

The Hongkong and Shanghai Banking
Corporation Limited
Macau Branch

Disclosure of Financial Information
30 June 2022

Balance sheet as at 30 June 2022

(Expressed in thousands of Macau Patacas)

	30 Jun 2022 MOP'000	31 Dec 2021 MOP'000
Assets		
Cash and current balances with banks	759,639	960,334
Balances with Autoridade Monetária de Macau ("AMCM")	379,030	462,163
Items in the course of collection from other banks	74,657	82,431
Placements with banks	2,377,125	2,504,751
Loans and advances to customers	17,572,762	16,832,431
Financial assets at fair value through other comprehensive income ("FVOCI")		
Monetary bills issued by AMCM	2,637,720	3,097,796
Equity securities	250	250
Property, plant and equipment	115,323	118,259
Other assets		
Acceptances	941,969	917,460
Derivatives	36,591	29,736
Others	22,854	20,539
Total Assets	<u>24,917,920</u>	<u>25,026,150</u>
Liabilities		
Deposits from banks	8,362,332	8,451,007
Customer accounts	14,666,000	15,132,903
Items in the course of transmission to other banks	83,927	87,358
Current taxation	35,684	18,408
Deferred tax liabilities	10,746	2,252
Other liabilities		
Acceptances	941,969	917,460
Derivatives	19,168	14,717
Others	201,632	183,045
Total Liabilities	<u>24,321,458</u>	<u>24,807,150</u>
Net Assets	<u><u>596,462</u></u>	<u><u>219,000</u></u>

Balance sheet as at 30 June 2022 (continued)

(Expressed in thousands of Macau Patacas)

	<i>30 Jun 2022</i> MOP'000	<i>31 Dec 2021</i> MOP'000
Represented by		
Financial assets at FVOCI reserves / available-for-sale financial assets reserves	(7,594)	(1,060)
Share-based payment reserve	12,392	12,545
Property revaluation reserve	84,785	84,803
Head office account	108,104	94,929
Regulatory reserve		
General	223,122	-
Specific	-	-
Profit for the period	175,653	27,783
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	596,462	219,000
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Profit and loss account for the half-year ended 30 June 2022

(Expressed in thousands of Macau Patacas)

	<i>Half-year ended 30 Jun 2022 MOP'000</i>	<i>Half-year ended 30 Jun 2021 MOP'000</i>
Interest income	191,765	161,030
Interest expense	(21,047)	(14,699)
Net interest income	170,718	146,331
Fee and commission income	46,093	43,139
Fee and commission expense	(3,922)	(3,789)
Net fee and commission income	42,171	39,350
Net trading income	52,391	46,380
Other operating income	4,387	240
Operating expenses	(131,560)	(141,341)
Change in expected credit losses / provision for bad and doubtful debts	62,685	(62,367)
Profit before taxation	200,792	28,593
Tax expense	(25,139)	(810)
Profit for the period	175,653	27,783

Cash flow statement for the half-year ended 30 June 2022 *(Expressed in thousands of Macau Patacas)*

	<i>Half-year ended 30 Jun 2022 MOP'000</i>	<i>Half-year ended 30 Jun 2021 MOP'000</i>
Operating activities		
Profit before taxation	200,792	28,593
Adjustments for:		
Depreciation	3,935	10,775
Change in expected credit loss / provision for bad and doubtful debts	(62,685)	62,367
Interest income	(191,765)	(161,030)
Interest expense	21,047	14,699
Interest received	185,381	155,636
Interest paid	(16,620)	(17,307)
Operating cash flows before changes in working capital	140,085	93,733
Change in deposits with AMCM for the purpose of fulfilling minimum liquidity requirement	28,762	(17,781)
Change in monetary bills issued by AMCM with original maturity of more than three months	508,830	(700,527)
Change in placements with banks with original maturity of more than three months	(193,667)	594,738
Change in gross loans and advances to customers	(506,266)	(2,930,949)
Change in items in the course of collection from other banks	7,774	(22,170)
Change in other assets	6,250	86,829
Change in deposits from banks	(88,675)	1,616,087
Change in customer accounts	(466,903)	1,561,105
Change in items in the course of transmission to other banks	(3,431)	97,202
Change in other liabilities	40,470	(23,410)
Cash generated from operations	(526,771)	354,857

