



UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
(Incorporated in Singapore with limited liability)

FINANCIAL INFORMATION DISCLOSURE STATEMENTS

**FOR THE YEAR ENDED
31 DEC 2019**

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UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED INCOME STATEMENT

		Year ended 31 December 2019 HK\$'000	Year ended 31 December 2018 HK\$'000
	Note		
Interest income		5,940,207	4,746,321
Interest expense		<u>(3,933,779)</u>	<u>(3,121,484)</u>
Net interest income		2,006,428	1,624,837
Fee and commission income		672,157	687,628
Fee and commission expenses		<u>(22,711)</u>	<u>(25,806)</u>
Net fee and commission income		649,446	661,822
Net trading gain	1	581,634	651,648
Other income		<u>27,823</u>	<u>12,752</u>
Total income		3,265,331	2,951,059
Operating expenses	2	<u>(707,364)</u>	<u>(762,752)</u>
Net income before impaired advances and receivables allowances		2,557,967	2,188,307
Net charge of impaired advances and receivables		<u>(4,330)</u>	<u>(288,307)</u>
Operating profit		2,553,637	1,900,000
Net gain from disposal of fixed assets and investment properties		<u>-</u>	<u>57,984</u>
Profit before taxation		2,553,637	1,957,984
Taxation		<u>(423,079)</u>	<u>(324,111)</u>
Profit for the year		<u>2,130,558</u>	<u>1,633,873</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED BALANCE SHEET

	Note	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Assets			
Cash and balances with central banks and banks	3	2,058,771	4,330,590
Placements with banks maturing between one and twelve months		489,368	334,245
Amount due from overseas offices		5,614,735	8,544,868
Trade bills	4	6,964,474	8,946,147
Securities held for trading purposes		380,000	-
Positive fair values for derivative financial instruments	10	3,936,199	3,729,019
Amount receivable under reverse repos		9,963,507	7,581,305
Advances to banks		-	-
Advances to customers	5	123,569,358	124,776,945
Financial investments	6	39,898,323	31,929,800
Investment in subsidiary		20	20
Investment properties		492	492
Fixed assets		280,573	208,276
Other assets		1,654,399	1,448,578
Total assets		194,810,219	191,830,285
Liabilities			
Deposits and balances from central banks, banks and other financial institutions	7	25,273,200	29,870,328
Negative fair values for derivative financial instruments	10	3,854,951	3,565,261
Amount payable under repos		2,163,942	1,687,748
Deposits from customers	8	68,826,127	62,224,995
Amount due to overseas offices		84,990,093	88,552,743
Certificates of deposit issued	9	599,980	599,967
Issued debt securities		1,000,000	1,000,000
Other liabilities		8,126,867	4,340,101
Reserve for securities classified at fair value through other comprehensive income		(24,941)	(10,858)
Total liabilities		194,810,219	191,830,285

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. Net trading gain

	Year ended 31 December 2019 HK\$'000	Year ended 31 December 2018 HK\$'000
Foreign exchange	286,837	661,173
Interest rate instruments	276,958	(17,604)
Credit derivative contracts	14,493	291
Securities held for trading purposes	1,766	8,736
Others	1,580	(948)
	581,634	651,648

2. Operating expenses

	Year ended 31 December 2019 HK\$'000	Year ended 31 December 2018 HK\$'000
Staff costs	528,920	484,073
Rental expenses	76,432	52,447
Courier expenses	4,510	46,944
Data processing fees	48,325	45,644
Net (reversal)/ charge for other provisions	(15,488)	58,354
Others	64,665	75,290
	707,364	762,752

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
3. Cash and balances with central banks and banks

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Cash in hand	31,526	33,158
Balances with central banks	61,880	19,922
Balances with banks	1,287,122	701,392
Placements with banks maturing within one month	678,905	3,576,632
Less:		
Allowances for non-impaired losses	(662)	(514)
	<u>2,058,771</u>	<u>4,330,590</u>

4. Trade bills

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Gross trade bills	7,052,953	8,997,986
Less:		
Allowances for non-impaired losses	(31,772)	(10,487)
Allowances for impaired losses	(56,707)	(41,352)
	<u>6,964,474</u>	<u>8,946,147</u>

