

OCBC Bank (Hong Kong) Limited

2024 Interim Report



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Unaudited Condensed Consolidated Statement of Profit or Loss

(Expressed in millions of Hong Kong dollars unless otherwise stated)

		Six months ended	
	Notes	30th June, 2024	30th June, 2023 (restated)
Interest income calculated using the effective interest method	4(a)	7,273	6,241
Other interest income	4(a)	1,232	732
Interest expense	4(b)	(5,406)	(3,881)
Net interest income		3,099	3,092
Fees and commission income		738	723
Fees and commission expense		(66)	(70)
Net fees and commissions income	4(c)	672	653
Dividends	4(d)	13	22
Rental income		2	2
Other income	4(e)	564	564
Other operating income		1,251	1,241
Operating income		4,350	4,333
Operating expenses	4(f)	(2,293)	(2,137)
Operating profit before expected credit losses		2,057	2,196
Change in expected credit losses and other credit impairment charges		(986)	136
Operating profit after expected credit losses		1,071	2,332
Share of net (loss)/profit of associated companies		(57)	39
Profit before taxation		1,014	2,371
Taxation	5	(190)	(427)
Profit for the period attributable to equity shareholder of the Group		824	1,944

Unaudited Condensed Consolidated Statement of Comprehensive Income

(Expressed in millions of Hong Kong dollars unless otherwise stated)

		Six months ended	
	Notes	30th June, 2024	30th June, 2023 (restated)
Profit for the period		824	1,944
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss			
– (Deficit)/surplus on revaluation of bank premises	10	(82)	63
– Income tax related to the above		32	(14)
– Share of (deficit)/surplus on revaluation of bank premises of associated companies		(3)	4
		(53)	53
– Equity securities measured at fair value through other comprehensive income			
– Fair value changes		(27)	(372)
– Deferred taxes		3	22
– Share of fair value changes of financial assets of associated companies		–	2
		(24)	(348)
		(77)	(295)
Items that are or may be reclassified subsequently to profit or loss			
– Exchange adjustments on translation of financial statements of subsidiaries		(252)	(403)
– Debt securities measured at fair value through other comprehensive income			
– Fair value changes		164	157
– Transfer to consolidated statement of profit or loss			
– gains on disposal		(5)	(39)
– expected credit losses recognised		6	(4)
– Income tax related to the above		(37)	(65)
– Share of fair value changes of financial assets of associated companies		–	292
		128	341

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30th June, 2024	30th June, 2023 (restated)
– Cash flow hedging reserve			
– Fair value changes taken to equity		(98)	–
– Deferred taxes		16	–
		(82)	–
– Unappropriated profits			
– Bank premises			
– Deferred taxes		9	15
		(197)	(47)
Other comprehensive income for the period, net of tax		(274)	(342)
Total comprehensive income for the period attributable to equity shareholder of the Group		550	1,602

Unaudited Condensed Consolidated Statement of Financial Position

(Expressed in millions of Hong Kong dollars unless otherwise stated)

	Notes	30th June, 2024	31st December, 2023
ASSETS			
Cash and balances with banks and central banks	6	8,678	13,007
Placements with banks, central banks and other financial institutions	7	2,074	2,568
Amounts due from ultimate holding company and fellow subsidiaries		26,425	23,086
Trading assets		15,078	12,301
Advances to customers and other accounts	8	200,456	207,798
Financial assets measured at fair value through other comprehensive income		90,713	82,445
Debt securities measured at amortised cost		8,380	6,713
Investments in associated companies		575	635
Fixed assets	10		
– Investment properties		327	216
– Bank premises and equipment		4,682	4,989
Goodwill		1,306	1,306
Current tax recoverable		13	41
Deferred tax assets		157	144
Total assets		358,864	355,249
EQUITY AND LIABILITIES			
Deposits and balances of banks		8,767	11,935
Amounts due to ultimate holding company and fellow subsidiaries		10,813	11,656
Deposits from customers	11	268,113	263,002
Certificates of deposit and fixed rate note issued	12	6,802	7,049
Trading liabilities		12,040	9,408
Lease liabilities		60	63
Current tax payable		544	237
Deferred tax liabilities		332	510
Other accounts and provisions	13	6,039	5,039
Total liabilities		313,510	308,899
Share capital		7,308	7,308
Reserves	14	35,046	36,042
Perpetual capital securities issued		3,000	3,000
Total equity		45,354	46,350
Total equity and liabilities		358,864	355,249

Unaudited Condensed Consolidated Statement of Changes in Equity

(Expressed in millions of Hong Kong dollars unless otherwise stated)

	Six months ended 30th June, 2024						At 30th June
	At 1st January	Transfer to/(from) reserve	Coupon of perpetual capital securities	Dividends declared or approved during the period	Profit for the period	Other comprehensive income for the period	
Share capital	7,308	-	-	-	-	-	7,308
Capital reserve	584	(1)	-	-	-	-	583
Statutory reserve	430	-	-	-	-	-	430
General reserve	1,347	-	-	-	-	(252)	1,095
Bank premises revaluation reserve	2,911	(45)	-	-	-	(53)	2,813
Investment revaluation reserve (recycling)	(380)	-	-	-	-	128	(252)
Investment revaluation reserve (non-recycling)	1,715	-	-	-	-	(24)	1,691
Cash flow hedging reserve	93	-	-	-	-	(82)	11
Unappropriated profits	29,342	46	(82)	(1,464)	824	9	28,675
Perpetual capital securities	3,000	-	-	-	-	-	3,000
Total equity	46,350	-	(82)	(1,464)	824	(274)	45,354

	Six months ended 31st December, 2023						At 31st December
	At 30th June (Restated)	Transfer to/(from) reserve	Coupon of perpetual capital securities	Dividends declared or approved during the period	Profit for the period	Other comprehensive income for the period	
Share capital	7,308	-	-	-	-	-	7,308
Capital reserve	524	60	-	-	-	-	584
Statutory reserve	430	-	-	-	-	-	430
General reserve	1,133	-	-	-	-	214	1,347
Bank premises revaluation reserve	3,094	(36)	-	-	-	(147)	2,911
Investment revaluation reserve (recycling)	(411)	-	-	-	-	31	(380)
Investment revaluation reserve (non-recycling)	2,032	-	-	-	-	(317)	1,715
Cash flow hedging reserve	-	-	-	-	-	93	93
Unappropriated profits	29,598	(24)	(72)	(1,270)	1,094	16	29,342
Perpetual capital securities	3,000	-	-	-	-	-	3,000
Total equity	46,708	-	(72)	(1,270)	1,094	(110)	46,350

