



**華僑永亨銀行**  
**OCBC WING HANG**

**2016**

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Interim Report

Banco OCBC Weng Hang, S.A.  
華僑永亨銀行股份有限公司

30 June 2016

## **BANK INFORMATION**

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### **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 Statement of Profit or Loss for the six months ended 30 June 2016 (Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
		MOP'000	MOP'000 (Restated)
Interest income	4(a)	407,406	457,669
Interest expense	4(b)	(124,231)	(188,380)
<b>Net interest income</b>		<u>283,175</u>	<u>269,289</u>
Net fee and commission income	4(c)	67,232	86,707
Net (loss)/gain from financial instruments held for trading		(3,466)	29
Other income	4(d)	33,012	32,177
<b>Operating income</b>		<u>379,953</u>	<u>388,202</u>
Operating expenses	4(e)	(174,423)	(166,029)
<b>Operating profit before impairment losses and allowances on loans and advances</b>		<u>205,530</u>	<u>222,173</u>
Impairment losses and allowances on loans and advances	4(f)	-	(2,266)
<b>Operating profit</b>		<u>205,530</u>	<u>219,907</u>
Net gain/(loss) on disposal of tangible fixed assets		18	(130)
Net gain on disposal of available-for-sale financial assets	5	304	-
<b>Profit before taxation</b>		<u>205,852</u>	<u>219,777</u>
Taxation	6	(25,107)	(29,657)
<b>Profit for the period</b>		<u><u>180,745</u></u>	<u><u>190,120</u></u>

## Unaudited Statement of Profit or Loss for the six months ended 30 June 2016 (continued)

*(Expressed in thousands of Macau Patacas)*

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
<b>Effects of impairment allowance for loans under Autoridade Monetaria de Macau ("AMCM") rules</b>			
Profit for the period		180,745	190,120
Write back of/(additional) impairment allowances under AMCM rules, net of tax	18(b)(v)	7,070	(1,632)
<b>Profit for the period under AMCM rules</b>		<b>187,815</b>	<b>188,488</b>

The notes on pages 9 to 49 form part of this unaudited interim financial report.

## Unaudited Statement of Comprehensive Income for the six months ended 30 June 2016

*(Expressed in thousands of Macau Patacas)*

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
<b>Profit for the period</b>		180,745	190,120
<b>Other comprehensive income for the period</b>			
<b>Item that will not be reclassified to statement of profit or loss:</b>			
Bank premises:			
– Deficit on revaluation of bank premises	14	(50,967)	(52,194)
– Deferred tax		6,116	6,263
		(44,851)	(45,931)
<b>Item that may be reclassified subsequently to statement of profit or loss:</b>			
Available-for-sale financial assets:			
– Fair value changes		23,015	45,461
– Transfer to statement of profit or loss			
– Gains on disposal	5	(263)	-
– Deferred tax		(2,730)	(5,455)
		20,022	40,006
<b>Other comprehensive income for the period, net of tax</b>		(24,829)	(5,925)
<b>Total comprehensive income for the period</b>		155,916	184,195

The notes on pages 9 to 49 form part of this unaudited interim financial report.

## Unaudited Statement of Financial Position at 30 June 2016

*(Expressed in thousands of Macau Patacas)*

	<i>Note</i>	<i>30 June</i> <i>2016</i> MOP'000	<i>31 December</i> <i>2015</i> MOP'000
<b>ASSETS</b>			
Cash and balances with banks, central banks and other financial institutions	7	1,270,784	1,207,590
Placements with banks, central banks and other financial institutions	8	-	239,502
Trade bills	9	11,770	9,490
Trading assets	10	35,115	68,281
Advances to customers and other accounts	11	21,550,720	22,374,006
Amounts due from immediate holding company and fellow subsidiaries	22(b)(ii)	8,290,919	6,345,774
Available-for-sale financial assets	13	2,982,478	1,854,721
Tangible fixed assets	14	641,854	706,514
<b>Total assets</b>		<b>34,783,640</b>	<b>32,805,878</b>

## Unaudited Statement of Financial Position at 30 June 2016 (continued)

*(Expressed in thousands of Macau Patacas)*

	<i>Note</i>	<i>30 June</i> 2016 MOP'000	<i>31 December</i> 2015 MOP'000
<b>EQUITY AND LIABILITIES</b>			
Deposits and balances of banks, central banks and other financial institutions		2,161	605
Deposits from customers		30,480,297	28,385,909
Certificates of deposit issued	15	-	397,915
Trading liabilities	16	40,168	107,775
Current tax payable		79,744	53,674
Deferred tax liabilities		101,325	105,675
Other liabilities	17	500,147	336,294
Amounts due to immediate holding company and fellow subsidiaries	22(b)(ii)	14,403	8,552
<b>Total liabilities</b>		31,218,245	29,396,399
Share capital	18(a)	120,000	120,000
Reserves		3,445,395	3,289,479
<b>Total equity</b>		3,565,395	3,409,479
<b>TOTAL EQUITY AND LIABILITIES</b>		34,783,640	32,805,878

Approved and authorised for issue by the Board of Directors on 14 September 2016.

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) Na Wu Beng )  
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) Lee Tak Lim )  
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The notes on pages 9 to 49 form part of this unaudited interim financial report.



## Unaudited Statement of Changes in Equity for the six months ended 30 June 2016

(Expressed in thousands of Macau Patacas)

		<i>Six months ended 30 June 2016</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
<b>At 1 January 2016</b>	120,000	184,200	120,000	443,512	129,233	170,321	2,242,213	3,409,479
Appropriation from regulatory reserve net of tax	-	-	-	-	-	(7,070)	7,070	-
Transfer from reserve	-	-	-	(7,534)	-	-	7,534	-
Total comprehensive income for the period	-	-	-	(44,851)	20,022	-	180,745	155,916
<b>At 30 June 2016</b>	<u>120,000</u>	<u>184,200</u>	<u>120,000</u>	<u>391,127</u>	<u>149,255</u>	<u>163,251</u>	<u>2,437,562</u>	<u>3,565,395</u>
		<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
<b>At 1 January 2015</b>	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
<b>At 30 June 2015</b>	<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>

Unaudited Statement of Changes in Equity  
for the six months ended 30 June 2016 (continued)  
(Expressed in thousands of Macau Patacas)

	<i>Six months ended 31 December 2015</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
<b>At 1 July 2015</b>	120,000	184,200	120,000	488,059	131,658	171,953	2,045,966	3,261,836
Appropriation from regulatory reserve net of tax	-	-	-	-	-	(1,632)	1,632	-
Transfer from reserve	-	-	-	(7,653)	-	-	7,653	-
Total comprehensive income for the period	-	-	-	(36,894)	(2,425)	-	186,962	147,643
<b>At 31 December 2015</b>	<u>120,000</u>	<u>184,200</u>	<u>120,000</u>	<u>443,512</u>	<u>129,233</u>	<u>170,321</u>	<u>2,242,213</u>	<u>3,409,479</u>

The notes on pages 9 to 49 form part of this unaudited interim financial report.

