



BANCO WELL LINK, S.A.

**First Half Yearly Disclosure
for the first half year ended 30 June
2019**

Content for Disclosure of Financial Information

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BANCO WELL LINK, S.A.
Balance sheet as at 30 June 2019

MOP

ASSETS	GROSS ASSETS	PROVISION, DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	41,712,653.48	-	41,712,653.48
DEPOSIT WITH AMCM	94,078,270.15	-	94,078,270.15
VALUES FOR COLLECTION	225,000.00	-	225,000.00
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	88,737,919.67	-	88,737,919.67
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	66,504,383.69	-	66,504,383.69
OTHER VALUES	95,127.47	-	95,127.47
LOANS AND ADVANCES	1,323,117,297.96	6,426.58	1,323,110,871.38
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	1,372,005,700.00	-	1,372,005,700.00
DEPOSIT AT CALL AND AT TERM ABROAD	2,227,980,450.00	-	2,227,980,450.00
SHARES, BONDS AND OTHER SECURITIES	987,196,373.78	-	987,196,373.78
DEBTORS	15,205,539.00	-	15,205,539.00
OTHER APPLICATIONS	60,000,000.00	-	60,000,000.00
INVESTMENTS	100,000.00	-	100,000.00
EQUIPMENTS	6,604,134.59	2,679,102.63	3,925,031.96
DEFERRED EXPENDITURES	38,045,786.14	6,743,489.63	31,302,296.51
INSTALLATION EXPENDITURES	17,398,243.59	9,299,197.25	8,099,046.34
CONSTRUCTIONS IN PROGRESS	6,517,853.52	-	6,517,853.52
INTERNAL ACCOUNTS	49,427,668.70	-	49,427,668.70
TOTAL	6,394,952,401.74	18,728,216.09	6,376,224,185.65

BANCO WELL LINK, S.A.
Balance sheet as at 30 June 2019 (continued)

MOP

LIABILITIES	SUBTOTAL	TOTAL
DEPOSITS ON DEMAND	378,446,254.21	-
FIXED TERM DEPOSITS	3,125,501,656.22	-
PUBLIC SECTOR DEPOSITS	1,407,027,886.48	4,910,975,796.91
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	-
FOREIGN CURRENCY LOANS	300,056.42	-
CHEQUES AND PAYMENT ORDERS	76,964.03	-
CREDITORS	1,161,577.84	-
OTHER LIABILITIES	388,517.17	1,927,115.46
INTERNAL ACCOUNT	-	68,513,012.09
PROVISION FOR OTHER RISKS AND CHARGES	-	14,700,000.00
SHARE CAPITAL	1,200,000,000.00	-
LEGAL RESERVE	57,089,518.13	-
OTHER RESERVES	112,873.04	1,257,202,391.17
RESULTS CARRIED FORWARD	82,699,027.85	-
PROFIT FOR THE YEAR	40,206,842.17	122,905,870.02
TOTAL		6,376,224,185.65

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	45,086,695.06
VALUES HELD AS GUARANTEE	905,085,480.00
BANK GUARANTEES	55,217,909.18
LETTER OF CREDIT ISSUED	11,780,253.58
ACCEPTANCES OUTSTANDING	6,562,877.95
FORWARDS PURCHASE	-
FORWARDS SALES	-
OTHER MEMORANDUM ITEMS	879,929,309.53



BANCO WELL LINK, S.A.
Operating Profit and Loss Account
For the year ended 30 June 2019

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	56,289,884.10	INTEREST INCOME	120,810,070.33
STAFF COSTS:		BANKING SERVICE INCOME	13,344,360.19
MANAGEMENT REMUNERATION	7,781,861.48	OTHER BANKING SERVICES INCOME	1,021,161.53
EMPLOYEES REMUNERATION	13,315,388.52	SECURITIES AND FINANCIAL INVESTMENT INCOME	150,599.20
SPECIAL EXPENSES	1,103,009.00	OTHER BANKING INCOME	92,753.01
OTHER STAFF COSTS	346,219.98	UNUSUAL OPERATING INCOME	47,380.00
THIRD PARTY SUPPLIES	412,821.84	OPERATING LOSS	-
THIRD PARTY SERVICES	17,580,714.74		
OTHER BANKING EXPENSES	1,231,275.87		
INDUSTRIAL AND OTHER TAXES	85,598.00		
OTHER EXPENSES	249,005.01		
DEPRECIATION AND AMORTIZATION	4,557,276.97		
PROVISIONS FOR OTHER RISKS AND CHARGES	-7,693,573.42		
OPERATING PROFIT	40,206,842.17		
TOTAL	135,466,324.26	TOTAL	135,466,324.26

