

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

**Key Financial Information Disclosure Statement  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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/seabranh/branch-hongkong.html>

## **Bank SinoPac Hong Kong Branch**

### **KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021**

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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, 2021**

Figures in HKD thousands

|   | <u>Year to<br/>2021-12-31</u> | <u>Year to<br/>2020-12-31</u> |
|---|-------------------------------|-------------------------------|
| INTEREST INCOME   | 563,003                       | 557,254                       |
| INTEREST EXPENSE  | <u>(112,251)</u>              | <u>(189,953)</u>              |
|   | 450,752                       | 367,301                       |
| OTHER OPERATING INCOME  |                               |                               |
| Fees and commission income  | 78,134                        | 64,817                        |
| Fees and commission expenses  | <u>(11,350)</u>               | <u>(10,091)</u>               |
| Net fees and commission income  | 66,784                        | 54,726                        |
| Gains less losses arising from trading in foreign currencies                                      | 44,067                        | 39,780                        |
| Gains less losses on securities held for trading purposes   | 7,704                         | (1,137)                       |
| Gains less losses from other trading activities   | 3,945                         | 20,804                        |
| Others  | <u>53,245</u>                 | <u>5,762</u>                  |
|   | 175,745                       | 119,935                       |
| OPERATING EXPENSES  |                               |                               |
| Staff and rental expenses   | (140,401)                     | (132,537)                     |
| Other expenses  | (36,425)                      | (32,758)                      |
| Net charge for other provisions   |                               |                               |
| - Other provisions  | 1,774                         | (10,191)                      |
| - Reversal / (Impairment loss) of impairment loss on assets                                       | <u>11,678</u>                 | <u>(121,462)</u>              |
|   | (163,374)                     | (296,948)                     |
| IMPAIRMENT LOSSES AND PROVISIONS FOR IMPAIRED LOANS<br>AND RECEIVABLES                            | (66,689)                      | (40,633)                      |
| GAINS LESS LOSSES FROM THE DISPOSAL OF PROPERTY, PLANT AND<br>EQUIPMENT AND INVESTMENT PROPERTIES | <u>-</u>                      | <u>-</u>                      |
| PROFIT BEFORE TAXATION  | 396,434                       | 149,655                       |
| TAX EXPENSE   | (68,040)                      | (27,792)                      |
| PROFIT AFTER TAXATION   | <u>328,394</u>                | <u>121,863</u>                |

**Bank SinoPac Hong Kong Branch****II. BALANCE SHEET INFORMATION  
AS AT DECEMBER 31, 2021**

Figures in HKD thousands

|   | <u>2021-12-31</u>        | <u>2021-06-30</u>        |
|---|--------------------------|--------------------------|
| <b>ASSETS</b>   |                          |                          |
| Cash and balances with banks<br>(except those included in amount due from overseas offices)   | 4,931,376                | 3,129,530                |
| Placements with banks which have a residual contractual maturity of more<br>than one month but not more than 12 months<br>(except those included in amount due from overseas offices) | 311,848                  | 504,734                  |
| Amount due from overseas offices  | 2,452,218                | 2,107,451                |
| Trade bills   | 983,098                  | 923,296                  |
| Certificates of Deposit held  | 795,000                  | 903,207                  |
| Securities measured at fair value through profit or loss  | 54,863                   | -                        |
| Securities measured at amortised cost   | 1,779,287                | 1,652,420                |
| Securities measured at fair value through other comprehensive income  | 14,392,081               | 13,941,287               |
| Loans and receivables   | 11,073,019               | 11,699,471               |
| Property, plant and equipment and investment properties   | <u>3,973</u>             | <u>3,033</u>             |
| Total assets  | <u><u>36,776,763</u></u> | <u><u>34,864,429</u></u> |
| <b>LIABILITIES</b>  |                          |                          |
| Deposits and balances from banks and other financial institutions<br>(except those included in amount due to overseas offices)  | 2,814,437                | 4,608,189                |
| Deposits from customers   |                          |                          |
| - demand deposits and current accounts  | 494,430                  | 443,769                  |
| - savings deposits  | 13,241,124               | 13,137,128               |
| - time, call and notice deposits  | 14,259,548               | 10,883,130               |
| Amount due to overseas offices  | 3,676,745                | 3,308,020                |
| Other accounts and provisions   | <u>1,250,872</u>         | <u>1,494,343</u>         |
| Total liabilities   | 35,737,156               | 33,874,579               |
| Capital and reserves  | <u>1,039,607</u>         | <u>989,850</u>           |
| Total equity and liabilities  | <u><u>36,776,763</u></u> | <u><u>34,864,429</u></u> |

