

Standard Chartered Bank
Macau Branch
渣打銀行澳門分行

Unaudited Interim Disclosure of Financial Information

30 June 2019

Income statement
For the 6 months ended 30 June 2019
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2019</i> MOP'000
Interest income	2(a)	57,988
Interest expenses	2(a)	<u>(36,237)</u>
Net interest income		21,751
Fee and commission income		6,586
Exchange gain		<u>1,653</u>
Operating income		29,990
Operating expenses	2(a)	<u>(7,798)</u>
Operating profit before impairment losses		22,192
Credit impairment release		<u>262</u>
Profit before taxation		22,454
Income tax		<u>(2,707)</u>
Profit for the period		<u>19,747</u>
Effects of additional provisions for loans and advances to customers under Autoridade Monetaria de Macau (“AMCM”) rules		
Profit after taxation		19,747
Release in provisions under AMCM rules		<u>5,781</u>
Result for the period under AMCM rules		<u>25,528</u>

Balance sheet as at 30 June 2019

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	2019 MOP'000
Assets		
Cash, balances and placements with banks and other financial institutions		820,411
Loans and advances to customers	3(a)	3,315,543
Financial assets at fair value through equity	5	127,971
Amounts due from head office, other branches and group companies	2(b)	762,558
Other assets		400,162
		5,426,645
Liabilities		
Deposits from customers	6	1,481,633
Amounts due to head office, other branches and group companies	2(c)	3,409,985
Current taxation		7,743
Deferred tax liabilities		4,391
Other liabilities		432,991
		5,336,743
Reserves		89,902
		5,426,645

Cash flow statement

For the six months ended 30 June 2019

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2019</i> MOP'000
Operating activities		
Profit from ordinary activities before taxation		22,454
Adjustments for non-cash items:		
Amortisation of discount on AMCM monetary bills		(1,304)
Credit impairment release		(270)
		20,880
Operating profit before changes in working capital		20,880
Decrease in operating assets:		
Balances with banks with original maturity beyond three months		7,620
Loans and advances to customers		580,606
Financial assets at fair value through equity with original maturity beyond three months		1,916
Other assets		78,951
(Decrease) in operating liabilities:		
Deposits from customers		(388,134)
Amounts due to head office, other branches and group companies		(874,950)
Other liabilities		(58,015)
		(631,126)
Cash used in operations		(631,126)
Macau complementary tax paid		-
		(631,126)
Net cash used in operating activities		(631,126)

Cash flow statement
For the six months ended 30 June 2019 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2019</i> MOP'000
Net decrease in cash and cash equivalents		(631,126)
Cash and cash equivalents at 1 January, 2019		<u>2,214,101</u>
Cash and cash equivalents at 30 June, 2019	7	<u><u>1,582,975</u></u>
Cash flows from operating activities include:		
Interest received		55,402
Interest paid		<u><u>(39,889)</u></u>

Notes on the financial statements (Expressed in thousands of Macau Patacas)

1 Significant accounting policies

The accounting policies applied in preparing this unaudited interim disclosure of financial information are consistent with those applied in preparing the financial statements for the period ended 30 June 2019.

The Branch is part of Standard Chartered Bank (“SCB”), which is incorporated in the United Kingdom and registered in England and Wales, and therefore the Branch is not a separate legal entity.

2 Related party transactions

During the period, the Branch entered into transactions with the head office, other branches and group companies in the ordinary course of its banking business and on substantially the same terms as for comparable transactions with third-party counterparties.

(a) *Income statement items*

Transactions with related parties recognised in the income statement included:

	6 months ended 30 June 2019 MOP'000
Interest income from balances and placements with a group company and other branches	7,202
Interest expense on deposits from a group company and other branches	(34,702)

Staff costs have been borne by a group company, Standard Chartered Bank (Hong Kong) Limited. These costs are then recharged through a management fee.

Other operating expenses include recharges from head office, other branches and group companies of MOP4,438,241.