Profit and loss account
For the first half year ended 30 June 2019

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	-	OPERATING PROFIT	40,206,842.17
PRIOR YEAR LOSS	-	PRIOR YEAR GAIN	-
EXCEPTIONAL LOSS	-	EXCEPTIONAL PROFIT	-
COMPLEMENTARY (CORPORATE) INCOME TAX	-	PROVISIONS UTILISED	-
NET PROFIT	40,206,842.17	NET LOSS	-
TOTAL	40,206,842.17	TOTAL	40,206,842.17

CHIEF EXECUTIVE OFFICER

Du Miaomiao

EXECUTIVE DIRECTOR

Wang Lu

Governing Bodies

Board of the General Meeting

Xu Chujia	(Chairman)
Yeung Chi Shing	(Secretary)
Wang Lu	(Secretary – resigned on 29.3.2019)
Xiang Fei	(Secretary – appointed on 29.3.2019)

Board of Directors

Zhang Shengman	(Chairman)
Xu Chujia	(Board Member)
Chen Hua	(Board Member)
Ngan Yuen Ming	(Board Member)
Paulo Jorge Fernandes Franco	(Board Member)
Du Miaomiao	(Board Member)
Zhang Chen	(Board Member - resigned on 28.3.2019)
Wang Lu	(Board Member)
Artur Jorge Teixeira Santos	(Board Member)
Hon Wai Ming	(Board Member)
So Shing Shun	(Board Member)
Tse Yung Hoi	(Board Member)

Executive Committee

Du Miaomiao	(Executive Committee)
Zhang Chen	(Executive Committee – resigned on 28.3.2019)
Wang Lu	(Executive Committee)
Artur jorge Teixeira Santos	(Executive Committee)

Supervisory Board

Ng Man Kung	(Chairman of Supervisory Board)
Vong Hin Fai	(Supervisory Board Member)
CSC & Associados - Sociedade de Auditores	(represented by Mok Chi Meng) (Supervisory Board Member)

Institutions in which have holdings in excess of 5% in the share capital, or over 5% of their own funds

	<i>Ordinary shares of MOP1,000 each</i>	
	<i>Total number of ordinary shares</i>	<i>% of total issued shares</i>
Europ Assistance (Macau) – Serviços de Assistência Personalizados, Lda.	400	25%

Shareholder of the Bank

Well Link Holdings Limited	44.7%
KingYin (Macau) Holdings Limited	15%
Trillion Investment Company Limited	15%
ShengMan Investments Limited	10%

1 The Cash flow statement

CASH FLOWS FROM OPERATING ACTIVITIES	MOP
Profit/(loss) before tax	40,206,842
Adjustments for:	
Depreciation	4,557,277
Amortisation of premium on securities investments	372,040
Amortisation of discount on securities investments	(522,640)
Provision for doubtful loans and advances	(7,693,573)
Foreign exchange gain	(190,709)
Impairment of items of plant and equipment	-
Impairment of other receivables	-
	<hr/> 36,729,237
Increase in minimum statutory deposits with AMCM	(10,090,971)
Decrease in loans and advances	728,002,893
Decrease in placements with local credit institutions with original maturity beyond three months	60,300,000
Decrease in placements with foreign credit institutions with original maturity beyond three months	87,497,815
Decrease in interest receivables and other assets	30,347,567
Decrease in deposits on demand	(152,493,586)
Increase in fixed term deposits	1,803,777,056
Increase in other liabilities	411,158
Increase in other payables	20,288,040
	<hr/> 2,604,769,208
Cash generated from operations	2,604,769,208
Macao complementary tax paid	(4,004)
	<hr/> 2,604,765,204
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of items of plant and equipment	(10,182,892)
Purchases of debt investments	(607,969,307)
	<hr/> (618,152,199)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	-
	<hr/> -
Net cash flows from financing activities	-

2 The Cash flow statement(continued)

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,986,613,006
Cash and cash equivalents at beginning of year	1,864,524,553
Effect of foreign exchange rate changes, net	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,851,137,559
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash	41,712,653
Deposits and clearing balances with AMCM with original maturity at or within three months	94,078,270
Deposits on demand with local credit institutions with original maturity at or within three months	155,242,304
Placements with local credit institutions with original maturity at or within three months	1,432,005,700
Placements with foreign credit institutions with original maturity at or within three months	2,176,822,700
Less: Minimum statutory deposits with AMCM	(48,724,068)
Cash and cash equivalents as stated in the statement of cash flows	3,851,137,559

