of loans and advances to customers by industry sector

	31 December 2019		30 June 2019	
	HK\$'000 Gross Amount	HK\$'000 Amounts of loans and advances covered by collateral	HK\$'000 Gross Amount	HK\$'000 Amounts of loans and advances covered by collateral
A. Loans and advances for use in Hong Kong				
a. Industrial, commercial and financial				
Property development	0	0	0	0
Property investment	0	0	0	0
Financial concerns	243,339	0	254,200	0
Stockbrokers	0	0	0	0
Wholesale and retail trade	0	0	0	0
Manufacturing	0	0	0	0
Transport and transport equipment	0	0	0	0
Recreational activities	0	0	0	0
Information technology	0	0	0	0
Others				
b. Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	0	0	0	0
Loans for the purchase of other residential properties	0	0	0	0
Credit card advances	0	0	0	0
Others	0	0	0	0
B. Trade finance	20,960	0	32,651	0
C. Loan and advances for use outside Hong Kong	2,069,969	13,137	2,327,499	11,528
Total	<u>2,334,268</u>	<u>13,137</u>	<u>2,614,350</u>	<u>11,528</u>

2. A. Gross amount of loans and advances to customers by major countries

	31 December	30 June
	2019	2019
	HK\$'000	HK\$'000
Hong Kong	689,475	767,703
Cayman Islands	690,445	869,603
Singapore	502,287	445,065
Others	452,061	531,979
Total	<u>2,334,268</u>	<u>2,614,350</u>

2. B. Overdue loans and advances to customers by major countries

	31 December	30 June
	2019	2019
	HK\$'000	HK\$'000
Hong Kong	0	0
Cayman Islands	0	0
Singapore	0	0
Others	0	0
Total	<u>0</u>	<u>0</u>

The above analysis has been classified according to categories and definitions used by the HKMA. Only exposures to a single country exceeding 10% of the aggregate gross amount of loans and advances to customers at the above respective reporting dates are disclosed.

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V. Sector Information

3. International Claims

The following tables analyse the international claims by types of counterparties. Countries or geographical areas are based upon the location of counterparties after taking into account the transfer of country risk. They are prepared in accordance with the completion instruction of [Return of International Banking Statistics MA(BS)21A] issued by HKMA. Countries or geographical areas constituting 10% or more of the total international claims are disclosed.

As at 31 December 2019	Banks HK\$ Million	Official Sector HK\$ Million	Non-bank Private Sector		Others HK\$ Million	Total HK\$ Million
			Non-bank Financial Institutions HK\$ Million	Non-financial Private Sector HK\$ Million		
1. Developed countries	272	0	0	0	0	272
of which:						
Australia	176	0	0	0	0	176
United States	46	0	0	0	0	46
Netherlands	39	0	0	0	0	39
2. Offshore centres	0	52	591	1,509	0	2,152
of which:						
Cayman Islands	0	0	303	432	0	735
Singapore	0	0	0	508	0	508
Hong Kong	0	52	215	156	0	423
West Indies UK	0	0	73	315	0	388
3. Developing Europe	0	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	0	0	0
5. Developing Africa and Middle East	55	0	0	0	0	55
of which:						
United Arab Emirates	55	0	0	0	0	55
6. Developing Asia and Pacific	1,113	0	226	66	0	1,405
of which:						
Taiwan	834	0	0	17	0	851
China	130	0	226	0	0	356
South Korea	149	0	0	49	0	198
7. International organisations	0	156	0	0	0	156
8. Unallocated by country	0	0	0	0	0	0
Total	1,440	208	817	1,575	0	4,040

As at 30 June 2019	Banks HK\$ Million	Official Sector HK\$ Million	Non-bank Private Sector		Others HK\$ Million	Total HK\$ Million
			Non-bank Financial Institutions HK\$ Million	Non-financial Private Sector HK\$ Million		
1. Developed countries	886	0	0	0	0	886
of which:						
Australia	578	0	0	0	0	578
Switzerland	110	0	0	0	0	110
2. Offshore centres	0	42	607	1,649	0	2,298
of which:						
Cayman Islands	0	0	330	572	0	902
Bermuda	0	0	0	611	0	611
Hong Kong	0	42	122	293	0	457
West Indies UK	0	0	155	173	0	328
3. Developing Europe	0	0	0	0	0	0
4. Developing Latin America and Caribbean	0	0	0	0	0	0
5. Developing Africa and Middle East	55	0	0	0	0	55
of which:						
United Arab Emirates	55	0	0	0	0	55
6. Developing Asia and Pacific	862	0	240	372	0	1,474
of which:						
South Korea	438	0	0	167	0	605
China	245	0	240	78	0	563
Taiwan	178	0	0	9	0	187
Indonesia	0	0	0	118	0	118
7. International organisations	0	0	0	0	0	0
8. Unallocated by country	0	0	0	0	0	0
Total	1,803	42	847	2,021	0	4,713

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section A - Information of the Branch <Hong Kong Branch Only>

V. Sector Information

4. Non-bank Mainland Exposures

The following is the Branch's Mainland exposures to non-bank counterparties. For the categories of non-bank counterparties and the type of direct exposures to be disclosed were made with reference to the completion instruction for Part 3 of the [Return of Mainland Activities - (MA(BS)20)] issued by HKMA.

