

**Bank of China Limited,  
Macau Branch**

**Disclosure of Financial Information**

For the six-month period ended 30 June 2014

(The disclosure of financial information is unaudited)

## BALANCE SHEET

As at 30 June 2014

*(Expressed in thousands of Macau Patacas)*

	<i>30 Jun 2014</i>		
	<i>Amounts</i>	<i>Reserves, depreciation and impairments</i>	<i>Net Amount</i>
<b>Assets</b>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Cash	3,116,215	-	3,116,215
Deposits at AMCM	8,446,099	-	8,446,099
Certificates of indebtedness of Macau SAR	5,891,722	-	5,891,722
Accounts Receivable	62,753	-	62,753
Current deposits at other local credit institutions	23,361	-	23,361
Current deposits at other overseas credit institutions	13,082,193	-	13,082,193
Loans and advances	270,024,871	183,123	269,841,748
Placement to local credit institutions	5,285,014	-	5,285,014
Call and fixed deposits at overseas credit institutions	210,012,074	-	210,012,074
Shares, bonds and equities	4,583,314	-	4,583,314
Debtors	677,440	-	677,440
Other investments	127,140	-	127,140
Financial investments	79,773	-	79,773
Properties	922,595	472,029	450,566
Equipments	619,815	488,348	131,467
Deferred expenses	282,031	250,482	31,549
Construction in progress	37,313	-	37,313
Other fixed assets	196	196	-
Internal and adjustment accounts	3,684,682	-	3,684,682
<b>TOTAL</b>	<b>526,958,601</b>	<b>1,394,178</b>	<b>525,564,423</b>

**BALANCE SHEET (Continued)**  
As at 30 June 2014  
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2014</i>	
	<i>Sub-total</i>	<i>Total</i>
	<i>MOP'000</i>	<i>MOP'000</i>
<b>Liabilities</b>		
Bank notes of Macau SAR in circulation		5,979,980
Current deposits	104,273,389	
Call deposits	6,433	
Fixed deposits	197,331,229	301,611,051
Deposits from public sector		37,016,369
Amounts due to local credit institutions	3,595,731	
Amounts due to overseas credit institutions	162,374,027	
Cheques and bills payable	1,843,517	
Creditors	1,569,953	
Other liabilities	8,661	169,391,889
Internal and adjustment accounts		5,153,737
Provision		3,006,151
Operating funds		1,032,600
Revaluation reserves		8,645
Profit for the period		2,364,001
<b>TOTAL</b>		<b>525,564,423</b>

**PROFIT AND LOSS ACCOUNT**  
For the period of 1 January to 30 June 2014  
(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	3,173,827	Operating income	6,293,857
Personnel expenses		Income from banking services	445,029
Staff costs	586,026	Other operating income	463,335
Staff benefits	46,123	Income from securities and financial investment	91,097
Supplies by third party	20,497	Other banking income	20,032
Services provided by third party	129,063	Non operating income	24,990
Other banking expenses	102,164		
Tax expenses	92,851		
Non operating expenses	691		
Depreciation expenses	56,491		
Provision	449,383		
Operating profit	2,681,224		
<b>TOTAL</b>	<b>7,338,340</b>	<b>TOTAL</b>	<b>7,338,340</b>

**PROFIT AND LOSS ACCOUNT (Continued)**  
For the period of 1 January to 30 June 2014  
(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>
Tax on profit	334,500	Operating profit	2,681,224
Profit	2,364,001	Income from previous years	17,277
<b>TOTAL</b>	<b>2,698,501</b>	<b>TOTAL</b>	<b>2,698,501</b>

Approved and authorised for issue by the management of Bank of China Limited Macau Branch (“The Branch”) on 5 September 2014

