



BANCO WELL LINK, S.A.

**First Half Yearly Disclosure
for the first half year ended 30 June
2018**

Content for Disclosure of Financial Information

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BANCO WELL LINK, S.A.
Balance sheet as at 30 June 2018
MOP

ASSETS	GROSS ASSETS	PROVISION, DEPRECIATION AND AMORTIZATION	NET ASSETS
CASH	5,572,497.22		5,572,497.22
DEPOSIT WITH AMCM	49,019,473.70		49,019,473.70
VALUES FOR COLLECTION	5,000.00		5,000.00
DEPOSIT ON DEMAND WITH LOCAL CREDIT INSTITUTIONS	878,922,569.67		878,922,569.67
DEPOSIT ON DEMAND WITH FOREIGN CREDIT INSTITUTIONS	37,744,317.19		37,744,317.19
OTHER VALUES	95,140.50		95,140.50
LOANS AND ADVANCES	1,034,448,962.73	6,729,008.85	1,027,719,953.88
PLACEMENTS WITH LOCAL CREDIT INSTITUTIONS	461,530,000.00		461,530,000.00
DEPOSIT AT CALL AND AT TERM ABROAD	51,943,080.00		51,943,080.00
SHARES, BONDS AND OTHER SECURITIES	153,592,200.00		153,592,200.00
DEBTORS	1,877,529.80		1,877,529.80
OTHER APPLICATIONS	130,000,000.00		130,000,000.00
INVESTMENTS	100,000.00		100,000.00
EQUIPMENTS	2,906,660.80	2,213,546.85	693,113.95
DEFERRED EXPENDITURES	24,094,974.18	1,976,974.27	22,117,999.91
INSTALLATION EXPENDITURES	9,932,112.60	7,320,244.17	2,611,868.43
CONSTRUCTIONS IN PROGRESS	10,413,853.84		10,413,853.84
INTERNAL ACCOUNTS	21,559,292.14		21,559,292.14
TOTAL	2,873,757,664.37	18,239,774.14	2,855,517,890.23

BANCO WELL LINK, S.A.
Balance sheet as at 31 June 2018 (continued)

MOP

LIABILITIES	SUBTOTAL	TOTAL
DEPOSITS ON DEMAND	772,877,812.78	-
FIXED TERM DEPOSITS	1,170,983,869.33	-
PUBLIC SECTOR DEPOSITS	256,455,787.29	2,200,317,469.40
BORROWING FROM LOCAL CREDIT INSTITUTIONS	-	-
FOREIGN CURRENCY LOANS	136,492.54	-
CHEQUES AND PAYMENT ORDERS	73,844.03	-
CREDITORS	1,264,609.10	-
OTHER LIABILITIES	209,754.00	1,684,699.67
INTERNAL ACCOUNT	-	24,220,312.53
PROVISION FOR OTHER RISKS AND CHARGES	-	10,820,000.00
SHARE CAPITAL	500,000,000.00	-
LEGAL RESERVE	56,989,653.13	-
OTHER RESERVES	112,873.04	557,102,526.17
RESULTS CARRIED FORWARD	82,299,567.48	-
PROFIT FOR THE YEAR	(20,926,685.02)	61,372,882.46
TOTAL		2,855,517,890.23

MEMORANDUM ITEMS	AMOUNT
VALUES HELD IN DEPOSIT	-
VALUES HELD FOR COLLECTION	59,529,668.04
VALUES HELD AS GUARANTEE	1,031,827,142.33
BANK GUARANTEES	54,129,271.18
LETTER OF CREDIT ISSUED	8,016,701.33
ACCEPTANCES OUTSTANDING	24,684,971.41
FORWARDS PURCHASE	-
FORWARDS SALES	-
OTHER MEMORANDUM ITEMS	361,956,167.10



BANCO WELL LINK, S.A.
Operating Profit and Loss Account
For the year ended 31 June 2018

