

OCBC Wing Hang Bank Limited
2017 Interim Report



Contents

	Page
Unaudited Consolidated Statement of Profit or Loss	2
Unaudited Consolidated Statement of Comprehensive Income	3
Unaudited Consolidated Statement of Financial Position	4
Unaudited Consolidated Statement of Changes in Equity	5
Notes to Unaudited Interim Financial Report	6
Unaudited Supplementary Financial Information	25

Unaudited Consolidated Statement of Profit or Loss

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

	Notes	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Interest income	3(a)	3,310,191	2,738,323
Interest expense	3(b)	(1,321,603)	(1,015,623)
Net interest income		1,988,588	1,722,700
Fees and commissions (net)	3(c)	388,088	347,016
Dividends	3(d)	9,204	7,313
Rental income	3(e)	5,577	2,204
Other income	3(f)	187,511	237,249
Other operating income		590,380	593,782
Operating income		2,578,968	2,316,482
Operating expenses	3(g)	(1,421,595)	(1,165,848)
Operating profit before impairment losses and allowances		1,157,373	1,150,634
Impairment losses and allowances		(58,388)	(66,870)
Operating profit after impairment losses and allowances		1,098,985	1,083,764
Unrealised gains on subordinated liabilities		44,499	33,737
Share of net gains of associated companies		31,593	40,484
Profit before taxation		1,175,077	1,157,985
Taxation	4	(196,871)	(153,597)
Profit for the period attributable to equity shareholders of the Bank		978,206	1,004,388

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, 2017	Six months ended 30th June, 2016
Profit for the period		978,206	1,004,388
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	382,867	(28,305)
– Deferred taxes		(14,177)	(2,122)
– Share of surplus on revaluation of bank premises of associated companies		1,599	1,556
		370,289	(28,871)
Items that will be reclassified subsequently to profit or loss			
– Exchange adjustments on translation of financial statements of subsidiaries		270,193	(64,713)
		270,193	(64,713)
– Available-for-sale financial assets			
– Fair value changes			
– on debt securities		153,691	132,385
– on equity securities		128,830	16,421
– Transfer to consolidated statement of profit or loss			
– gains on disposal	3(f)	(19,256)	(46,622)
– Deferred taxes		(26,062)	(30,165)
– Share of fair value changes of available-for-sale financial assets of associated companies		11,931	(9,392)
		249,134	62,627
– Cash flow hedging reserve			
– Fair value changes taken to equity		(3,026)	(12,704)
– Deferred taxes		499	2,096
		(2,527)	(10,608)
– Unappropriated profits			
– Bank premises			
– Deferred taxes		6,182	–
		522,982	(12,694)
Other comprehensive income for the period, net of tax		893,271	(41,565)
Total comprehensive income for the period attributable to equity shareholders of the Bank		1,871,477	962,823

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, 2017	31st December, 2016
ASSETS			
Cash and balances with banks, central banks and other financial institutions	5	11,851,626	9,622,651
Placements with banks, central banks and other financial institutions	6	760,196	6,237,703
Amounts due from ultimate holding company and fellow subsidiaries		5,681,645	8,170,829
Trading assets		3,886,422	5,780,612
Financial assets designated at fair value through profit or loss		583,465	2,292,953
Advances to customers and other accounts	7(a)	176,293,000	167,510,656
Available-for-sale financial assets		71,055,554	55,050,258
Investments in associated companies		142,789	353,756
Tangible fixed assets	8		
– Investment properties		349,366	338,895
– Other properties, plants and equipment		5,152,478	4,852,011
Goodwill		1,306,430	1,306,430
Current tax recoverable		3,654	3,216
Deferred tax assets		13,618	13,722
Assets of a disposal group classified as held for sale	9	254,601	–
Total assets		277,334,844	261,533,692
EQUITY AND LIABILITIES			
Deposits and balances of banks, central banks and other financial institutions	10	8,494,223	4,245,654
Amounts due to ultimate holding company and fellow subsidiaries		23,574,587	17,302,857
Deposits from customers	11	197,147,006	193,153,230
Certificates of deposit issued	12	7,366,159	3,843,176
Trading liabilities		1,535,021	2,485,215
Current tax payable		287,350	159,806
Deferred tax liabilities		270,961	241,563
Other accounts and provisions	13	3,727,990	3,895,602
Subordinated liabilities	14	–	3,146,519
Total liabilities		242,403,297	228,473,622
Share capital		7,307,606	7,307,606
Reserves	15	27,623,941	25,752,464
Total equity		34,931,547	33,060,070
Total equity and liabilities		277,334,844	261,533,692

Approved and authorised for issue by the Board of Directors on 8th September, 2017.

