



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 Half Year Ended 30 June 2018**

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statement For The Half Year Ended 30 June 2018

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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 2018**

	For The Half Year Ended	
	<u>30 June 2018</u>	<u>30 June 2017</u>
Interest Income	401,957	268,899
Interest Expense	<u>(147,540)</u>	<u>(78,320)</u>
Net Interest Income	<u>254,417</u>	<u>190,579</u>
Other Operating Income		
Gains less losses arising from trading in foreign currencies	37,263	22,249
Gains less losses on securities held for trading purposes	13,332	1,344
Gains less losses from other trading activities	948	(29)
Income from fees and commissions	102,415	78,824
Fees and commission expenses	<u>(1,538)</u>	<u>(1,744)</u>
Net fees and commission income	<u>100,877</u>	<u>77,080</u>
Others	25	67
TOTAL INCOME	<u>406,862</u>	<u>291,290</u>
OPERATING EXPENSES		
Staff and rental expenses	(47,695)	(37,848)
Other expenses	(10,719)	(7,403)
Net charges for other provisions	<u>(30,069)</u>	<u>860</u>
	<u>(88,483)</u>	<u>(44,391)</u>
NET (CHARGE) / CREDIT FOR DEBT PROVISION	(4,700)	(19,847)
TANGIBLE FIXED ASSETS WRITTEN OFF	-	-
PROFIT BEFORE TAXATION	<u>313,679</u>	<u>227,052</u>
TAXATION CHARGE	(41,400)	(30,000)
PROFIT AFTER TAXATION	<u>272,279</u>	<u>197,052</u>

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

II. BALANCE SHEET INFORMATION

AS AT 30 June 2018

HK\$'000

	<u>30 June 2018</u>	<u>31 December 2017</u>
ASSETS		
Cash and short term funds (Except those included in amount due from overseas offices)	1,041,221	1,348,385
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	6,541,740	4,199,873
Account receivable under reverse repos	-	-
Trade bills	47,191	13,297
Held-to-Maturity Securities	434,768	334,152
Available-For-Sale Securities	7,297,902	6,785,600
Advances and other accounts (Net of provisions)	14,171,262	13,434,094
Tangible fixed assets	7,287	3,567
Total Assets	<u>29,541,371</u>	<u>26,118,968</u>
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	128,405	117,717
Savings deposits	12,111,559	12,037,096
Time deposits	15,136,400	12,231,664
Amount due to overseas offices	1,105,579	928,020
Other accounts	526,061	340,497
Total liabilities	<u>29,008,004</u>	<u>25,654,994</u>
Reserves and current profit	533,367	463,974
Total Equity And Liabilities	<u>29,541,371</u>	<u>26,118,968</u>

E.SUN COMMERCIAL BANK, LIMITED - HONG KONG BRANCH

III. ADDITIONAL BALANCE SHEET INFORMATION

HK\$'000

ADVANCES AND OTHER ACCOUNTS	<u>30 June 2018</u>	<u>31 December 2017</u>
A.		
Advances to customers	13,235,119	12,497,315
Advances to banks and other financial institutions	679,288	729,135
Accrued interest and other accounts		
-Accrued interest	76,861	63,847
-Other accounts	436,690	365,447
Total	<u>14,427,958</u>	<u>13,655,744</u>
Less: Provisions against advances and other accounts		
General provisions	146,569	136,746
Specific provisions	110,127	84,904
Total	<u>256,696</u>	<u>221,650</u>
Total advances and other accounts less provisions	<u>14,171,262</u>	<u>13,434,094</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)

	<u>30 June 2018</u>	<u>31 December 2017</u>
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 2018</u>		<u>31 December 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 30 June 2018 and 31 December 2017.

D.

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

	<u>30 June 2018</u>	<u>31 December 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 30 June 2018 and 31 December 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>30 June 2018</u>	<u>31 December 2017</u>
Direct credit substitutes	7,848	3,830
Transaction-related contingent items	1,081	1,309
Trade-related contingent items	127,350	176,029
Other commitments	6,776,993	7,126,157
Others	<u>353,142</u>	<u>400,000</u>
	<u>7,266,414</u>	<u>7,707,325</u>
Derivatives		
-Exchange rate contracts	15,069,451	12,944,393
-Interest rate contracts	-	5,471
	<u>15,069,451</u>	<u>12,949,864</u>
Replacement Costs of Derivatives (of the above derivatives)		
-Exchange rate contracts	53,406	46,015
-Interest rate contracts	-	649
	<u>53,406</u>	<u>46,664</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>30 June 2018</u>		<u>31 December 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	744,678	-	543,667	-
- Property investment	41,906	20,098	101,162	20,266
- Financial concerns	1,591,111	299,173	1,269,961	238,204
- Stockbrokers	778,365	-	782,801	-
- Wholesale and retail trade	209,219	73,790	152,227	78,018
- Manufacturing	1,617,272	313,101	1,335,690	249,952
- Transport and transport equipment	24,000	-	12,000	1,800
- Others	631,910	84,480	394,584	90,619
Individuals				
- Others	171,425	25,835	178,993	59,806
B. Trade finance	21,533	4,306	15,741	3,148
C. Loan for use outside Hong Kong	7,403,700	956,433	7,710,489	666,505
Total	<u>13,235,119</u>	<u>1,777,216</u>	<u>12,497,315</u>	<u>1,408,318</u>

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

	<u>30 June 2018</u>	<u>31 December 2017</u>
-Hong Kong	5,987,872	5,631,609
-United States	2,441,182	2,236,769
-Others	4,806,065	4,628,937
	<u>13,235,119</u>	<u>12,497,315</u>

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

	<u>30 June 2018</u>	<u>31 December 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.