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
INTEREST EXPENSES	12,123,588.53	INTEREST INCOME	21,971,291.43
STAFF COSTS:		BANKING SERVICE INCOME	5,231,679.97
MANAGEMENT REMUNERATION	7,944,606.65	OTHER BANKING SERVICES INCOME	143,027.94
EMPLOYEES REMUNERATION	7,732,592.53	SECURITIES AND FINANCIAL INVESTMENT INCOME	646,385.51
SPECIAL EXPENSES	503,701.74	OTHER BANKING INCOME	322,300.37
OTHER STAFF COSTS	363,581.95	OPERATING LOSS	20,926,685.02
THIRD PARTY SUPPLIES	223,219.05		
THIRD PARTY SERVICES	10,667,540.79		
OTHER BANKING EXPENSES	825,383.22		
INDUSTRIAL AND OTHER TAXES	73,599.98		
OTHER EXPENSES	81,487.02		
DEPRECIATION AND AMORTIZATION	2,282,068.78		
PROVISIONS FOR OTHER RISKS AND CHARGES	6,420,000.00		
OPERATING PROFIT	-		
TOTAL	49,241,370.24	TOTAL	49,241,370.24

Profit and loss account
For the first half year ended 30 June 2018

MOP

DEBIT	AMOUNT	CREDIT	AMOUNT
OPERATING LOSS	20,926,685.02	OPERATING PROFIT	-
PRIOR YEAR LOSS	-	PRIOR YEAR GAIN	-
EXCEPTIONAL LOSS	-	EXCEPTIONAL PROFIT	-
COMPLEMENTARY (CORPORATE) INCOME TAX	-	PROVISIONS UTILISED	-
NET PROFIT	-	NET LOSS	20,926,685.02
TOTAL	20,926,685.02	TOTAL	20,926,685.02

CHIEF EXECUTIVE OFFICER

Zhang Chen

CHIEF OPERATING OFFICER

Wang Lu

Governing Bodies

Board of the General Meeting

Xu Chujia (Chairman)
Yeung Chi Shing (Secretary)
Wang Lu (Secretary)

Board of Directors

Zhang ShengMan (Chairman)
Zhang Chen (Board Member)
Wang Lu (Board Member)
Xu Chujia (Board Member)
Ngan Yuen Ming (Board Member)
Chen Hua (Board Member)
Paulo Jorge Fernandes Franco (Board Member)
Artur jorge Teixeira Santos (Board Member - appointed on 01.06.2018)
Tse Yung Hoi (Board Member - appointed on 30.06.2018)
So Shing Shun (Board Member - appointed on 30.06.2018)
Hon Wai Ming Angel (Board Member - appointed on 30.06.2018)
Huang Guanghai (Board Member – resigned on 16.01.2018)
José Manuel Trindade Morgado (Board Member – resigned on 08.03.2018)
Lin Wenjie (Board Member – resigned on 27.04.2018)

Executive Committee

Zhang Chen (Executive Committee & Chief Executive Officer)
Wang Lu (Executive Committee)
Artur jorge Teixeira Santos (Executive Committee - appointed on 01.06.2018)
José Manuel Trindade Morgado (Executive Committee - resigned on 08.03.2018)

Supervisory Board

Ng Man Kung (Chairman of Supervisory Board - appointed on 31.03.2018)
Chen Xiao Chun (Chairman of Supervisory Board - resigned on 16.01.2018)
Vong Hin Fai (Supervisory Board Member)
CSC & Associados - Sociedade de Auditores (represented by Mok Chi Meng) (Supervisory Board Member)

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

Well Link Holdings Limited	38%
Novo Banco, S.A.	10%
KingYin (Macau) Holdings Limited	15%
Trillion Investment Company Limited	15%
ShengMan Investments Limited	10%

1 The Cash flow statement

Operating activities

Operating loss	(20,926,685)
Adjustments for:	
Depreciation and amortisation	2,282,069
Amortisation of premium on securities investments	-
Charge to provisions for loans & advances	6,420,000
Gain on disposal of fixed asset	-
Gain on sale of shares and debts securities	-
Cost adjustment for equipment and other fixed assets	-
Foreign exchange gain/ (loss)	(36,952)
	<hr/>
	(12,261,568)
Decrease/(increase) in operating assets	
Change in mini statutory deposits with AMCM	(8,795,000)
Change in loans and advances	(659,744,896)
Change in placements with local credit institutions with original maturity over three months	133,900,000
Change in placements with foreign credit institutions with original maturity over three months	(3,699,500)
Change in interest receivable & other assets	(10,288,739)
(Decrease)/increase in operating liabilities	
Change in deposits on demand	712,808,393
Change in fixed term deposits	904,933,560
Change in other liabilities	(879,856)
Change in other payables	(679,624)
	<hr/>
Cash (used in)/generated from operating activities	1,055,292,770
Taxation paid	-
	<hr/>
Net cash (used in)/generated from operating activities	1,055,292,770