	Six months ended 30th June, 2023 (restated)								
	At 1st January	Effect of adopting HKFRS 17	Adjusted balance at 1st January,	Transfer to/(from) reserve	Coupon of perpetual capital securities	Dividends declared or approved during the period	Profit for the period	Other comprehensive income for the period	At 30th June
Share capital	7,308	–	7,308	–	–	–	–	–	7,308
Capital reserve	478	–	478	46	–	–	–	–	524
Statutory reserve	430	–	430	–	–	–	–	–	430
General reserve	1,536	–	1,536	–	–	–	–	(403)	1,133
Bank premises revaluation reserve	3,075	–	3,075	(34)	–	–	–	53	3,094
Investment revaluation reserve (recycling)	(1,034)	282	(752)	–	–	–	–	341	(411)
Investment revaluation reserve (non-recycling)	2,368	12	2,380	–	–	–	–	(348)	2,032
Unappropriated profits	28,905	(222)	28,683	(12)	(72)	(960)	1,944	15	29,598
Perpetual capital securities	3,000	–	3,000	–	–	–	–	–	3,000
Total equity	46,066	72	46,138	–	(72)	(960)	1,944	(342)	46,708

Unaudited Condensed Consolidated Cash Flow Statement

(Expressed in millions of Hong Kong dollars unless otherwise stated)

	Notes	Six months ended 30th June, 2024	30th June, 2023
Net cash inflow/(outflow) from operating activities	16(a)	5,082	(3,353)
Investing activities			
Purchase of financial assets measured at fair value through other comprehensive income		(66,364)	(27,979)
Sale and redemption of financial assets measured at fair value through other comprehensive income		61,064	18,139
Purchase of properties and equipment		(47)	(68)
Net cash outflow from investing activities		(5,347)	(9,908)
Financing activities			
Dividends paid		(1,464)	(960)
Net proceeds from issue of fixed rate notes		1,612	–
Redemption of fixed rate notes		(1,074)	–
Interest paid on fixed rate note		(52)	(52)
Coupon of perpetual capital securities		(82)	(72)
Payment of lease liabilities		(25)	(32)
Net cash outflow from financing activities		(1,085)	(1,116)
Decrease in cash and cash equivalents		(1,350)	(14,377)
Cash and cash equivalents at 1st January		33,520	30,775
Effects of foreign exchange rate changes		(89)	(537)
Cash and cash equivalents at 30th June		32,081	15,861
Analysis of the balances of cash and cash equivalents			
Cash and balances with banks and central banks		8,437	7,508
Placements with banks, central banks and other financial institutions with an original maturity within three months		2,075	2,640
Amounts due from ultimate holding company and fellow subsidiaries with an original maturity within three months		21,423	5,063
Treasury bills with an original maturity within three months		146	650
		32,081	15,861
Cash flows from operating activities included:			
Interest received		8,110	6,826
Interest paid		4,279	3,087
Dividend received		13	22

Notes to Unaudited Interim Condensed Financial Report

(Expressed in millions of Hong Kong dollars unless otherwise stated)

1. GENERAL INFORMATION

OCBC Bank (Hong Kong) Limited ("the Bank") is a licensed bank in Hong Kong. The Bank together with its subsidiaries (collectively "the Group") provide banking, financial and other related services.

The unaudited consolidated profit for the period attributable to equity shareholders of the Group for the six months ended 30th June, 2024 was HK\$824 million. The results of the Group for the period ended 30th June, 2024 and the state of affairs of the Group and the Bank as at 30th June, 2024 are set out in the interim financial report on pages 2 to 40.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) *Basis of preparation*

The interim condensed consolidated financial report has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountant, the disclosure standards set out in the Banking (Disclosure) Rules and the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("HKMA").

Detailed disclosures including capital and leverage as required by the Banking (Disclosure) Rules will be disclosed by 30th September, 2024 under "Regulatory Disclosure" on the website of the Bank (www.ocbc.com.hk).

The interim condensed consolidated financial report was approved by the Board of Directors for issue on 13th September, 2024.

The interim condensed consolidated financial report has not been audited.

The interim condensed consolidated financial report should be read in conjunction with the Group's annual audited financial report for the year ended 31st December, 2023.

(b) *Material accounting policies*

The accounting policies and methods of computation used in the preparation of the 2024 interim condensed consolidated financial report are consistent with those used and described in the Group's annual audited financial report for the year ended 31st December, 2023, except for the changes in accounting policies as described in note 3.

(c) *Reclassification of consolidated statement of profit or loss for the six months period ended 30th June, 2023*

The Group has restated net interest income and other income of HK\$107 million related to the interest component of cross currency swaps ("FX swaps"). The Group enters into FX swaps to manage and reduce interest rate differentials arising from assets and liabilities denominated in different currencies. The adjustment is to reclassify the interest component of FX swaps from other income to interest income or interest expense, which reflects the economic substance according to the interest rate risk management strategy. The reclassification has no impact on the total income for the six months period ended 30th June, 2023 and the consolidated statement of financial position as at 30th June, 2023.

Notes to Unaudited Interim Condensed Financial Report

(Expressed in millions of Hong Kong dollars unless otherwise stated)

3. CHANGES IN ACCOUNTING POLICIES

The following new/revised accounting and financial reporting standards were applied with effect from 1st January, 2024. The initial application of these standards did not have any material impact to the Group's interim condensed consolidated financial report.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1
- Lease Liabilities in Sale and Leaseback – Amendments to HKFRS 16
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7, and
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised)

4. OPERATING PROFIT

(a) Interest income

	Six months ended 30th June, 2024	Six months ended 30th June, 2023 (restated)
Interest income calculated using the effective interest method:		
– financial assets not measured at fair value through profit or loss (note (i))	7,273	6,241
Other interest income:		
– trading assets	1,232	732
	8,505	6,973
of which: interest income from impaired financial assets	13	35

- (i) The interest income of FX swaps amounted to HK\$4 million for the six months period ended 30th June, 2023 has been restated and reclassified from other income to Interest income calculated using the effective interest method.

