



華僑永亨銀行
OCBC WING HANG

2017

Interim Report

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

30 June 2017

Unaudited Income Statement for the six months ended 30 June 2017 (Expressed in thousands of Macau Patacas)

| | Note | Six months ended 30 June 2017 MOP'000 | 2016 MOP'000 |
|---|------|---|-----------------|
| Interest income | 3(a) | 369,352 | 407,406 |
| Interest expense | 3(b) | (82,642) | (124,231) |
| Net interest income | | 286,710 | 283,175 |
| Net fees and commission income | 3(c) | 71,832 | 67,232 |
| Net losses from financial instruments held for trading | | (4,270) | (3,466) |
| Other income | 3(d) | 18,719 | 33,012 |
| Operating income | | 372,991 | 379,953 |
| Operating expenses | 3(e) | (177,324) | (174,423) |
| Operating profit before impairment losses and allowances charged on loans and advances | | 195,667 | 205,530 |
| Impairment losses and allowances charged on loans and advances | 3(f) | (6,452) | - |
| Operating profit | | 189,215 | 205,530 |
| Net (losses)/gains on disposal of tangible fixed assets | | (41) | 18 |
| Net gains on disposal of available-for-sale financial assets | 4 | 5 | 304 |
| Profit before taxation | | 189,179 | 205,852 |
| Taxation | 5 | (23,241) | (25,107) |
| Profit for the period | | 165,938 | 180,745 |

Unaudited Income Statement for the six months ended 30 June 2017 (continued) (Expressed in thousands of Macau Patacas)

| | Note | Six months ended 30 June 2017 MOP'000 | 2016 MOP'000 |
|---|----------|---|-----------------|
| Effects of write back of impairment allowances for loans in accordance with Autoridade Monetaria de Macau ("AMCM") rules | | | |
| Profit after taxation | | 165,938 | 180,745 |
| Write back of impairment allowances in accordance with AMCM rules, net of tax | 15(b)(v) | 2,052 | 7,070 |
| Profit after taxation under AMCM rules | | 167,990 | 187,815 |

The notes on pages 8 to 43 form part of this unaudited interim financial statements.

Unaudited Balance Sheet at 30 June 2017

(Expressed in thousands of Macau Patacas)

| | Note | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|-----------|----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and balances with banks, central banks and other financial institutions | 6 | 918,944 | 1,159,051 |
| Trade bills | 7 | 3,775 | 11,687 |
| Trading assets | 8 | 43,020 | 26,264 |
| Advances to customers and other accounts | 9 | 21,014,319 | 21,308,776 |
| Amounts due from immediate holding company and fellow subsidiaries | 19(b)(ii) | 5,227,624 | 4,673,231 |
| Available-for-sale financial assets | 11 | 4,955,318 | 4,057,982 |
| Tangible fixed assets | 12 | 672,264 | 655,621 |
| Total assets | | <u>32,835,264</u> | <u>31,892,612</u> |

Unaudited Balance Sheet at 30 June 2017 (continued)

(Expressed in thousands of Macau Patacas)

| | Note | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|-----------|----------------------------|--------------------------------|
| EQUITY AND LIABILITIES | | | |
| Deposits and balances of banks, central banks and other financial institutions | | 104,388 | 2,115 |
| Current, fixed, savings and other deposits of customers | | 28,226,700 | 27,789,727 |
| Trading liabilities | 13 | 39,251 | 28,150 |
| Current tax payable | | 73,329 | 49,809 |
| Deferred tax liabilities | | 119,243 | 106,668 |
| Other liabilities | 14 | 464,215 | 359,265 |
| Amounts due to immediate holding company and fellow subsidiaries | 19(b)(ii) | 20,643 | 38,634 |
| Total liabilities | | <u>29,047,769</u> | <u>28,374,368</u> |
| Share capital | 15(a) | 120,000 | 120,000 |
| Reserves | | 3,667,495 | 3,398,244 |
| Total equity | | <u>3,787,495</u> | <u>3,518,244</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>32,835,264</u> | <u>31,892,612</u> |

Approved and authorised for issue by the Board of Directors on 12 SEP 2017

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) Na Wu Beng
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) Cheong Kin Hong
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The notes on pages 8 to 43 form part of this unaudited interim financial statements.

Unaudited Statement of Changes in Equity
for the six months ended 30 June 2017
(Expressed in thousands of Macau Patacas)

| | | Six months ended 30 June 2017 | | | | | | |
|--|----------|-----------------------------------|----------------------------|--------------------------|--|---|-------------------------------|-------------------------|
| | Note | Share capital MOP'000 | General reserve MOP'000 | Legal reserve MOP'000 | Bank premises revaluation reserve MOP'000 | Investment revaluation reserve MOP'000 | Regulatory reserve MOP'000 | Total equity MOP'000 |
| At 1 January 2017 | | 120,000 | 184,200 | 120,000 | 413,725 | 188,039 | 180,473 | 3,518,244 |
| Dividends paid | | - | - | - | - | - | - | - |
| Appropriation from regulatory reserve net of tax | 15(b)(v) | - | - | - | - | - | (2,052) | - |
| Surplus on revaluation of bank premises net of tax | | - | - | - | 31,260 | - | - | 31,260 |
| Fair value changes of available-for-sale financial assets net of tax | | - | - | - | - | 70,969 | - | 70,969 |
| Transfer from reserve | | - | - | - | (7,953) | - | - | - |
| Transfer from deferred tax liabilities | | - | - | - | - | - | - | 1,084 |
| Profit for the period | | - | - | - | - | - | - | 165,938 |
| At 30 June 2017 | | <u>120,000</u> | <u>184,200</u> | <u>120,000</u> | <u>437,032</u> | <u>259,008</u> | <u>178,421</u> | <u>3,787,495</u> |
| | | Six months ended 31 December 2016 | | | | | | |
| | | Share capital MOP'000 | General reserve MOP'000 | Legal reserve MOP'000 | Bank premises revaluation reserve MOP'000 | Investment revaluation reserve MOP'000 | Regulatory reserve MOP'000 | Total equity MOP'000 |
| At 1 July 2016 | | 120,000 | 184,200 | 120,000 | 391,127 | 149,255 | 163,251 | 3,565,395 |
| Dividends paid | | - | - | - | - | - | - | (300,000) |
| Appropriation to regulatory reserve net of tax | | - | - | - | - | - | 17,222 | (17,222) |
| Surplus on revaluation of bank premises net of tax | | - | - | - | 29,318 | - | - | 29,318 |
| Fair value changes of available-for-sale financial assets net of tax | | - | - | - | - | 38,784 | - | 38,784 |
| Transfer from reserve | | - | - | - | (6,720) | - | - | 6,720 |
| Profit for the period | | - | - | - | - | - | - | 184,747 |
| At 31 December 2016 | | <u>120,000</u> | <u>184,200</u> | <u>120,000</u> | <u>413,725</u> | <u>188,039</u> | <u>180,473</u> | <u>3,518,244</u> |

Unaudited Statement of Changes in Equity
for the six months ended 30 June 2017 (continued)
(Expressed in thousands of Macau Patacas)

| | Note | Six months ended 30 June 2016 | | | | | | | Total equity MOP'000 |
|--|----------|-------------------------------|----------------------------|--------------------------|--|---|-------------------------------|-----------------------------------|-------------------------|
| | | Share capital MOP'000 | General reserve MOP'000 | Legal reserve MOP'000 | Bank premises revaluation reserve MOP'000 | Investment revaluation reserve MOP'000 | Regulatory reserve MOP'000 | Unappropriated profits MOP'000 | |
| At 1 January 2016 | | 120,000 | 184,200 | 120,000 | 443,512 | 129,233 | 170,321 | 2,242,213 | 3,409,479 |
| Dividends paid | | - | - | - | - | - | - | - | - |
| Appropriation from regulatory reserve net of tax | 15(b)(v) | - | - | - | - | - | (7,070) | 7,070 | - |
| Deficit on revaluation of bank premises net of tax | | - | - | - | (44,851) | - | - | - | (44,851) |
| Fair value changes of available-for-sale financial assets net of tax | | - | - | - | - | 20,022 | - | - | 20,022 |
| Transfer from reserve | | - | - | - | (7,534) | - | - | 7,534 | - |
| Profit for the period | | - | - | - | - | - | - | 180,745 | 180,745 |
| At 30 June 2016 | | <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> |

The notes on pages 8 to 43 form part of this unaudited interim financial statements.

