

Bank SinoPac Hong Kong Branch
(Incorporated In Taiwan With Limited Liability)

Key Financial Information Disclosure Statement
FOR THE YEAR ENDED DECEMBER 31, 2019

Note:

A copy of the Key Financial Information Disclosure Statement is available on the website below for public inspection.

<https://bank.sinopac.com/sinopacBT/about/introduction/announcement/hongkong.html>

Bank SinoPac Hong Kong Branch

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

<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, 2019**

Figures in HKD thousands

	Year to <u>2019-12-31</u>	Year to <u>2018-12-31</u>
INTEREST INCOME	743,423	634,810
INTEREST EXPENSE	<u>(334,966)</u>	<u>(276,285)</u>
	<u>408,457</u>	<u>358,525</u>
OTHER OPERATING INCOME		
Fees and commission income	53,382	42,938
Fees and commission expenses	<u>(11,231)</u>	<u>(13,352)</u>
Net fees and commission income	42,151	29,586
Gains less losses arising from trading in foreign currencies	57,299	79,605
Gains less losses on securities held for trading purposes	9,782	12,634
Gains less losses from other trading activities	1,150	3,136
Others	<u>28,553</u>	<u>715</u>
	<u>138,935</u>	<u>125,676</u>
OPERATING EXPENSES		
Staff and rental expenses	(133,060)	(128,968)
Other expenses	(28,349)	(31,395)
Net charge for other provisions		
- Other provisions	1,881	263
- Reversal of impairment loss on assets	<u>29,092</u>	<u>8,459</u>
	<u>(130,436)</u>	<u>(151,641)</u>
IMPAIRMENT LOSSES AND PROVISIONS FOR IMPAIRED LOANS AND RECEIVABLES	(5,225)	(32,092)
GAINS LESS LOSSES FROM THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	411,731	300,468
TAX EXPENSE	(61,548)	(54,603)
PROFIT AFTER TAXATION	<u>350,183</u>	<u>245,865</u>

Bank SinoPac Hong Kong Branch**II. BALANCE SHEET INFORMATION
AS AT DECEMBER 31, 2019**

Figures in HKD thousands

	<u>2019-12-31</u>	<u>2019-06-30</u>
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	4,296,877	3,465,438
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)	1,606,648	2,191,443
Amount due from overseas offices	1,568,316	3,482,075
Trade bills	357,327	912,437
Certificates of Deposit held	815,192	737,057
Securities measured at fair value through profit or loss	-	-
Securities measured at amortised cost	483,041	153,400
Securities measured at fair value through other comprehensive income	7,990,280	6,876,755
Loans and receivables	8,412,701	10,386,001
Property, plant and equipment and investment properties	<u>1,659</u>	<u>1,501</u>
Total assets	<u>25,532,041</u>	<u>28,206,107</u>
LIABILITIES		
Deposits and balances from banks and other financial institutions (except those included in amount due to overseas offices)	412,500	1,011,755
Deposits from customers		
- demand deposits and current accounts	486,531	1,380,337
- savings deposits	8,763,574	8,535,874
- time, call and notice deposits	11,358,066	11,776,019
Amount due to overseas offices	2,303,351	2,759,264
Other accounts and provisions	<u>1,605,913</u>	<u>2,294,407</u>
Total liabilities	24,929,935	27,757,656
Capital and reserves	<u>602,106</u>	<u>448,451</u>
Total equity and liabilities	<u>25,532,041</u>	<u>28,206,107</u>

Bank SinoPac Hong Kong Branch

III. ADDITIONAL BALANCE SHEET INFORMATION

Figures in HKD thousands

1. TRADE BILLS

	<u>2019-12-31</u>	<u>2019-06-30</u>
Trade bills	369,245	926,467
Less : Impairment allowances	<u>(11,918)</u>	<u>(14,030)</u>
	<u>357,327</u>	<u>912,437</u>

