



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 2022

## Section A-Branch Information

HKD'000

I. Income Statement Information	<u>Half year to</u> <u>30 Jun 2022</u>	<u>Half year to</u> <u>30 Jun 2021</u>
Net interest income	107,436	77,317
Interest income	139,043	104,885
Interest expense	(31,607)	(27,568)
Other operating income	8,115	15,099
Gains less losses arising from trading in foreign currencies	1,578	2,934
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 2022</u>	<u>Half year to</u> <u>30 Jun 2021</u>
Income from fees and commission	7,928	13,474
Less : fees and commission expenses	(1,333)	(1,334)
Others	(58)	25
Operating expenses	(30,084)	(30,295)
Staff and rental expenses	(24,331)	(24,609)
Other expenses less fees and commission expenses	(5,753)	(5,686)
Provisions for bad and doubtful debts	(34,585)	(4,877)
Provisions for other	(3,817)	8,480
Provisions for impairment loss on assets	(116)	(443)
Profit before taxation	<u>46,949</u>	<u>65,281</u>
Tax expense	(10,900)	(11,060)
Profit after taxation	<u><u>36,049</u></u>	<u><u>54,221</u></u>

HKD'000

H. Balance Sheet Information	30 Jun 2022	31 Dec 2021
<b>Assets</b>		
Cash and short term fund (except those included in amount due from overseas offices)	3,367,401	3,420,225
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	2,875,567	4,401,310
Amount due from overseas offices of the institution	698,989	411,225
Trade bills	0	0
Certificates of deposit held	2,705,847	1,246,687
Advances to customers, banks and other financial institutions	7,263,346	7,374,507
Investment securities	6,225,382	5,896,687
Tangible fixed assets	10,234	14,884
Other assets and interest receivables	59,721	35,715
Total assets	<u>23,206,487</u>	<u>22,801,240</u>
<b>Equity and Liabilities</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,991,464	3,526,376
Deposits from customers	18,690,852	17,480,482
Demand deposits and current accounts	201,652	233,036
Savings deposits	8,130,316	7,089,339
Time, call and notice deposits	10,358,884	10,158,107
Amount due to overseas offices of the institution	140,888	391,309
Other liabilities and provisions	168,726	167,550
Total liabilities	<u>21,991,930</u>	<u>21,565,717</u>
Reserves and current profit	1,214,557	1,235,523
Total equity and liabilities	<u>23,206,487</u>	<u>22,801,240</u>

III. Additional Balance Sheet Information		30 Jun 2022	31 Dec 2021
(i) Advances and other accounts			
<i>A. Advances to customers</i>			
Loans to finance imports to H.K. and exports and re-exports from H.K.		89,031	109,911
Other loans for use in H.K.		5,655,144	5,906,351
Other loans for use outside H.K.		852,115	1,319,250
<i>B. Advances to banks and other financial institutions</i>			
<i>C. Accrued interest and other accounts</i>			
Accrued interest		54,926	30,698
Other accounts:		4,795	5,017
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>	
Prepaid expenses	2,188	1,925	
Other accounts receivable	0	1	
Prepaid taxes	0	0	
Other prepayment	402	0	
Fair value adjustments on financial assets designated at fair value	0	0	
Forward exchange contract receivable	0	0	
Refundable deposits	1,775	1,665	
Computer software	430	646	
Gain from revaluation of securities	0	780	
<i>D. Provisions for bad and doubtful debts</i>			
Reserves for loans:			
General provisions			
To customers		70,474	78,349
To country risk		0	0
To banks		7,338	429
Specific provisions			
To customers		11,993	24,286
Reserves for other receivables:			
Specific provisions			

### 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 2022	69,418	0	69,418	1.05%	69,418	6,959
31 Dec 2021	114,976	1,613	224,879	1.59%	108,290	19,216

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

	<u>30 Jun 2022</u>			<u>31 Dec 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	0	0.00%	0
over one year:	69,418	1.05%	6,959	116,589	1.59%	19,216
Total	<u>69,418</u>		<u>6,959</u>	<u>116,589</u>		<u>19,216</u>
Market value of collateral held against the covered portion of all overdue advances	<u>69,418</u>			<u>108,290</u>		
Covered portion of all overdue advances	<u>69,418</u>			<u>108,290</u>		
Uncovered portion of all overdue advances	<u>0</u>			<u>8,299</u>		