Types of counterparties

As at 31 December 2019

	On-balance sheet exposures HK\$ Million	Off-balance sheet exposures HK\$ Million	Total HK\$ Million
1. Central government, central government-owned entities and their subsidiaries and joint ventures(JVs)	26	0	26
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	286	54	340
4. Other entities of central government not reported in item 1 above	278	23	301
5. Other entities of local governments not reported in item 2 above	165	0	165
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	807	78	885
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	481	9	490
Total	<u>2,043</u>	<u>164</u>	<u>2,207</u>
Total assets after provisions	<u>4,049</u>		
On-balance sheet exposures as percentage of total assets	<u>50.46%</u>		

As at 30 June 2019

	On-balance sheet exposures HK\$ Million	Off-balance sheet exposures HK\$ Million	Total HK\$ Million
1. Central government, central government-owned entities and their subsidiaries and joint ventures(JVs)	39	0	39
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	313	28	341
4. Other entities of central government not reported in item 1 above	276	25	301
5. Other entities of local governments not reported in item 2 above	168	0	168
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	857	65	922
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	411	195	605
Total	<u>2,064</u>	<u>313</u>	<u>2,377</u>
Total assets after provisions	<u>4,706</u>		
On-balance sheet exposures as percentage of total assets	<u>43.86%</u>		

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section A - Information of the Branch <Hong Kong Branch Only>

VI. Currency Risk

5. Foreign Currency Exposures

The foreign currency exposures are prepared in accordance with the the completion instruction [Return of Foreign Currency Position - (MA(BS)6)] issued by HKMA. The net position (in absolute terms) for each foreign currency which constitutes 10% or more of the total net position in all foreign currencies are disclosed.

<u>As at 31 December 2019</u>	<u>USD</u> HK\$ Million	<u>AUD</u> HK\$ Million	<u>Others</u> HK\$ Million	<u>Total</u> HK\$ Million
Spot assets	2,616	4	51	2,671
Spot liabilities	(2,514)	(53)	(84)	(2,651)
Forward purchases	8	49	41	98
Forward sales	(90)	0	(8)	(98)
Net options position	0	0	0	0
Net long / (short) position	<u>20</u>	<u>0</u>	<u>0</u>	<u>20</u>

<u>As at 30 June 2019</u>	<u>USD</u> HK\$ Million	<u>AUD</u> HK\$ Million	<u>Others</u> HK\$ Million	<u>Total</u> HK\$ Million
Spot assets	2,651	815	9	3,475
Spot liabilities	(2,745)	(56)	(93)	(2,894)
Forward purchases	754	0	84	838
Forward sales	(633)	(759)	0	(1,392)
Net options position	0	0	0	0
Net long / (short) position	<u>27</u>	<u>0</u>	<u>0</u>	<u>27</u>

There were no foreign currency structural position at the above respective reporting dates.

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section A - Information of the Branch <Hong Kong Branch Only>

VII. Liquidity Information

A. Average liquidity maintenance ratio

	31 December 2019	31 December 2018
	%	%
Average liquidity maintenance ratio (LMR) for the period	68.78%	72.14%
Calculation period	<Oct-Dec 2019>	<Oct-Dec 2018>

Liquidity Maintenance Ratio (LMR) is complied in accordance with the Banking (Liquidity) Rules issued by the HKMA. The average ratio is calculated based on the arithmetic mean of the average value of its liquidity position return for each calendar month during the reporting period. Quarterly average liquidity maintenance ratio should be disclosed.

B. Liquidity Risk Management

Pursuant to the disclosure requirement Part IID: Liquidity "Table LIQA: Liquidity Risk Management", the elements of the branch are as follows:

1. Liquidity Risk Management Strategy

The Branch follows the "Regulatory Framework for Supervision of Liquidity Risk" and "Sound Systems and Controls For Liquidity Risk Management" in the Supervisory Policy Manual issued by the Hong Kong Monetary Authority and the Liquidity Risk Management Procedures of the Branch to effectively manage liquidity risks. Besides, the Branch follows the Risk Appetite Statement to ensure the liquidity risk indicators falls within the acceptable range approved by the Board.

2. Responsible Party for Liquidity Risk Management

The Board is ultimately responsible for the management of liquidity risk. The branch manager acts as the chairman of the Assets and Liabilities Management Committee of the Branch ("ALCO"), which is mainly responsible for supervising the liquidity risk management. The risk management unit of the Branch is the independent party to monitor liquidity risk where the treasury, operations, deposit and loan business units are the execution party for liquidity risk management.

