



兆豐國際商業銀行 香港分行
Mega International Commercial Bank Hong Kong Branch
(Incorporated in Taiwan with limited liability)

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MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
HONG KONG BRANCH

Key Financial Information Disclosure Statements
For the year ended 31 December 2023

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SECTION A - INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)**I. INCOME STATEMENT INFORMATION**

	<u>HK\$ Thousand</u>	
	<u>2023/12/31</u>	<u>2022/12/31</u>
Income		
Net interest income		
Interest income	1,663,123	714,145
Interest expenses	(915,071)	(280,184)
	<u>748,052</u>	<u>433,961</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	16,055	12,512
Gains less losses arising from trading in other derivatives	2,025	2,323
	<u>18,080</u>	<u>14,835</u>
Net fees and commission income/(expenses)		
Gross fees and commission income	26,887	26,236
Gross fees and commission expenses	(2,279)	(2,128)
	<u>24,608</u>	<u>24,108</u>
Other income	53	(7,104)
Total income	<u>790,793</u>	<u>465,800</u>
Expenses and other charges		
Staff and rental expenses	(58,055)	(56,001)
Other expenses	(14,378)	(15,390)
Net (charge)/credit for debt provision	1,741	5,267
Net (charge)/credit for other provisions	2,137	4,002
Total expenses and other charges	<u>(68,555)</u>	<u>(62,122)</u>
Profit before taxation	<u>722,238</u>	<u>403,678</u>
Tax expenses	(119,169)	(59,350)
Profit after taxation	<u><u>603,069</u></u>	<u><u>344,328</u></u>

II. BALANCE SHEET INFORMATION

	HK\$ Thousand	
	<u>2023/12/31</u>	<u>2023/6/30</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	5,402,046	4,408,104
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	8,260,934	9,191,825
Amount due from overseas offices	102,731	397,875
Certificates of deposit held	1,991,996	1,998,881
Loans and other assets (Net of provisions and impairment)	8,969,540	8,733,940
Investment securities	10,382,281	10,267,586
Tangible fixed assets	768	1,009
Total assets	<u>35,110,296</u>	<u>34,999,220</u>
<u>Liabilities</u>		
Deposits and balances of banks (except those included in amount due to overseas offices)	2,650,018	2,838,749
Deposits from customers:		
Demand deposits and current accounts	103,553	115,225
Savings deposits	11,092,410	11,694,854
Time, call and notice deposits	19,840,169	19,231,017
Amount due to overseas offices	38,440	41,300
Other liabilities	853,590	878,852
Total liabilities	<u>34,578,180</u>	<u>34,799,997</u>
Reserves and current profit/(loss)	532,116	199,223
Total equity and liabilities	<u>35,110,296</u>	<u>34,999,220</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

	<u>HK\$ Thousand</u>	
	<u>2023/12/31</u>	<u>2023/6/30</u>
A) <u>Loans and other assets</u>		
Advances to customers	6,881,275	6,843,815
Advances to banks and other financial institutions	1,418,614	1,128,780
Sub-total loans and advances	8,299,889	7,972,595
Accrued interest and other assets	760,269	851,890
Total	9,060,158	8,824,485
Percentage of such loans and advances to customers to the total loans and advances	83%	86%
Percentage of such loans and advances to banks and other financial institutions to the total loans and advances	17%	14%
Less: Provisions and impairment against loans and advances:		
Advances to customers :		
General provision	69,898	70,477
Specific provision	-	-
Country risk	2,636	4,405
Advances to banks and other financial institutions		
General provision	15,111	12,185
Specific provision	-	-
Country risk	-	-
Accrued Interest :		
General provision	300	254
Specific provision	-	-
Country risk	8	12
Provisions against value of other claims and investments:		
General provision	2,665	3,212
Specific provision	-	-
Country risk	-	-
Total Provisions and impairment	90,618	90,545
Total loans and other assets (Net of provisions and impairment)	8,969,540	8,733,940
B) <u>Off-balance sheet exposures</u>		
		<u>HK\$ Thousand</u>
	<u>2023/12/31</u>	<u>2023/6/30</u>
1. Contingent liabilities and commitments		
Direct credit substitutes	-	-
Transaction-related contingencies	27,830	27,480
Trade-related contingencies	19,816	2,762
Other commitments	2,103,334	1,453,699
Total	2,150,980	1,483,941
Derivatives		
Exchange rate contracts	2,064,899	1,868,485
Total contractual or notional amounts of off-balance sheet exposures	4,215,879	3,352,426
2. Replacement costs of derivatives outstanding:		
Exchange rate contracts:		
Positive fair value	565	1,144
Negative fair value	(554)	(899)

