

**Key Financial Information  
Disclosure Statement**

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***2020  
Year End  
Results***



**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT**

For the year ended 31 December 2020

- 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 and is available on the website <https://www.ocbc.com/group/investors/investor-information#otherdisclosures>, for public inspection.

**Key Financial Information Disclosure Statement for the year ended 31 December 2020 prepared in accordance with Banking (Disclosure) Rules.**

**Section A – Branch Information (Hong Kong office only)**

**I. Profit and loss information**

	<b>Year ended 31 Dec 2020 HK\$'000</b>	<b>Year ended 31 Dec 2019 HK\$'000</b>
(i) Interest income	<b>2,139,281</b>	3,002,099
(ii) Interest expense	<b>(1,081,227)</b>	(2,242,601)
(iii) Other operating income		
- Gains less losses arising from trading in foreign currencies	<b>(208,058)</b>	(47,936)
- Gains less losses arising from other trading activities	<b>267,163</b>	141,235
- Gains less losses on securities held for trading purposes	<b>(1,467)</b>	16,805
- Fees and commissions		
- Income	<b>51,029</b>	138,794
- Expense	-	(11,777)
- Others	<b>110,573</b>	136,962
(iv) Operating expenses		
- Staff expenses	<b>(194,800)</b>	(204,356)
- Rental expenses	<b>(27,262)</b>	(27,723)
- Other expenses	<b>(90,198)</b>	(88,885)
(v) Gains less losses from the disposal of property, plant and equipment and investment properties	-	15
(vi) Net (charge) / credit for impairment losses and provisions for impaired loans and receivables	<b>(552,290)</b>	(79,697)
(vii) Profit / (Loss) before taxation	<b>412,744</b>	732,935
(viii) Taxation (charge) / credit	<b>(76,324)</b>	(123,257)
(ix) Profit / (Loss) after taxation	<b>336,420</b>	609,678

## II. Balance sheet information

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
<b>Assets</b>		
(i) Cash and short term funds <i>(except those included in amount due from overseas offices)</i>	970,229	8,283,190
(ii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	5,488,982	4,262,666
(iii) Due from Exchange Fund	352,659	151,211
(iv) Amount due from overseas offices	795,249	910,532
(v) Trade bills	1,598,498	2,557,816
(vi) Certificates of deposit held	37,851,381	43,839,461
(vii) Investment securities	19,731,619	17,777,174
(viii) Trading securities	1,565,118	1,495,797
(ix) Loans and advances and other accounts		
- Loans and advances to customers	50,444,499	48,525,410
- Placement with banks maturing over twelve months	-	-
- Accrued interest and other accounts	1,619,063	2,579,545
(x) Impairment allowances on loans and advances and other accounts		
- Collectively assessed	(86,430)	(84,011)
- Individual assessed	(459,981)	(204,459)
(xi) Derivative receivables	9,011,347	6,592,992
(xii) Investment in subsidiaries	34,568	34,568
(xiii) Other investments	750	750
(xiv) Property, plant and equipment and investment properties	6,546	5,769
<b>Total assets</b>	<b>128,924,097</b>	<b>136,728,411</b>
<b>Liabilities</b>		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	7,422,371	36,693,502
(ii) Due to Exchange Fund	-	-
(iii) Deposits from customers		
- Demand deposits and current accounts	356,181	358,777
- Saving deposits	1,878,545	1,502,657
- Time, call and notice deposits	23,600,088	16,076,320
(iv) Amount due to overseas offices	46,185,462	44,539,511
(v) Certificates of deposit issued	38,233,670	26,758,044
(vi) Other liabilities	1,236,743	3,081,458
(vii) Provisions	63,537	203,195
(viii) Derivative payables	9,151,424	6,841,539
(ix) Reserve	796,076	673,408
<b>Total liabilities</b>	<b>128,924,097</b>	<b>136,728,411</b>

