OCBC Wing Hang Bank Limited

2016 Interim Report

Contents

Unaudited Consolidated Statement of Profit or Loss

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

	Notes	**Six months ended 30th June, 2016**	Six months ended 30th June, 2015 (restated)
Interest income	3(a)	**2,738,323**	3,317,190
Interest expense	3(b)	**(1,015,623)**	(1,520,987)
Net interest income		**1,722,700**	1,796,203
Fees and commissions (net)	3(c)	**347,016**	413,998
Dividends	3(d)	**7,313**	7,376
Rental income	3(e)	**2,204**	2,062
Other income	3(f)	**237,249**	180,723
Other operating income		**593,782**	604,159
Operating income		**2,316,482**	2,400,362
Operating expenses	3(g)	**(1,165,848)**	(1,122,506)
Operating profit before impairment losses and allowances		**1,150,634**	1,277,856
Impairment losses and allowances		**(66,870)**	(77,813)
Operating profit after impairment losses and allowances		**1,083,764**	1,200,043
Unrealised gains/(losses) on subordinated liabilities		**33,737**	(13,511)
Share of net gains of associated companies		**40,484**	40,603
Profit before taxation		**1,157,985**	1,227,135
Taxation	4	**(153,597)**	(196,804)
Profit for the period attributable to equity shareholders of the Bank		**1,004,388**	1,030,331

The notes on pages 6 to 24 form part of the unaudited interim financial report.

Unaudited Consolidated Statement of Comprehensive Income

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

	Notes	**Six months ended 30th June, 2016**	Six months ended 30th June, 2015
Profit for the period		**1,004,388**	1,030,331
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss			
– Surplus on revaluation of bank premises	8	**(28,305)**	123,901
– Deferred taxes		**(2,122)**	(4,298)
		(30,427)	119,603
Items that will be reclassified subsequently to profit or loss			
– Exchange adjustments on translation of financial report of subsidiaries		**(64,713)**	1,366
		(64,713)	1,366
– Available-for-sale financial assets			
– Fair value changes to equity			
– on debt securities		**132,385**	47,033
– on equity securities		**16,421**	123,462
– Transfer to consolidated statement of profit or loss			
– gains on disposal	3(f)	**(46,622)**	(54,945)
– Deferred taxes		**(30,165)**	(18,090)
		72,019	97,460
– Cash flow hedging reserve			
– Fair value changes taken to equity		**(12,704)**	–
– Deferred taxes		**2,096**	–
		(10,608)	–
		(3,302)	98,826
Other comprehensive income for the period, net of tax		**(33,729)**	218,429
Total comprehensive income for the period attributable to equity shareholders of the Bank		**970,659**	1,248,760

The notes on pages 6 to 24 form part of the unaudited interim financial report.

Unaudited Consolidated Statement of Financial Position

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

	Notes	**30th June, 2016**	31st December, 2015
ASSETS			
Cash and balances with banks, central banks and other financial institutions	5	**5,123,180**	4,742,130
Placements with banks, central banks and other financial institutions	6	**3,699,040**	6,914,867
Amounts due from ultimate holding company and fellow subsidiaries		**7,364,007**	9,640,759
Trading assets		**3,518,093**	2,014,546
Financial assets designated at fair value through profit or loss		**3,808,658**	6,567,450
Advances to customers and other accounts	7(a)	**146,165,942**	155,904,595
Available-for-sale financial assets		**40,277,248**	32,547,690
Investments in associated companies		**369,755**	350,167
Tangible fixed assets	8		
– Investment properties		**176,400**	182,900
– Other properties, plants and equipment		**4,679,707**	4,779,391
Goodwill		**1,306,430**	1,306,430
Current tax recoverable		**5**	–
Deferred tax assets		**17,537**	17,302
Total assets		**216,506,002**	224,968,227
EQUITY AND LIABILITIES			
Deposits and balances of banks, central banks and other financial institutions	9	**2,515,457**	691,288
Amounts due to ultimate holding company and fellow subsidiaries		**1,660,714**	2,304,865
Deposits from customers	10	**171,468,010**	180,399,232
Certificates of deposit issued	11	**5,982,251**	8,650,384
Trading liabilities		**852,748**	893,269
Current tax payable		**296,613**	215,206
Deferred tax liabilities		**251,342**	243,671
Other accounts and provisions	12	**3,633,924**	2,657,975
Subordinated liabilities	13	**3,206,020**	3,236,237
Total liabilities		**189,867,079**	199,292,127
Share capital		**1,740,750**	1,740,750
Reserves	14	**24,898,173**	23,935,350
Total equity		**26,638,923**	25,676,100
Total equity and liabilities		**216,506,002**	224,968,227

Approved and authorised for issue by the Board of Directors on 6th September, 2016.

Patrick Yuk Bun FUNG *Chairman*
Wu Beng NA *Executive Director and Chief Executive*

The notes on pages 6 to 24 form part of the unaudited interim financial report.