## Unaudited Cash Flow Statement for the six months ended 30 June 2016 *(Expressed in thousands of Macau Patacas)*

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
		<i>MOP'000</i>	<i>MOP'000</i> <i>(Restated)</i>
<b>Cash flows generated from/(used in) operating activities</b>	21(a)	860,991	(1,286,522)
		-----	-----
<b>Investing activities</b>			
Purchase of tangible fixed assets		(5,198)	(8,263)
Proceeds from sale of tangible fixed assets		72	-
Purchase of available-for-sale financial assets		(1,495,071)	(177,715)
Proceeds from redemption of available-for-sale financial assets		296,990	363,752
Dividends received		4,323	3,023
		-----	-----
<b>Net cash (used in)/generated from investing activities</b>		(1,198,884)	180,797
		-----	-----
<b>Net decrease in cash and cash equivalents</b>		(337,893)	(1,105,725)
<b>Cash and cash equivalents at 1 January</b>		7,210,356	7,583,188
		-----	-----
<b>Cash and cash equivalents at 30 June</b>	21(b)	6,872,463	6,477,463
		-----	-----
<b>Cash flows from operating activities include:</b>			
Interest received		414,427	481,537
Interest paid		128,956	197,139
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The notes on pages 9 to 49 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 and has its registered office and principal place of business at 241 Avenida de Almeida Ribeiro, Macau. The Bank is engaged in commercial banking and related financial services.

### 2 Basis of preparation

This interim financial report 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 by the Banks’s Board of Directors on 14 September 2016.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out in note 3.

In preparing this interim financial report, management has made judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense on a year to date basis. Actual results may differ from these estimates.

This interim financial report does not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the 2015 annual financial statements.

This 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 50 and 51.

## 2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative 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 2015 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 15 March 2016.

## 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 Bank. Of these, none of these developments have had material impact to the Bank's financial statements:

- *Annual improvement to IFRSs 2012 - 2014 cycle*
- *Amendments to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortisation*
- *Amendments to IAS 1, Disclosure initiative*

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>2016</i>	<i>2015</i>
	MOP'000	MOP'000
<b>(a) Interest income</b>		
Interest income arising from:		
- financial assets not measured at fair value through profit or loss	<u>407,406</u>	<u>457,669</u>
of which:		
- interest income from listed investments	12,958	13,432
- interest income from unlisted investments	9,997	8,201
- interest income from impaired financial assets	<u>-</u>	<u>13</u>

#### 4 Operating profit (continued)

		<i>Six months ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
		MOP'000	MOP'000
<b>(b)</b>	<b><i>Interest expense</i></b>		
	Interest expense arising from:		
	- financial liabilities not measured at fair value through profit or loss	122,642	187,183
	- trading liabilities	1,589	1,197
		124,231	188,380
	of which:		
	- interest expense for deposits from customers	114,767	176,774
	- interest expense for deposits and balances of banks, central banks and other financial institutions	7,875	10,409
<b>(c)</b>	<b><i>Net fee and commission income</i></b>		
	Fee and commission income:		
	- Deposit related business	6,216	5,221
	- Loan related business	8,402	10,892
	- Trade finance business	3,840	4,483
	- Credit cards	22,593	22,898
	- Stock-broking fees	10,627	26,068
	- Wealth management fees	2,941	3,800
	- Other agency commissions	11,798	12,337
	- Others	815	1,008
		67,232	86,707

All the above fee and commission income arose 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>2016</i>	<i>2015</i>
	MOP'000	MOP'000 (Restated)
<b>(d) Other income</b>		
Dividend income	4,323	3,023
Gains arising from dealing in foreign currencies	27,948	28,444
Others	741	710
	<u>33,012</u>	<u>32,177</u>
<b>(e) Operating expenses</b>		
Salaries and other staff costs	90,545	84,647
Retirement benefit costs	5,992	5,595
	<u>96,537</u>	<u>90,242</u>
Premises and equipment expense, excluding depreciation	9,049	7,138
Depreciation (note 14)	18,837	16,626
Operating lease charges	1,492	1,718
Auditors' remuneration	355	343
Others	48,153	49,962
	<u>174,423</u>	<u>166,029</u>
<b>(f) Impairment losses and allowances on loans and advances</b>		
Impairment losses charged/(released) on loans and advances (note 12)		
Individually assessed	1,306	2,261
Collectively assessed	(1,306)	5
	<u>-</u>	<u>2,266</u>

**5 Net gain on disposal of available-for-sale financial assets**

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Net unrealised gain transferred from investment revaluation reserve upon disposal	263	-
Net gain on disposal of available-for-sale financial assets	41	-
	304	-

**6 Taxation**

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
<b>Current tax - Provision for Macau Complementary Tax</b>		
Provision for the period	26,070	27,060
<b>Current tax - The People's Republic of China ("PRC") withholding tax</b>		
Provision for the period	1	2,375
<b>Deferred taxation</b>		
Origination and reversal of temporary differences (note 18(b)(v))	(964)	222
	25,107	29,657

The provision for Macau Complementary Tax is calculated at 12% (2015: 12%) of the estimated assessable profits for the six months ended 30 June 2016.

Taxation for offshore income is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdiction.



**7 Cash and balances with banks, central banks and other financial institutions**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Cash balances	558,080	431,904
Balances with central banks	568,251	567,687
Balances with banks	144,453	207,999
	1,270,784	1,207,590

**8 Placements with banks, central banks and other financial institutions**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Placements with banks	-	239,502
	-	239,502

**9 Trade bills**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Trade bills	11,770	9,490
	11,770	9,490

During the six months ended 30 June 2016, no impairment allowances was made in respect of the above trade bills (31 December 2015: Nil).

**10 Trading assets**

Trading assets represent positive fair values of derivative financial instruments held for trading and include balances with the immediate holding company amounting to MOP7,589,000 (31 December 2015: MOP7,828,000 ).

**11 Advances to customers and other accounts**

**(a) Advances to customers and other accounts**

	<i>30 June</i> <i>2016</i> MOP'000	<i>31 December</i> <i>2015</i> MOP'000
Gross advances to customers	21,404,972	22,265,189
Individual impairment allowances for impaired loans and advances (note 12)	(22,477)	(23,436)
Collective impairment allowances for loans and advances (note 12)	(9,903)	(11,209)
	<u>21,372,592</u>	<u>22,230,544</u>
Customer liability under acceptances	82,568	48,057
Accrued interest	36,478	43,499
Other accounts	59,082	51,906
	<u><u>21,550,720</u></u>	<u><u>22,374,006</u></u>

## 11 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 2016</i>		<i>31 December 2015</i>	
	<i>Gross advances to customers MOP'000</i>	<i>Impaired advances to customers MOP'000</i>	<i>Gross advances to customers MOP'000</i>	<i>Impaired advances to customers MOP'000</i>
<b>Advances for use in Macau</b>				
<i>Industrial, commercial and financial</i>				
Property development	815,468	20,679	1,034,073	20,678
Property investment	2,040,837	748	2,240,705	-
Financial concerns	22,474	-	19,495	-
Wholesale and retail trade	734,533	-	1,256,348	-
Manufacturing	127,157	-	203,405	-
Transport and transport equipment	90,268	-	98,527	-
Information technology	9,110	-	809	-
Share financing	93,599	-	82,020	-
Others	1,044,275	-	993,739	-
<i>Individuals</i>				
Advances for the purchase of residential properties	11,715,647	1,193	11,686,558	1,459
Credit card advances	198,126	296	209,559	548
Others	3,977,861	5,688	3,992,396	3,136
	<u>20,869,355</u>	<u>28,604</u>	<u>21,817,634</u>	<u>25,821</u>
<b>Trade finance</b>	378,267	-	387,882	-
<b>Advances for use outside Macau</b>	<u>157,350</u>	<u>-</u>	<u>59,673</u>	<u>-</u>
	<u><u>21,404,972</u></u>	<u><u>28,604</u></u>	<u><u>22,265,189</u></u>	<u><u>25,821</u></u>

## **11 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 to such advances and individual impairment allowances are as follows:

	<i>30 June</i> <i>2016</i> MOP'000	<i>31 December</i> <i>2015</i> MOP'000
Gross impaired advances to customers	<u>28,604</u>	<u>25,821</u>
Gross impaired advances to customers as a percentage of total advances to customers	<u>0.13%</u>	<u>0.12%</u>
Market value of collateral held with respect to impaired advances to customers	<u>25,823</u>	<u>22,137</u>
Individual impairment allowances	<u>22,477</u>	<u>23,436</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 banks nor individual impairment allowances made on advances to banks as at 30 June 2016 and 31 December 2015.