Ye Yixin

General Manager

## CASH FLOW STATEMENT

For the period of 1 January to 30 June 2014

*(Expressed in thousands of Macau Patacas)*

	<i>30 Jun 2014</i>
	<i>MOP'000</i>
	<hr/>
<b>Operating activities</b>	
Profit before taxation	2,698,501
Adjustments for non-cash items:	<hr style="border-top: 1px dotted black;"/>
Depreciation	56,491
Amortisation of discount and premium of debt securities	1,042
Interest income from debt investments	(89,593)
Dividend income	(824)
Share of profits of associate	(805)
Provisions for loans and other losses	432,812
	<hr/>
	399,123
	<hr style="border-top: 1px dotted black;"/>
	3,097,624
Net changes in operating assets:	
Amounts due from financial institutions	(10,770,222)
AMCM Monetary Bills	7,556,575
Loans and advances to customers	(43,749,654)
Certificate of Indebtedness of Macau SAR	(507,407)
Other assets	(1,372,918)
	<hr/>
	(48,843,626)
Net changes in operating liabilities:	
Amounts due from financial institutions	42,541,930
Customers deposits	49,105,085
Bank notes of Macau SAR in circulation	406,687
Other liabilities	1,755,038
Certificates of deposit issued	9,772,618
	<hr/>
	103,581,358
	<hr style="border-top: 1px dotted black;"/>
Net cash inflow from operating activities	<hr style="border-top: 1px dotted black;"/> <hr style="border-top: 1px dotted black;"/>
	57,835,356
	<hr style="border-top: 1px dotted black;"/>

**CASH FLOW STATEMENT (Continued)**  
For the period of 1 January to 30 June 2014  
(Expressed in thousands of Macau Patacas)

	30 Jun 2014 <u>MOP'000</u>
<b>Net cash inflow from operating activities</b>	<u>57,835,356</u>
<b>Investing activities</b>	
Dividends received	824
Interest received from debt investments	71,240
Purchase of property and equipment	(14,332)
Purchase of debt investments	(2,241,954)
<b>Net cash outflow from investing activities</b>	<u>(2,184,222)</u>
<b>Financing activities</b>	
Funds remitted to Head Office	(3,301,035)
<b>Net cash outflow from financing activities</b>	<u>(3,301,035)</u>
<b>Increase in cash and cash equivalents</b>	52,350,099
<b>Cash and cash equivalents as at 1 January</b>	<u>109,169,630</u>
<b>Cash and cash equivalents as at 30 June</b>	<u>161,519,729</u>
<b>Cash flows from operating activities include:</b>	
Interest received	4,960,333
Interest paid	<u>2,435,040</u>
 <b>The following table is the analysis cash and cash equivalents of the branch:</b>	
Cash in hand	<u>3,116,215</u>
Repayable on demand	
- Balance with AMCM	8,446,099
- Balance with financial institutions	34,563,175
Debtor	1,086
Balance with financial institutions with original maturities	188,897,627
AMCM Monetary Bills	3,843,014
	<u>235,751,001</u>
Cash and cash equivalents as at 30 June	238,867,216
Less: Balance with financial institutions with original maturities over 3 months	(74,404,143)
Less: AMCM Monetary Bills with original maturities over 3 months	(2,943,344)
Cash and cash equivalents which are readily convertible into cash as at 30 June	<u>161,519,729</u>

## OFF-BALANCE-SHEET EXPOSURES

(Expressed in thousands of Macau Patacas)

As at 30 June 2014, 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:

	30 Jun 2014 MOP'000
Direct credit substitutes	11,771,817
Transaction-related contingencies	11,478,097
Trade-related contingencies	5,664,146
Other commitments	101,769,787
	130,683,847

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**

	30 Jun 2014			
			Fair Value	
	<i>Notional amount MOP'000</i>	<i>Credit risk weighted amount MOP'000</i>	<i>Assets MOP'000</i>	<i>Liabilities MOP'000</i>
Exchange rate derivatives	159,787,009	898,369	959,629	843,756
Interest rate derivatives	1,445,265	6,818	1,001	26,960
Equity derivatives	55,615	111	214	197
	161,287,889	905,298	960,844	870,913



## RELATED PARTIES TRANSACTIONS

*(Expressed in thousands of Macau Patacas)*

**(a) Transactions with key management personnel**

*Key management personnel of The Branch*

	<i>30 Jun 2014</i> <u>MOP'000</u>
As at 1 January	16,421
Additional loans made during the period	2,239
Repayment during the period	<u>(8,820)</u>
As at 30 June	<u><u>9,840</u></u>

No impairment losses have been recorded against balances outstanding during the reporting period with key management personnel, and no individually assessed impairment allowance has been made on balances with key management personnel as at the end of the period.

