

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

Interim Financial Disclosure Statement  
For the Half Year Ended 30 June 2022

## I. Profit and Loss Information

	For the period 1 Jan 2022 to 30 Jun 2022 HK\$'000	For the period 1 Jan 2021 to 30 Jun 2021 HK\$'000
Interest income	147,064	117,619
Interest expense	(28,957)	(20,286)
Other operating income		
- Gains less losses arising from trading in foreign currencies	40,485	34,121
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	19,259	17,004
- <i>Fees and commission income</i>	20,354	18,116
- <i>Fees and commission expenses</i>	(1,095)	(1,112)
- Others	3,118	2,566
Total operating income	180,969	151,024
Operating expenses		
- Rental expenses	(7,031)	(7,647)
- Staff expenses	(24,666)	(22,842)
- Other operating expenses	(25,677)	(27,720)
Total operating expenses	(57,374)	(58,209)
Impairment losses and provisions for impaired loans and receivables	(23,503)	637
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	100,092	93,452
Tax expense	(19,241)	(15,221)
Profit after taxation	80,851	78,231

## II. Balance Sheet Information

	As at 30 June 2022 HK\$'000	As at 31 Dec 2021 HK\$'000
<b>Assets</b>		
Cash and balances with banks	1,207,101	565,708
Amount due from Exchange Fund repayable or callable within one month	75,319	77,625
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	1,098,300	2,183,098
Trade bills	-	22,163
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables and other accounts	8,969,662	7,434,458
Investment securities	2,314,779	2,584,559
Other investments	-	-
Property, plant and equipment	5,815	6,770
Right-of-use assets, net	3,560	8,642
<b>Total assets</b>	<b>13,674,536</b>	<b>12,883,023</b>
<b>Equity and liabilities</b>		
Deposit and balances from banks	350,000	-
Deposit from customers	11,980,238	11,687,731
- Demand deposit and current accounts	933,652	809,699
- Savings deposits	3,654,465	4,890,390
- Time, call and notice deposits	7,392,121	5,987,642
Amounts due to overseas offices	1,199,827	958,549
Certificates of deposit issued	-	-
Issued debt securities	-	-
Lease liabilities	3,699	9,073
Other liabilities	142,773	91,054
<b>Total liabilities</b>	<b>13,676,537</b>	<b>12,746,407</b>
Reserves	(2,001)	136,616
<b>Total Equity and Liabilities</b>	<b>13,674,536</b>	<b>12,883,023</b>

### III. Additional Balance Sheet Information

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

	As at 30 Jun 2022 HK\$'000	As at 30 Dec 2021 HK\$'000
- Loans and advances to customers	8,982,579	7,438,585
- Loans and advances to banks	-	-
- Accrued interests and other accounts	114,614	99,588
	<u>9,097,193</u>	<u>7,538,173</u>
Less: - Collective impairment allowances	(102,419)	(84,402)
<i>Loans and advances to customers</i>	(99,309)	(81,464)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(3,110)	(2,938)
- Individual impairment allowances	(25,112)	(19,313)
<i>Loans and advances to customers</i>	(19,360)	(13,564)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(5,752)	(5,749)
	<u>(127,531)</u>	<u>(103,715)</u>
	<u>8,969,662</u>	<u>7,434,458</u>

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

	As at 30 Jun 2022		As at 31 Dec 2021	
	Outstanding Balance HK\$'000	Covered by Collateral or other security HK\$'000	Outstanding Balance HK\$'000	Covered by Collateral or other security HK\$'000
Loans and advances for use in Hong Kong				
<i>Industrial, commercial and financial sectors:</i>				
- Property development	472,000	332,000	414,472	324,472
- Property investment	651,903	570,268	449,682	374,282
- Financial concerns	2,236,934	1,557,244	1,687,960	1,314,019
- Stockbrokers	100,000	45,000	70,000	35,000
- Wholesale and retail trade	791,036	512,741	698,617	471,054
- Manufacturing	476,345	322,118	570,238	395,003
- Transport and transport equipment	112,363	112,363	112,714	112,714
- Recreational activities	-	-	-	-
- Information technology	120,950	108,750	120,950	90,050
- Others	753,868	297,763	744,940	464,853
<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	118,376	46,756	143,623	62,040
Loans and advances for use outside Hong Kong	3,148,804	1,532,030	2,425,389	1,275,318
<b>Total</b>	<b>8,982,579</b>	<b>5,437,033</b>	<b>7,438,585</b>	<b>4,918,805</b>