### **(d) Repossessed assets**

The Bank did not hold any repossessed assets as at 30 June 2016 and 31 December 2015.

## 12 Impairment allowances on loans and advances to customers

	<i>Six months ended 30 June 2016</i>		
	<i>Individual</i> MOP'000	<i>Collective</i> MOP'000	<i>Total</i> MOP'000
At 1 January 2016	23,436	11,209	34,645
Net charge to statement of profit or loss (note 4(f))	1,306	(1,306)	-
Recoveries of advances written off in prior years	695	-	695
Amounts written off	(2,960)	-	(2,960)
At 30 June 2016 (note 11(a))	<u>22,477</u>	<u>9,903</u>	<u>32,380</u>

	<i>Year ended 31 December 2015</i>		
	<i>Individual</i> MOP'000	<i>Collective</i> MOP'000	<i>Total</i> MOP'000
At 1 January 2015	23,421	7,841	31,262
Net charge to statement of profit or loss	3,842	3,368	7,210
Recoveries of advances written off in prior years	361	-	361
Amounts written off	(4,188)	-	(4,188)
At 31 December 2015 (note 11(a))	<u>23,436</u>	<u>11,209</u>	<u>34,645</u>

**13 Available-for-sale financial assets**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
<b>Debt securities</b>		
Issued by sovereigns - unlisted (Treasury bills)	1,809,899	412,977
Issued by corporates - listed	612,591	637,844
Issued by corporates - unlisted	93,505	91,737
Issued by financial institutions - listed	29,928	88,395
Issued by financial institutions - unlisted	239,323	444,740
	2,785,246	1,675,693
<b>Equity securities</b>		
Issued by corporates - unlisted	154,209	134,714
Issued by corporates - listed	43,023	44,314
	197,232	179,028
	2,982,478	1,854,721

**14 Tangible fixed assets**

	<i>Six months ended 30 June 2016</i>		
	<i>Bank premises</i>	<i>Furniture, fixtures, equipment and motor vehicles</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000
<b>At cost or valuation:</b>			
At 1 January 2016	692,600	184,291	876,891
Additions	26	5,172	5,198
Disposals	-	(3,564)	(3,564)
Deficit on revaluation	(50,967)	-	(50,967)
Elimination of accumulated depreciation on revalued bank premises	(8,228)	-	(8,228)
	633,431	185,899	819,330
	633,431	185,899	819,330
<b>Accumulated depreciation:</b>			
At 1 January 2016	35,929	134,448	170,377
Charge for the year	9,351	9,486	18,837
Written back on disposals	-	(3,510)	(3,510)
Elimination of accumulated depreciation on revalued bank premises	(8,228)	-	(8,228)
	37,052	140,424	177,476
	37,052	140,424	177,476
<b>Net book value:</b>			
At 30 June 2016	596,379	45,475	641,854

**14 Tangible fixed assets (continued)**

	<i>Year ended 31 December 2015</i>		
	<i>Bank premises</i>	<i>Furniture, fixtures, equipment and motor vehicles</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000
<b>At cost or valuation:</b>			
At 1 January 2015	803,309	165,006	968,315
Additions	14	24,530	24,544
Disposals	-	(5,245)	(5,245)
Deficit on revaluation	(94,119)	-	(94,119)
Elimination of accumulated depreciation on revalued bank premises	(16,604)	-	(16,604)
	692,600	184,291	876,891
	692,600	184,291	876,891
<b>Accumulated depreciation:</b>			
At 1 January 2015	33,681	123,649	157,330
Charge for the year	18,852	15,801	34,653
Written back on disposals	-	(5,002)	(5,002)
Elimination of accumulated depreciation on revalued bank premises	(16,604)	-	(16,604)
	35,929	134,448	170,377
	35,929	134,448	170,377
<b>Net book value:</b>			
At 31 December 2015	656,671	49,843	706,514



## 14 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 2016</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000
<b>Recurring fair value measurements</b>				
Bank premises held for administrative use	-	-	496,203	496,203
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	<i>31 December 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
<b>Recurring fair value measurements</b>				
Bank premises held for administrative use	-	-	555,398	555,398
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the six months ended 30 June 2016, 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.

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 2016, 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.

## 14 Tangible fixed assets (continued)

### (a) Fair value measurement of properties (continued)

#### (i) Fair value hierarchy (continued)

Management has assessed that the fair value of the bank premises held for administrative use at 30 June 2016 is not materially different from 31 May 2016.

#### (ii) Information about Level 3 fair value measurements

	<i>Valuation techniques</i>	<i>Unobservable inputs</i>	<i>Range</i>	
			<i>Six months ended 30 June 2016</i>	<i>Year ended 31 December 2015</i>
Bank premises held for administrative use	Direct comparison approach	Premium (discount) on quality of the properties	-31% to 7%	-15% to 15%

The fair value of bank premises are determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a 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 2016</i>	<i>Year ended 31 December 2015</i>
	MOP'000	MOP'000
<b>Cost or valuation</b>		
At 1 January	555,398	666,112
Additions	-	9
Depreciation charge for the period/year	(8,228)	(16,604)
Deficit on revaluation	(50,967)	(94,119)
At 30 June/31 December	<u>496,203</u>	<u>555,398</u>

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

## **14 Tangible fixed assets (continued)**

### **(a) Fair value measurement of properties (continued)**

- (iii) The deficit on revaluation on bank premises held for administrative use net of deferred tax for the six months ended of 30 June 2016 of MOP44,851,000 (31 December 2015: MOP82,825,000) 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 MOP46,365,000 (31 December 2015: MOP47,058,000) at 30 June 2016 had they been stated at cost less accumulated depreciation.

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

	<i>30 June 2016 MOP'000</i>	<i>31 December 2015 MOP'000</i>
Freehold held in Macau	252,617	272,656
Leasehold held in Macau		
– Short-term leases (less than 10 years unexpired)	343,762	384,015
	596,379	656,671

## **15 Certificate of deposit issued**

In 2015, certificate of deposit (“CD”) of MOP397,915,000 was issued to the immediate holding company, which acted as the arranger of the CD issuance and underwrote the entire issue for further distribution to potential investors. The CD was matured on 16 June 2016.

## **16 Trading liabilities**

Trading liabilities represent negative fair values of derivative financial instruments held for trading and include balances with the immediate holding company amounting to MOP33,435,000 (31 December 2015: MOP100,171,000).

