



**BANCO COMERCIAL PORTUGUÊS, S. A.  
MACAU BRANCH**

**DISCLOSURE OF INFORMATION**

**31 DECEMBER 2016**

(Circular No. 026/B/2012-DSB/AMCM)

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## **STATUS OF THE BRANCH**

Banco Comercial Português, S. A. – Macau Branch (the Branch) is the Macau Branch of Banco Comercial Português, S. A. ('BCP' or the 'Head-Office') as from 11 May 2010 and has its registered office and principal place of business at Avenida Comercial de Macau, Quarteirão 5, Lote A, Finance and IT Centre of Macau Building, 19. Floor, G-l.

The Branch provides general banking and related financial services.

(Previously to 11 May 2010, since 1 July 1993, the Branch had been an offshore branch of BCP).

## **DISCLOSURE OF INFORMATION**

The information presented hereinafter concerning the Branch and the Banking Group to which it belongs is disclosed under and in compliance with Circular No. 026/B/2012-DSB/AMCM of the Monetary Authority of Macau ('AMCM') (Guideline on Disclosure of Financial Information).

The Branch's policy on this matter is available and can also be consulted.

The information enclosed in pages 3 to 37 of this document is consistent with information otherwise published or in any way supplied to the AMCM and, in what concerns the Group information, other regulators.

The annual information provided has also been reviewed by the Branch's external auditors.

The information or any other remarks belonging to the Branch's books or practices are duly marked along these pages with the tag 'Macau Branch'.

## **The Management of the Branch**

**BALANCE SHEET AS OF 31 DECEMBER 2016**  
**(MACAU BRANCH)**

<b>ASSETS</b>	<b>GROSS ASSETS</b>	<b>PROVISIONS, DEPRECIATION, AMORTIZATION</b>	<b>NET ASSETS</b>
Cash in hand	580	-	580
Deposits with AMCM	179,247	-	179,247
Receivables	552	-	552
Balances with other local credit institutions	31,188	-	31,188
Balances with credit institutions abroad	219,108	-	219,108
Loans to customers	3,621,470	-	3,621,470
Placements with credit institutions abroad	6,846,563	-	6,846,563
Debtors	58	-	58
Equipment	8,416	(4,275)	4,141
Other fixed assets	3,095	(1,642)	1,453
Internal accounts	25,647	-	25,647
<b>TOTALS</b>	<b>10,935,924</b>	<b>(5,917)</b>	<b>10,930,007</b>

<b>LIABILITIES AND OWN FUNDS</b>	<b>SUBTOTALS</b>	<b>TOTALS</b>
Sight deposits	- 1,100,134	-
Time deposits	- 7,255,859	8,355,993
Deposits from the public sector	- 645,554	-
Funds from other local credit institutions	- -	-
Borrowings in foreign currencies	- 1,568,650	-
Cheques and orders payable	- 73,278	-
Creditors	- 1,612	-
Sundry liabilities	- 22,586	2,311,680
Internal accounts	- 53,913	-
Provisions for general risks	- 42,724	-
Other reserves	- -	96,637
Net income for the period	- 165,697	165,697
<b>TOTALS</b>	-	<b>10,930,007</b>

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**  
**(MACAU BRANCH)**

**DEBIT**

Interest expense	73,257
Staff expenses	
Remunerations of managing and audit bodies	-
Remunerations of employees	6,500
Social expenses	5
Other staff expenses	1,312
Goods provided by third parties	283
Services provided by third parties	6,377
Other banking costs	451
Taxes and other levies	139
Inorganic costs	859
Allowances for depreciation and amortization	1,583
Allowances for impairment	-
Operating profit	167,025
<b>TOTAL</b>	<b>257,791</b>

**CREDIT**

Interest income	249,689
Fee and commission income	5,740
Revenues from other banking operations	1,658
Income from securities	-
Other banking revenues	689
Inorganic revenues	15
Operating losses	-
<b>TOTAL</b>	<b>257,791</b>

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016**  
**(MACAU BRANCH)**

**DEBIT**

Operating losses	-
Losses from previous years	-
Extraordinary losses	-
Allowance for income tax	22,328
Net profit	165,697
<b>TOTAL</b>	<b>188,025</b>

**CREDIT**

Operating profit	167,025
Profits from previous years	21,000
Extraordinary gains	-
Utilized provisions	-
Net loss	-
<b>TOTAL</b>	<b>188,025</b>

## **SUMMARY OF THE ACTIVITY REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (MACAU BRANCH)**

Year 2016 was marked by the recovery of the European Union economies, good performance of the U.S. economy, moderate growth of the PRC economy, Brexit and the slowdown of some of the major emergent countries' economies.

PRC kept developing its strategy of internationalization through the promotion of "One Road, One Belt" as well as the internationalization of CNY utilization. With reference to the PRC domestic economic policy, a special note should be given to the promotion of the economic integration of the Pearl River Delta Region, which has been aiming to create significant increase in economy through generating more domestic demand and lessening the dependence on external markets. Moreover, Macau SAR would also be benefited with the participation in such economic integration and its role of a gateway for business between this new economic region and Portuguese speaking countries.

In 2016, Macau SAR economy showed a strong economic recovery in the second semester comparing with the previous year. The GDP real growth rate was -2.1% this year versus -21% previous year. This performance was mainly achieved by the recovery in the Gaming and Entertainment sector, which had turnaround in its gross revenue since August 2016. The property market of Macau (selling prices and rentals) had started to stabilize with clear signals of some buyers returning to trade in the market. Unemployment rate kept steady at a very low level and Inflation rate kept its downside path influenced, mainly, by the depreciation of CNY against MOP.

