

Novo Banco Ásia, S.A.

NOVO BANCO^{ASIA}
新銀行亞洲

NOVO BANCO ÁSIA, S.A.

**First Half Yearly Disclosure
for the first half year ended 30 June 2015**

NOVO BANCO ÁSIA, S.A.

Balance sheet as at 30 June 2015

MOP

ASSETS	GROSS ASSETS	PROVISION, DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	124,406.31	-	124,406.31
DEPOSIT WITH AMCM	7,829,189.45	-	7,829,189.45
VALUES FOR COLLECTION	-	-	-
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	5,873,633.91	-	5,873,633.91
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	55,852,522.34	-	55,852,522.34
OTHER VALUES	95,113.82	-	95,113.82
LOANS AND ADVANCES	857,514,504.60	531,900.00	856,982,604.60
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	-	-	-
DEPOSIT AT CALL AND AT TERM ABROAD	36,590,354.00	-	36,590,354.00
SHARES, BONDS AND OTHER SECURITIES	64,099,079.21	-	64,099,079.21
DEBTORS	1,581,858.78	-	1,581,858.78
OTHER APPLICATIONS	-	-	-
INVESTMENTS	100,000.00	-	100,000.00
EQUIPMENTS	5,064,556.49	3,166,427.50	1,898,128.99
DEFERRED EXPENDITURES	25,736,035.98	3,734,083.97	22,001,952.01
INSTALLATION EXPENDITURES	8,996,445.23	3,311,204.86	5,685,240.37
CONSTRUCTIONS IN PROGRESS	4,759,881.05	-	4,759,881.05
INTERNAL ACCOUNTS	5,228,962.86	-	5,228,962.86
TOTAL	1,079,446,544.03	10,743,616.33	1,068,702,927.70

NOVO BANCO ÁSIA, S.A.
Balance sheet as at 30th June 2015

MOP

LIABILITIES	SUBTOTAL	TOTAL
DEPOSITS ON DEMAND	37,307,076.42	
FIXED TERM DEPOSITS	-	
PUBLIC SECTOR DEPOSITS	116,936,841.04	154,243,917.46
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	
FOREIGN CURRENCY LOANS	410,462,346.48	
CHEQUES AND PAYMENT ORDERS	73,844.03	
CREDITORS	2,373,618.59	
OTHER LIABILITIES	226,525.00	413,136,334.10
INTERNAL ACCOUNT		18,996,792.74
PROVISION FOR OTHER RISKS AND CHARGES		10,810,431.00
SHARE CAPITAL	200,000,000.00	
LEGAL RESERVE	55,428,016.55	
OTHER RESERVES	112,873.04	255,540,889.59
RESULTS CARRIED FORWARD	214,375,672.63	
PROFIT FOR THE YEAR	1,598,890.18	215,974,562.81
TOTAL		1,068,702,927.70

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	12,199,330.22
VALUES HELD AS GUARANTEE	1,404,342,590.54
BANK GUARANTEES	82,979,613.93
LETTER OF CREDIT ISSUED	9,101,843.68
ACCEPTANCES OUTSTANDING	-
FORWARDS PURCHASE	-
FORWARDS SALES	-
OTHER MEMORANDUM ITEMS	864,089,882.70

NOVO BANCO ÁSIA, S.A.

Operating profit and loss account

For the first half year ended 30th June 2015

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	5,291,979.20	INTEREST INCOME	20,973,993.35
STAFF COSTS:		BANKING SERVICE INCOME	1,421,702.52
MANAGEMENT REMUNERATION	2,976,938.38	OTHER BANKING SERVICES INCOME	3,462,805.96
EMPLOYEES REMUNERATION	6,720,446.23	SECURITIES AND FINANCIAL INVESTMENT INCOME	1,040,361.16
SPECIAL EXPENSES	364,256.60	OTHER BANKING INCOME	31,878.35
OTHER STAFF COSTS	247,716.10		
THIRD PARTY SUPPLIES	156,070.95		
THIRD PARTY SERVICES	5,382,237.11		
OTHER BANKING EXPENSES	1,146,377.42		
INDUSTRIAL AND OTHER TAXES	75,469.94		
OTHER EXPENSES	106,209.02		
DEPRECIATION AND AMORTIZATION	2,334,250.21		
PROVISIONS FOR OTHER RISKS AND CHARGES	531,900.00		
OPERATING PROFIT	1,596,890.18		
TOTAL	26,930,741.34	TOTAL	26,930,741.34

