



華南商業銀行香港分行 香港灣仔港灣道18號中環廣場56樓5601-5603室
HUA NAN COMMERCIAL BANK, LTD HONG KONG BRANCH 電話: 852-28240288 SWIFT: HNBKHKHH

Hua Nan Commercial Bank, Ltd.

Hong Kong Branch

Financial Information Disclosure Statements

For the year ended 31 Dec 2021

Section A-Branch Information

HKD'000

I. Income Statement Information			Year to 31 Dec 2021	Year to 31 Dec 2020
Net interest income			162,720	186,301
Interest income			211,385	354,437
Interest expense			(48,665)	(168,136)
Other operating income			41,861	23,680
Gains less losses arising from trading in foreign currencies			5,878	4,367
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>	27,788	17,300
Income from fees and commission	31 Dec 2021	31 Dec 2020		
Less : fees and commission expenses	27,788	17,300		
Others	0	0	8,195	2,013
Operating expenses			(57,567)	(70,737)
Staff and rental expenses			(44,306)	(52,355)
Other expenses less fees and commission expenses			(13,261)	(18,382)
Provisions for bad and doubtful debts			(19,109)	(692)
Provisions for other			16,010	(12,059)
Provisions for impairment loss on assets			(219)	(812)
Profit before taxation			143,696	125,681
Tax expense			(21,460)	(22,001)
Profit after taxation			122,236	103,680

HKD'000

II. Balance Sheet Information	31 Dec 2021	30 Jun 2021
Assets		
Cash and short term fund (except those included in amount due from overseas offices)	3,420,225	2,895,206
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	4,401,310	1,688,158
Amount due from overseas offices of the institution	411,225	94,672
Trade bills	0	0
Certificates of deposit held	1,246,687	1,552,363
Advances to customers, banks and other financial institutions	7,374,507	7,582,945
Investment securities	5,896,687	6,663,104
Tangible fixed assets	14,884	19,512
Other assets and interest receivables	35,715	52,201
Total assets	<u>22,801,240</u>	<u>20,548,161</u>
Equity and Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	3,526,376	2,059,691
Deposits from customers	17,480,482	16,985,356
Demand deposits and current accounts	233,036	242,497
Savings deposits	7,089,339	7,388,924
Time, call and notice deposits	10,158,107	9,353,935
Amount due to overseas offices of the institution	391,309	136,648
Other liabilities and provisions	167,550	173,455
Total liabilities	<u>21,565,717</u>	<u>19,355,150</u>
Reserves and current profit	1,235,523	1,193,011
Total equity and liabilities	<u>22,801,240</u>	<u>20,548,161</u>

III. Additional Balance Sheet Information	31 Dec 2021	30 Jun 2021
(i) Advances and other accounts	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
<i>A. Advances to customers</i>		
		7,335,512
Loans to finance imports to H.K. and exports and re-exports from H.K.	109,911	90,355
Other loans for use in H.K.	5,906,351	5,542,433
Other loans for use outside H.K.	1,319,250	1,274,526
<i>B. Advances to banks and other financial institutions</i>		38,995
<i>C. Accrued interest and other accounts</i>		35,715
Accrued interest	30,698	34,535
Other accounts:	5,017	17,666
	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
Prepaid expenses	1,925	2,324
Other accounts receivable	1	300
Prepaid taxes	0	12,079
Other prepayment	0	233
Fair value adjustments on financial assets designated at fair value	0	0
Forward exchange contract receivable	0	3
Refundable deposits	1,665	1,665
Computer software	646	642
Gain from revaluation of securities	780	420
<i>D. Provisions for bad and doubtful debts</i>		103,064
Reserves for loans:		
General provisions		78,778
To customers	78,349	73,732
To country risk	0	0
To banks	429	7,432
Specific provisions		24,286
To customers	24,286	7,550
Reserves for other receivables:		
Specific provisions		0
		88,714

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 2021	114,976	1,613	116,589	1.59%	108,290	19,216
30 Jun 2021	114,489	1,606	116,095	1.68%	0	2,322

