



華僑永亨銀行
OCBC WING HANG

2015

Interim Report

Banco OCBC Weng Hang, S.A.

華僑永亨銀行股份有限公司

30 June 2015

BANK INFORMATION

Shareholders

OCBC Wing Hang Bank Limited

Incorporated in Hong Kong

Board of Directors

Chairman

Mr NA Wu Beng

Directors

Ms KNG Hwee Tin

Mr Frank John WANG

Mr LEE Tak Lim

Mr YUEN Sui Chi Stanley

Mr WONG Chun Kau Stephen

Mr CHAN Han Wo

Mr FUNG Yuk Sing Michael

Supervisory Council

Ms LO Wai Ching Maggie

Mr TSE Hau Yin Aloysius

Mr LEUNG Chiu Wah

General Meeting Committee

Mr LEE Tak Lim

Mr Frank John WANG

Mr YUEN Sui Chi Stanley

Unaudited income statement for the six months ended 30 June 2015 (Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
		<u>MOP'000</u>	<u>MOP'000</u>
Interest income	4(a)	457,669	416,429
Interest expense	4(b)	(188,380)	(149,607)
Net interest income		<u>269,289</u>	<u>266,822</u>
Net fees and commission income	4(c)	86,707	71,382
Net gain from financial instruments held for trading		19,145	451
Other income	4(d)	13,061	28,884
Operating income		<u>388,202</u>	<u>367,539</u>
Operating expenses	4(e)	(166,029)	(151,120)
Operating profit before impairment losses and allowances charged on loans and advances		<u>222,173</u>	<u>216,419</u>
Impairment losses and allowances charged on loans and advances	4(f)	(2,266)	-
Operating profit		<u>219,907</u>	<u>216,419</u>
Net (loss)/gains on disposal of tangible fixed assets		(130)	37
Profit before taxation		<u>219,777</u>	<u>216,456</u>
Taxation	5	(29,657)	(28,889)
Profit after taxation		<u><u>190,120</u></u>	<u><u>187,567</u></u>

Unaudited income statement for the six months ended 30 June 2015 (continued)

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
Effects of additional impairment allowance for loans under Autoridade Monetaria de Macau (“AMCM”) rules			
Profit after taxation		190,120	187,567
Increase in impairment allowances under AMCM rules net of tax	16(b)(v)	(1,632)	(7,433)
Profit after taxation under AMCM rules		188,488	180,134

The notes on pages 9 to 47 form part of this unaudited interim financial report.

Unaudited statement of comprehensive income for the six months ended 30 June 2015

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
Profit after taxation		190,120	187,567
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Bank premises:			
– (Deficit)/surplus on revaluation of bank premises	13	(52,194)	155,798
– Deferred tax		6,263	(18,696)
		(45,931)	137,102
Item that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value changes taken to equity		45,461	47,856
– Deferred tax		(5,455)	(5,742)
		40,006	42,114
Other comprehensive income for the period, net of tax		(5,925)	179,216
Total comprehensive income for the period		184,195	366,783

The notes on pages 9 to 47 form part of this unaudited interim financial report.

Unaudited balance sheet at 30 June 2015

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>30 June 2015 MOP'000</i>	<i>31 December 2014 MOP'000</i>
ASSETS			
Cash and balances with banks, central banks and other financial institutions	6	1,136,927	1,037,336
Placements with banks, central banks and other financial institutions	7	1,071,453	1,809,307
Trade bills	8	15,587	13,760
Trading assets	9	33,183	11,478
Advances to customers and other accounts	10	22,260,000	22,117,900
Amounts due from immediate holding company and fellow subsidiaries	20(b)(ii)	6,997,999	8,141,576
Available-for-sale financial assets	12	1,704,321	1,645,526
Tangible fixed assets	13	750,298	810,985
Total assets		33,969,768	35,587,868

Unaudited balance sheet at 30 June 2015 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>30 June 2015 MOP'000</i>	<i>31 December 2014 MOP'000</i>
EQUITY AND LIABILITIES			
Deposits and balances of banks, central banks and other financial institutions		2,546	44,246
Current, fixed, savings and other deposits of customers		30,025,571	30,286,129
Trading liabilities	14	31,970	15,838
Current tax payable		75,267	48,033
Deferred tax liabilities		111,258	111,844
Other liabilities	15	439,765	417,920
Amounts due to immediate holding company and fellow subsidiaries	20(b)(ii)	21,555	1,586,217
Total liabilities		30,707,932	32,510,227
Share capital	16(a)	120,000	120,000
Reserves		3,141,836	2,957,641
Total equity		3,261,836	3,077,641
TOTAL EQUITY AND LIABILITIES		33,969,768	35,587,868

Approved and authorised for issue by the board of directors on 14 Sep 2015

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) Na Wu Beng)
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) Lee Tak Lim)
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The notes on pages 9 to 47 form part of this unaudited interim financial report.

Unaudited statement of changes in equity
for the six months ended 30 June 2015
(Expressed in thousands of Macau Patacas)

		<i>Six months ended 30 June 2015</i>						
<i>Note</i>	<i>Share capital</i> MOP'000	<i>General reserve</i> MOP'000	<i>Legal reserve</i> MOP'000	<i>Bank premises revaluation reserve</i> MOP'000	<i>Investment revaluation reserve</i> MOP'000	<i>Regulatory reserve</i> MOP'000	<i>Unappropriated profits</i> MOP'000	<i>Total equity</i> MOP'000
At 1 January 2015	120,000	184,200	120,000	541,521	91,652	170,321	1,849,947	3,077,641
Appropriation to regulatory reserve net of tax	-	-	-	-	-	1,632	(1,632)	-
Transfer from reserve	-	-	-	(7,531)	-	-	7,531	-
Total comprehensive income for the period	-	-	-	(45,931)	40,006	-	190,120	184,195
At 30 June 2015	<u>120,000</u>	<u>184,200</u>	<u>120,000</u>	<u>488,059</u>	<u>131,658</u>	<u>171,953</u>	<u>2,045,966</u>	<u>3,261,836</u>
		<i>Six months ended 30 June 2014</i>						
<i>Note</i>	<i>Share capital</i> MOP'000	<i>General reserve</i> MOP'000	<i>Legal reserve</i> MOP'000	<i>Bank premises revaluation reserve</i> MOP'000	<i>Investment revaluation reserve</i> MOP'000	<i>Regulatory reserve</i> MOP'000	<i>Unappropriated profits</i> MOP'000	<i>Total equity</i> MOP'000
At 1 January 2014	120,000	184,200	120,000	302,542	47,098	166,695	1,631,657	2,572,192
Appropriation to regulatory reserve net of tax	-	-	-	-	-	7,433	(7,433)	-
Transfer from reserve	-	-	-	(3,583)	-	-	3,583	-
Total comprehensive income for the period	-	-	-	137,102	42,114	-	187,567	366,783
At 30 June 2014	<u>120,000</u>	<u>184,200</u>	<u>120,000</u>	<u>436,061</u>	<u>89,212</u>	<u>174,128</u>	<u>1,815,374</u>	<u>2,938,975</u>

Unaudited statement of changes in equity
for the six months ended 30 June 2015 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Six months ended 31 December 2014</i>							
	<i>Share capital</i> MOP'000	<i>General reserve</i> MOP'000	<i>Legal reserve</i> MOP'000	<i>Bank premises revaluation reserve</i> MOP'000	<i>Investment revaluation reserve</i> MOP'000	<i>Regulatory reserve</i> MOP'000	<i>Unappropriated profits</i> MOP'000	<i>Total equity</i> MOP'000
At 1 July 2014	120,000	184,200	120,000	436,061	89,212	174,128	1,815,374	2,938,975
Dividends paid	-	-	-	-	-	-	(120,000)	(120,000)
Appropriation to regulatory reserve net of tax	-	-	-	-	-	(3,807)	3,807	-
Transfer from reserve	-	-	-	(5,833)	-	-	5,833	-
Total comprehensive income for the period	-	-	-	111,293	2,440	-	144,933	258,666
At 31 December 2014	<u>120,000</u>	<u>184,200</u>	<u>120,000</u>	<u>541,521</u>	<u>91,652</u>	<u>170,321</u>	<u>1,849,947</u>	<u>3,077,641</u>

The notes on pages 9 to 47 form part of this unaudited interim financial report.

Unaudited cash flow statement
for the six months ended 30 June 2015
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
		<i>MOP'000</i>	<i>MOP'000</i>
Cash flows (used in)/generated from operating activities	19(a)	(1,281,799)	939,495
Investing activities			
Purchase of tangible fixed assets		(8,263)	(7,895)
Purchase of available-for-sale financial assets		(4,772,157)	(758,327)
Proceeds from disposal of tangible fixed assets		-	72
Proceeds from redemption of available-for-sale financial assets		4,953,471	1,218,870
Dividends received		3,023	2,359
Net cash generated from investing activities		<u>176,074</u>	<u>455,079</u>
Net (decrease)/increase in cash and cash equivalents		(1,105,725)	1,394,574
Cash and cash equivalents at 1 January		<u>7,583,188</u>	<u>4,877,854</u>
Cash and cash equivalents at 30 June	19(b)	<u>6,477,463</u>	<u>6,272,428</u>
Cash flows from operating activities include:			
Interest received		481,537	403,484
Interest paid		<u>197,139</u>	<u>140,162</u>

The notes on pages 9 to 47 form part of this unaudited interim financial report.

Notes to the unaudited interim financial report (Expressed in thousands of Macau Patacas unless otherwise stated)

1 Reporting entity

Banco OCBC Weng Hang, S.A. (“the Bank”) was incorporated in Macau on 2 September 1963. The Bank is engaged in commercial banking and related financial services. The Bank has its registered office and principal place of business at 241 Avenida de Almeida Ribeiro, Macau.

2 Basis of preparation

The interim financial report of the Bank has been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 14 September 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Bank since the 2014 annual financial statements. The interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited. It has been reviewed by the Bank’s independent auditor, KPMG, in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the International Auditing and Assurance Standards Board. KPMG’s independent review report to the Board of Directors is included on pages 48 and 49.

