

**Key Financial Information
Disclosure Statement**

***2018
Half-Year End
Results***



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
For the half-year ended 30 June 2018

- 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/cap_and_reg_disclosures.html#generic-tabs-item-5, for public inspection.
- For any enquiries on the Statement, please contact Miss Suki Lee at 2840 6401.

Key Financial Information Disclosure Statement for the half-year ended 30 June 2018 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information (Hong Kong office only)

I. Profit and loss information

	Half-year ended 30 Jun 2018 HK\$'000	Half-year ended 30 Jun 2017 HK\$'000
(i) Interest income	1,342,705	945,179
(ii) Interest expense	(891,389)	(539,386)
(iii) Other operating income		
- Gains less losses arising from trading in foreign currencies	263,639	(277,584)
- Gains less losses arising from non-trading activities in foreign currencies	(202,188)	378,501
- Gains less losses arising from other trading activities	(5,895)	(80,844)
- Gains less losses arising from hedging instruments	-	-
- Dividend from subsidiaries	-	-
- Fees and commissions		
- Income	80,110	84,466
- Expense	-	-
- Others	(14,103)	27,572
(iv) Operating expenses		
- Staff expenses	(91,432)	(85,640)
- Rental expenses	(13,298)	(3,293)
- Other expenses	(27,920)	(25,809)
(v) Gains less losses from the disposal of property, plant and equipment and investment properties	56,002	11,217
(vi) (Charge) / Write back for impairment losses and impairment allowances for impaired assets	39,847	(193,233)
(vii) Profit / (Loss) before taxation	536,078	241,146
(viii) Taxation (charge) / credit	(79,898)	(46,554)
(ix) Profit / (Loss) after taxation	456,180	194,592

II. Balance sheet information

	As at 30 Jun 2018 HK\$'000	As at 31 Dec 2017 HK\$'000
Assets		
(i) Cash and short term funds <i>(except those included in amount due from overseas offices)</i>	802,395	4,087,450
(ii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	15,500,168	14,330,506
(iii) Due from Exchange Fund	49,175	611,256
(iv) Amount due from overseas offices	1,356,751	2,864,251
(v) Trade bills	9,199,117	7,183,772
(vi) Certificates of deposit held	21,200,432	26,322,972
(vii) Available-for-sale securities	7,950,265	5,986,229
(viii) Trading securities	492,051	830,866
(ix) Advances and other accounts		
- Advances to customers	49,200,840	51,925,156
- Placement with banks maturing over twelve months	-	-
- Accrued interest and other accounts	1,936,572	679,536
(x) Impairment allowances for impaired assets		
- Collective impairment allowances	(112,180)	(523,560)
- Individual impairment allowances	(162,368)	(162,794)
(xi) Positive fair value of derivatives	4,968,759	3,835,017
(xii) Investment in subsidiaries	34,568	34,568
(xiii) Other investments	550	550
(xiv) Property, plant and equipment and investment properties	7,577	18,137
Total assets	112,424,672	118,023,912
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	7,395,439	16,639,540
(ii) Due to Exchange Fund	-	-
(iii) Deposits from customers		
- Demand deposits and current accounts	281,261	353,914
- Saving deposits	4,268,405	4,603,347
- Time, call and notice deposits	21,764,929	27,993,409
(iv) Amount due to overseas offices	36,580,324	32,351,415
(v) Certificates of deposit issued	34,526,721	29,228,249
(vi) Other liabilities and provisions (include current year's profits)	1,730,684	1,570,004
(vii) Negative fair value of derivatives	5,131,181	3,897,292
(viii) Reserve	745,728	1,386,742
Total liabilities	112,424,672	118,023,912

III. Additional balance sheet information

1. Gross advances to customers

	Collateral Value As at 30 Jun 2018 HK\$'000	Gross Advances As at 30 Jun 2018 HK\$'000	Collateral Value As at 31 Dec 2017 HK\$'000	Gross Advances As at 31 Dec 2017 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial				
- Property development	100,990	5,973,515	83,877	9,611,256
- Property investment	2,701,415	6,818,082	2,708,613	6,292,280
- Civil engineering works	455,000	765,000	415,000	715,000
- Financial concerns	-	1,789,762	-	2,293,147
- Stockbrokers	-	1,348,636	-	2,672,675
- Wholesale and retail trade	561,237	709,633	484,969	666,387
- Manufacturing	-	-	-	-
- Information technology	-	-	-	290,000
- Recreational activities	-	-	-	-
- Transport and transport equipment	-	649,700	-	654,700
- Others	3,150,476	4,540,809	3,232,937	4,335,897
	6,969,118	22,595,137	6,925,396	27,531,342
- Individuals				
- Loans for the purchase of other residential properties	10,619	10,619	11,285	11,285
- Others	-	-	3,172	3,172
	10,619	10,619	14,457	14,457
Loans for use in Hong Kong	6,979,737	22,605,756	6,939,853	27,545,799
Trade finance	276,379	4,854,726	308,201	3,875,012
Loans for use outside Hong Kong	6,495,021	21,740,358	5,448,153	20,504,345
Total advances to customers	13,751,137	49,200,840	12,696,207	51,925,156

