



UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
(Incorporated in Singapore with limited liability)

FINANCIAL INFORMATION DISCLOSURE STATEMENTS

**FOR THE YEAR ENDED
31 DEC 2018**

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UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED INCOME STATEMENT

	Note	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2017 HK\$'000
Interest income		4,746,321	2,546,446
Interest expense		<u>(3,121,484)</u>	<u>(1,417,037)</u>
Net interest income		1,624,837	1,129,409
Fee and commission income		687,628	486,348
Fee and commission expenses		<u>(25,806)</u>	<u>(21,146)</u>
Net fee and commission income		661,822	465,202
Net trading gain	1	651,648	724,717
Other income		<u>12,752</u>	<u>10,541</u>
Total income		2,951,059	2,329,869
Operating expenses	2	<u>(762,752)</u>	<u>(655,043)</u>
Net income before impaired advances and receivables allowances		2,188,307	1,674,826
Net (charge)/reversal of impaired advances and receivables		<u>(288,307)</u>	<u>13,074</u>
Operating profit		1,900,000	1,687,900
Net gain from disposal of fixed assets and investment properties		<u>57,984</u>	<u>49,488</u>
Profit before taxation		1,957,984	1,737,388
Taxation		<u>(324,111)</u>	<u>(276,959)</u>
Profit for the year		<u><u>1,633,873</u></u>	<u><u>1,460,429</u></u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED BALANCE SHEET

	Note	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Assets			
Cash and balances with central banks and banks	3	7,830,506	6,800,424
Placements with banks maturing between one and twelve months		110,000	435,176
Amount due from overseas offices		4,349,091	14,724,885
Trade bills	4	10,390,041	11,388,756
Securities held for trading purposes		147,501	391,649
Positive fair values for derivative financial instruments	10	4,081,926	4,113,470
Amount receivable under reverse repos		11,913,217	14,943,173
Advances to banks		-	-
Advances to customers	5	122,007,561	114,245,662
Financial investments	6	29,296,439	26,452,757
Investment in subsidiary		20	20
Investment properties		492	492
Fixed assets		56,044	37,873
Other assets		1,275,599	1,446,912
Total assets		191,458,437	194,981,249
Liabilities			
Deposits and balances from central banks, banks and other financial institutions	7	21,950,424	37,889,213
Negative fair values for derivative financial instruments	10	3,799,979	4,197,268
Deposits from customers	8	70,410,793	57,440,850
Amount due to overseas offices		89,219,946	90,255,689
Certificates of deposit issued	9	1,199,171	1,316,326
Unsecured debts issued		1,000,000	-
Other liabilities		4,089,743	4,128,667
Reserve for available-for-sale securities		(211,619)	(246,764)
Total liabilities		191,458,437	194,981,249

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
1. Net trading gain

	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2017 HK\$'000
Foreign exchange	661,173	774,305
Interest rate instruments	(17,604)	(87,253)
Commodity contracts	291	28,528
Securities held for trading purposes	8,736	7,453
Others	(948)	1,684
	<u>651,648</u>	<u>724,717</u>

2. Operating expenses

	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2017 HK\$'000
Staff costs	484,073	376,716
Rental expenses	52,447	53,194
Courier expenses	46,944	111,124
Data processing fees	45,644	44,910
Net charge for other provisions	58,354	-
Others	75,290	69,099
	<u>762,752</u>	<u>655,043</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
3. Cash and balances with central banks and banks

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Cash in hand	20,755	17,195
Balances with central banks	4,130,740	4,456,648
Balances with banks	931,454	948,912
Placements with banks maturing within one month	2,748,157	1,381,646
Less:		
Allowances for non-impaired losses	(600)	(3,977)
	<u>7,830,506</u>	<u>6,800,424</u>

4. Trade bills

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Gross trade bills	10,475,777	11,525,815
Less:		
Allowances for non-impaired losses	(44,261)	(45,121)
Allowances for impaired losses	(41,475)	(91,938)
	<u>10,390,041</u>	<u>11,388,756</u>

5. Advances to customers

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Gross advances to customers	122,431,571	114,626,264
Less:		
Allowances for non-impaired advances	(222,427)	(174,096)
Allowances for impaired advances	(201,583)	(206,506)
	<u>122,007,561</u>	<u>114,245,662</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

