



BANCO WELL LINK, S.A.

**First Half Yearly Disclosure
for the first half year ended 30 June
2022**

Content for Disclosure of Financial Information

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BANCO WELL LINK, S.A.

Balance Sheet

As at 30 June 2022

	30-Jun-22	31-Dec-21
	MOP	MOP
ASSETS		
Cash	63,782,999	63,694,437
Deposits and clearing balances with AMCM	209,997,172	275,695,295
Deposits on demand and clearing balances with credit institutions	286,320,909	282,458,335
Placements with credit institutions	6,051,537,846	7,078,225,249
Debt investments	1,085,505,168	811,681,123
Loans and advances*	7,433,691,730	6,024,572,440
Interest receivables	53,540,276	41,737,224
Other assets	101,124,859	30,559,791
Deferred tax assets	898,537	898,537
Investments in associates	2,550,410	2,550,410
Plant and equipment	90,821,659	93,708,069
	<hr/>	<hr/>
Total assets	15,379,771,565	14,705,780,910
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*The amount of loans and advances is the balance after deducting the allowance for loan impairment. According to the new Financial Reporting Standards approved by the Economic and Financial Secretary No. 44/2020, which introduces the implementation of International Financial Reporting Standard 9 - Financial Instruments (IFRS 9), from 1 January 2022, loan impairment allowances are required to be calculated using the expected credit loss (ECL) model and the requirement to establish a regulatory reserve; therefore, loan impairment allowances are calculated using the ECL model at 30 June 2022 and the old Financial Reporting Standards at 31 December 2021.

BANCO WELL LINK, S.A.
Balance Sheet
As at 30 June 2022 (continued)

	30-Jun-22	31-Dec-21
	MOP	MOP
LIABILITIES		
Deposits on demand	943,532,988	1,287,779,687
Fixed term deposits	11,321,365,558	9,972,928,675
Deposits with credit institutions	18,664,843	18,130,337
Borrowings with credit institutions	206,000,000	676,385,000
Other liabilities	132,178,730	19,982,038
Other payables	29,254,377	125,514,190
Current tax liabilities	15,198,550	15,198,549
Deferred tax liabilities	-	-
	<hr/>	<hr/>
Total liabilities	12,666,195,046	12,115,918,476
	<hr/>	<hr/>
EQUITY		
Share capital	2,200,000,000	2,200,000,000
Legal reserve	103,384,638	86,471,208
Investment revaluation reserve	(35,759,848)	(14,245,610)
Other reserve	112,873	112,873
General regulatory reserves	55,800,000	-
Specific regulatory reserves	-	-
Retained profits	390,038,856	317,523,963
	<hr/>	<hr/>
Total equity	2,713,576,519	2,589,862,434
	<hr/>	<hr/>
Total liabilities and equity	15,379,771,565	14,705,780,910
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BANCO WELL LINK, S.A.
STATEMENT OF PROFIT OR LOSS
As at 30 June 2022

	30-Jun-22	30-Jun-21
	MOP	MOP
Interest income	264,784,073	214,386,486
Interest expenses	(96,901,736)	(95,449,837)
NET INTEREST INCOME	167,882,337	118,936,649
Fee and commission income	27,949,334	24,148,808
Fee and commission expenses	(1,955,971)	(1,324,911)
NET FEE AND COMMISSION INCOME	25,993,363	22,823,897
Other operating income	500	197,114
Other operating expenses	(85,943,630)	(80,662,904)
	107,932,570	61,294,756
Credit impairment for expected credit loss	(10,158,041)	(7,649,530)
PROFIT BEFORE TAX	97,774,529	53,645,226
Income tax expenses	0	0
PROFIT FOR THE YEAR	97,774,529	53,645,226

BANCO WELL LINK, S.A.
STATEMENT OF PROFIT OR LOSS
As at 30 June 2022

	30-Jun-22	30-Jun-21
	MOP	MOP
PROFIT FOR THE YEAR	97,774,529	53,645,226
OTHER COMPREHENSIVE INCOME		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(21,514,238)	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(21,514,238)	0