III. Additional Balance Sheet Information (Continued)	30 Jun 2022	31 Dec 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	69,418	116,589
<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
	69,418	116,589
<u>Non-performing Loans</u>		
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
Hong Kong areas	0	0
Other areas	69,418	116,589
(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 2022		31 Dec 2021	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	5,655,144	757,853	5,906,351	691,695
a.Industrial,commercial and financial	5,655,144	757,853	5,906,351	691,695
Manufacturing	235,432	0	319,508	0
Property development	650,000	0	743,840	0
Property investment	869,217	200,000	1,041,300	200,000
Electricity and gas	0	0	0	0
Recreational activities	0	0	0	0
Information technology	613,503	0	613,503	0
Wholesale and retail trade	992,443	306,553	699,402	240,395
Transport	1,017,949	1,300	1,014,729	1,300
Hotels,boarding houses & catering	408,477	250,000	407,989	250,000
Financial concerns	868,123	0	1,066,080	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	89,031	48,618	109,911	50,745
C.Loans for use outside H.K.	852,115	315,662	1,319,250	346,607
Total	6,596,290	1,122,133	7,335,512	1,089,047

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

30 Jun 2022

31 Dec 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.)

<b><i>Hong Kong</i></b> : Loans and advance to customers	4,326,135	4,709,963
<b><i>Taiwan</i></b> : Loans and advance to customers	137,949	194,103
Overdue loans	0	0
Non-performing loans	0	0
<b><i>China</i></b> : Loans and advance to customers	105,850	258,779

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 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
<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

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

## (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>
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	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%



## IV. Segmental Information (Continued)

## (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>
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	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%		

## 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 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
 <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

VI. Off-Balance Sheet Exposures		30 Jun 2022	31 Dec 2021
<b>(i) Contingent liabilities and commitments</b>		<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
A. Direct credit substitutes			
Customers' liabilities under guarantee	4,045,200	741,954	
B. Transaction-related contingencies			
C. Trade-related contingent items			
Collection receivable for customers	140,157	181,821	
Customers' liabilities under L/C	192,758	178,738	
Customers' liabilities under guarantee (SG)	0	0	
Customers' liabilities under acceptance	18,286	20,258	
D. Sale and repurchase agreements			
E. Other commitments			
With an original maturity of under 1 year available OD & loans limit			
With an original maturity of over 1 year loans limit			
Note issue and revolving underwriting facilities			

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.

<b>(ii) Derivatives</b>		<u>30 Jun 2022</u>	<u>31 Dec 2021</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 2022</u>	<u>For the half year of 2021</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the half year of 2022</u>	<u>For the half year of 2021</u>
The average liquidity maintenance ratio for Q1 (Calculation period : Jan ~ Mar 2022 , Jan ~ Mar 2021)	55.77%	64.83%
The average liquidity maintenance ratio for Q2 (Calculation period : Apr ~ Jun 2022 , Apr ~ Jun 2021)	59.27%	67.09%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2022 , Jan ~ Jun 2021)	57.52%	65.96%

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=3.789)

<b>I. Capital and Capital Adequacy</b>	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
Consolidated capital adequacy ratio	12.97%	14.16%
Aggregate amount of shareholders' funds	249,263,211	262,511,345

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 2022</u>	<u>31 Dec 2021</u>
Total assets	3,548,371,360	3,368,594,947
Total liabilities	3,352,474,596	3,158,114,814
Total net advances	2,105,062,398	2,010,641,663
Total customer deposits	2,900,734,076	2,845,805,736
	<u>Half year to</u>	<u>Half year to</u>
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
Pre-tax Profit	9,152,535	8,573,830

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 September 2022

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 overdraft 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	23,102,257	9,247,857	2,609,652	3,433,594	5,052,755	940,083	476,731	0	0	0	78,477	1,263,108

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	6,801,777	2,228,234	237,188	13,269	273,120	26,702	27,772	84,243	64,429	30,383	3,816,437	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	23,177,503	9,297,917	2,907,971	1,935,534	3,289,773	110,746	1,177,006	555,117	1,448,048	2,173,980	266,382	15,029

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	5,108,755	198,165	7,477	24,993	463,373	57,458	83,195	183,823	149,095	106,599	3,834,577	0

Contractual Maturity Mismatch	(1,980,009)	68,608		(1,486,336)	(1,572,729)	(798,581)	755,698	654,697	1,532,714	2,250,196	206,045	
Cumulative Contractual Maturity Mismatch	(1,980,009)	(1,911,401)		(3,397,737)	(4,970,466)	(5,769,047)	(5,013,349)	(4,358,652)	(2,825,938)	(575,742)	(369,697)	