NOVO BANCO ÁSIA, S.A.
(formerly known as
Banco Espírito Santo do Oriente, S.A.)

Annual Disclosure
for the year ended 31 December 2014

NOVO BANCO ÁSIA, S.A.
(formerly known as Banco Espírito Santo do Oriente, S.A.)
Balance sheet as at 31 December 2014
(Expressed in Macau Patacas)

ASSETS	GROSS ASSETS	PROVISION DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	191,806.31	-	191,806.31
DEPOSIT WITH AMCM	33,400,136.35	-	33,400,136.35
VALUES FOR COLLECTION	346,749.16	-	346,749.16
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	6,252,687.23	-	6,252,687.23
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	21,449,283.66	-	21,449,283.66
OTHER VALUES	95,163.86	-	95,163.86
LOANS AND ADVANCES	985,360,892.71	-	985,360,892.71
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	-	-	-
DEPOSIT AT CALL AND AT TERM ABROAD	41,284,925.00	-	41,284,925.00
SHARES, BONDS AND OTHER SECURITIES	64,148,555.21	-	64,148,555.21
DEBTORS	1,423,201.63	-	1,423,201.63
OTHER APPLICATIONS	-	-	-
INVESTMENTS	190,000.00	-	190,000.00
EQUIPMENTS	5,331,649.49	3,175,146.90	2,156,502.59
DEFERRED EXPENDITURES	24,273,441.63	2,417,008.08	21,856,433.55
INSTALLATION EXPENDITURES	8,996,445.23	2,561,351.14	6,435,094.09
CONSTRUCTIONS IN PROGRESS	6,284,068.53	-	6,284,068.53
INTERNAL ACCOUNTS	6,550,912.66	-	6,550,912.66
TOTAL	1,205,579,918.66	8,153,506.12	1,197,426,412.54

Balance sheet as at 31 December 2014 (continued)

(Expressed in Macau Patacas)

PASSIVO 負債	SUB-TOTAIS 小結	TOTAL 總額
DEPOSITS ON DEMAND	46,602,487.72	
FIXED TERM DEPOSITS	96,246,810.59	
PUBLIC SECTOR DEPOSITS	344,967,865.07	487,817,163.38
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	
FOREIGN CURRENCY LOANS	201,866,529.76	
CHEQUES AND PAYMENT ORDERS	73,844.03	
CREDITORS	5,598,634.13	
OTHER LIABILITIES	387,515.00	207,926,522.92
INTERNAL ACCOUNT		20,955,733.02
PROVISION FOR OTHER RISKS AND CHARGES		10,810,431.00
CAPITAL	200,000,000.00	
LEGAL RESERVE	55,428,016.55	
OTHER RESERVES	112,873.04	255,540,889.59
RESULTS CARRIED FORWARD	211,974,268.15	
PROFIT FOR THE YEAR	2,401,404.48	214,375,672.63
TOTAL		1,197,426,412.54

Balance sheet as at 31 December 2014 (continued)

(Expressed in Macau Patacas)

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	8,687,258.47
VALUES HELD AS GUARANTEE	1,367,237,868.82
BANK GUARANTEES	86,207,714.66
LETTER OF CREDIT ISSUED	9,918,218.14
ACCEPTANCES OUTSTANDING	-
FORWARDS PURCHASE	629,615,380.00
FORWARDS SALES	629,061,697.50
OTHER MEMORANDUM ITEMS	587,884,058.00

NOVO BANCO ÁSIA, S.A.
(formerly known as Banco Espírito Santo do Oriente, S.A.)
Operating Profit and Loss Account
For the year ended 31 December 2014
(Expressed in Macau Patacas)

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	62,245,516.29	INTEREST INCOME	85,519,701.12
STAFF COSTS:	-	BANKING SERVICE INCOME	436,977.77
MANAGEMENT REMUNERATION	6,765,242.81	OTHER BANKING SERVICES INCOME	17,670,013.61
EMPLOYEES REMUNERATION	15,576,675.76	SECURITIES AND FINANCIAL INVESTMENT INCOME	4,614,234.13
SPECIAL EXPENSES	830,520.70	OTHER BANKING INCOME	85,715.47
OTHER STAFF COSTS	475,135.87		
THIRD PARTY SUPPLIES	388,904.82		
THIRD PARTY SERVICES	13,870,850.66		
OTHER BANKING EXPENSES	299,685.15		
INDUSTRIAL AND OTHER TAXES	146,925.04		
OTHER EXPENSES	188,388.02		
DEPRECIATION AND AMORTIZATION	3,420,117.50		
PROVISIONS FOR OTHER RISKS AND CHARGES	958,875.00		
OPERATING PROFIT	3,159,804.48		
TOTAL	108,326,642.10	TOTAL	108,326,642.10

NOVO BANCO ÁSIA, S.A.
(formerly known as Banco Espírito Santo do Oriente, S.A.)
Profit and Loss Account
For the year ended 31 December 2014
(Expressed in Macau Patacas)

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	-	OPERATING PROFIT	3,159,804.48
PRIOR YEAR LOSS	-	PROFIT YEAR GAIN	-
EXCEPTIONAL LOSS	-	EXCEPTIONAL PROFIT	-
COMPLEMENTARY (CORPORATE) INCOME TAX	758,400.00	PROVISIONS UTILISED	-
NET PROFIT	2,401,404.48	NET LOSS	-
TOTAL	3,159,804.48	TOTAL	3,159,804.48

Deputy Chief Executive Officer — Carlos José Nascimento Magalhães Freire

Chief Executive Officer — José Manuel Trindade Morgado

Macau, 19 June 2015

The Background of Novo Banco Á sia

Novo Banco Á sia, S.A., formerly known as Banco Espírito Santo do Oriente, S.A. (the "Bank") is incorporated in Macao and has its registered office at Av. Dr. Mario Soares No. 323, Bank of China Building, 28th Floor, "A&E-F", Macao. The principal activities of the Bank are the provisions of banking, financial and other related services.

