



兆豐國際商業銀行
Mega International Commercial Bank
(Incorporated in Taiwan with limited liability)

香港分行
Hong Kong Branch

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MEGA INTERNATIONAL COMMERCIAL BANK CO., LIMITED

HONG KONG BRANCH

Interim Financial Information Disclosure Statements
For the period ended 30 June 2021

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

	<u>HK Dollars Thousand</u>	
	<u>30/6/2021</u>	<u>30/6/2020</u>
Incomes		
Net interest income		
Interest income	167,188	343,001
Interest expenses	(47,631)	(166,814)
	<u>119,557</u>	<u>176,187</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	5,300	1,603
Gains less losses arising from trading in other derivatives	832	893
	<u>6,132</u>	<u>2,496</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	14,394	16,806
Gross fees and commission expenses	(1,314)	(1,126)
	<u>13,080</u>	<u>15,680</u>
Other income	22	182
Total income	<u>138,791</u>	<u>194,545</u>
Expenses and other charges		
Staff and rental expenses	(28,412)	(29,791)
Other expenses	(5,618)	(13,693)
Net (charge)/ credit for debt provision	11,879	4,648
Net (charge)/ credit for other provisions	2,303	4,699
Total expenses and other charges	<u>(19,848)</u>	<u>(34,137)</u>
Profit before taxation	<u>118,943</u>	<u>160,408</u>
Tax expenses	<u>(17,219)</u>	<u>(26,467)</u>
Profit after taxation	<u><u>101,724</u></u>	<u><u>133,941</u></u>

II. BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	30/6/2021	31/12/2020
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	5,866,775	5,503,824
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)	4,885,766	5,405,125
Amount due from overseas offices	290,408	406,545
Certificates of deposit held	2,348,149	2,050,602
Loans and other assets	9,011,141	10,584,081
Investment securities	10,820,674	9,464,776
Tangible fixed assets	1,663	2,223
Total assets	<u>33,224,576</u>	<u>33,417,176</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices)	2,834,532	2,024,602
Deposits from customers:		
Demand deposits and current accounts	137,416	131,335
Savings deposits	13,425,543	13,965,054
Time, call and notice deposits	16,270,636	16,137,706
Amount due to overseas offices	42,537	23,792
Provisions and other liabilities	412,188	940,793
Total liabilities	33,122,852	33,223,282
Reserves and current profit/(loss)	101,724	193,894
Total equity and liabilities	<u>33,224,576</u>	<u>33,417,176</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

HK Dollars Thousand

30/6/2021 31/12/2020

A) Loans and other assets

Loans and advances to customers	8,668,410	9,721,485
Accrued interest and other assets	342,731	862,596
Total	<u>9,011,141</u>	<u>10,584,081</u>

Note:

The Branch does not have loans and advances to banks.

B) Provisions and other liabilities

Provisions	108,431	121,231
Other liabilities	303,757	819,562
Total	<u>412,188</u>	<u>940,793</u>

Provision against loans and advances:

Advances to customers :

General provision	88,170	99,318
Specific provision	6,264	6,989
Country risk	8,104	11,616

Accrued Interest :

General provision	61	67
Specific provision	-	1
Country risk	6	10

Provisions against value of other claims and investments:

General provision	5,826	3,230
Specific provision	-	-
Country risk	-	-

Total Provisions

<u>108,431</u>	<u>121,231</u>
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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	41,400	48,250
Transaction-related contingencies	100	522
Trade-related contingencies	6,177	65,618
Other commitments	1,933,811	1,971,101
	<u>1,981,488</u>	<u>2,085,491</u>

Contractual or notional amounts of derivative transactions exposures outstanding:

Exchange rate contracts	1,655,982	2,962,678
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Total

<u>3,637,470</u>	<u>5,048,169</u>
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Replacement cost for:

a) exchange rate contracts:

Positive fair value	246	612
Negative fair value	(243)	(43)

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

30/6/2021

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	2,975	-	-	917	-	3,892
2 Offshore centers	1,826	34	55	7,570	-	9,485
<i>of which Hong Kong</i>	1,352	34	55	5,141	-	6,582
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	703	-	-	1,755	-	2,458
6 Developing Asia Pacific	15,334	-	-	2,019	-	17,353
<i>of which Taiwan</i>	5,264	-	-	102	-	5,366
<i>of which China</i>	4,355	-	-	604	-	4,959
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

