

**Bank of China Limited,
Macau Branch**

Disclosure of Financial Information

For the six-month period ended 30 June 2015

(The disclosure of financial information is unaudited)

BALANCE SHEET

As at 30 June 2015

(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2015</i>		
	<i>Amounts</i>	<i>Reserves, depreciation and impairments</i>	<i>Net Amount</i>
Assets	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Cash	2,906,029	-	2,906,029
Deposits at AMCM	10,466,401	-	10,466,401
Certificates of indebtedness of Macau SAR	6,885,926	-	6,885,926
Accounts Receivable	25,784	-	25,784
Current deposits at other local credit institutions	1,727,570	-	1,727,570
Current deposits at other overseas credit institutions	27,299,691	-	27,299,691
Loans and advances	310,833,104	180,333	310,652,771
Placement to local credit institutions	10,519,944	-	10,519,944
Call and fixed deposits at overseas credit institutions	197,578,224	-	197,578,224
Shares, bonds and equities	11,600,686	-	11,600,686
Debtors	1,587,356	-	1,587,356
Other investments	3,623,355	-	3,623,355
Financial investments	77,608	-	77,608
Properties	922,629	490,177	432,452
Equipments	736,772	587,770	149,002
Deferred expenses	301,239	280,332	20,907
Construction in progress	30,245	-	30,245
Other fixed assets	326	261	65
Internal and adjustment accounts	4,801,079	-	4,801,079
TOTAL	591,923,968	1,538,873	590,385,095

BALANCE SHEET (Continued)
As at 30 June 2015
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2015</i>	
	<i>Sub-total</i>	<i>Total</i>
Liabilities	<i>MOP'000</i>	<i>MOP'000</i>
Bank notes of Macau SAR in circulation		6,782,418
Current deposits	116,650,760	
Call deposits	6,433	
Fixed deposits	203,171,148	319,828,341
Deposits from public sector		52,422,480
Amounts due to local credit institutions	3,442,752	
Amounts due to overseas credit institutions	190,009,981	
Cheques and bills payable	1,188,459	
Creditors	1,970,099	
Other liabilities	13,905	196,625,196
Internal and adjustment accounts		7,440,532
Provision		3,560,500
Operating funds		1,032,600
Revaluation reserves		28,533
Profit for the period		2,664,495
TOTAL		590,385,095

PROFIT AND LOSS ACCOUNT
For the period of 1 January to 30 June 2015
(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	3,388,259	Operating income	6,655,089
Personnel expenses		Income from banking services	612,472
Staff costs	623,120	Other operating income	141,282
Staff benefits	56,413	Income from securities and financial investment	231,621
Supplies by third party	20,494	Other banking income	31,562
Services provided by third party	141,961	Non operating income	25,602
Other banking expenses	304,394		
Tax expenses	97,133		
Non operating expenses	871		
Depreciation expenses	60,801		
Provision	315,668		
Operating profit	2,688,514		
TOTAL	7,697,628	TOTAL	7,697,628

PROFIT AND LOSS ACCOUNT (Continued)
For the period of 1 January to 30 June 2015
(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	25,129	Operating profit	2,688,514
Profit	2,664,495	Income from previous years	1,110
TOTAL	2,689,624	TOTAL	2,689,624

Approved and authorised for issue by the management of Bank of China Limited Macau Branch (“The Branch”) on 20 August 2015

Wang Shaojun

General Manager

CASH FLOW STATEMENT

For the period of 1 January to 30 June 2015

(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2015</i> <u><i>MOP'000</i></u>
Operating activities	
Profit before taxation	2,689,624
Adjustments for non-cash items:	
Depreciation	60,801
Amortisation of discount and premium of debt securities	67,006
Interest income from debt investments	(229,519)
Share of profits of associate	(2,103)
Provisions for loans and other losses	315,649
	<u>211,834</u>
	<u>2,901,458</u>
Net changes in operating assets:	
Amounts due from financial institutions	(41,069,234)
AMCM Monetary Bills	(1,030,927)
Loans and advances to customers	(27,270,662)
Certificate of Indebtedness of Macau SAR	(569,701)
Other assets	(3,786,937)
	<u>(73,727,461)</u>
Net changes in operating liabilities:	
Amounts due from financial institutions	55,221,742
Customers deposits	29,638,340
Bank notes of Macau SAR in circulation	349,590
Other liabilities	4,185,356
Certificates of deposit issued	1,210,025
	<u>90,605,053</u>
Net cash inflow from operating activities	19,779,050
Macau Complementary Tax refund	2,837
	<u>19,781,887</u>

