

O-BANK CO., LTD.  
HONG KONG BRANCH  
(Incorporated in Taiwan with limited liability)

Financial Disclosure Statement  
For the Year Ended 31 December 2023

## I. Profit and Loss Information

	For the period 1 Jan 2023 to 31 Dec 2023 HK\$'000	For the period 1 Jan 2022 to 31 Dec 2022 HK\$'000
Interest income	1,025,703	455,447
Interest expense	(620,313)	(162,741)
Other operating income		
- Gains less losses arising from trading in foreign currencies	99,622	69,829
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	28,239	23,873
- Fees and commission income	29,650	25,967
- Fees and commission expenses	(1,411)	(2,094)
- Others	(3,889)	5,065
Total operating income	529,362	391,473
Operating expenses		
- Rental expenses	(12,472)	(13,344)
- Staff expenses	(60,780)	(52,028)
- Other operating expenses	(81,227)	(59,710)
Total operating expenses	(154,479)	(125,082)
Impairment losses and provisions for impaired loans and receivables	(48,497)	(37,790)
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	326,386	228,601
Tax expense	(56,156)	(37,330)
Profit after taxation	270,230	191,271

## II. Balance Sheet Information

	As at 31 Dec 2023 HK\$'000	As at 30 June 2023 HK\$'000
<b>Assets</b>		
Cash and balances with banks	2,039,878	2,202,291
Amount due from Exchange Fund repayable or callable within one month	31,847	27,312
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	-	-
Amount due from overseas offices	1,663,317	1,292,651
Trade bills	-	-
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables and other accounts	11,759,386	10,931,487
Investment securities	2,226,285	2,553,236
Other investments	-	-
Property, plant and equipment	4,671	3,941
Right-of-use assets, net	10,974	15,553
Total assets	17,736,358	17,026,471
<b>Equity and liabilities</b>		
Deposit and balances from banks	195,000	150,000
Deposit from customers	15,150,151	14,277,046
- Demand deposit and current accounts	381,215	513,564
- Savings deposits	2,121,172	2,249,562
- Time, call and notice deposits	12,647,764	11,513,920
Amounts due to overseas offices	1,151,587	1,547,806
Certificates of deposit issued	-	-
Issued debt securities	-	-
Lease liabilities	11,624	16,255
Other liabilities	1,030,678	991,452
Total liabilities	17,539,040	16,982,559
Reserves	197,318	43,912
Total Equity and Liabilities	17,736,358	17,026,471

### III. Additional Balance Sheet Information

#### (i) Loans and receivables and other accounts

	As at 31 Dec 2023 HK\$'000	As at 30 Jun 2023 HK\$'000
- Loans and advances to customers	11,719,025	10,887,960
- Loans and advances to banks	-	-
- Accrued interests and other accounts	187,827	186,082
	<u>11,906,852</u>	<u>11,074,042</u>
Less: - Collective impairment allowances	(129,275)	(120,646)
<i>Loans and advances to customers</i>	(126,351)	(118,110)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(2,924)	(2,536)
- Individual impairment allowances	(18,191)	(21,909)
<i>Loans and advances to customers</i>	(18,191)	(21,909)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	-	-
	<u>(147,466)</u>	<u>(142,555)</u>
	<u>11,759,386</u>	<u>10,931,487</u>

**(ii) Analysis of gross amount of loans and advances to customers by industry**

	As at 31 Dec 2023		As at 30 Jun 2023	
	Outstanding Balance HK\$'000	Covered by Collateral or other security HK\$'000	Outstanding Balance HK\$'000	Outstanding Balance HK\$'000
Loans and advances for use in Hong Kong				
<i>Industrial, commercial and financial sectors:</i>				
- Property development	1,608,068	1,304,336	1,314,604	997,369
- Property investment	189,723	189,723	554,024	516,389
- Financial concerns	4,068,270	3,481,258	3,308,098	2,588,585
- Stockbrokers	10,000	-	70,000	35,000
- Wholesale and retail trade	860,648	594,513	884,352	588,862
- Manufacturing	336,193	179,327	360,553	198,678
- Transport and transport equipment	100,000	100,000	100,000	100,000
- Recreational activities	-	-	-	-
- Information technology	107,580	107,580	116,390	116,390
- Others	1,151,456	824,799	865,912	638,514
<i>Individuals:</i>				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-	-	-
- Loans for the purchase of other residential properties	-	-	-	-
- Credit card advances	-	-	-	-
- Others	-	-	-	-
Trade finance	49,898	20,595	71,921	22,474
Loans and advances for use outside Hong Kong	3,237,189	2,097,832	3,242,106	2,130,116
Total	11,719,025	8,899,963	10,887,960	7,932,377



