



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 Whole Year Ended 31 December 2017**

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statement For The Whole Year Ended 31 December 2017

<u>CONTENTS</u>	<u>PAGE(S)</u>
SECTION A - INFORMATION OF THE BRANCH (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	6-9
VI. LIQUIDITY INFORMATION DISCLOSURES	9
VII. DISCLOSURE ON REMUNERATION OF SENIOR MANAGEMENT	9
SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)	
I. CAPITAL AND CAPITAL ADEQUACY RATIO	10
II. OTHER FINANCIAL INFORMATION	10
DECLARATION	11

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 2017**

	For The Whole Year Ended	
	31 December 2017	31 December 2016
Interest Income	587,628	386,348
Interest Expense	(181,564)	(100,414)
Net Interest Income	406,064	285,934
Other Operating Income		
Gains less losses arising from trading in foreign currencies	47,444	18,743
Gains less losses on securities held for trading purposes	9,138	2,965
Gains less losses from other trading activities	(22)	(90)
Income from fees and commissions	128,683	108,469
Fees and commission expenses	(3,641)	(3,126)
Net fees and commission income	125,042	105,343
Others	102	2
TOTAL INCOME	587,768	412,897
OPERATING EXPENSES		
Staff and rental expenses	(79,984)	(67,780)
Other expenses	(19,812)	(17,422)
Net charges for other provisions	(71,631)	(54,490)
	(171,427)	(139,692)
NET (CHARGE) / CREDIT FOR DEBT PROVISION	(36,532)	(50,447)
TANGIBLE FIXED ASSETS WRITTEN OFF	-	-
PROFIT BEFORE TAXATION	379,809	222,758
TAXATION CHARGE	(79,500)	(53,450)
PROFIT AFTER TAXATION	300,309	169,308

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

II. BALANCE SHEET INFORMATION

AS AT 31 December 2017

HK\$'000

	31 December 2017	30 June 2017
ASSETS		
Cash and short term funds (Except those included in amount due from overseas offices)	1,348,385	1,211,057
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	4,199,873	3,063,595
Account receivable under reverse repos	-	-
Trade bills	13,297	28,164
Held-to-Maturity Securities	334,152	334,114
Available-For-Sale Securities	6,785,600	6,398,408
Advances and other accounts (Net of provisions)	13,434,094	11,812,962
Tangible fixed assets	3,567	4,334
Total Assets	26,118,968	23,015,634
LIABILITIES		
Deposits and balances of banks and other financial institutions (Except those included in amount due to overseas offices)	-	-
Current, fixed, savings and other deposits from customers		
Demand deposits and current accounts	117,717	96,422
Savings deposits	12,037,096	11,042,239
Time deposits	12,231,664	9,945,627
Amount due to overseas offices	928,020	1,171,900
Other accounts	340,497	329,496
Total liabilities	25,654,994	22,585,684
Reserves and current profit	463,974	429,950
Total Equity And Liabilities	26,118,968	23,015,634

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

III. ADDITIONAL BALANCE SHEET INFORMATION

HK\$'000

ADVANCES AND OTHER ACCOUNTS

31 December 2017

30 June 2017

A.

Advances to customers	12,497,315	10,705,433
Advances to banks and other financial institutions	729,135	839,636
Accrued interest and other accounts		
-Accrued interest	63,847	50,273
-Other accounts	365,447	355,905
Total	<u>13,655,744</u>	<u>11,951,247</u>
Less: Provisions against advances and other accounts		
General provisions	136,746	116,978
Specific provisions	84,904	21,307
Total	<u>221,650</u>	<u>138,285</u>
Total advances and other accounts less provisions	<u>13,434,094</u>	<u>11,812,962</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 2017

30 June 2017

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 2017</u>		<u>30 June 2017</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 31 December 2017 and 30 June 2017.

D.

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

	<u>31 December 2017</u>	<u>30 June 2017</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.

Reposessed assets

There were no reposessed assets held as at 31 December 2017 and 30 June 2017.

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 2017</u>	<u>30 June 2017</u>
Direct credit substitutes	3,830	3,825
Transaction-related contingent items	1,309	10,961
Trade-related contingent items	176,029	125,878
Other commitments	7,126,157	7,288,769
Others	400,000	-
	<u>7,707,325</u>	<u>7,429,433</u>
Derivatives		
-Exchange rate contracts	12,944,393	11,389,032
-Interest rate contracts	5,471	5,464
	<u>12,949,864</u>	<u>11,394,496</u>
Replacement Costs of Derivatives (of the above derivatives)		
-Exchange rate contracts	46,015	117,629
-Interest rate contracts	649	600
	<u>46,664</u>	<u>118,229</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.

