



華南商業銀行  
HUA NAN COMMERCIAL BANK, LTD

香港分行  
HONG KONG BRANCH

香港灣仔港灣道18號中環廣場56樓5601-5603室  
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Hua Nan Commercial Bank, Ltd.

Hong Kong Branch

Financial Information Disclosure Statements

For the year ended 31 Dec 2022

## Section A-Branch Information

HKD'000

I. Income Statement Information			<u>Year to</u> 31 Dec 2022	<u>Year to</u> 31 Dec 2021
Net interest income			356,307	162,720
Interest income			510,725	211,385
Interest expense			(154,418)	(48,665)
Other operating income			18,309	40,541
Gains less losses arising from trading in foreign currencies			3,658	5,878
Gains less losses on securities held for trading purposes			0	0
Gains less losses from other trading activities			0	0
Net fees and commission income:	<u>Year to</u>	<u>Year to</u>		
	31 Dec 2022	31 Dec 2021	14,717	26,468
Income from fees and commission	17,132	27,788		
Less : fees and commission expenses	(2,415)	(1,320)		
Others			(66)	8,195
Operating expenses			(53,621)	(56,247)
Staff and rental expenses			(43,575)	(44,306)
Other expenses less fees and commission expenses			(10,046)	(11,941)
Provisions for bad and doubtful debts			(26,615)	(19,109)
Provisions for other			14,805	16,010
Provisions for impairment loss on assets			(327)	(219)
Profit before taxation			308,858	143,696
Tax expense			(53,211)	(21,460)
Profit after taxation			255,647	122,236

II. Balance Sheet Information	31 Dec 2022	30 Jun 2022
<b>Assets</b>		
Cash and short term fund (except those included in amount due from overseas offices)	4,059,907	3,367,401
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	979,943	2,875,567
Amount due from overseas offices of the institution	80,133	698,989
Trade bills	0	0
Certificates of deposit held	2,689,267	2,705,847
Advances to customers, banks and other financial institutions	7,275,178	7,263,346
Investment securities	5,895,765	6,225,382
Tangible fixed assets	9,853	10,234
Other assets and interest receivables	114,664	59,721
Total assets	<u>21,104,710</u>	<u>23,206,487</u>
<b>Equity and Liabilities</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,316,764	2,991,464
Deposits from customers	17,022,702	18,690,852
Demand deposits and current accounts	186,534	201,652
Savings deposits	8,959,677	8,130,316
Time, call and notice deposits	7,876,491	10,358,884
Amount due to overseas offices of the institution	131,195	140,888
Other liabilities and provisions	216,667	168,726
Total liabilities	<u>19,687,328</u>	<u>21,991,930</u>
Reserves and current profit	1,417,382	1,214,557
Total equity and liabilities	<u>21,104,710</u>	<u>23,206,487</u>

III. Additional Balance Sheet Information	31 Dec 2022	30 Jun 2022		
(i) Advances and other accounts	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>		
<i>A. Advances to customers</i>			6,058,655	6,596,290
Loans to finance imports to H.K. and exports and re-exports from H.K.	69,701	89,031		
Other loans for use in H.K.	5,106,076	5,655,144		
Other loans for use outside H.K.	882,878	852,115		
<i>B. Advances to banks and other financial institutions</i>			1,216,523	667,056
<i>C. Accrued interest and other accounts</i>			114,664	59,721
Accrued interest	110,478	54,926		
Other accounts:	4,186	4,795		
	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>		
Prepaid expenses	1,602	2,188		
Other accounts receivable	0	0		
Prepaid taxes	0	0		
Other prepayment	36	402		
Fair value adjustments on financial assets designated at fair value	0	0		
Forward exchange contract receivable	0	0		
Refundable deposits	2,053	1,775		
Computer software	495	430		
Gain from revaluation of securities	0	0		
<i>D. Provisions for bad and doubtful debts</i>			81,309	89,805
Reserves for loans:				
General provisions			76,121	77,812
To customers	65,313	70,474		
To country risk	0	0		
To banks	10,808	7,338		
Specific provisions			5,188	11,993
To customers	5,188	11,993		
Reserves for other receivables:				
Specific provisions			0	0

### III. Additional Balance Sheet Information (Continued)

#### (ii) Non-performing loans

	<u>Principal amt</u>	<u>Suspended interest</u>	<u>Total amt</u>	<u>Percentage to total advances</u>	<u>Value of collateral</u>	<u>Provisions</u>
31 Dec 2022	0	0	0	0.00%	0	0
30 Jun 2022	69,418	0	69,418	1.05%	69,418	6,959

