



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., LIMITED

HONG KONG BRANCH

Annual Financial Information Disclosure Statements
For the year ended 31 December 2020

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

	<u>HK Dollars Thousand</u>	
	<u>31/12/2020</u>	<u>31/12/2019</u>
Incomes		
Net interest income		
Interest income	526,780	947,397
Interest expenses	(242,675)	(419,772)
	<u>284,105</u>	<u>527,625</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	7,776	24,158
Gains less losses arising from trading in other derivatives	1,015	953
	<u>8,791</u>	<u>25,111</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	28,656	43,850
Gross fees and commission expenses	(2,364)	(2,295)
	<u>26,292</u>	<u>41,555</u>
Other income	341	727
Total income	<u>319,529</u>	<u>595,018</u>
Expenses and other charges		
Staff and rental expenses	(60,422)	(60,121)
Other expenses	(23,301)	(76,073)
Net (charge)/ credit for debt provision	(17,295)	3,625
Net (charge)/ credit for other provisions	7,569	3,425
Total expenses and other charges	<u>(93,449)</u>	<u>(129,144)</u>
Profit before taxation	<u>226,080</u>	<u>465,874</u>
Tax expenses	(32,186)	(109,571)
Profit after taxation	<u>193,894</u>	<u>356,303</u>

II. BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	<u>31/12/2020</u>	<u>30/6/2020</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	5,503,824	5,153,567
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)	5,405,125	7,643,308
Amount due from overseas offices	406,545	414,629
Certificates of deposit held	2,050,602	1,349,670
Loans and other assets	10,584,081	9,014,312
Investment securities	9,464,776	7,775,644
Tangible fixed assets	2,223	2,584
Total assets	<u>33,417,176</u>	<u>31,353,714</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices)	2,024,602	1,673,062
Deposits from customers:		
Demand deposits and current accounts	131,335	119,826
Savings deposits	13,965,054	12,292,855
Time, call and notice deposits	16,137,706	16,808,916
Amount due to overseas offices	23,792	48,396
Provisions and other liabilities	940,793	276,718
Total liabilities	33,223,282	31,219,773
Reserves and current profit/(loss)	193,894	133,941
Total equity and liabilities	<u>33,417,176</u>	<u>31,353,714</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	31/12/2020	30/6/2020
A) <u>Loans and other assets</u>		
Loans and advances to customers	9,721,485	8,872,028
Accrued interest and other assets	862,596	142,284
Total	10,584,081	9,014,312

Note:

The Branch does not have loans and advances to banks.

B) Provisions and other liabilities

Provisions	121,231	116,588
Other liabilities	819,562	160,130
Total	940,793	276,718

Provision against loans and advances:

Advances to customers :

General provision	99,318	91,190
Specific provision	6,989	7,639
Country risk	11,616	15,248

Accrued Interest :

General provision	67	104
Specific provision	1	1
Country risk	10	20

Provisions against value of other claims and investments:

General provision	3,230	2,386
Specific provision	-	-
Country risk	-	-

Total Provisions

121,231	116,588
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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	48,250	48,260
Transaction-related contingencies	522	780
Trade-related contingencies	65,618	85,813
Other commitments	1,971,101	1,874,643
	2,085,491	2,009,496

Contractual or notional amounts of derivative transactions exposures outstanding:

Exchange rate contracts	2,962,678	2,109,131
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Total

5,048,169	4,118,627
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Replacement cost for:

a) exchange rate contracts:

Positive fair value	612	406
Negative fair value	(43)	(891)

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 international claims by geographical segments are classified in accordance with the location and the types of counterparties. Countries or geographical segment are disclosed in gross amount 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 respectively. The information of international claims are determined based on the guidance specified in the completion instruction of "Return of International Banking Statistics".

HK Dollars Million

31/12/2020

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	4,514	-	-	981	-	5,495
2 Offshore centers	2,166	158	387	7,462	-	10,173
<i>of which Hong Kong</i>	1,393	158	-	5,202	-	6,753
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	623	-	-	1,246	-	1,869
6 Developing Asia Pacific	13,207	-	280	2,360	-	15,847
<i>of which Taiwan</i>	4,361	-	-	124	-	4,485
<i>of which China</i>	3,041	-	-	1,931	-	4,972
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

HK Dollars Million

30/6/2020

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	2,375	-	-	793	-	3,168
2 Offshore centers	1,442	73	-	5,728	-	7,243
<i>of which Hong Kong</i>	1,212	73	-	4,079	-	5,364
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	537	-	537
5 Developing Africa and Middle East	428	-	-	-	-	428
6 Developing Asia Pacific	15,850	-	562	3,009	-	19,421
<i>of which Taiwan</i>	7,331	-	-	135	-	7,466
<i>of which China</i>	4,388	-	562	2,241	-	7,191
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

