

**Key Financial Information
Disclosure Statement**

*2017
Year End
Results*



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

For the year ended 31 December 2017

- The Statement is displayed in the banking hall of the OCBC Hong Kong Branch at the following address:

9/F, Nine Queen's Road Central, Hong Kong

- A copy of the Statement has been lodged with the public registry of the Hong Kong Monetary Authority for public inspection.
- For any enquiries on the Statement, please contact Miss Suki Lee at 2840 6401.

Key Financial Information Disclosure Statement for the year ended 31 December 2017 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information (Hong Kong office only)

I. Profit and loss information

	Year ended 31 Dec 2017 HK\$'000	Year ended 31 Dec 2016 HK\$'000
(i) Interest income	2,056,761	1,661,353
(ii) Interest expense	(1,130,383)	(888,170)
(iii) Other operating income		
- Gains less losses arising from trading in foreign currencies	21,196	319,009
- Gains less losses arising from non-trading activities in foreign currencies	85,355	(380,195)
- Gains less losses arising from other trading activities	(72,043)	96,078
- Gains less losses arising from hedging instruments	-	-
- Dividend from subsidiaries	27,100	353,150
- Fees and commissions		
- Income	160,666	166,456
- Expense	-	-
- Others	54,863	45,069
(iv) Operating expenses		
- Staff expenses	(177,568)	(179,599)
- Rental expenses	(6,313)	(9,099)
- Other expenses	(52,074)	(62,547)
(v) Profit / (Loss) on sale of fixed assets	11,217	121,711
(vi) (Charge) / Write back for impairment losses and impairment allowances for impaired assets	(240,122)	(23,467)
(vii) Profit / (Loss) before taxation	738,655	1,219,749
(viii) Taxation (charge) / credit	(108,093)	(99,732)
(ix) Profit / (Loss) after taxation	630,562	1,120,017

II. Balance sheet information

	As at 31 Dec 2017 HK\$'000	As at 30 Jun 2017 HK\$'000
Assets		
(i) Cash and short term funds <i>(except those included in amount due from overseas offices)</i>	4,087,450	3,910,375
(ii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	14,330,506	14,694,789
(iii) Due from Exchange Fund	611,256	4,460
(iv) Amount due from overseas offices	2,864,251	7,360,014
(v) Trade bills	7,183,772	6,049,820
(vi) Certificates of deposit held	26,322,972	26,116,867
(vii) Available-for-sale securities	5,986,229	5,742,547
(viii) Trading securities	830,866	1,264,083
(ix) Advances and other accounts		
- Advances to customers	51,925,156	46,971,789
- Placement with banks maturing over twelve months	-	-
- Accrued interest and other accounts	679,536	703,498
- Impairment allowances for impaired assets		
- Collective impairment allowances	(523,560)	(482,664)
- Individual impairment allowances		
- Advances to customers	(162,794)	(147,913)
- Other accounts	-	-
(x) Positive fair value of derivatives	3,835,017	2,858,462
(xi) Investment in subsidiaries	34,568	34,568
(xii) Other investments	550	550
(xiii) Tangible fixed assets	18,137	18,761
Total assets	118,023,912	115,100,006
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	16,639,540	22,593,060
(ii) Due to Exchange Fund	-	6,000,000
(iii) Deposits from customers		
- Demand deposits and current accounts	353,914	254,743
- Saving deposits	4,603,347	4,503,655
- Time, call and notice deposits	27,993,409	22,242,228
(iv) Amount due to overseas offices	32,351,415	33,396,030
(v) Certificates of deposit issued	29,228,249	20,938,186
(vi) Other liabilities and provisions (include current year's profits)	1,570,004	1,081,859
(vii) Negative fair value of derivatives	3,897,292	2,585,236
(viii) Reserve		
- Un-remitted retained profits	1,379,042	1,412,965
- Fair value of available-for-sale securities	7,700	92,044
Total liabilities	118,023,912	115,100,006

