

**Bank of China Limited,
Macau Branch**

Disclosure of Financial Information

For the six-month period ended 30 June 2016

(The disclosure of financial information is unaudited)

BALANCE SHEET

As at 30 June 2016

(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2016</i>		
	<i>Amounts</i>	<i>Reserves, depreciation and impairments</i>	<i>Net Amount</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Assets			
Cash	3,675,690	-	3,675,690
Deposits at AMCM	8,476,521	-	8,476,521
Certificates of indebtedness of Macau SAR	7,816,055	-	7,816,055
Accounts Receivable	12,157	-	12,157
Current deposits at other local credit institutions	34,555	-	34,555
Current deposits at other overseas credit institutions	18,432,098	-	18,432,098
Loans and advances	298,873,438	400,816	298,472,622
Placement to local credit institutions	12,263,579	-	12,263,579
Call and fixed deposits at overseas credit institutions	195,590,812	-	195,590,812
Shares, bonds and equities	16,134,227	-	16,134,227
Debtors	1,169,564	-	1,169,564
Other investments	5,734,551	-	5,734,551
Financial investments	79,152	-	79,152
Properties	1,125,916	514,425	611,491
Equipments	940,086	723,201	216,885
Deferred expenses	324,618	302,944	21,674
Construction in progress	9,407	-	9,407
Other fixed assets	322	300	22
Internal and adjustment accounts	5,125,458	-	5,125,458
TOTAL	575,818,206	1,941,686	573,876,520

BALANCE SHEET (Continued)
As at 30 June 2016
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2016</i>	
	<i>Sub-total</i>	<i>Total</i>
Liabilities	<i>MOP'000</i>	<i>MOP'000</i>
Bank notes of Macau SAR in circulation		8,009,282
Current deposits	125,332,478	
Fixed deposits	197,636,214	322,968,692
Deposits from public sector		64,632,987
Amounts due to local credit institutions	4,209,519	
Amounts due to overseas credit institutions	156,265,904	
Cheques and bills payable	1,248,217	
Creditors	2,550,215	
Other liabilities	13,189	164,287,044
Internal and adjustment accounts		6,515,352
Provision		3,424,577
Operating funds		1,032,600
Revaluation reserves		146,960
Profit for the period		2,859,026
TOTAL		573,876,520

PROFIT AND LOSS ACCOUNT
For the period of 1 January to 30 June 2016
(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	3,295,357	Operating income	6,520,412
Personnel expenses		Income from banking services	582,000
Staff costs	717,748	Other operating income	141,397
Staff benefits	54,331	Income from securities and financial investment	258,801
Supplies by third party	25,459	Other banking income	17,728
Services provided by third party	147,842	Non operating income	33,121
Other banking expenses	204,594		
Tax expenses	5,079		
Non operating expenses	816		
Depreciation expenses	74,469		
Provision	388		
Operating profit	3,027,376		
TOTAL	7,553,459	TOTAL	7,553,459

PROFIT AND LOSS ACCOUNT (Continued)
For the period of 1 January to 30 June 2016
(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	389,923	Operating profit	3,027,376
Profit	2,859,026	Income from previous years	221,573
TOTAL	3,248,949	TOTAL	3,248,949

Approved and authorised for issue by the management of Bank of China Limited Macau Branch (“The Branch”) on 30 August 2016

Wang Shaojun

General Manager

CASH FLOW STATEMENT

For the period of 1 January to 30 June 2016
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2016</i> <u><i>MOP'000</i></u>
Operating activities	
Profit before taxation	3,248,949
Adjustments for non-cash items:	
– Depreciation	74,469
– Amortisation of discount and premium of debt securities	(38,202)
– Interest income on held-to-maturity debt investments and available-for-sale financial assets	(256,588)
– Dividend income	(721)
– Share of profits of associate	(1,492)
– Provisions for loans and other assets	(220,751)
	<u>(443,285)</u>
	<u>2,805,664</u>
Net changes in operating assets:	
– Amounts due from financial institutions	32,616,321
– AMCM Monetary Bills	959,994
– Loans and advances to customers	9,656,190
– Certificate of Indebtedness of Macau SAR	(712,560)
– Other assets	604,317
	<u>43,124,262</u>
Net changes in operating liabilities:	
– Amounts due from financial institutions	(21,541,574)
– Customers deposits	9,662,241
– Bank notes of Macau SAR in circulation	734,030
– Other liabilities	151,563
– Certificates of deposit issued	6,170,766
	<u>(4,822,974)</u>
Net cash inflow from operating activities	<u><u>41,106,952</u></u>