**(iii) Analysis of gross amount of loans and advances to customers by geographical segments**

**(a) Gross amount of loans and advances to customers by major countries or geographical areas**

The following geographical analysis of gross loans and advances to customers is classified in accordance with the location of the counterparties after taking into account the transfer of risk in respect of such loans and advances where appropriate. In general, such transfer of risk takes place if the loans or advances of a customer are guaranteed by a party in a country, which is different from that of the customer. A country or geographical segment, to which not less than 10% of the Branch's total amount of loans and advances to customers are attributable after taking into account any recognized risk transfer, is disclosed below:

	As at 31 Dec 2023	As at 30 Jun 2023
	HK\$'000	HK\$'000
Hong Kong	10,518,378	9,458,972

**(b) Impaired loans and advance to customers by countries or geographical area**

	As at 31 Dec 2023	As at 30 Jun 2023
	HK\$'000	HK\$'000
Macau	36,383	36,383
Hong Kong	-	11,894

**(c) Gross amount of overdue loans and advance to customers by countries or geographical area**

	As at 31 Dec 2023	As at 30 Jun 2023
	HK\$'000	HK\$'000
Macau	36,383	36,383
Hong Kong	-	11,894

**(iv) Individual impaired loans and advances to customers**

	As at 31 Dec 2023 HK\$'000	As at 30 Jun 2023 HK\$'000
- Individual impaired loans and advances	36,383	48,277
- Individual impairment allowances	18,191	21,909
- Collateral value- covered portion	36,383	36,383
- Percentage to total loans and advances to customers	0.31%	0.44%

**(v) Overdue loans and advances to customers**

	Outstanding balance HK\$'000	% to total loans and advances to customers HK\$'000	Individual impairment allowances HK\$'000	Collateral value HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000
<b>As at 31 Dec 2023</b>						
-More than 3 months but not more than 6 months	-	0.00%	-	-	-	-
-More than 6 months but not more than one year	-	0.00%	-	-	-	-
-More than one year	36,383	0.31%	18,191	70,000	36,383	-
<b>Total</b>	<b>36,383</b>	<b>0.31%</b>	<b>18,191</b>	<b>70,000</b>	<b>36,383</b>	<b>-</b>

	Outstanding balance HK\$'000	% to total loans and advances to customers HK\$'000	Individual impairment allowances HK\$'000	Collateral value HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000
<b>As at 30 Jun 2023</b>						
-More than 3 months but not more than 6 months	-	0.00%	-	-	-	-
-More than 6 months but not more than one year	11,894	0.11%	8,346	-	-	11,894
-More than one year	36,383	0.33%	13,563	70,000	36,383	-
<b>Total</b>	<b>48,277</b>	<b>0.44%</b>	<b>21,909</b>	<b>70,000</b>	<b>36,383</b>	<b>11,894</b>

There were no overdue loans and advances to banks and financial institutions as at 31 December 2023 and 30 June 2023.

#### (vi) Rescheduled loans and advances to customers

	As at 31 Dec 2023		As at 30 Jun 2023	
	Gross amount HK\$'000	% to total loans and advances to customers HK\$'000	Gross amount HK\$'000	% to total loans and advances to customers HK\$'000
-Rescheduled loans and advances to customers	-	0.00%	11,894	0.11%
<b>Total</b>	<b>-</b>	<b>0.00%</b>	<b>11,894</b>	<b>0.11%</b>

There were no rescheduled loans and advances to banks and financial institutions as at 31 December 2023 and 30 June 2023.



