



BANCO WELL LINK, S.A.

Annual Disclosure
for the year ended 31 December 2017

Content for Disclosure of Financial Information

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BANCO WELL LINK, S.A.
Balance sheet as at 31 December 2017
(Expressed in Macau Patacas)

ASSETS	GROSS ASSETS	PROVISION DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	173,906.31	-	173,906.31
DEPOSIT WITH AMCM	81,161,143.73	-	81,161,143.73
VALUES FOR COLLECTION	929,794.82	-	929,794.82
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	146,043,115.18	-	146,043,115.18
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	99,879,071.41	-	99,879,071.41
OTHER VALUES	95,157.62	-	95,157.62
LOANS AND ADVANCES	374,704,067.22	6,729,008.86	367,975,058.36
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	184,717,900.00	-	184,717,900.00
DEPOSIT AT CALL AND AT TERM ABROAD	-	-	-
SHARES, BONDS AND OTHER SECURITIES	32,207,200.00	-	32,207,200.00
DEBTORS	1,361,499.80	-	1,361,499.80
OTHER APPLICATIONS	-	-	-
INVESTMENTS	100,000.00	-	100,000.00
EQUIPMENTS	3,390,160.80	2,699,040.05	691,120.75
DEFERRED EXPENDITURES	24,022,224.18	395,001.74	23,627,222.44
INSTALLATION EXPENDITURES	9,932,112.60	6,838,766.72	3,093,345.88
CONSTRUCTIONS IN PROGRESS	-	-	-
INTERNAL ACCOUNTS	11,786,566.07	-	11,786,566.07
TOTAL	970,503,919.74	16,661,817.37	953,842,102.37

Balance sheet as at 31 December 2017 (continued)
(Expressed in Macau Patacas)

LIABILITIES	SUB-TOTAL	TOTAL
DEPOSITS ON DEMAND	60,061,406.44	-
FIXED TERM DEPOSITS	522,506,096.59	-
PUBLIC SECTOR DEPOSITS	-	582,567,503.03
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	-
FOREIGN CURRENCY LOANS	144,505.67	-
CHEQUES AND PAYMENT ORDERS	73,844.03	-
CREDITORS	14,047,526.89	-
OTHER LIABILITIES	231,265.98	14,497,142.57
INTERNAL ACCOUNT	-	12,975,363.12
PROVISION FOR OTHER RISKS AND CHARGES	-	4,400,000.00
CAPITAL	200,000,000.00	-
LEGAL RESERVE	56,989,653.13	-
OTHER RESERVES	112,873.04	257,102,526.17
RESULTS CARRIED FORWARD	128,220,814.45	-
PROFIT FOR THE YEAR	-45,921,246.97	82,299,567.48
TOTAL		953,842,102.37

Balance sheet as at 31 December 2017 (continued)
(Expressed in Macau Patacas)

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	20,917,423.61
VALUES HELD AS GUARANTEE	1,030,360,229.36
BANK GUARANTEES	73,705,590.75
LETTER OF CREDIT ISSUED	12,422,573.35
ACCEPTANCES OUTSTANDING	17,042,995.55
FORWARDS PURCHASE	-
FORWARDS SALES	-
OTHER MEMORANDUM ITEMS	632,314,017.17

BANCO WELL LINK, S.A.
Operating Profit and Loss Account
For the year ended 31 December 2017
(Expressed in Macau Patacas)