CASH FLOW STATEMENT (Continued)
For the period of 1 January to 30 June 2016
(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2016</i>
	<i>MOP'000</i>
Net cash inflow from operating activities	<u>41,106,952</u>
Investing activities	
Dividends received	721
Interest received from held-to-maturity debt investments and available-for-sale financial assets	244,205
Purchase of property and equipment	(22,819)
Purchase of held-to-maturity debt investments and available-for-sale financial assets	(8,784,669)
Proceeds from sale of held-to-maturity debt investments and available-for-sale financial assets	<u>7,084,705</u>
Net cash outflow from investing activities	<u>(1,477,857)</u>
Financing activities	
Funds remitted to Head Office	<u>(5,204,981)</u>
Net cash outflow from financing activities	<u>(5,204,981)</u>
Increase in cash and cash equivalents	34,424,114
Cash and cash equivalents as at 1 January	<u>127,866,398</u>
Cash and cash equivalents as at 30 June	<u><u>162,290,512</u></u>
Cash flows from operating activities include:	
Interest received	6,331,307
Interest paid	<u>4,049,507</u>
 The following table is the analysis cash and cash equivalents of the branch:	
Cash in hand	<u>3,675,690</u>
Repayable on demand	
- Balance with AMCM	8,476,521
- Balance with financial institutions	34,354,063
Balance with financial institutions with original maturities	184,773,136
AMCM Monetary Bills	<u>6,124,779</u>
	<u>233,728,499</u>
Cash and cash equivalents as at 30 June	237,404,189
Less: Balance with financial institutions with original maturities over 3 months	(69,538,704)
Less: AMCM Monetary Bills with original maturities over 3 months	<u>(5,574,973)</u>
Cash and cash equivalents which are readily convertible into cash as at 30 June	<u><u>162,290,512</u></u>

OFF-BALANCE-SHEET EXPOSURES

(Expressed in thousands of Macau Patacas)

As at 30 June 2016, 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 2016 MOP'000
Direct credit substitutes	24,266,374
Transaction-related contingencies	13,201,611
Trade-related contingencies	4,679,569
Other commitments	87,590,152
	129,737,706

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

(b) **Derivatives**

	30 Jun 2016			
			Fair Value	
			Assets	Liabilities
	Notional amount MOP'000	Credit risk weighted amount MOP'000	MOP'000	MOP'000
Exchange rate derivatives	164,950,088	852,434	2,234,811	1,295,673
Interest rate derivatives	2,068,482	8,682	8,296	5,019
Equity derivatives	99,493	1,655	1,164	1,159
	167,118,063	862,771	2,244,271	1,301,851

RELATED PARTIES TRANSACTIONS

(Expressed in thousands of Macau Patacas)

(a) *Transactions with key management personnel*

Key management personnel of The Branch

	<i>30 Jun 2016</i> <u><u>MOP'000</u></u>
As at 1 January	11,762
Repayment during the period	<u>(1,912)</u>
As at 30 June	<u><u>9,850</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 2016				
Interest income	1,233,763	-	172,960	1,406,723
Interest expense	(1,241,645)	(1)	(28,080)	(1,269,726)
Management fee	(20,882)	-	(6,035)	(26,917)
Agency fee	-	-	68,657	68,657
Other fee and commission expense	<u>(25,065)</u>	<u>-</u>	<u>-</u>	<u>(25,065)</u>
	<u><u>(53,829)</u></u>	<u><u>(1)</u></u>	<u><u>207,502</u></u>	<u><u>153,672</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 2016				
Amounts due from financial institutions	171,283,676	-	38,791,803	210,075,479
Loans and advances to customers	-	-	1,523,239	1,523,239
Amounts due to financial institutions	(122,119,195)	-	(31,965,925)	(154,085,120)
Customer deposits	-	(8,135)	(1,957,498)	(1,965,633)
	<u>49,164,481</u>	<u>(8,135)</u>	<u>6,391,619</u>	<u>55,547,965</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 2016		
	<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	209,506,825	6,124,779	760,351
<i>in which:</i>			
- banks	-	-	-
- governments	-	6,124,779	-
- public sector entities	-	-	-
- others	209,506,825	-	760,351
Hong Kong SAR	75,585,274	1,601,544	525,062
<i>in which:</i>			
- banks	-	1,599,484	484,270
- governments	-	-	-
- public sector entities	-	-	-
- others	75,585,274	2,060	40,792
Mainland China	77,560,237	9,450,895	958,858
<i>in which:</i>			
- banks	-	6,247,803	258,921
- governments	-	159,255	-
- public sector entities	-	-	-
- others	77,560,237	3,043,837	699,937
Others	23,811,254	10,816,339	-
<i>in which:</i>			
- banks	-	2,475,651	-
- governments	-	8,020,463	-
- public sector entities	-	-	-
- others	23,811,254	320,225	-
Total	386,463,590	27,993,557	2,244,271

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 2016</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	155,875,181	389,893
Hong Kong SAR	52,031,859	247	247
Mainland China	69,148,143	25,731	2,778
Others	21,818,255	-	-
Total	298,873,438	415,871	335,260