### III. Additional balance sheet information

#### 1. Gross loans and advances to customers

	Collateral Value As at 31 Dec 2020 HK\$'000	Gross Loans and Advances As at 31 Dec 2020 HK\$'000	Collateral Value As at 30 Jun 2020 HK\$'000	Gross Loans and Advances As at 30 Jun 2020 HK\$'000
Analysed by industry:				
Loans and advances for use in Hong Kong				
- Industrial, commercial and financial				
- Property development	467,328	6,250,979	518,787	3,876,789
- Property investment	4,354,304	9,359,830	4,199,663	8,457,182
- Financial concerns	-	-	-	-
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	191,762	3,603,202	191,762	3,603,202
- Manufacturing	-	-	-	-
- Transport and transport equipment	-	978,340	-	780,982
- Recreational activities	-	-	-	-
- Information technology	-	191,084	-	199,339
- Others	1,751,895	2,512,664	1,753,165	2,818,165
	<b>6,765,289</b>	<b>22,896,099</b>	<b>6,663,377</b>	<b>19,735,659</b>
- Individuals				
- Loans for the purchase of other residential properties	1,089	1,089	1,155	1,155
- Others	20,415	20,415	6,800	6,800
	<b>21,504</b>	<b>21,504</b>	<b>7,955</b>	<b>7,955</b>
Loans and advances for use in Hong Kong	<b>6,786,793</b>	<b>22,917,603</b>	6,671,332	19,743,614
Trade finance	<b>6,656</b>	<b>1,079,480</b>	25,745	2,206,624
Loans and advances for use outside Hong Kong	<b>4,430,356</b>	<b>26,447,416</b>	4,905,496	26,575,172
<b>Total loans and advances to customers</b>	<b>11,223,805</b>	<b>50,444,499</b>	<b>11,602,573</b>	<b>48,525,410</b>

Analysed by countries:	Gross Loans and Advances As at 31 Dec 2020 HK\$'000	Gross Loans and Advances As at 30 Jun 2020 HK\$'000
Hong Kong	20,158,495	17,661,980
China	27,393,863	27,493,316
Others	2,892,141	3,370,114
<b>Total loans and advances to customers</b>	<b>50,444,499</b>	<b>48,525,410</b>

The above analysis of gross loans and 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 loans and 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 loans and advances to banks

As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 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	<u>Non-bank private sector</u>					Total
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	
<b>As at 31 Dec 2020</b>						
Developed countries	1,850	-	407	6,296	-	8,553
Offshore centres	7,096	584	2,707	15,421	-	25,808
of which - Hong Kong	4,365	-	2,648	15,153	-	22,166
Developing Asia and Pacific	31,031	3,067	1,518	10,557	-	46,173
of which - China	31,007	701	375	10,557	-	42,640
<b>As at 30 Jun 2020</b>						
Developed countries	1,123	1,089	393	6,361	-	8,966
Offshore centres	16,615	60	3,335	15,545	-	35,555
of which - Hong Kong	4,889	-	3,147	15,121	-	23,157
of which - Singapore	9,999	-	188	424	-	10,611
Developing Asia and Pacific	31,385	1,202	1,498	10,901	-	44,986
of which - China	30,789	224	30	10,901	-	41,944

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 loans and advances and other exposures were as follows:

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
Collectively assessed allowances	86,430	84,011
Individual assessed allowances		
- Loans and Advances	459,981	204,459
- Trade Bills	-	-
- Other Assets	-	-
	546,411	288,470

Individual assessed allowances are made against loans and advances or other exposures as and when they are considered necessary by the management.

The collectively assessed allowances are calculated based on the forward-looking expected credit loss model under SFRS(I) 9.

#### 5. Impaired loans and advances

	Collateral Value As at 31 Dec 2020 HK\$'000	Impaired Loans and advances As at 31 Dec 2020 HK\$'000	Collateral Value As at 30 Jun 2020 HK\$'000	Impaired Loans and Advances As at 30 Jun 2020 HK\$'000
- Gross amount	327,339	960,523	327,233	1,192,814
<i>(as a percentage of total loans and advances to customers)</i>	<i>(0.65%)</i>	<i>(1.90%)</i>	<i>(0.67%)</i>	<i>(2.46%)</i>
- Individual assessed allowances		459,981		204,459

Analysis of gross amount by countries:

Hong Kong	331,988	308,473
China	444,623	444,480
Singapore	183,912	439,861
Others	-	-
Total impaired loans and advances	960,523	1,192,814

The above analysis of impaired loans and 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 loans and advances are guaranteed by a party in a country which is different from that of the customer.