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	6,457,935.42	INTEREST INCOME	19,880,137.92
STAFF COSTS:		BANKING SERVICE INCOME	1,918,999.03
MANAGEMENT REMUNERATION	9,217,895.78	OTHER BANKING SERVICES INCOME	1,865,963.88
EMPLOYEES REMUNERATION	8,600,948.96	SECURITIES AND FINANCIAL INVESTMENT INCOME	872,337.95
SPECIAL EXPENSES	563,424.64	OTHER BANKING INCOME	176,483.03
OTHER STAFF COSTS	260,412.20	OPERATING LOSS	27,259,551.57
THIRD PARTY SUPPLIES	256,441.44		
THIRD PARTY SERVICES	15,769,850.03		
OTHER BANKING EXPENSES	185,246.58		
INDUSTRIAL AND OTHER TAXES	139,470.00		
OTHER EXPENSES	267,778.00		
DEPRECIATION AND AMORTIZATION	4,735,061.47		
PROVISIONS FOR OTHER RISKS AND CHARGES	5,519,008.86		
OPERATING PROFIT	-		
TOTAL	51,973,473.38	TOTAL	51,973,473.38

BANCO WELL LINK, S.A.
Profit and Loss Account
For the year ended 31 December 2017
(Expressed in Macau Patacas)

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	27,259,551.57	OPERATING PROFIT	-
PRIOR YEAR LOSS	-	PROFIT YEAR GAIN	638,120.00
EXCEPTIONAL LOSS	19,297,812.40	EXCEPTIONAL PROFIT	-
COMPLEMENTARY (CORPORATE) INCOME TAX	2,003.00	PROVISIONS UTILISED	-
NET PROFIT	-	NET LOSS	45,921,246.97
TOTAL	46,559,366.97	TOTAL	46,559,366.97

CHIEF EXECUTIVE OFFICER

Zhang Chen

CHIEF OPERATING OFFICER

Wang Lu

Macau, 7 May 2018



The Background of Well Link Bank, S.A.

Banco Well Link, S.A., formerly known as Novo Banco Ásia, 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-F", Macao. The principal activities of the Bank are the provisions of banking, financial and other related services.

On 31 December 2016, the Board of Directors considers the immediate holding company to be Novo Banco, S.A. ("NBSA"), a bank incorporated in Lisbon, Portugal and the ultimate holding company to be Fundo de Resolução, a resolution fund established in Portugal.

In May 2017, NBSA transferred 26% and 49% of its equity interest in the Bank to Well Link Holdings Limited and six other companies incorporated in Macao, respectively.

On 31 December 2017, the Board of Directors considers no immediate holding company or ultimate holding company for the Bank.

These financial statements have been approved for issue by the Board of Directors on 27 April 2018, it was resolved that Mr. Zhang Chen and Ms Wang Lu will represent the Board to sign the financial statements.

Summary of the Board of Directors' Report

Economic Data for Macao

The economy in Macao grew in real terms by 9.1% in 2017, ending the economic contraction of the past three years. In 2017, Macao's GDP was MOP 404.2 billion, with a per capita GDP of MOP 0.62 million. Inflation decreased to 1.23% and the unemployment rate remained stable at 2%.

Despite the economic recovery, domestic demand in Macao remained weak and decreased by 2.7% in 2017. Conversely, private consumption and the government's final consumption increased by 1.6% and 1.7% respectively, but fixed capital investment fell by 10% year on year.

The number of visitors and visitor consumption increased, leading to the growth of the overall exports of services by 15.4%, of which exports of services in gaming and exports of other tourism services increased by 16.4% and 15.4% respectively, whereas exports of goods rose by 12.3%.

The Bank's Work: Highlights

The year 2017 was an important milestone in the history of the Well Link Bank as it marked two decades since the bank was established. 2017 also saw a change of control to a consortium of regional investors led by Well Link Holdings Limited, which acquired 75% equity interest of Novo Banco Asia S.A. in May 2017, after which it was renamed Well Link Bank.

The Bank's services in 2017 were considerably affected by a series of unusual factors. In particular, as the Bank was still in the process of changing ownership during most of the first half of 2017, it had therefore adopted stricter credit standards, leading to reduced commercial activity.

In the second half of 2017, after the completion of the change in ownership, and with the official authorization from the Monetary Authority of Macao (AMCM), the Bank embarked on a transformational process in order to lay strong foundations for its future expansion. This included replacing the IT core system, renting business premises for setting up branches in the future, advertising the new name and brand of the Bank in the market, and an extensive recruitment drive. As a result, the Bank faced higher operational costs.

