



玉山銀行
E.SUN BANK

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

**Key Financial Information Disclosure Statement
For The Half Year Ended 30 June 2017**

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statement For The Half Year Ended 30 June 2017

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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 HALF YEAR ENDED 30 June 2017**

	For The Half Year Ended	
	<u>30 June 2017</u>	<u>30 June 2016</u>
Interest Income	268,899	171,042
Interest Expense	<u>(78,320)</u>	<u>(48,958)</u>
Net Interest Income	<u>190,579</u>	<u>122,084</u>
Other Operating Income		
Gains less losses arising from trading in foreign currencies	22,249	9,314
Gains less losses on securities held for trading purposes	1,344	5,708
Gains less losses from other trading activities	(29)	(42)
Income from fees and commissions	78,824	50,540
Fees and commission expenses	<u>(1,744)</u>	<u>(1,594)</u>
Net fees and commission income	<u>77,080</u>	<u>48,946</u>
Others	67	2
TOTAL INCOME	<u>291,290</u>	<u>186,012</u>
OPERATING EXPENSES		
Staff and rental expenses	(37,848)	(33,200)
Other expenses	(7,403)	(7,167)
Net charges for other provisions	860	(15,189)
	<u>(44,391)</u>	<u>(55,556)</u>
NET (CHARGE) / CREDIT FOR DEBT PROVISION	(19,847)	(14,433)
TANGIBLE FIXED ASSETS WRITTEN OFF	-	-
PROFIT BEFORE TAXATION	<u>227,052</u>	<u>116,023</u>
TAXATION CHARGE	(30,000)	(20,100)
PROFIT AFTER TAXATION	<u>197,052</u>	<u>95,923</u>

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

II. BALANCE SHEET INFORMATION AS AT 30 June 2017

HK\$'000

	<u>30 June 2017</u>	<u>31 December 2016</u>
ASSETS		
Cash and short term funds (Except those included in amount due from overseas offices)	1,211,057	1,296,632
Placement with banks and other financial institutions maturing between one and twelve months (Except those included in amount due from overseas offices)	163,000	-
Amount due from overseas offices	3,063,595	3,290,850
Account receivable under reverse repos	-	41,678
Trade bills	28,164	4,325
Held-to-Maturity Securities	334,114	343,342
Available-For-Sale Securities	6,398,408	5,303,717
Advances and other accounts (Net of provisions)	11,812,962	10,180,355
Tangible fixed assets	4,334	5,107
Total Assets	<u>23,015,634</u>	<u>20,466,006</u>
LIABILITIES		
Deposits and balances of banks and other financial institutions (Except those included in amount due to overseas offices)	-	33,586
Current, fixed, savings and other deposits from customers		
Demand deposits and current accounts	96,422	103,508
Savings deposits	11,042,239	9,810,685
Time deposits	9,945,627	8,203,479
Amount due to overseas offices	1,171,900	759,785
Other accounts	329,496	1,322,065
Total liabilities	<u>22,585,684</u>	<u>20,233,108</u>
Reserves and current profit	429,950	232,898
Total Equity And Liabilities	<u>23,015,634</u>	<u>20,466,006</u>

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

III. ADDITIONAL BALANCE SHEET INFORMATION

HK\$'000

ADVANCES AND OTHER ACCOUNTS	30 June 2017	31 December 2016
A.		
Advances to customers	10,705,433	9,050,002
Advances to banks and other financial institutions	839,636	492,052
Accrued interest and other accounts		
-Accrued interest	50,273	52,974
-Other accounts	355,905	704,054
Total	<u>11,951,247</u>	<u>10,299,082</u>
Less: Provisions against advances and other accounts		
General provisions	116,978	96,820
Specific provisions	21,307	21,907
Total	<u>138,285</u>	<u>118,727</u>
Total advances and other accounts less provisions	<u>11,812,962</u>	<u>10,180,355</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)

	30 June 2017	31 December 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>30 June 2017</u>		<u>31 December 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	-	-	-	-
more than 6 months and up to 1 year	-	-	-	-
more than 1 year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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	-		-	

There were no overdue and rescheduled advances to banks and other financial institutions as at 30 June 2017 and 31 December 2016.

D.

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

	<u>30 June 2017</u>	<u>31 December 2016</u>
	Amount	Amount
Advances to customer overdue for more than 3 months	-	-
Less: Overdue loans for more than 3 months and on which interest is still being accrued	-	-
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.