Patrick Yuk Bun FUNG
Wu Beng NA

Chairman
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, 2017

	At 1st January	Transfer to/ (from) reserve	Profit for the period	Other comprehensive income for the period	At 30th June
Share capital	7,307,606	–	–	–	7,307,606
Capital reserve	336,389	(254)	–	–	336,135
Statutory reserve	398,366	–	–	–	398,366
General reserve	1,613,305	–	–	270,193	1,883,498
Bank premises revaluation reserve	2,890,220	(16,382)	–	370,289	3,244,127
Investment revaluation reserve	335,384	–	–	249,134	584,518
Cash flow hedging reserve	5,322	–	–	(2,527)	2,795
Unappropriated profits	20,173,478	16,636	978,206	6,182	21,174,502
Total equity	33,060,070	–	978,206	893,271	34,931,547

Six months ended 31st December, 2016

	At 30th June	Acquisition of subsidiary*	Transfer to/ (from) reserve	Profit for the period	Other comprehensive income for the period	At 31st December
Share capital	1,740,750	5,566,856	–	–	–	7,307,606
Capital reserve	311,643	–	24,746	–	–	336,389
Statutory reserve	396,382	–	1,984	–	–	398,366
General reserve	1,999,434	–	–	–	(386,129)	1,613,305
Bank premises revaluation reserve	2,755,197	–	(14,854)	–	149,877	2,890,220
Investment revaluation reserve	378,254	–	–	–	(42,870)	335,384
Cash flow hedging reserve	496	–	–	–	4,826	5,322
Unappropriated profits	19,056,767	66,312	(11,876)	1,042,424	19,851	20,173,478
Total equity	26,638,923	5,633,168	–	1,042,424	(254,445)	33,060,070

* Equity arising from the acquisition of the entire equity interest of OCBC Bank (China) Limited on 18th July, 2016 at a total consideration of HK\$5,566,856,000.

Six months ended 30th June, 2016

	At 1st January	Transfer to/ (from) reserve	Profit for the period	Other 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	(34,638)	–	(28,871)	2,755,197
Investment revaluation reserve	315,627	–	–	62,627	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	–	1,004,388	(41,565)	26,638,923

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, 2017 was HK\$978,206,000. The results of the Group for the period ended 30th June, 2017 and the state of affairs of the Group and the Bank as at 30th June, 2017 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 2017 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, 2016.

In preparing the interim consolidated financial report for 2017, 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, 2017 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 8th September, 2017.

These interim consolidated financial report has not been audited.

3. OPERATING PROFIT

(a) Interest income

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Interest income including the following:		
– Financial assets not measured at fair value through profit or loss	3,216,623	2,605,910
– Interest income from impaired financial assets	10,893	4,581

(b) Interest expense

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Interest expense including the following:		
– Financial liabilities not measured at fair value through profit or loss	1,227,111	860,082

3. OPERATING PROFIT *(Continued)*

(c) Fee and commission (net)

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Fees and commission		
Credit commission and fees	90,623	92,355
Credit card related fees	116,919	109,452
Trade related fees	32,850	24,305
Insurance commission	61,984	70,378
Stockbroking fees	51,019	40,740
Trust fees	34	38
Wealth management fees	24,233	16,598
Other fees and commission income	68,031	48,446
Less: Fees and commission expenses	(57,605)	(55,296)
	388,088	347,016
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	139,618	130,734
– fees and commission expenses	(2)	(2)
	139,616	130,732

(d) Dividends

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Dividend income from unlisted available-for-sale financial assets	8,872	6,784
Dividend income from listed available-for-sale financial assets	326	448
Dividend income from listed trading investments	6	81
	9,204	7,313

Notes to Unaudited Interim Financial Report

3. OPERATING PROFIT *(Continued)*

(e) Rental income

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Rental income from investment properties less direct outgoings of HK\$141,000 (30th June, 2016: HK\$180,000)	5,577	2,204
	5,577	2,204