	Gross Advances As at 30 Jun 2018 HK\$'000	Gross Advances As at 31 Dec 2017 HK\$'000
Analysed by countries:		
Hong Kong	21,227,778	25,751,406
China	24,743,009	23,704,371
Singapore	2,026,229	1,824,281
Others	1,203,824	645,098
Total advances to customers	49,200,840	51,925,156

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 30 Jun 2018	As at 31 Dec 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 30 Jun 2018</u>						
Offshore centres	5,341	7	1,558	16,473	-	23,379
of which - Hong Kong	3,385	-	1,191	14,785	-	19,361
Developing Asia and Pacific	39,564	48	1,010	9,924	-	50,546
of which - China	39,444	48	1,010	9,924	-	50,426
<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

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 30 Jun 2018 HK\$'000	As at 31 Dec 2017 HK\$'000
Collective impairment allowances	112,180	523,560
Individual impairment allowances		
- Loans and Advances	162,368	162,794
- Trade Bills	-	-
- Other Assets	-	-
	274,548	686,354

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

The collective impairment allowances as at 30 June 2018 are calculated based on the forward-looking expected credit loss model under SFRS(I) 9.

The collective impairment allowances as at 31 December 2017 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 As at 30 Jun 2018 HK\$'000	Impaired Loans As at 30 Jun 2018 HK\$'000	Collateral Value As at 31 Dec 2017 HK\$'000	Impaired Loans As at 31 Dec 2017 HK\$'000
- Gross amount	-	240,323	-	245,603
<i>(as a percentage of total advances to customers)</i>	(0.00%)	(0.49%)	<i>(0.00%)</i>	<i>(0.47%)</i>
- Individual impairment allowances		162,368		162,794

Analysis of gross amount by countries:

Hong Kong	-	-
China	240,323	245,603
Singapore	-	-
Others	-	-
Total impaired loans	240,323	245,603

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 30 Jun 2018 HK\$'000	Overdue Loans As at 30 Jun 2018 HK\$'000	Collateral Value As at 31 Dec 2017 HK\$'000	Overdue Loans As at 31 Dec 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>	(0.00%)	(0.00%)	(0.00%)	(0.00%)
- more than three months and up to six months	-	-	-	-
<i>(as a percentage of total advances to customers)</i>	(0.00%)	(0.00%)	(0.00%)	(0.00%)
- more than six months and up to one year	-	-	-	-
<i>(as a percentage of total advances to customers)</i>	(0.00%)	(0.00%)	(0.00%)	(0.00%)
- more than one year	-	240,323	-	245,603
<i>(as a percentage of total advances to customers)</i>	(0.00%)	(0.49%)	(0.00%)	(0.47%)
Total overdue loans	-	240,323	-	245,603

Additional information to collateral value:

	As at 30 Jun 2018 HK\$'000	As at 31 Dec 2017 HK\$'000
Market value	-	-
Covered portion	-	-
Uncovered portion	-	-
Total individual impairment allowances	-	-

Analysis of gross amount by countries:

Hong Kong	-	-
China	240,323	245,603
Others	-	-
Total overdue loans	240,323	245,603

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 30 June 2018 was Nil (31 December 2017: Nil).

8. As at 30 June 2018, there were no advances to banks and other financial institutions that were overdue, rescheduled or impaired (31 December 2017: Nil).

9. Overdue Trade Bills

	As at 30 Jun 2018 HK\$'000	As at 31 Dec 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 30 June 2018, there was no other asset that was overdue (31 December 2017: Nil).

10. There was no repossessed asset held as at 30 June 2018 (31 December 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 30 June 2018				
HK\$ million	CNY	JPY	USD*	Total
Spot assets	1,426	154	70,364	76,478
Spot liabilities	(874)	(137)	(75,888)	(86,298)
Forward purchases	52,604	501	242,907	322,074
Forward sales	(53,470)	(423)	(234,483)	(309,505)
Net options position	(12)	-	(2,927)	(2,938)
Net long/(short) position	(326)	95	(27)	(189)

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

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

There was no structural position as at 30 June 2018 (at 31 December 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.