6. Financial investments

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Treasury bills	11,973,125	10,087,169
Certificates of deposit	11,864,324	12,869,127
Other debt securities	<u>5,458,990</u>	<u>3,496,461</u>
	<u>29,296,439</u>	<u>26,452,757</u>

**7. Deposits and balances from central banks,
banks and other financial institutions**

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Deposits and balances from central banks	12,292,000	15,105,600
Deposits and balances from banks and other financial institutions	<u>9,658,424</u>	<u>22,783,613</u>
	<u>21,950,424</u>	<u>37,889,213</u>

8. Deposits from customers

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Demand deposits and current accounts	8,068,828	8,052,829
Savings deposits	11,389,729	11,128,722
Time, call and notice deposits	<u>50,952,236</u>	<u>38,259,299</u>
	<u>70,410,793</u>	<u>57,440,850</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

9. Certificates of deposit issued

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Designated at fair value through profit or loss	299,233	298,019
At amortised cost	<u>899,938</u>	<u>1,018,307</u>
	<u>1,199,171</u>	<u>1,316,326</u>

10. Derivative financial instruments

The contractual/ notional amounts of derivative financial instruments are disclosed as follows:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Exchange rate-related contracts		
- Spot and forwards	32,748,930	49,350,003
- Swaps	324,690,132	377,113,277
- Options	<u>1,875,342</u>	<u>2,413,065</u>
	359,314,404	428,876,345
Interest rate contracts	125,194,393	127,477,403
Commodity contracts	<u>1,219,962</u>	<u>1,893,012</u>
	<u>485,728,759</u>	<u>558,246,760</u>

The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements.

The contractual amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet dates. The amounts do not represent amounts at risk.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
10. Derivative financial instruments (continued)

The following table summarises the positive and negative fair values of each class of derivative financial instruments:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Positive fair values		
Exchange rate-related contracts		
- Spot and forwards	533,628	715,117
- Swaps	2,469,421	2,323,129
- Foreign currency options	55,714	20,329
	<u>3,058,763</u>	<u>3,058,575</u>
Interest rate contracts	861,368	1,020,456
Commodity contracts	161,795	34,439
	<u>4,081,926</u>	<u>4,113,470</u>
Negative fair values		
Exchange rate-related contracts		
- Spot and forwards	620,857	649,378
- Swaps	2,145,601	2,523,419
- Foreign currency options	73,338	49,621
	<u>2,839,796</u>	<u>3,222,418</u>
Interest rate contracts	802,035	946,364
Commodity contracts	158,148	28,486
	<u>3,799,979</u>	<u>4,197,268</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

11. Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Direct credit substitutes	1,310,903	600,204
Transaction-related contingencies	1,267,230	1,044,635
Trade-related contingencies	7,426,392	7,064,301
Forward forward deposits placed	76,232	23,595
Other commitments	<u>79,807,538</u>	<u>67,302,927</u>
	<u>89,888,295</u>	<u>76,035,662</u>

The above table shows the contractual amounts of credit related commitments and contingencies of United Overseas Bank Limited, Hong Kong Branch ("the Branch"). It includes letters of credit, guarantees and commitments to extend credit to customers. The above amounts represent a worst case scenario of credit risk exposures arising from these instruments, without taking into account any collateral held or other credit enhancements attached. The amounts do not represent amounts at risk at the balance sheet dates.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Liquidity

(i) Liquidity Maintenance Ratio (LMR)

	Quarter ended 31 December 2018	Quarter ended 30 September 2018
Average LMR for 3 months periods	<u>38.12%</u>	<u>38.79%</u>
		Year ended 31 December 2017
Average LMR for 12 months periods		<u>39.82%</u>

The average liquidity maintenance ratio (“LMR”) is calculated based on the arithmetic mean of the average value of LMR for each quarter for Q4 & Q3 2018 and 12 months’ average for 2017, which is made in accordance with the requirements specified under Banking (Disclosure) Rules (“BDR”).

(ii) Core Funding Ratio (CFR)

	Quarter ended 31 December 2018	Quarter ended 30 September 2018
Average CFR for 3 months periods	<u>100.86%</u>	<u>85.81%</u>

The average core funding ratio (“CFR”) is calculated based on the arithmetic mean of the average value of LMR for each quarter for Q4 & Q3 2018, which is made in accordance with the requirements specified under Banking (Disclosure) Rules (“BDR”).