5. Advances to customers

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Gross advances to customers	123,953,293	125,048,009
Less:		
Allowances for non-impaired advances	(342,954)	(222,229)
Allowances for impaired advances	(40,981)	(48,835)
	<u>123,569,358</u>	<u>124,776,945</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
6. Financial investments

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Government debt securities	17,834,476	10,451,642
Certificates of deposit	15,858,096	16,600,412
Other debt securities	<u>6,205,751</u>	<u>4,877,746</u>
	<u>39,898,323</u>	<u>31,929,800</u>

7. Deposits and balances from central banks, banks and other financial institutions

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Deposits and balances from central banks	12,152,240	13,922,500
Deposits and balances from banks and other financial institutions	<u>13,120,960</u>	<u>15,947,828</u>
	<u>25,273,200</u>	<u>29,870,328</u>

8. Deposits from customers

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Demand deposits and current accounts	17,765,741	7,269,550
Savings deposits	10,459,834	9,872,228
Time, call and notice deposits	<u>40,600,552</u>	<u>45,083,217</u>
	<u>68,826,127</u>	<u>62,224,995</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
9. Certificates of deposit issued

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
At amortised cost	<u>599,980</u>	<u>599,967</u>
	<u>599,980</u>	<u>599,967</u>

10. Derivative financial instruments

The contractual/ notional amounts of derivative financial instruments are disclosed as follows:

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Exchange rate-related contracts		
- Spot and forwards	45,429,390	37,689,961
- Swaps	421,244,707	394,005,283
- Options	<u>1,907,901</u>	<u>1,957,171</u>
	468,581,998	433,652,415
Interest rate contracts	223,831,560	201,304,109
Commodity contracts	-	337,653
Credit derivative contracts	<u>6,263,516</u>	<u>3,123,260</u>
	<u>698,677,074</u>	<u>638,417,437</u>

The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements.

The contractual amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet dates. The amounts do not represent amounts at risk.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

10. Derivative financial instruments (continued)

The following table summarises the positive and negative fair values of each class of derivative financial instruments:

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Positive fair values		
Exchange rate-related contracts		
- Spot and forwards	519,119	429,575
- Swaps	2,089,800	1,999,946
- Options	39,511	45,570
	<u>2,648,430</u>	<u>2,475,091</u>
Interest rate contracts	1,235,530	1,206,795
Commodity contracts	-	27,794
Credit derivative contracts	<u>52,239</u>	<u>19,339</u>
	<u>3,936,199</u>	<u>3,729,019</u>
Negative fair values		
Exchange rate-related contracts		
- Spot and forwards	578,892	689,657
- Swaps	2,221,249	1,668,883
- Options	49,867	60,820
	<u>2,850,008</u>	<u>2,419,360</u>
Interest rate contracts	974,844	1,119,166
Commodity contracts	-	26,735
Credit derivative contracts	<u>30,099</u>	<u>-</u>
	<u>3,854,951</u>	<u>3,565,261</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

11. Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Direct credit substitutes	1,329,432	1,322,480
Transaction-related contingencies	2,928,277	1,702,984
Trade-related contingencies	7,621,501	9,535,207
Forward forward deposits placed	256,272	4,068,487
Other commitments	<u>89,829,577</u>	<u>85,717,206</u>
	<u>101,965,059</u>	<u>102,346,364</u>

The above table shows the contractual amounts of credit related commitments and contingencies of United Overseas Bank Limited, Hong Kong Branch ("the Branch"). It includes letters of credit, guarantees and commitments to extend credit to customers. The above amounts represent a worst case scenario of credit risk exposures arising from these instruments, without taking into account any collateral held or other credit enhancements attached. The amounts do not represent amounts at risk at the balance sheet dates.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Liquidity

(a) Liquidity Maintenance Ratio (LMR)

	Quarter ended 31 December 2019	Quarter ended 31 December 2018
Average LMR for 3 months periods	<u>39.81%</u>	<u>38.12%</u>

(b) Core Funding Ratio (CFR)

	Quarter ended 31 December 2019	Quarter ended 31 December 2018
Average CFR for 3 months periods	<u>100.54%</u>	<u>100.86%</u>

The average LMR & CFR are calculated based on the arithmetic mean of each month's corresponding average ratios for the quarter, which are made in accordance with the requirements specified under Banking (Disclosure) Rules ("BDR").