Since the new management team took over, the Bank has launched a series of measures to retain and motivate its key staff members. Under the premise of ensuring excellent customer service, the main focus of the Bank has been to expand its client base and prepare to

Summary of the Board of Directors' Report (continued)

set up branches and online banking services. Moreover, since September 2017, the Bank has reversed the Balance Sheet's downwards trend over the past few years, as it has seen steady growth in deposits and loans. In addition, all major supervisory indicators are sound.

In January 2018, the Bank received a capital injection of MOP 300 million. Therefore, the Bank plans to open the first branch in mid-2018 to provide more diversified and efficient banking services. Leveraging the opportunities arising from Macao being the Commercial and Trade Co-operation Service Platform between China and Portuguese-speaking Countries, and China's economic growth, the Bank will grow into a regional Bank to provide a "one-stop shop" for financial services for people and SMEs in Macao, and even in the Greater Bay Area.

Financial Performance in 2017

Due to the Novo Banco, S.A.'s reorganization and the change in ownership in 2017, business has downsized considerably in the last two years. Meanwhile, after the ownership change, the Bank replaced its IT core system, as well as stepping up efforts in marketing and recruitment, leading to a **Net Loss of MOP 45.92 million**. From the second half to the end of 2017, the Bank's **Loans** grew moderately by 4% to **MOP 368 million**. **Customer Deposits** also grew by an impressive 13.5% over the same period in 2016 to **MOP 582.6 million**, bringing the Bank's LTD ratio to 63% by the end of the year.

As a consequence of the stagnation in loans, **Interbank Placements** kept high at **MOP 430.6 million**, ensuring the Bank's optimum liquidity.

The relatively low volumes of loans and low interest rates mentioned above led to a decline in Net Interest Income (**MOP 13.42 million**) and Commission and Fees (**MOP 3.96 million**), impacting the **Operating Income**.

Meanwhile, the Bank's preparatory work for launching various initiatives has led to an expenditure increase, with the **Operating Costs** rising by 22% to **MOP 39.81 million**. Yet, the initiatives will pave the way for the growth to come.

Finally, the IT core system's replacement means that the new IT infrastructure is able to support the Bank's development for more diversified products and services in 2018 and beyond. Therefore, this necessitated the write-off of the previous IT system investment of **MOP 18.9 million**, which further impinged upon the Bank's performance in 2017.

In conclusion, the performance in 2017 was affected by the Bank's previous stagnant situation and the change of the IT system. However, the new management team has deployed new strategies. On the basis of the Bank's optimum liquidity and strong capital, and with the continuous steady growth in deposits, we will further promote the Bank's business strategies and plans, so as to ensure that the Bank will regain its profitability.

The Board of Directors

Macao, 27 April 2018

The Report from the Supervisory Board

Dear Shareholders,

Pursuant to the applicable legal and statutory provision and the Articles of Association, the Supervisory Board hereby submits its activity report and opinion on the Board of Directors' Report and Accounts of **BANCO WELL LINK, S.A.**, for the Financial Year ended 31 December 2017.

The Board of Directors' Report outlines in a clear manner the economic situation and progress of the Bank's activity during the 2017 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 Board of Directors' Report gives a fair view of the Bank's activity and the Accounts comply with the law and statutory provision.

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

1. The 2017 Audited Financial Statement performed by PricewaterhouseCoopers should be approved; and
2. The Board of Directors' Report and the Accounts are correct, and considered to be appropriate for submission to the General Meeting for approval.

