

Bank SinoPac Hong Kong Branch

**Key Financial Information Disclosure Statement
FOR THE YEAR ENDED DECEMBER 31, 2018**

Bank SinoPac Hong Kong Branch

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

<u>CONTENTS</u>	<u>PAGE(S)</u>
SECTION A. - INFORMATION OF THE BRANCH <INCLUDE HONG KONG BRANCH ONLY>	
I. PROFIT AND LOSS INFORMATION	1
II. BALANCE SHEET INFORMATION	2
III. ADDITIONAL BALANCE SHEET INFORMATION	3~4
IV. OFF-BALANCE SHEET INFORMATION	5
V. OTHER FINANCIAL INFORMATION	6~8
VI. LIQUIDITY DISCLOSURE	8~10
VII. DISCLOSURE ON REMUNERATION	10
SECTION B. - INFORMATION OF THE BANK AS A WHOLE	
I. CAPITAL AND CAPITAL ADEQUACY RATIO	11
II. OTHER FINANCIAL INFORMATION	11
DECLARATION	12

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, 2018

Figures in HKD thousands

	<u>Year to 2018-12-31</u>	<u>Year to 2017-12-31</u>
INTEREST INCOME	634,810	469,582
INTEREST EXPENSE	<u>(276,285)</u>	<u>(172,405)</u>
	<u>358,525</u>	<u>297,177</u>
OTHER OPERATING INCOME		
Fees and commission income	42,938	48,645
Fees and commission expenses	<u>(13,352)</u>	<u>(10,977)</u>
Net fees and commission income	29,586	37,668
Gains less losses arising from trading in foreign currencies	79,605	57,816
Gains less losses on securities held for trading purposes	12,634	26,529
Gains less losses from other trading activities	3,136	(1,249)
Others	715	875
	<u>125,676</u>	<u>121,639</u>
OPERATING EXPENSES		
Staff and rental expenses	(128,968)	(130,143)
Other expenses (less fees and commission expenses)	(31,395)	(26,836)
Net charge for other provisions		
- Other provisions	263	17,182
- Reversal of impairment loss/(impairment loss) on assets	8,459	(30,577)
	<u>(151,641)</u>	<u>(170,374)</u>
IMPAIRMENT LOSSES AND PROVISIONS FOR IMPAIRED LOANS AND RECEIVABLES	(32,092)	(33,476)
GAINS LESS LOSSES FROM THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	300,468	214,966
TAX EXPENSE	(54,603)	(30,640)
PROFIT AFTER TAXATION	<u>245,865</u>	<u>184,326</u>

Bank SinoPac Hong Kong Branch

II. BALANCE SHEET INFORMATION AS AT DECEMBER 31, 2018

Figures in HKD thousands

	<u>2018-12-31</u>	<u>2018-06-30</u>
<u>ASSETS</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	4,186,770	4,252,942
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)	2,612,402	1,447,290
Amount due from overseas offices	2,643,359	2,336,237
Trade bills	693,816	370,252
Certificates of Deposit held	816,332	714,283
Securities measured at fair value through profit or loss	196,880	451,999
Securities measured at amortised cost	94,124	49,957
Securities measured at fair value through other comprehensive	5,738,273	4,971,585
Loans and receivables	10,077,467	10,334,308
Property, plant and equipment and investment properties	<u>1,850</u>	<u>1,552</u>
Total assets	<u>27,061,273</u>	<u>24,930,405</u>
<u>LIABILITIES</u>		
Deposits and balances from banks and other financial institutions (except those included in amount due to overseas offices)	806,426	146,395
Deposits from customers		
- demand deposits and current accounts	729,423	928,767
- savings deposits	8,933,131	8,581,505
- time, call and notice deposits	10,813,532	10,104,611
Amount due to overseas offices	2,487,469	2,679,689
Other accounts and provisions	<u>3,158,852</u>	<u>2,458,219</u>
Total liabilities	26,928,833	24,899,186
Capital and reserves	<u>132,440</u>	<u>31,219</u>
Total equity and liabilities	<u>27,061,273</u>	<u>24,930,405</u>

Bank SinoPac Hong Kong Branch

III. ADDITIONAL BALANCE SHEET INFORMATION

Figures in HKD thousands

1. TRADE BILLS

	<u>2018-12-31</u>	<u>2018-06-30</u>
Trade bills	704,423	375,833
Less : Impairment allowances	<u>(10,607)</u>	<u>(5,581)</u>
	<u>693,816</u>	<u>370,252</u>