## Bank SinoPac Hong Kong Branch

### III. ADDITIONAL BALANCE SHEET INFORMATION

Figures in HKD thousands

#### 1. TRADE BILLS

|                              | <u>2021-12-31</u> | <u>2021-06-30</u> |
|------------------------------|-------------------|-------------------|
| Trade bills                  | 998,876           | 936,467           |
| Less : Impairment allowances | <u>(15,778)</u>   | <u>(13,171)</u>   |
|                              | <u>983,098</u>    | <u>923,296</u>    |

#### 2. LOANS AND RECEIVABLES

|                                       | <u>2021-12-31</u> | <u>2021-06-30</u> |
|---------------------------------------|-------------------|-------------------|
| A. i) Loans and advances to customers | 9,915,687         | 10,305,939        |
| Less : Impairment allowances          | <u>(139,307)</u>  | <u>(139,166)</u>  |
|                                       | <u>9,776,380</u>  | <u>10,166,773</u> |
| ii) Loans and advances to banks       | 243,719           | 244,726           |
| Less : Impairment allowances          | <u>(2,720)</u>    | <u>(2,739)</u>    |
|                                       | <u>240,999</u>    | <u>241,987</u>    |
| iii) Other accounts                   |                   |                   |
| -Accrued interest                     | 133,874           | 136,998           |
| -Others                               | <u>959,476</u>    | <u>1,191,015</u>  |
|                                       | 1,093,350         | 1,328,013         |
| Less : Impairment allowances          | <u>(37,710)</u>   | <u>(37,302)</u>   |
|                                       | <u>1,055,640</u>  | <u>1,290,711</u>  |
|                                       | <u>11,073,019</u> | <u>11,699,471</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>2021-12-31</u> | <u>2021-06-30</u> |
|---|-------------------|-------------------|
| - Gross loans and advances to customers                                 | 11,473            | 37,829            |
| - Impairment allowances   | 11,473            | 18,915            |
| - Value of Collateral   | -                 | -                 |
| Percentage of such loans and advances to total gross loans and advances | <u>0.12%</u>      | <u>0.37%</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>2021-12-31</u> |              | <u>2021-06-30</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  | -                 | -            | 37,829            | 0.37%        |
| more than one year   | 11,473            | 0.12%        | -                 | -            |
|  | <u>11,473</u>     | <u>0.12%</u> | <u>37,829</u>     | <u>0.37%</u> |
| b. Rescheduled advances to customers   | -                 | -            | -                 | -            |
| Total  | <u>11,473</u>     | <u>0.12%</u> | <u>37,829</u>     | <u>0.37%</u> |

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

|   | <u>2021-12-31</u> | <u>2021-06-30</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   | 11,473            | 37,829            |

##### d. Impairment allowances on such overdue loans and advances

|  | <u>2021-12-31</u> | <u>2021-06-30</u> |
|--|-------------------|-------------------|
|  | 11,473            | 18,915            |

