



華南商業銀行  
HUA NAN COMMERCIAL BANK, LTD

香港分行  
HONG KONG BRANCH

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Hua Nan Commercial Bank, Ltd.

Hong Kong Branch

Financial Information Disclosure Statements

For the year ended 30 Jun 2023

## Section A-Branch Information

HKD'000

I. Income Statement Information			<u>Half year to</u> <u>30 Jun 2023</u>	<u>Half year to</u> <u>30 Jun 2022</u>
Net interest income			289,517	107,436
Interest income			517,789	139,043
Interest expense			(228,272)	(31,607)
Other operating income			9,390	8,115
Gains less losses arising from trading in foreign currencies			2,560	1,578
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>Half year to</u> <u>30 Jun 2023</u>	<u>Half year to</u> <u>30 Jun 2022</u>	6,966	6,595
Income from fees and commission	8,008	7,928		
Less : fees and commission expenses	(1,042)	(1,333)		
Others			(136)	(58)
Operating expenses			(30,993)	(30,084)
Staff and rental expenses			(25,852)	(24,331)
Other expenses less fees and commission expenses			(5,141)	(5,753)
Provisions for bad and doubtful debts			(662)	(34,585)
Provisions for other			6,765	(3,817)
Provisions for impairment loss on assets			(479)	(116)
Profit before taxation			273,538	46,949
Tax expense			(45,800)	(10,900)
Profit after taxation			227,738	36,049

II. Balance Sheet Information	30 Jun 2023	31 Dec 2022
<b>Assets</b>		
Cash and short term fund (except those included in amount due from overseas offices)	855,959	4,059,907
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	1,220,400	979,943
Amount due from overseas offices of the institution	2,135	80,133
Trade bills	0	0
Certificates of deposit held	3,793,102	2,689,267
Advances to customers, banks and other financial institutions	7,127,816	7,275,178
Investment securities	6,373,022	5,895,765
Tangible fixed assets	6,731	9,853
Other assets and interest receivables	142,024	114,664
Total assets	<u>19,521,189</u>	<u>21,104,710</u>
<b>Equity and Liabilities</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,085,516	2,316,764
Deposits from customers	15,317,530	17,022,702
Demand deposits and current accounts	180,682	186,534
Savings deposits	6,541,154	8,959,677
Time, call and notice deposits	8,595,694	7,876,491
Amount due to overseas offices of the institution	115,980	131,195
Other liabilities and provisions	330,416	216,667
Total liabilities	<u>17,849,442</u>	<u>19,687,328</u>
Reserves and current profit	1,671,747	1,417,382
Total equity and liabilities	<u>19,521,189</u>	<u>21,104,710</u>

III. Additional Balance Sheet Information		30 Jun 2023	31 Dec 2022
(i) Advances and other accounts		<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
<i>A. Advances to customers</i>			
			5,111,515
	Loans to finance imports to H.K. and exports and re-exports from H.K.	81,313	69,701
	Other loans for use in H.K.	3,551,010	5,106,076
	Other loans for use outside H.K.	1,479,192	882,878
<i>B. Advances to banks and other financial institutions</i>			2,016,301
<i>C. Accrued interest and other accounts</i>			142,024
	Accrued interest	137,304	110,478
	Other accounts:	4,720	4,186
		<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	Prepaid expenses	1,746	1,602
	Other accounts receivable	0	0
	Prepaid taxes	0	0
	Other prepayment	50	36
	Fair value adjustments on financial assets designated at fair value	0	0
	Forward exchange contract receivable	1	0
	Refundable deposits	2,306	2,053
	Computer software	617	495
	Gain from revaluation of securities	0	0
<i>D. Provisions for bad and doubtful debts</i>			81,916
	Reserves for loans:		
	General provisions		76,938
	To customers	56,483	65,313
	To country risk	0	0
	To banks	20,455	10,808
	Specific provisions		4,978
	To customers	4,978	5,188
	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>
30 Jun 2023	0	0	0	0.00%	0	0
31 Dec 2022	0	0	0	0.00%	0	0

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

	<u>30 Jun 2023</u>			<u>31 Dec 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	0	0.00%	0
<b>Total</b>	<u>0</u>		<u>0</u>	<u>0</u>		<u>0</u>

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

III. Additional Balance Sheet Information (Continued)	30 Jun 2023	31 Dec 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	0
<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	0
	0	0
<u>Non-performing Loans</u>		
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
Hong Kong areas	0	0
Other areas	0	0
(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

