



兆豐國際商業銀行 香港分行

Mega International Commercial Bank Hong Kong Branch

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

香港九龍尖沙咀廣東道21號
海港城港威大廈英國保誠保險大樓
22樓2201室
Suite 2201, 22/F, Prudential Tower
The Gateway, Harbour City, 21 Canton Road
Tsimshatsui, Kowloon, Hong Kong
Tel: (852) 2525 9687
Fax: (852) 2525 9014
SWIFT: ICBC HK HH

MEGA INTERNATIONAL COMMERCIAL BANK CO., LIMITED

HONG KONG BRANCH

Financial Information Disclosure Statements

For the year ended 31 December 2019

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

	<u>HK Dollars Thousand</u>	
	<u>31/12/2019</u>	<u>31/12/2018</u>
Incomes		
Net interest income		
Interest income	947,397	857,096
Interest expenses	(419,772)	(320,396)
	<u>527,625</u>	<u>536,700</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	24,158	36,111
Gains less losses arising from trading in other derivatives	953	1,265
	<u>25,111</u>	<u>37,376</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	43,850	58,233
Gross fees and commission expenses	(2,295)	(2,370)
	<u>41,555</u>	<u>55,863</u>
Other income	727	5,973
Total income	<u>595,018</u>	<u>635,912</u>
Expenses and other charges		
Staff and rental expenses	(60,121)	(61,154)
Other expenses	(76,073)	(61,465)
Net (charge)/ credit for debt provision	3,625	(38,131)
Net (charge)/ credit for other provisions	3,425	(24,140)
Total expenses and other charges	<u>(129,144)</u>	<u>(184,890)</u>
Profit before taxation	<u>465,874</u>	<u>451,022</u>
Tax expenses	<u>(109,571)</u>	<u>(65,984)</u>
Profit after taxation	<u><u>356,303</u></u>	<u><u>385,038</u></u>

II. BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	<u>31/12/2019</u>	<u>30/6/2019</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	7,028,471	4,789,486
Placements with banks 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)	5,859,515	8,163,825
Amount due from overseas offices	1,034,685	909,155
Acceptance and bills of exchange held	2,320	11,076
Certificates of deposit held	1,648,160	2,966,145
Loans and other assets	9,686,130	9,509,168
Investment securities	7,064,690	5,906,976
Tangible fixed assets	3,088	3,064
Total assets	<u>32,327,059</u>	<u>32,258,895</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices)	566,499	567,480
Deposits from customers:		
Demand deposits and current accounts	127,985	129,847
Savings deposits	13,692,973	15,876,292
Time, call and notice deposits	16,666,107	14,987,363
Amount due to overseas offices	83,311	143,252
Provisions and other liabilities	833,882	362,085
Total liabilities	31,970,757	32,066,319
Reserves and current profit/(loss)	356,302	192,576
Total equity and liabilities	<u>32,327,059</u>	<u>32,258,895</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	31/12/2019	30/6/2019
A) <u>Loans and other assets</u>		
Loans and advances to customers	9,130,168	9,343,732
Accrued interest and other assets	555,962	165,436
Total	9,686,130	9,509,168

Note:

The Branch does not have loans and advances to banks.

B) Provisions and other liabilities

Provisions	125,947	132,622
Other liabilities	707,935	229,463
Total	833,882	362,085

Provision for bad or doubtful debts on :

Advances to customers :

General provision	94,920	97,155
Specific provision	8,476	8,997
Country risk	19,962	23,904

Accrued Interest :

General provision	157	152
Specific provision	1	2
Country risk	29	41

Provisions against value of other claims and investments:

General provision	2,402	2,371
Specific provision	-	-
Country risk	-	-

Total Provisions

125,947	132,622
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C) Off-balances sheet and derivative transactions exposures

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

Direct credit substitutes	41,410	25,015
Transaction-related contingencies	3,628	5,094
Trade-related contingencies	41,434	37,334
Other commitments	1,878,151	2,185,389
	1,964,623	2,252,832

Contractual or notional amounts of derivative transactions exposures outstanding:

Exchange rate contracts	2,699,509	3,167,922
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Total

4,664,132	5,420,754
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Replacement cost for:

a) exchange rate contracts:

Positive fair value	680	722
Negative fair value	(332)	(661)

b) Interest rate contracts :

Positive fair value	-	-
Negative fair value	-	-

Notes:

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.

For derivatives, the notional amounts indicate the nominal value of transactions outstanding at the reporting date, they do not represent amounts at risk.