## 17 Other liabilities

	<i>30 June</i> 2016 MOP'000	<i>31 December</i> 2015 MOP'000
Interest payable	50,640	55,365
Acceptances outstanding	82,568	48,057
Provisions for liabilities and accrued charges	43,890	50,034
Cashier order	211,714	61,591
Others	111,335	121,247
	<u>500,147</u>	<u>336,294</u>

## 18 Share capital and reserves

### (a) Share capital

	<i>30 June</i> 2016 MOP'000	<i>31 December</i> 2015 MOP'000
<b>Authorised, issued and fully paid:</b>		
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 meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual net 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.

**18 Share capital and reserves (continued)**

**(b) Reserves (continued)**

(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.

(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>30 June</i>
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
(Decrease)/increase in impairment allowances under AMCM rules	(8,034)	1,854
Tax effect on the impairment allowances (note 6)	964	(222)
	(7,070)	1,632

The total balance of performing loans and certain credit-related off-balance sheet exposure in 2016 is lower than that of 2015, therefore, the total impairment allowances required under AMCM rules is decreased.

## 19 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.

The risk weights used in the computation of credit risk weighted amounts range from 0% to 100% in accordance with AMCM Guideline Notice 011/2015-AMCM.

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

	<i>30 June 2016 MOP'000</i>	<i>31 December 2015 MOP'000</i>
Direct credit substitutes	175,942	175,569
Trade-related contingencies	35,277	69,617
Other commitments		
– With an original maturity of not more than 1 year	45,062	241,073
– With an original maturity over 1 year	326,380	403,676
– Which are unconditionally cancellable	<u>2,805,282</u>	<u>2,671,781</u>
Total	<u>3,387,943</u>	<u>3,561,716</u>
Credit risk weighted amount	<u>411,957</u>	<u>473,169</u>

**19 Off-balance sheet exposures (continued)**

**(b) Capital commitments**

Capital commitments for acquisition of tangible fixed assets outstanding at 30 June 2016 not provided for in the financial report are as follows:

	<i>30 June 2016 MOP'000</i>	<i>31 December 2015 MOP'000</i>
Expenditure authorised and contracted for	<u>1,605</u>	<u>6,149</u>
Expenditure authorised but not contracted for	<u>-</u>	<u>-</u>

**20 Derivatives financial instruments**

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

Most of the derivatives positions have been entered into to meet customer demand and to hedge 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 fixed-rate debt securities held 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 2016 were reported under "trading assets" and "trading liabilities" respectively on the statement of financial position.

## 20 Derivatives financial instruments (continued)

### (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 reporting date. The notional amounts of the derivatives indicate the volume of outstanding transactions at the reporting date and do not represent amounts at risk.

	<i>30 June 2016</i>			
	<i>Within 1 year</i>	<i>Over1 year but within 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Forward exchange rate contracts	5,008,960	863,513	-	5,872,473
Interest rate swap contracts	-	412,000	-	412,000
Equity contracts	3,872	-	-	3,872
	5,012,832	1,275,513	-	6,288,345

	<i>31 December 2015</i>			
	<i>Within 1 year</i>	<i>Over1 year but within 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Forward exchange rate contracts	7,545,089	335,477	-	7,880,566
Interest rate swap contracts	36,050	51,500	-	87,550
Equity contracts	4,159	-	-	4,159
	7,585,298	386,977	-	7,972,275



**20 Derivatives financial instruments (continued)**

**(b) Credit risk weighted amounts of derivatives**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Exchange rate contracts	100,672	135,670
Interest rate swap contracts	1,030	129
Equity contracts	276	336
	<u>101,978</u>	<u>136,135</u>

Credit risk weighted amount refers to the amount as computed in accordance with AMCM Guideline Notice 011/2015-AMCM on capital adequacy and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for exchange rate, interest rate swap and equity contracts.

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

## 21 Notes to the unaudited cash flow statement

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

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000
		(Restated)
<b>Operating activities</b>		
Profit before taxation	205,852	219,777
Adjustments for:		
Depreciation	18,837	16,626
Net (gains)/losses on disposal of tangible fixed assets	(18)	130
Net gain on disposal of available-for-sale financial assets	(304)	-
Amortisation of net (discount)/premium of debt securities	(2,676)	92
Amortisation of discount of certificates of deposit issued	1,258	-
Dividend income	(4,323)	(3,023)
Net charge of impairment losses and allowance	-	2,266
Foreign exchange (gain)/loss	(6,540)	18,511
Net loans and advances written off	(2,265)	(2,282)
	<u>209,821</u>	<u>252,097</u>
Decrease in placements with banks with original maturity over three months	239,502	377,587
Increase in trade bills	(2,280)	(1,827)
Decrease/(increase) in trading assets	33,166	(21,705)
Decrease/(increase) in gross advances to customers and other accounts	825,551	(142,084)
(Increase)/decrease in amounts due from immediate holding company and fellow subsidiaries with original maturity over three months	(2,243,239)	80,554
Increase/(decrease) in deposits and balances of banks, central banks and other financial institutions	1,556	(41,700)
Increase/(decrease) in deposits from customers	2,094,388	(260,558)
Decrease in certificates of deposit issued	(399,570)	-
(Decrease)/increase in trading liabilities	(67,607)	16,132
Increase in other liabilities	163,853	21,845
Increase/(decrease) in amounts due to immediate holding company and fellow subsidiaries	<u>5,851</u>	<u>(1,564,662)</u>
<b>Net cash generated from/(used in) the operations</b>	860,992	(1,284,321)
Macau Complementary Tax and PRC Withholding Tax paid	<u>(1)</u>	<u>(2,201)</u>
<b>Cash flows generated from/(used in) operating activities</b>	<u><u>860,991</u></u>	<u><u>(1,286,522)</u></u>

## 21 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>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Cash and balances with banks, central banks and other financial institutions	1,270,784	1,136,927
Placements with banks, central banks and other financial institutions with original maturity within three months	-	79,849
Amounts due from immediate holding company and fellow subsidiaries		
– Cash and balances with banks, central banks and other financial institutions	85,081	87,033
– Placements with banks, central banks and other financial institutions with original maturity within three months	5,206,614	4,865,698
Available-for-sale financial assets		
– Treasury bills	309,984	307,956
	<u>6,872,463</u>	<u>6,477,463</u>

## 22 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>2016</i>	<i>2015</i>
	MOP'000	MOP'000
Short-term employee benefits	11,055	10,120
Post-employment benefits	771	714
	<u>11,826</u>	<u>10,834</u>

## 22 Material related party transactions (continued)

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

During the six months ended 30 June 2016, the Bank entered into transactions with its immediate holding company, OCBC Wing Hang Bank Limited and fellow subsidiaries in the ordinary course of business and on normal commercial terms. The income and expenses during the period, on and off-balance sheet outstandings at the reporting date and corresponding average balances for the period are set out below:

#### (i) Income and expenses during the period

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	MOP'000	MOP'000 (Restated)
Interest income	<u>47,529</u>	<u>75,017</u>
Interest expenses	<u>(2,879)</u>	<u>(11,597)</u>
Other income	<u>8,898</u>	<u>-</u>
Net (loss)/gain from financial instruments held for trading	<u>(3,466)</u>	<u>29</u>
Operating expenses	<u>(15,315)</u>	<u>(15,253)</u>