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>2021-12-31</u> | <u>2021-06-30</u> |
|---|-------------------|-------------------|
| Accrued interest  | 27,062            | 21,818            |
| Impairment allowances on loan commitments and financial guarantee contracts | 11,283            | 13,670            |
| Others  | <u>1,212,527</u>  | <u>1,458,855</u>  |
|   | <u>1,250,872</u>  | <u>1,494,343</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>2021-12-31</u> | <u>2021-06-30</u> |
|--|-------------------|-------------------|
| Direct credit substitutes                            | -                 | 15,530            |
| Transaction-related contingencies                    | 4,964             | 4,945             |
| Trade-related contingencies                          | 335,476           | 391,192           |
| Other commitments                                    | 5,739,195         | 3,825,476         |
| Others   | -                 | -                 |
|  | <u>6,079,635</u>  | <u>4,237,143</u>  |
| Derivatives  |                   |                   |
| - Exchange rate contracts                            | 33,101,733        | 41,874,231        |
| - Interest rate contracts                            | 5,265,138         | 3,872,813         |
| - Others   | -                 | -                 |
|  | <u>38,366,871</u> | <u>45,747,044</u> |
| Fair Value of Derivatives (of the above derivatives) |                   |                   |
| - Exchange rate contracts                            | 176,964           | 340,345           |
| - Interest rate contracts                            | 21,738            | 22,418            |
| - Others   | -                 | -                 |
|  | <u>198,702</u>    | <u>362,763</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>2021-12-31</u> |  | <u>2021-06-30</u> |  |
|---|-------------------|--|-------------------|--|
|   | Amount            | Amount covered<br>by collateral or<br>other security | Amount            | Amount covered<br>by collateral or<br>other security |
| a. Industrial, commercial and financial   |                   |  |                   |  |
| - Property development  | -                 | -  | -                 | -  |
| - Property investment   | 73,721            | -  | 72,822            | -  |
| - Financial concerns  | 1,856,830         | 650,326  | 2,048,512         | 617,835  |
| - Stockbrokers  | -                 | -  | -                 | -  |
| - Wholesale and retail trade  | 41,561            | 14,274   | 97,238            | 64,108   |
| - Manufacturing   | 160,313           | 30,428   | 31,872            | 31,872   |
| - Transport and transport equipment   | 167,517           | 4,288  | 207,175           | 14,299   |
| - Recreational activities   | -                 | -  | -                 | -  |
| - Information technology  | 350,000           | -  | 516,591           | -  |
| - Others  | 25,000            | -  | 25,000            | -  |
| 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  | 6,237             | 6,237  | 2,718             | 2,718  |
| <b>B. Trade finance</b>   | <b>744,208</b>    | <b>94,440</b>  | <b>1,002,336</b>  | <b>86,809</b>  |
| <b>C. Loans and advances for use outside Hong Kong</b>  | <b>6,490,300</b>  | <b>1,617,521</b>                                     | <b>6,301,675</b>  | <b>2,063,787</b>                                     |
| <b>Total</b>  | <b>9,915,687</b>  | <b>2,417,514</b>                                     | <b>10,305,939</b> | <b>2,881,428</b>                                     |

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

|                          | <u>2021-12-31</u> | <u>2021-06-30</u> |
|--------------------------|-------------------|-------------------|
| - Hong Kong              | 3,036,311         | 3,594,014         |
| - China                  | 2,542,195         | 1,737,576         |
| - British Virgin Islands | 652,288           | 1,077,373         |
| - Taiwan                 | 1,020,258         | 888,481           |
| - Others                 | 2,664,635         | 3,008,495         |
| <b>Total</b>             | <b>9,915,687</b>  | <b>10,305,939</b> |

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

|              | <u>2021-12-31</u> | <u>2021-06-30</u> |
|--------------|-------------------|-------------------|
| - China      | 11,473            | 37,829            |
| <b>Total</b> | <b>11,473</b>     | <b>37,829</b>     |



## 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, 2021

|                                | Banks | Official<br>Sector | Non-bank private sector               |                                 | Others | Total  |
|--------------------------------|-------|--------------------|---------------------------------------|---------------------------------|--------|--------|
|                                |       |                    | Non-bank<br>financial<br>institutions | Non-financial<br>private sector |        |        |
| 1 Developed countries          | 8,493 | 545                | -                                     | 2,699                           | -      | 11,737 |
| <i>of which Australia</i>      | 3,265 | -                  | -                                     | 481                             | -      | 3,746  |
| 2 Offshore centres             | 2,042 | 942                | 1,107                                 | 6,597                           | -      | 10,688 |
| <i>of which Hong Kong SAR</i>  | 1,914 | 942                | 848                                   | 4,775                           | -      | 8,479  |
| 3 Developing Asia and Pacific  | 7,596 | 178                | 1,486                                 | 3,381                           | -      | 12,641 |
| <i>of which China</i>          | 1,681 | 105                | 834                                   | 1,815                           | -      | 4,435  |
| <i>of which Chinese Taipei</i> | 3,083 | -                  | 49                                    | 996                             | -      | 4,128  |

