



玉山銀行
E.SUN BANK

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SWIFT/ESUNHKHH

**E.SUN COMMERCIAL BANK, LIMITED
HONG KONG BRANCH**

**Key Financial Information Disclosure Statement
For The Whole Year Ended 31 December 2016**

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statement For The Whole Year Ended 31 December 2016

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E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)

I. PROFIT AND LOSS INFORMATION

HK\$'000

FOR THE WHOLE YEAR ENDED 31 December 2016

	For The Whole Year Ended	
	31 December 2016	31 December 2015
Interest Income	386,348	284,884
Interest Expense	(100,414)	(99,508)
Net Interest Income	<u>285,934</u>	<u>185,376</u>
Other Operating Income		
Gains less losses arising from trading in foreign currencies	18,743	41,319
Gains less losses on securities held for trading purposes	2,965	(1,461)
Gains less losses from other trading activities	(90)	262
Income from fees and commissions	108,469	89,303
Fees and commission expenses	(3,126)	(2,320)
Net fees and commission income	<u>105,343</u>	<u>86,983</u>
Others	2	1
TOTAL INCOME	<u>412,897</u>	<u>312,480</u>
OPERATING EXPENSES		
Staff and rental expenses	(67,780)	(61,985)
Other expenses	(17,422)	(16,523)
Net charges for other provisions	(54,490)	-
	<u>(139,692)</u>	<u>(78,508)</u>
NET (CHARGE) / CREDIT FOR DEBT PROVISION	(50,447)	2,552
TANGIBLE FIXED ASSETS WRITTEN OFF	-	-
PROFIT BEFORE TAXATION	<u>222,758</u>	<u>236,524</u>
TAXATION CHARGE	(53,450)	(43,716)
PROFIT AFTER TAXATION	<u>169,308</u>	<u>192,808</u>

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

II. BALANCE SHEET INFORMATION AS AT 31 December 2016

HK\$'000

	<u>31 December 2016</u>	<u>30 June 2016</u>
ASSETS		
Cash and short term funds	1,296,632	1,098,253
(Except those included in amount due from overseas offices)		
Placement with banks and other financial institutions maturing between one and twelve months	-	-
(Except those included in amount due from overseas offices)		
Amount due from overseas offices	3,290,850	2,715,755
Account receivable under reverse repos	41,678	163,331
Trade bills	4,325	53,655
Held-to-Maturity Securities	343,342	522,561
Available-For-Sale Securities	5,303,717	4,806,003
Advances and other accounts (Net of provisions)	10,180,355	8,769,386
Tangible fixed assets	5,107	5,831
Total Assets	<u>20,466,006</u>	<u>18,134,775</u>
LIABILITIES		
Deposits and balances of banks and other financial institutions	33,586	2,150
(Except those included in amount due to overseas offices)		
Current, fixed, savings and other deposits from customers		
Demand deposits and current accounts	103,508	77,207
Savings deposits	9,810,685	8,310,230
Time deposits	8,203,479	7,206,707
Amount due to overseas offices	759,785	754,963
Other accounts	1,322,065	1,042,222
Total liabilities	<u>20,233,108</u>	<u>17,393,479</u>
Reserves and current profit	232,898	741,296
Total Equity And Liabilities	<u>20,466,006</u>	<u>18,134,775</u>

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

III. ADDITIONAL BALANCE SHEET INFORMATION

HK\$'000

ADVANCES AND OTHER ACCOUNTS	31 December 2016	30 June 2016
A.		
Advances to customers	9,050,002	8,064,228
Advances to banks and other financial institutions	492,052	77,593
Accrued interest and other accounts		
-Accrued interest	52,974	43,322
-Other accounts	704,054	687,303
Total	<u>10,299,082</u>	<u>8,872,446</u>
Less: Provisions against advances and other accounts		
General provisions	96,820	82,271
Specific provisions	21,907	20,789
Total	<u>118,727</u>	<u>103,060</u>
Total advances and other accounts less provisions	<u>10,180,355</u>	<u>8,769,386</u>
B.		
Details of the non-performing advances to customers (advances on which interest is being placed in suspense or has ceased to be accrued)		
	31 December 2016	30 June 2016
Gross advances to customers	-	-
Specific provisions	-	-
Total	<u>-</u>	<u>-</u>
Suspended interest	<u>-</u>	<u>-</u>
Value of collateral	<u>-</u>	<u>-</u>
Percentage of such advances to total gross advances to customers	<u>0.00%</u>	<u>0.00%</u>

ADVANCES AND OTHER ACCOUNTS - continued

C.