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

	<u>31 Dec 2021</u>			<u>30 Jun 2021</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	116,095	1.68%	2,322
over one year:	116,589	1.59%	19,216	0	0.00%	0
Total	<u>116,589</u>		<u>19,216</u>	<u>116,095</u>		<u>2,322</u>
Market value of collateral held against the covered portion of all overdue advances	<u>108,290</u>			<u>0</u>		
Covered portion of all overdue advances	<u>108,290</u>			<u>0</u>		
Uncovered portion of all overdue advances	<u>8,299</u>			<u>116,095</u>		

III. Additional Balance Sheet Information (Continued)	31 Dec 2021	30 Jun 2021
(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	116,589	116,095
Add: - 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
Less: 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
	116,589	116,095
<u>Non-performing Loans</u>		
	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
Hong Kong areas	0	0
Other areas	116,589	116,095
(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 2021		30 Jun 2021	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	5,906,351	691,695	5,542,433	675,816
a.Industrial,commercial and financial	5,906,351	691,695	5,542,433	675,816
Manufacturing	319,508	0	603,485	0
Property development	743,840	0	629,286	0
Property investment	1,041,300	200,000	650,516	200,000
Electricity and gas	0	0	0	0
Recreational activities	0	0	0	0
Information technology	613,503	0	286,000	0
Wholesale and retail trade	699,402	240,395	664,607	224,516
Transport	1,014,729	1,300	1,242,417	1,300
Hotels,boarding houses & catering	407,989	250,000	407,659	250,000
Financial concerns	1,066,080	0	828,146	0
Stockbrokers	0	0	75,000	0
Others	0	0	155,317	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	109,911	50,745	90,355	41,164
C.Loans for use outside H.K.	1,319,250	346,607	1,274,526	389,885
Total	7,335,512	1,089,047	6,907,314	1,106,865

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

31 Dec 2021

30 Jun 2021

(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.)

<u>Hong Kong</u> : Loans and advance to customers	4,709,963	3,636,785
<u>Taiwan</u> : Loans and advance to customers	194,103	303,617
Overdue loans	0	0
Non-performing loans	0	0
<u>China</u> : Loans and advance to customers	258,779	821,958

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 2021</u>						
1.Developing Asia-Pacific	7,770	0	239	871	0	8,880
of which country: Taiwan	4,531	0	0	161	0	4,692
China	1,553	0	0	271	0	1,824
2.Offshore centres	1,430	28	1,362	5,261	0	8,081
of which country: Hong Kong	1,430	28	1,251	4,161	0	6,870
<u>As at 30 Jun 2021</u>						
1.Developing Asia-Pacific	6,194	0	416	1,432	0	8,042
of which country: Taiwan	3,026	0	0	291	0	3,317
China	692	0	178	653	0	1,523
2.Offshore centres	1,162	53	835	4,366	0	6,416
of which country: Hong Kong	1,162	53	835	3,237	0	5,287

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

(v) Mainland activities exposures

<u>As at 31 Dec 2021</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	31	454	485
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	526	535	1,061
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	68	483	551
<u>Total</u>	864	1,472	2,336
Total assets after provision			22,693
On-balance sheet exposures as percentage of total assets			3.81%

IV. Segmental Information (Continued)

(v) Mainland activities exposures

<u>As at 30 Jun 2021</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)	86	19	105
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	204	79	283
4. Other entities of central governments not reported in item 1 above	139	0	139
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	497	488	985
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	67	383	450
<u>Total</u>	993	969	1,962
Total assets after provision	20,447		
On-balance sheet exposures as percentage of total assets	4.86%		

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 2021</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	16,270	550	4	141	1,195	6
Spot liabilities	(16,274)	(550)	(4)	(141)	(1,194)	(6)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	(4)	0	0	0	1	0
 <u>30 Jun 2021</u>	 <u>USD</u>	 <u>EUR</u>	 <u>GBP</u>	 <u>JPY</u>	 <u>CNY</u>	 <u>NZD</u>
Spot assets	15,203	239	3	117	917	6
Spot liabilities	(15,196)	(238)	(4)	(117)	(917)	(6)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	7	1	(1)	0	0	0