Profit and loss account

For the first half year ended 30th June 2015

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	-	OPERATING PROFIT	1,596,890.18
PRIOR YEAR LOSS	-	PRIOR YEAR GAIN	2,000.00
EXCEPTIONAL LOSS	-	EXCEPTIONAL PROFIT	-
COMPLEMENTARY (CORPORATE) INCOME TAX	-	PROVISIONS UTILISED	-
NET PROFIT	1,598,890.18	NET LOSS	-
TOTAL	1,598,890.18	TOTAL	1,598,890.18

Governing Bodies

Board of the General Meeting

Maria de Lurdes Nunes Mendes da Costa (Chairman)
Rui Luís Cabral de Sousa (Secretary)

Board of Directors

José Manuel Trindade Morgado
Carlos José Nascimento Magalhães Freire
Jorge Manuel da Conceição Góis
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso

Executive Committee

José Manuel Trindade Morgado (Chief Executive Officer or “CEO”)
Carlos José Nascimento Magalhães Freire (Deputy CEO)
Jorge Manuel da Conceição Góis
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso

Supervisory Board

Joaquim Jorge Perestrelo Neto Valente
José Manuel Macedo Pereira
Vitor Tang Chon In

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%
Espírito Santo do Oriente – Estudos Financeiros e de Mercado de Capitais, Lda. (Closed on 5 February 2015)	90%

Substantial shareholder of the Bank

	<i>Ordinary shares of MOP1,000 each</i>	
	<i>Total number of ordinary shares held</i>	<i>% of total issued shares</i>
Novo Banco, S.A.	199,500	99.75%

1 The Cash flow statement

Operating activities

Profit before taxation	1,598,890
Adjustments for:	
Depreciation and amortisation	2,334,250
Amortisation of premium on securities investments	(126,520)
Charge to provisions for loans & advances	531,900
Gain on disposal of fixed asset	(2,000)
Gain on sale of shares and debts securities	(120,768)
Foreign exchange loss	76,995
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	4,292,747
Decrease/(increase) in operating assets	
Change in loans and advances	127,846,388
Change in placements with foreign credit institutions with original maturity over three months	4,694,571
Change in interest receivable & other assets	1,163,342
(Decrease)/increase in operating liabilities	
Change in deposits on demand	(9,933,194)
Change in fixed term deposits	(115,044,235)
Change in borrowings from local credit institutions	-
Change in other liabilities	(3,386,005)
Change in other payables	(1,826,897)
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Cash (used in)/generated from operating activities	7,806,717
Taxation paid	<hr/> -
Net cash (used in)/generated from operating activities	<hr/> 7,806,717 <hr/>

1 The Cash flow statement (continued)

Investing activities

Proceeds from disposal of equipment and other fixed asset	293,873
Proceeds from sale of shares and debts securities	220,244
Purchase of equipment and other fixed assets	<u>(281,745)</u>
Net cash (used in)/generated from investing activities	<u>232,372</u>
Net (decrease)/increase in cash and cash equivalents	8,039,089
Cash and cash equivalents at 1 January	<u>61,640,663</u>
Cash and cash equivalents at 30 June	<u><u>69,679,752</u></u>

2 Off-balance sheet exposures other than derivative transactions

At 30 June 2015, 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	82,979,614
Values held as guarantees	1,404,342,591
Letter of Credit	9,101,844
Undrawn facilities	633,819,075
Values for collection	12,199,330

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 2015, the Bank had future aggregate minimum lease payments under operating leases as follows (in MOP):

Up to one year	4,662,661
From one year to five years	3,541,665
	8,204,326

3 Derivatives

As at 30 June 2015, 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	230,270,808	0
Foreign exchange contract	0	0

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 2015 and related income and expense for the first half year of 2015 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	505,811
Interest expense	3,104,853
Commission received from services	-
Commission paid for custody service and other services	23,064

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	36,590,354
Current Accounts	-
Sundry Debtors	767,095
Deposits on demand with foreign credit institutions	14,273,503
Interest receivables	26,006

Liabilities:

Fixed term deposits	410,261,200
Fixed customers deposits	512,611
Deposits on demand	201,146
Interest payables	37,743

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 2015 amounted to MOP482.3 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	55,428,017
Other reserve	112,873
Retained earnings	214,375,673
Profit for the period	<u>1,598,890</u>
Total core capital	471,515,453
General provision/ Total supplementary capital	<u>10,810,431</u>
Total amount of own funds	<u>482,325,884</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 (see Note 5 d (ii)).