3. Liquidity Risk Management Framework

On a monthly basis, the ALCO reviews the reporting on establishment of identification, measurement, monitoring and management of liquidity risk, implemented the risk management principle, the monitoring result of risk indicators as well as the stress-testing of liquidity of funding and LMR in order to meet the regulatory requirements. To strengthen the ability to cope with sudden liquidity crisis, the Branch persistently enhances the internal controls procedures and to revise the contingency funding plan and recovery plan.

4. Funding Gap Analysis For On And Off Balance Sheet Items

		Up to	1 month up	3 months up	6 months up	HK\$'000
2019/12/31	Total	1 month	to 3 months	to 6 months	to 1 year	over 1 year
On-balance sheet assets	4,043,667	1,904,549	462,190	83,251	295,458	1,298,219
Off-balance sheet assets	100,809	50,411	50,398	-	-	-
On-balance sheet liabilities	3,576,214	1,687,352	1,629,180	173,796	85,886	-
Off-balance sheet liabilities	362,659	75,651	58,831	76,848	38,937	112,392
Mismatch Gap		191,957	(1,175,423)	(167,393)	170,635	1,185,827
Cumulative Gap		191,957	(983,466)	(1,150,859)	(980,224)	205,603
						HK\$'000
2019/6/30	Total	Up to	1 month up	3 months up	6 months up	over 1 year
On-balance sheet assets	4,720,511	2,215,268	341,833	70,989	297,215	1,795,206
Off-balance sheet assets	1,390,509	1,169,317	221,192	-	-	-
On-balance sheet liabilities	4,285,729	1,961,532	1,750,281	412,050	161,866	-
Off-balance sheet liabilities	1,898,470	1,174,975	221,132	5,822	407,376	89,165
Mismatch Gap		248,078	(1,408,388)	(346,883)	(272,027)	1,706,041
Cumulative Gap		248,078	(1,160,310)	(1,507,193)	(1,779,220)	(73,179)

VIII. Remuneration System

Pursuant to the disclosure requirement, the relevant remuneration information was disclosed under the "Annual Report, Chapter II - Bank Profile and Corporate Governance", released by the Head Office.

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Section B. - Information of the Bank <Consolidated Basis>

I. Capital and Capital Adequacy Ratio

	31 December 2019 %	30 June 2019 %
A. Capital adequacy ratio	<u>15.89%</u>	<u>15.74%</u>

The capital adequacy ratio (Equity Capital Ratio) is equal to the ratio of the regulatory capital to the total risk-weighted assets. The computation of capital adequacy ratio is in accordance with the "Regulations Governing the Capital Adequacy and Capital of Banks" which is in line with the risk-weighted approach proposed by the Bank for International Settlements.

	31 December 2019 NT\$'000	30 June 2019 NT\$'000
B. Total amount of shareholders' funds	<u>121,874,319</u>	<u>118,298,369</u>

YUANTA COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

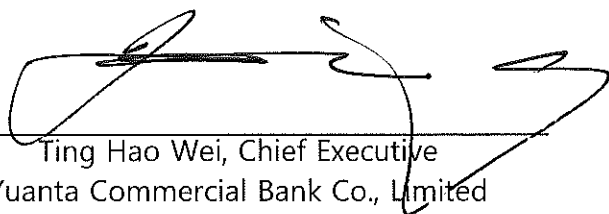
Section B. - Information of the Bank <Consolidated Basis>

II. Other Financial Information

	31 December 2019 NT\$'000	30 June 2019 NT\$'000
Total assets	<u>1,339,682,024</u>	<u>1,309,756,382</u>
Total liabilities	<u>1,217,807,705</u>	<u>1,191,458,013</u>
Total loans and advances	<u>759,743,058</u>	<u>746,834,088</u>
Total deposits	<u>1,142,353,669</u>	<u>1,102,856,924</u>
	<u>For the year ended</u>	
	31 December 2019 NT\$'000	31 December 2018 NT\$'000
Pre-tax Profit	<u>11,507,302</u>	<u>10,045,655</u>

Declaration

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statement of Authorized Institutions incorporated outside Hong Kong, we have pleasure in presenting the Key Financial Information Disclosure Statements of Yuanta Commercial Bank Co., Limited - Hong Kong Branch for the year ended 31 December 2019 complies, in all material respects, with the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" and to the best of my knowledge and belief, it is not false or misleading.



Ting Hao Wei, Chief Executive
Yuanta Commercial Bank Co., Limited
Hong Kong Branch

30 MAR 2020

Date

Prescribed Summary

This is to inform the general public that the complete disclosures can be found at website:

https://www.yuantabank.com.hk/en/financial_statements.html

Yuanta Commercial Bank Co., Limited
Hong Kong Branch