

**Bank of China Limited,
Macau Branch**

Disclosure of Financial Information

For the six-month period ended 30 June 2017

(The disclosure of financial information is unaudited)

Bank of China Limited, Macau Branch
Summarised Financial Information
Balance Sheet
As at 30 June 2017

	<i>30 Jun 2017</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	3,256,187	-	3,256,187
Deposits at AMCM	7,990,652	-	7,990,652
Certificates of indebtedness of Macau SAR	8,542,846	-	8,542,846
Accounts Receivable	52,865	-	52,865
Current deposits at other local credit institutions	8,686	-	8,686
Current deposits at other overseas credit institutions	18,421,351	-	18,421,351
Loans and advances	317,522,095	468,618	317,053,477
Placement to local credit institutions	11,547,856	-	11,547,856
Call and fixed deposits at overseas credit institutions	162,930,261	-	162,930,261
Shares, bonds and equities	27,198,446	-	27,198,446
Debtors	1,104,363	-	1,104,363
Other investments	4,120,852	-	4,120,852
Financial investments	84,375	-	84,375
Properties	1,126,824	536,775	590,049
Equipments	997,890	803,222	194,668
Deferred expenses	338,068	322,159	15,909
Construction in progress	78,203	-	78,203
Other fixed assets	322	322	-
Internal and adjustment accounts	4,856,593	-	4,856,593
TOTAL	570,178,735	2,131,096	568,047,639

Bank of China Limited, Macau Branch
Summarised Financial Information
Balance Sheet (Continued)
As at 30 June 2017

	<i>30 Jun 2017</i>	
	<i>Sub-total</i>	<i>Total</i>
Liabilities	<i>MOP'000</i>	<i>MOP'000</i>
Bank notes of Macau SAR in circulation		8,454,297
Current deposits	144,364,456	
Fixed deposits	214,428,694	358,793,150
Deposits from public sector		75,497,710
Amounts due to local credit institutions	5,031,462	
Amounts due to overseas credit institutions	91,968,673	
Bonds issued	8,374,909	
Cheques and bills payable	1,403,548	
Creditors	4,475,036	
Other liabilities	2,463	111,256,091
Internal and adjustment accounts		6,930,023
Provision		3,502,539
Operating funds		1,032,600
Revaluation reserves		(57,758)
Profit for the period		2,638,987
TOTAL		568,047,639

Bank of China Limited, Macau Branch
Summarised Financial Information
Profit and Loss Account
For the period of 1 January to 30 June 2017

Income Statement			
Debit	<i>Amount</i> <i>MOP'000</i>	Credit	<i>Amount</i> <i>MOP'000</i>
Operating costs	2,978,791	Operating income	6,377,351
Personnel expenses		Income from banking services	726,770
Staff costs	722,869	Other operating income	118,939
Staff benefits	57,567	Income from securities and financial investment	315,325
Supplies by third party	19,524	Other banking income	18,375
Services provided by third party	181,088	Non operating income	43,225
Other banking expenses	368,627		
Tax expenses	4,868		
Non operating expenses	835		
Depreciation expenses	72,931		
Provision	195,516		
Operating profit	2,997,369		
TOTAL	7,599,985	TOTAL	7,599,985

Bank of China Limited, Macau Branch
 Summarised Financial Information
 Profit and Loss Account (Continued)
 For the period of 1 January to 30 June 2017

Profit and loss account			
Debit	<i>Amount</i> <i>MOP'000</i>	Credit	<i>Amount</i> <i>MOP'000</i>
Tax on profit	359,862	Operating profit	2,997,369
Profit	2,638,987	Income from previous years	1,444
		Special profit	36
TOTAL	2,998,849	TOTAL	2,998,849

Approved and authorised for issue by the management of the Branch on 30 August 2017

Li Guang

General Manager

Bank of China Limited, Macau Branch
Cash Flow Statement
For the period of 1 January to 30 June 2017

