



Hong Kong Branch

Unaudited Disclosure Statement
as of 30 Jun, 2022

Statement of Compliance

We have prepared this unaudited Disclosure Statement of Industrial Bank of Korea, Hong Kong Branch ("the Branch") as of 30 Jun, 2022. It is compiled according to the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155M) effective from 1 January 2007.

As the Chief Executive of the Branch, I confirm, to the best of my knowledge, that the information contained in the Disclosure Statement is correctly compiled in accordance with the Banking (Disclosure) Rules requirement and consistent with the books and records of the Branch.

Industrial Bank of Korea, Hong Kong Branch

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a large 'A' and a horizontal line extending to the right.

Chief Executive
Hong Kong

Industrial Bank of Korea, Hong Kong Branch
Financial Disclosure as of 30 Jun, 2022
(Expressed In Hong Kong Dollars '000)

Income statement

as at	30 Jun, 2022	30 Jun, 2021
Income		
Interest Income	110,914	74,157
Interest Expenses	(47,013)	(23,948)
Net Interest Income	<u>63,901</u>	<u>50,209</u>
Gains Less Losses From Non-Trading Activities In Foreign Currencies	7,130	7,730
Gains Less Losses From Trading Interest Rate Derivatives	-	-
Gains Less Losses From Non-Trading Investments	36	4,005
Gains Less Losses From Foreign Exchange Operations and Non-Trading Investments	<u>7,166</u>	<u>11,735</u>
Income From Fees and Commissions	<u>15,149</u>	<u>16,639</u>
Other Income	<u>231</u>	<u>115</u>
Total Income	<u>86,447</u>	<u>78,698</u>
Expenses		
Staff Expenses	(6,348)	(5,952)
Office Expenses	(6,708)	(6,943)
Other Operating Expenses	(4,533)	(7,352)
Total Operating Expenses	<u>(17,589)</u>	<u>(20,247)</u>
Operating Profit Before Impairment Losses and Provisions	68,858	58,451
Impairment Losses and Provisions For Impaired Loans and Receivables	825	(2,129)
Operating Profit	<u>69,683</u>	<u>56,322</u>
Losses From Disposal of Fixed Assets	-	-
Profit Before Taxation	69,683	56,322
Tax Expenses	(6,971)	(10,378)
Profit After Taxation	<u>62,712</u>	<u>45,944</u>

Industrial Bank of Korea, Hong Kong Branch
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(Expressed In Hong Kong Dollars '000)

Balance Sheet

as at	30 Jun, 2022	31 Dec, 2021
Assets		
Cash and Balances With Financial Institutions	684,090	336,022
Placements With Financial Institutions		
Due Within 1 Month	1,451,631	868,102
Due Between 1 and 3 Months	1,543,146	2,904,778
Due More Than 3 Months	1,726,263	2,056,073
Total Placements With Financial Institutions	<u>4,721,040</u>	<u>5,828,953</u>
Amount Due From Overseas offices of The Institution	4,099,379	2,494,687
Trade Bills	363,073	149,405
Loans and Advances To Customers	5,283,081	4,911,994
Loans and Advances To Banks	625,786	564,563
Accrued Interest and Other Accounts	38,195	30,793
Impaired Loans and Advances	323	331
Provisions For Loans and Advances	(14,859)	(15,647)
	<u>5,932,526</u>	<u>5,492,034</u>
Investment Securities		
Available For Sales Securities	1,469,955	1,380,505
Property, Plant and Equipment and Investment Properties	14,179	20,184
Other Assets	473,411	420,631
Total Assets	<u>17,757,653</u>	<u>16,122,421</u>
Liabilities		
Deposits and Balances From Banks	10,066,871	8,527,743
Deposits From Customers		
Demand Deposits and Current Accounts	8,896	32,734
Savings Deposits	460,675	430,036
Time, Call and Notice Deposits	945,804	721,043
Total Deposits From Customers	<u>1,415,375</u>	<u>1,183,813</u>
Amount Due To Overseas offices of The Institution	5,753,988	5,822,574
Profit for the year	62,712	103,931
Reserve	(8,922)	6,111
Other Liabilities	467,629	478,249
Total Liabilities	<u>17,757,653</u>	<u>16,122,421</u>

Industrial Bank of Korea, Hong Kong Branch
Financial Disclosure as of 30 Jun, 2022
(Expressed In Hong Kong Dollars '000)

