

Hua Nan Commercial Bank, Ltd.

Hong Kong Branch

Financial Information Disclosure Statements

For the half year ended 30 June 2025

Section A-Branch Information

HKD'000

I. Income Statement Information		Half year to 30 Jun 2025	Half year to 30 Jun 2024
Net interest income		274,941	314,616
Interest income		538,585	639,526
Interest expense		(263,644)	(324,910)
Other operating income		9,715	11,190
Gains less losses arising from trading in foreign currencies		2,975	3,895
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 2025</u>	<u>Half year to</u> <u>30 Jun 2024</u>	
Income from fees and commission	7,642	7,676	6,721
Less : fees and commission expenses	(921)	(1,021)	6,655
Others		19	640
Operating expenses		(29,753)	(37,977)
Staff and rental expenses		(24,732)	(24,458)
Other expenses less fees and commission expenses		(5,021)	(13,519)
Provisions for bad and doubtful debts		23,342	(5,386)
Provisions for other		437	(493)
Provisions for impairment loss on assets		432	(588)
Profit before taxation		279,114	281,362
Tax expense		(46,100)	(46,700)
Profit after taxation		233,014	234,662

II. Balance Sheet Information	30 Jun 2025	31 Dec 2024
Assets		
Cash and short term fund (except those included in amount due from overseas offices)	3,744,192	1,505,483
Placements with banks and other financial institutions maturing between 1~12 months (except those included in amount due from overseas offices)	2,808,890	1,332,034
Amount due from overseas offices of the institution	314,735	664
Trade bills	2,536	3,421
Certificates of deposit held	1,098,141	2,642,972
Advances to customers, banks and other financial institutions	5,875,310	7,427,266
Investment securities	9,491,261	8,620,664
Tangible fixed assets	13,452	17,407
Other assets and interest receivables	163,978	234,599
Total assets	23,512,495	21,784,510
Equity and Liabilities		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices)	2,117,500	2,193,299
Deposits from customers	18,258,165	16,810,907
Demand deposits and current accounts	97,559	115,856
Savings deposits	5,174,644	4,866,492
Time, call and notice deposits	12,985,962	11,828,559
Amount due to overseas offices of the institution	214,582	114,523
Other liabilities and provisions	263,125	237,921
Total liabilities	20,853,372	19,356,650
Reserves and current profit	2,659,123	2,427,860
Total equity and liabilities	23,512,495	21,784,510

III. Additional Balance Sheet Information		30 Jun 2025	31 Dec 2024
(i) Advances and other accounts		30 Jun 2025	31 Dec 2024
<i>A. Advances to customers</i>			
Loans to finance imports to H.K. and exports and re-exports from H.K.		55,150	39,748
Other loans for use in H.K.		1,984,321	3,342,606
Other loans for use outside H.K.		1,884,823	2,229,778
<i>B. Advances to banks and other financial institutions</i>			
<i>C. Accrued interest and other accounts</i>			
Accrued interest		158,972	229,636
Other accounts:		5,006	4,963
	30 Jun 2025	31 Dec 2024	
Prepaid expenses	2,262	2,154	
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	0	
Refundable deposits	2,376	2,337	
Computer software	368	472	
Gain from revaluation of securities	0	0	
<i>D. Provisions for bad and doubtful debts</i>			
Reserves for loans:			
General provisions		59,858	82,922
To customers	40,348	64,770	
To country risk	0	0	
To banks	19,510	18,152	
Specific provisions		2,434	2,407
To customers	2,434	2,407	
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 2025	0	0	0	0.00%	0	0
31 Dec 2024	0	0	0	0.00%	0	0

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

	<u>30 Jun 2025</u>			<u>31 Dec 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)		30 Jun 2025	31 Dec 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
		0	0
		0	0
<u>Non-performing Loans</u>			
		<u>30 Jun 2025</u>	<u>31 Dec 2024</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 2025		31 Dec 2024	
	Amount	Amount covered by collateral	Amount	Amount covered by collateral
A.Loans for use in Hong Kong	1,984,321	427,015	3,342,606	395,277
a.Industrial,commercial and financial	1,984,321	427,015	3,342,606	395,277
Manufacturing	0	0	0	0
Property development	78,125	0	125,000	0
Property investment	103,883	0	143,883	0
Electricity and gas	0	0	0	0
Recreational activities	0	0	0	0
Information technology	385,413	0	597,594	0
Wholesale and retail trade	440,184	330,267	451,111	289,387
Transport	37,192	393	904,387	0
Hotels,boarding houses & catering	0	0	0	0
Financial concerns	939,524	96,355	1,120,631	105,890
Stockbrokers	0	0	0	0
Others	0	0	0	0
b.Individuals	0	0	0	0
Others	0	0	0	0
B.Trade finance	55,150	23,611	39,748	19,626
C.Loans for use outside H.K.	1,884,823	356,881	2,229,778	428,550
Total	3,924,294	807,507	5,612,132	843,453

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

30 Jun 2025

31 Dec 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	1,875,415	3,272,319
<u>Taiwan</u> : Loans and advance to customers	62,253	50,898
Overdue loans	0	0
Non-performing loans	0	0
<u>China</u> : Loans and advance to customers	222,845	217,903

