

Anselmo Teng: Brief overview of Macao's economy in 2012

Speech by Mr Anselmo Teng, Chairman of the Monetary Authority of Macao, at the Macau Association of Banks (ABM) Spring Festival Luncheon Gathering, Macao, 26 February 2013.

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The Honourable Mr. Tam Pak Yuen, Secretary for Economy and Finance, MSAR,

The Honourable Ms. Gao Yan, Deputy Director, Liaison Office of the Central People's Government,

The Honourable Mr. Ye Yixin, Chairman of the Macao Association of Banks,

Honourable Friends of the Banking Sector,

Honourable Guests,

In the Chinese tradition, the New Year carries a special connotation; fire crackers bid farewell to the past year while the old couplets are replaced to greet new things. We see the Year of the Dragon off and greet the new Year of the Snake. On behalf of AMCM, I would like to take this opportunity of greeting the new Year of the Snake, to wish the MSAR a harmonious community, prosperous business. Moreover, thriving business opportunities will fall on the banking sector and our practitioners will elevate to a higher level in their ladder of career advancement.

In the past year, although adversely affected by outside environmental factors, the overall economy of Macao has scored flying colours again under the cooperation of all sectors of the community. The banking sector has exhibited stable development, another record has been created. It has never been better. According to initial statistics available: as at the end of December 2012, total assets of the banking system stood at MOP796.2 billion, a year-on-year increase of 21%; total deposits amounted to MOP554.2 billion, a year-on-year increase of 32.7%; total loans outstanding were valued at MOP407 billion, a year-on-year increase of 26.2%. Although bank assets never cease to grow, the quality of assets has remained fine, non-performing loan ratio was only 0.19% while Capital Adequacy Ratio (CAR) stood at 14.6%, basically tier one core capital. Liquidity ratio was maintained at a rather high level. For 2012 as a whole, total profits of the banking system amounted to MOP5.7 billion, a year-on-year increase of 25%.

The recent trend shows that the international financial situation is displaying clearer signs of recovery. It is however noted that there are still hidden external uncertainties. We should continue to pay attention, stay vigilant and exercise our prudence. We should be well prepared to take on the risks and adverse effects arising from external environmental changes. They may inflict harms on our economy and financial system.

As the financial regulator, AMCM keeps supervising banks operating in the MSAR so as to maintain security and stability of the Macao financial system. All along, our supervisory work has had the support and coordination of friends of the sector. As such,

I duly represent AMCM to express our candid appreciation to our practitioners for their support and cooperation and their incessant endeavour in maintaining the financial stability and healthy development of Macao.

Looking forward, AMCM will implement its duty in accordance with the legislations to maintain the stability and security of the system, continue to enhance the financial regulations to cope with the needs of market development and alignment with international supervisory requirements. On the other hand, it will prompt the industry to further develop by actuating its practitioners. It will actively participate in regional financial cooperation, particularly the deepening Guangdong-Macao financial cooperation, with a view to exploring wider business scope and higher innovative vision. In this way, we can further exploit our

special features and competitive edges to realize our own growth and development while contributing to the continued stability and prosperity of the Macao financial sector and promote appropriate diversification of the economy of Macao.

Again, I duly represent AMCM to wish you progress in the Year of the Snake, good health, prosperous business and happy family.

Thank you.