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
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Operating activities	
Profit before taxation	2,998,849
Adjustments for non-cash items:	
– Depreciation	72,931
– Amortisation of discount and premium of debt securities	39,297
– Amortisation of discount of bonds issued	1,976
– Interest income arising from held-to-maturity debt investments and available-for-sale financial assets	(311,459)
– Gain on disposal of property and equipment	(36)
– Dividends income	(721)
– Share of profits of associate	(3,145)
– Interest expense arising from bonds issued	50,807
– Provisions for loans and other assets	194,985
	<hr/>
	44,635
	<hr/>
	3,043,484
	<hr/>
Net cash inflow/(outflow) from operating assets:	
– Amounts due from financial institutions	(16,188,399)
– AMCM Monetary Bills	301,090
– Loans and advances to customers	(30,448,208)
– Certificate of Indebtedness of Macau SAR	(448,597)
– Other assets	16,858
	<hr/>
	(46,767,256)
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Net cash inflow/(outflow) from operating liabilities:	
– Amounts due from financial institutions	(6,028,136)
– Customers deposits	10,932,474
– Bank notes of Macau SAR in circulation	89,409
– Other liabilities	3,191,085
– Certificates of deposit issued	15,215,786
	<hr/>
	23,400,618
	<hr/>
Net cash outflow from operating activities	<hr/> <hr/> (20,323,154)

Bank of China Limited, Macau Branch
Cash Flow Statement (Continued)
For the period of 1 January to 30 June 2017

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
Net cash outflow from operating activities	<u>(20,323,154)</u>
Investing activities	
Dividends received	721
Proceeds from sale of property and equipment	36
Interest received from held-to-maturity debt investments and available-for-sale financial assets	333,048
Purchase of property and equipment	(17,568)
Purchase of held-to-maturity debt investments and available-for-sale financial assets	(16,884,304)
Proceeds from sale of held-to-maturity debt investments and available-for-sale financial assets	<u>8,479,612</u>
Net cash outflow from investing activities	<u>(8,088,455)</u>
Financing activities	
Proceeds from issuance of bonds	8,372,933
Funds remitted to Head Office	<u>(5,488,300)</u>
Net cash inflow from financing activities	<u>2,884,633</u>
Decrease in cash and cash equivalents	<u>(25,526,976)</u>
Cash and cash equivalents as at 1 January	<u>138,998,972</u>
Cash and cash equivalents as at 30 June	<u><u>113,471,996</u></u>

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

Cash in hand	3,256,187
Repayable on demand	
- Balance with AMCM	7,990,652
- Balance with financial institutions	<u>20,954,501</u>
	<u>28,945,153</u>
Balance with financial institutions with original maturities	<u>81,270,656</u>
Cash and cash equivalents which are readily convertible into cash as at 30 June	<u><u>113,471,996</u></u>

Bank of China Limited, Macau Branch

Off-Balance-Sheet Exposures

As at 30 June 2017

As at 30 June 2017, 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 2017</i>
	<i>MOP'000</i>
Direct credit substitutes	18,494,698
Transaction-related contingencies	10,218,661
Trade-related contingencies	2,507,241
Other commitments	101,653,726
	<u>132,874,326</u>

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

	<i>30 Jun 2017</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>
Exchange rate derivatives	132,621,003	1,527,373	2,057,246	1,401,940
Interest rate derivatives	1,912,212	52,038	45,369	39,895
Equity derivatives	96,293	1,525	1,100	900
	<u>134,629,508</u>	<u>1,580,936</u>	<u>2,103,715</u>	<u>1,442,735</u>

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Related Parties Transactions

(a) *Transactions with key management personnel*

Key management personnel of the Branch

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
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As at 1 January	8,987
Repayment during the period	<hr/> (875)
As at 30 June	<hr/> <hr/> 8,112

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>Amounts with Head Office and overseas branches MOP'000</i>	<i>Amounts with associate MOP'000</i>	<i>Amounts with group members MOP'000</i>	<i>Total MOP'000</i>
	<hr/>	<hr/>	<hr/>	<hr/>
30 Jun 2017				
Interest income	1,292,036	-	150,279	1,442,315
Interest expense	(708,030)	(3)	(57,965)	(765,998)
Management fee	(26,959)	-	(6,930)	(33,889)
Agency fee	-	-	87,735	87,735
Other fee and commission income	80	-	2,270	2,350
Other fee and commission expense	<hr/> (25,968)	<hr/> -	<hr/> -	<hr/> (25,968)

