

Bank SinoPac Hong Kong Branch

**Key Financial Information Disclosure Statement
FOR THE YEAR ENDED DECEMBER 31, 2016**

Bank SinoPac Hong Kong Branch

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

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Bank SinoPac Hong Kong Branch

SECTION A. - INFORMATION OF THE BRANCH <INCLUDE H.K. BR. ONLY>

I. PROFIT AND LOSS INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

Figures in HKD thousands

	<u>Year to 2016-12-31</u>	<u>Year to 2015-12-31</u>
INTEREST INCOME	367,947	431,431
INTEREST EXPENSE	<u>(128,602)</u>	<u>(174,660)</u>
	239,345	256,771
OTHER OPERATING INCOME		
Gains less losses arising from trading in foreign currencies	30,117	41,884
Gains less losses on securities held for trading purposes	15,931	(2,122)
Gains less losses from other trading activities	(1,663)	7,408
Net fees and commission income		
- Gross fees and commission income	51,099	71,188
- fees and commission expenses	(9,473)	(10,264)
Others	<u>2,345</u>	<u>471</u>
	88,356	108,565
OPERATING EXPENSES		
Staff and rental expenses	(129,989)	(136,603)
Other expenses (less fees and commission expenses)	(27,966)	(34,295)
Net charge for other provisions		
- Other provisions	(20,641)	(18,571)
- Impairment loss/(reversal of impairment loss) on assets	42,986	28,815
	<u>(135,610)</u>	<u>(160,654)</u>
IMPAIRMENT LOSSES AND PROVISIONS FOR IMPAIRED LOANS AND RECEIVABLES	(3,961)	41,334
GAINS LESS LOSSES FROM THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	188,130	246,016
TAX EXPENSE OR TAX INCOME	-	-
PROFIT AFTER TAXATION	<u>188,130</u>	<u>246,016</u>

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II. BALANCE SHEET INFORMATION AS AT DECEMBER 31, 2016

Figures in HKD thousands

	<u>2016-12-31</u>	<u>2016-06-30</u>
<u>ASSETS</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	4,268,647	3,329,848
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	3,888,819	2,700,521
Amount due from overseas offices	1,490,346	927,078
Trade bills	262,751	427,146
Certificates of Deposit held	216,791	-
Securities held for trading purposes	416,067	476,463
Held-To-Maturity Securities	49,878	49,944
Available-For-Sale Securities	4,279,948	4,090,378
Non-Active Market Securities	-	-
Loans and receivables	9,838,743	8,644,895
Loans and advances to banks	-	-
Property, plant and equipment and investment properties	<u>2,157</u>	<u>2,258</u>
Total assets	<u>24,714,147</u>	<u>20,648,531</u>
<u>LIABILITIES</u>		
Deposits and balances from banks and other financial institutions (except those included in amount due to overseas offices)	19,697	308,218
Deposits from customers		
- demand deposits and current accounts	1,104,121	1,051,748
- savings deposits	8,800,848	7,463,771
- time, call and notice deposits	9,518,195	7,851,855
Amount due to overseas offices	2,631,750	2,656,621
Certificates of Deposit Issued	-	110,000
Other liabilities	<u>2,883,489</u>	<u>1,516,496</u>
Total liabilities	24,958,100	20,958,709
Capital and reserves	<u>(243,953)</u>	<u>(310,178)</u>
Total equity and liabilities	<u>24,714,147</u>	<u>20,648,531</u>

Bank SinoPac Hong Kong Branch

III. ADDITIONAL BALANCE SHEET INFORMATION

Figures in HKD thousands

1. LOANS AND RECEIVABLES

	<u>2016-12-31</u>	<u>2016-06-30</u>
A. Loans and advances to customers	6,507,018	6,444,569
Accrued interest and other accounts		
-Accrued interest	66,037	61,114
-Other accounts	3,447,127	2,277,090
Total	<u>10,020,182</u>	<u>8,782,773</u>
Less : Impairment allowance for impaired assets		
Collective impairment allowances	87,102	90,036
Individual impairment allowances	31,779	19,717
Impairment allowances for other accounts	62,558	28,125
Total	<u>181,439</u>	<u>137,878</u>
Total loans and receivables	<u>9,838,743</u>	<u>8,644,895</u>

B. Impairment allowances policy

There were no collective impairment allowances maintained at Head Office as at end of December 2016.