**(vii) Other advances**

	As at 31 Dec 2023 HK\$'000	As at 30 Jun 2023 HK\$'000
<b>Gross trade bills:</b>		
- Overdue more than 3 months but not more than 6 months	-	-
- Overdue more than 6 months but not more than 1 year	-	-
- Overdue more than 1 year	-	-
Total	-	-

	As at 31 Dec 2023 HK\$'000	As at 30 Jun 2023 HK\$'000
<b>Gross debt securities:</b>		
- Overdue more than 3 months but not more than 6 months	-	-
- Overdue more than 6 months but not more than 1 year	-	-
- Overdue more than 1 year	-	-
Total	-	-

**(viii) Repossessed assets**

There were no repossessed assets held by Hong Kong Branch as at 31 December 2023 and 30 June 2023.

**(ix) International claims**

International claims by country or geographical segment is based on the physical location of the counterparty in which not less than 10% of total international claims (including Hong Kong) after taking into account the transfer of risks. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country, which is different from that of the counterparty, or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks	Official sector	Non-bank financial institutions	Non-bank private sector Non-financial private sector	Others	Total
	HK\$ million					
<u>As at 31 December 2023</u>						
Offshore centres						
- Hong Kong SAR	212	66	182	628	-	1,088
Developing Asia and Pacific						
- Taiwan	3,402	-	-	297	-	3,699

As at 30 June 2023

Offshore centres						
- Hong Kong SAR	149	65	182	732	-	1,128
Developing Asia and Pacific						
- Taiwan	3,198	-	-	426	-	3,624

**(x) Currency risk**

	USD	GBP	JPY	EUR	CNY	CAD	AUD	Others	Total
	HK\$ million								
<u>As at 31 December 2023</u>									
Spot assets	5,226	2	382	41	222	2	1,303	-	7,178
Spot liabilities	(10,137)	(17)	(81)	(24)	(463)	(10)	(689)	(1)	(11,422)
Forward purchases	8,945	376	914	248	1,339	8	233	1	12,064
Forward sales	(3,211)	(361)	(1,214)	(264)	(1,077)	-	(834)	-	(6,961)
Net options position	-	-	-	-	-	-	-	-	-
Net long / (short) position	823	-	1	1	21	-	13	-	859
Net structural position	-	-	-	-	-	-	-	-	-
<u>As at 30 June 2023</u>									
Spot assets	5,513	2	77	16	286	18	1,276	2	7,190
Spot liabilities	(10,249)	(2)	(77)	(55)	(483)	(18)	(784)	(3)	(11,671)
Forward purchases	8,733	964	758	694	1,066	-	13	1	12,229
Forward sales	(3,632)	(964)	(758)	(654)	(853)	-	(498)	-	(7,359)
Net options position	-	-	-	-	-	-	-	-	-
Net long / (short) position	365	-	-	1	16	-	7	-	389
Net structural position	-	-	-	-	-	-	-	-	-

**(xi) Non-bank Mainland exposures**

	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK'000	Total exposure HK'000
<u>As at 31 December 2023</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	444,357	2,206,098	2,650,455
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments 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	1,660,087	231,617	1,891,704
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	68,752	133,000	201,752
<b>Total</b>	<b>2,173,196</b>	<b>2,570,715</b>	<b>4,743,911</b>
Total assets after provision	17,736,358		
On-balance sheet exposures as percentage of total assets	12.25%		

As at 30 June 2023

1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	308,941	2,432,999	2,741,940
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments 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	1,711,463	326,010	2,037,473
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	102,890	154,843	257,733
<b>Total</b>	<b>2,123,294</b>	<b>2,913,852</b>	<b>5,037,146</b>
Total assets after provision	17,026,471		
On-balance sheet exposures as percentage of total assets	12.47%		



#### IV. Off-balance Sheet Exposures (other than derivative transaction)

	As at 31 Dec 2023 HK\$'000	As at 30 Jun 2023 HK\$'000
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	148,371	156,685
Transaction-related contingencies	4,464	1,698
Trade-related contingencies	76,288	47,523
Note issuance and revolving underwriting facilities	-	-
Other commitments	709,778	1,160,987
Others	-	-
	<u>938,901</u>	<u>1,366,893</u>

#### V. Derivative Transactions

	As at 31 Dec 2023 HK\$'000	As at 30 Jun 2023 HK\$'000
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	12,164,226	12,337,018
Interest rate derivative contracts	-	-
Others	-	-
	<u>12,164,226</u>	<u>12,337,018</u>
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	27,226	42,048
Interest rate derivative contracts	-	-
Others	-	-
	<u>27,226</u>	<u>42,048</u>
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	45,750	30,848
Interest rate derivative contracts	-	-
Others	-	-
	<u>45,750</u>	<u>30,848</u>

None of the above derivatives contracts are subject to the bilateral netting arrangements.

