

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

Unaudited Interim Disclosure of Financial Information

30 June 2020

Income statement
For the 6 months ended 30 June 2020
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2020</i> MOP'000
Interest income	2(a)	236,050
Interest expenses	2(a)	<u>(192,944)</u>
Net interest income		43,106
Fee and commission income		2,622
Exchange gain		<u>290</u>
Operating income		46,018
Operating expenses	2(a)	<u>(12,900)</u>
Operating profit before impairment losses		33,118
Credit impairment charge		<u>(888)</u>
Profit before taxation		32,230
Income tax		<u>(4,028)</u>
Profit for the period		<u>28,202</u>
Effects of additional provisions for loans and advances to customers under Autoridade Monetaria de Macau (“AMCM”) rules		
Profit after taxation		28,202
Release in provisions under AMCM rules		<u>5,634</u>
Result for the period under AMCM rules		<u>33,836</u>

Balance sheet as at 30 June 2020

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2020</i> MOP'000
Assets		
Cash and balances with banks and other financial institutions		226,523
Placements with banks and other financial institutions		15,531,619
Loans and advances to customers	3(a)	2,178,662
Financial assets at fair value through equity	5	159,100
Amounts due from head office, other branches and group companies	2(b)	1,688,965
Other assets		390,711
		20,175,580
Liabilities		
Deposits from customers	6	2,076,244
Amounts due to head office, other branches and group companies	2(c)	17,546,686
Current taxation		11,911
Deferred tax liabilities		2,750
Other liabilities		429,862
		20,067,453
Reserves		108,127
		20,175,580

Cash flow statement
For the six months ended 30 June 2020
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	2020 MOP'000
Operating activities		
Profit from ordinary activities before taxation		32,230
Adjustments for non-cash items:		
Amortisation of discount on AMCM monetary bills		(1,415)
Credit impairment charge		888
		888
Operating profit before changes in working capital		31,703
(Increase) / decrease in operating assets:		
Balances with banks with original maturity beyond three months		(531,926)
Loans and advances to customers		480,522
Financial assets at fair value through equity with original maturity beyond three months		893
Other assets		(30,767)
Increase / (decrease) in operating liabilities:		
Deposits from customers		732,230
Amounts due to head office, other branches and group companies		(5,705,344)
Other liabilities		44,310
		44,310
Cash used in operations		(4,978,379)
Macau complementary tax paid		-
		-
Net cash used in operating activities		(4,978,379)
		(4,978,379)

Cash flow statement
For the six months ended 30 June 2020 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2020</i> MOP'000
Net decrease in cash and cash equivalents		(4,978,379)
Cash and cash equivalents at 1 January, 2020		<u>7,692,157</u>
Cash and cash equivalents at 30 June, 2020	7	<u><u>2,713,778</u></u>
Cash flows from operating activities include:		
Interest received		106,707
Interest paid		<u><u>(81,882)</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 2020.

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 2020 MOP'000
Interest income from balances and placements with a group company and other branches	25,199
Interest expense on deposits from a group company and other branches	(192,246)

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 MOP8,802,721.

2 Related party transactions (continued)

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

	30 June 2020 MOP'000
Balances with banks	678,503
Placements with banks	1,010,462
	1,688,965
 Analysed into counterparty	
Head office	939
Other branches	10,443
Group companies	1,677,583
	1,688,965

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

	30 June 2020 MOP'000
Balances from banks	238,823
Deposits from banks	17,307,863
	17,546,686
 Analysed into counterparty	
Head office	3,055
Other branches	150,997
Group companies	17,392,634
	17,546,686

3 Loans and advances to customers

(a) Loans and advances to customers

	30 June 2020 MOP'000
Gross loans and advances to customers	2,179,909
Less: Expected credit loss ("ECL") provision (note 3(d))	(1,247)
	2,178,662

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 2020.

(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 2020 MOP'000
Gross loans and advances to customers for use in Macau	
Industrial, commercial and financial	
– Textile productions	85,901
– Paper, printing and publishing	1,029,015
– Machinery and other electrical and electronic goods	572,314
– Other Manufacturing industries	130,533
– Wholesale and retail trade	362,146
	2,179,909
Total gross loans and advances to customers	2,179,909

No loans and advances to customers were granted for use outside of Macau as of 30 June 2020.

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

	30 June 2020				
	<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	-	-	298	883	-
Paper, printing and publishing	-	-	291	10,579	-
Machinery and other electrical and electronic goods	-	-	379	5,884	-
Other manufacturing industries	-	-	51	1,342	-
Wholesale and retail trade	-	-	228	3,723	-
	-	-	1,247	22,411	-

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 2020.

4 Analysis of expected credit loss provisions on financial instruments

Expected credit loss provision on:

	30 June 2020 MOP'000
- Placements with banks and other financial institutions	456
- Financial assets at fair value through equity ¹	195
- Loans and advances to customers (note 3(a))	1,247
- Loan commitments and financial guarantees ²	345
	2,243

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 2020 MOP'000
Unlisted:	
AMCM monetary bills	159,100
	159,100

6 Deposits from customers

	30 June 2020 MOP'000
Demand deposits and current accounts	574,549
Savings deposits	858,411
Time, call and notice deposits	643,284
	2,076,244

7 Cash and cash equivalents

Composition of cash and cash equivalents in the cash flow statement

	30 June 2020 MOP'000
Cash and balances with banks and other financial institutions with original maturity less than three months	226,523
Placements with banks and other financial institutions with original maturity less than three months	798,290
Amounts due from head office, other branches and group companies	
- Balances and placements with banks with original maturity less than three months	1,688,965
Cash and cash equivalents in the cash flow statement	2,713,778

Note: Cash and balances with banks and other financial institutions include minimum deposits with AMCM of MOP 56,813,000.