C. Details of the impaired loans to customers

	<u>2016-12-31</u>	<u>2016-06-30</u>
- Gross loans and advances to customers	44,324	31,058
- Individual impairment allowances	31,779	19,717
- Value of Collateral	-	-
Percentage of such loans and advances to total gross loans and advances	<u>0.68%</u>	<u>0.48%</u>

Bank SinoPac Hong Kong Branch

III. ADDITIONAL BALANCE SHEET INFORMATION - continued

Figures in HKD thousands

1. LOANS AND RECEIVABLES - continued

D. i) Overdue or rescheduled assets

	<u>2016-12-31</u>		<u>2016-06-30</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
a. Loans and Advances to customers overdue for more than 3 months but not more than 6 months	4,034	0.06	13,130	0.20
more than 6 months but not more than one year	11,806	0.18	10,270	0.16
<i>of which rescheduled assets included</i>	-	-	-	-
more than one year	10,264	0.16	-	-
	<u>26,104</u>	<u>0.40</u>	<u>23,400</u>	<u>0.36</u>
b. Rescheduled advances to customers	-	-	-	-
Total	<u>26,104</u>	<u>0.40</u>	<u>23,400</u>	<u>0.36</u>

c. Value of collateral held against such overdue loans and advances

	<u>2016-12-31</u>	<u>2016-06-30</u>
- 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	44,324	23,400

d. Individual impairment allowances on such overdue loans and advances

	<u>2016-12-31</u>	<u>2016-06-30</u>
	31,779	14,892

ii) There were no overdue or rescheduled other assets as at the above respective reporting dates.

iii) There were no repossessed assets held as at the reporting date, irrespective of the accounting treatment of the related loans and advances.

2. LOANS AND ADVANCES TO BANKS

i) There were no overdue or rescheduled loans and advances to banks and other financial institutions as at the above respective reporting dates.

ii) There were no impaired loans to banks and other financial institutions as at the above respective reporting dates.

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IV. OFF-BALANCE SHEET INFORMATION

Figures in HKD thousands

1. CONTINGENT LIABILITIES AND COMMITMENTS

The following is a summary of the contractual amounts of each material class of contingent liability and commitments:

	<u>2016-12-31</u>	<u>2016-06-30</u>
Direct credit substitutes	19,388	31,823
Transaction-related contingencies	9,314	9,322
Trade-related contingencies	110,942	104,745
Other commitments	3,176,756	3,396,256
Others	<u>77,551</u>	<u>-</u>
	<u>3,393,951</u>	<u>3,542,146</u>
Derivatives		
- Exchange rate contracts	134,568,316	155,146,399
- Interest rate contracts	7,864,677	10,033,243
- Others	<u>13,429</u>	<u>79,710</u>
	<u>142,446,422</u>	<u>165,259,352</u>
Fair Value of Derivatives (of the above derivatives)		
- Exchange rate contracts	2,557,282	1,341,181
- Interest rate contracts	57,678	104,343
- Others	<u>24,806</u>	<u>34,625</u>
	<u>2,639,766</u>	<u>1,480,149</u>

For contingent liabilities and commitments, the contract amounts represent the amounts at risk should the contract be fully drawn upon and the client default. The fair value represents the cost 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. OTHER FINANCIAL INFORMATION

Figures in HKD thousands

1. GROSS LOANS AND ADVANCES TO CUSTOMERS BY MAJOR SECTORS ANALYSIS

The following analysis of gross loans and advances to customers by major sectors are prepared in accordance with the definitions and the detailed descriptions in the completion instructions for the "Return of Quarterly Analysis of Loans and Advances and Provisions". Only exposures to a single country outside Hong Kong not less than 10% of the aggregate gross amount of loans and advances to customers as at the above respective reporting dates are disclosed.

A. Loans and advances for use in Hong Kong	2016-12-31		2016-06-30	
	Amount	Amount covered by collateral or other security	Amount	Amount covered by collateral or other security
a. Industrial, commercial and financial				
- Property development	347,769	14	390,972	43,036
- Property investment	660,102	307,102	922,838	427,323
- Financial concerns	1,410,728	201,632	641,865	-
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	258,548	134,171	326,294	124,114
- Manufacturing	193,471	97,408	340,717	152,786
- Transport and transport equipment	164,915	2,237	169,212	2,237
- Recreational activities	-	-	-	-
- Information technology	80,653	-	-	-
- Others	-	-	46,875	46,875
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	-	-	-	-
- Loans for the purchase of other residential properties	-	-	-	-
- Credit card advances	-	-	-	-
- Others	-	-	-	-
B. Trade finance	670,343	124,945	882,915	279,224
C. Loans and advances for use outside Hong Kong	2,720,489	1,015,647	2,722,881	1,368,568
Total	6,507,018	1,883,156	6,444,569	2,444,163