2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as being previously reported information does not constitute the Bank's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Bank's registered office. The Bank's independent auditor has expressed an unqualified opinion on those financial statements in its report dated 18 March 2015.

3 Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

- *Annual improvements to IFRSs 2010 - 2012 cycle*
- *Annual improvements to IFRSs 2011 - 2013 cycle*
- *Amendments to IAS 19, Employee benefits defined benefit plans: Employee contributions*

None of these have a material effect on how the Bank's results and financial position for the current or prior periods have been prepared or presented.

The Bank has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Operating profit

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
(a) Interest income		
Interest income arising from:		
- financial assets not measured at fair value through profit or loss	<u>457,669</u>	<u>416,429</u>
of which:		
- interest income from listed investments	13,432	14,940
- interest income from unlisted investments	8,201	17,950
- interest income from impaired financial assets	<u>13</u>	<u>92</u>

4 Operating profit (continued)

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
(b) Interest expense		
Interest expense arising from:		
– financial liabilities not measured at fair value through profit or loss	187,183	148,038
– trading liabilities	1,197	1,569
	188,380	149,607
of which:		
– interest expense on current, fixed, savings and other deposits of customers	176,774	144,896
– interest expense on deposits and balances of banks, central banks and other financial institutions	10,409	3,142
(c) Net fees and commission income		
Fees and commission income:		
– Deposit related business	5,221	5,153
– Loan related business	10,892	10,003
– Trade finance business	4,483	4,549
– Credit cards	22,898	22,422
– Stock-broking fees	26,068	15,079
– Wealth management fees	3,800	2,541
– Other agency commissions	12,337	10,531
– Others	1,008	1,104
Less: Fees and commission expense	-	-
	86,707	71,382

The above fees and commission were generated from financial instruments that are not held for trading nor designated at fair value through profit and loss.

4 Operating profit (continued)

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
(d) Other income		
Dividend income	3,023	2,359
Gains arising from dealing in foreign currencies	9,328	8,580
Others	710	17,945
	<u>13,061</u>	<u>28,884</u>
(e) Operating expenses		
Salaries and other staff costs	84,647	75,370
Retirement benefit costs	5,595	5,151
	<u>90,242</u>	<u>80,521</u>
Premises and equipment expense, excluding depreciation	7,138	7,910
Depreciation (note 13)	16,626	12,088
Operating lease charges	1,718	1,665
Auditors' remuneration	343	257
Others	49,962	48,679
	<u>166,029</u>	<u>151,120</u>
(f) Impairment losses and allowances charged on loans and advances		
Individually assessed		
– Charged	2,261	1,752
Collectively assessed		
– Charged/(released)	5	(1,752)
	<u>2,266</u>	<u>-</u>
Net charge of impairment losses and allowances for loans and advances (note 11)	<u>2,266</u>	<u>-</u>

5 Taxation

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Current tax - Provision for Macau Complementary Tax		
Provision for the period	27,060	25,400
Current tax - The People's Republic of China ("PRC") withholding tax		
Provision for the period	2,375	2,476
Deferred taxation		
Origination of temporary differences (note 16(b)(v))	222	1,013
	<u>29,657</u>	<u>28,889</u>

The provision for Macau Complementary Tax is calculated at 12% (2014: 12%) of the Bank's estimated assessable profits for the six months ended 30 June 2015.

The provision for PRC Withholding Tax is calculated at 7% (2014: 7%) of the assessable interest income for the six months ended 30 June 2015.

6 Cash and balances with banks, central banks and other financial institutions

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Cash balances	401,100	376,852
Balances with central banks	530,617	521,534
Balances with banks	205,210	138,950
	<u>1,136,927</u>	<u>1,037,336</u>

7 Placements with banks, central banks and other financial institutions

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Placements with banks	<u>1,071,453</u>	<u>1,809,307</u>

8 Trade bills

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Trade bills	<u>15,587</u>	<u>13,760</u>

During the six months period, no allowance for impairment losses has been made in respect of the above trade bills (31 December 2014: Nil).

9 Trading assets

Trading assets represent positive fair values of derivative financial instruments and include balances with the immediate holding company amounting to MOP21,439,000 (31 December 2014: MOP4,869,000).

10 Advances to customers and other accounts

(a) *Loans and advances to customers and other accounts less impairment allowances*

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Gross advances to customers	22,097,376	21,950,541
Individual impairment allowances for impaired loans and advances (note 11)	(23,400)	(23,421)
Collective impairment allowances for loans and advances (note 11)	<u>(7,846)</u>	<u>(7,841)</u>
	22,066,130	21,919,279
Customer liability under acceptances	67,370	73,950
Accrued interest	59,100	82,968
Other accounts	<u>67,400</u>	<u>41,703</u>
	<u>22,260,000</u>	<u>22,117,900</u>

10 Advances to customers and other accounts (continued)

(b) Advances to customers analysed by industry sectors

The information concerning advances to customers by industry sectors is prepared by classifying the advances according to the usage of the advances and is stated gross of any impairment allowances.

	<i>30 June 2015</i>		<i>31 December 2014</i>	
	<i>Gross</i>	<i>Impaired</i>	<i>Gross</i>	<i>Impaired</i>
	<i>advances to</i>	<i>advances to</i>	<i>advances to</i>	<i>advances to</i>
	<i>customers</i>	<i>customers</i>	<i>customers</i>	<i>customers</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Advances for use in Macau				
<i>Industrial, commercial and financial</i>				
Property development	716,198	20,678	632,973	20,678
Property investment	2,144,394	-	2,610,155	-
Financial concerns	6,648	-	15,284	-
Wholesale and retail trade	1,551,875	-	1,628,275	-
Manufacturing	190,206	-	211,546	-
Transport and transport equipment	32,207	-	33,929	-
Information technology	458	-	500	-
Share financing	97,413	-	52,245	-
Others	1,128,057	-	1,183,260	-
<i>Individuals</i>				
Advances for the purchase of residential properties	11,641,021	1,476	11,359,152	1,193
Credit card advances	203,961	570	214,223	840
Others	3,931,529	3,366	3,602,070	3,482
	<u>21,643,967</u>	<u>26,090</u>	<u>21,543,612</u>	<u>26,193</u>
Trade finance	404,379	-	383,182	-
Advances for use outside Macau	<u>49,030</u>	<u>-</u>	<u>23,747</u>	<u>-</u>
	<u><u>22,097,376</u></u>	<u><u>26,090</u></u>	<u><u>21,950,541</u></u>	<u><u>26,193</u></u>

10 Advances to customers and other accounts (continued)

(c) *Impaired advances to customers*

The gross impaired advances to customers, market value of collateral held with respect of such advances and individual impairment allowances are as follows:

	<i>30 June</i> <i>2015</i> MOP'000	<i>31 December</i> <i>2014</i> MOP'000
Gross impaired advances to customers	<u>26,090</u>	<u>26,193</u>
Gross impaired advances to customers as a percentage of total advances to customers	<u>0.12%</u>	<u>0.12%</u>
Market value of collateral held with respect to impaired advances to customers	<u>22,154</u>	<u>21,871</u>
Individual impairment allowances	<u>23,400</u>	<u>23,421</u>

Impaired advances to customers are individually assessed loans with objective evidence of impairment on an individual basis. Individually assessed impairment allowances were made after taking into account the net present value of future recoverable amounts in respect of such loans and advances, and the collaterals held mainly comprised properties.

There are no impaired advances to bank nor individual impairment allowances made on advances to bank as at 30 June 2015 and 31 December 2014.

(d) *Repossessed assets*

At 30 June 2015 and 31 December 2014, the Bank did not hold any repossessed assets.

11 Impairment allowances on loans and advances to customers

	<i>Six months ended 30 June 2015</i>		
	<i>Individual</i> MOP'000	<i>Collective</i> MOP'000	<i>Total</i> MOP'000
At 1 January	23,421	7,841	31,262
Net charge to income statement (note 4(f))	2,261	5	2,266
Recoveries of advances written off in prior years	212	-	212
Amounts written off	(2,494)	-	(2,494)
At 30 June (note 10(a))	<u>23,400</u>	<u>7,846</u>	<u>31,246</u>
	<i>Year ended 31 December 2014</i>		
	<i>Individual</i> MOP'000	<i>Collective</i> MOP'000	<i>Total</i> MOP'000
At 1 January	1,633	8,291	9,924
Net charge/(credit) to income statement (note 4(f))	23,625	(450)	23,175
Recoveries of advances written off in prior years	883	-	883
Amounts written off	(2,720)	-	(2,720)
At 31 December (note 10(a))	<u>23,421</u>	<u>7,841</u>	<u>31,262</u>

12 Available-for-sale financial assets

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Debt securities		
Issued by sovereigns - unlisted (Treasury bills)	307,956	189,927
Issued by corporates - listed	646,435	645,534
Issued by corporates - unlisted	96,200	101,652
Issued by financial institutions - listed	93,620	94,992
Issued by financial institutions - unlisted	386,903	482,350
	1,531,114	1,514,455
	1,531,114	1,514,455
Equity securities		
Issued by corporates - unlisted	134,714	93,317
Issued by corporates - listed	38,493	37,754
	173,207	131,071
	173,207	131,071
	1,704,321	1,645,526
	1,704,321	1,645,526