In year 2016, BCP Macau Branch kept developing its activity under the strategy "Macau as a business platform" for the clients of the BCP Group by offering products and services for Portuguese speaking countries where the Group is present, acting as the reference bank for Golden Visa services which are addressing to Chinese clients with origin in mainland China, and, being a participating bank in some of the relevant projects of the Macau SAR. Moreover, a major Macau Branch's strategy has focused to trade finance operations between China, Portugal and Portuguese speaking countries in Africa.

Persistence of meaningful uncertainties in the international economy arising from the Brexit, pressures on international trade protectionism and the proxy of European Union Election Cycles as well as some unknown factors on the strengthening of the recovery of the Macau SAR economy, has driven the Branch to follow similar strategy in 2016 of taking a defensive business approach by reducing its LTD ratio and keeping a tight control on its operating costs.

In 2016, BCP Macau Branch recorded a Net Income of MOP165,7 million (-17.6%), Deposits Portfolio MOP 9,001.5 million (+1,8%) and Loans Portfolio MOP 3,621.5 million (-31.1%). Operating Costs were MOP 17.5 million (+2.1%).

Although a positive 2017 outlook should be assumed for the performance of the Macau SAR economy, driven, mainly, by the continuous recovery in the Gaming and Entertainment sector, the uncertainties in international economy with potential impacts on Macau economy will lead BCP Macau Branch to continue its defensive business strategy in the year. Trade Finance operations between China and Portuguese speaking countries would be maintained as the Branch's main business focus.

Last but not the least, we wish to express gratitude to our clients, Branch staff and the Macau SAR authorities for the trust in Banco Comercial Português, S.A., Macau Branch.

The Management of  
Banco Comercial Português, Macau Branch

## **SUMMARY OF THE EXTERNAL AUDITORS' OPINION**

### **To the management of Banco Comercial Português, S. A. – Macau Branch (A branch of a commercial bank incorporated in Portugal)**

We have audited the 2016 financial statements of Banco Comercial Português, S. A. – Macau Branch in accordance with the Technical Auditing Standards of the Macau Special Administrative Region, and, have expressed an unqualified opinion in our report dated 29 May 2017 on the financial statements.

The above-mentioned financial statements comprise the balance sheet as at 31 December 2016, the income statement, the statement of changes in equity, and a cash flow statement for the year ended, as well as a summary of significant accounting policies and other explanatory notes.

The summarized financial statements stated in this document are prepared by the management of the Branch in accordance with the above audited financial statements. In our opinion, the summarized financial statements are consistent, in all material aspects, with the audited financial statements and the books and records of the Branch.

In order to a better understanding in financial status and the operating results of Banco Comercial Português, S. A. – Macau Branch in the year as well as the audit scope, you are advised to read the summarized financial statements together with the audited financial statements and the respective auditors' report.

[Signed on the original]

Kwok Sze Man, Registered Auditor  
Deloitte Touche Tohmatsu – Audit Firm  
Macau, 29 May 2017



**LIST OF SHAREHOLDERS WITH QUALIFYING HOLDINGS IN  
BANCO COMERCIAL PORTUGUÊS, S. A.**

<b>NAME</b>	<b>% OF SHARE CAPITAL</b>	<b>% OF VOTING RIGHTS</b>
<b>Grupo Fosun</b> Chiado (Luxembourg) S.à.r.l.	16.67%	16.67%
<b>Grupo Sonangol</b> Sonangol-Sociedade Nacional de Combustíveis de Angola, EP	14.87%	14.87%

**Note:**

According with the definition adopted by the Monetary Authority of Macau (AMCM), a qualifying holding is a holding which is owned directly or indirectly by the shareholder and which represents 10% or more of the share capital or voting rights of the credit institution or which confers, in any other form, the possibility to exercise a significant influence over the management of the credit institution.

**NAMES OF MEMBERS OF COMPANY BOARDS OF  
BANCO COMERCIAL PORTUGUÊS, S. A.**

**BOARD OF THE GENERAL MEETING**

António Manuel da Rocha e Menezes Cordeiro	Chairman
Manuel António de Castro Portugal Carneiro da Frada	Vice-Chairman
Ana Isabel dos Santos de Pina Cabral	Company Secretary

**BOARD OF DIRECTORS**

António Vítor Martins Monteiro	Chairman
Carlos José da Silva	Vice-Chairman
Nuno Manuel da Silva Amado	Vice-Chairman
Álvaro Roque de Pinho Bissaia Barreto	Member
André Palma Mira David Nunes	Member
André Magalhães Luiz Gomes	Member
António Henriques de Pinho Cardão	Member
António Luis Guerra Nunes Mexia	Member
Cidália Maria Mota Lopes	Member
Jaime de Macedo Santos Bastos	Member
João Bernardo Bastos Mendes Resende	Member
João Manuel de Matos Loureiro	Member
José Jacinto Iglésias Soares	Member
José Rodrigues de Jesus	Member (*)
José Miguel Bensliman Schorcht da Silva Pessanha	Member
Maria da Conceição Mota Soares de Oliveira Callé Lucas	Member
Miguel de Campos Pereira de Bragança	Member
Miguel Maya Dias Pinheiro	Member
Raquel Rute da Costa David Vunge	Member
Rui Manuel da Silva Teixeira	Member

