

Novo Banco Ásia, S.A.



**First Half Yearly Disclosure
for the first half year ended 30 June
2017**

NOVO BANCO ÁSIA, S.A.

Balance sheet as at 30 June 2017

MOP

ASSETS	GROSS ASSETS	PROVISION, DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	120,206.31		120,206.31
DEPOSIT WITH AMCM	17,246,966.12		17,246,966.12
VALUES FOR COLLECTION	236,900.00		236,900.00
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	94,668,965.62		94,668,965.62
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	13,800,999.58		13,800,999.58
OTHER VALUES	95,129.85		95,129.85
LOANS AND ADVANCES	396,180,748.92	1,210,000.00	394,970,748.92
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS			
DEPOSIT AT CALL AND AT TERM ABROAD	18,379,200.00		18,379,200.00
SHARES, BONDS AND OTHER SECURITIES	32,159,600.00		32,159,600.00
DEBTORS	2,048,416.68		2,048,416.68
OTHER APPLICATIONS			
INVESTMENTS	100,000.00		100,000.00
EQUIPMENTS	3,346,300.80	2,436,685.01	909,615.79
DEFERRED EXPENDITURES	27,219,634.82	9,422,675.73	17,796,959.09
INSTALLATION EXPENDITURES	9,346,112.60	6,398,482.29	2,947,630.31
CONSTRUCTIONS IN PROGRESS	2,465,132.80		2,465,132.80
INTERNAL ACCOUNTS	1,843,658.75		1,843,658.75
TOTAL	619,257,972.85	19,467,843.03	599,790,129.82

NOVO BANCO ÁSIA, S.A.
 Operating profit and loss account
NOVO BANCO ÁSIA, S.A.
Balance sheet as at 30 June 2017

MOP

LIABILITIES	SUBTOTAL	TOTAL
DEPOSITS ON DEMAND	55,908,091.15	
FIXED TERM DEPOSITS	148,078,668.25	
PUBLIC SECTOR DEPOSITS	-	203,986,759.40
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	
FOREIGN CURRENCY LOANS	34,239.61	
CHEQUES AND PAYMENT ORDERS	73,844.03	
CREDITORS	826,517.00	
OTHER LIABILITIES	174,471.00	1,109,071.64
INTERNAL ACCOUNT		10,213,629.90
PROVISION FOR OTHER RISKS AND CHARGES		4,690,720.00
SHARE CAPITAL	200,000,000.00	
LEGAL RESERVE	56,762,954.15	
OTHER RESERVES	112,873.04	256,875,827.19
RESULTS CARRIED FORWARD	128,447,513.43	
PROFIT FOR THE YEAR	(5,533,391.74)	122,914,121.69
TOTAL		599,790,129.82

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	21,414,865.29
VALUES HELD AS GUARANTEE	1,061,541,028.89
BANK GUARANTEES	91,478,045.95
LETTER OF CREDIT ISSUED	8,085,214.82
ACCEPTANCES OUTSTANDING	-
FORWARDS PURCHASE	-
FORWARDS SALES	-
OTHER MEMORANDUM ITEMS	815,631,541.45

For the first half year ended 30 June 2017

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	2,801,493.28	INTEREST INCOME	11,152,028.31
STAFF COSTS:		BANKING SERVICE INCOME	256,194.06
MANAGEMENT REMUNERATION	3,390,788.64	OTHER BANKING SERVICES INCOME	1,794,880.36
EMPLOYEES REMUNERATION	3,983,095.16	SECURITIES AND FINANCIAL INVESTMENT INCOME	327,705.59
SPECIAL EXPENSES	285,053.78	OTHER BANKING INCOME	25,571.40
OTHER STAFF COSTS	120,168.00	OPERATING LOSS	5,531,388.74
THIRD PARTY SUPPLIES	95,992.00		
THIRD PARTY SERVICES	5,690,969.90		
OTHER BANKING EXPENSES	113,322.24		
INDUSTRIAL AND OTHER TAXES	72,470.02		
OTHER EXPENSES	80,198.02		
DEPRECIATION AND AMORTIZATION	2,454,217.42		
PROVISIONS FOR OTHER RISKS AND CHARGES	0.00		
OPERATING PROFIT	0.00		
TOTAL	19,087,768.46	TOTAL	19,087,768.46