The liquidity information can be found in the Regulatory Disclosures section of our website www.uobgroup.com/hk.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Liquidity (continued)

(c) Liquidity Risk Management

Liquidity risk is the risk arising from a bank's potential inability to meet all its financial or payment obligations when they fall due or only being able to meet these obligations at significant costs or losses.

The objective of the Branch's liquidity risk management align with the Group's risk management framework which is to ensure that the Branch maintains sufficient liquidity to fund our day-to-day operations, to meet deposit withdrawals and loan disbursements, to participate in new investments and to repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by the Group ALCO. These policies, controls and limits enable the Branch to monitor and to manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimising excessive funding concentrations by diversifying the sources and terms of funding, and maintaining a portfolio of high quality and marketable debt securities.

The Branch takes a conservative stance on liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfall.

The distribution of deposits is managed actively to ensure a balance between cost effectiveness, continued accessibility to funds and diversification of funding sources. The Branch establishes concentration limits on collateral pools and sources of funding, such as concentration of bond securities holding and concentration of top 20 depositors. Important factors in ensuring liquidity are competitive pricing, proactive management of the Branch's core deposits and the maintenance of customer confidence.

The Branch's liquidity risk is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Branch is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit liquidity exposure. The Branch also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

The Branch has contingency funding plans in place to identify potential liquidity crises using a series of warning indicators. Crisis management processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Liquidity (continued)

(d) Liquidity Risk Mismatch

The following table analyses the on and off balance sheet items, with reference to the completion instructions for the Hong Kong Monetary Authority Return of Liquidity Monitoring Tools.

As at 31 Dec 2019

(HK\$'000)	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity
Cash, balances and placements with central banks	93,407	-	-	-	-	-	-
Placements and balances with banks and other financial institutions	6,269,960	673,191	1,002,168	134,556	-	-	-
Loans to customers, acceptances and bills of exchange held	9,005,009	21,412,136	17,243,079	19,912,599	46,450,307	16,915,155	296,143
Debt securities held [#]	40,360,131	-	-	-	-	-	-
Amount receivable under reverse repo	573,309	3,353,734	5,766,389	120,041	150,034	-	-
Gross cash inflow from derivatives financial assets	71,135,544	55,689,332	118,156,019	140,659,656	33,368,974	13,978,217	-
Other assets	147,881	206,172	58,713	715,802	57,547	1,988	427,798
Total on-balance sheet assets	127,585,241	81,334,565	142,226,368	161,542,654	80,026,862	30,895,360	723,941
Total off-balance sheet claims	4,928,682	-	-	-	-	-	-
Deposits from customers	32,138,981	19,835,199	10,839,747	6,198,092	-	-	-
Deposits and balances of banks and other financial institutions	12,450,071	22,147,371	25,061,858	50,763,019	-	10,000	-
Debt securities issued	-	-	-	1,300,000	-	300,000	-
Amount payable under repo	-	15,741	1,998,974	-	149,227	-	-
Gross cash outflow from derivatives financial liabilities	71,197,457	55,449,370	117,856,099	140,754,669	32,786,700	13,616,349	-
Other liabilities and capital	3,833,406	243,487	369,795	2,931,907	108,010	55,488	104,888
Total on-balance sheet liabilities	119,619,915	97,691,168	156,126,473	201,947,687	33,043,937	13,981,837	104,888
Total off-balance sheet obligations	44,674,448	-	2,336,205	2,336,205	-	-	-
Contractual Maturity Mismatch	(31,780,440)	(16,356,603)	(16,236,310)	(42,741,238)	46,982,925	16,913,523	
Cumulative Contractual Maturity Mismatch	(31,780,440)	(48,137,043)	(64,373,353)	(107,114,591)	(60,131,666)	(43,218,143)	

[#] Debt securities held that are readily monetizable are profiled to next day in accordance with MA(BS)23 completion instruction specified by HKMA.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Liquidity (continued)

(d) Liquidity Risk Mismatch (continued)

