



BANCO ESPIRITO SANTO do Oriente

必利勝銀行

Banco Espírito Santo do Oriente, S.A.

First Half Yearly Disclosure
for the 6 months ended 30 June 2014

Unaudited information (continued)
(Expressed in Macau Patacas)

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.

Balance sheet as at 30 June 2014

ASSETS	GROSS ASSETS	PROVISIONS DEPRECIATION & AMORTIZATION	NET ASSETS
CASH	190,746.31		190,746.31
DEPOSITS WITH AMCM	466,037,918.71		466,037,918.71
VALUES FOR COLLECTION	-		-
DEPOSITS ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	13,470,651.68		13,470,651.68
DEPOSITS ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	48,096,146.04		48,096,146.04
OTHER VALUES	95,240.34		95,240.34
LOANS AND ADVANCES	976,605,785.95		976,605,785.95
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	-		-
DEPOSITS AT CALL AND AT TERM ABROAD	3,005,872,900.00		3,005,872,900.00
SHARES, BONDS AND OTHER SECURITIES	67,079,380.61	(5,287,595.91)	61,791,784.70
DEBTORS	1,339,547.84		1,339,547.84
OTHER APPLICATIONS	-		-
INVESTMENTS	190,000.00		190,000.00
EQUIPMENT	3,867,941.83	(2,982,127.85)	885,813.98
DEFERRED EXPENDITURES	15,120,532.41	(1,479,854.26)	13,640,678.15
INSTALLATION EXPENDITURES	4,316,303.50	(2,238,541.00)	2,077,762.50
CONSTRUCTIONS IN PROGRESS	9,147,753.54		9,147,753.54
INTERNAL ACCOUNTS	12,500,759.47		12,500,759.47
TOTAL	4,623,931,608.23	(11,988,119.02)	4,611,943,489.21

Unaudited information (continued)
(Expressed in Macau Patacas)

Balance sheet as at 30 June 2014 (continued)

LIABILITIES	SUB-TOTALS	TOTAL
DEPOSITS ON DEMAND	85,969,666.06	
FIXED TERM DEPOSITS	2,399,477,994.04	
PUBLIC SECTOR DEPOSITS	1,455,912,634.36	3,941,360,294.46
BORROWING FROM LOCAL CREDIT INSTITUTIONS	147,020,000.00	
CHEQUES & PAYMENT ORDERS	254,094.03	
CREDITORS	6,344.43	
OTHER LIABILITIES	227,037.13	147,507,475.59
INTERNAL ACCOUNTS	39,301,555.71	
PROVISIONS FOR OTHER RISKS AND CHARGES	9,851,556.00	
SHARE CAPITAL	200,000,000.00	
LEGAL RESERVES	46,949,744.79	
OTHER RESERVES	3,760,252.24	299,863,108.74
RESULTS CARRIED FORWARD	220,452,539.91	
PROFIT FOR THE PERIOD ENDED	2,760,070.51	223,212,610.42
		4,611,943,489.21

Unaudited information (continued)
(Expressed in Macau Patacas)

Balance sheet as at 30 June 2014 (continued)

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	25,603,861.62
VALUES HELD AS GUARANTEE	1,946,693,577.63
BANK GUARANTEES	100,960,820.03
LETTER OF CREDIT ISSUED	27,617,779.50
ACCEPTANCES OUTSTANDING	84,971,458.49
FORWARDS PURCHASE	2,779,499,648.00
FORWARDS SALES	2,778,466,010.00
OTHER MEMORANDUM ITEMS	2,019,349,296.95

Unaudited information (continued)
 (Expressed in Macau Patacas)

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.
Operating Profit and Loss
For the 6 months period ended 30 June 2014

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSE	33,351,238.50	INTEREST INCOME	51,680,158.46
STAFF COSTS:		BANKING SERVICES INCOME	156,044.13
MANAGEMENT REMUNERATION	5,007,680.09	OTHER BANKING SERVICES INCOME	138,116,116.78
EMPLOYEES REMUNERATION	5,645,119.43	SECURITIES & FINANCIAL INVESTMENT INCOME	122,640.80
SOCIAL EXPENSES	350,902.30	OTHER BANKING INCOME	46,745.64
OTHER STAFF COSTS	236,321.00		
THIRD PARTY SUPPLIES	169,169.09		
THIRD PARTY SERVICES	6,935,857.47		
OTHER BANKING EXPENSES	133,667,164.91		
INDUSTRIAL AND OTHER TAXES	79,925.02		
OTHER EXPENSES	124,308.00		
DEPRECIATION AND AMORTIZATION	1,793,949.49		
PROVISIONS FOR OTHER RISKS AND CHARGES	-		
OPERATING PROFIT FOR THE PERIOD ENDED	2,760,070.51		
TOTAL	190,121,705.81	TOTAL	190,121,705.81

