

Bank SinoPac Hong Kong Branch

**Key Financial Information Disclosure Statement
FOR THE YEAR ENDED DECEMBER 31, 2017**

Bank SinoPac Hong Kong Branch

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

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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, 2017

Figures in HKD thousands

	<u>Year to</u> <u>2017-12-31</u>	<u>Year to</u> <u>2016-12-31</u>
INTEREST INCOME	469,582	367,947
INTEREST EXPENSE	<u>(172,404)</u>	<u>(128,602)</u>
	<u>297,178</u>	<u>239,345</u>
OTHER OPERATING INCOME		
Gains less losses arising from trading in foreign currencies	57,816	30,117
Gains less losses on securities held for trading purposes	26,529	15,931
Gains less losses from other trading activities	(1,249)	(1,663)
Net fees and commission income		
- Gross fees and commission income	48,459	51,099
- fees and commission expenses	(10,977)	(9,473)
Others	<u>875</u>	<u>2,345</u>
	<u>121,453</u>	<u>88,356</u>
OPERATING EXPENSES		
Staff and rental expenses	(131,484)	(129,989)
Other expenses (less fees and commission expenses)	(26,836)	(27,966)
Net charge for other provisions		
- Other provisions	17,182	(20,641)
- Impairment loss/(reversal of impairment loss) on assets	<u>(29,148)</u>	<u>42,986</u>
	<u>(170,286)</u>	<u>(135,610)</u>
IMPAIRMENT LOSSES AND PROVISIONS FOR IMPAIRED LOANS AND RECEIVABLES	(33,476)	(3,961)
GAINS LESS LOSSES FROM THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	214,869	188,130
TAX EXPENSE OR TAX INCOME	-	-
PROFIT AFTER TAXATION	<u>214,869</u>	<u>188,130</u>

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II. BALANCE SHEET INFORMATION AS AT DECEMBER 31, 2017

Figures in HKD thousands

	<u>2017-12-31</u>	<u>2017-06-30</u>
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	4,676,106	6,303,484
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)	453,300	1,447,320
Amount due from overseas offices	2,635,782	1,760,790
Trade bills	482,141	397,419
Certificates of Deposit held	494,907	402,185
Securities held for trading purposes	430,493	703,373
Held-To-Maturity Securities	49,984	49,967
Available-For-Sale Securities	4,660,640	4,477,518
Non-Active Market Securities	-	-
Loans and receivables	10,251,728	9,431,239
Loans and advances to banks	-	-
Property, plant and equipment and investment properties	1,733	2,165
Total assets	<u>24,136,814</u>	<u>24,975,460</u>
LIABILITIES		
Deposits and balances from banks and other financial institutions (except those included in amount due to overseas offices)	460,317	215,305
Deposits from customers		
- demand deposits and current accounts	919,163	1,032,283
- savings deposits	8,507,828	9,120,735
- time, call and notice deposits	8,649,853	9,856,396
Amount due to overseas offices	2,965,381	2,551,078
Certificates of Deposit Issued	-	-
Other liabilities	2,687,320	2,349,166
Total liabilities	24,189,862	25,124,963
Capital and reserves	(53,048)	(149,503)
Total equity and liabilities	<u>24,136,814</u>	<u>24,975,460</u>

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III. ADDITIONAL BALANCE SHEET INFORMATION

Figures in HKD thousands

1. LOANS AND RECEIVABLES

	<u>2017-12-31</u>	<u>2017-06-30</u>
A. Loans and advances to customers	7,236,405	7,095,862
Accrued interest and other accounts		
-Accrued interest	71,192	66,690
-Other accounts	3,090,944	2,432,265
Total	<u>10,398,541</u>	<u>9,594,817</u>
Less : Impairment allowance for impaired assets		
Collective impairment allowances	109,699	100,777
Individual impairment allowances	924	24,979
Impairment allowances for other accounts	36,190	37,822
Total	<u>146,813</u>	<u>163,578</u>
Total loans and receivables	<u>10,251,728</u>	<u>9,431,239</u>

B. Impairment allowances policy

There were no collective impairment allowances maintained at Head Office as at end of December 2017.

