



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 2020

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>30/6/2020</u>	<u>30/6/2019</u>
Incomes		
Net interest income		
Interest income	343,001	478,227
Interest expenses	(166,814)	(201,302)
	<u>176,187</u>	<u>276,925</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	1,603	16,878
Gains less losses arising from trading in other derivatives	893	492
	<u>2,496</u>	<u>17,370</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	16,806	22,607
Gross fees and commission expenses	(1,126)	(1,094)
	<u>15,680</u>	<u>21,513</u>
Other income	182	287
Total income	<u>194,545</u>	<u>316,095</u>
Expenses and other charges		
Staff and rental expenses	(29,791)	(30,616)
Other expenses	(13,693)	(38,061)
Net (charge)/ credit for debt provision	4,648	1,012
Net (charge)/ credit for other provisions	4,699	(654)
Total expenses and other charges	<u>(34,137)</u>	<u>(68,319)</u>
Profit before taxation	<u>160,408</u>	<u>247,776</u>
Tax expenses	(26,467)	(55,200)
Profit after taxation	<u>133,941</u>	<u>192,576</u>

II. BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	30/6/2020	31/12/2019
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	5,153,567	7,028,471
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)	7,643,308	5,859,515
Amount due from overseas offices	414,629	1,034,685
Acceptance and bills of exchange held	-	2,320
Certificates of deposit held	1,349,670	1,648,160
Loans and other assets	9,014,312	9,686,130
Investment securities	7,775,644	7,064,690
Tangible fixed assets	2,584	3,088
Total assets	<u>31,353,714</u>	<u>32,327,059</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices)	1,673,062	566,499
Deposits from customers:		
Demand deposits and current accounts	119,826	127,985
Savings deposits	12,292,855	13,692,973
Time, call and notice deposits	16,808,916	16,666,107
Amount due to overseas offices	48,396	83,311
Provisions and other liabilities	276,718	833,882
Total liabilities	31,219,773	31,970,757
Reserves and current profit/(loss)	133,941	356,302
Total equity and liabilities	<u>31,353,714</u>	<u>32,327,059</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

HK Dollars Thousand

30/6/2020 31/12/2019

A) Loans and other assets

Loans and advances to customers	8,872,028	9,130,168
Accrued interest and other assets	142,284	555,962
Total	<u>9,014,312</u>	<u>9,686,130</u>

Note:

The Branch does not have loans and advances to banks.

B) Provisions and other liabilities

Provisions	116,588	125,947
Other liabilities	160,130	707,935
Total	<u>276,718</u>	<u>833,882</u>

Provision for bad or doubtful debts on :

Advances to customers :

General provision	91,190	94,920
Specific provision	7,639	8,476
Country risk	15,248	19,962

Accrued Interest :

General provision	104	157
Specific provision	1	1
Country risk	20	29

Provisions against value of other claims and investments:

General provision	2,386	2,402
Specific provision	-	-
Country risk	-	-

Total Provisions	<u>116,588</u>	<u>125,947</u>
------------------	----------------	----------------

C) Off-balances sheet and derivative transactions exposures

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

Direct credit substitutes	48,260	41,410
Transaction-related contingencies	780	3,628
Trade-related contingencies	85,813	41,434
Other commitments	1,874,643	1,878,151
	<u>2,009,496</u>	<u>1,964,623</u>

Contractual or notional amounts of derivative transactions exposures outstanding:

Exchange rate contracts	2,109,131	2,699,509
-------------------------	-----------	-----------

Total	<u>4,118,627</u>	<u>4,664,132</u>
-------	------------------	------------------

Replacement cost for:

a) exchange rate contracts:

Positive fair value	406	680
Negative fair value	(891)	(332)

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

30/6/2020

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	-	-	-	-	-	-

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	-	-	-	-	-	-

E) Sector information

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

	<u>30/6/2020</u>		<u>31/12/2019</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	57,022	0.00%	457,349	0.00%
Property development	169,636	87.29%	124,984	81.25%
Property investment	1,702,759	5.87%	1,313,087	11.27%
Electricity and gas	214,000	46.73%	400,189	70.01%
Information technology	96,884	0.00%	97,363	0.00%
Wholesale and retail trade	402,066	78.89%	419,017	78.31%
Transport and transport equipment	129,280	0.00%	105,000	0.00%
Financial concerns	1,469,265	40.45%	1,858,104	37.31%
Hotel, boarding houses & catering	41,854	0.00%	29,209	0.00%
Stockbrokers	42,797	0.00%	40,254	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,325,563		4,844,556	
Trade finance	202,235	6.21%	109,562	13.74%
Loan for use outside Hong Kong	4,344,230	25.89%	4,176,050	28.18%
Total advances to customers	<u>8,872,028</u>		<u>9,130,168</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>30/6/2020</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>

	<u>31/12/2019</u>		
	Gross amount	Overdue loans	Provisions
Hong Kong	3,703,600	-	38,705
China	3,829,692	-	57,234
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>

F) Impaired, overdue and rescheduled loans

		<u>HK Dollars Thousand</u>	
		<u>30/6/2020</u>	<u>31/12/2019</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	7,639	8,475
	Amount of specific provisions	7,639	8,475
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	7,639	8,475
	Percentage of total loans and advances	0.09%	0.09%
	Breakdown of overdue loans by geographical :		
	-Macau	7,639	8,475
3	Rescheduled advances to customers	7,639	8,475
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

		<u>HK Dollars Million</u>	
		<u>30/6/2020</u>	
		<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>
			<u>Total</u>
Breakdown of Mainland exposures of non-bank counterparties :			
1	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	388	25
2	Local governments, local government-owned entities and their subsidiaries and JVs	135	-
3	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	395	167
4	Other entities of central government not reported in item 1 above	934	102
5	Other entities of local governments not reported in item 2 above	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
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-
Total		2,746	666
Total assets after provision		31,237	3,412
On-balance sheet exposures as percentage of total assets		8.79%	

HK Dollars Million			
31/12/2019			
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)	1,072	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%		

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					
30/6/2020					
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)

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)	-	-	(536)
Net option position	-	-	-	-	-
Net long (short) position	(14)	(2)	-	-	(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%

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>(Restated)</u>	
	<u>30/6/2020</u>	<u>31/12/2019</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	13.55%	14.04%
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	284,701	292,147
II. OTHER FINANCIAL INFORMATION		
Total assets	3,432,100	3,334,340
Total liabilities	3,147,399	3,042,194
Total loans and advances	1,888,107	1,873,678
Total customer deposits and remittances	2,496,761	2,460,555
	<u>30/6/2020</u>	<u>30/6/2019</u>
Pre-tax profit	10,802	15,650

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 SEP 2020