

Bank of Singapore Limited Hong Kong Branch

Key Financial Information Disclosure Statements

30 June 2018

Prepared under the Banking (Disclosure) Rule
made pursuant to section 60A of the Banking Ordinance

Key Financial Information Disclosure Statements For the half year ended 30 June 2018

The Statement is available at Bank of Singapore Limited, Hong Kong Branch at the following address:

34/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

A copy of the Disclosure Statement has been lodged with the public registry of the Hong Kong Monetary Authority's Public Registry and is available on the website <https://www.bankofsingapore.com/Regulations-hongkong.html>, for public inspection.

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Statement Of Compliance

This Disclosure Statement has been prepared in accordance with the Banking (Disclosure) Rules and the disclosure standards set out in the Supervisory Policy Manual on “Guideline on the Application of the Banking (Disclosure) Rules” issued by the Hong Kong Monetary Authority on 06 August 2015. To the best of my knowledge, the disclosure is not false or misleading in any material respect.



Cindy Wong
Alternative Chief Executive
Bank of Singapore, Hong Kong Branch
26 September 2018

Section A – Branch Information (Hong Kong Office)

(I) Income Statement

	Half-Year ended 30 Jun 2018 HK\$'000	Half-Year ended 30 Jun 2017 HK\$'000
Interest Income	193,445	101,416
Interest Expense	(148,899)	(65,404)
Net Interest Income	44,546	36,012
Other operating income:		
Gains less losses arising from trading in foreign currencies	44,077	29,484
Gains less losses on securities held for trading purposes	44,963	31,941
Gains less losses arising from trading in interest rate derivatives	195	1,330
Gains less losses from other trading activities	9,525	4,863
Net fees and commission income	49,555	28,059
Fees and commission income	55,581	29,473
Fees and commission expense	(6,026)	(1,414)
Others	188,268	154,428
Total Income	381,129	286,117
Operating expenses		
Staff expenses	(220,944)	(207,639)
Rental expenses	(51,095)	(29,426)
Other expenses	(28,022)	(19,169)
Total Expenses	(300,061)	(256,234)
Profit before taxation	81,068	29,883
Tax expenses	(13,449)	(4,963)
Profit after taxation	67,619	24,920

(II) Statement of Financial Position

	30-Jun-2018 HK\$'000	31-Dec-2017 HK\$'000
ASSETS		
Cash and balances with banks <i>(except those included in amount due from overseas offices)</i>	1,647,683	427,672
Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months <i>(except those included in amount due from overseas offices of the institution)</i>	-	-
Amount due from overseas offices	6,782,891	7,204,044
Loans and receivables	12,762,622	10,848,787
Investment securities	4,514,130	4,527,819
Property, plant and equipment and investment properties	13,337	15,006
TOTAL ASSETS	<u>25,720,663</u>	<u>23,023,328</u>
	30-Jun-2018 HK\$'000	31-Dec-2017 HK\$'000
LIABILITIES		
Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	147	-
Deposits from customers	12,605,089	12,686,827
Demand deposits and current accounts	8,194,599	10,070,385
Savings deposits	-	-
Time, call and notice deposits	4,410,490	2,616,442
Amount due to overseas offices	10,654,247	7,885,297
Other accounts and provisions	2,461,180	2,451,204
TOTAL LIABILITIES	<u>25,720,663</u>	<u>23,023,328</u>

(III) Additional Statement of Financial Position

	30-Jun-2018 HK\$'000	31-Dec-2017 HK\$'000
1. Loans And Receivables		
Loans and advances to customers	10,437,636	8,463,731
Loans and advances to banks	-	-
Accrued interest and other accounts	2,324,986	2,385,056
	<u>12,762,622</u>	<u>10,848,787</u>

There were no impaired, overdue nor rescheduled loans and advances to customers, banks and other financial institutions as at 30 June 2018 and 31 December 2017; nor were there any impairment allowances made for them on these dates.

2. Loans And Advances To Customers - By Industry Sector

The sector analysis has been classified according to the usage of loans and advances based on categories and definitions used by the Hong Kong Monetary Authority.

	30-Jun-2018		31-Dec-2017	
	Gross Advances HK\$'000	% of advances covered by collateral*	Gross Advances HK\$'000	% of advances covered by collateral*
Loans for use in Hong Kong				
Industrial, commercial & financial sectors				
- Financial concerns	5,429,957	100%	4,976,326	100%
- Wholesale and retail trade	52,789	100%	41,272	100%
	<u>5,482,746</u>	<u>100%</u>	<u>5,017,598</u>	<u>100%</u>
Individuals				
- For the purchase of other residential properties	2,677	100%	4,396	100%
- Others	4,952,213	100%	3,441,737	100%
	<u>4,954,890</u>	<u>100%</u>	<u>3,446,133</u>	<u>100%</u>
Total loans and advances for use in Hong Kong	<u>10,437,636</u>	<u>100%</u>	<u>8,463,731</u>	<u>100%</u>
Loans for use outside Hong Kong	-	-	-	-
Total loans and advances to customers	<u>10,437,636</u>	<u>100%</u>	<u>8,463,731</u>	<u>100%</u>

* Where the collateral values are greater than gross loans and advances, only the amount of collateral up to the gross amount of loans and advances was included.