#### (iii) The gross amount of advances to customers which have been overdue

	<u>31 Dec 2022</u>			<u>30 Jun 2022</u>		
	<u>Loans</u>	<u>Percentage to total advances</u>	<u>Provisions</u>	<u>Loans</u>	<u>Percentage to total advances</u>	<u>Provisions</u>
six months or less but over three months:	0	0.00%	0	0	0.00%	0
one year or less but over six months:	0	0.00%	0	0	0.00%	0
over one year:	0	0.00%	0	69,418	1.05%	6,959
Total	<u>0</u>		<u>0</u>	<u>69,418</u>		<u>6,959</u>

Market value of collateral held against the covered portion of all overdue advances	<u>0</u>	<u>69,418</u>
Covered portion of all overdue advances	<u>0</u>	<u>69,418</u>
Uncovered portion of all overdue advances	<u>0</u>	<u>0</u>

III. Additional Balance Sheet Information (Continued)	31 Dec 2022	30 Jun 2022
(iv) a. The amount of advances to customers which have been overdue for more than three months and on which interest is still being accrued	0	0
b. The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	0	0
c. The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is still being accrued	0	0
(v) The amount of rescheduled advances to customers (net of those which have been overdue for over three months and reported in (iii) above)	0	0
(vi) Reconciliation between overdue loans and non-performing loans		
The amount of advances to customers which have been overdue for more than three months	0	69,418
<b>Add:</b> - The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	0	0
- The amount of advances to customers which have been overdue for three months or less or not yet overdue and on which interest is still being accrued	0	0
<b>Less:</b> The amount of advances to customers which have been overdue for more than three months and on which interest is still being accrued	0	0
	0	69,418
	0	69,418
<u>Non-performing Loans</u>		
	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>
Hong Kong areas	0	0
Other areas	0	69,418
(vii) The debt securities which have been overdue	0	0
(viii) Other assets which have been overdue	0	0

## IV. Segmental Information

## (i) Breakdown of the gross amount of advances to customers by industry sectors

	31 Dec 2022		30 Jun 2022	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	5,106,076	734,891	5,655,144	757,853
a.Industrial,commercial and financial	5,106,076	734,891	5,655,144	757,853
Manufacturing	233,947	0	235,432	0
Property development	543,571	0	650,000	0
Property investment	767,500	200,000	869,217	200,000
Electricity and gas	0	0	0	0
Recreational activities	0	0	0	0
Information technology	597,594	0	613,503	0
Wholesale and retail trade	697,560	283,591	992,443	306,553
Transport	1,014,683	1,300	1,017,949	1,300
Hotels,boarding houses & catering	407,982	250,000	408,477	250,000
Financial concerns	843,239	0	868,123	0
Stockbrokers	0	0	0	0
Others	0	0	0	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	69,701	41,046	89,031	48,618
C.Loans for use outside H.K.	882,878	257,645	852,115	315,662
Total	6,058,655	1,033,582	6,596,290	1,122,133

## (ii) Gross amount of advances to customers by countries or geographical areas

31 Dec 2022

30 Jun 2022

(A country or geographical area is reported where it constitutes 10% or more of the aggregate gross amount of advances to customers after taking into consideration the transfers of risks.)

<b><u>Hong Kong</u></b> : Loans and advance to customers	4,062,307	4,326,135
<b><u>Taiwan</u></b> : Loans and advance to customers	140,679	137,949
Overdue loans	0	0
Non-performing loans	0	0
<b><u>China</u></b> : Loans and advance to customers	35,985	105,850

There are overdue and non-performing loans under the identified countries or geographical areas in addition to Taiwan

## (iii) Repossessed assets

0

0

## IV. Segmental Information (Continued)

## (iv) Cross-border claims

	<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>
<u>As at 31 Dec 2022</u>						
1.Developing Asia-Pacific	6,072	1	604	340	0	7,017
of which country: Taiwan	2,557	0	0	120	0	2,677
China	821	1	0	39	0	861
2.Offshore centres	1,110	47	986	4,680	0	6,823
of which country: Hong Kong	1,110	47	875	3,607	0	5,639
<u>As at 30 Jun 2022</u>						
1.Developing Asia-Pacific	7,621	0	612	600	0	8,833
of which country: Taiwan	4,199	0	0	104	0	4,303
China	778	0	0	114	0	892
2.Offshore centres	1,716	31	1,020	5,257	0	8,024
of which country: Hong Kong	1,716	31	909	4,102	0	6,758

The basis of the country/geographical classification has been taken account the transfer of risk.