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 2025</u>						
1.Developed economies	3,472	4	1,175	1,021	0	5,672
2.Offshore centres	1,133	15	210	2,098	0	3,456
of which country: Hong Kong	522	15	210	2,020	0	2,767
3.Developing Latin America and Caribbean	357	0	0	0	0	357
4.Developing Africa and Middle East	1,349	0	624	253	0	2,226
5.Developing Asia-Pacific	8,940	0	527	637	0	10,104
of which country: Korea	2,589	0	405	78	0	3,072
Taiwan	2,877	0	0	42	0	2,919
China	1,631	0	122	104	0	1,857
6.International organisations	0	0	1,662	0	0	1,662
<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

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 30 Jun 2025</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	372	163	535
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	532	273	805
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	248	28	276
Total	1,152	464	1,616
Total assets after provision	23,448		
On-balance sheet exposures as percentage of total assets	4.91%		

<u>As at 31 Dec 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	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
Total	1,057	445	1,502
Total assets after provision	21,696		
On-balance sheet exposures as percentage of total assets	4.87%		

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 2025</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>NZD</u>
Spot assets	16,294	351	3	158	1,681	5
Spot liabilities	(16,286)	(351)	(3)	(161)	(1,683)	(5)
Forward purchases	0	0	0	0	0	0
Forward sales	0	0	0	0	0	0
Net long (short) position	8	0	0	(3)	(2)	0
 <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

VI. Off-Balance Sheet Exposures			30 Jun 2025	31 Dec 2024
(i) Contingent liabilities and commitments	30 Jun 2025	31 Dec 2024		
A.Direct credit substitutes			672,771	749,172
Customers' liabilities under guarantee	672,771	749,172		
B.Transaction-related contingencies			0	0
C.Trade-related contingent items			102,043	225,051
Collection receivable for customers	68,227	47,606		
Customers' liabilities under L/C	21,149	175,682		
Customers' liabilities under guarantee (SG)	0	0		
Customers' liabilities under acceptance	12,667	1,763		
D.Sale and repurchase agreements			274,791	34,000
E.Other commitments				
With an original maturity of under 1 year available OD & loans limit			1,628,923	1,594,812
With an original maturity of over 1 year loans limit			360,967	754,922
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	30 Jun 2025	31 Dec 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 half year of 2025</u>	<u>For the half year of 2024</u>
The average liquidity coverage ratio	N/A	N/A
	<u>For the half year of 2025</u>	<u>For the half year of 2024</u>
The average liquidity maintenance ratio for Q1 (Calculation period : Jan ~ Mar 2025 , Jan ~ Mar 2024)	85.42%	81.53%
The average liquidity maintenance ratio for Q2 (Calculation period : Apr ~ Jun 2025 , Apr ~ Jun 2024)	87.36%	76.07%
The average liquidity maintenance ratio for H1 (Calculation period : Jan ~ Jun 2025 , Jan ~ Jun 2024)	86.39%	78.80%

LMR was complied in accordance with the Banking (Liquidity) Rules issued by the HKMA.

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).

Section B-Bank Information (Consolidated Basis)

(HKD/TWD=3.709)

I. Capital and Capital Adequacy	<u>30 Jun 2025</u>	<u>31 Dec 2024</u>
Consolidated capital adequacy ratio	15.24%	14.47%
Aggregate amount of shareholders' funds	296,953,915	304,181,128

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>30 Jun 2025</u>	<u>31 Dec 2024</u>
Total assets	4,061,595,131	4,122,302,201
Total liabilities	3,826,348,939	3,881,836,170
Total net advances	2,378,211,374	2,422,355,749
Total customer deposits	3,261,909,293	3,400,865,031
	<u>Half year to</u> <u>30 Jun 2025</u>	<u>Half year to</u> <u>30 Jun 2024</u>
Pre-tax Profit	13,846,181	12,760,941

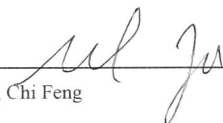
Declaration of Compliance

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: 15 September 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 overdraft 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	23,430,205	6,105,564	1,868,199	5,113,265	5,653,145	978,295	890,563	0	0	0	78,512	2,742,662

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	Over 5 years		
Total	1,983,791	1,204,074	7,094	66,040	61,520	50,920	72,958	20,600	20,413	58,416	421,756	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	Over 5 years		
Total	23,508,951	12,216,003	860,592	2,200,445	1,438,250	1,891,251	1,089,363	1,177,919	733,163	1,806,684	76,823	18,458

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	Over 5 years		
Total	1,714,121	57,403	18,213	71,162	183,174	273,736	161,559	186,457	132,904	178,271	451,242	0

Contractual Maturity Mismatch	4,963,768	(996,488)	(2,907,698)	(4,093,241)	1,135,772	287,401	1,343,776	845,654	1,926,539	27,797	
Cumulative Contractual Maturity Mismatch	4,963,768	3,967,280	1,059,582	(3,033,659)	(1,897,887)	(1,610,486)	(266,710)	578,944	2,505,483	2,533,280	