

**Key Financial Information
Disclosure Statement**

***2020
Half-Year End
Results***



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

For the half-year ended 30 June 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/cap_and_reg_disclosures.html#generic-tabs-item-5, for public inspection.

Key Financial Information Disclosure Statement for the half-year ended 30 June 2020 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 2020 HK\$'000	Half-year ended 30 Jun 2019 HK\$'000
(i) Interest income	1,384,429	1,436,113
(ii) Interest expense	(868,398)	(1,086,493)
(iii) Other operating income		
- Gains less losses arising from trading in foreign currencies	(277,055)	(75,901)
- Gains less losses arising from other trading activities	274,007	141,978
- Gains less losses on securities held for trading purposes	(8,697)	10,712
- Fees and commissions		
- Income	26,866	71,445
- Expense	-	(11,777)
- Others	99,061	45,647
(iv) Operating expenses		
- Staff expenses	(94,377)	(96,789)
- Rental expenses	(13,606)	(13,829)
- Other expenses	(43,240)	(40,270)
(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	(34,772)	(141,850)
(vii) Profit / (Loss) before taxation	444,218	239,001
(viii) Taxation (charge) / credit	(64,428)	(39,534)
(ix) Profit / (Loss) after taxation	379,790	199,467

II. Balance sheet information

	As at 30 Jun 2020 HK\$'000	As at 31 Dec 2019 HK\$'000
Assets		
(i) Cash and short term funds <i>(except those included in amount due from overseas offices)</i>	8,283,190	3,788,489
(ii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	4,262,666	4,350,250
(iii) Due from Exchange Fund	151,211	89,565
(iv) Amount due from overseas offices	910,532	2,341,424
(v) Trade bills	2,557,816	3,710,808
(vi) Certificates of deposit held	43,839,461	34,849,738
(vii) Investment securities	17,777,174	16,586,077
(viii) Trading securities	1,495,797	677,123
(ix) Loans and advances and other accounts		
- Loans and advances to customers	48,525,410	46,379,839
- Placement with banks maturing over twelve months	-	-
- Accrued interest and other accounts	2,579,545	2,564,958
(x) Impairment allowances on loans and advances and other accounts		
- Collectively assessed	(84,011)	(49,229)
- Individual assessed	(204,459)	(214,490)
(xi) Derivative receivables	6,592,992	3,894,182
(xii) Investment in subsidiaries	34,568	34,568
(xiii) Other investments	750	750
(xiv) Property, plant and equipment and investment properties	5,769	6,539
Total assets	136,728,411	119,010,591
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	36,693,502	8,155,489
(ii) Due to Exchange Fund	-	-
(iii) Deposits from customers		
- Demand deposits and current accounts	358,777	354,805
- Saving deposits	1,502,657	1,636,324
- Time, call and notice deposits	16,076,320	25,112,121
(iv) Amount due to overseas offices	44,539,511	43,932,200
(v) Certificates of deposit issued	26,758,044	33,493,175
(vi) Other liabilities	3,081,458	1,961,823
(vii) Provisions	203,195	113,577
(viii) Derivative payables	6,841,539	4,105,948
(ix) Reserve	673,408	145,129
Total liabilities	136,728,411	119,010,591

III. Additional balance sheet information

1. Gross loans and advances to customers

	Collateral Value As at 30 Jun 2020 HK\$'000	Gross Loans and Advances As at 30 Jun 2020 HK\$'000	Collateral Value As at 31 Dec 2019 HK\$'000	Gross Loans and Advances As at 31 Dec 2019 HK\$'000
Analysed by industry:				
Loans and advances for use in Hong Kong				
- Industrial, commercial and financial				
- Property development	518,787	3,876,789	621,458	2,818,476
- Property investment	4,199,663	8,457,182	4,361,422	9,942,815
- Financial concerns	-	-	-	1,167,330
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	191,762	3,603,202	268,621	580,061
- Manufacturing	-	-	92,639	92,639
- Transport and transport equipment	-	780,982	-	1,786,143
- Recreational activities	-	-	-	-
- Information technology	-	199,339	-	199,339
- Others	1,753,165	2,818,165	1,934,190	3,000,440
	6,663,377	19,735,659	7,278,330	19,587,243
- Individuals				
- Loans for the purchase of other residential properties	1,155	1,155	1,221	1,221
- Others	6,800	6,800	11,150	11,150
	7,955	7,955	12,371	12,371
Loans and advances for use in Hong Kong	6,671,332	19,743,614	7,290,701	19,599,614
Trade finance	25,745	2,206,624	24,823	1,713,938
Loans and advances for use outside Hong Kong	4,905,496	26,575,172	4,335,436	25,066,287
Total loans and advances to customers	11,602,573	48,525,410	11,650,960	46,379,839