Cash flow statement
for the half-year ended 30 June 2022 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Half-year ended 30 Jun 2022 MOP'000</i>	<i>Half-year ended 30 Jun 2021 MOP'000</i>
Taxation paid	-	-
Net cash generated from operating activities	(526,771)	354,857
Investing activity		
Purchase of property, plant and equipment	(835)	(524)
Net cash used in investing activity	(835)	(524)
Financing activity		
Profit remitted to head office	-	(71,982)
Net cash used in financing activity	-	(71,982)
Net increase in cash and cash equivalents	(527,606)	282,351
Cash and cash equivalents at 1 January	4,924,175	4,302,622
Cash and cash equivalents at 30 June	4,396,569	4,584,973

Cash flow statement
for the half-year ended 30 June 2022 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Half-year ended 30 Jun 2022 MOP'000</i>	<i>Half-year ended 30 Jun 2021 MOP'000</i>
Analysis of balances of cash and cash equivalents		
Cash and current balances with banks	759,639	612,190
Balances with AMCM	379,030	457,027
Placements with banks	2,377,125	3,378,902
Monetary bills issued by AMCM	2,637,720	2,877,948
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Amount shown in the statement of financial position	6,153,514	7,326,067
Less:		
- Deposits with AMCM for the purpose of fulfilling minimum liquidity requirement	(282,697)	(336,131)
- Monetary bills issued by AMCM with original maturity over three months	(989,244)	(2,127,973)
- Placements with banks with original maturity over three months	(485,004)	(276,990)
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Cash and cash equivalents in the cash flow statement	4,396,569	4,584,973
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Effects of reclassification upon adoption of IFRS 9

(Expressed in thousands of Macau Patacas)

Reconciliation of balance sheet at 31 December 2021 and 1 January 2022:

	<i>31 Dec 2021</i>	<i>IFRS 9</i>	<i>IFRS 9</i>	<i>1 Jan 2022</i>
	MOP'000	Reclassification MOP'000	Remeasurement MOP'000	MOP'000
Assets				
Cash and current balances with banks	960,334	-	-	960,334
Balances with AMCM	462,163	-	-	462,163
Items in the course of collection from other banks	82,431	-	-	82,431
Placements with banks	2,504,751	-	-	2,504,751
Loans and advances to customers	16,832,431	-	209,778	17,042,209
Monetary bills issued by AMCM	3,097,796	-	-	3,097,796
Equity securities	250	-	-	250
Property, plant and equipment	118,259	-	-	118,259
Other assets	967,735	-	-	967,735
Total Assets	25,026,150	-	209,778	25,235,928
Liabilities				
Deposits from banks	8,451,007	-	-	8,451,007
Customer accounts	15,132,903	-	-	15,132,903
Items in the course of transmission to other banks	87,358	-	-	87,358
Current taxation	18,408	-	-	18,408
Deferred tax liabilities	2,252	-	-	2,252
Other liabilities	1,115,222	-	-	1,115,222
Total Liabilities	24,807,150	-	-	24,807,150
Net Assets	219,000	-	209,778	428,778

Effects of reclassification upon adoption of IFRS 9 (continued)

(Expressed in thousands of Macau Patacas)

Reconciliation of balance sheet at 31 December 2021 and 1 January 2022 (continued):