(\*) Members appointed by the Portuguese Government for the period of public investment to strengthen Bank's Own funds

**EXECUTIVE COMMITTEE**

Nuno Manuel da Silva Amado	Chairman
Miguel Maya Dias Pinheiro	Vice-Chairman
Miguel de Campos Pereira de Bragança	Vice-Chairman
José Jacinto Iglésias Soares	Member
Maria da Conceição Mota Soares de Oliveira Callé Lucas	Member
Rui Manuel da Silva Teixeira	Member
José Miguel Bensliman Schorcht da Silva Pessanha	Member

**REMUNERATION AND WELFARE BOARD**

José Gonçalo Ferreira Maury	Chairman
José Guilherme Xavier de Basto	Member
José Luciano Vaz Marcos	Member
Manuel Soares Pinto Barbosa	Member

**INTERNATIONAL STRATEGIC BOARD**

Carlos Jorge Ramalho dos Santos Ferreira	Chairman
Francisco de Lemos José Maria	Vice-Chairman
Josep Oliu Creus	Vice-Chairman
António Vítor Martins Monteiro	Members due to their functions
Carlos José da Silva	Members due to their functions
Nuno Manuel da Silva Amado	Members due to their functions

**AUDIT COMMITTEE**

João Manuel de Matos Loureiro	Chairman
Jaime de Macedo Santos Bastos	Member
José Rodrigues de Jesus	Member (*)
Cidália Maria Mota Lopes	Member

(\*)Member appointed by the government (for the duration of the state aid to increase own funds).

**MEMBERS OF THE MANAGEMENT OF THE MACAU BRANCH OF  
BANCO COMERCIAL PORTUGUÊS, S. A. [MACAU BRANCH]**

José João Barreiros Pãosinho	General Manager
Vong Sau Mui	Deputy General Manager
Chan Fong Mei	Deputy General Manager

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**  
**(MACAU BRANCH)**

CASH FLOW ARISING FROM OPERATING ACTIVITIES	
Profit before tax	188,025
<u>Adjustment</u>	
Depreciation and amortisation	1,583
Reversal of impairment losses on loans and commitments	(21,000)
Interest income	(249,689)
Interest expense	73,257
Gain on disposal of property and equipment	(16)
	<u>(7,840)</u>
<u>(Increase) / decrease in operating assets:</u>	
Other loans and advances to credit institutions	-
Loans and advances to customers	1,643,711
Other assets	(237)
<u>(Decrease) / increase in operating liabilities:</u>	
Deposits from credit institutions	(119,565)
Deposits from customers	160,269
Other liabilities	54,547
CASH GENERATED FROM / (USED IN) OPERATIONS	<u>1,738,725</u>
Interest paid	(88,280)
Interest received	320,897
Tax paid	(27,287)
NET CASH GENERATED FROM / (USED IN) OPERATIONS	<u>1,936,215</u>
CASH FLOW ARISING FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(62)
Acquisition of intangible assets	(238)
Proceeds from disposal of property and equipment	16
NET CASH USED IN INVESTING ACTIVITIES	<u>(284)</u>
CASH FLOW ARISING FROM FINANCING ACTIVITIES	
Distributions to the Head office	(201,008)
NET CASH USED IN FINANCING ACTIVITIES	<u>(201,008)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,734,923
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>5,542,315</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>7,277,238</u>
REPRESENTED BY:	
Cash and deposits at the Monetary Authority of Macau	179,827
Balances with credit institutions repayable on demand	250,848
Other loans and advances to credit institutions	6,846,563
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>7,277,238</u>

**OFF-BALANCE SHEET EXPOSURES OTHER THAN DERIVATIVES TRANSACTIONS  
 AS OF 31 DECEMBER 2016 (MACAU BRANCH)**

Credit substitutes	29,303
Transaction-related contingencies	-
Acceptances and other trade-related contingencies	37,785
Not issuance facilities, revolving underwriting facilities and other similar facilities	-
Forward asset purchases	-
Unpaid portion of partly paid shares and other securities	-
Forward deposits	-
Asset sales with repurchase option	-
Undrawn credit facilities and other commitments to extend credit	2,430,882
Other off-balance sheet items	14,658,419
<b>TOTAL</b>	<b>17,156,389</b>

**DERIVATIVES TRANSACTIONS AS OF 31 DECEMBER 2016  
 (MACAU BRANCH)**

<b>Exchange rate contracts</b>	
Forward purchases	224,093
Forward sales	223,898
<b>Interest rate contracts</b>	
Purchases	136,932
Sales	136,932
Equities contracts	-
Commodities contracts	-
Others	-
<b>TOTAL</b>	<b>721,855</b>

**TOTAL OFF-BALANCE SHEET EXPOSURES** **17,878,244**

## **SIGNIFICANT ACCOUNTING POLICIES (MACAU BRANCH)**

### **1 Statement of Compliance**

The Branch's financial statements are prepared in accordance with the requirements as set out in Decree-Law No. 32/93/M and the Macau Financial Reporting Standards ("MFRSs") issued under the Administrative Regulation No. 25/2005 of Macau Special Administration Region (the "Macau SAR").

### **2 Basis of preparation of the financial statements**

The Branch is part of Banco Commercial Português, S.A.. It is registered as a branch under the Macau Financial System Act under the Supervision of the Monetary Authority of Macau ("AMCM"), and accordingly it is not a separate legal entity. These financial statements have been prepared from the books and records of the Branch, which contain evidence of all transactions entered into locally and abroad.