##### AS AT JUNE 30, 2021

|                                | Banks | Official<br>Sector | Non-bank private sector               |                                 | Others | Total  |
|--------------------------------|-------|--------------------|---------------------------------------|---------------------------------|--------|--------|
|                                |       |                    | Non-bank<br>financial<br>institutions | Non-financial<br>private sector |        |        |
| 1 Developed countries          | 4,679 | 544                | 777                                   | 3,091                           | -      | 9,091  |
| <i>of which Australia</i>      | 2,533 | -                  | -                                     | 502                             | -      | 3,035  |
| 2 Offshore centres             | 2,365 | 940                | 1,323                                 | 7,267                           | -      | 11,895 |
| <i>of which Hong Kong SAR</i>  | 2,238 | 940                | 1,040                                 | 5,013                           | -      | 9,231  |
| 3 Developing Asia and Pacific  | 7,808 | 175                | 1,295                                 | 2,734                           | -      | 12,012 |
| <i>of which China</i>          | 1,278 | 103                | 612                                   | 1,421                           | -      | 3,414  |
| <i>of which Chinese Taipei</i> | 4,150 | -                  | 49                                    | 864                             | -      | 5,063  |

#### 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<br>sheet<br>exposures | Off-balance<br>sheet<br>exposures | Total |
|---|----------------------------------|-----------------------------------|-------|
| <b>AS AT DECEMBER 31, 2021</b>  |                                  |                                   |       |
| 1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)   | 347                              | 619                               | 966   |
| 2 Local governments, local government-owned entities and their subsidiaries and JVs   | 221                              | 211                               | 432   |
| 3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs                            | 1,613                            | 1,058                             | 2,671 |
| 4 Other entities of central government not reported in item 1 above   | 74                               | 57                                | 131   |
| 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 | 2,603                            | 460                               | 3,063 |
| 7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | -                                | -                                 | -     |
| Total   | 4,858                            | 2,405                             | 7,263 |
| Total assets after provisions   | 36,792                           |                                   |       |
| On-balance sheet exposures as percentage of total assets  | 13.20                            |                                   |       |

##### AS AT JUNE 30, 2021

|   | On-balance<br>sheet<br>exposures | Off-balance<br>sheet<br>exposures | Total |
|---|----------------------------------|-----------------------------------|-------|
| 1 Central government, central government-owned entities and their subsidiaries and Joint Ventures (JVs)   | 700                              | 129                               | 829   |
| 2 Local governments, local government-owned entities and their subsidiaries and JVs   | 212                              | 82                                | 294   |
| 3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs                            | 2,119                            | 716                               | 2,835 |
| 4 Other entities of central government not reported in item 1 above   | 295                              | 16                                | 311   |
| 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 | 2,146                            | 635                               | 2,781 |
| 7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | -                                | -                                 | -     |
| Total   | 5,472                            | 1,578                             | 7,050 |
| Total assets after provisions   | 34,851                           |                                   |       |
| On-balance sheet exposures as percentage of total assets  | 15.70                            |                                   |       |