Before year 2014, the holding company of the Bank was Banco Espírto Santo, S.A., a bank incorporated in Lisbon, Portugal. In year 2014, due to the transfer of the assets from Banco Espírto Santo, S.A. to Novo Banco, S.A. ("NBSA"), a bank incorporated in Lisbon, Portugal, NBSA has become the holding company of the Bank. The Directors of the Bank regard that NBSA is the ultimate holding company of the Bank and Fundo de Resolução, the resolution fund created in Portugal, is the ultimate beneficiary owner of NBSA.

These financial statements have been approved for issue by the Board of Directors on 19 June 2015, it was resolved that Mr. José Morgado and Mr. Carlos Freire will represent the Board to sign the financial statements.

Summary of the Report of the Board of Directors

International Macro-economic Framework

The global economy expanded by 3.3% in 2014, sustaining the pace seen in the previous year. Underlying this trend were uneven patterns in different economic areas, with developed economies showing a recovery in activity and emerging markets experiencing a slowdown. GDP in the US rose 2.4% in 2014, against 2.2% in the prior year, helped by an expansionary monetary policy, an easing of restrictive fiscal policy and a significant fall in oil prices.

The Federal Reserve maintained its Fed funds target rate unchanged at 0%-0.25% and pursued quantitative easing through to October, signalling an accommodating stance towards any future interest rate rise. In this context, and in the absence of significant inflationary pressures, the yield on 10-year Treasuries declined from 03.03% to 02.17%. The business recovery noted, occurring at a time of extensive liquidity, resulted in significant stock market gains, with the S&P500, Dow Jones and Nasdaq showing increases of 11.4%, 7.5% and 13.4%, respectively. The decline in unemployment, from 6.7% to 5.6%, was not accompanied by wage-driven inflationary pressures. Year-on-year inflation was well contained, closing the year at 0.8%. Low inflation rates seen in developed economies contributed to significant oil price declines (-49.7% on Brent to USD55.8/barrel, and -45.9% on WTI, to USD53.3/barrel). These trends resulted from weaker demand but, most of all, from increased supply, associated with expanded shale oil production and the decision by OPEC, despite declining prices, not to cut output.

After a decline to 0.5% in 2013, Euro zone GDP in 2014 grew to 0.9%. Despite signs of stabilisation in H2, bank lending to the non-financial private sector remained weak, especially in the corporate segment, with deleveraging in different economic sectors. Credit growth was also constrained by uncertainty over the asset quality reviews and stress tests applied to European banks where the results, generally favourable, were only posted in October. In June and September the ECB twice lowered the main refinancing rate by 10 bps, taking it to 0.05%. In the same period, the deposit facility interest rate was cut from 0% to -0.2%. The monetary authority also introduced its Targeted Longer-Term Refinancing Operation and a new acquisition program of asset-backed securities and covered bonds, so as to improve the monetary transmission mechanism. Despite the ECB's expansionary stance, euro area inflation expectations reflected a clear downward trend with overall annual inflation falling from 0.8% to -0.2% in 2014. These measures and the anticipated further strengthening of monetary stimulus (which materialized as early as January 2015 with the announcement of an initial EUR1.1trillion quantitative easing programme) led to a significant decrease in market interest rates in H2 2014. The euro depreciated by 12.3% against the dollar, to stand at EUR/USD 1.21. This trend continued in the early months of 2015 with a rate around EUR/USD 1.13. The end of 2014 and the early months of 2015 were marked by increased political uncertainty, with deterioration in risk perception regarding Greece and increased financial market volatility.

On the whole, emerging markets were penalized by the Fed's decision on quantitative easing tapering, fears over the Chinese economic slowdown and rising geopolitical risks, particularly associated with Russia-Ukraine tensions. Chinese economic growth fell from 7.8% to 7.4%, mainly due to cooling in the real estate sector and in industrial activity. The slowdown was, however, mitigated from Q2, by a set of economic measures promoting selective stimulation: the People's Bank of China announced a benchmark interest rate cut (from 3% to 2.75% on 12 month deposits and from 6% to 5.6% on 12 month loans). Government approved selective investment incentives for environment, energy and transport sectors. The Shanghai Composite Index gained close to 53% in 2014, benefiting from a relaxation in monetary policy and a strong increase in margin trading.

Macau

Macau's economy contracted by 0.4% in 2014, heavily influenced by the decline in export of services seen in H2. Behind this was the performance of the gaming sector, penalized in H2 by lower visitor spending and an associated drop in revenues. This in turn, reflected reduced available liquidity and a trend towards slower economic activity in China. Elsewhere, trends in Macau's economic activity were positive, especially in the industrial sector which saw a 24.7% improvement, driven by the performance of the utilities sector. Performance in the goods market was also positive showing growth of 20.7%.