Unaudited Cash Flow Statement for the six months ended 30 June 2017 (Expressed in thousands of Macau Patacas)

| | Note | Six months ended 30 June 2017 MOP'000 | 2016 MOP'000 |
|---|-------|---|-----------------|
| Net cash (used in)/generated from operating activities | 18(a) | (760,393) | 860,991 |
| Investing activities | | | |
| Purchase of tangible fixed assets | 12 | (862) | (5,198) |
| Proceeds from sale of tangible fixed assets | | 32 | 72 |
| Purchase of available-for-sale financial assets | | (3,329,956) | (1,495,071) |
| Proceeds from redemption of available-for-sale financial assets | | 1,735,861 | 296,990 |
| Dividends received | 3(d) | 4,715 | 4,323 |
| Net cash used in investing activities | | (1,590,210) | (1,198,884) |
| Net decrease in cash and cash equivalents | | (2,350,603) | (337,893) |
| Cash and cash equivalents at 1 January | | 5,891,959 | 7,210,356 |
| Cash and cash equivalents at 30 June | 18(b) | 3,541,356 | 6,872,463 |
| Cash flows from operating activities include: | | | |
| Interest received | | 376,620 | 414,427 |
| Interest paid | | 79,590 | 128,956 |

The notes on pages 8 to 43 form part of this unaudited interim financial statements.

Notes to the unaudited interim financial statements (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

The interim financial statements have been prepared in accordance with the requirements as set out in Decree-Law No. 32/93/M and the Financial Reporting Standards ("MFRSs") issued under Administrative Regulation No. 25/2005 of the Macau Special Administrative Region ("Macau SAR"). The interim financial statements have been prepared under the historical cost basis, except for the trading assets and liabilities, bank premises held for administrative use and available-for-sale financial assets, which have been measured at fair value.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements. The Bank has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The interim financial statements are 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 page 44 to 45.

In preparing the interim financial statements, 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.

The interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the MFRSs issued under Administrative Regulation No. 25/2005 of the Macau SAR. 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 2016 annual financial statements.

The financial information relating to the financial year ended 31 December 2016 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 2016 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 2017.

3 Operating profit

| | | <i>Six months ended 30 June</i> | |
|------------|--|---------------------------------|----------------|
| | | <i>2017</i> | <i>2016</i> |
| | | <i>MOP'000</i> | <i>MOP'000</i> |
| (a) | <i>Interest income</i> | | |
| | Interest income arising from: | | |
| | – financial assets not measured at fair value through profit or loss | 369,352 | 407,406 |
| | of which: | | |
| | – interest income from listed investments | 8,699 | 12,958 |
| | – interest income from unlisted investments | 22,512 | 9,997 |
| | – interest income from impaired financial assets | 141 | - |
| (b) | <i>Interest expense</i> | | |
| | Interest expense arising from: | | |
| | – financial liabilities not measured at fair value through profit or loss | 81,287 | 122,642 |
| | – trading liabilities | 1,355 | 1,589 |
| | | 82,642 | 124,231 |
| | of which: | | |
| | – interest expense on current, fixed, savings and other deposits of customers | 74,208 | 114,767 |
| | – interest expense on deposits and balances of banks, central banks and other financial institutions | 7,079 | 7,875 |
| (c) | <i>Net fee and commission income</i> | | |
| | Fees and commission income | | |
| | – Deposit related business | 7,110 | 6,216 |
| | – Loan related business | 6,101 | 8,402 |
| | – Trade finance business | 3,758 | 3,840 |
| | – Credit cards | 23,016 | 22,593 |
| | – Stock-broking fees | 13,639 | 10,627 |
| | – Wealth management fees | 5,484 | 2,941 |
| | – Other agency commissions | 11,900 | 11,798 |
| | – Others | 824 | 815 |
| | | 71,832 | 67,232 |

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

3 Operating profit (continued)

| | | <i>Six months ended 30 June</i> | |
|------------|--|---------------------------------|----------------|
| | | <i>2017</i> | <i>2016</i> |
| | | <i>MOP'000</i> | <i>MOP'000</i> |
| (d) | <i>Other income</i> | | |
| | Dividend income | 4,715 | 4,323 |
| | Gains arising from dealing in foreign currencies | 12,981 | 27,948 |
| | Others | 1,023 | 741 |
| | | <u>18,719</u> | <u>33,012</u> |
| (e) | <i>Operating expenses</i> | | |
| | Salaries and other staff costs | 90,833 | 90,545 |
| | Retirement benefit costs | 5,938 | 5,992 |
| | | <u>96,771</u> | <u>96,537</u> |
| | Premises and equipment expense, excluding depreciation | 11,749 | 9,049 |
| | Depreciation (note 12) | 19,667 | 18,837 |
| | Operating lease charges | 1,073 | 1,492 |
| | Auditors' remuneration | 411 | 355 |
| | Others | 47,653 | 48,153 |
| | | <u>177,324</u> | <u>174,423</u> |
| (f) | <i>Impairment losses and allowances charged on loans and advances</i> | | |
| | Impairment losses charged on loans and advances (note 10) | | |
| | Individually assessed | 6,452 | 1,306 |
| | Collectively assessed | - | (1,306) |
| | | <u>6,452</u> | <u>-</u> |

4 Net gains on disposal of available-for-sale financial assets

| | <i>Six months ended 30 June</i> | |
|--|---------------------------------|----------------|
| | <i>2017</i> | <i>2016</i> |
| | <i>MOP'000</i> | <i>MOP'000</i> |
| Net unrealised gains transferred from investment revaluation reserve upon disposal | 17 | 263 |
| Net (losses)/gains on disposal of available-for-sale financial assets | (12) | 41 |
| | <u>5</u> | <u>304</u> |

5 Taxation

| | <i>Six months ended 30 June</i> | |
|---|---------------------------------|----------------|
| | <i>2017</i> | <i>2016</i> |
| | <i>MOP'000</i> | <i>MOP'000</i> |
| Current tax - Provision for Macau Complementary Tax | | |
| Provision for the period | 23,520 | 26,070 |
| Current tax - The People's Republic of China ("PRC") withholding tax | | |
| Provision for the period | 1 | 1 |
| Deferred taxation | | |
| Origination and reversal of temporary differences (note 15(b)(v)) | (280) | (964) |
| | <u>23,241</u> | <u>25,107</u> |

The provision for Macau Complementary Tax is calculated at 12% (2016: 12%) of the estimated assessable profits for the six months ended 30 June 2017.

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

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

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|-----------------------------|-------------------------------------|---|
| Cash balances | 306,240 | 421,665 |
| Balances with central banks | 558,925 | 571,322 |
| Balances with banks | 53,779 | 166,064 |
| | <u>918,944</u> | <u>1,159,051</u> |

7 Trade bills

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|-------------|-------------------------------------|---|
| Trade bills | <u>3,775</u> | <u>11,687</u> |

During the six months ended 30 June 2017, no impairment allowances was made in respect of the above trade bills (31 December 2016: Nil).

8 Trading assets

Trading assets represent positive fair values of derivative financial instruments held for trading amounting to MOP43,020,000 (31 December 2016: MOP26,264,000) and include balances with the immediate holding company amounting to MOP32,673,000 (31 December 2016: MOP11,797,000).

9 Advances to customers and other accounts

(a) Advances to customers and other accounts

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|---|----------------------------|--------------------------------|
| Gross advances to customers | 20,770,157 | 21,102,568 |
| Individual impairment allowances for impaired loans and advances (note 10) | (7,204) | (3,665) |
| Collective impairment allowances for loans and advances (note 10) | (7,830) | (7,830) |
| | <u>20,755,123</u> | <u>21,091,073</u> |
| Customer liability under acceptances | 94,762 | 92,820 |
| Accrued interest | 30,063 | 37,331 |
| Other accounts | 134,371 | 87,552 |
| | <u>21,014,319</u> | <u>21,308,776</u> |

9 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.

| | 30 June 2017 | | 31 December 2016 | |
|--|--|---|--|---|
| | Gross advances to customers MOP'000 | Impaired advances to customers MOP'000 | Gross advances to customers MOP'000 | Impaired advances to customers MOP'000 |
| Advances for use in Macau | | | | |
| <i>Industrial, commercial and financial</i> | | | | |
| Property development | 410,802 | - | 889,035 | - |
| Property investment | 2,006,209 | - | 2,101,474 | - |
| Financial concerns | 164,146 | - | 76,683 | - |
| Wholesale and retail trade | 531,860 | 3,430 | 617,456 | 364 |
| Manufacturing | 102,597 | - | 120,176 | - |
| Transport and transport equipment | 163,186 | - | 176,164 | - |
| Information technology | 7,398 | - | 8,269 | - |
| Share financing | 83,047 | - | 111,933 | - |
| Others | 1,498,441 | 1,955 | 722,613 | 180 |
| <i>Individuals</i> | | | | |
| Advances for the purchase of residential properties | 11,423,641 | 3,674 | 11,646,294 | 3,288 |
| Credit card advances | 191,259 | 441 | 213,134 | 350 |
| Others | 3,587,544 | 4,404 | 3,868,847 | 6,085 |
| | <u>20,170,130</u> | <u>13,904</u> | <u>20,552,078</u> | <u>10,267</u> |
| Trade finance | 344,715 | - | 348,156 | - |
| Advances for use outside Macau | <u>255,312</u> | <u>-</u> | <u>202,334</u> | <u>-</u> |
| | <u><u>20,770,157</u></u> | <u><u>13,904</u></u> | <u><u>21,102,568</u></u> | <u><u>10,267</u></u> |

9 Advances to customers and other accounts (continued)

(c) Impaired advances to customers

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

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|---|-------------------------------------|---|
| Gross impaired advances to customers | <u>13,904</u> | <u>10,267</u> |
| Gross impaired advances to customers as a percentage of total advances to customers | <u>0.07%</u> | <u>0.05%</u> |
| Market value of collateral held with respect to impaired advances to customers | <u>5,493</u> | <u>4,510</u> |
| Individual impairment allowances | <u>7,204</u> | <u>3,665</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 2017 and 31 December 2016.