13 Tangible fixed assets

	<i>Six months ended 30 June 2015</i>		
	<i>Bank premises MOP'000</i>	<i>Furniture, fixtures, equipment and motor vehicles MOP'000</i>	<i>Total MOP'000</i>
At cost or valuation:			
At 1 January 2015	803,309	165,006	968,315
Additions	15	8,248	8,263
Disposals	-	(3,345)	(3,345)
Deficit on revaluation	(52,194)	-	(52,194)
Elimination of accumulated depreciation on revalued bank premises	(8,245)	-	(8,245)
At 30 June 2015	<u>742,885</u>	<u>169,909</u>	<u>912,794</u>
Accumulated depreciation:			
At 1 January 2015	33,681	123,649	157,330
Charge for the year	9,368	7,258	16,626
Written back on disposals	-	(3,215)	(3,215)
Elimination of accumulated depreciation on revalued bank premises	(8,245)	-	(8,245)
At 30 June 2015	<u>34,804</u>	<u>127,692</u>	<u>162,496</u>
Net book value:			
At 30 June 2015	<u><u>708,081</u></u>	<u><u>42,217</u></u>	<u><u>750,298</u></u>

13 Tangible fixed assets (continued)

	<i>Year ended 31 December 2014</i>		
	<i>Bank premises</i>	<i>Furniture, fixtures, equipment and motor vehicles</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000
At cost or valuation:			
At 1 January 2014	531,841	156,947	688,788
Additions	43	14,152	14,195
Disposals	-	(6,093)	(6,093)
Surplus on revaluation	282,267	-	282,267
Elimination of accumulated depreciation on revalued bank premises	(10,842)	-	(10,842)
	803,309	165,006	968,315
Accumulated depreciation:			
At 1 January 2014	31,433	115,637	147,070
Charge for the year	13,090	13,683	26,773
Written back on disposals	-	(5,671)	(5,671)
Elimination of accumulated depreciation on revalued bank premises	(10,842)	-	(10,842)
	33,681	123,649	157,330
Net book value:			
At 31 December 2014	769,628	41,357	810,985

13 Tangible fixed assets (continued)

(a) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Bank's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3: Fair value measured using significant unobservable inputs.

	<i>30 June 2015</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Recurring fair value measurements				

Bank premises	-	-	605,682	605,682
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	<i>31 December 2014</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Recurring fair value measurements				

Bank premises	-	-	666,112	666,112
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During the period ended 30 June 2015, there were no transfers between Level 1 and Level 2, nor transfers into or out of Level 3. The Bank's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

13 Tangible fixed assets (continued)

(a) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

All of the Bank's bank premises held for administrative use were revalued by an independent firm of surveyors, Savills Valuation and Professional Services Limited as at 31 May 2015, who have among their staff, Fellows of the Hong Kong Institute of Surveyors, with recent experience in the location and category of property being valued.

Management has assessed that the fair value of the bank premises held for administrative use at 30 June 2015 is not materially different from 31 May 2015.

(ii) Information about Level 3 fair value measurements

	<i>Valuation techniques</i>	<i>Unobservable inputs</i>	<i>Ranges</i>
Bank premises held for administrative use	Direct comparison approach	Premium (discount) on quality of the properties	-40% to 30%

The fair value of bank premises is determined using direct comparison approach by recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or discount specific to the quality of the Bank's properties compared to the recent sales. The valuations take into account the characteristic of the properties which included the location, size, view, floor level, year of completion and other factors collectively. Higher premium for higher quality properties will result in a higher fair value measurement.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	<i>Six months ended 30 June 2015 MOP'000</i>	<i>Year ended 31 December 2014 MOP'000</i>
Cost or valuation		
At 1 January	666,112	394,655
Additions	9	32
Depreciation charge for the period/year	(8,245)	(10,842)
(Deficit)/surplus on revaluation	(52,194)	282,267
At 30 June/31 December	<u>605,682</u>	<u>666,112</u>

Surplus on revaluation of bank premises are recognised in other comprehensive income in "Bank premises revaluation reserve".

13 Tangible fixed assets (continued)

(a) Fair value measurement of properties (continued)

- (iii) The net revaluation deficit on bank premises held for administrative use for the six months ended of 30 June 2015 of MOP45,931,000 (31 December 2014: MOP248,395,000) (being revaluation deficit of MOP52,194,000 (31 December 2014: MOP282,267,000) net of deferred tax of MOP6,263,000 (31 December 2014: MOP33,872,000) have been recognised in other comprehensive income and accumulated in the bank premises revaluation reserve.
- (iv) The carrying amount of the bank premises held for administrative use would have been MOP47,765,000 (31 December 2014: MOP48,470,000) at 30 June 2015 had they been stated at cost less accumulated depreciation.

(b) The analysis of net book value of bank premises is as follows:

	<i>30 June</i> <i>2015</i> MOP'000	<i>31 December</i> <i>2014</i> MOP'000
Freehold held in Macau	284,702	319,676
Leasehold held in Macau		
– Short-term leases (less than 10 years unexpired)	423,379	449,952
	<u>708,081</u>	<u>769,628</u>

14 Trading liabilities

Trading liabilities represent the negative fair values of derivative financial instruments and include balances with the immediate holding company amounting to MOP15,995,000 (31 December 2014: MOP10,969,000).

15 Other liabilities

	<i>30 June</i> <i>2015</i> MOP'000	<i>31 December</i> <i>2014</i> MOP'000
Interest payable	91,603	100,362
Acceptances outstanding	67,370	73,950
Provisions for liabilities and accrued charges	39,047	49,395
Cashier order	85,104	77,367
Others	156,641	116,846
	<u>439,765</u>	<u>417,920</u>

16 Share capital and reserves

(a) Share capital

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Authorised, issued and fully paid:		
1,200,000 ordinary shares of MOP100 each	<u>120,000</u>	<u>120,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meeting of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

(b) Reserves

(i) General reserve

The general reserve was set up from the transfer of unappropriated profits and is available for distribution.

(ii) Legal reserve

Legal reserve was set up in accordance with Article 60 of Decree Law No 32/93/M and Article 432 of the Macau Commercial Code.

(iii) Investment revaluation reserve

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised. It does not represent realised profits and is not available for distribution.

(iv) Bank premises revaluation reserve

Bank premises revaluation reserve comprises the cumulative net change in the fair value of bank premises under the revaluation model until the assets are derecognised. It does not represent realised profits and is not available for distribution.

16 Share capital and reserves (continued)

(b) Reserves (continued)

(v) Regulatory reserve

In accordance with Aviso n.º18/93-AMCM, financial institutions are required to maintain a minimum level of specific provision for a bad and doubtful loan at a percentage depending on the overdue period of the loan, and a general provision at a minimum of 1% (“the minimum level”) of the total balance of performing loans and certain credit-related off balance sheet exposures. In case where such impairment allowances are lower than the minimum level as required by AMCM, the Bank will transfer an amount, which is equal to the difference between the allowance and the minimum level, after adjustment for taxation impact, from its unappropriated profits to the regulatory reserve. The amount of regulatory reserve transfer for the period is as follows:

	<i>30 June</i> <i>2015</i> MOP'000	<i>30 June</i> <i>2014</i> MOP'000
Increase in impairment allowances under AMCM rules	1,854	8,446
Tax effect on the additional impairment allowances (note 5)	(222)	(1,013)
	1,632	7,433

The total balance of performing loans and certain credit-related off balance sheet exposure in 2015 is higher than that of 2014, therefore, the total impairment allowances required under AMCM rules is increased.

17 Off-balance sheet exposures

(a) Contingent liabilities and commitments to extend credit

Contingent liabilities and commitments arises from forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales or other transactions with recourse, as well as credit-related instruments which include, letters of credit, guarantees and commitments to extend credit. The risk involved in these credit instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client defaults. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts is not representative of future cash flows.

17 Off-balance sheet exposures (continued)

(a) *Contingent liabilities and commitments to extend credit (continued)*

The risk weights used in the computation of credit risk weighted amounts ranged from 0% to 100% in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

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

	<i>30 June</i> <i>2015</i> MOP'000	<i>31 December</i> <i>2014</i> MOP'000
Direct credit substitutes	186,168	184,403
Trade-related contingencies	51,744	46,530
Other commitments		
– With an original maturity of not more than 1 year	279,851	-
– With an original maturity over 1 year	504,157	498,583
– Which are unconditionally cancellable	<u>3,293,253</u>	<u>3,467,259</u>
 Total	 <u>4,315,173</u>	 <u>4,196,775</u>
 Credit risk weighted amount	 <u>452,588</u>	 <u>460,647</u>

(b) *Capital commitments*

Capital commitments for acquisition of tangible fixed assets outstanding at 30 June 2015 not provided for in the financial report were as follows:

	<i>30 June</i> <i>2015</i> MOP'000	<i>31 December</i> <i>2014</i> MOP'000
Expenditure authorised and contracted for	<u>7,505</u>	<u>9,048</u>
 Expenditure authorised but not contracted for	 <u>-</u>	 <u>-</u>

18 Derivatives financial instruments

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

The majority of the derivatives transactions were initiated in response to customer demand and the remaining were economic hedges for the Bank's fixed-interest rate loans and debt securities. No significant proprietary positions are maintained by the Bank. The Bank entered into interest rate swaps to hedge its investments in fixed-rate debt securities so as to achieve a floating rate return. The swaps have approximately the same maturity profile as the financial instruments being hedged. The Bank has not elected to adopt hedge accounting in respect of these swaps. The positive and negative fair values of the derivatives as at 30 June 2015 were reported within "trading assets" and "trading liabilities" respectively on the balance sheet.

(a) *Notional amounts of derivatives*

The following tables provide an analysis of the notional amounts of derivatives of the Bank by relevant maturity groupings based on the remaining periods to settlement at the balance sheet date. The notional amounts of the derivatives indicate the volume of outstanding transactions at the balance sheet date and do not represent amounts at risk.