CHIEF EXECUTIVE OFFICER

Chong Sio Fai

EXECUTIVE DIRECTOR

Huang Ruisheng

Governing Bodies and Qualified Shareholders

Chairing Board of Shareholders' meeting

Chairman : Xu Chujia

Secretary : Yeung Chi Shing

Secretary : Xiang Fei

Board of Directors :

Chairman : Zhang Shengman

Directors : Xu Chujia

Paulo Jorge Fernandes Franco

So Shing Shun

Lao Pun Lap

Antonio Jose Felix Pontes

Chong Sio Fai

Huang Ruisheng

Cai Kunshan

Artur Jorge Teixeira Santos

Fang Hongguang

Resigned on 31.03.2022

Hon Wai Ming

Resigned on 30.06.2022

Executive Committee :

Chong Sio Fai

Huang Ruisheng

Cai Kunshan

Artur Jorge Teixeira Santos

Supervisory Board :

Chairman : Ng Man Kung

Members : Vong Hin Fai

CSC & Associates – Sociedade de Auditores (represented by Mok Chi Meng)

Company Secretary : Xiang Fei

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

	<i>Total Capital</i>	<i>Holding capital</i>	<i>% of Total Capital</i>
Anderson Services Company Limited	MOP400,000	MOP 100,000	25%
Zhuhai Liqiao Jinrong Keji Youxian Gongs	CNY 10,000,000	CNY 2,000,000	20%

Qualified Shareholders:

Shareholders with a qualified holding as of 30 June 2022:

Well Link Holding Limited	59.67%
Kingyin (Macau) Holdings Limited	15%
Shengman Investments Limited	10%

The Cash flow statement

	30-Jun-22 MOP	30-Jun-21 MOP
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	97,774,529	53,645,225
Adjustments for:		
Depreciation	10,905,623	36,385,950
Loss on disposal of debt investments at fair value	-	157,554
Provision for doubtful loans and advances	10,158,041	7,649,530
Interest income from debt investments	(21,131,563)	-
Loss on disposal of items of plant and equipment	-	1,887,831
Exchange adjustments	30,891,735	130,785,509
	128,598,365	230,511,599
Increase in minimum statutory deposits with AMCM	(9,932,462)	(17,581,523)
Increase in loans and advances	(1,363,477,331)	(591,279,609)
Decrease in placements with local credit institutions with original maturity more than three months	1,145,652,000	865,597,081
(Increase)/Decrease in placements with foreign credit institutions with original maturity more than three months	(21,744,500)	2,445,226,809
(Increase)/Decrease in interest receivables and other assets	(82,368,120)	3,403,400
(Decrease)/Increase in deposits on demand	(343,287,193)	531,766,583
Increase in fixed term deposits	877,626,883	187,857,097
Increase/(Decrease) in other liabilities	112,196,692	(2,432,692)
Decrease in other payable	(96,259,813)	(43,801,085)
	347,004,521	3,609,267,660
Cash generated from operations	347,004,521	3,609,267,660
Macao complementary tax paid	-	-
	347,004,521	3,609,267,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of plant and equipment	(8,019,213)	(48,919,312)
Purchases of debt investments	(313,444,660)	(149,201,629)
Proceeds from disposal of debt investments	0	197,114
	(321,463,873)	(197,923,827)

The Cash flow statement(continued)

	30-Jun-22 MOP	30-Jun-21 MOP
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	0	0
Net cash flows from financing activities	0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		
	25,540,648	3,411,343,833
Cash and cash equivalents at beginning of year	5,915,226,816	2,451,857,199
CASH AND CASH EQUIVALENTS AT END OF YEAR	5,940,767,464	5,863,201,032
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash	63,782,999	48,676,598
Deposits and clearing balances with AMCM	209,997,171	235,827,559
Deposits on demand with local credit institutions	286,320,909	430,200,594
Placements with local credit institutions with original maturity at or within three months	4,437,511,647	3,691,938,971
Placements with foreign credit institutions with original maturity at or within three months	1,081,321,200	1,590,888,833
Less: Minimum statutory deposits with AMCM	(138,166,462)	(134,331,523)
Cash and cash equivalents as stated in the statement of cash flows	5,940,767,464	5,863,201,032

