

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

Unaudited Interim Disclosure of Financial Information

30 June 2014

Income statement
for the 6 months ended 30 June 2014
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2014</i> MOP'000
Interest income	1(a)	23,238
Interest expenses	1(a)	<u>(4,571)</u>
Net interest income		18,667
Other revenue		12,001
Other net income		<u>3,912</u>
Operating income		34,580
Operating expenses	1(a)	<u>(6,235)</u>
Operating profit before impairment losses		28,345
Impairment release on loans and advances to customers		<u>172</u>
Profit before taxation		28,517
Income tax		<u>(3,442)</u>
Profit for the period		<u>25,075</u>
Effects of additional provisions for loans and advances to customers under Autoridade Monetaria de Macau (“AMCM”) rules		
Profit after taxation		25,075
Additional provisions under AMCM rules		<u>(5,455)</u>
Result for the period under AMCM rules		<u>19,620</u>

Balance sheet at 30 June 2014

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2014</i> MOP'000
Assets		
Cash, balances and placements with banks and other financial institutions		447,368
Trade bills	2(a)	29,800
Loans and advances to customers	2(a)	1,988,257
Available-for-sale securities	3	69,703
Amounts due from head office, other branches and group companies	1(b)	1,084,973
Other assets		<u>457,378</u>
		<u>4,077,479</u>
Liabilities		
Deposits from customers	4	1,337,784
Amounts due to head office, other branches and group companies	1(c)	2,186,132
Current taxation		8,813
Deferred tax liabilities		2,920
Other liabilities		<u>456,104</u>
		3,991,753
Reserves		<u>85,726</u>
		<u>4,077,479</u>

Cash flow statement for the six months ended 30 June 2014 (Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2014</i> MOP'000
Operating activities		
Profit from ordinary activities before taxation		28,517
Adjustments for non-cash items:		
Amortisation of discount on AMCM monetary bills		(224)
Impairment release on loan and advances		(172)
Unwinding of discount on loan impairment charge		(22)
		28,099
Decrease/(increase) in operating assets:		
Balances with banks with original maturity beyond three months		34,466
Trade bills		(9,726)
Loans and advances to customers		(737,521)
Available-for-sale securities with maturity beyond three months		267
Amounts due from head office, other branches and group companies		1,656
Other assets		77,747
(Decrease)/increase in operating liabilities:		
Deposits from customers		(933,381)
Amounts due to head office, other branches and group companies		1,216,936
Other liabilities		(100,510)
		(421,967)
Cash used in operations		(421,967)
Macau complementary tax paid		-
Net cash used in operating activities		(421,967)

Cash flow statement
for the six months ended 30 June 2014 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2014</i>
Net decrease in cash and cash equivalents		(421,967)
Cash and cash equivalents at 1 January, 2014		<u>1,920,487</u>
Cash and cash equivalents at 30 June, 2014	5	<u><u>1,498,520</u></u>
Cash flows from operating activities include:		
Interest received		24,980
Interest paid		<u><u>(4,692)</u></u>

Notes on the financial statements

(Expressed in thousands of Macau Patacas)

1 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:

	2014 MOP'000
Interest income from placements with a group company and other branches	1,630
Interest expense on deposits from a group company and other branches	(4,129)

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, subsidiary, and other branches of MOP4,286,522.

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

	2014 MOP'000
Balances and placements with banks	1,084,738
Other assets	235
	1,084,973

Analysed into counterparty

Head office	27
Other branches	972,386
Group companies	112,560
	1,084,973

1 Related party transactions (continued)

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

	2014 MOP'000
Balances from banks	107,470
Deposits from banks	2,076,385
Other liabilities	2,277
	2,186,132
 Analysed into counterparty	
Head Office	5,494
Other branches	46
Group companies	2,180,592
	2,186,132

2 Advances to customers

(a) Advances to customers

	2014 MOP'000
Gross loans and advances to customers	2,057,689
Trade bills	29,800
	2,087,489
Less: Impairment provision	
- individually assessed (note 2(d))	(68,017)
- collectively assessed (note 2(d))	(1,415)
	2,018,057

2 Advances to customers (continued)

(b) Impaired loans and advances to customers

	2014 MOP'000
Gross impaired advances to customers (note 2(d))	68,975
Impairment provision - individually assessed	(68,017)
	958
Gross impaired advances to customers as a % of gross advances to customers	3.30%

Collateral of MOP2,283,189 was held against impaired loans and advances to customers as at 30 June 2014.