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Liquidity (continued)

(iii) Liquidity Risk Management

Liquidity risk is the risk arising from a bank's potential inability to meet all its financial or payment obligations when they fall due or only being able to meet these obligations at significant costs or losses.

The objective of the Branch's liquidity risk management align with the Group's risk management framework which is to ensure that the Branch maintains sufficient liquidity to fund our day-to-day operations, to meet deposit withdrawals and loan disbursements, to participate in new investments and to repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by the Group ALCO. These policies, controls and limits enable the Branch to monitor and to manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimising excessive funding concentrations by diversifying the sources and terms of funding, and maintaining a portfolio of high quality and marketable debt securities.

The Branch takes a conservative stance on liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfall.

The distribution of deposits is managed actively to ensure a balance between cost effectiveness, continued accessibility to funds and diversification of funding sources. The Branch establishes concentration limits on collateral pools and sources of funding, such as concentration of bond securities holding and concentration of top 20 depositors. Important factors in ensuring liquidity are competitive pricing, proactive management of the Branch's core deposits and the maintenance of customer confidence.

The Branch's liquidity risk is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Branch is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit liquidity exposure. The Branch also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

The Branch has contingency funding plans in place to identify potential liquidity crises using a series of warning indicators. Crisis management processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
12. Liquidity (continued)
(iv) Liquidity Risk Mismatch

The following table analyses the on and off balance sheet items, with reference to the completion instructions for the Hong Kong Monetary Authority Return of Liquidity Monitoring Tools.

As at 31 Dec 2018							
(HK\$'000)	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity
Cash, balances and placements with central banks	4,151,496	0	0	0	0	0	0
Placements and balances with banks and other financial institutions	6,923,232	611,553	313,917	296,491	0	0	0
Loans to customers, acceptances and bills of exchange held	10,986,042	24,885,804	14,970,658	21,801,093	41,813,774	18,363,208	282,324
Debt securities held #	29,489,772	0	0	0	0	0	0
Amount receivable under reverse repo	3,091,513	7,424,379	1,026,429	370,896	0	0	0
Gross cash inflow from derivatives financial assets	44,186,591	36,690,018	67,817,555	136,429,603	27,391,303	20,605,025	0
Other assets	82,745	234,492	238,752	22,823	325,497	3,457	177,840
Total on-balance sheet assets	98,911,391	69,846,246	84,367,311	158,920,906	69,530,574	38,971,690	460,164
Total off-balance sheet claims	2,213,892	0	76,232	0	0	0	0
Deposits from customers	25,005,941	13,732,857	22,361,210	9,482,557	0	0	0
Deposits and balances of banks and other financial institutions	19,818,119	8,085,148	25,657,113	54,866,235	0	10,000	0
Debt securities issued	0	0	300,000	300,000	1,300,000	300,000	0
Amount payable under repo	1,019,956	1,872,633	79,398	0	0	0	0
Gross cash outflow from derivatives financial liabilities	44,181,224	36,619,225	67,802,548	136,343,006	26,546,951	20,377,005	0
Other liabilities and capital	610,306	256,522	522,462	1,607,809	317,323	2,465	35,593
Total on-balance sheet liabilities	90,635,546	60,566,385	116,722,731	202,599,607	28,164,274	20,689,470	35,593
Total off-balance sheet obligations	45,553,103	0	76,232	1,957,887	0	0	0
Contractual Maturity Mismatch	(35,063,366)	9,279,861	(32,355,420)	(45,636,588)	41,366,300	18,282,220	424,571
Cumulative Contractual Maturity Mismatch	(35,063,366)	(25,783,505)	(58,138,925)	(103,775,513)	(62,409,213)	(44,126,993)	(43,702,422)

Debt securities, prescribed instruments and structured financial instruments held that are readily monetizable are profiled to next day in accordance with MA(BS)23 completion instruction specified by HKMA.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
12. Liquidity (continued)
(iv) Liquidity Risk Mismatch (continued)