Off-balance sheet exposures other than derivative transactions

At 30 June 2022 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	46,491,235
Values held as guarantees	30,977,896,833
Letter of Credit	5,945,615
Undrawn facilities	509,846,621
Values for collection	-
Acceptances	-

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*

The Bank leases certain of its office premises under operating lease arrangements. Leases for office premises are negotiated for terms ranging from one to two years. At 30 June 2022, the Bank had future aggregate minimum lease payments under non-cancellable operating leases as follows (in MOP):

Within one year	20,727,473
In the second to fifth years, inclusive	48,447,731
	<u>69,175,204</u>

Derivatives

As at 30 June 2022, 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	-	-
Foreign exchange contract	-	-
	<u> </u>	<u> </u>

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

Related party transactions

The volume of related party transactions, outstanding balances as at 30 June 2022 and related income and expense for the first half year of 2022 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 this 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>
Shareholders:		
Interest expenses		(15)
Directors:		
Interest expenses		(16,893)
Other related parties		
Interest expenses		(1,059,558)

Related party transactions (continued)

<i>The outstanding amounts of related party transactions as at the end of the reporting period are set out below</i>		<i>(in MOP)</i>
Shareholders:		
Deposit on demand		(674,011)
Interest payables		(3)
<hr/>		
Directors:		
Deposit on demand		(1,507,714)
Fixed term deposits		(653,661)
Other payables		(1,160)
<hr/>		
Associates:		
Deposit on demand		(515,838)
Interest payables		(2,332,060)
<hr/>		
Other related parties		
Deposit on demand		(104,705,190)
Fixed term deposits		(107,661,674)
Interest payables		(1,013,647)
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Capital

(a) Share capital

Authorised, issued and fully paid (in MOP):

2,200,000 shares of MOP1,000 each	<u>2,200,000,000</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 2022 amounted to MOP2.64 billion. The value of own fund 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	2,200,000,000
Legal reserve	103,384,637
General Regulatory Reserves	55,800,000
Other reserve	112,873
Changes in the fair value of bonds	(35,759,848)
Retained earnings	<u>292,264,327</u>
Total core capital	2,615,801,990
General provision/ Total supplementary capital	<u>21,715,671</u>
Total amount of own funds	<u>2,637,517,660</u>

The Bank's core capital consists of the following:

- Paid-up share capital pertains to 2,200,000 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.

Capital (continued)

(b) Capital management (continued)

(i) Own funds (continued)

- Other reserve pertains to the one-time transfer of retained profits in the prior year.
- Retained earnings are the accumulated undistributed profits, net of legal reserves set aside in accordance with FSA. Profit for the year pertains to the income earned for the period.

The Bank's supplementary capital represents the statutory reserves on general provision calculated in accordance with AMCM rules.

(ii) Operational Risk Adjusted Solvency ratio

- As of 30 June 2022, the Bank has maintained an Operational Risk Solvency Ratio of 25.95% 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. 011/2015-AMCM.

Credit risk management

(a) Geographical distribution of exposures

(i) Geographical analysis of loans and advances to customers

<i>Region</i>	<i>Loans and Advances Outstanding Balance</i>	<i>Loans and Advances Impaired Loan Amount</i>	<i>Stage III ECL</i>
	<i>MOP</i>	<i>MOP</i>	<i>MOP</i>
Macau SAR	117,972,489	12,493,301	9,785,971
Hong Kong	5,332,624,656	82,085	82,085
Cayman Islands	28,755,344	-	-
China, People's Republic	1,130,533,534	283,911	259,179
Virgin Islands	587,100,000	-	-
Samoa	262,650,000	-	-
Total	7,459,636,023	12,859,297	10,127,235

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.

