



兆豐國際商業銀行 香港分行
Mega International Commercial Bank Hong Kong Branch

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MEGA INTERNATIONAL COMMERCIAL BANK CO., LIMITED

HONG KONG BRANCH

**Annual Financial Information Disclosure Statements
For the year ended 31 December 2018**

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SECTION A - INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)

	<u>HK Dollars Thousand</u>	
	<u>31/12/2018</u>	<u>31/12/2017</u>
I. PROFIT AND LOSS INFORMATION		
Incomes		
Net interest income		
Interest income	857,096	544,729
Interest expenses	(320,396)	(163,628)
	<u>536,700</u>	<u>381,101</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading in foreign currencies	36,111	22,506
Gains less losses arising from trading in interest rate derivatives	-	(38)
Gains less losses from other trading activities	1,265	1,157
	<u>37,376</u>	<u>23,625</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	58,233	47,592
Gross fees and commission expenses	(2,370)	(2,291)
	<u>55,863</u>	<u>45,301</u>
Other income	5,973	408
Total income	<u>635,912</u>	<u>450,435</u>
Expenses and other charges		
Staff and rental expenses	(61,154)	(45,322)
Other expenses	(61,465)	(43,274)
Net charge for debt provision	(38,131)	(12,362)
Net charge for other provisions	(24,140)	-
Total expenses and other charges	<u>(184,890)</u>	<u>(100,958)</u>
Profit before taxation	<u>451,022</u>	<u>349,477</u>
Net charge for tax provision	(65,984)	(53,881)
Profit after taxation	<u>385,038</u>	<u>295,596</u>

HK Dollars Thousand

II. BALANCE SHEET INFORMATION

	<u>31/12/2018</u>	<u>30/06/2018</u>
<u>Assets</u>		
Cash and short term funds (except those included in amount due from overseas offices)	9,643,326	9,276,904
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)	4,762,532	4,397,019
Amount due from overseas offices	1,006,488	1,625,959
Acceptance and bills of exchange held	516,557	1,297,196
Certificates of deposit held	1,359,660	3,377,980
Advances and other accounts	9,372,087	7,487,442
Investment securities	4,255,488	4,436,559
Tangible fixed assets	3,224	3,575
Total assets	<u>30,919,362</u>	<u>31,902,634</u>
<u>Liabilities</u>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	17,820	675,378
Deposits from customers:-		
Demand deposits and current accounts	124,939	178,518
Savings deposits; and	17,569,890	17,946,094
Time, call and notice deposits	11,943,960	12,183,252
Amount due to overseas offices	77,570	255,547
Other accounts and provisions	800,145	478,580
Total liabilities	30,534,324	31,717,369
Reserves and current profit/(loss)	385,038	185,265
Total equity and liabilities	<u>30,919,362</u>	<u>31,902,634</u>

HK Dollars Thousand

III. ADDITIONAL BALANCE SHEET INFORMATION

	<u>31/12/2018</u>	<u>30/06/2018</u>
i) <u>Advances and other accounts</u>		
Advances to customers	8,691,315	7,165,440
Accrued interest and other accounts	680,772	322,002
Total	<u>9,372,087</u>	<u>7,487,442</u>
 <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	-	-
 Note: The Hong Kong Branch does not have advances to banks.		
 ii) <u>Other accounts and provisions</u>		
Other liabilities	667,173	373,515
Provisions	132,972	105,065
Total	<u>800,145</u>	<u>478,580</u>
 Provision for bad or doubtful debts on :		
Advances to customers :		
General provision	97,473	92,903
Specific provision	9,510	10,025
Country risk	24,051	-
Accrued Interest :		
General provision	171	112
Specific provision	1	2
Country risk	47	-
 Provisions against value of other claims and investments:		
General provision	1,719	2,023
Specific provision	-	-
Country risk	-	-
 Total Provisions	 <u>132,972</u>	 <u>105,065</u>

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

	31/12/2018		30/06/2018	
	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	472,477	0.00%	502,457	0.00%
Property development	53,377	29.75%	50,122	0.00%
Property investment	1,346,652	7.43%	1,402,259	2.57%
Electricity and gas	288,680	100.00%	-	0.00%
Information technology	274,102	0.00%	274,698	0.00%
Wholesale and retail trade	460,922	83.43%	467,144	82.36%
Transport and transport equipment	-	0.00%	-	0.00%
Financial concerns	1,398,855	25.17%	1,079,498	19.04%
Hotel, boarding houses & catering	29,368	0.00%	29,432	0.00%
Stockbrokers	112,031	0.00%	84,777	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,436,464		3,890,387	
Trade finance	130,732	22.40%	139,577	15.65%
Loan for use outside Hong Kong	4,124,119	30.61%	3,135,476	43.30%
Total advances to customers	8,691,315		7,165,440	

