

Novo Banco Ásia, S.A.



## **NOVO BANCO ÁSIA, S.A.**

**First Half Yearly Disclosure  
for the first half year ended 30 June 2016**

## NOVO BANCO ÁSIA, S.A.

Balance sheet as at 30 June 2016

MOP

ASSETS	GROSS ASSETS	PROVISION, DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	68,406.31	-	68,406.31
DEPOSIT WITH AMCM	30,943,931.49	-	30,943,931.49
VALUES FOR COLLECTION	164,935.88	-	164,935.88
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	5,375,591.99	-	5,375,591.99
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	11,825,354.90	-	11,825,354.90
OTHER VALUES	95,109.60	-	95,109.60
LOANS AND ADVANCES	685,239,543.97	1,210,000.00	684,029,543.97
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	-	-	-
DEPOSIT AT CALL AND AT TERM ABROAD	180,209,540.00	-	180,209,540.00
SHARES, BONDS AND OTHER SECURITIES	31,965,600.00	-	31,965,600.00
DEBTORS	1,903,074.54	-	1,903,074.54
OTHER APPLICATIONS	-	-	-
INVESTMENTS	100,000.00	-	100,000.00
EQUIPMENTS	3,414,267.70	2,026,361.75	1,387,905.95
DEFERRED EXPENDITURES	27,030,470.10	6,552,007.44	20,478,462.66
INSTALLATION EXPENDITURES	9,006,721.97	4,815,197.12	4,191,524.85
CONSTRUCTIONS IN PROGRESS	3,027,334.70	-	3,027,334.70
INTERNAL ACCOUNTS	2,773,144.99	-	2,773,144.99
<b>TOTAL</b>	<b>993,143,028.14</b>	<b>14,603,566.31</b>	<b>978,539,461.83</b>

**NOVO BANCO ÁSIA, S.A.**  
**Balance sheet as at 30th June 2016**

**MOP**

LIABILITIES	SUBTOTAL	TOTAL
DEPOSITS ON DEMAND	33,532,011.59	
FIXED TERM DEPOSITS	538,180,080.46	
PUBLIC SECTOR DEPOSITS	-	571,712,092.05
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	
FOREIGN CURRENCY LOANS	2,138,231.09	
CHEQUES AND PAYMENT ORDERS	73,844.03	
CREDITORS	-	
OTHER LIABILITIES	171,210.00	2,383,285.12
INTERNAL ACCOUNT		13,743,131.75
PROVISION FOR OTHER RISKS AND CHARGES		7,062,500.00
SHARE CAPITAL	200,000,000.00	
LEGAL RESERVE	55,908,297.45	
OTHER RESERVES	112,873.04	256,021,170.49
RESULTS CARRIED FORWARD	128,168,675.22	
PROFIT FOR THE YEAR	(551,392.80)	127.617.282.42
TOTAL		978,539,461.83

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	16,749,585.36
VALUES HELD AS GUARANTEE	1,672,313,169.75
BANK GUARANTEES	84,099,058.32
LETTER OF CREDIT ISSUED	15,050,272.38
ACCEPTANCES OUTSTANDING	-
FORWARDS PURCHASE	-
FORWARDS SALES	-
OTHER MEMORANDUM ITEMS	1,298,998,312.93

NOVO BANCO ÁSIA, S.A.

Operating profit and loss account

For the first half year ended 30th June 2016

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	5,792,462.90	INTEREST INCOME	15,618,254.19
STAFF COSTS:		BANKING SERVICE INCOME	659,387.71
MANAGEMENT REMUNERATION	3,375,625.04	OTHER BANKING SERVICES INCOME	2,654,214.29
EMPLOYEES REMUNERATION	4,180,416.06	SECURITIES AND FINANCIAL INVESTMENT INCOME	4,212,942.17
SPECIAL EXPENSES	292,150.00	OTHER BANKING INCOME	34,286.00
OTHER STAFF COSTS	117,943.00	OPERATING LOSS	551,392.80
THIRD PARTY SUPPLIES	100,821.46		
THIRD PARTY SERVICES	5,498,773.73		
OTHER BANKING EXPENSES	547,498.98		
INDUSTRIAL AND OTHER TAXES	75,470.02		
OTHER EXPENSES	86,143.02		
DEPRECIATION AND AMORTIZATION	2,453,172.95		
PROVISIONS FOR OTHER RISKS AND CHARGES	1,210,000.00		
OPERATING PROFIT	-		
TOTAL	23,730,477.16	TOTAL	23,730,477.16