(d) Repossessed assets

At 30 June 2017 and 31 December 2016, the Bank did not hold any repossessed assets.

10 Impairment allowances on loans and advances to customers

| | <i>Six months ended 30 June 2017</i> | | |
|--|--------------------------------------|------------------------------|-------------------------|
| | <i>Individual</i> MOP'000 | <i>Collective</i> MOP'000 | <i>Total</i> MOP'000 |
| At 1 January 2017 | 3,665 | 7,830 | 11,495 |
| Additions | 9,014 | 666 | 9,680 |
| Releases | (2,562) | (666) | (3,228) |
| Net charge to income statement (note 3(f)) | 6,452 | - | 6,452 |
| Recoveries of advances written off in prior years | 1,112 | - | 1,112 |
| Amounts written off | (4,025) | - | (4,025) |
| At 30 June 2017 (note 9(a)) | <u>7,204</u> | <u>7,830</u> | <u>15,034</u> |

| | <i>Year ended 31 December 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 |
| Additions | 6,735 | 1,514 | 8,249 |
| Releases | (1,842) | (4,893) | (6,735) |
| Net charge to income statement | 4,893 | (3,379) | 1,514 |
| Recoveries of advances written off in prior years | 1,746 | - | 1,746 |
| Amounts written off | (26,410) | - | (26,410) |
| At 31 December 2016 (note 9(a)) | <u>3,665</u> | <u>7,830</u> | <u>11,495</u> |

11 Available-for-sale financial assets

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|--|-------------------------------------|---|
| Debt securities | | |
| Issued by sovereigns - unlisted (Treasury bills) | 3,844,436 | 2,883,211 |
| Issued by corporates - listed | 416,653 | 604,513 |
| Issued by corporates - unlisted | 96,319 | 91,077 |
| Issued by financial institutions - listed | 31,069 | 29,036 |
| Issued by financial institutions - unlisted | 242,628 | 200,287 |
| | <hr/> 4,631,105 <hr/> | <hr/> 3,808,124 <hr/> |
| Equity securities | | |
| Issued by financial institutions - unlisted | 270,234 | 205,274 |
| Issued by financial institutions - listed | 53,979 | 44,584 |
| | <hr/> 324,213 <hr/> | <hr/> 249,858 <hr/> |
| | <hr/> 4,955,318 <hr/> | <hr/> 4,057,982 <hr/> |

12 Tangible fixed assets

| | <i>Six months ended 30 June 2017</i> | | |
|---|--------------------------------------|--|--------------------------|
| | <i>Bank premises MOP'000</i> | <i>Furniture, fixtures, equipment and motor vehicles MOP'000</i> | <i>Total MOP'000</i> |
| At cost or valuation: | | | |
| At 1 January 2017 | 653,042 | 188,595 | 841,637 |
| Additions | - | 862 | 862 |
| Disposals | - | (858) | (858) |
| Surplus on revaluation | 35,522 | - | 35,522 |
| Elimination of accumulated depreciation on revalued bank premises | (9,731) | - | (9,731) |
| At 30 June 2017 | <u>678,833</u> | <u>188,599</u> | <u>867,432</u> |
| Accumulated depreciation: | | | |
| At 1 January 2017 | 38,176 | 147,840 | 186,016 |
| Charge for the period (note 3(e)) | 10,855 | 8,812 | 19,667 |
| Written back on disposals | - | (784) | (784) |
| Elimination of accumulated depreciation on revalued bank premises | (9,731) | - | (9,731) |
| At 30 June 2017 | <u>39,300</u> | <u>155,868</u> | <u>195,168</u> |
| Net book value: | | | |
| At 30 June 2017 | <u>639,533</u> | <u>32,731</u> | <u>672,264</u> |

12 Tangible fixed assets (continued)

| | <i>Year ended 31 December 2016</i> | | |
|---|--------------------------------------|--|--------------------------|
| | <i>Bank premises MOP'000</i> | <i>Furniture, fixtures, equipment and motor vehicles MOP'000</i> | <i>Total MOP'000</i> |
| At cost or valuation: | | | |
| At 1 January 2016 | 692,600 | 184,291 | 876,891 |
| Additions | 26 | 9,706 | 9,732 |
| Disposals | - | (5,402) | (5,402) |
| Deficit on revaluation | (23,026) | - | (23,026) |
| Elimination of accumulated depreciation on revalued bank premises | (16,558) | - | (16,558) |
| At 31 December 2016 | <u>653,042</u> | <u>188,595</u> | <u>841,637</u> |
| Accumulated depreciation: | | | |
| At 1 January 2016 | 35,929 | 134,448 | 170,377 |
| Charge for the year | 18,805 | 18,673 | 37,478 |
| Written back on disposals | - | (5,281) | (5,281) |
| Elimination of accumulated depreciation on revalued bank premises | (16,558) | - | (16,558) |
| At 31 December 2016 | <u>38,176</u> | <u>147,840</u> | <u>186,016</u> |
| Net book value: | | | |
| At 31 December 2016 | <u>614,866</u> | <u>40,755</u> | <u>655,621</u> |

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 30 June 2017, 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.

12 Tangible fixed assets (continued)

(a) Fair value measurement of properties

- (i) The surplus on revaluation on bank premises held for administrative use net of deferred tax for the six months ended of 30 June 2017 of MOP31,260,000 (31 December 2016: deficit on revaluation net of deferred tax of MOP15,533,000) have been recognised in equity and accumulated in the bank premises revaluation reserve.
- (ii) The carrying amount of the bank premises held for administrative use would have been MOP44,979,000 (31 December 2016: MOP45,672,000) at 30 June 2017 had they been stated at cost less accumulated depreciation.

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

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|-------------------------|-------------------------------------|---|
| Freehold held in Macau | 270,188 | 260,790 |
| Leasehold held in Macau | | |
| – Short-term leases | 369,345 | 354,076 |
| | <u>639,533</u> | <u>614,866</u> |

13 Trading liabilities

Trading liabilities represent negative fair values of derivative financial instruments held for trading amounting to MOP39,251,000 (31 December 2016: MOP28,150,000) and include balances with the immediate holding company amounting to MOP13,161,000 (31 December 2016: MOP20,396,000) .

14 Other liabilities

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|--|-------------------------------------|---|
| Interest payable | 36,311 | 33,259 |
| Acceptances outstanding | 94,762 | 92,820 |
| Provisions for liabilities and accrued charges | 55,333 | 55,103 |
| Cashier order | 121,047 | 81,876 |
| Others | 156,762 | 96,207 |
| | <u>464,215</u> | <u>359,265</u> |

15 Share capital and reserves

(a) Share capital

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|---|-------------------------------------|---|
| Authorised, issued and fully paid: | | |
| 1,200,000 ordinary shares of MOP100 each | <u>120,000</u> | <u>120,000</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at 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.

(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.

15 Share capital and reserves (continued)

(v) Regulatory reserve

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

| | <i>30 June</i> <i>2017</i> MOP'000 | <i>30 June</i> <i>2016</i> MOP'000 |
|--|--|--|
| Decrease in impairment allowances for general provision | (2,692) | (8,034) |
| Specific provision recognised under IAS but not under AMCM rules | 360 | - |
| Net decrease in impairment allowances under AMCM rules | (2,332) | (8,034) |
| Tax effect on the write back of impairment allowances (note 5) | 280 | 964 |
| | <u>(2,052)</u> | <u>(7,070)</u> |

The total balance of performing loans and certain credit-related off-balance sheet exposure in 2017 is lower than that of 2016, therefore, the total impairment allowances required under AMCM rules is decreased.

