

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

Unaudited Interim Disclosure of Financial Information

30 June 2013

Income statement
for the 6 months ended 30 June 2013
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2013</i> MOP'000
Interest income	1(a)	22,337
Interest expenses	1(a)	<u>(3,076)</u>
Net interest income		19,261
Other revenue	1(a)	12,735
Other net income		<u>1,620</u>
Operating income		33,616
Operating expenses	1(a)	<u>(5,805)</u>
Operating profit before impairment losses		27,811
Impairment release on loans and advances		<u>20</u>
Profit before taxation		27,831
Income tax		<u>(3,352)</u>
Profit for the period		<u>24,479</u>
Effects of additional provisions for loans and advances to customers under Autoridade Monetaria de Macau (“AMCM”)		
Profit after taxation		24,479
Additional provisions under AMCM rules		<u>(412)</u>
Result for the period under AMCM rules		<u>24,067</u>

Balance sheet at 30 June 2013

(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2013</i> MOP'000
Assets		
Cash and balances with banks and other financial institutions		410,889
Trade bills	2(a)	19,562
Loans and advances to customers	2(a)	1,122,118
Available-for-sale securities	3	69,741
Amounts due from head office, other branches and group companies	1(b)	2,601,536
Other assets		393,376
		4,617,222
Liabilities		
Deposits from customers	4	2,469,620
Amounts due to head office, other branches and group companies	1(c)	1,664,078
Current taxation		8,402
Deferred tax liabilities		1,790
Other liabilities		398,650
		4,542,540
Reserves		74,682
		4,617,222

Cash flow statement for the six months ended 30 June 2013 (Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2013</i> MOP'000
Operating activities		
Profit from ordinary activities before taxation		27,831
Adjustments for non-cash items:		
Amortisation of discount		(258)
Impairment release on loans and advances		(20)
Depreciation		5
		27,558
Decrease/(increase) in operating assets:		
Balances with banks with original maturity beyond three months		62,384
Trade bills		(5,641)
Loans and advances to customers		(362,173)
Available-for-sale securities with maturity beyond three months		261
Amounts due from head office, other branches and group companies		(1,136)
Other assets		226,028
(Decrease)/increase in operating liabilities:		
Deposits from customers		831,832
Amounts due to head office, other branches and group companies		665,015
Other liabilities		(234,780)
Cash generated from operations		1,209,348
Macau complementary tax paid		-
Net cash generated from in operating activities		1,209,348

Cash flow statement
for the six months ended 30 June 2013 (continued)
(Expressed in thousands of Macau Patacas)

	<i>Note</i>	<i>2013</i>
Investing activity		
Purchase of fixed asset		(59)
Net cash used in investing activity		(59)

Finance activity		
Amount remitted to head office		-
Net cash used in financing activity		-

Net increase in cash and cash equivalents		1,209,289
Cash and cash equivalents at 1 January, 2013		1,734,069
Cash and cash equivalents at 30 June, 2013	5	2,943,358
Cash flows from operating activities include:		
Interest received		26,443
Interest paid		(3,906)

Notes on the financial statements

(Expressed in thousands of Macau Patacas)

1 Related party transactions

(a) Income statement items

Transactions with related parties recognised in the income statement included:

	2013 MOP'000
Interest income from placements with a group company and other branches	<u>1,689</u>
Interest expense on deposits from a group company and other branches	<u>(2,819)</u>
Other revenue from a group company	<u>62</u>

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 MOP2,999,277.

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

	2013 MOP'000
Balances with banks	2,600,084
Other assets	<u>1,452</u>
	<u>2,601,536</u>
Other branches	2,286,819
Group companies	<u>314,717</u>
	<u>2,601,536</u>

The amounts due from head office, other branches and group companies are unsecured. MOP2,378,645,197 has fixed maturity and bears interest on normal commercial terms. MOP16,589,227 are repayable on demand and bear interest on normal commercial terms. MOP285,396 is interest-free and repayable within three months. The remaining balances are interest-free and repayable on demand.

1 Related party transactions (continued)

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

	2013 MOP'000
Balances from banks	420,188
Deposits from banks	1,241,259
Other liabilities	2,631
	1,664,078
Head Office	2,008
Other branches	241,375
Group companies	1,420,695
	1,664,078

The amount due to head office, other branches and group companies are unsecured. MOP1,241,259,701 has fixed maturity and bears interest on normal commercial terms. MOP2,126,259 is interest-free and repayable within three months. The remaining balances are interest-free and repayable on demand.

2 Advances to customers

(a) Advances to customers

	2013 MOP'000
Gross loans and advances to customers	1,188,887
Trade bills	19,562
	1,208,449
Less: Impairment provision	
- individually assessed (note 2(d))	(64,618)
- collectively assessed (note 2(d))	(2,151)
	1,141,680

2 Advances to customers (continued)

(b) Impaired loans and advances to customers

	2013 MOP'000
Gross impaired advances to customers (note 2(d))	71,583
Impairment provision - individually assessed	(64,618)
	6,965
Gross impaired advances to customers as a % of gross advances to customers	5.92%

Collateral of MOP5,052,942 was held against impaired loans and advances to customers as at 30 June 2013.