Unaudited Consolidated Statement of Changes in Equity

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

Six months ended 30th June, 2016

	At 1st January	Share of changes in associated companies	Transfer to/ (from) reserve	Total comprehensive income for the period	At 30th June
Share capital	**1,740,750**	**–**	**–**	**–**	**1,740,750**
Capital reserve	**311,643**	**–**	**–**	**–**	**311,643**
Statutory reserve	**396,382**	**–**	**–**	**–**	**396,382**
General reserve	**2,064,147**	**–**	**–**	**(64,713)**	**1,999,434**
Bank premises revaluation reserve	**2,818,706**	**1,556**	**(34,638)**	**(30,427)**	**2,755,197**
Investment revaluation reserve	**315,627**	**(9,392)**	**–**	**72,019**	**378,254**
Cash flow hedging reserve	**11,104**	**–**	**–**	**(10,608)**	**496**
Unappropriated profits	**18,017,741**	**–**	**34,638**	**1,004,388**	**19,056,767**
Total equity	**25,676,100**	**(7,836)**	**–**	**970,659**	**26,638,923**

Six months ended 31st December, 2015

	At 30th June	Share of changes in associated companies	Transfer to/ (from) reserve	Total comprehensive income for the period	At 31st December
Share capital	1,740,750	–	–	–	1,740,750
Capital reserve	311,643	–	–	–	311,643
Statutory reserve	396,382	–	–	–	396,382
General reserve	2,264,121	–	–	(199,974)	2,064,147
Bank premises revaluation reserve	2,578,552	64,185	(28,228)	204,197	2,818,706
Investment revaluation reserve	377,896	(8,347)	–	(53,922)	315,627
Cash flow hedging reserve	–	–	–	11,104	11,104
Unappropriated profits	16,991,846	–	28,228	997,667	18,017,741
Total equity	24,661,190	55,838	–	959,072	25,676,100

Six months ended 30th June, 2015

	At 1st January	Share of changes in associated companies	Transfer to/ (from) reserve	Total comprehensive income for the period	At 30th June
Share capital	1,740,750	–	–	–	1,740,750
Capital reserve	311,643	–	–	–	311,643
Statutory reserve	396,382	–	–	–	396,382
General reserve	2,262,755	–	–	1,366	2,264,121
Bank premises revaluation reserve	2,484,728	–	(25,779)	119,603	2,578,552
Investment revaluation reserve	275,992	4,444	–	97,460	377,896
Unappropriated profits	15,935,736	–	25,779	1,030,331	16,991,846
Total equity	23,407,986	4,444	–	1,248,760	24,661,190

The notes on pages 6 to 24 form part of the unaudited interim financial report.

Notes to Unaudited Interim Financial Report

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

1. GENERAL INFORMATION

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

The unaudited consolidated profit for the period attributable to equity shareholders of the Group for the six months ended 30th June, 2016 was HK$1,004,388,000. The results of the Group for the period ended 30th June, 2016 and the state of affairs of the Group and the Bank as at 30th June, 2016 are set out in the interim financial report on pages 2 to 24.

2. BASIS OF PREPARATION

The accounting policies and methods of computation used in the preparation of the 2016 interim consolidated financial report is consistent with those used and described in the Group's annual audited financial report for the year ended 31st December, 2015.

In preparing the interim consolidated financial report for 2016, the Bank has fully complied with the disclosure standards set out in the "Banking (Disclosure) Rules" and the "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority ("HKMA").

Disclosures on capital and leverage required by the Banking (Disclosure) Rules will be disclosed before 30th September, 2016 under "Regulatory Disclosure" on the website of the Bank (www.ocbcwhhk.com).

The interim consolidated financial report was approved by the Board of Directors for issue on 6th September, 2016.

These interim consolidated financial report has not been audited.

3. OPERATING PROFIT

(a) *Interest income*

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Interest income including the following:		
– Financial assets not measured at fair value through profit or loss	**2,605,910**	3,133,353
– Interest income from impaired financial assets	**4,581**	10,282

(b) *Interest expense*

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Interest expense including the following:		
– Financial liabilities not measured at fair value through profit or loss	**860,082**	1,340,523

3. OPERATING PROFIT *(Continued)*

(c) Fee and commission (net)

	Six months ended 30th June, 2016	Six months ended 30th June, 2015 (restated)
Fees and commission		
Credit commission and fees	**92,355**	99,777
Credit card related fees	**109,452**	107,322
Trade related fees	**24,305**	26,540
Insurance commission	**70,378**	60,405
Stockbroking fees	**40,740**	105,628
Trust fees	**38**	38
Wealth management fees	**16,598**	21,795
Other fees and commission income	**48,446**	48,862
Less: Fees and commission expenses	**(55,296)**	(56,369)
	347,016	413,998
of which:		
Net fees and commission, other than amounts included in determining the effective interest rate, arising from financial instruments that are not held for trading nor designated at fair value through profit or loss		
– Fees and commission income	**130,734**	136,892
– Fees and commission expenses	**(2)**	(2)
	130,732	136,890

3. OPERATING PROFIT *(Continued)*

(d) Dividends

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Dividend income from unlisted available-for-sale financial assets	**6,784**	6,895
Dividend income from listed available-for-sale financial assets	**448**	434
Dividend income from listed trading investments	**81**	47
	7,313	7,376

(e) Rental income

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Rental income from investment properties less direct outgoings of HK$180,000 (30th June, 2015: HK$120,000)	**2,204**	2,062
	2,204	2,062

3. OPERATING PROFIT *(Continued)*

(f) Other income

	Six months ended 30th June, 2016	Six months ended 30th June, 2015 (restated)
Foreign exchange	**159,698**	106,264
Hedging activities		
– Fair value hedges		
– hedged items	**52,732**	–
– hedging instruments	**(58,159)**	–
Interest rate and other derivatives	**(123,638)**	(34,168)
Trading securities	**13,149**	5,498
Fair value through profit or loss securities	**94,235**	18,150
Others	**767**	759
Net trading income	**138,784**	96,503
Gains transferred from investment revaluation reserve upon disposal	**46,622**	54,945
Disposal of available-for-sale financial assets	**49,844**	13,284
Total gains on disposal of available-for-sale financial assets	**96,466**	68,229
Revaluation of investment properties (note 8)	**(6,500)**	6,700
Disposal of tangible fixed assets	**47**	(127)
Others	**8,452**	9,418
	237,249	180,723