16 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:

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|---|----------------------------|--------------------------------|
| Direct credit substitutes | 187,154 | 181,038 |
| Trade-related contingencies | 45,888 | 44,703 |
| Other commitments | | |
| – With an original maturity of not more than 1 year | - | 45,063 |
| – With an original maturity over 1 year | 647,026 | 269,799 |
| – Which are unconditionally cancellable | 3,180,228 | 2,911,527 |
| Total | <u>4,060,296</u> | <u>3,452,130</u> |
| Credit risk weighted amount | <u>499,278</u> | <u>410,146</u> |

(b) *Capital commitments*

Capital commitments for acquisition of tangible fixed assets outstanding at 30 June 2017 not provided for in the financial report are as follows:

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|---|----------------------------|--------------------------------|
| Expenditure authorised and contracted for | <u>5,677</u> | <u>1,828</u> |

16 Off-balance sheet exposures (continued)

(c) Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases for properties and equipment are payable as follows:

| | <i>30 June 2017 MOP'000</i> | <i>31 December 2016 MOP'000</i> |
|--------------------------------------|-------------------------------------|---|
| Within one year | 1,157 | 1,049 |
| After one year but within five years | 163 | 377 |
| | <u>1,320</u> | <u>1,426</u> |

The Bank leases a number of properties and items of equipment under operating leases. The leases typically run for an initial period of one to twenty-four months, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

17 Derivatives financial instruments

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

The majority of the derivatives transactions were initiated in response to customer demand and the remaining were economic hedges for the Bank's fixed-interest rate loans and debt securities. No significant speculative positions are maintained by the Bank. The Bank entered into interest rate swaps to hedge its fixed-rate loans so as to achieve a floating rate return. 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 2017 were reported within "trading assets" and "trading liabilities" respectively on the balance sheet.

17 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 2017</i> | | | | |
|------------------------------|--------------------------------------|---|-------------------------------------|--------------------------|
| | <i>Within 1 year MOP'000</i> | <i>Over 1 year but within 5 years MOP'000</i> | <i>Over 5 years MOP'000</i> | <i>Total MOP'000</i> |
| Exchange rate contracts | | | | |
| Forwards | 3,318,896 | 626,908 | - | 3,945,804 |
| Options purchased | 799,000 | 622,635 | - | 1,421,635 |
| Options written | 799,000 | 622,635 | - | 1,421,635 |
| Interest rate swap contracts | | 412,000 | 51,500 | 463,500 |
| Equity contracts | | | | |
| Options purchased | 4,037 | - | - | 4,037 |
| Options written | 4,037 | - | - | 4,037 |
| | <u>4,924,970</u> | <u>2,284,178</u> | <u>51,500</u> | <u>7,260,648</u> |
| <i>31 December 2016</i> | | | | |
| | <i>Within 1 year MOP'000</i> | <i>Over 1 year but within 5 years MOP'000</i> | <i>Over 5 years MOP'000</i> | <i>Total MOP'000</i> |
| Exchange rate contracts | | | | |
| Forwards | 1,710,820 | 448,283 | - | 2,159,103 |
| Options purchased | 790,319 | 431,055 | - | 1,221,374 |
| Options written | 790,319 | 431,055 | - | 1,221,374 |
| Interest rate swap contracts | - | 412,000 | - | 412,000 |
| Equity contracts | | | | |
| Options purchased | 5,315 | - | - | 5,315 |
| Options written | 5,315 | - | - | 5,315 |
| | <u>3,302,088</u> | <u>1,722,393</u> | <u>-</u> | <u>5,024,481</u> |

17 Derivatives financial instruments (continued)

(b) Credit risk weighted amounts of derivatives

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|------------------------------|----------------------------|--------------------------------|
| Exchange rate contracts | 110,125 | 75,356 |
| Interest rate swap contracts | 1,605 | 2,927 |
| Equity contracts | 335 | 448 |
| | <u>112,065</u> | <u>78,731</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.

18 Notes to the unaudited cash flow statement

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

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2017 | 2016 |
| | MOP'000 | MOP'000 |
| Operating activities | | |
| Profit before taxation | 189,179 | 205,852 |
| Adjustments for: | | |
| Depreciation | 19,667 | 18,837 |
| Net losses/(gains) on disposal of tangible fixed assets | 42 | (18) |
| Net gains on disposal of available-for-sale financial assets | (5) | (304) |
| Amortisation of net (premium)/discount of debt securities | (17,425) | (2,676) |
| Amortisation of discount of certificates of deposit issued | - | 1,258 |
| Dividend income | (4,715) | (4,323) |
| Net charge of impairment losses and allowance | 6,452 | - |
| Foreign exchange gain | (18,455) | (6,540) |
| | <u>174,740</u> | <u>212,086</u> |
| Decrease in placements with banks with original maturity over three months | - | 239,502 |
| Decrease/(increase) in trade bills | 7,912 | (2,280) |
| (Increase)/decrease in trading assets | (16,756) | 33,166 |
| Net loans and advances written off | (2,913) | (2,265) |
| Decrease in gross advances to customers and other accounts | 290,918 | 825,551 |
| Increase in amounts due from immediate holding company and fellow subsidiaries with original maturity over three months | (1,851,598) | (2,243,239) |
| Increase in deposits and balances of banks, central banks and other financial institutions | 102,273 | 1,556 |
| Increase in current, fixed, savings and other deposits of customers | 436,973 | 2,094,388 |
| Decrease in certificates of deposit issued | - | (399,570) |
| Increase/(decrease) in trading liabilities | 11,101 | (67,607) |
| Increase in other liabilities | 104,950 | 163,853 |
| (Decrease)/increase in amounts due to immediate holding company and fellow subsidiaries | (17,991) | 5,851 |
| | <u>(760,391)</u> | <u>860,992</u> |
| Net cash (used in)/generated from the operations | (760,391) | 860,992 |
| Macau Complementary Tax and PRC Withholding Tax paid | (2) | (1) |
| | <u>(760,393)</u> | <u>860,991</u> |
| Net cash (used in)/generated from operating activities | (760,393) | 860,991 |

18 Notes to the unaudited cash flow statement (continued)

(b) Analysis of balances of cash and cash equivalents

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2017 MOP'000 | 2016 MOP'000 |
| Cash and balances with banks, central banks and other financial institutions | 918,944 | 1,270,784 |
| Amounts due from immediate holding company and fellow subsidiaries | | |
| – Cash and balances with banks | 80,970 | 85,081 |
| – Placements with banks with original maturity within three months | 2,423,473 | 5,206,614 |
| Available-for-sale financial assets | | |
| – Treasury bills | 117,969 | 309,984 |
| | <u>3,541,356</u> | <u>6,872,463</u> |

19 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:

| | Six months ended 30 June | |
|------------------------------|--------------------------|-----------------|
| | 2017 MOP'000 | 2016 MOP'000 |
| Short-term employee benefits | 11,675 | 11,055 |
| Post-employment benefits | 866 | 771 |
| | <u>12,541</u> | <u>11,826</u> |

19 Material related party transactions (continued)

(b) Transactions with immediate holding company and fellow subsidiaries

During the six months ended 30 June 2017, 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>2017</i> | <i>2016</i> |
| | <i>MOP'000</i> | <i>MOP'000</i> |
| Interest income | <u>35,617</u> | <u>47,529</u> |
| Interest expenses | <u>(1,362)</u> | <u>(2,879)</u> |
| Other income | <u>12,373</u> | <u>8,898</u> |
| Net loss from financial instruments held for trading | <u>(4,270)</u> | <u>(3,466)</u> |
| Operating expenses | <u>(15,364)</u> | <u>(15,315)</u> |

19 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

| | Ending balance | | Average balance | |
|--|----------------------------|--------------------------------|--|--|
| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 | Six months ended 30 June 2017 MOP'000 | Year ended 31 December 2016 MOP'000 |
| Cash and balances with banks, central banks and other financial institutions | 80,970 | 98,702 | 87,578 | 87,730 |
| Placements with banks, central banks and other financial institutions | 5,124,088 | 4,547,876 | 5,323,364 | 7,042,069 |
| Advances to customers and other accounts | 22,566 | 26,653 | 25,433 | 22,806 |
| | <u>5,227,624</u> | <u>4,673,231</u> | <u>5,436,375</u> | <u>7,152,605</u> |

Liabilities

| | Ending balance | | Average balance | |
|---|----------------------------|--------------------------------|--|--|
| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 | Six months ended 30 June 2017 MOP'000 | Year ended 31 December 2016 MOP'000 |
| Deposits and balances of banks, central banks, and other financial institutions | 20,420 | 38,398 | 40,199 | 22,194 |
| Current, fixed, savings and other deposits of customers | 218 | 218 | 218 | 218 |
| Other liabilities | 5 | 18 | 2 | 447 |
| | <u>20,643</u> | <u>38,634</u> | <u>40,419</u> | <u>22,859</u> |

19 Material related party transactions (continued)

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

(iii) Derivative financial instruments outstanding at the reporting date

| | Ending balance | | Average balance | |
|---------------------------------|----------------------------|--------------------------------|--|--|
| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 | Six months ended 30 June 2017 MOP'000 | Year ended 31 December 2016 MOP'000 |
| Notional amounts | | | | |
| Forward exchange rate contracts | 4,073,101 | 2,657,965 | 3,799,938 | 4,861,447 |
| Interest rate swap contracts | 463,500 | 412,000 | 420,583 | 354,921 |
| Equity contracts | 4,037 | 5,315 | 3,872 | 3,889 |

(c) Loans to directors

No significant loans have been outstanding during the six months ended 30 June 2017 and at 30 June 2017 (31 December 2016: Nil).