(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.

	2013 MOP'000
Gross advances for use in Macau	
Industrial, commercial and financial	
- Clothing	942
- Textile productions	82,566
- Paper, printing and publishing	598,563
- Machinery and other electrical and electronic goods	755
- Wood and furniture	337
- Other manufacturing industries	46,011
- Wholesale and retail trade	156,767
- Others	250,671
	1,136,612
Gross advances for use in Macau	1,136,612
- Wholesale and retail trade	17,951
- Others	53,886
	71,837
Gross advances for use outside Macau	71,837
Total gross advances to customers and trade bills	1,208,449

2 Advances to customers (continued)

(d) Advances to customers analysed by industry sector

	2013					
	<i>Impaired Loans</i>	<i>Overdue loans</i>	<i>Individually- assessed impairment provision</i>	<i>Collectively- assessed impairment provision</i>	<i>Additional provision under AMCM rules</i>	<i>Write off</i>
	(note 2 (b)) MOP'000	MOP'000	(note 2 (a)) MOP'000	(note 2 (a)) MOP'000	MOP'000	MOP'000
Clothing	-	-	-	19	492	-
Textile productions	-	1,830	-	206	722	-
Wood and furniture	-	-	-	41	-	-
Paper, printing and publishing	-	-	-	383	7,126	-
Machinery and other electrical and electronic goods	-	451	-	169	31	-
Other manufacturing industries	-	-	-	242	1,642	-
Wholesale and retail trade	17,697	-	17,697	477	1,271	-
Others	53,886	-	46,921	614	3,635	-
	71,583	2,281	64,618	2,151	14,919	-

(e) Overdue loans and advances to customers

	2013	
	<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	17,574	1.45
- over one year	54,009	4.47
	71,583	5.92
Individually-assessed impairment provision	64,618	
Collateral value	5,053	

3 Available-for-sale securities

	2013 MOP'000
Unlisted:	
AMCM monetary bills	69,741

4 Deposits from customers

	2013 MOP'000
Demand deposits and current accounts	379,843
Savings deposits	2,046,070
Time, call and notice deposits	43,707
	2,469,620

5 Cash and cash equivalents

Composition of cash and cash equivalents in the cash flow statement

	2013 MOP'000
Cash and balances with banks and other financial institutions with original maturity less than three months	410,889
Amounts due from head office, other branches and group companies	
- Balances with banks with original maturity less than three months	2,532,469
Cash and cash equivalents in the cash flow statement	2,943,358

The balance of cash and cash equivalents included cash balances with AMCM that is subject to regulatory restrictions, amounting to MOP 56,115,566.

6 Off-balance sheet exposures

(a) Contractual amount of contingent liabilities and commitments

	2013 MOP'000
Trade-related contingencies	4,350,875
Forward deposit	750
Other commitments	<u>5,622,675</u>
	<u>9,974,300</u>

(b) Derivatives

(i) Notional amounts of derivatives

	2013 MOP'000
Exchange rate contracts	
Forwards	<u>463,601</u>

(ii) Fair values of derivatives

	2013	
	<i>Fair value assets (note (ii)(a)) MOP'000</i>	<i>Fair value liabilities (note (ii)(b)) MOP'000</i>
Exchange rate contracts	<u>2,202</u>	<u>1,220</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.

(iii) Credit risk weighted amounts of derivatives

	2013 MOP'000
Exchange rate contracts	<u>4,636</u>

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

7 **Currency risk**

The Branch's foreign exchange positions arise from commercial banking operations.

	<i>2013</i> MOP'000
Total net long position in foreign currencies	<u><u>22,350</u></u>

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

	<i>2013</i> MOP'000
HK dollar exposure	
Spot assets	1,040,387
Spot liabilities	(1,028,022)
Forward purchases	76,779
Forward sales	<u>(76,779)</u>
Net long position	<u><u>12,365</u></u>

US dollar exposure

Spot assets	2,767,071
Spot liabilities	(2,760,830)
Forward purchases	77,818
Forward sales	<u>(76,835)</u>
Net long position	<u><u>7,224</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 asset be held to maturity or that the liabilities will be withdrawn on maturity.