2 Related party transactions (continued)

(b) Amounts due from head office, other branches and group companies

	30 June 2019 MOP'000
Balances with banks	738,841
Placements with banks	23,717
	762,558
Analysed into counterparty	
Head office	26
Other branches	372,608
Group companies	389,924
	762,558

(c) Amounts due to head office, other branches and group companies

	30 June 2019 MOP'000
Balances from banks	107,117
Deposits from banks	3,302,868
	3,409,985
Analysed into counterparty	
Head office	3,122
Other branches	-
Group companies	3,406,863
	3,409,985

3 Loans and advances to customers

(a) Loans and advances to customers

	30 June 2019 MOP'000
Gross loans and advances to customers	3,316,074
Less: Expected credit loss ("ECL") provision (note 3(d))	(531)
	3,315,543

3 Loans and advances to customers (continued)

(b) Impaired loans and advances to customers

There were no impaired loans and advances to customers as of 30 June 2019.

(c) Loans and advances to customers analysed by industry sector

The analysis of loans and advances to customers by industry sector is based on the categories used by the returns submitted to the AMCM.

	30 June 2019
	MOP'000
Gross loans and advances to customers for use in Macau	
Industrial, commercial and financial	
– Textile productions	84,507
– Paper, printing and publishing	1,488,231
– Machinery and other electrical and electronic goods	1,305,703
– Wholesale and retail trade	437,633
	3,316,074
Total gross loans and advances to customers	3,316,074

No loans and advances to customers were granted for use outside of Macau as of 30 June 2019.

(d) Analysis of expected credit loss provision on loans and advances to customers by industry sector

	30 June 2019				
	<i>Impaired Loans (note 3 (b)) MOP'000</i>	<i>Overdue Loans but not impaired MOP'000</i>	<i>Modelled ECL provision (note 3 (a)) MOP'000</i>	<i>Additional provision under AMCM rules MOP'000</i>	<i>Write off MOP'000</i>
Textile productions	-	-	33	936	-
Paper, printing and publishing	-	-	25	16,489	-
Machinery and other electrical and electronic goods	-	-	307	14,466	-
Wholesale and retail trade	-	-	166	4,849	-
	-	-	531	36,740	-
	-	-	531	36,740	-

3 Loans and advances to customers (continued)

(e) Overdue loans and advances to customers

No loans and advances to customers have been past due for more than three months as of 30 June 2019.

4 Analysis of expected credit loss provisions on financial instruments

Expected credit loss provision on:

	30 June 2019 MOP'000
- Placements with banks and other financial institutions	6
- Financial assets at fair value through equity ¹	112
- Loans and advances to customers (note 3(a))	531
- Loan commitments and financial guarantees ²	144
	793

¹ These instruments are held at fair value on the balance sheet. The corresponding expected credit loss provision is held within reserve.

² The expected credit loss provision is included in other liabilities of the balance sheet.

5 Financial assets at fair value through equity

	30 June 2019 MOP'000
Unlisted:	
AMCM monetary bills	127,971

6 Deposits from customers

	30 June 2019 MOP'000
Demand deposits and current accounts	432,541
Savings deposits	1,017,755
Time, call and notice deposits	31,337
	1,481,633

7 Cash and cash equivalents

Composition of cash and cash equivalents in the cash flow statement

	<i>30 June 2019</i> MOP'000
Cash, balances and placements with banks and other financial institutions with original maturity less than three months	820,417
Amounts due from head office, other branches and group companies	
- Balances and placements with banks with original maturity less than three months	762,558
Cash and cash equivalents in the cash flow statement	<u>1,582,975</u>

Note: Cash, balances and placements with banks and other financial institutions includes minimum deposits with AMCM of MOP 48,164,000.

