

**Bank of China Limited,
Macau Branch**

Disclosure of Financial Information

For the six-month period ended 30 June 2013

(The disclosure of financial information is unaudited)

BALANCE SHEET

As at 30 June 2013

(Expressed in thousands of Macau Patacas)

	30 Jun 2013		
	Amounts MOP'000	Reserves, depreciation and impairments MOP'000	Net Amount MOP'000
Assets			
Cash	2,511,359	-	2,511,359
Deposits at AMCM	7,272,608	-	7,272,608
Certificates of indebtedness of Macau SAR	5,042,089	-	5,042,089
Accounts Receivable	34,936	-	34,936
Current deposits at other local credit institutions	9,962	-	9,962
Current deposits at other overseas credit institutions	14,786,318	-	14,786,318
Other current assets	2	-	2
Loans and advances	209,813,414	115,431	209,697,983
Placement to local credit institutions	15,823,576	-	15,823,576
Call and fixed deposits at overseas credit institutions	148,974,169	-	148,974,169
Shares, bonds and equities	2,663,030	-	2,663,030
Debtors	308,002	-	308,002
Financial investments	73,605	-	73,605
Properties	919,960	453,755	466,205
Equipments	566,000	441,664	124,336
Deferred expenses	234,225	220,334	13,891
Construction in progress	31,788	-	31,788
Other fixed assets	196	196	-
Internal and adjustment accounts	2,320,828	-	2,320,828
TOTAL	411,386,067	1,231,380	410,154,687

BALANCE SHEET (Continued)
As at 30 June 2013
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2013</i>	
	<i>Sub-total</i>	<i>Total</i>
Liabilities	<i>MOP'000</i>	<i>MOP'000</i>
Bank notes of Macau SAR in circulation		5,127,323
Current deposits	87,752,451	
Call deposits	6,433	
Fixed deposits	143,748,814	231,507,698
Deposits from public sector		25,625,775
Amounts due to local credit institutions	3,329,906	
Amounts due to overseas credit institutions	133,178,161	
Cheques and bills payable	1,025,154	
Creditors	1,405,900	
Other liabilities	6,994	138,946,115
Internal and adjustment accounts		4,089,607
Provision		2,326,746
Operating funds		1,032,600
Revaluation reserves		3,032
Profit for the period		1,495,791
TOTAL		410,154,687

PROFIT AND LOSS ACCOUNT
For the period of 1 January to 30 June 2013
(Expressed in thousands of Macau Patacas)

Income Statement			
Debit	<i>Amount</i> <i>MOP'000</i>	Credit	<i>Amount</i> <i>MOP'000</i>
Operating costs	1,979,725	Operating income	4,258,138
Personnel expenses		Income from banking services	355,885
Staff costs	427,788	Other operating income	100,113
Staff benefits	39,020	Income from securities and financial investment	68,134
Supplies by third party	19,245	Other banking income	17,410
Services provided by third party	112,907	Non operating income	19,668
Other banking expenses	66,766		
Tax expenses	7,124		
Non operating expenses	654		
Depreciation expenses	45,636		
Provision	450,283		
Operating profit	1,670,200		
TOTAL	4,819,348	TOTAL	4,819,348

PROFIT AND LOSS ACCOUNT (Continued)
For the period of 1 January to 30 June 2013
(Expressed in thousands of Macau Patacas)

Profit and loss account			
Debit	<i>Amount</i> <i>MOP'000</i>	Credit	<i>Amount</i> <i>MOP'000</i>
Loss from previous years	72,813	Operating profit	1,670,200
Tax on profit	204,000	Income from previous years	30,096
Profit	1,495,791	Provision written off	72,308
TOTAL	1,772,604	TOTAL	1,772,604

Approved and authorised for issue by the management of Bank of China Limited Macau Branch (“The Branch”) on 2 September 2013

Ye Yixin

General Manager

CASH FLOW STATEMENT

For the period of 1 January to 30 June 2013
(Expressed in thousands of Macau Patacas)

