



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)

Interim Financial Information Disclosure Statements
For the period ended 30 June 2018

Section A - Branch Information (Hong Kong Office Only)

1. Profit and Loss Information

HK Dollars Thousand

30/06/2018 30/06/2017

Net interest income	259,941	180,233
Interest income	420,235	252,217
Interest expenses	(160,294)	(71,984)
Other operating income	18,526	12,367
Gains less losses arising from non-trading in foreign currencies	17,802	11,729
Gains less losses arising from trading in interest rate derivatives	-	48
Gains less losses from other trading activities	724	590
Net fees and commission income	30,212	16,995
Gross fees and commission income	32,503	18,199
Gross fees and commission expenses	(2,291)	(1,204)
Others	5,509	324
Staff and rental expenses	(31,739)	(20,729)
Other expenses	(28,634)	(16,493)
Provisions for impaired loans and receivables	(34,008)	3,294
Other provisions	(342)	-
Profit before taxation	219,465	175,991
Taxation charge	(34,200)	(27,000)
Profit after taxation	185,265	148,991

HK Dollars Thousand

2. Balance Sheet Information

	30/06/2018	31/12/2017
Assets		
Cash and short term funds (except those included in amount due from overseas offices)	9,276,904	9,853,197
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)	4,397,019	7,444,315
Amount due from overseas offices	1,625,959	7,667,190
Acceptance and bills of exchange held	1,297,196	325,241
Certificates of deposit held	3,377,980	2,980,851
Advances and other accounts	7,487,442	5,584,771
Investment securities	4,436,559	3,914,974
Tangible fixed assets	3,575	1,642
Total assets	31,902,634	37,772,181
Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	675,378	318,642
Deposits from customers:-		
Demand deposits and current accounts	178,518	289,760
Savings deposits; and	17,946,094	26,163,917
Time, call and notice deposits	12,183,252	10,077,547
Amount due to overseas offices	255,547	186,522
Other accounts and provisions	478,580	440,197
Total liabilities	31,717,369	37,476,585
Reserves and current profit/(loss)	185,265	295,596
Total equity and liabilities	31,902,634	37,772,181

HK Dollars Thousand

3. Additional Balance Sheet Information

	30/06/2018	31/12/2017
i) a) <u>Advances and other accounts</u>		
Advances to customers	7,165,440	5,205,686
Accrued interest and other accounts	322,002	379,085
Total	<u>7,487,442</u>	<u>5,584,771</u>
b) <u>Other accounts and provisions</u>		
Other liabilities	373,515	376,645
Provisions	105,065	63,552
Total	<u>478,580</u>	<u>440,197</u>
Provision for bad or doubtful debts on		
Advances to customers		
General provision	92,903	51,759
Specific provision	10,025	11,793
Accrued Interest		
General provision	112	-
Specific provision	2	-
Provisions against value of other claims and investments:		
General provision	2,023	-
Specific provision	-	-
Total Provisions	<u>105,065</u>	<u>63,552</u>
ii) <u>Advances to customers</u>		
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	-	-

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

	30/06/2018		31/12/2017	
	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	502,457	0.00%	224,581	0.00%
Property development	50,122	0.00%	37,500	0.00%
Property investment	1,402,259	2.57%	912,136	10.38%
Electricity and gas	-	0.00%	-	0.00%
Information technology	274,698	0.00%	175,865	0.00%
Wholesale and retail trade	467,144	82.36%	168,049	46.51%
Transport and transport equipment	-	0.00%	-	0.00%
Financial concerns	1,079,498	19.04%	1,297,987	15.69%
Hotel, boarding houses & catering	29,432	0.00%	15,633	0.00%
Stockbrokers	84,777	0.00%	180,028	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	<u>3,890,387</u>		<u>3,011,779</u>	
Trade finance	139,577	15.65%	75,633	29.75%
Loan for use outside Hong Kong	<u>3,135,476</u>	43.30%	<u>2,118,274</u>	41.83%
Total advances to customers	<u>7,165,440</u>		<u>5,205,686</u>	

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

	30/06/2018	31/12/2017
	HK Dollars Thousand	HK Dollars Thousand
China	3,008,633	2,621,993
Hong Kong	2,941,854	1,190,657
Taiwan	210,780	275,035
Others	1,004,173	1,118,001
Total	<u>7,165,440</u>	<u>5,205,686</u>

(c) International claims by geographical segment

The analysis of international claims by geographical segments in accordance with the location and the types of counterparties. Countries or segment are based on net basis after taking into the account the effect of any recognized risk transfer. A major country or geographical segment 10% or more of the total international claims after taking into account any recognized risk transfer are disclosed. The information of international claim determined based on the calculation methodology specified in the "Return of International Banking Statistics-MA(BS) 21A & B.