	<i>30 June 2015</i>			<i>Total</i> MOP'000
	<i>Within</i> <i>1 year</i> MOP'000	<i>Over 1 year</i> <i>but within</i> <i>5 years</i> MOP'000	<i>Over</i> <i>5 years</i> MOP'000	
Forward exchange rate contracts	5,053,827	-	-	5,053,827
Interest rate swap contracts	36,050	51,500	-	87,550
	5,089,877	51,500	-	5,141,377

18 Derivatives financial instruments (continued)

(a) Notional amounts of derivatives (continued)

	<i>31 December 2014</i>			
	<i>Within 1 year MOP'000</i>	<i>Over1 year but within 5 years MOP'000</i>	<i>Over 5 years MOP'000</i>	<i>Total MOP'000</i>
Forward exchange rate contracts	2,697,410	-	-	2,697,410
Interest rate swap contracts	35,020	87,550	-	122,570
	2,732,430	87,550	-	2,819,980

(b) Credit risk weighted amounts of derivatives

	<i>30 June 2015 MOP'000</i>	<i>31 December 2014 MOP'000</i>
Exchange rate contracts	56,513	26,610
Interest rate swap contracts	448	519
	56,961	27,129

Credit risk weighted amounts refers to the amount as computed in accordance with AMCM Guideline Notice 013/93-AMCM on capital adequacy and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 50% for exchange rate and interest rate contracts.

These amounts do not take into account the effects of bilateral netting arrangements.

19 Notes to the unaudited cash flow statement

(a) Reconciliation of profit before taxation to cash flows (used in)/generated from operating activities

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Operating activities		
Profit before taxation	219,777	216,456
Adjustments for:		
Depreciation	16,626	12,088
Net losses/(gains) on disposal of tangible fixed assets	130	(37)
Amortisation of discount of debt securities	(192)	(6,725)
Dividend income	(3,023)	(2,359)
Net charge of impairment losses and allowance	2,266	-
Foreign exchange loss/(gain)	23,518	(8,580)
Loans and advances recovered	(2,282)	(221)
	<u>256,820</u>	<u>210,622</u>
Decrease/(increase) in placements with banks with original maturity over three months	377,587	(152,864)
(Increase)/decrease in trade bills	(1,827)	130,922
(Increase)/decrease in trading assets	(21,705)	1,044
Increase in gross advances to customers and other accounts	(142,084)	(712,070)
Decrease in amounts due from immediate holding company and fellow subsidiaries with original maturity over three months	80,554	357,671
(Decrease)/increase in deposits and balances of banks, central banks and other financial institutions	(41,700)	140,832
(Decrease)/increase in current, fixed, savings and other deposits of customers	(260,558)	1,877,743
Increase/(decrease) in trading liabilities	16,132	(1,495)
Increase in other liabilities	21,845	67,573
Decrease in amounts due to immediate holding company and fellow subsidiaries	<u>(1,564,662)</u>	<u>(978,866)</u>
Net cash (used in)/generated from the operations	(1,279,598)	941,112
Macau Complementary Tax and PRC Withholding Tax paid	<u>(2,201)</u>	<u>(1,617)</u>
Cash flows (used in)/generated from operating activities	<u>(1,281,799)</u>	<u>939,495</u>

19 Notes to the unaudited cash flow statement (continued)

(b) Analysis of balances of cash and cash equivalents

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Cash and balances with banks, central banks and other financial institutions	1,136,927	1,571,225
Placements with banks, central banks and other financial institutions with original maturity within three months	79,849	236,900
Amounts due from immediate holding company and fellow subsidiaries		
– Cash and balances with banks, central banks and other financial institutions	87,033	80,582
– Placements with banks, central banks and other financial institutions with original maturity within three months	4,865,698	4,205,725
Available-for-sale financial assets		
– Treasury bills	307,956	177,996
	<u>6,477,463</u>	<u>6,272,428</u>

20 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Bank's directors, is as follows:

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Short-term employee benefits	10,120	10,870
Post-employment benefits	714	657
	<u>10,834</u>	<u>11,527</u>

20 Material related party transactions (continued)

(b) Transactions with immediate holding company and fellow subsidiaries

During the six months ended 30 June 2015, transactions with the Bank's immediate holding company, OCBC Wing Hang Bank Limited and fellow subsidiaries were entered into by the Bank in the ordinary course of business and on normal commercial terms. The income and expense for the year, on and off-balance sheet outstandings at the balance sheet date and corresponding average balances for the period are set out below:

(i) Income and expense

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Interest income	<u>75,017</u>	<u>29,400</u>
Interest expenses	<u>(11,597)</u>	<u>(4,683)</u>
Other income	<u>-</u>	<u>464</u>
Net gain from financial instruments held for trading	<u>39,231</u>	<u>451</u>
Operating expenses	<u>(15,253)</u>	<u>(15,118)</u>

20 Material related party transactions (continued)

(b) Transactions with immediate holding company and fellow subsidiaries (continued)

(ii) On-balance sheet outstandings

Assets

	<i>Ending balance</i>		<i>Average balance</i>	
	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>Six months ended 30 June 2015</i>	<i>Year ended 31 December 2014</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Cash and balances with banks, central banks and other financial institutions	1,111,948	757,917	961,800	561,381
Placements with banks, central banks and other financial institutions	5,849,736	7,349,967	6,857,857	4,208,604
Advances to customers and other accounts	36,315	33,692	40,173	18,950
	<u>6,997,999</u>	<u>8,141,576</u>	<u>7,859,830</u>	<u>4,788,935</u>

Liabilities

	<i>Ending balance</i>		<i>Average balance</i>	
	<i>30 June 2015</i>	<i>31 December 2014</i>	<i>Six months ended 30 June 2015</i>	<i>Year ended 31 December 2014</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Deposits and balances of banks, central banks, and other financial institutions	20,926	1,578,856	408,472	919,715
Current, fixed, savings and other deposits of customers	218	218	218	218
Other liabilities	411	7,143	3,228	1,380
	<u>21,555</u>	<u>1,586,217</u>	<u>411,918</u>	<u>921,313</u>

20 Material related party transactions (continued)

(b) Transactions with immediate holding company and fellow subsidiaries (continued)

(iii) Off-balance sheet outstanding

	<i>Ending balance</i>		<i>Average balance</i>	
	<i>30 June</i>	<i>31 December</i>	<i>Six months</i>	<i>Year ended</i>
	<i>2015</i>	<i>2014</i>	<i>ended</i>	<i>31 December</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Contract amounts				
Direct credit substitutes	<u>-</u>	<u>-</u>	<u>-</u>	<u>515</u>

(iv) Derivative financial instruments outstanding

	<i>Ending balance</i>		<i>Average balance</i>	
	<i>30 June</i>	<i>31 December</i>	<i>Six months</i>	<i>Year ended</i>
	<i>2015</i>	<i>2014</i>	<i>ended</i>	<i>31 December</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Notional amounts				
Forward exchange rate contracts	<u>3,894,207</u>	<u>2,340,096</u>	<u>3,354,584</u>	<u>1,657,781</u>
Interest rate swap contracts	<u>87,550</u>	<u>122,570</u>	<u>87,550</u>	<u>122,570</u>

(c) Loans to officers

Aggregate amount of relevant loans outstanding during the six months ended 30 June 2015 and at 30 June 2015 is Nil (31 December 2014: Nil).

(d) During the six months ended 30 June 2015, no allowance for impairment losses has been made in respect of the above advances to related parties (30 June 2014: Nil).

21 Financial risk management

The Bank has established policies, procedures and limits to manage various types of risk that the Bank is exposed to. Risk management processes and management information systems are in place to identify, measure, monitor and control credit risk, liquidity risk market risk and operational risk. The risk management policies, procedures and limits are approved by the Board of Directors or its designated committee, and are monitored and reviewed regularly by the relevant risk management committees, such as the Credit Committee and the Asset and Liability Management Committee (“ALMCO”). Internal auditors perform regular audits and independent checking to ensure compliance with the policies and procedures.

This note presents information about the Bank’s exposure to each of the above risks, the Bank’s objectives, policies and processes for measuring and managing risks, and the Bank’s management of capital.

(a) Credit risk management

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from the lending, trade finance, treasury, derivatives and other activities undertaken by the Bank. The Board of Directors has delegated the Bank’s credit risk management to the Credit Committee, which is chaired by the Bank’s General Manager.

The credit risk management function is independent of the business units. It oversees the implementation of credit policies and ensures the quality of credit evaluation and approval. Credit approval is conducted in accordance with the Bank’s credit policy, which defines the credit extension criteria, the credit approval and monitoring processes, the loan classification system and impairment policy. The credit policy also takes into account the guidelines issued by the AMCM and accounting standards issued by Macau SAR with respect to large exposures and impairment requirements.

Guidelines to manage credit risk have been laid down in the Bank’s Loaning Manual, which is regularly reviewed and approved by the Credit Committee. The Loaning Manual covers the delegated lending authorities, credit extension criteria, credit monitoring process, loan classification system, credit recovery and impairment policy.

21 Financial risk management (continued)

(a) Credit risk management (continued)

(i) Corporate credit risk

The corporate lending is generally made to customers with strong financial background. The Bank has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate clients, the Bank has a detailed risk grading system that is applied to each counterparty. The Bank also has limits for exposure to each industrial sector and for borrower and group of borrowers, regardless of whether the exposure is in the form of loans or non-funded exposures. The Bank also has a review process to ensure the proper level of review and approval depending on the size of the facility and risk grading of the borrower.

The Bank undertakes ongoing credit analysis and monitoring. The credit policies promote early detection of counterparty, industry or product exposures that require special attention. The Credit Committee oversees the overall portfolio risk as well as individual problem loans and potential problem loans on a regular basis.

(ii) Retail credit risk

The Bank's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous, small value transactions in each retail loan category. Because of the nature of retail business, the credit policies are based primarily on statistical analyses of risks with respect to different products and types of customers. The Bank monitors its own and industry experience to determine and periodically revise product terms and desired customer profile.

(iii) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

21 Financial risk management (continued)

(a) Credit risk management (continued)

(iv) Concentrations of credit risk

Concentration of credit risk exists when changes in geographic, economic or industrial factors affect groups of counterparties whose aggregate credit exposure is material in relation to the Bank's total exposures. The Bank does not have significant exposure to any individual or group of customers or counterparties except for the amount due to the immediate holding company and fellow subsidiaries.

Analysis of credit risk concentration by economic sector of respective financial assets is disclosed in notes 8 to 12.