(f) Other income

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Foreign exchange	106,470	159,698
Hedging activities		
– Fair value hedges		
– hedged items	13,992	52,732
– hedging instruments	(16,751)	(58,159)
Interest rate and other derivatives	(717)	(123,638)
Trading securities	17,865	13,149
Fair value through profit or loss securities	8,543	94,235
Others	597	767
Net trading income	129,999	138,784
Gains transferred from investment revaluation reserve upon disposal	19,256	46,622
Disposal of available-for-sale financial assets	18,913	49,844
Total gains on disposal of available-for-sale financial assets	38,169	96,466
Revaluation of investment properties (note 8)	10,956	(6,500)
Disposal of tangible fixed assets	(1,635)	47
Others	10,022	8,452
	187,511	237,249

3. OPERATING PROFIT *(Continued)* (g) *Operating expenses*

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Staff costs		
Salaries and other staff costs	843,853	691,289
Retirement benefit costs	85,112	41,893
Share based expenses	14,908	3,323
	943,873	736,505
Premises and equipment expenses, excluding depreciation	246,803	171,096
Depreciation (note 8)	113,642	108,083
Others	117,277	150,164
	1,421,595	1,165,848

4. TAXATION

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30th June, 2017	Six months ended 30th June, 2016
Current tax – Provision for Hong Kong profits tax	146,111	124,234
Current tax – Provision for tax outside Hong Kong	54,816	34,686
Deferred taxation	(4,056)	(5,323)
	196,871	153,597

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

	30th June, 2017	31st December, 2016
Cash balances	731,161	870,321
Balances with central banks	10,005,301	7,809,593
Balances with banks	1,115,164	942,737
	11,851,626	9,622,651

Notes to Unaudited Interim Financial Report

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

	30th June, 2017	31st December, 2016
Remaining maturity		
– Within 1 month	760,196	5,469,404
– Over 1 month but within 1 year	–	768,299
	760,196	6,237,703

7. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

(a) Advances to customers and other accounts

	30th June, 2017	31st December, 2016
Gross advances to customers	166,334,468	161,968,980
Individual impairment allowances for impaired loans and advances (note 7(d))	(244,253)	(220,228)
Collective impairment allowances for loans and advances (note 7(d))	(560,220)	(571,522)
Net advances to customers	165,529,995	161,177,230
Gross trade bills	3,627,436	983,168
Individual impairment allowances for impaired trade bills (note 7(d))	–	–
Collective impairment allowances for trade bills (note 7(d))	(62)	(31)
Net trade bills	3,627,374	983,137
Advances to banks	4,138,799	1,913,710
Customer liability under acceptances	1,057,307	1,526,426
Interest receivables	546,584	657,331
Positive fair values of derivative financial instruments held for hedging	9,831	62,838
Other accounts	1,383,110	1,189,984
	176,293,000	167,510,656

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, 2017		31st December, 2016	
	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	4,757,055	27.9	2,851,517	46.1
– Property investment	21,090,902	97.6	19,218,597	99.2
– Financial concerns	3,471,896	9.3	4,238,982	7.9
– Stockbrokers	1,650,066	66.4	2,528,634	48.1
– Wholesale and retail trade	5,782,299	63.3	6,053,435	68.3
– Manufacturing	2,798,480	51.3	2,777,384	56.8
– Transport and transport equipment	8,142,277	91.9	8,403,828	92.2
– Information technology	47,291	22.3	67,753	68.4
– Share financing	405,060	89.7	420,185	91.1
– Others	3,645,931	72.0	3,347,054	84.5
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	1,711,038	100.0	1,813,920	100.0
– Advances for the purchase of other residential properties	38,564,733	100.0	35,594,945	100.0
– Credit card advances	263,219	0.5	284,711	0.8
– Others	13,096,112	75.2	13,475,406	75.7
	105,426,359	84.4	101,076,351	85.3
Trade finance	4,978,827	54.2	4,343,377	57.2
Advances for use outside Hong Kong				
– Mainland China	35,961,223	58.0	36,300,818	66.2
– Macau	19,637,871	91.0	20,015,228	90.4
– Others	330,188	95.0	233,206	97.6
	55,929,282	69.8	56,549,252	74.9
	166,334,468	78.6	161,968,980	80.9

Notes to Unaudited Interim Financial Report

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, 2017	31st December, 2016
Gross impaired advances to customers	1,487,379	1,438,915
Gross impaired advances to customers as a percentage of total advances to customers	0.89%	0.89%
Market value of collateral held with respect to impaired advances to customers	871,915	839,317
Individual impairment allowances	244,253	220,228

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, 2017 and 31st December, 2016.

