

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

Unaudited Interim Disclosure of Financial Information

30 June 2017

Income statement
For the 6 months ended 30 June 2017
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2017</i> MOP'000
Interest income	1(a)	25,434
Interest expenses	1(a)	<u>(9,618)</u>
Net interest income		15,816
Fee and commission income		8,556
Exchange gain		<u>750</u>
Operating income		25,122
Operating expenses	1(a)	<u>(6,297)</u>
Operating profit before impairment losses		18,825
Impairment charges on loans and advances to customers		<u>(239)</u>
Profit before taxation		18,586
Income tax		<u>(2,243)</u>
Profit for the period		<u>16,343</u>
Effects of additional provisions for loans and advances to customers under Autoridade Monetaria de Macau (“AMCM”) rules		
Profit after taxation		16,343
Addition in provisions under AMCM rules		<u>(8,899)</u>
Result for the period under AMCM rules		<u>7,444</u>

Balance sheet as at 30 June 2017

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2017</i> MOP'000
Assets		
Cash, balances and placements with banks and other financial institutions		350,789
Trade bills	2(a)	11,041
Loans and advances to customers	2(a)	2,554,073
Available-for-sale securities	3	128,975
Amounts due from head office, other branches and group companies	1(b)	853,801
Other assets		<u>549,442</u>
		<u><u>4,448,121</u></u>
Liabilities		
Deposits from customers	4	1,069,156
Amounts due to head office, other branches and group companies	1(c)	2,755,499
Current taxation		4,721
Deferred tax liabilities		3,614
Other liabilities		<u>553,103</u>
		4,386,093
Reserves		<u>62,028</u>
		<u><u>4,448,121</u></u>

Cash flow statement

For the six months ended 30 June 2017

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	2017 MOP'000
Operating activities		
Profit from ordinary activities before taxation		18,586
Adjustments for non-cash items:		
Amortisation of discount on AMCM monetary bills		(251)
Impairment charge on loan and advances		239
		18,574
Operating profit before changes in working capital		
		18,574
(Increase)/Decrease in operating assets:		
Cash, balances and placements with banks with original maturity beyond three months		63,902
Trade bills		6,759
Loans and advances to customers		(988,848)
Available-for-sale securities with original maturity beyond three months		(98,922)
Amounts due from head office, other branches and group companies		(44)
Other assets		(25,984)
(Decrease)/increase in operating liabilities:		
Deposits from customers		(76,513)
Amounts due to head office, other branches and group companies		928,233
Other liabilities		45,287
		(127,556)
Cash used in operations		
Macau complementary tax paid		-
Net cash used in operating activities		(127,556)

Cash flow statement
For the six months ended 30 June 2017 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2017</i> MOP'000
Net decrease in cash and cash equivalents		(127,556)
Cash and cash equivalents at 1 January, 2017		<u>1,324,069</u>
Cash and cash equivalents at 30 June, 2017	5	<u><u>1,196,513</u></u>
Cash flows from operating activities include:		
Interest received		23,985
Interest paid		<u><u>(9,403)</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:

	6 months ended 30 June 2017 MOP'000
Interest income from placements with a group company and other branches	4,479
Interest expense on deposits from a group company and other branches	(9,046)

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 MOP3,535,861.

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

	30 June 2017 MOP'000
Balances and placements with banks	853,344
Other assets	457
	<u>853,801</u>
 Analysed into counterparty	
Head office	6,303
Other branches	108,695
Group companies	738,803
	<u>853,801</u>

1 Related party transactions (continued)

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

30 June 2017,
MOP'000

Balances from banks	50,113
Deposits from banks	2,693,322
Other liabilities	12,064

2,755,499

Analysed into counterparty

Head Office	10,353
Other branches	2,747
Group companies	2,742,399

2,755,499

2 Advances to customers

(a) Advances to customers

30 June 2017
MOP'000

Gross loans and advances to customers	2,555,372
Trade bills	11,041

2,566,413

Less: Impairment provision

- individually assessed (note 2(d))	-
- collectively assessed (note 2(d))	(1,299)

2,565,114

2 Advances to customers (continued)

(b) Impaired loans and advances to customers

	30 June 2017 MOP'000
Gross impaired advances to customers (note 2(d))	-
Impairment provision - individually assessed	-
	-
	-
 Gross impaired advances to customers as a % of gross advances to customers	 - %
	-

No collateral was held against impaired loans and advances to customers as at 30 June 2017.