Overdue and rescheduled loans and advances to customers

	<u>31 December 2016</u>		<u>30 June 2016</u>	
	Amount	% of Total Loans	Amount	% of Total Loans
a. Advances to customers overdue for				
more than 3 months and up to 6 months	-	-	4,462	0.06
more than 6 months and up to 1 year	-	-	-	-
more than 1 year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,462</u>	<u>0.06</u>
b. Rescheduled advances to customers (Net of those overdue advances disclosed above)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c. Disclosure of value of collateral held against a. & b.				
current market value of collateral held	-		-	
covered portion of overdue loans and advances	-		-	
uncovered portion of overdue loans and advances	-		4,462	

There were no overdue and rescheduled advances to banks and other financial institutions as at 31 December 2016 and 30 June 2016.

D.

Reconciliation for advances to customers between overdue advances and non-performing advances

	<u>31 December 2016</u>	<u>30 June 2016</u>
	Amount	Amount
Advances to customer overdue for more than 3 months	-	4,462
Less: Overdue loans for more than 3 months and on which interest is still being accrued	-	4,462
Add: Overdue loans for 3 months or less and on which interest is being placed in suspense or interest accrual ceased	-	-
Total non-performing advances	<u>-</u>	<u>-</u>

E.

Repossession assets

There were no repossessed assets held as at 31 December 2016 and 30 June 2016.

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

IV. OFF-BALANCE SHEET INFORMATION

HKD'000

CONTINGENT LIABILITIES AND COMMITMENTS

The following is a summary of the contract amounts of each significant class of contingent liabilities and commitments:

	<u>31 December 2016</u>	<u>30 June 2016</u>
Direct credit substitutes	23,266	19,786
Transaction-related contingent items	11,132	285
Trade-related contingent items	133,792	117,543
Other commitments	7,251,130	6,188,738
Others	-	-
	<u>7,419,320</u>	<u>6,326,352</u>
Derivatives		
-Exchange rate contracts	18,632,342	31,391,497
-Interest rate contracts	5,429	5,432
	<u>18,637,771</u>	<u>31,396,929</u>
Replacement Costs of Derivatives (of the above derivatives)		
-Exchange rate contracts	897,819	796,473
-Interest rate contracts	682	176
	<u>898,501</u>	<u>796,649</u>

For contingent liabilities and commitments, the contract amounts at risk should the contract be fully drawn upon and the client default. The replacement costs represent 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.

1 GROSS ADVANCES TO CUSTOMERS ANALYSED AND REPORTED BY INDUSTRY SECTOR

	<u>31 December 2016</u>		<u>30 June 2016</u>	
	Outstanding Amount	Balance covered by collateral	Outstanding Amount	Balance covered by collateral
A. Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	439,500	-	490,635	-
- Property investment	125,400	125,400	124,200	124,200
- Financial concerns	594,744	59,915	541,518	117,133
- Stockbrokers	216,330	-	219,050	-
- Wholesale and retail trade	73,421	16,044	175,785	33,592
- Manufacturing	1,225,636	308,209	1,235,568	352,655
- Transport and transport equipment	50,777	-	50,797	-
- Others	296,101	81,074	235,635	45,714
Individuals				
- Others	136,879	18,546	74,394	24,131
B. Trade finance	12,154	-	5,347	-
C. Loan for use outside Hong Kong	5,879,060	352,568	4,911,299	250,478
Total	<u>9,050,002</u>	<u>961,756</u>	<u>8,064,228</u>	<u>947,903</u>

2 A. GROSS ADVANCES TO CUSTOMERS ANALYSED AND REPORTED BY COUNTRIES OR GEOGRAPHICAL AREAS

	<u>31 December 2016</u>	<u>30 June 2016</u>
-Hong Kong	3,408,853	3,507,619
-United States	1,926,125	1,542,679
-Others	3,715,024	3,013,930
	<u>9,050,002</u>	<u>8,064,228</u>

B. OVERDUE AND NON-PERFORMING LOANS ANALYSED AND REPORTED BY COUNTRY GEOGRAPHICAL AREAS

	<u>31 December 2016</u>	<u>30 June 2016</u>
-Hong Kong	-	-
-Others	-	4,462
	<u>-</u>	<u>4,462</u>

The above analysis has been classified according to categories and definitions used by the Hong Kong Monetary Authority. Only exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross amount of advances to customer as at the above respective reporting dates are disclosed.