(b) Interest expense

	Six months ended 30th June, 2024	Six months ended 30th June, 2023 (restated)
Interest expense including the following:		
– financial liabilities not measured at fair value through profit or loss (note (i))	4,216	3,256
– trading liabilities	1,190	625
	5,406	3,881

- (i) The interest expense of FX swaps amounted to HK\$111 million for the six months period ended 30th June, 2023 has been restated and reclassified from other income to Interest expense.

Notes to Unaudited Interim Condensed Financial Report

4. OPERATING PROFIT *(Continued)*

(c) Fee and commission (net)

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
Fees and commission		
Credit commission and fees	59	69
Credit card related fees	58	63
Trade related fees	29	30
Insurance commission	108	72
Stockbroking fees	35	42
Wealth management fees	40	29
Fee income from ultimate holding company	171	204
Other fees and commission income	238	214
Fee and commission income	738	723
Less: Fees and commission expenses	(66)	(70)
	672	653
of which:		
Net fees and commission, other than amounts included in determining the effective interest rate, arising from financial instruments that are not measured at fair value through profit or loss – fees and commission income	93	104

(d) Dividends

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
Dividend income from financial assets measured at fair value through other comprehensive income – Unlisted financial assets	13	22

4. OPERATING PROFIT *(Continued)*

(e) Other income

	Six months ended 30th June, 2024	Six months ended 30th June, 2023 (restated)
Foreign exchange ((note (i)))	206	219
Hedging activities		
– Fair value hedges		
– hedged items	(104)	(33)
– hedging instruments	102	44
Interest rate and other derivatives	99	148
Trading securities	47	19
Others	–	1
Net trading income	350	398
Gains transferred from investment revaluation reserve upon disposal	5	39
Disposal of financial assets measured at fair value through other comprehensive income	56	(52)
Total gains/(losses) on disposal of financial assets measured at fair value through other comprehensive income	61	(13)
Revaluation of investment properties (note 10)	(17)	30
Disposal of fixed assets	–	(3)
Other income from ultimate holding company (note (ii))	157	145
Others	13	7
	564	564

(i) The net interest expenses of FX swaps amounted to HK\$107 million for the six months period ended 30th June, 2023 has been restated and reclassified from other income to interest income and interest expense (note 4(a) and 4(b)).

(ii) The Group has restated other income and premises and equipment expenses, excluding depreciation, of HK\$138 million for the six months period ended 30th June, 2023. This adjustment is related to the regional development centre of the Group which provides system development services to the ultimate holding company on arm's length basis.

Notes to Unaudited Interim Condensed Financial Report

4. OPERATING PROFIT *(Continued)*

(f) Operating expenses

	Six months ended 30th June, 2024	Six months ended 30th June, 2023 (restated)
Staff costs		
Salaries and other staff costs	1,446	1,415
Retirement benefit costs	100	66
Share based expenses	17	17
	1,563	1,498
Premises and equipment expenses, excluding depreciation (note 4(e)(ii))	352	273
Depreciation (note 10)	164	162
Others	214	204
	2,293	2,137

5. TAXATION

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
Current tax – Provision for Hong Kong profits tax	238	235
Current tax – Provision for tax outside Hong Kong	127	182
Deferred taxation	(175)	10
	190	427

6. CASH AND BALANCES WITH BANKS AND CENTRAL BANKS

	30th June, 2024	31st December, 2023
Cash balances	747	1,028
Balances with central banks	5,937	8,919
Balances with banks	1,994	3,060
	8,678	13,007

7. PLACEMENTS WITH BANKS, CENTRAL BANKS AND OTHER FINANCIAL INSTITUTIONS

	30th June, 2024	31st December, 2023
Remaining maturity		
– Within 1 month	1,387	1,554
– Over 1 month but within 1 year	688	1,015
Expected credit losses (Stage 1) (note 9)	(1)	(1)
	2,074	2,568

8. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

	30th June, 2024	31st December, 2023
Gross advances to customers	195,538	202,380
Expected credit losses (Stages 1 and 2) (note 9)	(1,356)	(885)
Expected credit losses (Stage 3) (note 9)	(498)	(203)
Net advances to customers	193,684	201,292
Gross trade bills	911	1,581
Expected credit losses (Stages 1 and 2) (note 9)	(1)	(1)
Net trade bills	910	1,580
Advances to banks	748	555
Customer liability under acceptances	316	354
Interest receivables	1,551	1,496
Derivative financial instruments held for hedging (note 15)	646	457
Other accounts	2,601	2,064
	200,456	207,798

Notes to Unaudited Interim Condensed Financial Report

9. EXPECTED CREDIT LOSSES

(a) Reconciliation of expected credit losses

	Six months ended 30th June, 2024			
	Stage 1	Stage 2	Stage 3	Total
At 1st January	686	585	203	1,474
Transfers of financial assets				
– transfers from Stage 1 to Stage 2	(89)	89	–	–
– transfers from Stage 2 to Stage 1	103	(103)	–	–
– transfers to Stage 3	–	(51)	51	–
– transfers from Stage 3	1	4	(5)	–
Changes in PDs/LGDs/EADs/forward-looking assumptions	(77)	521	287	731
New financial assets originated, repayments and further lending	156	(27)	126	255
Amounts written off	–	–	(171)	(171)
Recoveries of advances written off in prior years	–	–	12	12
Unwind of discount of expected credit losses	–	–	(4)	(4)
Exchange adjustments	(9)	(3)	(1)	(13)
At 30th June	771	1,015	498	2,284
Representing expected credit losses for:				
Balances and placement with banks	1	–	–	1
Advances to customers (note 8)	451	905	498	1,854
Trade bills (note 8)	1	–	–	1
Contingent liabilities and commitments to extend credit (note 13)	294	104	–	398
Financial assets measured at fair value through other comprehensive income	24	6	–	30
	771	1,015	498	2,284

