

**Key Financial Information
Disclosure Statement**

***2019
Half-Year End
Results***



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

For the half-year ended 30 June 2019

- 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 2019 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 2019 HK\$'000	Half-year ended 30 Jun 2018 HK\$'000
(i) Interest income	1,436,113	1,342,705
(ii) Interest expense	(1,086,493)	(891,389)
(iii) Other operating income		
- Gains less losses arising from trading in foreign currencies	30,475	263,639
- Gains less losses arising from non-trading activities in foreign currencies	(106,376)	(202,188)
- Gains less losses arising from other trading activities	141,978	(5,895)
- Gains less losses on securities held for trading purposes	10,712	(32,300)
- Dividend from subsidiaries	84	-
- Fees and commissions		
- Income	59,668	80,110
- Expense	-	-
- Others	45,563	18,197
(iv) Operating expenses		
- Staff expenses	(96,789)	(91,432)
- Rental expenses	(13,829)	(13,298)
- Other expenses	(40,270)	(27,920)
(v) Gains less losses from the disposal of property, plant and equipment and investment properties	15	56,002
(vi) (Charge) / Write back for impairment losses and impairment allowances for impaired assets	(141,850)	39,847
(vii) Profit / (Loss) before taxation	239,001	536,078
(viii) Taxation (charge) / credit	(39,534)	(79,898)
(ix) Profit / (Loss) after taxation	199,467	456,180

II. Balance sheet information

	As at 30 Jun 2019 HK\$'000	As at 31 Dec 2018 HK\$'000
Assets		
(i) Cash and short term funds <i>(except those included in amount due from overseas offices)</i>	8,613,192	3,783,568
(ii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	9,960,712	15,735,315
(iii) Due from Exchange Fund	253,947	186,550
(iv) Amount due from overseas offices	3,299,146	15,530,436
(v) Trade bills	6,814,246	5,462,820
(vi) Certificates of deposit held	23,685,142	17,903,389
(vii) Available-for-sale securities	13,307,103	5,288,939
(viii) Trading securities	1,122,068	44,189
(ix) Advances and other accounts		
- Advances to customers	37,175,631	40,568,170
- Placement with banks maturing over twelve months	-	-
- Accrued interest and other accounts	1,419,981	676,002
(x) Impairment allowances for impaired assets		
- Collective impairment allowances	(51,708)	(89,581)
- Individual impairment allowances	(384,229)	(779,007)
(xi) Positive fair value of derivatives	3,697,464	3,288,574
(xii) Investment in subsidiaries	34,568	34,568
(xiii) Other investments	750	750
(xiv) Property, plant and equipment and investment properties	7,245	7,348
Total assets	108,955,258	107,642,030
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	19,159,337	24,337,949
(ii) Due to Exchange Fund	-	-
(iii) Deposits from customers		
- Demand deposits and current accounts	383,654	274,874
- Saving deposits	1,392,153	2,210,672
- Time, call and notice deposits	20,776,585	17,883,344
(iv) Amount due to overseas offices	47,257,590	46,261,639
(v) Certificates of deposit issued	13,186,482	11,374,432
(vi) Other liabilities and provisions (include current year's profits)	2,823,591	1,299,828
(vii) Negative fair value of derivatives	3,890,432	3,274,086
(viii) Reserve	85,434	725,206
Total liabilities	108,955,258	107,642,030

III. Additional balance sheet information

1. Gross advances to customers

	Collateral Value As at 30 Jun 2019 HK\$'000	Gross Advances As at 30 Jun 2019 HK\$'000	Collateral Value As at 31 Dec 2018 HK\$'000	Gross Advances As at 31 Dec 2018 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial				
- Property development	502,839	2,462,896	127,031	4,185,567
- Property investment	2,916,618	8,307,789	3,507,677	7,226,249
- Civil engineering works	285,000	585,000	455,000	755,000
- Financial concerns	-	-	-	-
- Stockbrokers	-	-	-	469,824
- Wholesale and retail trade	388,552	388,552	416,101	416,101
- Manufacturing	46,000	46,000	46,000	46,000
- Information technology	-	149,340	-	-
- Recreational activities	-	-	-	-
- Transport and transport equipment	-	1,720,200	-	1,236,700
- Others	2,310,797	2,960,797	2,920,350	3,963,350
	6,449,806	16,620,574	7,472,159	18,298,791
- Individuals				
- Loans for the purchase of other residential properties	9,287	9,287	9,953	9,953
- Others	2,055	2,055	-	-
	11,342	11,342	9,953	9,953
Loans for use in Hong Kong	6,461,148	16,631,916	7,482,112	18,308,744
Trade finance	24,869	2,494,413	90,430	3,173,526
Loans for use outside Hong Kong	4,706,010	18,049,302	6,141,896	19,085,900
Total advances to customers	11,192,027	37,175,631	13,714,438	40,568,170

