



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

Interim Financial Information Disclosure Statements

For the period ended 30 June 2019

CONTENT

	PAGE
SECTION A- INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)	
I. INCOME STATEMENT INFORMATION	3
II. BALANCE SHEET INFORMATION	4
III. ADDITIONAL BALANCE SHEET INFORMATION	5
A)Loans and other assets	5
B)Provisions and other liabilities	5
C)Off-balances sheet and derivative risk exposure information	5
D)International claims	6
E)Sector information	7
F)Impaired, overdue and rescheduled loans	8
G)Mainland activities	8
H)Currency risk	9
IV. LIQUIDITY INFORMATION DISCLOSURES	10
V. REMUNERATION DISCLOSURE	10
VI. COMPARATIVE FIGURES	10
 SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BANKS)	
I. CAPITAL AND CAPITAL ADEQUACY	11
II. OTHER FINANCIAL INFORMATION	11
 SECTION C- DECLARATION	11

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

	<u>HK Dollars Thousand</u>	
	<u>30/6/2019</u>	<u>30/6/2018</u>
Incomes		
Net interest income		
Interest income	478,227	420,235
Interest expenses	(201,302)	(160,294)
	<u>276,925</u>	<u>259,941</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	16,878	17,802
Gains less losses arising from trading in other derivatives	492	724
	<u>17,370</u>	<u>18,526</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	22,607	32,503
Gross fees and commission expenses	(1,094)	(2,291)
	<u>21,513</u>	<u>30,212</u>
Other income	287	5,509
Total income	<u>316,095</u>	<u>314,188</u>
Expenses and other charges		
Staff and rental expenses	(30,616)	(31,739)
Other expenses	(38,061)	(28,634)
Net (charge)/ credit for debt provision	1,012	(34,008)
Net (charge)/ credit for other provisions	(654)	(342)
Total expenses and other charges	<u>(68,319)</u>	<u>(94,723)</u>
Profit before taxation	<u>247,776</u>	<u>219,465</u>
Tax expenses	<u>(55,200)</u>	<u>(34,200)</u>
Profit after taxation	<u>192,576</u>	<u>185,265</u>

II. BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	30/6/2019	31/12/2018
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	4,789,486	9,643,326
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)	8,163,825	4,762,532
Amount due from overseas offices	909,155	1,006,488
Acceptance and bills of exchange held	11,076	516,557
Certificates of deposit held	2,966,145	1,359,660
Loans and other assets	9,509,168	9,372,087
Investment securities	5,906,976	4,255,488
Tangible fixed assets	3,064	3,224
Total assets	<u>32,258,895</u>	<u>30,919,362</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices)	567,480	17,820
Deposits from customers:		
Demand deposits and current accounts	129,847	124,939
Savings deposits	15,876,292	17,569,890
Time, call and notice deposits	14,987,363	11,943,960
Amount due to overseas offices	143,252	77,570
Provisions and other liabilities	362,085	800,145
Total liabilities	32,066,319	30,534,324
Reserves and current profit/(loss)	192,576	385,038
Total equity and liabilities	<u>32,258,895</u>	<u>30,919,362</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

HK Dollars Thousand

30/6/2019 31/12/2018

A) Loans and other assets

Loans and advances to customers	9,343,732	8,691,315
Accrued interest and other assets	165,436	680,772
Total	<u>9,509,168</u>	<u>9,372,087</u>

Note:

The Branch does not have loans and advances to banks.

B) Provisions and other liabilities

Provisions	132,622	132,972
Other liabilities	229,463	667,173
Total	<u>362,085</u>	<u>800,145</u>

Provision for bad or doubtful debts on :

Advances to customers :

General provision	97,155	97,473
Specific provision	8,997	9,510
Country risk	23,904	24,051

Accrued Interest :

General provision	152	171
Specific provision	2	1
Country risk	41	47

Provisions against value of other claims and investments:

General provision	2,371	1,719
Specific provision	-	-
Country risk	-	-

Total Provisions

<u>132,622</u>	<u>132,972</u>
----------------	----------------

C) Off-balances sheet and derivative transactions exposures

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

Direct credit substitutes	25,015	8,515
Transaction-related contingencies	5,094	6,280
Trade-related contingencies	37,334	33,120
Other commitments	2,185,389	2,110,089
	<u>2,252,832</u>	<u>2,158,004</u>

Contractual or notional amounts of derivative transactions exposures outstanding:

Exchange rate contracts	3,167,922	4,031,246
-------------------------	-----------	-----------

Total

<u>5,420,754</u>	<u>6,189,250</u>
------------------	------------------

Replacement cost for:

a) exchange rate contracts:

Positive fair value	722	1,007
Negative fair value	(661)	(794)

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

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	-	-	-	-	-	-

HK Dollars Million

31/12/2018

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	4,398	-	-	559	-	4,957
2 Offshore centers	974	89	-	3,995	-	5,058
<i>of which Hong Kong</i>	740	89	-	2,657	-	3,486
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	-	-	-	-	-	-
6 Developing Asia Pacific	15,741	-	590	4,563	-	20,894
<i>of which Taiwan</i>	7,048	-	-	165	-	7,213
<i>of which China</i>	6,057	-	590	4,063	-	10,710
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

E) Sector information

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

	<u>30/6/2019</u>		<u>31/12/2018</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	479,225	0.00%	472,477	0.00%
Property development	44,620	47.47%	53,377	29.75%
Property investment	1,205,259	10.95%	1,346,652	7.43%
Electricity and gas	408,679	70.64%	288,680	100.00%
Information technology	273,525	0.00%	274,102	0.00%
Wholesale and retail trade	492,228	80.32%	460,922	83.43%
Transport and transport equipment	105,000	0.00%	-	0.00%
Financial concerns	1,703,673	23.87%	1,398,855	25.17%
Hotel, boarding houses & catering	29,306	0.00%	29,368	0.00%
Stockbrokers	47,881	0.00%	112,031	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,789,396		4,436,464	
Trade finance	93,705	20.43%	130,732	22.40%
Loan for use outside Hong Kong	4,460,631	29.90%	4,124,119	30.61%
Total advances to customers	<u>9,343,732</u>		<u>8,691,315</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>30/6/2019</u>		
	Gross amount	Overdue loans	Provisions
China	3,261,655	-	34,022
Hong Kong	4,568,077	-	68,521
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>
	<u>31/12/2018</u>		
	Gross amount	Overdue loans	Provisions
China	4,593,592	-	68,874
Hong Kong	2,967,993	-	31,093
Taiwan	164,582	-	2,130
Others	965,148	9,510	19,254
Total	<u>8,691,315</u>	<u>9,510</u>	<u>121,351</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.40%</u>

F) Impaired, overdue and rescheduled loans

		<u>HK Dollars Thousand</u>	
		<u>30/6/2019</u>	<u>31/12/2018</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	8,997	9,510
	Amount of specific provisions	8,997	9,510
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	8,997	9,510
	Percentage of total loans and advances	0.10%	0.11%
	Breakdown of overdue loans by geographical :		
	-Macau	8,997	9,510
3	Rescheduled advances to customers	8,997	9,510
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		
		30/6/2019		
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)	1,354	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%		

HK Dollars Million			
31/12/2018			
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)	1,295	123	1,418
2 Local governments, local government-owned entities and their subsidiaries and JVs	240	-	240
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	800	69	869
4 Other entities of central government not reported in item 1 above	822	101	923
5 Other entities of local governments not reported in item 2 above	130	-	130
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	801	344	1,145
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	4,088	637	4,725
Total assets after provision	30,786		
On-balance sheet exposures as percentage of total assets	13.28%		

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					
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)	-	(1)	(23)

HK Dollars Million					
31/12/2018					
Foreign currency positions:	USD	EUR	CNY	Other Currency	Total
Spot assets	23,814	713	1,181	661	26,369
Spot liabilities	(26,188)	(715)	(1,796)	(839)	(29,538)
Forward purchases	3,167	-	615	186	3,968
Forward sales	(802)	-	-	(10)	(812)
Net option position	-	-	-	-	-
Net long (short) position	(9)	(2)	-	(2)	(13)

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 for Quarter 1 (Jan~ March)	52.87%	61.29%
Average liquidity maintenance ratio for Quarter 2 (April ~ June)	58.30%	58.91%

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://wwwfile.megabank.com.tw/abroad/hongkong/hongkong01.asp>

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>30/6/2019</u>	<u>31/12/2018</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	13.42%	14.03%
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	282,858	282,861
II. OTHER FINANCIAL INFORMATION		
Total assets	3,254,412	3,197,585
Total liabilities	2,971,553	2,914,724
Total loans and advances	1,853,128	1,864,447
Total customer deposits and remittances	2,429,662	2,322,579
	<u>30/6/2019</u>	<u>30/6/2018</u>
Pre-tax profit	15,410	14,629

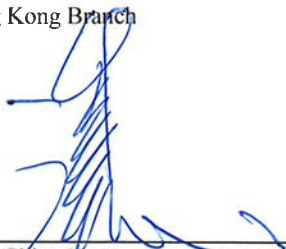
SECTION C- DECLARATION

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(V.3 - 16.08.19) 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: **26 SEP 2019**