(d) During the six months ended 30 June 2017, no allowance for impairment losses has been made in respect of the above advances to related parties (31 December 2016: Nil).

20 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.

20 Financial risk management (continued)

(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.

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

20 Financial risk management (continued)

(a) Credit risk management (continued)

(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 the industrial sector of advances to customers is disclosed in note 9(b).

(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.

20 Financial risk management (continued)

(b) Liquidity risk management (continued)

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

| | 30 June 2017 | | | | | | | |
|--|-----------------------------------|---------------------------|---|--|---|-------------------------|--------------------|-------------------|
| | 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 |
| Assets | | | | | | | | |
| Cash and balances with banks, central banks and other financial institutions | 819,077 | 99,617 | - | - | - | - | 250 | 918,944 |
| Trade bills | 686 | - | 1,759 | 1,330 | - | - | - | 3,775 |
| Trading assets | - | - | - | - | - | - | 43,020 | 43,020 |
| Advances to customers | 238,806 | 478,164 | 489,580 | 1,703,609 | 6,894,759 | 10,950,205 | - | 20,755,123 |
| Amounts due from immediate holding company and fellow subsidiaries | 313,179 | 1,631,998 | 2,647,551 | 634,896 | - | - | - | 5,227,624 |
| Available-for-sale financial assets | - | 327,088 | 672,314 | 3,177,561 | 454,142 | - | 324,213 | 4,955,318 |
| Other assets | 125,778 | 52,361 | 48,898 | 21,330 | 257 | 62 | 682,774 | 931,460 |
| | <u>1,497,526</u> | <u>2,589,228</u> | <u>3,860,102</u> | <u>5,538,726</u> | <u>7,349,158</u> | <u>10,950,267</u> | <u>1,050,257</u> | <u>32,835,264</u> |
| Liabilities | | | | | | | | |
| Deposits and balances of banks, central banks and other financial institutions | 104,388 | - | - | - | - | - | - | 104,388 |
| Current, fixed, savings and other deposits of customers | 14,756,486 | 4,267,872 | 5,576,901 | 3,545,464 | 79,977 | - | - | 28,226,700 |
| Trading liabilities | - | - | - | - | - | - | 39,251 | 39,251 |
| Amounts due to immediate holding company and fellow subsidiaries | 321 | 20,317 | 5 | - | - | - | - | 20,643 |
| Other liabilities | 310,224 | 36,999 | 62,856 | 103,680 | 23,520 | - | 119,508 | 656,787 |
| | <u>15,171,419</u> | <u>4,325,188</u> | <u>5,639,762</u> | <u>3,649,144</u> | <u>103,497</u> | <u>-</u> | <u>158,759</u> | <u>29,047,769</u> |
| Net (liability)/asset gap | (13,673,893) | (1,735,960) | (1,779,660) | 1,889,582 | 7,245,661 | 10,950,267 | 891,498 | 3,787,495 |

20 Financial risk management (continued)

(b) Liquidity risk management (continued)

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

| | 31 December 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 |
| Assets | | | | | | | | |
| Cash and balances with banks, central banks and other financial institutions | 923,829 | 234,818 | - | - | - | - | 404 | 1,159,051 |
| Trade bills | 1,417 | 2,501 | 7,095 | 674 | - | - | - | 11,687 |
| Trading assets | - | - | - | - | - | - | 26,264 | 26,264 |
| Advances to customers | 327,805 | 431,434 | 562,185 | 2,155,830 | 6,639,156 | 10,974,663 | - | 21,091,073 |
| Amounts due from immediate holding company and fellow subsidiaries | 98,702 | 2,296,052 | 1,696,147 | 582,330 | - | - | - | 4,673,231 |
| Available-for-sale financial assets | - | 678,245 | 1,163,844 | 1,465,799 | 446,236 | 54,000 | 249,858 | 4,057,982 |
| Other assets | 61,457 | 101,363 | 43,045 | 6,324 | 257 | - | 660,878 | 873,324 |
| | <u>1,413,210</u> | <u>3,744,413</u> | <u>3,472,316</u> | <u>4,210,957</u> | <u>7,085,649</u> | <u>11,028,663</u> | <u>937,404</u> | <u>31,892,612</u> |
| Liabilities | | | | | | | | |
| Deposits and balances of banks, central banks and other financial institutions | 2,115 | - | - | - | - | - | - | 2,115 |
| Current, fixed, savings and other deposits of customers | 14,214,444 | 4,131,830 | 6,338,588 | 3,002,916 | 101,949 | - | - | 27,789,727 |
| Trading liabilities | - | - | - | - | - | - | 28,150 | 28,150 |
| Amounts due to immediate holding company and fellow subsidiaries | 296 | 38,338 | - | - | - | - | - | 38,634 |
| Other liabilities | 184,563 | 76,444 | 52,684 | 95,237 | 140 | - | 106,674 | 515,742 |
| | <u>14,401,418</u> | <u>4,246,612</u> | <u>6,391,272</u> | <u>3,098,153</u> | <u>102,089</u> | <u>-</u> | <u>134,824</u> | <u>28,374,368</u> |
| Net (liability)/asset gap | (12,988,208) | (502,199) | (2,918,956) | 1,112,804 | 6,983,560 | 11,028,663 | 802,580 | 3,518,244 |

20 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.

(i) Interest rate risk management

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

The Bank uses the Price Value of a Basis Point ("PVBP") measurement quarterly to monitor and limit its interest rate risk exposure. PVBP is a technique involving the calculation of the change in present value of a financial instrument or a portfolio of instruments due to a change of one basis point in interest rates. It also provides a quick tool to evaluate the impact on profit and loss due to a basis point movement in interest rates.

The Bank uses scenario analysis and stress test to assess the banking book interest rate risk the Bank would face under adverse circumstances. Scenario analysis and stress test are also devised to assess the impact on net interest income arising from the optionality of demand and saving deposits, the prepayment of mortgage loans and the prepayment of debt securities with embedded options.

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.

20 Financial risk management (continued)

(c) Market risk management (continued)

(ii) Currency risk management

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

The directors do not consider the Bank to have 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 2017

| | <i>MOP</i> | <i>HKD</i> | <i>USD</i> | <i>Others</i> | <i>Total</i> |
|-------------------|---------------|-------------|---------------|---------------|--------------|
| Total assets | 38.6% | 54.1% | 3.2% | 4.1% | 100% |
| Total liabilities | 39.4% | 49.8% | 6.1% | 4.7% | 100% |
| Net position | <u>(0.8)%</u> | <u>4.3%</u> | <u>(2.9)%</u> | <u>(0.6)%</u> | <u>-</u> |

31 December 2016

| | <i>MOP</i> | <i>HKD</i> | <i>USD</i> | <i>Others</i> | <i>Total</i> |
|-------------------|---------------|-------------|---------------|---------------|--------------|
| Total assets | 38.3% | 51.9% | 4.3% | 5.5% | 100% |
| Total liabilities | 38.4% | 49.8% | 5.9% | 5.9% | 100% |
| Net position | <u>(0.1)%</u> | <u>2.1%</u> | <u>(1.6)%</u> | <u>(0.4)%</u> | <u>-</u> |

20 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 2017 and the year ended 31 December 2016 and are well above the minimum required ratio set by the AMCM and the HKMA.

21 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.

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.

21 Fair values (continued)

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

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.

