

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

Financial Disclosure Statement
For the Year Ended 31 December 2020

O-Bank Co., Ltd. Hong Kong Branch (incorporated in Taiwan with limited liability)
 Financial Disclosure Statement For the Year Ended 31 December 2020

I. Profit and Loss Information

	For the period 1 Jan 2020 to 31 Dec 2020 <u>HK\$'000</u>	For the period 1 Jan 2019 to 31 Dec 2019 <u>HK\$'000</u>
Interest income	361,831	546,186
Interest expense	(128,428)	(255,872)
Other operating income		
- Gains less losses arising from trading in foreign currencies	36,607	24,184
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	25,190	33,006
- <i>Fees and commission income</i>	27,041	34,592
- <i>Fees and commission expenses</i>	(1,851)	(1,586)
- Others	8,075	2,989
Total operating income	<u>303,275</u>	<u>350,493</u>
Operating expenses		
- Rental expenses	(15,374)	(15,094)
- Staff expenses	(51,181)	(53,156)
- Other operating expenses	(47,075)	(66,677)
Total operating expenses	<u>(113,630)</u>	<u>(134,927)</u>
Impairment losses and provisions for impaired loans and receivables	(60,583)	(1,791)
Gains less losses from the disposal of property, plant and equipment and investment properties	-	(55)
Profit before taxation	129,062	213,720
Tax expense	(19,427)	(34,431)
Profit after taxation	<u>109,635</u>	<u>179,289</u>

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II. Balance Sheet Information

	As at 31 Dec 2020 HK.\$'000	As at 30 Jun 2020 HK.\$'000
Assets		
Cash and balances with banks	1,512,020	1,184,835
Amount due from Exchange Fund repayable or callable within one month	169,015	62,036
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	1,007,804	77,502
Trade bills	-	-
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables and other accounts	7,414,230	8,454,486
Investment securities	3,060,747	2,942,331
Other investments	-	-
Property, plant and equipment	8,710	7,690
Right-of-use assets, net	13,930	19,174
Total assets	13,186,456	12,748,054
Equity and liabilities		
Deposit and balances from banks	866,000	1,166,000
Deposit from customers	11,099,193	10,589,344
- Demand deposit and current accounts	765,554	391,788
- Savings deposits	3,193,581	1,765,805
- Time, call and notice deposits	7,140,058	8,431,751
Amounts due to overseas offices	843,450	843,215
Certificates of deposit issued	-	-
Issued debt securities	-	-
Lease liabilities	14,473	19,648
Other liabilities	214,955	79,842
Total liabilities	13,038,071	12,698,049
 Reserves	 148,385	 50,005
Total Equity and Liabilities	13,186,456	12,748,054

III. Additional Balance Sheet Information

(i) Loans and receivables and other accounts

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
- Loans and advances to customers	7,355,087	8,513,667
- Loans and advances to banks	-	-
- Accrued interests and other accounts	164,933	61,667
	<u>7,520,020</u>	<u>8,575,334</u>
Less: - Collective impairment allowances	(93,387)	(98,331)
<i>Loans and advances to customers</i>	(91,033)	(95,972)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(2,354)	(2,359)
- Individual impairment allowances	(12,403)	(22,517)
<i>Loans and advances to customers</i>	(6,622)	(16,705)
<i>Loans and advances to banks</i>	-	-
<i>Accrued interests and other accounts</i>	(5,781)	(5,812)
	<u>(105,790)</u>	<u>(120,848)</u>
	<u>7,414,230</u>	<u>8,454,486</u>

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

	As at 31 Dec 2020		As at 30 Jun 2020	
	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	157,962	67,963	128,125	38,125
- Property investment	488,878	426,028	1,003,224	724,536
- Financial concerns	1,772,930	1,418,799	1,970,245	1,685,187
- Stockbrokers	35,000	35,000	-	-
- Wholesale and retail trade	812,659	659,647	1,537,478	1,321,640
- Manufacturing	546,791	314,995	542,800	310,550
- Transport and transport equipment	13,417	13,417	13,650	13,650
- Recreational activities	-	-	15,549	15,549
- Information technology	108,250	101,398	73,000	64,898
- Others	1,049,180	685,426	999,125	726,419
<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	93,926	36,981	105,691	26,580
Loans and advances for use outside Hong Kong	2,276,094	1,489,051	2,124,780	1,298,281
Total	7,355,087	5,248,705	8,513,667	6,225,415