2. LOANS AND RECEIVABLES

	<u>2019-12-31</u>	<u>2019-06-30</u>
A. i) Loans and advances to customers	6,882,697	8,277,400
Less : Impairment allowances	<u>(92,260)</u>	<u>(128,317)</u>
	<u>6,790,437</u>	<u>8,149,083</u>
ii) Loans and advances to banks	54,549	54,734
Less : Impairment allowances	<u>(818)</u>	<u>(821)</u>
	<u>53,731</u>	<u>53,913</u>
iii) Other accounts		
-Accrued interest	144,457	145,978
-Others	<u>1,457,813</u>	<u>2,071,516</u>
	<u>1,602,270</u>	<u>2,217,494</u>
Less : Impairment allowances	<u>(33,737)</u>	<u>(34,489)</u>
	<u>1,568,533</u>	<u>2,183,005</u>
	<u>8,412,701</u>	<u>10,386,001</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>2019-12-31</u>	<u>2019-06-30</u>
- Gross loans and advances to customers	3,054	22,599
- Impairment allowances	1,992	22,599
- Value of Collateral	-	-
Percentage of such loans and advances to total gross loans and advances	<u>0.04%</u>	<u>0.27%</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>2019-12-31</u>		<u>2019-06-30</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	-	-	22,599	0.27%
more than 6 months but not more than one year	-	-	-	-
more than one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>22,599</u>	<u>0.27%</u>
b. Rescheduled advances to customers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>22,599</u>	<u>0.27%</u>

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

	<u>2019-12-31</u>	<u>2019-06-30</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	-	22,599

d. Impairment allowances on such overdue loans and advances

	<u>2019-12-31</u>	<u>2019-06-30</u>
	-	22,599

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>2019-12-31</u>	<u>2019-06-30</u>
Accrued interest	63,292	74,919
Impairment allowances on loan commitments and financial guarantee contracts	4,820	4,535
Others	<u>1,537,801</u>	<u>2,214,953</u>
	<u>1,605,913</u>	<u>2,294,407</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>2019-12-31</u>	<u>2019-06-30</u>
Direct credit substitutes	19,464	19,518
Transaction-related contingencies	6,758	11,177
Trade-related contingencies	73,774	126,780
Other commitments	3,343,432	2,873,674
Others	<u>77,856</u>	<u>-</u>
	<u>3,521,284</u>	<u>3,031,149</u>
Derivatives		
- Exchange rate contracts	101,468,714	194,387,733
- Interest rate contracts	4,548,833	5,430,788
- Others	<u>4,671</u>	<u>4,684</u>
	<u>106,022,218</u>	<u>199,823,205</u>
Fair Value of Derivatives (of the above derivatives)		
- Exchange rate contracts	773,849	1,205,551
- Interest rate contracts	28,470	35,187
- Others	<u>6</u>	<u>29</u>
	<u>802,325</u>	<u>1,240,767</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.

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". Countries or geographical segments constituting 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>2019-12-31</u>		<u>2019-06-30</u>	
	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	150,000	124,449	54,183
- Property investment	203,534	63,534	595,562	259,902
- Financial concerns	1,053,558	250,000	1,208,622	272,798
- Stockbrokers	38,928	-	-	-
- Wholesale and retail trade	142,320	139,147	238,684	238,469
- Manufacturing	244,535	101,179	502,844	104,475
- Transport and transport equipment	177,875	9,659	209,227	9,592
- Recreational activities	-	-	-	-
- Information technology	555,194	23,000	519,102	23,000
- Others	-	-	32,385	32,385
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	664,787	103,068	834,950	432,005
C. Loans and advances for use outside Hong Kong	3,651,966	840,418	4,011,575	947,269
Total	6,882,697	1,680,005	8,277,400	2,374,078

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

	<u>2019-12-31</u>	<u>2019-06-30</u>
- Hong Kong	3,128,140	4,155,540
- China	1,405,771	1,768,133
- British Virgin Islands	959,992	811,405
- Others	1,388,794	1,542,322
Total	6,882,697	8,277,400