## 22 Material related party transactions (continued)

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

#### (ii) On-balance sheet outstanding at the reporting date

##### *Assets*

	<i>Ending balance</i>		<i>Average balance</i>	
	<i>30 June 2016</i>	<i>31 December 2015</i>	<i>Six months ended 30 June 2016</i>	<i>Year ended 31 December 2015</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	85,081	76,734	82,252	602,053
Placements with banks, central banks and other financial institutions	8,182,665	6,252,163	7,987,275	6,453,651
Advances to customers and other accounts	23,173	16,877	20,720	30,114
	<u>8,290,919</u>	<u>6,345,774</u>	<u>8,090,247</u>	<u>7,085,818</u>

##### *Liabilities*

	<i>Ending balance</i>		<i>Average balance</i>	
	<i>30 June 2016</i>	<i>31 December 2015</i>	<i>Six months ended 30 June 2016</i>	<i>Year ended 31 December 2015</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	13,621	7,913	17,949	265,972
Deposits from customers	218	218	218	218
Other liabilities	564	421	575	1,789
	<u>14,403</u>	<u>8,552</u>	<u>18,742</u>	<u>267,979</u>

**22 Material related party transactions (continued)**

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

(iii) Derivative financial instruments outstanding at the reporting date

	<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>2016</i>	<i>2015</i>	<i>ended</i>	<i>31 December</i>
	MOP'000	MOP'000	30 June 2016	2015
	MOP'000	MOP'000	MOP'000	MOP'000
<b>Notional amounts</b>				
Forward exchange rate contracts	<u>3,506,708</u>	<u>4,825,773</u>	<u>5,052,068</u>	<u>4,006,378</u>
Interest rate swap contracts	<u>412,000</u>	<u>87,550</u>	<u>297,842</u>	<u>87,550</u>
Equity contracts	<u>3,872</u>	<u>4,159</u>	<u>3,296</u>	<u>6,331</u>

**(c) Loans to directors**

No relevant loans have been outstanding during the six months ended 30 June 2016 and at 30 June 2016 (31 December 2015: Nil).

**(d)** During the six months ended 30 June 2016, no allowance for impairment losses has been made in respect of the above advances to related parties (31 December 2015: Nil).

## **23 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.

## **23 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 principle means of managing credit risk is the credit approval process. 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 credit review system that is applied to each counterparty on a regular basis. The Bank also has limits for exposure to each individual industries and for borrowers and groups 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 credit.

The Bank undertakes ongoing credit review and monitoring at various level. 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 based on the characteristics of the retail banking products: small value but high volumes, and relatively homogeneous transactions. Monitoring the credit risk of retail exposure is based primarily on statistical analyses and portfolio review with respect to different products and types of customers. The Bank reviews and revises the product terms and customer profiles on a continual basis according to the performance of respective portfolios and the market practices.

#### **(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.

#### **(iv) Concentrations of credit risk**

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly 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 from immediate holding company and fellow subsidiaries.

Analysis of credit risk concentration by economic sector of respective financial assets is disclosed in notes 9 to 13.



## **23 Financial risk management (continued)**

### **(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 Treasurer under the direction of ALMCO. ALMCO, which comprises personnel from senior management, treasury function, risk management, financial management and other business areas 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 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 details of the analysis of the Bank's material assets and liabilities into relevant maturity groupings based on the remaining periods at reporting date to the contractual maturity date.

## 23 Financial risk management (continued)

### (b) Liquidity risk management (continued)

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

30 June 2016

	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	Total MOP'000
<b>Assets</b>								
Cash and balances with banks, central banks and other financial institutions	1,141,756	127,939	-	-	-	-	1,089	1,270,784
Trade bills	3,762	4,586	3,422	-	-	-	-	11,770
Trading assets	-	-	-	-	-	-	35,115	35,115
Advances to customers	316,163	589,640	538,879	2,209,651	6,663,723	11,054,536	-	21,372,592
Amounts due from immediate holding company and fellow subsidiaries	85,081	4,213,137	2,255,874	1,736,827	-	-	-	8,290,919
Available-for-sale financial assets	197,232	251,993	531,805	1,405,317	544,685	51,446	-	2,982,478
Other assets	35,685	73,497	47,466	11,695	258	-	651,381	819,982
	<u>1,779,679</u>	<u>5,260,792</u>	<u>3,377,446</u>	<u>5,363,490</u>	<u>7,208,666</u>	<u>11,105,982</u>	<u>687,585</u>	<u>34,783,640</u>
<b>Liabilities</b>								
Deposits and balances of banks, central banks and other financial institutions	2,161	-	-	-	-	-	-	2,161
Deposits from customers	13,368,871	6,397,785	6,385,345	4,224,696	103,600	-	-	30,480,297
Trading liabilities	-	-	-	-	-	-	40,168	40,168
Amounts due to immediate holding company and fellow subsidiaries	5,954	8,186	263	-	-	-	-	14,403
Other liabilities	333,603	58,325	91,162	70,724	26,072	-	101,330	681,216
	<u>13,710,589</u>	<u>6,464,296</u>	<u>6,476,770</u>	<u>4,295,420</u>	<u>129,672</u>	<u>-</u>	<u>141,498</u>	<u>31,218,245</u>
<b>Net (liability)/asset gap</b>	<u>(11,930,910)</u>	<u>(1,203,504)</u>	<u>(3,099,324)</u>	<u>1,068,070</u>	<u>7,078,994</u>	<u>11,105,982</u>	<u>546,087</u>	<u>3,565,395</u>

## 23 Financial risk management (continued)

### (b) Liquidity risk management (continued)

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

	31 December 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 5 years MOP'000	Over 5 years MOP'000	Undated MOP'000	
<b>Assets</b>								
Cash and balances with banks, central banks and other financial institutions	1,207,590	-	-	-	-	-	-	1,207,590
Placements with banks, central banks and other financial institutions	-	-	-	239,502	-	-	-	239,502
Trade bills	731	4,448	4,311	-	-	-	-	9,490
Trading assets	-	-	-	-	-	-	68,281	68,281
Advances to customers	410,564	953,608	725,864	2,664,083	6,488,128	10,988,298	-	22,230,545
Amounts due from immediate holding company and fellow subsidiaries	76,734	5,051,591	895,133	322,316	-	-	-	6,345,774
Available-for-sale financial assets	-	342,994	175,687	159,668	913,245	84,099	179,028	1,854,721
Other assets	99,962	37,713	2,570	1,072	2,144	-	706,514	849,975
	<u>1,795,581</u>	<u>6,390,354</u>	<u>1,803,565</u>	<u>3,386,641</u>	<u>7,403,517</u>	<u>11,072,397</u>	<u>953,823</u>	<u>32,805,878</u>
<b>Liabilities</b>								
Deposits and balances of banks, central banks and other financial institutions	605	-	-	-	-	-	-	605
Deposits from customers	13,117,719	5,807,416	5,182,118	4,231,031	47,625	-	-	28,385,909
Certificates of deposit issued	-	-	-	397,915	-	-	-	397,915
Trading liabilities	-	-	-	-	-	-	107,775	107,775
Amounts due to immediate holding company and fellow subsidiaries	842	7,710	-	-	-	-	-	8,552
Other liabilities	213,130	49,638	22,876	209,999	-	-	-	495,643
	<u>13,332,296</u>	<u>5,864,764</u>	<u>5,204,994</u>	<u>4,838,945</u>	<u>47,625</u>	<u>-</u>	<u>107,775</u>	<u>29,396,399</u>
<b>Net (liability)/asset gap</b>	<u>(11,536,715)</u>	<u>525,590</u>	<u>(3,401,429)</u>	<u>(1,452,304)</u>	<u>7,355,892</u>	<u>11,072,397</u>	<u>846,048</u>	<u>3,409,479</u>

## **23 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 and derivatives instruments.

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 reviewed on a periodic basis with reference to market conditions, with any material changes requiring a review by the Board of Directors. It is the Bank's policy that no limit should be exceeded. Financial Management Department ("FMD") has been delegated the duties of intra-day monitoring and ensuring compliance with the policy and limits.

