

Hua Nan Commercial Bank, Ltd.

Hong Kong Branch

Financial Information Disclosure Statements

For the year ended 31 Dec 2024

Section A-Branch Information

HKD'000

I. Income Statement Information			Year to	Year to
			31 Dec 2024	31 Dec 2023
Net interest income			620,579	605,816
Interest income			1,259,547	1,104,469
Interest expense			(638,968)	(498,653)
Other operating income			21,502	17,525
Gains less losses arising from trading in foreign currencies			8,093	5,121
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:	Year to	Year to	12,759	12,517
	31 Dec 2024	31 Dec 2023		
Income from fees and commission	14,732	14,508		
Less : fees and commission expenses	(1,973)	(1,991)		
Others			650	(113)
Operating expenses			(60,505)	(52,393)
Staff and rental expenses			(43,338)	(43,824)
Other expenses less fees and commission expenses			(17,167)	(8,569)
Provisions for bad and doubtful debts			(7,580)	3,807
Provisions for other			(480)	9,529
Provisions for impairment loss on assets			(939)	(121)
Profit before taxation			572,577	584,163
Tax expense			(92,006)	(95,298)
Profit after taxation			480,571	488,865

II. Balance Sheet Information	31 Dec 2024	30 Jun 2024
Assets		
Cash and short term fund (except those included in amount due from overseas offices)	1,505,483	1,824,226
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	1,332,034	796,136
Amount due from overseas offices of the institution	664	391,101
Trade bills	3,421	4,346
Certificates of deposit held	2,642,972	2,966,777
Advances to customers, banks and other financial institutions	7,427,266	7,965,753
Investment securities	8,620,664	8,779,486
Tangible fixed assets	17,407	19,461
Other assets and interest receivables	234,599	199,748
Total assets	<u>21,784,510</u>	<u>22,947,034</u>
Equity and Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,193,299	4,954,719
Deposits from customers	16,810,907	15,181,344
Demand deposits and current accounts	115,856	123,203
Savings deposits	4,866,492	5,058,183
Time, call and notice deposits	11,828,559	9,999,958
Amount due to overseas offices of the institution	114,523	242,466
Other liabilities and provisions	237,921	365,351
Total liabilities	<u>19,356,650</u>	<u>20,743,880</u>
Reserves and current profit	2,427,860	2,203,154
Total equity and liabilities	<u>21,784,510</u>	<u>22,947,034</u>

III. Additional Balance Sheet Information		31 Dec 2024	30 Jun 2024
(i) Advances and other accounts		31 Dec 2024	30 Jun 2024
<i>A. Advances to customers</i>			
Loans to finance imports to H.K. and exports and re-exports from H.K.		39,748	65,871
Other loans for use in H.K.		3,342,606	3,720,743
Other loans for use outside H.K.		2,229,778	2,197,687
<i>B. Advances to banks and other financial institutions</i>			
<i>C. Accrued interest and other accounts</i>			
Accrued interest		229,636	194,545
Other accounts:		4,963	5,203
	31 Dec 2024	30 Jun 2024	
Prepaid expenses	2,154	2,236	
Other accounts receivable	0	0	
Prepaid taxes	0	0	
Other prepayment	0	0	
Fair value adjustments on financial assets designated at fair value	0	0	
Forward exchange contract receivable	0	82	
Refundable deposits	2,337	2,308	
Computer software	472	577	
Gain from revaluation of securities	0	0	
<i>D. Provisions for bad and doubtful debts</i>			
Reserves for loans:			
General provisions		82,922	79,027
To customers		64,770	59,212
To country risk		0	0
To banks		18,152	19,815
Specific provisions		2,407	4,121
To customers		2,407	4,121
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 2024	0	0	0	0.00%	0	0
30 Jun 2024	0	0	0	0.00%	0	0

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

	<u>31 Dec 2024</u>			<u>30 Jun 2024</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	0		0	0		0
Market value of collateral held against the covered portion of all overdue advances	0			0		
Covered portion of all overdue advances	0			0		
Uncovered portion of all overdue advances	0			0		

III. Additional Balance Sheet Information (Continued)

31 Dec 2024

30 Jun 2024

(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
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
	<u>0</u>	<u>0</u>

Non-performing Loans31 Dec 202430 Jun 2024

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 2024		30 Jun 2024	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	3,342,606	395,277	3,720,743	564,448
a.Industrial,commercial and financial	3,342,606	395,277	3,720,743	564,448
Manufacturing	0	0	0	0
Property development	125,000	0	275,000	0
Property investment	143,883	0	507,633	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	451,111	289,387	414,328	247,318
Transport	904,387	0	734,260	0
Hotels,boarding houses & catering	0	0	31,500	0
Financial concerns	1,120,631	105,890	1,160,428	117,130
Stockbrokers	0	0	0	0
Others	0	0	0	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	39,748	19,626	65,871	28,109
C.Loans for use outside H.K.	2,229,778	428,550	2,197,687	446,107
Total	5,612,132	843,453	5,984,301	1,038,664

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

31 Dec 2024

30 Jun 2024

(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	3,272,319	3,736,115
<u>Taiwan</u> : Loans and advance to customers	50,898	64,636
Overdue loans	0	0
Non-performing loans	0	0
<u>China</u> : Loans and advance to customers	217,903	118,192

