



兆豐國際商業銀行 香港分行
Mega International Commercial Bank Hong Kong Branch
(Incorporated in Taiwan with limited liability)

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MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
HONG KONG BRANCH

Key Financial Information Disclosure Statements
For the year ended 31 December 2022

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

I. INCOME STATEMENT INFORMATION

	<u>HK\$ Thousand</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
Income		
Net interest income		
Interest income	714,145	338,559
Interest expenses	<u>(280,184)</u>	<u>(92,763)</u>
	433,961	245,796
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	12,512	10,073
Gains less losses arising from trading in other derivatives	<u>2,323</u>	<u>2,268</u>
	14,835	12,341
Net fees and commission income/(expenses)		
Gross fees and commission income	26,236	28,003
Gross fees and commission expenses	<u>(2,128)</u>	<u>(2,881)</u>
	24,108	25,122
Other income	<u>(7,104)</u>	134
Total income	<u>465,800</u>	<u>283,393</u>
Expenses and other charges		
Staff and rental expenses	(56,001)	(56,030)
Other expenses	(15,390)	(12,722)
Net (charge)/credit for debt provision	5,267	15,655
Net (charge)/credit for other provisions	<u>4,002</u>	<u>4,811</u>
Total expenses and other charges	<u>(62,122)</u>	<u>(48,286)</u>
Profit before taxation	403,678	235,107
Tax expenses	<u>(59,350)</u>	<u>(35,972)</u>
Profit after taxation	<u>344,328</u>	<u>199,135</u>

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. - HONG KONG BRANCH

II. BALANCE SHEET INFORMATION

	<u>HK\$ Thousand</u>	
	<u>31/12/2022</u>	<u>30/6/2022</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	7,633,483	4,766,530
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	7,720,130	6,940,332
Amount due from overseas offices	672,433	424,969
Certificates of deposit held	1,403,460	1,529,530
Loans and other assets (Net of provisions and impairment)	8,831,261	9,238,464
Investment securities	10,062,006	11,090,452
Tangible fixed assets	575	806
	<u>36,323,348</u>	<u>33,991,083</u>
Total assets		
<u>Liabilities</u>		
Deposits and balances of banks (except those included in amount due to overseas offices)	1,783,507	2,723,770
Deposits from customers:		
Demand deposits and current accounts	123,590	120,530
Savings deposits	15,371,049	14,082,103
Time, call and notice deposits	17,960,087	16,108,069
Amount due to overseas offices	108,452	54,469
Other liabilities	742,007	866,517
Total liabilities	<u>36,088,692</u>	<u>33,955,458</u>
Reserves and current profit/(loss)	<u>234,656</u>	<u>35,625</u>
Total equity and liabilities	<u>36,323,348</u>	<u>33,991,083</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

	HK\$ Thousand	
	31/12/2022	30/6/2022
A) <u>Loans and other assets</u>		
Advances to customers	7,070,810	8,143,387
Advances to banks and other financial institutions	1,068,189	313,900
Accrued interest and other assets	784,305	877,747
Total	<u>8,923,304</u>	<u>9,335,034</u>
Provisions and impairment against loans and advances:		
Advances to customers :		
General provision	72,676	82,865
Specific provision	-	-
Country risk	4,714	4,959
Advances to banks and other financial institutions		
General provision	11,649	3,139
Specific provision	-	-
Country risk	-	-
Accrued Interest :		
General provision	271	83
Specific provision	-	-
Country risk	14	10
Provisions against value of other claims and investments:		
General provision	2,719	5,514
Specific provision	-	-
Country risk	-	-
Total Provisions and impairment	<u>92,043</u>	<u>96,570</u>
Total loans and other assets (Net of provisions and impairment)	<u><u>8,831,261</u></u>	<u><u>9,238,464</u></u>

B) Off-balance sheet exposures

	HK\$ Thousand	
1. Contingent liabilities and commitments		
Direct credit substitutes	-	-
Transaction-related contingencies	27,480	37,443
Trade-related contingencies	3,530	4,909
Other commitments	1,888,079	1,805,078
Total	<u>1,919,089</u>	<u>1,847,430</u>
Derivatives		
Exchange rate contracts	2,468,624	2,294,815
Total contractual or notional amounts of off-balance sheet exposures	<u><u>4,387,713</u></u>	<u><u>4,142,245</u></u>
2. Replacement costs of derivatives outstanding:		
Exchange rate contracts:		
Positive fair value	879	1,474
Negative fair value	(1,276)	(372)

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

	<u>31/12/2022</u>					<u>Total</u>
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</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 Caribbean	-	-	-	-	-	-
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	-	-	-	-	-	-

	<u>30/6/2022</u>					<u>Total</u>
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	
1 Developed countries	5,705	449	-	597	-	6,751
2 Offshore centers	1,769	347	500	6,849	-	9,465
<i>of which Hong Kong</i>	1,769	347	55	4,781	-	6,952
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	1,011	1,004	-	948	-	2,963
6 Developing Asia Pacific	13,295	-	98	1,486	-	14,879
<i>of which Taiwan</i>	3,533	-	-	90	-	3,623
<i>of which China</i>	2,886	-	98	443	-	3,427
7 International organizations	-	-	-	-	-	-
8 Unallocated by country	-	-	-	-	-	-