Profit and loss account
For the first half year ended 30 June 2017

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	5,531,388.74	OPERATING PROFIT	0.00
PRIOR YEAR LOSS		PRIOR YEAR GAIN	0.00
EXCEPTIONAL LOSS		EXCEPTIONAL PROFIT	
COMPLEMENTARY (CORPORATE) INCOME TAX	2,003.00	PROVISIONS UTILISED	
NET PROFIT	0.00	NET LOSS	5,533,391.74
TOTAL	5,533,391.74	TOTAL	5,533,391.74

Chief Accountant

Head of Banking Operations

Chief Executive Officer

Lucia Cheang

João de Azevedo Coutinho Rato

José Manuel Trindade Morgado

Governing Bodies

Board of the General Meeting

Maria de Lourdes Nunes Mendes da Costa (Chairman - resigned on 4.7.2017)

Rui Luís Cabral de Sousa (Secretary - resigned on 4.7.2017)

Xu Chujia (Chairman - appointed on 4.7.2017)

Yeung Chi Shing (Secretary - appointed on 4.7.2017)

Wang Lu (Secretary - appointed on 4.7.2017)

Board of Directors

Vitor Manuel Lopes Fernandes (resigned on 7.6.2017)

Rui Manuel Fernandes Pires Guerra (resigned on 7.6.2017)

Paulo Jorge Carrageta Ferreira (resigned on 7.6.2017)

Sio Chi Wai (resigned on 7.6.2017)

Zhang ShengMan (Chairman - appointed on 11.8.2017)

José Manuel Trindade Morgado

Paulo Jorge Fernandes Franco

Zhang Chen (appointed on 11.8.2017)

Wang Lu (appointed on 11.8.2017)

Xu Chujia (appointed on 11.8.2017)

Ngan Yuen Ming (appointed on 11.8.2017)

Chen Hua (appointed on 11.8.2017)

Huang Guanghai (appointed on 11.8.2017)

Lin Wenjie (appointed on 11.8.2017)

Executive Committee

Paulo Jorge Fernandes Franco (resigned on 7.6.2017)

José Manuel Trindade Morgado (Executive Director - 9.9.2017)

Zhang Chen (Chief Executive Officer - appointed on 9.9.2017)

Wang Lu (appointed on 11.8.2017)

Supervisory Board

Joaquim Jorge Perestrelo Neto Valente (resigned on 7.6.2017)

José Manuel Macedo Pereira (resigned on 7.6.2017)

Vitor Tang Chon In (resigned on 7.6.2017)

Chen Xiao Chun (Chairman) (appointed on 11.8.2017)

Vong Hin Fai (appointed on 11.8.2017)

CSC & Associados - Sociedade de Auditores (respresented by Mok Chi Meng)
(appointed on 11.8.2017)

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

Europ Assistance (Macau) – Serviços de Assistência Personalizados, Lda.	25%
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Substantial shareholder of the Bank

<u>Up to 21 May 2017</u>	<u>Ordinary shares of MOP1,000 each</u>	
	<i>Total number of ordinary shares held</i>	<i>% of total issued shares</i>
Novo Banco, S.A.	200,000	100%
<u>From 22 May 2017</u>		
Well Link Holdings Limited		26%
Novo Banco, S.A.		25%
KingYin (Macau) Holdings Limited		15%
Trillion Investment Company Limited		15%
ShengMan Investments Limited		10%