Domestic demand trends were favourable, with investment up 35.2%, driven by private sector construction involving major tourism and entertainment facilities, and despite a drop in tourist visits over the period. Annual growth in private consumption was 5.2%, although the H2 performance was less favourable. The labour market proved resilient, with the unemployment rate closing the year at 1.7% of the active workforce. Nominal wage growth, at an average 10.8%, was significantly above inflation (6%).

In the public finances, the decline in gross gaming revenues, accounting for some 80% of tax revenue, was reflected in a 10% decrease in the budget surplus, from 30.4% to 20.4%.

Operations and Earnings

The year under review was one of strong investment for New Asia Bank, SA (NBÁsia), in line with the Strategic Plan for Macau outlined by the Group. The IT system, in use since the institution first opened, was replaced by a new modular system designed better to meet customer needs while providing the bank with greater flexibility, more resources and options for new products and services. NBÁsia facilities were fully refurbished, adopting a more functional layout, better adapted to customer care and team needs, and ensuring a modernised image in line with bank dynamics. The base was laid for further development of Personal Banking business in the Private and Affluent areas, with investment in the staff team and a broader supply offered via an investment fund distribution platform in partnership with Banco Best. A new business line -- Acquiring -- was also launched in H2 2014, to support high street businesses and enhance their relationship with the Bank.

NBÁsia's activity in H2 2014 was heavily penalized by significantly adverse events involving the resolution of the former BES Group and the slowdown in Macau's economy.

The latter was caused by cooling in RAEM sectors such as gaming/leisure and tourism and the automobile industry.
Corporate Banking and Trade Finance business remained important pillars of NBÁ sia operations, along with local business and trade between the People's Republic of China, Portugal and Portuguese-speaking countries where New Group Bank operates.

In 2014, NBÁ sia's main management indicators were as follows: Net Assets totalled MOP 1,197,426,412.54; Financial income was MOP 23,274,184.83, a decrease of some 56.8% against 2013 and Net income for the year was MOP 2,401,404.48, down by some 93.9% against 2013. This negative trend in the Bank's main management indicators, was attributable to BES Group resolution, higher operating costs associated with investment in the new IT system, refurbishment of Bank facilities and an increase in staff costs due to additional hiring.

Proposed Application of Results

In terms of the law and the articles of association the Board of Directors proposes to the General Meeting, that income for the year ended December 31, 2014, of MOP 2,401,404.48 (two million, four hundred and one thousand, four hundred and four MOP and forty eight cents) be applied as follows:

To Legal Reserves (a):	MOP	480,280.90
To Retained Earnings:	MOP	1,921,123.58

(a) equivalent to 20% of Net Income in terms of applicable legislation.

Macau, 19 June 2015
Board of Directors

The Report from the Supervisory Board

Dear Shareholders,

Pursuant to the applicable legal and statutory provisos, the Supervisory Board hereby submits its activity report and opinion on the Board of Directors' Report and Accounts of **NOVO BANCO ÁSIA, S.A.**, (formerly known as Banco Espírito Santo do Oriente, S.A.) for the Financial Year ended 31 December 2014.

The Board of Directors' Report outlines in a clear manner the economic situation and progress of the Bank's activity during the 2014 Financial Year.

We have examined the regularity of the books and accounting records and are not aware of any non-compliance with the law and the articles of association.

As a result of our examination, we believe the Summary of Management Report gives a fair view of the Bank's activity and the Accounts comply with the law and statutory provisos.

Based on such examination and conclusions, we are of the opinion that:

1. The Summary of Management Report, the Balance Sheet and the Profit and Loss Account should be approved; and,
2. The proposal relating to the appropriation of profits should be approved.

The Supervisory Board
Macau, 19 June 2015

Governing Bodies

Board of the General Meeting

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

Board of Directors
Pedro José de Sousa Fernandes Homem (Chairman - resigned on 21.11.2014)
José Manuel Trindade Morgado
Carlos José Nascimento Magalhães Freire
Jorge Manuel da Conceição Góis
Manuel Alexandre da Rocha Barreto (resigned on 26.9.2014)
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso
Amílcar Carlos Ferreira de Morais Pires (resigned on 23.7.2014)

Executive Committee

José Manuel Trindade Morgado (Chief Executive Officer or "CEO")
Carlos José Nascimento Magalhães Freire (Deputy CEO)
Jorge Manuel da Conceição Góis
Manuel Alexandre da Rocha Barreto (resigned on 26.9.2014)
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso

Supervisory Board

Ricardo Abecassis Espírito Santo Silva (Chairman - resigned on 20.6.2014)
Joaquim Jorge Perestrelo Neto Valente (Chairman –appointed on 6.10.2014)
José Manuel Macedo Pereira
Vitor Tang Chon In (appointed on 6.10.2014)

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.	90%

Substantial shareholder of the Bank

	Ordinary shares of MOP1,000 each	
	Total number of ordinary shares held	*% of total issued shares*
NOVO BANCO, S.A.	199,500	99.75%

(formerly known as Banco Espírito Santo, S.A.)