As at 31 Dec 2017							
(HK\$'000)	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity
Cash, balances and placements with central banks	7,240,503	0	0	0	0	0	0
Placements and balances with banks and other financial institutions	5,570,473	5,817,845	483,674	132,402	0	0	0
Loans to customers, acceptances and bills of exchange held	6,077,084	25,945,731	13,746,088	18,547,461	27,260,637	12,902,818	281,435
Debt securities held #	17,368,886	0	0	0	0	0	0
Amount receivable under reverse repo	868,012	8,543,714	1,481,522	1,355,351	0	0	0
Gross cash inflow from derivatives financial assets	28,302,614	27,293,357	78,100,034	82,397,048	10,636	42,906,282	0
Other assets	427,695	884,569	766,316	19,747	314,024	9,420	85,710
Total on-balance sheet assets	65,855,267	68,485,216	94,577,634	102,452,009	27,585,297	55,818,520	367,145
Total off-balance sheet claims	4,909,349	0	0	0	0	0	0
Deposits from customers	18,648,673	14,654,189	17,285,099	5,771,340	0	0	0
Deposits and balances of banks and other financial institutions	10,250,008	15,497,153	33,738,170	33,721,367	348,430	10,000	0
Debt securities issued	0	0	0	219,965	300,000	0	0
Amount payable under repo	0	998,452	113,017	0	0	0	0
Gross cash outflow from derivatives financial liabilities	28,342,062	27,197,715	78,121,035	85,425,953	8,160	42,813,020	0
Other liabilities and capital	642,037	928,795	854,119	1,599,357	314,683	0	74,331
Total on-balance sheet liabilities	57,882,780	59,276,304	130,111,440	123,737,982	971,273	42,823,020	74,331
Total off-balance sheet obligations	36,753,979	0	2,954,675	1,954,675	0	0	0
Contractual Maturity Mismatch	(23,872,143)	9,208,912	(38,488,481)	(23,240,648)	26,614,024	12,995,500	292,814
Cumulative Contractual Maturity Mismatch	(23,872,143)	(14,663,231)	(53,151,712)	(76,392,360)	(49,778,336)	(36,782,836)	(36,490,022)

Debt securities, prescribed instruments and structured financial instruments held that are readily monetizable are profiled to next day in accordance with MA(BS)23 completion instruction specified by HKMA.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
13. Currency risk

	USD	CNY	EUR	JPY	Others	Total
HK\$'million						
As at 31 December 2018						
Hong Kong dollar equivalents						
Spot assets	77,188	2,191	1,463	1,645	3,409	85,896
Spot liabilities	(110,643)	(3,869)	(103)	(21)	(3,475)	(118,111)
Forward purchases	195,169	86,984	1,350	2,491	12,220	298,214
Forward sales	(161,343)	(85,444)	(2,657)	(4,145)	(12,148)	(265,737)
Net options position	-	-	-	-	-	-
	<u>371</u>	<u>(138)</u>	<u>53</u>	<u>(30)</u>	<u>6</u>	<u>262</u>
Net long /(short) position						
HK\$'million						
As at 30 June 2018						
Hong Kong dollar equivalents						
Spot assets	94,773	1,532	299	1,340	2,129	100,073
Spot liabilities	(114,433)	(2,011)	(924)	(38)	(6,168)	(123,574)
Forward purchases	222,924	76,414	2,208	2,045	21,828	325,419
Forward sales	(204,068)	(75,759)	(1,608)	(3,334)	(17,617)	(302,386)
Net options position	-	-	-	-	-	-
	<u>(804)</u>	<u>176</u>	<u>(25)</u>	<u>13</u>	<u>172</u>	<u>(468)</u>
Net (short)/ long position						

Net position in a particular foreign currency is disclosed if the net position (regardless of sign) constitutes 10% or more of the total net position in all foreign currencies. The net options position is calculated based on delta-weighted position approach.