1 The Cash flow statement

Operating activities

Operating loss	(5,531,389)
Adjustments for:	
Depreciation and amortisation	2,454,218
Amortisation of premium on securities investments	(72,216)
Charge to provisions for loans & advances	-
Gain on disposal of fixed asset	-
Gain on sale of shares and debts securities	-
Cost adjustment for equipment and other fixed assets	-
Foreign exchange gain/ (loss)	1,454,109
	<u>(1,695,278)</u>
Decrease/(increase) in operating assets	
Change in mini statutory deposits with AMCM	5,324,000
Change in loans and advances	(41,301,773)
Change in placements with foreign credit institutions with original maturity over three months	183,596,900
Change in interest receivable & other assets	1,485,548
(Decrease)/increase in operating liabilities	
Change in deposits on demand	4,962,936
Change in fixed term deposits	(350,156,998)
Change in borrowings from local credit institutions	-
Change in other liabilities	8,955
Change in other payables	(927,339)
	<u>(198,703,049)</u>
Cash (used in)/generated from operating activities	(198,703,049)
Taxation paid	<u>(2,003)</u>
Net cash (used in)/generated from operating activities	<u><u>(198,705,052)</u></u>

1 The Cash flow statement (continued)

Investing activities

Proceeds from disposal of equipment and other fixed asset	-
Proceeds from sale of shares and debts securities	-
Purchase of equipment and other fixed assets	(4,707)
	<hr/>
Net cash (used in)/generated from investing activities	(4,707)
	<hr style="border-top: 1px dashed black;"/>
Net (decrease)/increase in cash and cash equivalents	(198,709,759)
Cash and cash equivalents at 1 January	324,546,897
	<hr/>
Cash and cash equivalents at 30 June	125,837,138
	<hr style="border-top: 3px double black;"/>

2 Off-balance sheet exposures other than derivative transactions

At 30 June 2017 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	91,478,046
Values held as guarantees	1,061,541,029
Letter of Credit	8,085,215
Undrawn facilities	441,055,041
Values for collection	21,414,865

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*

At 30 June 2017, the Bank had future aggregate minimum lease payments under operating leases as follows (in MOP):

Up to one year	4,648,835
From one year to five years	3,689,054
	8,337,889

3 Derivatives

As at 30 June 2017, 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	368,576,500	-
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 2017 and related income and expense for the first half year of 2017 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 these 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	1,942,685
Interest expense	940,562
Commission received from services	-
Commission paid for custody service and other services	-

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	18,379,200
Current Accounts	-
Sundry Debtors	809,202
Deposits on demand with foreign credit institutions	13,777,313
Interest receivables	62,865

Liabilities:

Fixed term deposits	-
Fixed customers deposits	507,013
Deposits on demand	40,852
Interest payables	-

5 Capital

(a) Share capital

Authorised, issued and fully paid (in MOP):

200,000 shares of MOP1,000 each	<u>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 2017 amounted to MOP384 million. The value of own funds 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	200,000,000
Legal reserve	56,762,954
Other reserve	112,873
Retained earnings	128,447,514
Loss for the period	<u>(5,533,392)</u>
Total core capital	379,789,949
General provision/ Total supplementary capital	<u>4,690,720</u>
Total amount of own funds	<u>384,480,669</u>

The Bank's core capital consists of the following:

- Paid-up share capital pertains to 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.

5 Capital (continued)

(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 2017, the Bank has maintained an Operational Risk Solvency Ratio of 63.43% 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 advances to customers MOP</i>	<i>Overdue loans and advances (more than 3 months) MOP</i>
Macau SAR	251,329,891	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	251,329,891	-
Portugal	77,684,197	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	77,684,197	-
Hong Kong	22,005,206	2,729,009
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	22,005,206	2,729,009
Cayman Islands	40,199,500	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	40,199,500	-
Others	2,232,946	-
Of which:		
- Banks	170,446	-
- Government/Public sectors	-	-
- Others	2,062,500	-
Total	<u>393,451,740</u>	<u>2,729,009</u>