## (v) Mainland activities exposures

<u>As at 31 Dec 2022</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
Types of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	0	0	0
2. Local government, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	0	0	0
4. Other entities of central governments not reported in item 1 above	239	0	239
5. Other entities of local governments not reported in item 2 above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	371	185	556
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	43	322	365
<u>Total</u>	653	507	1,160
Total assets after provision			21,012
On-balance sheet exposures as percentage of total assets			3.11%



**IV. Segmental Information (Continued)****(v) Mainland activities exposures**

<u>As at 30 Jun 2022</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
Type of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	0	0	0
2. Local government, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	0	393	393
4. Other entities of central governments not reported in item 1 above	239	0	239
5. Other entities of local governments not reported in item 2 above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	433	227	660
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	300	233	533
<u>Total</u>	972	853	1,825
Total assets after provision	23,108		
On-balance sheet exposures as percentage of total assets	4.21%		

**V. Currency Risk**

(An individual currency is reported if the net position (in absolute terms)

constitutes 10% or more of the total net position in all foreign currencies.)

<u>31 Dec 2022</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	15,544	243	2	168	812	5
Spot liabilities	(15,522)	(244)	(3)	(170)	(812)	(5)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	22	(1)	(1)	(2)	0	0
 <u>30 Jun 2022</u>	 <u>USD</u>	 <u>EUR</u>	 <u>GBP</u>	 <u>JPY</u>	 <u>CNY</u>	 <u>NZD</u>
Spot assets	17,055	283	3	162	1,243	5
Spot liabilities	(17,064)	(281)	(2)	(163)	(1,244)	(5)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	(9)	2	1	(1)	(1)	0

VI. Off-Balance Sheet Exposures			31 Dec 2022	30 Jun 2022
(i) Contingent liabilities and commitments	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>		
A.Direct credit substitutes			667,110	4,045,200
Customers' liabilities under guarantee	667,110	4,045,200		
B.Transaction-related contingencies			0	0
C.Trade-related contingent items			498,359	351,201
Collection receivable for customers	267,365	140,157		
Customers' liabilities under L/C	227,506	192,758		
Customers' liabilities under guarantee (SG)	0	0		
Customers' liabilities under acceptance	3,488	18,286		
D.Sale and repurchase agreements			33,259	235,432
E.Other commitments				
With an original maturity of under 1 year available OD & loans limit			1,973,459	1,311,417
With an original maturity of over 1 year loans limit			1,225,849	1,554,669
Note issue and revolving underwriting facilities			0	0

The contract amounts of the contingent liabilities and commitments represent the amounts at risk should the contract be fully drawn upon and the client default, the total of the contract amounts is not representative of future liquidity requirements.

(ii) Derivatives	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>
Contract amounts :		
Interest rate contracts	0	0
Exchange rate contracts	0	0
	<hr/>	<hr/>
	0	0
Replacement costs (of the above derivatives) :		
Interest rate contracts	0	0
Exchange rate contracts	0	0
	<hr/>	<hr/>
	0	0

The contract amounts indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk. The replacement costs do not take into account the effects of bilateral netting arrangements.

## VII. Liquidity

	<u>For the year of 2022</u>	<u>For the year of 2021</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the year of 2022</u>	<u>For the year of 2021</u>
The average liquidity maintenance ratio for Q1 (Calculation period : Jan ~ Mar 2021 , Jan ~ Mar 2020)	55.77%	64.83%
The average liquidity maintenance ratio for Q2 (Calculation period : Apr ~ Jun 2021 , Apr ~ Jun 2020)	59.27%	67.09%
The average liquidity maintenance ratio for Q3 (Calculation period : Jul ~ Sep 2021 , Jul ~ Sep 2020)	61.60%	62.54%
The average liquidity maintenance ratio for Q4 (Calculation period : Oct ~ Dec 2021 , Oct ~ Dec 2020)	60.81%	62.06%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2021 , Jan ~ Jun 2020)	57.52%	65.96%
The average liquidity maintenance ratio for H2 (Calculation period : Jul ~ Dec 2021 , Jul ~ Dec 2020)	61.21%	62.30%
The average liquidity maintenance ratio for Year (Calculation period : Jan ~ Dec 2021 , Jan ~ Dec 2020)	59.36%	64.13%

The Liquidity Ratio specified under section 102 of the Banking Ordinance, which was replaced by the Liquidity Maintenance Ratio ('LMR') on 1 January 2015. LMR was complied in accordance with the Banking (Liquidity) Rules issued by the HKMA with effective from 1 January 2015 for the implementation of the Basel III capital framework.

The average ratio is calculated based on the arithmetic mean of the average value of its liquidity position return for each month during the reporting period.(ex. Q1 is the 3 months' average.)

## VIII.Liquidity Risk Management

Please review the attachment of liquidity Risk Management.

## IX Remuneration Disclosure

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5)-Guideline on a Sound

Remuneration System, please refer to the Bank's Annual Report (Chinese version) (in the part of Corporate

Governance Report).

NTD'000

## Section B-Bank Information (Consolidated Basis)

(HKD/TWD=3.940)

<b>I. Capital and Capital Adequacy</b>	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>
Consolidated capital adequacy ratio	14.64%	12.97%
Aggregate amount of shareholders' funds	268,511,624	249,263,211

The ratio is computed in accordance with the New Basel Capital Accord's Capital Adequacy Directive and the basis of computation incorporates allowances for credit, market and operational risks.

