

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

Interim Financial Disclosure Statement
For the Half Year Ended 30 June 2024

I. Profit and Loss Information

	For the period 1 Jan 2024 to 30 Jun 2024 HK\$'000	For the period 1 Jan 2023 to 30 Jun 2023 HK\$'000
Interest income	550,426	452,322
Interest expense	(365,240)	(266,649)
Other operating income		
- Gains less losses arising from trading in foreign currencies	45,586	60,218
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	24,337	24,462
- <i>Fees and commission income</i>	24,946	25,161
- <i>Fees and commission expenses</i>	(609)	(699)
- Others	668	307
Total operating income	<u>255,777</u>	<u>270,660</u>
Operating expenses		
- Rental expenses	(7,835)	(6,199)
- Staff expenses	(31,900)	(28,585)
- Other operating expenses	(35,890)	(38,931)
Total operating expenses	<u>(75,625)</u>	<u>(73,715)</u>
Impairment losses and provisions for impaired loans and receivables	(29,606)	(31,936)
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	150,546	165,009
Tax expense	(28,874)	(30,114)
Profit after taxation	<u>121,672</u>	<u>134,895</u>

II. Balance Sheet Information

	As at 30 June 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
Assets		
Cash and balances with banks	2,403,757	2,039,878
Amount due from Exchange Fund repayable or callable within one month	52,805	31,847
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	2,318,967	1,663,317
Trade bills	-	-
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables and other accounts	11,857,297	11,759,386
Investment securities	2,029,256	2,226,285
Other investments	-	-
Property, plant and equipment	9,485	4,671
Right-of-use assets, net	16,689	10,974
Total assets	18,688,256	17,736,358
Equity and liabilities		
Deposit and balances from banks	550,000	195,000
Deposit from customers	16,329,954	15,150,151
- Demand deposit and current accounts	374,090	381,215
- Savings deposits	1,462,150	2,121,172
- Time, call and notice deposits	14,493,714	12,647,764
Amounts due to overseas offices	289,474	1,151,587
Certificates of deposit issued	-	-
Issued debt securities	-	-
Lease liabilities	17,308	11,624
Other liabilities	1,451,824	1,030,678
Total liabilities	18,638,560	17,539,040
Reserves	49,696	197,318
Total Equity and Liabilities	18,688,256	17,736,358

III. Additional Balance Sheet Information

(i) Loans and receivables and other accounts

	As at 30 Jun 2024 HK\$'000	As at 31 Dec 2023 HK\$'000
- Loans and advances to customers	11,056,461	11,719,025
- Loans and advances to banks	-	-
- Accrued interests and other accounts	977,923	187,827
	<u>12,034,384</u>	<u>11,906,852</u>
Less: - Collective impairment allowances	(127,434)	(129,275)
<i>Loans and advances to customers</i>	(124,492)	(126,351)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(2,942)	(2,924)
- Individual impairment allowances	(49,653)	(18,191)
<i>Loans and advances to customers</i>	(49,653)	(18,191)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	-	-
	<u>(177,087)</u>	<u>(147,466)</u>
	<u>11,857,297</u>	<u>11,759,386</u>

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

	As at 30 Jun 2024		As at 31 Dec 2023	
	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	1,439,154	1,115,179	1,608,068	1,304,336
- Property investment	220,124	245,123	189,723	189,723
- Financial concerns	3,340,567	2,784,599	4,068,270	3,481,258
- Stockbrokers	-	-	10,000	-
- Wholesale and retail trade	1,015,575	742,692	860,648	594,513
- Manufacturing	299,183	159,117	336,193	179,327
- Transport and transport equipment	159,711	156,320	100,000	100,000
- Recreational activities	-	-	-	-
- Information technology	106,580	106,580	107,580	107,580
- Others	1,352,309	988,414	1,151,456	824,799
<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	74,701	27,597	49,898	20,595
Loans and advances for use outside Hong Kong	3,048,557	1,980,501	3,237,189	2,097,832
Total	11,056,461	8,306,122	11,719,025	8,899,963

(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 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
Hong Kong	9,766,000	10,518,378

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

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
Macau	36,383	36,383
Hong Kong	44,945	-

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

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
Macau	36,383	36,383

(iv) Individual impaired loans and advances to customers

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
- Individual impaired loans and advances	81,328	36,383
- Individual impairment allowances	49,653	18,191
- Collateral value- covered portion	36,383	36,383
- Percentage to total loans and advances to customers	0.74%	0.31%

(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
<u>As at</u>						
<u>30 Jun 2024</u>						
-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	0.33%	18,191	70,000	36,383	-
Total	36,383	0.33%	18,191	70,000	36,383	-

	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
As at 31 Dec 2023						
-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	-
Total	36,383	0.31%	18,191	70,000	36,383	-

There were no overdue loans and advances to banks and financial institutions as at 30 June 2024 and 31 December 2023.

(vi) Rescheduled loans and advances to customers

	As at 30 Jun 2024		As at 31 Dec 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%	-	0.00%
Total	-	0.00%	-	0.00%

There were no rescheduled loans and advances to banks and financial institutions as at 30 June 2024 and 31 December 2023.