## **LIQA – Liquidity Risk Management**

### **a. Governance of liquidity risk management**

The management of liquidity risk within O-Bank is undertaken within a formal governance structure. The Board is ultimately responsible for the liquidity risk, which includes establishing the liquidity risk tolerance, the liquidity risk appetite and strategy, and ensuring that it is clearly articulated and communicated to all levels of management.

The Asset and Liability Management Committee (ALCO) is chaired by the Chief Executive Officer. Its members include Head of Business Strategy Division, Head of Financial Market Division, Head of Financial Business Division, Head of Overseas Branch, Head of Operation Management Division, Head of Risk Management Division and Head of Financial & Accounting Department. ALCO is responsible for reviewing liquidity management policies/liquidity risk management and limits to be proposed to the Board, and ensuring that these policies and limits are cascaded to the business unit and properly monitored by Treasury and Risk departments/Risk management department.

The Treasury department has the overall responsibility for the daily management of the Bank's funding and liquidity positions, and liquidity limits within the Board's approved limits.

Risk management department is responsible for planning, measuring, and monitoring the liquidity risk with limits management of the entire bank (including this branch). Risk management department should report to ALCO and the Board periodically and whenever/wherever necessary, so that they are aware of the situation of the Hong Kong liquidity risk exposure.

Operation department of the Branch is responsible for submitting all regulatory liquidity risk management returns to the HKMA in accordance to HKMA regulations.

O-Bank has established various liquidity risk monitoring targets (e.g. LMR and CNMM). These various target limits are established in consideration of regulatory requirements, funding needs and the overall business strategies of the Bank.

The Branch has adopted the liquidity maintenance ratio (LMR) requirement in accordance with Banking (Liquidity) Rules starting 1 January 2015 onwards and complies with the minimum requirement of 25% as stipulated by the Hong Kong Monetary Authority (HKMA). On daily basis, the Branch's Finance team calculates the liquidity maintenance ratio, in accordance with the Banking Ordinance, and reports to Treasury department and Risk management department. The Branch also performs cash flow projections and stress testing to identify liquidity risk exposures and possible impact on monthly basis.



## **b. Funding strategy**

Treasury department plans its cash flow and monitors closely every business transaction to ensure that available funds are sufficient to meet business requirements at all times.

In terms of day-to-day liquidity management, Treasury department ensures sufficient funding to meet its intraday payments and all settlement obligations on a timely basis.

The process of managing liquidity risk includes:

- Maintaining sufficient amounts as unencumbered high quality liquidity buffer - a protection against any unforeseen interruptions to cash flow;
- Managing short-term and long-term cash flows via maturity mismatch report and various indicators;
- Monitoring depositor concentration at Bank level to avoid undue reliance on large fund providers;
- Diversifying funding sources to ensure proper funding mix;

Forward looking liquidity mechanism is in place to promote efficient and effective cash flow management while avoiding excessive concentration of funding. Derivatives instruments such as interest rate swaps and cross currency swaps are used to manage and hedge market risk exposures against fluctuation in interest rates and foreign exchange.

## **c. Liquidity risk mitigation techniques**

O-Bank's strategy is to mitigate liquidity risk through the prudent implementation of various risk mitigation techniques such as:

- Holding high-quality liquid assets:

O-bank maintains a sufficient high-quality liquefiable assets portfolio. The portfolio mainly includes cash, government bonds and other high-quality liquefiable assets, denominated in multiple currencies and with different maturities. The size of the portfolio is determined by the size of the stress outflows and in full compliance with regulatory guidelines, ensuring that the Group is able to meet its obligations as they fall due even in the event of a sudden and potentially protracted increase in net cash outflows.