**III. Additional balance sheet information (continued)**

6. Overdue loans and advances

	Collateral Value As at 31 Dec 2020 HK\$'000	Overdue Loans and Advances As at 31 Dec 2020 HK\$'000	Collateral Value As at 30 Jun 2020 HK\$'000	Overdue Loans and Advances As at 30 Jun 2020 HK\$'000
Gross amount of loans and advances which had been overdue for				
- more than one month and up to three months <i>(as a percentage of total loans and advances to customers)</i>	-	-	-	-
- more than three months and up to six months <i>(as a percentage of total loans and advances to customers)</i>	-	23,415	-	-
- more than six months and up to one year <i>(as a percentage of total loans and advances to customers)</i>	327,339	492,485	-	-
- more than one year <i>(as a percentage of total loans and advances to customers)</i>	-	444,623	-	700,488
<b>Total overdue loans and advances</b>	<b>327,339</b>	<b>960,523</b>	-	700,488

Value of collateral held against overdue loans and advances:

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
Current market value of collateral held against the covered portion of overdue loans and advances	327,339	-
Covered portion of overdue loans and advances	327,339	-
Uncovered portion of overdue loans and advances	633,184	700,488
Analysis of gross amount by countries:		
Hong Kong	331,988	-
China	444,623	444,480
Singapore	183,912	256,008
Others	-	-
<b>Total overdue loans and advances</b>	<b>960,523</b>	<b>700,488</b>

The above analysis of overdue loans and 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 loans and advances are guaranteed by a party in a country which is different from that of the customer.

7. The amount of rescheduled loans and advances to customers, net of those which have been overdue for over three months and reported under note 6 above, as at 31 December 2020 was Nil (30 June 2020: Nil).

8. As at 31 December 2020, there were no loans and advances to banks and other financial institutions that were overdue, rescheduled or impaired (30 June 2020: Nil).

9. Overdue Trade Bills

	As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 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	-	-
<b>Total overdue Trade Bills</b>	<b>-</b>	<b>-</b>

As at 31 December 2020, there was no other asset that was overdue (30 June 2020: Nil).



**III. Additional balance sheet information** *(continued)*

10. There was no repossessed asset held as at 31 December 2020 (30 June 2020: Nil).

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 2020**

HK\$ million	EUR	CNY	USD	Total
Spot assets	3,906	17,531	50,248	71,685
Spot liabilities	(10,850)	(2,700)	(73,204)	(86,754)
Forward purchases	15,873	66,357	232,022	314,252
Forward sales	(9,140)	(81,812)	(208,654)	(299,606)
Net options position	21	(8)	230	243
<b>Net long/(short) position</b>	<b>(190)</b>	<b>(632)</b>	<b>642</b>	<b>(180)</b>

**As at 30 June 2020**

HK\$ million	EUR	CNY	USD	Total
Spot assets	3,834	12,817	65,265	81,916
Spot liabilities	(1,275)	(1,180)	(93,636)	(96,091)
Forward purchases	5,731	63,374	237,719	306,824
Forward sales	(8,322)	(75,038)	(209,771)	(293,131)
Net options position	-	(163)	370	207
<b>Net long/(short) position</b>	<b>(32)</b>	<b>(190)</b>	<b>(53)</b>	<b>(275)</b>

There was no structural position as at 31 December 2020 (at 30 June 2020: 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 2020

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)	15,422	870	16,292
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,034	-	3,034
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,903	444	8,347
4. Other entities of central government not reported in item 1 above	1,054	2	1,056
5. Other entities of local governments not reported in item 2 above	1,250	-	1,250
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,931	2,207	13,138
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>39,594</b>	<b>3,523</b>	<b>43,117</b>
<b>Total assets after provision</b>	<b>128,924</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>30.71%</b>		

As at 30 June 2020

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)	16,413	67	16,480
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,354	-	3,354
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	8,537	570	9,107
4. Other entities of central government not reported in item 1 above	539	643	1,182
5. Other entities of local governments not reported in item 2 above	1,250	-	1,250
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,726	2,397	13,123
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>40,819</b>	<b>3,677</b>	<b>44,496</b>
<b>Total assets after provision</b>	<b>136,728</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>29.85%</b>		