#### **(i) Interest rate risk**

The Bank's interest rate exposures arise from lending, deposit taking as well as treasury activities. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments which may apply to both banking book and trading book. 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. The Bank's interest rate risk is managed by the ALMCO within limits approved by the Board, including interest rate gap limit, product limit and PVBP limit. The Bank also uses interest rate swaps and other derivatives to manage 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.

## 23 Financial risk management (continued)

### (c) Market risk management (continued)

#### (ii) Currency risk management

The Bank's foreign exchange positions, which arise from foreign exchange dealing and commercial banking operations. All foreign exchange positions are managed by the ALMCO 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 reporting date was as follows:

#### *30 June 2016*

	<i>MOP</i>	<i>HKD</i>	<i>USD</i>	<i>CNY</i>	<i>Others</i>	<i>Total</i>
Total assets	32.4%	58.1%	3.6%	3.0%	2.9%	100%
Total liabilities	<u>35.9%</u>	<u>52.0%</u>	<u>6.0%</u>	<u>3.2%</u>	<u>2.9%</u>	<u>100%</u>
Net position	<u>(3.5)%</u>	<u>6.1%</u>	<u>(2.4)%</u>	<u>(0.2)%</u>	<u>-</u>	<u>-</u>

#### *31 December 2015*

	<i>MOP</i>	<i>HKD</i>	<i>USD</i>	<i>CNY</i>	<i>Others</i>	<i>Total</i>
Total assets	31.6%	51.8%	10.2%	3.3%	3.1%	100%
Total liabilities	<u>35.2%</u>	<u>45.6%</u>	<u>8.0%</u>	<u>8.1%</u>	<u>3.1%</u>	<u>100%</u>
Net position	<u>(3.6)%</u>	<u>6.2%</u>	<u>2.2%</u>	<u>(4.8)%</u>	<u>-</u>	<u>-</u>

## **23 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 long-standing 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 of probity.

### **(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 are calculated in accordance with Basel II requirements under the AMCM and HKMA regulations.

Capital is allocated to various activities of the Bank depending on the risk taken by each business division. 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 2016 and the year ended 31 December 2015 and are well above the minimum required ratio set by the AMCM and the HKMA.

## **24 Fair values**

### **(a) *Financial instruments measured 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 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.
- (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.

## 24 Fair values (continued)

### (a) *Financial instruments measured 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 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. 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 FMD. FMD establishes procedures governing valuation, and is responsible for ensuring that these comply with all relevant accounting standards.



## 24 Fair values (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:

	<i>30 June 2016</i>			
	<i>Level 1</i> MOP'000	<i>Level 2</i> MOP'000	<i>Level 3</i> MOP'000	<i>Total</i> MOP'000
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Trading assets				
- Positive fair values of derivative financial instruments held for trading	-	35,115	-	35,115
Available-for-sale financial assets				
- Treasury bills	-	1,809,899	-	1,809,899
- Other debt securities	883,925	91,422	-	975,347
- Listed equity securities	34,718	8,305	-	43,023
- Unlisted equity securities	-	-	154,209	154,209
	<u>918,643</u>	<u>1,909,626</u>	<u>154,209</u>	<u>2,982,478</u>
<b>Liabilities</b>				
Trading liabilities				
- Negative fair values of derivative financial instruments held for trading	-	40,168	-	40,168

## 24 Fair values (continued)

### (a) Financial instruments measured at fair value (continued)

	<i>31 December 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
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Trading assets				
- Positive fair values of derivative financial instruments held for trading	-	68,281	-	68,281
Available-for-sale financial assets				
- Treasury bills	-	412,977	-	412,977
- Other debt securities	1,011,516	251,200	-	1,262,716
- Listed equity securities	35,411	8,904	-	44,315
- Unlisted equity securities	-	-	134,713	134,713
	1,046,927	673,081	134,713	1,854,721
<b>Liabilities</b>				
Trading liabilities				
- Negative fair values of derivative financial instruments held for trading	-	107,775	-	107,775

#### (i) Transfers between Level 1 and 2

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2 (31 December 2015: 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.

## 24 Fair values (continued)

### (a) Financial instruments measured 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 2016 MOP'000</i>	<i>Year ended 31 December 2015 MOP'000</i>
<b>Assets</b>		
At 1 January	134,713	93,317
Changes in fair value recognised in the other comprehensive income	19,496	41,396
At 30 June/31 December	154,209	134,713

##### Information about Level 3 fair value measurements:

	<i>Valuation techniques</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	
			<i>Six months ended 30 June 2016</i>	<i>Year ended 31 December 2015</i>
Available-for-sale unlisted equity securities	Market-comparable approach	Discount for lack of marketability	40% to 50%	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 2016, 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 MOP7,710,450 (30 June 2015: MOP 6,735,700).

## 24 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 2016 and 31 December 2015.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented in 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 unquoted 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 impairment loss and allowances 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 impairment loss and allowances from both the carrying amount and fair value.
- (iv) the fair value of unquoted equity investments is estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuers.

## 25 Restatement of prior periods

Certain comparative figures have been restated to conform with current period's presentation.

## 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 49, which comprises the statement of financial position of Banco OCBC Weng Hang, S.A. (“the Bank”) as at 30 June 2016 and the related statement of profit or loss, 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 inquiries, 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.

kpmg

**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 2016 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 September 2016

## 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>2016</i>	<i>2015</i>
Capital adequacy ratio	<u>17.5%</u>	<u>16.8%</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.

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

(b) *Components of own funds*

	<i>30 June</i> 2016 MOP'000	<i>31 December</i> 2015 MOP'000
<b>Core capital:</b>		
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	2,249,747	1,865,131
Current period/year eligible net profits	-	188,488
Total core capital	<u>2,673,947</u>	<u>2,477,819</u>
<b>Supplementary capital:</b>		
Reserves on revaluation of own premises	51,610	51,610
General provision	216,075	225,295
Total supplementary capital	<u>267,685</u>	<u>276,905</u>
<b>Deduction:</b>	<u>-</u>	<u>-</u>
Total own funds after deduction	<u>2,941,632</u>	<u>2,754,724</u>

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



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

(c) **Capital adequacy**

(i) Capital adequacy ratio

	<i>30 June</i> 2016	<i>31 December</i> 2015
Capital adequacy ratio	<u>14.56%</u>	<u>13.71%</u>

The calculation on the capital adequacy ratio is in accordance with Notice No.011/2015-AMCM.