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Related Parties Transactions (Continued)

(b) *Transactions between group members (continued)*

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

	<i>Balance with Head Office and overseas branches MOP'000</i>	<i>Balance with associate MOP'000</i>	<i>Balance with group members MOP'000</i>	<i>Total MOP'000</i>
30 Jun 2017				
Amounts due from financial institutions	145,792,871	-	29,832,915	175,625,786
Amounts due to financial institutions	(76,772,381)	-	(10,746,061)	(87,518,442)
Customer deposits	-	(11,337)	(1,508,922)	(1,520,259)
	<u>69,020,490</u>	<u>(11,337)</u>	<u>17,577,932</u>	<u>86,587,085</u>

Bank of China Limited, Macau Branch
Disclosure of Financial Information
As at 30 June 2017
Credit Risk Management

(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.

<i>Region</i>	<i>30 Jun 2017</i>		
	<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	225,287,704	5,278,282	1,089,391
<i>in which:</i>			
- banks	-	-	1,197
- governments	-	5,278,282	-
- public sector entities	-	-	-
- others	225,287,704	-	1,088,194
Hong Kong SAR	87,819,060	3,033,474	641,504
<i>in which:</i>			
- banks	241,197	3,031,414	596,078
- governments	-	-	-
- public sector entities	-	-	-
- others	87,577,863	2,060	45,426
Mainland China	79,087,379	22,042,485	372,272
<i>in which:</i>			
- banks	10,452	11,787,002	9,512
- governments	-	-	-
- public sector entities	-	-	-
- others	79,076,927	10,255,483	362,760
Others	26,981,678	6,243,339	549
<i>in which:</i>			
- banks	886,461	1,601,764	549
- governments	-	3,207,920	-
- public sector entities	-	-	-
- others	26,095,217	1,433,655	-
Total	419,175,821	36,597,580	2,103,716

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Credit Risk Management (Continued)

(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 2017</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	168,006,525	486,643	390,892
Hong Kong SAR	63,445,042	247	247
Mainland China	61,420,197	16,560	622
Others	24,650,331	28,256	11,302
Total	317,522,095	531,706	403,063

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.

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Credit Risk Management (Continued)

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

	<i>30 Jun 2017</i>		
	<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	81,388	-	-
Mining industries	24,120	-	-
Manufacturing industries			
- Foodstuffs and beverages	1,030,503	-	-
- Clothing	304,665	7,425	7,425
- Other textile productions	68,917	-	-
- Wood and furniture	417,050	-	-
- Paper, printing and publishing	2,688,648	-	-
- Toys	12,877	-	-
- Machinery and other electrical and electronic goods	2,348,858	-	-
- Artificial flowers	676	-	-
- Other manufacturing industries (not mentioned above)	16,513,980	-	-
Electricity, gas and water	9,019,088	-	-
Construction and public works	42,133,942	-	-
Wholesale and retail trade	41,275,994	284,298	268,919
Restaurants, hotels and similar	14,258,153	1,331	533
Transport, warehousing and communications	11,826,819	82,530	82,530
Non-monetary financial institutions	56,548,226	28,256	11,302
Exhibition and conference	19,288	-	-
Education	791,730	-	-
Information technology	1,086,526	-	-
Other industries	15,322,246	606	606
Personal loans			
- Personal housing loans	68,759,465	82,990	18,218
- Credit card balances (interest bearing components)	147,288	15,657	6,263
- Car loans	11,963	3,370	2,149
- Other personal loans	32,829,685	25,243	5,118
	<u>317,522,095</u>	<u>531,706</u>	<u>403,063</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.

