



# 兆豐國際商業銀行股份有限公司香港分行

Mega International Commercial Bank Co., Ltd. Hong Kong Branch (Incorporated in Taiwan)

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## Mega International Commercial Bank Co., Ltd. (Hong Kong Branch)

Year Ended Financial Information Disclosure Statements

For the year ended 31 December 2016

### Section A - Branch Information (Hong Kong Office Only)

HK Dollars Thousand

#### 1. Profit and Loss Information

	31/12/2016	31/12/2015
Net Interest income	303,542	281,758
Interest income	431,236	444,084
Interest expenses	-127,694	-162,326
Other operating income	29,813	16,467
Gains less losses arising from non-trading in foreign currencies	28,764	16,467
Gains less losses on securities held for trading purposes	717	-
Gains less losses from other trading activities	332	-
Net fees and commission income	42,178	57,406
Gross fees and commission income	45,107	60,405
Gross fees and commission expenses	-2,929	-2,999
Others	149	214
Staff and rental expenses	-38,404	-39,816
Other expenses	-31,150	-31,010
Provisions for impaired loans and receivables	21,695	9,821
Profit before taxation	327,823	294,840
Taxation charge	34,216	71,178
Profit after taxation	<u>293,607</u>	<u>223,662</u>

## HK Dollars Thousand

## 2. Balance Sheet Information

31/12/2016 30/06/2016

Assets

Cash and short term funds (except those included in amount due from overseas offices)	7,505,242	6,365,426
Placements with banks and other financial institutions which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices of the institution)	8,108,627	9,191,161
Amount due from overseas offices	1,588,931	798,530
Acceptance and bills of exchange held	18,023	268,401
Certificates of deposit held	3,115,658	2,857,787
Advances and other accounts	4,585,741	6,007,222
Investment securities	3,709,823	4,064,265
Other investments	-	-
Tangible fixed assets	477	506
Total assets	<u>28,632,522</u>	<u>29,553,298</u>

Liabilities

Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	484,167	92,363
Deposits from customers:-		
Demand deposits and current accounts	332,220	255,277
Savings deposits; and	17,058,434	16,920,016
Time, call and notice deposits	9,823,560	11,524,490
Amount due to overseas offices	84,626	82,548
Other accounts and provisions	555,908	527,728
Total liabilities	28,338,915	29,402,422
Reserves and current profit/(loss)	293,607	150,876
Total equity and liabilities	<u>28,632,522</u>	<u>29,553,298</u>

## 3. Additional Balance Sheet Information

31/12/2016 30/06/2016

## i) Advances and other accounts

Advances to customers	3,978,723	5,473,570
Advances to banks and other financial institutions	75,000	75,000
Accrued interest and other accounts	532,018	458,652
Total	<u>4,585,741</u>	<u>6,007,222</u>

Provision for bad or doubtful debts		
General - advances to customers	40,801	55,904
General - advances to banks and other financial institutions	-	-
Specific - advances to customers	13,160	13,193
Specific - advances to banks and other financial institutions		
Specific - other accounts	-	-

## ii) (a) Advances to customers

Amount of advances to customers on which interest is being placed in suspense or on which interest accrual has ceased	-	-
Amount of suspended interest	-	-
Amount of specific provision made in respect of such advances	-	-
Percentage of such advances to total advances to customers	-	-

## (b) Advances to banks and other financial institutions

Amount of advances to banks and other financial institutions on which interest is being placed in suspense or on which interest accrual has ceased	-	-
Amount of suspended interest	-	-
Amount of specific provision made in respect of such advances	-	-
Percentage of such advances to total advances to banks and other financial institutions	-	-