(b) Liquidity risk management

Liquidity risk is the risk of the Bank's inability to fund an increase in assets or meet its obligations as they fall due. The Bank has established liquidity management policies for ensuring adequate liquidity is maintained at all times.

Liquidity is managed day-to-day by the treasury under the direction of ALMCO. ALMCO, which comprises personnel from senior management, treasury function, risk management, financial management and other business units that could affect liquidity risk, is responsible for overseeing the liquidity risk management, in particular implementation of appropriate liquidity policies and procedures, identifying, measuring and monitoring liquidity risk, and control over the liquidity risk management process. The Board of Directors approves the liquidity risk strategy and policies, maintains continued awareness of the overall liquidity risk profile, and ensures liquidity risk is adequately managed and controlled by senior management within the established risk management framework.

To cater for short term funding requirements during ordinary course of business, sufficient liquid assets are held and also access to the interbank market is maintained. In addition, adequate standby facilities are maintained in order to meet any unexpected and material cash outflow. The Bank also performs regular stress tests on its liquidity position to ensure adequate liquidity is maintained at all times. The following tables set out the detail of the analysis of the Bank's material assets and liabilities into relevant maturity groupings based on the remaining periods at balance sheet date to the contractual maturity date.

21 Financial risk management (continued)

(b) Liquidity risk management (continued)

Maturity profile of the assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date

30 June 2015

	<i>Repayable on demand</i> MOP'000	<i>Within 1 month</i> MOP'000	<i>Over 1 month but within 3 months</i> MOP'000	<i>Over 3 months but within 1 year</i> MOP'000	<i>Over 1 year but within 5 years</i> MOP'000	<i>Over 5 years</i> MOP'000	<i>Undated</i> MOP'000	<i>Total</i> MOP'000
Assets								
Cash and balances with banks, central banks and other financial institutions	1,136,927	-	-	-	-	-	-	1,136,927
Placements with banks, central banks and other financial institutions	-	19,550	492,334	559,569	-	-	-	1,071,453
Trade bills	1,832	6,538	6,316	901	-	-	-	15,587
Trading assets	-	-	-	-	-	-	33,183	33,183
Advances to customers	267,188	730,089	801,418	2,958,060	6,417,105	10,892,270	-	22,066,130
Amounts due from immediate holding company and fellow subsidiaries	1,111,948	4,867,836	957,809	60,406	-	-	-	6,997,999
Available-for-sale financial assets	-	257,993	49,963	284,448	853,215	85,495	173,207	1,704,321
Other assets	134,513	34,256	19,054	5,789	-	258	750,298	944,168
	<u>2,652,408</u>	<u>5,916,262</u>	<u>2,326,894</u>	<u>3,869,173</u>	<u>7,270,320</u>	<u>10,978,023</u>	<u>956,688</u>	<u>33,969,768</u>
Liabilities								
Deposits and balances of banks, central banks and other financial institutions	2,546	-	-	-	-	-	-	2,546
Current, fixed, savings and other deposits of customers	13,107,772	7,267,176	5,725,241	3,836,786	88,596	-	-	30,025,571
Trading liabilities	-	-	-	-	-	-	31,970	31,970
Amounts due to immediate holding company and fellow subsidiaries	802	20,652	101	-	-	-	-	21,555
Other liabilities	382,097	22,230	40,232	181,726	-	-	5	626,290
	<u>13,493,217</u>	<u>7,310,058</u>	<u>5,765,574</u>	<u>4,018,512</u>	<u>88,596</u>	<u>-</u>	<u>31,975</u>	<u>30,707,932</u>
Net (liability)/asset gap	<u>(10,840,809)</u>	<u>(1,393,796)</u>	<u>(3,438,680)</u>	<u>(149,339)</u>	<u>7,181,724</u>	<u>10,978,023</u>	<u>924,713</u>	<u>3,261,836</u>

21 Financial risk management (continued)

(b) Liquidity risk management (continued)

Maturity profile of the assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date (continued)

	31 December 2014							Total MOP'000
	Repayable on demand MOP'000	Within 1 month MOP'000	Over 1 month but within 3 months MOP'000	Over 3 months but within 1 year MOP'000	Over 1 year but within 5 years MOP'000	Over 5 years MOP'000	Undated MOP'000	
Assets								
Cash and balances with banks, central banks and other financial institutions	1,037,336	-	-	-	-	-	-	1,037,336
Placements with banks, central banks and other financial institutions	-	478,158	521,516	809,633	-	-	-	1,809,307
Trade bills	2,725	6,293	4,742	-	-	-	-	13,760
Trading assets	-	-	-	-	-	-	11,478	11,478
Advances to customers	175,268	532,742	679,505	2,923,305	7,138,538	10,469,921	-	21,919,279
Amounts due from immediate holding company and fellow subsidiaries	757,917	4,753,592	1,192,208	1,437,859	-	-	-	8,141,576
Available-for-sale financial assets	-	147,130	134,280	165,788	982,243	85,014	131,071	1,645,526
Other assets	115,395	41,818	22,217	18,933	-	258	810,985	1,009,606
	<u>2,088,641</u>	<u>5,959,733</u>	<u>2,554,468</u>	<u>5,355,518</u>	<u>8,120,781</u>	<u>10,555,193</u>	<u>953,534</u>	<u>35,587,868</u>
Liabilities								
Deposits and balances of banks, central banks and other financial institutions	2,246	42,000	-	-	-	-	-	44,246
Current, fixed, savings and other deposits of customers	12,037,210	6,607,230	5,252,001	6,344,598	45,090	-	-	30,286,129
Trading liabilities	-	-	-	-	-	-	15,838	15,838
Amounts due to immediate holding company and fellow subsidiaries	920	23,557	1,561,740	-	-	-	-	1,586,217
Other liabilities	311,803	28,873	26,700	210,418	-	-	3	577,797
	<u>12,352,179</u>	<u>6,701,660</u>	<u>6,840,441</u>	<u>6,555,016</u>	<u>45,090</u>	<u>-</u>	<u>15,841</u>	<u>32,510,227</u>
Net (liability)/asset gap	<u>(10,263,538)</u>	<u>(741,927)</u>	<u>(4,285,973)</u>	<u>(1,199,498)</u>	<u>8,075,691</u>	<u>10,555,193</u>	<u>937,693</u>	<u>3,077,641</u>

21 Financial risk management (continued)

(c) Market risk management

Market risk is the risk arising from the movements in market prices of on- and off-balance sheet positions in interest rates, foreign exchange rates as well as equity and commodity prices and the resulting change in the profit or loss or reserve of the Bank.

The Bank is exposed to market risk on position taken or financial instruments held or taken such as foreign exchange contracts, interest rate contracts, fixed income and equity securities.

The Board of Directors reviews and approves the policies for the management of market risks and trading authorities. ALMCO has been delegated the responsibility of controlling and monitoring market risk including regular review of the risk exposures and the risk management framework such as the established limits and stop-losses. The limits are set by ALMCO and are reviewed on a periodic basis with reference to market conditions, with any material changes requiring approval by the Board of Directors. It is the Bank's policy that no limit should be exceeded.

(i) Interest rate risk

The Bank's interest rate positions arise from treasury and commercial banking activities. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Interest rate risk is managed by the Financial Management Division within limits approved by the Board. The Bank also uses interest rate swaps and other derivatives to manage its interest rate risk.

Structural interest rate risk arises primarily from the deployment of non-interest bearing liabilities, including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Structural interest rate risk is monitored by ALMCO.

21 Financial risk management (continued)

(c) Market risk management (continued)

(ii) Currency risk management

The Bank's foreign exchange positions arise from foreign exchange dealing, commercial banking operations. All foreign exchange positions are managed by the Treasury Department within limits approved by the Board of Directors.

The directors do not consider the Bank has exposed to significant foreign currency risk as the majority of the Bank's assets and liabilities are denominated in Macau patacas, Hong Kong dollars and United States dollars, which are pegged to each other. The exposure at the balance sheet date was as follows:

30 June 2015

	<i>MOP</i>	<i>HKD</i>	<i>USD</i>	<i>CNY</i>	<i>Others</i>	<i>Total</i>
Total assets	30.6%	47.1%	11.7%	7.6%	3.0%	100%
Total liabilities	<u>34.2%</u>	<u>43.6%</u>	<u>7.1%</u>	<u>12.2%</u>	<u>2.9%</u>	<u>100%</u>
Net position	<u>(3.6)%</u>	<u>3.5%</u>	<u>4.6%</u>	<u>(4.6)%</u>	<u>0.1%</u>	<u>-</u>

31 December 2014

	<i>MOP</i>	<i>HKD</i>	<i>USD</i>	<i>CNY</i>	<i>Others</i>	<i>Total</i>
Total assets	28.7%	44.6%	6.3%	17.3%	3.1%	100%
Total liabilities	<u>31.3%</u>	<u>42.0%</u>	<u>4.2%</u>	<u>19.4%</u>	<u>3.1%</u>	<u>100%</u>
Net position	<u>(2.6)%</u>	<u>2.6%</u>	<u>2.1%</u>	<u>(2.1)%</u>	<u>-</u>	<u>-</u>

21 Financial risk management (continued)

(d) Operational risk management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank's risk management framework is established to control risks at both corporate and departmental levels. The underlying management principle is built upon a longstanding culture of high integrity and risk awareness fostered by senior executives of the Bank.

The framework consists of governing policies with control measures to ascertain absolute compliance by all operating units. These measures are directed, controlled and held to account by operational management committees chaired by senior executives. Regular reviews are performed by the committees to ensure proper functioning of internal controls and to identify improvement opportunities.

Furthermore, independent reviews are conducted by the Bank's Internal Audit Department to measure the effectiveness of the Bank's system of internal controls. This department reports to the Supervisory Council to ensure the framework is managed with high standards.