## 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, 2021</u> | <u>USD</u> | <u>CNY</u> | <u>OTHERS</u> | <u>Total</u> |
|--------------------------------|------------|------------|---------------|--------------|
| Spot assets                    | 21,101     | 3,630      | 5,001         | 29,732       |
| Spot liabilities               | (24,502)   | (2,677)    | (2,206)       | (29,385)     |
| Forward purchases              | 18,152     | 6,407      | 7,423         | 31,982       |
| Forward sales                  | (14,473)   | (7,338)    | (10,201)      | (32,012)     |
| Net options position           | -          | -          | -             | -            |
| Net long (short) position      | <u>278</u> | <u>22</u>  | <u>17</u>     | <u>317</u>   |

| <u>AS AT JUNE 30, 2021</u> | <u>USD</u> | <u>CNY</u> | <u>OTHERS</u> | <u>Total</u> |
|----------------------------|------------|------------|---------------|--------------|
| Spot assets                | 20,219     | 3,953      | 4,062         | 28,234       |
| Spot liabilities           | (22,559)   | (3,013)    | (2,268)       | (27,840)     |
| Forward purchases          | 21,519     | 15,435     | 2,885         | 39,839       |
| Forward sales              | (18,763)   | (16,199)   | (4,676)       | (39,638)     |
| Net options position       | -          | -          | -             | -            |
| Net long (short) position  | <u>416</u> | <u>176</u> | <u>3</u>      | <u>595</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

#### GOVERNANCE

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

HK ALCO is composed of the Branch chief executive, branch manager, treasurer, head of money market, 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 local operations and regulatory requirements. An additional safety margin of 5% is added on top of the minimum Liquidity Maintenance Ratio (LMR) regulatory requirement. Thus 30% LMR is the minimum liquidity risk tolerance level that the Branch has to meet on a daily basis.

The Branch also makes use of cash flows projection models and stress testing computation tools to estimate the available liquidity resources and gaps over a period of time under normal or stressed scenarios 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

HK ALCO 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 and cash flow maturity mismatch analysis, reviews the liquidity risk management policies and related measurement metrics on a regular basis and proposes amendment recommendations for HK ALCO review and approval. HK ALCO 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 markets or internal circumstances require an urgent decision. Meetings minutes are kept and circulated to the HK 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 interbank 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 HK ALCO.

**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 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<br>Quarter of<br>2021 | For the Forth<br>Quarter of<br>2020 |
|--|-------------------------------------|-------------------------------------|
|  | %                                   | %                                   |
| Average liquidity maintenance ratio (LMR) for the period | <u>65.59</u>                        | <u>59.27</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, intragroup borrowing from other branches and funding swap activities to monitor stability and diversification of deposit base and avoid overreliance on funding from intragroup branches and funding swaps instruments in the financial market. For instance, the related parties deposit and top 10 customers deposit constituted 1.59% and 28.74%, respectively of the Branch total deposit base as of end of December 2021. The intragroup borrowing from other branches constituted 3.71% of the Branch total assets as of end of December 2021. The Branch total assets were only 15.47% funded by funding swap activities as of end of December 2021. In addition, the cash flows maturity mismatch positions and the on- and off-balance sheet items broken down into maturity buckets as of end of December 2021 are as follows.

**Cash flow maturity mismatch**

|                        | Next day     | 2 to 7 days  | 8 days to 1<br>month | > 1 month up<br>to 3 months | > 3 months up<br>to 1 year | Over 1 year    |
|------------------------|--------------|--------------|----------------------|-----------------------------|----------------------------|----------------|
| Net liquidity mismatch | <u>6,115</u> | <u>(448)</u> | <u>(1,686)</u>       | <u>(3,769)</u>              | <u>(7,792)</u>             | <u>2,723</u>   |
| Cumulative mismatch    | <u>6,115</u> | <u>5,667</u> | <u>3,981</u>         | <u>212</u>                  | <u>(7,580)</u>             | <u>(4,857)</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   | -             | -             | -           | -                 | -                        | -                         | -                       | -                      | -                       | -                       | -            | -                |
| Due from banks                        | 7,946         | 4,135         | 387         | 852               | 656                      | 631                       | 1,098                   | 187                    | -                       | -                       | -            | -                |
| Debt securities                       | 16,357        | 16,357        | -           | -                 | -                        | -                         | -                       | -                      | -                       | -                       | -            | -                |
| Loans and advances to customers       | 9,940         | 21            | 365         | 1,457             | 1,471                    | 1,031                     | 1,300                   | 1,504                  | 1,338                   | 1,317                   | 125          | 11               |
| Other assets                          | 1,974         | 5             | 8           | 167               | 371                      | 311                       | 416                     | -                      | 3                       | 1                       | 543          | 149              |
| <b>Total on-balance sheet assets</b>  | <b>36,217</b> | <b>20,518</b> | <b>760</b>  | <b>2,476</b>      | <b>2,498</b>             | <b>1,973</b>              | <b>2,814</b>            | <b>1,691</b>           | <b>1,341</b>            | <b>1,318</b>            | <b>668</b>   | <b>160</b>       |
| <b>Total off-balance sheet claims</b> | <b>1,168</b>  | <b>-</b>      | <b>3</b>    | <b>8</b>          | <b>323</b>               | <b>156</b>                | <b>508</b>              | <b>66</b>              | <b>59</b>               | <b>43</b>               | <b>2</b>     | <b>-</b>         |