2.A. GROSS LOANS AND ADVANCES TO CUSTOMERS BY COUNTRIES OR GEOGRAPHICAL AREAS ANALYSIS

	2016-12-31	2016-06-30
- China	1,220,444	1,922,038
- Taiwan	660,228	759,971
- Others	4,626,346	3,762,560
Total	6,507,018	6,444,569

2.B. OVERDUE AND IMPAIRED LOANS BY COUNTRIES OR GEOGRAPHICAL AREAS ANALYSIS

	2016-12-31	2016-06-30
- Others	44,324	31,058
Total	44,324	31,058

Bank SinoPac Hong Kong Branch

V. OTHER FINANCIAL INFORMATION - continued

3. CROSS-BORDER CLAIMS DISCLOSURE

Figures in HKD millions

The following tables analyse international claims by location and types of counterparties. Country or geographical segment classification is based upon the locations of counterparties after taking into account any recognised risk transfer. They are prepared in accordance with the Completion Instructions for the "Return of International Banking Statistics -- MA(BS)21A". Countries or geographical segments constituting not less than 10% of the total international claims are disclosed.

AS AT DECEMBER 31, 2016

	Banks	Official Sector	Non-bank private sector			Total
			Non-bank financial institutions	Non-financial private sector	Others	
1 Developed countries	4,001	-	179	4,282	-	8,462
2 Offshore centres	950	50	2,072	4,942	-	8,014
of which Hong Kong SAR	509	50	2,025	4,387	-	6,971
3 Developing Asia and Pacific	7,119	-	176	7,528	-	14,823
of which China	2,142	-	78	3,418	-	5,638
of which Chinese Taipei	4,508	-	82	3,620	-	8,210
Total	12,070	50	2,427	16,752	-	31,299

AS AT JUNE 30, 2016

	Banks	Official Sector	Non-bank private sector			Total
			Non-bank financial institutions	Non-financial private sector	Others	
1 Developed countries	2,943	-	-	277	-	3,220
2 Offshore centres	550	50	1,737	3,256	-	5,593
of which Hong Kong SAR	482	50	1,069	2,862	-	4,463
3 Developing Asia and Pacific	5,416	240	252	3,468	-	9,376
of which China	1,272	234	102	1,541	-	3,149
of which Chinese Taipei	3,467	-	82	1,918	-	5,467
Total	8,909	290	1,989	7,001	-	18,189

4. NON-BANK MAINLAND EXPOSURES

The Non-Bank Mainland exposures are prepared in accordance with the Completion Instructions for the "Return of Mainland Activities".

	On-balance sheet exposure	Off-balance sheet exposure	Total
AS AT DECEMBER 31, 2016			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	730	-	730
2 Local governments, local government-owned entities and their subsidiaries and JVs	630	-	630
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,373	-	1,373
4 Other entities of central government not reported in item 1 above	185	-	185
5 Other entities of local governments not reported in item 2 above	135	-	135
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,735	92	1,827
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	4,788	92	4,880
Total assets after provision	24,714		
On-balance sheet exposures as percentage of total assets	19.37		

	On-balance sheet exposure	Off-balance sheet exposure	Total
AS AT JUNE 30, 2016			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	969	-	969
2 Local governments, local government-owned entities and their subsidiaries and JVs	719	-	719
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,514	-	1,514
4 Other entities of central government not reported in item 1 above	-	-	-
5 Other entities of local governments not reported in item 2 above	122	-	122
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,848	120	1,968
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	5,172	120	5,292
Total assets after provision	20,649		
On-balance sheet exposures as percentage of total assets	25.05		

Bank SinoPac Hong Kong Branch

V. OTHER FINANCIAL INFORMATION - continued

Figures in HKD millions

5. FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the H.K.M.A. Return of "Foreign Currency Position" completion instructions. The net position (in absolute terms) in a particular currency which constitutes not less than 10% of the total net position in all foreign currencies are disclosed.