Profit and loss account  
For the first half year ended 30th June 2016

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	551,392.80	OPERATING PROFIT	-
PRIOR YEAR LOSS	-	PRIOR YEAR GAIN	-
EXCEPTIONAL LOSS	-	EXCEPTIONAL PROFIT	-
COMPLEMENTARY (CORPORATE) INCOME TAX	-	PROVISIONS UTILISED	-
NET PROFIT	-	NET LOSS	551,392.80
TOTAL	551,392.80	TOTAL	551,392.80

Chief Accountant

Lucia Cheang

Head of Banking Operations

João de Azevedo Coutinho Rato

Chief Executive Officer

José Manuel Trindade Morgado

## **Governing Bodies**

### **Board of the General Meeting**

Maria de Lourdes Nunes Mendes da Costa (Chairman)

Rui Luís Cabral de Sousa (Secretary)

### **Board of Directors**

Vitor Manuel Lopes Fernandes,

Rui Manuel Fernandes Pires Guerra

José Manuel Trindade Morgado

Carlos José Nascimento Magalhães Freire (resigned on 22.1.2016)

Paulo Jorge Fernandes Franco

Paulo Jorge Carrageta Ferreira

Sio Chi Wai

### **Executive Committee**

José Manuel Trindade Morgado (Chief Commercial Officer or “CEO”)

Carlos José Nascimento Magalhães Freire (Deputy CEO - resigned on 22.1.2016)

Paulo Jorge Fernandes Franco

### **Supervisory Board**

Joaquim Jorge Perestrelo Neto Valente

José Manuel Macedo Pereira

Vitor Tang Chon In

Novo Banco Ásia, S.A.

## 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>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%

## 1 The Cash flow statement

### Operating activities

Operating loss	(551,393)
Adjustments for:	
Depreciation and amortisation	2,453,173
Amortisation of premium on securities investments	(90,377)
Charge to provisions for loans & advances	1,210,000
Gain on disposal of fixed asset	(2,500)
Gain on sale of shares and debts securities	(3,692,910)
Cost adjustment for equipment and other fixed assets	(1,101)
Foreign exchange gain/ (loss)	(47,042)
	<hr/>
	(722,150)
<b>Decrease/(increase) in operating assets</b>	
Change in loans and advances	(31,909,745)
Change in placements with foreign credit institutions with original maturity over three months	(6,731,340)
Change in interest receivable & other assets	734,258
<b>(Decrease)/increase in operating liabilities</b>	
Change in deposits on demand	(78,861,828)
Change in fixed term deposits	(8,915,205)
Change in borrowings from local credit institutions	-
Change in other liabilities	(597,969)
Change in other payables	1,030,062
	<hr/>
<b>Cash (used in)/generated from operating activities</b>	(125,973,917)
Taxation paid	-
	<hr/>
<b>Net cash (used in)/generated from operating activities</b>	<hr style="border-top: 1px dashed black;"/>
	(125,973,917)

**1 The Cash flow statement (continued)**

**Investing activities**

Proceeds from disposal of equipment and other fixed asset	2,500
Proceeds from sale of shares and debts securities	31,965,600
Purchase of equipment and other fixed assets	-
	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<b>31,968,100</b>
	<hr style="border-top: 1px dashed black;"/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(94,005,817)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>285,309,338</b>
	<hr/>
<b>Cash and cash equivalents at 30 June</b>	<b>191,303,521</b>
	<hr style="border-top: 3px double black;"/>

## 2 Off-balance sheet exposures other than derivative transactions

At 30 June 2016, 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	84,099,058
Values held as guarantees	1,672,313,170
Letter of Credit	15,050,272
Undrawn facilities	601,393,645
Values for collection	16,749,585

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 2016, the Bank had future aggregate minimum lease payments under operating leases as follows (in MOP):

Up to one year	3,703,254
From one year to five years	-
	<u>3,703,254</u>

## 3 Derivatives

As at 30 June 2016, 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	697,604,668	0
Foreign exchange contract	<u>0</u>	<u>0</u>

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 2016 and related income and expense for the first half year of 2016 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	832,971
Interest expense	83,161
Commission received from services	-
Commission paid for custody service and other services	47,440