VI. Off-Balance Sheet Exposures			31 Dec 2021	30 Jun 2021
(i) Contingent liabilities and commitments	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>		
A. Direct credit substitutes			741,954	1,035,009
Customers' liabilities under guarantee	741,954	1,035,009		
B. Transaction-related contingencies			0	0
C. Trade-related contingent items			380,817	355,376
Collection receivable for customers	181,821	169,916		
Customers' liabilities under L/C	178,738	180,028		
Customers' liabilities under guarantee (SG)	0	0		
Customers' liabilities under acceptance	20,258	5,432		
D. Sale and repurchase agreements			389,947	0
E. Other commitments				
With an original maturity of under 1 year available OD & loans limit			1,531,527	1,274,872
With an original maturity of over 1 year loans limit			1,846,744	1,809,752
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			31 Dec 2021	30 Jun 2021
Contract amounts :				
Interest rate contracts			0	0
Exchange rate contracts			0	0
			<u>0</u>	<u>0</u>
Replacement costs (of the above derivatives) :				
Interest rate contracts			0	0
Exchange rate contracts			0	0
			<u>0</u>	<u>0</u>

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 2021</u>	<u>For the year of 2020</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the year of 2021</u>	<u>For the year of 2020</u>
The average liquidity maintenance ratio for Q1 (Calculation period : Jan ~ Mar 2021 , Jan ~ Mar 2020)	64.83%	71.79%
The average liquidity maintenance ratio for Q2 (Calculation period : Apr ~ Jun 2021 , Apr ~ Jun 2020)	67.09%	63.43%
The average liquidity maintenance ratio for Q3 (Calculation period : Jul ~ Sep 2021 , Jul ~ Sep 2020)	62.54%	60.63%
The average liquidity maintenance ratio for Q4 (Calculation period : Oct ~ Dec 2021 , Oct ~ Dec 2020)	62.06%	60.70%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2021 , Jan ~ Jun 2020)	65.96%	67.61%
The average liquidity maintenance ratio for H2 (Calculation period : Jul ~ Dec 2021 , Jul ~ Dec 2020)	62.30%	60.66%
The average liquidity maintenance ratio for Year (Calculation period : Jan ~ Dec 2021 , Jan ~ Dec 2020)	64.13%	64.14%

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 2016 Annual Report (Chinese version) (in the part of Corporate Governance Report).

NTD'000

Section B-Bank Information (Consolidated Basis)

(HKD/TWD=3.546)

I. Capital and Capital Adequacy	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
Consolidated capital adequacy ratio	14.16%	14.46%
Aggregate amount of shareholders' funds	262,511,345	258,845,035

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.

II. Other Financial Information	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
Total assets	3,368,594,947	3,204,196,398
Total liabilities	3,158,114,814	2,996,974,082
Total net advances	2,010,641,663	1,898,529,531
Total customer deposits	2,845,805,736	2,652,481,280
	<u>Year to</u> <u>31 Dec 2021</u>	<u>Year to</u> <u>31 Dec 2020</u>
Pre-tax Profit	16,168,774	14,475,327

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: 26 April 2022

Chen, Ching Hsi

Vice President & 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.

(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	22,691,778	7,835,895	2,293,408	3,799,645	4,697,831	1,945,959	760,768	0	0	0	77,989	1,280,283

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	3,676,432	2,750,393	1,972	12,083	170,684	12,249	86,666	18,561	81,997	43,155	498,672	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	22,801,723	8,294,809	1,280,676	2,512,366	4,428,749	1,175,992	416,851	1,549,898	552,822	2,305,021	265,417	19,122

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	1,749,527	184,242	5,205	411,164	194,554	29,153	116,859	73,264	128,223	92,769	514,094	0

Contractual Maturity Mismatch	(2,107,237)	(1,009,499)	(888,198)	(245,212)	(753,063)	(313,724)	1,604,601	599,048	2,354,635	202,850
Cumulative Contractual Maturity Mismatch	(2,107,237)	(3,116,736)	(4,004,934)	(4,250,146)	(5,003,209)	(5,316,933)	(3,712,332)	(3,113,284)	(758,649)	(555,799)