	2013						<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>		
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Assets								
Cash and balances with banks and other financial institutions	354,234	-	539	-	-	-	56,116	410,889
Trade bills	451	18,505	606	-	-	-	-	19,562
Loans and advances to customers	7,942	717,379	367,115	24,868	-	-	4,814	1,122,118
Available-for-sale securities	-	-	-	69,741	-	-	-	69,741
Amounts due from head office, other branches and group companies	179,808	2,065,080	313,732	41,749	-	-	1,167	2,601,536
Other assets	2,911	158,355	195,692	35,329	-	-	1,089	393,376
Total assets	<u>545,346</u>	<u>2,959,319</u>	<u>877,684</u>	<u>171,687</u>	<u>-</u>	<u>-</u>	<u>63,186</u>	<u>4,617,222</u>
Liabilities								
Deposits from customers	2,425,913	-	2,076	41,631	-	-	-	2,469,620
Amounts due to head office, other branches and group companies	421,902	867,096	356,380	18,195	-	-	505	1,664,078
Other liabilities	12,776	153,347	195,704	43,004	3,296	-	715	408,842
Total liabilities	<u>2,860,591</u>	<u>1,020,443</u>	<u>554,160</u>	<u>102,830</u>	<u>3,296</u>	<u>-</u>	<u>1,220</u>	<u>4,542,540</u>
Net (liabilities)/assets gap	<u>(2,315,245)</u>	<u>1,938,876</u>	<u>323,524</u>	<u>68,857</u>	<u>(3,296)</u>	<u>-</u>	<u>61,966</u>	<u>74,682</u>

9 Segmental information

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

(a) Geographical analysis of loans and advances to customers

	2013					
	<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 due loans</i> MOP'000	<i>Impaired loans</i> MOP'000			
Macau SAR of China	1,136,612	2,281	17,697	17,697	2,117	13,096
Others	71,837	-	53,886	46,921	34	1,823
	<u>1,208,449</u>	<u>2,281</u>	<u>71,583</u>	<u>64,618</u>	<u>2,151</u>	<u>14,919</u>

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

	2013		
	<i>Bank</i> MOP'000	<i>Corporate entities</i> MOP'000	<i>Total</i> MOP'000
Hong Kong SAR of China	4,953	74,029	78,982
Macau SAR of China	-	5,817,270	5,817,270
Singapore	1,401	-	1,401
Taiwan, China	1,900	-	1,900
Untied States	-	4,074,747	4,074,747
	<u>8,254</u>	<u>9,966,046</u>	<u>9,974,300</u>

(c) Geographical analysis of exposure on financial derivatives

	2013		
	<i>Bank</i> MOP'000	<i>Corporate entities</i> MOP'000	<i>Total</i> MOP'000
United Kingdom	1,167	-	1,167
Macau SAR of China	-	1,035	1,035
	<u>1,167</u>	<u>1,035</u>	<u>2,202</u>

10 Liquidity risk

	<i>Jan – Jun 2013</i> MOP'000
Arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the period (note (i))	<u>55,155</u>
Arithmetic mean of the average weekly amount of cash in hand during the period (note (i))	<u>272,679</u>
Arithmetic mean of the specified liquid assets at the end of each month during the period (note (i))	<u>1,958,979</u>
	<i>Jan – Jun 2013</i>
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the period (note (i))	<u>100.48%</u>
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the period (note (ii))	<u>83.78%</u>
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the period (note (ii))	<u>100.71%</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 weekly amount of cash in hand
 - 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

2013

Consolidated total capital adequacy ratio	<u>16.9%</u>
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The Group complies with the Basel II framework, which has been implemented in the UK through the Financial Services Authority (“FSA”)’s general prudential sourcebook and its prudential sourcebook for banks, building societies and investment firms.

From 1 January 2008, the Group has been using the advanced Internal Ratings Based (“IRB”) approach for the measurement of credit risk capital.

The Group uses Value at Risk (“VaR”) models for the measurement of market risk capital for part of our trading book exposures where permission to use such models has been granted by the FSA. Where our market risk exposures are not approved for inclusion in VaR models, the capital requirements are determined using standard rules provided by the regulator.

The Group applies the Standardised Approach for determining the capital requirements for operational risk.

(b) Other consolidated financial information of the Group

2013

US\$ million

Total assets	649,957
Total liabilities	604,599
Total capital and reserves	45,358
Total loans and advances to banks and customers	358,658
Total customer deposits and deposits from banks	416,326
Pre-tax profit	<u>3,325</u>

(c) Shareholders with qualifying holdings

As far as the directors are aware as at 30 June 2013, 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.

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 30 June 2013 are set out below.

Non-executive Chairman

Sir John Wilfred Peace

Executive Directors

Mr Peter Alexander Sands (Chief Executive); Mr Stefano Paolo Bertamini; Mr Jaspal Singh Bindra; Mr Richard Henry Meddings (Group Finance Director); 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; Mr James Frederick Trevor Dundas; Mrs Margaret Ewing; Dr Han Seung-soo, KBE; Mr Simon Jonathan Lowth; Mr Rudolph Harold Peter Markham; Ms Ruth Markland (Senior Independent Director); Mr John Gregor Hugh Paynter; Mr Paul David Skinner, Mr Oliver Henry James Stocken and Dr Lars Henrik Thunell