III. Additional balance sheet information

1. Gross advances to customers

	Collateral Value As at 31 Dec 2017 HK\$'000	Gross Advances As at 31 Dec 2017 HK\$'000	Collateral Value As at 30 Jun 2017 HK\$'000	Gross Advances As at 30 Jun 2017 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial				
- Property development	83,877	9,611,256	70,687	11,177,464
- Property investment	2,708,613	6,292,280	3,104,537	6,064,537
- Civil engineering works	415,000	715,000	110,000	415,000
- Financial concerns	-	2,293,147	-	585,488
- Stockbrokers	-	2,672,675	-	797,619
- Wholesale and retail trade	484,969	666,387	469,186	683,943
- Manufacturing	-	-	-	-
- Information technology	-	290,000	-	390,000
- Recreational activities	-	-	-	-
- Transport and transport equipment	-	654,700	-	1,094,000
- Others	3,232,937	4,335,897	3,176,761	3,929,844
	6,925,396	27,531,342	6,931,171	25,137,895
- Individuals				
- Loans for the purchase of other residential properties	11,285	11,285	11,951	11,951
- Others	3,172	3,172	9,548	9,548
	14,457	14,457	21,499	21,499
Loans for use in Hong Kong	6,939,853	27,545,799	6,952,670	25,159,394
Trade finance	308,201	3,875,012	205,525	3,655,068
Loans for use outside Hong Kong	5,448,153	20,504,345	5,030,941	18,157,327
Total advances to customers	12,696,207	51,925,156	12,189,136	46,971,789

	Gross Advances As at 31 Dec 2017 HK\$'000	Gross Advances As at 30 Jun 2017 HK\$'000
Analysed by countries:		
Hong Kong	25,751,406	23,241,917
China	23,704,371	21,381,369
Singapore	1,824,281	1,369,354
Others	645,098	979,149
Total advances to customers	51,925,156	46,971,789

The above analysis of gross advances to customers by country is based on the physical location and/or the place of business operations of the customers and transfer of risk has been taken account of. In general, risk transfer is made when the advances are guaranteed by a party in a country which is different from that of the customer.

III. Additional balance sheet information *(continued)*

2. Gross advances to banks

As at 31 Dec 2017	As at 30 Jun 2017
HK\$'000	HK\$'000
-	-

3. International claims

Geographical segments or individual countries constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are summarised as follows:

HK\$ million	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
<u>As at 31 Dec 2017</u>						
Offshore centres	6,326	263	1,872	13,134	-	21,595
of which - Hong Kong	2,746	-	1,570	11,428	-	15,744
Developing Asia and Pacific	44,302	48	987	8,441	-	53,778
of which - China	44,032	48	987	8,408	-	53,475
<u>As at 30 Jun 2017</u>						
Offshore centres	13,946	129	680	13,178	-	27,933
of which - Hong Kong	4,157	-	653	11,364	-	16,174
- Singapore	9,288	-	27	1,814	-	11,129
Developing Asia and Pacific	38,067	46	-	8,610	-	46,723
of which - China	37,774	46	-	8,558	-	46,378

In general, risk transfer is made when claims are guaranteed by a party in a country which is different from that of the counterparty or when the claims are on an overseas branch of a bank whose head office is located in another country.

The geographical segments and counterparty classifications are identified in accordance with the guidelines set out in the Return of International Banking Statistics (MA(BS)21) issued by the HKMA.

III. Additional balance sheet information *(continued)*

4. Impairment allowances for impaired assets were as follows:

	As at 31 Dec 2017	As at 30 Jun 2017
	HK\$'000	HK\$'000
Collective impairment allowances	523,560	482,664
Individual impairment allowances		
- Loans and Advances	162,794	147,913
- Trade Bills	-	-
- Other Assets	-	-
	686,354	630,577

Individual impairment allowance for impaired assets is made against loans and advances or other exposures as and when they are considered necessary by the management.