(c) Advances to customers and trade bills analysed by industry sector

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

	2014 MOP'000
Gross advances for use in Macau	
Industrial, commercial and financial	
– Textile productions	327,002
– Paper, printing and publishing	958,980
– Machinery and other electrical and electronic goods	309,793
– Other manufacturing industries	159,964
– Wholesale and retail trade	163,698
– Others	116,774
	2,036,211
Gross advances for use in Macau	2,036,211
Gross advances for use outside Macau	51,278
Total gross advances to customers and trade bills	2,087,489

2 Advances to customers (continued)

(d) Advances to customers analysed by industry sector

	2014					
	<i>Impaired Loans</i> (note 2 (b)) MOP'000	<i>Overdue loans</i> MOP'000	<i>Individually- assessed impairment provision</i> (note 2 (a)) MOP'000	<i>Collectively- assessed impairment provision</i> (note 2 (a)) MOP'000	<i>Additional provision under AMCM rules</i> MOP'000	<i>Write off</i> MOP'000
Textile productions	-	5,649	-	189	3,124	-
Paper, printing and publishing	-	-	-	764	12,629	-
Machinery and other electrical and electronic goods	-	-	-	198	3,269	-
Other manufacturing industries	-	-	-	94	1,564	-
Wholesale and retail trade	17,697	-	17,697	94	1,555	-
Others	51,278	-	50,320	76	2,195	-
	<u>68,975</u>	<u>5,649</u>	<u>68,017</u>	<u>1,415</u>	<u>24,336</u>	<u>-</u>

(e) Overdue loans and advances to customers

	2014	
	<i>Amount</i> MOP'000	<i>% of total loans</i>
Loans and advances to customers that have been past due for periods of		
- six months or less but over three months	-	-
- one year or less but over six months	-	-
- over one year	68,975	3.30
	<u>68,975</u>	<u>3.30</u>
Individually-assessed impairment provision	<u>68,017</u>	
Collateral value	<u>2,283</u>	

3 Available-for-sale securities

	2014 MOP'000
Unlisted:	
AMCM monetary bills	69,703

4 Deposits from customers

	2014 MOP'000
Demand deposits and current accounts	473,580
Savings deposits	820,308
Time, call and notice deposits	43,896
	1,337,784

5 Cash and cash equivalents

Composition of cash and cash equivalents in the cash flow statement

	2014 MOP'000
Balances with original maturity less than three months:	
Cash and balances with banks and other financial institutions	447,368
Amounts due from head office, other branches and group companies	
– Balances and placements with banks	1,051,152
Cash and cash equivalents in the cash flow statement	1,498,520

Cash and cash equivalents include cash balances with AMCM of MOP 28,131,130 that is subject to regulatory restrictions.

6 Off-balance sheet exposures

(a) Contractual amount of contingent liabilities and commitments

	2014 MOP'000
Trade-related contingencies	4,315,728
Other commitments	8,140,242
	12,455,970

(b) Derivatives

(i) Notional amounts of derivatives

	2014 MOP'000
Exchange rate contracts	
Forwards	880,896

(ii) Fair values of derivatives

	2014	
	<i>Fair value assets</i>	<i>Fair value liabilities</i>
	(note (ii)(a))	(note (ii)(b))
	MOP'000	MOP'000
Exchange rate contracts	114	39

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.

(iii) Credit risk weighted amounts of derivatives

	2014 MOP'000
Exchange rate contracts	8,810

Credit risk weighted amount refers to the amount as calculated in accordance with Notice 013/93-AMCM.

7 Foreign exchange risk

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

	2014 MOP'000
Total net long position in foreign currencies	<u><u>27,175</u></u>

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

	2014 MOP'000
HK dollar exposure	
Spot assets	1,641,451
Spot liabilities	(1,625,655)
Forward purchases	213,858
Forward sales	<u>(216,448)</u>
Net long non-structural position	<u><u>13,206</u></u>

US dollar exposure

Spot assets	1,822,745
Spot liabilities	(1,813,564)
Forward purchases	218,791
Forward sales	<u>(217,629)</u>
Net long non-structural position	<u><u>10,343</u></u>

Chinese Renminbi exposure

Spot assets	47,059
Spot liabilities	(44,248)
Forward purchases	-
Forward sales	<u>-</u>
Net long non-structural position	<u><u>2,811</u></u>

8 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.

	2014							
	<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>	<i>Undated or overdue more than one month</i>	<i>Total</i>
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Assets								
Cash, balances and placements with banks and other financial institutions	414,311	4,926	-	-	-	-	28,131	447,368
Trade bills	-	23,496	6,304	-	-	-	-	29,800
Loans and advances to customers	19,075	1,318,672	387,467	57,500	-	206,000	(457)	1,988,257
Available-for-sale securities	-	-	-	69,703	-	-	-	69,703
Amounts due from head office, other branches and group companies	352,200	603,078	122,033	7,635	-	-	27	1,084,973
Other assets	13,608	154,504	191,996	97,140	-	-	130	457,378
Total assets	<u>799,194</u>	<u>2,104,676</u>	<u>707,800</u>	<u>231,978</u>	<u>-</u>	<u>206,000</u>	<u>27,831</u>	<u>4,077,479</u>
Liabilities								
Deposits from customers	1,293,888	34,197	2,079	7,620	-	-	-	1,337,784
Amounts due to head office, other branches and group companies	107,729	1,428,933	590,711	58,726	-	-	33	2,186,132
Other liabilities	5,198	160,450	189,621	109,516	-	3,046	6	467,837
Total liabilities	<u>1,406,815</u>	<u>1,623,580</u>	<u>782,411</u>	<u>175,862</u>	<u>-</u>	<u>3,046</u>	<u>39</u>	<u>3,991,753</u>
Net assets / (liabilities)	<u>(607,621)</u>	<u>481,096</u>	<u>(74,611)</u>	<u>56,116</u>	<u>-</u>	<u>202,954</u>	<u>27,792</u>	<u>85,726</u>

9 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.