(vii) Other advances

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
Gross trade bills:		
- 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	-	-
Gross debt securities:		
- 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 2024 and 31 December 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 financial	Others	Total
	HK\$ million					
<u>As at 30 June 2024</u>						
Offshore centres						
- Hong Kong SAR	70	65	183	715	-	1,033
Developing Asia and Pacific						
- Taiwan	4,626	-	-	292	-	4,918

As at 31 December 2023

Offshore centres						
- Hong Kong SAR	212	66	182	628	-	1,088
Developing Asia and Pacific						
- Taiwan	3,402	-	-	297	-	3,699

(x) Currency risk

	USD	GBP	JPY	EUR	CNY	CAD	AUD	Others	Total
	HK\$ million								
<u>As at 30 June 2024</u>									
Spot assets	6,067	5	604	38	122	3	1,392	-	8,231
Spot liabilities	(10,035)	(68)	(57)	(21)	(482)	(3)	(377)	(1)	(11,044)
Forward purchases	9,167	547	1,288	406	1,182	-	313	1	12,904
Forward sales	(4,287)	(483)	(1,833)	(422)	(794)	-	(1,312)	-	(9,131)
Net options position	-	-	-	-	-	-	-	-	-
Net long / (short) position	912	1	2	1	28	-	16	-	960
Net structural position	-	-	-	-	-	-	-	-	-
<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	-	-	-	-	-	-	-	-	-

(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 2024</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	596,327	2,741,818	3,338,145
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	1,706,982	159,323	1,866,305
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	61,928	84,000	145,928
Total	2,365,237	2,985,141	5,350,378
Total assets after provision	18,688,256		
On-balance sheet exposures as percentage of total assets	12.66%		

As at 31 December 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	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
Total	2,173,196	2,570,715	4,743,911
Total assets after provision	17,736,358		
On-balance sheet exposures as percentage of total assets	12.25%		

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

	As at 30 Jun 2024 <u>HK\$'000</u>	As at 31 Dec 2023 <u>HK\$'000</u>
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	156,159	148,371
Transaction-related contingencies	6,234	4,464
Trade-related contingencies	40,220	76,288
Note issuance and revolving underwriting facilities	-	-
Other commitments	1,241,774	709,778
Others	-	-
	<u>1,444,387</u>	<u>938,901</u>

V. Derivative Transactions

	As at 30 Jun 2024 <u>HK\$'000</u>	As at 31 Dec 2023 <u>HK\$'000</u>
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	13,487,560	12,164,226
Interest rate derivative contracts	-	-
Others	-	-
	<u>13,487,560</u>	<u>12,164,226</u>
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	43,026	27,226
Interest rate derivative contracts	-	-
Others	-	-
	<u>43,026</u>	<u>27,226</u>
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	27,158	45,750
Interest rate derivative contracts	-	-
Others	-	-
	<u>27,158</u>	<u>45,750</u>

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 2024 to 30 Jun 2024 ¹	For the period 1 Apr 2023 to 30 Jun 2023 ²
Average Liquidity Maintenance Ratio	54.28%	48.04%

¹ The average LMR of financial year 2024 is calculated as the simple average of each month's average liquidity maintenance ratio of the second quarter of the financial year 2024

² The average LMR of financial year 2023 is calculated as the simple average of each month's average liquidity maintenance ratio of the second quarter of the financial year 2023.

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

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
<i>Carrying amount of Right-of-use assets</i>		
Buildings	32,291	27,385
 <i>Depreciation charges for right-of-use assets</i>		
Buildings	(15,602)	(16,411)

Lease liabilities

	As at 30 Jun 2024	As at 31 Dec 2023
	HK\$'000	HK\$'000
Carrying amount of lease liabilities	17,308	11,624

VIII. Consolidated Bank Information

	As at 30 Jun 2024 ¹ (Audited) NTS'000	As at 31 Dec 2023 ² (Audited) NTS'000
(i) Capital and Capital adequacy		
Consolidated Amount of Shareholders funds	58,839,569	58,517,746
Consolidated Capital Adequacy Ratio*	13.68%	13.97%
(ii) Other Financial Information		
Total assets	672,745,248	626,749,001
Total liabilities	613,905,679	568,231,255
Total loans and advances	240,170,227	222,933,448
Total customer deposits	331,228,946	316,562,298
	For the period 1 Jan 2024 to 30 Jun 2024 ¹ (Audited) NTS'000	For the period 1 Jan 2023 to 30 Jun 2023 ³ (Audited) NTS'000
Pre-tax Profit	2,668,567	2,552,087

¹ The interim figures for the period ended 30 June 2024 are extracted from the audited Consolidated Financial Statements of the Bank.

² The figures for the year ended 31 December 2023 are extracted from the audited Consolidated Financial Statements of the Bank.

³ The interim figures for the period ended 30 June 2023 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 30 June 2024</u>		
Number of employees	3	3
Fixed remuneration	1,511	1,311
Number of employees	3	3
Variable remuneration	1,192	1,071
Total remuneration	<u>2,703</u>	<u>2,382</u>
	Senior management	Key personnel
	HK\$'000	HK\$'000
<u>As at 30 June 2023</u>		
Number of employees	3	3
Fixed remuneration	1,385	1,192
Number of employees	3	3
Variable remuneration	804	1,222
Total remuneration	<u>2,189</u>	<u>2,414</u>

X. Statement of Compliance

This 2024 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.



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