(d) Impairment allowances for loans and advances

	Six months ended 30th June, 2017		
	Individual	Collective	Total
At 1st January	220,228	571,553	791,781
Additions	157,227	–	157,227
Releases	(90,458)	(8,381)	(98,839)
Net charges/(releases) to consolidated statement of profit or loss	66,769	(8,381)	58,388
Unwind of discount of loan impairment losses	(9,386)	–	(9,386)
Recoveries of advances written off in prior years	15,423	–	15,423
Amounts written off	(51,671)	–	(51,671)
Others	2,890	(2,890)	–
At 30th June	244,253	560,282	804,535
Representing impairment allowances for:			
Trade bills (note 7(a))	–	62	62
Advances to customers (note 7(a))	244,253	560,220	804,473
	244,253	560,282	804,535

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

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

	Year ended 31st December, 2016		
	Individual	Collective	Total
At 1st January	177,041	222,606	399,647
Additions through acquisition of a subsidiary	16,143	451,646	467,789
Additions	231,251	–	231,251
Releases	(29,790)	(102,699)	(132,489)
Net charges/(releases) to consolidated statement of profit or loss	201,461	(102,699)	98,762
Unwind of discount of loan impairment losses	(18,231)	–	(18,231)
Recoveries of advances written off in prior years	30,318	–	30,318
Amounts written off	(186,504)	–	(186,504)
At 31st December	220,228	571,553	791,781
Representing impairment allowances for:			
Trade bills (note 7(a))	–	31	31
Advances to customers (note 7(a))	220,228	571,522	791,750
	220,228	571,553	791,781

(e) *Reposessed assets*

At 30th June, 2017, reposessed assets obtained as securities for impaired advances to customers totalled HK\$75,328,000 (31st December, 2016: HK\$88,334,000).

Notes to Unaudited Interim Financial Report

8. TANGIBLE FIXED ASSETS

	Six months ended 30th June, 2017				
	Investment properties	Bank premises	Equipment	Bank premises and equipment	Total
Cost or valuation					
At 1st January	363,546	4,812,540	1,599,575	6,412,115	6,775,661
Additions	–	2,503	29,127	31,630	31,630
Disposals	–	–	(48,397)	(48,397)	(48,397)
Surplus on revaluation					
– Credited to bank premises revaluation reserve	–	382,867	–	382,867	382,867
– Credited to consolidated statement of profit or loss (note 3(f))	10,956	–	–	–	10,956
Elimination of accumulated depreciation on revalued bank premises	–	(40,229)	–	(40,229)	(40,229)
Exchange adjustment	1,046	522	50	572	1,618
At 30th June	375,548	5,158,203	1,580,355	6,738,558	7,114,106
The analysis of cost or valuation of the above assets is as follows:					
At cost	–	1,350,550	1,580,355	2,930,905	2,930,905
At valuation 2017	375,548	3,807,653	–	3,807,653	4,183,201
	375,548	5,158,203	1,580,355	6,738,558	7,114,106
Accumulated depreciation					
At 1st January	24,651	322,468	1,237,636	1,560,104	1,584,755
Charge for the period (note 3(g))	764	48,868	64,010	112,878	113,642
Written back on disposals	–	–	(47,253)	(47,253)	(47,253)
Elimination of accumulated depreciation on revalued bank premises	–	(40,229)	–	(40,229)	(40,229)
Exchange adjustment	767	194	386	580	1,347
At 30th June	26,182	331,301	1,254,779	1,586,080	1,612,262
Net book value					
At 30th June	349,366	4,826,902	325,576	5,152,478	5,501,844

8. TANGIBLE FIXED ASSETS *(Continued)*

Year ended 31st December, 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					
– through acquisition of a subsidiary	193,905	3,926	372,979	376,905	570,810
– others	–	25	96,711	96,736	96,736
Disposals	–	–	(71,691)	(71,691)	(71,691)
Surplus/(deficit) on revaluation					
– credited to bank premises revaluation reserve	–	88,953	–	88,953	88,953
– charged to consolidated statement of profit or loss	(11,884)	–	–	–	(11,884)
Elimination of accumulated depreciation on revalued bank premises	–	(91,713)	–	(91,713)	(91,713)
Exchange adjustment	(1,375)	64	(1,209)	(1,145)	(2,520)
At 31st December	363,546	4,812,540	1,599,575	6,412,115	6,775,661
The analysis of cost or valuation of the above assets is as follows:					
At cost	–	1,347,525	1,599,575	2,947,100	2,947,100
At valuation 2016	363,546	3,465,015	–	3,465,015	3,828,561
	363,546	4,812,540	1,599,575	6,412,115	6,775,661
Accumulated depreciation					
At 1st January	–	291,916	942,763	1,234,679	1,234,679
Addition through acquisition of a subsidiary	24,995	143	254,363	254,506	279,501
Charge for the year	707	122,937	113,356	236,293	237,000
Written back on disposals	–	–	(71,210)	(71,210)	(71,210)
Elimination of accumulated depreciation on revalued bank premises	–	(91,713)	–	(91,713)	(91,713)
Exchange adjustment	(1,051)	(815)	(1,636)	(2,451)	(3,502)
At 31st December	24,651	322,468	1,237,636	1,560,104	1,584,755
Net book value					
At 31st December	338,895	4,490,072	361,939	4,852,011	5,190,906