- Diversification of funding sources:

Through implementing strategies to diversify funding sources across entities and on different maturities.

- Increase Market access:

The Group has lines of credit in place that it can access to meet liquidity needs.

## **d. Liquidity stress testing**

The liquidity stress tests in considerations of actual and potential factors assess the outflows of funding under a range of scenarios. Based on these needs, the Bank will determine the size of the liquidity buffer that is required to meet anticipated outflows when a stress occurs. If the result of stress tests reaches the alert limit, ALCO will discuss the action plan to prepare in advance.

## **e. Contingency funding plan**

O-Bank maintains a contingency funding plan that details how liquidity stress events of varying severity would be managed. As the precise nature of any stress event cannot be predicted, the plan is designed to provide a menu of options that could be used as appropriate at the time. The plan is part of the liquidity risk policy approved by the board of directors. ALCO monitors early warning indicators for potential liquidity risk and would activate the contingency funding plan as and when appropriate.

## Additional quantitative disclosures

### f. Liquidity gap

	HKD in thousand					
	Less than 8 days	8 - 30 days	31 - 90 days	91 - 180 days	181 - 360 days	Over 1 years
Assets	9,748,143	13,264,585	3,775,596	351,254	504,711	1,162,890
Liabilities	7,193,589	8,962,595	8,324,146	1,279,468	686,566	2,228,545
Off Balance Sheet Commitments	19,187	63,042	164,459	246,688	387,967	-
Liquidity Gap	2,535,367	4,238,948	(4,713,009)	(1,174,902)	(569,822)	(1,065,655)

O-bank monitors and measures its liquidity positions by using liquidity gaps for various buckets and in particular monitoring intraday positions. In the above table, cash inflows and outflows are bucketed based on contractual maturities, in which exposures with no maturity are slotted into over 1 year bucket. The liquidity gaps is managed by Treasury department and monitored by Risk management department.

### g. Concentration limits on collateral pools and sources of funding

O-bank only accepts high quality liquidity assets (i.e. Level 1 assets) as collateral for lending with certain haircuts to ensure their credit quality and eliminate default risk.

O-bank does not impose hard limits on funding composition and concentrations, given the nature of funding mix in the Taiwan banking system and the Taiwanese banks in Hong Kong. They are the Bank's main counterparties of interbank lending and borrowing. However, soft limits are imposed on interbank borrowing line usage cap, deposit concentrations, and daily wholesale funding maturity concentration. These soft limits are cautiously managed by the Treasury department. Key measures are monthly reported prudently to ALCO.

### h. Liquidity exposures and funding needs at the level of the Branch, taking into account legal, regulatory and operational limitations on the transferability of liquidity

Funding needs of O-bank's foreign branch (now the Hong Kong Branch only), are determined and managed at the branch level. To ensure that O-bank supports the liquidity position of the Branch efficiently in times of stress events, it sets limits on lines of funding available to the Branch based on the budget, statutory requirements, and liquidity needs. These limits are reviewed on an annual basis and approved by the Board.



## VI. Liquidity

The Branch has adopted the liquidity maintenance ratio (LMR) requirement in accordance with Banking (Liquidity) Rules starting 1 January 2015 onwards and complies with the minimum requirement of 25% as stipulated by the Hong Kong Monetary Authority (HKMA).

Average LMR is calculated as the simple average of each month's average liquidity maintenance ratio for the financial year.

	For the period 1 Oct 2023 to 31 Dec 2023 <sup>1</sup>	For the period 1 Oct 2022 to 31 Dec 2022 <sup>2</sup>
Average Liquidity Maintenance Ratio	50.51%	51.68%

<sup>1</sup> The average LMR of financial year 2023 is calculated as the simple average of each month's average liquidity maintenance ratio of the fourth quarter of the financial year 2023.

<sup>2</sup> The average LMR of financial year 2022 is calculated as the simple average of each month's average liquidity maintenance ratio of the fourth quarter of the financial year 2022.

HK Branch's ALCO is responsible for supervising the overall monitoring and control of the Branch's liquidity. Its members include Chief Executive, Head of Treasury Department, Head of Risk Management Department and Head of Operation Department. The management of liquidity is in compliance with the Branch's Liquidity Management Policy to ensure compliance with local regulatory requirements and limits set by Board of Directors.