There is no structural position in any particular currency as at 31 December 2018 and 30 June 2018.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
14. Analysis of gross advances to customers by industry sectors and loan usage

	As at 31 December 2018		As at 30 June 2018	
	Outstanding balance HK\$'000	Balance covered by collateral HK\$'000	Outstanding balance HK\$'000	Balance covered by collateral HK\$'000
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	22,076,712	11,679,785	19,392,843	10,356,119
- Property investment	22,554,190	16,215,385	24,599,964	18,331,299
- Financial concerns	2,702,989	138,829	3,606,908	86,405
- Stockbrokers	3,794,870	-	4,472,592	-
- Wholesale and retail trade	3,228,826	2,358,537	2,384,780	2,004,232
- Manufacturing	6,762,705	1,941,438	6,567,145	2,205,891
- Transport and transport equipment	982,337	556,890	780,164	454,192
- Recreational activities	127,967	110,967	155,784	113,005
- Information technology	2,035,686	608,265	1,333,332	617,616
- Others	21,734,448	16,060,889	15,308,444	12,235,539
Subtotal	<u>86,000,730</u>	<u>49,670,985</u>	<u>78,601,956</u>	<u>46,404,298</u>
Individuals				
- Loans for purchase of other residential properties	86,919	86,919	88,942	88,942
- Others	138,851	138,851	146,967	145,951
Subtotal	<u>225,770</u>	<u>225,770</u>	<u>235,909</u>	<u>234,893</u>
Total loans for use in Hong Kong	<u>86,226,500</u>	<u>49,896,755</u>	78,837,865	46,639,191
Trade finance	16,443,113	2,381,614	18,716,258	2,076,456
Loans for use outside Hong Kong	<u>19,761,958</u>	<u>5,118,996</u>	<u>17,072,141</u>	<u>4,263,017</u>
Gross advances to customers	<u>122,431,571</u>	<u>57,397,365</u>	<u>114,626,264</u>	<u>52,978,664</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
15. Analysis of gross advances to customers by geographical areas

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Hong Kong	107,128,386	99,759,530
Mainland China	8,813,256	8,110,983
Other areas	<u>6,489,929</u>	<u>6,755,751</u>
	<u><u>122,431,571</u></u>	<u><u>114,626,264</u></u>

The above analysis of gross advances to customers by geographical areas is based on the location of the counterparties where it constitutes 10% or more of the total gross advances to customers after taking into account the transfer of risk. In general, transfer of risk applies when a claim is guaranteed by a party situated in a country different from the counterparty.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
16. International claims

	Banks	Official sectors	Non-bank private sectors		Total
			Non-bank financial institutions	Non-financial private sectors	
HK\$'million					
As at 31 December 2018					
Developed countries	9,900	1	-	1,305	11,206
Offshore centres, of which:	10,360	-	8,073	36,932	55,365
- Singapore	5,271	-	1,125	595	6,991
- Hong Kong	5,089	-	6,948	33,159	45,196
- Other areas	-	-	-	3,178	3,178
Developing Asia Pacific, of which:	13,259	-	535	11,830	25,624
- Mainland China	11,829	-	535	11,465	23,829
- Other areas	1,430	-	-	365	1,795
Others	2	-	-	-	2
Total	33,521	1	8,608	50,067	92,197
HK\$'million					
As at 30 June 2018					
Developed countries	3,173	1	-	504	3,678
Offshore centres, of which:	20,782	-	4,453	47,467	72,702
- Singapore	15,277	-	863	1,613	17,753
- Hong Kong	5,505	-	3,590	41,383	50,478
- Other areas	-	-	-	4,471	4,471
Developing Asia Pacific, of which:	20,859	-	771	9,024	30,654
- Mainland China	17,568	-	771	8,953	27,292
- Other areas	3,291	-	-	71	3,362
Others	-	-	-	2	2
Total	44,814	1	5,224	56,997	107,036

The above analysis is prepared with reference to the completion instructions for the Hong Kong Monetary Authority Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Claims on individual countries or areas after risk transfer, amounting to 10% or more of the aggregate international claims of the Branch, are shown.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
17. Impaired advances to customers and trade bills

Impaired advances to customers and trade bills are those assets where objective evidence exists that full repayment of principal or interest is considered unlikely.