The financial statements are prepared in Macau Patacas ("MOP"), which is the Branch's functional currency, rounded to the nearest thousand.

The measurement basis used in the preparation of the financial statements is historical cost. As mentioned above, the Branch is part of the Head Office and therefore no consolidated financial statements are required.

The preparation of financial statements in conformity with MFRSs requires the Branch's management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or where assumptions and estimates are considered to be significant are presented in note 15.

### **3 Loans and advances to customers**

Loans and advances to customers include loans and advances which are not intended to be sold in the short term and are recognised when cash is advanced to borrowers.

Loans and advances to customers are initially recognised at fair value, which normally will be equal to the transaction price plus directly attributable transaction costs and fees, and are subsequently measured at amortised cost using the effective interest method, less impairment losses, if any.

These assets are derecognised when the contractual rights to receive the cash flows from the loans and advances expire, or where the asset together with substantially all the risks and rewards of ownership, have been transferred.

### **Impairment**

In accordance with the terms of the Administrative Regulation No.25/2005 of the Macau SAR, the valuation and provisioning of loans and advances to customers are set out by the Monetary Authority of Macau as follows:

#### **Specific provision for loan losses**

Specific provisions are made when there is evidence that loans and advances to customers will not be fully recoverable and is intended to cover specific credit risks. This provision is presented as a deduction against credit granted. The adequacy of this provision is reviewed regularly by the Branch and the Head Office taking into consideration the existence of asset-backed guarantees, the overdue period and the customer's current financial position.

#### **General provision for loan losses**

This provision is intended to cover latent bad and doubtful debts which are present in any loan portfolio, including off-balance sheet commitments, but which have not been specifically identified as such. This provision is recorded separately in liabilities. The general provision for loan losses is calculated in accordance with Notice No. 18/1993 of AMCM.

Changes in the provisions for loan losses are recognised in the income statement.

#### **Write-off of loans**

Loans and advances are written-off when it is determined that the loans are uncollectible. For collateralised loans, the write-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collateral is effectively received. This write-off is carried out only for loans that are considered not to be recoverable and have been fully provided. An amount recovered from loans and advances that have already been written off will be recognised as income in the income statement.

## **4 Financial liabilities**

Financial liabilities include money market transactions, deposits from customers and from other financial institutions, and other payables. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The Branch derecognises financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

## **5 Interest income and expense**

Interest income and expense for financial instruments measured at amortised cost using the effective interest method are recognised in the income statement on an accruals basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, for a shorter period, to the net carrying amount of the financial asset.

When calculating the effective interest rate, the Branch estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Specifically regarding the accounting policy for interest on overdue loans, the following aspects are considered:

- Interest income for overdue loans secured by collaterals is accounted for as income up to the limit of the valuation of the collateral valued on a prudent basis. This income is recorded as a gain assuming that there is a reasonable probability of recoverability; and
- Interest accrued and not paid for loans overdue for more than 90 days that are not covered by collateral is written-off and recognized only when received, on the basis that its recoverability is considered to be remote.

## **6 Fee and commission income**

Fee and commission income arising from services provided by the Branch is recognised when the services are rendered.

## **7 Property and equipment**

Property and equipment are stated at acquisition cost net of accumulated depreciation and impairment losses, if any. Subsequent costs are recognised as a separate asset only



when it is probable that future economic benefits will flow to the Branch.

Depreciation is calculated to write off the cost of property and equipment using straight-line method over their estimated useful lives as follows:

	<b>Number of years</b>
Improvements to leasehold buildings	10
Equipment	4 to 10

The useful life of an asset and its residual value, if any, are reviewed annually.

## **8 Intangible assets**

### **Software**

The Branch records the costs associated to software acquired from external entities as intangible assets. These assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on straight-line basis over an estimated useful life of three years. The Branch does not capitalize internal costs arising from software development.

## **9 Impairment review**

At the end of the reporting period, the Branch reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses are immediately recognised in the income statement. A reversal of impairment losses is limited to the carrying amount of the assets that would have been determined had no impairment loss been recognised for the assets in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

## **10 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, deposits with credit institutions having less than three months of maturity at acquisition.

Cash and equivalents include mandatory deposits with the AMCM.

**11 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**12 Foreign currency transactions**

Foreign currencies transactions during the year are translated at the foreign exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

**13 Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Branch has a legal or contractual obligation arising as a result of a past event, it is probable that an outflow of economic benefit will be recognised to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be recognised, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**14 Off-Balance sheet instruments**

Off-balance sheet financial instruments include mainly derivatives arising from forward, swap and option transactions undertaken by the Branch in the foreign exchange and interest rate markets. Transactions undertaken for trading purposes are marked to market in respect of any excess, and the realized gain or loss is recognized in profit or loss.

## **15 Accounting estimates and judgments in applying accounting policies**

MFRSs set forth a range of accounting treatments and require the Branch's management to apply judgment and make estimates in deciding which treatment is most appropriate. In the process of applying the Branch's accounting policies, management has made the following accounting judgements.

### **Impairment losses on loans and advances to customers**

The Branch and the Head Office review its loan portfolio to assess impairment losses on a regular basis as described in accounting policy note 3.

The valuation process of the loan portfolio in order to determine whether an impairment loss should be recognised in the income statement is subject to management estimates and judgments. The probability of default, risk ratings, value of associated collateral, recovery rates and the estimate of both the amount and timing of future cash flows, among other things, are considered in making this assessment.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the Branch's income statement.