Unaudited information (continued)
(Expressed in Macau Patacas)

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.
Net Profit and Loss
For the 6 months period ended 30 June 2014

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS FOR THE PERIOD ENDED	-	OPERATING PROFIT FOR THE PERIOD ENDED	2,760,070.51
PRIOR YEAR LOSS	-	PRIOR YEAR GAIN	-
EXCEPTIONAL LOSS	-	EXCEPTIONAL PROFIT	-
COMPLEMENTARY INCOME (CORPORATE) TAX	-	PROVISIONS UTILISED	-
NET PROFIT FOR THE PERIOD ENDED	2,760,070.51	NET LOSS FOR THE PERIOD ENDED	-
TOTAL	2,760,070.51	TOTAL	2,760,070.51

Unaudited information (continued)
(Expressed in Macau Patacas)

Governing Bodies

Board of the General Meeting

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

Board of Directors

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

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
Rui Manuel Fernandes Pires Guerra
Paulo Jorge Gonçalves Dias Afonso
Paulo Jorge Carrageta Ferreira

Supervisory Board

Ricardo Abecassis Espírito Santo Silva (Chairman)
José Manuel Macedo Pereira
Joaquim Jorge Perestrelo Neto Valente

Unaudited information (continued)
(Expressed in Macau Patacas)

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>
Banco Espírito Santo, S.A.	199,500	99.75%

Unaudited information (continued)
(Expressed in Macau Patacas)

1 The Cash flow statement

Operating activities

Profit before taxation 2,760,071

Adjustments for:

Depreciation and amortisation 1,793,950

Amortisation of premium on securities
investments

Charge to provisions

Gain on disposal of fixed asset

Foreign exchange gain

4,554,021

Decrease/(increase) in operating assets

Change in loans and advances (135,648,380)

Change in placements with foreign credit
institutions with original maturity over
three months (56,119,572)

Change in other assets 1,128,222

(Decrease)/increase in operating liabilities

Change in deposits on demand (26,349,766)

Change in fixed term deposits 266,669,427

Change in borrowings from local credit
institutions 44,020,000

Change in other liabilities (8,105,645)

Change in other payables -

**Cash (used in)/generated from operating
activities 85,594,286**

Taxation paid -

**Net cash (used in)/generated from
operating activities 85,594,286**

Unaudited information (continued)
(Expressed in Macau Patacas)

1 The Cash flow statement (continued)

Investing activities

Proceeds from disposal of fixed asset	-
Payment for fixed assets and deferred expenses	(11,144,085)

Net cash (used in)/generated from investing activities	<u>(11,144,085)</u>
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Net (decrease)/increase in cash and cash equivalents	74,450,201
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Cash and cash equivalents at 1 January	<u>1,267,574,459</u>
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Cash and cash equivalents at 30 June	<u><u>1,342,024,660</u></u>
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Unaudited information (continued)
(Expressed in Macau Patacas)

2 Off-balance sheet exposures other than derivative transactions

At 30 June 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	100,960,820
Values received for safekeeping	-
Values held as guarantees	1,946,693,578
Letter of Credit	100,960,820
Undrawn facilities	1,175,055,231
Risk participation	-
Values for collection	25,603,862
Acceptance outstanding	84,971,458

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

Up to one year	3,421,947
From one year to five years	-
	<u>3,421,947</u>

3 Derivatives

As at 30 June 2014, 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 exchange contract	<u>2,779,499</u>	<u>0</u>

Unaudited information (continued)
(Expressed in Macau Patacas)

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

6 Related party transactions

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	2,471,020
Interest expense	122,626
Commission received from services	4,149,278

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	3,005,872,900
Current Accounts	-
Sundry Debtors	507,454
Deposits on demand with foreign credit institutions	14,570,473
Loans and advances to customers (forfeiting)	124,101,798
Interest receivables	9,980,622

Unaudited information (continued)
(Expressed in Macau Patacas)

Liabilities:

Fixed term deposits	168,176,888
Fixed customers deposits	-
Deposits on demand	-
Interest payables	418,568
Deferred income (forfeiting)	1,629,066

7 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 2014 amounted to MOP 483.78 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	46,949,745
Other reserve	3,760,252
Retained earnings	220,452,540
Profit for the period	<u>2,760,071</u>
Total core capital	473,922,608
General provision/ Total supplementary capital	<u>9,851,556</u>
Total amount of own funds	483,774,164

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 30 June 2014, the Bank has maintained an Operational Risk Solvency Ratio of 28.66% 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