* The net position (in absolute terms) of USD as at 30 Jun 2018 constitutes less than 10% of the total net position in all foreign currencies but is presented above as USD is a major foreign currency.

III. Additional balance sheet information *(continued)*

12. Non-bank Mainland China Exposures:

As at 30 June 2018

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)	18,482	1,782	20,264
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,883	29	2,912
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,829	2,005	11,834
4. Other entities of central government not reported in item 1 above	902	-	902
5. Other entities of local governments not reported in item 2 above	610	-	610
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,675	3,830	10,505
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	170	-	170
Total	39,551	7,646	47,197
Total assets after provision	112,425		
On-balance sheet exposures as percentage of total assets	35.18%		

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%		

IV. Off-balance sheet information

		As at 30 Jun 2018 HK\$'000	As at 31 Dec 2017 HK\$'000
Contingent liabilities and commitments			
(i) Notional amounts			
Direct credit substitutes		121,434	107,801
Transaction-related contingencies		11,422	11,422
Trade-related contingencies		5,934,603	5,089,482
Other commitments			
- over one year		10,900,853	8,491,670
- one year or less		33,819,081	18,360,726
Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)		1,684,732	-
		52,472,125	32,061,101
	Credit Conversion Factor		
(ii) Credit risk weighted amounts			
Direct credit substitutes	100%	121,434	107,801
Transaction-related contingencies	50%	5,711	5,711
Trade-related contingencies	20%	1,186,921	1,017,896
Other commitments			
- over one year	50%	5,450,427	4,245,835
- 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%	1,684,732	-
		8,449,225	5,377,243
Derivatives			
Exchange rate contracts		492,111,892	396,184,123
Interest rate contracts		352,859,945	335,425,082
Others		22,256	-
		844,994,093	731,609,205

The total replacement cost of the above reported derivatives with a positive value obtained by marking to market is HK\$4,969 million as at 30 June 2018 (31 December 2017 : HK\$3,835 million). The effect of bilateral netting agreement has not been taken into account for the above calculation.

V. Liquidity Information

	Quarter ended As at 30 Jun 2018	Quarter ended As at 31 Mar 2018
Quarterly Average Liquidity Maintenance Ratio ("LMR")	47.07%	54.79%
		As at 30 Jun 2017
Average Liquidity Maintenance Ratio ("LMR") for the half-year ended		59.26%
	Quarter ended As at 30 Jun 2018	Quarter ended As at 31 Mar 2018
Quarterly Average Core Funding Ratio ("CFR")	105.15%	103.26%

The average LMR and CFR are calculated as the simple average of each month's average corresponding ratio for the quarter.

The average LMR as at 30 Jun 2017 is calculated as the simple average of each month's average corresponding ratio for the six months.

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 them. We also perform short-term liquidity stress tests based on institution specific and market-wide liquidity stress scenarios. 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.

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 92 of Annual report 2017.

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

Amounts reported are expressed in Singapore Dollars (The exchange rate as at 30 June 2018 is HKD1 = SGD 0.173801, 31 December 2017 is HKD1 = SGD 0.171048, 30 June 2017 is HKD1 = SGD 0.176376)

I Capital and capital adequacy

	As at 30 Jun 2018	As at 31 Dec 2017
	S\$'000	S\$'000
(i) Capital and reserves		
- Issued and paid-up capital	15,093,974	15,136,347
- Total shareholders' equity*	42,215,686	41,776,416
(ii) Consolidated capital adequacy ratio	15.90%	17.20%

II Other financial information

	As at 30 Jun 2018	As at 31 Dec 2017
	S\$'000	S\$'000
(i) Total Assets	464,631,043	454,938,337
(ii) Total Liabilities	422,415,357	413,161,921
(iii) Loans to non-bank customers, including bills (net of individual and collective impairment allowances)	249,474,181	234,141,458
(iv) Deposits of non-bank customers	290,292,461	283,642,169
	Half-year ended	Half-year ended
	30 Jun 2018	30 Jun 2017
	S\$'000	S\$'000
(v) Pre-tax profits	2,892,608	2,525,477

*: 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.

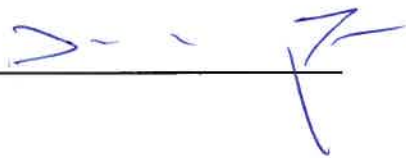
According to the Supervisory Policy Manual ("SPM") CG-5 "Guideline on a Sound Remuneration System" issued by HKMA, Oversea-Chinese Banking Corporation Limited, as an overseas-incorporated Authorized Institution is not required to make separate disclosures in respect of the remuneration system applicable 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 2017 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 :

21 September 2018