(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.

	30 June 2017 MOP'000
Gross advances for use in Macau	
Industrial, commercial and financial	
- Textile productions	130,072
- Leather articles	7,906
- Paper, printing and publishing	1,370,538
- Machinery and other electrical and electronic goods	686,205
- Other manufacturing industries	37,524
- Wholesale and retail trade	334,168
- Others	-
	-
Gross advances for use in Macau	2,566,413
Gross advances for use outside Macau	-
	-
Total gross advances to customers and trade bills	2,566,413

2 Advances to customers (continued)

(d) Advances to customers analysed by industry sector

	30 June 2017					
	<i>Impaired Loans (note 2 (b)) MOP'000</i>	<i>Overdue Loans but not impaired MOP'000</i>	<i>Individually- assessed impairment provision (note 2 (a)) MOP'000</i>	<i>Collectively- assessed impairment provision (note 2 (a)) MOP'000</i>	<i>Additional provision under AMCM rules MOP'000</i>	<i>Write off MOP'000</i>
Textile productions	-	4,920	-	66	1,526	-
Leather articles	-	-	-	4	93	-
Paper, printing and publishing	-	-	-	694	16,081	-
Machinery and other electrical and electronic goods	-	-	-	347	8,052	-
Other manufacturing industries	-	-	-	19	440	-
Wholesale and retail trade	-	-	-	169	3,921	-
Others	-	-	-	-	-	-
	-	4,920	-	1,299	30,113	-
	-	4,920	-	1,299	30,113	-

(e) Overdue loans and advances to customers

	30 June 2017	
	<i>Amount MOP'000</i>	<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	-	-
	-	-
	-	-
Individually-assessed impairment provision	-	
	-	
Collateral value	-	
	-	

3 Available-for-sale securities

30 June 2017
MOP'000

Unlisted:

AMCM monetary bills	128,975
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4 Deposits from customers

30 June 2017
MOP'000

Demand deposits and current accounts	417,001
Savings deposits	605,259
Time, call and notice deposits	46,240
Other deposits	656
	1,069,156

5 Cash and cash equivalents

Composition of cash and cash equivalents in the cash flow statement

30 June 2017
MOP'000

Cash, balances and placements with banks and other financial institutions with original maturity less than three months	350,789
Amounts due from head office, other branches and group companies	
– Balances and placements with banks with original maturity less than three months	845,724
	1,196,513
Cash and cash equivalents in the cash flow statement	

Note: Includes minimum deposits with AMCM of MOP 37,669,438.

6 Off-balance sheet exposures

(a) Contractual amount of contingent liabilities and commitments

30 June 2017
MOP'000

Trade-related contingencies	553,347
Other commitments	<u>2,784,404</u>
	<u>3,337,751</u>

(b) Derivatives

(i) Notional amounts of derivatives

30 June 2017
MOP'000

Exchange rate contracts

Forwards	<u>268,381</u>
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(ii) Fair values of derivatives

30 June 2017

	<i>Fair value assets</i>	<i>Fair value liabilities</i>
	(note (ii)(a))	(note (ii)(b))
	MOP'000	MOP'000

Exchange rate contracts	<u>1</u>	<u>104</u>
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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

30 June 2017
MOP'000

Exchange rate contracts	<u>-</u>
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Credit risk weighted amount refers to the amount as calculated in accordance with Notice 028/B/2015-DSB/AMCM.

7 Foreign exchange risk

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

	<i>30 June 2017:</i> MOP'000
Total net long position in foreign currencies	<u>29,502</u>

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

	<i>30 June 2017:</i> MOP'000
HK dollar exposure	
Spot assets	2,250,713
Spot liabilities	(2,231,940)
Forward purchases	8,575
Forward sales	<u>(3,501)</u>
Net long non-structural position	<u>23,847</u>

US dollar exposure

Spot assets	1,082,208
Spot liabilities	(1,197,535)
Forward purchases	124,851
Forward sales	<u>(4,028)</u>
Net long non-structural position	<u>5,496</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.