C. Details of the impaired loans to customers

	<u>2017-12-31</u>	<u>2017-06-30</u>
- Gross loans and advances to customers	924	24,978
- Individual impairment allowances	924	24,978
- Value of Collateral	-	-
Percentage of such loans and advances to total gross loans and advances	<u>0.01%</u>	<u>0.35%</u>

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III. ADDITIONAL BALANCE SHEET INFORMATION - continued

Figures in HKD thousands

1. LOANS AND RECEIVABLES - continued

D. i) Overdue or rescheduled assets

	<u>2017-12-31</u>		<u>2017-06-30</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	-	-	-	-
more than 6 months but not more than one year	-	-	4,061	0.06
<i>of which rescheduled assets included</i>	-	-	-	-
more than one year	924	0.01	10,279	0.14
	<u>924</u>	<u>0.01</u>	<u>14,340</u>	<u>0.20</u>
b. Rescheduled advances to customers	-	-	-	-
Total	<u>924</u>	<u>0.01</u>	<u>14,340</u>	<u>0.20</u>

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

	<u>2017-12-31</u>	<u>2017-06-30</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	924	24,978

d. Individual impairment allowances on such overdue loans and advances

	<u>2017-12-31</u>	<u>2017-06-30</u>
	924	24,978

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>2017-12-31</u>	<u>2017-06-30</u>
Direct credit substitutes	10,942	26,542
Transaction-related contingencies	25,017	9,376
Trade-related contingencies	176,035	77,418
Other commitments	4,366,333	3,775,612
Others	14,950	216,010
	<u>4,593,277</u>	<u>4,104,958</u>
Derivatives		
- Exchange rate contracts	109,655,603	145,428,701
- Interest rate contracts	6,195,547	7,481,265
- Others	79,148	26,036
	<u>115,930,298</u>	<u>152,936,002</u>
Fair Value of Derivatives (of the above derivatives)		
- Exchange rate contracts	2,318,149	1,581,586
- Interest rate contracts	20,711	55,099
- Others	12,989	18,283
	<u>2,351,849</u>	<u>1,654,968</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	2017-12-31		2017-06-30	
	Amount	Amount covered by collateral or other security	Amount	Amount covered by collateral or other security
a. Industrial, commercial and financial				
- Property development	150,000	-	299,314	14
- Property investment	641,889	288,889	641,889	288,889
- Financial concerns	1,478,396	159,808	1,390,411	165,613
- Stockbrokers	155,786	-	-	-
- Wholesale and retail trade	282,824	245,935	306,776	258,862
- Manufacturing	208,981	192,418	193,506	118,181
- Transport and transport equipment	27,947	2,237	51,686	2,237
- Recreational activities	-	-	-	-
- Information technology	176,085	-	76,662	-
- Others	37,374	37,374	-	-
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	17,194	17,194	-	-
B. Trade finance	543,844	125,819	770,412	144,243
C. Loans and advances for use outside Hong Kong	3,516,085	865,602	3,365,206	291,933
Total	7,236,405	1,935,276	7,095,862	1,269,972

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

	2017-12-31	2017-06-30
- China	1,381,739	1,305,782
- Taiwan	495,868	736,338
- Others	5,358,798	5,053,742
Total	7,236,405	7,095,862

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

	2017-12-31	2017-06-30
- Others	924	24,978
Total	924	24,978

Bank SinoPac Hong Kong Branch

V. OTHER FINANCIAL INFORMATION - continued

3. INTERNATIONAL 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, 2017

	Banks	Official Sector	Non-bank private sector			Total
			Non-bank financial institutions	Non-financial private sector	Others	
1 Developed countries	3,127	-	-	572	-	3,699
2 Offshore centres	1,002	50	1,646	4,172	-	6,870
of which Hong Kong SAR	806	50	1,607	3,491	-	5,954
3 Developing Asia and Pacific	7,239	-	514	2,759	-	10,512
of which China	2,196	-	451	1,365	-	4,012
of which Chinese Taipei	4,794	-	-	1,284	-	6,078
Total	11,368	50	2,160	7,503	-	21,081