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	180,209,540
Current Accounts	-
Sundry Debtors	1,269,897
Deposits on demand with foreign credit institutions	2,852,774
Interest receivables	-

**Liabilities:**

Fixed term deposits	1,905,500
Fixed customers deposits	506,507
Deposits on demand	239,344
Interest payables	5

## 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 2016 amounted to MOP390.7 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	55,908,297
Other reserve	112,873
Retained earnings	128,168,675
Loss for the period	<u>(551,393)</u>
Total core capital	383,638,452
General provision/ Total supplementary capital	<u>7,062,500</u>
Total amount of own funds	<u>390,700,952</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 2016, the Bank has maintained an Operational Risk Solvency Ratio of 44.32% 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 MOP</i>	<i>Overdue loans and advances (less than 3 months) MOP</i>
Macau SAR	477,935,945	2,957,157
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	477,935,945	2,957,157
Portugal	129,123,926	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	129,123,926	-
Hong Kong	22,163,499	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	22,163,499	-
India	9,739,519	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	9,739,519	-
Others	43,319,498	-
Of which:		
- Banks	3,867,558	-
- Government/Public sectors	-	-
- Others	39,451,940	-
Total	<u>682,282,387</u>	<u>2,957,157</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	----- 15,982,800
Of which:	
- Banks	15,982,800
- Government/Public sectors	-
- Others	-
Netherlands	----- 15,982,800
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	----- 15,982,800
Total	===== 31,965,600

## 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 MOP</i>	<i>Overdue loans and advance (less than 3 months) MOP</i>
Manufacturing	110,702,447	-
Construction and public works	212,000	-
Trading	71,707,100	2,957,157
Restaurants, hotels, etc	343,312,526	-
Transportation, storage and communication	6,222,705	-
Other credit:		
for other personal use	1,506,386	-
others	148,619,223	-
	<u>682,282,387</u>	<u>2,957,157</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 2016 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 &amp; Advances MOP</i>	
<b>Assets</b>									
Cash and balances with and loans and advances to banks	48,213,285	142,925,300	-	37,284,240	-	-	-	-	228,422,825
Other securities	-	-	-	-	-	-	31,965,600	-	31,965,600
Loans and advances to customers	9,754,208	102,777,940	60,356,891	167,168,352	297,370,325	37,792,171	-	1,747,157	676,967,044
Interest receivables	-	553,737	827,562	431,756	-	-	-	55,940	1,868,995
	<u>57,967,493</u>	<u>246,256,977</u>	<u>61,184,453</u>	<u>204,884,348</u>	<u>297,370,325</u>	<u>37,792,171</u>	<u>31,965,600</u>	<u>1,803,097</u>	<u>939,224,464</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	
<b>Liabilities</b>									
Deposits and balances of banks and financial institutions	-	-	-	-	-	-	-	-	-
Deposits from non-bank customers	33,532,012	447,815,560	32,736,821	57,627,699	-	-	-	-	571,712,092
Deposits from public sector entities	-	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	232,731	1,905,500	-	-	-	-	-	-	2,138,231
Interest payables	-	898,073	166,460	266,630	-	-	-	-	1,331,163
	<u>33,764,743</u>	<u>450,619,133</u>	<u>32,903,281</u>	<u>57,894,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,181,486</u>
Net asset (liability) position	<u>24,202,750</u>	<u>(204,362,156)</u>	<u>28,281,172</u>	<u>146,990,019</u>	<u>297,370,325</u>	<u>37,792,171</u>	<u>31,965,600</u>	<u>1,803,097</u>	<u>364,042,978</u>

## 6 Credit risk management (continued)

### (d) Analysis of past due assets

Up to 30 June 2016, a past overdue loan outstanding for 3 months was MOP2.9 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	199
Weighted Market Risk Exposure	199

## 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 2016, 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	1,572
HKD	51
USD	1,536

## 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 2016:

*(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	132,298	96	92	-	11	7,835
Spot liabilities	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-
Net long (short) position	<u>132,298</u>	<u>96</u>	<u>92</u>	<u>-</u>	<u>11</u>	<u>7,835</u>

## 11 Liquidity risk

### (a) Average liquidity

(i) Average weekly liquidity for the year	MOP In '000'
Minimum weekly cash in hand	11,323
Average weekly cash in hand	26,404

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	630.6%
3 months current ratio	129.2%

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	323,214
Average total basic liabilities	571,957
Ratio of specified liquid assets to basic liabilities	56.5%

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.