HK Dollars Million

As at 30/06/2018

			Non-bank private Sector			
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
1 Developed countries	2,328	-	-	559	-	2,887
2 Offshore centers	3,507	315	19	4,146	-	7,987
<i>of which Hong Kong</i>	3,507	315	19	3,607	-	7,448
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	-	-	-	-	-	-
6 Developing Asia Pacific	17,286	-	529	3,186	-	21,001
<i>of which Taiwan</i>	6,855	-	-	211	-	7,066
<i>of which China</i>	8,009	-	529	2,553	-	11,091
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

HK Dollars Million

As at 31/12/2017

			Non-bank private Sector			
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
1 Developed countries	4,095	-	-	658	-	4,753
2 Offshore centers	2,943	-	142	3,644	-	6,729
<i>of which Hong Kong</i>	2,943	-	20	3,043	-	6,006
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
<i>of which Taiwan</i>	16,641	-	-	-	-	16,641
<i>of which China</i>	7,261	-	-	1,570	-	8,831
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

iv) Overdue and non-performing loans

HK Dollars Thousand

30/06/2018 31/12/2017

(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	10,025	10,477
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	10,025	10,477

(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	10,025	10,477
Less: Overdue loans for more than 3 months and on which interest is still being accrued	10,025	10,477
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 30/06/2018 and 31/12/2017.

(2) We have no repossessed assets held by the branch as at 30/06/2018 and 31/12/2017.

v) Non-bank China exposures

HK Dollars Million

As at 30/06/2018

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	899	27	926
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	162	78	240
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	448	136	584
4. Other entities of central government not reported in item 1 above	4	619	59	678
5. Other entities of local governments not reported in item 2 above	5	248	-	248
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	564	847	1,411
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	-	-
Total	8	2,940	1,147	4,087
Total assets after provision	9	31,798		
On-balance sheet exposures as percentage of total assets	10	9.25%		

As at 30/12/2017

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	4.63%		

vi) Significant foreign currency exposures

HK Dollars Million

30/06/2018

	USD	EUR	CNY	Other Currency	Total
Spot assets	25,833	576	1,003	871	28,283
Spot liabilities	(26,831)	(576)	(1,688)	(855)	(29,950)
Forward purchases	1,849	-	686	131	2,666
Forward sales	(834)	-	-	(144)	(978)
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	17	-	1	3	21

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

4. Off-Balance Sheet Exposures

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

	HK Dollars Thousand	
	30/06/2018	31/12/2017
Contingent liabilities and commitments		
Direct credit substitutes	8,515	265
Transaction-related contingencies	14,955	21,420
Trade-related contingencies	18,008	18,261
Other commitments	2,287,659	1,671,910
Exchange rate contracts	2,745,559	1,179,803
Interest rate contracts	-	-
Total	<u>5,074,696</u>	<u>2,891,659</u>

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

Exchange rate contracts:		
Positive fair value	1,469	497
Negative fair value	(886)	(600)
Interest rate contracts :		
Positive fair value	-	-
Negative fair value	-	-

5. Liquidity

	30/06/2018	30/06/2017
Average liquidity maintenance ratio for Quarter 1	61.29%	-
Average liquidity maintenance ratio for Quarter 2	58.91%	-
Average liquidity maintenance ratio for the period	-	59.78%

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

The average LMR of 2017 are calculated and disclosed based on 6 month's average LMR for the reporting period.

According to disclosure requirements of the Banking Disclosure Rules 2018 , the quarterly average LMR are disclosed based on 3 month's average LMR starting in 2018.

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

30/06/2018 31/12/2017

1. Capital Adequacy Ratio

Consolidated capital adequacy ratio:	13.47%	14.48%
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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	273,129	263,883
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3. Other Financial Information

Total assets	3,173,136	3,168,188
Total liabilities	2,900,007	2,904,305
Total advances	1,835,787	1,762,161
Total customer deposits and remittances	2,400,486	2,389,236

Pre-tax profit	30/06/2018 14,629	30/06/2017 13,734
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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



Chen Chien Hung
Chief Executive

14 SEP 2018