Credit risk management (continued)

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

<i>Region</i>	<i>Gross Investments MOP</i>
Hong Kong SAR	339,972,965
Of which:	
– Banks	255,097,265
– Government/Public sectors	-
– Others	84,875,700
United Kingdom	64,337,397
Of which:	
– Banks	64,337,397
– Government/Public sectors	-
– Others	-
Philippine	110,282,805
Of which:	
– Banks	110,282,805
– Government/Public sectors	-
– Others	-
China	465,607,732
Of which:	
– Banks	387,490,256
– Government/Public sectors	78,117,476
– Others	-
Macau SAR	105,304,270
Of which:	
– Banks	105,304,270
– Government/Public sectors	-
– Others	-
Total	<u>1,085,505,169</u>

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>Loans and Advances Outstanding Balance</i>	<i>Loans and Advances Impaired Loan Amount</i>	<i>Stage III ECL</i>
	<i>MOP</i>	<i>MOP</i>	<i>MOP</i>
Agriculture and fisheries	-	-	-
Mining industries	-	-	-
Manufacturing industries	28,755,344	-	-
Electricity, gas and water	-	-	-
Construction and public works	5,800,392	-	-
Wholesale and retail trade	1,861,796,523	-	-
Restaurants, hotels and similar	-	-	-
Transport, warehousing and communications	-	-	-
Non-monetary financial institutions	-	-	-
Gaming	-	-	-
Exhibition and conference	-	-	-
Education	-	-	-
Information technology	-	-	-
Other industries	3,989,038,054	-	-
Personal loans	1,574,245,710	12,859,297	10,127,235
	<u>7,459,636,023</u>	<u>12,859,297</u>	<u>10,127,235</u>

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 30 June 2022 to the contractual maturity date:

	<i>on demand</i> MOP	<i>within 1 month</i> MOP	<i>within a period of more than 1 month but not more than 3 months</i> MOP	<i>within a period of more than 3 months but not more than 1 year</i> MOP	<i>within a period of more than 1 year but not more than 3 years</i> MOP	<i>within a period of more than 3 years</i> MOP	<i>within an indefinite period</i> MOP	<i>Total</i> MOP
Financial assets								
Cash	63,782,999	-	-	-	-	-	-	63,782,999
Loans and advances to customers	361,750,214	340,910,851	269,462,592	835,813,878	1,864,853,101	3,760,901,094	-	7,433,691,730
Deposit with banks and credit institutions	286,320,909	2,694,610,846	2,574,222,000	512,705,000	-	-	-	6,067,858,755
Certificates of deposit held	-	-	-	-	-	-	-	-
Securities issued by Macao SAR Government and/or AMCM	-	110,000,000	140,000,000	20,000,000	-	-	-	270,000,000
Other securities	-	48,199,134	-	64,337,397	529,297,179	443,671,458	-	1,085,505,168
Financial assets Total	711,854,122	3,193,720,831	2,983,684,592	1,432,856,275	2,394,150,280	4,204,572,552	-	14,920,838,652

Credit risk management (continued)

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

Analysis of assets and liabilities by remaining maturity (continued)

	<i>on demand</i> MOP	<i>within 1 month</i> MOP	<i>within a period of more than 1 month but not more than 3 months</i> MOP	<i>within a period of more than 3 months but not more than 1 year</i> MOP	<i>within a period of more than 1 year but not more than 3 years</i> MOP	<i>within a period of more than 3 years</i> MOP	<i>within an indefinite period</i> MOP	<i>Total</i> MOP
Financial liabilities								
Deposits and balances of banks and financial institutions	2,184,843	206,000,000	-	-	16,480,000	-	-	224,664,843
Deposits from public sector entities	-	103,000,000	911,615,964	1,048,192,865	546,882,169	-	-	2,609,690,998
Deposits from holding and associated companies	515,838	-	-	-	-	-	-	515,838
Deposits from non-bank customers	1,140,402,255	1,725,049,368	2,327,783,562	1,691,345,444	2,680,129,565	89,981,516	-	9,654,691,710
Certificates of deposits issued	-	-	-	-	-	-	-	-
Other securities issued	-	-	-	-	-	-	-	-
Financial Liabilities Total	1,143,102,936	2,034,049,368	3,239,399,526	2,739,538,309	3,243,491,734	89,981,516	-	12,489,563,389