8 Off-balance sheet exposures

(a) *Contractual amount of contingent liabilities and commitments*

	<i>30 June 2019</i> MOP'000
Trade-related contingencies	136,880
Other commitments	3,454,827
	<u>3,591,707</u>

(b) *Derivatives*

(i) Notional amounts of derivatives

	<i>30 June 2019</i> MOP'000
Exchange rate contracts	
Forwards	<u>48,573</u>

8 Off-balance sheet exposures (continued)

(b) Derivatives (continued)

(ii) Fair values of derivatives

	<i>30 June 2019</i>	
	<i>Fair value</i>	<i>Fair value</i>
	<i>assets</i>	<i>liabilities</i>
	<i>(note (ii)(a))</i>	<i>(note (ii)(b))</i>
	<i>MOP'000</i>	<i>MOP'000</i>
Exchange rate contracts	<u>5</u>	<u>15</u>

Note (ii) (a) the amount is included in other assets and amounts due from head office, other branches and group companies.

Note (ii) (b) the amount is included in other liabilities and amounts due to head office, other branches and group companies.

(c) Lease commitments

At 30 June, the total future minimum lease payments under non-cancellable operating leases are as follows:

	<i>30 June 2019</i>
	<i>MOP'000</i>
Properties	
- Within one year	<u>895</u>

The Branch leases a number of properties under operating leases. The leases typically run for an initial period of one year / two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

9 Foreign exchange risk

The foreign exchange positions of the Branch arise from commercial banking operations.

	<i>30 June 2019</i>
	<i>MOP'000</i>
Total net short position in foreign currencies	<u>(1,563)</u>

9 Foreign exchange risk (continued)

Significant foreign currency exposures which exceeded 10% of the net position in all foreign currencies are as follows:

	<i>30 June 2019</i> MOP'000
HK dollar exposure	
Spot assets	2,533,207
Spot liabilities	(2,531,294)
Forward purchases	7,122
Forward sales	(16,786)
	(7,751)
Net short non-structural position	(7,751)
 US dollar exposure	
Spot assets	1,093,816
Spot liabilities	(1,092,058)
Forward purchases	14,799
Forward sales	(7,359)
	9,198
Net long non-structural position	9,198

10 Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period at the balance sheet date to the contractual maturity date. The disclosure does not imply that the assets will be held to maturity or that the liabilities will be withdrawn on maturity.

	30 June 2019						<i>Undated or overdue more than one month</i>	<i>Total</i>
	<i>Repayable on demand</i>	<i>Within one month</i>	<i>Between one to three months</i>	<i>Between three months to one year</i>	<i>Between one year to three years</i>	<i>More than three years</i>		
Assets								
Cash, balances and placements with banks and other financial institutions	772,253	-	-	-	-	-	48,158	820,411
Advances to customers	36,220	2,150,730	696,921	181,375	250,828	-	(531)	3,315,543
Financial assets at fair value through equity	-	-	-	127,971	-	-	-	127,971
Amounts due from head office, other branches and group companies	738,841	-	23,717	-	-	-	-	762,558
Other assets	344	129,013	177,477	93,328	-	-	-	400,162
Total assets	<u>1,547,658</u>	<u>2,279,743</u>	<u>898,115</u>	<u>402,674</u>	<u>250,828</u>	<u>-</u>	<u>47,627</u>	<u>5,426,645</u>
Liabilities								
Deposits from customers	1,450,296	-	23,717	7,620	-	-	-	1,481,633
Amounts due to head office, other branches and group companies	107,116	2,164,530	769,107	101,237	267,995	-	-	3,409,985
Other liabilities	34,899	122,656	183,578	95,977	3,480	-	4,535	445,125
Total liabilities	<u>1,592,311</u>	<u>2,287,186</u>	<u>976,402</u>	<u>204,834</u>	<u>271,475</u>	<u>-</u>	<u>4,535</u>	<u>5,336,743</u>
Net assets / (liabilities)	<u>(44,653)</u>	<u>(7,443)</u>	<u>(78,287)</u>	<u>197,840</u>	<u>(20,647)</u>	<u>-</u>	<u>43,092</u>	<u>89,902</u>

11 Segmental information

The following geographical analyses are classified by the location of the counterparties.