	<i>31 Dec 2021</i>	<i>IFRS 9</i>	<i>IFRS 9</i>	<i>1 Jan 2022</i>
	MOP'000	Reclassification MOP'000	Remeasurement MOP'000	MOP'000
Represented by				
Financial assets at FVOCI reserves/ available-for-sale financial assets reserves	(1,060)	-	-	(1,060)
Share based payment reserve	12,545	-	-	12,545
Property revaluation reserve	84,803	-	-	84,803
Head office account	19,296	(209,602)	209,778	19,472
Regulatory reserve				
General	-	209,369	-	209,369
Specific	-	233	-	233
Profit for the period	103,416	-	-	103,416
	<u>219,000</u>	-	209,778	<u>428,778</u>

Off-balance-sheet exposures as at 30 June 2022

(Expressed in thousands of Macau Patacas)

(a) *Contingent liabilities and commitments*

	<i>Contractual amounts At 30 Jun 2022 MOP'000</i>	<i>Contractual amounts At 31 Dec 2021 MOP'000</i>
Financial guarantees	<u>10,954</u>	<u>10,954</u>
Performance guarantees	<u>2,547,192</u>	<u>2,517,726</u>
Documentary credits and trade related contingencies	<u>2,747,937</u>	<u>1,916,097</u>
Other commitments	<u>9,043,834</u>	<u>9,230,957</u>

Contingent liabilities and commitments are credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

Off-balance-sheet exposures as at 30 June 2022 (continued)

(Expressed in thousands of Macau Patacas)

(b) Derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts of each significant type of derivatives:

	<i>At 30 Jun 2022</i> MOP'000	<i>At 31 Dec 2021</i> MOP'000
Exchange rate contracts	<u>3,358,346</u>	<u>3,165,192</u>

Derivatives arise from forward transactions undertaken in the foreign exchange market. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

The fair values and credit risk weighted amounts of the aforesaid off-balance sheet exposures are as follows:

	<i>At 30 Jun 2022</i> MOP'000	<i>At 31 Dec 2021</i> MOP'000
Fair value		
- Exchange rate contracts		
Assets	36,591	29,736
Liabilities	<u>19,168</u>	<u>14,717</u>
	<i>At 30 Jun 2022</i> MOP'000	<i>At 31 Dec 2021</i> MOP'000
Credit risk weighted amounts		
- Exchange rate contracts	<u>17,794</u>	<u>21,479</u>

Significant related party transactions

(Expressed in thousands of Macau Patacas)

(a) Transactions with group companies

During the first half year, the Branch entered into transactions with related parties in the ordinary course of its banking business including lending, acceptance and placement of inter-bank deposits, correspondent banking transactions and off-balance sheet transactions. The transactions were priced at the relevant market rates at the time of each transaction.

The amount of related-party transactions during the first half year and outstanding balances at 30 June 2022 and 31 December 2021 are set out below:

	<i>Associates, other branches, subsidiaries, fellow subsidiaries Half-year ended 30 Jun 2022 MOP'000</i>	<i>The Hongkong and Shanghai Banking Corporation, Hong Kong Branch Half-year ended 30 Jun 2022 MOP'000</i>	<i>Associates, other branches, subsidiaries, fellow subsidiaries Half-year ended 30 Jun 2021 MOP'000</i>	<i>The Hongkong and Shanghai Banking Corporation, Hong Kong Branch Half-year ended 30 Jun 2021 MOP'000</i>
Interest income	39	3,281	68	5,120
Interest expense	(111)	(13,625)	(74)	(9,538)
Fee and commission income	2,018	645	371	427
Fee and commission expense	(608)	(259)	(635)	(256)
Other operating income	4,374	-	230	-
Operating expenses	(17,764)	(32,285)	(24,290)	(32,564)
For the half-year ended 30 June	<u>(12,052)</u>	<u>(42,243)</u>	<u>(24,330)</u>	<u>(36,811)</u>

Significant related party transactions (continued)

(Expressed in thousands of Macau Patacas)

(a) Transactions with group companies (continued)