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

	<u>2019-12-31</u>	<u>2019-06-30</u>
- Taiwan	3,054	22,599
Total	3,054	22,599

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, 2019

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1 Developed countries	4,229	173	39	1,780	-	6,221
<i>of which Australia</i>	2,449	-	-	-	-	2,449
2 Offshore centres	1,785	313	954	4,434	-	7,486
<i>of which Hong Kong SAR</i>	1,315	313	854	2,723	-	5,205
3 Developing Asia and Pacific	6,994	-	748	2,194	-	9,936
<i>of which China</i>	1,075	-	352	960	-	2,387
<i>of which Chinese Taipei</i>	4,827	-	45	1,023	-	5,895

AS AT JUNE 30, 2019

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1 Developed countries	4,558	80	40	1,767	-	6,445
<i>of which Australia</i>	2,259	-	-	56	-	2,315
2 Offshore centres	1,502	77	686	5,248	-	7,513
<i>of which Hong Kong SAR</i>	1,100	77	686	4,089	-	5,952
3 Developing Asia and Pacific	8,710	-	615	2,693	-	12,018
<i>of which China</i>	2,121	-	381	1,205	-	3,707
<i>of which Chinese Taipei</i>	5,635	-	23	1,219	-	6,877

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, 2019			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	763	7	770
2 Local governments, local government-owned entities and their subsidiaries and JVs	424	247	671
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,165	254	1,419
4 Other entities of central government not reported in item 1 above	369	-	369
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	1,685	420	2,105
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	4,406	928	5,334
Total assets after provisions	25,659		
On-balance sheet exposures as percentage of total assets	17.17		
	On-balance sheet exposures	Off-balance sheet exposures	Total
AS AT JUNE 30, 2019			
1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)	1,029	66	1,095
2 Local governments, local government-owned entities and their subsidiaries and JVs	424	102	526
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,789	470	2,259
4 Other entities of central government not reported in item 1 above	319	-	319
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	1,493	489	1,982
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	5,054	1,127	6,181
Total assets after provisions	28,202		
On-balance sheet exposures as percentage of total assets	17.92		

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 "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, 2019</u>	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>IDR</u>	<u>INR</u>	<u>TWD</u>	<u>OTHERS</u>	<u>Total</u>
Spot assets	14,356	646	2,841	-	-	-	2,962	20,805
Spot liabilities	(15,429)	(294)	(2,749)	-	-	-	(1,673)	(20,145)
Forward purchases	50,197	85	38,227	1,276	84	396	1,742	92,007
Forward sales	(49,496)	(512)	(38,018)	(1,241)	(46)	(46)	(2,973)	(92,332)
Net options position	-	(1)	-	-	-	-	-	(1)
Net long (short) position	(372)	(76)	301	35	38	350	58	334

<u>AS AT JUNE 30, 2019</u>	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>IDR</u>	<u>INR</u>	<u>TWD</u>	<u>OTHERS</u>	<u>Total</u>
Spot assets	15,624	986	2,947	-	-	-	2,649	22,206
Spot liabilities	(15,438)	(447)	(3,276)	-	-	-	(2,257)	(21,418)
Forward purchases	95,911	633	80,027	26	58	751	3,426	180,832
Forward sales	(95,943)	(1,246)	(79,534)	(26)	(58)	(744)	(3,777)	(181,328)
Net options position	-	-	-	-	-	-	-	-
Net long (short) position	154	(74)	164	-	-	7	41	292

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 TOLERANCE

The Branch follows Head Office defined liquidity risk appetite and maintains sufficient liquidity to meet operations and regulatory requirements. An additional safety margin of 5% is added on top of the minimum Liquidity Maintenance Ratio (LMR) regulatory requirement. 30% LMR is the minimum liquidity risk tolerance level that the Branch has to meet on daily basis.

The Branch also makes use of cash flows models and stress testing computation tools to estimate the available liquidity resources and gaps over a period of time and set up corresponding gap limits. These are the liquidity risk levels in different maturity tenors that the Branch can take and tolerate in order to pursue the Branch's business activities and at the same time meeting the regulatory obligations.