## **16 Related parties**

For the purpose for these financial statements, related parties include:

- (a) Any person or any close family member of that person if that person:
  - i. Has control or joint control over the Branch;
  - ii. Has significant influence over the Branch;
  - iii. Holds a qualifying holding in the Branch;
  - iv. Is a member of the board of directors or supervisory board of the Branch or of a parent of the Branch; or
  - v. Is a member of key management personnel, other than a member of the board of directors or supervisory board as identified in sub-item (iv) above, of the Branch or of a parent of the Branch.
  
- (b) An entity if any of the following conditions applied:
  - i. That entity and the Branch are members of the same group (e.g. parent, subsidiary and fellow subsidiary).
  - ii. That entity holds a qualifying holding in the Branch.
  - iii. That entity is controlled or jointly controlled by a person identified in (a).
  - iv. A person identified in (a)(i) has significant influence over that entity or is a member of the key management personnel of that entity (or of a parent of that entity).
  - v. A person identified in (a)(iv) is a member of the key management personnel of that entity (or of a parent of that entity).

**17 Fair value calculation**

Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through internal models based on cash flow discounting techniques. Cash flows of the financial instruments are calculated according to their financial characteristics and the discount rates used take into account both the market interest rate and the current conditions of the Branch pricing policy.

Therefore, the fair value obtained is influenced by the parameters used in the valuation model that necessarily have some degree of judgment, and reflects exclusively the value attributed to the different financial instruments. Considering the characteristics of the financial instruments held by the Branch and that the terms of the existing portfolio are similar to current market conditions, management considers that the fair value of financial instruments measured at amortised cost does not differ significantly from the carrying value.

## **SOME PRINCIPLES ON RELATED PARTY TRANSACTIONS (MACAU BRANCH)**

### **1 Definition of basic terms**

#### **Related Party Transactions**

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

#### **Related party (non-exhaustive definition – see item 16 of ‘Significant Accounting Policies’)**

A party is related to an entity if the party, directly and indirectly, controls, is controlled by, or is under common control with, the entity.

A related party relationship might exist between entities when they are members of the same group either as a parent, a subsidiary or a fellow subsidiary.

#### **Conflicts of interest**

Conflicts of interest arise when an entity unduly benefits (directly or indirectly) from a transaction due to being in a relation of control with or having a significant influence over a related party.

### **2 Related party transactions**

Because conflicts of interest may result more easily when transactions between related parties are at stake, it is of great importance that all transactions with related parties are conducted free of conflicts of interest, i.e. based on terms and conditions that are equally favorable when compared to transactions between unrelated parties, and the parties refrain from entering into transactions that unrelated parties would not.

### **3 Terms and conditions of related party lending**

Within Banco Comercial Português, S. A. (BCP) Group, the terms and conditions inherent in related party lending are as much as possible in usual economic terms, i.e. on arm’s length basis, and subject to the same analysis and approval procedures as if the transactions were done with unrelated parties.

Conflicts of interest are, on the other hand, governed by the Group’s Code of Conduct.

**4 Disclosure**

The Macau Branch of BCP hereinafter discloses all business relationships such as the balances and the impact on Profit and Loss Account of transactions made with its Head-Office and, if any, with other fellow entities.

**RELATED PARTY TRANSACTIONS AS OF 31 DECEMBER 2016**  
**(MACAU BRANCH)**

**BALANCE SHEET AS OF 31 DECEMBER 2016**

**ASSETS**

Balances with credit institutions abroad	215,922
Placements with credit institutions abroad	6,846,563
Debtors	-
Internal accounts	1,549
<b>TOTAL</b>	<b><u>7,064,034</u></b>

**LIABILITIES AND OWN FUNDS**

Borrowings and other balances	1,568,650
Internal accounts	966
<b>TOTAL</b>	<b><u>1,569,616</u></b>

**INCOME STATEMENT**

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

**DEBIT**

Interest expense	8,285
Other banking expenses	-
	<b><u>8,285</u></b>

**CREDIT**

Interest income	53,199
Other banking revenues	-
	<b><u>53,199</u></b>

**OFF-BALANCE SHEET EXPOSURES AS OF 31 DECEMBER 2016**

Forward deposits	-
	-
Interest rate contracts	
Purchases	136,932
Sales	136,932

**CONSOLIDATED CAPITAL ADEQUACY RATIO OF  
 BANCO COMERCIAL PORTUGUÊS, S. A. GROUP  
 AS OF 31 DECEMBER 2016**

**IN MOP  
 (MILLIONS)  
 @8.4322**      **IN EURO  
 (MILLIONS)**

**RISK WHEIGHTED ASSETS**

Credit risk	295,194	35,008
Market risk	5,692	675
Operational risk	27,497	3,261
Other risks	1,821	216
<b>TOTAL</b>	<b>330,204</b>	<b>39,160</b>

**OWN FUNDS (LEVEL 1)**

Ordinary share Capital	35,997	4,269
Share premium	135	16
Ordinary own shares	(25)	(3)
Other capital (State aid)	5,903	700
Reserves and retained earnings	312	37
Minority interests eligible	5,523	655
Regulatory adjustments	(6,746)	(800)
<b>TIER 1 CAPITAL</b>	<b>41,099</b>	<b>4,874</b>

**TIER 2 CAPITAL**

**3,230      383**

**TOTAL CAPITAL**

**44,329      5,257**

**SOLVENCY RATIOS**

Common Equity Tier 1	-	12.4%
Tier I	-	12.4%
Tier II	-	1.0%
<b>Total Solvency Ratio</b>	<b>-</b>	<b>13.4%</b>

## **RISK AND RISK MANAGEMENT IN BANCO COMERCIAL PORTUGUÊS, S. A. GROUP**

### **1 Introduction**

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally through coordinating with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on and to evaluate the risk/return profile by business line.