9. EXPECTED CREDIT LOSSES *(Continued)*

(a) Reconciliation of expected credit losses *(Continued)*

	Year ended 31st December, 2023			
	Stage 1	Stage 2	Stage 3	Total
At 1st January	564	487	267	1,318
Transfers of financial assets				
– transfers from Stage 1 to Stage 2	(155)	155	–	–
– transfers from Stage 2 to Stage 1	393	(393)	–	–
– transfers to Stage 3	–	(13)	13	–
– transfers from Stage 3	1	3	(4)	–
Changes in PDs/LGDs/EADs/forward-looking assumptions	(283)	393	61	171
New financial assets originated, repayments and further lending	173	(45)	87	215
Amounts written off	–	–	(257)	(257)
Recoveries of advances written off in prior years	–	–	46	46
Unwind of discount of expected credit losses	–	–	(10)	(10)
Exchange adjustments	(7)	(2)	–	(9)
At 31st December	686	585	203	1,474
Representing expected credit losses for:				
Balances and placement with banks	1	–	–	1
Advances to customers (note 8)	402	483	203	1,088
Trade bills (note 8)	1	–	–	1
Contingent liabilities and commitments to extend credit (note 13)	267	93	–	360
Financial assets measured at fair value through other comprehensive income	15	9	–	24
	686	585	203	1,474

Notes to Unaudited Interim Condensed Financial Report

9. EXPECTED CREDIT LOSSES *(Continued)*

(b) Expected credit losses on financial assets

The following tables set out information on the credit quality of financial assets, and loan commitments and financial guarantee contracts.

	30th June, 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with banks and central banks (note 6)				
Pass	8,666	12	–	8,678
Placements with banks, central banks and other financial institutions (note 7)				
Pass	2,075	–	–	2,075
Less: Expected credit losses	(1)	–	–	(1)
Carrying amount	2,074	–	–	2,074
Advances to customers (note 8)				
Pass	150,704	36,643	–	187,347
Special mention	–	6,196	–	6,196
Substandard	–	–	350	350
Doubtful	–	–	1,614	1,614
Loss	–	–	31	31
Less: Expected credit losses	(451)	(905)	(498)	(1,854)
Carrying amount	150,253	41,934	1,497	193,684
Trade bills (note 8)				
Pass	911	–	–	911
Less: Expected credit losses	(1)	–	–	(1)
Carrying amount	910	–	–	910

9. EXPECTED CREDIT LOSSES *(Continued)*

(b) Expected credit losses on financial assets (Continued)

	30th June, 2024			
	Stage 1	Stage 2	Stage 3	Total
Advances to banks (note 8)				
Pass	748	–	–	748
Debt securities measured at amortised cost				
Pass	8,380	–	–	8,380
Financial assets measured at fair value through other comprehensive income				
Pass	87,639	1,189	–	88,828
Special mention	–	2	–	2
Expected credit losses	(24)	(6)	–	(30)
For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed:				
Contingent liabilities and commitments to extend credit				
Pass	63,414	6,927	–	70,341
Special mention	–	10	–	10
Expected credit losses	(294)	(104)	–	(398)

Notes to Unaudited Interim Condensed Financial Report

9. EXPECTED CREDIT LOSSES *(Continued)*

(b) Expected credit losses on financial assets *(Continued)*

	31st December, 2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances with banks and central banks (note 6)				
Pass	13,007	–	–	13,007
Placements with banks, central banks and other financial institutions (note 7)				
Pass	2,569	–	–	2,569
Less: Expected credit losses	(1)	–	–	(1)
Carrying amount	2,568	–	–	2,568
Advances to customers (note 8)				
Pass	166,540	32,021	–	198,561
Special mention	–	1,883	–	1,883
Substandard	–	–	299	299
Doubtful	–	–	1,609	1,609
Loss	–	–	28	28
Less: Expected credit losses	(402)	(483)	(203)	(1,088)
Carrying amount	166,138	33,421	1,733	201,292
Trade bills (note 8)				
Pass	1,581	–	–	1,581
Less: Expected credit losses	(1)	–	–	(1)
Carrying amount	1,580	–	–	1,580

9. EXPECTED CREDIT LOSSES *(Continued)*

(b) Expected credit losses on financial assets *(Continued)*

	31st December, 2023			
	Stage 1	Stage 2	Stage 3	Total
Advances to banks (note 8)				
Pass	555	–	–	555
Debt securities measured at amortised cost				
Pass	6,167	546	–	6,713
Financial assets measured at fair value through other comprehensive income				
Pass	76,898	3,631	–	80,529
Special mention	–	6	–	6
Expected credit losses	(15)	(9)	–	(24)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed:

Contingent liabilities and commitments to extend credit				
Pass	61,542	5,725	–	67,267
Special mention	–	1	–	1
Expected credit losses	(267)	(93)	–	(360)

Notes to Unaudited Interim Condensed Financial Report

10. FIXED ASSETS

	Six months ended 30th June, 2024								
	Investment properties	Bank premises	Right of use assets – Bank premises (note (i))	Total Bank premises	Equipment and others (note (ii))	Right of use assets – equipment	Total equipment	Bank premises and equipment	Total
Cost or valuation									
At 1st January	216	4,775	344	5,119	1,940	5	1,945	7,064	7,280
Additions	–	–	22	22	47	1	48	70	70
Disposals	–	–	–	–	(48)	–	(48)	(48)	(48)
Transfer from bank premises to investment properties	128	(128)	–	(128)	–	–	–	(128)	–
Deficit on revaluation									
– charged to bank premises revaluation reserve	–	(82)	–	(82)	–	–	–	(82)	(82)
– charged to consolidated statement of profit or loss	(17)	–	–	–	–	–	–	–	(17)
Elimination of accumulated depreciation on revalued bank premises	–	(87)	–	(87)	–	–	–	(87)	(87)
Termination of leases	–	–	(4)	(4)	–	(1)	(1)	(5)	(5)
Exchange adjustment	–	(4)	(1)	(5)	–	–	–	(5)	(5)
At 30th June	327	4,474	361	4,835	1,939	5	1,944	6,779	7,106
The analysis of cost or valuation of the above assets is as follows:									
At cost	–	1,170	361	1,531	1,939	5	1,944	3,475	3,475
At valuation 2024	327	3,304	–	3,304	–	–	–	3,304	3,631
	327	4,474	361	4,835	1,939	5	1,944	6,779	7,106
Accumulated depreciation									
At 1st January	–	360	283	643	1,430	2	1,432	2,075	2,075
Charge for the period	–	72	23	95	68	1	69	164	164
Written back on disposals	–	–	–	–	(47)	–	(47)	(47)	(47)
Elimination of accumulated depreciation on revalued bank premises	–	(86)	–	(86)	–	–	–	(86)	(86)
Termination of leases	–	–	(3)	(3)	–	–	–	(3)	(3)
Exchange adjustment	–	(4)	(1)	(5)	(1)	–	(1)	(6)	(6)
At 30th June	–	342	302	644	1,450	3	1,453	2,097	2,097
Net book value									
At 30th June	327	4,132	59	4,191	489	2	491	4,682	5,009

Note (i): The Group has committed to enter into a new lease of 6 years that is not yet commenced, the lease payments under which amounted to HK\$23 million per annum (2023: nil).