1 The Cash flow statement (continued)

Investing activities

Capital Increased	300,000,000
Proceeds from disposal of equipment and other fixed asset	-
Proceeds in purchase of shares and debts securities	(251,257,000)
Purchase of equipment and other fixed assets	<u>(10,798,264)</u>
Net cash (used in)/generated from investing activities	<u>37,944,736</u>
Net (decrease)/increase in cash and cash equivalents	1,093,237,506
Cash and cash equivalents at 1 January	<u>352,001,931</u>
Cash and cash equivalents at 30 June	<u><u>1,445,239,437</u></u>

2 Off-balance sheet exposures other than derivative transactions

At 30 June 2018 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	54,129,271
Values held as guarantees	1,031,827,142
Letter of Credit	8,016,701
Undrawn facilities	361,956,167
Values for collection	59,529,668
Acceptances	24,684,971

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 2018, the Bank had future aggregate minimum lease payments under operating leases as follows (in MOP):

Up to one year	3,002,315
From one year to five years	10,493,739
	13,496,054

3 Derivatives

As at 30 June 2018, 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	-	-
	-	-

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

4 Related party transactions

The volume of related party transactions, outstanding balances as at 30 June 2018 and related income and expense for the first half year of 2018 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.

The amount of related party transactions during the year is set out below (in MOP):

Interest income	327,572
Interest expense	16,826
Commission received from services	-
Other operating expenses	88,520

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	75,509,970
Current Accounts	-
Sundry Debtors	-
Deposits on demand with foreign credit institutions	-
Interest receivables	13,932

Liabilities:

Fixed term deposits	-
Fixed customers deposits	507,478
Deposits on demand	143,106
Interest payables	-

5 Capital

(a) Share capital

Authorised, issued and fully paid (in MOP):

500,000 shares of MOP1,000 each	<u>500,000,000</u>
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The capital has increased from MOP200 million to MOP500 million in January, 2018. Well Link Holdings Limited, the major shareholder of Well Link Bank Limited has increased equity to MOP190 million, accounting for 38.0% of the total capital. The non-major shareholder Bright Hua Investment Limited. increased its share capital to MOP30 million accounting for 6% of the total share capital. Except the Novo Banco, S.A maintains the original shareholding, the remaining shareholders increased their shares in accordance with the original shareholding ratio.

(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 2018 amounted to MOP629 million. 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	500,000,000
Legal reserve	56,989,653
Other reserve	112,873
Retained earnings	82,299,567
Loss for the period	<u>(20,926,685)</u>
Total core capital	618,475,408
General provision/ Total supplementary capital	<u>10,820,000</u>
Total amount of own funds	<u>629,295,408</u>

5 Capital (continued)

The Bank's core capital consists of the following:

- Paid-up share capital pertains to 500,000 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.

(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 2018, the Bank has maintained an Operational Risk Solvency Ratio of 38.52% 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.

6 Credit risk management

(i) Geographical analysis of loans and advances to customers

<i>Region</i>	<i>Gross loans and advance to customers MOP</i>	<i>Overdue loans and advances (more than 3 months) MOP</i>
Macau SAR	247,303,597	9,941,472
Hong Kong	503,566,640	2,729,009
China, People's Republic	39,712,100	-
Taiwan	1,984,871	-
Others	229,211,273	-
Total	1,021,778,481	12,670,481

The geographical analysis is classified by location of the borrowers after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party situated in an area different from the counterparty.

6 Credit risk management (continued)

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

<i>Region</i>	<i>Gross Investments MOP</i>
Macau SAR	130,000,000

Of which:	
- Banks	
- Government/Public sectors	130,000,000
- Others	
Hong Kong SAR	121,257,000

Of which:	
- Banks	-
- Government/Public sectors	-
- Others	121,257,000
United Kingdom	16,167,600

Of which:	
- Banks	16,167,600
- Government/Public sectors	-
- Others	-
Netherlands	16,167,600

Of which:	
- Banks	-
- Government/Public sectors	-
- Others	16,167,600
Total	283,592,200
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6 Credit risk management (continued)

(b) Industry distribution of exposures

The following information concerning the further analysis of loans and advances to customers by industry sectors is prepared by classifying the advances according to the usage of the advances in respect of industry sectors.