Monitoring and control of the main type of financial risks – credit, market (namely interest rate and exchange rate risk), liquidity and operational – to which the Group's business is subject are of particular importance.

### **2 Risk management organization**

The Banco Comercial Português Executive Committee is responsible for the definition of the risk policy, including approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The Executive Committee, through mainly the Risk Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity.

The Risk Committee is responsible, at an executive level, for the follow-up of the overall risk levels (credit, market, liquidity and operational risks), ensuring that these are compatible with the objectives, the available financial resources and the strategies approved for the development of the Group's activity.

It includes all of the members of the Executive Committee, the Group Risk Officer, the Compliance Officer and the heads of several key departments such as Internal Audit and Treasury.

The Group Risk Officer is responsible for the risk control function for all entities of the Group. In order to ensure the transversal monitoring and alignment of concept, practices and objectives, the Group Risk Officer is responsible for informing the Risk Committee on the general risk level and for proposing measures to improve the control environment and to implement the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Committee and they are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk



Control Committee has been set up at each subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

The Group Head of Compliance is responsible for implementing prevention systems, monitoring and reporting of risk in organizational processes that include, among others, the prevention of money laundering, combating the financing of terrorism, prevention of conflict of interest, abuse of market and communication with customers.

## **RISK AND RISK MANAGEMENT – CREDIT RISK**

### **1 Credit risk definition**

Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfill their obligations. This type of risk is particularly incisive under adverse economic conditions, when families and companies are faced with financial difficulties.

### **2 Credit risk assessment and management in BCP Group (summary)**

Control and mitigation of this risk are carried out, on one hand, through a solid structure of risk analysis and assessment – using internal rating systems suited to the different business segments and a model for the early detection of potential defaults of the portfolio - and, on the other hand, through structural units that are exclusively dedicated to loan recovery, for the defaults that occur.

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers showing worsening credit capacity.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

### **3 Credit risk elements - Notice No.18/1993 – AMCM (Macau Branch)**

- **Definition of past due or impaired assets**

**Past due assets** (Group I) are deemed to be all credits and other placements in relation to which either the payments of interest or commission or the repayment of principal is

delayed for no more than 3 months.

**Impaired assets** (Group II to IV) are deemed to be all credits and other placements in relation to which either the payments of interest or commission or the repayment of principal is delayed for more than 3 months.

- **Approach for provisions and statistical methods (individual impairment provision)**

For all impaired assets (Group II to IV), at the end of each quarter, a minimum specific impairment accumulated provision shall be set up based on their respective balances net of the realizable value of any existing and duly formalized tangible collateral in the following manner:

Group II (assets with impairment for more than 3 months and less or equal to 12 months) – 40%

Group III (assets with impairment for over 12 months and less than or equal to 18 months) – 80%

Group IV (assets with impairment for more than 18 months) – 100%

- **Approach for provisions and statistical methods (collective impairment provision)**

For the remaining assets (loans performing or the above Group I assets), a general impairment provision shall be set up by the end of each year in order to reach a balance of not less than 1% of their respective aggregated value.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

**CREDIT GRANTED AS OF 31 DECEMBER 2016 (MACAU BRANCH)**

**GEOGRAPHIC DISTRIBUTION**

Canada	0.1%	1,783
China	0.1%	1,955
France	5.4%	194,784
Germany	8.1%	295,127
Luxembourg	37.9%	1,372,850
Macau	13.9%	504,751
Netherlands	24.4%	885,381
Portugal	0.1%	2,814
Spain	4.4%	160,053
USA	5.0%	181,095
Mozambique	0.6%	20,877
<b>TOTAL</b>	<b>100.0%</b>	<b>3,621,470</b>

**INDUSTRY DISTRIBUTION OF CREDIT GRANTED**

Electricity, gas and water	17.5%	632,415
Other manufacturing industries	23.2%	839,954
Restaurants, hotels and similar	7.7%	280,243
Transports, warehousing and communications	3.8%	136,932
Constructions and public works	37.9%	1,372,850
Others	9.9%	359,076
<b>TOTAL</b>	<b>100.00%</b>	<b>3,621,470</b>

**PAST DUE ASSETS**

More than 3 months but not more than 6 months	-	-
More than 6 months but not more than 1 year	-	-
More than 1 year	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**ASSETS MATURITY ANALYSIS AS OF 31 DECEMBER 2016 (MACAU BRANCH)**

**LOANS AND ADVANCES TO CUSTOMERS**

On demand (Overdrafts)	1.1%	39,155
Within 1 month	1.1%	41,147
More than 1 month but not more than 3 months	1.7%	61,107
More than 3 months but not more than 1 year	12.8%	461,743
More than 1 year but not more than 3 years	64.3%	2,328,598
More than 3 years	19.0%	689,720
Indefinite period	-	-
<b>TOTAL</b>	<b>100.0%</b>	<b>3,621,470</b>

**BALANCES WITH AND LOANS AND ADVANCES TO BANKS AS OF 31 DECEMBER 2016  
 (MACAU BRANCH)**

On demand	13.0%	920,157
Within 1 month	87.0%	6,176,702
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	<b>100.0%</b>	<b>7,096,859</b>