The Supervisory Board
Macau, 27 April 2018

Governing Bodies

Board of the General Meeting

Xu Chujia (Chairman of the Board of the General Meeting - appointed on 4.7.2017)

Yeung Chi Shing (Secretary of the Board of the General Meeting - appointed on 4.7.2017)

Wang Lu (Secretary of the Board of the General Meeting - appointed on 4.7.2017)

Maria de Lourdes Nunes Mendes da Costa (Chairman of the Board of the General Meeting - resigned on 4.7.2017)

Rui Luís Cabral de Sousa (Secretary of the Board of the General Meeting - resigned on 4.7.2017)

Board of Directors

Zhang ShengMan (Chairman - appointed on 11.8.2017)

José Manuel Trindade Morgado (Board Member)

Paulo Jorge Fernandes Franco (Board Member)

Zhang Chen (Board Member - appointed on 11.8.2017)

Wang Lu (Board Member - appointed on 11.8.2017)

Xu Chujia (Board Member - appointed on 11.8.2017)

Ngan Yuen Ming (Board Member - appointed on 11.8.2017)

Chen Hua (Board Member - appointed on 11.8.2017)

Huang Guanghai (Board Member - appointed on 11.8.2017)

Lin Wenjie (Board Member - appointed on 11.8.2017)

Vitor Manuel Lopes Fernandes (Board Member - resigned on 7.6.2017)

Rui Manuel Fernandes Pires Guerra (Board Member - resigned on 7.6.2017)

Paulo Jorge Carrageta Ferreira (Board Member - resigned on 7.6.2017)

Sio Chi Wai (Board Member - resigned on 7.6.2017)

Executive Committee

Zhang Chen (Executive Committee & Chief Executive Officer - appointed on 11.8.2017)

Wang Lu (Executive Committee - appointed on 11.8.2017)

Paulo Jorge Fernandes Franco (Executive Committee - resigned on 7.6.2017)

José Manuel Trindade Morgado (Executive Committee – appointed on 11.8.2017)

Supervisory Board

Chen Xiao Chun (Chairman of Supervisory Board - appointed on 11.8.2017)

Vong Hin Fai (Supervisory Board Member - appointed on 11.8.2017)

CSC & Associados - Sociedade de Auditores (represented by Mok Chi Meng) (Supervisory Board Member - appointed on 11.8.2017)

Joaquim Jorge Perestrelo Neto Valente (Chairman of Supervisory Board - resigned on 7.6.2017)

José Manuel Macedo Pereira (Supervisory Board Member - resigned on 7.6.2017)

Vitor Tang Chon In (Supervisory Board Member - resigned on 7.6.2017)

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

	<i>Ordinary shares of MOP1,000 each</i>	
	<i>Total number of ordinary shares</i>	<i>% of total issued shares</i>
Europ Assistance (Macau) – Serviços de Assistência Personalizados, Lda.	400	25%

Shareholder of the Bank (From 22 May 2017)

Well Link Holdings Limited	26%
Novo Banco, S.A.	25%
KingYin (Macau) Holdings Limited	15%
Trillion Investment Company Limited	15%
ShengMan Investments Limited	10%

1 Report of Corporate Governance

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

Board of the General Meeting

Xu Chujia (Chairman of the Board of the General Meeting - appointed on 4.7.2017)

Yeung Chi Shing (Secretary of the Board of the General Meeting - appointed on 4.7.2017)

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Board of the general meeting

The Board of the General Meeting is composed of shareholders holding at least one hundred shares of the company and its deliberations, when taken in accordance with law and statutes, shall be mandatory for all, regardless the number of shares they owned.

The Board of the General Meeting is ordinarily held at the end of March of each year in order to discuss the report and accounts of the Board of Directors and the Supervisory Board Report of the previous year, to carry out the elections when necessary and discuss any other matters required by law.