1 Report of Corporate Governance

The management of the Bank is entrusted to the following governing bodies:

Board of the General Meeting

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

Board of Directors

Pedro José de Sousa Fernandes Homem (Chairman - resigned on 21.11.2014)
José Manuel Trindade Morgado
Carlos José Nascimento Magalhães Freire
Jorge Manuel da Conceição Góis
Manuel Alexandre da Rocha Barreto (resigned on 26.9.2014)
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso
Amílcar Carlos Ferreira de Morais Pires (resigned on 23.7.2014)

Executive Committee
José Manuel Trindade Morgado (Chief Executive Officer or "CEO")
Carlos José Nascimento Magalhães Freire (Deputy CEO)
Jorge Manuel da Conceição Góis
Manuel Alexandre da Rocha Barreto (resigned on 26.9.2014)
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso

Supervisory Board
Ricardo Abecassis Espírito Santo Silva (Chairman - resigned on 20.6.2014)
Joaquim Jorge Perestrelo Neto Valente (Chairman – appointed on 6.10.2014)
José Manuel Macedo Pereira
Vitor Tang Chon In (appointed on 6.10.2014)

<u>Supervisory board</u>

The Supervisory board comprises of three (3) independent directors, in which one (1) should be a registered auditor. The Supervisory board meets regularly to review and discuss financial performance, consider the nature and scope of audit review and compliance with local regulations. The Supervisory board responsibilities, among others, are as follows:

1 Report of Corporate Governance (Continued)

- Closely monitor the management of the bank;
- Ensure compliance with the laws, regulations and articles of the association;
- Examine the books and accounting records; and,
- Fulfill other obligations imposed by law and the articles of the association.

1 Report of Corporate Governance (Continued)

Executive committee

The Board of Directors, through its Executive Committee ("EC"), is responsible for establishing and maintaining an adequate and effective internal control system and establishment and maintenance of risk management system. The EC was also granted such powers and authorities necessary for conducting and managing the Bank's normal banking and related business activities.

Establishing and maintaining an adequate and effective internal control system implies not only defining the system's underlying principles and objectives, which must be incorporated into the Bank's strategy and policies, but also making sure that they are complied with by all employees, and that at all times the Bank has the necessary competence and resources to conduct its activity in strict compliance with the internal control system.

The EC is also responsible for the establishment and maintenance of a solid risk management system, which is within the framework of an adequate overall control environment. Alongside of efficient information and communication system and an effective monitoring process, this guarantees the adequateness and effectiveness of the Bank's internal control system. The EC defines the objective risk profile, establishes the global and specific limits for exposures, and approves the procedures required to monitor these exposures, thus, ensuring that the established limits are complied with.

The EC meets regularly to review the management and performance of the Bank. The EC comprises of a CEO, deputy CEO and directors.

The members of the EC are as follows:

José Manuel Trindade Morgado (Chief Executive Officer or "CEO")
Carlos José Nascimento Magalhães Freire (Deputy CEO)
Jorge Manuel da Conceição Góis
Manuel Alexandre da Rocha Barreto (resigned on 26.9.2014)
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Carrageta Ferreira
Paulo Jorge Gonçalves Dias Afonso

2 The Cash flow statement

Operating activities

Profit before taxation	3,159,805
Adjustments for:	
Depreciation and amortisation	3,420,118
Amortisation of premium on securities investments	(255,160)
Charge to provisions for loans and advances	958,875
Gain on sale of shares and debts securities	(2,292,625)
Gain on disposal of equipment and other fixed asset	-
Foreign exchange gain	(40,667)
	4,950,346
Decrease/(increase) in operating assets	
Change in loans and advances	(144,403,487)
Change in placements with foreign credit institutions with original maturity over three months	2,047,263,275
Change in interest receivables and other assets	13,957,657
(Decrease)/increase in operating liabilities	
Change in deposits on demand	(12,178,483)
Change in fixed term deposits	(2,972,828,691)
Change in borrowings from local credit institutions	(103,000,000)
Change in other liabilities	(2,533,127)
Change in other payables	(13,339,887)
Cash (used in)/generated from operating activities	(1,182,112,397)
Taxation paid	(5,413,194)
Net cash (used in)/generated from operating activities	(1,187,525,591)

2 The Cash flow statement (continued)

Investing activities

Proceeds from disposal of equipment and other fixed asset	-
Proceeds from sale of shares and debts securities	5,342,139
Purchase of equipment and other fixed assets	(23,750,344)
Net cash (used in)/generated from investing activities	(18,408,205)
Net (decrease)/increase in cash and cash equivalents	(1,205,933,796)
Cash and cash equivalents at 1 January	1,267,574,459
Cash and cash equivalents at 31 December	61,640,663

3 Off-balance sheet exposures other than derivative transactions

At 31 December 2014, 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	86,207,714
Values held as guarantees	1,367,237,869
Letter of Credit	9,918218
Undrawn facilities	587,884,058
Risk participation	-
Values for collection	8,687,258

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 31 December 2014, the Bank had future aggregate minimum lease payments under operating leases as follows (in MOP):

Up to one year	1,321,167
From one year to five years	-
	1,321,167

4 Derivatives

As at 31 December 2014, the notional amount of interest-bearing off balance sheet financial instruments is as follows:

	Notional amount MOP	*Credit risk weighted amount MOP*
Foreign currency swaps	629,615,380	12,592
Foreign exchange contract	-	-

5. Accounting Policies

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

(a) Income recognition

Interest income is recognised in the income statement on an accrual basis, except in the case of doubtful loans and advances where interest is credited to a suspense account that is netted off in the balance sheet against the relevant balances.