(i) Geographical analysis of loans and advances to customers

Unaudited information (continued)
(Expressed in Macau Patacas)

<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	360,856,840	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	360,856,840	-
Portugal	124,598,354	-
Of which:		
- Banks	124,598,354	-
- Government/Public sectors	-	-
- Others	-	-
France	98,041,500	-
Of which:		
- Banks	-	-
- Government/Public sectors	-	-
- Others	98,041,500	-
Others	393,109,092	-
Of which:		
- Banks	186,150,755	-
- Government/Public sectors	-	-
- Others	206,958,337	-
Total	976,605,786	-

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

<i>Region</i>	<i>Gross Investments MOP</i>
Hong Kong SAR	34,798,478

Unaudited information (continued)
(Expressed in Macau Patacas)

Of which:	
- Banks	32,335,605
- Government/Public sectors	-
- Others	2,462,873
United Kingdom	16,143,545
Of which:	
- Banks	16,143,545
- Government/Public sectors	-
- Others	-
Netherlands	10,898,296
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	10,898,296
Total	61,840,319

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.

	<i>Gross loans and advances to customers</i> MOP	<i>Overdue loans and advance (less than 3 months)</i> MOP
Manufacturing	32,655,660	-
Construction and public works	177,882,500	-
Trading	140,601,938	-
Restaurants, hotels, etc	65,546,755	-
Transportation, storage and communication	3,623,772	-
Other credit:		
for other personal use	269,445	-
others	556,025,716	-
	<u>976,605,786</u>	<u>-</u>

Unaudited information (continued)
(Expressed in Macau Patacas)

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 2013 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>	
Assets								
Cash and balances with and loans and advances to banks	527,700,102	1,027,584,231	2,133,258,977	112,775,400	-	-	-	3,801,318,710
Other securities	3,308,126	-	-	-	-	-	58,532,193	61,840,319
Loans and advances to customers	45,114,484	414,687,960	151,039,750	98,017,883	-	-	-	708,860,077
Interest receivables	-	1,715,751	875,050	75,971	-	-	-	2,666,772
	<u>576,122,712</u>	<u>1,443,987,942</u>	<u>2,285,173,777</u>	<u>210,869,254</u>	<u>-</u>	<u>-</u>	<u>58,532,193</u>	<u>4,574,685,878</u>

Unaudited information (continued)
(Expressed in Macau Patacas)

8 Credit risk management (continued)

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

Analysis of assets and liabilities by remaining maturity (continued)

	On demand MOP	Maturity date of financial instruments					Within an indefinite period MOP	Total 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		
Liabilities								
Deposits and balances of banks and financial institutions	-	147,020,000	-	-	-	-	-	147,020,000
Deposits from non-bank customers	35,218,915	241,120,753	475,338,528	1,565,592,576	-	-	-	2,317,270,772
Deposits from public sector entities	-	642,062,499	737,752,737	76,097,399	-	-	-	1,455,912,635
Deposits from holding and associated companies	510,788	-	-	-	-	-	-	510,788
Interest payables	-	2,503,891	16,512,875	245,370	-	-	-	19,262,136
	<u>35,729,703</u>	<u>1,032,707,143</u>	<u>1,229,604,140</u>	<u>1,641,935,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,939,976,331</u>
Net asset (liability) position	<u>540,392,469</u>	<u>411,280,799</u>	<u>1,055,569,637</u>	<u>(1,431,066,091)</u>	<u>-</u>	<u>-</u>	<u>58,532,193</u>	<u>634,709,007</u>

Unaudited information (continued)
(Expressed in Macau Pataca)

8 Credit risk management (continued)

(d) Analysis of past due assets

As of 30 June 2014, there were no assets that have been past due for more than 3 months.

9 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	54
Weighted Market Risk Exposure	<u>637</u>

10 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 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	(5,300)
HKD	(283)
USD	4,953

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.

Unaudited information (continued)
(Expressed in Macau Pataca)

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 2013:

(In thousand of MOP equivalent)

	HKD	CAD	CNY	EUR	GBP	USD
Spot assets	134,631	116	91	-	138	15,241
Spot liabilities	-	-	-	(637)	-	-
Forward sales	-	-	-	-	-	-
Net long (short) position	134,631	116	91	(637)	138	(15,241)

13 Liquidity risk

(a) Average liquidity

(i) Average weekly liquidity for the year

	MOP In '000'
Minimum weekly cash in hand	482,712
Average weekly cash in hand	231,694

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	131.62%
3 months current ratio	245.30%

Unaudited information (continued)
(Expressed in Macau Pataca)

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	3,501,779
Average total basic liabilities	2,182,787
Ratio of specified liquid assets to basic liabilities	160%

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.