(e) Capital management

The Bank's policy is to maintain a strong capital base to support the development of the Bank's business and to meet the statutory capital adequacy ratio. In addition to meeting the AMCM requirements and the HKMA requirements on group basis for its immediate holding company, the Bank's primary objectives when managing capital are to safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Bank actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The amount of minimum capital requirements held for credit, market and operational risks is calculated in accordance with the AMCM regulation and Basel III requirements under HKMA regulation.

Capital is allocated to various activities of the Bank depending on the risk taken by each business unit. The Bank is subject to the capital requirements of the AMCM and the HKMA for their regulatory supervision purposes. The Bank has complied with all externally imposed capital requirements throughout the six months ended 30 June 2015 and the year ended 31 December 2014 and are well above the minimum required ratio set by the AMCM and the HKMA.

22 Fair values

(a) *Financial instruments carried at fair value*

Financial instruments measured at fair value on an ongoing basis include trading assets and liabilities and financial instruments classified as available-for-sale.

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 Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Inputs other than quoted prices included in 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.
- (iii) 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 the 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.

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 Bank 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.

22 Fair values (continued)

(a) *Financial instruments carried at fair value (continued)*

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 there is little or no prevailing 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. The 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 Bank uses the broker pricing service, which adopts proprietary valuation models, as inputs to a fair value measurement. These models usually are 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, ultimate responsibility for the determination of fair values lies with Middle Office. Middle Office establishes procedures governing valuation, and is responsible for ensuring that these comply with all relevant accounting standards.

22 Fair values (continued)

(a) Financial instruments carried at fair value (continued)

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

	<i>30 June 2015</i>			
	<i>Level 1</i> MOP'000	<i>Level 2</i> MOP'000	<i>Level 3</i> MOP'000	<i>Total</i> MOP'000
Recurring fair value measurements				
Assets				
Trading assets				
- Positive fair values of derivative financial instruments held for trading	-	33,183	-	33,183
Available-for-sale financial assets				
- Treasury bills	-	307,956	-	307,956
- Other debt securities	909,466	313,692	-	1,223,158
- Listed equity securities	30,160	8,333	-	38,493
- Unlisted equity securities	-	-	134,714	134,714
	<u>939,626</u>	<u>629,981</u>	<u>134,714</u>	<u>1,704,321</u>
Liabilities				
Trading liabilities				
- Negative fair values of derivative financial instruments held for trading	-	31,970	-	31,970

22 Fair values (continued)

(a) Financial instruments carried at fair value (continued)

	<i>31 December 2014</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Recurring fair value measurements				
Assets				
Trading assets				
- Positive fair values of derivative financial instruments held for trading	-	11,478	-	11,478
Available-for-sale financial assets				
- Treasury bills	-	189,927	-	189,927
- Other debt securities	1,166,699	157,829	-	1,324,528
- Listed equity securities	29,916	7,838	-	37,754
- Unlisted equity securities	-	-	93,317	93,317
	<u>1,196,615</u>	<u>355,594</u>	<u>93,317</u>	<u>1,645,526</u>
Liabilities				
Trading liabilities				
- Negative fair values of derivative financial instruments held for trading	-	15,838	-	15,838

(i) Transfers between Level 1 and 2

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2 (31 December 2014: Nil). The Bank's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

22 Fair values (continued)

(a) Financial instruments carried at fair value (continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

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

	<i>Available for sale financial assets - equity</i>	
	<i>Six months ended 30 June 2015 MOP'000</i>	<i>Year ended 31 December 2014 MOP'000</i>
Assets		
At 1 January	93,317	46,451
Changes in fair value recognised in the other comprehensive income	41,397	46,866
At 30 June/31 December	134,714	93,317

Information about Level 3 fair value measurements:

	<i>Valuation techniques</i>	<i>Significant unobservable inputs</i>	<i>Range</i>
Available-for-sale unlisted equity securities	Market-comparable approach	Discount for lack of marketability	40% to 50%

The Bank has estimated the fair value of available-for-sale unlisted equity securities using the lower of the price/earning ratios and enterprise value to earnings before interest, taxes, depreciation and amortization ratios adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. At 30 June 2015, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Bank's other comprehensive income by MOP6,735,700.

22 Fair values (continued)

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

The carrying amount of the Bank's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented in above.

- The fair value of fixed rate financial instruments is assumed to approximate their carrying amounts and reflect changes in their credit quality as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value.

Review report to the Board of Directors of Banco OCBC Weng Hang, S.A. *(Incorporated in Macau with limited liability)*

Introduction

We have reviewed the interim financial report set out on pages 1 to 47, which comprises the balance sheet of Banco OCBC Weng Hang, S.A. (“the Bank”) as at 30 June 2015 and the related income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the International Accounting Standards Board. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Review report to the Board of Directors of
Banco OCBC Weng Hang, S.A. (continued)

(Incorporated in Macau with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

This report is intended solely for filing with the Autoridade Monetária de Macau.

Certified Public Accountants

24th Floor, B & C
Bank of China Building
Avenida Doutor Mario Soares
Macau

14 Sep 2015

Unaudited disclosures of financial information

(Expressed in thousands of Macau Patacas unless otherwise indicated)

The following unaudited disclosures of financial information are prepared to comply with the Guideline on the Disclosure of Financial Information issued by the Monetary Authority of Macau (“AMCM”).

(a) **Capital adequacy ratio of top consolidated group**

	<i>Group</i>	
	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
Capital adequacy ratio	<u>16.1%</u>	<u>15.9%</u>

The calculation of the regulatory capital and capital charges of the top consolidated group are in accordance with the Monetary Authority of Singapore Notice to Banks No. 637 (Notice on Risk Based Capital Adequacy Requirement) for Banks incorporated in Singapore.

Note: The top consolidated group as at 31 December 2014 refers to Oversea-Chinese Banking Corporation Limited, while the top consolidated group as at 31 December 2013 refers to OCBC Wing Hang Bank Limited. Oversea-Chinese Banking Corporation Limited has replaced OCBC Wing Hang Bank Limited as the top consolidated group of the Bank after the acquisition of OCBC Wing Hang Bank on 29 July 2014.

(b) **Components of own funds**

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	MOP'000	MOP'000
Core capital:		
Paid-up share capital	120,000	120,000
Legal, statutory and other reserves created by appropriation of retained profits	304,200	304,200
Profits brought forward	1,857,478	1,521,073
Current year net profits	<u>-</u>	<u>180,134</u>
Total core capital	<u>2,281,678</u>	<u>2,125,407</u>

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(b) *Components of own funds (continued)*

	<i>30 June 2015</i>	<i>31 December 2014</i>
	MOP'000	MOP'000
Supplementary capital:		
Reserves on revaluation of own premises	51,610	51,610
General provision	223,708	221,740
Total supplementary capital	<u>275,318</u>	<u>273,350</u>
Deduction:	<u>-</u>	<u>-</u>
Total own funds after deduction	<u>2,556,996</u>	<u>2,398,757</u>

The calculation on the components and total amount of own funds after deduction is in accordance with Notice No. 012/93-AMCM.

(c) *Solvency*

(i) Solvency ratio

	<i>30 June 2015</i>	<i>31 December 2014</i>
Solvency ratio (before market and operational risk ratio)	13.3%	12.5%
Solvency ratio	<u>12.5%</u>	<u>11.8%</u>

The calculation on the solvency ratio is in accordance with Notice No.002/2011-AMCM.

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(c) **Solvency (continued)**

(ii) Market risk capital requirement

	30 June 2015 MOP'000	31 December 2014 MOP'000
The market risk capital requirements for		
- Interest rate risk	-	-
- Equity position risk	-	-
- Foreign exchange risk	8,408	2,603
- Commodity risk	-	-
	<u>8,408</u>	<u>2,603</u>
Weighted market risk exposures	<u>8,408</u>	<u>2,603</u>

(d) **Credit risk**

(i) Geographical analysis of loans and advances to customers

	30 June 2015				
	Gross loans and advances MOP'000	Overdue loans and advances (over 3 months) MOP'000	Impaired loans (individually determined) MOP'000	Individually assessed impairment allowances MOP'000	Collectively assessed impairment allowances MOP'000
Macau	20,819,591	28,047	26,090	23,400	7,393
Hong Kong	647,277	-	-	-	230
China	600,181	-	-	-	213
Other	30,327	-	-	-	10
	<u>22,097,376</u>	<u>28,047</u>	<u>26,090</u>	<u>23,400</u>	<u>7,846</u>

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(d) Credit risk (continued)

(i) Geographical analysis of loans and advances to customers (continued)

	<i>31 December 2014</i>				
	<i>Gross loans and advances MOP'000</i>	<i>Overdue loans and advances (over 3 months) MOP'000</i>	<i>Impaired loans (individually determined) MOP'000</i>	<i>Individually assessed impairment allowances MOP'000</i>	<i>Collectively assessed impairment allowances MOP'000</i>
Macau	19,999,449	34,045	26,193	23,421	7,143
Hong Kong	1,441,289	-	-	-	515
China	485,880	-	-	-	174
Other	23,923	-	-	-	9
	<u>21,950,541</u>	<u>34,045</u>	<u>26,193</u>	<u>23,421</u>	<u>7,841</u>

The above geographical analysis is classified by the location of the borrowers after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party situated in an area different from the counterparty.