Notes:

(1) For contingent liabilities and commitments, the contract amount represents the amount at risk should the contract be drawn upon and the client defaults. The total contract amount is not representative of future liquidity requirements.

(2) For derivatives, the notional amounts indicate the nominal value of transactions outstanding at the reporting date, not the amounts at risk.

(3) In deriving the derivatives, replacement costs, no effect of bilateral netting arrangements has been taken into account.

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C) International claims

The international claims by geographical segments are categorized in accordance with the residence of the counterparties. Countries or geographical segments are disclosed in gross amount after taking into account the effect of any recognized risk transfer. The major country or geographical segment which constitutes 10% or more of the total international claims are separately disclosed. The information of international claims are reported based on the completion instruction of "Return of International Banking Statistics."

HK\$ Million

		<u>2023/12/31</u>					<u>Total</u>
		<u>Banks</u>	<u>Official sector</u>	<u>Non-bank private Sector</u>		<u>Others</u>	
				<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
1	Developed countries	8,072	498	-	100	-	8,670
2	Offshore centers	905	477	460	6,235	-	8,077
	<i>of which Hong Kong</i>	905	477	15	3,904	-	5,301
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbear	-	-	-	-	-	-
5	Developing Africa and Middle East	1,588	979	-	1,002	-	3,569
6	Developing Asia Pacific	13,936	-	-	900	-	14,836
	<i>of which Taiwan</i>	3,512	-	-	-	-	3,512
	<i>of which China</i>	3,374	-	-	130	-	3,504
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

		<u>2023/6/30</u>					<u>Total</u>
		<u>Banks</u>	<u>Official sector</u>	<u>Non-bank private Sector</u>		<u>Others</u>	
				<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
1	Developed countries	7,652	488	-	42	-	8,182
2	Offshore centers	1,570	357	502	6,022	-	8,451
	<i>of which Hong Kong</i>	1,570	357	55	3,794	-	5,776
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbear	-	-	-	-	-	-
5	Developing Africa and Middle East	1,134	990	-	955	-	3,079
6	Developing Asia Pacific	14,041	-	98	1,196	-	15,335
	<i>of which Taiwan</i>	6,012	-	-	-	-	6,012
	<i>of which China</i>	2,653	-	98	356	-	3,107
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

D) Sector information

1 Breakdown of advances to customers by industry sectors:

	<u>2023/12/31</u>		<u>2023/6/30</u>	
	HK\$'000	% of Loan Covered by Collateral	HK\$'000	% of Loan Covered by Collateral
Loan for use in Hong Kong				
Industrial, Commercial and Financial:				
Manufacturing	43,529	0.00%	65,545	0.00%
Property development	78,094	100.00%	72,745	100.00%
Property investment	2,107,391	41.89%	1,960,908	45.73%
Electricity and gas	-	0.00%	-	0.00%
Information technology	65,000	0.00%	65,000	0.00%
Wholesale and retail trade	464,215	49.52%	457,038	48.55%
Transport and transport equipment	200,000	0.00%	100,000	0.00%
Financial concerns	1,483,890	22.40%	1,426,260	19.65%
Hotel, boarding houses & catering	63,000	0.00%	-	0.00%
Stockbrokers	-	0.00%	-	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,505,119		4,147,496	
Trade finance	53,212	17.62%	378	100.00%
Loan for use outside Hong Kong	2,322,944	28.48%	2,695,941	13.16%
Total advances to customers	6,881,275		6,843,815	