<u>As at 30 June 2018</u>	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
1. Developed countries	5,863	237	1,032	1,197	-	8,329
of which:- United States	702	237	542	749	-	2,230
2. Offshore centres	48	-	1,716	3,821	-	5,585
of which:- Hong Kong	1	-	1,467	1,326	-	2,794
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	237	-	237
5. Developing Africa and Middle East	86	-	-	103	-	189
6. Developing Asia-Pacific	9,185	71	629	2,767	-	12,652
of which:- China	1,445	71	629	918	-	3,063
Taiwan	7,132	-	-	1,631	-	8,763
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-

<u>As at 31 December 2017</u>	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
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	-	-	-	-	-	-

4 NON-BANK MAINLAND CHINA EXPOSURE

<u>As at 30 June 2018</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)	2,804	263	3,067
2. Local governments, local government-owned entities and their subsidiaries and JVs	679	-	679
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,215	438	1,653
4. Other entities of central government not reported in item 1 above	775	2	777
5. Other entities of local governments not reported in item 2 above	292	-	292
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,630	1,856	4,486
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	128	399	527
Total	<u>8,523</u>	<u>2,958</u>	<u>11,481</u>
Total assets after provision	<u>29,541</u>		
On-balance sheet exposures as percentage of total assets	<u>28.85%</u>		
<u>As at 31 December 2017</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>		

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 2018</u>	<u>USD</u>	<u>GBP</u>	<u>JPY</u>	<u>EUR</u>	<u>CNY</u>	<u>CAD</u>	<u>CHF</u>	<u>AUD</u>	<u>OTHER</u>	<u>TOTAL</u>
Spot assets	21,056	62	300	638	623	39	1	2,504	54	25,277
Spot liabilities	(23,692)	(62)	(173)	(298)	(1,890)	(39)	(1)	(438)	(100)	(26,693)
Forward purchases	6,833	-	-	815	2,753	-	-	122	44	10,567
Forward sales	(4,159)	-	(126)	(1,154)	(1,388)	-	-	(2,189)	-	(9,016)
Net option position	121	-	(1)	1	(121)	-	-	-	-	-
Net long (short) position	<u>159</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(2)</u>	<u>135</u>

<u>As at 31 December 2017</u>	<u>USD</u>	<u>GBP</u>	<u>JPY</u>	<u>EUR</u>	<u>CNY</u>	<u>CAD</u>	<u>CHF</u>	<u>AUD</u>	<u>OTHER</u>	<u>TOTAL</u>
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	<u>(19)</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>13</u>	<u>1</u>	<u>(1)</u>	<u>2</u>	<u>(1)</u>	<u>8</u>

There were no foreign currency structural positions as at 30 June 2018 and 31 December 2017.

VI. LIQUIDITY INFORMATION DISCLOSURES

a. Average liquidity maintenance ratio

<u>For the quarter ended</u>	<u>For the quarter ended</u>	<u>For the period ended</u>
<u>30 June 2018</u>	<u>31 March 2018</u>	<u>30 June 2017</u>
<u>%</u>	<u>%</u>	<u>%</u>
<u>41.49%</u>	<u>40.82%</u>	<u>41.01%</u>

Average liquidity maintenance ratio for the period

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. In compliance with the Banking (Disclosure) Rules, came effect from 30 June 2018, quarterly average liquidity maintenance ratio should be disclosed.

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 2018</u> %	<u>31 December 2017</u> %
A. Capital adequacy ratio	<u>15.58%</u>	<u>15.39%</u>
	NTD'000	NTD'000
B. Aggregate amount of shareholders' funds	<u>150,375,681</u>	<u>147,257,769</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 2018</u>	<u>31 December 2017</u>
Total Assets	<u>2,146,052,058</u>	<u>2,056,336,797</u>
Total Liabilities	<u>1,995,676,377</u>	<u>1,909,079,028</u>
Total Advances	<u>1,262,911,423</u>	<u>1,211,071,275</u>
Total Customer Deposits	<u>1,751,821,054</u>	<u>1,713,175,352</u>
For The Half Year ended	<u>30 June 2018</u>	<u>30 June 2017</u>
Profit/(Loss) before taxation	<u>10,579,067</u>	<u>8,498,263</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.



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 2018. 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

24 SEP 2018

Date