	30 Jun 2013 <u>MOP'000</u>
Operating activities	
Profit before taxation	1,699,791
Adjustments for non-cash items:	
Depreciation	45,636
Amortisation of discount and premium of debt securities	(2,542)
Interest income from debt investments	(117,349)
Loss on disposal of property and equipment	500
Dividend income	(927)
Share of profits of associate	(282)
Provisions for loans and other losses	420,702
	<u>345,738</u>
	<u>2,045,529</u>
Net changes in operating assets:	
Amounts due from financial institutions	(6,020,784)
AMCM Monetary Bills	(2,923,800)
Loans and advances to customers	(43,443,704)
Certificate of Indebtedness of Macau SAR	(795,019)
Other assets	(660,391)
	<u>(53,843,698)</u>
Net changes in operating liabilities:	
Amounts due from financial institutions	16,162,191
Customers deposits	45,252,854
Bank notes of Macau SAR in circulation	650,559
Other liabilities	116,666
Certificates of deposit issued	1,792,330
	<u>63,974,600</u>
Net cash inflow from operating activities	<u>12,176,431</u>

CASH FLOW STATEMENT (Continued)
For the period of 1 January to 30 June 2013
(Expressed in thousands of Macau Patacas)

	30 Jun 2013
	<u>MOP'000</u>
Net cash inflow from operating activities	<u>12,176,431</u>
Investing activities	
Dividends received	927
Proceeds from sale of property and equipment	5
Interest received from debt investments	97,213
Purchase of property and equipment	(7,218)
Purchase of debt investments	(43,279)
Proceeds from sale of debt investments	1,378,001
Net cash inflow from investing activities	<u>1,425,649</u>
Financing activities	
Funds remitted to Head Office	(2,408,976)
Net cash outflow from financing activities	<u>(2,408,976)</u>
Increase in cash and cash equivalents	11,193,104
Cash and cash equivalents as at 1 January	<u>92,955,210</u>
Cash and cash equivalents as at 30 June	<u>104,148,314</u>
Cash flows from operating activities include:	
Interest received	3,307,998
Interest paid	<u>1,878,770</u>

The following table is the analysis cash and cash equivalents of the branch:

Cash in hand	<u>2,511,359</u>
Repayable on demand	
- Balance with AMCM	7,272,608
- Balance with financial institutions	16,380,984
Balance with financial institutions with original maturities	147,250,173
AMCM Monetary Bills	15,823,576
	<u>186,727,341</u>
Cash and cash equivalents as at 30 June	189,238,700
Less: Balance with financial institutions with original maturities over 3 months	(71,016,366)
Less: AMCM Monetary Bills with original maturities over 3 months	(14,074,020)
Cash and cash equivalents which are readily convertible into cash as at 30 June	<u>104,148,314</u>

OFF-BALANCE-SHEET EXPOSURES

(Expressed in thousands of Macau Patacas)

As at 30 June 2013, the Branch had the following contingent liabilities and outstanding commitments:

(a) *Endorsements and performance guarantee on behalf of customers*

Endorsements and performance guarantee on behalf of customers and relevant obligations assumed by customers were not included in the balance sheet:

	<i>30 Jun 2013</i>
	<i>MOP'000</i>
Direct credit substitutes	4,940,386
Transaction-related contingencies	9,975,869
Trade-related contingencies	6,590,541
Other commitments	90,066,469
	111,573,265

The Monetary Authority of Macao (“AMCM”) requires that general provision be maintained at 1% of the endorsements and performance guarantees on behalf of customers. Specific provisions on contingent credit are made when there is evidence that endorsement and performance guarantees on behalf of customers are not fully recoverable.