Notes to Unaudited Interim Financial Report

9. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 20th March, 2017, the Bank entered into a share sale agreement with an independent third party to dispose of 33.33% of the issued share capital of Hong Kong Life Insurance Limited for a cash consideration of approximately HK\$2,366,667,000 before transaction related expenses. The Bank has received a deposit of amount equal to approximately HK\$236,667,000 being 10% of the consideration.

Completion of the transaction is subject to certain conditions including obtaining the necessary approvals from the relevant authorities. Accordingly, interests in Hong Kong Life Insurance Limited was classified as "Assets of a disposal group classified as held for sale".

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

	30th June, 2017	31st December, 2016
Deposits from central banks	5,438,927	4,140,741
Deposits from banks	3,055,296	104,913
	8,494,223	4,245,654

11. DEPOSITS FROM CUSTOMERS

	30th June, 2017	31st December, 2016
Demand deposits and current accounts	42,664,509	40,367,275
Savings deposits	31,208,615	29,887,362
Time, call and notice deposits	123,273,882	122,898,593
	197,147,006	193,153,230

12. CERTIFICATES OF DEPOSIT ISSUED

	30th June, 2017	31st December, 2016
Certificates of deposit issued at amortised cost	7,366,159	3,293,618
Certificates of deposit issued designated at fair value through profit or loss	–	549,558
	7,366,159	3,843,176

13. OTHER ACCOUNTS AND PROVISIONS

	30th June, 2017	31st December, 2016
Acceptances outstanding	1,057,307	1,526,426
Interest payable	556,364	588,832
Negative fair value of derivative financial instruments held for hedging	12,241	141
Other payables	2,102,078	1,780,203
	3,727,990	3,895,602

14. SUBORDINATED LIABILITIES

	30th June, 2017	31st December, 2016
US\$400 million 6.00% step-up perpetual subordinated notes, designated at fair value through profit or loss	–	3,146,519

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. The notes were fully redeemed on 20th April, 2017.

15. RESERVES

The Group's unappropriated profits as at 30th June, 2017 included a regulatory reserve of HK\$1,535,594,000 (31st December, 2016: HK\$1,550,271,000). 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.

16. CONTINGENT LIABILITIES AND COMMITMENTS TO EXTEND CREDIT

Contingent liabilities and commitments arise 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%.

Notes to Unaudited Interim Financial Report

16. CONTINGENT LIABILITIES AND COMMITMENTS TO EXTEND CREDIT *(Continued)*

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

	30th June, 2017	31st December, 2016
Direct credit substitutes	3,003,291	2,832,826
Transaction-related contingencies	300,999	276,227
Trade-related contingencies	1,545,046	1,238,228
Forward forward deposits	59,922	500,000
Other commitments:		
With an original maturity of not more than one year	841,370	322,094
With an original maturity over one year	2,931,333	1,848,512
Which are unconditionally cancellable	32,639,985	31,897,540
	41,321,946	38,915,427
Credit risk weighted amounts	4,589,970	3,975,311

17. 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.

17. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

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

30th June, 2017				
	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	–	–	141,137,761	141,137,761
Options purchased	–	–	21,792,475	21,792,475
Options written	–	–	21,421,771	21,421,771
Interest rate contracts				
Swaps	6,844,477	968,391	189,206,222	197,019,090
Options written	–	–	338,803	338,803
Equity contracts				
Options purchased	–	–	81,104	81,104
Options written	–	–	77,193	77,193
Credit derivative contracts				
Credit defaults swaps purchased	–	–	4,809,653	4,809,653
Credit defaults swaps written	–	–	4,775,088	4,775,088
	6,844,477	968,391	383,640,070	391,452,938

