



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 2022

CONTENT

	PAGE
SECTION A- INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)	
I. INCOME STATEMENT INFORMATION	3
II. BALANCE SHEET INFORMATION	4
III. ADDITIONAL BALANCE SHEET INFORMATION	5
A)Loans and other assets	5
B)Provisions and other liabilities	5
C)Off-balances sheet and derivative risk exposure information	5
D)International claims	6
E)Sector information	7
F)Impaired, overdue and rescheduled loans	8
G)Mainland activities	8
H)Currency risk	9
IV. LIQUIDITY INFORMATION DISCLOSURES	10
SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BANKS)	
I. CAPITAL AND CAPITAL ADEQUACY	10
II. OTHER FINANCIAL INFORMATION	10
SECTION C- DECLARATION	11

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

	<u>HK Dollars Thousand</u>	
	<u>30/6/2022</u>	<u>30/6/2021</u>
Incomes		
Net interest income		
Interest income	221,349	167,188
Interest expenses	(65,674)	(47,631)
	<u>155,675</u>	<u>119,557</u>
Other operating income/(expenses)		
Gains less losses arising from non-trading activities in foreign currencies	6,102	5,300
Gains less losses arising from trading in other derivatives	1,424	832
	<u>7,526</u>	<u>6,132</u>
Net fees and commission income / (expenses)		
Gross fees and commission income	13,303	14,394
Gross fees and commission expenses	(1,102)	(1,314)
	<u>12,201</u>	<u>13,080</u>
Other income	15	22
Total income	<u>175,417</u>	<u>138,791</u>
Expenses and other charges		
Staff and rental expenses	(27,853)	(28,412)
Other expenses	(5,543)	(5,618)
Net (charge)/ credit for debt provision	6,606	11,879
Net (charge)/ credit for other provisions	(2,151)	2,303
Total expenses and other charges	<u>(28,941)</u>	<u>(19,848)</u>
Profit before taxation	<u>146,476</u>	<u>118,943</u>
Tax expenses	(21,109)	(17,219)
Profit after taxation	<u>125,367</u>	<u>101,724</u>

II. BALANCE SHEET INFORMATION

	<u>HK Dollars Thousand</u>	
	<u>30/6/2022</u>	<u>31/12/2021</u>
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices)	4,766,530	9,511,829
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)	6,940,332	3,085,740
Amount due from overseas offices	424,969	1,484,499
Certificates of deposit held	1,529,530	2,013,421
Loans and other assets	9,335,034	9,108,122
Investment securities	11,090,452	11,225,866
Tangible fixed assets	806	1,190
Total assets	<u>34,087,653</u>	<u>36,430,667</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices)	2,723,770	1,968,412
Deposits from customers:		
Demand deposits and current accounts	120,530	154,562
Savings deposits	14,082,103	20,538,810
Time, call and notice deposits	16,108,069	12,648,036
Amount due to overseas offices	54,469	140,030
Provisions and other liabilities	963,087	788,514
Total liabilities	34,052,028	36,238,364
Reserves and current profit/(loss)	35,625	192,303
Total equity and liabilities	<u>34,087,653</u>	<u>36,430,667</u>

III. ADDITIONAL BALANCE SHEET INFORMATION

	HK Dollars Thousand	
	30/6/2022	31/12/2021
A) <u>Loans and other assets</u>		
Advances to customers	8,143,387	8,398,180
Advances to banks and other financial institutions	313,900	-
Accrued interest and other assets	877,747	709,942
Total	<u>9,335,034</u>	<u>9,108,122</u>
B) <u>Provisions and other liabilities</u>		
Provisions	96,570	102,172
Other liabilities	866,517	686,342
Total	<u>963,087</u>	<u>788,514</u>
Provision against loans and advances:		
Advances to customers :		
General provision	82,865	85,117
Specific provision	-	5,555
Country risk	4,959	6,010
Advances to banks and other financial institutions		
General provision	3,139	-
Specific provision	-	-
Country risk	-	-
Accrued Interest :		
General provision	83	48
Specific provision	-	-
Country risk	10	5
Provisions against value of other claims and investments:		
General provision	5,514	5,437
Specific provision	-	-
Country risk	-	-
Total Provisions	<u>96,570</u>	<u>102,172</u>
C) <u>Off-balances sheet and derivative transactions exposures</u>		
Contractual or notional amounts of off-balance sheet exposures outstanding:		
Direct credit substitutes	-	-
Transaction-related contingencies	37,443	10,080
Trade-related contingencies	4,909	50,680
Other commitments	1,805,078	1,972,600
	<u>1,847,430</u>	<u>2,033,360</u>
Contractual or notional amounts of derivative transactions exposures outstanding:		
Exchange rate contracts	2,294,815	2,452,977
Total	<u>4,142,245</u>	<u>4,486,337</u>
Replacement cost for:		
Exchange rate contracts:		
Positive fair value	1,474	666
Negative fair value	(372)	(550)

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".