	Gross Advances As at 30 Jun 2019 HK\$'000	Gross Advances As at 31 Dec 2018 HK\$'000
Analysed by countries:		
Hong Kong	16,903,843	17,977,810
China	17,342,162	18,699,836
Singapore	261,212	1,651,498
Others	2,668,414	2,239,026
Total advances to customers	37,175,631	40,568,170

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 2019	As at 31 Dec 2018
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
As at 30 Jun 2019						
Offshore centres	12,547	110	2,382	11,356	-	26,395
of which - Hong Kong	1,803	-	2,240	11,327	-	15,370
of which - Singapore	10,720	-	142	29	-	10,891
 Developing Asia and Pacific	 36,569	 464	 27	 10,280	 -	 47,340
of which - China	35,989	464	27	10,280	-	46,760
 As at 31 Dec 2018						
Offshore centres	24,821	31	1,144	10,871	-	36,867
of which - Hong Kong	2,500	-	576	9,174	-	12,250
of which - Singapore	22,320	-	98	1,697	-	24,115
 Developing Asia and Pacific	 31,804	 46	 -	 7,904	 -	 39,754
of which - China	31,484	46	-	7,904	-	39,434

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 2019	As at 31 Dec 2018
	HK\$'000	HK\$'000
Collective impairment allowances	51,708	89,581
Individual impairment allowances		
- Loans and Advances	384,229	779,007
- Trade Bills	-	-
- Other Assets	-	-
	435,937	868,588

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

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 30 Jun 2019	As at 30 Jun 2019	As at 31 Dec 2018	As at 31 Dec 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- Gross amount	-	932,680	-	1,331,434
<i>(as a percentage of total advances to customers)</i>	(0.00%)	(2.51%)	<i>(0.00%)</i>	<i>(3.28%)</i>
- Individual impairment allowances		384,229		779,007
Analysis of gross amount by countries:				
Hong Kong		-		-
China		672,755		225,621
Singapore		259,925		1,105,813
Others		-		-
Total impaired loans		932,680		1,331,434

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 2019 HK\$'000	Overdue Loans As at 30 Jun 2019 HK\$'000	Collateral Value As at 31 Dec 2018 HK\$'000	Overdue Loans As at 31 Dec 2018 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>	-	-	-	-
- more than three months and up to six months <i>(as a percentage of total advances to customers)</i>	-	447,783	-	307,781
- more than six months and up to one year <i>(as a percentage of total advances to customers)</i>	-	259,925	-	-
- more than one year <i>(as a percentage of total advances to customers)</i>	-	224,972	-	225,621
Total overdue loans	-	932,680	-	533,402

Additional information to collateral value:

	As at 30 Jun 2019 HK\$'000	As at 31 Dec 2018 HK\$'000
Market value	-	-
Covered portion	-	-
Uncovered portion	-	-
Total individual impairment allowances	-	-
Analysis of gross amount by countries:		
Hong Kong	-	-
China	672,755	225,621
Singapore	259,925	307,781
Others	-	-
Total overdue loans	932,680	533,402

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 2019 was Nil (31 December 2018: Nil).

8. As at 30 June 2019, there were no advances to banks and other financial institutions that were overdue, rescheduled or impaired (31 December 2018: Nil).

9. Overdue Trade Bills

	As at 30 Jun 2019 HK\$'000	As at 31 Dec 2018 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 2019, there was no other asset that was overdue (31 December 2018: Nil).

III. Additional balance sheet information *(continued)*

10. There was no repossessed asset held as at 30 June 2019 (31 December 2018: 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 30 June 2019

HK\$ million	CNY	USD	Total
Spot assets	15,407	53,727	75,200
Spot liabilities	(1,557)	(69,558)	(77,705)
Forward purchases	69,387	279,638	377,927
Forward sales	(84,645)	(261,995)	(374,790)
Net options position	(97)	(363)	(379)
Net long/(short) position	(1,505)	1,449	253

As at 31 December 2018

HK\$ million	AUD	USD	Total
Spot assets	22	70,920	76,262
Spot liabilities	(874)	(73,145)	(79,610)
Forward purchases	2,589	224,711	304,948
Forward sales	(186)	(222,021)	(299,596)
Net options position	(25)	(1,658)	(1,694)
Net long/(short) position	1,526	(1,193)	310