	<i>Gross loans and advances to customers</i> MOP	<i>Overdue loans and advance (more than 3 months)</i> MOP
Manufacturing	191,838,560	-
Construction and public works	-	9,941,472
Trading	131,631,733	2,729,009
Restaurants, hotels, etc	26,433,211	-
Transportation, storage and communication	869,566	-
Other credit:		
for other personal use	395,753,744	-
others	275,251,667	-
	<u>1,021,778,481</u>	<u>12,670,481</u>

6 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 2018 to the contractual maturity date:

	On demand MOP	Up to 1 month MOP	Maturity date of financial instruments					Overdue Loans & Advances MOP	Total MOP
			1 to 3 months MOP	3 to 12 months MOP	1 to 3 years MOP	More than 3 years MOP	Within an indefinite period MOP		
Assets									
Cash and balances with and loans and advances to banks	971,263,858	461,530,000	51,943,080	-	-	-	-	1,484,736,938	
Securities and other investments	130,000,000	-	-	-	-	-	153,592,200	283,592,200	
Loans and advances to customers	13,497,508	188,702,787	188,818,118	431,553,047	188,387,022	-	5,941,472	1,016,899,954	
Interest receivables	916,905	1,256,033	1,719,592	6,916,097	-	-	-	10,808,627	
	<u>1,115,678,271</u>	<u>651,488,820</u>	<u>242,480,790</u>	<u>438,469,144</u>	<u>188,387,022</u>	<u>-</u>	<u>153,592,200</u>	<u>2,796,037,719</u>	

6 Credit risk management (continued)

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

Analysis of assets and liabilities by remaining maturity (continued)

	<i>Maturity date of financial instruments</i>								<i>Total</i> MOP
	<i>On demand</i> MOP	<i>Up to</i> <i>1 month</i> MOP	<i>1 to 3</i> <i>months</i> MOP	<i>3 to 12</i> <i>months</i> MOP	<i>1 to 3</i> <i>years</i> MOP	<i>More than</i> <i>3 years</i> MOP	<i>Within an</i> <i>indefinite period</i> MOP	<i>Others</i> MOP	
Liabilities									
Deposits on demand	773,014,305	-	-	-	-	-	-	-	773,014,305
Fixed term deposits	-	345,630,308	148,088,234	674,645,833	259,075,282	-	-	-	1,427,439,657
Deposits from holding and associated companies	-	-	-	-	-	-	-	-	-
Interest payables	72	270,134	478,634	5,239,380	2,875,776	-	-	-	8,863,996
	<u>773,014,377</u>	<u>345,900,442</u>	<u>148,566,868</u>	<u>679,885,213</u>	<u>261,951,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,209,317,958</u>
Net asset (liability) position	<u>342,663,894</u>	<u>305,588,378</u>	<u>93,913,922</u>	<u>-241,416,069</u>	<u>-73,564,036</u>	<u>-</u>	<u>153,592,200</u>	<u>5,941,472</u>	<u>586,719,761</u>

6 Credit risk management (continued)

(d) Analysis of past due assets

Up to 30 June 2018, the past overdue loan outstanding for more than 3 months was MOP12.67 mio. a specific provision of MOP6.729 mio on the outstanding figures has been established.

7 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	1,008
Weighted Market Risk Exposure	1,008

8 Interest rate risk

Sensitivity analysis

The following table indicates the instantaneous change in the Bank's economic values of own funds that would arise if interest rates to which the Bank has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant. Actual changes in the Bank's economic values of own funds resulting from the change in interest rates may differ from the result of the sensitivity analysis.

As of 30 June 2018, 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	22,429
HKD	-5,154
USD	31,937

9 Operational risk management

Operational risks arise from the Bank's daily operation and fiduciary activities. The Bank's compliance department play an essential role in monitoring and limiting the Bank's operational risk. The primary focus of compliance departments is to ensure adherence to the operating guidelines, including regulatory and legal requirements and to pro-actively recommend improvements.

The Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with local regulatory requirements.

10 Foreign exchange risk

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

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

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

The following table indicates the concentration of currency risk as of 30 June 2018:

(In thousand of MOP equivalent)

	<i>HKD</i>	<i>CAD</i>	<i>CNY</i>	<i>EUR</i>	<i>GBP</i>	<i>USD</i>
Spot assets	211,823	49	942	5	10	231,586
Spot liabilities	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-
Net long (short) position	211,823	49	942	5	10	231,586

11 Liquidity risk

(a) Average liquidity

(i) Average weekly liquidity for the year	MOP In '000'
Minimum weekly cash in hand	16,401
Average weekly cash in hand	125,537

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	238.4%
3 months current ratio	255.6%

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	1,220,993
Average total basic liabilities	1,193,503
Ratio of specified liquid assets to basic liabilities	102.3%

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.