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

V. OTHER FINANCIAL INFORMATION

HKD'000

1 GROSS ADVANCES TO CUSTOMERS ANALYSED AND REPORTED BY INDUSTRY SECTOR

	<u>31 December 2017</u>		<u>30 June 2017</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	543,667	-	507,000	-
- Property investment	101,162	20,266	143,714	11,123
- Financial concerns	1,269,961	238,204	835,429	78,044
- Stockbrokers	782,801	-	378,057	-
- Wholesale and retail trade	152,227	78,018	120,130	80,541
- Manufacturing	1,335,690	249,952	1,391,690	237,265
- Transport and transport equipment	12,000	1,800	50,028	1,650
- Others	394,584	90,619	514,587	93,312
Individuals				
- Others	178,993	59,806	164,393	64,710
B. Trade finance	15,741	3,148	7,909	1,663
C. Loan for use outside Hong Kong	7,710,489	666,505	6,592,496	539,416
Total	<u>12,497,315</u>	<u>1,408,318</u>	<u>10,705,433</u>	<u>1,107,724</u>

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

	<u>31 December 2017</u>	<u>30 June 2017</u>
-Hong Kong	5,631,609	4,250,982
-United States	2,236,769	2,180,369
-Others	4,628,937	4,274,082
	<u>12,497,315</u>	<u>10,705,433</u>

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

	<u>31 December 2017</u>	<u>30 June 2017</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 31 December 2017	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	4,408	236	2,601	1,148	-	8,393
of which:- United States	588	236	2,073	725	-	3,622
2. Offshore centres	320	-	797	3,468	-	4,585
of which:- Hong Kong	271	-	726	1,038	-	2,035
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	283	-	283
5. Developing Africa and Middle East	106	-	-	138	-	244
6. Developing Asia-Pacific	6,606	68	850	2,182	-	9,706
of which:- China	1,452	68	850	792	-	3,162
Taiwan	4,688	-	-	1,292	-	5,980
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-

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	-	-	-	-	-	-

4 NON-BANK MAINLAND CHINA EXPOSURE

<u>As at 31 December 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)	2,057	319	2,376
2. Local governments, local government-owned entities and their subsidiaries and JVs	609	-	609
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,795	354	2,149
4. Other entities of central government not reported in item 1 above	285	157	442
5. Other entities of local governments not reported in item 2 above	293	-	293
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,699	1,752	4,451
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	112	181	293
Total	<u>7,850</u>	<u>2,763</u>	<u>10,613</u>
Total assets after provision	<u>26,119</u>		
On-balance sheet exposures as percentage of total assets	<u>30.06%</u>		
<u>As at 30 June 2017</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>		

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.

As at 31 December 2017	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	OTHER	TOTAL
Spot assets	18,567	80	264	534	382	38	-	1,804	76	21,745
Spot liabilities	(20,627)	(79)	(246)	(293)	(1,923)	(37)	(1)	(352)	(114)	(23,672)
Forward purchases	5,334	-	168	13	2,646	-	-	-	39	8,200
Forward sales	(3,293)	-	(180)	(248)	(1,092)	-	-	(1,450)	(2)	(6,265)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	(19)	1	6	6	13	1	(1)	2	(1)	8

As at 30 June 2017	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	OTHER	TOTAL
Spot assets	16,440	66	225	255	551	44	1	1,777	57	19,416
Spot liabilities	(18,125)	(86)	(209)	(251)	(1,611)	(44)	(1)	(259)	(103)	(20,689)
Forward purchases	3,306	51	28	107	1,160	-	-	173	68	4,893
Forward sales	(1,500)	(30)	(43)	(169)	(100)	-	-	(1,683)	(22)	(3,547)
Net option position	-	-	-	-	-	-	-	-	-	-
Net long (short) position	121	1	1	(58)	-	-	-	8	-	73

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

VI. LIQUIDITY INFORMATION DISCLOSURES

a. Average liquidity maintenance ratio

	For The Whole Year Ended	
	31 December 2017	31 December 2016
	%	%
Average liquidity maintenance ratio for the year	41.27%	41.05%

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 2017</u> %	<u>30 June 2017</u> %
A. Capital adequacy ratio	<u>15.39%</u>	<u>14.75%</u>
	NTD'000	NTD'000
B. Aggregate amount of shareholders' funds	<u>147,257,769</u>	<u>141,094,537</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 2017</u>	<u>30 June 2017</u>
Total Assets	<u>2,056,336,797</u>	<u>1,980,969,990</u>
Total Liabilities	<u>1,909,079,028</u>	<u>1,839,875,453</u>
Total Advances	<u>1,211,071,275</u>	<u>1,176,464,671</u>
Total Customer Deposits	<u>1,713,175,352</u>	<u>1,643,813,739</u>
For The Whole Year ended	<u>31 December 2017</u>	<u>31 December 2016</u>
Profit/(Loss) before taxation	<u>16,953,298</u>	<u>15,431,475</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
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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 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 MAR 2018

Date