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

(c) **Capital adequacy (continued)**

(ii) Market risk capital requirement

	30 June 2016 MOP'000	31 December 2015 MOP'000
The market risk capital requirements for		
- Interest rate risk	-	-
- Equity position risk	-	-
- Foreign exchange risk	2,417	2,376
- Commodity risk	-	-
	<u>2,417</u>	<u>2,376</u>
Weighted market risk exposures	<u>2,417</u>	<u>2,376</u>

(d) **Credit risk**

(i) Advances to customers analysed by geographical area

The geographical information is classified by the geographical location of the counterparties after taking into account any risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a geographical location which is different from that of the borrower.

	30 June 2016				
	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	19,556,610	28,181	28,559	22,401	9,049
Hong Kong	1,003,846	45	45	76	464
China	612,547	-	-	-	283
Other	231,969	-	-	-	107
	<u>21,404,972</u>	<u>28,226</u>	<u>28,604</u>	<u>22,477</u>	<u>9,903</u>

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

(d) Credit risk (continued)

(i) Advances to customers analysed by geographical area (continued)

	<i>31 December 2015</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	20,797,509	27,752	25,821	23,436	10,470
Hong Kong	839,301	-	-	-	422
China	609,805	-	-	-	307
Other	18,574	-	-	-	10
	<u>22,265,189</u>	<u>27,752</u>	<u>25,821</u>	<u>23,436</u>	<u>11,209</u>

(ii) Geographical analysis of debt securities

	<i>30 June 2016</i>		<i>31 December 2015</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	546,678	-	703,694	-
Rest of Asia-Pacific	2,080,808	-	771,166	-
Americas	77,953	-	76,170	-
Other	79,807	-	124,663	-
	<u>2,785,246</u>	<u>-</u>	<u>1,675,693</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 reporting date

	30 June 2016							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	
<b>Assets</b>								
Trade bills, loans and advances to customers	319,925	594,226	542,301	2,209,651	3,778,839	13,939,420	-	21,384,362
Cash and balances with and loans and advances to banks	1,141,756	127,939	-	-	-	-	1,089	1,270,784
Securities issued by Macao SAR Government and/or AMCM	-	251,993	531,805	1,026,101	-	-	-	1,809,899
Certificate of deposit held	-	-	-	-	49,879	-	-	49,879
Other securities	197,232	-	-	379,216	401,681	144,571	-	1,122,700
<b>Liabilities</b>								
Deposits and balances of banks and financial institutions	2,161	-	-	-	-	-	-	2,161
Deposits from public sector entities	662	-	1,210,121	1,081,905	-	-	-	2,292,688
Deposits from holding and associated companies	5,954	8,186	263	-	-	-	-	14,403
Deposits from non-bank customers	13,368,209	6,397,785	5,175,224	3,142,791	103,461	139	-	28,187,609

## 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 reporting date (continued)

	31 December 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	
<b>Assets</b>								
Trade bills, loans and advances to customers	411,295	958,056	730,175	2,664,083	3,815,438	13,660,988	-	22,240,035
Cash and balances with and loans and advances to banks	1,207,590	-	-	-	-	-	-	1,207,590
Securities issued by Macao SAR Government and/or AMCM	-	342,994	69,983	-	-	-	-	412,977
Certificates of deposit held	-	-	29,118	159,668	48,765	-	-	237,551
Other securities	-	-	76,586	-	685,065	263,514	179,028	1,204,193
<b>Liabilities</b>								
Deposits and balances of banks and financial institutions	605	-	-	-	-	-	-	605
Deposits from public sector entities	1,720	-	712,377	199,755	-	-	-	913,852
Deposits from holding and associated companies	842	7,710	-	-	-	-	-	8,552
Certificates of deposit issued	-	-	-	397,915	-	-	-	397,915
Deposits from non-bank customers	13,115,999	5,807,416	4,469,741	4,031,276	47,604	21	-	27,472,057

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>2016</i> MOP'000	<i>31 December</i> <i>2015</i> MOP'000
Gross advances to customers		
– neither past due nor impaired	21,028,202	21,932,428
– past due but not impaired	348,166	306,940
– impaired	28,604	25,821
	<u>21,404,972</u>	<u>22,265,189</u>
Of which:		
Gross advances to customers		
– Grade 1: Pass	21,217,456	22,118,843
– Grade 2: Special mention	158,912	120,525
– Grade 3: Substandard	4,200	20,944
– Grade 4: Doubtful	22,136	1,441
– Grade 5: Loss	2,268	3,436
	<u>21,404,972</u>	<u>22,265,189</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:

	30 June 2016 MOP'000	31 December 2015 MOP'000
Gross advances to customers that are past due but not impaired		
- past due 3 months or less	348,166	304,742
- 6 months or less but over 3 months	-	-
- 1 year or less but over 6 months	-	2,198
	<u>348,166</u>	<u>306,940</u>

As at 30 June 2016, there were no advances to customers that would be past due or impaired had the terms not been renegotiated (31 December 2015: 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:

	30 June 2016 MOP'000	31 December 2015 MOP'000
Fair value of collaterals and other credit enhancements held against credit facilities that are past due but not impaired	<u>1,293,758</u>	<u>1,148,787</u>

(e) **Foreign exchange risk**

	30 June 2016					Total MOP'000
	MOP MOP'000	HK\$ MOP'000	Chinese Renminbi MOP'000	US\$ MOP'000	Other currencies MOP'000	
Total net long positions	-	21,403	1,663	-	730	23,796
Total net short positions	<u>19,084</u>	<u>-</u>	<u>-</u>	<u>4,279</u>	<u>433</u>	<u>23,796</u>

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

(e) Foreign exchange risk (continued)

	31 December 2015					Total MOP'000
	MOP	HK\$	Chinese	US\$	Other	
	MOP'000	MOP'000	Renminbi MOP'000	MOP'000	currencies MOP'000	
Total net long positions	748	-	-	61,035	2,368	64,151
Total net short positions	-	61,898	1,666	-	587	64,151

  

	30 June 2016			
	HK\$	Chinese	US\$	Total
	MOP'000	Renminbi MOP'000	MOP'000	MOP'000
Spot assets	20,213,470	1,034,611	1,251,382	22,499,463
Spot liabilities	18,089,771	1,114,257	2,079,467	21,283,495
Forward purchases	457,246	658,051	1,950,442	3,065,739
Forward sales	2,559,542	576,742	1,126,636	4,262,920
Net option positions	-	-	-	-
Net long/(short) positions	21,403	1,663	(4,279)	18,787

  

	31 December 2015			
	HK\$	Chinese	US\$	Total
	MOP'000	Renminbi MOP'000	MOP'000	MOP'000
Spot assets	17,013,668	1,086,361	3,358,315	21,458,344
Spot liabilities	14,951,429	2,659,101	2,625,706	20,236,236
Forward purchases	239,566	2,625,685	2,383,239	5,248,490
Forward sales	2,363,703	1,054,611	3,054,813	6,473,127
Net option positions	-	-	-	-
Net long/(short) positions	(61,898)	(1,666)	61,035	(2,529)