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:

| | 30 June 2017 | | | |
|---|--------------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| | MOP'000 | MOP'000 | MOP'000 | MOP'000 |
| Recurring fair value measurements | | | | |
| Assets | | | | |
| Trading assets | | | | |
| – Positive fair values of derivative financial instruments held for trading | - | 43,020 | - | 43,020 |
| Available-for-sale financial assets | | | | |
| – Treasury bills | - | 3,844,436 | - | 3,844,436 |
| – Other debt securities | 717,619 | 69,050 | - | 786,669 |
| – Listed equity securities | 42,963 | 11,016 | - | 53,979 |
| – Unlisted equity securities | - | - | 270,234 | 270,234 |
| | 760,582 | 3,924,502 | 270,234 | 4,955,318 |
| Liabilities | | | | |
| Trading liabilities | | | | |
| – Negative fair values of derivative financial instruments held for trading | - | 39,251 | - | 39,251 |

21 Fair values (continued)

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

| | 31 December 2016 | | | |
|---|--------------------|--------------------|--------------------|------------------|
| | Level 1 MOP'000 | Level 2 MOP'000 | Level 3 MOP'000 | Total MOP'000 |
| Recurring fair value measurements | | | | |
| Assets | | | | |
| Trading assets | | | | |
| – Positive fair values of derivative financial instruments held for trading | - | 26,264 | - | 26,264 |
| Available-for-sale financial assets | | | | |
| – Treasury bills | - | 2,883,211 | - | 2,883,211 |
| – Other debt securities | 815,189 | 109,724 | - | 924,913 |
| – Listed equity securities | 35,281 | 9,303 | - | 44,584 |
| – Unlisted equity securities | - | - | 205,274 | 205,274 |
| | 850,470 | 3,002,238 | 205,274 | 4,057,982 |
| Liabilities | | | | |
| Trading liabilities | | | | |
| – Negative fair values of derivative financial instruments held for trading | - | 28,150 | - | 28,150 |

(i) Transfers between Level 1 and 2

During the six months ended 30 June 2017, there were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy (31 December 2016: 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.

21 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 2017</i> | <i>Year ended 31 December 2016</i> |
| | MOP'000 | MOP'000 |
| Assets | | |
| At 1 January | 205,274 | 134,713 |
| Changes in fair value recognised in the balance sheet | 64,960 | 70,561 |
| At 30 June/31 December | 270,234 | 205,274 |

Information about Level 3 fair value measurements:

| | <i>Valuation techniques</i> | <i>Significant unobservable inputs</i> | <i>Range</i> | <i>Year ended 31 December 2016</i> |
|---|-----------------------------------|--|--|--|
| | | | <i>Six months ended 30 June 2017</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, and taxes ratio adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. At 30 June 2017, 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 investment revaluation reserve by MOP13,511,700 (At 31 December 2016: MOP10,263,700).

21 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 2017 and 31 December 2016.

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.

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 information of Banco OCBC Weng Hang, S.A. (the “Bank”) set out on pages 1 to 43, which comprises the unaudited balance sheet of the Bank as at 30 June 2017 and the Bank’s unaudited income statement, unaudited statement of changes in equity and unaudited cash flow statement for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information (collectively known as “the interim financial report”). The directors are responsible for the preparation and fair presentation of the interim financial report in accordance with the requirements as set out in Decree-Law No. 32/93/M and the Macau Financial Reporting Standards (“MFRSs”) issued under Administrative Regulation No. 25/2005 of the Macau Special Administrative Region (“Macau SAR”).

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”. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

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

(Incorporated in Macau with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with the requirements as set out in Decree-Law No. 32/93/M and the MFRSs issued under Administrative Regulation No. 25/2005 of the Macau SAR.

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
12 SEP 2017

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) Bank information

Shareholder:

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

Mr CHEONG Kin Hong

Supervisory Council:

Ms LO Wai Ching Maggie

Mr TSE Hau Yin Aloysius

Mr LEUNG Chiu Wah

General Meeting Committee:

Mr CHEONG Kin Hong

Mr FUNG Yuk Sing Michael

Mr Frank John WANG

Mr LOU Pou Hong

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(b) Capital adequacy ratio of top consolidated group

| | Group | |
|------------------------|-----------------|---------------------|
| | 30 June 2017 | 31 December 2016 |
| Capital adequacy ratio | 16.1% | 17.1% |

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.

(c) Components of own funds

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|----------------------------|--------------------------------|
| Core capital: | | |
| Paid-up share capital | 120,000 | 120,000 |
| Legal, statutory and other reserves created by appropriation of retained profits | 304,200 | 304,200 |
| Profits brought forward | 2,320,844 | 1,956,466 |
| Current period/year eligible net profits | - | 187,815 |
| Total core capital | 2,745,044 | 2,568,481 |
| Supplementary capital: | | |
| Reserves on revaluation of own premises | 51,610 | 51,610 |
| General provision | 211,005 | 213,696 |
| Total supplementary capital | 262,615 | 265,306 |
| Deduction: | - | - |
| Total own funds after deduction | 3,007,659 | 2,833,787 |

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)

(d) Capital adequacy

(i) Capital adequacy ratio

| | 30 June 2017 | 31 December 2016 |
|------------------------|-----------------|---------------------|
| Capital adequacy ratio | <u>15.45%</u> | <u>15.16%</u> |

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

(ii) Market risk capital requirement

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|----------------------------|--------------------------------|
| The market risk capital requirements for | | |
| – Interest rate risk | 4,275 | - |
| – Equity position risk | - | - |
| – Foreign exchange risk | 5,074 | 3,325 |
| – Commodity risk | - | - |
| Weighted market risk exposures | <u>9,349</u> | <u>3,325</u> |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) Credit risk

(i) Geographical analysis of loans and advances to customers

| 30 June 2017 | | | | | |
|--------------|---|---|--|---|---|
| | 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 | 19,705,399 | 9,291 | 13,904 | 7,204 | 7,428 |
| Hong Kong | 464,983 | - | - | - | 175 |
| China | 371,855 | - | - | - | 140 |
| Other | 227,920 | - | - | - | 87 |
| | <u>20,770,157</u> | <u>9,291</u> | <u>13,904</u> | <u>7,204</u> | <u>7,830</u> |

| 31 December 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 | 19,480,892 | 9,824 | 10,233 | 3,575 | 7,229 |
| Hong Kong | 964,048 | 34 | 34 | 90 | 357 |
| China | 414,734 | - | - | - | 153 |
| Other | 242,894 | - | - | - | 91 |
| | <u>21,102,568</u> | <u>9,858</u> | <u>10,267</u> | <u>3,665</u> | <u>7,830</u> |

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

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) **Credit risk (continued)**

(ii) Geographical analysis of debt securities

| | 30 June 2017 | | 31 December 2016 | |
|----------------------|--------------------|--|--------------------|--|
| | Carrying amount | Individually assessed impairment allowances | Carrying amount | Individually assessed impairment allowances |
| | MOP'000 | MOP'000 | MOP'000 | MOP'000 |
| Hong Kong | 362,673 | - | 539,315 | - |
| Rest of Asia-Pacific | 4,029,638 | - | 3,115,802 | - |
| Americas | 80,855 | - | 75,568 | - |
| Other | 157,939 | - | 77,439 | - |
| | <u>4,631,105</u> | <u>-</u> | <u>3,808,124</u> | <u>-</u> |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) **Credit risk (continued)**