	<i>Associates, other branches, subsidiaries, fellow subsidiaries at 30 Jun 2022 MOP'000</i>	<i>The Hongkong and Shanghai Banking Corporation, Hong Kong Branch at 30 Jun 2022 MOP'000</i>	<i>Associates, other branches, subsidiaries, fellow subsidiaries at 31 Dec 2021 MOP'000</i>	<i>The Hongkong and Shanghai Banking Corporation, Hong Kong Branch at 31 Dec 2021 MOP'000</i>
Cash and current balances with banks	411,613	18,676	311,377	35,295
Placements with banks	710,076	1,182,045	1,078,665	1,426,088
Other assets	8,814	31,092	1,330	26,840
Deposits from banks	(14,218)	(8,341,387)	(46,730)	(8,396,844)
Customer accounts	(27,277)	-	(25,518)	-
Other liabilities	(15,381)	(23,770)	(3,168)	(9,319)
	<u>1,073,627</u>	<u>(7,133,344)</u>	<u>1,315,956</u>	<u>(6,917,940)</u>

No expected credit loss was made in respect of the above balances with related parties.

The Branch's immediate parent is The Hongkong and Shanghai Banking Corporation Limited, which is incorporated in Hong Kong and the Branch's ultimate parent is HSBC Holdings plc, which is incorporated in the United Kingdom. Both the immediate and ultimate parent companies produce consolidated financial statements for public use.

(b) Key management personnel

The remuneration of key management personnel, which is included in the staff cost, is as follows:

	<i>Half-year ended 30 Jun 2022 MOP'000</i>	<i>Half-year ended 30 Jun 2021 MOP'000</i>
Executive officers	<u>2,288</u>	<u>1,407</u>

Credit risk management

(Expressed in thousands of Macau Patacas)

(a) Geographical distribution of credit risk exposures

The geographical distribution is based on the countries where the counterparties were operated or located after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

Exposures to individual countries or jurisdiction, groups of countries or regions within countries amounting to 10% or more of the relevant major types of credit exposures at balance sheet date are shown as follows:

Region	At 30 Jun 2022			
	Gross loans and advances to customers and commitments MOP'000	Monetary bills issued by AMCM MOP'000	Placements with banks MOP'000	Financial derivatives MOP'000
Macau				
Banks	-	-	485,004	-
Government and public sectors	-	2,637,720	-	-
Others	24,251,724	-	-	872,122
Macau total	24,251,724	2,637,720	485,004	872,122
Hong Kong				
Banks	-	-	1,182,045	2,417,516
Government and public sectors	-	-	-	-
Others	-	-	-	68,708
Hong Kong total	-	-	1,182,045	2,486,224
Japan				
Banks	-	-	710,076	-
Government and public sectors	-	-	-	-
Others	-	-	-	-
Japan Total	-	-	710,076	-
Total	24,251,724	2,637,720	2,377,125	3,358,346

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

(a) **Geographical distribution of credit risk exposures (continued)**

Region	At 31 Dec 2021			
	Gross loans and advances to customers and commitments MOP'000	Monetary bills issued by AMCM MOP'000	Placements with banks MOP'000	Financial derivatives MOP'000
Macau				
Banks	-	-	240,957	-
Governments and public sectors	-	3,097,796	-	-
Others	23,876,946	-	-	910,028
Macau total	23,876,946	3,097,796	240,957	910,028
Hong Kong				
Banks	-	-	1,426,089	2,255,164
Governments and public sectors	-	-	-	-
Others	-	-	-	-
Hong Kong total	-	-	1,426,089	2,255,164
Japan				
Banks	-	-	837,705	-
Governments and public sectors	-	-	-	-
Others	-	-	-	-
Japan Total	-	-	837,705	-
Total	23,876,946	3,097,796	2,504,751	3,165,192

Geographic region with higher than or equal to 10% of the total loans and advances to customers are shown as follows:

	At 30 Jun 2022 MOP'000	At 31 Dec 2021 MOP'000
Macau		
Gross loans and advances to customers	15,399,326	14,780,634
Impaired loans	458,301	600,575
Expected credit loss / specific provision	256,213	327,271

