



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)

Annual Financial Information Disclosure Statements

For the year ended 31 December 2017

Section A - Branch Information (Hong Kong Office Only)

	HK Dollars Thousand	
1. Profit and Loss Information	31/12/2017	31/12/2016
Net interest income	381,101	303,542
Interest income	544,729	431,236
Interest expenses	-163,628	-127,694
Other operating income	23,625	29,813
Gains less losses arising from non-trading in foreign currencies	22,506	28,764
Gains less losses on securities held for trading purposes	-38	717
Gains less losses from other trading activities	1,157	332
Net fees and commission income	45,301	42,178
Gross fees and commission income	47,592	45,107
Gross fees and commission expenses	-2,291	-2,929
Others	408	149
Staff and rental expenses	-45,322	-38,404
Other expenses	-43,274	-31,150
Provisions for impaired loans and receivables	-12,362	21,695
Profit before taxation	349,477	327,823
Taxation charge	-53,881	-34,216
Profit after taxation	<u>295,596</u>	<u>293,607</u>

HK Dollars Thousand

2. Balance Sheet Information

31/12/2017 30/06/2017

Assets

Cash and short term funds (except those included in amount due from overseas offices)	9,853,197	6,399,721
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)	7,444,315	9,489,195
Amount due from overseas offices	7,667,190	1,225,494
Acceptance and bills of exchange held	325,241	20,412
Certificates of deposit held	2,980,851	2,524,910
Advances and other accounts	5,584,771	4,458,626
Investment securities	3,914,974	3,925,336
Tangible fixed assets	1,642	467
Total assets	<u>37,772,181</u>	<u>28,044,161</u>

Liabilities

Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	318,642	180,451
Deposits from customers:-		
Demand deposits and current accounts	289,760	202,867
Savings deposits; and	26,163,917	16,537,309
Time, call and notice deposits	10,077,547	10,059,386
Amount due to overseas offices	186,522	130,441
Other accounts and provisions	440,197	784,716
Total liabilities	<u>37,476,585</u>	<u>27,895,170</u>
Reserves and current profit/(loss)	295,596	148,991
Total equity and liabilities	<u>37,772,181</u>	<u>28,044,161</u>

3. Additional Balance Sheet Information

31/12/2017 30/06/2017

i) Advances and other accounts

Advances to customers	5,205,686	3,715,074
Advances to banks and other financial institutions	-	-
Accrued interest and other accounts	379,085	743,552
Total	5,584,771	4,458,626

Provision for bad or doubtful debts		
General - advances to customers	51,759	37,441
General - advances to banks and other financial institutions	-	-
Specific - advances to customers	11,793	13,226
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

	31/12/2017		30/06/2017	
	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	224,581	0.00%	87,815	0.00%
Property development	37,500	0.00%	37,500	0.00%
Property investment	912,136	10.38%	787,940	13.29%
Electricity and gas	-	0.00%	-	0.00%
Information technology	175,865	0.00%	175,629	0.00%
Wholesale and retail trade	168,049	46.51%	109,281	71.43%
Transport and transport equipment	-	0.00%	21,411	0.00%
Financial concerns	1,297,987	15.69%	454,582	40.70%
Hotel, boarding houses & catering	15,633	0.00%	15,612	0.00%
Stockbrokers	180,028	0.00%	196,859	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	24,006	0.00%
Sub-total	3,011,779		1,910,635	
Trade finance	75,633	29.75%	97,721	24.17%
Loan for use outside Hong Kong	2,118,274	41.83%	1,706,718	64.64%
Total advances to customers	5,205,686		3,715,074	

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

	31/12/2017	30/06/2017
	HK Dollars Thousand	HK Dollars Thousand
China	2,621,993	1,126,255
Hong Kong	1,190,657	686,749
Taiwan	275,035	211,413
Others	1,118,001	1,690,657
Total	5,205,686	3,715,074

(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 31/12/2017						
	Banks	Official sector	Non-bank financial institutions	Non-bank private Sector Non-financial private sector	Others	Total
1 Developed countries	4,095	-	-	658	-	4,753
2 Offshore centers	2,943	-	142	3,644	-	6,729
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	-	-	-	-	-	-
6 Developing Asia Pacific	24,284	-	301	1,981	-	26,566
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