<b>II. Other Financial Information</b>	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>
Total assets	3,549,029,864	3,548,371,360
Total liabilities	3,346,648,433	3,352,474,596
Total net advances	2,064,780,708	2,105,062,398
Total customer deposits	2,952,377,267	2,900,734,076
	<u>Year to</u> <u>31 Dec 2022</u>	<u>Year to</u> <u>31 Dec 2021</u>
Pre-tax Profit	20,042,907	16,168,774

Declaration of Compliance

It is certified by the Chief Executive of Hua Nan Commercial Bank, 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

Hua Nan Commercial Bank, Ltd.

Hong Kong Branch


Date: 13 April 2023

Chen, Ching Hsi

Vice President &amp; General Manager

**Liquidity Risk Management of  
Hua Nan Commercial Bank, Ltd. Hong Kong Branch**

1.	Strategy and policies of liquidity risk management	According to the CAP 155Q Banking (Liquidity) Rules of the Hong Kong Banking Ordinance, the Supervisory Policy Manual “LM-1: Regulatory Framework for Supervision of Liquidity Risk ” and “LM-2: Sound Systems and Controls for Liquidity Risk Management ” issued by the Hong Kong Monetary Authority, “Liquidity Risk Management Standard” and “Overseas Branches Guidelines and Measures of Liquidity and Interest Rate Risk Management in Banking Book” issued by head office, Hong Kong Branch has formulated the “ Liquidity Risk Management System and Control Measures” to ensure maintaining stable and adequate liquidity in daily operations and certain circumstances.
2.	Structure and responsibilities for liquidity risk management	The Branch has set up the Risk Management Committee, the branch manager as the convener to periodic review and analyze the liquidity risk management guideline and controlling measure, liquidity of funds, maturity gap, trend of interest rate and other related issues.
3.	Risk tolerance of liquidity risk management	According to the risk tolerance set by head office and the Supervisory Policy Manual issued by the Hong Kong Monetary Authority, AIs must maintain a LMR not less than 25% on average in each calendar month. The Branch has set LMR not less than 35% and the indicator reviews periodically and provided to head office.
4.	Reports of liquidity risk management	The Branch provide interest sensitivity indicators to head office and report to ALCO of Hong Kong Branch monthly. The Branch develop a proper funding plan based on the liquidity gap and structure to identify, monitor and mitigate liquidity risk.
5.	Strategy of funding plan	The Branch funding strategy is decentralized. To maintain appropriate liquidity asset portfolio by interbank borrowing or overdraw limit and prevent from centralizing deposit to meet the needs of daily operation funds.  Appendix : The Branch has set interbank borrowings to single counterparty not more than HKD400 Million / CNY300Million.

6.	Stress testing of liquidity risk management	According to 華南商業銀行香港分行流動性風險管理制度及管控措施, the Branch proceed stress testing periodically based on the possible condition and hypothesis and submit results to head office and discuss on the branch Assets and Liabilities Management Committee.
7.	Contingency funding plan of liquidity risk management	The Contingency Funding Plan is made by the Branch. To obtain support from central bank or head office or issue bonds /fixed deposits to mitigate liquidity gap and maintain the resources of going concern. The Branch assess and practices the Contingency Funding Plan every year.
8.	Liquidity risk mitigation techniques	The Branch has formulated and followed a daily internal and external liquidity ratio and early warning indicators to ensure sufficiently liquidity funds. When it needs, activate the Contingency Funding Plan and Recovery Plan to mitigate liquidity gaps.

Maturity Profile

2022.12.31

(HK\$'000)

On-balance sheet liabilities	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
Total	21,003,434	10,119,190	1,337,307	3,399,129	2,868,767	935,202	777,296	0	0	0	77,982	1,488,561

Off-balance sheet obligations	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
Total	3,266,089	2,099,459	8,794	365,358	50,099	85,778	82,835	76,244	8,461	50,232	438,829	0

On-balance sheet assets	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
Total	21,083,260	9,685,167	942,444	2,810,692	1,192,170	1,004,566	384,518	791,288	2,149,374	1,865,356	243,645	14,040

Off-balance sheet claims	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
Total	2,328,728	248,409	209,157	186,607	78,388	205,301	213,453	345,201	198,607	177,177	466,428	0

Contractual Maturity Mismatch		(2,285,073)	(194,500)	(767,188)	(1,648,308)	188,887	(262,160)	1,060,245	2,339,520	1,992,301	193,262	
Cumulative Contractual Maturity Mismatch		(2,285,073)	(2,479,573)	(3,246,761)	(4,895,069)	(4,706,182)	(4,968,342)	(3,908,097)	(1,568,577)	423,724	616,986	