2 Off-balance sheet exposures other than derivative transactions

At 30 June 2019 the Bank had the following contingent liabilities and outstanding commitments:

(a) *Off balance sheet items outstanding (contract amount) at the balance sheet date (in MOP):*

Bank guarantees issued	55,217,909
Values held as guarantees	905,085,480
Letter of Credit	11,780,254
Undrawn facilities	879,929,310
Values for collection	45,086,695
Acceptances	6,562,878

AMCM requires that general provision be maintained at 1% of the endorsements and performance guarantees on behalf of customers. Specific provisions on contingent credit are made when there is evidence that endorsement and performance guarantees on behalf of customers are not fully recoverable.

(b) *Operating lease commitments*

The Bank leases certain of its office premises under operating lease arrangements. Leases for office premises are negotiated for terms ranging from one to two years. At 30 June 2019, the Bank had future aggregate minimum lease payments under non-cancellable operating leases as follows (in MOP):

Within one year	6,055,504
In the second to fifth years, inclusive	7,500
	6,063,004

3 Derivatives

As at 30 June 2019, the notional amount of interest-bearing off balance sheet financial instruments is as follows:

	<i>Notional amount MOP</i>	<i>Credit risk weighted amount MOP</i>
Foreign currency swaps	-	-
Foreign exchange contract	-	-
	-	-

The notional amounts of these contracts indicate the volume of transactions outstanding and do not represent amounts at risk.

4 Related party transactions

The volume of related party transactions, outstanding balances as at 30 June 2019 and related income and expense for the first half year of 2019 are as follows:

(a) *Transactions with key management personnel*

Key management personnel of the Bank

In addition to the transactions and balances disclosed elsewhere in this financial information, the Bank provided commercial banking services to key management personnel of the Bank. The commercial banking services were provided in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of a similar standing or, where applicable, with other employees.

(b) *Transactions with group companies*

During the year, the Bank entered into transactions with related parties in the normal course of its banking business including lending, acceptance and placement of inter-bank deposits, correspondent banking transactions and guarantees issued. The transactions were priced at the relevant market rates at the time of each transaction.

The amount of related party transactions during the year is set out below (in MOP):

Interest income	1,409,991
Interest expense	307,008
Commission received from services	-
Other operating income	-
Other operating expenses	-

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

Assets:

Placements with foreign credit institutions	-
Current Accounts	-
Sundry Debtors	-
Deposits on demand with foreign credit institutions	-
Interest receivables	-

Liabilities:

Fixed term deposits	-
Fixed customers deposits	45,600,000
Customers deposits on demand	33,637,161
Interest payables	162,484

5 Capital

(a) Share capital

Authorised, issued and fully paid (in MOP):

1,200,000 shares of MOP1,000 each	<u>1,200,000,000</u>
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(b) Capital management

The Bank's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Bank belongs.

(i) Own funds

The Bank's own fund as of 30 June 2019 amounted to MOP1.36 billion. The value of own fund is the sum of core capital and supplementary capital less the amounts subject to deductions (if there were any).

Component of own fund is as follows (in MOP):

Share capital	1,200,000,000
Legal reserve	57,089,518
Other reserve	112,873
Retained earnings	<u>82,699,028</u>
Total core capital	1,339,901,419
General provision/ Total supplementary capital	<u>14,700,000</u>
Total amount of own funds	<u>1,354,601,419</u>

5 Capital (continued)

The Bank's core capital consists of the following:

- Paid-up share capital pertains to 1,200,000 equity shares of authorised, issued and fully paid shares. The Bank does not have any other capital instruments except for these equity shares as qualifying capital.
- Legal reserve is a non-distributable reserve set aside from profit each year in accordance with FSA which provides that an amount of not less than 20 % of the profit after taxation be set aside each following year until the reserve reaches 50 % of the Bank's issued share capital and thereafter 10 % of the profit after taxation be set aside each year until the reserve is equal to the Bank's issued share capital.

(b) Capital management (continued)

(i) Own funds (continued)

- Other reserve pertains to the one-time transfer of retained profits in the prior year.
- Retained earnings are the accumulated undistributed profits, net of legal reserves set aside in accordance with FSA. Profit for the year pertains to the income earned for the period.