As at 31 Dec 2018

(HK\$'000)	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity
Cash, balances and placements with central banks	4,151,496	-	-	-	-	-	-
Placements and balances with banks and other financial institutions	6,923,232	611,553	313,917	296,491	-	-	-
Loans to customers, acceptances and bills of exchange held	10,986,042	24,885,804	14,970,658	21,801,093	41,813,774	18,363,208	282,324
Debt securities held #	29,489,772	-	-	-	-	-	-
Amount receivable under reverse repo	3,091,513	7,424,379	1,026,429	370,896	-	-	-
Gross cash inflow from derivatives financial assets	44,186,591	36,690,018	67,817,555	136,429,603	27,391,303	20,605,025	-
Other assets	82,745	234,492	238,752	22,823	325,497	3,457	177,840
Total on-balance sheet assets	98,911,391	69,846,246	84,367,311	158,920,906	69,530,574	38,971,690	460,164
Total off-balance sheet claims	2,213,892	-	76,232	-	-	-	-
Deposits from customers	25,005,941	13,732,857	22,361,210	9,482,557	-	-	-
Deposits and balances of banks and other financial institutions	19,818,119	8,085,148	25,657,113	54,866,235	-	10,000	-
Debt securities issued	-	-	300,000	300,000	1,300,000	300,000	-
Amount payable under repo	1,019,956	1,872,633	79,398	-	-	-	-
Gross cash outflow from derivatives financial liabilities	44,181,224	36,619,225	67,802,548	136,343,006	26,546,951	20,377,005	-
Other liabilities and capital	610,306	256,522	522,462	1,607,809	317,323	2,465	35,593
Total on-balance sheet liabilities	90,635,546	60,566,385	116,722,731	202,599,607	28,164,274	20,689,470	35,593
Total off-balance sheet obligations	45,553,103	-	76,232	1,957,887	-	-	-
Contractual Maturity Mismatch	(35,063,366)	9,279,861	(32,355,420)	(45,636,588)	41,366,300	18,282,220	
Cumulative Contractual Maturity Mismatch	(35,063,366)	(25,783,505)	(58,138,925)	(103,775,513)	(62,409,213)	(44,126,993)	

Debt securities held that are readily monetizable are profiled to next day in accordance with MA(BS)23 completion instruction specified by HKMA.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

13. Currency risk

	USD	CNY	JPY	SGD	Others	Total
HK\$'million						
As at 31 December 2019						
Hong Kong dollar equivalents						
Spot assets	67,368	1,940	2,116	537	4,643	76,604
Spot liabilities	(115,744)	(2,052)	(45)	(748)	(1,313)	(119,902)
Forward purchases	261,359	86,081	2,963	4,251	8,941	363,595
Forward sales	(210,190)	(86,265)	(4,974)	(4,058)	(12,236)	(317,723)
Net options position	-	-	-	-	-	-
Net long /(short) position	<u>2,793</u>	<u>(296)</u>	<u>60</u>	<u>(18)</u>	<u>35</u>	<u>2,574</u>
HK\$'million						
As at 30 June 2019						
Hong Kong dollar equivalents						
Spot assets	72,496	1,651	1,854	472	4,759	81,232
Spot liabilities	(109,986)	(1,564)	(68)	(1,308)	(1,496)	(114,422)
Forward purchases	236,182	102,238	2,355	4,963	9,145	354,883
Forward sales	(197,113)	(102,619)	(4,027)	(4,299)	(12,591)	(320,649)
Net options position	-	-	-	-	-	-
Net long /(short) position	<u>1,579</u>	<u>(294)</u>	<u>114</u>	<u>(172)</u>	<u>(183)</u>	<u>1,044</u>

Net position in a particular foreign currency is disclosed if the net position (regardless of sign) constitutes 10% or more of the total net position in all foreign currencies. The net options position is calculated based on delta-weighted position approach.