3 INTERNATIONAL CLAIMS

The following tables analyze international claims by types of counterparties and are prepared in accordance with the completion instruction of the HKMA Return "Return of International Banking Statistics". Country or geographical classification is based upon the locations of counterparties after taking into account the transfer of country risk. Countries or geographical areas constituting 10% or more of the total international claims are disclosed.

As at 31 December 2016	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	3,647	435	2,177	923	-	7,182
of which:- United States	850	435	1,348	680	-	3,313
2. Offshore centres	165	85	607	2,394	-	3,251
of which:- Hong Kong	59	85	507	1,088	-	1,739
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	162	-	162
5. Developing Africa and Middle East	87	-	-	71	-	158
6. Developing Asia-Pacific	4,977	65	812	1,745	-	7,599
of which:- China	1,096	65	424	93	-	1,678
Taiwan	3,482	-	388	1,477	-	5,347
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-

As at 30 June 2016	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	2,777	441	1,954	944	-	6,116
of which:- United States	344	441	1,238	922	-	2,945
2. Offshore centres	382	-	548	2,232	-	3,162
of which:- Hong Kong	277	-	495	959	-	1,731
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	244	-	244
5. Developing Africa and Middle East	2	-	-	171	-	173
6. Developing Asia-Pacific	4,328	293	849	824	-	6,294
of which:- China	580	215	771	306	-	1,872
Taiwan	3,648	-	78	343	-	4,069
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-

4 NON-BANK MAINLAND CHINA EXPOSURE

<u>As at 31 December 2016</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total Exposure</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	848	163	1,011
2. Local governments, local government-owned entities and their subsidiaries and JVs	190	-	190
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,389	299	1,688
4. Other entities of central government not reported in item 1 above	316	78	394
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	2,031	1,979	4,010
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	47	43	90
Total	<u>4,821</u>	<u>2,562</u>	<u>7,383</u>
Total assets after provision	<u>20,466</u>		
On-balance sheet exposures as percentage of total assets	<u>23.55%</u>		
<u>As at 30 June 2016</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	773	-	773
2. Local governments, local government-owned entities and their subsidiaries and JVs	190	-	190
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,543	229	1,772
4. Other entities of central government not reported in item 1 above	383	-	383
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	1,855	1,339	3,194
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	154	96	250
Total	<u>4,898</u>	<u>1,664</u>	<u>6,562</u>
Total assets after provision	<u>18,135</u>		
On-balance sheet exposures as percentage of total assets	<u>27.01%</u>		

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

V. OTHER FINANCIAL INFORMATION - continued

HK\$Million

5 FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the completion instruction of the HKMA Return "Foreign Currency Position". The net position (regardless of sign) for each foreign currency which constitutes 10% or more of the total net position in all foreign currencies are disclosed.

<u>As at 31 December 2016</u>	<u>USD</u>	<u>EUR</u>	<u>AUD</u>	<u>GBP</u>	<u>CNY</u>	<u>CAD</u>	<u>NZD</u>	<u>OTHER</u>	<u>TOTAL</u>
Spot assets	15,624	134	1,087	20	950	13	11	285	18,124
Spot liabilities	(15,885)	(226)	(239)	(68)	(1,481)	(46)	(59)	(209)	(18,213)
Forward purchases	1,292	90	39	48	823	31	47	19	2,389
Forward sales	(1,036)	(16)	(846)	-	(267)	-	-	(95)	(2,260)
Net option position	(2)	-	-	-	2	-	-	-	-
Net long (short) position	<u>(7)</u>	<u>(18)</u>	<u>41</u>	<u>-</u>	<u>27</u>	<u>(2)</u>	<u>(1)</u>	<u>-</u>	<u>40</u>

<u>As at 30 June 2016</u>	<u>USD</u>	<u>EUR</u>	<u>AUD</u>	<u>GBP</u>	<u>CNY</u>	<u>CAD</u>	<u>NZD</u>	<u>OTHER</u>	<u>TOTAL</u>
Spot assets	13,350	340	798	35	928	110	7	252	15,820
Spot liabilities	(13,362)	(284)	(539)	(38)	(1,549)	(35)	(54)	(249)	(16,110)
Forward purchases	2,004	189	236	209	1,230	-	44	86	3,998
Forward sales	(1,934)	(245)	(496)	(209)	(605)	(77)	-	(123)	(3,689)
Net option position	(43)	1	-	-	9	-	-	33	-
Net long (short) position	<u>15</u>	<u>1</u>	<u>(1)</u>	<u>(3)</u>	<u>13</u>	<u>(2)</u>	<u>(3)</u>	<u>(1)</u>	<u>19</u>

There were no foreign currency structural positions as at 31 December 2016 and 30 June 2016.