E) Sector information

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

	<u>31/12/2020</u>		<u>30/6/2020</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	49,382	0.00%	57,022	0.00%
Property development	205,322	100.00%	169,636	87.29%
Property investment	2,170,017	10.20%	1,702,759	5.87%
Electricity and gas	199,000	48.74%	214,000	46.73%
Information technology	96,909	0.00%	96,884	0.00%
Wholesale and retail trade	307,500	85.37%	402,066	78.89%
Transport and transport equipment	216,291	0.00%	129,280	0.00%
Financial concerns	1,423,738	40.97%	1,469,265	40.45%
Hotel, boarding houses & catering	41,865	0.00%	41,854	0.00%
Stockbrokers	36,017	0.00%	42,797	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,746,041		4,325,563	
Trade finance	186,428	6.75%	202,235	6.21%
Loan for use outside Hong Kong	4,789,016	25.01%	4,344,230	25.89%
Total advances to customers	<u>9,721,485</u>		<u>8,872,028</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>31/12/2020</u>		
	Gross amount	Overdue loans	Provisions
Hong Kong	4,204,882	-	44,373
China	1,929,213	-	28,927
Taiwan	124,237	-	1,349
Others	3,463,153	6,989	41,551
Total	<u>9,721,485</u>	<u>6,989</u>	<u>116,200</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.20%</u>
	<u>30/6/2020</u>		
	Gross amount	Overdue loans	Provisions
Hong Kong	3,698,029	-	38,108
China	2,800,025	-	41,985
Taiwan	135,055	-	1,818
Others	2,238,919	7,639	29,952
Total	<u>8,872,028</u>	<u>7,639</u>	<u>111,863</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.26%</u>

F) Impaired, overdue and rescheduled loans

		<u>HK Dollars Thousand</u>	
		<u>31/12/2020</u>	<u>30/6/2020</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	6,989	7,639
	Amount of specific provisions	6,989	7,639
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	6,989	7,639
	Percentage of total loans and advances	0.07%	0.09%
	Breakdown of overdue loans by geographical :		
	-Macau	6,989	7,639
3	Rescheduled advances to customers	6,989	7,639
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		
		31/12/2020		
		On-balance sheet exposure	Off-balance sheet exposure	Total
Breakdown of Mainland exposures to non-bank counterparties :				
1	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	377	58	435
2	Local governments, local government-owned entities and their subsidiaries and JVs	31	-	31
3	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	409	48	457
4	Other entities of central government not reported in item 1 above	695	70	765
5	Other entities of local governments not reported in item 2 above	102	-	102
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	467	338	805
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total		2,081	514	2,595
Total assets after provision		33,296		
On-balance sheet exposures as percentage of total assets		6.25%		

HK Dollars Million			
30/6/2020			
Breakdown of Mainland exposures to 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)	388	25	413
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	395	167	562
4 Other entities of central government not reported in item 1 above	934	102	1,036
5 Other entities of local governments not reported in item 2 above	244	-	244
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	650	372	1,022
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	2,746	666	3,412
Total assets after provision	31,237		
On-balance sheet exposures as percentage of total assets	8.79%		

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					
31/12/2020					
Foreign currency positions:	USD	EUR	CNY	Other Currency	Total
Spot assets	25,020	869	1,916	1,063	28,868
Spot liabilities	(27,426)	(870)	(2,167)	(782)	(31,245)
Forward purchases	2,668	-	251	24	2,943
Forward sales	(274)	-	-	(305)	(579)
Net option position	-	-	-	-	-
Net long (short) position	(12)	(1)	-	-	(13)

HK Dollars Million					
30/6/2020					
Foreign currency positions:	USD	EUR	CNY	Other Currency	Total
Spot assets	24,015	485	2,091	743	27,334
Spot liabilities	(25,341)	(486)	(2,172)	(884)	(28,883)
Forward purchases	1,704	-	104	172	1,980
Forward sales	(393)	-	(22)	(32)	(447)
Net option position	-	-	-	-	-
Net long (short) position	(15)	(1)	1	(1)	(16)

Note :

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

IV. LIQUIDITY INFORMATION DISCLOSURES

	<u>2020</u>	<u>2019</u>
Average liquidity maintenance ratio :		
- Quarter 1 (Jan~Mar)	60.12%	52.87%
- Quarter 2 (Apr~Jun)	60.93%	58.30%
- Quarter 3 (Jul~Sep)	65.60%	54.84%
- Quarter 4 (Oct~Dec)	68.73%	57.68%

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 and 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>31/12/2020</u>	<u>30/6/2020</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	14.15%	13.55%
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. Capital		
Aggregate amount of shareholders' funds	294,583	284,701
II. OTHER FINANCIAL INFORMATION		
Total assets	3,451,678	3,432,100
Total liabilities	3,157,095	3,147,399
Total loans and advances	1,889,958	1,888,107
Total customer deposits and remittances	2,617,464	2,496,761
		(Restated)
	<u>31/12/2020</u>	<u>31/12/2019</u>
Pre-tax profit	23,460	28,887

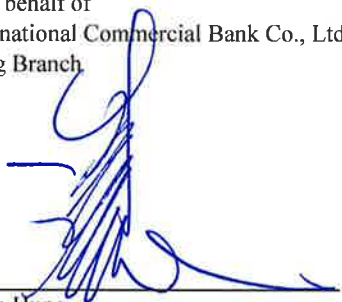
SECTION C- DECLARATION

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: 21 APR 2021