



Mega International Commercial Bank Co., Ltd.
(Hong Kong Branch)
Interim Financial Information Disclosure Statements
For the half year ended 30 June 2017

Section A - Branch Information (Hong Kong Office Only)

HK Dollars Thousand

1. Profit and Loss Information

	<u>30/06/2017</u>	<u>30/06/2016</u>
Net Interest income	180,233	141,506
Interest income	252,217	206,984
Interest expenses	-71,984	-65,478
Other operating income	12,367	14,531
Gains less losses arising from non-trading in foreign currencies	11,729	9,747
Gains less losses on securities held for trading purposes	48	-
Gains less losses from other trading activities	590	4,784
Net fees and commission income	16,995	23,629
Gross fees and commission income	18,199	25,076
Gross fees and commission expenses	-1,204	-1,447
Others	324	93
Staff and rental expenses	-20,729	-20,595
Other expenses	-16,493	-14,834
Provisions for impaired loans and receivables	3,294	6,546
Profit before taxation	175,991	150,876
Taxation charge	27,000	-
Profit after taxation	<u>148,991</u>	<u>150,876</u>

HK Dollars Thousand

2. Balance Sheet Information

30/06/2017 31/12/2016

Assets

Cash and short term funds (except those included in amount due from overseas offices)	6,399,721	7,505,242
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)	9,489,195	8,108,627
Amount due from overseas offices	1,225,494	1,588,931
Acceptance and bills of exchange held	20,412	18,023
Certificates of deposit held	2,524,910	3,115,658
Advances and other accounts	4,458,626	4,585,741
Investment securities	3,925,336	3,709,823
Tangible fixed assets	467	477
Total assets	<u>28,044,161</u>	<u>28,632,522</u>

Liabilities

Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	180,451	484,167
Deposits from customers:-		
Demand deposits and current accounts	202,867	332,220
Savings deposits; and	16,537,309	17,058,434
Time, call and notice deposits	10,059,386	9,823,560
Amount due to overseas offices	130,441	84,626
Other accounts and provisions	784,716	555,908
Total liabilities	<u>27,895,170</u>	<u>28,338,915</u>
Reserves and current profit/(loss)	148,991	293,607
Total equity and liabilities	<u>28,044,161</u>	<u>28,632,522</u>

3. Additional Balance Sheet Informationi) Advances and other accounts

	<u>30/06/2017</u>	<u>31/12/2016</u>
Advances to customers	3,715,074	3,978,723
Advances to banks and other financial institutions	-	75,000
Accrued interest and other accounts	743,552	532,018
Total	<u>4,458,626</u>	<u>4,585,741</u>

Provision for bad or doubtful debts		
General - advances to customers	37,441	40,801
General - advances to banks and other financial institutions	-	-
Specific - advances to customers	13,226	13,160
Specific - advances to banks and other financial institutions		
Specific - other accounts	-	-

ii) (a) Advances to customers

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	-	-

(b) Advances to banks and other financial institutions

Amount of advances to banks and other financial institutions 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 banks and other financial institutions	-	-

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

	<u>30/06/2017</u>		<u>31/12/2016</u>	
	<u>HK Dollars Thousand</u>	% of Loan Covered by Collateral	<u>HK Dollars Thousand</u>	% of Loan Covered by Collateral
Loan for use in Hong Kong				
Industrial, Commercial and Financial:-				
Manufacturing	87,815	0.00%	178,972	0.00%
Property development	37,500	0.00%	37,500	0.00%
Property investment	787,940	13.29%	959,987	13.41%
Electricity and gas	-	0.00%	-	0.00%
Information technology	175,629	0.00%	174,499	0.00%
Wholesale and retail trade	109,281	71.43%	108,577	71.43%
Transport and transport equipment	21,411	0.00%	36,623	0.00%
Financial concerns	454,582	40.70%	351,075	77.92%
Hotel, boarding houses & catering	15,612	0.00%	15,511	0.00%
Stockbrokers	196,859	0.00%	257,683	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	24,006	0.00%	260,267	89.39%
Sub-total	<u>1,910,635</u>		<u>2,380,694</u>	
Trade finance	97,721	24.17%	128,453	25.47%
Loan for use outside Hong Kong	<u>1,706,718</u>	64.64%	<u>1,469,576</u>	63.13%
Total advances to customers	<u>3,715,074</u>		<u>3,978,723</u>	

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

	<u>30/06/2017</u>	<u>31/12/2016</u>
	HK Dollars Thousand	HK Dollars Thousand
China	1,126,255	1,437,138
Hong Kong	686,749	565,811
Taiwan	211,413	274,844
Others	1,690,657	1,700,930
Total	<u>3,715,074</u>	<u>3,978,723</u>

(c) International claims by geographical segment
(as defined in HKMA Form MA(BS) 21) after taking account of transfer of risk

		HK Dollars Million					
As at 30/06/2017			Non-bank private Sector				
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total	
1	Developed countries	3,948	-	-	890	-	4,838
2	Offshore centers	3,164	88	20	2,942	-	6,214
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbean	-	-	-	-	-	-
5	Developing Africa and Middle East	-	-	-	23	-	23
6	Developing Asia Pacific	15,353	-	-	1,615	-	16,968
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