(ii) Geographical analysis of debt securities

	<i>30 June 2015</i>		<i>31 December 2014</i>	
	<i>Carrying amount MOP'000</i>	<i>Individually assessed impairment allowances MOP'000</i>	<i>Carrying amount MOP'000</i>	<i>Individually assessed impairment allowances MOP'000</i>
Hong Kong	709,792	-	548,005	-
Rest of Asia-Pacific	608,764	-	739,045	-
Americas	80,605	-	86,151	-
Other	131,953	-	141,254	-
	<u>1,531,114</u>	<u>-</u>	<u>1,514,455</u>	<u>-</u>

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(d) **Credit risk (continued)**

(iii) Maturity analysis on certain assets and liabilities based on the residual contractual maturity at the balance sheet date

	30 June 2015							Total MOP'000
	Repayable on demand MOP'000	Within 1 month MOP'000	Over 1 month but within 3 months MOP'000	Over 3 months but within 1 year MOP'000	Over 1 year but within 3 years MOP'000	Over 3 years MOP'000	Indefinite period MOP'000	
Assets								
Trade bills, loans and advances to customers	269,020	736,627	807,734	2,958,961	3,544,137	13,765,238	-	22,081,717
Cash and balances with and loans and advances to banks	1,136,927	-	-	-	-	-	-	1,136,927
Securities issued by Macao SAR Government and/or AMCM	-	257,993	49,963	-	-	-	-	307,956
Other securities	-	-	-	284,448	853,215	85,495	173,207	1,396,365
Liabilities								
Deposits and balances of banks and financial institutions	2,546	-	-	-	-	-	-	2,546
Deposits from public sector entities	539	483,303	720,985	208,731	-	-	-	1,413,558
Deposits from holding and associated companies	802	20,652	101	-	-	-	-	21,555
Deposits from non-bank customers	13,107,233	6,783,873	5,004,256	3,628,055	88,512	84	-	28,612,013

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(d) **Credit risk (continued)**

(iii) Maturity analysis on certain assets and liabilities based on the residual contractual maturity at the balance sheet date (continued)

	31 December 2014							Total MOP'000
	Repayable on demand MOP'000	Within 1 month MOP'000	Over 1 month but within 3 months MOP'000	Over 3 months but within 1 year MOP'000	Over 1 year but within 3 years MOP'000	Over 3 years MOP'000	Indefinite period MOP'000	
Assets								
Trade bills, loans and advances to customers	177,993	539,036	684,247	2,923,305	4,325,848	13,282,610	-	21,933,039
Cash and balances with and loans and advances to banks	1,037,336	-	-	-	-	-	-	1,037,336
Securities issued by Macao SAR Government and/or AMCM	-	69,999	69,986	49,942	-	-	-	189,927
Other securities	-	77,131	64,294	115,846	982,243	85,014	131,071	1,455,599
Liabilities								
Deposits and balances of banks and financial institutions	2,246	42,000	-	-	-	-	-	44,246
Deposits from public sector entities	692	-	188,225	1,254,424	-	-	-	1,443,341
Deposits from holding and associated companies	920	23,557	1,561,740	-	-	-	-	1,586,217
Deposits from non-bank customers	12,036,518	6,607,230	5,063,776	5,090,174	44,898	192	-	28,842,788

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(d) **Credit risk (continued)**

(iv) Analysis on past due assets

Advances to bank are only made to bank with good credit rating. The credit quality of advances to customers can be analysed as follows:

	<i>30 June</i> <i>2015</i> MOP'000	<i>31 December</i> <i>2014</i> MOP'000
Gross advances to customers		
– neither past due nor impaired	21,718,202	21,633,455
– past due but not impaired	353,084	290,893
– impaired	26,090	26,193
	<u>22,097,376</u>	<u>21,950,541</u>
Of which:		
Gross advances to customers		
– Grade 1: Pass	21,986,635	21,867,850
– Grade 2: Special mention	84,651	56,499
– Grade 3: Substandard	20,961	20,678
– Grade 4: Doubtful	1,809	2,270
– Grade 5: Loss	3,320	3,244
	<u>22,097,376</u>	<u>21,950,541</u>

The Bank classifies the loans and advances in accordance with the loan classification system adopted by the Hong Kong Monetary Authority (“HKMA”).

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(d) *Credit risk (continued)*

(iv) Analysis on past due assets (continued)

The ageing analysis of advances to customers that are past due but not impaired is as follows:

	<i>30 June</i> 2015 MOP'000	<i>31 December</i> 2014 MOP'000
Gross advances to customers that are past due but not impaired		
- past due 3 months or less	350,845	283,041
- 6 months or less but over 3 months	-	5,099
- 1 year or less but over 6 months	2,239	2,753
	<u>353,084</u>	<u>290,893</u>

As at 30 June 2015, there were no advances to customers that would be past due or impaired had the terms not been renegotiated (31 December 2014: Nil).

The Bank holds collaterals against advances to customers in the form of mortgages over property, other registered securities over assets, cash deposits and guarantees.

An estimate of the fair value of collaterals and other credit enhancements held against past due but not impaired financial assets is as follows:

	<i>30 June</i> 2015 MOP'000	<i>31 December</i> 2014 MOP'000
Fair value of collaterals and other credit enhancements held against credit facilities that are past due but not impaired	<u>2,074,674</u>	<u>1,324,226</u>

(e) *Foreign exchange risk*

	<i>30 June 2015</i>					<i>Total</i> MOP'000
	<i>MOP</i> MOP'000	<i>HK\$</i> MOP'000	<i>Chinese</i> <i>Renminbi</i> MOP'000	<i>US\$</i> MOP'000	<i>Other</i> <i>currencies</i> MOP'000	
Total net long positions	562	-	6,417	10,547	1,979	19,505
Total net short positions	-	19,354	-	-	151	19,505

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) Foreign exchange risk (continued)

	31 December 2014					Total MOP'000
	MOP	HK\$	Chinese	US\$	Other	
	MOP'000	MOP'000	Renminbi MOP'000	MOP'000	currencies MOP'000	
Total net long positions	290,936	-	729	15,348	1,860	308,873
Total net short positions	-	308,520	-	-	353	308,873

	30 June 2015			
	HK\$	Chinese	US\$	Total
	MOP'000	Renminbi MOP'000	MOP'000	MOP'000
Spot assets	15,987,076	2,592,275	3,982,985	22,562,336
Spot liabilities	14,828,313	4,138,289	2,406,428	21,373,030
Forward purchases	102,635	2,880,971	1,578,284	4,561,890
Forward sales	1,280,752	1,328,540	3,144,294	5,753,586
Net option positions	-	-	-	-
Net long/(short) positions	(19,354)	6,417	10,547	(2,390)

	31 December 2014			
	HK\$	Chinese	US\$	Total
	MOP'000	Renminbi MOP'000	MOP'000	MOP'000
Spot assets	15,867,098	6,158,686	2,240,047	24,265,831
Spot liabilities	14,942,530	6,907,629	1,503,629	23,353,788
Forward purchases	174,492	1,182,089	638,247	1,994,828
Forward sales	1,407,580	432,417	1,359,317	3,199,314
Net option positions	-	-	-	-
Net long/(short) positions	(308,520)	729	15,348	(292,443)

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(f) *Liquidity risk*

	<i>30 June</i> 2015 MOP'000	<i>31 December</i> 2014 MOP'000
Average minimum weekly cash in hand	697,279	669,324
Average weekly cash in hand	877,554	923,642
Average month-end specified liquid assets	<u>10,733,414</u>	<u>9,480,973</u>
	<i>30 June</i> 2015 %	<i>31 December</i> 2014 %
Average month-end ratio of specified liquid assets to total basic liabilities	34.9	33.0
Average one-month liquidity ratio	45.7	43.0
Average three-months liquidity ratio	<u>38.4</u>	<u>38.8</u>

(g) *Interest rate risk*

Interest rate sensitivity set out below is for risk management reported to ALMCO only in simplified scenario, where demand and saving deposits remain in the level as they currently are and mortgage loans are serviced until their original maturity. Actual changes in the Bank's profit before tax resulting from the change in interest rates may differ from the result of the sensitivity analysis. The effect on interest-bearing financial instruments and interest rate swaps has been included in this calculation.

	<i>30 June</i> 2015 MOP'000	<i>31 December</i> 2014 MOP'000
Increase in 10 basis points	3,568	3,815
Decrease in 10 basis points	<u>(3,568)</u>	<u>(3,815)</u>

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(h) Balance sheet (in accordance with standard format established by the AMCM)

BALANÇO ANUAL EM 30 DE JUNHO DE 2015
資產負債表於二零一五年六月三十日

MOP
澳門幣

ACTIVO 資產	ACTIVO BRUTO 資產總額	PROVISÕES, AMORTIZAÇÕES E MENOS - VALIAS 備用金, 折舊和減值	ACTIVO LIQUIDO 資產淨額
CAIXA 現金	401,099,970		401,099,970
DEPÓSITOS NA AMCM AMCM 存款	493,616,029		493,616,029
VALORES A COBRAR 應收賬項	366,570,067		366,570,067
DEPÓSITOS À ORDEM NOUTRAS INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 在本地之其他信用機構活期 存款	28,310,144		28,310,144
DEPÓSITOS À ORDEM NO EXTERIOR 在外地之其他信用機構活期 存款	1,130,986,826		1,130,986,826
OURO E PRATA 金,銀			
OUTROS VALORES 其他流動資產			
CRÉDITO CONCEDIDO 放款	21,988,645,887	2,937,100	21,985,708,787
APLICAÇÕES EM INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 在本澳信用機構拆放	887,370,550		887,370,550
DEPÓSITOS COM PRÉ-AVISO E A PRAZO NO EXTERIOR 在外地信用機構之通知及定期存款	6,394,185,356		6,394,185,356
ACÇÕES, OBRIGAÇÕES E QUOTAS 股票,債券及股權	1,049,111,550		1,049,111,550

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(h) Balance sheet (in accordance with standard format established by the AMCM)
(continued)

BALANÇO ANUAL EM 30 DE JUNHO DE 2015
資產負債表於二零一五年六月三十日

MOP
澳門幣

ACTIVO 資產	ACTIVO BRUTO 資產總額	PROVISÕES, AMORTIZAÇÕES E MENOS - VALIAS 備用金, 折舊和減值	ACTIVO LIQUIDO 資產淨額
APLICAÇÕES DE RECURSOS CONSIGNADOS 承銷資金投資			
DEVEDORES 債務人	4,851,769		4,851,769
OUTRAS APLICAÇÕES 其他投資	241,869,245		241,869,245
PARTICIPAÇÕES FINANCEIRAS 財務投資	53,275,057		53,275,057
IMÓVEIS 不動產	742,884,028	34,804,093	708,079,935
EQUIPAMENTO 設備	169,909,866	127,692,018	42,217,848
CUSTOS PLURIENAIIS 遞延費用			
DESPESAS DE INSTALAÇÃO 開辦費用			
IMOBILIZAÇÕES EM CURSO 未完成不動產			
OUTROS VALORES IMOBILIZADOS 其他固定資產			
CONTAS INTERNAS E DE REGULARIZAÇÃO 內部及調整賬	144,468,245		144,468,245
TOTAIS 總額	34,097,154,589	165,433,211	33,931,721,378

