

**Bank of China Limited,
Macau Branch**

Disclosure of Financial Information

For the six-month period ended 30 June 2018

(The disclosure of financial information is unaudited)

Bank of China Limited, Macau Branch
Summary Financial Information
Balance Sheet
As at 30 June 2018

Assets	<i>Amounts</i> <i>MOP'000</i>	<i>Reserves, depreciation and impairments</i> <i>MOP'000</i>	<i>Net Amount</i> <i>MOP'000</i>
Cash	3,514,891	-	3,514,891
Deposits at AMCM	8,479,007	-	8,479,007
Certificates of indebtedness of Macau SAR	9,380,310	-	9,380,310
Accounts Receivable	486,445	-	486,445
Current deposits at other local credit institutions	76,037	-	76,037
Current deposits at other overseas credit institutions	34,939,542	-	34,939,542
Loans and advances	343,435,348	738,575	342,696,773
Placement to local credit institutions	16,874,130	-	16,874,130
Call and fixed deposits at overseas credit institutions	162,109,739	-	162,109,739
Shares, bonds and equities	37,380,617	-	37,380,617
Debtors	2,442,119	-	2,442,119
Other investments	14,067,110	-	14,067,110
Financial investments	107,693	-	107,693
Properties	1,127,086	559,119	567,967
Equipments	1,130,738	939,888	190,850
Deferred expenses	341,627	332,697	8,930
Construction in progress	50,965	-	50,965
Other fixed assets	322	322	-
Internal and adjustment accounts	4,654,792	-	4,654,792
TOTAL	640,598,518	2,570,601	638,027,917

Bank of China Limited, Macau Branch
Summary Financial Information
Balance Sheet (Continued)
As at 30 June 2018

Liabilities	<i>Sub-total</i> <i>MOP'000</i>	<i>Total</i> <i>MOP'000</i>
Bank notes of Macau SAR in circulation		9,309,428
Current deposits	152,141,929	
Fixed deposits	239,926,780	392,068,709
Deposits from public sector		81,814,556
Amounts due to local credit institutions	4,306,195	
Amounts due to overseas credit institutions	114,584,625	
Bonds issued	13,378,547	
Cheques and bills payable	3,146,867	
Creditors	5,552,318	
Other liabilities	1,338	140,969,890
Internal and adjustment accounts		6,383,975
Provision		3,684,859
Operating funds		1,032,600
Revaluation reserves		(348,386)
Profit for the period		3,112,286
TOTAL		638,027,917

Bank of China Limited, Macau Branch
Summary Financial Information
Income Statement
For the period of 1 January to 30 June 2018

Income Statement			
Debit	<i>Amount</i> <i>MOP'000</i>	Credit	<i>Amount</i> <i>MOP'000</i>
Operating costs	4,461,625	Operating income	7,820,959
Personnel expenses		Income from banking services	806,316
Staff costs	755,927	Other operating income	68,669
Staff benefits	51,541	Income from securities and financial investment	846,961
Supplies by third party	19,487	Other banking income	20,005
Services provided by third party	174,952	Non operating income	37,757
Other banking expenses	399,326		
Tax expenses	5,821		
Non operating expenses	660		
Depreciation expenses	73,900		
Provision	132,095		
Operating profit	3,525,333		
TOTAL	9,600,667	TOTAL	9,600,667

Bank of China Limited, Macau Branch
 Summary Financial Information
 Income Statement (Continued)
 For the period of 1 January to 30 June 2018

Profit and loss account			
Debit	<i>Amount</i> <i>MOP'000</i>	Credit	<i>Amount</i> <i>MOP'000</i>
Loss from prior years	1,680	Operating profit	3,525,333
Tax on profit	422,156	Income from previous years	9,106
Profit	3,112,286	Special profit	3
		Provision written off	1,680
TOTAL	3,536,122	TOTAL	3,536,122

Approved and authorised for issue by the management of the Branch on 29 August 2018

Li Guang

General Manager

Bank of China Limited, Macau Branch
Statement of Cash Flows
For the period of 1 January to 30 June 2018