Notes to Unaudited Interim Financial Report

17. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	31st December, 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	–	–	107,665,840	107,665,840
Options purchased	–	–	17,821,693	17,821,693
Options written	–	–	17,713,408	17,713,408
Interest rate contracts				
Swaps	5,792,331	6,824,594	143,745,481	156,362,406
Equity contracts				
Options purchased	–	–	223,881	223,881
Options written	–	–	218,721	218,721
Credit derivative contracts				
Credit defaults swaps purchased	–	–	5,041,967	5,041,967
Credit defaults swaps written	–	–	4,943,590	4,943,590
	5,792,331	6,824,594	297,374,581	309,991,506

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 held for trading purposes are as follows:

	30th June, 2017		31st December, 2016	
	Assets	Liabilities	Assets	Liabilities
Exchange rate contracts	1,074,286	902,737	1,484,662	1,573,497
Interest rate contracts	632,998	626,061	865,135	906,295
Equity contracts	3,520	3,417	3,279	3,152
Credit derivative contracts	2,861	2,806	2,305	2,271
	1,713,665	1,535,021	2,355,381	2,485,215

17. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The fair values of derivative financial instruments held for hedging purposes are as follows:

	30th June, 2017		31st December, 2016	
	Assets	Liabilities	Assets	Liabilities
Interest rate contracts	9,831	12,241	62,838	141
	9,831	12,241	62,838	141

The credit risk weighted amounts are as follows:

	30th June, 2017	31st December, 2016
Exchange rate contracts	1,852,190	1,011,694
Interest rate contracts	696,523	770,832
Equity contracts	1,864	19,934
Credit derivative contracts	577	489
	2,551,154	1,802,949

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.

Fair value hedges

The fair value hedges principally consist of interest rate swaps. The interest rate swaps are used to protect against changes in the fair value of certain fixed rate assets due to movements in market interest rates. At 30th June, 2017, the net negative fair value of derivatives held as fair value hedges was HK\$5,757,000 (31st December, 2016: net positive fair value of HK\$56,324,000).

The losses on the hedging instruments for the period were HK\$16,751,000 (31st December, 2016: gains of HK\$44,232,000). The gains on the hedged item attributable to the hedged risk for the period were HK\$13,992,000 (31st December, 2016: losses of HK\$47,143,000).

Notes to Unaudited Interim Financial Report

17. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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, 2017, the positive fair value of derivatives held as cash flow hedges was HK\$3,347,000 (31st December, 2016: HK\$6,373,000). During the period, there was no ineffectiveness recognised in the statement of profit or loss that arose from cash flow hedges (31st December, 2016: 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, 2017			
	Less than 1 year	1 to 2 years	Total
Forecast receivable cash flows	–	–	–
Forecast payable cash flows	(8,547)	–	(8,547)
Forecast net payable cash flows	(8,547)	–	(8,547)

31st December, 2016			
	Less than 1 year	1 to 2 years	Total
Forecast receivable cash flows	–	–	–
Forecast payable cash flows	(17,993)	–	(17,993)
Forecast net payable cash flows	(17,993)	–	(17,993)

18. 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 44.4% for the six months ended 30th June, 2017 (30th June, 2016: 40.5%), 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 ("ALCO"), 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 ALCO. ALCO, 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.

18. LIQUIDITY RISK MANAGEMENT *(Continued)*

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 ALCO 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.

The 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.

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.

Commensurate with the Group's business size, structure and complexity, the Group sets up targets 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 ratios, medium term funding ratios, maturity mismatch targets, loan to deposit ratios, etc. Those liquidity indicators are subject to the ALCO'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-term 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.

Notes to Unaudited Interim Financial Report

18. LIQUIDITY RISK MANAGEMENT *(Continued)*

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 ALCO 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 ALCO 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.

19. 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 ALCO. All foreign exchange positions are managed by the ALCO 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, 2017			31st December, 2016		
<i>(In millions of HK\$ equivalent)</i>	US\$	Chinese Renminbi	Total	US\$	Chinese Renminbi	Total
Spot assets	70,257	50,518	138,461	59,610	45,802	124,738
Spot liabilities	(57,680)	(49,054)	(135,649)	(53,561)	(45,547)	(126,604)
Forward purchases	67,406	52,752	134,141	54,056	38,122	104,642
Forward sales	(72,196)	(57,026)	(132,244)	(54,772)	(39,858)	(98,830)
Net option positions	(7,007)	2,803	(4,151)	(4,177)	1,133	(3,055)
Net long/(short) positions	780	(7)	558	1,156	(348)	891