The Bank's supplementary capital represents the statutory reserves on general provision calculated in accordance with AMCM rules.

(ii) Operational Risk Adjusted Solvency ratio

As of 30 June 2019, the Bank has maintained an Operational Risk Solvency Ratio of 44.09% against AMCM minimum regulatory requirement of 8%. The Operational Solvency Ratio is calculated with the Bank's own fund expressed as a percentage of the sum of its weight credit risk exposures, weighted market risk exposures and weighted operational risk exposures. The solvency ratio is calculated in accordance with Notice no. 011/2015-AMCM.

6 Credit risk management

(i) Geographical analysis of loans and advances to customers

<i>Region</i>	<i>Gross loans and advance to customers MOP</i>	<i>Overdue loans and advances (more than 3 months) MOP</i>
Macau SAR	163,884,991	16,054
Hong Kong SAR	888,969,335	-
China, People's Republic	187,151,752	-
Virgin Islands	51,500,000	-
Cayman Islands	30,403,001	-
Others	1,192,165	-
Total	1,323,101,244	16,054

The 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.

6 Credit risk management (continued)

(ii) Geographical analysis of investments in debt and other securities

<i>Region</i>	<i>Gross Investments MOP</i>
Macau SAR	28,649,600
Of which:	
– Banks	20,600,000
– Government/Public sectors	8,049,600
– Others	
Hong Kong SAR	508,154,639
Of which:	
– Banks	387,410,639
– Government/Public sectors	-
– Others	120,744,000
China, People's Republic	422,626,237
Of which:	
– Banks	356,193,285
– Government/Public sectors	66,432,952
– Others	-
United Kingdom	14,754,613
Of which:	
– Banks	14,754,613
– Government/Public sectors	-
– Others	-
Netherlands	13,011,285
Of which:	
– Banks	-
– Government/Public sectors	-
– Others	13,011,285
Total	987,196,374

6 Credit risk management (continued)

(b) Industry distribution of exposures

The following information concerning the further analysis of loans and advances to customers by industry sectors is prepared by classifying the advances according to the usage of the advances in respect of industry sectors.

	<i>Gross loans and advances to customers MOP</i>	<i>Overdue loans and advance (more than 3 months) MOP</i>
Financial Industry	254,410,000	-
Wholesale and Retail	113,710,444	-
Manufacturing	75,825,080	-
Trading	37,719,303	-
Leasing and Business Services	13,468,967	-
For Other Personal Use	818,498,771	16,054
Others	9,468,679	-
	<u>1,323,101,244</u>	<u>16,054</u>

6 Credit risk management (continued)

(c) Maturity analysis on assets and liabilities

Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period as at 30 June 2019 to the contractual maturity date:

	<i>On demand</i> MOP	<i>Up to 1 month</i> MOP	<i>Maturity date of financial instruments</i>					<i>Overdue Loans & Advances</i> MOP	<i>Total</i> MOP
			<i>1 to 3 months</i> MOP	<i>3 to 12 months</i> MOP	<i>1 to 3 years</i> MOP	<i>More than 3 years</i> MOP	<i>Within an indefinite period</i> MOP		
Assets									
Cash and balances with and loans and advances to banks	291,033,227	1,806,447,400	1,802,381,000	51,157,750	-	-	-	-	3,951,019,377
Securities and other investments	-	-	-	-	-	213,082,344	774,114,030	-	987,196,374
Loans and advances to customers	60,944,803	253,567,419	354,757,233	302,607,083	289,608,252	46,916,453	-	9,628	1,308,410,871
Interest receivables	197,079	9,513,873	9,135,962	17,196,633	-	-	-	527	36,044,074
	<u>352,175,109</u>	<u>2,069,528,692</u>	<u>2,166,274,195</u>	<u>370,961,466</u>	<u>289,608,252</u>	<u>259,998,797</u>	<u>774,114,030</u>	<u>10,155</u>	<u>6,282,670,696</u>

6 Credit risk management (continued)

(c) Maturity analysis on assets and liabilities (continued)

Analysis of assets and liabilities by remaining maturity (continued)