2. LOANS AND RECEIVABLES

	<u>2018-12-31</u>	<u>2018-06-30</u>
A. i) Loans and advances to customers	7,429,523	7,813,132
Less : Impairment allowances	<u>(128,248)</u>	<u>(119,862)</u>
	<u>7,301,275</u>	<u>7,693,270</u>
ii) Loans and advances to banks	55,324	57,971
Less : Impairment allowances	<u>(830)</u>	<u>(870)</u>
	<u>54,494</u>	<u>57,101</u>
iii) Other accounts		
-Accrued interest	123,416	93,224
-Others	<u>2,632,987</u>	<u>2,526,450</u>
	<u>2,756,403</u>	<u>2,619,674</u>
Less : Impairment allowances	<u>(34,705)</u>	<u>(35,737)</u>
	<u>2,721,698</u>	<u>2,583,937</u>
	<u>10,077,467</u>	<u>10,334,308</u>

B. Impairment allowances policy

There were no impairment allowances maintained at Head Office as at the above respective reporting dates.

C. Details of the impaired loans to customers

	<u>2018-12-31</u>	<u>2018-06-30</u>
- Gross loans and advances to customers	38,360	-
- Impairment allowances	30,959	-
- Value of Collateral	-	-
Percentage of such loans and advances to total gross loans and advances	<u>0.52%</u>	<u>0.00%</u>

Bank SinoPac Hong Kong Branch

III. ADDITIONAL BALANCE SHEET INFORMATION - continued

Figures in HKD thousands

2. LOANS AND RECEIVABLES - continued

D. i) Overdue or rescheduled assets

	<u>2018-12-31</u>		<u>2018-06-30</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	-	-	-	-
<i>of which rescheduled assets included</i>	-	-	-	-
more than one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
b. Rescheduled advances to customers	<u>20,784</u>	<u>0.28%</u>	<u>-</u>	<u>-</u>
Total	<u>20,784</u>	<u>0.28%</u>	<u>-</u>	<u>-</u>

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

	<u>2018-12-31</u>	<u>2018-06-30</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	-	-

d. Impairment allowances on such overdue loans and advances

	<u>2018-12-31</u>	<u>2018-06-30</u>
	-	-

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 dates, irrespective of the accounting treatment of the related loans and advances.

E. Loans and advances to banks

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

3. OTHER ACCOUNTS AND PROVISIONS

	<u>2018-12-31</u>	<u>2018-06-30</u>
Accrued interest	72,799	58,744
Impairment allowances on loan commitments and financial guarantee contracts	7,438	6,393
Others	<u>3,078,615</u>	<u>2,393,082</u>
	<u>3,158,852</u>	<u>2,458,219</u>

Bank SinoPac Hong Kong Branch

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>2018-12-31</u>	<u>2018-06-30</u>
Direct credit substitutes	7,832	7,845
Transaction-related contingencies	9,406	25,113
Trade-related contingencies	125,851	101,464
Other commitments	3,330,564	3,148,725
Others	<u>195,793</u>	<u>59,151</u>
	<u>3,669,446</u>	<u>3,342,298</u>
Derivatives		
- Exchange rate contracts	198,931,926	159,784,726
- Interest rate contracts	10,796,597	10,909,596
- Others	<u>15,724</u>	<u>55,388</u>
	<u>209,744,247</u>	<u>170,749,710</u>
Fair Value of Derivatives (of the above derivatives)		
- Exchange rate contracts	1,881,390	1,752,454
- Interest rate contracts	28,495	35,002
- Others	<u>235</u>	<u>675</u>
	<u>1,910,120</u>	<u>1,788,131</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.

Bank SinoPac Hong Kong Branch

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 not less than 10% of the total gross amount of loans and advances to customers are disclosed.