2 Breakdown of loans and advances to customers by geographical areas after taking account of risk transfer:

	<u>HK\$ Thousand</u>		
	<u>2023/12/31</u>		
	Amount	Overdue loans	Provisions
Hong Kong	3,851,171	-	39,574
China	128,894	-	1,933
Taiwan	-	-	-
Others	2,901,210	-	29,941
Total	6,881,275	-	71,448
Provisions as a percentage of gross amount of loans and advances to customers			1.04%
	<u>2023/6/30</u>		
	Amount	Overdue loans	Provisions
Hong Kong	3,621,171	-	38,373
China	452,659	-	6,790
Taiwan	-	-	-
Others	2,769,985	-	28,703
Total	6,843,815	-	73,866
Provisions as a percentage of gross amount of loans and advances to customers			1.08%

E) Impaired, overdue and rescheduled loans

HK\$ Thousand

	<u>2023/12/31</u>	<u>2023/6/30</u>
1 Disclosure of impaired loans:		
Amount of impaired loans and advances	-	-
Amount of specific provisions	-	-
Value of collateral held against impaired loans	-	-
Percentage of total loans and advances	-	-
2 Disclosure of overdue loans :		
Amount of overdue loans for more than:		
1 month and up to 3 months	-	-
3 months and up to 6 months	-	-
6 months and up to 1 year	-	-
Over 1 year	-	-
Amount of specific provisions	-	-
Value of collateral held against overdue loans:		
Current market value of collateral	-	-
Covered portion of overdue loans	-	-
Uncovered portion of overdue loans	-	-
Percentage of total loans and advances	-	-
Breakdown of overdue loans by geographical :		
3 Rescheduled advances to customers	-	-
4 Repossessed assets held	-	-

Note:

(1) The Branch has no impaired, overdue, rescheduled loans and repossessed assets related to banks and other financial institutions as at the reporting dates.

(2) The Branch has no other assets (including trade bills and debt securities), which have been overdue as at the reporting dates.

F) Mainland Activities

	<u>2023/12/31</u>		<u>HK\$ Million</u>
	On-balance sheet <u>exposures</u>	Off-balance sheet <u>exposures</u>	<u>Total</u>
Breakdown of non-bank Mainland exposures by counterparties :			
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	93	15	108
2 Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially- owned by Mainland interest	-	-	-
4 Other entities of central government not reported in item 1 above	-	-	-
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	436	127	563
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>529</u>	<u>142</u>	<u>671</u>
Total assets after provision	35,110		
On-balance sheet exposures as percentage of total assets	<u>1.51%</u>		

	<u>2023/6/30</u>		<u>Total</u>
	On-balance sheet <u>exposures</u>	Off-balance sheet <u>exposures</u>	
Breakdown of non-bank Mainland exposures by counterparties :			
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	128	25	153
2 Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	98	38	136
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially- owned by Mainland interest	-	-	-
4 Other entities of central government not reported in item 1 above	214	59	273
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	443	106	549
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>883</u>	<u>228</u>	<u>1,111</u>
Total assets after provision	34,999		
On-balance sheet exposures as percentage of total assets	<u>2.52%</u>		

G) Currency risk

The information of foreign currency exposures are reported based on the completion instruction of "Return of Foreign Currency Position."

	<u>HK\$ Million</u>				
	<u>2023/12/31</u>				
	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currencies</u>	<u>Total</u>
Foreign currency positions:					
Spot assets	27,561	611	1,302	919	30,393
Spot liabilities	(28,493)	(554)	(1,626)	(934)	(31,607)
Forward purchases	1,446	52	324	140	1,962
Forward sales	(513)	(109)	-	(127)	(749)
Net option position	0	-	-	-	-
Net long (short) position	1	-	-	(2)	(1)

	<u>2023/6/30</u>				
	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currencies</u>	<u>Total</u>
Foreign currency positions:					
Spot assets	27,939	553	1,161	826	30,479
Spot liabilities	(28,593)	(583)	(1,474)	(870)	(31,520)
Forward purchases	1,212	38	313	197	1,760
Forward sales	(556)	(9)	-	(152)	(717)
Net option position	-	-	-	-	-
Net long (short) position	2	(1)	-	1	2

Note: The Branch has no net foreign currency structural position as at the reporting dates.