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

D) International claims

The analysis of international claims by geographical segments are in accordance with the location and the types of counterparties. Countries or geographical segment are based on net basis after taking into account the effect of any recognized risk transfer. A major country or geographical segment constitutes 10% or more of the total international claims are disclosed. The information of international claim are determined based on the calculation methodology specified in the completion instruction of "Return of International Banking Statistics".

HK Dollars Million

31/12/2019

Non-bank private Sector

	<u>Banks</u>	<u>Official</u>	<u>Non-bank financial</u>	<u>Non-financial</u>	<u>Others</u>	<u>Total</u>
		<u>sector</u>	<u>institutions</u>	<u>private sector</u>		
1 Developed countries	3,694	-	-	1,246	-	4,940
2 Offshore centers	1,956	83	-	4,599	-	6,638
<i>of which Hong Kong</i>	1,493	83	-	4,148	-	5,724
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	236	-	-	228	-	464
6 Developing Asia Pacific	15,794	-	722	3,746	-	20,262
<i>of which Taiwan</i>	7,736	-	-	155	-	7,891
<i>of which China</i>	4,116	-	722	3,113	-	7,951
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

HK Dollars Million

30/6/2019

Non-bank private Sector

	<u>Banks</u>	<u>Official</u>	<u>Non-bank financial</u>	<u>Non-financial</u>	<u>Others</u>	<u>Total</u>
		<u>sector</u>	<u>institutions</u>	<u>private sector</u>		
1 Developed countries	1,899	-	-	893	-	2,792
2 Offshore centers	1,981	76	-	4,228	-	6,285
<i>of which Hong Kong</i>	1,747	76	-	3,766	-	5,589
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	158	-	-	213	-	371
6 Developing Asia Pacific	17,499	-	731	4,555	-	22,785
<i>of which Taiwan</i>	7,952	-	-	154	-	8,106
<i>of which China</i>	5,956	-	731	3,897	-	10,584
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

E) Sector information

1 Breakdown of gross amount of advances to customers by industry sectors:

	<u>31/12/2019</u>		<u>30/6/2019</u>	
	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	457,349	0.00%	479,225	0.00%
Property development	124,984	81.25%	44,620	47.47%
Property investment	1,313,087	11.27%	1,205,259	10.95%
Electricity and gas	400,189	70.01%	408,679	70.64%
Information technology	97,363	0.00%	273,525	0.00%
Wholesale and retail trade	419,017	78.31%	492,228	80.32%
Transport and transport equipment	105,000	0.00%	105,000	0.00%
Financial concerns	1,858,104	37.31%	1,703,673	23.87%
Hotel, boarding houses & catering	29,209	0.00%	29,306	0.00%
Stockbrokers	40,254	0.00%	47,881	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,844,556		4,789,396	
Trade finance	109,562	13.74%	93,705	20.43%
Loan for use outside Hong Kong	4,176,050	28.18%	4,460,631	29.90%
Total advances to customers	<u>9,130,168</u>		<u>9,343,732</u>	

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

	<u>HK Dollars Thousand</u>		
	<u>31/12/2019</u>		
	Gross amount	Overdue loans	Provisions
China	3,829,692	-	57,234
Hong Kong	3,703,600	-	38,705
Taiwan	154,216	-	1,701
Others	1,442,660	8,475	23,302
Total	<u>9,130,168</u>	<u>8,475</u>	<u>120,942</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.32%</u>
	<u>30/6/2019</u>		
	Gross amount	Overdue loans	Provisions
China	4,568,077	-	68,521
Hong Kong	3,261,655	-	34,022
Taiwan	153,660	-	2,014
Others	1,360,340	8,997	22,698
Total	<u>9,343,732</u>	<u>8,997</u>	<u>127,255</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.36%</u>

F) Impaired, overdue and rescheduled loans

		<u>HK Dollars Thousand</u>	
		<u>31/12/2019</u>	<u>30/6/2019</u>
1	Disclosure of impaired loans to customers:		
	Amount of impaired loans and advances	-	-
	Amount of specific provisions	-	-
	Amount of value of collateral	-	-
	Percentage of total loans and advances	-	-
2	Disclosure of overdue loans to customers:		
	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	8,475	8,997
	Amount of specific provisions	8,475	8,997
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	8,475	8,997
	Percentage of total loans and advances	0.09%	0.10%
	Breakdown of overdue loans by geographical :		
	-Macau	8,475	8,997
3	Rescheduled advances to customers	8,475	8,997
4	Reposessed assets held	-	-

Note :

The Branch have no impaired, overdue, rescheduled loans and reposessed assets related to banks as at the reporting dates.