D) Sector information

1 Breakdown of advances to customers by industry sectors:

	31/12/2022		30/6/2022	
	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	298,725	0.00%	303,624	0.00%
Property development	69,030	100.00%	64,639	100.00%
Property investment	1,971,945	45.27%	2,330,759	38.05%
Electricity and gas	-	0.00%	-	0.00%
Information technology	65,000	0.00%	65,000	0.00%
Wholesale and retail trade	477,973	51.06%	248,500	100.00%
Transport and transport equipment	216,955	0.00%	217,713	0.00%
Financial concerns	1,481,948	26.95%	1,634,957	34.42%
Hotel, boarding houses & catering	29,239	0.00%	29,428	0.00%
Stockbrokers	-	0.00%	-	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,610,815		4,894,620	
Trade finance	79,768	13.47%	269,628	5.05%
Loan for use outside Hong Kong	2,380,227	32.13%	2,979,139	36.86%
Total advances to customers	7,070,810		8,143,387	

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

	HK\$ Thousand		
	31/12/2022		Provisions
	Amount	Overdue loans	
Hong Kong	3,968,552	-	41,546
China	513,394	-	7,701
Taiwan	2,339	-	35
Others	2,586,525	-	26,883
Total	7,070,810	-	76,165
Provisions as a percentage of gross amount of loans and advances to customers			1.08%
	30/6/2022		
	Amount	Overdue loans	Provisions
Hong Kong	4,468,237	-	45,957
China	563,965	-	8,459
Taiwan	90,320	-	915
Others	3,020,865	-	31,061
Total	8,143,387	-	86,392
Provisions as a percentage of gross amount of loans and advances to customers			1.06%

E) Impaired, overdue and rescheduled loans

HK\$ Thousand

	<u>31/12/2022</u>	<u>30/6/2022</u>
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 Repossessed assets held	-	-

Note:

(1) The Branch has no impaired, overdue, rescheduled loans and repossessed 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.

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F) Mainland Activities

	<u>HKS Million</u>		
	<u>On-balance</u> sheet <u>exposures</u>	<u>31/12/2022</u> Off-balance sheet <u>exposures</u>	<u>Total</u>
Breakdown of non-bank Mainland exposures by counterparties :			
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	-	-	-
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	<u>2.52%</u>		

	<u>30/6/2022</u>		
	<u>On-balance</u> sheet <u>exposures</u>	Off-balance sheet <u>exposures</u>	<u>Total</u>
Breakdown of non-bank Mainland exposures by counterparties :			
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	120	35	155
2 Local governments, local government-owned entities and their subsidiaries and	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	125	13	138
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	223	50	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	499	160	659
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	967	258	1,225
Total assets after provision	33,991		
On-balance sheet exposures as percentage of total assets	<u>2.85%</u>		

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G) Currency risk

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

	<u>31/12/2022</u>				<u>HK\$ Million</u>
	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currencies</u>	<u>Total</u>
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)

	<u>30/6/2022</u>				<u>Total</u>
	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currencies</u>	
Foreign currency positions:					
Spot assets	26,688	399	1,848	768	29,703
Spot liabilities	(28,447)	(399)	(1,866)	(810)	(31,522)
Forward purchases	1,989	-	18	207	2,214
Forward sales	(228)	-	-	(164)	(392)
Net option position	-	-	-	-	-
Net long (short) position	2	-	-	1	3

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

IV. LIQUIDITY INFORMATION DISCLOSURES

	<u>2022</u>	<u>2021</u>
Average liquidity maintenance ratio :		
- 1st Quarter (Jan~Mar)	66.64%	76.73%
- 2nd Quarter (Apr~Jun)	60.75%	70.68%
- 3rd Quarter (July~Sep)	57.54%	71.85%
- 4th Quarter (Oct~Dec)	56.56%	63.78%

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>

V. REMUNERATION DISCLOSURE

Pursuant to the HKMA's Supervisory Policy Manual Guideline CG-5 "Sound Remuneration System", the remuneration information is disclosed as below:

1. Remuneration System:

The Board of Head Office is responsible for review and approval of the overall remuneration policy. The Branch abides by the Head Office's remuneration policy, and establishes the branch-level procedures in accordance with such policy and the local requirements. The branch-level remuneration procedures are implemented under the supervision of the Head Office.

The Branch's remuneration structure is mainly composed of fixed compensation (including salary and year-end bonus), but also includes variable incentive-based element which is subject to the Branch's yearly business performance. The remuneration packages are determined in consideration of the employees' seniority, role, responsibilities and activities.

2. Remuneration Information:

The remuneration information of the senior management and key personnel for the year ended 31 December 2022 and 2021 are listed as below:

	<u>2022</u>	<u>2021</u>
Number of senior management	9	11
Number of key personnel	9	10
In HK\$ millions		
Fixed remuneration	12	12
Variable remuneration	2	3

Note:

(1) Senior management is defined as those who are responsible for oversight of the Branch's strategy or activities or those heading the material business lines. Key personnel is defined as the individual employees whose duties or activities involve assumption of material risk or taking on material exposures on behalf of the Branch.

(2) The above information includes the senior management and key personnel who leave and take over the positions during the reporting periods.

(3) All remuneration is paid in cash. No payment would be deferred.

SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

	<u>NT\$ Million</u>	
	<u>31/12/2022</u>	<u>30/6/2022</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	14.25%	13.25%
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	289,957	281,158
II. OTHER FINANCIAL INFORMATION		
Total assets	3,708,588	3,958,205
Total liabilities	3,418,631	3,677,047
Total loans and advances	2,079,441	2,108,784
Total customer deposits and remittances	2,849,503	2,892,282
	<u>31/12/2022</u>	<u>31/12/2021</u>
Pre-tax profit	26,801	20,591

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: 28 APR 2023