3. OPERATING PROFIT *(Continued)*

(g) *Operating expenses*

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Staff costs		
Salaries and other staff costs	**691,289**	681,468
Retirement benefit costs	**41,893**	38,230
Share based expenses	**3,323**	–
	736,505	719,698
Premises and equipment expenses, excluding depreciation	**171,096**	149,829
Depreciation (note 8)	**108,083**	100,569
Others	**150,164**	152,410
	1,165,848	1,122,506

4. TAXATION

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Current tax – Provision for Hong Kong profits tax	**124,234**	145,285
Current tax – Provision for tax outside Hong Kong	**34,686**	59,211
Deferred taxation	**(5,323)**	(7,692)
	153,597	196,804

5. CASH AND BALANCES WITH BANKS, CENTRAL BANKS AND OTHER FINANCIAL INSTITUTIONS

	30th June, 2016	31st December, 2015
Cash balances	**988,327**	873,730
Balances with central banks	**2,579,741**	2,975,254
Balances with banks	**1,555,112**	893,146
	5,123,180	4,742,130

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

	30th June, 2016	31st December, 2015
Remaining maturity		
– Within 1 month	**3,171,324**	5,963,774
– Over 1 month but within 1 year	**527,716**	951,093
	3,699,040	6,914,867

7. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

(a) Advances to customers and other accounts

	30th June, 2016	31st December, 2015
Gross advances to customers	**141,493,007**	150,482,619
Individual impairment allowances for impaired loans and advances (note 7(d))	**(171,911)**	(177,041)
Collective impairment allowances for loans and advances (note 7(d))	**(215,368)**	(222,550)
Net advances to customers	**141,105,728**	150,083,028
Gross trade bills	**2,994,654**	3,852,774
Individual impairment allowances for impaired trade bills (note 7(d))	**–**	–
Collective impairment allowances for trade bills (note 7(d))	**(37)**	(56)
Net trade bills	**2,994,617**	3,852,718
Customer liability under acceptances	**358,414**	288,828
Interest receivables	**477,259**	605,165
Other accounts	**1,229,924**	1,074,856
	146,165,942	155,904,595

7. 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.

	30th June, 2016		31st December, 2015	
	Gross advances to customers	% of gross advances covered by collateral	Gross advances to customers	% of gross advances covered by collateral
Advances for use in Hong Kong				
Industrial, commercial and financial				
– Property development	**2,292,515**	**62.7**	2,030,154	49.9
– Property investment	**18,941,901**	**99.0**	20,360,131	99.0
– Financial concerns	**3,344,834**	**13.1**	2,842,449	14.5
– Stockbrokers	**2,006,367**	**38.8**	3,065,519	51.3
– Wholesale and retail trade	**7,058,184**	**72.1**	7,427,073	70.4
– Manufacturing	**2,793,386**	**51.7**	3,035,738	52.0
– Transport and transport equipment	**8,451,434**	**93.4**	9,308,227	89.1
– Information technology	**72,225**	**68.6**	80,317	30.3
– Share financing	**308,507**	**92.7**	451,688	93.8
– Recreational activities	**1,213**	**–**	45,780	–
– Others	**4,391,139**	**77.6**	4,906,868	75.0
Individuals				
– Advances for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	**1,960,409**	**100.0**	2,116,594	100.0
– Advances for the purchase of other residential properties	**35,515,651**	**100.0**	34,473,856	100.0
– Credit card advances	**275,578**	**0.7**	307,934	0.8
– Others	**11,201,632**	**77.0**	10,662,713	71.9
	98,614,975	**86.8**	101,115,041	85.7
Trade finance	**3,647,571**	**53.9**	4,663,502	62.5
Advances for use outside Hong Kong				
– Mainland China	**18,115,424**	**73.3**	22,565,148	66.4
– Macau	**20,327,437**	**90.8**	21,246,727	88.2
– Others	**787,600**	**50.3**	892,201	60.8
	39,230,461	**81.9**	44,704,076	76.6
	141,493,007	**84.6**	150,482,619	82.3

7. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS *(Continued)*

(c) *Impaired advances to customers*

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

	30th June, 2016	31st December, 2015
Gross impaired advances to customers	**1,030,865**	860,053
Gross impaired advances to customers as a percentage of total advances to customers	**0.73%**	0.57%
Market value of collateral held with respect to impaired advances to customers	**901,347**	718,287
Individual impairment allowances	**171,911**	177,041

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 collateral held mainly comprised properties and vehicles.

There are no impaired advances to banks nor individual impairment allowances made on advances to banks as at 30th June, 2016 and 31st December, 2015.

(d) *Impairment allowances for loans and advances*

	Six months ended 30th June, 2016		
	Individual	Collective	Total
At 1st January	**177,041**	**222,606**	**399,647**
Additions	**97,189**	**–**	**97,189**
Releases	**(23,118)**	**(7,201)**	**(30,319)**
Net charges/(releases) to consolidated statement of profit or loss	**74,071**	**(7,201)**	**66,870**
Unwind of discount of loan impairment losses	**(2,879)**	**–**	**(2,879)**
Recoveries of advances written off in prior years	**13,394**	**–**	**13,394**
Amounts written off	**(89,716)**	**–**	**(89,716)**
At 30th June	**171,911**	**215,405**	**387,316**
Representing impairment allowances for:			
Trade bills (note 7(a))	**–**	**37**	**37**
Advances to customers (note 7(a))	**171,911**	**215,368**	**387,279**
	171,911	**215,405**	**387,316**

7. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS *(Continued)*

(d) *Impairment allowances for loans and advances (Continued)*

	Year ended 31st December, 2015		
	Individual	Collective	Total
At 1st January	205,914	217,905	423,819
Additions	189,959	4,701	194,660
Releases	(48,452)	–	(48,452)
Net charges to consolidated statement of profit or loss	141,507	4,701	146,208
Unwind of discount of loan impairment losses	(1,693)	–	(1,693)
Recoveries of advances written off in prior years	45,851	–	45,851
Amounts written off	(214,538)	–	(214,538)
At 31st December	177,041	222,606	399,647
Representing impairment allowances for:			
Trade bills (note 7(a))	–	56	56
Advances to customers (note 7(a))	177,041	222,550	399,591
	177,041	222,606	399,647

(e) *Repossessed assets*

At 30th June, 2016, repossessed assets obtained as securities for impaired advances to customers totalled HK$52,453,000 (31st December, 2015: HK$45,374,000).