**CERTIFICATES OF DEPOSITS HELD AS OF 31 DECEMBER 2016  
 (MACAU BRANCH)**

On demand	-	-
Within 1 month	-	-
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**SECURITIES ISSUED BY THE MACAU GOVERNMENT AND/OR AMCM AS OF 31 DECEMBER 2016  
 (MACAU BRANCH)**

On demand	-	-
Within 1 month	-	-
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	-	-

**OTHER SECURITIES AS OF 31 DECEMBER 2016  
 (MACAU BRANCH)**

On demand	-	-
Within 1 month	-	-
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	-	-

**LIABILITIES MATURITY ANALYSIS AS OF 31 DECEMBER 2016  
 (MACAU BRANCH)**

**DEPOSITS AND BALANCES OF LOCAL BANKS AND FINANCIAL INSTITUTIONS  
 AS OF 31 DECEMBER 2016 (MACAU BRANCH)**

On demand	-	-
Within 1 month	-	-
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	-	-

**DEPOSITS FROM PUBLIC SECTOR ENTITIES AS OF 31 DECEMBER 2016**

**(MACAU BRANCH)**

On demand	-	-
Within 1 month	100.0%	645,554
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	<b>100.0%</b>	<b>645,554</b>

**DEPOSITS FROM HOLDINGS AND ASSOCIATED COMPANIES AS OF 31 DECEMBER 2016**

**(MACAU BRANCH)**

On demand	1.2%	19,286
Within 1 month	2.3%	35,569
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	96.5%	1,513,795
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	<b>100.0%</b>	<b>1,568,650</b>

**DEPOSITS FROM NON-BANK CUSTOMERS AS OF 31 DECEMBER 2016**

**(MACAU BRANCH)**

On demand	13.2%	1,100,134
Within 1 month	34.3%	2,865,624
More than 1 month but not more than 3 months	14.1%	1,178,558
More than 3 months but not more than 1 year	36.0%	3,012,966
More than 1 year but not more than 3 years	2.4%	198,710
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	<b>100.0%</b>	<b>8,355,992</b>

**CERTIFICATES OF DEPOSITS ISSUED AS OF 31 DECEMBER 2016**  
**(MACAU BRANCH)**

On demand	-	-
Within 1 month	-	-
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	-	-

**OTHER SECURITIES ISSUED AS OF 31 DECEMBER 2016**  
**(MACAU BRANCH)**

On demand	-	-
Within 1 month	-	-
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	-
More than 1 year but not more than 3 years	-	-
More than 3 years	-	-
Indefinite period	-	-
<b>TOTAL</b>	-	-

**RISK AND RISK MANAGEMENT – MARKET RISK**  
**(NAMELY INTEREST RATE RISK AND FOREIGN EXCHANGE RISK)**

**1 Market risk**

Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (mainly of interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations between them and the respective volatility.

**2 Market risk assessment and management in BCP Group**

The Group in monitoring and control of market risk existing in the diverse portfolios uses an integrated risk measurement that includes the main types of market risk identified by the Group: generic risk (including interest rate risk, FX risk, equity risk and diversification effects), specific risk, non-linear risk and commodities risk. The measure used in evaluating the generic market risk is the VAR (Value at Risk). The VAR is calculated considering a 10-working day time horizon and a confidence level of 99%.

As a complement to the VAR calculation, and aiming to identify risk concentrations that are not captured by this measurement and, also, for the purpose of testing other possible dimensions, the Group continuously tests a broad set of stress tests scenarios over the trading book and analyses its results.

**3 Market risk assessment and management – Interest rate risk (Macau Branch)**

Besides being followed by the Group risk function on an integrated global basis, the Branch also monitors its interest rate risk by mainly using the model provided by the regulator (AMCM). Through this model, computed at least once every quarter, the Branch is able to determine the sensitivity of its positions to changes in interest rates as well as the amount of capital that would be necessary to cover such scope of risk.



**FOREIGN EXCHANGE RISK ASSESSMENT ELEMENTS AS OF 31 DECEMBER 2016**  
**(MACAU BRANCH)**

**SPOT POSITION [LONG (+); SHORT (-)]**

**CURRENCIES**

Macau Pataca (MOP)	(431,084)
Australian Dollar (AUD)	1,582
Canadian Dollar (CAD)	2,202
Chinese Yuan (CNY)	1,609
Hong Kong Dollar (HKD)	158,849
South African Rand (ZAR)	(170)
Swiss Franc (CHF)	(3,337)
British Pound (GBP)	6,314
USA Dollar (USD)	229,424
Euro (EUR)	34,611

**FORWARD POSITION [LONG (+); SHORT (-)]**

Macau Pataca (MOP)	184,166
Hong Kong Dollar (HKD)	(203,940)
USA Dollar (USD)	19,969

<b>NET POSITION (ALL CURRENCIES)</b>	<b>(195)</b>
<b>NET POSITION (ALL FOREIGN CURRENCIES)</b>	<b>247,114</b>

**BREAKDOWN OF FOREIGN CURRENCIES WHICH NET POSITION EXCEEDS 10% OF TOTAL FOREIGN CURRENCIES NET POSITION (MACAU BRANCH)**