(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 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
Hong Kong	6,576,135	7,508,086

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

	As at 31 Dec 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
Macau	36,383	63,883
Hong Kong	29,837	16,131

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

	As at 31 Dec 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
Macau	36,383	152,612
Hong Kong	29,837	62,877

(iv) Individual impaired loans and advances to customers

	As at 31 Dec 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
- Individual impaired loans and advances	66,220	80,014
- Individual impairment allowances	6,622	16,705
- Collateral value- covered portion	66,220	80,014
- Percentage to total loans and advances to customers	0.90%	0.94%

(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 31 Dec 2020</u>						
-More than 3 months but not more than 6 months	-	0%	-	-	-	-
-More than 6 months but not more than one year	-	0%	-	-	-	-
-More than one year	66,220	0.90%	6,622	182,500	66,220	-
Total	66,220	0.90%	6,622	182,500	66,220	-

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	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						
30 Jun 2020						
-More than 3 months but not more than 6 months	88,729	1.04%	-	94,357	81,938	6,791
-More than 6 months but not more than one year	62,877	0.74%	1,750	299,617	62,877	-
-More than one year	63,883	0.75%	14,955	70,000	63,883	-
Total	215,489	2.53%	16,705	463,974	208,698	6,791

There were no overdue loans and advances to banks and financial institutions as at 31 December 2020 and 30 June 2020.

(vi) Rescheduled loans and advances to customers

	As at 31 Dec 2020		As at 30 Jun 2020	
	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%
Total	-	0%	-	0%

There were no rescheduled loans and advances to banks and financial institutions as at 31 December 2020 and 30 June 2020.

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(vii) Other advances

	As at 31 Dec 2020	As at 30 Jun 2020
	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	-	-

	As at 31 Dec 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
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 31 December 2020 and 30 June 2020.

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(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 2020</u>							
Offshore centres							
- Hong Kong SAR	67	-	-	1,263	-	-	1,330
Developing Asia and Pacific							
- China	-	-	-	-	-	-	-
- Taiwan	2,210	-	-	439	-	-	2,649
- South Korea	-	-	-	-	-	-	-
<u>As at 30 June 2020</u>							
Offshore centres							
- Hong Kong SAR	33	-	-	987	-	-	1,020
Developing Asia and Pacific							
- China	415	-	-	160	-	-	575
- Taiwan	1,123	-	77	403	-	-	1,603
- South Korea	613	-	-	-	-	-	613

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(x) Currency risk

	USD	GBP	JPY	EUR	CNY	AUD	Others	Total
	HK\$ million							
<u>As at 31 December 2020</u>								
Spot assets	6,433	6	19	39	14	374	-	6,885
Spot liabilities	(7,808)	(8)	(20)	(30)	(437)	(28)	-	(8,331)
Forward purchases	2,755	2	116	-	683	-	-	3,556
Forward sales	(993)	-	(116)	(8)	(153)	(344)	-	(1,614)
Net options position	-	-	-	-	-	-	-	-
Net long / (short) position	387	-	(1)	1	107	2	-	496
Net structural position	-	-	-	-	-	-	-	-
<u>As at 30 June 2020</u>								
Spot assets	5,028	3	18	20	8	115	-	5,192
Spot liabilities	(7,307)	(8)	(19)	(18)	(324)	(27)	(4)	(7,707)
Forward purchases	4,349	5	1	-	656	17	4	5,032
Forward sales	(1,734)	-	-	(1)	(244)	(104)	-	(2,083)
Net options position	-	-	-	-	-	-	-	-
Net long / (short) position	336	-	-	1	96	1	-	434
Net structural position	-	-	-	-	-	-	-	-