3. Loans And Advances To Customers - By Geographical Areas

The gross amounts of loans and advances to customers by geographical areas are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when a loan or advances is guaranteed by a party in a country which is different from that of the country. Only countries constituting 10% or more of the aggregate total loans and advances to customers are disclosed.

	30-Jun-2018 HK\$'000	31-Dec-2017 HK\$'000
Hong Kong	5,475,042	4,403,168
British Virgin Islands	2,279,265	1,362,770
Singapore	1,357,461	1,118,971
Other Countries	1,325,868	1,578,822
	<u>10,437,636</u>	<u>8,463,731</u>

4. International Claims

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognized risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only countries constituting 10% or more of the aggregate international claims after taking into account any recognized risk transfer are disclosed.

	30-Jun-2018					
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
(HK\$ million)						
Developed countries	1,461	4,528	-	39	-	6,028
of which:						
- United States	1,399	4,528	-	-	-	5,927
Offshore centres	7,829	-	-	8,378	-	16,207
of which:						
- Singapore	7,829	-	-	1,409	-	9,238
- Hong Kong	-	-	-	3,479	-	3,479
- British Virgin Islands	-	-	-	3,215	-	3,215
Developing Africa and Middle East	-	-	-	102	-	102
Developing Asia and Pacific	7	-	-	995	-	1,002
Total	<u>9,297</u>	<u>4,528</u>	<u>-</u>	<u>9,514</u>	<u>-</u>	<u>23,339</u>

4. International Claims (Continued)

	31-Dec-2017					
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non- financial private sector</u>		
(HK\$ million)						
Developed countries	398	4,538	-	379	-	5,315
of which:						
- United States	333	4,538	-	-	-	4,871
Offshore centres	8,339	-	-	6,962	-	15,301
of which:						
- Singapore	8,339	-	-	1,035	-	9,374
- Hong Kong	-	-	-	2,725	-	2,725
- British Virgin Islands	-	-	-	2,845	-	2,845
Developing Africa and Middle East	-	-	-	56	-	56
Developing Asia and Pacific	2	-	-	876	-	878
Total	8,739	4,538	-	8,273	-	21,550

The above figures are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics.

5. Mainland Activities Exposures

(HK\$'000)	30-Jun-2018		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total Exposure</u>
Types of counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,110,669	1,958,204	3,068,873
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>1,110,669</u>	<u>1,958,204</u>	<u>3,068,873</u>
Total asset after provision	<u>25,720,663</u>		
On-balance sheet exposures as percentage of total assets	<u>4.32%</u>		

5. Mainland Activities Exposures (Continued)

(HK\$'000)	31-Dec-2017		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total Exposure</u>
Types of counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	770,439	1,520,718	2,291,157
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>770,439</u>	<u>1,520,718</u>	<u>2,291,157</u>
Total asset after provision	<u>23,023,328</u>		
On-balance sheet exposures as percentage of total assets	<u>3.35%</u>		

The above figures are prepared in according to the types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Mainland Activities.

Bank of Singapore, Hong Kong Branch

6. Currency Risk

The net position in a particular foreign currency is disclosed if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies. The positions are calculated in accordance with the Return of Foreign Currency Position (Form MA(BS)6) submitted to the HKMA.

30-Jun-18 (HK\$ million)	USD	CNY	CAD	*AUD	*IDR	*MYR	Other CCY	Total Position
Spot assets	14,841	453	298	947	-	2	4,144	20,685
Spot liabilities	(14,969)	(301)	(299)	(937)	-	(2)	(4,190)	(20,698)
Forward purchases	55,775	27,059	77	135	3	-	11,107	94,156
Forward sales	(55,650)	(27,212)	(77)	(145)	(3)	-	(11,061)	(94,148)
Net long/ (short) position	(3)	(1)	(1)	-	-	-	-	(5)

31-Dec-17 (HK\$ million)	USD	*CNY	*CAD	AUD	IDR	MYR	Other CCY	Total Position
Spot assets	15,431	140	185	1,130	1	1	2,840	19,728
Spot liabilities	(15,375)	(141)	(186)	(1,160)	-	-	(2,872)	(19,734)
Forward purchases	101,646	48,881	113	129	3	-	16,366	167,138
Forward sales	(101,703)	(48,880)	(112)	(98)	(3)	-	(16,335)	(167,131)
Net long/ (short) position	(1)	-	-	1	1	1	(1)	1

The above represents the Hong Kong dollar equivalent values of the individual currency.

* The currency constitutes less than 10% of the total net position in all foreign currencies is presented for comparative purpose only.