Note (ii): Includes computer software of HK\$197 million (2023: HK\$202 million). The cost and accumulated depreciation are HK\$635 million (2023: HK\$626 million) and HK\$438 million (2023: HK\$424 million) respectively.

10. FIXED ASSETS *(Continued)*

	Year ended 31st December, 2023								Total
	Investment properties	Bank premises	Right of use assets – Bank premises	Total Bank premises	Equipment and others	Right of use assets – equipment	Total equipment	Bank premises and equipment	
Cost or valuation									
At 1st January	293	5,039	334	5,373	1,695	5	1,700	7,073	7,366
Additions	–	–	40	40	304	–	304	344	344
Disposals	–	(8)	–	(8)	(59)	–	(59)	(67)	(67)
Reclassification of bank premises to assets held for sale	(35)	(43)	–	(43)	–	–	–	(43)	(78)
Deficit on revaluation									
– charged to bank premises revaluation reserve	–	(99)	–	(99)	–	–	–	(99)	(99)
– charged to consolidated statement of profit or loss	(42)	–	–	–	–	–	–	–	(42)
Elimination of accumulated depreciation on revalued bank premises	–	(107)	–	(107)	–	–	–	(107)	(107)
Termination of leases	–	–	(29)	(29)	–	–	–	(29)	(29)
Exchange adjustment	–	(7)	(1)	(8)	–	–	–	(8)	(8)
At 31st December	216	4,775	344	5,119	1,940	5	1,945	7,064	7,280
The analysis of cost or valuation of the above assets is as follows:									
At cost	–	1,205	344	1,549	1,940	5	1,945	3,494	3,494
At valuation 2023	216	3,570	–	3,570	–	–	–	3,570	3,786
	216	4,775	344	5,119	1,940	5	1,945	7,064	7,280
Accumulated depreciation									
At 1st January	–	366	249	615	1,364	1	1,365	1,980	1,980
Charge for the year	–	141	54	195	122	1	123	318	318
Written back on disposals	–	(2)	–	(2)	(56)	–	(56)	(58)	(58)
Reclassification of bank premises to assets held for sale	–	(32)	–	(32)	–	–	–	(32)	(32)
Elimination of accumulated depreciation on revalued bank premises	–	(107)	–	(107)	–	–	–	(107)	(107)
Termination of leases	–	–	(19)	(19)	–	–	–	(19)	(19)
Exchange adjustment	–	(6)	(1)	(7)	–	–	–	(7)	(7)
At 31st December	–	360	283	643	1,430	2	1,432	2,075	2,075
Net book value									
At 31st December	216	4,415	61	4,476	510	3	513	4,989	5,205

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11. DEPOSITS FROM CUSTOMERS

	30th June, 2024	31st December, 2023
Demand deposits and current accounts	80,934	87,777
Savings deposits	19,558	18,957
Time, call and notice deposits	167,621	156,268
	268,113	263,002

The above deposits from customers included deposits from central banks.

12. CERTIFICATES OF DEPOSIT AND FIXED RATE NOTE ISSUED

	30th June, 2024	31st December, 2023
Certificates of deposit issued at amortised cost	2,237	3,184
Fixed rate note issued at amortised cost	4,565	3,865
	6,802	7,049

13. OTHER ACCOUNTS AND PROVISIONS

	30th June, 2024	31st December, 2023
Acceptances outstanding	316	354
Interest payable	2,055	1,883
Derivative financial instruments held for hedging (note 15)	67	240
Other payables	3,203	2,202
Expected credit losses (Stages 1 and 2) on contingent liabilities and commitments to extend credit (note 9)	398	360
	6,039	5,039

14. RESERVES

The Group's unappropriated profits as at 30th June, 2024 included nil regulatory reserve (31st December, 2023: HK\$471 million). The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Group will or may incur on advances to customers in addition to expected credit losses recognised. Movements in the reserve are earmarked directly through unappropriated profits and in consultation with the Hong Kong Monetary Authority ("HKMA").

15. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

Derivative financial instruments arise from futures, forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets.

Derivative financial instruments are also used to manage the Group's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter ("OTC") derivatives. The Group also participates in exchange traded derivatives. Most of the Group's derivative positions have been entered into to meet customer demand and to hedge these and other trading positions. For accounting purposes, derivatives are classified as held for trading or held for hedging.

The notional amounts of these instruments indicate the volume of transactions outstanding at the reporting date and do not represent amounts at risk.

The following table is a summary of the notional amounts of each significant type of derivatives:

	30th June, 2024		
	Qualifying for hedge accounting	Others, including held for trading	Total
Exchange rate contracts	15,339	820,536	835,875
Interest rate contracts	47,537	976,248	1,023,785
Equity contracts	–	7,412	7,412
Credit derivative contracts	–	7,100	7,100
	62,876	1,811,296	1,874,172

	31st December, 2023		
	Qualifying for hedge accounting	Others, including held for trading	Total
Exchange rate contracts	6,539	725,064	731,603
Interest rate contracts	42,466	1,131,094	1,173,560
Equity contracts	–	6,548	6,548
Credit derivative contracts	–	3,638	3,638
	49,005	1,866,344	1,915,349

The trading transactions include the Group's positions arising from the execution of trade orders from customers or transactions undertaken to hedge these positions. Derivatives arise from futures, forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate, debt and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding at the end of the reporting period; they do not represent amounts at risk.