Fee and commission income is recognised in the period it is earned. Fees that are charged to cover the costs of a continuing service to, or risk borne for the customer, or are interest in nature, are recognised on a time proportion basis over the relevant period.

(b) Shares, bonds and other securities

Ordinary shares are revalued at the lower of acquisition cost or fair market value.

Bonds and other securities have fixed or determinable payments and fixed maturity and the Bank have the positive intention and ability to hold them to maturity. Bond and other securities are included in the balance sheet at the acquisition cost adjusted for the amortisation of premium or discount arising on acquisition. Quoted securities are revalued at the quoted price if lower than the acquisition cost.

5. Accounting Policies (continued)

(c) Financial investments

Investment in subsidiary

Subsidiary is a company controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Investment in subsidiary are carried at cost less any provision for permanent diminution in value. The result of the subsidiary is accounted for to the extent of dividends received and receivable.

Investment in associate

An associate is a company in which the Bank holds, directly or indirectly, less than 50% but 20% or more of the voting power of the Bank. While the Bank does not exercise control, the investment is of a permanent nature and is held as a result of the Bank's activities being similar or complementary to those of the Bank. Investment in associate is carried at cost less provision. The result of associate is accounted for the extent of dividends received and receivable.

(d) Loans and advances to customers

(i) Loans and advances to customers are subject to general provisions and specific provisions for bad and doubtful debts.

(ii) All advances on which principal or interest have been overdue for more than three months are classified as non-performing in accordance with the requirements of the AMCM.

Specific provisions are made in accordance with the requirements set out under Notice No. 18/93 issued by AMCM against the difference between the carrying amounts of loans and advances and the recoverable amounts. Recoverable amounts include the estimated cash received from the guarantor or from the disposal of loan collaterals. General provision is maintained at not less than 1% of the aggregate value of loans and advances that are not overdue for more than three months at the date of reporting period. Changes in the provisions are recognised in profit or loss. Where the loans and advances have no reasonable prospect of recovery, the balance is written off. An amount recovered from loans and an advance that has been written off will be recognised as income in profit or loss.

5. Accounting Policies (continued)

(d) Loans and advances to customers (continued)

(iii) Interest income from non-performing loans is no longer accrued but recorded in an off-balance sheet account. An amount subsequently received will first be offset against the principal of outstanding loans and advances. Only when the principal of loans and advances is fully repaid can the amount receive in excess be recognised as interest income.

(iv) In the recovery of non-performing loans, the Bank may take repossession of collateral assets through court proceedings or by the borrowers' voluntary delivery of possession. In order to achieve an orderly realisation, the collateral assets acquired in exchange for advances are reclassified to other accounts. The assets acquired are recorded at the carrying amount of the advances derecognised at the date of exchange. Provision for impairment losses, if necessary, is the difference between the estimated fair value of the assets and the carrying amount of the assets at acquisition.

(e) Equipment and other fixed assets

Equipment and other fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of the fixed assets on a straight-line basis over their estimated useful lives as follows:

– *Furniture, fixture and equipment*	*5 to 10 years*
– *Computer equipment*	*4 years*
– *Motor vehicles*	*5 years*
– *Leasehold improvements*	*6 years*
– *Computer software*	*3 to 10 years*
– *Installation expenditures*	*3 years*

(f) Deferred expenses

Deferred expenses include installation expenditures on the Bank's leasehold properties and computer software acquired and are amortized over three years on a straight-line basis.Unaudited information (continued)

5. Accounting Policies (continued)

(g) Translation of foreign currencies

Foreign currency transactions during the year are translated into Macau Patacas at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Macau Patacas at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Macau Patacas 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.

(h) Operating leases

Where the Bank has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(i) Cash and Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

5. Accounting Policies (continued)

(j) Off balance sheet financial derivatives used for asset and liability management purposes

The interest arising from the interest rate derivative instruments is recognised in the income statement as the interest income or expense has received or receivable or paid and payable during the period. The gain or loss arising from the settlement and on retranslation of foreign exchange derivative instruments is recog nised in profit or loss in the period in which they arise. The financial derivative instruments are recorded off balance sheet.

(k) Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rate enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Related parties

For the purposes of these financial information, 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 credit institution;

(ii) has significant influence over the credit institution; or

(iii) holds a qualifying holding in the credit institution;

(iv) is a member of the board of directors or supervisory board of the credit institution or of a parent of the credit institution; or

5. Accounting Policies (continued)

(l) Related parties (continued)

(v) is a member of the key management personnel, other than a member of the board of directors or supervisory board as identified in sub-item (iv) above, of the credit institution or of a parent of the credit institution.

(b) Any entity if any of the following conditions applies:

(i) That entity and the credit institution are members of the same group (e.g. parent, subsidiary and fellow subsidiary).

(ii) That entity holds a qualifying holding in the credit institution.

(iii) That entity is an associate or joint venture of the credit institution (or an associate or joint venture of a member of a group of which the credit institution is a member).