	<u>MOP'000</u>
Operating activities	
Profit before tax	3,534,442
Adjustments for non-cash items:	
– Depreciation	73,900
– Amortisation of discount and premium of debt securities	(220,461)
– Amortisation of discount of bonds issued	7,399
– Interest income on held-to-maturity debt investments and available-for-sale financial assets	(825,470)
– Interest expense arising from bonds issued	207,571
– Gain on disposal of property and equipment	(3)
– Dividend income	(721)
– Share of profits of associate	(20,770)
– Provisions for loans and other assets	124,391
	<u>(654,164)</u>
	2,880,278
Net cash (outflow) /inflow from operating assets:	
– Amounts due from financial institutions	(6,216,476)
– AMCM Monetary Bills	(90,130)
– Loans and advances to customers	(17,505,955)
– Certificate of Indebtedness of Macau SAR	(587,602)
– Other assets	(1,486,070)
	<u>(25,886,233)</u>
Net cash inflow/(outflow) from operating liabilities:	
– Amounts due to financial institutions	3,177,909
– Customers deposits	5,292,784
– Bank notes of Macau SAR in circulation	121,703
– Other liabilities	1,712,140
– Certificates of deposit issued	11,574,618
	<u>21,879,154</u>
Net cash outflow from operating activities	<u><u>(1,126,801)</u></u>

Bank of China Limited, Macau Branch
Statement of Cash Flows (Continued)
For the period of 1 January to 30 June 2018

	<i>MOP'000</i>
Net cash outflow from operating activities	<u>(1,126,801)</u>
Investing activities	
Dividends received	721
Proceeds from sale of property and equipment	3
Interest received from held-to-maturity debt investments and available-for-sale financial assets	521,736
Purchase of property and equipment	(5,231)
Purchase of held-to-maturity debt investments and available-for-sale financial assets	(19,418,303)
Proceeds from sale of held-to-maturity debt investments and available-for-sale financial assets	15,450,266
Net cash outflow from investing activities	<u>(3,450,808)</u>
Financing activities	
Proceeds from issuance of bonds	4,978,787
Interest paid to Bonds Issued	(128,085)
Funds remitted to Head Office	(4,947,283)
Net cash outflow from financing activities	<u>(96,581)</u>
Decrease in cash and cash equivalents	<u>(4,674,190)</u>
Cash and cash equivalents as at 1 January	<u>130,160,266</u>
Cash and cash equivalents as at 30 June	<u><u>125,486,076</u></u>
 The following table is the analysis cash and cash equivalents of the branch:	
Cash in hand	<u>3,514,891</u>
Repayable on demand	
- Balance with AMCM*	8,479,007
- Balance with financial institutions	35,015,552
	<u>43,494,559</u>
Balance with financial institutions with original maturities	78,276,899
AMCM Monetary Bills	199,727
Cash and cash equivalents which are readily convertible into cash as at 30 June	<u><u>125,486,076</u></u>

* Balance with AMCM includes the minimum statutory deposit balance with AMCM of MOP6,574,025,000, which this balance shall not be used in the daily operations of the Branch.

Bank of China Limited, Macau Branch

Off-Balance-Sheet Exposures

As at 30 June 2018

As at 30 June 2018, 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:

	<u>MOP'000</u>
Direct credit substitutes	13,607,283
Transaction-related contingencies	9,797,878
Trade-related contingencies	1,455,401
Other commitments	<u>109,754,292</u>
	<u>134,614,854</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

			<u>Fair Value</u>	
	<i>Notional amount MOP'000</i>	<i>Credit risk weighted amount MOP'000</i>	<i>Assets MOP'000</i>	<i>Liabilities MOP'000</i>
	<u>MOP'000</u>	<u>MOP'000</u>	<u>MOP'000</u>	<u>MOP'000</u>
Exchange rate derivatives	137,813,311	1,793,833	1,483,819	1,546,386
Interest rate derivatives	1,872,636	94,336	87,271	83,300
Equity derivatives	36,323	566	1,306	1,321
	<u>139,722,270</u>	<u>1,888,735</u>	<u>1,572,396</u>	<u>1,631,007</u>

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2018
 Related Parties Transactions

(a) *Transactions with key management personnel*

Key management personnel of the Branch

	<u>MOP'000</u>
As at 1 January	14,426
Loans decreased during the period ^(Notes 1)	<u>(14,426)</u>
As at 30 June	<u><u>-</u></u>

Notes 1 : key management personnel has been substituted during the period.