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

(f) *Liquidity risk*

	<i>30 June</i> 2016 MOP'000	<i>31 December</i> 2015 MOP'000
Average minimum weekly cash in hand	702,615	657,176
Average weekly cash in hand	1,123,774	901,738
Average month-end specified liquid assets	<u>11,442,062</u>	<u>10,422,549</u>
	<i>30 June</i> 2016 %	<i>31 December</i> 2015 %
Average month-end ratio of specified liquid assets to total basic liabilities	37.6	34.8
Average one-month liquidity ratio	47.4	45.5
Average three-months liquidity ratio	<u>40.5</u>	<u>38.2</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> 2016 MOP'000	<i>31 December</i> 2015 MOP'000
Increase in 10 basis points	3,888	4,057
Decrease in 10 basis points	<u>(3,888)</u>	<u>(4,057)</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 2016

資產負債表於二零一六年六月三十日

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	558,080,329		558,080,329
DEPÓSITOS NA AMCM AMCM 存款	539,198,959		539,198,959
VALORES A COBRAR 應收賬項	285,225,469		285,225,469
DEPÓSITOS À ORDEM NOUTRAS INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 在本地之其他信用機構活期 存款	36,662,527		36,662,527
DEPÓSITOS À ORDEM NO EXTERIOR 在外地之其他信用機構活期 存款	93,984,673		93,984,673
OURO E PRATA 金,銀			
OUTROS VALORES 其他流動資產			
CRÉDITO CONCEDIDO 放款	21,308,571,153	1,817,300	21,306,753,853
APLICAÇÕES EM INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 在本澳信用機構拆放	1,864,446,080		1,864,446,080
DEPÓSITOS COM PRÉ-AVISO E A PRAZO NO EXTERIOR 在外地信用機構之通知及定期存款	8,182,664,934		8,182,664,934
ACCÇÕES, OBRIGAÇÕES E QUOTAS 股票,債券及股權	998,740,779		998,740,779

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 2016  
資產負債表於二零一六年六月三十日

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	895,515		895,515
OUTRAS APLICAÇÕES 其他投資	49,879,299		49,879,299
PARTICIPAÇÕES FINANCEIRAS 財務投資	72,770,613		72,770,613
IMÓVEIS 不動產	633,431,218	37,051,852	596,379,366
EQUIPAMENTO 設備	185,898,663	140,424,494	45,474,169
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	110,053,363		110,053,363
TOTAIS 總額	34,920,503,574	179,293,646	34,741,209,928

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 2016

資產負債表於二零一六年六月三十日

MOP  
澳門幣

PASSIVO 負債	SUB-TOTAIS 小結	TOTAIS 總額
DEPÓSITOS À ORDEM 活期存款	13,334,361,142	
DEPÓSITOS C / PRÉ-AVISO 通知存款		
DEPÓSITOS A PRAZO 定期存款	14,841,123,626	
DEPÓSITOS DE SECTOR PUBLICO 公共機構存款	2,292,687,512	30,468,172,280
RECURSOS DE INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 本地信用機構資金	342,764	
RECURSOS DE OUTRAS ENTIDADES LOCAIS 其他本地機構資金		
EMPRÉSTIMOS EM MOEDAS EXTERNAS 外幣借款	15,438,663	
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	211,755,605	
CREDORES 債權人	32,828,680	
EXIGIBILIDADES DIVERSAS 各項負債	84,069,940	344,435,652

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 2016

資產負債表於二零一六年六月三十日

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		332,643,705
PROVISÕES PARA RISCOS DIVERSOS 各項風險備用金		9,903,497
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	540,382,951	
*OUTRAS RESERVAS 其他儲備	183,910,213	1,148,493,164
RESULTADOS TRANSITADOS DE EXERCÍCIOS ANTERIORES 歷年營業結果	2,249,746,905	
RESULTADO DO EXERCÍCIO 本年營業結果	187,814,725	2,437,561,630
TOTAIS 總額		34,741,209,928

## 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 183,910,213 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 22,261,482) 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 183,910,213 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 22,261,482 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	6,725,182,632
VALORES RECEBIDOS PARA COBRANÇA 代收賬	17,533,346
VALORES RECEBIDOS EM CAUÇÃO 抵押賬	39,057,024,509
GARANTIAS E AVALES PRESTADOS 保證及擔保付款	175,941,996
CRÉDITOS ABERTOS 信用狀	35,277,229
ACEITES EM CIRCULAÇÃO 承兌匯票	82,567,753
VALORES DADOS EM CAUÇÃO 代付保證金	
COMPRAS A PRAZO 期貨買入	4,265,739,383
VENDAS A PRAZO 期貨賣出	4,262,919,648
OUTRAS CONTAS EXTRAPATRIMONIAIS 其他備查賬	3,636,255,641

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 2016

二零一六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
CUSTOS DE OPERAÇÕES PASSIVAS 負債業務成本	124,231,193	PROVEITOS DE OPERAÇÕES ACTIVAS 資產業務收益	390,624,306
CUSTOS COM PESSOAL 人事費用		PROVEITOS DE SERVIÇOS BANCÁRIOS 銀行服務收益	49,573,702
REMUNERAÇÕES DOS ÓRGÃOS DE GESTÃO E FISCALIZAÇÃO 董事及監察會開支	49,980	PROVEITOS DE OUTRAS OPERAÇÕES BANCÁRIAS 其他銀行業務收益	34,015,723
REMUNERAÇÕES DE EMPREGADOS 職員開支	69,622,878	RENDIMENTOS DE TÍTULOS DE CRÉDITO E DE PARTICIPAÇÕES FINANCEIRAS 證券及財務投資收益	17,942,034
ENCARGOS SOCIAIS 固定職員福利	25,529,575	OUTROS PROVEITOS BANCÁRIOS 其他銀行收益	16,688,394
OUTROS CUSTOS COM O PESSOAL 其他人事費用	714,318	PROVEITOS INORGÂNICOS 非正常業務收益	72,422
FORNECIMENTOS DE TERCEIROS 第三者作出之供應	3,870,337		
SERVIÇOS DE TERCEIROS 第三者提供之勞務	23,470,376		
OUTROS CUSTOS BANCÁRIOS 其他銀行費用	36,030,774		
IMPOSTOS 稅項	461,540		
CUSTOS INORGÂNICOS 非正常業務費用	247,189		



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 2016

二零一六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	18,836,932		
DOTAÇÕES PARA PROVISÕES 備用金之撥款	695,752		
LUCRO DA EXPLORAÇÃO 營業利潤	205,155,737		
TOTAL 總額	508,916,581	TOTAL 總額	508,916,581

## 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

MOP  
澳門幣

Débito 借方	MONTANTE 金額	Crédito 貸方	MONTANTE 金額
PREJUÍZO DE EXPLORAÇÃO 營業損失		LUCRO DE EXPLORAÇÃO 營業利潤	205,155,737
PERDAS RELATIVAS A EXERCÍCIOS ANTERIORES 歷年之損失	2,960,066	LUCROS RELATIVOS A EXERCÍCIOS ANTERIORES 歷年之利潤	695,752
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	26,070,764	PROVISÕES UTILIZADAS 備用金之使用	2,960,066
DOTAÇÕES ADICIONAIS PARA PROVISÕES CONFORME RJSF 根據金融體系法律制度增撥的備用金		DOTAÇÕES REDUÇÃO PARA PROVISÕES CONFORME RJSF 根據金融體系法律制度減撥的備用金	8,034,000
RESULTADO DO EXERCÍCIO (SE POSITIVO) 營業結果 (盈餘)	187,814,725		
TOTAL 總額	216,845,555	TOTAL 總額	216,845,555



**華僑永亨銀行**  
**OCBC WING HANG**

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