(iv) The credit institution is an associate or joint venture of that entity (or an associate or joint venture of a member of a group of which that entity is a member).

(v) That entity and the credit institution are both joint ventures of the same third party.

(vi) That entity is a joint venture of a third entity and the credit institution is an associate of that third entity.

(vii) The credit institution is a joint venture of a third entity and that entity is an associate of that third entity.

(viii) That entity is controlled or jointly controlled by a person identified in (a).

(ix) 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).

(x) A person identified in (a)(iv) is a member of the key management personnel of that entity (or of a parent of that entity).

6 Related party transactions

Policy for lending to related parties

A number of transactions are entered into with related parties in the normal course of business. These include deposits and foreign currency transactions. These transactions were carried out on commercial terms and conditions and at market rates.

The Bank's lending policy to related parties are as follows:

(a) The Bank shall not incur an exposure to any person, individual or corporate, which holds, directly or indirectly, a qualifying holding in it, or to companies in which this person has direct or indirect control, which at any time in the aggregate exceeds 20% of its own funds;

(b) The aggregate exposure of all holders of qualifying holdings and companies referred to in (a) may not exceed at any time, 40% of the Bank's own funds;

(c) The operations referred to in (a) and (b) require approval from all the members of the Board of Directors and a favourable opinion from the Supervisory board, and the respective terms shall be notified to AMCM within ten (10) days counted from the date of the respective approval;

(d) The Bank shall not incur any exposure in the following cases and above the following limits:

  (i) against the security of its own shares;

  (ii) to the members of the Board of Directors and Supervisory board, their spouses so long as they are not judicially separated or married under the regime of separate property, children, parents, step-children, step-parents, sons-in-law, daughters-in-law, parents-in-law or companies under their control or to which Board of Directors or Supervisory board they belong, to an aggregate amount exceeding 10% of own funds;

  (iii) to each of the entities mentioned in ii, to an amount exceeding 1% of own funds; and,

  (iv) to each employee, for an amount which exceeds his or her total net annual income.

6 Related party transactions (continued)

(e) The exposure referred to in above d (ii) and d (iv) may exceed the limits set therein when the credit is intended for home purchase by the respective beneficiary, collateralized by a real guarantee which has been evaluated by an independent value and registered in the name of the Bank.

The volume of related party transactions, outstanding balances at the year-end and related income and expense for the year 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	45,345,552
Interest expense	1,269,629
Commission received from services	6,287,912
Commission paid for custody service and other services	9,806

6 Related party transactions (continued)

(b) Transactions with group companies (continued)

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	41,284,925
Current Accounts	11,481
Sundry Debtors	769,252
Deposits on demand with foreign credit institutions	17,037,597
Interest receivables	39,507

Liabilities:

Fixed term deposits	201,027,600
Fixed customers deposits	607,410
Deposits on demand	838,930
Interest payables	19,885

7 Capital

(a) Share capital

Authorised, issued and fully paid (in MOP):

200,000 shares of MOP1,000 each	200,000,000

(b) Capital management

The Bank's policy is to maintain a strong capital base to support the development of the business and to meet the AMCM's statutory capital requirement. In addition to meeting the requirements of AMCM, the Bank's primary objectives when managing capital are to safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns to shareholders. This is achieved by allocating capital to various business areas and business units on the basis of specific risk profiles and by a constant measurement and monitoring of the performance. Capital and its allocation are therefore extremely important for the strategy, since capital is the object of the return expected by investors on their investment in the Bank, and also because it is a resource that has to comply with regulatory provisions.

The Bank's approach for the calculation of regulatory capital and capital charges (credit risk, market risk and operational risk) are in accordance with the AMCM rule. The Bank has an internal capital assessment process to ensure sufficient capital is available to absorb both regulatory capital requirements and any additional material risks inherent in the Bank's present and future business activities. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Bank, to the extent that these do not conflict with the directors' fiduciary duties towards the Bank.

Capital is managed dynamically and the Bank prepares the financial plan, monitors capital ratios for regulatory purposes on a monthly basis and anticipates the appropriate steps required to achieve its goals. As the Bank is part of a larger group, the Bank's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

7 Capital (continued)

(b) Capital management (continued)

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 31 December 2014 amounted to MOP 480.7 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	55,428,017
Other reserve	112,873
Retained earnings	211,974,268
Profit for the year	2,401,404
Total core capital	469,916,562
General provision	
Total supplementary capital	10,810,431
Total amount of own funds	480,726,993

7 Capital (continued)

(b) Capital management (continued)

(i) Own funds (continued)

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.

- 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 31 December 2014, the Bank has maintained an Operational Risk Solvency Ratio of 31.13% 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.

8 Credit risk management

Credit risk is the risk of financial loss to the Bank when the counterparty fails to meet the contractual obligations, and arises principally from the Bank's loans and advances to customers and investments in debt securities and liquid securities. The Bank has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

In respect of loans and advances to customers, individual credit evaluations are performed on all customers requiring credit. These evaluations focus on the customer's past history of making payments and current ability to pay, taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Bank obtains collateral from customers.