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>
Hong Kong SAR	----- -
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	-
United Kingdom	----- 16,079,800
Of which:	
- Banks	16,079,800
- Government/Public sectors	-
- Others	-
Netherlands	----- 16,079,800
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	----- 16,079,800
Total	----- ----- 32,159,600

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</i> MOP	<i>Overdue loans and advance (more than 3 months)</i> MOP
Manufacturing	169,403,198	-
Construction and public works	20,000,000	-
Trading	87,217,680	2,729,009
Restaurants, hotels, etc	29,263,985	-
Transportation, storage and communication	5,607,566	-
Other credit:		
for other personal use	2,104,668	-
others	79,854,643	-
	<u>393,451,740</u>	<u>2,729,009</u>

Credit risk management (continued)*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 2017 to the contractual maturity date:

	<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>Overdue Loans & Advances MOP</i>	
Assets									
Cash and balances with and loans and advances to banks	126,074,038	-	18,379,200	-	-	-	-	-	144,453,238
Other securities	-	-	-	-	-	-	32,159,600	-	32,159,600
Loans and advances to customers	13,373,704	108,872,109	72,538,843	162,114,837	4,966,926	31,585,321	-	2,729,009	396,180,749
Interest receivables	-	260,533	784,088	295,798	-	-	-	52,332	1,392,751
	<u>139,447,742</u>	<u>109,132,642</u>	<u>91,702,131</u>	<u>162,410,635</u>	<u>4,966,926</u>	<u>31,585,321</u>	<u>32,159,600</u>	<u>2,781,341</u>	<u>574,186,338</u>

Credit risk management (continued)***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</i> MOP
	<i>On demand</i> MOP	<i>Up to</i> <i>1 month</i> MOP	<i>1 to 3</i> <i>months</i> MOP	<i>3 to 12</i> <i>months</i> MOP	<i>1 to 3</i> <i>years</i> MOP	<i>More than</i> <i>3 years</i> MOP	<i>Within an</i> <i>indefinite period</i> MOP	<i>Others</i> MOP	
Liabilities									
Deposits and balances of banks and financial institutions	-	-	-	-	-	-	-	-	-
Deposits from non-bank customers	55,908,091	84,221,799	15,695,874	48,160,995	-	-	-	-	203,986,759
Deposits from holding and associated companies	34,240	-	-	-	-	-	-	-	34,240
Interest payables	-	153,725	32,450	134,580	-	-	-	-	320,755
	<u>55,942,331</u>	<u>84,375,524</u>	<u>15,728,324</u>	<u>48,295,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,341,754</u>
Net asset (liability) position	<u>83,505,411</u>	<u>24,757,118</u>	<u>75,973,807</u>	<u>114,115,060</u>	<u>4,966,926</u>	<u>31,585,321</u>	<u>32,159,600</u>	<u>2,781,371</u>	<u>369,844,584</u>

6 Credit risk management (continued)

(d) Analysis of past due assets

Up to 30 June 2017, a past overdue loan outstanding for more than 3 months was MOP2.7 mio. a specific provision of 40% 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	235
Weighted Market Risk Exposure	235

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 2017, 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	1,753
HKD	8
USD	1,886

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 2017:

(In thousand of MOP equivalent)

	<i>HKD</i>	<i>CAD</i>	<i>CNY</i>	<i>EUR</i>	<i>GBP</i>	<i>USD</i>
Spot assets	142,506	97	90	38	10	632
Spot liabilities	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-
Net long (short) position	<u>142,506</u>	<u>97</u>	<u>90</u>	<u>38</u>	<u>10</u>	<u>632</u>

11 Liquidity risk

(a) Average liquidity

(i) Average weekly liquidity for the year	MOP In '000'
Minimum weekly cash in hand	4,949
Average weekly cash in hand	16,427

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	717.8%
3 months current ratio	684.1%

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	446,085
Average total basic liabilities	218,632
Ratio of specified liquid assets to basic liabilities	204%

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.