**(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 30 Jun 2022	As at 31 Dec 2021
	HK\$'000	HK\$'000
Hong Kong	7,938,723	6,945,391

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

	As at 30 Jun 2022	As at 31 Dec 2021
	HK\$'000	HK\$'000
Macau	36,383	36,383
Hong Kong	27,991	25,837

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

	As at 30 Jun 2022	As at 31 Dec 2021
	HK\$'000	HK\$'000
Macau	36,383	36,383
Hong Kong	27,991	25,837

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

	As at 30 Jun 2022	As at 31 Dec 2021
	HK\$'000	HK\$'000
- Individual impaired loans and advances	64,374	62,220
- Individual impairment allowances	19,360	13,564
- Collateral value- covered portion	36,383	62,220
- Percentage to total loans and advances to customers	0.72%	0.84%

**(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><u>As at</u></b>						
<b><u>30 Jun 2022</u></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	0.41%	13,563	70,000	36,383	-
<b>Total</b>	<b>36,383</b>	<b>0.41%</b>	<b>13,563</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 31 Dec 2021</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	62,220	0.84%	13,564	182,500	62,220	-
<b>Total</b>	<b>62,220</b>	<b>0.84%</b>	<b>13,564</b>	<b>182,500</b>	<b>62,220</b>	<b>-</b>

There were no overdue loans and advances to banks and financial institutions as at 30 June 2022 and 31 December 2021.

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

	As at 30 Jun 2022		As at 30 Dec 2021	
	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%	-	0%
<b>Total</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>

There were no rescheduled loans and advances to banks and financial institutions as at 30 June 2022 and 31 December 2021.



**(vii) Other advances**

	As at 30 Jun 2022	As at 31 Dec 2021
	HK\$'000	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 30 Jun 2022	As at 31 Dec 2021
	HK\$'000	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 30 June 2022 and 31 December 2021.

**(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 financial	Others	Total
	HK\$ million					
<u>As at 30 June 2022</u>						
Offshore centres						
- Hong Kong SAR	516	67	71	1,331	-	1,985
Developing Asia and Pacific						
- Taiwan	1,491	-	-	360	-	1,851
<u>As at 31 December 2021</u>						
Offshore centres						
- Hong Kong SAR	236	76	43	1,203	-	1,558
Developing Asia and Pacific						
- Taiwan	2,184	-	-	152	-	2,336

(x) Currency risk

	USD	GBP	JPY	EUR	CNY	CAD	AUD	Others	Total
	HK\$ million								
<u>As at 30 June 2022</u>									
Spot assets	5,292	13	173	18	39	4	682	1	6,222
Spot liabilities	(9,132)	(15)	(176)	(19)	(599)	(4)	(236)	(2)	(10,183)
Forward purchases	6,835	248	1,075	90	1,114	46	15	40	9,463
Forward sales	(2,939)	(246)	(1,072)	(89)	(542)	(46)	(460)	(39)	(5,433)
Net options position	-	-	-	-	-	-	-	-	-
Net long / (short) position	56	-	-	-	12	-	1	-	69
Net structural position	-	-	-	-	-	-	-	-	-
<u>As at 31 December 2021</u>									
Spot assets	5,851	9	212	20	26	-	367	-	6,485
Spot liabilities	(7,977)	(10)	(211)	(20)	(1,056)	-	(245)	-	(9,519)
Forward purchases	7,874	1,379	781	581	1,650	94	215	8	12,582
Forward sales	(5,545)	(1,378)	(788)	(581)	(619)	(94)	(337)	(8)	(9,350)
Net options position	-	-	-	-	-	-	-	-	-
Net long / (short) position	203	-	(6)	-	1	-	-	-	198
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 30 June 2022</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	47,914	7,830	55,744
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	2,014,413	274,271	2,288,684
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	104,613	39,225	143,838
<b>Total</b>	<b>2,166,940</b>	<b>321,326</b>	<b>2,488,266</b>
Total assets after provision	13,674,536		
On-balance sheet exposures as percentage of total assets	15.85%		