	2014					
	<i>Loan and advances to customers</i> MOP'000	<i>of which</i>		<i>Individually - assessed impairment provision</i> MOP'000	<i>Collectively - assessed impairment provision</i> MOP'000	<i>Additional provision under AMCM rules</i> MOP'000
		<i>Overdue loans</i> MOP'000	<i>Impaired loans</i> MOP'000			
Macau SAR of China	2,036,211	5,649	17,697	17,697	1,415	23,378
Others	51,278	-	51,278	50,320	-	958
	<u>2,087,489</u>	<u>5,649</u>	<u>68,975</u>	<u>68,017</u>	<u>1,415</u>	<u>24,336</u>

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

	2014		
	<i>Bank</i> MOP'000	<i>Corporate entities</i> MOP'000	<i>Total</i> MOP'000
Hong Kong SAR of China	5,596	-	5,596
Macau SAR of China	-	5,264,179	5,264,179
Singapore	505	-	505
United States	-	7,185,690	7,185,690
	<u>6,101</u>	<u>12,449,869</u>	<u>12,455,970</u>

(c) Geographical analysis of exposure on financial derivatives

	2014		
	<i>Bank</i> MOP'000	<i>Corporate entities</i> MOP'000	<i>Total</i> MOP'000
United Kingdom	27	-	27
Macau SAR of China	-	87	87
	<u>27</u>	<u>87</u>	<u>114</u>

10 Liquidity risk

	<i>Jan – Jun 2014</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>59,700</u>
Arithmetic mean of the average daily amount of cash in hand during the period (note (i))	<u>404,398</u>
Arithmetic mean of the specified liquid assets at the end of each month during the period (note (i))	<u>1,899,168</u>
<i>Jan – Jun 2014</i>	
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the period (note (i))	<u>101.57%</u>
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the period (note (ii))	<u>82.26%</u>
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the period (note (ii))	<u>100.15%</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

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

(a) Consolidated capital adequacy ratio of the Group

	2014
Consolidated total capital adequacy ratio	<u>17.3%</u>

In Policy Statement PS7/13 the Prudential Regulatory Authority (“PRA”) has set out its approach to implementation of the Capital Requirement Regulation (“CRR”) and the Capital Requirements Directive (“CRD”) which together comprises CRD IV. CRD IV came into force on 1 January 2014. A number of areas of CRD IV remain subject to further consultation or await promulgation of the relevant European Banking Authority (“EBA”) Technical Standards and UK implementing rules. Further, the CRD leaves considerable scope for national discretion to be applied.

Since 1 January 2008, we have been using the Internal Ratings Based (“IRB”) approach for the calculation of credit risk capital requirements with the approval of our relevant regulators. This approach builds on our risk management practices and investment in data warehousing and risk models.

For market risk Internal Model Approach (“IMA”) where IMA permission has been granted by our relevant regulators we use Value at Risk (“VaR”) in our market risk models for the calculation of our market risk capital requirements. Where our market risk exposures are not included in a regulatory IMA permission we apply the Standardised Approach for determining the capital requirements for market risk as specified by the relevant regulator.

We apply the Standardised Approach for determining the capital requirements for operational risk.

(b) Other consolidated financial information of the Group

	2014
	US\$ million
Total assets	690,138
Total liabilities	641,576
Total capital and reserves	48,562
Total loans and advances to banks and customers	386,533
Total customer deposits and deposits from banks	429,798
Pre-tax profit	<u>3,253</u>

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

(c) Shareholders with qualifying holdings

As far as the directors are aware as at 30 June 2014, Temasek Holdings (Private) Limited (Temasek) 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.

(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 2014 are set out below.

Non-executive Chairman

Sir John Wilfred Peace

Executive Directors

Mr Peter Alexander Sands (Chief Executive); Mr Andrew Nigel Halford (Group Finance Director); Mr Jaspal Singh Bindra; Mr Alun Michael Guest Rees and Mr Viswanathan Shankar

Independent Non-Executive Directors

Mr Om Prakash Bhatt; Dr Kurt Michael Campbell; Dr Louis Chi-Yan Cheung; Dr Han Seung-soo, KBE; Mr Naguib Kheraj; Mr Simon Jonathan Lowth; Ms Ruth Markland (Senior Independent Director); Mr John Gregor Hugh Paynter; Mr Paul David Skinner, CBE; Mr Oliver Henry James Stocken, CBE; Dr Lars Henrik Thunell; Dr Byron Elmer Grote and Mrs Christine Mary Hodgson