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 2016		
	<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	1,482	-
Manufacturing industries			
- Foodstuffs and beverages	1,742,284	-	-
- Clothing	266,304	7,425	7,425
- Other textile productions	143,260	-	-
- Wood and furniture	22,253	-	-
- Paper, printing and publishing	3,017,870	-	-
- Toys	14,794	-	-
- Machinery and other electrical and electronic goods	5,932,093	2,451	-
- Artificial flowers	726	-	-
- Other manufacturing industries (not mentioned above)	12,788,192	-	-
Electricity, gas and water	5,946,258	23,262	23,262
Construction and public works	43,518,138	-	-
Wholesale and retail trade	57,147,187	202,302	199,058
Restaurants, hotels and similar	13,701,999	-	-
Transport, warehousing and communications	8,925,992	82,530	82,530
Non-monetary financial institutions	41,312,342	-	-
Exhibition and conference	23,422	-	-
Education	773,990	-	-
Information technology	348,954	-	-
Other industries	11,146,913	531	531
Personal loans			
- Personal housing loans	61,490,658	61,368	9,895
- Credit card balances (interest bearing components)	127,892	16,148	8,669
- Car loans	19,033	438	352
- Other personal loans	30,461,402	19,416	3,538
	298,873,438	415,871	335,260

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 2016

	<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	3,675,690	-	-	-	-	-	3,675,690
Amounts due from banks	42,830,583	88,001,158	57,800,838	29,716,559	4,859,311	5,425,270	228,633,719
AMCM Monetary Bills	-	449,928	1,797,694	3,877,157	-	-	6,124,779
Held-to-maturity debt securities	-	-	-	-	-	2,060	2,060
Available-for-sale financial assets	-	582,658	828,607	9,770,108	5,970,064	4,715,281	21,866,718
Loans and advances to customers	-	9,365,475	14,358,483	52,579,535	74,930,973	147,638,972	298,873,438
	<u>46,506,273</u>	<u>98,399,219</u>	<u>74,785,622</u>	<u>95,943,359</u>	<u>85,760,348</u>	<u>157,781,583</u>	<u>559,176,404</u>

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

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

As at 30 June 2016 (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	5,128,806	29,505,239	2,959,511	344,970	-	-	37,938,526
Deposits from non-bank customers	125,355,014	43,219,278	64,580,664	56,248,581	1,661,586	-	291,065,123
Deposits from public sector entities	3,810,711	21,905,741	23,763,258	15,153,277	-	-	64,632,987
Deposits from associated companies	8,135	-	-	-	-	-	8,135
Deposits from head office and overseas branches	39,605,347	16,374,657	15,546,894	16,863,336	20,594,763	13,134,198	122,119,195
Certificates of deposit issued	-	-	-	23,103,961	5,977,084	2,814,389	31,895,434
	<u>173,908,013</u>	<u>111,004,915</u>	<u>106,850,327</u>	<u>111,714,125</u>	<u>28,233,433</u>	<u>15,948,587</u>	<u>547,659,400</u>

CREDIT RISK MANAGEMENT (Continued)

(Expressed in thousands of Macau Patacas)

(v) Overdue loans and advances to customers

	<i>30 Jun 2016</i>	
	<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	27,248	0.01%
- Between 6 to 12 months	227,759	0.08%
- Over 1 year	160,864	0.05%
	415,871	0.14%
 Current market value of collateral held against the covered portion of overdue loans and advances	 77,904	
 Specific provision made on overdue loans and advances	 335,260	

(vi) Overdue other assets

	<i>30 Jun 2016</i>	
	<i>MOP'000</i>	<i>% of total other assets</i>
Other assets which have been overdue:		
- Between 3 to 6 months	842	0.10%
- Between 6 to 12 months	512	0.06%
- Over 1 year	3,941	0.49%
	5,295	0.65%
 Specific provision made on overdue other assets	 4,408	

(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 2016</i> <u><i>MOP'000</i></u>
HKD	16,312,644
USD	19,015
RMB	95,354
Others	
Long Position	4,803
Short Position	(6,420)

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

	<i>30 Jun 2016</i> <u><i>MOP'000</i></u>
HKD	
Spot assets	167,627,319
Spots liabilities	(182,513,936)
Forward purchases	34,556,324
Forward sales	(3,352,469)
Net option position	<u>(4,594)</u>
Net long/(short) position	<u><u>16,312,644</u></u>

LIQUIDITY RISK MANAGEMENT

(Expressed in thousands of Macau Patacas)

(i) Average weekly liquidity

	<u>30 Jun 2016</u> MOP'000
Average minimum weekly amount of cash in hand	7,611,323
Average weekly amount of cash in hand	13,677,317

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

(ii) Average liquidity ratio

	<u>30 Jun 2016</u>
1 month current ratio	48%
3 months current ratio	54%

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 2016</u> MOP'000
Solvency assets	139,717,842
Underlying liabilities	381,632,336
Ratio of solvency assets to underlying liabilities	37%

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 2016</i>
	<i>MOP'000</i>
Less than 1 year	33,187
Between 1 to 5 years	52,081
Over 5 years	26,643
	<u>111,911</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>.