8. TANGIBLE FIXED ASSETS

	Six months ended 30th June, 2016				
	Investment properties	Bank premises	Equipment	Bank premises and equipment	Total
Cost or valuation					
At 1st January	**182,900**	**4,811,285**	**1,202,785**	**6,014,070**	**6,196,970**
Additions	**–**	**26**	**37,405**	**37,431**	**37,431**
Disposals	**–**	**–**	**(33,043)**	**(33,043)**	**(33,043)**
Surplus on revaluation					
– Credited to bank premises revaluation reserve	**–**	**(28,305)**	**–**	**(28,305)**	**(28,305)**
– Credited to consolidated statement of profit or loss (note 3(f))	**(6,500)**	**–**	**–**	**–**	**(6,500)**
Elimination of accumulated depreciation on revalued bank premises	**–**	**(45,584)**	**–**	**(45,584)**	**(45,584)**
Exchange adjustment	**–**	**(1,100)**	**(1,061)**	**(2,161)**	**(2,161)**
At 30th June	**176,400**	**4,736,322**	**1,206,086**	**5,942,408**	**6,118,808**
The analysis of cost or valuation of the above assets is as follows:					
At cost	**–**	**1,342,436**	**1,206,086**	**2,548,522**	**2,548,522**
At valuation 2016	**176,400**	**3,393,886**	**–**	**3,393,886**	**3,570,286**
	176,400	**4,736,322**	**1,206,086**	**5,942,408**	**6,118,808**
Accumulated depreciation					
At 1st January	**–**	**291,916**	**942,763**	**1,234,679**	**1,234,679**
Charge for the period (note 3(g))	**–**	**61,270**	**46,813**	**108,083**	**108,083**
Written back on disposals	**–**	**–**	**(32,440)**	**(32,440)**	**(32,440)**
Elimination of accumulated depreciation on revalued bank premises	**–**	**(45,584)**	**–**	**(45,584)**	**(45,584)**
Exchange adjustment	**–**	**(389)**	**(1,648)**	**(2,037)**	**(2,037)**
At 30th June	**–**	**307,213**	**955,488**	**1,262,701**	**1,262,701**
Net book value					
At 30th June	**176,400**	**4,429,109**	**250,598**	**4,679,707**	**4,856,107**

8. TANGIBLE FIXED ASSETS *(Continued)*

	Year ended 31st December, 2015				
	Investment properties	Bank premises	Equipment	Bank premises and equipment	Total
Cost or valuation					
At 1st January	169,000	4,562,686	1,169,293	5,731,979	5,900,979
Additions	–	14	113,288	113,302	113,302
Disposals	–	–	(77,443)	(77,443)	(77,443)
Surplus on revaluation					
– Credited to bank premises revaluation reserve	–	329,221	–	329,221	329,221
– Credited to consolidated statement of profit or loss	13,900	–	–	–	13,900
Elimination of accumulated depreciation on revalued bank premises	–	(77,184)	–	(77,184)	(77,184)
Exchange adjustment	–	(3,452)	(2,353)	(5,805)	(5,805)
At 31st December	182,900	4,811,285	1,202,785	6,014,070	6,196,970
The analysis of cost or valuation of the above assets is as follows:					
At cost	–	1,343,510	1,202,785	2,546,295	2,546,295
At valuation 2015	182,900	3,467,775	–	3,467,775	3,650,675
	182,900	4,811,285	1,202,785	6,014,070	6,196,970
Accumulated depreciation					
At 1st January	–	261,195	927,377	1,188,572	1,188,572
Charge for the year	–	109,174	96,130	205,304	205,304
Written back on disposals	–	–	(76,418)	(76,418)	(76,418)
Elimination of accumulated depreciation on revalued bank premises	–	(77,184)	–	(77,184)	(77,184)
Exchange adjustment	–	(1,269)	(4,326)	(5,595)	(5,595)
At 31st December	–	291,916	942,763	1,234,679	1,234,679
Net book value					
At 31st December	182,900	4,519,369	260,022	4,779,391	4,962,291

9. DEPOSITS AND BALANCES OF BANKS, CENTRAL BANKS AND OTHER FINANCIAL INSTITUTIONS

	30th June, 2016	31st December, 2015
Deposits from central banks	**1,330,741**	70,318
Deposits from banks	**1,184,716**	620,970
	2,515,457	691,288

10. DEPOSITS FROM CUSTOMERS

	30th June, 2016	31st December, 2015
Demand deposits and current accounts	**32,649,162**	28,737,171
Savings deposits	**28,616,693**	28,626,769
Time, call and notice deposits	**110,202,155**	123,035,292
	171,468,010	180,399,232

11. CERTIFICATES OF DEPOSIT ISSUED

	30th June, 2016	31st December, 2015
Certificates of deposit issued at amortised cost	**5,982,251**	8,650,384
	5,982,251	8,650,384

12. OTHER ACCOUNTS AND PROVISIONS

	30th June, 2016	31st December, 2015
Acceptances outstanding	**358,414**	288,828
Interest payable	**787,877**	949,381
Amount payable for purchase of debt securities	**892,622**	–
Other payables	**1,595,011**	1,419,766
	3,633,924	2,657,975