**HONG KONG DOLLAR (HKD)**

**ASSETS**

Cash in hand	155
Balances with other local credit institutions	28,142
Balances with credit institutions abroad	4,201
Loans to customers	277,503
Placements with credit institutions abroad	492,340
Debtors	-
Equipment	5
Internal accounts	1,702
<b>TOTAL</b>	<b>804,048</b>

**LIABILITIES**

Sight deposits	6,149
Time deposits	228,768
Deposits from the public sector	407,337
Borrowings in foreign currencies	-
Cheques and orders payable	6
Creditors	37
Internal accounts	2,901
<b>TOTAL</b>	<b>645,198</b>

**SPOT POSITION** **158,849**

**FORWARD PURCHASE/SALE(-)** **(203,940)**

**NET POSITION** **(45,091)**

**USA DOLLAR (USD)**

**ASSETS**

Cash in hand	163
Balances with other local credit institutions	707
Balances with credit institutions abroad	203,681
Loans to customers	424,627
Placements with credit institutions abroad	4,169,579
Debtors	-
Equipment	-
Internal accounts	3,144
<b>TOTAL</b>	<b>4,801,901</b>

**LIABILITIES**

Sight deposits	734,172
Time deposits	3,550,755
Deposits from the public sector	238,217
Borrowings in foreign currencies	-
Cheques and orders payable	38,951
Creditors	-
Internal accounts	10,382
<b>TOTAL</b>	<b>4,572,477</b>

**SPOT POSITION** **229,424**

**FORWARD PURCHASE/SALE(-)** **19,969**

**NET POSITION** **249,393**

## **RISK AND RISK MANAGEMENT – OPERATIONAL RISK**

### **1 Operational risk**

Operational risk is understood to be the potential loss resulting from the failures or inadequacies in internal procedures, persons or systems and also the potential losses resulting from external events.

### **2 Operational risk assessment and management in BCP Group**

The approach to operational risk management is based on the business and support ‘end-to-end’ processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for evaluation of the risks and for strengthening the performance within the scope of their processes. The Process Owners are responsible for keeping up to date all the relevant documentation concerning the processes, for ensuring the real adequacy of all the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for coordinating and taking part in the ‘risk self-assessment’ exercises, and for detecting and implementing improvement opportunities, including mitigating measures for the more significant exposures.

In the operational risk management implemented in the Group, there is a systematic process of gathering information on operational losses, which defines on a systematic form, the causes and the effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

## **RISK AND RISK MANAGEMENT – LIQUIDITY RISK**

### **1 Liquidity risk**

Liquidity risk reflects the Group’s inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risks).

### **2 Liquidity risk assessment and management in BCP Group**

Evaluation of the Group’s liquidity risk is carried out using indicators defined by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The Group’s wholesale funding structure is defined for each annual period by the

Liquidity Plan, which is an integral part of the budgeting process, formulated at consolidated level and for the main subsidiaries of the group. The setup of this plan is coordinated by the Group Treasurer and its implementation is monitored continuously along the year, being revised whenever necessary or advisable.

### **3 Liquidity risk assessment and management (Macau Branch)**

Besides being followed by the Group risk function on an integrated global basis, and the support given by the Head-Office in this particular aspect by providing the liquidity as needed, the Branch has also its own liquidity risk management policy. Under this policy, the Branch manages its liquidity needs namely through maturity mismatch analysis over a series of time-bands as determined by the local regulator (AMCM).

#### **SELECTED LIQUIDITY INDICATORS FOR THE YEAR OF 2016 (MACAU BRANCH)**

- Arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the annual reporting period (2016) 134,793
- Arithmetic mean of the average weekly amount of cash in hand during the annual reporting period (2016) 149,576
- Arithmetic mean of the specified liquid assets at the end of each month during the annual reporting period (2016) 5,362,163
- Average ratio of specified liquid asset to total basic liabilities at the end of each month during the annual reporting period (2016) 67%
- Arithmetic mean of its one-month liquidity ratio in the last week of each month during the annual reporting period (2016) 291%
- Arithmetic mean of its three-month liquidity ratio in the last week of each month during the annual reporting period (2016) 18%

**CONSOLIDATED INFORMATION – KEY INDICATORS OF  
 BANCO COMERCIAL PORTUGUÊS, S. A. GROUP AS OF  
 31 DECEMBER 2016**

**IN MOP  
 (MILLIONS)  
 @8.4322**

**IN EURO  
 (MILLIONS)**

**BALANCE SHEET**

Total assets	600,921	71,265
Loans and advances to customers (net)	404,897	48,018
Total customer funds	534,408	63,377
Customer deposits	411,474	48,798
Loans to customers (net)/Customer deposits	-	99%
Shareholders' equity and subordinated debt	49,978	5,927

**PROFITABILITY**

Net operating revenues	17,682	2,097
Operating costs	6,577	780
Impairment and provisions	13,475	1,598
Income tax		
Current	953	113
Deferred	(4,174)	(495)
Non-controlling interests	1,029	122
Net income attributable to shareholders of the bank	202	24
Return on average shareholders' equity (ROE)	-	0.6%
Return on average total assets (ROA)	-	0.2%
Net interest margin	-	1.9%
Net operating revenues/Average net assets	-	2.8%
Cost to income	-	46.1%
Staff costs/Net operating revenues	-	25.9%

**CAPITAL**

Own funds	44,328	5,257
Risk weighted assets	330,205	39,160
Common Equity Tier 1	-	12.4%
Tier I	-	12.4%
Tier II	-	1.0%
<b>Total Solvency Ratio</b>		<b>13.4%</b>

**OTHER INFORMATION**

None.