8 Off-balance sheet exposures

(a) Contractual amount of contingent liabilities and commitments

	30 June 2020 MOP'000
Trade-related contingencies	165,982
Other commitments	4,851,821
	5,017,803

(b) Derivatives

(i) Notional amounts of derivatives

	30 June 2020 MOP'000
Exchange rate contracts	
Forwards	37,924

8 Off-balance sheet exposures (continued)

(b) Derivatives (continued)

(ii) Fair values of derivatives

	<i>30 June 2020</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	1	21

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 2020</i>
	<i>MOP'000</i>
Properties	
- Within one year	1,029
- After one year but within five years	661
	1,690

The Branch leases a number of properties under operating leases. The leases run for an period of one year / two years. 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 2020</i>
	<i>MOP'000</i>
Total net long position in foreign currencies	1,615

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 2020</i> MOP'000
US dollar exposure	
Spot assets	17,685,562
Spot liabilities	(17,683,994)
Forward purchases	6,024
Forward sales	(6,253)
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Net long non-structural position	1,339
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Euro exposure	
Spot assets	9,349
Spot liabilities	(9,325)
Forward purchases	340
Forward sales	(194)
	<hr/>
Net long non-structural position	170
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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.

	<u>30 June 2020</u>						<i>Undated or overdue more than one month MOP'000</i>	<i>Total MOP'000</i>
	<i>Repayable on demand MOP'000</i>	<i>Within one month MOP'000</i>	<i>Between one to three months MOP'000</i>	<i>Between three months to one year MOP'000</i>	<i>Between one year to three years MOP'000</i>	<i>More than three years MOP'000</i>		
Assets								
Cash and balances with banks and other financial institutions	169,710	-	-	-	-	-	56,813	226,523
Placements with banks and other financial institutions	-	3,651,844	11,040,015	840,216	-	-	(456)	15,531,619
Loans and advances to customers	-	1,396,460	424,768	72,089	286,592	-	(1,247)	2,178,662
Financial assets at fair value through equity	-	-	-	159,100	-	-	-	159,100
Amounts due from head office, other branches and group companies	678,504	954,581	55,880	-	-	-	-	1,688,965
Other assets	1,634	48,129	260,829	80,119	-	-	-	390,711
Total assets	<u>849,848</u>	<u>6,051,014</u>	<u>11,781,492</u>	<u>1,151,524</u>	<u>286,592</u>	<u>-</u>	<u>55,110</u>	<u>20,175,580</u>
Liabilities								
Deposits from customers	1,432,960	611,316	24,348	7,620	-	-	-	2,076,244
Amounts due to head office, other branches and group companies	238,825	4,636,951	11,477,924	906,394	286,592	-	-	17,546,686
Other liabilities	37,655	45,563	264,796	93,415	-	-	3,094	444,523
Total liabilities	<u>1,709,440</u>	<u>5,293,830</u>	<u>11,767,068</u>	<u>1,007,429</u>	<u>286,592</u>	<u>-</u>	<u>3,094</u>	<u>20,067,453</u>
Net assets / (liabilities)	<u>(859,592)</u>	<u>757,184</u>	<u>14,424</u>	<u>144,095</u>	<u>-</u>	<u>-</u>	<u>52,016</u>	<u>108,127</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 2020</i>		
	<i>Bank</i>	<i>Corporate</i>	<i>Total</i>
	MOP'000	Entities MOP'000	MOP'000
Taiwan, China	4,790	-	4,790
Hong Kong SAR of China	1,629	-	1,629
Macau SAR of China	-	5,002,021	5,002,021
United Kingdom	9,363	-	9,363
	15,782	5,002,021	5,017,803
	15,782	5,002,021	5,017,803

(c) Geographical analysis of exposure on financial derivatives

	<i>30 June 2020</i>		
	<i>Bank</i>	<i>Corporate</i>	<i>Total</i>
	MOP'000	Entities MOP'000	MOP'000
Singapore	1	-	1
	1	-	1
	1	-	1

12 Liquidity risk

	<i>January to June</i> <i>2020</i> MOP'000
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>37,920</u>
Arithmetic mean of the average daily amount of cash in hand during the period (note (i))	<u>190,888</u>
Arithmetic mean of the specified liquid assets at the end of each month during the period (note (i))	<u>1,286,169</u>
<i>January to June</i> <i>2020</i>	
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the period (note (i))	<u>96.95%</u>
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the period (note (ii))	<u>98.40%</u>
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the period (note (ii))	<u>99.67%</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 2020

Consolidated total capital adequacy ratio	21.5%
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The consolidated capital adequacy ratio was computed in accordance with the European Union’s (“EU”) Capital Requirements Regulation and the Prudential Regulation Authority’s (“PRA”) Rulebook, which implements Basel III framework together with transitional arrangements for some of its requirements.

(b) Other consolidated financial information of the Group

30 June 2020

US\$ million

Total assets	741,585
Total liabilities	691,688
Total capital and reserves	49,897
Total loans and advances to banks and customers	326,812
Total customer deposits and deposits from banks	450,139
Pre-tax profit	1,627

(c) Shareholders with qualifying holdings

As far as the directors are aware as at 30 June 2020, 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 2020 are set out below.

Group Chairman

Mr José María Viñals Iñiguez

Executive Directors

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

Independent Non-Executive Directors

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 Philip George Rivett; Mr David Tang; Mr CarlsonTong and Ms Jasmine Mary Whitbread.