On daily basis, Finance team calculates the liquidity maintenance ratio, in accordance with the Banking Ordinance, and reports to Treasury Department and Risk Management Department. Liquidity risk is managed on a weekly basis by establishing liquidity risk management indicators and limits to identify, measure, monitor and control the liquidity risk. The Branch also performs cash flow projections and stress testing to identify liquidity risk exposures and possible impact on monthly basis.

## VII. IFRS 16 “Lease”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations.

### Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

### The Bank as lessee

Upon initial application of IFRS 16, the Bank will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Bank will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Bank anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

The Bank expects to apply the following practical expedients:

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. All right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Which is applied, the Bank applies IAS 36 to all right-of-use assets.

- a) The Bank will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Bank will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

For leases currently classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 will be determined as at the carrying amounts of the respective leased assets and finance lease payables as of December 31, 2018.

Right-of-use assets

	<b>As at 31 Dec 2023</b>	<b>As at 30 Jun 2023</b>
	HK\$'000	HK\$'000
<i>Carrying amount of Right-of-use assets</i>		
Buildings	27,385	27,385
<i>Depreciation charges for right-of-use assets</i>		
Buildings	(16,411)	(11,832)

Lease liabilities

	<b>As at 31 Dec 2023</b>	<b>As at 30 Jun 2023</b>
	HK\$'000	HK\$'000
Carrying amount of lease liabilities	11,624	16,255



## VIII. Consolidated Bank Information

	As at 31 Dec 2023 <sup>1</sup> (Audited) NT\$'000	As at 30 Jun 2023 <sup>2</sup> (Audited) NT\$'000
<b>(i) Capital and Capital adequacy</b>		
Consolidated Amount of Shareholders funds	58,517,746	55,510,184
Consolidated Capital Adequacy Ratio*	13.97%	13.10%
<b>(ii) Other Financial Information</b>		
Total assets	626,749,001	603,136,976
Total liabilities	568,231,255	547,626,792
Total loans and advances	222,933,448	218,849,687
Total customer deposits	316,562,298	316,788,594
	For the period 1 Jan 2023 to 31 Dec 2023 <sup>1</sup> (Audited) NT\$'000	For the period 1 Jan 2022 to 31 Dec 2022 <sup>3</sup> (Audited) NT\$'000
Pre-tax Profit	4,028,740	6,617,226

<sup>1</sup> The figures for the year ended 31 December 2023 are extracted from the audited Consolidated Financial Statements of the Bank.

<sup>2</sup> The interim figures for the period ended 30 June 2023 are extracted from the audited Consolidated Financial Statements of the Bank.

<sup>3</sup> The figures for the year ended 31 December 2022 are extracted from the audited Consolidated Financial Statements of the Bank.

\* The consolidated capital adequacy ratio is calculated in accordance Basel requirements.



## IX. Disclosure of Remuneration Policy

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5) Guideline on Sound Remuneration System. For Hong Kong branch, the remuneration information of the senior management and key personnel are listed as below:

	Senior management	Key personnel
	HK\$'000	HK\$'000
<u>As at 31 December 2023</u>		
Number of employees	3	3
Fixed remuneration	2,886	2,477
Number of employees	3	3
Variable remuneration	804	1,365
Total remuneration	<u>3,690</u>	<u>3,842</u>
	Senior management	Key personnel
	HK\$'000	HK\$'000
<u>As at 31 December 2022</u>		
Number of employees	3	3
Fixed remuneration	2,670	2,037
Number of employees	3	3
Variable remuneration	524	917
Total remuneration	<u>3,194</u>	<u>2,954</u>

## **X. Statement of Compliance**

This 2023 Financial Disclosure Statement contains all disclosures required by the Banking (Disclosure) Rules and the Supervisory Policy Manual: Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

This information contained in the disclosure statement is not false or misleading in any respect, and that the operations of the Bank are clearly explained.



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CHEN Hsiung Jung  
Chief Executive  
O-Bank Co., Ltd. Hong Kong Branch  
(incorporated in Taiwan with limited liability)