HK Dollars Million						
As at 30/06/2017						
	Banks	Official sector	Non-bank financial institutions	Non-bank private Sector Non-financial private sector	Others	Total
1 Developed countries	3,948	-	-	890	-	4,838
2 Offshore centers	3,164	88	20	2,942	-	6,214
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	-	-	-	23	-	23
6 Developing Asia Pacific	15,353	-	-	1,615	-	16,968
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

iv) Overdue and non-performing loans

HK Dollars Thousand
31/12/2017 30/06/2017

(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	10,477	13,226
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	10,477	13,226

(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	10,477	13,226
Less: Overdue loans for more than 3 months and on which interest is still being accrued	10,477	13,226
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	<u>-</u>	<u>-</u>

Note :

- (1) We have no non-performing, overdue and rescheduled loans to banks and other financial institutions as at 31/12/2017 and 30/06/2017.
(2) We have no repossessed assets held by the branch as at 31/12/2017 and 30/06/2017.

v) Non-bank China exposures

HK Dollars Million

As at 31/12/2017

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	565	-	565
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	129	-	129
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	291	57	348
4. Other entities of central government not reported in item 1 above	4	278	161	439
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	482	336	818
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	-	-
Total	8	1,745	554	2,299
Total assets after provision	9	37,681		
On-balance sheet exposures as percentage of total assets	10	5%		

As at 30/06/2017

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	651	-	651
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	126	-	126
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	370	211	581
4. Other entities of central government not reported in item 1 above	4	181	59	240
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	380	289	669
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	-	-
Total	8	1,708	559	2,267
Total assets after provision	9	27,993		
On-balance sheet exposures as percentage of total assets	10	6%		

vi) Significant foreign currency exposures

HK Dollars Million

31/12/2017

	USD	EUR	CNY	Other Currency	Total
Spot assets	32,091	610	1,647	921	35,269
Spot liabilities	(32,612)	(610)	(1,794)	(954)	(35,970)
Forward purchases	819	-	150	135	1,104
Forward sales	(281)	-	-	(101)	(382)
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	17	-	3	1	21

HK Dollars Million

30/06/2017

	USD	EUR	CNY	Other Currency	Total
Spot assets	22,078	582	1,713	905	25,278
Spot liabilities	(23,388)	(582)	(1,712)	(962)	(26,644)
Forward purchases	1,395	-	-	78	1,473
Forward sales	(78)	-	-	(24)	(102)
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	7	-	1	(3)	5

4. Off-Balance Sheet Exposures

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

	HK Dollars Thousand	
	31/12/2017	30/06/2017
Contingent liabilities and commitments		
Direct credit substitutes	265	485
Transaction-related contingencies	21,420	19,423
Trade-related contingencies	18,261	29,477
Other commitments	1,671,910	1,567,612
Exchange rate contracts	1,179,803	1,544,782
Interest rate contracts	-	-
Total	<u>2,891,659</u>	<u>3,161,779</u>

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

Exchange rate contracts:

Positive fair value	497	268
Negative fair value	(600)	(254)

Interest rate contracts :

Positive fair value	-	-
Negative fair value	-	-

5. Liquidity

	31/12/2017	30/06/2017
The average liquidity maintenance ratio for the period:		
Average liquidity maintenance ratio	58.49%	59.78%

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

31/12/2017 30/06/2017

1. Capital Adequacy Ratio

Consolidated capital adequacy ratio:	14.48%	14.12%
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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	263,883	257,263
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3. Other Financial Information

Total assets	3,168,188	3,030,925
Total liabilities	2,904,305	2,773,662
Total advances	1,762,161	1,689,802
Total customer deposits and remittances	2,389,236	2,359,361

	<u>31/12/2017</u>	<u>31/12/2016</u>
Pre-tax profit	24,303	23,115

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

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Authorized Signature(s)

Chen Chien Hung
Vice President & General Manager

28 MAR 2018