



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., LTD.

HONG KONG BRANCH

Key Financial Information Disclosure Statements

For the period ended 30 June 2023

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

	<u>HK\$ Thousand</u>	
	<u>30/6/2023</u>	<u>30/6/2022</u>
Income		
Net interest income		
Interest income	786,011	221,349
Interest expenses	(421,106)	(65,674)
	<u>364,905</u>	<u>155,675</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	13,570	6,102
Gains less losses arising from trading in other derivatives	915	1,424
	<u>14,485</u>	<u>7,526</u>
Net fees and commission income/(expenses)		
Gross fees and commission income	13,394	13,303
Gross fees and commission expenses	(1,117)	(1,102)
	<u>12,277</u>	<u>12,201</u>
Other income	45	15
Total income	<u>391,712</u>	<u>175,417</u>
Expenses and other charges		
Staff and rental expenses	(28,148)	(27,853)
Other expenses	(5,669)	(5,543)
Net (charge)/credit for debt provision	2,033	6,606
Net (charge)/credit for other provisions	(177)	(2,151)
Total expenses and other charges	<u>(31,961)</u>	<u>(28,941)</u>
Profit before taxation	<u>359,751</u>	<u>146,476</u>
Tax expenses	<u>(59,359)</u>	<u>(21,109)</u>
Profit after taxation	<u>300,392</u>	<u>125,367</u>

II. BALANCE SHEET INFORMATION

	HK\$ Thousand	
	30/6/2023	31/12/2022
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	4,408,104	7,633,483
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	9,191,825	7,720,130
Amount due from overseas offices	397,875	672,433
Certificates of deposit held	1,998,881	1,403,460
Loans and other assets (Net of provisions and impairment)	8,733,940	8,831,261
Investment securities	10,267,586	10,062,006
Tangible fixed assets	1,009	575
Total assets	<u>34,999,220</u>	<u>36,323,348</u>
<u>Liabilities</u>		
Deposits and balances of banks (except those included in amount due to overseas offices)	2,838,749	1,783,507
Deposits from customers:		
Demand deposits and current accounts	115,225	123,590
Savings deposits	11,694,854	15,371,049
Time, call and notice deposits	19,231,017	17,960,087
Amount due to overseas offices	41,300	108,452
Other liabilities	878,852	742,007
Total liabilities	<u>34,799,997</u>	<u>36,088,692</u>
Reserves and current profit/(loss)	<u>199,223</u>	<u>234,656</u>
Total equity and liabilities	<u>34,999,220</u>	<u>36,323,348</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

	HK\$ Thousand	
	30/6/2023	31/12/2022
A) Loans and other assets		
Advances to customers	6,843,815	7,070,810
Advances to banks and other financial institutions	1,128,780	1,068,189
Sub-total loans and advances	7,972,595	8,138,999
Accrued interest and other assets	851,890	784,305
Total	8,824,485	8,923,304
Percentage of such loans and advances to customers to the total loans and advances	86%	87%
Percentage of such loans and advances to banks and other financial institutions to the total loans and advances	14%	13%
Less: Provisions and impairment against loans and advances:		
Advances to customers :		
General provision	70,477	72,676
Specific provision	-	-
Country risk	4,405	4,714
Advances to banks and other financial institutions		
General provision	12,185	11,649
Specific provision	-	-
Country risk	-	-
Accrued Interest :		
General provision	254	271
Specific provision	-	-
Country risk	12	14
Provisions against value of other claims and investments:		
General provision	3,212	2,719
Specific provision	-	-
Country risk	-	-
Total Provisions and impairment	90,545	92,043
Total loans and other assets (Net of provisions and impairment)	8,733,940	8,831,261
B) Off-balance sheet exposures		
	HK\$ Thousand	
	30/6/2023	31/12/2022
1. Contingent liabilities and commitments		
Direct credit substitutes	-	-
Transaction-related contingencies	27,480	27,480
Trade-related contingencies	2,762	3,530
Other commitments	1,453,699	1,888,079
Total	1,483,941	1,919,089
Derivatives		
Exchange rate contracts	1,868,485	2,468,624
Total contractual or notional amounts of off-balance sheet exposures	3,352,426	4,387,713
2. Replacement costs of derivatives outstanding:		
Exchange rate contracts:		
Positive fair value	1,144	879
Negative fair value	(899)	(1,276)

Notes:

- (1) 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.
- (2) For derivatives, the notional amounts indicate the nominal value of transactions outstanding at the reporting date, not the amounts at risk.
- (3) In deriving the derivatives' replacement costs, no effect of bilateral netting arrangements has been taken into account.