<u>HK Dollars Million</u>							
<u>30/6/2022</u>							
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	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	-	-	-	-	-	-

<u>HK Dollars Million</u>							
<u>31/12/2021</u>							
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	7,289	-	-	843	-	8,132
2	Offshore centers	1,434	172	54	7,444	-	9,104
	<i>of which Hong Kong</i>	1,434	158	54	5,291	-	6,937
3	Developing Europe	-	-	-	-	-	-
4	Developing Latin America and Caribbean	-	-	-	-	-	-
5	Developing Africa and Middle East	1,017	1,005	-	780	-	2,802
6	Developing Asia Pacific	14,656	-	98	1,607	-	16,361
	<i>of which Taiwan</i>	5,571	-	-	96	-	5,667
	<i>of which China</i>	3,767	-	98	716	-	4,581
7	International organizations	-	-	-	-	-	-
8	Unallocated by country	-	-	-	-	-	-

E) Sector information

1 Breakdown of gross amount of advances to customers by industry sectors:

	<u>30/6/2022</u>		<u>31/12/2021</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	303,624	0.00%	299,833	1.56%
Property development	64,639	100.00%	268,648	100.00%
Property investment	2,330,759	38.05%	2,489,211	35.63%
Electricity and gas	-	0.00%	96,970	54.76%
Information technology	65,000	0.00%	65,000	0.00%
Wholesale and retail trade	248,500	100.00%	166,406	100.00%
Transport and transport equipment	217,713	0.00%	216,978	0.00%
Financial concerns	1,634,957	34.42%	1,676,060	35.73%
Hotel, boarding houses & catering	29,428	0.00%	29,244	0.00%
Stockbrokers	-	0.00%	-	0.00%
Professional & private individuals	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Sub-total	4,894,620		5,308,350	
Trade finance	269,628	5.05%	64,688	13.59%
Loan for use outside Hong Kong	2,979,139	36.86%	3,025,142	40.50%
Total advances to customers	8,143,387		8,398,180	

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

	HK Dollars Thousand		
	<u>30/6/2022</u>		
	Gross 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%
	<u>31/12/2021</u>		
	Gross amount	Overdue loans	Provisions
Hong Kong	4,679,139	-	48,263
China	812,710	-	12,161
Taiwan	97,563	-	999
Others	2,808,768	5,555	34,068
Total	8,398,180	5,555	95,491
Provisions as a percentage of gross amount of loans and advances to customers			1.14%

F) Impaired, overdue and rescheduled loans

31/12/2021
HK Dollars Thousand
30/6/2022 31/12/2021

1	Disclosure of impaired loans:		
	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 :		
	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	-	5,555
	Amount of specific provisions	-	5,555
	Value of collateral held against overdue loans:		
	Current market value of collateral	-	-
	Covered portion of overdue loans	-	-
	Uncovered portion of overdue loans	-	5,555
	Percentage of total loans and advances	-	0.07%
	Breakdown of overdue loans by geographical :		
	-Macau	-	5,555
3	Rescheduled advances to customers	-	5,555
4	Repossessed assets held	-	-

Note :

The Branch have no impaired, overdue, rescheduled loans and repossessed assets related to banks and other financial institutions 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

	HK Dollars Million		
	On-balance sheet <u>exposure</u>	Off-balance sheet <u>exposure</u>	<u>Total</u>
Breakdown of Mainland exposures to non-bank 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	2.85%		

<u>HK Dollars Million</u>			
<u>31/12/2021</u>			
Breakdown of Mainland exposures to non-bank counterparties :	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)	308	40	348
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	182	91	273
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially- owned by Mainland interest	47	58	105
4 Other entities of central government not reported in item 1 above	223	48	271
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	486	393	879
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>1,199</u>	<u>572</u>	<u>1,771</u>
Total assets after provision	36,328		
On-balance sheet exposures as percentage of total assets	<u>3.30%</u>		

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".

<u>HK Dollars Million</u>					
<u>30/6/2022</u>					
Foreign currency positions:	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currency</u>	<u>Total</u>
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	<u>2</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>3</u>

<u>HK Dollars Million</u>					
<u>31/12/2021</u>					
Foreign currency positions:	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Other Currency</u>	<u>Total</u>
Spot assets	28,082	427	2,330	704	31,543
Spot liabilities	(30,170)	(427)	(2,354)	(623)	(33,574)
Forward purchases	2,216	-	24	78	2,318
Forward sales	(132)	-	-	(159)	(291)
Net option position	-	-	-	-	-
Net long (short) position	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>

Note :

There were no foreign currency net structural position as at the reporting dates.

IV. LIQUIDITY INFORMATION DISCLOSURES

	<u>2022</u>	<u>2021</u>
Average liquidity maintenance ratio :		
- Quarter 1 (Jan~Mar)	66.64%	76.73%
- Quarter 2 (Apr~Jun)	60.75%	70.68%

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>

SECTION B- INFORMATION OF THE BANK (CONSOLIDATED BASIS)

	<u>NT Dollars Million</u>	
	<u>30/6/2022</u>	<u>31/12/2021</u>
I. CAPITAL AND CAPITAL ADEQUACY		
A. Consolidated capital adequacy ratio :	13.25%	14.24%
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	281,158	299,106
II. OTHER FINANCIAL INFORMATION		
Total assets	3,958,205	3,798,147
Total liabilities	3,677,047	3,499,041
Total loans and advances	2,108,784	2,037,355
Total customer deposits and remittances	2,892,282	2,971,732
	<u>30/6/2022</u>	<u>30/6/2021</u>
Pre-tax profit	9,599	9,983

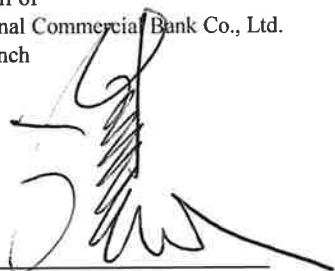
SECTION C- DECLARATION

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

A handwritten signature in black ink, appearing to read 'Chen Chien Hung', is written over a horizontal line. The signature is stylized and includes a vertical hatched area.

Chen Chien Hung
Chief Executive

Date: **29 SEP 2022**