	30 June 2017							
	<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	313,120	-	-	-	-	-	37,669	350,789
Trade bills	5,766	-	5,275	-	-	-	-	11,041
Loans and advances to customers	15,460	1,538,189	657,065	314,616	30,042	-	(1,299)	2,554,073
Available-for-sale securities	-	-	-	128,975	-	-	-	128,975
Amounts due from head office, other branches and group companies	220,797	450,085	175,299	7,620	-	-	-	853,801
Other assets	928	212,521	242,210	93,770	-	-	13	549,442
Total assets	<u>556,071</u>	<u>2,200,795</u>	<u>1,079,849</u>	<u>544,981</u>	<u>30,042</u>	<u>-</u>	<u>36,383</u>	<u>4,448,121</u>
Liabilities								
Deposits from customers	1,022,260	16,080	22,540	8,276	-	-	-	1,069,156
Amounts due to head office, other branches and group companies	62,072	1,660,117	901,543	84,559	47,208	-	-	2,755,499
Other liabilities	5,977	209,367	245,544	95,907	1,029	-	3,614	561,438
Total liabilities	<u>1,090,309</u>	<u>1,885,564</u>	<u>1,169,627</u>	<u>188,742</u>	<u>48,237</u>	<u>-</u>	<u>3,614</u>	<u>4,386,093</u>
Net assets / (liabilities)	<u>(534,238)</u>	<u>315,231</u>	<u>(89,778)</u>	<u>356,239</u>	<u>(18,195)</u>	<u>-</u>	<u>32,769</u>	<u>62,028</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.

	30 June 2017					
	<i>Loan and advances to customers</i>	<i>of which</i>		<i>Individually - assessed</i>	<i>Collectively - assessed</i>	<i>Additional provision</i>
	<i>MOP'000</i>	<i>Overdue loans but not impaired</i>	<i>Impaired loans</i>	<i>impairment provision</i>	<i>impairment provision</i>	<i>under AMCM rules</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Macau SAR of China	2,566,413	-	-	-	1,299	30,113
	<u>2,566,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,299</u>	<u>30,113</u>

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

	30 June 2017		
	<i>Bank</i>	<i>Corporate entities</i>	<i>Total</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Hong Kong SAR of China	3,405	-	3,405
Macau SAR of China	-	3,334,284	3,334,284
Singapore	62	-	62
	<u>3,467</u>	<u>3,334,284</u>	<u>3,337,751</u>

(c) Geographical analysis of exposure on financial derivatives

	30 June 2017		
	<i>Bank</i>	<i>Corporate entities</i>	<i>Total</i>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Hong Kong SAR of China	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>

10 Liquidity risk

	<i>January to June 2017</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>35,058</u>
Arithmetic mean of the average daily amount of cash in hand during the period (note (i))	<u>307,905</u>
Arithmetic mean of the specified liquid assets at the end of each month during the period (note (i))	<u>1,174,785</u>
	<i>January to June 2017</i>
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the period (note (i))	<u>100.01%</u>
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the period (note (ii))	<u>96.01%</u>
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the period (note (ii))	<u>98.69%</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

30 June 2017

Consolidated total capital adequacy ratio	<u>21.3%</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 2017

US\$ million

Total assets	657,638
Total liabilities	606,276
Total capital and reserves	51,362
Total loans and advances to banks and customers	348,580
Total customer deposits and deposits from banks	437,611
Pre-tax profit	<u>1,754</u>

(c) Shareholders with qualifying holdings

As far as the directors are aware as at 30 June 2017, 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.

11 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 27 July, 2017 are set out below.

Non-executive 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 Om Prakash Bhatt; Dr Louis Chi-Yan Cheung; Mr David Philbrick Conner; Dr Byron Elmer Grote; Dr Han Seung-soo, KBE; Mrs Christine Mary Hodgson; Ms Gay Huey Evans, OBE; Mr Naguib Kheraj (Deputy Chairman and Senior Independent Director) and Ms Jasmine Mary Whitbread.