	30th June, 2017				31st December, 2016			
<i>(In millions of HK\$ equivalent)</i>	Macau Patacas	Chinese Renminbi	US\$	Total	Macau Patacas	Chinese Renminbi	US\$	Total
Net structural positions	2,828	6,216	1,686	10,730	2,656	6,025	1,676	10,357

Unaudited Supplementary Financial Information

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

(A) CAPITAL AND LIQUIDITY MAINTENANCE RATIOS

(i) Capital ratio

	30th June, 2017	31st December, 2016
Common Equity Tier 1 capital ratio	15.5%	16.0%
Tier 1 capital ratio	15.5%	16.0%
Total capital ratio	17.4%	19.0%
Capital conservation buffer ratio	1.250%	0.625%
Countercyclical capital buffet ratio	0.715%	0.357%
Common Equity Tier 1 capital	28,144,907	26,691,289
Tier 1 capital	28,144,907	26,691,289
Total capital	31,652,663	31,710,055
Risk weighted assets	181,533,763	166,751,008

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 Hong Kong Monetary Authority ("HKMA") for its regulatory purposes, and are in accordance with the 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 Group has adopted the "standardised (credit risk) approach" as of 30th June, 2017 whereas the Bank had adopted the "standardised (credit risk) approach" while OCBC Wing Hang Bank (China) Limited and Banco OCBC Weng Hang, S.A. have adopted "basic (credit risk) approach" as of 31st December, 2016.

Unaudited Supplementary Financial Information

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

(i) *Capital ratio (Continued)*

In calculating the capital ratio of the Group at 30th June, 2017 and 31st December, 2016, 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. The increases in the excluded subsidiaries from the regulatory scope of consolidation were approved by HKMA in 2016.

Subsidiaries	Principal activities	30th June, 2017		31st December, 2016 (restated)	
		Total assets	Total equity	Total assets	Total equity
CF Limited	Dormant/ to be liquidated	–	–	–	–
C.F. Finance Company Limited	To be liquidated	421	421	421	421
Chekiang First Bank (Nominees) Limited	Nominee Services	10	10	10	10
Chekiang First Bank (Trustees) Limited	Trustee Services	3,936	3,920	3,950	3,917
Chekiang First Limited	Dormant	1	1	1	1
Chekiang First Securities Company Limited	Dormant/ to be liquidated	6,369	6,369	6,386	6,363
Cyber Wing Hang Limited	Dormant/ to be liquidated	229	229	229	229
Data Processing Services Limited	Dormant/ to be liquidated	888	888	888	888
Honfirst Investment Limited	Futures Trading	16,616	16,552	16,552	16,488
Honfirst Property Agency Limited	Dormant/ to be liquidated	34	34	34	34
OCBC Wing Hang (Nominees) Limited	Nominee Services	10	10	10	10
OCBC Wing Hang (Trustee) Limited	Trustee Services	3,688	3,677	3,660	3,640
OCBC Wing Hang Insurance Agency Limited	Insurance Agency	78,304	62,576	66,336	53,111
OCBC Wing Hang Insurance Brokers Limited	Insurance Broker	50,553	33,335	36,715	27,070
OCBC Wing Hang Shares Brokerage Company Limited	Securities Dealing	538,698	295,921	412,405	290,660

As at 30th June, 2017, 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, 2017	Six months ended 30th June, 2016
Average liquidity maintenance ratio	44.4%	40.5%

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 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, 2017

	Gross advances to customers	Impaired advances to customers	Overdue advances to customers for over three months	Individual impairment allowances	Collective impairment allowances
Hong Kong	110,895,860	274,105	214,867	113,159	123,066
Macau	19,315,893	13,499	10,328	6,994	9,455
Mainland China	33,766,457	1,179,774	640,133	124,100	413,325
Others	2,356,258	20,001	21,423	–	14,436
	166,334,468	1,487,379	886,751	244,253	560,282

31st December, 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	107,461,895	411,524	379,493	152,283	120,854
Macau	19,127,551	10,170	9,538	3,471	9,678
Mainland China	32,964,494	1,010,789	573,075	64,392	426,495
Others	2,415,040	6,432	10,609	82	14,526
	161,968,980	1,438,915	972,715	220,228	571,553

Unaudited Supplementary Financial Information

(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, 2017

	Gross advances to customers	Impaired advances to customers	Overdue advances to customers for over three months	Individual impairment allowances	Collective impairment allowances
Property investment	21,090,902	14,719	14,719	7,072	14,340
Advances for the purchase of other residential properties	38,564,733	13,172	25,706	1,076	34,143
Advances for use outside Hong Kong					
– Mainland China	35,961,223	1,253,200	689,147	146,119	446,211
– Macau	19,637,871	13,499	9,020	6,994	8,161