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.

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 AND MITIGATION 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 2019	For the Forth Quarter of 2018
	%	%
Average liquidity maintenance ratio (LMR) for the period	<u>50.57</u>	<u>44.59</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.

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 0.9% and 18.1% respectively of the Branch total deposit base as of end of December 2019. The Branch total assets were only 12.7% funded by swap activities as of end of December 2019. The cash flow maturity mismatch positions and the on- and off-balance sheet items broken down into maturity bucket as of end of December 2019 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>1,874</u>	<u>(470)</u>	<u>(1,638)</u>	<u>(923)</u>	<u>(2,593)</u>	<u>992</u>
Cumulative mismatch	<u>1,874</u>	<u>1,404</u>	<u>(234)</u>	<u>(1,157)</u>	<u>(3,750)</u>	<u>(2,758)</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	2	2	-	-	-	-	-	-	-	-	-	-
Due from banks	7,576	2,355	701	1,658	1,888	863	56	-	55	-	-	-
Debt securities	8,857	8,857	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	6,905	211	104	1,112	1,487	417	941	899	425	1,039	270	-
Other assets	1,965	29	97	223	455	264	97	640	-	8	1	151
Total on-balance sheet assets	25,305	11,454	902	2,993	3,830	1,544	1,094	1,539	480	1,047	271	151
Total off-balance sheet claims	1,608	-	-	115	408	572	189	130	185	9	-	-
	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	20,669	9,475	998	4,077	3,174	1,563	1,310	-	-	66	6	-
Due to banks	2,716	101	-	99	274	-	-	-	-	-	2,242	-
Other liabilities	1,778	2	291	129	322	171	74	6	-	8	1	774
Total on-balance sheet liabilities	25,163	9,578	1,289	4,305	3,770	1,734	1,384	6	-	74	2,249	774
Total off-balance sheet obligations	5,130	1	82	440	1,391	1,263	1,614	130	193	16	-	-

* 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.

Liquidity Mitigation Tools

While upkeeping a stable and diversified funding deposit base, the Branch also maintains a sufficient cushion of unencumbered, liquid, and high-quality investment-grade bonds which can be readily liquidated in the secondary market to increase liquidity even in severe idiosyncratic and adverse market conditions. A liquidity cushion coverage ratio was set up in the Branch and has to maintain a minimum 20% of the Branch's Qualifying Liabilities. The size of liquidity cushion reflects and supports the Branch to meet its risk tolerance appetite and is considered sufficient to meet the funding gap generated from adverse market and liquidity stress conditions.

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 2019.

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 session "EMPLOYEE BENEFITS EXPENSE" in Bank's 2019 Annual Report page 56.

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>2019-12-31</u>	<u>2019-06-30</u>
	<u>14.27%</u>	<u>13.52%</u>
B. Aggregate amount of shareholders' funds	<u>2019-12-31</u>	<u>2019-06-30</u>
	TWD '000	TWD '000
	<u>133,668,017</u>	<u>129,529,691</u>

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

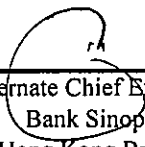
II. OTHER FINANCIAL INFORMATION

Figures in TWD thousands

	<u>2019-12-31</u>	<u>2019-06-30</u>
Total assets	<u>1,695,816,123</u>	<u>1,640,324,092</u>
Total liabilities	<u>1,562,148,106</u>	<u>1,510,794,401</u>
Total loans advances	<u>999,554,298</u>	<u>1,015,948,271</u>
Total customer deposits	<u>1,388,840,551</u>	<u>1,344,195,310</u>
	<u>Year of 2019</u>	<u>Year of 2018</u>
Profit before taxation	<u>12,028,521</u>	<u>11,295,481</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, 2019. 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 16 August 2019 and to the best of our knowledge and belief, it is not false or misleading.



Alternate Chief Executive
Bank Sinopac
Hong Kong Branch

2020-04-29

Date