## iii) (a) Breakdown of gross amount of advances to customers by industry sectors

	31/12/2016		30/06/2016	
	HK Dollars Thousand	% of Loan Covered by Collateral	HK Dollars Thousand	% of Loan Covered by Collateral
Loan for use in Hong Kong				
Industrial, Commercial and Financial:-				
Manufacturing	178,972	0.00%	214,433	0.00%
Property development	37,500	0.00%	37,537	0.00%
Property investment	959,987	13.41%	2,095,318	48.00%
Electricity and gas	-	0.00%	-	0.00%
Information technology	174,499	0.00%	126,076	0.00%
Wholesale and retail trade	108,577	71.43%	128,015	76.00%
Transport and transport equipment	36,623	0.00%	34,423	30.00%
Financial concerns	351,075	77.92%	470,629	87.00%
Hotel, boarding houses & catering	15,511	0.00%	184,058	76.00%
Stockbrokers	257,683	0.00%	175,252	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	260,267	89.39%	142,951	81.00%
Sub-total	2,380,694		3,608,692	
Trade finance	128,453	25.47%	161,460	21.00%
Loan for use outside Hong Kong	1,469,576	63.13%	1,703,418	56.00%
Total advances to customers	<u>3,978,723</u>		<u>5,473,570</u>	

## (b) Breakdown of gross amount of advances to customers by geographical areas after taking account of transfer of risk

	31/12/2016	30/06/2016
	HK Dollars Thousand	HK Dollars Thousand
China	1,437,138	1,895,340
Hong Kong	565,811	1,466,957
Taiwan	274,844	307,035
Others	1,700,930	1,804,238
Total	<u>3,978,723</u>	<u>5,473,570</u>

(c) International claims by geographical segment  
(as defined in HKMA Form MA(BS) 21) after taking account of transfer of risk

HK Dollars Million						
As at 31/12/2016						
	Banks	Official sector	Non-bank financial institutions	Non-bank private Sector Non-financial private sector	Others	Total
1 Developed countries	13,371	-	-	1,632	-	15,003
2 Offshore centers	14,100	93	-	9,139	-	23,332
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	1,476	-	-	30	-	1,506
6 Developing Asia Pacific	15,830	-	-	2,026	-	17,856
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

HK Dollars Million						
As at 30/06/2016						
	Banks	Official sector	Non-bank financial institutions	Non-bank private Sector Non-financial private sector	Others	Total
1 Developed countries	13,767	-	-	1,629	-	15,396
2 Offshore centers	11,562	-	-	12,817	-	24,379
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	1,474	-	-	32	-	1,506
6 Developing Asia Pacific	15,733	-	-	2,965	-	18,698
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

iv) Overdue and non-performing loans

HK Dollars Thousand		
	31/12/2016	30/06/2016
(a) Disclosure of non-performing loans:		
Outstanding amount of non-performing loans	-	-
Amount of suspended interest in respect of such loans	-	-
Amount of specific provisions made in respect of such loans	-	-
Percentage of such loans to total loans to customers	-	-
(b) Outstanding amount of overdue loans which have been overdue 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	13,160	13,193
Rescheduled loans to customers (net of those overdue loans which have been disclosed above)	-	-
Current market value of collateral	-	-
Covered portion of overdue loans	-	-
Uncovered portion of overdue loans	13,160	13,193
(c) Reconciliation between overdue loans and non-performing loans:		
Loans to customers overdue for 3 months or less	-	-
Loans to customers overdue for more than 3 months	13,160	13,193
Less: Overdue loans for more than 3 months and on which interest is still being accrued	13,160	13,193
Add: Overdue loans for 3 months or less or not yet overdue and on which interest is being placed in suspense or on which interest accrual has been ceased	-	-
Add: Overdue loans for 3 months or less or not yet overdue and on which interest is still being accrued	-	-
Total non-performing loans	-	-

Note :

- (1) We have no non-performing, overdue and rescheduled loans to banks and other financial institutions as at 31/12/2016 and 30/06/2016.
- (2) We have no repossessed assets held by the branch as at 31/12/2016 and 30/06/2016.

v) Non-bank China exposures

HK Dollars Million

As at 31/12/2016

Companies and individuals outside China where the credit is granted for use in China :

	items in HKMA return	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	709	-	709
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	77	-	77
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	505	119	624
4. Other entities of central government not reported in item 1 above	4	167	71	238
5. Other entities of local governments not reported in item 2 above	5	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	369	349	718
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	1	1
Total	8	1,827	540	2,367
Total assets after provision	9	28,579		
On-balance sheet exposures as percentage of total assets	10	6%		