A. Loans and advances for use in Hong Kong	<u>2018-12-31</u>		<u>2018-06-30</u>	
	Amount	<u>Amount covered by collateral or other security</u>	Amount	<u>Amount covered by collateral or other security</u>
a. Industrial, commercial and financial				
- Property development	125,308	54,352	-	-
- Property investment	651,472	295,812	649,944	294,284
- Financial concerns	503,076	20,911	1,335,332	168,241
- Stockbrokers	100,000	-	-	-
- Wholesale and retail trade	180,583	136,160	295,460	232,702
- Manufacturing	258,864	97,975	421,527	172,266
- Transport and transport equipment	217,467	9,610	27,251	5,375
- Recreational activities	-	-	-	-
- Information technology	467,502	23,000	173,444	-
- Others	16,217	16,217	36,468	36,468
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	953,609	465,052	954,336	330,610
C. Loans and advances for use outside Hong Kong	<u>3,955,425</u>	<u>797,780</u>	<u>3,919,370</u>	<u>966,012</u>
Total	<u>7,429,523</u>	<u>1,916,869</u>	<u>7,813,132</u>	<u>2,205,958</u>

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

	<u>2018-12-31</u>	<u>2018-06-30</u>
- Hong Kong	3,161,417	4,167,473
- China	1,307,557	1,648,773
- Taiwan	1,370,461	561,873
- Others	<u>1,590,088</u>	<u>1,435,013</u>
Total	<u>7,429,523</u>	<u>7,813,132</u>

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

	<u>2018-12-31</u>	<u>2018-06-30</u>
- Taiwan	<u>38,360</u>	-
Total	<u>38,360</u>	<u>-</u>

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". Countries or geographical segments constituting not less than 10% of the total international claims are disclosed.

AS AT DECEMBER 31, 2018

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1 Developed countries	4,419	1	39	1,408	-	5,867
2 Offshore centres	1,437	61	563	4,676	-	6,737
<i>of which Hong Kong SAR</i>	1,358	61	523	3,359	-	5,301
3 Developing Asia and Pacific	8,324	35	451	2,943	-	11,753
<i>of which China</i>	1,632	35	352	1,289	-	3,308
<i>of which Chinese Taipei</i>	6,069	-	21	1,365	-	7,455
Total	14,180	97	1,053	9,027	-	24,357

AS AT JUNE 30, 2018

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1 Developed countries	3,484	-	40	772	-	4,296
2 Offshore centres	1,291	52	1,012	5,137	-	7,492
<i>of which Hong Kong SAR</i>	1,021	52	1,012	4,327	-	6,412
3 Developing Asia and Pacific	7,148	-	355	2,989	-	10,492
<i>of which China</i>	968	-	276	1,351	-	2,595
<i>of which Chinese Taipei</i>	5,497	-	-	1,400	-	6,897
Total	11,923	52	1,407	8,898	-	22,280

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 exposures	Off-balance sheet exposures	Total
AS AT DECEMBER 31, 2018			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	1,104	115	1,219
2 Local governments, local government-owned entities and their subsidiaries and JVs	489	74	563
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,496	417	1,913
4 Other entities of central government not reported in item 1 above	314	-	314
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	1,869	473	2,342
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	5,272	1,079	6,351
Total assets after provisions	27,105		
On-balance sheet exposures as percentage of total assets	19.45		
AS AT JUNE 30, 2018			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	1,432	-	1,432
2 Local governments, local government-owned entities and their subsidiaries and JVs	805	-	805
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,639	4	1,643
4 Other entities of central government not reported in item 1 above	365	-	365
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	2,106	74	2,180
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	6,347	78	6,425
Total assets after provisions	24,924		
On-balance sheet exposures as percentage of total assets	25.46		

5. FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the "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, 2018</u>	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>CNY</u>	<u>AUD</u>	<u>TWD</u>	<u>OTHERS</u>	<u>Total</u>
Spot assets	15,358	906	129	3,324	2,697	-	18	22,432
Spot liabilities	(15,712)	(360)	(127)	(4,589)	(1,257)	-	(289)	(22,334)
Forward purchases	98,348	299	139	84,644	26	368	673	184,497
Forward sales	(97,844)	(879)	(104)	(83,543)	(1,464)	(281)	(429)	(184,544)
Net options position	-	2	-	-	2	-	29	33
Net long (short) position	150	(32)	37	(164)	4	87	2	84

<u>AS AT JUNE 30, 2018</u>	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>CNY</u>	<u>AUD</u>	<u>TWD</u>	<u>OTHERS</u>	<u>Total</u>
Spot assets	13,303	745	189	2,930	2,993	-	20	20,180
Spot liabilities	(14,979)	(614)	(157)	(4,254)	(389)	-	(294)	(20,687)
Forward purchases	79,179	189	119	64,934	156	504	1,629	146,710
Forward sales	(77,550)	(317)	(198)	(63,519)	(2,825)	(520)	(1,272)	(146,201)
Net options position	1	-	-	-	-	-	(47)	(46)
Net long (short) position	(46)	3	(47)	91	(65)	(16)	36	(44)

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

GOVERNANCE

The Board of Bank SinoPac defines the overall liquidity risk management framework and delegates the execution and implementation of liquidity risk management functions to the Asset Liability Committee (ALCO). The framework and structure of the group assets and liabilities management are written in Bank SinoPac's policy document, "Assets and Liabilities Management Policies". ALCO of Hong Kong Branch executes its functions under the supervision of head office ALCO.