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(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 2020</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	-	1,938	1,938
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	1,436,210	247,961	1,684,171
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	161,098	16,100	177,198
Total	1,597,308	265,999	1,863,307
Total assets after provision	13,186,456		
On-balance sheet exposures as percentage of total assets	12.11%		

As at 30 June 2020

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	-	1,938	1,938
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	1,439,095	324,642	1,763,737
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	362,068	26,100	388,168
Total	1,801,163	352,680	2,153,843
Total assets after provision	12,748,054		
On-balance sheet exposures as percentage of total assets	14.13%		

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

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
<i>Total contractual or notional amounts</i>		
Direct credit substitutes	155,047	155,003
Transaction-related contingencies	2,792	2,026
Trade-related contingencies	44,056	31,920
Note issuance and revolving underwriting facilities	-	-
Other commitments	899,050	793,500
Others	-	-
	1,100,945	982,449

V. Derivative Transactions

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	3,772,327	6,118,444
Interest rate derivative contracts	77,523	271,256
Others	-	-
	3,849,850	6,389,700
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	13,460	5,604
Interest rate derivative contracts	-	291
Others	-	-
	13,460	5,895
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	23,795	5,027
Interest rate derivative contracts	814	1,888
Others	-	-
	24,609	6,915

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 Chief Strategy Officer, Chief Finance Markets Officer, Chief Corporate Banking Officer, Chief Retail Banking Officer, Chief Operating Officer and Chief Risk Officer. 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 (including the Branch) is responsible for planning, measuring, and monitoring and mitigating liquidity risk. 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	3,370,358	6,087,285	2,086,258	669,568	961,594	3,013,901
Liabilities	2,764,765	4,374,984	4,040,332	1,614,480	906,046	2,397,781
Off Balance Sheet Commitments	19,287	63,373	165,321	247,982	482,037	0
Liquidity Gap	586,306	1,648,928	-2,119,395	-1,192,894	-426,489	616,120

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 ALCO.

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 2020 to 31 Dec 2020 ¹	For the period 1 Oct 2019 to 30 Dec 2019 ²
Average Liquidity Maintenance Ratio	55.44%	58.72%

¹ The average LMR of financial year 2020 is calculated as the simple average of each month's average liquidity maintenance ratio of the fourth quarter of the financial year 2020.

² The average LMR of financial year 2019 is calculated as the simple average of each month's average liquidity maintenance ratio of the fourth quarter of the financial year 2019.

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.

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Right-of-use assets

	As at 31 Dec 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
<i>Carrying amount of Right-of-use assets</i>		
Buildings	30,464	30,463
 <i>Depreciation charges for right-of-use assets</i>		
Buildings	(16,534)	(11,289)

Lease liabilities

	As at 31 Dec 2020	As at 30 Jun 2020
	HK\$'000	HK\$'000
Carrying amount of lease liabilities	14,473	19,648

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VIII. Consolidated Bank Information

	As at 31 Dec 2020 ¹ (Audited) NT\$'000	As at 30 Jun 2020 ² (Audited) NT\$'000
(i) Capital and Capital adequacy		
Consolidated Amount of Shareholders funds	54,252,765	50,282,333
Consolidated Capital Adequacy Ratio*	12.67%	12.32%
(ii) Other Financial Information		
Total assets	575,413,630	573,674,188
Total liabilities	521,160,865	523,391,855
Total loans and advances	183,710,973	194,231,869
Total customer deposits	267,719,672	272,278,213
	For the period 1 Jan 2020 to 31 Dec 2020 ¹ (Audited) NT\$'000	For the period 1 Jan 2019 to 31 Dec 2019 ³ (Audited) NT\$'000
Pre-tax Profit	3,086,720	2,708,202

¹ The figures for the year ended 31 December 2020 are extracted from the audited Consolidated Financial Statements of the Bank.

² The interim figures for the period ended 30 June 2020 are extracted from the audited Consolidated Financial Statements of the Bank.

³ The figures for the year ended 31 December 2019 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 2020 of O-Bank Co., Ltd. (Chinese Version Only).

X. Statement of Compliance

This 2020 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)