C) International claims

The international claims by geographical segments are categorized in accordance with the residence of the counterparties. Countries or geographical segments are disclosed in gross amount after taking into account the effect of any recognized risk transfer. The major country or geographical segment which constitutes 10% or more of the total international claims are separately disclosed. The information of international claims are reported based on the completion instruction of "Return of International Banking Statistics."

HK\$ Million

		30/6/2023					
		Non-bank private Sector					
		<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
1	Developed countries	7,652	488	-	42	-	8,182
2	Offshore centers	1,570	357	502	6,022		8,451
	<i>of which Hong Kong</i>	1,570	357	55	3,794	-	5,776
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbear	-	-	-	-	-	-
5	Developing Africa and Middle East	1,134	990	-	955	-	3,079
6	Developing Asia Pacific	14,041	-	98	1,196	-	15,335
	<i>of which Taiwan</i>	6,012	-	-	-	-	6,012
	<i>of which China</i>	2,653		98	356	-	3,107
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

		31/12/2022					
		Non-bank private Sector					
		<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
1	Developed countries	8,648	444	-	402	-	9,494
2	Offshore centers	1,506	368	499	5,793		8,166
	<i>of which Hong Kong</i>	1,506	368	55	4,049	-	5,978
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbear	-	-	-	-	-	-
5	Developing Africa and Middle East	1,089	991	-	967	-	3,047
6	Developing Asia Pacific	14,183	-	98	1,403	-	15,684
	<i>of which Taiwan</i>	4,143	-	-	-	-	4,143
	<i>of which China</i>	2,493		98	413	-	3,004
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

D) Sector information

1 Breakdown of advances to customers by industry sectors:

	<u>30/6/2023</u>		<u>31/12/2022</u>	
	HK\$'000	% of Loan Covered by Collateral	HK\$'000	% of Loan Covered by Collateral
Loan for use in Hong Kong				
Industrial, Commercial and Financial:				
Manufacturing	65,545	0.00%	298,725	0.00%
Property development	72,745	100.00%	69,030	100.00%
Property investment	1,960,908	45.73%	1,971,945	45.27%
Electricity and gas	-	0.00%	-	0.00%
Information technology	65,000	0.00%	65,000	0.00%
Wholesale and retail trade	457,038	48.55%	477,973	51.06%
Transport and transport equipment	100,000	0.00%	216,955	0.00%
Financial concerns	1,426,260	19.65%	1,481,948	26.95%
Hotel, boarding houses & catering	-	0.00%	29,239	0.00%
Stockbrokers	-	0.00%	-	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,147,496		4,610,815	
Trade finance	378	100.00%	79,768	13.47%
Loan for use outside Hong Kong	2,695,941	13.16%	2,380,227	32.13%
Total advances to customers	<u>6,843,815</u>		<u>7,070,810</u>	

2 Breakdown of loans and advances to customers by geographical areas after taking account of risk transfer:

	<u>HK\$ Thousand</u>		
	<u>30/6/2023</u>		
	Amount	Overdue loans	Provisions
Hong Kong	3,621,171	-	38,373
China	452,659	-	6,790
Taiwan	-	-	-
Others	2,769,985	-	28,703
Total	<u>6,843,815</u>	<u>-</u>	<u>73,866</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.08%</u>

	<u>31/12/2022</u>		
	Amount	Overdue loans	Provisions
Hong Kong	3,968,552	-	41,546
China	513,394	-	7,701
Taiwan	2,339	-	35
Others	2,586,525	-	26,883
Total	<u>7,070,810</u>	<u>-</u>	<u>76,165</u>
Provisions as a percentage of gross amount of loans and advances to customers			<u>1.08%</u>

E) Impaired, overdue and rescheduled loans

HK\$ Thousand

30/6/2023 31/12/2022

1	Disclosure of impaired loans:		
	Amount of impaired loans and advances	-	-
	Amount of specific provisions	-	-
	Value of collateral held against impaired loans	-	-
	Percentage of total loans and advances	-	-
2	Disclosure of overdue loans :		
	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	-	-
	Amount of specific provisions	-	-
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	-	-
	Percentage of total loans and advances	-	-
	Breakdown of overdue loans by geographical :		
3	Rescheduled advances to customers	-	-
4	Reposessed assets held	-	-

Note:

(1) The Branch has no impaired, overdue, rescheduled loans and reposessed assets related to banks and other financial institutions as at the reporting dates.

(2) The Branch has no other assets (including trade bills and debt securities), which have been overdue as at the reporting dates.