The collective impairment allowances are centrally done on a global basis by Head Office in Singapore based on an assessment of the degree of credit risk inherent in Hong Kong Branch's overall portfolio of loans and advances and other exposures.

5. Impaired loans

Impaired loans are those advances where full repayments of principal and/ or interest are considered unlikely. Loans are impaired if there is objective evidence of impairment.

	Collateral Value	Impaired Loans	Collateral Value	Impaired Loans
	As at 31 Dec 2017	As at 31 Dec 2017	As at 30 Jun 2017	As at 30 Jun 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- Gross amount	-	245,603	-	276,532
<i>(as a percentage of total advances to customers)</i>	(0.00%)	(0.47%)	<i>(0.00%)</i>	<i>(0.59%)</i>
- Individual impairment allowances		162,794		147,913

Analysis of gross amount by countries:

Hong Kong	-	-
China	245,603	276,532
Singapore	-	-
Others	-	-
Total impaired loans	245,603	276,532

The above analysis of impaired loans to customers by country is based on the physical location and/or the place of business operations of the customers and transfer of risk has been taken account of. In general, risk transfer is made when the loans are guaranteed by a party in a country which is different from that of the customer.

III. Additional balance sheet information (continued)

6. Overdue advances

	Collateral Value As at 31 Dec 2017 HK\$'000	Overdue Loans As at 31 Dec 2017 HK\$'000	Collateral Value As at 30 Jun 2017 HK\$'000	Overdue Loans As at 30 Jun 2017 HK\$'000
Gross amount of advances which had been overdue for				
- more than one month and up to three months <i>(as a percentage of total advances to customers)</i>	-	-	-	-
	<i>(0.00%)</i>	<i>(0.00%)</i>	<i>(0.00%)</i>	<i>(0.00%)</i>
- more than three months and up to six months <i>(as a percentage of total advances to customers)</i>	-	-	-	-
	<i>(0.00%)</i>	<i>(0.00%)</i>	<i>(0.00%)</i>	<i>(0.00%)</i>
- more than six months and up to one year <i>(as a percentage of total advances to customers)</i>	-	-	-	-
	<i>(0.00%)</i>	<i>(0.00%)</i>	<i>(0.00%)</i>	<i>(0.00%)</i>
- more than one year <i>(as a percentage of total advances to customers)</i>	-	245,603	-	276,532
	<i>(0.00%)</i>	<i>(0.47%)</i>	<i>(0.00%)</i>	<i>(0.59%)</i>
Total overdue loans	-	245,603	-	276,532

Additional information to collateral value:

	As at 31 Dec 2017 HK\$'000	As at 30 Jun 2017 HK\$'000
Market value	-	-
Covered portion	-	-
Uncovered portion	-	-
Total individual impairment allowances	-	-

Analysis of gross amount by countries:

Hong Kong	-	-
China	245,603	276,532
Others	-	-
Total overdue loans	245,603	276,532

The above analysis of overdue advances to customers by country is based on the physical location and/or the place of business operations of the customers and transfer of risk has been taken account of. In general, risk transfer is made when the advances are guaranteed by a party in a country which is different from that of the customer.

7. The amount of rescheduled advances to customers, net of those which have been overdue for over three months and reported under note 6 above, as at 31 December 2017 was Nil (30 June 2017: Nil).

8. As at 31 December 2017, there were no advances to banks and other financial institutions that were overdue, rescheduled or impaired (30 June 2017: Nil).

9. Overdue Trade Bills

	As at 31 Dec 2017 HK\$'000	As at 30 June 2017 HK\$'000
Trade bills which had been overdue for		
- more than one month and up to three months	-	-
- more than three months and up to six months	-	-
- more than six months and up to one year	-	-
- more than one year	-	-
Total overdue Trade Bills	-	-

As at 31 December 2017, there was no other asset that was overdue (30 June 2017: Nil).