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

There was no structural position as at 30 June 2019 (at 31 December 2018: 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 30 June 2019

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)	14,083	1,088	15,171
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,693	46	3,739
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	8,214	525	8,739
4. Other entities of central government not reported in item 1 above	1,090	856	1,946
5. Other entities of local governments not reported in item 2 above	603	-	603
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,100	3,080	9,180
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	46	-	46
Total	33,829	5,595	39,424
Total assets after provision	108,955		
On-balance sheet exposures as percentage of total assets	31.05%		

As at 31 December 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)	10,247	1,056	11,303
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,202	-	3,202
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,778	711	8,489
4. Other entities of central government not reported in item 1 above	483	415	898
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	5,800	4,063	9,863
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	211	-	211
Total	28,331	6,245	34,576
Total assets after provision	107,642		
On-balance sheet exposures as percentage of total assets	26.32%		

IV. Off-balance sheet information

		As at 30 Jun 2019 HK\$'000	As at 31 Dec 2018 HK\$'000
Contingent liabilities and commitments			
(i) Notional amounts			
Direct credit substitutes		241,384	114,412
Transaction-related contingencies		1,354	11,422
Trade-related contingencies		2,447,903	4,845,296
Other commitments			
- over one year		9,361,917	10,848,410
- one year or less		34,685,766	41,249,931
Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)		8,499,505	134,961
		55,237,829	57,204,432
	Credit Conversion Factor		
(ii) Credit risk weighted amounts			
Direct credit substitutes	100%	241,384	114,412
Transaction-related contingencies	50%	677	5,711
Trade-related contingencies	20%	489,581	969,059
Other commitments			
- over one year	50%	4,680,959	5,424,205
- 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%	8,499,505	134,961
		13,912,106	6,648,348
Derivatives			
Exchange rate contracts		549,827,213	457,840,282
Interest rate contracts		436,529,178	366,616,297
Others		49,385	1,200
		986,405,776	824,457,779

The total replacement cost of the above reported derivatives with a positive value obtained by marking to market is HK\$3,697 million as at 30 June 2019 (31 December 2018: HK\$3,289 million). The effect of bilateral netting agreement has not been taken into account for the above calculation.

V. Liquidity Information

1. Liquidity Maintenance Ratio

	Quarter ended As at 30 Jun 2019	Quarter ended As at 30 Jun 2018
Quarterly average liquidity maintenance ratio	46.38%	47.07%

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

	Quarter ended As at 30 Jun 2019	Quarter ended As at 30 Jun 2018
Quarterly average core funding ratio	93.37%	105.15%

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

3. 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.

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, 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.

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.

We also follow the applicable guidance set forth by the HKMA in Supervisory Policy Manual LM-2, Sound Systems and Controls for Liquidity Risk Management.

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 2019 is HKD1 = SGD 0.173283, 31 December 2018 is HKD1 = SGD 0.174298, 30 June 2018 is HKD1 = SGD 0.173801)

I Capital and capital adequacy

	As at 30 Jun 2019	As at 31 Dec 2018
	S\$'000	S\$'000
(i) Capital and reserves		
- Issued and paid-up capital	16,423,169	15,750,417
- Total shareholders' equity*	46,217,731	43,391,716
(ii) Consolidated capital adequacy ratio	16.80%	16.40%

II Other financial information

	As at 30 Jun 2019	As at 31 Dec 2018
	S\$'000	S\$'000
(i) Total Assets	479,766,755	467,542,990
(ii) Total Liabilities	433,549,024	424,151,274
(iii) Loans to non-bank customers, including bills (net of individual and collective impairment allowances)	260,099,002	255,193,115
(iv) Deposits of non-bank customers	296,806,367	295,412,049
	Half-year ended	Half-year ended
	30 Jun 2019	30 Jun 2018
	S\$'000	S\$'000
(v) Pre-tax profits	2,952,648	2,892,608

*: 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.

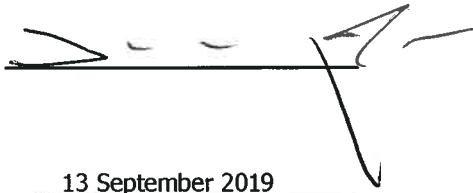
According to the Supervisory Policy Manual ("SPM") CG-5 "Guideline on a Sound Remuneration System" issued by HKMA, Oversea-Chinese Banking Corporation Limited, as an overseas-incorporated Authorized Institution is not required to make separate disclosures in respect of the remuneration system applicable 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 2018 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 September 2019