As at 30/06/2016

Companies and individuals outside China where the credit is granted for use in China:

	items in HKMA return	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	896	-	896
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	124	-	124
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	461	218	679
4. Other entities of central government not reported in item 1 above	4	243	-	243
5. Other entities of local governments not reported in item 2 above	5	59	-	59
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	1,483	921	2,404
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	157	1	158
Total	8	3,423	1,140	4,563
Total assets after provision	9	29,484		
On-balance sheet exposures as percentage of total assets	10	12%		

vi) Significant foreign currency exposures

HK Dollars Million

31/12/2016

	USD	EUR	CNY	Other Currency	Total
Spot assets	22,369	584	1,806	996	25,755
Spot liabilities	(23,447)	(584)	(1,839)	(968)	(26,838)
Forward purchases	1,206	-	33	88	1,327
Forward sales	(122)	-	-	(115)	(237)
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	6	-	-	1	7

HK Dollars Million

30/06/2016

	USD	EUR	CNY	Other Currency	Total
Spot assets	22,910	567	1,618	647	25,742
Spot liabilities	(24,505)	(567)	(2,156)	(944)	(28,172)
Forward purchases	2,462	-	536	306	3,304
Forward sales	(860)	-	-	(12)	(872)
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	7	-	(2)	(3)	2

#### 4. Off-Balance Sheet Exposures

Contractual or notional amounts of off-balance sheet exposures outstanding:

	HK Dollars Thousand	
	31/12/2016	30/06/2016
Contingent liabilities and commitments		
Direct credit substitutes	21,513	18,237
Transaction-related contingencies	-	-
Trade-related contingencies	26,882	57,258
Other commitments	3,265,825	3,910,059
Exchange rate contracts	1,348,086	3,343,362
Interest rate contracts	77,555	77,585
Total	<u>4,739,861</u>	<u>7,406,501</u>

Replacement cost (this amount does not take into account the effects of bilateral netting arrangements) for:

Exchange rate contracts:

Positive fair value	402	782
Negative fair value	(224)	(247)

Interest rate contracts :

Positive fair value	-	-
Negative fair value	(108)	(1,431)

#### 5. Liquidity

	31/12/2016	30/06/2016
The average liquidity maintenance ratio for the period:		
Average liquidity maintenance ratio	49.69%	45.52%

The average liquidity maintenance ration is the arithmetic mean of each calendar month's average liquidity maintenance ration for the period as calculated in accordance with the Banking ( Liquidity ) Rules with effect from 1 January 2015.

Hong Kong Branch (the Branch) has policy, procedure and Asset-Liability Committee (ALCO) to manage and monitor the liquidity risk of the branch.

Liquidity indicators ( e.g. LMR, interest rate gapping ratio, RMB liquidity ratio) are monitored on a daily basis. Accounting department also conducts liquidity stress test and provides the result to Treasury Department for reference on monthly basis.

#### 6. Remuneration Disclosure

In accordance with section 3 of the HKMA' s Supervisory Policy Manual Guideline CG-5 "Sound Remuneration System", Mega International Commercial Bank Co., Ltd. has disclosed the relevant information in the part of Corporate Governance of the Bank's Annual Report (Chinese version).

#### 7. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

**Section B - Bank Information ( Consolidated Basis)**

NT Dollars Million

31/12/2016                      30/06/2016

**1. Capital Adequacy Ratio**

Consolidated capital adequacy ratio:	14.49%	13.41%
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Note: The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework, after taking into account for credit risk, market risk and operational risk.

**2. Capital**

Aggregate amount of shareholders' funds	257,564	248,064
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**3. Other Financial Information**

Total assets	2,974,452	2,993,824
Total liabilities	2,716,887	2,745,760
Total advances	1,715,279	1,731,772
Total customer deposits and remittances	2,173,616	2,238,941

Pre-tax profit	<u>31/12/2016</u> 23,115	<u>31/12/2015</u> 30,320
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**Chief Executives' 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 fully with the disclosure standards as set out in CA-D-1 (Guideline on the Application of the Banking(Disclosure) Rules) of the Supervisory Policy Manual (V.2 - 06.08.15) issued by the Hong Kong Monetary Authority and is not false or misleading.

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

*For and on behalf of*  
**MEGA INTERNATIONAL COMMERCIAL  
BANK CO., LTD.  
HONG KONG BRANCH**

  
.....  
**Authorized Signature(s)**

Lee Chao- Ho                      **27 MAR 2017**  
Senior Vice President & General Manager