AS AT JUNE 30, 2017

	Banks	Official Sector	Non-bank private sector			Total
			Non-bank financial institutions	Non-financial private sector	Others	
1 Developed countries	3,428	-	152	3,655	-	7,235
2 Offshore centres	1,362	50	1,761	5,248	-	8,421
of which Hong Kong SAR	797	50	1,706	4,355	-	6,908
3 Developing Asia and Pacific	8,108	-	142	8,580	-	16,830
of which China	3,096	-	79	4,459	-	7,634
of which Chinese Taipei	4,282	-	-	3,269	-	7,551
Total	12,898	50	2,055	17,483	-	32,486

4. NON-BANK MAINLAND EXPOSURES

Figures in HKD millions

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, 2017			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	997	-	997
2 Local governments, local government-owned entities and their subsidiaries and JVs	629	-	629
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,190	6	2,196
4 Other entities of central government not reported in item 1 above	387	-	387
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,850	168	2,018
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	6,053	174	6,227
Total assets after provision	24,137		
On-balance sheet exposures as percentage of total assets	25.08		

	On-balance sheet exposure	Off-balance sheet exposure	Total
AS AT JUNE 30, 2017			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	837	-	837
2 Local governments, local government-owned entities and their subsidiaries and JVs	638	-	638
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,579	-	1,579
4 Other entities of central government not reported in item 1 above	285	-	285
5 Other entities of local governments not reported in item 2 above	218	-	218
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,345	85	2,430
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	5,902	85	5,987
Total assets after provision	24,975		
On-balance sheet exposures as percentage of total assets	23.63		

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 I.I.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, 2017</u>	<u>USD</u>	<u>JPY</u>	<u>CNY</u>	<u>AUD</u>	<u>Total</u>
Spot assets	12,385	155	4,222	1,967	18,729
Spot liabilities	(14,333)	(143)	(4,656)	(386)	(19,518)
Forward purchases	52,580	96	50,779	37	103,492
Forward sales	(50,805)	(138)	(50,168)	(1,665)	(102,776)
Net options position	2	-	-	1	3
Net long (short) position	(171)	(30)	177	(46)	(70)

<u>AS AT JUNE 30, 2017</u>	<u>USD</u>	<u>JPY</u>	<u>CNY</u>	<u>AUD</u>	<u>Total</u>
Spot assets	14,415	108	3,025	2,137	19,685
Spot liabilities	(14,660)	(119)	(4,339)	(890)	(20,008)
Forward purchases	69,179	59	69,043	91	138,372
Forward sales	(69,322)	(27)	(67,274)	(1,359)	(137,982)
Net options position	18	-	-	(14)	4
Net long (short) position	(370)	21	455	(35)	71

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 2017</u>	<u>Year of 2016</u>
	<u>%</u>	<u>%</u>
Average liquidity maintenance ratio (LMR) for the year	<u>41.97</u>	<u>37.38</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 2017 Annual Report.

Bank SinoPac Hong Kong Branch

SECTION B. - INFORMATION OF THE BANK AS A WHOLE

BANK SINOPAC

I. CAPITAL AND CAPITAL ADEQUACY RATIO

Figures in TWD thousands

A. Capital adequacy ratio	<u>2017-12-21</u>	<u>2017-06-30</u>
	<u>15.28%</u>	<u>14.47%</u>
B. Aggregate amount of shareholders' funds	<u>2017-12-21</u>	<u>2017-06-30</u>
	TWD '000	TWD '000
	<u>125,002,329</u>	<u>121,583,904</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>2017-12-21</u>	<u>2017-06-30</u>
Total assets	<u>1,433,208,401</u>	<u>1,503,792,981</u>
Total liabilities	<u>1,308,206,072</u>	<u>1,382,209,077</u>
Total loans advances	<u>865,990,024</u>	<u>912,212,307</u>
Total customer deposits	<u>1,154,487,183</u>	<u>1,221,966,212</u>
	<u>Year of 2017</u>	<u>Year of 2016</u>
Profit / (Loss) before taxation	<u>9,062,738</u>	<u>8,019,507</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, 2017. 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

2018-03-23

Date