Bank of China Limited, Macau Branch
Disclosure of Financial Information
As at 30 June 2017
Credit Risk Management (Continued)

(iv) *Maturity analysis on assets and liabilities*

As at 30 June 2017

	<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>
Financial assets							
Cash in hand	3,256,187	-	-	-	-	-	3,256,187
Amounts due from banks	28,945,152	54,788,889	57,762,462	32,189,452	12,461,845	9,471,895	195,619,695
AMCM Monetary Bills	-	999,556	1,697,332	2,581,394	-	-	5,278,282
Held-to-maturity debt securities	-	-	-	-	-	2,060	2,060
Available-for-sale financial assets	-	-	1,324,819	3,437,601	15,520,296	11,034,522	31,317,238
Loans and advances to customers	-	8,072,609	5,826,205	67,196,149	78,679,732	157,747,400	317,522,095
	<u>32,201,339</u>	<u>63,861,054</u>	<u>66,610,818</u>	<u>105,404,596</u>	<u>106,661,873</u>	<u>178,255,877</u>	<u>552,995,557</u>

Bank of China Limited, Macau Branch
Disclosure of Financial Information
As at 30 June 2017
Credit Risk Management (Continued)

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

As at 30 June 2017 (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>	<i>MOP'000</i>
Financial liabilities							
Deposits and balances of banks and financial institutions	4,640,124	8,199,248	4,049,988	3,060,568	-	-	19,949,928
Deposits from non-bank customers	144,385,600	45,693,090	54,917,243	63,311,527	287,181	-	308,594,641
Deposits from public sector entities	2,812,437	9,437,480	26,331,687	35,260,907	1,655,199	-	75,497,710
Deposits from associated companies	11,337	-	-	-	-	-	11,337
Deposits from head office and overseas branches	18,709,898	4,068,883	7,525,130	32,477,865	1,187,444	12,803,162	76,772,382
Bonds issued	-	-	-	-	-	8,374,909	8,374,909
Certificates of deposit issued	-	6,551,033	3,387,031	12,538,779	24,891,721	2,818,608	50,187,172
	<u>170,559,396</u>	<u>73,949,734</u>	<u>96,211,079</u>	<u>146,649,646</u>	<u>28,021,545</u>	<u>23,996,679</u>	<u>539,388,079</u>

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Credit Risk Management (Continued)

(v) *Overdue loans and advances to customers*

	<i>30 Jun 2017</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	81,999	0.03%
- Between 6 to 12 months	119,728	0.04%
- Over 1 year	329,979	0.10%
	<u>531,706</u>	<u>0.17%</u>
Current market value of collateral held against the covered portion of overdue loans and advances	<u>88,148</u>	
Specific provision made on overdue loans and advances	<u>403,063</u>	

(vi) *Overdue other assets*

	<i>30 Jun 2017</i>	
	<i>MOP'000</i>	<i>% of total other assets</i>
Other assets which have been overdue:		
- Between 3 to 6 months	1,108	0.16%
- Between 6 to 12 months	2,766	0.41%
- Over 1 year	3,014	0.45%
	<u>6,888</u>	<u>1.02%</u>
Specific provision made on overdue other assets	<u>4,674</u>	

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

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Foreign Exchange Risk Management

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

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
	<hr/>
HKD	17,296,165
USD	(9,652)
RMB	(21,907)
Others	
Long Position	5,530
Short Position	(1,854)

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

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
	<hr/>
HKD	
Spot assets	170,186,112
Spot liabilities	(210,526,311)
Forward purchases	59,577,650
Forward sales	(1,968,324)
Net option position	38
Net long/(short) position	<hr/> <hr/> 17,269,165

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2017
 Liquidity Risk Management

(i) *Average weekly liquidity*

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
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Average minimum weekly amount of cash in hand	8,715,976
Average weekly amount of cash in hand	14,167,789

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

(ii) *Average liquidity ratio*

	<i>30 Jun 2017</i>
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1 month current ratio	40%
3 months current ratio	50%

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*

	<i>30 Jun 2017</i>
	<i>MOP'000</i>
	<hr/>
Solvency assets	156,517,289
Underlying liabilities	436,161,921
Ratio of solvency assets to underlying liabilities	36%

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.

Bank of China Limited, Macau Branch
Disclosure of Financial Information
As at 30 June 2017
Other Information

(a) *Operating lease commitments*

Non-cancellable operating leases are payable as follows:

	<i>30 Jun 2017</i> <i>MOP'000</i>
Less than 1 year	22,061
Between 1 to 5 years	35,536
Over 5 years	20,135
	<u>77,732</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>.