IV. LIQUIDITY INFORMATION DISCLOSURES

	<u>2023</u>	<u>2022</u>
Average liquidity maintenance ratio :		
- 1st Quarter (Jan~Mar)	62.79%	66.64%
- 2nd Quarter (Apr~Jun)	62.49%	60.75%
- 3rd Quarter (Jul~Sep)	62.67%	57.54%
- 4th Quarter (Oct~Dec)	63.27%	56.56%

Starting from June 2018, an authorized institution that is a category 2 institution must disclose, for each quarterly reporting period, the average value of Liquidity Maintenance Ratio (LMR) under Banking (Disclosure) Rules Cap 155M Section 103B. The average LMR is expressed by taking the arithmetic mean of the average LMR of each month during the reporting period. The LMR is calculated in accordance with the completion instruction of "Return of Liquidity Position" and the Banking (Liquidity) Rules.

Hong Kong Branch (the Branch) has established the policies, procedures, contingency funding plan and Asset and Liability Management Committee (ALCO) to manage and monitor the liquidity risk of the Branch. Liquidity indicators (e.g. LMR and RMB liquidity ratio) are monitored daily. Besides, Accounting Division performs liquidity stress tests (e.g. monthly cash flow projection and LMR stress testing) on a monthly basis, and provides the results to Treasury Division and Risk Management Division for review, and to the Chief Executive for approval. For more details with regard to the Branch's liquidity risk management, please refer to the Branch's official website:

<https://www.megabank.com.tw/abroad/hong-kong/zh-tw/regulatory-disclosures>

V. REMUNERATION DISCLOSURE

Pursuant to the HKMA's Supervisory Policy Manual Guideline CG-5 "Sound Remuneration System," the remuneration information is disclosed as below:

1. Remuneration System:

The Board of Head Office is responsible for review and approval of the overall remuneration policy. The Branch abides by the Head Office's remuneration policy, and establishes the branch-level procedures in accordance with such policy and the local requirements. The branch-level remuneration procedures are implemented under the supervision of the Head Office.

The Branch's remuneration structure is mainly composed of fixed compensation (including salary and year-end bonus), but also includes variable incentive-based element which is subject to the Branch's yearly business performance. The remuneration packages are determined in consideration of the employees' seniority, role, responsibilities and activities.

2. Remuneration Information:

The remuneration information of the senior management and key personnel are listed as below:

	<u>2023</u>	<u>2022</u>
Number of senior management	11	9
Number of key personnel	9	9
	HK\$ Million	
	<u>2023</u>	<u>2022</u>
Fixed remuneration	11	12
Variable remuneration	3	2

Note:

(1) Senior management is defined as those who are responsible for oversight of the Branch's strategy or activities or those heading the material business lines. Key personnel is defined as the individual employees whose duties or activities involve assumption of material risk or taking on material exposures on behalf of the Branch.

(2) The above information includes the senior management and key personnel who leave and take over the positions during the reporting periods.

(3) All remuneration is paid in cash. No payment would be deferred.

SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

	<u>NT\$ Million</u>	
	<u>31/12/2023</u>	<u>30/6/2023</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio:	15.30%	14.99%
Note: The capital adequacy ratio is computed in accordance with the Basel III Accord framework implemented in Taiwan, after taking into account the credit risk, market risk and operational risk.		
B. Capital		
Aggregate amount of shareholders' funds	331,220	311,919
II. OTHER FINANCIAL INFORMATION		
Total assets	3,988,318	3,846,797
Total liabilities	3,657,098	3,534,878
Total loans and advances	2,133,342	2,055,491
Total customer deposits and remittances	2,857,119	2,846,310
	<u>31/12/2023</u>	<u>31/12/2022</u>
Pre-tax profit	35,451	26,801

SECTION C - DECLARATION

Chief Executive's Declaration of Compliance

It is certified by the Chief Executive of Mega International Commercial Bank Co., Ltd. Hong Kong Branch that the information disclosed above complies, in all material respects, with Banking (Disclosure) Rules and CA-D-1 of the Supervisory Policy Manual. To the best of my knowledge and belief, the financial information disclosures are not false and misleading.

For and on behalf of
Mega International Commercial Bank Co., Ltd.
Hong Kong Branch



Chien Chien Chuang
Chief Executive

Date: 25 APR 2024