There is no structural position in any particular currency as at 31 December 2019 and 30 June 2019.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
14. Analysis of gross advances to customers by industry sectors and loan usage

	As at 31 December 2019		As at 30 June 2019	
	Outstanding balance HK\$'000	Balance covered by collateral HK\$'000	Outstanding balance HK\$'000	Balance covered by collateral HK\$'000
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	20,702,194	10,433,345	21,295,915	12,097,205
- Property investment	24,207,262	16,017,746	25,891,024	19,480,375
- Financial concerns	3,456,207	135,793	2,186,076	135,356
- Stockbrokers	3,797,110	-	2,741,474	-
- Wholesale and retail trade	5,079,605	3,018,759	4,911,616	2,643,230
- Manufacturing	6,524,715	3,603,430	6,480,934	2,348,541
- Transport and transport equipment	1,195,655	868,977	2,181,428	738,676
- Recreational activities	16,869	16,869	184,029	39,461
- Information technology	698,874	693,607	1,762,902	605,424
- Others	28,948,952	18,976,387	22,947,343	16,914,236
Subtotal	94,627,443	53,764,913	90,582,741	55,002,504
Individuals				
- Loans for purchase of other residential properties	151,085	151,085	138,596	138,596
- Others	123,807	90,001	135,884	95,091
Subtotal	274,892	241,086	274,480	233,687
Total loans for use in Hong Kong	94,902,335	54,005,999	90,857,221	55,236,191
Trade finance	11,528,676	2,692,549	18,196,497	2,854,991
Loans for use outside Hong Kong	17,522,282	5,759,295	15,994,291	4,946,392
Gross advances to customers	123,953,293	62,457,843	125,048,009	63,037,574

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
15. Analysis of gross advances to customers by geographical areas

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Hong Kong	106,563,633	110,270,252
Mainland China	11,010,753	9,292,550
Other areas	<u>6,378,907</u>	<u>5,485,207</u>
	<u>123,953,293</u>	<u>125,048,009</u>

The above analysis of gross advances to customers by geographical areas is based on the location of the counterparties where it constitutes 10% or more of the total gross advances to customers after taking into account the transfer of risk. In general, transfer of risk applies when a claim is guaranteed by a party situated in a country different from the counterparty.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
16. International claims

			Non-bank private sectors		
	Banks	Official sectors	Non-bank financial institutions	Non-financial private sectors	Total
HK\$'million					
As at 31 December 2019					
Developed countries	4,722	2	1,205	1,691	7,620
Offshore centres, of which:	15,367	-	9,987	29,568	54,922
- Singapore	9,384	-	467	1,088	10,939
- Hong Kong	5,983	-	9,520	26,887	42,390
- Other areas	-	-	-	1,593	1,593
Developing Latin America and Caribbean	-	-	-	-	-
Developing Asia Pacific, of which:	11,755	336	689	12,698	25,478
- Mainland China	9,823	336	689	11,399	22,247
- Other areas	1,932	-	-	1,299	3,231
Others	2	-	-	-	2
Total	31,846	338	11,881	43,957	88,022
HK\$'million					
As at 30 June 2019					
Developed countries	7,294	-	775	1,282	9,351
Offshore centres, of which:	14,969	1	6,682	32,085	53,737
- Singapore	10,705	1	676	1,097	12,479
- Hong Kong	4,264	-	6,006	29,289	39,559
- Other areas	-	-	-	1,699	1,699
Developing Latin America and Caribbean	-	-	-	-	-
Developing Asia Pacific, of which:	15,161	-	533	14,438	30,132
- Mainland China	12,745	-	533	13,423	26,701
- Other areas	2,416	-	-	1,015	3,431
Others	-	-	-	-	-
Total	37,424	1	7,990	47,805	93,220

The above analysis is prepared with reference to the completion instructions for the Hong Kong Monetary Authority Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Claims on individual countries or areas after risk transfer, amounting to 10% or more of the aggregate international claims of the Branch, are shown.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
17. Impaired advances to customers and trade bills

Impaired advances to customers and trade bills are those assets where objective evidence exists that full repayment of principal or interest is considered unlikely.

(a) Impaired advances to customers

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Gross impaired advances to customers	163,699	95,056
Allowances for impaired advances	<u>(40,981)</u>	<u>(48,835)</u>
	<u>122,718</u>	<u>46,221</u>
Value of collateral taken into account in respect of such advances to customers to which the allowances for the impaired advances relate	103,977	10,645
Percentage of such advances to customers to total gross advances to customers	0.13%	0.08%
Analysis of gross impaired advances to customers by geographical areas:		
	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Hong Kong	140,795	72,090
Singapore	<u>22,904</u>	<u>22,966</u>
	<u>163,699</u>	<u>95,056</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
17. Impaired advances to customers and trade bills (continued)
(b) Impaired trade bills