		HK Dollars Million					
As at 31/12/2016			Non-bank private Sector				
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total	
1	Developed countries	13,371	-	-	1,632	-	15,003
2	Offshore centers	14,100	93	-	9,139	-	23,332
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbean	-	-	-	-	-	-
5	Developing Africa and Middle East	1,476	-	-	30	-	1,506
6	Developing Asia Pacific	15,830	-	-	2,026	-	17,856
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

iv) Overdue and non-performing loans

		HK Dollars Thousand	
		30/06/2017	31/12/2016
(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	-	-
(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	13,226	13,160
	Rescheduled loans to customers (net of those overdue loans which have been disclosed above)	-	-
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	13,226	13,160
(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	13,226	13,160
	Less: Overdue loans for more than 3 months and on which interest is still being accrued	13,226	13,160
	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	-	-

Note :

- (1) We have no non-performing, overdue and rescheduled loans to banks and other financial institutions as at 30/06/2017 and 31/12/2016.
(2) We have no repossessed assets held by the branch as at 30/06/2017 and 31/12/2016.

v) Non-bank China exposures

HK Dollars Million

As at 30/06/2017

Companies and individuals outside China where the credit is granted for use in China :	items in HKMA return	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	651	-	651
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	126	-	126
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	370	211	581
4. Other entities of central government not reported in item 1 above	4	181	59	240
5. Other entities of local governments not reported in item 2 above	5	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	380	289	669
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	-	-
Total	8	1,708	559	2,267
Total assets after provision	9	27,993		
On-balance sheet exposures as percentage of total assets	10	6%		

As at 31/12/2016

Companies and individuals outside China where the credit is granted for use in China:	items in HKMA return	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	709	-	709
2. Local governments, local government-owned entities and their subsidiaries and JVs	2	77	-	77
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	505	119	624
4. Other entities of central government not reported in item 1 above	4	167	71	238
5. Other entities of local governments not reported in item 2 above	5	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	369	349	718
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	-	1	1
Total	8	1,827	540	2,367
Total assets after provision	9	28,579		
On-balance sheet exposures as percentage of total assets	10	6%		

vi) Significant foreign currency exposures

HK Dollars Million

30/06/2017

	USD	EUR	CNY	Other Currency	Total
Spot assets	22,078	582	1,713	905	25,278
Spot liabilities	-23,388	-582	-1,712	-962	-26,644
Forward purchases	1,395	-	-	78	1,473
Forward sales	-78	-	-	-24	-102
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	7	-	1	-3	5

HK Dollars Million

31/12/2016

	USD	EUR	CNY	Other Currency	Total
Spot assets	22,369	584	1,806	996	25,755
Spot liabilities	-23,447	-584	-1,839	-968	-26,838
Forward purchases	1,206	-	33	88	1,327
Forward sales	-122	-	-	-115	-237
Net option position (worst case approach)	-	-	-	-	-
Net long (short) position	6	-	-	1	7

4. Off-Balance Sheet Exposures

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

	HK Dollars Thousand	
	30/06/2017	31/12/2016
Contingent liabilities and commitments		
Direct credit substitutes	485	21,513
Transaction-related contingencies	19,423	-
Trade-related contingencies	29,477	26,882
Other commitments	1,567,612	3,265,825
Exchange rate contracts	1,544,782	1,348,086
Interest rate contracts	-	77,555
Total	<u>3,161,779</u>	<u>4,739,861</u>

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

Exchange rate contracts:

Positive fair value	268	402
Negative fair value	254	242

Interest rate contracts :

Positive fair value	-	-
Negative fair value	-	-108

5. Liquidity

	30/06/2017	31/12/2016
The average liquidity maintenance ratio for the period:		
Average liquidity maintenance ratio	59.78%	49.69%

The average liquidity maintenance ration is the arithmetic mean of each calendar month's average liquidity maintenance ration for the period as calculated in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015.

Hong Kong Branch (the Branch) has policy, procedure 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 test and provides the result to Treasury Department for reference on monthly basis.

6. 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 (Chinese version).

7. Comparative Figures

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

Section B - Bank Information (Consolidated Basis)

NT Dollars Million


	<u>30/06/2017</u>	<u>31/12/2016</u>
1. Capital Adequacy Ratio		
Consolidated capital adequacy ratio:	14.12%	14.49%
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. Capital		
Aggregate amount of shareholders' funds	257,263	257,564
3. Other Financial Information		
Total assets	3,030,925	2,974,452
Total liabilities	2,773,662	2,716,887
Total advances	1,689,802	1,715,279
Total customer deposits and remittances	2,359,361	2,173,616
	<u>30/06/2017</u>	<u>30/06/2016</u>
Pre-tax profit	13,734	10,164

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

For and on behalf of
**MEGA INTERNATIONAL COMMERCIAL
BANK CO., LTD.
HONG KONG BRANCH**


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Authorized Signature(s)

Lee Chao- Ho
Senior Vice President & General Manager

12 SEP 2017