<u>AS AT DECEMBER 31, 2016</u>	<u>USD</u>	<u>CNY</u>	<u>TWD</u>	<u>Total</u>
Spot assets	14,614	3,975	-	18,589
Spot liabilities	(15,926)	(4,456)	-	(20,382)
Forward purchases	65,350	61,250	731	127,331
Forward sales	(63,852)	(60,614)	(730)	(125,196)
Net options position	(26)	-	-	(26)
Net long (short) position	<u>160</u>	<u>155</u>	<u>1</u>	<u>316</u>

<u>AS AT JUNE 30, 2016</u>	<u>USD</u>	<u>CNY</u>	<u>TWD</u>	<u>Total</u>
Spot assets	10,318	3,641	-	13,959
Spot liabilities	(13,082)	(3,544)	-	(16,626)
Forward purchases	74,730	69,739	555	145,024
Forward sales	(71,832)	(69,597)	(563)	(141,992)
Net options position	99	-	-	99
Net long (short) position	<u>233</u>	<u>239</u>	<u>(8)</u>	<u>464</u>

The net options position is calculated on the basis of the delta-weighted position of options contracts. There were no foreign currency structural position as at the above respective reporting dates.

VI. LIQUIDITY DISCLOSURE

	<u>Year of 2016</u>	<u>Year of 2015</u>
	<u>%</u>	<u>%</u>
Average liquidity maintenance ratio (LMR) for the year	<u>37.38</u>	<u>37.00</u>

The branch's average liquidity maintenance ratio (LMR) for the year is the arithmetic mean of each calendar month's average liquidity maintenance ratio, which is computed in accordance with the Hong Kong Banking Ordinance.

Hong Kong Branch established its own Assets and Liabilities Committee to implement the branch liquidity policies, which provide the principle guidelines to prudently manage the branch liquidity risk exposure. The principal liquidity measurement metrics of the branch include the Liquidity Maintenance Ratio, loan-to-deposit ratio, assets and liabilities cash-flows gap mismatch analysis, and liquidity stress tests computations under both normal business condition and various stress scenarios. The branch liquidity policies also set a higher internal limit of Liquidity Maintenance Ratio than statutory requirement.

The branch liquidity exposure is reported in the Assets and Liabilities Committee of the branch and in head office Committee on monthly basis. Any strategies or policy changes will be discussed and approved in the Committee to ensure continuing compliance of statutory requirements, the statutory guidelines in Supervisory Policy Manual LM-2 "Sound Systems and Controls for Liquidity Risk Management," and related HKMA guideline circulars.

VII. DISCLOSURE ON REMUNERATION

Pursuant to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5) - Guideline on a Sound Remuneration System, please refers to the Bank's 2015 Annual Report.



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Bank SinoPac Hong Kong Branch

SECTION B. - INFORMATION OF THE BANK AS A WHOLE

BANK SINOPAC

I. CAPITAL AND CAPITAL ADEQUACY RATIO

A. Capital adequacy ratio

<u>2016-06-30</u>	<u>2015-12-31</u>
<u>14.57%</u>	<u>13.47%</u>

B. Aggregate amount of shareholders' funds

<u>2016-06-30</u> TWD '000	<u>2015-12-31</u> TWD '000
<u>118,173,060</u>	<u>109,117,974</u>

The capital adequacy ratio is calculated in accordance with the document entitled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)" (published by the Basel Committee on Banking Supervision in June 2006) as at the date of our interim accounts.

II. OTHER FINANCIAL INFORMATION

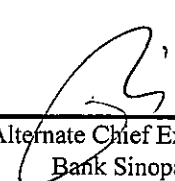
Figures in TWD thousands

	<u>2016-06-30</u>	<u>2015-12-31</u>
Total assets	<u>1,450,257,745</u>	<u>1,440,932,761</u>
Total liabilities	<u>1,332,084,685</u>	<u>1,331,814,787</u>
Total loans advances	<u>861,125,573</u>	<u>874,744,125</u>
Total customer deposits	<u>1,198,291,349</u>	<u>1,158,925,389</u>
	<u>Year of 2015</u>	<u>Year of 2014</u>
Profit / (Loss) before taxation	<u>10,698,033</u>	<u>13,054,698</u>

The Group has restated the comparative amounts on a retrospective basis.

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 Bank SinoPac, Hong Kong Branch for the year ended December 31, 2016. We confirm that the information contained therein complies, in all material respects, with the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued on 06 August 2015 and to the best of our knowledge and belief, it is not false or misleading.



Alternate Chief Executive
Bank Sinopac
Hong Kong Branch

2017-03-28

Date