CASH FLOW STATEMENT (Continued)
For the period of 1 January to 30 June 2015
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2015</i>
	<i>MOP'000</i>
Net cash inflow from operating activities	<u>19,781,887</u>
Investing activities	
Interest received from debt investments	202,695
Purchase of property and equipment	(8,163)
Purchase of debt investments	(13,798,894)
Proceeds from sale of debt investments	3,318,413
Net cash outflow from investing activities	<u>(10,285,949)</u>
Financing activities	
Funds remitted to Head Office	(4,577,731)
Net cash outflow from financing activities	<u>(4,577,731)</u>
Increase in cash and cash equivalents	4,918,207
Cash and cash equivalents as at 1 January	<u>117,217,105</u>
Cash and cash equivalents as at 30 June	<u><u>122,135,312</u></u>
Cash flows from operating activities include:	
Interest received	5,932,259
Interest paid	<u>3,231,295</u>
The following table is the analysis cash and cash equivalents of the branch:	
Cash in hand	<u>2,906,029</u>
Repayable on demand	
- Balance with AMCM	10,466,401
- Balance with financial institutions	47,962,622
Balance with financial institutions with original maturities	178,124,956
AMCM Monetary Bills	8,121,499
	<u>244,675,478</u>
Cash and cash equivalents as at 30 June	247,581,507
Less: Balance with financial institutions with original maturities over 3 months	(118,923,893)
Less: AMCM Monetary Bills with original maturities over 3 months	<u>(6,522,302)</u>
Cash and cash equivalents which are readily convertible into cash as at 30 June	<u><u>122,135,312</u></u>

OFF-BALANCE-SHEET EXPOSURES

(Expressed in thousands of Macau Patacas)

As at 30 June 2015, 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 2015</i>
	<i>MOP'000</i>
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Direct credit substitutes	23,513,734
Transaction-related contingencies	14,251,847
Trade-related contingencies	5,894,048
Other commitments	93,950,577
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	<u>137,610,206</u>

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 2015</i>			
			<i>Fair Value</i>	
	<i>Notional amount</i>	<i>Credit risk weighted amount</i>	<i>Assets</i>	<i>Liabilities</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
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Exchange rate derivatives	194,938,664	1,158,211	1,890,214	1,643,570
Interest rate derivatives	1,024,350	2,044	220	8,401
Equity derivatives	69,620	139	1,795	1,772
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	<u>196,032,634</u>	<u>1,160,394</u>	<u>1,892,229</u>	<u>1,653,743</u>

RELATED PARTIES TRANSACTIONS

(Expressed in thousands of Macau Patacas)

(a) Transactions with key management personnel

Key management personnel of The Branch

	<i>30 Jun 2015</i> <u><u>MOP'000</u></u>
As at 1 January	14,408
Additional loans made during the period	5,000
Repayment during the period	<u>(6,863)</u>
As at 30 June	<u><u>12,545</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 amounts 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>
30 Jun 2015				
Interest income	1,450,839	-	294,470	1,745,309
Interest expense	(943,039)	(373)	(36,776)	(980,188)
Management fee	(24,579)	-	(5,109)	(29,688)
Agency fee	-	-	117,737	117,737
Other fee and commission income	2,794	-	3,900	6,694
Other fee and commission expense	<u>(56,792)</u>	<u>-</u>	<u>-</u>	<u>(56,792)</u>
	<u><u>429,223</u></u>	<u><u>(373)</u></u>	<u><u>374,222</u></u>	<u><u>803,072</u></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 2015				
Amounts due from financial institutions	182,429,998	-	38,046,527	220,476,525
Loans and advances to customers	-	-	1,824,818	1,824,818
Amounts due to financial institutions	(182,786,422)	-	(1,444,260)	(184,230,682)
Customer deposits	-	(67,873)	(5,045,401)	(5,113,274)
	<u>(356,424)</u>	<u>(67,873)</u>	<u>33,381,684</u>	<u>32,957,387</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 2015		
	<i>Loans and commitments</i>	<i>Debt investments</i>	<i>Derivatives</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Macau SAR	204,381,585	8,121,499	347,840
<i>in which:</i>			
- banks	-	-	-
- governments	-	8,121,499	-
- public sector entities	-	-	-
- others	204,381,585	-	347,840
Hong Kong SAR	88,928,370	2,060	725,779
<i>in which:</i>			
- banks	-	-	618,787
- governments	-	-	-
- public sector entities	-	-	-
- others	88,928,370	2,060	106,992
Mainland China	90,464,634	9,625,908	817,898
<i>in which:</i>			
- banks	-	5,222,092	193,012
- governments	-	195,956	-
- public sector entities	-	-	-
- others	90,464,634	4,207,860	624,886
Others	21,009,092	5,596,074	712
<i>in which:</i>			
- banks	319,396	-	712
- governments	-	5,596,074	-
- public sector entities	-	-	-
- others	20,689,696	-	-
Total	404,783,681	23,345,541	1,892,229

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 2015</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>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Macau SAR	154,408,114	184,187	107,057
Hong Kong SAR	54,623,210	6,618	6,469
Mainland China	84,866,821	11,533	133
Others	16,934,959	-	-
Total	310,833,104	202,338	113,659