**IV. Off-balance sheet information**

		As at 31 Dec 2020 HK\$'000	As at 30 Jun 2020 HK\$'000
<b>Contingent liabilities and commitments</b>			
(i) Contractual/notional amounts			
Direct credit substitutes		57,775	153,748
Transaction-related contingencies		-	-
Trade-related contingencies		1,849,641	1,480,659
Other commitments			
- over one year		7,433,263	11,351,305
- one year or less		24,864,819	25,096,770
Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)		<u>3,643,816</u>	<u>17,681,844</u>
		<u>37,849,314</u>	<u>55,764,326</u>
	Credit Conversion Factor		
(ii) Credit risk weighted amounts			
Direct credit substitutes	100%	57,775	153,748
Transaction-related contingencies	50%	-	-
Trade-related contingencies	20%	369,928	296,132
Other commitments			
- over one year	50%	3,716,632	5,675,653
- 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%	<u>3,643,816</u>	<u>17,681,844</u>
		<u>7,788,151</u>	<u>23,807,377</u>
<b>Derivatives</b>			
(i) Contractual/notional amounts			
Exchange rate contracts		451,394,542	455,790,977
Interest rate contracts		339,813,368	409,313,000
Others		59,930	59,059
		<u>791,267,840</u>	<u>865,163,036</u>
The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements.			
The contractual/notional amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date. They do not represent amounts at risk.			
(ii) Total fair value			
Exchange rate contracts		(294,490)	(312,374)
Interest rate contracts		154,250	63,703
Others		163	124
		<u>(140,077)</u>	<u>(248,547)</u>

## V. Liquidity Information

### 1. Liquidity Maintenance Ratio

	<b>Quarter ended As at 31 Dec 2020</b>	Quarter ended As at 31 Dec 2019
Quarterly average liquidity maintenance ratio	<b>139.43%</b>	85.59%

The average liquidity maintenance ratio is calculated as the simple average of each month's average corresponding ratio for the quarter.

### 2. Core Funding Ratio

	<b>Quarter ended As at 31 Dec 2020</b>	Quarter ended As at 31 Dec 2019
Quarterly average core funding ratio	<b>99.77%</b>	103.04%

The average core funding ratio is calculated as the simple average of each month's average corresponding ratio for the quarter.

### 3. Sources of Funding

<b>HK\$ million</b>	<b>As at 31 Dec 2020</b>	<b>As % of Total Liabilities</b>	As at 31 Dec 2019	As % of Total Liabilities
Deposits from customers	25,746	20%	33,215	28%
Funding raised from connected banks	46,225	36%	44,165	37%
Funding raised from banks	7,406	6%	1,953	2%
Debt securities issued	38,242	30%	33,517	28%
<b>Total Funding Sources</b>	<b>117,619</b>	<b>92%</b>	<b>112,850</b>	<b>95%</b>

**V. Liquidity Information (continued)**

**4. Liquidity Gap**

The following maturity profile is based on the remaining period to repayment on a contractual maturity basis at the end of the reporting period.