As at 31 December 2021

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	36,508	19,747	56,255
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	1,377,045	223,205	1,600,250
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	105,156	171,658	276,814
<b>Total</b>	<b>1,518,709</b>	<b>414,610</b>	<b>1,933,319</b>
Total assets after provision	12,883,023		
On-balance sheet exposures as percentage of total assets	11.79%		

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

	As at 30 Jun 2022 HK\$'000	As at 31 Dec 2021 HK\$'000
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	161,215	160,224
Transaction-related contingencies	2,935	2,935
Trade-related contingencies	109,898	104,369
Note issuance and revolving underwriting facilities	-	-
Other commitments	437,790	358,985
Others	-	-
	711,838	626,513

#### V. Derivative Transactions

	As at 30 Jun 2022 HK\$'000	As at 31 Dec 2021 HK\$'000
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	9,763,608	13,451,755
Interest rate derivative contracts	-	-
Others	-	-
	9,763,608	13,451,755
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	64,268	32,804
Interest rate derivative contracts	-	-
Others	-	-
	64,268	32,804
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	40,169	24,267
Interest rate derivative contracts	-	-
Others	-	-
	40,169	24,267

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

## 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 Apr 2022 to 30 Jun 2022 <sup>1</sup>	For the period 1 Apr 2021 to 30 Jun 2021 <sup>2</sup>
Average Liquidity Maintenance Ratio	52.17%	79.11%

<sup>1</sup> The average LMR of financial year 2022 is calculated as the simple average of each month's average liquidity maintenance ratio of the second quarter of the financial year 2022.

<sup>2</sup> The average LMR of financial year 2021 is calculated as the simple average of each month's average liquidity maintenance ratio of the second quarter of the financial year 2021.

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 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

	<u>As at 30 Jun 2022</u> HK\$'000	<u>As at 31 Dec 2021</u> HK\$'000
<i>Carrying amount of Right-of-use assets</i>		
Buildings	30,847	30,847
 <i>Depreciation charges for right-of-use assets</i>		
Buildings	(27,287)	(22,205)

Lease liabilities

	<u>As at 30 Jun 2022</u> HK\$'000	<u>As at 31 Dec 2021</u> HK\$'000
Carrying amount of lease liabilities	3,699	9,073



### VIII. Consolidated Bank Information

	As at 30 Jun 2022 <sup>1</sup> (Audited) NT\$'000	As at 31 Dec 2021 <sup>2</sup> (Audited) NT\$'000
<b>(i) Capital and Capital adequacy</b>		
Consolidated Amount of Shareholders funds	50,074,587	55,167,387
Consolidated Capital Adequacy Ratio*	13.08%	14.71%
<b>(ii) Other Financial Information</b>		
Total assets	574,967,185	575,080,669
Total liabilities	524,892,598	519,913,282
Total loans and advances	196,802,143	172,727,589
Total customer deposits	291,836,714	259,379,425
	For the period 1 Jan 2022 to 30 Jun 2022 <sup>1</sup> (Audited) NT\$'000	For the period 1 Jan 2021 to 30 Jun 2021 <sup>3</sup> (Audited) NT\$'000
Pre-tax Profit	1,915,273	2,251,882

<sup>1</sup> The interim figures for the period ended 30 June 2022 are extracted from the audited Consolidated Financial Statements of the Bank.

<sup>2</sup> The figures for the year ended 31 December 2021 are extracted from the audited Consolidated Financial Statements of the Bank.

<sup>3</sup> The interim figures for the period ended 30 June 2021 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, please refer to the Annual Report 2021 of O-Bank Co., Ltd. (Chinese Version Only).

## **X. Statement of Compliance**

This 2022 Interim 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)