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

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2018
 Related Parties Transactions (Continued)

(b) *Transactions between group members*

The transactions with related party 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>
Interest income	1,576,131	-	267,566	1,843,697
Interest expense	(873,649)	(2)	(186,340)	(1,059,991)
Management fee	(25,077)	-	(8,421)	(33,498)
Agency fee	28	-	85,028	85,056
Other fee and commission income	1,007	-	-	1,007
Other fee and commission expense	(9,251)	-	-	(9,251)

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>
Amounts due from financial institutions	117,699,220	-	43,274,595	160,973,815
Amounts due to financial institutions	(81,285,417)	-	(22,267,209)	(103,552,626)
Customer deposits	-	(7,799)	(3,628,674)	(3,636,473)
	<u>36,413,803</u>	<u>(7,799)</u>	<u>17,378,712</u>	<u>53,784,716</u>

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2018
 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>Loans and commitments MOP'000</i>	<i>Debt investments MOP'000</i>	<i>Derivatives MOP'000</i>
Macau SAR	280,554,968	3,281,963	801,600
<i>in which:</i>			
- banks	-	-	38,384
- governments	-	3,281,963	-
- public sector entities	-	-	-
- others	280,554,968	-	763,216
Hong Kong SAR	54,760,680	3,712,222	739,431
<i>in which:</i>			
- banks	1,832,132	1,271,856	583,421
- governments	-	-	-
- public sector entities	-	-	-
- others	52,928,548	2,440,366	156,010
Mainland China	90,668,915	33,221,648	31,365
<i>in which:</i>			
- banks	8,365,012	25,845,594	31,365
- governments	-	-	-
- public sector entities	-	-	-
- others	82,303,903	7,376,054	-
Others	27,205,077	14,513,857	-
<i>in which:</i>			
- banks	-	1,208,580	-
- governments	-	1,616,002	-
- public sector entities	-	-	-
- others	27,205,077	11,689,275	-
Total	453,189,640	54,729,690	1,572,396

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2018
 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>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	186,218,770	440,077	317,093
Hong Kong SAR	51,698,042	-	-
Mainland China	79,584,323	412,255	329,804
Others	25,934,213	26,123	26,123
Total	343,435,348	878,455	673,020

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 2018
 Credit Risk Management (Continued)

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

	<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	13,527	-	-
Mining industries	565,866	-	-
Manufacturing industries			
- Foodstuffs and beverages	1,277,794	404,190	323,352
- Clothing	255,397	7,425	7,425
- Other textile productions	20,379	-	-
- Leather articles	10,132	-	-
- Wood and furniture	19,698	-	-
- Paper, printing and publishing	960,078	-	-
- Toys	22,289	-	-
- Machinery and other electrical and electronic goods	10,781,871	-	-
- Artificial flowers	619	-	-
- Other manufacturing industries (not mentioned above)	15,255,889	-	-
Electricity, gas and water	9,896,481	-	-
Construction and public works	40,054,370	68,663	68,663
Wholesale and retail trade	42,158,164	204,104	202,429
Restaurants, hotels and similar	19,942,892	1,331	1,307
Transport, warehousing and communications	8,579,838	-	-
Non-monetary financial institutions	57,062,384	26,123	26,123
Exhibition and conference	544,514	-	-
Education	501,098	-	-
Information technology	1,573,896	-	-
Other industries	18,669,877	9,556	944
Personal loans			
- Personal housing loans	73,002,878	2,468	234
- Credit card balances (interest bearing components)	180,234	20,112	8,045
- Car loans	6,570	3,104	2,689
- Other personal loans	42,078,613	131,379	31,809
	<u>343,435,348</u>	<u>878,455</u>	<u>673,020</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 2018
 Credit Risk Management (Continued)