(IV) Off-Balance Sheet Exposures

1. Contingent liabilities and commitments

(Notional amount)

	30-Jun-2018 HK\$'000	31-Dec-2017 HK\$'000
Direct credit substitutes	85,367	86,622
Other commitments	25,107,565	21,089,098
Other	-	402,700
	<u>25,192,932</u>	<u>21,578,420</u>

2. Derivatives Transactions

(HK\$'000)

	30-Jun-2018			31-Dec-2017		
	Replacement cost		Total Notional amount	Replacement cost		Total Notional amount
	Positive	Negative		Positive	Negative	
Exchange rate-related derivatives contracts	1,650,421	(1,647,532)	220,645,788	2,156,020	(2,152,830)	342,660,173
Interest rate contracts	5,214	(5,214)	1,325,724	1,721	(1,721)	2,026,424
Others	38,410	(38,410)	1,136,404	23,836	(23,836)	1,096,728
	<u>1,694,045</u>	<u>(1,691,156)</u>	<u>223,107,916</u>	<u>2,181,577</u>	<u>(2,178,387)</u>	<u>345,783,325</u>

There are no bilateral netting arrangements for above derivatives contracts.

(V) Liquidity

	Half-Year ended 30-Jun-2018 %	Half-Year ended 30-Jun-2017 %
Average liquidity maintenance ratio for the period	46.41%	43.66%

The average liquidity ratio for the period is the simple average of each calendar month's average liquidity ratio, which is computed as required by the Hong Kong Monetary Authority for its regulatory purpose, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

(V) Liquidity (Continued)**Liquidity Risk Management**

Liquidity risk is the risk that the Bank is unable to service its cash flow obligations. Throughout the year in conjunction with Group, the Bank manages liquidity risk on a consolidated balance sheet basis through a combination of positive cash flow management, the maintenance of portfolios of high quality liquid assets and diversification of its funding base.

The Bank liquidity management process involves establishing liquidity management policies and monitoring its liquidity utilization against limits that are aligned to BOS board of Directors risk tolerance. Liquidity stress test based on different scenarios are also performed for BOS HK Branch. The Bank maintains liquid assets in excess of regulatory requirement to strengthen its ability to meet liquidity needs during crisis.

The BOS Board of Directors sets the Bank's strategic direction and risk tolerance for liquidity risk, and delegated BOS Asset Liability Management Committee ("ALCO") the responsibility for day-to-day management of operational liquidity, including the approval of operational and procedural changes to the policy and the assignment of limits for the Branch.

(VI) Disclosure On Remuneration

Bank of Singapore Hong Kong Branch has adopted the remuneration policy of the head office, Bank of Singapore Limited. Bank of Singapore Limited is a wholly-owned subsidiary of OCBC Bank, and OCBC Bank is the sole shareholder. The remuneration framework of Bank of Singapore Limited is largely aligned with the remuneration policy of the OCBC Bank. The objective of the Bank's remuneration policy is to attract, retain and motivate employee to contribute their best.

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 measurement and risk adjustment, the linkage between pay and performance, deferral policy and vesting criteria, and the parameters used for allocation cash versus other forms of remuneration, aggregate information of Senior Management and Material Risk Takers, where applicable, in respect of guaranteed bonuses, sign-on, severance payments and variable remunerations awarded during the financial year, and the breakdown of total compensation of OCBC Bank's Chief Executive Officer, are disclosed in the Annual Report of OCBC Bank.

Section B – Bank Information (Consolidated basis)

The following information relates to Bank of Singapore Limited, ultimately a wholly owned subsidiary of Overseas-Chinese Banking Corporation Limited. Please refer to the full annual accounts for further information.

(I) Capital And Capital Adequacy

	30-Jun-2018 US\$'000	31-Dec-2017 US\$'000 As restated*
Shareholders' equity	1,834,153	2,157,882
Total capital ratio	22.50%	22.50%
Tier 1 capital ratio	22.50%	22.50%

The capital adequacy ratio is computed in accordance with the rules established by the Monetary Authority of Singapore ("MAS").

(II) Other Financial Information

	30-Jun-2018 US\$'000	31-Dec-2017 US\$'000 As restated*
Statement of financial position		
Total assets	33,348,937	29,785,491
Total liabilities	31,514,784	27,627,609
Total loans and advances	22,894,704	20,307,529
Total customer deposits	25,610,531	24,155,468

(III) Income Statement

	Year ended 30-Jun-2018 US\$'000	Year ended 30-Jun-2017 US\$'000
Pre-tax profit	205,842	158,712

* The bank adopted FRS 109 as at 1 January 2018 where FRS 109 replaces the existing FRS 39 loan provisioning requirements with a forward-looking expected credit loss model. The effect from the adoption of FRS 109 have been applied retrospectively. Since the adoption of FRS 109 is on 1 January 2018 and the impact to adoption is an accounting estimate, it did not have an effect to the income statement for the period ended 30 June 2017.