



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 2023

## Section A-Branch Information

HKD'000

I. Income Statement Information			<u>Year to</u> 31 Dec 2023	<u>Year to</u> 31 Dec 2022
Net interest income			605,816	356,307
Interest income			1,104,469	510,725
Interest expense			(498,653)	(154,418)
Other operating income			17,525	18,309
Gains less losses arising from trading in foreign currencies			5,121	3,658
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>	12,517	14,717
Income from fees and commission	31 Dec 2023	31 Dec 2022		
Less : fees and commission expenses	14,508	17,132		
Others	(1,991)	(2,415)	(113)	(66)
Operating expenses			(52,393)	(53,621)
Staff and rental expenses			(43,824)	(43,575)
Other expenses less fees and commission expenses			(8,569)	(10,046)
Provisions for bad and doubtful debts			3,807	(26,615)
Provisions for other			9,529	14,805
Provisions for impairment loss on assets			(121)	(327)
Profit before taxation			584,163	308,858
Tax expense			(95,298)	(53,211)
Profit after taxation			488,865	255,647

II. Balance Sheet Information	31 Dec 2023	30 Jun 2023
<b>Assets</b>		
Cash and short term fund (except those included in amount due from overseas offices)	3,512,438	855,959
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	1,087,068	1,220,400
Amount due from overseas offices of the institution	158,446	2,135
Trade bills	2,294	0
Certificates of deposit held	2,454,245	3,793,102
Advances to customers, banks and other financial institutions	7,501,737	7,127,816
Investment securities	6,753,849	6,373,022
Tangible fixed assets	23,643	6,731
Other assets and interest receivables	153,080	142,024
Total assets	<u>21,646,800</u>	<u>19,521,189</u>
<b>Equity and Liabilities</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,226,182	2,085,516
Deposits from customers	17,005,157	15,317,530
Demand deposits and current accounts	141,646	180,682
Savings deposits	5,612,007	6,541,154
Time, call and notice deposits	11,251,504	8,595,694
Amount due to overseas offices of the institution	131,079	115,980
Other liabilities and provisions	337,870	330,416
Total liabilities	<u>19,700,288</u>	<u>17,849,442</u>
Reserves and current profit	1,946,512	1,671,747
Total equity and liabilities	<u>21,646,800</u>	<u>19,521,189</u>

III. Additional Balance Sheet Information		31 Dec 2023	30 Jun 2023
(i) Advances and other accounts		31 Dec 2023	30 Jun 2023
<i>A. Advances to customers</i>			
		5,381,928	5,111,515
Loans to finance imports to H.K. and exports and re-exports from H.K.		47,540	81,313
Other loans for use in H.K.		3,741,190	3,551,010
Other loans for use outside H.K.		1,593,198	1,479,192
<i>B. Advances to banks and other financial institutions</i>			
		2,119,809	2,016,301
<i>C. Accrued interest and other accounts</i>			
		153,080	142,024
Accrued interest		148,723	137,304
Other accounts:		4,357	4,720
	<u>31 Dec 2023</u> <u>30 Jun 2023</u>		
Prepaid expenses	1,469	1,746	
Other accounts receivable	0	0	
Prepaid taxes	0	0	
Other prepayment	0	50	
Fair value adjustments on financial assets designated at fair value	0	0	
Forward exchange contract receivable	0	1	
Refundable deposits	2,206	2,306	
Computer software	682	617	
Gain from revaluation of securities	0	0	
<i>D. Provisions for bad and doubtful debts</i>			
		77,930	81,916
Reserves for loans:			
General provisions		73,476	76,938
To customers		52,278	56,483
To country risk		0	0
To banks		21,198	20,455
Specific provisions		4,454	4,978
To customers		4,454	4,978
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 2023	0	0	0	0.00%	0	0
30 Jun 2023	0	0	0	0.00%	0	0

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

	<u>31 Dec 2023</u>			<u>30 Jun 2023</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
Total	<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)	31 Dec 2023	30 Jun 2023
(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
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
<u>Non-performing Loans</u>		
	<u>31 Dec 2023</u>	<u>30 Jun 2023</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

	31 Dec 2023		30 Jun 2023	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,741,190	707,351	3,551,010	706,477
a.Industrial,commercial and financial	3,741,190	707,351	3,551,010	706,477
Manufacturing	0	0	0	0
Property development	318,125	0	204,375	0
Property investment	513,167	200,000	500,000	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	430,745	257,351	449,757	254,377
Transport	734,449	0	742,897	2,100
Hotels,boarding houses & catering	313,000	250,000	250,000	250,000
Financial concerns	834,110	0	806,387	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	47,540	29,994	81,313	33,998
C.Loans for use outside H.K.	1,593,198	331,494	1,479,192	249,497
Total	5,381,928	1,068,839	5,111,515	989,972