(iv) *Maturity analysis on assets and liabilities*

	<i>Maturity date of financial instruments</i>						<i>Total</i>
	<i>On</i>	<i>Less than</i>	<i>Between</i>	<i>Between</i>	<i>Between</i>	<i>Over</i>	
	<i>Demand</i>	<i>1 month</i>	<i>1 to 3</i>	<i>3 to 12</i>	<i>1 to 3</i>	<i>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	3,514,891	-	-	-	-	-	3,514,891
Amounts due from banks	43,494,577	38,673,298	60,884,487	55,213,879	10,938,946	9,991,296	219,196,483
AMCM Monetary Bills	-	-	1,297,689	1,984,274	-	-	3,281,963
Held-to-maturity debt securities	-	-	-	-	2,060	-	2,060
Available-for-sale financial assets	-	2,467,876	8,738,538	5,182,096	23,541,652	11,515,505	51,445,667
Loans and advances to customers	3,399,242	13,583,764	22,775,869	59,169,668	71,922,876	172,583,929	343,435,348
	<u>50,408,710</u>	<u>54,724,938</u>	<u>93,696,583</u>	<u>121,549,917</u>	<u>106,405,534</u>	<u>194,090,730</u>	<u>620,876,412</u>

Bank of China Limited, Macau Branch
Disclosure of Financial Information
As at 30 June 2018
Credit Risk Management (Continued)

(iv) *Maturity analysis on assets and liabilities (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	4,136,833	14,651,638	9,404,416	9,406,404	6,000	-	37,605,291
Deposits from non-bank customers	152,134,130	45,213,133	45,611,843	82,714,498	809,554	-	326,483,158
Deposits from public sector entities	3,289,926	14,538,666	23,080,984	38,438,808	2,466,172	-	81,814,556
Deposits from associated companies	7,799	-	-	-	-	-	7,799
Deposits from head office and overseas branches	12,404,268	23,072,048	12,204,550	18,925,414	9,698,489	4,980,648	81,285,417
Bonds issued	-	80,717	-	1,825,110	3,040,956	8,431,764	13,378,547
Certificates of deposit issued	-	2,169,498	3,660,248	56,925,407	2,822,599	-	65,577,752
	<u>171,972,956</u>	<u>99,725,700</u>	<u>93,962,041</u>	<u>208,235,641</u>	<u>18,843,770</u>	<u>13,412,412</u>	<u>606,152,520</u>

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2018
 Credit Risk Management (Continued)

(v) *Overdue loans and advances to customers*

	<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	45,880	0.02%
- Between 6 to 12 months	42,880	0.01%
- Over 1 year	789,695	0.23%
	<u>878,455</u>	<u>0.26%</u>
Current market value of collateral held against the covered portion of overdue loans and advances	<u>157,527</u>	
Specific provision made on overdue loans and advances	<u>673,020</u>	

(vi) *Overdue other assets*

	<i>MOP'000</i>	<i>% of total other assets</i>
Other assets which have been overdue:		
- Between 3 to 6 months	1,665	0.08%
- Between 6 to 12 months	993	0.05%
- Over 1 year	4,785	0.23%
	<u>7,443</u>	<u>0.36%</u>
Specific provision made on overdue other assets	<u>5,698</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 2018
 Foreign Exchange Risk Management

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

	<u>MOP'000</u>
HKD	10,432,900
USD	(499,664)
RMB	(4,110)
Others	
Long Position	32,286
Short Position	(67)

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

	<u>MOP'000</u>
HKD	
Spot assets	198,854,063
Spot liabilities	(245,189,175)
Forward purchases	<u>56,768,012</u>
Net long/(short) position	<u><u>10,432,900</u></u>

Bank of China Limited, Macau Branch
 Disclosure of Financial Information
 As at 30 June 2018
 Liquidity Risk Management

(i) *Average weekly liquidity*

	<u>MOP'000</u>
Average minimum weekly amount of cash in hand	9,495,020
Average weekly amount of cash in hand	15,210,882

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

(ii) *Average liquidity ratio*

1 month current ratio	46%
3 months current ratio	55%

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>MOP'000</u>
Solvency assets	170,326,540
Underlying liabilities	485,803,863
Ratio of solvency assets to underlying liabilities	35%

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 2018
Other Information

(a) *Operating lease commitments*

Non-cancellable operating leases are payable as follows:

	<u>MOP'000</u>
Less than 1 year	31,859
Between 1 to 5 years	64,042
Over 5 years	<u>21,035</u>
	<u><u>116,936</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) 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>.