Loans and advances to customers on which principal or interest have been overdue are classified as past due in accordance with the requirement set-out under Notice no. 18/93-AMCM. Past due accounts are further classified into groups based on the number of days past due as follows:

- Group I - up to 3 months;
- Group II - over 3 months and less than or equal to 12 months;
- Group III - over 12 months and less than or equal to 18 months;
- Group IV - over 18 months.

Loans and advances to customers are subject to general provisions and specific provisions for bad and doubtful debts in accordance with Notice no. 18/93-AMCM as follows:

a) At the end of each quarter, a minimum specific provision shall be set up for past due accounts, based on their respective balances net of the realizable value of any existing and duly formalized tangible collateral, under Group II, Group III and Group IV at 40%, 80% and 100%, respectively.

b) General provision is maintained at not less than 1% of the aggregate value of loans and advances that are not overdue for more than three months at the date of reporting period.

8 Credit risk management (continued)

Changes in the provisions are recognized in profit or loss. Where the loans and advances have no reasonable prospect of recovery, the balance is written off. An amount recovered from loans and advances that have been previously written off will be recognized as income in profit or loss.

As of 31 December 2014, loans and advances to customers are outstanding for less than 3 months, thus, minimum specific provision is not warranted. A general provision was provided amounted to MOP 10.8 million, which meets the minimum reserve requirement by AMCM.

Investment in debt securities and liquid securities are quoted in a recognised stock exchange and with counterparties that have high credit ratings. Furthermore, transactions involving derivative financial instruments are with counterparties of sound credit standing. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations, thus, no impairment loss is recognized as of 31 December 2014.

8 Credit risk management (continued)

(i) Geographical analysis of loans and advances to customers

Region	*Gross loans and ad vances to customers* MOP	*Overdue loans and ad vances (less than 3 months)* MOP
Macau SAR	617,834,987	-
Of which:		
– Banks	-	-
– Government/Public sectors	-	-
– Others	617,834,987	-
Portugal	167,715,766	-
Of which:		
– Banks	-	-
– Government/Public sectors	-	-
– Others	167,715,766	-
Hong Kong	76,823,075	-
Of which:		
– Banks	-	-
– Government/Public sectors	-	-
– Others	76,823,075	-
India	29,462,756	-
Of which:		
– Banks	-	-
– Government/Public sectors	-	-
– Others	29,462,756	
Others	93,524,309	-
Of which:		
– Banks	13,625,309	-
– Government/Public sectors	-	-
– Others	79,899,000	-
Total	985,360,893	-

8 Credit risk management (continued)

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.

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

Region	*Gross Investments* MOP
Hong Kong SAR	32,188,955
Of which:	
– Banks	31,959,600
– Government/Public sectors	-
– Others	229,355
United Kingdom	15,979,800
Of which:	
– Banks	15,979,,800
– Government/Public sectors	-
– Others	-
Netherlands	15,979,800
Of which:	
– Banks	-
– Government/Public sectors	-
– Others	15,979,800
Total	64,148,555

8 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.

	Gross loans and advances to customers MOP	*Overdue loans and advance (less than 3 months)* MOP
Manufacturing	240,090,546	-
Construction and public works	3,302	-
Trading	112,971,538	-
Restaurants, hotels, etc	354,347,232	-
Transportation, storage and communication	3,251,420	-
Other credit:		
for other personal use	231,228	-
others	274,465,627	-
	985,360,893	-

8 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 31 December 2014 to the contractual maturity date:

		Maturity date of financial instruments						
	On demand MOP	*Up to 1 month* MOP	*1 to 3 months* MOP	*3 to 12 months* MOP	*1 to 3 years* MOP	*More than 3 years* MOP	*Within an indefinite period* MOP	*Total* MOP
Assets								
Cash and balances with and loans and advances to banks	61,293,913	7,436,962	931,586	46,541,687	-	-	-	116,204,148
Other securities	229,355	-	-	-	-	-	55,053,356	55,282,711
Loans and advances to customers	33,371,467	91,016,874	100,346,684	214,991,660	507,138,774	27,685,003	-	974,550,462
Interest receivables	-	1,144,518	4,016,073	131,299	-	-	-	5,291,890
	94,894,735	99,598,354	105,294,343	261,664,646	507,138,774	27,685,003	55,053,356	1,151,329,211

8 Credit risk management (continued)

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

Analysis of assets and liabilities by remaining maturity (continued)

		Maturity date of financial instruments						
	On demand MOP	*Up to 1 month* MOP	*1 to 3 months* MOP	*3 to 12 months* MOP	*1 to 3 years* MOP	*More than 3 years* MOP	*Within an indefinite period* MOP	*Total* MOP
Liabilities								
Deposits and balances of banks and financial institutions	-	-	-	-	-	-	-	-
Deposits from non-bank customers	46,602,487	292,432,846	95,985,674	52,796,156	-	-	-	487,817,163
Deposits from public sector entities	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	838,930	201,027,600	-	-	-	-	-	201,866,530
Interest payables	-	45,175	1,206,932	379,372	-	-	-	1,631,479
	47,441,417	493,505,621	97,192,606	53,175,528	-	-	-	691,315,172
Net asset (liability) position	47,453,318	(393,907,267)	8,101,737	208,489,118	507,138,774	27,685,003	55,053,356	460,014,039

8 Credit risk management (continued)

(d) Analysis of past due assets

As of 31 December 2014, there were no assets that have been past due for more than 3 months.