10. There was no repossessed asset held as at 31 December 2017 (30 June 2017: Nil).

III. Additional balance sheet information *(continued)*

11. Foreign currency risk exposure:

The net position in a particular foreign currency is disclosed below if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

As at 31 December 2017

HK\$ million	CNY	USD	Total
Spot assets	1,293	72,055	77,267
Spot liabilities	(885)	(72,733)	(82,607)
Forward purchases	54,661	191,669	259,565
Forward sales	(55,178)	(186,751)	(250,100)
Net options position	-	(3,605)	(3,580)
Net long/(short) position	(109)	635	545

As at 30 June 2017

HK\$ million	USD	Total
Spot assets	66,622	74,515
Spot liabilities	(66,601)	(81,645)
Forward purchases	214,281	305,372
Forward sales	(214,634)	(298,589)
Net options position	-	-
Net long/(short) position	(332)	(347)

The "Total" column represents the aggregate positions of all currencies.

There was no structural position as at 31 December 2017 (at 30 June 2017: Nil).

The net options position is calculated based on the delta-weighted position as set out in the Return of "Foreign Currency Position" issued by the HKMA.

III. Additional balance sheet information *(continued)*

12. Non-bank Mainland China Exposures:

As at 31 December 2017

Types of Counterparties	[A] On-balance sheet exposure HK\$ million	[B] Off-balance sheet exposure HK\$ million	[A] + [B] Total HK\$ million
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	16,205	1,142	17,347
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,563	56	2,619
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,456	568	10,024
4. Other entities of central government not reported in item 1 above	392	769	1,161
5. Other entities of local governments not reported in item 2 above	601	-	601
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,925	3,894	12,819
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	805	-	805
Total	38,947	6,429	45,376
Total assets after provision	118,024		
On-balance sheet exposures as percentage of total assets	33.00%		

As at 30 June 2017

Types of Counterparties	[A] On-balance sheet exposure HK\$ million	[B] Off-balance sheet exposure HK\$ million	[A] + [B] Total HK\$ million
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	12,472	2,112	14,584
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,313	284	2,597
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,986	1,295	6,281
4. Other entities of central government not reported in item 1 above	250	300	550
5. Other entities of local governments not reported in item 2 above	200	-	200
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,616	3,614	12,230
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,368	-	1,368
Total	30,205	7,605	37,810
Total assets after provision	115,100		
On-balance sheet exposures as percentage of total assets	26.24%		

IV. Off-balance sheet information

		As at 31 Dec 2017	As at 30 Jun 2017
		HK\$'000	HK\$'000
Contingent liabilities and commitments			
(i) Notional amounts			
Direct credit substitutes		107,801	116,555
Transaction-related contingencies		11,422	125,011
Trade-related contingencies		5,089,482	4,260,102
Other commitments			
- over one year		8,491,670	10,010,562
- one year or less		18,360,726	16,427,188
Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)		-	41,945
		32,061,101	30,981,363
	Credit Conversion Factor		
(ii) Credit risk weighted amounts			
Direct credit substitutes	100%	107,801	116,555
Transaction-related contingencies	50%	5,711	62,506
Trade-related contingencies	20%	1,017,896	852,020
Other commitments			
- over one year	50%	4,245,835	5,005,281
- one year or less	0%	-	-
Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)	100%	-	41,945
		5,377,243	6,078,307
Derivatives			
Exchange rate contracts		396,184,123	432,824,288
Interest rate contracts		335,425,082	316,386,078
Others		-	36,817
		731,609,205	749,247,183

The total replacement cost of the above reported derivatives with a positive value obtained by marking to market is HK\$3,835 million as at 31 December 2017 (30 June 2017 : HK\$2,858 million). The effect of bilateral netting agreement has not been taken into account for the above calculation.

V. Liquidity Information

	As at 31 Dec 2017	As at 31 Dec 2016
Average Liquidity Maintenance Ratio ("LMR") for year ended	61.53%	69.51%

The average LMR is the simple average of each calendar month's average LMR calculated in accordance with the Banking (Liquidity) Rules.