**(b) Transactions between group members**

The balances of related party transactions during 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>
<b>30 Jun 2014</b>				
Interest income	2,024,052	-	270,203	2,294,255
Interest expense	(623,276)	(975)	(157,434)	(781,685)
Management fee	(30,369)	-	(4,847)	(35,216)
Agency fee	-	-	78,306	78,306
Other fee and commission income	2,370	-	-	2,370
Other fee and commission expense	(52,051)	-	-	(52,051)
	<u>1,320,726</u>	<u>(975)</u>	<u>186,228</u>	<u>1,505,979</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>
<b>30 Jun 2014</b>				
Amounts due from financial institutions	179,905,370	-	42,650,809	222,556,179
Loans and advances to customers	-	-	1,935,117	1,935,117
Amounts due to financial institutions	(95,878,840)	-	(6,949,747)	(102,828,587)
Customer deposits	-	(189,290)	(3,511,885)	(3,701,175)
	<u>84,026,530</u>	<u>(189,290)</u>	<u>34,124,294</u>	<u>117,961,534</u>

## CREDIT RISK MANAGEMENT

(Expressed in thousands of Macau Patacas)

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

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

Region	30 Jun 2014		
	<i>Loans and commitments</i>	<i>Debt investments</i>	<i>Derivatives</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Macau SAR</b>	174,949,427	4,873,014	60,278
<i>in which:</i>			
- banks	-	1,030,000	857
- governments	-	3,843,014	-
- public sector entities	-	-	-
- others	174,949,427	-	59,421
<b>Hong Kong SAR</b>	86,713,695	2,060	482,848
<i>in which:</i>			
- banks	-	-	479,979
- governments	-	-	-
- public sector entities	-	-	-
- others	86,713,695	2,060	2,869
<b>Mainland China</b>	100,660,627	4,708,394	417,609
<i>in which:</i>			
- banks	-	2,329,784	55,638
- governments	-	214,293	-
- public sector entities	-	-	-
- others	100,660,627	2,164,317	361,971
<b>Others</b>	9,470,909	-	109
<i>in which:</i>			
- banks	319,364	-	109
- governments	-	-	-
- public sector entities	-	-	-
- others	9,151,545	-	-
<b>Total</b>	<b>371,794,658</b>	<b>9,583,468</b>	<b>960,844</b>

## 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 2014</i>		
	<i>Gross loans and advances to customers MOP'000</i>	<i>Overdue loans and advances MOP'000</i>	<i>Specific provision MOP'000</i>
	Macau SAR	130,575,036	151,447
Hong Kong SAR	33,208,261	14,821	14,821
Mainland China	97,788,475	1,255	92
Others	8,453,099	-	-
Total	270,024,871	167,523	117,567

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

## CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

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

	30 Jun 2014		
	<i>Gross loans and advances to customers MOP'000</i>	<i>Past due loans and advances MOP'000</i>	<i>Specific provision MOP'000</i>
Agriculture and fisheries	10,448	-	-
Mining industries	2,280,104	-	-
Manufacturing industries			
- Foodstuffs and beverages	2,914,750	-	-
- Clothing	1,617,924	12,238	8,814
- Other textile productions	301,234	-	-
- Leather articles	2,553	-	-
- Wood and furniture	18,364	-	-
- Ceramics	-	-	-
- Paper, printing and publishing	5,295,958	-	-
- Toys	134,673	-	-
- Machinery and other electrical and electronic goods	1,207,137	-	-
- Artificial flowers	830	-	-
- Other manufacturing industries (not mentioned above)	7,193,345	5,150	-
Electricity, gas and water	9,207,113	-	-
Construction and public works	33,242,027	5	-
Wholesale and retail trade	74,029,939	3,161	46
Restaurants, hotels and similar	5,653,623	-	-
Transport, warehousing and communications	13,339,131	118,831	102,421
Non-monetary financial institutions	12,312,187	-	-
Gaming	-	-	-
Exhibition and conference	1,058	-	-
Education	287,812	-	-
Information technology	55,567	-	-
Other industries	8,468,338	3,508	3,072
Personal loans			
- Personal housing loans	50,176,484	16,153	-
- Credit card balances (interest bearing components)	49,193	4,293	1,761
- Car loans	19,368	515	467
- Other personal loans	42,205,711	3,669	986
	<u>270,024,871</u>	<u>167,523</u>	<u>117,567</u>