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Gross impaired trade bills	66,019	41,352
Allowances for impaired losses	<u>(56,707)</u>	<u>(41,352)</u>
	<u>9,312</u>	<u>-</u>
Value of collateral taken into account in respect of such trade bills to which the allowances for impaired losses relate	-	-
Percentage of such trade bills to total trade bills	0.94%	0.46%
Analysis of gross impaired trade bills by geographical areas:		

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Hong Kong	33,086	8,331
Singapore	<u>32,933</u>	<u>33,021</u>
	<u>66,019</u>	<u>41,352</u>

- (c)** There are no allowances for impaired losses on advance to banks and debt securities as at 31 December 2019 and 30 June 2019 respectively.

The above analyses of gross impaired advances to customers and gross impaired trade bills by geographical areas are based on the location of the counterparties where it constitutes 10% or more of the total after taking into account the transfer of risk. In general, transfer of risk applies when a claim is guaranteed by a party situated in a country different from the counterparty.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets
(a) Gross overdue advances to customers

	As at 31 December 2019		As at 30 June 2019	
	HK\$'000	% of total gross advances to customers	HK\$'000	% of total gross advances to customers
Gross advances to customers which have been overdue for:				
- six months or less but over three months	49,131	0.04%	29,113	0.02%
- one year or less but over six months	16,753	0.01%	25	0.00%
- over one year	6,292	0.01%	6,306	0.01%
Total	<u>72,176</u>	<u>0.06%</u>	<u>35,444</u>	<u>0.03%</u>

Analysis of gross overdue advances to customers which are overdue for more than three months
by geographical areas:

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Hong Kong	49,240	12,448
Singapore	22,914	22,966
Others	<u>22</u>	<u>30</u>
	<u>72,176</u>	<u>35,444</u>

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets (continued)
(b) Gross overdue trade bills

	As at 31 December 2019		As at 30 June 2019	
	HK\$'000	% of total gross trade bills	HK\$'000	% of total gross trade bills
Gross trade bills which have been overdue for:				
- six months or less but over three months	6,190	0.09%	-	0.00%
- one year or less but over six months	-	0.00%	25,996	0.29%
- over one year	41,242	0.58%	15,356	0.17%
Total	47,432	0.67%	41,352	0.46%

Analysis of gross overdue trade bills which are overdue for more than three months by geographical areas:

	As at 31 December 2019 HK\$'000	As at 30 June 2019 HK\$'000
Singapore	32,933	33,021
Hong Kong	14,499	8,331
	47,432	41,352

(c) There are no rescheduled advances to customers as at 31 December 2019 and 30 June 2019.

(d) There are no advances to banks and debt securities which are overdue for more than three months or have been rescheduled as at 31 December 2019 and 30 June 2019.

(e) There are no repossessed assets as at 31 December 2019 and 30 June 2019.

The above analysis of gross overdue advances to customers and gross overdue trade bills by geographical areas are based on the location of the counterparties where it constitutes 10% or more of the total after taking into account the transfer of risk. In general, transfer of risk applies when a claim is guaranteed by a party situated in a country different from the counterparty.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets (continued)
(f) Current market value of collateral held against advances to customers overdue for more than three months

	Outstanding amount of advances HK\$'000	Current market value of collateral HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000	Individual impairment allowances HK\$'000
As at 31 December 2019					
Overdue advances					
- Fully covered advances	48,210	48,210	48,210	-	-
- Partially covered advances	-	-	-	-	-
- Uncovered advances	23,966	-	-	23,966	23,684
Total	72,176	48,210	48,210	23,966	23,684
As at 30 June 2019					
Overdue advances					
- Fully covered advances	2,000	2,050	2,000	-	-
- Partially covered advances	10,312	1,250	1,250	9,062	3,127
- Uncovered advances	23,132	-	-	23,132	23,059
Total	35,444	3,300	3,250	32,194	26,186

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
18. Overdue advances, rescheduled advances and repossessed assets (continued)
(g) Current market value of collateral held against trade bills overdue for more than three months