	Gross Loans and Advances As at 30 Jun 2020 HK\$'000	Gross Loans and Advances As at 31 Dec 2019 HK\$'000
Analysed by countries:		
Hong Kong	17,661,980	18,866,464
China	27,493,316	23,515,301
Others	3,370,114	3,998,074
Total loans and advances to customers	48,525,410	46,379,839

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 30 Jun 2020 HK\$'000	As at 31 Dec 2019 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 private sector			Others	Total
			Non-bank financial institutions	Non-financial private sector			
As at 30 Jun 2020							
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
As at 31 Dec 2019							
Offshore centres	9,051	189	3,997	13,224	-	-	26,461
of which - Hong Kong	4,041	-	3,899	13,029	-	-	20,969
Developing Asia and Pacific	31,660	472	1,395	11,472	-	-	44,999
of which - China	30,789	472	26	11,468	-	-	42,755

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 30 Jun 2020 HK\$'000	As at 31 Dec 2019 HK\$'000
Collectively assessed allowances	84,011	49,229
Individual assessed allowances		
- Loans and Advances	204,459	214,490
- Trade Bills	-	-
- Other Assets	-	-
	288,470	263,719

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 30 Jun 2020 HK\$'000	Impaired Loans and advances As at 30 Jun 2020 HK\$'000	Collateral Value As at 31 Dec 2019 HK\$'000	Impaired Loans and Advances As at 31 Dec 2019 HK\$'000
- Gross amount	327,233	1,192,814	-	703,371
<i>(as a percentage of total loans and advances to customers)</i>	<i>(0.67%)</i>	<i>(2.46%)</i>	<i>(0.00%)</i>	<i>(1.52%)</i>
- Individual assessed allowances		204,459		214,490
Analysis of gross amount by countries:				
Hong Kong		308,473		-
China		444,480		446,309
Singapore		439,861		257,062
Others		-		-
Total impaired loans and advances		1,192,814		703,371

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 30 Jun 2020 HK\$'000	Overdue Loans and Advances As at 30 Jun 2020 HK\$'000	Collateral Value As at 31 Dec 2019 HK\$'000	Overdue Loans and Advances As at 31 Dec 2019 HK\$'000
Gross amount of loans and advances which had been overdue for				
- more than one month and up to three months (as a percentage of total loans and advances to customers)	-	-	-	-
- more than three months and up to six months (as a percentage of total loans and advances to customers)	-	-	-	-
- more than six months and up to one year (as a percentage of total loans and advances to customers)	-	-	-	446,309
- more than one year (as a percentage of total loans and advances to customers)	-	700,488	-	257,062
Total overdue loans and advances	-	700,488	-	703,371

Value of collateral held against overdue loans and advances:

	As at 30 Jun 2020 HK\$'000	As at 31 Dec 2019 HK\$'000
Current market value of collateral held against the covered portion of overdue loans and advances	-	-
Covered portion of overdue loans and advances	-	-
Uncovered portion of overdue loans and advances	700,488	703,371

Analysis of gross amount by countries:

	As at 30 Jun 2020 HK\$'000	As at 31 Dec 2019 HK\$'000
Hong Kong	-	-
China	444,480	446,309
Singapore	256,008	257,062
Others	-	-
Total overdue loans and advances	700,488	703,371

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 30 June 2020 was Nil (31 December 2019: Nil).

8. As at 30 June 2020, there were no loans and advances to banks and other financial institutions that were overdue, rescheduled or impaired (31 December 2019: Nil).

9. Overdue Trade Bills

	As at 30 Jun 2020 HK\$'000	As at 31 Dec 2019 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 2020, there was no other asset that was overdue (31 December 2019: Nil).