(b) *Derivatives*

	<i>30 Jun 2013</i>			
			<i>Fair Value</i>	
			<i>Assets</i>	<i>Liabilities</i>
	<i>Notional amount</i>	<i>Credit risk weighted amount</i>	<i>MOP'000</i>	<i>MOP'000</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Exchange rate derivatives	121,789,262	593,363	676,438	975,657
Interest rate derivatives	1,349,995	9,961	790	48,432
Equity derivatives	22,212	44	1,044	1,043
	123,161,469	603,368	678,272	1,025,132

RELATED PARTIES TRANSACTIONS

(Expressed in thousands of Macau Patacas)

(a) *Transactions with key management personnel*

Key management personnel of the Branch

	<i>30 Jun 2013</i> <u>MOP'000</u>
As at 1 January	15,663
Additional loans made during the period	365
Repayment during the period	<u>(661)</u>
As at 30 June	<u><u>15,367</u></u>

No provision have been recorded against balances outstanding of key management personnel for the reporting period, and no specific provision has been made on balances of key management personnel as at the end of the period.

(b) *Transactions between group members*

The balances of related party transactions as at the end of the reporting period are set out below:

	<i>Balance with Head Office and other overseas branches</i>	<i>Balance with an associate</i>	<i>Balance with group members</i>	<i>Total</i>
	<u>MOP'000</u>	<u>MOP'000</u>	<u>MOP'000</u>	<u>MOP'000</u>
30 Jun 2013				
Interest income	981,723	-	190,074	1,171,797
Interest expense	(659,401)	(1,076)	(43,968)	(704,445)
Management fee	(22,355)	-	-	(22,355)
Agency fee	-	-	69,749	69,749
	<u>299,967</u>	<u>(1,076)</u>	<u>215,855</u>	<u>514,746</u>

RELATED PARTIES TRANSACTIONS (Continued)

(Expressed in thousands of Macau Patacas)

(b) Transactions between group members (Continued)

The outstanding amount of related party transactions as at the end of the reporting period are set out below:

	<i>Balance with Head Office and other overseas branches MOP'000</i>	<i>Balance with an associate MOP'000</i>	<i>Balance with group members MOP'000</i>	<i>Total MOP'000</i>
30 Jun 2013				
Amounts due from financial institutions	115,018,586	-	46,516,058	161,534,644
Amounts due to financial institutions	(111,554,181)	-	(9,664,948)	(121,219,129)
Customer deposits	-	(160,206)	(338,127)	(498,333)
	<u>3,464,405</u>	<u>(160,206)</u>	<u>36,512,983</u>	<u>39,817,182</u>

CREDIT RISK MANAGEMENT

(Expressed in thousands of Macau Patacas)

(i) **Geographical analysis of loans and commitment, debt investments and derivatives**

Loans and commitment, debt investments (including AMCM Monetary Bills) and derivatives equal to 10% of total credit exposure or above and by geographical areas.

Region	30 Jun 2013		
	<i>Loans and commitment</i>	<i>Debt investments</i>	<i>Derivatives</i>
	MOP'000	MOP'000	MOP'000
Macau SAR	94,863,256	15,823,576	302,603
<i>in which:</i>			
- banks	-	-	-
- governments	-	15,823,576	-
- public sector entities	-	-	-
- others	94,863,256	-	302,603
Hong Kong SAR	27,255,748	2,060	271,041
<i>in which:</i>			
- banks	-	-	271,041
- governments	-	-	-
- public sector entities	-	-	-
- others	27,255,748	2,060	-
Mainland China	82,011,169	2,660,970	104,159
<i>in which:</i>			
- banks	-	2,368,332	104,159
- governments	-	292,638	-
- public sector entities	-	-	-
- others	82,011,169	-	-
Others	95,749,710	-	469
<i>in which:</i>			
- banks	-	-	469
- governments	-	-	-
- public sector entities	-	-	-
- others	95,749,710	-	-
Total	299,879,883	18,486,606	678,272

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(ii) **Geographical analysis of loans and advances to customers**

Distribution of loans and advances to customers equals to 10% of total loans or above and by geographical areas.