F) Mainland Activities

	HK\$ Million		
	30/6/2023		
Breakdown of non-bank Mainland exposures by counterparties :	On-balance sheet exposures	Off-balance sheet exposures	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	128	25	153
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	98	38	136
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially- owned by Mainland interest	-	-	-
4 Other entities of central government not reported in item 1 above	214	59	273
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	443	106	549
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	883	228	1,111
Total assets after provision	34,999		
On-balance sheet exposures as percentage of total assets	2.52%		

	31/12/2022		
Breakdown of non-bank Mainland exposures by counterparties :	On-balance sheet exposures	Off-balance sheet exposures	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	124	31	155
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	104	32	136
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially- owned by Mainland interest	-	-	-
4 Other entities of central government not reported in item 1 above	204	68	272
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	484	115	599
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	916	246	1,162
Total assets after provision	36,323		
On-balance sheet exposures as percentage of total assets	2.52%		

G) Currency risk

The information of foreign currency exposures are reported based on the completion instruction of "Return of Foreign Currency Position."

	30/6/2023				HK\$ Million
	USD	EUR	CNY	Other Currencies	Total
Foreign currency positions:					
Spot assets	27,939	553	1,161	826	30,479
Spot liabilities	(28,593)	(583)	(1,474)	(870)	(31,520)
Forward purchases	1,212	38	313	197	1,760
Forward sales	(556)	(9)	-	(152)	(717)
Net option position	-	-	-	-	-
Net long (short) position	2	(1)	-	1	2

	31/12/2022				
	USD	EUR	CNY	Other Currencies	Total
Foreign currency positions:					
Spot assets	28,988	554	1,763	781	32,086
Spot liabilities	(30,522)	(554)	(1,976)	(791)	(33,843)
Forward purchases	1,953	-	212	206	2,371
Forward sales	(419)	-	-	(197)	(616)
Net option position	-	-	-	-	-
Net long (short) position	-	-	(1)	(1)	(2)

Note: The Branch has no net foreign currency structural position as at the reporting dates.

IV. LIQUIDITY INFORMATION DISCLOSURES

	2023	2022
Average liquidity maintenance ratio :		
- 1st Quarter (Jan~Mar)	62.79%	66.64%
- 2nd Quarter (Apr~Jun)	62.49%	60.75%

Starting from June 2018, an authorized institution that is a category 2 institution must disclose, for each quarterly reporting period, the average value of Liquidity Maintenance Ratio (LMR) under Banking (Disclosure) Rules Cap 155M Section 103B. The average LMR is expressed by taking the arithmetic mean of the average LMR of each month during the reporting period. The LMR is calculated in accordance with the completion instruction of "Return of Liquidity Position" and the Banking (Liquidity) Rules.

Hong Kong Branch (the Branch) has established the policies, procedures, contingency funding plan and Asset and Liability Management Committee (ALCO) to manage and monitor the liquidity risk of the Branch. Liquidity indicators (e.g. LMR and RMB liquidity ratio) are monitored daily. Besides, Accounting Division performs liquidity stress tests (e.g. monthly cash flow projection and LMR stress testing) on a monthly basis, and provides the results to Treasury Division and Risk Management Division for review, and to the Chief Executive for approval. For more details with regard to the Branch's liquidity risk management, please refer to the Branch's official website:

<https://www.megabank.com.tw/abroad/hong-kong/zh-tw/regulatory-disclosures>

SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

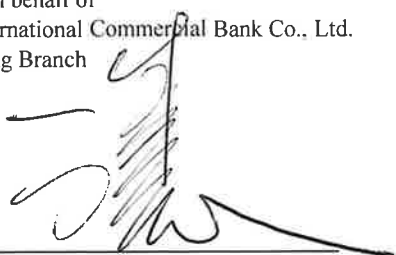
	<u>NT\$ Million</u>	
	<u>30/6/2023</u>	<u>31/12/2022</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	14.99%	14.25%
Note: The capital adequacy ratio is computed in accordance with the Basel III Accord framework implemented in Taiwan, after taking into account the credit risk, market risk and operational risk.		
B. Capital		
Aggregate amount of shareholders' funds	311,919	289,957
II. OTHER FINANCIAL INFORMATION		
Total assets	3,846,797	3,708,588
Total liabilities	3,534,878	3,418,631
Total loans and advances	2,055,491	2,079,441
Total customer deposits and remittances	2,846,310	2,849,503
	<u>30/6/2023</u>	<u>30/6/2022</u>
Pre-tax profit	20,988	9,599

SECTION C - DECLARATION

Chief Executive's 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: **26 SEP 2023**