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

31 Dec 2023

30 Jun 2023

(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	3,673,378	3,551,335
<b><u>Taiwan</u></b> : Loans and advance to customers	75,373	152,669
Overdue loans	0	0
Non-performing loans	0	0
<b><u>China</u></b> : Loans and advance to customers	125,548	28,970

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 2023</u>						
1. Developing Asia-Pacific	7,218	1	609	552	0	8,380
of which country: Taiwan	1,646	0	0	74	0	1,720
China	1,932	1	0	126	0	2,059
2. Offshore centres	895	18	810	3,518	0	5,241
of which country: Hong Kong	490	18	699	2,989	0	4,196
<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

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

## (v) Mainland activities exposures

<u>As at 31 Dec 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	304	881	1,185
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	22	201	223
<u>Total</u>	565	1,082	1,647
Total assets after provision	21,567		
On-balance sheet exposures as percentage of total assets	2.62%		



**IV. Segmental Information (Continued)**

## (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>
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	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
<b>Total</b>	<b>669</b>	<b>438</b>	<b>1,107</b>
Total assets after provision	19,434		
On-balance sheet exposures as percentage of total assets	3.44%		

**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 2023</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	14,116	277	3	213	2,353	5
Spot liabilities	(14,096)	(276)	(3)	(215)	(2,352)	(6)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	20	1	0	(2)	1	(1)
 <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

VI. Off-Balance Sheet Exposures			31 Dec 2023	30 Jun 2023
(i) Contingent liabilities and commitments	31 Dec 2023	30 Jun 2023		
A.Direct credit substitutes			1,397,089	704,139
Customers' liabilities under guarantee	1,397,089	704,139		
B.Transaction-related contingencies			0	0
C.Trade-related contingent items			316,697	372,451
Collection receivable for customers	125,930	166,886		
Customers' liabilities under L/C	186,046	199,632		
Customers' liabilities under guarantee (SG)	0	0		
Customers' liabilities under acceptance	4,721	5,933		
D.Sale and repurchase agreements			486,765	0
E.Other commitments				
With an original maturity of under 1 year available OD & loans limit			2,077,947	1,452,120
With an original maturity of over 1 year loans limit			1,200,500	1,555,782
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 2023	30 Jun 2023
Contract amounts :				
Interest rate contracts			0	0
Exchange rate contracts			0	0
			0	0
Replacement costs (of the above derivatives) :				
Interest rate contracts			0	0
Exchange rate contracts			0	0
			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</u> <u>year of 2023</u>	<u>For the</u> <u>year of 2022</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the</u> <u>year of 2023</u>	<u>For the</u> <u>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 Q3 (Calculation period : Jul ~ Sep 2023 , Jul ~ Sep 2022)	88.94%	61.60%
The average liquidity maintenance ratio for Q4 (Calculation period : Oct ~ Dec 2023 , Oct ~ Dec 2022)	88.23%	60.81%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2023 , Jan ~ Jun 2022)	66.83%	57.52%
The average liquidity maintenance ratio for H2 (Calculation period : Jul ~ Dec 2023 , Jul ~ Dec 2022)	88.59%	61.21%
The average liquidity maintenance ratio for Year (Calculation period : Jan ~ Dec 2023 , Jan ~ Dec 2022)	77.71%	59.36%

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=3.929)

I. Capital and Capital Adequacy	31 Dec 2023	30 Jun 2023
Consolidated capital adequacy ratio	14.46%	14.50%
Aggregate amount of shareholders' funds	292,756,825	278,767,660

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	31 Dec 2023	30 Jun 2023
Total assets	3,762,896,643	3,632,358,632
Total liabilities	3,534,214,350	3,418,749,646
Total net advances	2,272,317,920	2,120,251,815
Total customer deposits	3,066,338,593	2,917,698,384
	<u>Year to</u> <u>31 Dec 2023</u>	<u>Year to</u> <u>31 Dec 2022</u>
Pre-tax Profit	24,472,929	20,042,907

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



Chen, Ching Hsi

Vice President & General Manager

Date: 23 April 2024

## 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	21,543,452	6,291,981	873,024	6,899,671	2,660,598	1,761,042	923,191	0	0	0	78,150	2,055,795

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	3,717,469	1,536,468	499,573	39,853	59,284	210,322	129,745	8,336	22,006	23,281	1,188,601	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	21,620,505	9,863,663	1,850,732	1,623,605	924,851	876,485	666,716	2,834,636	1,863,177	865,231	223,409	28,000

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	3,153,022	101,484	13,622	53,758	519,910	382,394	310,116	308,510	158,986	103,464	1,200,778	0

Contractual Maturity Mismatch	2,136,698	491,757	491,757	(5,262,161)	(1,275,121)	(712,485)	(76,104)	3,134,810	2,000,157	945,414	157,436	
Cumulative Contractual Maturity Mismatch	2,136,698	2,628,455	2,628,455	(2,633,706)	(3,908,827)	(4,621,312)	(4,697,416)	(1,562,606)	437,551	1,382,965	1,540,401	