(a) Impaired advances to customers

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Gross impaired advances to customers	238,049	211,255
Allowances for impaired advances	<u>(201,583)</u>	<u>(206,506)</u>
	<u>36,466</u>	<u>4,749</u>
Value of collateral taken into account in respect of such advances to customers to which the allowances for the impaired advances relate	2,274	1,752
Percentage of such advances to customers to total gross advances to customers	0.19%	0.18%

Analysis of gross impaired advances to customers by geographical areas:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Singapore	171,460	163,895
Hong Kong	<u>66,589</u>	<u>47,360</u>
	<u>238,049</u>	<u>211,255</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
17. Impaired advances to customers and trade bills (continued)
(b) Impaired trade bills

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Gross impaired trade bills	41,475	108,409
Allowances for impaired losses	<u>(41,475)</u>	<u>(91,938)</u>
	-	16,471
Value of collateral taken into account in respect of such trade bills to which the allowances for impaired losses relate	-	-
Percentage of such trade bills to total trade bills	0.40%	0.94%

Analysis of gross impaired trade bills by geographical areas:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Singapore	33,119	55,169
Hong Kong	<u>8,356</u>	<u>53,240</u>
	41,475	108,409

(c) There are no allowances for impaired losses on advance to banks and debt securities as at 31 December 2018 and 30 June 2018 respectively.

The above analyses of gross impaired advances to customers and gross impaired trade bills by geographical areas are based on the location of the counterparties after taking into account the transfer of risk. In general, transfer of risk applies when a claim is guaranteed by a party situated in a country different from the counterparty.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets
(a) Gross overdue advances to customers

	As at 31 December 2018		As at 30 June 2018	
	HK\$'000	% of total gross advances to customers	HK\$'000	% of total gross advances to customers
Gross advances to customers which have been overdue for:				
- six months or less but over three months	16	0.00%	8	0.00%
- one year or less but over six months	6,242	0.00%	-	0.00%
- over one year	<u>32,829</u>	<u>0.03%</u>	<u>203,303</u>	<u>0.18%</u>
Total	<u>39,087</u>	<u>0.03%</u>	<u>203,311</u>	<u>0.18%</u>

Analysis of gross overdue advances to customers which are overdue for more than three months by geographical areas:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Singapore	6,232	157,695
Hong Kong	<u>32,855</u>	<u>45,616</u>
	<u>39,087</u>	<u>203,311</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets (continued)
(b) Gross overdue trade bills

	As at 31 December 2018		As at 30 June 2018	
	HK\$'000	% of total gross trade bills	HK\$'000	% of total gross trade bills
Gross trade bills which have been overdue for:				
- six months or less but over three months	26,073	0.25%	-	0.00%
- one year or less but over six months	7,046	0.07%	-	0.00%
- over one year	8,356	0.08%	75,548	0.66%
Total	41,475	0.40%	75,548	0.66%

Analysis of gross overdue trade bills which are overdue for more than three months by geographical areas:

	As at 31 December 2018 HK\$'000	As at 30 June 2018 HK\$'000
Singapore	33,119	22,308
Hong Kong	8,356	53,240
	41,475	75,548

(c) There are no rescheduled advances to customers as at 31 December 2018 and 30 June 2018.

(d) There are no advances to banks and debt securities which are overdue for more than three months or have been rescheduled as at 31 December 2018 and 30 June 2018.

(e) There are no repossessed assets as at 31 December 2018 and 30 June 2018.

The above analysis of gross overdue advances to customers and gross overdue trade bills by geographical areas are based on the location of the counterparties after taking into account the transfer of risk. In general, transfer of risk applies when a claim is guaranteed by a party situated in a country different from the counterparty.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets (continued)
(f) Current market value of collateral held against advances overdue for more than three months

	Outstanding amount of advances HK\$'000	Current market value of collateral HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000	Individual impairment allowances HK\$'000
As at 31 December 2018					
Overdue advances					
- Fully covered advances	-	-	-	-	-
- Partially covered advances	-	-	-	-	-
- Uncovered advances	<u>39,087</u>	<u>-</u>	<u>-</u>	<u>39,087</u>	<u>39,061</u>
Total	<u>39,087</u>	<u>-</u>	<u>-</u>	<u>39,087</u>	<u>39,061</u>
As at 30 June 2018					
Overdue advances					
- Fully covered advances	-	-	-	-	-
- Partially covered advances	-	-	-	-	-
- Uncovered advances	<u>203,311</u>	<u>-</u>	<u>-</u>	<u>203,311</u>	<u>203,303</u>
Total	<u>203,311</u>	<u>-</u>	<u>-</u>	<u>203,311</u>	<u>203,303</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets (continued)
(g) Current market value of collateral held against trade bills overdue for more than three months