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 2015		
	<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	1,982	-	-
Mining industries	1,112,999	-	-
Manufacturing industries			
- Foodstuffs and beverages	3,373,759	-	-
- Clothing	1,026,428	12,238	8,814
- Other textile productions	125,301	-	-
- Wood and furniture	29,116	-	-
- Paper, printing and publishing	5,817,883	-	-
- Toys	59,166	-	-
- Machinery and other electrical and electronic goods	1,670,411	2,451	-
- Artificial flowers	779	-	-
- Other manufacturing industries (not mentioned above)	6,989,159	5,150	-
Electricity, gas and water	6,202,228	23,262	9,305
Construction and public works	42,101,587	-	-
Wholesale and retail trade	82,590,739	6,578	46
Restaurants, hotels and similar	12,571,919	-	-
Transport, warehousing and communications	15,308,447	93,481	76,975
Non-monetary financial institutions	24,366,579	-	-
Exhibition and conference	10,416	-	-
Education	792,151	-	-
Information technology	495,939	-	-
Other industries	9,510,621	3,616	3,353
Personal loans			
- Personal housing loans	56,735,068	42,276	9,420
- Credit card balances (interest bearing components)	88,244	9,127	4,469
- Car loans	28,666	295	295
- Other personal loans	39,823,517	3,864	982
	310,833,104	202,338	113,659

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 2015

	<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>	
Financial assets							
Cash in hand	2,906,029	-	-	-	-	-	2,906,029
Amounts due from banks	58,429,023	40,087,318	53,286,004	74,874,761	9,876,873	1,030,000	237,583,979
AMCM Monetary Bills	-	-	2,548,405	5,573,094	-	-	8,121,499
Held-to-maturity debt securities	-	-	-	-	-	2,060	2,060
Available-for-sale debt securities	-	857,666	881,262	5,174,939	7,561,735	746,380	15,221,982
Loans and advances to customers	-	9,090,708	11,597,338	98,951,406	62,489,678	128,703,974	310,833,104
	<u>61,335,052</u>	<u>50,035,692</u>	<u>68,313,009</u>	<u>184,574,200</u>	<u>79,928,286</u>	<u>130,482,414</u>	<u>574,668,653</u>

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

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

As at 30 June 2015 (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>	
Financial liabilities							
Deposits and balances of banks and financial institutions	3,304,647	5,316,427	366,216	428,280	3,500	-	9,419,070
Deposits from non-bank customers	116,670,585	63,725,629	53,246,904	63,574,800	1,913,667	-	299,131,585
Deposits from public sector entities	2,602,615	22,747,396	8,615,519	18,456,950	-	-	52,422,480
Deposits from associated companies	6,073	61,800	-	-	-	-	67,873
Deposits from head office and overseas branches	34,739,199	19,078,944	29,542,369	71,392,736	23,561,735	4,471,439	182,786,422
Certificates of deposit issued	-	4,271,331	-	13,319,405	3,038,147	-	20,628,883
	<u>157,323,119</u>	<u>115,201,527</u>	<u>91,771,008</u>	<u>167,172,171</u>	<u>28,517,049</u>	<u>4,471,439</u>	<u>564,456,313</u>

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(v) Overdue loans and advances to customers

	30 Jun 2015	
	<i>MOP'000</i>	<i>% of total loans</i>
Gross loans and advances to customers of which either principal or interest have been overdue:		
- Between 3 to 6 months	19,155	0.01%
- Between 6 to 12 months	35,523	0.01%
- Over 1 year	147,660	0.05%
	202,338	0.07%
 Current market value of collateral held against the covered portion of overdue loans and advances	 56,330	
 Specific provision made on overdue loans and advances	 113,659	

(vi) Overdue other assets

	30 Jun 2015	
	<i>MOP'000</i>	<i>% of total other assets</i>
Other assets which have been overdue:		
- Between 3 to 6 months	94	0.00%
- Between 6 to 12 months	310	0.01%
- Over 1 year	3,260	0.09%
	3,664	0.10%
 Specific provision made on overdue other assets	 3,664	

(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 2015</i> <u><i>MOP'000</i></u>
HKD	15,809,513
USD	6,652
Others	
Long Position	21,133
Short Position	(1,160)

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

	<i>30 Jun 2015</i> <u><i>MOP'000</i></u>
HKD	
Spot assets	157,563,882
Spots liabilities	(181,144,564)
Forward purchases	44,128,440
Forward sales	(4,737,266)
Net option position	<u>(979)</u>
Net long/(short) position	<u><u>15,809,513</u></u>

LIQUIDITY RISK MANAGEMENT

(Expressed in thousands of Macau Patacas)

(i) *Average weekly liquidity*

	<u>30 Jun 2015</u> <u>MOP'000</u>
Average minimum weekly amount of cash in hand	6,787,994
Average weekly amount of cash in hand	14,607,984

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

(ii) *Average liquidity ratio*

	<u>30 Jun 2015</u>
1 month current ratio	55%
3 months current ratio	58%

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 2015</u> <u>MOP'000</u>
Solvency assets	141,442,375
Underlying liabilities	342,720,157
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 2015</i>
	<i>MOP'000</i>
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Less than 1 year	23,365
Between 1 to 5 years	42,138
Over 5 years	10,953
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	<u>76,456</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)** 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>.