Board of Directors

Zhang ShengMan (Chairman - appointed on 11.8.2017)

José Manuel Trindade Morgado (Board Member)

Paulo Jorge Fernandes Franco (Board Member)

Zhang Chen (Board Member - appointed on 11.8.2017)

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Sio Chi Wai (Board Member - resigned on 7.6.2017)

1 Report of Corporate Governance(continued)

Executive Committee

Zhang Chen (Executive Committee & Chief Executive Officer - appointed on 11.8.2017)
Wang Lu (Executive Committee - appointed on 11.8.2017)
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Vitor Tang Chon In (Supervisory Board Member - resigned on 7.6.2017)

Board of directors

The administration and management of all the affairs and interests of the Bank is supervised by Board of Directors which shall be composed of an uneven number of members, in number not less than three nor more than eleven. The Board main responsibilities, among others, are as follows:

- Coordinate the activities of the Bank;
- Establish the organization units of bank and approve their regulations;
- Deliberate on the establishment of an Executive Committee, which will consist of an odd number not less than three members, define competence, powers and way of operation and delegating it the management of the business and the use of corresponding powers;
- Prepare accounts that must be submitted to the Board of the General Meeting and submit to the Supervisory Board all documents required by law;
- Perform all acts aimed in achieving the Bank's activities and all other duties assigned by the Status.

1 Report of Corporate Governance(continued)

Supervisory Board

Chen Xiao Chun (Chairman of Supervisory Board - appointed on 11.8.2017)

Vong Hin Fai (Supervisory Board Member - appointed on 11.8.2017)

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Vitor Tang Chon In (Supervisory Board Member - resigned on 7.6.2017)

Supervisory board

The Supervisory board comprises of three (3) independent directors, in which one (1) should be a registered auditor. The Supervisory board responsibilities, among others, are as follows:

- Closely monitor the management of the bank;
- Ensure compliance with the laws, regulations and articles of the association;
- Examine the books and accounting records;
- Fulfill other obligations imposed by law and the articles of the association; and
- Annually prepare a Supervisory Report and give opinion on the Board of Directors' Report, Balance Sheet, Profit and Loss Account, and the proposed appropriation of profits by the Board of Directors.

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.

1 Report of Corporate Governance(continued)

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 and two additional members.

The members of the EC are as follows:

Executive Committee

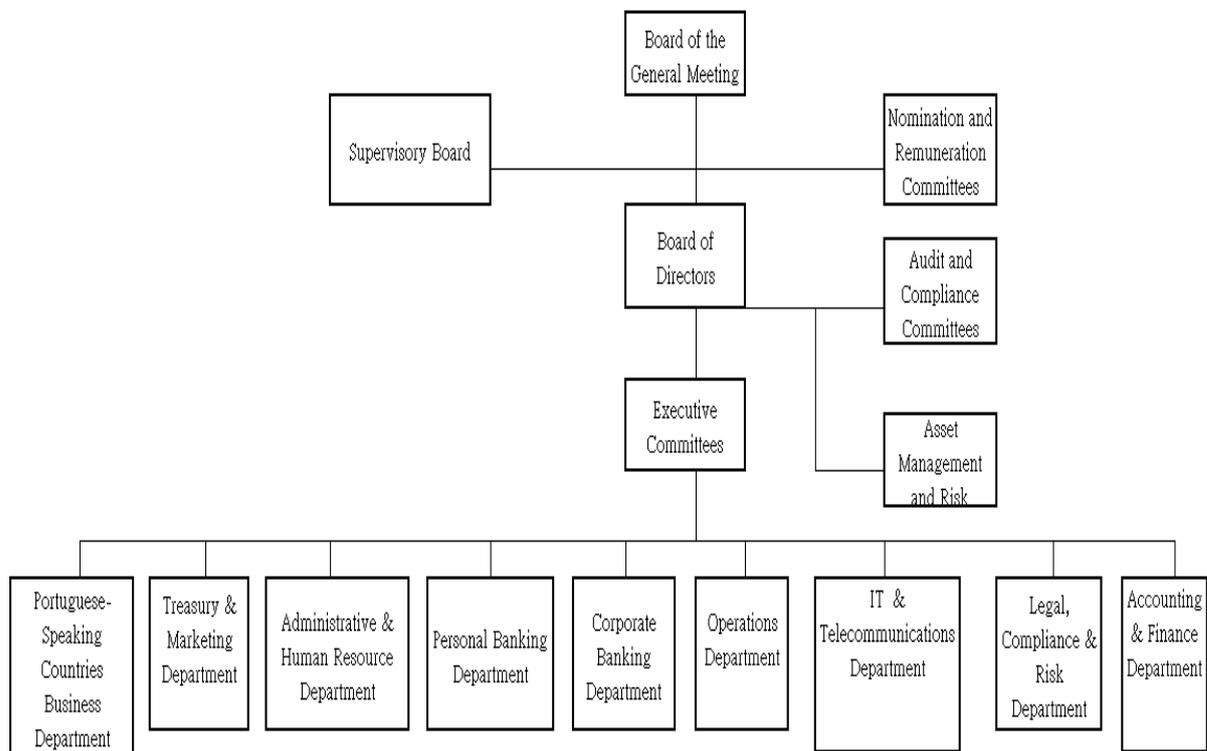
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José Manuel Trindade Morgado (Executive Committee – appointed on 11.8.2017)