	Outstanding amount of trade bills HK\$'000	Current market value of collateral HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000	Individual impairment allowances HK\$'000
As at 31 December 2018					
Overdue trade bills					
- Fully covered trade bills	-	-	-	-	-
- Partially covered trade bills	-	-	-	-	-
- Uncovered trade bills	<u>41,475</u>	<u>-</u>	<u>-</u>	<u>41,475</u>	<u>41,475</u>
Total	<u>41,475</u>	<u>-</u>	<u>-</u>	<u>41,475</u>	<u>41,475</u>
As at 30 June 2018					
Overdue trade bills					
- Fully covered trade bills	-	-	-	-	-
- Partially covered trade bills	-	-	-	-	-
- Uncovered trade bills	<u>75,548</u>	<u>-</u>	<u>-</u>	<u>75,548</u>	<u>75,548</u>
Total	<u>75,548</u>	<u>-</u>	<u>-</u>	<u>75,548</u>	<u>75,548</u>

The Branch follows the Group's guidelines and standards on acceptability of specific collateral for credit risk mitigation. Collateral is taken whenever possible to mitigate the credit risk assumed and the value of the collateral is monitored periodically. The main types of collateral are cash, marketable securities, real estate, equipment, inventory and receivables.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
19. Non-bank Mainland China exposures

Type of counterparties	On-balance sheet exposures HK\$'million	Off-balance sheet exposures HK\$'million	Total HK\$'million
As at 31 December 2018			
(1) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	18,220	2,306	20,526
(2) Local governments, local government-owned entities and their subsidiaries and JVs	1,742	708	2,450
(3) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	12,392	2,652	15,044
(4) Other entities of central government not reported in item 1 above	1,938	169	2,107
(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	6,878	2,860	9,738
(7) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	4,632	1,160	5,792
Total	<u>45,802</u>	<u>9,855</u>	<u>55,657</u>
Total assets after provisions	<u>191,389</u>		
On-balance sheet exposures as percentage of total assets	<u>23.93%</u>		

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
19. Non-bank Mainland China exposures (continued)

Type of counterparties	On-balance sheet exposures HK\$'million	Off-balance sheet exposures HK\$'million	Total HK\$'million
As at 30 June 2018			
(1) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	22,522	1,865	24,387
(2) Local governments, local government-owned entities and their subsidiaries and JVs	1,819	1,026	2,845
(3) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,149	1,213	3,362
(4) Other entities of central government not reported in item 1 above	2,000	393	2,393
(5) Other entities of local governments not reported in item 2 above	8,222	17	8,239
(6) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,659	2,766	9,425
(7) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>6,969</u>	<u>1,802</u>	<u>8,771</u>
Total	<u>50,340</u>	<u>9,082</u>	<u>59,422</u>
Total assets after provisions	<u>194,924</u>		
On-balance sheet exposures as percentage of total assets	<u>25.83%</u>		

There are no allowances for impaired loan on non-bank Mainland China exposures as at 31 December 2018 and 30 June 2018 respectively.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH**UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)****20. Remuneration policy**

The remuneration policy and systems of the Branch are established according to the framework of the Group remuneration guidelines for its employees engaged in the business and operations in Hong Kong.

The information related to the Group remuneration system are disclosed in the annual report of United Overseas Bank Limited.

21. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted in the current year.

Hong Kong, 30 April 2019

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
GROUP CONSOLIDATED FINANCIAL INFORMATION

The information set out below is based on the consolidated accounts of United Overseas Bank Limited (the "Group").

1. Capital and capital adequacy ratios

The Group computes its capital adequacy ratios in accordance with the Basel III capital adequacy requirements set out in the Monetary Authority of Singapore ("MAS") No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore".

	As at 31 December 2018 S\$'million	As at 30 June 2018 S\$'million
Group shareholders' equity	37,623	37,660
Group's capital adequacy ratios		
Common Equity Tier 1	13.9%	14.5%
Tier 1	14.9%	16.0%
Total	17.0%	18.4%

2. Other financial information

	Year ended 31 December 2018 S\$'million	Year ended 31 December 2017 S\$'million
Pre-tax profit	4,826	4,207

	As at 31 December 2018 S\$'million	As at 30 June 2018 S\$'million
Total assets	388,092	384,263
Total liabilities	350,280	346,413
Total gross customer loans	261,707	249,739
Total customer deposits	293,186	287,515