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

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

	At 30 Jun 2022				
	Gross loans and advances to customers	Impaired	ECL Stage 1	ECL Stage 2	ECL Stage 3
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Agriculture and fisheries	-	-	-	-	-
Mining industries	-	-	-	-	-
Manufacturing industries	173,066	-	55	4	-
Electricity, gas and water	-	-	-	-	-
Construction and public works	1,740,900	148,931	238	1,191	718
Wholesale and retail trade	6,762,380	266,081	901	395	252,961
Restaurants, hotels and similar	10,815	-	10	2	-
Transport, warehousing and communications	-	-	-	-	-
Non-monetary financial institutions	-	-	-	-	-
Gaming	-	-	-	-	-
Exhibition and conference	-	-	-	-	-
Education	-	-	-	-	-
Information technology	-	-	-	-	-
Other industries	2,580,249	-	1,293	1,529	-
Personal loans	6,571,041	43,289	816	3,042	2,534
	<u>17,838,451</u>	<u>458,301</u>	<u>3,313</u>	<u>6,163</u>	<u>256,213</u>

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

(b) Loans and advances to customers analysed by industry sector (continued)

	<i>Gross loans and advances to customers</i> MOP'000	<i>At 31 Dec 2021</i>		
		<i>Impaired</i> MOP'000	<i>General provision</i> MOP'000	<i>Specific provision</i> MOP'000
Agriculture and fisheries	-	-		-
Mining industries	-	-		-
Manufacturing industries	501,961	-		-
Electricity, gas and water	-	-		-
Construction and public works	795,488	196,024		712
Wholesale and retail trade	6,568,241	336,528		324,376
Restaurants, hotels and similar	11,170	-		-
Transport, warehousing and communications	30,000	-		-
Non-monetary financial institutions	-	-		-
Gaming	-	-		-
Exhibition and conference	-	-		-
Education	-	-		-
Information technology	28,051	-		-
Other industries	2,627,012	-		-
Personal loans	6,815,926	68,023		2,183
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	17,377,849	600,575	218,147	327,271
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Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

(c) *Analysis on assets and liabilities by remaining maturity*

	At 30 Jun 2022						Total
	Repayable	Due within	Due between	Due between	Due after	No contractual	
	on demand	3 months	3 and 12 months	1 year and 5 years	5 years	maturity	
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Assets							
Cash and current balances with							
banks	759,639	-	-	-	-	-	759,639
Balances with AMCM	-	379,030	-	-	-	-	379,030
Items in the course of collection							
from other banks	74,657	-	-	-	-	-	74,657
Placements with banks	-	2,134,623	242,502	-	-	-	2,377,125
Loans and advances to customers	2,176,916	3,230,396	2,418,980	6,556,009	3,190,461	-	17,572,762
Monetary bills issued by AMCM	-	1,997,915	639,805	-	-	-	2,637,720
Equity securities	-	-	-	-	-	250	250
Property, plant and equipment	-	-	-	-	-	115,323	115,323
Other assets	332,936	583,248	81,281	2,473	1,476	-	1,001,414
Total assets	3,344,148	8,325,212	3,382,568	6,558,482	3,191,937	115,573	24,917,920
Liabilities							
Deposits from banks	426,369	4,963	-	7,931,000	-	-	8,362,332
Customer accounts	11,708,202	1,610,487	1,347,311	-	-	-	14,666,000
Items in the course of transmission							
to other banks	83,927	-	-	-	-	-	83,927
Current taxation	-	-	18,641	17,043	-	-	35,684
Deferred tax liabilities	-	-	-	10,746	-	-	10,746
Other liabilities	468,781	606,758	78,820	1,617	4,520	2,273	1,162,769
Total liabilities	12,687,279	2,222,208	1,444,772	7,960,406	4,520	2,273	24,321,458
Net liquidity gap	(9,343,131)	6,103,004	1,937,796	(1,401,924)	3,187,417	113,300	596,462