13. SUBORDINATED LIABILITIES

	30th June, 2016	31st December, 2015
US$400 million 6.00% step-up perpetual subordinated notes, designated at fair value through profit or loss	**3,206,020**	3,236,237
	3,206,020	3,236,237

On 19th April, 2007, the Bank issued step-up perpetual subordinated notes which is included in tier 2 capital and subject to phase out, with a face value of HK$3,125,520,000 (US$400,000,000). The notes bear interest at a fixed rate of 6.00% per annum until 19th April, 2017 and are floating at LIBOR plus 1.85% per annum thereafter if the notes are not early redeemed at the option of the Bank. Despite the Bank has the option to defer making payment of interest on the subordinated notes, interest payable on each interest payment date will be made by the Bank provided that the Bank has generated sufficient positive distributable profits during the 12 months preceding the interest payment date. The notes are listed on the Singapore Exchange Securities Trading Limited.

14. RESERVES

The Group's unappropriated profits as at 30th June, 2016 included a regulatory reserve of HK$1,638,190,000 (31st December, 2015: HK$1,824,014,000). The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Group will or may incur on advances to customers in addition to impairment losses recognised. Movements in the reserve are earmarked directly through unappropriated profits and in consultation with the HKMA.

15. 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-related 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 default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contractual 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%.

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

	30th June, 2016	31st December, 2015
Direct credit substitutes	**523,477**	585,693
Transaction-related contingencies	**110,664**	116,126
Trade-related contingencies	**568,874**	505,454
Other commitments:		
With an original maturity of not more than one year	**323,629**	653,186
With an original maturity over one year	**1,348,059**	1,679,078
Which are unconditionally cancellable	**20,578,424**	25,501,038
	23,453,127	29,040,575
Credit risk weighted amounts	**1,300,563**	1,543,403

16. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

	30th June, 2016			
	Qualifying for hedge accounting	Managed in conjunction with financial instruments designated at fair value through profit or loss	Others, including held for trading	Total
Exchange rate contracts				
Forwards	–	–	**40,860,374**	**40,860,374**
Options purchased	–	–	**12,762,934**	**12,762,934**
Options written	–	–	**13,277,047**	**13,277,047**
Interest rate contracts				
Swaps	**4,699,350**	**7,138,096**	**21,894,574**	**33,732,020**
Equity contracts				
Options purchased	–	–	**113,243**	**113,243**
Options written	–	–	**109,484**	**109,484**
	4,699,350	**7,138,096**	**89,017,656**	**100,855,102**

16. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

	31st December, 2015			
	Qualifying for hedge accounting	Managed in conjunction with financial instruments designated at fair value through profit or loss	Others, including held for trading	Total
Exchange rate contracts				
Forwards	–	–	42,320,830	42,320,830
Options purchased	–	–	21,078,005	21,078,005
Options written	–	–	20,879,227	20,879,227
Interest rate contracts				
Swaps	2,557,665	7,595,490	19,963,803	30,116,958
Equity contracts				
Options purchased	–	–	415,399	415,399
Options written	–	–	411,362	411,362
	2,557,665	7,595,490	105,068,626	115,221,781

The trading transactions include the Group's positions arising from the execution of trade orders from customers or transactions undertaken to hedge these positions.

The fair values of derivative financial instruments are as follows:

	30th June, 2016		31st December, 2015	
	Assets	Liabilities	Assets	Liabilities
Exchange rate contracts	**328,745**	**496,012**	565,131	624,375
Interest rate contracts	**256,377**	**352,277**	280,229	230,081
Equity contracts	**4,501**	**4,459**	38,897	38,813
	589,623	**852,748**	884,257	893,269

The credit risk weighted amounts are as follows:

	30th June, 2016	31st December, 2015
Exchange rate contracts	**641,605**	1,126,587
Interest rate contracts	**102,001**	151,241
Equity contracts	**7,170**	56,077
	750,776	1,333,905

The risk weights used in the computation of credit risk weighted average amounts range from 0% to 100%. These amounts do not take into account the effects of bilateral netting arrangements.

16. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Fair value hedges

The fair value hedges principally consist of interest rate swaps. The interest rate swaps are used to hedge against changes in the fair value of certain fixed rate assets due to movements in market interest rates. At 30th June, 2016, the negative fair value of derivatives held as fair value hedges was HK$41,363,000 (31st December, 2015: positive fair value of HK$15,036,000). The losses on the hedging instruments for the period were HK$58,159,000 (31st December, 2015: gains of HK$15,036,000). The gain on the hedged item attributable to the hedged risk for the period were HK$52,732,000 (31st December, 2015: loss of HK$15,182,000).

Cash flow hedges

The cash flow hedges principally consist of interest rate contracts that are used to hedge against the variability in cash flows of certain floating rate liabilities. At 30th June, 2016, the positive fair value of derivatives held as cash flow hedges was HK$593,000 (31st December, 2015: HK$13,298,000). During the period, there was no ineffectiveness recognised in the statement of profit or loss that arose from cash flow hedges (31st December, 2015: nil).