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 2024</u>						
1.Developed economies	4,187	2	1,172	626	0	5,987
2.Offshore centres	1,133	22	1,191	2,940	0	5,286
of which country: Hong Kong	1,133	22	1,191	2,420	0	4,766
3.Developing Latin America and Caribbean	352	0	0	0	0	352
4.Developing Africa and Middle East	1,173	0	456	250	0	1,879
5.Developing Asia-Pacific	5,738	1	745	594	0	7,078
of which country: Korea	2,356	0	487	0	0	2,843
Taiwan	935	0	0	42	0	977
China	622	1	121	104	0	848
6.International organisations	0	0	1,174	0	0	1,174
<u>As at 30 Jun 2024</u>						
1.Developing Asia-Pacific	6,766	1	630	624	0	8,021
of which country: Taiwan	838	0	0	53	0	891
China	1,698	1	0	120	0	1,819
2.Offshore centres	1,234	35	1,460	3,179	0	5,908
of which country: Hong Kong	1,234	35	1,349	2,730	0	5,348

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

IV. Segmental Information (Continued)

(v) Mainland activities exposures

<u>As at 31 Dec 2024</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	348	0	348
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	566	275	841
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	143	170	313
<u>Total</u>	1,057	445	1,502
Total assets after provision	21,696		
On-balance sheet exposures as percentage of total assets	4.87%		

<u>As at 30 Jun 2024</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	356	0	356
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	583	270	853
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	23	196	219
<u>Total</u>	962	466	1,428
Total assets after provision	22,861		
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 2024</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	14,236	261	6	156	2,283	5
Spot liabilities	(14,243)	(261)	(3)	(156)	(2,284)	(5)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	(7)	0	3	0	(1)	0
 <u>30 Jun 2024</u>	 <u>USD</u>	 <u>EUR</u>	 <u>GBP</u>	 <u>JPY</u>	 <u>CNY</u>	 <u>NZD</u>
Spot assets	15,846	261	3	198	1,886	5
Spot liabilities	(15,860)	(261)	(3)	(198)	(1,882)	(5)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	(14)	0	0	0	4	0

VI. Off-Balance Sheet Exposures		31 Dec 2024	30 Jun 2024	
(i) Contingent liabilities and commitments	<u>31 Dec 2024</u>	<u>30 Jun 2024</u>		
A.Direct credit substitutes			749,172	767,447
Customers' liabilities under guarantee	749,172	767,447		
B.Transaction-related contingencies			0	0
C.Trade-related contingent items			225,051	257,481
Collection receivable for customers	47,606	81,741		
Customers' liabilities under L/C	175,682	173,843		
Customers' liabilities under guarantee (SG)	0	0		
Customers' liabilities under acceptance	1,763	1,897		
D.Sale and repurchase agreements			34,000	0
E.Other commitments				
With an original maturity of under 1 year available OD & loans limit			1,594,812	2,030,963
With an original maturity of over 1 year loans limit			754,922	948,320
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 2024	30 Jun 2024
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</u> <u>year of 2024</u>	<u>For the</u> <u>year of 2023</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the</u> <u>year of 2024</u>	<u>For the</u> <u>year of 2023</u>
The average liquidity maintenance ratio for Q1 (Calculation period : Jan ~ Mar 2024 , Jan ~ Mar 2023)	81.53%	62.53%
The average liquidity maintenance ratio for Q2 (Calculation period : Apr ~ Jun 2024 , Apr ~ Jun 2023)	76.07%	71.14%
The average liquidity maintenance ratio for Q3 (Calculation period : Jul ~ Sep 2024 , Jul ~ Sep 2023)	86.54%	88.94%
The average liquidity maintenance ratio for Q4 (Calculation period : Oct ~ Dec 2024 , Oct ~ Dec 2023)	85.93%	88.23%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2024 , Jan ~ Jun 2023)	78.80%	66.83%
The average liquidity maintenance ratio for H2 (Calculation period : Jul ~ Dec 2024 , Jul ~ Dec 2023)	86.24%	88.59%
The average liquidity maintenance ratio for Year (Calculation period : Jan ~ Dec 2024 , Jan ~ Dec 2023)	82.52%	77.71%

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=4.222)

I. Capital and Capital Adequacy	31 Dec 2024	30 Jun 2024
Consolidated capital adequacy ratio	14.47%	13.77%
Aggregate amount of shareholders' funds	304,181,128	291,820,922

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 2024	30 Jun 2024
Total assets	4,122,302,201	4,051,179,112
Total liabilities	3,881,836,170	3,822,763,910
Total net advances	2,422,355,749	2,399,986,492
Total customer deposits	3,400,865,031	3,332,693,404
	<u>Year to</u> <u>31 Dec 2024</u>	<u>Year to</u> <u>31 Dec 2023</u>
Pre-tax Profit	26,571,704	24,472,929

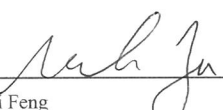
Declaration of Compliance

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.4 - 01.01.25) 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



Yu, Chi Feng

Vice President & General Manager

Date: 28 April 2025

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	<p>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.</p> <p>Appendix : The Branch has set interbank borrowings to single counterparty not more than HKD400 Million / CNY300Million.</p>

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	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	21,687,733	5,970,982	1,216,062	5,702,162	3,907,090	1,362,611	980,173	0	0	0	77,653	2,471,000

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	2,232,531	1,327,557	36,867	20,854	85,981	57,034	101,874	20,832	22,356	56,922	502,254	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	21,788,257	11,872,271	519,072	1,051,815	899,941	2,160,242	1,053,294	2,196,667	657,934	1,354,650	0	22,371

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	1,748,665	181,439	2,881	29,513	150,067	142,707	224,119	222,370	130,226	163,089	502,254	0

Contractual Maturity Mismatch	4,755,171	(730,976)	(4,641,688)	(2,943,063)	883,304	195,366	2,398,205	765,804	1,460,817	(77,653)	
Cumulative Contractual Maturity Mismatch	4,755,171	4,024,195	(617,493)	(3,560,556)	(2,677,252)	(2,481,886)	(83,681)	682,123	2,142,940	2,065,287	