VI. LIQUIDITY INFORMATION DISCLOSURES

a. Average liquidity maintenance ratio

	For The Whole Year Ended	
	31 December 2016	31 December 2015
	%	%

Average liquidity maintenance ratio for the year

<u>41.05%</u>	<u>38.63%</u>
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Liquidity Maintenance Ratio ("LMR") is complied in accordance with the Banking (Liquidity) Rules issued by the HKMA. The average ratio is calculated based on the arithmetic mean of the average value of its liquidity position return for each month during the reporting period.

b. Liquidity risk management

Liquidity risk is the risk that the Branch is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to counterparties, and lending and investment commitments.

Effective liquidity risk management is essential to maintain the confidence of the counterparties, manage the Branch's cost of funds and to support core business activities, even under adverse circumstances.

Liquidity risk is managed within the framework of policies and limits that are approved by the Head Office. The Head Office receives reports on risk exposures and performance against approved limits and the Asset-liability Committee ("ALCO") meetings will be held to provide senior management oversight of liquidity risk on a monthly basis.

For the liquidity risk framework, the liquidity risk is managed on a daily basis by the treasury department under the direction of the ALCO. The treasury department is responsible for ensuring that the branch has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment rate risk in case of maturity gap, and monitoring local and international markets for the adequacy of funding and liquidity.

Also, Liquidity Maintenance Ratio of next five business day projection is prepared daily to manage liquidity. And the internal limit of liquidity maintenance ratio on average for each calendar month is set at 35% in order for the Branch to retain sufficient liquidity during its normal course of operation.

VII. DISCLOSURE ON REMUNERATION OF SENIOR MANAGEMENT

In accordance with the disclosure requirement under the HKMA's Supervisory Policy Manual "Guideline on a Sound Remuneration System", please refer to annual report of the Bank.

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

SECTION B. - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

E. Sun Commercial Bank Limited

I. CAPITAL AND CAPITAL ADEQUACY RATIO

	<u>31 December 2016</u> %	<u>30 June 2016</u> %
A. Capital adequacy ratio	<u>14.19%</u>	<u>14.54%</u>
	NTD'000	NTD'000
B. Aggregate amount of shareholders' funds	<u>127,034,530</u>	<u>122,079,215</u>

The capital adequacy ratio is computed in accordance with the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk - Weighted Assets of Banks" in Taiwan after taken into account for credit risk, market risk and operational risk.

II. OTHER FINANCIAL INFORMATION

NTD'000

	<u>31 December 2016</u>	<u>30 June 2016</u>
Total Assets	<u>1,870,131,391</u>	<u>1,829,914,867</u>
Total Liabilities	<u>1,743,096,861</u>	<u>1,707,835,652</u>
Total Advances	<u>1,118,148,669</u>	<u>1,038,718,561</u>
Total Customer Deposits	<u>1,559,551,047</u>	<u>1,503,073,345</u>
For The Whole Year ended	<u>31 December 2016</u>	<u>31 December 2015</u>
Profit/(Loss) before taxation	<u>15,431,475</u>	<u>14,677,275</u>

Our financial Statements together with the comparative figures have been prepared in accordance with the IFRS, IAS, IFRIC and SIC translated by the Accounting Research Development Foundation (ARDF) and issued by the Financial Supervisory Commission (FSC). For details, please refer to annual report of The Bank.



玉山銀行
E.SUN BANK

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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 E.Sun Commercial Bank, Limited, Hong Kong Branch for The Whole Year ended 31 December 2016. We confirmed that the information contained therein complies, in all material aspects, with the relevant requirements for financial disclosure by overseas incorporated authorized institutions as set out in the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued in August 2015, and to the best of my knowledge and belief, it is not false or misleading.

Ke Tsun Jen
General Manager
E.Sun Commercial Bank, Limited
Hong Kong Branch

31 MAR 2017

Date