HK\$ million	Total *	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 12 months	Over 1 year	Balancing amount
<b>As at 31 Dec 2020</b>								
Cash and balances with central banks	356	356	-	-	-	-	-	-
Due from banks	7,287	625	739	282	2,368	3,274	-	-
Debt securities	59,416	56,621	-	-	541	1,987	267	-
Trade Bills	1,599	-	29	875	679	15	-	-
Loans and advances to customers	50,523	-	2,735	3,343	1,112	11,311	31,061	961
Other assets	9,908	3,149	1,152	2,115	3,041	28,867	103,559	777
<b>Total on-balance sheet assets</b>	<b>129,089</b>	<b>60,751</b>	<b>4,655</b>	<b>6,615</b>	<b>7,741</b>	<b>45,454</b>	<b>134,887</b>	<b>1,738</b>
<b>Total off-balance sheet claims</b>	-	-	-	-	-	-	-	-
Deposits from customers	25,842	2,235	3,836	6,949	11,556	1,266	-	-
Due to banks	53,631	151	5,458	17,260	14,910	15,852	-	-
Debt securities issued	38,242	-	775	1,443	10,600	7,360	18,064	-
Other liabilities (including reserves)	10,969	2,671	1,144	2,299	3,085	29,219	104,054	1,457
<b>Total on-balance sheet liabilities</b>	<b>128,684</b>	<b>5,057</b>	<b>11,213</b>	<b>27,951</b>	<b>40,151</b>	<b>53,697</b>	<b>122,118</b>	<b>1,457</b>
<b>Total off-balance sheet obligations</b>	<b>10,797</b>	<b>2,198</b>	<b>8,590</b>	-	<b>9</b>	-	-	-
Contractual Maturity Mismatch		53,496	(15,148)	(21,336)	(32,419)	(8,243)	12,769	
Cumulative Contractual Maturity Mismatch		53,496	38,348	17,012	(15,407)	(23,650)	(10,881)	
<b>As at 31 Dec 2019</b>								
Cash and balances with central banks	93	93	-	-	-	-	-	-
Due from banks	10,604	1,814	2,004	1,455	4,073	1,258	-	-
Debt securities	51,950	43,829	-	-	1,430	4,871	1,821	-
Trade Bills	3,712	14	118	484	2,008	1,087	-	-
Loans and advances to customers	46,459	14	343	853	1,634	15,444	27,467	703
Other assets	5,913	1,442	1,282	2,067	2,671	20,063	94,092	748
<b>Total on-balance sheet assets</b>	<b>118,731</b>	<b>47,206</b>	<b>3,747</b>	<b>4,859</b>	<b>11,816</b>	<b>42,723</b>	<b>123,380</b>	<b>1,451</b>
<b>Total off-balance sheet claims</b>	-	-	-	-	-	-	-	-
Deposits from customers	27,160	4,621	3,323	13,927	4,961	328	-	-
Due to banks	52,330	1,812	1,702	15,128	23,182	9,339	1,167	-
Debt securities issued	33,517	-	-	360	5,774	12,363	15,020	-
Other liabilities (including reserves)	5,601	1,635	304	2,086	2,700	20,280	94,176	937
<b>Total on-balance sheet liabilities</b>	<b>118,608</b>	<b>8,068</b>	<b>5,329</b>	<b>31,501</b>	<b>36,617</b>	<b>42,310</b>	<b>110,363</b>	<b>937</b>
<b>Total off-balance sheet obligations</b>	<b>15,391</b>	<b>1,807</b>	<b>11,573</b>	<b>2,010</b>	-	-	-	-
Contractual Maturity Mismatch		37,331	(13,155)	(28,652)	(24,801)	413	13,017	
Cumulative Contractual Maturity Mismatch		37,331	24,176	(4,476)	(29,277)	(28,864)	(15,847)	

\* The "Total" column of other assets and other liabilities includes the amount receivable / payable arising from derivative contracts, not the cash flow as shown in each time buckets.

## V. Liquidity Information (continued)

### 4. Liquidity Gap (continued)

The following maturity profile is based on behavioural assumptions at the end of the reporting period for selected assets and off-balance sheet items.

HK\$ million	Total	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 12 months	Over 1 year	Balancing amount
<b>As at 31 Dec 2020</b>								
Irrevocable loan commitments or facilities granted according to estimated dates and amounts of drawdown by customers	8,080	-	1,456	-	-	-	6,624	-
Loans and advances to non-bank customers according to estimated dates and amounts of repayment by customers	50,523	-	235	3,280	180	6,708	40,120	-
<b>As at 31 Dec 2019</b>								
Irrevocable loan commitments or facilities granted according to estimated dates and amounts of drawdown by customers	13,380	-	1,109	-	-	-	12,271	-
Loans and advances to non-bank customers according to estimated dates and amounts of repayment by customers	46,458	14	293	732	1,351	5,756	38,312	-

The figures in Liquidity Gap are extracted from the HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23).

### 5. Liquidity Risk Management

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.

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.

#### Liquidity Management Framework

Liquidity risk management is a component of the OCBC HK Branch's asset and liability management framework. The liquidity risk management framework comprises of the followings:-

- Roles and responsibilities, organisational structure for oversight and communications of the Bank's liquidity risk management;
- Operational liquidity risk management;
- Periodic reporting of liquidity positions;
- Managing funding sources and access to markets; and
- Liquidity contingency plan that establishes indicators to alert senior management to potential liquidity and funding problems.

Setting up Liquidity risk tolerance, including Loan-to-Deposit Ratio, maturity mismatches and concentration of funding as well as stress testing are performed to facilitate liquidity risk control within the liquidity management framework.