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 2014**

	<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>	
	<i>MOP'000</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>
<b>Financial assets</b>							
Cash in hand	3,116,215	-	-	-	-	-	3,116,215
Amounts due from banks	43,009,274	63,422,816	88,783,548	36,691,263	-	1,030,000	232,936,901
AMCM Monetary Bills	-	1,749,466	1,049,615	1,043,933	-	-	3,843,014
Held-to-maturity debt securities	-	239,523	-	181,469	-	2,060	423,052
Available-for-sale debt securities	-	-	127,140	2,502,290	1,526,419	131,553	4,287,402
Loans and advances to customers	-	7,494,867	8,809,913	102,313,640	44,870,271	106,536,180	270,024,871
	<u>46,125,489</u>	<u>72,906,672</u>	<u>98,770,216</u>	<u>142,732,595</u>	<u>46,396,690</u>	<u>107,699,793</u>	<u>514,631,455</u>

## CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

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

**As at 30 June 2014 (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>	
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	
<b>Financial liabilities</b>							
Deposits and balances of banks and financial institutions	11,160,424	43,506,903	8,923,553	5,896,405	-	-	69,487,285
Deposits from non-bank customers	104,293,500	49,302,985	48,784,066	76,076,134	3,540,407	258,897	282,255,989
Deposits from public sector entities	1,837,449	6,075,058	6,226,348	22,877,514	-	-	37,016,369
Deposits from associated companies	14,190	123,600	51,500	-	-	-	189,290
Deposits from head office and overseas branches	20,089,202	23,991,176	16,726,665	15,937,484	11,114,680	8,019,633	95,878,840
Certificates of deposit issued	-	3,697,309	-	12,187,990	3,280,473	-	19,165,772
	<u>137,394,765</u>	<u>126,697,031</u>	<u>80,712,132</u>	<u>132,975,527</u>	<u>17,935,560</u>	<u>8,278,530</u>	<u>503,993,545</u>

## CREDIT RISK MANAGEMENT (Continued)

*(Expressed in thousands of Macau Patacas)*

**(v) Overdue loans and advances to customers**

	<i>30 Jun 2014</i>	
	<u><i>MOP'000</i></u>	<u><i>% of total loans</i></u>
Gross loans and advances to customers of which either principal or interest have been overdue:		
- Between 3 to 6 months	6,997	0.00%
- Between 6 to 12 months	98,212	0.04%
- Over 1 year	62,314	0.02%
	<u>167,523</u>	<u>0.06%</u>
 Current market value of collateral held against the covered portion of overdue loans and advances	 <u>36,280</u>	
 Specific provision made on overdue loans and advances	 <u>117,567</u>	

**(vi) Overdue other assets**

	<i>30 Jun 2014</i>	
	<u><i>MOP'000</i></u>	<u><i>% of total other assets</i></u>
Other assets which have been overdue:		
- Between 3 to 6 months	4,913	0.58%
- Between 6 to 12 months	338	0.04%
- Over 1 year	3,255	0.39%
	<u>8,506</u>	<u>1.01%</u>
 Specific provision made on overdue other assets	 <u>4,652</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 2014</i> <u><i>MOP'000</i></u>
HKD	12,497,134
USD	22,981
Others	
Long Position	13,630
Short Position	(6,108)

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

	<i>30 Jun 2014</i> <u><i>MOP'000</i></u>
HKD	
Spot assets	141,695,048
Spots liabilities	(159,046,505)
Forward purchases	32,948,310
Forward sales	(3,099,611)
Net option position	<u>(108)</u>
Net long/(short) position	<u><u>12,497,134</u></u>

## LIQUIDITY RISK MANAGEMENT

*(Expressed in thousands of Macau Patacas)*

**(i) Average weekly liquidity**

	<u>30 Jun 2014</u> <u>MOP'000</u>
Average minimum weekly amount of cash in hand	5,969,396
Average weekly amount of cash in hand	11,007,721

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

**(ii) Average liquidity ratio**

	<u>30 Jun 2014</u>
1 month current ratio	47%
3 months current ratio	66%

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**

	<u>30 Jun 2014</u> <u>MOP'000</u>
Solvency assets	116,458,833
Underlying liabilities	309,499,278
Ratio of solvency assets to underlying liabilities	38%

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 2014</i> <u>MOP'000</u>
Less than 1 year	24,943
Between 1 to 5 years	52,020
Over 5 years	<u>14,781</u>
	<u><u>91,744</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 were as follows:

	<i>30 Jun 2014</i> <u>MOP'000</u>
Authorised but not contracted for	<u>107,597</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>.