	<i>Maturity date of financial instruments</i>								<i>Total MOP</i>
	<i>On demand MOP</i>	<i>Up to 1 month MOP</i>	<i>1 to 3 months MOP</i>	<i>3 to 12 months MOP</i>	<i>1 to 3 years MOP</i>	<i>More than 3 years MOP</i>	<i>Within an indefinite period MOP</i>	<i>Others MOP</i>	
Liabilities									
Deposits on demand	378,746,311	-	-	-	-	-	-	-	378,746,311
Fixed term deposits	-	326,373,962	772,131,940	3,182,091,128	250,469,056	1,463,457	-	-	4,532,529,543
Interest payables	-	5,559,994	7,699,626	27,633,266	10,913,248	20,502	-	-	51,826,636
	<u>378,746,311</u>	<u>331,933,956</u>	<u>779,831,566</u>	<u>3,209,724,394</u>	<u>261,382,304</u>	<u>1,483,959</u>	<u>-</u>	<u>-</u>	<u>4,963,102,490</u>
Net asset (liability) position	<u>-26,571,202</u>	<u>1,737,594,736</u>	<u>1,386,442,629</u>	<u>-2,838,762,928</u>	<u>28,225,948</u>	<u>258,514,838</u>	<u>774,114,030</u>	<u>10,155</u>	<u>1,319,568,206</u>

6 Credit risk management (continued)

- (d) *Analysis of past due assets*
Up to 30 June 2019, the past overdue loan outstanding for more than 3 months was MOP16,054, a specific provision of MOP6,427 on the outstanding figures has been established.

7 Market risk management

The capital charge for market risk calculated in accordance with Notice no. 011/2015-AMCM guidelines as follows:

	MOP In '000'
Capital charge on foreign exchange Exposure/Total capital charge for market risk	3,827
Weighted Market Risk Exposure	3,827

8 Interest rate risk

Sensitivity analysis

The following table indicates the instantaneous change in the Bank's economic values of own funds that would arise if interest rates to which the Bank has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant. Actual changes in the Bank's economic values of own funds resulting from the change in interest rates may differ from the result of the sensitivity analysis.

As of 30 June 2019, interest rate risk weighted position on all currencies, measured as its impact in the economic values of own funds as follows:

	MOP In '000'
MOP	-5,273
HKD	-16,912
USD	206,736

9 Operational risk management

Operational risks arise from the Bank's daily operation and fiduciary activities. The Bank's compliance department play an essential role in monitoring and limiting the Bank's operational risk. The primary focus of compliance departments is to ensure adherence to the operating guidelines, including regulatory and legal requirements and to pro-actively recommend improvements.

The Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with local regulatory requirements.

10 Foreign exchange risk

The Bank's functional currency is Macau Patacas ("MOP"). The Bank is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD") and other major currencies.

As the MOP is pegged to HKD and the HKD is pegged to the USD, the Bank considers the risk of movements in exchange rates between these currencies to be insignificant.

In respect of balances denominated in foreign currencies other than MOP, USD and HKD, the associated assets are matched to the corresponding liabilities denominated in the same currency. Therefore, the effect of foreign exchange fluctuation is minimized.

The following table indicates the concentration of currency risk as of 30 June 2019:

(In thousand of MOP equivalent)

	<i>HKD</i>	<i>CAD</i>	<i>CNY</i>	<i>EUR</i>	<i>GBP</i>	<i>USD</i>	<i>Others</i>
Spot assets	1,103,086	52	-	-	74	296,893	66
Spot liabilities	-	-	(40)	(3,787)	-	-	-
Forward sales	-	-	-	-	-	-	-
Net long (short) position	1,103,086	52	(40)	(3,787)	74	296,893	66

11 Liquidity risk

(a) Average liquidity

(i) Average weekly liquidity for the year	MOP In '000'
Minimum weekly cash in hand	69,839
Average weekly cash in hand	128,857

The average weekly liquidity is computed as the product of specified assets and liabilities by proportion designated in accordance with AMCM's requirements, as reported in the weekly return submitted to AMCM.

(ii) Liquidity ratio for the year

	In Percentage
1 month current ratio	198.4%
3 months current ratio	223.0%

The liquidity ratio is computed as the simple average of the percentage of specified assets to liabilities in the last week of each calendar month in accordance with AMCM's requirement, as reported in the monthly return submitted to AMCM.

(b) Average solvency assets

	MOP In '000'
Average specified liquid assets	4,721,339
Average total basic liabilities	4,673,207
Ratio of specified liquid assets to basic liabilities	101.0%

The average ratio of solvency assets to underlying liabilities is computed as the simple average of each calendar month's average ratio in accordance with AMCM's requirement, as reported in the monthly return submitted to AMCM.