The liquidity risk management of Oversea-Chinese Banking Corporation Limited, Hong Kong Branch, is part of the OCBC Group's risk management processes. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and refining contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioural basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes.

The Hong Kong Asset and Liability Committee ("ALCO") comprising key members from local management and Treasury, conducts meeting on a regular basis to review and deliberate important liquidity risk management matters.

The Hong Kong Branch also follows the applicable guidance set forth by the HKMA in Supervisory Policy Manual LM-2, Sound Systems and Controls for Liquidity Risk Management.

Further information with regard to the Risk Management of OCBC Group can be found from page 68 of Annual report 2016.

Section B – Oversea-Chinese Banking Corporation Limited Group information (Consolidated basis)

Amounts reported are expressed in Singapore Dollars (The exchange rate as at 31 December 2017 is HKD1 = SGD 0.171048, 30 June 2017 is HKD1 = SGD 0.176376, 31 December 2016 is HKD1 = SGD 0.186491)

I Capital and capital adequacy

	As at 31 Dec 2017	As at 30 Jun 2017
	S\$'000	S\$'000
(i) Capital and reserves		
- Issued and paid-up capital	15,136,347	15,106,480
- Total shareholders' equity*	41,776,416	40,714,688
(ii) Consolidated capital adequacy ratio	17.20%	16.10%

II Other financial information

	As at 31 Dec 2017	As at 30 Jun 2017
	S\$'000	S\$'000
(i) Total Assets	454,938,337	429,601,131
(ii) Total Liabilities	413,161,921	388,886,443
(iii) Loans to non-bank customers, including bills (net of individual and collective impairment allowances)	234,141,458	225,355,291
(iv) Deposits of non-bank customers	283,642,169	264,420,563
	Year ended	Year ended
	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000
(v) Pre-tax profits	5,215,721	4,275,365

*: includes non-controlling interest

III Bank profile

Oversea-Chinese Banking Corporation Limited is a company incorporated in Singapore with limited liability. Its Hong Kong Branch provides banking and financial related services to bank and non-bank customers.

IV Disclosure on remuneration

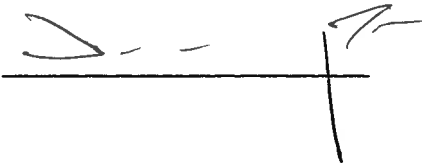
OCBC HK Branch adopted the remuneration systems of the head office, OCBC Bank. The objective of the Bank's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

According to the Supervisory Policy Manual ("SPM") CG-5 "Guideline on a Sound Remuneration System" issued by HKMA, Oversea-Chinese Banking Corporation Limited, as an overseas-incorporated Authorized Institution is not required to make separate disclosures in respect of the remuneration system applicable to their Hong Kong operations. The disclosures made by Head Office in the Annual Report also cover information as set out in the said Guideline, where appropriate.

In relation to the disclosure on remuneration, such information on (but not be limited to) the decision-making process, firm-wide remuneration policy, criteria used for performance measurements and risk adjustment, the linkage between pay and performance, deferral policy and vesting criteria, and the parameters used for allocating cash versus other forms of remuneration, aggregate quantitative information, where applicable, in respect of sign-on and severance payments awarded during the financial year, and the breakdown of the total compensation of the Chief Executive Officer and other senior executives (reporting directly to him) by fixed, variable and deferred proportions, were publicly disclosed in our 2016 Annual Report.

Oversea-Chinese Banking Corporation Limited, Hong Kong Branch Chief Executive's Declaration of Compliance

I, Tan Wing Ming, being the Chief Executive of Oversea-Chinese Banking Corporation Limited, Hong Kong Branch, declare that the information disclosed in this statement complies fully with Banking (Disclosure) Rules and is not false or misleading.

Signature: 

Date : 13 March 2018