<i>Region</i>	<i>30 Jun 2013</i>		
	<i>Gross loans and advances to customers</i>	<i>Overdue loans and advances</i>	<i>Specific provision</i>
	MOP'000	MOP'000	MOP'000
Macau SAR	93,884,381	157,997	74,586
Hong Kong SAR	27,255,748	14,820	12,383
Mainland China	82,011,169	6,592	39
Others	6,662,116	-	-
Total	209,813,414	179,409	87,008

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

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(iii) *Industry distribution on loans and advances to customer*

	30 Jun 2013		
	<i>Gross loans and advances to customers</i> MOP'000	<i>Past due loans and advances</i> MOP'000	<i>Specific provision</i> MOP'000
Agriculture and fishery	12,823	-	-
Mining	957,257	-	-
Manufacturing			
– Food and beverage	1,467,155	-	-
– Garments	1,622,549	12,238	8,814
– Other textile products	401,307	-	-
– Leather products	5,806	-	-
– Wooden and other furniture	15,082	-	-
– Ceramic ware	-	-	-
– Paper, printing and publishing	3,058,781	-	-
– Toys	127,090	-	-
– Machinery, electrical and electronics	2,195,657	-	-
– Artificial flowers	879	-	-
– Others	5,946,842	5,150	-
Water, electricity and gas	11,259,551	-	-
Construction and public works	27,172,720	4,564	-
Trading	62,642,916	6,831	1,383
Restaurants, hotels, etc	9,841,437	-	-
Transportation, storage and communication	12,928,583	127,607	72,823
Non-monetary financial institutions	8,650,973	-	-
Other credit			
– for purchase of private housing	41,570,256	12,622	604
– for other personal use	9,930,114	563	481
– others	10,005,636	9,834	2,903
	209,813,414	179,409	87,008

According to the requirements of AMCM, a general provision of 1% is made of the aggregated balance of loans and advances (with overdue days of less than 3 months), guarantees and contingent assets.

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(iv) *Maturity analysis on assets and liabilities*

As at 30 June 2013

	<i>Maturity date of financial instruments</i>						<i>Total</i>
	<i>On Demand</i>	<i>Less than 1 month</i>	<i>Between 1 to 3 months</i>	<i>Between 3 to 12 months</i>	<i>Between 1 to 3 years</i>	<i>Over 3 years</i>	
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Financial assets							
Cash in hand	2,511,359	-	-	-	-	-	2,511,359
Amounts due from banks	23,653,592	41,633,942	79,936,339	25,679,892	-	-	170,903,765
AMCM Monetary Bills	-	1,634,511	3,307,476	10,881,589	-	-	15,823,576
Held-to-maturity debt securities	-	-	-	159,794	420,313	2,060	582,167
Available-for-sale debt securities	-	-	453,069	-	1,496,961	130,833	2,080,863
Loans and advances to customers	-	5,041,867	6,511,383	76,154,226	46,519,443	75,586,495	209,813,414
	<u>26,164,951</u>	<u>48,310,320</u>	<u>90,208,267</u>	<u>112,875,501</u>	<u>48,436,717</u>	<u>75,719,388</u>	<u>401,715,144</u>

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(iv) *Maturity analysis on assets and liabilities (Continued)*

As at 30 June 2013 (Continued)

	<i>Maturity date of financial instruments</i>						<i>Total</i>
	<i>On Demand</i>	<i>Less than 1 month</i>	<i>Between 1 to 3 months</i>	<i>Between 3 to 12 months</i>	<i>Between 1 to 3 years</i>	<i>Over 3 years</i>	
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Financial liabilities							
Deposits and balances of banks and financial institutions	3,274,413	10,421,187	9,168,898	1,680,489	-	-	24,544,987
Deposits from non-bank customers	87,768,427	51,861,985	31,323,217	48,426,585	2,481,961	-	221,862,175
Deposits from public sector entities	2,541,611	2,142,038	6,353,473	13,799,164	789,489	-	25,625,775
Deposits from associated companies	5,706	154,500	-	-	-	-	160,206
Deposits from head office and overseas branches	15,929,675	26,597,221	33,346,395	15,622,385	11,850,261	8,213,319	111,559,256
Certificates of deposit issued	-	-	779,979	3,349,436	5,355,902	-	9,485,317
	<u>109,519,832</u>	<u>91,176,931</u>	<u>80,971,962</u>	<u>82,878,059</u>	<u>20,477,613</u>	<u>8,213,319</u>	<u>393,237,716</u>