I Additional Balance Sheet Information

as at **30 Jun, 2022** **31 Dec, 2021**

Impaired Loans and Advances

To Customers	323	331
To Banks	-	-
	<u>323</u>	<u>331</u>

Overdue and Rescheduled Assets

To Customers	323	331
To Banks	-	-
	<u>323</u>	<u>331</u>

Breakdown of Loans and Advances to Customer By Industries
as at

	30 Jun, 2022	31 Dec, 2021
Total Loans and Advances For Use In Hong Kong	76,459	154,378
Trade Finance	19,231	19,324
Total Loans and Advances For Use Outside Hong Kong	<u>5,187,714</u>	<u>4,738,623</u>
Total Loans and Advances to Customers	<u><u>5,283,404</u></u>	<u><u>4,912,325</u></u>

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 (Expressed in Hong Kong Dollars, '000)

I Additional Balance Sheet Information (continued)

Breakdown of loans and advances to customer by geographical area
 as at 30 Jun, 2022

Countries	Gross Loans and Advances	Overdue Loans and Advances	Impaired Loans and Advances
China	254,561	-	-
Korea	3,503,703	-	-
Japan	-	-	-
Cayman Islands	-	-	-
Liberia	-	-	-
Malaysia	-	-	-
Panama	144,556	-	-
Philippines	-	-	-
Thailand	54,927	-	-
Vietnam	192,916	-	-
Others	1,132,741	-	323
Total	5,283,404	-	323

Breakdown of loans and advances to customer by geographical area
 as at 31 Dec, 2021

Countries	Gross Loans and Advances	Overdue Loans and Advances	Impaired Loans and Advances
China	183,155	-	-
Korea	3,117,443	-	-
Japan	-	-	-
Cayman Islands	-	-	-
Liberia	-	-	-
Malaysia	-	-	-
Panama	149,952	-	-
Philippines	-	-	-
Thailand	27,293	-	-
Vietnam	155,961	-	-
Others	1,278,520	-	331
Total	4,912,324	-	331

Industrial Bank of Korea, Hong Kong Branch
 Financial Disclosure as of 30 Jun, 2022
 (Expressed In Hong Kong Dollars '000)

I Additional Balance Sheet Information (continued)

Non-Bank Mainland China Exposure
 as at 30 Jun, 2022

Types of Counterparties	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	190,058	-	190,058
2. Local governments, local government-owned entities and their subsidiaries and JVs	81,958	-	81,958
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	317,718	-	317,718
4. Other entities of central government not reported in Item 1 above	22,792	-	22,792
5. Other entities of local government not reported in Item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	181,802	11,184	192,986
7. Other counterparties where the exposures are considered by the reporting Institution to be non-bank Mainland China	-	-	-
Total	794,328	11,184	805,512
Total assets after provision	17,757,653		
On-balance sheet exposures as percentage of total assets	4.47%		

Non-Bank Mainland China Exposure
 as at 31 Dec, 2021

Types of Counterparties	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	272,530	-	272,530
2. Local governments, local government-owned entities and their subsidiaries and JVs	111,893	-	111,893
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	171,864	-	171,864
4. Other entities of central government not reported in Item 1 above	24,508	-	24,508
5. Other entities of local government not reported in Item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	188,098	41,302	229,400
7. Other counterparties where the exposures are considered by the reporting Institution to be non-bank Mainland China	-	-	-
Total	768,893	41,302	810,195
Total assets after provision	16,122,421		
On-balance sheet exposures as percentage of total assets	4.77%		

Industrial Bank of Korea, Hong Kong Branch
 Financial Disclosure as of 30 Jun, 2022
 (Expressed In Hong Kong Dollars millions)

International claims are exposures to counterparties based on the location of the counterparties after taking into account any recognised risk transfer. International claims on individual geographical areas amounting to 10% or more of the total International claims are as follows:

II International claims
 as at 30 Jun, 2022

Counterparty country / Jurisdiction	Non-bank private sector					Total
	Banks	Official Sector	Non-bank financial	Non-financial private sector	Others	
Developed countries	1,549	-	-	307	-	1,856
Offshore centres and Caribbean	1,737	-	-	577	-	2,314
Developing Africa and Middle East	1,045	-	-	0	-	1,045
Developing Asia and Pacific	6,630	-	-	4,512	-	11,142
Of which Korea	6,049	-	-	3,546	-	9,595
	<u>10,961</u>	<u>-</u>	<u>-</u>	<u>5,396</u>	<u>-</u>	<u>16,357</u>

as at 31 Dec, 2021

Counterparty country / Jurisdiction	Non-bank private sector					Total
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	
Developed countries	1,270	-	-	192	-	1,462
Offshore centres and Caribbean	1,177	-	-	717	-	1,894
Developing Africa and Middle East	892	-	-	39	-	931
Developing Asia and Pacific	6,509	75	-	4,111	-	10,695
Of which Korea	5,381	-	-	3,157	-	8,538
	<u>9,848</u>	<u>75</u>	<u>-</u>	<u>5,059</u>	<u>-</u>	<u>14,982</u>