Credit risk management (continued)

(d) *Ageing analysis of accounting past-due exposures*

(i) Loans and advances to non-bank customers

	Loans and Advances Outstanding Balance		Value of Collateral MOP	Stage III ECL MOP
	MOP	% to total		
Performing and past due for no more than 3 months	7,446,927,746	99.83%	/	74,852
Past due for more than 3 months but not more than 6 months	4,100,088	0.05%	100,000	1,897,818
Past due for more than 6 months but not more than 1 year	2,028,119	0.03%	60,000	1,574,495
Past due for more than 1 year	6,580,070	0.09%	-	6,580,070
	<u>7,459,636,023</u>	<u>100.00%</u>	<u>160,000</u>	<u>10,127,235</u>

(ii) Loans and advances to banks

During the period, the Bank did not have any overdue interbank loans and advances.

(iii) Other assets

During the period, the Bank did not have any overdue other assets.

(e) *Credit quality analysis under regulatory asset classification*

	Amount in MOP			Value of Collateral MOP	ECL MOP
	Stage I	Stage II	Stage III		
Credit - loans and advance					
Pass	6,947,325,692	-	-	7,110,652,002	15,484,741
Special Mention	-	499,451,033	-	38,551,356	4,113,161
Substandard	-	-	3,721,234	100,000	1,448,494
Doubtful	-	-	2,056,606	60,000	1,597,285
Loss	-	-	7,081,457	-	7,081,457
(subtotal)	6,947,325,692	499,451,033	12,859,297	7,149,363,358	29,725,138
Other credit*					
Pass	51,464,988	-	-	/	127,856
Special Mention	-	39,540,116	-	/	149,110
Loans and advance to banks					
Pass	-	-	-	/	-
Other financial investment					
Pass	1,100,991,010	-	-	-	357,138

*Including all liability arising from guarantees given by the Bank or from bank acceptance, accrued interests and other receivables derived from credit business.

Market risk management

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

	MOP In '000'
Capital charge on foreign exchange	
Exposure/Total capital charge for market risk	3,012
Weighted Market Risk Exposure	3,012

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 2022, 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	(4,402)
HKD	(39,173)
USD	21,932
CNY	33,144

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.

Foreign exchange risk

The Bank's functional currency is Macau Patacas ("MOP"). The Bank is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD") and other major currencies.

As the MOP is pegged to HKD and the HKD is pegged to the USD, the Bank considers the risk of movements in exchange rates between these currencies to be insignificant.

In respect of balances denominated in foreign currencies other than MOP, USD and HKD, the associated assets are matched to the corresponding liabilities denominated in the same currency. Therefore, the effect of foreign exchange fluctuation is minimized.

The following table indicates the concentration of currency risk as of 30 June 2022:

(In thousand of MOP equivalent)

Currency	Net Open Position excluding option contracts Long or Short	Net Position in option contracts Long or Short	Net Open Position including option contracts Long or Short
1 Australian dollars	97	-	97
2 Canadian dollars	125	-	125
3 Chinese renminbi	2,268	-	2,268
4 Euro	(679)	-	(679)
5 Hong Kong dollars	2,854,504	-	2,854,504
6 Japanese yen	-	-	-
7 New Zealand dollars	-	-	-
8 Pound sterling	479	-	479
9 Singapore dollars	-	-	-
10 Swiss francs	-	-	-
11 US dollars	(7,047)	-	(7,047)
Foreign currencies not separately specified above, except gold	43	-	43
12 Gold	-	-	-
13			

Liquidity risk

(a) Average liquidity

(i) Average weekly liquidity for the year	MOP In '000'
Average weekly minimum cash in hand	184,026
Average weekly cash in hand	253,973

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	118.8%
3 months current ratio	109.4%

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	7,139,529
Average total basic liabilities	10,794,211
Ratio of specified liquid assets to basic liabilities	66.1%

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.