(ii) Operational Risk Adjusted Solvency ratio

As of 30 June 2015, the Bank has maintained an Operational Risk Solvency Ratio of 35.13% 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. 002/2011-AMCM.

6 Credit risk management

(i) Geographical analysis of loans and advances to customers

<i>Region</i>	<i>Gross loans and advances to customers</i> MOP	<i>Overdue loans and advances (less than 3 months)</i> MOP
Macau SAR	516,269,422	1,311,503
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	516,269,422	1,311,503
Portugal	170,881,173	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	170,881,173	-
Hong Kong	84,875,421	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	84,875,421	-
India	29,444,319	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	29,444,319	-
Others	54,732,667	-
Of which:		
- Banks	13,893,170	-
- Government/Public sectors	-	-
- Others	40,839,497	-
Total	<u>856,203,002</u>	<u>1,311,503</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	32,159,479
Of which:	
- Banks	31,939,600
- Government/Public sectors	-
- Others	219,879
United Kingdom	15,969,800
Of which:	
- Banks	15,969,800
- Government/Public sectors	-
- Others	-
Netherlands	15,969,800
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	15,969,800
Total	<u>64,099,079</u>

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 (less than 3 months) MOP</i>
Manufacturing	185,459,844	-
Construction and public works	4,087	-
Trading	118,594,183	1,311,503
Restaurants, hotels, etc	322,509,852	-
Transportation, storage and communication	3,090,000	-
Other credit:		
for other personal use	231,197	-
others	226,313,839	-
	<u>856,203,002</u>	<u>1,311,503</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 2015 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	69,679,752	1,000,000	-	35,590,354	-	-	-		106,270,106
Other securities	219,879	-	-	-	-	-	63,879,200	-	64,099,079
Loans and advances to customers	24,270,297	63,598,422	112,869,398	190,103,131	397,391,725	57,159,598	-	779,603	846,172,174
Interest receivables	-	1,178,353	1,069,031	899,086	-	-	-	18,213	3,164,683
	<u>94,169,928</u>	<u>65,776,775</u>	<u>113,938,429</u>	<u>226,592,571</u>	<u>397,391,725</u>	<u>57,159,598</u>	<u>63,879,200</u>	<u>797,816</u>	<u>1,019,706,042</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	37,307,076	50,866,523	45,801,985	20,268,333	-	-	-	-	154,243,917
Deposits from public sector entities	-	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	201,146	410,261,200	-	-	-	-	-	-	410,462,346
Interest payables	-	302,334	274,611	174,735	-	-	-	-	751,680
	<u>37,508,222</u>	<u>461,430,057</u>	<u>46,076,596</u>	<u>20,443,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,457,943</u>
Net asset (liability) position	<u>56,661,706</u>	<u>(395,653,282)</u>	<u>67,861,833</u>	<u>206,149,503</u>	<u>397,391,725</u>	<u>57,159,598</u>	<u>63,879,200</u>	<u>797,816</u>	<u>454,248,099</u>

6 Credit risk management (continued)

(d) Analysis of past due assets

Up to 30 June 2015, a past overdue loan outstanding for 3 months was MOP1.3 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. 011/2007-AMCM guidelines as follows:

	MOP In '000'
Capital charge on foreign exchange Exposure/Total capital charge for market risk	1,374
Weighted Market Risk Exposure	1,374

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 2015, 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	(2,209)
HKD	116
USD	1,922

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 2015:

(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	217,148	100	94	1,168	12	-
Spot liabilities	-	-	-	-	-	(1,572)
Forward sales	-	-	-	-	-	-
Net long (short) position	217,148	100	94	1,168	12	(1572)

11 Liquidity risk

(a) Average liquidity

(i) Average weekly liquidity for the year

	MOP In '000'
Minimum weekly cash in hand	4,506
Average weekly cash in hand	21,926

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	786.8%
3 months current ratio	362.3%

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	197,593
Average total basic liabilities	437,542
Ratio of specified liquid assets to basic liabilities	45%

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.