Industrial Bank of Korea, Hong Kong Branch
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(Expressed In Hong Kong Dollars '000)

III Currency Risk
as at 30 Jun, 2022

	USD	Other Currency	Total
Spot Assets	15,772,030	1,124,473	16,896,503
Spot Liabilities	16,557,567	35,868	16,593,435
Forward Purchases	1,951,711		1,951,711
Forward Sales	1,147,484	1,090,612	2,238,096
Net long /(short) position	<u>18,690</u>	<u>(2,007)</u>	<u>16,683</u>
Structural position	<u>-</u>	<u>-</u>	<u>-</u>

as at 31 Dec, 2021

	USD	Other Currency	Total
Spot Assets	14,418,521	1,211,020	15,629,541
Spot Liabilities	15,434,199	116,350	15,550,549
Forward Purchases	2,368,939		2,368,939
Forward Sales	1,344,052	1,094,631	2,438,683
Net long /(short) position	<u>9,209</u>	<u>39</u>	<u>9,248</u>
Structural position	<u>-</u>	<u>-</u>	<u>-</u>

Industrial Bank of Korea, Hong Kong Branch
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 (Expressed in Hong Kong Dollars '000)

IV Off-balance sheet exposures

The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding as at	30 Jun, 2022	31 Dec, 2021
Contingent liabilities and commitments		
Direct credit substitutes	-	3,889
Transaction-related contingencies	-	-
Trade-related contingencies	12,246	47,292
Note Issuance and revolving underwriting facilities	-	-
Other commitments	71,313	90,125

Contingent liabilities and commitments arises from credit-related instruments which include letter of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contract amounts represent the amounts at risk should the contract be fully drawn upon and the customers default. As the facilities may expire without being drawn upon, the contracts amounts do not represent expected future cash flows.

Derivative transactions		
Exchange rate-related derivative contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	1,434,260	1,223,449
Interest rate derivative contracts	832,451	1,244,491
Other	-	-
The total fair value of the above derivative transactions		
Exchange rate-related derivative contracts	27,626	28,840
Interest rate derivative contracts	22,691	(37,406)

No bilateral netting arrangements for the above derivative transactions.

Industrial Bank of Korea, Hong Kong Branch
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(Expressed In Percentage)

V Liquidity

Liquidity Risk Management

The Branch has established a Liquidity Risk Management Policy which is reviewed and approved by the senior management. This policy requires the Branch to maintain a conservative level of liquid funds on a daily basis to meet all financial obligations, and setup the action plan on liquidity contingency.

The liquidity position is monitored through statutory liquidity ratios, cash flow analysis, and inter-bank transactions undertaken by our Branch. The Branch also perform the testing on various type of stress scenarios on monthly basis according to our Liquidity Stress Testing Policy.

Average Liquidity Maintenance Ratio

Liquidity Maintenance Ratio ("LMR") is compiled in accordance with the Banking (Liquidity) Hong Kong Banking Ordinance, which became effective from 1 January 2015. The average liquidity maintenance ratio is calculated based on the arithmetic mean of the average value of the LMR reported in the liquidity position return by the Bank for each month during the reporting period.

	30 Jun, 2022	30 Jun, 2021
	(quarter ended)	(quarter ended)
LMR (%)	77.79%	223.47%

Industrial Bank of Korea, Hong Kong Branch
Financial Disclosure as of 30 Jun, 2022
(Expressed in Korean Won BILLION)

VI Bank information

The following table shows the consolidated capital adequacy ratio and the amount of shareholders' funds of Industrial Bank of Korea. The basis of preparation is in accordance with the Korean - International Financial Reporting Standards.

	30 Jun, 2022	31 Dec, 2021
Capital and Capital Adequacy		
Shareholder's equity	25,449.1	25,592.9
Capital adequacy ratio	14.84%	14.85%
Other Financial information		
Total assets	388,592.2	368,177.5
Total liabilities	363,143.1	342,584.6
Total loans and advances	283,766.0	271,750.9
Total deposits	156,211.9	153,165.3
	30 Jun, 2022	30 Jun, 2021
Pretax Profit	1,370.3	1,354.6

Industrial Bank of Korea, Hong Kong Branch

Disclosure on Remuneration for CG-5 Guideline on a Sound Remuneration System issued by the HKMA

Pursuant to section 3 of CG-5 Guideline on a Sound Remuneration System issued by the HKMA, the following disclosures are made:

The Bank adopts the remuneration policy and systems which are established by the Remuneration Committee of our Head Office for overseas branch. The objective of the remuneration policy is to attract, motivate reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

The Remuneration Committee reviews the performance of management and directors over the past fiscal year and settles on remuneration that is proportionate to the individual's responsibilities. It also make sure that the remuneration is on a proper level that improves the long-term interests of the Bank and its shareholders.