	30 Jun 2023		31 Dec 2022	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,551,010	706,477	5,106,076	734,891
a.Industrial,commercial and financial	3,551,010	706,477	5,106,076	734,891
Manufacturing	0	0	233,947	0
Property development	204,375	0	543,571	0
Property investment	500,000	200,000	767,500	200,000
Electricity and gas	0	0	0	0
Recreational activities	0	0	0	0
Information technology	597,594	0	597,594	0
Wholesale and retail trade	449,757	254,377	697,560	283,591
Transport	742,897	2,100	1,014,683	1,300
Hotels,boarding houses & catering	250,000	250,000	407,982	250,000
Financial concerns	806,387	0	843,239	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	81,313	33,998	69,701	41,046
C.Loans for use outside H.K.	1,479,192	249,497	882,878	257,645
Total	5,111,515	989,972	6,058,655	1,033,582

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

30 Jun 2023

31 Dec 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	3,551,335	4,062,307
<b><u>Taiwan</u></b> : Loans and advance to customers	152,669	140,679
Overdue loans	0	0
Non-performing loans	0	0
<b><u>China</u></b> : Loans and advance to customers	28,970	35,985

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 30 Jun 2023</u>						
1.Developing Asia-Pacific	5,176	1	612	475	0	6,264
of which country: Taiwan	1,456	0	0	123	0	1,579
China	318	1	0	36	0	355
2.Offshore centres	1,535	52	947	3,560	0	6,094
of which country: Hong Kong	1,463	52	836	3,134	0	5,485
<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

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

## (v) Mainland activities exposures

<u>As at 30 Jun 2023</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	388	169	557
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	42	269	311
<u>Total</u>	669	438	1,107
Total assets after provision			19,434
On-balance sheet exposures as percentage of total assets			3.44%



#### IV. Segmental Information (Continued)

##### (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>
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	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%		

#### 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>30 Jun 2023</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	14,094	281	3	171	874	5
Spot liabilities	(14,083)	(280)	(3)	(172)	(873)	(5)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	11	1	0	(1)	1	0
 <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

VI. Off-Balance Sheet Exposures			<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
(i) Contingent liabilities and commitments	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>		
A. Direct credit substitutes			704,139	667,110
Customers' liabilities under guarantee	704,139	667,110		
B. Transaction-related contingencies			0	0
C. Trade-related contingent items			372,451	498,359
Collection receivable for customers	166,886	267,365		
Customers' liabilities under L/C	199,632	227,506		
Customers' liabilities under guarantee (SG)	0	0		
Customers' liabilities under acceptance	5,933	3,488		
D. Sale and repurchase agreements			0	33,259
E. Other commitments				
With an original maturity of under 1 year available OD & loans limit			1,452,120	1,973,459
With an original maturity of over 1 year loans limit			1,555,782	1,225,849
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>30 Jun 2023</u>	<u>31 Dec 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 half year of 2023</u>	<u>For the half year of 2022</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the half year of 2023</u>	<u>For the half year of 2022</u>
The average liquidity maintenance ratio for Q1 (Calculation period : Jan ~ Mar 2023 , Jan ~ Mar 2022)	62.53%	55.77%
The average liquidity maintenance ratio for Q2 (Calculation period : Apr ~ Jun 2023 , Apr ~ Jun 2022)	71.14%	59.27%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2023 , Jan ~ Jun 2022)	66.83%	57.52%

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=3.973)

<b>I. Capital and Capital Adequacy</b>	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
Consolidated capital adequacy ratio	14.50%	14.64%
Aggregate amount of shareholders' funds	278,767,660	268,511,624

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>30 Jun 2023</u>	<u>31 Dec 2022</u>
Total assets	3,632,358,632	3,549,029,864
Total liabilities	3,418,749,646	3,346,648,433
Total net advances	2,120,251,815	2,064,780,708
Total customer deposits	2,917,698,384	2,952,377,267
	<u>Half year to</u> <u>30 Jun 2023</u>	<u>Half year to</u> <u>30 Jun 2022</u>
Pre-tax Profit	12,011,013	9,152,535

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: 18 September 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

2023.06.30

(HK\$'000)

On-balance sheet liabilities	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount	
	Total 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	19,370,668	7,799,144	496,422	1,634,699	5,066,128	1,393,241	1,119,077	0	0	0	78,379	1,783,578

Off-balance sheet obligations	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount	
	Total 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	2,713,464	1,725,480	3,875	189,726	66,230	57,563	74,292	57,958	4,703	46,101	487,536	0

On-balance sheet assets	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount	
	Total 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	19,440,651	10,525,814	322,164	224,957	1,008,668	473,484	642,637	2,466,431	2,227,576	1,302,939	234,529	11,452

Off-balance sheet claims	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount	
	Total 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	2,150,744	169,420	4,604	204,394	102,126	153,622	252,134	405,995	191,716	157,841	508,892	0

Contractual Maturity Mismatch	1,170,610	(173,529)	(1,395,074)	(1,395,598)	(4,021,564)	(823,698)	(298,598)	2,814,468	2,414,589	1,414,679	177,506	
Cumulative Contractual Maturity Mismatch	1,170,610	997,081	(397,993)	(4,419,557)	(5,243,255)	(5,541,853)	(2,727,385)	(312,796)	1,101,883	1,279,389		