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15. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The following is a summary of the fair values of derivative financial instruments held for trading purposes by type of derivative entered into by the Group:

	30th June, 2024		31st December, 2023	
	Assets	Liabilities	Assets	Liabilities
Exchange rate contracts	7,139	7,480	5,824	6,247
Interest rate contracts	4,060	3,934	2,760	2,652
Equity contracts	575	575	504	504
Credit derivative contracts	51	51	5	5
	11,825	12,040	9,093	9,408

The following is a summary of the fair values of derivative financial instruments held for hedging purposes by type of derivative entered into by the Group:

		30th June, 2024		31st December, 2023	
		Assets	Liabilities	Assets	Liabilities
Exchange rate contracts	Interest rate and Foreign exchange	328	38	63	178
Interest rate contracts	Interest rate	318	29	394	62
		646	67	457	240

Fair value hedges

The fair value hedges principally consist of interest rate swaps. The interest rate swaps are used to protect against changes in the fair value of certain fixed rate assets and floating rate assets due to movements in market interest rates. At 30th June, 2024, the net positive fair value of derivatives held as fair value hedges was HK\$566 million (31st December, 2023: HK\$106 million).

The gains on the hedging instruments for the period were HK\$102 million (31st December, 2023: losses of HK\$191 million). The losses on the hedged item attributable to the hedged risk for the period were HK\$104 million (31st December, 2023: gains of HK\$220 million).

Cash flow hedges

The cash flow hedges principally consist of interest rate contracts that are used to hedge against the variability in cash flows of certain floating rate assets. At 30th June, 2024, the net positive fair value of derivatives held as cash flow hedges was HK\$13 million (31st December, 2023: HK\$111 million). During the period, there was no ineffectiveness recognised in the statement of profit or loss that arose from cash flow hedges (31st December, 2023: nil).

16. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
Operating profit	1,071	2,332
Adjustments for non-cash items:		
Change in expected credit losses and other credit impairment charges	986	(136)
Interest expense on fixed rate notes issued	62	55
Interest expense on lease liabilities	1	1
Net (gains)/losses from disposal of financial assets measured at fair value through other comprehensive income (note 4(e))	(61)	13
Losses/(gains) on revaluation of investment properties (note 4(e))	17	(30)
Losses on disposal of fixed assets (note 4(e))	—	3
Depreciation (note 4(f))	164	162
	2,240	2,400
Changes in working capital:		
Change in placements with banks, central banks and other financial institutions with an original maturity of three months or above	1,015	(517)
Change in treasury bills with an original maturity of three months or above	(1,112)	3,460
Change in amounts due from ultimate holding company and fellow subsidiaries maturing after three months	(762)	(3,480)
Change in certificates of deposit held	(2,882)	(382)
Change in trading assets	(3,528)	(6,214)
Change in advances to customers and other accounts	6,400	4,864
Change in deposits and balances of banks	(3,169)	2,745
Change in amounts due to ultimate holding company and fellow subsidiaries	(843)	(6,313)
Change in deposits from customers	5,111	(275)
Change in certificates of deposit issued	(947)	(5,370)
Change in trading liabilities	2,633	5,982
Change in other accounts and provision	955	(11)
Net cash inflow/(outflow) from operations	5,111	(3,111)
Profits tax paid	(29)	(242)
Net cash inflow/(outflow) from operating activities	5,082	(3,353)

Notes to Unaudited Interim Condensed Financial Report

16. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Reconciliation of cash and cash equivalents with the consolidated statement of financial position

	30th June, 2024	31st December, 2023
Cash and balances with banks and central banks	8,678	13,007
Placements with banks, central banks and other financial institutions	2,074	2,569
Amounts due from ultimate holding company and fellow subsidiaries	26,425	23,086
Treasury bills	30,102	29,198
Amounts shown in the consolidated statement of financial position	67,279	67,860
Less: Amounts with an original maturity of three months or above	(34,233)	(33,597)
Deposits and balances of bank that are repayable on demand	(965)	(743)
Cash and cash equivalents in the consolidated cash flow statement	32,081	33,520

17. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. The segment disclosure is based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters.

In alignment with Oversea-Chinese Banking Corporation Limited, the Group's operating segments have been changed from Retail Banking, Corporate Banking and Treasury activities in 2022 to Consumer Banking, Wholesale Banking and Global Market activities in 2023.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is reclassified to allow comparability.

Hong Kong segment

The operating segments in Hong Kong include consumer banking, wholesale banking and global market activities.

Consumer banking activities include acceptance of deposits, residential mortgages, hire purchase, consumer loans, wealth management, stock brokerage and insurance services.

Wholesale banking activities include acceptance of deposits, advance of commercial and industrial loans, trade financing and institutional banking.

Global Market activities include foreign exchange services, management of investment securities, trading activities and management of shareholders' funds.

17. SEGMENT REPORTING *(Continued)*

Mainland China segment

The main operating segments of OCBC Bank Limited are wholesale banking and global market activities.

Macau segment

The main business segment of OCBC Bank (Macau) Limited is consumer banking.

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include balance and placement with banks, central banks and other financial institutions, advances to customers and banks and financial assets. Segment liabilities include deposits and financial liabilities.

Revenue and expenses are allocated to the reportable segments with reference to interest and fees and commission income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The identification of reportable segments also considered geographical information which is classified by the geographical location of the principal operations of the subsidiaries, or in the case of the Bank itself, of the geographical location of the branch responsible for reporting the results or booking the assets and liabilities.

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17. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Hong Kong Operations									
	Hong Kong Banking Business									
	Consumer banking	Wholesale banking	Global Markets	Total	Others	Total	Mainland China	Macau	Inter- segment elimination	Total
Six months ended 30th June, 2024										
Net interest income	368	1,360	406	2,134	6	2,140	659	300	–	3,099
Non-interest income	258	228	52	538	188	726	484	68	(27)	1,251
Reportable segment revenue	626	1,588	458	2,672	194	2,866	1,143	368	(27)	4,350
Operating expenses	(618)	(699)	(82)	(1,399)	(8)	(1,407)	(739)	(174)	27	(2,293)
Operating profit before expected credit losses	8	889	376	1,273	186	1,459	404	194	–	2,057
Change in expected credit losses and other credit impairment charges	(27)	(855)	(4)	(886)	(5)	(891)	(39)	(56)	–	(986)
Operating profit	(19)	34	372	387	181	568	365	138	–	1,071
Share of net loss of associated companies	–	–	–	–	(57)	(57)	–	–	–	(57)
Reportable segment (loss)/profit before tax	(19)	34	372	387	124	511	365	138	–	1,014
Depreciation	(16)	(4)	-	(20)	(64)	(84)	(68)	(12)	–	(164)
At 30th June, 2024										
Segment assets	50,256	86,839	92,873	229,968	–	229,968	78,701	27,287	(824)	335,132
Investments in associated companies	–	–	–	–	575	575	–	–	–	575
Fixed assets	–	–	–	–	4,201	4,201	345	452	11	5,009
Goodwill	–	–	–	–	1,306	1,306	–	–	–	1,306
Current tax assets	–	–	–	–	13	13	–	–	–	13
Deferred tax assets	–	–	–	–	63	63	94	–	–	157
Other assets	–	–	–	–	10,328	10,328	13,449	3,531	(10,636)	16,672
Total assets	50,256	86,839	92,873	229,968	16,486	246,454	92,589	31,270	(11,449)	358,864
Segment liabilities	84,017	110,273	3,953	198,243	–	198,243	66,712	24,154	(822)	288,287
Current tax payable	–	–	–	–	363	363	119	62	–	544
Deferred tax liabilities	–	–	–	–	184	184	–	148	–	332
Other liabilities	–	–	–	–	9,844	9,844	14,864	2,002	(2,363)	24,347
Total liabilities	84,017	110,273	3,953	198,243	10,391	208,634	81,695	26,366	(3,185)	313,510
Addition to non-current assets	3	2	2	7	24	31	14	2	–	47

17. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	Hong Kong Operations									Total
	Hong Kong Banking Business						Mainland China	Macau	Inter-segment elimination	
	Consumer banking	Wholesale banking	Global Markets	Total	Others	Total				
Six months ended 30th June, 2023										
(restated)										
Net interest income	395	1,391	287	2,073	3	2,076	726	290	–	3,092
Non-interest income	153	167	141	461	223	684	525	60	(28)	1,241
Reportable segment revenue	548	1,558	428	2,534	226	2,760	1,251	350	(28)	4,333
Operating expenses	(528)	(560)	(112)	(1,200)	(63)	(1,263)	(727)	(175)	28	(2,137)
Operating profit before expected credit losses	20	998	316	1,334	163	1,497	524	175	–	2,196
Change in expected credit losses and other credit impairment charges	15	(2)	2	15	4	19	92	25	–	136
Operating profit	35	996	318	1,349	167	1,516	616	200	–	2,332
Share of net profit of associated companies	–	–	–	–	39	39	–	–	–	39
Reportable segment profit before tax	35	996	318	1,349	206	1,555	616	200	–	2,371
Depreciation	(20)	(4)	–	(24)	(61)	(85)	(66)	(11)	–	(162)
At 31st December, 2023										
Segment assets	52,293	88,086	85,246	225,625	–	225,625	80,484	28,312	(1,104)	333,317
Investments in associated companies	–	–	–	–	635	635	–	–	–	635
Fixed assets	–	–	–	–	4,275	4,275	363	556	11	5,205
Goodwill	–	–	–	–	1,306	1,306	–	–	–	1,306
Current tax assets	–	–	–	–	41	41	–	–	–	41
Deferred tax assets	–	–	–	–	59	59	85	–	–	144
Other assets	–	–	–	–	11,099	11,099	10,356	3,543	(10,397)	14,601
Total assets	52,293	88,086	85,246	225,625	17,415	243,040	91,288	32,411	(11,490)	355,249
Segment liabilities	83,465	107,601	4,845	195,911	–	195,911	69,005	23,794	(1,100)	287,610
Current tax payable	–	–	–	–	132	132	59	46	–	237
Deferred tax liabilities	–	–	–	–	348	348	–	162	–	510
Other liabilities	–	–	–	–	9,831	9,831	11,430	3,311	(4,030)	20,542
Total liabilities	83,465	107,601	4,845	195,911	10,311	206,222	80,494	27,313	(5,130)	308,899
Addition to non-current assets	15	2	2	19	207	226	63	15	–	304

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17. SEGMENT REPORTING *(Continued)*

(b) Other geographical information

30th June, 2024					
	Hong Kong	Mainland China	Macau	Less: inter-segment elimination	Total
Contingent liabilities and commitments	20,183	48,383	2,468	(683)	70,351

31st December, 2023					
	Hong Kong	Mainland China	Macau	Less: inter-segment elimination	Total
Contingent liabilities and commitments	21,199	44,264	2,488	(683)	67,268

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

Financial instruments measured at fair value on an ongoing basis include trading assets and liabilities, financial instruments designated at fair value through profit or loss, and financial instruments measured at fair value through other comprehensive income.

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair values at the end of the reporting period on a recurring basis using the following fair value hierarchy as defined in HKFRS 13, *Fair value measurement* that reflects the observability and significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable market data and for which unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

Fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments that are not traded in the active markets, the Group determines fair values using valuation techniques. Valuation techniques include net present value of expected future cash flows and discounted cash flow models based on “no-arbitrage” principles, standard option pricing models across the industry for vanilla derivative products. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm’s length.

The majority of valuation techniques employ only observable market data. Hence, the reliability of the fair values measurement is high. However, certain financial instruments are valued on the basis of one or more significant market inputs that are not observable. The fair value derived is more judgemental. “Not observable” does not mean there is absolutely no market data available, but rather that there is little or no current market data available from which to determine the level at which an arm’s length transaction would likely occur. Examples of observable inputs include foreign exchange spot and forward rates, benchmark interest rate curves and volatility surfaces for commonly traded option products. Examples of unobservable inputs include volatility surfaces for less commonly traded option products and correlations between market factors.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the valuation uncertainty associated with determination of fair values. Availability varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses the broker pricing service, which adopts proprietary valuation models as inputs to a fair value measurement. These models are usually developed from recognised valuation models across the industry with some or all of the inputs into these models being unobservable in the market.

Fair values are subject to a control framework that aims to ensure that they are either determined or validated by a function independent of the risk-taker. To this end, the ultimate responsibility for the determination of fair values lies with Finance Division-Treasury Financial Control and Advisory Team. Treasury Financial Control and Advisory Team establishes procedures governing valuation, and is responsible for ensuring that these comply with all relevant accounting standards.