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(v) Overdue loans and advances to customers

	<i>30 Jun 2013</i>	
	<u>MOP'000</u>	<u>% of total loans</u>
Gross loans and advances to customers of which either principal or interest have been overdue:		
- Between 3 to 6 months	111,381	0.06%
- Between 6 to 12 months	2,099	0.00%
- Over 1 year	65,929	0.03%
	<u>179,409</u>	<u>0.09%</u>
 Current market value of collateral held against the covered portion of overdue loans and advances	 <u>42,328</u>	
 Specific provision made on overdue loans and advances	 <u>87,008</u>	

(vi) Overdue other assets

	<i>30 Jun 2013</i>	
	<u>MOP'000</u>	<u>% of total other assets</u>
Other assets which have been overdue:		
- Between 3 to 6 months	231	0.05%
- Between 6 to 12 months	492	0.09%
- Over 1 year	2,718	0.52%
	<u>3,441</u>	<u>0.66%</u>
 Specific provision made on overdue other assets	 <u>3,022</u>	

(vii) From 1 January to 30 June, there were no overdue loans and advances and placement due from other credit institutions.

FOREIGN EXCHANGE RISK MANAGEMENT

(Expressed in thousands of Macau Patacas)

Analysis for the net long/(short) position of currencies other than MOP are as follows:

	<i>30 Jun 2013</i> <u>MOP'000</u>
HKD	9,807,186
USD	11,989
Others	
Long Position	11,583
Short Position	(8,524)

Further analysis for the currencies which are equal to 10% of total foreign currencies or above:

	<i>30 Jun 2013</i> <u>MOP'000</u>
HKD	
Spot assets	106,068,462
Spots liabilities	(153,834,167)
Forward purchases	59,732,422
Forward sales	(2,159,520)
Net option position	<u>(11)</u>
Net long/(short) position	<u><u>9,807,186</u></u>

LIQUIDITY RISK MANAGEMENT

(Expressed in thousands of Macau Patacas)

(i) Average weekly liquidity

30 Jun 2013

MOP'000

Average minimum weekly amount of cash in hand	4,974,844
Average weekly amount of cash in hand	9,963,883

The average weekly liquidity is calculated by multiplying the basic liabilities by ratio specified by AMCM.

(ii) Average liquidity ratio

30 Jun 2013

1 month current ratio	39%
3 months current ratio	59%

The liquidity ratio is calculated as the simple average of the percentage of specified assets to liabilities in the last week of each calendar month.

(iii) Average solvency assets

30 Jun 2013

MOP'000

Solvency assets	101,577,768
Underlying liabilities	247,929,432
Ratio of solvency assets to underlying liabilities	41%

The average ratio of solvency assets to underlying liabilities is calculated as the simple average ratio on the last business day of each calendar month.

OTHER INFORMATION

(Expressed in thousands of Macau Patacas)

(a) **Operating lease commitments**

Non-cancellable operating leases are payable as follows:

	<i>30 Jun 2013</i>
	<u>MOP'000</u>
Less than 1 year	23,070
Between 1 to 5 years	69,297
Over 5 years	<u>18,392</u>
	<u><u>110,759</u></u>

The Branch leases a number of properties under operating leases ranging from 1 to 10 years initially with options to renew the lease and re-negotiate all terms upon expiry. None of the leases includes contingent rentals.

(b) **Capital commitments**

Capital commitments made but not provided for in the financial statements are as follows:

	<i>30 Jun 2013</i>
	<u>MOP'000</u>
Authorised but not contracted for	<u><u>142,588</u></u>

- (c) The Branch is one of the branches of Bank of China Limited (“BOC”); therefore, it is not required to prepare consolidated financial statements. The details of consolidated capital adequacy ratio, consolidated capital and reserves, consolidated balance sheet and consolidated income statement of BOC are published on the website: <http://www.boc.cn/en/investor/>.