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	-	-	-	-	-	-

E) Sector information

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

	<u>30/6/2021</u>		<u>31/12/2020</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	53,678	8.68%	49,382	0.00%
Property development	221,640	100.00%	205,322	100.00%
Property investment	2,207,916	33.85%	2,170,017	10.20%
Electricity and gas	184,000	54.35%	199,000	48.74%
Information technology	65,000	0.00%	96,909	0.00%
Wholesale and retail trade	195,503	100.00%	307,500	85.37%
Transport and transport equipment	216,445	0.00%	216,291	0.00%
Financial concerns	1,659,583	32.37%	1,423,738	40.97%
Hotel, boarding houses & catering	29,111	0.00%	41,865	0.00%
Stockbrokers	-	0.00%	36,017	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,832,876		4,746,041	
Trade finance	178,237	4.45%	186,428	6.75%
Loan for use outside Hong Kong	3,657,297	28.17%	4,789,016	25.01%
Total advances to customers	<u>8,668,410</u>		<u>9,721,485</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>30/6/2021</u>		
	Gross amount	Overdue loans	Provisions
Hong Kong	4,210,458	-	44,126
China	1,211,728	-	18,176
Taiwan	102,457	-	1,048
Others	3,143,767	6,264	37,639
Total	<u>8,668,410</u>	<u>6,264</u>	<u>100,989</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.17%</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>

F) Impaired, overdue and rescheduled loans

		<u>HK Dollars Thousand</u>	
		<u>30/6/2021</u>	<u>31/12/2020</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	6,264	6,989
	Amount of specific provisions	6,264	6,989
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	6,264	6,989
	Percentage of total loans and advances	0.07%	0.07%
	Breakdown of overdue loans by geographical :		
	-Macau	6,264	6,989
3	Rescheduled advances to customers	6,264	6,989
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>30/6/2021</u>		
		<u>On-balance</u>	<u>Off-balance</u>	<u>Total</u>
		<u>sheet</u>	<u>sheet</u>	
		<u>exposure</u>	<u>exposure</u>	
Breakdown of Mainland exposures to non-bank counterparties :				
1	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	384	57	441
2	Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	260	10	270
4	Other entities of central government not reported in item 1 above	441	67	508
5	Other entities of local governments not reported in item 2 above	84	-	84
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	420	334	754
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total		1,589	468	2,057
Total assets after provision		33,116		
On-balance sheet exposures as percentage of total assets		4.80%		

HK Dollars Million			
31/12/2020			
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)	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%		

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					
30/6/2021					
Foreign currency positions:	USD	EUR	CNY	Other Currency	Total
Spot assets	25,797	554	1,890	595	28,836
Spot liabilities	(26,741)	(500)	(2,123)	(594)	(29,958)
Forward purchases	1,265	18	234	73	1,590
Forward sales	(326)	(74)	-	(73)	(473)
Net option position	-	-	-	-	-
Net long (short) position	(5)	(2)	1	1	(5)

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)

Note :

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

IV. LIQUIDITY INFORMATION DISCLOSURES

	<u>2021</u>	<u>2020</u>
Average liquidity maintenance ratio :		
- Quarter 1 (Jan~Mar)	76.73%	60.12%
- Quarter 2 (Apr~Jun)	70.68%	60.93%

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 established the 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 Division executes liquidity stress tests (e.g. LMR and intraday stress test) and provides the result to Treasury Division and Risk Management Division for reference on a monthly basis.

Information in relation to the liquidity management for the Branch has been disclosed on the Hong Kong Branch's official website:

<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 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>30/6/2021</u>	<u>31/12/2020</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	14.16%	14.15%
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	291,112	294,583
II. OTHER FINANCIAL INFORMATION		
Total assets	3,842,114	3,451,678
Total liabilities	3,551,002	3,157,095
Total loans and advances	2,005,117	1,889,958
Total customer deposits and remittances	2,781,010	2,617,464
	<u>30/6/2021</u>	<u>30/6/2020</u>
Pre-tax profit	9,983	10,802

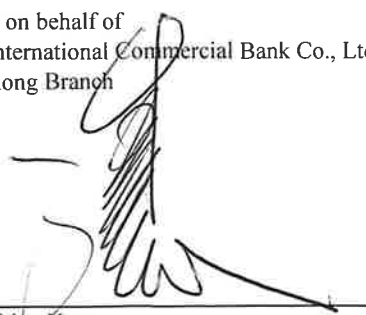
SECTION C- DECLARATION

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: 27 SEP 2021