The time periods in which the hedged cash flows are expected to occur and affect the consolidated statement of profit or loss are as follows:

	30th June, 2016		
	Less than 1 year	1 to 2 years	Total
Forecast receivable cash flows	**–**	**–**	**–**
Forecast payable cash flows	**(11,491)**	**(3,557)**	**(15,048)**
Forecast net payable cash flows	**(11,491)**	**(3,557)**	**(15,048)**

	31st December, 2015		
	Less than 1 year	1 to 2 years	Total
Forecast receivable cash flows	–	–	–
Forecast payable cash flows	(12,117)	(9,793)	(21,910)
Forecast net payable cash flows	(12,117)	(9,793)	(21,910)

17. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk of inability to fund an increase in assets or meet obligations as they fall due. An institution's obligations, and the funding sources used to meet them, depend significantly on its business mix, statement of financial position structure, and the cash flow profiles of its on- and off-balance sheet obligation. The Group's primary objective of liquidity risk management is to manage the liquidity risk exposures under both normal and stressed conditions. The Group has established liquidity management policies for ensuring adequate liquidity is maintained at all times. The Group maintained an average liquidity maintenance ratio of 40.5% for the six months ended 30th June, 2016 (30th June, 2015: 36.2%), which is well above the statutory requirement of 25%.

Roles and responsibilities in the Group's liquidity risk management structure are mainly distributed across different committees and hierarchical levels: Board of Directors, Risk Management Committee, Asset and Liability Management Committee ("ALMCO"), Investment Strategy Committee, Treasury Division, Financial Management Division, Risk Management Division, Corporate Banking Division and Retail Banking Division.

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, maintaining continued awareness of the overall liquidity risk profile, and ensuring liquidity risk is adequately managed and controlled by senior management within the established risk management framework.

Customer deposits form an important part of funding source of the Group. The Retail Banking Division and Corporate Banking Division are responsible for maintaining customer deposits as well as advising the funding need of loans to the Treasury Division. The head of Retail Banking Division updates information to the ALMCO members on any material customers' deposits balance movement and strategy to tap deposits.

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 Group also performs regular stress tests which include an institution-specific crisis scenario, a general market wide crisis scenario and a combined scenario, on its liquidity position to ensure adequate liquidity is maintained at all times.

Treasury Division acts in accordance with the Liquidity Portfolio Framework and Debt Securities Investment Framework to address the issue of liquidity cushion. The objectives of the Liquidity Portfolio Framework are to ensure that the Group can meet its obligations when they fall due in normal circumstances and an adequate stock of high quality liquid assets in the portfolio could provide a safety cushion in the event of a funding crisis.

Due to the close proximity of three operating regions Hong Kong, China and Macau, the Group adopts a centralised approach to manage liquidity and funding for both domestic and overseas subsidiaries. At the next granular level, such as branches and sub-branches, the overseas subsidiaries take responsibility for managing their funding arrangement in relation to the use and application of funds. Financial Management Division provides a consolidated picture to the Group's management.

17. LIQUIDITY RISK MANAGEMENT *(Continued)*

The identification of liquidity risk depends first and foremost on its ability to accurately measure net funding requirements along different time horizons of its cash-flow projections. Setting up liquidity risk tolerance, including the quality and mixture of liquid asset holdings, maturity or currency mismatches and concentration of funding as well as stress testing is the next step to facilitate liquidity risk control in the liquidity management structure.

In commensurate with the Group's business size, structure and complexity, the Group sets up target for the critical liquidity risk indicators for monitoring and controlling the liquidity risk exposures.

The Group adopts a range of liquidity metrics to manage its liquidity position, namely liquidity maintenance ratio, medium term funding ratio, maturity mismatch target, loan to deposit ratio and etc. Those liquidity indicators are subject to the ALMCO's review on a regular basis against the target.

The maintenance of liquidity maintenance ratio can serve the purpose to address the short term liquidity stability. Medium term funding ratio gives a clear picture on the Group's medium term funding. A medium funding ratio is a percentage of liabilities plus shareholders' equity to total assets excluding land and building and investments in associates or subsidiaries, both with a contractual maturity of more than one year.

The Group bases on the projection of future cash flows under normal and stressed conditions over different time horizons to identify potential funding mismatches and compared against the liquidity metrics. Moreover, the risk is further analysed by currencies and entities for senior management's review.

Stress tests for liquidity risk management are designed to assess the Group's ability to generate sufficient liquidity from both sides of assets and liabilities to meet funding needs under adverse conditions. The scenarios cover crisis under institution specific, general market wide and combined basis. Assumptions are subject to regular review by the ALMCO to ensure the effectiveness of stress testing process. Stress tests are performed regularly at individual major entity level. The impact is further analysed on consolidated group wide level.

The Group has formulated a contingency plan setting out strategies for dealing with a liquidity crisis and the procedures for making up cash-flow deficits in emergency situations. The plan is updated and reviewed at least annually by ALMCO to ensure that it remains robust over time. Any revision will be further approved by the Board of Directors. Apart from the liquidity limits and ratios agreed with the HKMA, the Group will promptly inform the HKMA of any indicators of serious liquidity problems, which may trigger contingency funding plan.

18. CURRENCY RISK

The Group's foreign exchange positions, which arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures arising from capital investment in subsidiaries and branches outside Hong Kong, mainly in US dollar, Macau Patacas and Renminbi, are managed by ALMCO. All foreign exchange positions are managed by the ALMCO within limits approved by the Board of Directors.

The Group's net positions or net structural positions in foreign currencies are disclosed below where each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies.

The net option position is calculated on the basis of delta-weighted positions of all foreign exchange options contracts. The net structural position includes the Bank's overseas branch, banking subsidiaries and other subsidiaries substantially involved in foreign exchange trading and include structural assets or liabilities as follow:

– investments in overseas subsidiaries and related companies; and

– subordinated liabilities.