ALCO of Hong Kong Branch is composed of the Branch chief executive, branch manager, treasurer, and head of risk management, heads of accounting, operations, internal audit, and representatives from head office.

LIQUIDITY RISK MANAGEMENT

ALCO of the Branch establishes liquidity risk management policies and executes through the treasury functions of the Branch. Accounting department is responsible for preparing and reporting daily financial report and liquidity ratios. Risk Management department performs liquidity related stress tests, reviews the liquidity risk management policies and related measurement metrics on a regular basis and proposes amendment recommendations for ALCO of the Branch review and approval. ALCO of the Branch meets regularly on a monthly basis, reviewing the Branch latest liquidity situation and effectiveness of existing liquidity management strategies. Ad hoc meeting will be convened should emergent market or internal circumstances require an urgent decision. Meetings minutes are kept and circulated to the ALCO members and senior management in head office.

FUNDING STRATEGIES

The liquidity management strategies of the Branch are to establish and maintain locally stable sources of funding with effective diversification, maintain an active presence in the relevant market to ensure access to funding sources in a timely manner under both normal and stressed market conditions. Diversified sources of funding include not only stable customers deposits and certificate of deposits program, but also well-established inter-bank money market network and direct head office support. Furthermore, the Branch always maintains a significant size of high-grade investment bonds portfolio to ensure alternative sources of liquidity are available under adverse circumstances.

To ensure the diversification of funding sources, a list of potential funding source providers is prepared regularly, along with internal assessment on their degree of reliability, the funding terms (such as interest rate, collateral requirements, borrowing tenors), and any implicit effect on using such funding measures. The list is regularly reported and reviewed in the ALCO of the Branch.

LIQUIDITY MONITORING TOOLS

Liquidity Maintenance Ratio

To monitor and mitigate liquidity exposure, the Branch has established a range of liquidity risk measurement metrics to monitor and control the liquidity exposure of the Branch. To ensure the average Liquidity Maintenance Ratio (LMR) stays above the 25% statutory requirement, the Branch sets an additional 5% internal safety margin. The Branch will take immediate actions if the LMR is below 30% internal limit. The LMR are disclosed as follows:

	For the Forth Quarter of 2018	For the Year of 2017
	%	%
Average liquidity maintenance ratio (LMR) for the period	<u>44.59</u>	<u>41.97</u>

The branch's average liquidity maintenance ratio (LMR) for the period is based on the arithmetic mean of the average value of its LMR for each calendar month as reported in the liquidity position return submitted for the reporting period, which is computed in accordance with the Hong Kong Banking (Liquidity) Rules.

Under Banking (Disclosure) Rules, average LMR is presented on quarterly basis from 2018 onwards. Comparative information has not been restated.

Cash Flows Maturity Mismatch and Concentration Ratios

The Branch has established a set of maturity gap limits for all individual currency with activities in the Branch to monitor the liquidity exposure of each currency in different maturity tenors. The Branch has also established an aggregate currency mismatch limit to control the overall currency mismatch positions of the Branch within 1-year maturity tenor. In addition, the Branch has set up concentration limits on deposits and swap activities to monitor stability and diversification of deposit base and avoid overreliance on funding from intragroup companies and funding swaps instruments in the financial market. For instance, the intragroup companies deposit and top 10 customers deposit constituted 2.88% and 19.2% respectively of the Branch total deposit base as of end of December 2018. The Branch total assets was only 7.9% funded by swap activities as of end of December 2018. The cash flow maturity mismatch positions and the on- and off-balance sheet items broken down into maturity bucket as of end of December 2018 are as follows.