#### Funding Strategy

The liquidity and funding positions of OCBC HK Branch is centrally managed at Hong Kong. The Branch maintains a diverse range of funding sources. Apart from obtaining the funding from interbank markets funding, the non-bank customer deposits also form a significant part of the Branch's overall funding. In order to lengthen the duration of the funding, the Branch issues certificate of deposit with different maturities and obtains intragroup funding at arm's length.

## **V. Liquidity Information** *(continued)*

### **5. Liquidity Risk Management** *(continued)*

The Branch monitors the turnover and behavioural patterns of the funding sources and these trends are tabled at the monthly ALCO meeting for discussion. Studies are performed periodically (and models used are validated) to identify the behaviour of significant indeterminate products according to the liquidity methodology adopted. The study will yield an estimate of the amount of stable non-bank deposits under normal business conditions, and facilitate more realistic projections of the funding needs.

To ensure there is no over-reliance on any single funding source by types of liability and lender, concentration ratios are imposed where appropriate and monitored by ALCO support units.

#### Liquidity Monitoring

OCBC HK Branch manages the operational liquidity by cash flows on an individual currency basis by cash flow mismatch analysis under defined business scenarios.

Short-term liquidity stress tests are performed based on an institution-specific crisis scenario, a general-market crisis scenario and a combined scenario. The results of the stress tests are used to adjust liquidity risk management strategies, policies and positions and to develop effective contingency funding plans.

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.

OCBC HK 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".

#### Liquidity Reporting

In-house systems and procedures are in place to meet the various reporting requirements. The systems include data from different sources with relevant mapping rules to generate internal and local regulatory reports.

Daily cash flow mismatch reports are produced by using contractual cash flows in the balance sheets and placing them into appropriate time bands. Daily liquidity stress reports over a 30-day stress period is prepared, and based on contractual cash flows to make behavioural adjustments. The measurement and reporting of liquidity would be on a cumulative cash flow mismatch basis for each currency. For behaviour cash flow mismatch reports, the exposure should be against the assigned Maximum Cumulative Outflow ("MCO") limits.

The daily local regulatory reports, Liquidity Maintenance Ratio and Core Funding Ratio, are prepared in accordance with the relevant reporting requirements.

#### Contingency Planning

The Contingency Funding Plan ("CFP") is a critical component of the liquidity management framework and serves as an extension of the OCBC HK Branch's operational or daily liquidity management policy.

A liquidity crisis can arise due to Market-driven and/or Firm-driven events. A 3-stage approach (Green/Amber/Red) is adopted to differentiate the various states of the liquidity and funding condition.

The OCBC Branch's liquidity management framework is supported by key liquidity measures, which are monitored on an on-going basis. These measures further serve as early warning indicators ("EWI") to alert senior management of potential liquidity and funding distress situations and trigger management actions in response to the event. The EWIs are designed taking into consideration the Branch's funding profile as well as the market conditions, and are calibrated to differentiate the various level of severity in liquidity shortfall. The EWIs are monitored regularly and discussed at the ALCO. These triggers may also be alerted on an exceptional basis.

**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 2020 is HKD1 = SGD 0.170486, 30 June 2020 is HKD1 = SGD 0.18007, 31 December 2019 is HKD1 = SGD 0.173082)

**I Capital and capital adequacy**

	As at 31 Dec 2020 S\$ million	As at 30 Jun 2020 S\$ million
(i) Capital and reserves		
- Issued and paid-up capital	17,833	17,296
- Total shareholders' equity*	51,176	49,342
(ii) Consolidated capital adequacy ratio	17.9%	16.4%

**II Other financial information**

	As at 31 Dec 2020 S\$ million	As at 30 Jun 2020 S\$ million
(i) Total Assets	521,395	510,002
(ii) Total Liabilities	470,219	460,660
(iii) Total loans and advances to non-bank customers, including bills (net of individual and collectively assessed allowances)	263,538	264,391
(iv) Deposits of non-bank customers	314,907	309,731
	<b>Year ended 31 Dec 2020 S\$ million</b>	<b>Year ended 31 Dec 2019 S\$ million</b>
(v) Pre-tax profits	4,165	5,800

\*: 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, are to be publicly disclosed in our 2020 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 : 20 April 2021