III. Additional balance sheet information (continued)

10. There was no repossessed asset held as at 30 June 2020 (31 December 2019: 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 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
Net long/(short) position	(32)	(190)	(53)	(275)

As at 31 December 2019				
HK\$ million		CNY	USD	Total
Spot assets		14,552	54,214	68,766
Spot liabilities		(1,083)	(87,383)	(88,466)
Forward purchases		62,396	240,361	302,757
Forward sales		(76,136)	(205,676)	(281,812)
Net options position		(34)	(145)	(179)
Net long/(short) position		(305)	1,371	1,066

There was no structural position as at 30 June 2020 (at 31 December 2019: 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 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	-	-	-
Total	40,819	3,677	44,496
Total assets after provision	136,728		
On-balance sheet exposures as percentage of total assets	29.85%		

As at 31 December 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)	16,026	4,074	20,100
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,970	1	2,971
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,011	204	9,215
4. Other entities of central government not reported in item 1 above	587	540	1,127
5. Other entities of local governments not reported in item 2 above	1,251	-	1,251
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	9,846	2,891	12,737
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	93	-	93
Total	39,784	7,710	47,494
Total assets after provision	119,011		
On-balance sheet exposures as percentage of total assets	33.43%		

IV. Off-balance sheet information

		As at 30 Jun 2020 HK\$'000	As at 31 Dec 2019 HK\$'000
Contingent liabilities and commitments			
(i) Contractual/notional amounts			
Direct credit substitutes		153,748	153,144
Transaction-related contingencies		-	-
Trade-related contingencies		1,480,659	1,857,414
Other commitments			
- over one year		11,351,305	11,621,218
- one year or less		25,096,770	31,539,425
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>17,681,844</u>	<u>12,389,262</u>
		<u>55,764,326</u>	<u>57,560,463</u>
	Credit Conversion Factor		
(ii) Credit risk weighted amounts			
Direct credit substitutes	100%	153,748	153,144
Transaction-related contingencies	50%	-	-
Trade-related contingencies	20%	296,132	371,483
Other commitments			
- over one year	50%	5,675,653	5,810,609
- 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>17,681,844</u>	<u>12,389,262</u>
		<u>23,807,377</u>	<u>18,724,498</u>
Derivatives			
(i) Contractual/notional amounts			
Exchange rate contracts		455,790,977	453,745,190
Interest rate contracts		409,313,000	460,543,844
Others		59,059	49,009
		<u>865,163,036</u>	<u>914,338,043</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		(312,374)	(328,108)
Interest rate contracts		63,703	115,663
Others		124	679
		<u>(248,547)</u>	<u>(211,766)</u>

V. Liquidity Information

1. Liquidity Maintenance Ratio

	Quarter ended As at 30 Jun 2020	Quarter ended As at 30 Jun 2019
Quarterly average liquidity maintenance ratio	70.45%	46.38%

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 2020	Quarter ended As at 30 Jun 2019
Quarterly average core funding ratio	98.66%	93.37%

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.

VI. Comparative Figures

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

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 2020 is HKD1 = SGD 0.18007, 31 December 2019 is HKD1 = SGD 0.173082, 30 June 2019 is HKD1 = SGD 0.173283)

I Capital and capital adequacy

	As at 30 Jun 2020 S\$ million	As at 31 Dec 2019 S\$ million
(i) Capital and reserves		
- Issued and paid-up capital	17,296	17,261
- Total shareholders' equity*	49,342	48,603
(ii) Consolidated capital adequacy ratio	16.4%	16.8%

II Other financial information

	As at 30 Jun 2020 S\$ million	As at 31 Dec 2019 S\$ million
(i) Total Assets	510,002	491,691
(ii) Total Liabilities	460,660	443,088
(iii) Total loans and advances to non-bank customers, including bills (net of individual and collectively assessed allowances)	264,391	262,348
(iv) Deposits of non-bank customers	309,731	302,851
	Half-year ended 30 Jun 2020 S\$ million	Half-year ended 30 Jun 2019 S\$ million
(v) Pre-tax profits	1,767	2,953

*: 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

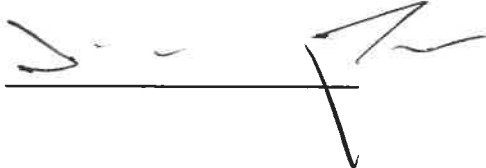
OCBC HK Branch adopted the remuneration systems of the head office, OCBC Bank. The objective of the Bank's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the 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 2019 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 : 24 September 2020