(a) Geographical analysis of loans and advances to customers

Except for Macau SAR of China, none of the remaining geographical segments represents more than 10% of the Branch's gross loans and advances to customers.

All the loans and advances to customers are granted to corporate entities.

(b) Geographical analysis of notional amounts of contingent liabilities and commitments

	<i>30 June 2019</i>		
	<i>Bank</i>	<i>Corporate</i>	<i>Total</i>
	MOP'000	Entities MOP'000	MOP'000
Hong Kong SAR of China	2,711	-	2,711
Macau SAR of China	-	3,579,555	3,579,555
United Kingdom	9,441	-	9,441
	12,152	3,579,555	3,591,707
	12,152	3,579,555	3,591,707

(c) Geographical analysis of exposure on financial derivatives

	<i>30 June 2019</i>		
	<i>Bank</i>	<i>Corporate</i>	<i>Total</i>
	MOP'000	entities MOP'000	MOP'000
Hong Kong SAR of China	5	-	5
	5	-	5
	5	-	5

12 Liquidity risk

	<i>January to June 2019 MOP'000</i>
Arithmetic mean of the minimum daily amount of cash in hand in each week that is required to be held during the period (note (i))	<u>45,787</u>
Arithmetic mean of the average daily amount of cash in hand during the period (note (i))	<u>667,073</u>
Arithmetic mean of the specified liquid assets at the end of each month during the period (note (i))	<u>1,538,140</u>
	<i>January to June 2019</i>
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the period (note (i))	<u>98.78%</u>
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the period (note (ii))	<u>84.85%</u>
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the period (note (ii))	<u>95.65%</u>

Notes:

- (i) The arithmetic means are computed as the simple average of the following amounts as defined in the Notice no. 002/2013-AMCM.
- minimum daily amount of cash in hand in each week
 - daily amount of cash in hand
 - specified liquid assets
 - specified liquid assets to total basic liabilities
- (ii) The arithmetic means are computed as the simple average of the following ratios as reported in the Reporting of Liquidity Position for submission to the AMCM.
- one-month liquidity ratio
 - three-month liquidity ratio

13 Information of Standard Chartered PLC Group (“the Group”)

(a) Consolidated capital adequacy ratio of the Group

30 June 2019

Consolidated total capital adequacy ratio	<u>20.3%</u>
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The consolidated capital adequacy ratio was computed in accordance with the Basel III framework.

(b) Other consolidated financial information of the Group

30 June 2019
US\$ million

Total assets	712,504
Total liabilities	662,065
Total capital and reserves	50,439
Total loans and advances to banks and customers	322,805
Total customer deposits and deposits from banks	432,380
Pre-tax profit	<u>2,414</u>

(c) Shareholders with qualifying holdings

As far as the directors are aware as at 30 June 2019, Temasek Holdings (Private) Limited is the only shareholder that had an interest of more than 10 per cent in Standard Chartered PLC’s issued ordinary share capital carrying a right to vote at any general meeting.

13 Information of Standard Chartered PLC Group (“the Group”) (continued)

(d) *Members of the Board of Standard Chartered PLC*

The members of the Board of Directors (“Board”) of Standard Chartered PLC as at 30 June 2019 are set out below.

Group Chairman

Mr José María Viñals Iñiguez

Executive Directors

Mr William Thomas Winters, CBE (Group Chief Executive) and Mr Andy Halford (Group Chief Financial Officer).

Independent Non-Executive Directors

Dr Louis Chi-Yan Cheung; Mr David Philbrick Conner; Dr Byron Elmer Grote; Mrs Christine Mary Hodgson (Senior Independent Director); Ms Gay Huey Evans, OBE; Mr Naguib Kheraj (Deputy Chairman); Dr Ngozi Okonjo-Iweala; Mr Carlson Tong and Ms Jasmine Mary Whitbread.