Organizational chart



2 The Cash flow statement

Operating activities	MOP
(Loss)/Profit before taxation	(46,266,643)
Adjustments for:	
Depreciation and amortisation	4,735,061
Amortisation of premium on securities investments	(145,638)
(Written Back)/Charge to provisions for loans and advances	5,228,289
Gain on sale of shares and debts securities	-
Gain on disposal of equipment and other fixed asset	-
Cost adjustment for equipment and other fixed assets	-
Foreign exchange gain/(loss)	331,643
Impairment charge for computer software	18,905,811
Impairment charge for other receivables	392,000
(Increase)/decrease in operating assets:	
Change in minimum statutory deposit at AMCM	790,000
Change in gross loans and advances	(19,825,091)
Change in placements with local credit institutions with original maturity beyond three months	(154,500,000)
Change in placements with foreign credit institutions with original maturity beyond three months	201,976,100
Change in interest receivables and other assets	(7,815,069)
Increase/(decrease) in operating liabilities:	
Change in deposits on demand	9,226,517
Change in fixed term deposits	20,564,215
Change in other liabilities	(5,555)
Change in other payables	3,368,918
Net cash generated from operations	36,960,558
Income tax paid	(102,299)
Net cash generated from operating activities	36,858,259

2 The Cash flow statement(continued)

Investing activities	MOP
Proceeds from disposal of equipment and other fixed asset	-
Proceeds from sale of shares and debts securities	-
Purchase of equipment and other fixed assets	(12,559,140)
Net cash (used in)/generated from investing activities	(12,559,140)
Net increase in cash and cash equivalents	24,299,119
Cash and cash equivalents at 1 January	324,546,897
Exchange impact on cash and cash equivalents	3,155,915
Cash and cash equivalents at 31 December	352,001,931

3 Off-balance sheet exposures other than derivative transactions

At 31 December 2017, the Bank had the following contingent liabilities and outstanding commitments:

(a)

<i>Off balance sheet items outstanding (contract amount) at the balance sheet date</i>	
	<i>(in MOP)</i>
Bank guarantees issued	73,705,591
Values held as guarantees	1,030,360,229
Letter of Credit	12,422,573
Undrawn facilities	403,654,017
Values for collection	20,917,424

3 Off-balance sheet exposures other than derivative transactions(continued)

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

Up to one year	3,275,903
From one year to five years	-
	3,275,903

4 Derivatives

As at 31 December 2017, the notional amount of interest-bearing off -balance sheet financial instruments is as follows:

	<i>Notional amount MOP</i>	<i>Credit risk weighted amount MOP</i>
Foreign currency swaps	228,660,000	-
Foreign exchange contract	-	-
	-	-

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

5. Accounting Policies

(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 has the positive intention and ability to hold them to maturity. Bonds 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.