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

(c) Analysis on assets and liabilities by remaining maturity (continued)

	At 31 Dec 2021						
	Repayable on demand	Due within 3 months	Due between 3 and 12 months	Due between 1 year and 5 years	Due after 5 years	No contractual maturity	Total
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Assets							
Cash and current balances with banks	960,334	-	-	-	-	-	960,334
Balances with AMCM	-	462,163	-	-	-	-	462,163
Items in the course of collection from other banks	82,431	-	-	-	-	-	82,431
Placements with banks	-	2,504,751	-	-	-	-	2,504,751
Loans and advances to customers	30,454	4,924,244	2,769,443	3,883,160	5,225,130	-	16,832,431
Monetary bills issued by AMCM	-	2,399,340	698,456	-	-	-	3,097,796
Equity securities	-	-	-	-	-	250	250
Property, plant and equipment	-	-	-	-	-	118,259	118,259
Other assets	455,589	344,608	167,538	-	-	-	967,735
Total assets	1,528,808	10,635,106	3,635,437	3,883,160	5,225,130	118,509	25,026,150
Liabilities							
Deposits from banks	191,256	431,751	1,287,500	6,540,500	-	-	8,451,007
Customer accounts	13,343,955	1,231,035	557,694	219	-	-	15,132,903
Items in the course of transmission to other banks	87,358	-	-	-	-	-	87,358
Current taxation	-	-	18,408	-	-	-	18,408
Deferred tax liabilities	-	-	-	2,252	-	-	2,252
Other liabilities	782,313	155,091	169,620	2,684	5,444	70	1,115,222
Total liabilities	14,404,882	1,817,877	2,033,222	6,545,655	5,444	70	24,807,150
Net liquidity gap	(12,876,074)	8,817,229	1,602,215	(2,662,495)	5,219,686	118,439	219,000

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

(d) Ageing analysis on accounting past due exposures

The ageing analysis of loans and advances to customers that are past due is as follows:

	At 30 Jun 2022 MOP'000	At 31 Dec 2021 MOP'000
Gross loans and advances to customers that are past due		
– more than 3 months but less than 6 months	14,015	133,534
– more than 6 months but less than 1 year	7,433	203,371
– more than 1 year	274,990	263,670
	<u>296,438</u>	<u>600,575</u>
	At 30 Jun 2022 MOP'000	At 31 Dec 2021 MOP'000
Value of collateral on past due loans and advances to customers		
– more than 3 months but less than 6 months	39,884	36,643
– more than 6 months but less than 1 year	14,466	212,841
– more than 1 year	73,084	31,570
	<u>127,434</u>	<u>281,054</u>
	At 30 Jun 2022 MOP'000	At 31 Dec 2021 MOP'000
Amount of expected credit loss / specific provision made on past due loans and advance to customers		
– more than 3 months but less than 6 months	374	93,716
– more than 6 months but less than 1 year	325	708
– more than 1 year	228,472	232,847
	<u>229,171</u>	<u>327,271</u>

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

(e) Credit quality analysis under regulatory asset classification

	At 30 Jun 2022				
	Gross loans and advances	Collateral value	ECL Stage 1	ECL Stage 2	ECL Stage 3
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Loans and advances to customers					
Pass	16,580,130	18,662,951	3,249	4,104	-
Special Mention	761,453	1,004,262	64	1,925	-
Substandard	7,401	14,690	-	121	-
Doubtful	180,053	240,565	-	13	964
Loss	309,414	89,934	-	-	255,249
	<u>17,838,451</u>	<u>20,012,402</u>	<u>3,313</u>	<u>6,163</u>	<u>256,213</u>
Monetary bills issued by AMCM					
Pass	2,637,720	-	-	-	-
	<u>2,637,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Placements with banks					
Pass	2,377,125	-	-	-	-
	<u>2,377,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets					
Pass	14,321	-	29	74	-
Doubtful	13,685	-	-	-	13,685
Loss	28,233	-	-	-	28,233
	<u>56,239</u>	<u>-</u>	<u>29</u>	<u>74</u>	<u>41,918</u>