	30th June, 2016			31st December, 2015		
(In millions of HK$ equivalent)	US$	Chinese Renminbi	Total	US$	Chinese Renminbi	Total
Spot assets	**45,840**	**20,250**	**87,332**	48,567	24,876	94,511
Spot liabilities	**(38,101)**	**(20,482)**	**(85,800)**	(42,362)	(27,177)	(95,923)
Forward purchases	**18,406**	**6,517**	**35,422**	19,827	10,867	37,820
Forward sales	**(23,221)**	**(5,631)**	**(33,366)**	(23,518)	(6,284)	(31,614)
Net option positions	**(2,540)**	**(576)**	**(3,117)**	(1,956)	(2,324)	(4,273)
Net long/(short) positions	**384**	**78**	**471**	558	(42)	521

	30th June, 2016				31st December, 2015			
(In millions of HK$ equivalent)	Macau Patacas	Chinese Renminbi	US$	Total	Macau Patacas	Chinese Renminbi	US$	Total
Net structural positions	**1,613**	**2,103**	**499**	**4,215**	1,424	2,204	498	4,126

19. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Bank has completed the acquisition of OCBC Bank (China) Limited from Oversea-Chinese Banking Corporation Limited on 18th July, 2016.

20. RESTATEMENT OF PRIOR PERIODS

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

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

(A) CAPITAL AND LIQUIDITY MAINTENANCE RATIO

(i) Capital ratio

	30th June, 2016	31st December, 2015
Common Equity Tier 1 capital ratio	**15.4%**	13.6%
Tier 1 capital ratio	**15.4%**	13.6%
Total capital ratio	**18.9%**	17.2%
Capital conservation buffer ratio	**0.625%**	–
Countercyclical capital buffet ratio	**0.441%**	–
Common Equity Tier 1 capital	**20,365,878**	19,152,632
Tier 1 capital	**20,365,878**	19,152,632
Total capital	**24,970,165**	24,205,260
Risk weighted assets	**131,925,062**	140,828,970

The calculation of the regulatory capital and capital charges are in accordance with the Banking (Capital) Rules ("the Capital Rules"). The capital ratios are computed on a consolidated basis including the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules.

In view of the Capital Rules, the Group has adopted the "basic indicator approach" for the calculation of the operational risk and the "standardised (market risk) approach" for the calculation of market risk. For the calculation of the risk-weighted assets for credit risk, the Bank has adopted the "standardised (credit risk) approach" while Wing Hang Bank (China) Limited and Banco OCBC Weng Hang, S.A. have adopted "basic (credit risk) approach".

(A) CAPITAL AND LIQUIDITY MAINTENANCE RATIO *(Continued)*

(i) Capital ratio (Continued)

In calculating the capital ratio of the Group at 30th June, 2016 and 31st December, 2015, the following subsidiaries are excluded from the regulatory scope of consolidation which are mainly securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Capital Rules and the Banking Ordinance:

		30th June, 2016		31st December, 2015	
Subsidiaries	Principal activities	Total assets	Total equity	Total assets	Total equity
CF Limited	Dormant/ to be liquidated	**–**	**–**	–	–
Chekiang First Bank (Nominees) Limited	Nominee Services	**10**	**10**	10	10
Chekiang First Bank (Trustees) Limited	Trustee Services	**3,946**	**3,935**	3,943	3,931
Chekiang First Limited	Dormant	**1**	**1**	1	1
Chekiang First Securities Company Limited	Dormant	**6,528**	**6,465**	6,515	6,451
Honfirst Investment Limited	Futures Trading	**16,560**	**16,497**	16,490	16,426
OCBC Wing Hang (Nominees) Limited	Nominee Services	**10**	**10**	10	10
OCBC Wing Hang (Trustee) Limited	Trustee Services	**3,656**	**3,646**	3,640	3,603
OCBC Wing Hang Insurance Agency Limited	Insurance Agency	**62,475**	**47,675**	51,514	38,937
OCBC Wing Hang Insurance Brokers Limited	Insurance Broker	**36,342**	**24,498**	27,675	19,509
OCBC Wing Hang Shares Brokerage Company Limited	Securities Dealing	**504,514**	**284,512**	390,622	282,069

As at 30th June, 2016, there are no subsidiaries which are included within both the accounting scope of consolidation and the regulatory scope of consolidation but the method of consolidation differs.

There are also no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation.

(ii) Average liquidity maintenance ratio

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
Average liquidity maintenance ratio	**40.5%**	36.2%

The average liquidity maintenance ratio for the six months includes the liquidity positions of the Bank and certain of its financial subsidiaries, which is the basis of computation agreed with the Hong Kong Monetary Authority ("HKMA").

(B) ADVANCES TO CUSTOMERS ANALYSED BY GEOGRAPHICAL AREA

The geographical information is classified by the geographical location of the counterparties after taking into account any risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a geographical location which is different from that of the borrower or if the claims are on an overseas branch of a bank whose head office is located in another geographical location.

	30th June, 2016				
	Gross advances to customers	Impaired advances to customers	Overdue advances to customers for over three months	Individual impairment allowances	Collective impairment allowances
Hong Kong	**107,665,127**	**366,778**	**336,697**	**98,152**	**113,071**
Macau	**19,262,594**	**27,727**	**27,757**	**21,748**	**10,746**
Mainland China	**13,234,194**	**631,443**	**601,599**	**51,773**	**85,597**
Others	**1,331,092**	**4,917**	**5,211**	**238**	**5,954**
	141,493,007	**1,030,865**	**971,264**	**171,911**	**215,368**

	31st December, 2015				
	Gross advances to customers	Impaired advances to customers	Overdue advances to customers for over three months	Individual impairment allowances	Collective impairment allowances
Hong Kong	113,211,251	236,693	172,820	103,800	118,579
Macau	20,436,783	25,069	27,206	22,753	11,849
Mainland China	15,639,788	590,642	568,770	50,234	86,311
Others	1,194,797	7,649	3,369	254	5,811
	150,482,619	860,053	772,165	177,041	222,550

(C) FURTHER ANALYSIS OF ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

The following information concerning the further analysis of advances to customers by industry sectors is prepared by classifying the advances according to the usage of the advances in respect of industry sectors which constitute not less than 10% of gross advances to customers.