  

|  | 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       | 28,013        | 13,987        | 687          | 3,629             | 3,818                    | 4,245                     | 1,603                   | -                      | 38                      | 6                       | -            | -                |
| Due to banks                               | 6,499         | 372           | 403          | 336               | 1,384                    | 1,172                     | 590                     | -                      | -                       | -                       | 2,242        | -                |
| Other liabilities                          | 1,530         | 1             | 62           | 71                | 101                      | 32                        | 41                      | 4                      | 3                       | 1                       | -            | 1,214            |
| <b>Total on-balance sheet liabilities</b>  | <b>36,042</b> | <b>14,360</b> | <b>1,152</b> | <b>4,036</b>      | <b>5,303</b>             | <b>5,449</b>              | <b>2,234</b>            | <b>4</b>               | <b>41</b>               | <b>7</b>                | <b>2,242</b> | <b>1,214</b>     |
| <b>Total off-balance sheet obligations</b> | <b>7,254</b>  | <b>43</b>     | <b>59</b>    | <b>134</b>        | <b>1,287</b>             | <b>1,911</b>              | <b>3,649</b>            | <b>69</b>              | <b>58</b>               | <b>42</b>               | <b>2</b>     | <b>-</b>         |

\* 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 a cash flow basis, including derivatives instruments, with behavioral considerations taken on customer deposits run-off or early redeemed activities, loans rollover as well as bonds realization conditions under different stressed 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 such as bond price and deposit run-off. Target limits are set for the maturity gap positions under different stressed 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 2021.

### 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 2021 Annual Report page 54-55.

## Bank SinoPac Hong Kong Branch

### SECTION B. - INFORMATION OF THE BANK AS A WHOLE

#### BANK SINOPAC

#### I. CAPITAL AND CAPITAL ADEQUACY RATIO

|   |                    |                    |
|---|--------------------|--------------------|
| <b>A. Capital adequacy ratio</b>                  | <u>2021-12-31</u>  | <u>2021-06-30</u>  |
|   | <u>15.78%</u>      | <u>15.47%</u>      |
| <b>B. Aggregate amount of shareholders' funds</b> | <u>2021-12-31</u>  | <u>2021-06-30</u>  |
|   | TWD '000           | TWD '000           |
|   | <u>143,128,664</u> | <u>139,036,586</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>2021-12-31</u>    | <u>2021-06-30</u>    |
| <b>Total assets</b>            | <u>2,169,496,183</u> | <u>2,084,771,998</u> |
| <b>Total liabilities</b>       | <u>2,026,367,519</u> | <u>1,945,735,412</u> |
| <b>Total loans advances</b>    | <u>1,184,692,221</u> | <u>1,197,139,650</u> |
| <b>Total customer deposits</b> | <u>1,840,387,303</u> | <u>1,747,678,209</u> |
|                                | <u>Year of 2021</u>  | <u>Year of 2020</u>  |
| <b>Profit before taxation</b>  | <u>13,109,033</u>    | <u>11,020,313</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, 2021. 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" and to the best of our knowledge and belief, it is not false or misleading.



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Alternate Chief Executive  
Bank Sinopac  
Hong Kong Branch

29 APR 2022

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Date