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

G) Mainland Activities

		HK Dollars Million		
		31/12/2019		
Breakdown of Mainland exposures of non-bank counterparties :		On-balance sheet <u>exposure</u>	Off-balance sheet <u>exposure</u>	<u>Total</u>
1	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,072	82	1,154
2	Local governments, local government-owned entities and their subsidiaries and JVs	135	-	135
3	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	545	51	596
4	Other entities of central government not reported in item 1 above	888	173	1,061
5	Other entities of local governments not reported in item 2 above	250	-	250
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	588	226	814
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total		3,478	532	4,010
Total assets after provision		32,201		
On-balance sheet exposures as percentage of total assets		10.80%		

HK Dollars Million			
30/6/2019			
Breakdown of Mainland exposures of non-bank counterparties :	On-balance sheet exposure	Off-balance sheet exposure	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,354	62	1,416
2 Local governments, local government-owned entities and their subsidiaries and JVs	214	-	214
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	627	46	673
4 Other entities of central government not reported in item 1 above	888	241	1,129
5 Other entities of local governments not reported in item 2 above	250	-	250
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	790	275	1,065
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	4,123	624	4,747
Total assets after provision	32,126		
On-balance sheet exposures as percentage of total assets	12.83%		

H) Currency risk

The information of foreign currency exposures in relation to the type of foreign currency positions are based on the completion instruction of "Return of Foreign Currency Position".

HK Dollars Million					
31/12/2019					
Foreign currency positions:	USD	EUR	CNY	Other Currency	Total
Spot assets	25,130	577	1,916	460	28,083
Spot liabilities	(26,846)	(500)	(2,161)	(673)	(30,180)
Forward purchases	2,159	-	245	213	2,617
Forward sales	(457)	(79)	-	0	(536)
Net option position	-	-	-	-	-
Net long (short) position	(14)	(2)	0	0	(16)

HK Dollars Million					
30/6/2019					
Foreign currency positions:	USD	EUR	CNY	Other Currency	Total
Spot assets	25,428	527	1,267	718	27,940
Spot liabilities	(27,025)	(528)	(1,881)	(798)	(30,232)
Forward purchases	2,330	-	614	147	3,091
Forward sales	(754)	-	-	(68)	(822)
Net option position	-	-	-	-	-
Net long (short) position	(21)	(1)	0	(1)	(23)

Note :

There were no foreign currency net structural position as at the reporting dates.

IV. LIQUIDITY INFORMATION DISCLOSURES

	<u>2019</u>	<u>2018</u>
Average liquidity maintenance ratio :		
- Quarter 1 (Jan~Mar)	52.87%	61.29%
- Quarter 2 (Apr~Jun)	58.30%	58.91%
- Quarter 3 (Jul~Sep)	54.84%	57.03%
- Quarter 4 (Oct~Dec)	57.68%	53.80%

The average liquidity maintenance ratio (LMR) is the arithmetic mean of each calendar month's average LMR for the period as calculated in accordance with the Banking (Liquidity) Rules and the requirement of "Return of Liquidity Position".

According to requirements of the Banking (Disclosure) Rules, the quarterly average LMR are disclosed based on three month's average LMR.

Hong Kong Branch (the Branch) has policies, procedures, contingency funding plan 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 tests (e.g. LMR and intraday stress test) and provides the result to Treasury Department and Risk Management Department for reference on monthly basis.

Information in relation to the liquidity management for the Branch has been disclosed on the Hong Kong Branch page under the official website of Head Office :

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

V. 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 .

VI. COMPARATIVE FIGURES

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

SECTION B- INFORMATION OF THE BANK (CONSOLIDATED BASIS)

	<u>NT Dollars Million</u>	
	<u>31/12/2019</u>	<u>30/6/2019</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	14.04%	13.42%
Note: The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework implemented in Taiwan, after taking credit risk, market risk and operational risk into consideration.		
B. <u>Capital</u>		
Aggregate amount of shareholders' funds	291,680	282,858
II. OTHER FINANCIAL INFORMATION		
Total assets	3,334,293	3,254,412
Total liabilities	3,042,613	2,971,553
Total loans and advances	1,873,678	1,853,128
Total customer deposits and remittances	2,461,114	2,429,662
	<u>31/12/2019</u>	<u>31/12/2018</u>
Pre-tax profit	28,381	26,719

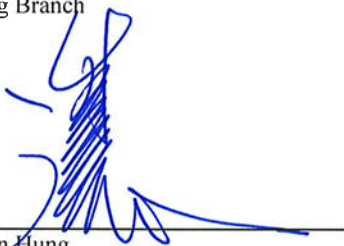
SECTION C- DECLARATION

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, 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



Chen Chien Hung
Chief Executive
Date:

23 APR 2020