Repossessed assets

There were no repossessed assets held as at 30 June 2017 and 31 December 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>30 June 2017</u>	<u>31 December 2016</u>
Direct credit substitutes	3,825	23,266
Transaction-related contingent items	10,961	11,132
Trade-related contingent items	125,878	133,792
Other commitments	7,288,769	7,251,130
Others	-	-
	<u>7,429,433</u>	<u>7,419,320</u>
Derivatives		
-Exchange rate contracts	11,389,032	18,632,342
-Interest rate contracts	5,464	5,429
	<u>11,394,496</u>	<u>18,637,771</u>
Replacement Costs of Derivatives (of the above derivatives)		
-Exchange rate contracts	117,629	897,819
-Interest rate contracts	600	682
	<u>118,229</u>	<u>898,501</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>30 June 2017</u>		<u>31 December 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	507,000	-	439,500	-
- Property investment	143,714	11,123	125,400	-
- Financial concerns	835,429	78,044	594,744	42,955
- Stockbrokers	378,057	-	216,330	-
- Wholesale and retail trade	120,130	80,541	73,421	20,387
- Manufacturing	1,391,690	237,265	1,225,636	210,858
- Transport and transport equipment	50,028	1,650	50,777	-
- Others	514,587	93,312	296,101	73,861
Individuals				
- Others	164,393	64,710	136,879	46,387
B. Trade finance	7,909	1,663	12,154	2,630
C. Loan for use outside Hong Kong	6,592,496	539,416	5,879,060	592,352
Total	<u>10,705,433</u>	<u>1,107,724</u>	<u>9,050,002</u>	<u>989,430</u>

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

	<u>30 June 2017</u>	<u>31 December 2016</u>
-Hong Kong	4,250,982	3,408,853
-United States	2,180,369	1,926,125
-Others	4,274,082	3,715,024
	<u>10,705,433</u>	<u>9,050,002</u>

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

	<u>30 June 2017</u>	<u>31 December 2016</u>
-Hong Kong	-	-
-Others	-	-
	<u>-</u>	<u>-</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 30 June 2017	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	3,941	234	2,794	1,298	-	8,267
of which:- United States	632	234	1,800	843	-	3,509
2. Offshore centres	356	-	843	3,007	-	4,206
of which:- Hong Kong	243	-	716	1,025	-	1,984
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	228	-	228
5. Developing Africa and Middle East	109	-	-	131	-	240
6. Developing Asia-Pacific	5,051	65	976	1,652	-	7,744
of which:- China	1,242	65	976	394	-	2,677
Taiwan	3,386	-	-	1,127	-	4,513
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-

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	-	-	-	-	-	-

4 NON-BANK MAINLAND CHINA EXPOSURE

<u>As at 30 June 2017</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)	1,117	98	1,215
2. Local governments, local government-owned entities and their subsidiaries and JVs	324	-	324
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,485	495	1,980
4. Other entities of central government not reported in item 1 above	365	4	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	2,496	1,901	4,397
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	47	55	102
Total	<u>5,834</u>	<u>2,553</u>	<u>8,387</u>
Total assets after provision	<u>23,016</u>		
On-balance sheet exposures as percentage of total assets	<u>25.35%</u>		
<u>As at 31 December 2016</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>		

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 30 June 2017</u>	<u>USD</u>	<u>EUR</u>	<u>AUD</u>	<u>CNY</u>	<u>OTHER</u>	<u>TOTAL</u>
Spot assets	16,440	255	1,777	551	393	19,416
Spot liabilities	(18,125)	(251)	(259)	(1,611)	(443)	(20,689)
Forward purchases	3,306	107	173	1,160	147	4,893
Forward sales	(1,500)	(169)	(1,683)	(100)	(95)	(3,547)
Net option position	-	-	-	-	-	-
Net long (short) position	<u>121</u>	<u>(58)</u>	<u>8</u>	<u>-</u>	<u>2</u>	<u>73</u>

<u>As at 31 December 2016</u>	<u>USD</u>	<u>EUR</u>	<u>AUD</u>	<u>CNY</u>	<u>OTHER</u>	<u>TOTAL</u>
Spot assets	15,624	134	1,087	950	329	18,124
Spot liabilities	(15,885)	(226)	(239)	(1,481)	(382)	(18,213)
Forward purchases	1,292	90	39	823	145	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>27</u>	<u>(3)</u>	<u>40</u>

There were no foreign currency structural positions as at 30 June 2017 and 31 December 2016.

VI. LIQUIDITY INFORMATION DISCLOSURES

a. Average liquidity maintenance ratio

	For The Half Year Ended	
	<u>30 June 2017</u>	<u>30 June 2016</u>
	%	%

Average liquidity maintenance ratio for the period	<u>41.01%</u>	<u>41.75%</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>30 June 2017</u> %	<u>31 December 2016</u> %
A. Capital adequacy ratio	<u>14.75%</u>	<u>14.19%</u>
	NTD'000	NTD'000
B. Aggregate amount of shareholders' funds	<u>141,094,537</u>	<u>127,034,530</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>30 June 2017</u>	<u>31 December 2016</u>
Total Assets	<u>1,980,969,990</u>	<u>1,870,131,391</u>
Total Liabilities	<u>1,839,875,453</u>	<u>1,743,096,861</u>
Total Advances	<u>1,176,464,671</u>	<u>1,118,148,669</u>
Total Customer Deposits	<u>1,643,813,739</u>	<u>1,559,551,047</u>
For The Half Year ended	<u>30 June 2017</u>	<u>30 June 2016</u>
Profit/(Loss) before taxation	<u>8,498,263</u>	<u>8,627,641</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 Half Year ended 30 June 2017. 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

26 SEP 2017

Date