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

| | 30 June 2017 | | | | | | | |
|---|--|---------------------------------------|---|--|---|---------------------------------|--|--------------------------|
| | <i>Repayable on demand MOP'000</i> | <i>Within 1 month MOP'000</i> | <i>Over 1 month but within 3 months MOP'000</i> | <i>Over 3 months but within 1 year MOP'000</i> | <i>Over 1 year but within 3 years MOP'000</i> | <i>Over 3 years MOP'000</i> | <i>Indefinite period MOP'000</i> | <i>Total MOP'000</i> |
| Assets | | | | | | | | |
| Trade bills, loans and advances to customers | 239,492 | 478,164 | 491,339 | 1,704,939 | 3,866,231 | 13,978,733 | - | 20,758,898 |
| Cash and balances with and loans and advances to banks | 819,077 | 99,617 | - | - | - | - | 250 | 918,944 |
| Securities issued by Macao SAR Government and/or AMCM | - | 302,966 | 608,552 | 2,932,918 | - | - | - | 3,844,436 |
| Certificate of deposit held | - | - | - | 51,900 | - | - | - | 51,900 |
| Other securities | - | 24,121 | 63,762 | 192,744 | 266,914 | 187,228 | 324,213 | 1,058,982 |
| Liabilities | | | | | | | | |
| Deposits and balances of banks and financial institutions | 104,388 | - | - | - | - | - | - | 104,388 |
| Deposits from public sector entities | 563 | - | 1,040,300 | - | - | - | - | 1,040,863 |
| Deposits from holding and associated companies | 321 | 20,317 | 5 | - | - | - | - | 20,643 |
| Deposits from non-bank customers | 14,755,923 | 4,267,871 | 4,536,602 | 3,545,464 | 79,740 | 237 | - | 27,185,837 |
| | | | | | | | | |
| | 31 December 2016 | | | | | | | |
| | <i>Repayable on demand MOP'000</i> | <i>Within 1 month MOP'000</i> | <i>Over 1 month but within 3 months MOP'000</i> | <i>Over 3 months but within 1 year MOP'000</i> | <i>Over 1 year but within 3 years MOP'000</i> | <i>Over 3 years MOP'000</i> | <i>Indefinite period MOP'000</i> | <i>Total MOP'000</i> |
| Assets | | | | | | | | |
| Trade bills, loans and advances to customers | 329,222 | 433,935 | 569,280 | 2,156,504 | 3,696,816 | 13,917,003 | - | 21,102,760 |
| Cash and balances with and loans and advances to banks | 923,829 | 234,818 | - | - | - | - | 404 | 1,159,051 |
| Securities issued by Macao SAR Government and/or AMCM | - | 579,851 | 1,035,650 | 1,267,710 | - | - | - | 2,883,211 |
| Certificates of deposit held | - | - | - | - | 48,404 | - | - | 48,404 |
| Other securities | - | 98,394 | 128,194 | 198,089 | 364,862 | 86,970 | 249,858 | 1,126,367 |
| Liabilities | | | | | | | | |
| Deposits and balances of banks and financial institutions | 2,115 | - | - | - | - | - | - | 2,115 |
| Deposits from public sector entities | 989 | - | 1,037,163 | - | - | - | - | 1,038,152 |
| Deposits from holding and associated companies | 296 | 38,338 | - | - | - | - | - | 38,634 |
| Deposits from non-bank customers | 14,213,455 | 4,131,830 | 5,301,425 | 3,002,916 | 101,712 | 237 | - | 26,751,575 |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) **Credit risk (continued)**

(iv) Maximum exposure

The maximum exposure to credit risk at the reporting date without taking into consideration of any collaterals held or other credit enhancements is represented by the carrying amount of each financial assets in the balance sheet after deducting any impairment allowance. A summary of the maximum exposure is as follows:

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|----------------------------|--------------------------------|
| Balances with banks, central banks and other financial institutions | 612,704 | 737,386 |
| Trade bills | 3,775 | 11,687 |
| Trading assets | 43,020 | 26,264 |
| Advances to customers and other accounts | 21,014,319 | 21,308,776 |
| Amounts due from immediate holding company and fellow subsidiaries | 5,227,624 | 4,673,231 |
| Available-for-sale financial assets | 4,955,318 | 4,057,982 |
| Financial guarantees and other credit related contingent liabilities | 233,042 | 225,741 |
| Loan commitments and other credit related commitments | 3,827,254 | 3,226,389 |
| | <u>35,917,056</u> | <u>34,267,456</u> |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) Credit risk (continued)

(v) 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:

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|---------------------------------|----------------------------|--------------------------------|
| Gross advances to customers | | |
| – neither past due nor impaired | 20,416,986 | 20,618,862 |
| – past due but not impaired | 339,267 | 473,439 |
| – impaired | 13,904 | 10,267 |
| | <u>20,770,157</u> | <u>21,102,568</u> |
| Of which: | | |
| Gross advances to customers | | |
| – Grade 1: Pass | 20,710,521 | 21,040,427 |
| – Grade 2: Special mention | 45,732 | 51,874 |
| – Grade 3: Substandard | 4,902 | 3,649 |
| – Grade 4: Doubtful | 6,736 | 3,828 |
| – Grade 5: Loss | 2,266 | 2,790 |
| | <u>20,770,157</u> | <u>21,102,568</u> |

The Bank classifies the loans and advances in accordance with the loan classification system adopted by the OCBC Wing Hang Bank Limited.

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) Credit risk (continued)

(v) 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 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|----------------------------|--------------------------------|
| Gross advances to customers that are past due but not impaired | | |
| – past due 3 months or less | 337,729 | 472,824 |
| – 6 months or less but over 3 months | - | 615 |
| – 1 year or less but over 6 months | 1,538 | - |
| | <u>339,267</u> | <u>473,439</u> |

As at 30 June 2017, advances to customers that would be past due or impaired had the terms not been renegotiated amounted to MOP562,000 (31 December 2016: MOP813,000).

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 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|----------------------------|--------------------------------|
| Fair value of collaterals and other credit enhancements held against financial assets that are past due but not impaired | <u>1,300,653</u> | <u>2,142,807</u> |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(e) Credit risk (continued)

(vi) Credit quality of financial assets other than advances to customers and bank

Credit risk of treasury transactions is managed in the same way as the Bank manages its corporate lending risk and risk gradings are applied to the counterparties with individual counterparty limits set. It is the Bank's credit policy not to invest debt securities that are below the grading of BBB by Standard & Poor's Ratings Services or their equivalents unless it is approved by the Credit Committee.

At the reporting date, the credit quality of investment in debt securities analysed by designation of external credit assessment institution, Standard & Poor's Ratings Services or their equivalents, is as follows:

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|---------------|----------------------------|--------------------------------|
| AA- to AA+ | 4,064,547 | 3,058,534 |
| A- to A+ | 218,812 | 293,257 |
| Lower than A- | 67,784 | 77,994 |
| Unrated | 279,962 | 378,339 |
| | <u>4,631,105</u> | <u>3,808,124</u> |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(f) Foreign exchange risk

| 30 June 2017 | | | | | |
|---------------------------|---------|---------|----------|---------|-----------|
| | MOP | HK\$ | Chinese | US\$ | Other |
| | MOP'000 | MOP'000 | Renminbi | MOP'000 | currencie |
| | | | MOP'000 | | s |
| | | | | | Total |
| | | | | | MOP'000 |
| Total net long positions | - | 254,008 | 3,005 | 7,749 | 2,052 |
| Total net short positions | 266,799 | - | - | - | 15 |
| | | | | | 266,814 |

| 31 December 2016 | | | | | |
|---------------------------|---------|---------|----------|---------|-----------|
| | MOP | HK\$ | Chinese | US\$ | Other |
| | MOP'000 | MOP'000 | Renminbi | MOP'000 | currencie |
| | | | MOP'000 | | s |
| | | | | | Total |
| | | | | | MOP'000 |
| Total net long positions | - | 49,864 | 1,872 | - | 1,442 |
| Total net short positions | 36,907 | - | - | 16,229 | 42 |
| | | | | | 53,178 |

| 30 June 2017 | | | |
|--------------------|------------|----------|-----------|
| | HK\$ | Chinese | US\$ |
| | MOP'000 | Renminbi | MOP'000 |
| | | MOP'000 | |
| | | | Total |
| | | | MOP'000 |
| Spot assets | 17,767,611 | 366,023 | 1,037,008 |
| Spot liabilities | 16,367,476 | 549,735 | 1,996,122 |
| Forward purchases | 771,192 | 728,809 | 2,445,803 |
| Forward sales | 1,917,319 | 542,092 | 1,478,940 |
| | | | 3,938,351 |
| Net long positions | 254,008 | 3,005 | 7,749 |
| | | | 264,762 |

| 31 December 2016 | | | |
|----------------------------|------------|----------|-----------|
| | HK\$ | Chinese | US\$ |
| | MOP'000 | Renminbi | MOP'000 |
| | | MOP'000 | |
| | | | Total |
| | | | MOP'000 |
| Spot assets | 16,547,834 | 714,078 | 1,363,450 |
| Spot liabilities | 15,893,128 | 818,603 | 1,874,643 |
| Forward purchases | 723,302 | 108,118 | 1,327,682 |
| Forward sales | 1,328,144 | 1,721 | 832,718 |
| | | | 2,162,583 |
| Net long/(short) positions | 49,864 | 1,872 | (16,229) |
| | | | 35,507 |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

(g) Liquidity risk

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|--|----------------------------|--------------------------------|
| Average minimum weekly cash in hand | 693,262 | 680,523 |
| Average weekly cash in hand | 843,959 | 941,927 |
| Average month-end specified liquid assets | 9,987,739 | 10,703,705 |
| | | |
| | 30 June 2017 % | 31 December 2016 % |
| Average month-end ratio of specified liquid assets to total basic liabilities | 35.1% | 36.3% |
| Average one-month liquidity ratio | 44.0% | 45.4% |
| Average three-months liquidity ratio | 38.7% | 39.1% |

(h) 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.

| | 30 June 2017 MOP'000 | 31 December 2016 MOP'000 |
|-----------------------------|----------------------------|--------------------------------|
| Increase in 10 basis points | 3,113 | 3,616 |
| Decrease in 10 basis points | (3,113) | (3,616) |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