Cash flow maturity mismatch

	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 1 year	Over 1 year
Net liquidity mismatch	<u>1,108</u>	<u>(329)</u>	<u>(589)</u>	<u>(156)</u>	<u>(64)</u>	<u>14</u>
Cumulative mismatch	<u>1,108</u>	<u>779</u>	<u>190</u>	<u>34</u>	<u>(30)</u>	<u>(16)</u>

Bank SinoPac Hong Kong Branch

VI. LIQUIDITY DISCLOSURE - continued

Figures in HKD millions

On- and off-balance sheet items by maturity buckets*

	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
Cash and balances with central bank	3	3	-	-	-	-	-	-	-	-	-	-
Due from banks	9,544	1,706	560	2,688	2,359	837	1,339	-	-	55	-	-
Debt securities	5,832	5,832	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	7,448	19	426	1,339	1,048	437	919	907	1,128	982	243	-
Other assets	3,391	95	57	513	669	849	412	668	-	-	17	63
Total on-balance sheet assets	26,218	7,655	1,043	4,540	4,076	2,123	2,670	1,575	1,128	1,037	260	63
Total off-balance sheet claims	3,301	1	5	1,105	443	297	319	790	138	203	-	-

	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
Deposits and balances from customers	20,543	9,695	726	3,769	2,936	1,652	1,672	4	-	-	89	-
Due to banks	3,295	818	47	36	62	-	90	-	-	-	2,242	-
Other liabilities	2,237	4	78	291	372	817	371	15	-	-	17	207
Total on-balance sheet liabilities	26,075	10,517	851	4,096	3,370	2,469	2,133	19	-	-	2,348	207
Total off-balance sheet obligations	6,813	1	199	1,272	944	1,378	1,881	784	138	216	-	-

* The basis of compilation and maturity buckets follow information provided to the HKMA MA(BS)23 – Return on Liquidity Monitoring Tools.

Liquidity Stress Tests

The Branch performs liquidity stress tests on LMR and the assets and liabilities maturity gap positions on a regular basis to monitor the liquidity position of the Branch and its resilience to different stress situations. The assets and liabilities maturity gap positions are computed on cash flow basis, including derivatives instruments, with behavioral considerations taken on customer deposits run-off or early redeemed activities, loans rollover and default assumptions, as well as bonds realization conditions under different stress scenarios. Sensitivity analysis is also performed on the stressed results to measure the impact on LMR and maturity gap positions upon changes in the computation parameters. Target limits are set for the maturity gap positions under different stress scenarios and follow up actions will be taken if the limit is exceeded. Remedial actions include investigation of the reasons for excess and subsequent recommendation strategies to strengthen liquidity positions.

Contingency Funding Plan

The Branch also established a Contingent Funding Plan (CFP) to deal with any unforeseeable situation which could severely affect the liquidity position of the Branch. The plan is to provide a framework with a set of policies, procedures and actions plan for the Branch to access the fund providers and financial market efficiently. In addition, an ad hoc Liquidity Crisis Management Committee (LCMC) will be set up to execute the CFP policies and handle the day-to-day liquidity management under emergent situation. The duties of LCMC include but not restricted to maintaining close communication contact with regulators, fund suppliers, major customers and internal staff, implementing contingent funding strategies, closely monitoring the effectiveness of the strategies, and reporting the Branch liquidity positions to head office as well as the regulators.

Contingent funding strategies include revising the premium the Branch pays for the term fund, lengthening the borrowed fund maturities if possible, identifying unutilized collateral to make collateralized borrowing, temporarily stopping rollover of existing loans and extending interbank placement, and requesting head office funding support if required. The Branch did not trigger any CFP in 2018.

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 2018 Annual Report.

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>2018-12-31</u>	<u>2018-06-30</u>
	<u>14.44%</u>	<u>14.45%</u>
B. Aggregate amount of shareholders' funds	<u>2018-12-31</u>	<u>2018-06-30</u>
	TWD '000	TWD '000
	<u>129,081,699</u>	<u>124,625,227</u>

The capital adequacy ratio is calculated in accordance with the document entitled "Regulations Governing the Capital Adequacy and Capital Category of Banks".


II. OTHER FINANCIAL INFORMATION

Figures in TWD thousands

	<u>2018-12-31</u>	<u>2018-06-30</u>
Total assets	<u>1,485,321,021</u>	<u>1,456,252,539</u>
Total liabilities	<u>1,356,239,322</u>	<u>1,331,627,312</u>
Total loans advances	<u>919,303,206</u>	<u>877,615,359</u>
Total customer deposits	<u>1,195,974,154</u>	<u>1,142,853,858</u>
	<u>Year of 2018</u>	<u>Year of 2017</u>
Profit before taxation	<u>11,295,481</u>	<u>9,062,738</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 Bank SinoPac, Hong Kong Branch for the year ended December 31, 2018. 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

2019-04-26
Date