	30th June, 2016				
	Gross advances to customers	Impaired advances to customers	Overdue advances to customers for over three months	Individual impairment allowances	Collective impairment allowances
Property investment	**18,941,901**	**23,263**	**25,242**	**659**	**13,594**
Advances for the purchase of other residential properties	**35,515,651**	**8,525**	**34,814**	**2,894**	**33,293**
Advances for use outside Hong Kong					
– Mainland China	**18,115,424**	**721,055**	**717,653**	**74,443**	**120,561**
– Macau	**20,327,437**	**27,771**	**27,404**	**21,822**	**9,956**

	31st December, 2015				
	Gross advances to customers	Impaired advances to customers	Overdue advances to customers for over three months	Individual impairment allowances	Collective impairment allowances
Property investment	20,360,131	–	–	–	14,326
Advances for the purchase of other residential properties	34,473,856	–	9,125	–	33,109
Advances for use outside Hong Kong					
– Mainland China	22,565,148	658,394	630,047	70,921	120,798
– Macau	21,246,727	25,069	26,944	22,753	11,162

(D) OVERDUE AND RESCHEDULED ASSETS

(i) Overdue and rescheduled advances to customers

	30th June, 2016		31st December, 2015	
	Amount	% of total advances to customers	Amount	% of total advances to customers
Gross advances to customers which have been overdue with respect to either principal or interest for periods of:				
– 6 months or less but over 3 months	**275,173**	**0.19**	422,153	0.28
– 1 year or less but over 6 months	**388,547**	**0.28**	140,996	0.09
– Over 1 year	**307,544**	**0.22**	209,016	0.14
	971,264	**0.69**	772,165	0.51
Covered portion of overdue advances	**874,135**		685,113	
Uncovered portion of overdue advances	**97,129**		87,052	
	971,264		772,165	
Current market values of collateral held against covered portion of overdue advances	**1,560,872**		1,383,231	
Individual impairment allowances made on overdue advances	**142,823**		132,493	

Collateral held with respect to overdue advances to customers is mainly properties and vehicles.

	30th June, 2016		31st December, 2015	
	Amount	% of total advances to customers	Amount	% of total advances to customers
Rescheduled advances to customers	**15,830**	**0.01**	15,097	0.01

There were no advances to banks which are overdue nor rescheduled as at 30th June, 2016 and 31st December, 2015.

(D) OVERDUE AND RESCHEDULED ASSETS *(Continued)*

(ii) Other overdue assets

There are no overdue trade bills included in "Advances to customers and other accounts" as at 30th June, 2016 and 31st December, 2015.

There are no overdue debt securities included in "Financial assets designated at fair value through profit or loss" and "Available-for-sale financial assets" as at 30th June, 2016 and 31st December, 2015.

Included in "Other assets" as at 30th June, 2016 and 31st December, 2015, there are no receivables which are overdue.

(E) NON-BANK MAINLAND CHINA EXPOSURES

The analysis on non-bank Mainland China exposures includes exposures of the Bank and certain of its subsidiaries on the basis agreed with the HKMA.

		30th June, 2016	
(In millions of HK$ equivalent)	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
(i) Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	**5,576**	**345**	**5,921**
(ii) Local government, local government-owned entities and their subsidiaries and JVs	**1,603**	**213**	**1,816**
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**13,449**	**2,029**	**15,478**
(iv) Other entities of central government not reported in item (i) above	**466**	**102**	**568**
(v) Other entities of local government not reported in item (ii) above	**1,038**	**–**	**1,038**
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	**3,236**	**138**	**3,374**
(vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	**4,746**	**–**	**4,746**
Total	**30,114**	**2,827**	**32,941**
Total assets after provisions	**192,561**		
On-balance sheet exposures as % of total assets	**15.64%**		

(E) NON-BANK MAINLAND CHINA EXPOSURES *(Continued)*

(In millions of HK$ equivalent)	31st December 2015 On-balance sheet exposures	Off-balance sheet exposures	Total exposures
(i) Central government, central government-owned entities and their subsidiaries and JVs	8,471	269	8,740
(ii) Local government, local government-owned entities and their subsidiaries and JVs	2,241	240	2,481
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	16,028	4,019	20,047
(iv) Other entities of central government not reported in item (i) above	475	139	614
(v) Other entities of local government not reported in item (ii) above	1,563	–	1,563
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	4,282	110	4,392
(vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	5,114	–	5,114
Total	38,174	4,777	42,951
Total assets after provisions	203,594		
On-balance sheet exposures as % of total assets	18.75%		

(F) INTERNATIONAL CLAIMS

Analysis of the Bank's international claims by location and by type of counterparty is as follows:

30th June, 2016

			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Offshore centres, of which:					
– Hong Kong	**4,831**	**4,586**	**6,692**	**106,389**	**122,498**
– Macau	**51**	**2,469**	**69**	**19,606**	**22,195**
– Singapore	**6,756**	**1**	**80**	**514**	**7,351**
Developing Asia-Pacific, of which:					
– Mainland China	**20,800**	**2,747**	**2,757**	**15,666**	**41,970**
	32,438	**9,803**	**9,598**	**142,175**	**194,014**

31st December, 2015

			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Offshore centres, of which:					
– Hong Kong	5,693	4,340	5,127	114,565	129,725
– Macau	454	1,083	49	20,601	22,187
– Singapore	9,994	84	38	547	10,663
Developing Asia-Pacific, of which:					
– Mainland China	15,700	2,986	752	22,298	41,736
	31,841	8,493	5,966	158,011	204,311

The above analysis is disclosed on a net basis after taking into account the effect of any recognised risk transfer.

OCBC WING HANG

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