(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 to the extent of dividends received and receivable.

5. Accounting Policies (continued)

(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.

- (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 received 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.

5. Accounting Policies (continued)

(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:

- <i>Furniture, fixture and equipment</i>	<i>5 to 10 years</i>
- <i>Computer equipment</i>	<i>4 years</i>
- <i>Motor vehicles</i>	<i>5 years</i>
- <i>Leasehold improvements</i>	<i>6 years</i>
- <i>Computer software</i>	<i>3 to 10 years</i>
- <i>Installation expenditures</i>	<i>3 years</i>

(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)

(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.

5. Accounting Policies (continued)

(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.

(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 recognised 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.

5. Accounting Policies (continued)

(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
 - (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).

5. Accounting Policies (continued)

- (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;

6. Related party transactions (continued)

- (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.
- (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.

<i>The amount of related party transactions during the year is set out below</i>	<i>(in MOP)</i>
Interest income	2,313,627
Interest expense	764,252

6 Related party transactions (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	-
Current Accounts	-
Sundry Debtors	-
Deposits on demand with foreign credit institutions	99,854,378
Interest receivables	-

Liabilities:

Fixed term deposits	-
Fixed customers deposits	507,267
Deposits on demand	151,119
Interest payables	32

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 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 2017 amounted to MOP 343.8 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).

<i>Component of own fund is as follows</i>	<i>(in MOP)</i>
Share capital	200,000,000
Legal reserve	56,989,653
Other reserve	112,873
Retained earnings	128,220,815
Profit for the year	-45,921,247
 Total core capital	 339,402,094
 General provision	
Total supplementary capital	4,400,000
 Total amount of own funds	 343,802,094

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) Capital Adequacy Ratio

As of 31 December 2017, the Bank has maintained a Capital Adequacy Ratio of 44.25% against AMCM minimum regulatory requirement of 8%. The Capital Adequacy Ratio is calculated with the Bank's own fund expressed as a percentage of the sum of its "credit risk-weighted assets", "market risk-weighted exposures" and "operational risk-weighted exposures". The capital solvency ratio is calculated in accordance with Notice no. 011/2015-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 2017, loans and advances to customers for more than 3 months are MOP 12.67 million, the specific provision is provided MOP 6.73 million. A general provision was amounted to MOP 4.4 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 2017.

8 Credit risk management (continued)

(i) Geographical analysis of loans and advances to customers

<i>Region</i>	<i>Gross loans and advances to customers MOP</i>	<i>Overdue loans and advances (more than 3 months) MOP</i>
Macau SAR	224,338,786	9,941,472
Hong Kong	67,654,418	2,729,009
Cayman Islands	40,259,000	-
China, People's Republic	27,768,882	-
Taiwan	2,000,000	-
Others	12,500	-
Total	362,033,586	12,670,481

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	-
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	-
United Kingdom	16,103,600
Of which:	
- Banks	16,103,600
- Government/Public sectors	-
- Others	-
Netherlands	16,103,600
Of which:	
- Banks	-
- Government/Public sectors	-
- Others	16,103,600
Total	32,207,200

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>	<i>Overdue loans and advance (more than 3 months)</i>
	<i>MOP</i>	<i>MOP</i>
Manufacturing	188,829,245	-
Construction and public works	-	9,941,472
Trading	77,514,981	2,729,009
Restaurants, hotels, etc	6,658,257	-
Transportation, storage and communication	4,268,567	-
for other personal use	47,859,600	-
others	36,902,936	-
	<u>362,033,586</u>	<u>12,670,481</u>

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 2017 to the contractual maturity date:

	<i>Maturity date of financial instruments</i>							<i>Total</i> MOP
	<i>On demand</i> MOP	<i>Up to 1 month</i> MOP	<i>1 to 3 months</i> MOP	<i>3 to 12 months</i> MOP	<i>1 to 3 years</i> MOP	<i>More than 3 years</i> MOP	<i>Within an indefi- nite period</i> MOP	
Assets								
Cash and balances with and loans and advances to banks	328,187,031	50,817,900	20,600,000	113,300,000	-	-	-	512,904,931
Other securities	-	-	-	-	-	-	32,207,200	32,207,200
Loans and advances to customers	12,665,554	73,035,664	91,694,180	162,289,377	12,502,737	11,387,546	-	363,575,058
Interest receivables	-	701,960	2,313,091	312,239	-	-	-	3,327,290
	<u>340,852,585</u>	<u>124,555,524</u>	<u>114,607,271</u>	<u>275,901,616</u>	<u>12,502,737</u>	<u>11,387,546</u>	<u>32,207,200</u>	<u>912,014,479</u>

8 Credit risk management (continued)

(c) Analysis of assets and liabilities by remaining maturity (continued)

	<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>	
Liabilities								
Deposits on demand	60,205,912	-	-	-	-	-	-	60,205,912
Fixed term deposits	-	169,032,596	157,864,706	165,008,449	30,600,345	-	-	522,506,096
Deposits from holding and associated companies	-	-	-	-	-	-	-	-
Interest payables	-	170,062	403,483	478,792	54,000	-	-	1,106,337
	<u>60,205,912</u>	<u>169,202,658</u>	<u>158,268,189</u>	<u>165,487,241</u>	<u>30,654,345</u>	<u>-</u>	<u>-</u>	<u>583,818,345</u>
Net asset (liability) position	<u>280,646,673</u>	<u>(44,647,134)</u>	<u>(43,660,918)</u>	<u>110,414,375</u>	<u>(18,151,608)</u>	<u>11,387,546</u>	<u>32,207,200</u>	<u>328,196,134</u>

(d) Analysis of past due assets

As of 31 December 2017, the total amount of overdue loans and advances (more than 3 months) was 12,670,481 MOP.

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 2017, the Bank's market risk is primarily from foreign exchange swap transactions. There were no outstanding interest rate swaps as of balance sheet date.

The capital charge for market risk calculated in accordance with Notice no. 011/2015-AMCM guidelines as follows:

	<i>MOP In '000'</i>
Capital charge on foreign exchange Exposure/Total capital charge for market risk	257
Market Risk Exposure	257

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.

As of 31 December 2017, interest rate risk weighted position on all currencies, measured as its impact in the economic values of own funds as follows:

	<i>MOP</i> <i>In '000'</i>
MOP	(333)
HKD	307
USD	266

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.

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 2017:

<i>(In thousand of MOP equivalent)</i>						
	<i>HKD</i>	<i>CAD</i>	<i>CNY</i>	<i>EUR</i>	<i>GBP</i>	<i>USD</i>
Spot assets	150,015	101	94	50	11	(83,703)
Spot liabilities	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-
Net long (short) position	150,015	101	94	50	11	(83,703)

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.

(a) Average liquidity

(i)

<i>Average weekly liquidity for the year</i>	
	<i>MOP In '000'</i>
Minimum weekly cash in hand	5,954
Average weekly cash in hand	38,213

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)

<i>Liquidity ratio for the year</i>	
	<i>In Percentage</i>
1 month current ratio	694.0%
3 months current ratio	534.0%

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.

13 Liquidity risk (continued)

<i>(a) Average solvency assets</i>	<i>MOP In '000'</i>
Average specified liquid assets	533,749
Average total basic liabilities	297,075
Ratio of specified liquid assets to basic liabilities	179.7%

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 BANCO WELL LINK, S.A.

The attached summary financial statements of Banco Well Link, S.A. (the "Bank") for the year ended 31 December 2017 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 2017 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.

We have audited the financial statements of the Bank for the year ended 31 December 2017 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 27 April 2018.

The audited financial statements comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in reserve 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, 07 May 2018