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

BALANÇO ANUAL EM 30 DE JUNHO DE 2017

資產負債表於二零一七年六月三十日

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 | 306,239,866 | | 306,239,866 |
| DEPÓSITOS NA AMCM AMCM 存款 | 497,024,517 | | 497,024,517 |
| VALORES A COBRAR 應收賬項 | 332,806,367 | | 332,806,367 |
| DEPÓSITOS À ORDEM NOUTRAS INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 在本地之其他信用機構活期存款 | 10,312,859 | | 10,312,859 |
| DEPÓSITOS À ORDEM NO EXTERIOR 在外地之其他信用機構活期存款 | 86,719,473 | | 86,719,473 |
| OURO E PRATA 金,銀 | | | |
| OUTROS VALORES 其他流動資產 | | | |
| CRÉDITO CONCEDIDO 放款 | 20,668,917,122 | 6,779,600 | 20,662,137,522 |
| APLICAÇÕES EM INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 在本澳信用機構拆放 | 3,913,585,647 | | 3,913,585,647 |
| DEPÓSITOS COM PRÉ-AVISO E A PRAZO NO EXTERIOR 在外地信用機構之通知及定期存款 | 5,124,087,690 | | 5,124,087,690 |
| ACÇÕES, OBRIGAÇÕES E QUOTAS 股票,債券及股權 | 939,327,230 | | 939,327,230 |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

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

BALANÇO ANUAL EM 30 DE JUNHO DE 2017

資產負債表於二零一七年六月三十日

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 | 774,470 | | 774,470 |
| OUTRAS APLICAÇÕES 其他投資 | 51,899,861 | | 51,899,861 |
| PARTICIPAÇÕES FINANCEIRAS 財務投資 | 66,326,186 | | 66,326,186 |
| IMÓVEIS 不動產 | 678,833,618 | 39,299,989 | 639,533,629 |
| EQUIPAMENTO 設備 | 188,598,192 | 155,867,705 | 32,730,487 |
| 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 | 113,712,233 | | 113,712,233 |
| TOTAIS 總額 | 32,979,165,331 | 201,947,294 | 32,777,218,037 |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

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

BALANÇO ANUAL EM 30 DE JUNHO DE 2017

資產負債表於二零一七年六月三十日

MOP
澳門幣

| PASSIVO 負債 | SUB-TOTAIS 小結 | TOTAIS 總額 |
|--|------------------|----------------|
| DEPÓSITOS À ORDEM 活期存款 | 14,439,810,222 | |
| DEPÓSITOS C / PRÉ-AVISO 通知存款 | | |
| DEPÓSITOS A PRAZO 定期存款 | 12,599,292,601 | |
| DEPÓSITOS DE SECTOR PUBLICO 公共機構存款 | 1,040,863,550 | 28,079,966,373 |
| RECURSOS DE INSTITUIÇÕES DE CRÉDITO NO TERRITÓRIO 本地信用機構資金 | 95,010,746 | |
| RECURSOS DE OUTRAS ENTIDADES LOCAIS 其他本地機構資金 | | |
| EMPRÉSTIMOS EM MOEDAS EXTERNAS 外幣借款 | 29,797,087 | |
| 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 | 121,079,829 | |
| CREDORES 債權人 | 169,092,673 | |
| EXIGIBILIDADES DIVERSAS 各項負債 | 138,389,255 | 553,369,590 |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

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

BALANÇO ANUAL EM 30 DE JUNHO DE 2017

資產負債表於二零一七年六月三十日

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 | | 348,133,381 |
| PROVISÕES PARA RISCOS DIVERSOS 各項風險備用金 | | 8,254,240 |
| 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 | 696,040,457 | |
| *OUTRAS RESERVAS 其他儲備 | 178,420,641 | |
| | | 1,298,661,098 |
| RESULTADOS TRANSITADOS DE EXERCÍCIOS ANTERIORES 歷年營業結果 | 2,320,843,674 | |
| RESULTADO DO EXERCÍCIO 本年營業結果 | 167,989,681 | 2,488,833,355 |
| TOTAIS 總額 | | 32,777,218,037 |

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

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

- * 附註: 其他儲備包含澳門幣 178,420,641 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 24,330,087) 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 178,420,641 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 24,330,087 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)

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

| | MOP 澳門幣 |
|--|----------------|
| CONTAS EXTRAPATRIMONIAIS 備查賬 | MONTANTE 金額 |
| VALORES RECEBIDOS EM DEPÓSITO 代客保管賬 | 7,517,580,614 |
| VALORES RECEBIDOS PARA COBRANÇA 代收賬 | 27,721,274 |
| VALORES RECEBIDOS EM CAUÇÃO 抵押賬 | 35,331,022,199 |
| GARANTIAS E AVALES PRESTADOS 保證及擔保付款 | 187,154,431 |
| CRÉDITOS ABERTOS 信用狀 | 45,888,497 |
| ACEITES EM CIRCULAÇÃO 承兌匯票 | 94,761,694 |
| VALORES DADOS EM CAUÇÃO 代付保證金 | |
| COMPRAS A PRAZO 期貨買入 | 3,945,803,563 |
| VENDAS A PRAZO 期貨賣出 | 3,938,351,388 |
| OUTRAS CONTAS EXTRAPATRIMONIAIS 其他備查賬 | 3,319,630,598 |

Unaudited disclosures of financial information (continued)

(Expressed in thousands of Macau Patacas unless otherwise indicated)

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

DEMONSTRAÇÃO DE RESULTADOS DO EXERCÍCIO DE JANEIRO A JUNHO DE 2017
二零一七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 | 82,641,772 | PROVEITOS DE OPERAÇÕES ACTIVAS 資產業務收益 | 356,880,019 |
| CUSTOS COM PESSOAL 人事費用 | | PROVEITOS DE SERVIÇOS BANCÁRIOS 銀行服務收益 | 54,237,833 |
| REMUNERAÇÕES DOS ÓRGÃOS DE GESTÃO E FISCALIZAÇÃO 董事及監察會開支 | 69,280 | PROVEITOS DE OUTRAS OPERAÇÕES BANCÁRIAS 其他銀行業務收益 | 14,933,763 |
| REMUNERAÇÕES DE EMPREGADOS 職員開支 | 68,756,983 | RENDIMENTOS DE TÍTULOS DE CRÉDITO E DE PARTICIPAÇÕES FINANCEIRAS 證券及財務投資收益 | 12,922,757 |
| ENCARGOS SOCIAIS 固定職員福利 | 26,751,630 | OUTROS PROVEITOS BANCÁRIOS 其他銀行收益 | 17,112,802 |
| OUTROS CUSTOS COM O PESSOAL 其他人事費用 | 761,012 | PROVEITOS INORGÂNICOS 非正常業務收益 | |
| FORNECIMENTOS DE TERCEIROS 第三者作出之供應 | 4,064,564 | | |
| SERVIÇOS DE TERCEIROS 第三者提供之勞務 | 25,586,675 | | |
| OUTROS CUSTOS BANCÁRIOS 其他銀行費用 | 31,384,460 | | |
| IMPOSTOS 稅項 | 474,960 | | |
| CUSTOS INORGÂNICOS 非正常業務費用 | 298,820 | | |

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

(j) 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 2017
二零一七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 | 19,666,659 | | |
| DOTAÇÕES PARA PROVISÕES 備用金之撥款 | 1,112,178 | | |
| LUCRO DA EXPLORAÇÃO 營業利潤 | 194,518,181 | | |
| TOTAIS 總額 | 456,087,174 | TOTAIS 總額 | 456,087,174 |

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

(j) 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 | 194,518,181 |
| PERDAS RELATIVAS A EXERCÍCIOS ANTERIORES 歷年之損失 | 4,024,705 | LUCROS RELATIVOS A EXERCÍCIOS ANTERIORES 歷年之利潤 | 1,112,178 |
| 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 | 23,520,678 | PROVISÕES UTILIZADAS 備用金之使用 | 4,024,705 |
| DOTAÇÕES ADICIONAIS PARA PROVISÕES CONFORME RJSF 根據金融體系法律制度增撥的備用金 | 4,120,000 | DOTAÇÕES REDUÇÃO PARA PROVISÕES CONFORME RJSF 根據金融體系法律制度減撥的備用金 | |
| RESULTADO DO EXERCÍCIO (SE POSITIVO) 營業結果 (盈餘) | 167,989,681 | | |
| TOTAIS 總額 | <u>199,655,064</u> | TOTAIS 總額 | <u>199,655,064</u> |



華僑永亨銀行
OCBC WING HANG

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