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18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

The table below analyses financial instruments measured at fair value at the reporting date according to the level in the fair value hierarchy into which they are categorised:

	30th June, 2024			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Assets				
Trading assets				
– Treasury bills	2,521	–	–	2,521
– Other debt securities	732	–	–	732
– Derivative financial instruments held for trading	2	11,822	1	11,825
	3,255	11,822	1	15,078
Advances to customers and other accounts				
– Derivative financial instruments held for hedging	–	646	–	646
Financial assets measured at fair value through other comprehensive income				
– Treasury bills	14,421	4,780	–	19,201
– Certificates of deposit held	9,328	13,674	–	23,002
– Other debt securities	42,258	4,369	–	46,627
– Equity securities	–	–	1,883	1,883
	66,007	22,823	1,883	90,713
	69,262	35,291	1,884	106,437
Liabilities				
Trading liabilities				
– Derivative financial instruments held for trading	1	12,038	1	12,040
Other accounts and provisions				
– Derivative financial instruments held for hedging	–	67	–	67
	1	12,105	1	12,107

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

	31st December, 2023			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Assets				
Trading assets				
– Treasury bills	3,175	–	–	3,175
– Other debt securities	33	–	–	33
– Derivative financial instruments held for trading	10	8,715	368	9,093
	3,218	8,715	368	12,301
Advances to customers and other accounts				
– Derivative financial instruments held for hedging	–	457	–	457
Financial assets measured at fair value through other comprehensive income				
– Treasury bills	14,744	4,565	–	19,309
– Certificates of deposit held	2,625	17,495	–	20,120
– Other debt securities	35,334	5,772	–	41,106
– Equity securities	–	–	1,910	1,910
	52,703	27,832	1,910	82,445
	55,921	37,004	2,278	95,203
Liabilities				
Trading liabilities				
– Derivative financial instruments held for trading	8	9,033	367	9,408
Other accounts and provisions				
– Derivative financial instruments held for hedging	–	240	–	240
	8	9,273	367	9,648

During the period ended 30th June, 2024, there were no material transfers between Level 1 and Level 2 (year ended 31st December, 2023: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to Unaudited Interim Condensed Financial Report

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value (Continued)

(i) Valuation of financial instruments with significant unobservable inputs

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Six months ended 30th June, 2024		
	Financial assets measured at fair value through other comprehensive income – Equity securities	Net fair values of derivative financial instrument held for trading	Total
Assets/(liabilities)			
At 1st January	1,910	1	1,911
Changes in fair value recognised in the consolidated income statement	–	(1)	(1)
Changes in fair value recognised in the consolidated statement of other comprehensive income	(27)	–	(27)
At 30th June	1,883	–	1,883
Total losses for the period included in investment revaluation reserve of the other comprehensive income for assets held at the reporting date	(27)	–	(27)
Total losses for the period included in the consolidated statement of profit or loss for assets held at the reporting date – Net trading income	–	(1)	(1)

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

(i) Valuation of financial instruments with significant unobservable inputs *(Continued)*

	Year ended 31st December, 2023		
	Financial assets measured at fair value through other comprehensive income – Equity securities	Net fair values of derivative financial instrument held for trading	Total
Assets/(liabilities)			
At 1st January	2,616	(2)	2,614
Changes in fair value recognised in the consolidated income statement	–	3	3
Changes in fair value recognised in the consolidated statement of other comprehensive income	(706)	–	(706)
At 31st December	1,910	1	1,911
Total gains or losses for the year included in investment revaluation reserve of the other comprehensive income for assets held at the reporting date	(706)	–	(706)
Total gains or losses for the year included in the consolidated statement of profit or loss for assets held at the reporting date – Net trading income	–	3	3

Notes to Unaudited Interim Condensed Financial Report

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value (Continued)

(i) Valuation of financial instruments with significant unobservable inputs (Continued)

Information about significant unobservable inputs in Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range
Unlisted equity securities measured at fair value through other comprehensive income	Discounted cash flow model	Discount rates	7.85%-12.33% (2023: 7.85%-16.09%)
		Terminal growth rate	3% (2023: 3%)
	Market approach	Marketability discount	20.00% (2023: 20.00%)
		Enterprise value/ EBITDA ratios	5.87x (2023: 5.87x)
		P/B ratios	1.68x (2023: 1.68x)
		Indicative price from market information	N/A (2023: N/A)

There were no changes in the valuation approach used for unlisted equity securities measured at fair value through other comprehensive income as described in 2023 Annual Report. The fair value of unlisted equity securities measured at fair value through other comprehensive income are determined using the discounted cash flow and market approach.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

(ii) Effect of changes in significant non-observable assumptions to reasonably possible alternative assumptions

The fair value of financial instruments are, in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair values in Level 3 due to parallel movement of plus or minus 10 percent of change in fair value to reasonably possible alternative assumptions. This Level 3 sensitivity analysis assumes a one-way market move and does not consider offsets for hedges.

30th June, 2024				
	Reflected in profit/(loss)		Reflected in other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Financial assets measured at fair value through other comprehensive income				
– Equity securities	–	–	188	(188)
31st December, 2023				
	Reflected in profit/(loss)		Reflected in other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Trading assets				
– Derivative financial instruments held for trading purpose	37	(37)	–	–
Financial assets measured at fair value through other comprehensive income				
– Equity securities	–	–	191	(191)

Notes to Unaudited Interim Condensed Financial Report

18. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30th June, 2024 and 31st December, 2023. The level of fair value hierarchy are disclosed below:

30th June, 2024			
	Carrying value	Fair value	Level 2
Financial liabilities			
Certificates of deposit issued at amortised cost	2,237	2,241	2,241
Fixed rate note issued at amortised cost	4,565	4,587	4,587
31st December, 2023			
	Carrying value	Fair value	Level 2
Financial liabilities			
Certificates of deposit issued at amortised cost	3,184	3,184	3,184
Fixed rate note issued at amortised cost	3,865	3,861	3,861

The following methods and significant assumptions have been applied in determining the fair values of financial instruments not presented above.

- (i) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the reporting date.
- (ii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts and, in the case of loans and debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the expected credit losses from both the carrying amount and fair value.
- (iii) The fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the expected credit losses from both the carrying amount and fair value.
- (iv) The fair value of unquoted equity investments is estimated, if possible, using different valuation techniques and unobservable inputs to reflect the specific circumstances of the issuers (note 18(a)(i)).

19. MATERIAL RELATED-PARTY TRANSACTIONS

There were no significant changes to the nature of the related party transactions described in the 2023 consolidated financial statements that have a material effect on the financial position or performance of the Group for the six months period ended 30th June, 2024.



Registered Office: OCBC Centre, 161 Queen's Road Central, Hong Kong