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(h) *Balance sheet (in accordance with standard format established by the AMCM)
(continued)*

BALANÇO ANUAL EM 30 DE JUNHO DE 2015

資產負債表於二零一五年六月三十日

MOP
澳門幣

PASSIVO 負債	SUB-TOTAIS 小結	TOTAIS 總額
DEPÓSITOS À ORDEM 活期存款	13,141,866,935	
DEPÓSITOS C / PRÉ-AVISO 通知存款		
DEPÓSITOS A PRAZO 定期存款	15,503,034,982	
DEPÓSITOS DE SECTOR PUBLICO 公共機構存款	1,413,558,660	30,058,460,577
RECURSOS DE INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 本地信用機構資金	343,940	
RECURSOS DE OUTRAS ENTIDADES LOCAIS 其他本地機構資金		
EMPRÉSTIMOS EM MOEDAS EXTERNAS 外幣借款	23,128,456	
EMPRÉSTIMOS POR OBRIGAÇÕES 債券借款		
CREDORES POR RECURSOS CONSIGNADOS 承銷資金債權人		
CHEQUES E ORDENS A PAGAR 應付支票及票據	85,151,704	
CREDORES 債權人	49,064,506	
EXIGIBILIDADES DIVERSAS 各項負債	60,880,707	218,569,313

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(h) *Balance sheet (in accordance with standard format established by the AMCM)
(continued)*

BALANÇO ANUAL EM 30 DE JUNHO DE 2015

資產負債表於二零一五年六月三十日

MOP
澳門幣

PASSIVO 負債	SUB-TOTAIS 小結	TOTAIS 總額
CONTAS INTERNAS E DE REGULARIZAÇÃO 內部及調整賬		364,547,686
PROVISÕES PARA RISCOS DIVERSOS 各項風險備用金		7,845,557
CAPITAL 股本	120,000,000	
RESERVA LEGAL 法定儲備	120,000,000	
RESERVA ESTATUTÁRIA 自定儲備	184,200,000	
RESERVA DE REAVALIAÇÃO 重估儲備	619,717,236	
*OUTRAS RESERVAS 其他儲備	192,414,733	1,236,331,969
RESULTADOS TRANSITADOS DE EXERCÍCIOS ANTERIORES 歷年營業結果	1,857,478,381	
RESULTADO DO EXERCÍCIO 本年營業結果	188,487,895	2,045,966,276
TOTAIS 總額		<u>33,931,721,378</u>

Unaudited disclosures of financial information (continued) (Expressed in thousands of Macau Patacas unless otherwise indicated)

(h) **Balance sheet (in accordance with standard format established by the AMCM)
(continued)**

* 附註: 其他儲備包含澳門幣 192,414,737 元的一般風險備用金。銀行採用《澳門財務報告準則》編制年度財務報表和計提貸款減值準備, 有關減值準備可能低於按《第 18 / 93 - AMCM 號通告》所規定的最低水平的一般風險備用金。銀行會撥出一筆相等於該最低水平備用金與減值準備差異的金額 (已考慮遞延稅項澳門幣 23,448,042) 作為監管儲備。該增撥備用金在帳項概要內的損益計算表列示為「根據金融體系法律制度增撥的備用金」, 並在相關審計年度財務報表內的收益表中, 以「除稅後溢利」與根據金融體系法律制度計算的「年度業績」之間的調整項目列示。

* As Outras Reservas incluem uma reserva obrigatória no montante de 192,414,733 Patacas. Porque o Banco adopta as Normas de Relato Financeiro de Macau na preparação das suas demonstrações financeiras anuais, as perdas de imparidade com base nas NRFM podem ser inferiores ao nível mínimo de provisões genéricas calculadas de acordo com o Aviso 18/93 da AMCM (o nível mínimo). A referida reserva obrigatória representa, pois, a diferença entre o nível mínimo e as perdas de imparidade nos termos das NRFM (antes dos impostos diferidos de 23,448,042 Patacas). Este mesmo montante, inscrito na linha «Dotações adicionais para provisões conforme RJSF» da Conta de Lucros e Perdas das contas resumidas, está reconciliado entre o «Lucro depois de impostos» e os «Resultados do ano» de acordo com as regras da RJSF na Conta de exploração das demonstrações financeiras auditadas anuais.

Unaudited disclosures of financial information (continued)
(Expressed in thousands of Macau Patacas unless otherwise indicated)

(h) *Balance sheet (in accordance with standard format established by the AMCM)
(continued)*

	MOP 澳門幣
CONTAS EXTRAPATRIMONIAIS 備查賬	MONTANTE 金額
VALORES RECEBIDOS EM DEPÓSITO 代客保管賬	7,681,804,413
VALORES RECEBIDOS PARA COBRANÇA 代收賬	26,757,741
VALORES RECEBIDOS EM CAUÇÃO 抵押賬	39,210,609,150
GARANTIAS E AVALES PRESTADOS 保證及擔保付款	185,863,469
CRÉDITOS ABERTOS 信用狀	51,743,610
ACEITES EM CIRCULAÇÃO 承兌匯票	67,370,261
VALORES DADOS EM CAUÇÃO 代付保證金	
COMPRAS A PRAZO 期貨買入	5,947,128,192
VENDAS A PRAZO 期貨賣出	5,937,894,469
OUTRAS CONTAS EXTRAPATRIMONIAIS 其他備查賬	1,955,527,324

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(i) Profit and loss account (in accordance with the standard format established by the AMCM)

DEMONSTRAÇÃO DE RESULTADOS DO EXERCÍCIO DE JANEIRO A JUNHO DE 2015
二零一五年一月至六月營業結果演算
CONTA DE EXPLORAÇÃO
營業賬目

Débito 借方	MONTANTE 金額	Crédito 貸方	MONTANTE 金額
CUSTOS DE OPERAÇÕES PASSIVAS 負債業務成本	188,379,955	PROVEITOS DE OPERAÇÕES ACTIVAS 資產業務收益	458,260,260
CUSTOS COM PESSOAL 人事費用		PROVEITOS DE SERVIÇOS BANCÁRIOS 銀行服務收益	68,515,441
REMUNERAÇÕES DOS ÓRGÃOS DE GESTÃO E FISCALIZAÇÃO 董事及監察會開支	85,000	PROVEITOS DE OUTRAS OPERAÇÕES BANCÁRIAS 其他銀行業務收益	37,129,247
REMUNERAÇÕES DE EMPREGADOS 職員開支	64,916,962	RENDIMENTOS DE TÍTULOS DE CRÉDITO E DE PARTICIPAÇÕES FINANCEIRAS 證券及財務投資收益	21,576,574
ENCARGOS SOCIAIS 固定職員福利	23,990,656	OUTROS PROVEITOS BANCÁRIOS 其他銀行收益	16,750,161
OUTROS CUSTOS COM O PESSOAL 其他人事費用	656,343	PROVEITOS INORGÂNICOS 非正常業務收益	
FORNECIMENTOS DE TERCEIROS 第三者作出之供應	4,060,743		
SERVIÇOS DE TERCEIROS 第三者提供之勞務	20,414,443		
OUTROS CUSTOS BANCÁRIOS 其他銀行費用	60,109,590		
IMPOSTOS 稅項	469,882		
CUSTOS INORGÂNICOS 非正常業務費用	478,917		

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(i) Profit and loss account (in accordance with the standard format established by the AMCM) (continued)

DEMONSTRAÇÃO DE RESULTADOS DO EXERCÍCIO DE JANEIRO A JUNHO DE 2015

二零一五年一月至六月營業結果演算

CONTA DE EXPLORAÇÃO

營業賬目

MOP
澳門幣

Débito 借方	MONTANTE 金額	Crédito 貸方	MONTANTE 金額
DOTAÇÕES PARA AMORTIZAÇÕES 折舊撥款	16,626,327		
DOTAÇÕES PARA PROVISÕES 備用金之撥款	211,782		
LUCRO DA EXPLORAÇÃO 營業利潤	221,831,083		
TOTAL 總額	602,231,683	TOTAL 總額	602,231,683

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(i) Profit and loss account (in accordance with the standard format established by the AMCM) (continued)

CONTA DE LUCROS E PERDAS
損益計算表

Débito 借方	MONTANTE 金額	Crédito 貸方	MONTANTE 金額	MOP 澳門幣
PREJUÍZO DE EXPLORAÇÃO 營業損失		LUCRO DE EXPLORAÇÃO 營業利潤	221,831,083	
PERDAS RELATIVAS A EXERCÍCIOS ANTERIORES 歷年之損失	2,494,036	LUCROS RELATIVOS A EXERCÍCIOS ANTERIORES 歷年之利潤	211,782	
PERDAS EXCEPCIONAIS 特別損失		LUCROS EXCEPCIONAIS 特別利潤		
DOTAÇÕES PARA IMPOSTOS SOBRE LUCROS DO EXERCÍCIO 營業利潤之稅項撥款	29,434,970	PROVISÕES UTILIZADAS 備用金之使用	2,494,036	
DOTAÇÕES ADICIONAIS PARA PROVISÕES CONFORME RJSF 根據金融體系法律制度增撥的備用金	4,120,000			
RESULTADO DO EXERCÍCIO (SE POSITIVO) 營業結果 (盈餘)	188,487,895			
TOTAL 總額	224,536,901	TOTAL 總額	224,536,901	



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