31st December, 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	19,218,597	44,349	38,506	9,241	14,247
Advances for the purchase of other residential properties	35,594,945	19,010	28,660	1,034	32,363
Advances for use outside Hong Kong					
– Mainland China	36,300,818	1,086,585	667,646	88,857	466,089
– Macau	20,015,228	9,968	9,571	3,558	8,299

(D) OVERDUE AND RESCHEDULED ASSETS

(i) Overdue and rescheduled advances to customers

	30th June, 2017		31st December, 2016	
	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	116,045	0.07	130,773	0.08
– 1 year or less but over 6 months	125,179	0.07	273,834	0.17
– Over 1 year	645,527	0.39	568,106	0.35
	886,751	0.53	972,713	0.60
Covered portion of overdue advances	731,534		848,686	
Uncovered portion of overdue advances	155,217		124,027	
	886,751		972,713	
Current market values of collateral held against covered portion of overdue advances	1,630,933		1,602,329	
Individual impairment allowances made on overdue advances	226,481		188,806	

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

	30th June, 2017		31st December, 2016	
	Amount	% of total advances to customers	Amount	% of total advances to customers
Rescheduled advances to customers	463,063	0.28	440,652	0.27

There were no advances to banks which are overdue nor rescheduled as at 30th June, 2017 and 31st December, 2016.

Unaudited Supplementary Financial Information

(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, 2017 and 31st December, 2016.

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, 2017 and 31st December, 2016.

Included in "Other assets" as at 30th June, 2017 and 31st December, 2016, 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.

(In millions of HK\$ equivalent)	30th June, 2017		
	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
(i) Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	12,876	534	13,410
(ii) Local government, local government-owned entities and their subsidiaries and JVs	2,290	999	3,289
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	23,998	1,229	25,227
(iv) Other entities of central government not reported in item (i) above	271	–	271
(v) Other entities of local government not reported in item (ii) above	1,302	37	1,339
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	2,391	317	2,708
(vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	4,697	3	4,700
Total	47,825	3,119	50,944
Total assets after provisions	256,569		
On-balance sheet exposures as % of total assets	18.64%		

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

31st December 2016			
<i>(In millions of HK\$ equivalent)</i>	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
(i) Central government, central government-owned entities and their subsidiaries and JVs	7,948	786	8,734
(ii) Local government, local government-owned entities and their subsidiaries and JVs	3,657	938	4,595
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	23,966	1,898	25,864
(iv) Other entities of central government not reported in item (i) above	272	100	372
(v) Other entities of local government not reported in item (ii) above	784	–	784
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	3,387	164	3,551
(vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	5,053	22	5,075
Total	45,067	3,908	48,975
Total assets after provisions	241,611		
On-balance sheet exposures as % of total assets	18.65%		

Unaudited Supplementary Financial Information

(F) INTERNATIONAL CLAIMS

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

30th June, 2017					
			Non-bank private sector		
			Non-bank	Non-financial	
	Banks	Official sector	financial institutions	private sector	Total
Offshore centres, of which:					
– Hong Kong	2,095	4,901	6,405	108,875	122,276
– Macau	53	4,411	63	19,733	24,260
– Singapore	5,234	86	430	245	5,995
Developing Asia-Pacific, of which:					
– Mainland China	40,675	10,903	10,748	33,893	96,219
	48,057	20,301	17,646	162,746	248,750
31st December, 2016					
			Non-bank private sector		
			Non-bank	Non-financial	
	Banks	Official sector	financial institutions	private sector	Total
Offshore centres, of which:					
– Hong Kong	4,220	4,708	7,962	106,209	123,099
– Macau	193	3,505	70	19,516	23,284
– Singapore	8,054	81	444	308	8,887
Developing Asia-Pacific, of which:					
– Mainland China	26,415	7,858	6,999	32,863	74,135
	38,882	16,152	15,475	158,896	229,405

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

(G) COUNTERCYCLICAL CAPITAL BUFFER RATIO AND LEVERAGE RATIO

The detailed disclosures required by the Banking (Disclosure) Rules will be disclosed before 30th September, 2017 under "Regulatory Disclosure" on the website of the Bank (www.ocbcwhhk.com).

(H) RESTATEMENT OF PRIOR PERIODS

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



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