9 Market risk management

Market risk is the risk arising from the movements in market prices of on and off-balance sheet positions in interest rates, foreign exchange rates, equity and commodity prices and the resulting change in the profit or loss or reserves of the Bank.

The Bank is exposed to market risk through its holdings of foreign currency denominated financial assets and liabilities, interest bearing financial instruments and equity financial instruments. The principal risk exposure of the Bank is from the fluctuation in the future cash flows or fair value of financial instruments due to the change in market interest rate and foreign exchange rate.

The EC reviews and approves the policies for the management of market risk. It has the responsibility of controlling and monitoring market risk including regular review of the risk exposures and the risk management framework, such as the established limits and stop-losses. The limits are set by EC and reviewed on a periodic basis with reference to market conditions. It is the Bank's policy that no limit should be exceeded. Treasury department has been delegated the responsibility on risk measurement and monitoring of market risk.

The Bank enters into financial derivative transactions for the management of assets and liabilities. The Bank uses interest rate swaps to manage mismatches in the interest rate of assets and liabilities. For assets and liabilities denominated in foreign currencies, the Bank will be exposed to risks due to the fluctuations of exchange rates. The Bank will use currency swaps and forward contract to mitigate these risks.

As of 31 December 2014, the Bank's market risk is primarily from foreign exchange swap transactions. There were no outstanding interest rate swaps as of balance sheet date.

9 Market risk management (continued)

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	518
Weighted Market Risk Exposure	518

10 Interest rate risk

The Bank's interest rate risk arises primarily from loans and advances to customers, deposits and placements, investment in debt securities and borrowings.

Fluctuations in market interest rates affect the Bank's net interest margin by altering the amount of income and costs associated to interest rate products and the value of the underlying assets, liabilities and off-balance sheet items.

The Bank interest rate risk exposure is calculated on the basis of classifying all interest rate sensitive assets, liabilities and off-balance sheet items based on their respective re-pricing schedule. It is assumed that there were no loan prepayments and the non-maturity deposits are fully retained and repriced on the next day. This model is similar to the duration model, using a stress testing scenario corresponding to a parallel shift of 200 basis points in the yield curve for all interest rate levels.

Interest rate risk is re-measured on a monthly basis, or when there is a change in the market condition.

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.

10 Interest rate risk (continued)

As of 31 December 2014, 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	(2,721)
HKD	208
USD	2,552

11 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.

12 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.

12 Foreign exchange risk (continued)

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 31 December 2014:

(In thousand of MOP equivalent)

	HKD	*CAD*	*CNY*	*EUR*	*GBP*	*USD*
Spot assets	155,797	107	92	306	12	-
Spot liabilities	-	-	-		-	(1542)
Forward sales	-	-	-	-	-	-
Net long (short) position	155,797	107	92	306	12	(1542)

13 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities.

The Bank's liquidity is managed day-to-day by the Treasury department. The EC of the Bank has the ultimate responsibility for the prudent management of liquidity risk and decision on the structure of the liquidity management. The EC approves the liquidity risk tolerance by defining the level of liquidity risk that the Bank is willing to assume. A liquidity risk strategy is developed and this will be expressed as various high-level quantitative and qualitative targets taking into account the Bank's liquidity needs under both normal and stressful conditions.

To cater for short term funding requirements during ordinary course of business, sufficient liquid assets are held and also access to the interbank market is maintained. In addition, adequate standby facilities are maintained in order to meet any unexpected and material cash outflow. The Bank also performs regular stress tests on its liquidity position to ensure adequate liquidity is maintained at all times.

13 Liquidity risk (continued)

(a) Average liquidity

(i) Average weekly liquidity for the year

	MOP In '000'
Minimum weekly cash in hand	45,446
Average weekly cash in hand	342,993

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	391.4%
3 months current ratio	350.5%

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	2,532,587
Average total basic liabilities	2,222,083
Ratio of specified liquid assets to basic liabilities	114%

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.

EXTERNAL AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF NOVO BANCO Á SIA, S.A.
(incorporated in Macao with limited liability by shares)

The attached summary financial statements of Novo Banco Ásia, S.A. (the "Bank") for the year ended 31 December 2014 have been derived from the audited financial statements and the books and records of the Bank for the year ended on the same date. These summary financial statements, which comprise the balance sheet as at 31 December 2014 and the income statement for the year then ended, are the responsibility of the management. Our responsibility is to express an opinion solely to you, as a body, as to whether the summary financial statements are consistent, in all material respects, with the audited financial statements and the books and records of the Bank, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Wehave audited the financial statements of the Bank for the year ended 31 December 2014 in accordance with Auditing Standards and Technical Standards on Auditing issued by the Government of the Macao Special Administrative Region and have issued an auditor's report with an unqualified opinion on these financial statements dated 19 June 2015.

The audited financial statements comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes.

In our opinion, the summary financial statements are consistent, in all material respects, with the audited financial statements and the books and records of the Bank.

For a better understanding of the financial position of the Bank and its operating results and of the scope of our audit, the attached summary financial statements should be read in conjunction with the audited financial statements and the independent auditor's report thereon.

Cheung Pui Peng Grace
Registered Auditor
PricewaterhouseCoopers

Macao, 19 June 2015