Credit risk management (continued)

(Expressed in thousands of Macau Patacas)

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

	<i>Gross loans and advances</i>	<i>At 31 Dec 2021</i>		
		<i>Collateral value</i>	<i>General provision</i>	<i>Specific provision</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Loans and advances to customers				
Group I (Performing or past due less than 3 months)	16,777,274	19,052,035	218,147	-
Group II (Past due between 3 and 12 months)	336,905	249,485	-	94,424
Group III (Past due between 12 and 18 months)	89,816	13,627	-	74,542
Group IV (Past due over 18 months)	173,854	17,943	-	158,305
	<u>17,377,849</u>	<u>19,333,090</u>	<u>218,147</u>	<u>327,271</u>
Monetary bills issued by AMCM				
Group I	3,097,796	-	-	-
	<u>3,097,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Placements with banks				
Group I	2,504,751	-	-	-
	<u>2,504,751</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets				
Group I	967,735	-	77	-
	<u>967,735</u>	<u>-</u>	<u>77</u>	<u>-</u>

Foreign exchange risk management

(Expressed in thousands of Macau Patacas)

Foreign currency risk

Analysis on total net position in currencies other than MOP:

	At 30 Jun 2022			
	United States Dollars	Hong Kong Dollars	Other foreign currencies	Total
<i>In thousand of MOP equivalent</i>				
Spot assets	5,042,655	13,031,461	1,487,478	19,561,594
Spot liabilities	(6,199,580)	(12,517,005)	(921,996)	(19,638,581)
Forward purchase	2,122,576	105,036	1,130,734	3,358,346
Forward sales	(932,586)	(711,591)	(1,695,500)	(3,339,677)
Net long/(short) non-structural position	33,065	(92,099)	716	(58,318)

	At 31 Dec 2021			
	United States Dollars	Hong Kong Dollars	Other foreign currencies	Total
<i>In thousand of MOP equivalent</i>				
Spot assets	4,352,087	12,175,082	1,618,520	18,145,689
Spot liabilities	(5,583,735)	(12,146,171)	(897,157)	(18,627,063)
Forward purchase	1,889,264	290,640	985,288	3,165,192
Forward sales	(624,786)	(673,621)	(1,706,705)	(3,005,112)
Net long/(short) non-structural position	32,830	(354,070)	(54)	(321,294)

Liquidity risk management

(Expressed in thousands of Macau Patacas)

The following table summarizes the key quantitative indicators for liquidity risk:

	<i>Half-year ended</i> <i>30 Jun 2022</i>	<i>Half-year ended</i> <i>30 Jun 2021</i>
	MOP'000	MOP'000
(a) The arithmetic mean of the minimum weekly amount of cash in hand that is required to be held	434,757	453,433
(b) The arithmetic mean of the average weekly amount of cash in hand	744,359	824,485
(c) The arithmetic mean of the specified liquid assets at the end of each month	9,749,336	9,783,295
(d) The average ratio of specified liquid assets to total basic liabilities at the end of the month	65.2%	63.2%
(e) The arithmetic mean of its one-month liquidity ratio in the last week of each month	1082.0%	970.2%
(f) The arithmetic mean of its three-month liquidity ratio in the last week of each month	531.8%	433.4%

The above ratios and figures calculations are computed based on the data extracted from the weekly and monthly returns submitted to AMCM.

Other information

(Expressed in thousands of Macau Patacas)

(a) Capital commitments

There were no capital commitments outstanding at 30 June 2022 not provided for in the financial statements.

