



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., 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>101,724</u> | <u>133,941</u> |

II. BALANCE SHEET INFORMATION

| | <u>HK Dollars Thousand</u> | |
|--|----------------------------|--------------------------|
| | <u>30/6/2021</u> | <u>31/12/2020</u> |
| <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) <u>Loans and other assets</u> | | |
| 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) <u>Provisions and other liabilities</u> | | |
| 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> |
| C) <u>Off-balances sheet and derivative transactions exposures</u> | | |
| 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 |
| Total | <u>3,637,470</u> | <u>5,048,169</u> |
| 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 sector</u> | <u>Non-bank financial institutions</u> | <u>Non-financial private sector</u> | <u>Others</u> | <u>Total</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 sector</u> | <u>Non-bank financial institutions</u> | <u>Non-financial private sector</u> | <u>Others</u> | <u>Total</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 | <u>4,832,876</u> | | <u>4,746,041</u> | |
| Trade finance | 178,237 | 4.45% | 186,428 | 6.75% |
| Loan for use outside Hong Kong | <u>3,657,297</u> | 28.17% | <u>4,789,016</u> | 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:

| | HK Dollars Thousand | | |
|---|-------------------------|---------------------|-----------------------|
| | <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 Repossessed assets held | - | - |

Note :

The Branch have no impaired, overdue, rescheduled loans and repossessed 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> | | |
| Breakdown of Mainland exposures to non-bank counterparties : | On-balance sheet | Off-balance sheet | <u>Total</u> |
| | <u>exposure</u> | <u>exposure</u> | |
| 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% | | |

| Breakdown of Mainland exposures to non-bank counterparties : | HK Dollars Million | | |
|---|---------------------------|----------------------------|-------|
| | 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".

| Foreign currency positions: | HK Dollars Million | | | | |
|-----------------------------|--------------------|-------|---------|----------------|----------|
| | 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) |

| Foreign currency positions: | HK Dollars Million | | | | |
|-----------------------------|--------------------|-------|---------|----------------|----------|
| | 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. <u>Capital</u> | | |
| 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 |

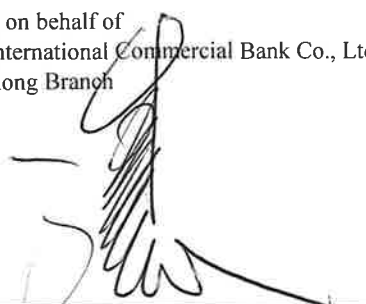
SECTION C- DECLARATION

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