	Outstanding amount of trade bills HK\$'000	Current market value of collateral HK\$'000	Covered portion HK\$'000	Uncovered portion HK\$'000	Individual impairment allowances HK\$'000
As at 31 December 2019					
Overdue trade bills					
- Fully covered trade bills	-	-	-	-	-
- Partially covered trade bills	-	-	-	-	-
- Uncovered trade bills	<u>47,432</u>	<u>-</u>	<u>-</u>	<u>47,432</u>	<u>47,432</u>
Total	<u>47,432</u>	<u>-</u>	<u>-</u>	<u>47,432</u>	<u>47,432</u>
As at 30 June 2019					
Overdue trade bills					
- Fully covered trade bills	-	-	-	-	-
- Partially covered trade bills	-	-	-	-	-
- Uncovered trade bills	<u>41,352</u>	<u>-</u>	<u>-</u>	<u>41,352</u>	<u>41,352</u>
Total	<u>41,352</u>	<u>-</u>	<u>-</u>	<u>41,352</u>	<u>41,352</u>

The Branch follows the Group's guidelines and standards on acceptability of specific collateral for credit risk mitigation. Collateral is taken whenever possible to mitigate the credit risk assumed and the value of the collateral is monitored periodically. The main types of collateral are cash, marketable securities, real estate, equipment, inventory and receivables.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
19. Non-bank Mainland China exposures

Type of counterparties	On-balance sheet exposures HK\$'million	Off-balance sheet exposures HK\$'million	Total HK\$'million
As at 31 December 2019			
(1) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	10,888	3,533	14,421
(2) Local governments, local government-owned entities and their subsidiaries and JVs	1,473	616	2,089
(3) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,199	2,165	13,364
(4) Other entities of central government not reported in item 1 above	1,943	108	2,051
(5) Other entities of local governments not reported in item 2 above	215	130	345
(6) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,911	2,600	9,511
(7) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,565	348	3,913
Total	36,194	9,500	45,694
Total assets after provisions	194,774		
On-balance sheet exposures as percentage of total assets	18.58%		

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
19. Non-bank Mainland China exposures (continued)

Type of counterparties	On-balance sheet exposures HK\$'million	Off-balance sheet exposures HK\$'million	Total HK\$'million
As at 30 June 2019			
(1) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	16,742	3,057	19,799
(2) Local governments, local government-owned entities and their subsidiaries and JVs	1,567	802	2,369
(3) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,596	2,283	11,879
(4) Other entities of central government not reported in item 1 above	1,987	263	2,250
(5) Other entities of local governments not reported in item 2 above	94	134	228
(6) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,727	3,089	9,816
(7) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	4,244	433	4,677
Total	<u>40,957</u>	<u>10,061</u>	<u>51,018</u>
Total assets after provisions	<u>191,760</u>		
On-balance sheet exposures as percentage of total assets	<u>21.36%</u>		

There are no allowances for impaired loan on non-bank Mainland China exposures as at 31 December 2019 and 30 June 2019 respectively.

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH**UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)****20. Remuneration policy**

The remuneration policy and systems of the Branch are established according to the framework of the Group remuneration guidelines for its employees engaged in the business and operations in Hong Kong.

The information related to the Group remuneration system are disclosed in the annual report of United Overseas Bank Limited.

21. Comparative figures

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

Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.

Hong Kong, 29 April 2020

UNITED OVERSEAS BANK LIMITED, HONG KONG BRANCH

GROUP CONSOLIDATED FINANCIAL INFORMATION

The information set out below is based on the consolidated accounts of United Overseas Bank Limited (the "Group").

1. Capital and capital adequacy ratios

The Group computes its capital adequacy ratios in accordance with the Basel III capital adequacy requirements set out in the Monetary Authority of Singapore ("MAS") No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore".

	As at 31 December 2019 S\$'million	As at 30 June 2019 S\$'million
Group shareholders' equity	39,637	39,033
Group's capital adequacy ratios		
Common Equity Tier 1	14.3%	13.9%
Tier 1	15.4%	14.9%
Total	17.4%	17.2%

2. Other financial information

	Year ended 31 December 2019 S\$'million	Year ended 31 December 2018 S\$'million
Pre-tax profit	5,174	4,826

	As at 31 December 2019 S\$'million	As at 30 June 2019 S\$'million
Total assets	404,409	406,382
Total liabilities	364,545	367,147
Total gross customer loans	268,676	272,881
Total customer deposits	310,726	304,792