(b) Operating lease commitments

At 30 June 2022, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<i>At 30 Jun 2022</i> MOP'000	<i>At 31 Dec 2021</i> MOP'000
Within 1 year	10,199	19,453
After 1 year but within 5 years	278	433
	<u>10,477</u>	<u>19,886</u>

Other information in relation to positions of Head Office, The Hongkong and Shanghai Banking Corporation Limited *(Expressed in Hong Kong dollars)*

The Branch is one of the branches of The Hongkong and Shanghai Banking Corporation Limited (“the Bank”) and therefore it is not required to prepare consolidated accounts. Unless otherwise stated, all information disclosed below is extracted from the corresponding information in the most recently available interim consolidated financial statements of the Bank of which the Branch is a member.

The interim consolidated financial statements can be accessed through various channels, including its website (<http://www.hsbc.com.hk>). For more comprehensive understanding of the financial position and results of operations of HSBC, the information disclosed below should be read in conjunction with the interim consolidated financial statements.

(a) Consolidated capital adequacy ratio

	<i>At 30 Jun 2022</i>	<i>At 31 Dec 2021</i>
	%	%
Capital adequacy ratio		
Tier 1 capital ratio	16.0	16.8
Total capital ratio	17.9	18.7

The capital ratios were contained in the ‘Capital Adequacy Ratio’ return submitted to the Hong Kong Monetary Authority (“HKMA”) by The Hongkong and Shanghai Banking Corporation Limited on a consolidated basis that is specified by the HKMA under the requirements of section 3C(1) of the Banking (Capital) Rules.

Other information in relation to positions of Head Office, The Hongkong and Shanghai Banking Corporation Limited (continued)

(Expressed in Hong Kong dollars)

(b) Capital and reserves

	<i>At 30 Jun 2022</i> HKD million	<i>At 31 Dec 2021</i> HKD million
Share capital	180,181	172,335
Other equity instruments	52,386	44,615
Other reserves	117,341	151,804
Retained earnings	508,541	488,055
	<hr/>	<hr/>
Total shareholders' equity	858,449	856,809
Non-controlling interests	65,453	66,702
	<hr/>	<hr/>
Total equity	923,902	923,511
	<hr/> <hr/>	<hr/> <hr/>

(c) Consolidated assets, liabilities and profits position

	<i>At 30 Jun 2022</i> HKD million	<i>At 31 Dec 2021</i> HKD million
Total assets	10,356,032	9,903,393
Total liabilities	9,432,130	8,979,882
Loans and advances to customers	3,864,799	3,840,939
Deposits by banks	337,078	280,310
Customer accounts	6,113,666	6,177,182
	<hr/>	<hr/>
	<i>Half-year ended</i> <i>30 Jun 2022</i> HKD million	<i>Half-year ended</i> <i>30 Jun 2021</i> HKD million
Profit before taxation	44,393	50,507
	<hr/> <hr/>	<hr/> <hr/>

Other information in relation to positions of Head Office, The Hongkong and Shanghai Banking Corporation Limited (continued)

(Expressed in Hong Kong dollars)

(d) *Shareholders with qualifying holdings*

The Branch is one the branches of The Hongkong and Shanghai Banking Corporation Limited ("the Bank"). The ultimate holding company of the Bank is HSBC Holdings plc, which is incorporated in the United Kingdom. There are no shareholders with major holdings in HSBC Holdings plc ordinary shares.

(e) *Board of Directors*

The Board of Directors of the Bank at 30 June 2022 comprises:

Peter Tung Shun WONG[#], GBS, JP (Chairman)
David Gordon ELDON[#], GBS, CBE, JP (Deputy Chairman)
David Yi Chien LIAO (Co-Chief Executive Officer)
Surendranath Ravi ROSHA (Co-Chief Executive Officer)
Sonia Chi Man CHENG*
Yiu Kwan CHOI*
Andrea Lisa DELLA MATTEA*
Rajnish KUMAR*
Beau Khoon Chen KUOK*
Irene Yun-lien LEE*
Victor Tzar Kuoi LI[#]
Ewen James STEVENSON[#]
Kevin Anthony WESTLEY*, BBS

* independent non-executive Director

[#] non-executive Director