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

	HK Dollars Thousand			
	31/12/2018		30/06/2018	
	Gross amount	Provisions	Gross amount	Provisions
China	4,593,592	68,874	3,008,633	29,419
Hong Kong	2,967,993	31,093	2,941,854	31,011
Taiwan	164,582	2,130	210,780	2,108
Others	965,148	19,254	1,004,173	19,967
Total	8,691,315	121,351	7,165,440	82,505
Provisions as a percentage of gross amount of advances to customers		1.40%		1.15%

(c) International claims by geographical segments

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

HK Dollars Million

As at 31/12/2018

	<u>Banks</u>	Non-bank private Sector			<u>Others</u>	<u>Total</u>
		<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial 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	-	590	165	-	7,803
<i>of which China</i>	6,057	-	-	4,063	-	10,120
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

HK Dollars Million

As at 30/06/2018

	<u>Banks</u>	Non-bank private Sector			<u>Others</u>	<u>Total</u>
		<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
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	-	-	-	-	-	-

iv) Overdue and non-performing loans

HK Dollars Thousand
31/12/2018 30/06/2018

(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	-	-

HK Dollars Thousand
31/12/2018 30/06/2018

(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	9,510	10,025
Percentage of gross amount of advances to customers	0.11%	0.14%
 Rescheduled loans to customers	 9,510	 10,025
 Current market value of collateral	 -	 -
Covered portion of overdue loans	-	-
Uncovered portion of overdue loans	9,510	10,025

(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	9,510	10,025
Less: Overdue loans for more than 3 months and on which interest is still being accrued	9,510	10,025
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	 <u>-</u>	 <u>-</u>

Note :

- (1) We have no non-performing, overdue and rescheduled loans to banks and other financial institutions as at 31/12/2018 and 30/06/2018.
- (2) We have no repossessed assets held by the branch as at 31/12/2018 and 30/06/2018.
- (3) There were no other assets(including trade bills and debt securities) which were overdue as at 31/12/2018 and 30/06/2018.

v) Non-bank China exposures

HK Dollars Million

As at 31/12/2018

Companies and individuals outside China where the credit is granted for use in China :	On-balance sheet exposure	Off-balance sheet exposure	<u>Total</u>
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	<u>4,088</u>	<u>637</u>	<u>4,725</u>
Total assets after provision	<u>30,786</u>		
On-balance sheet exposures as percentage of total assets	<u>13.28%</u>		

HK Dollars Million

As at 30/06/2018

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

vi) Significant foreign currency exposures

HK Dollars Million

31/12/2018

	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currency</u>	<u>Total</u>
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 (worst case approach)	-	-	-	-	-
Net long (short) position	<u>(9)</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>(13)</u>

HK Dollars Million

30/06/2018

	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currency</u>	<u>Total</u>
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	<u>17</u>	<u>-</u>	<u>1</u>	<u>3</u>	<u>21</u>

IV. OFF-BALANCE SHEET EXPOSURES

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

	HK Dollars Thousand	
	31/12/2018	30/06/2018
Contingent liabilities and commitments		
Direct credit substitutes	8,515	8,515
Transaction-related contingencies	6,280	14,955
Trade-related contingencies	33,120	18,008
Other commitments	2,110,089	2,287,659
Exchange rate contracts	4,031,246	2,745,559
Interest rate contracts	-	-
Total	<u>6,189,250</u>	<u>5,074,696</u>

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

Exchange rate contracts:

Positive fair value	1,007	1,469
Negative fair value	(794)	(886)

Interest rate contracts :

Positive fair value	-	-
Negative fair value	-	-

V. LIAUIDITY INFORMATION

	31/12/2018	31/12/2017
Average liquidity maintenance ratio for the period / year	53.80%	58.49%
Calculation period	(Oct-Dec 2018)	(Jan-Dec 2017)

The average liquidity maintenance ratio (LMR) is the arithmetic mean of each calendar month's average liquidity maintenance ratio for the year 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 12 month's average LMR for the reporting year.

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 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 maintained under the website of Head Office :

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

VI. 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 .

VII. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

SECTION B- INFORMATION OF THE BANK (CONSOLIDATED BASIS)

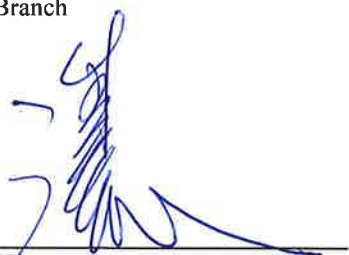
	<u>NT Dollars Million</u>	
	<u>31/12/2018</u>	<u>30/6/2018</u>
I. <u>Capital and Capital Adequacy Ratio</u>		
1. Consolidated capital adequacy ratio:	14.03%	13.47%
Note: The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework, after taking into account for credit risk, market risk and operational risk.		
2. <u>Capital</u>		
Aggregate amount of shareholders' funds	282,861	273,129
II. <u>Other Financial Information</u>		
Total assets	3,197,585	3,173,136
Total liabilities	2,914,724	2,900,007
Total advances	1,864,447	1,835,787
Total customer deposits and remittances	2,322,579	2,400,486
Pre-tax profit	<u>31/12/2018</u> 26,719	<u>31/12/2017</u> 24,303

SECTION B- 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 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

Date: 20 MAR 2019