KPMG

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

31 December 2014

Independent auditor's report to the management of Standard Chartered Bank, Macau Branch

We have audited the accompanying financial statements of the Macau Branch of Standard Chartered Bank ("the Branch") set out on pages 3 to 32, which comprise the Branch's balance sheet as at 31 December 2014, and the income statement, statement of changes in reserves and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

As explained in note 2, the Branch is not a separate legal entity. These financial statements have been prepared by the Branch for its use and for submission to the Autoridade Monetaria de Macau. They have been prepared from the records of the Branch to reflect all transactions recorded locally on the basis of accounting policies set out in note 2.

Branch's management responsibility for the financial statements

The Branch's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards issued by the Macau Special Administrative Region ("Macau SAR") and the requirements as set out in Decree-Law No. 32/93/M. This responsibility includes designing, implementing and maintaining appropriate internal control relevant to the preparation and presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and maintaining adequate and accurate accounting records.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Auditing Standards and Technical Standards of Auditing issued by the Macau SAR. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent auditor's report to the management of Standard Chartered Bank, Macau Branch (continued)

Auditor's responsibility (continued)

An audit involves performing appropriate procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Branch's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of, in all material respects, the state of affairs of the Branch as at 31 December 2014, and of its profits and cash flows for the year then ended in accordance with the Financial Reporting Standards issued by the Macau SAR and the requirements set out in Decree-Law No. 32/93/M.

This report is intended solely for filing with the Autoridade Monetaria de Macau.

Ieong Lai Kun, Registered Auditor

KPMG

Certified Public Accountants

24th Floor, B&C
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Macau,

Income statement
for the year ended 31 December 2014
(Expressed in thousands of Macau Patacas)

	Note	*2014* MOP'000	*2013* MOP'000
Interest income	3(a)	50,516	41,079
Interest expenses	3(b)	(11,083)	(5,774)
Net interest income		39,433	35,305
Fee and commission income	3(c)	23,784	28,092
Exchange gain		7,735	4,580
Operating income		70,952	67,977
Operating expenses	3(d)	(14,893)	(10,632)
Operating profit before impairment		56,059	57,345
Impairment charges on loans and advances	3(e)	(124)	(2,912)
Profit before taxation		55,935	54,433
Income tax	4(a)	(6,709)	(6,547)
Profit for the year		49,226	47,886
Effects of additional provisions for loans and advances to customers under AMCM rules			
Profit after taxation		49,226	47,886
Addition in provisions under AMCM rules	11(b)	(4,830)	(3,244)
Result for the year under AMCM rules		44,396	44,642

The notes on pages 8 to 32 form part of these financial statements.

Balance sheet at 31 December 2014

(Expressed in thousands of Macau Patacas)

	Note	*2014* MOP'000	*2013* MOP'000
Assets			
Cash, balances and placements with banks and other financial institutions	5	726,501	537,979
Trade bills	6(a)	8,245	20,074
Loans and advances to customers	6(a)	1,764,842	1,250,542
Available-for-sale securities	8	69,789	69,782
Amounts due from head office, other branches and group companies	10(a)	1,007,221	1,452,451
Other assets		723,985	535,125
		4,300,583	3,865,953
Liabilities			
Deposits from customers	9	1,229,421	2,271,165
Amounts due to head office, other branches and group companies	10(b)	2,270,880	969,196
Current taxation	4(a)	6,088	6,115
Deferred tax liabilities	4(c)	2,834	2,176
Other liabilities		726,033	556,614
		4,235,256	3,805,266
Reserves	11	65,327	60,687
		4,300,583	3,865,953

Approved and authorised for issue by management on

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The notes on pages 8 to 32 form part of these financial statements.

Statement of changes in reserves for the year ended 31 December 2014

(Expressed in thousands of Macau Patacas)

	Note	*Available-for-sale reserve* MOP'000	*Retained profits* MOP'000	*Regulatory reserve* MOP'000	*Total* MOP'000
At 1 January 2013		28	37,434	12,717	50,179
Profit for the year		-	47,886	-	47,886
Available-for-sale securities					
– Changes in fair value during the year		22	-	-	22
Amount remitted to head office		-	(37,400)	-	(37,400)
Transfer from retained profits	11(b)	-	(3,244)	3,244	-
At 31 December 2013 and 1 January 2014		50	44,676	15,961	60,687
Profit for the year		-	49,226	-	49,226
Available-for-sale securities					
– Changes in fair value during the year		14	-	-	14
Amount remitted to head office		-	(44,600)	-	(44,600)
Transfer from retained profits	11(b)	-	(4,830)	4,830	-
At 31 December 2014		64	44,472	20,791	65,327

The notes on pages 8 to 32 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2014
(Expressed in thousands of Macau Patacas)

	Note	*2014* MOP'000	*2013* MOP'000
Operating activities			
Profit from ordinary activities before taxation		55,935	54,433
Adjustments for non-cash items:			
Amortisation of discount on AMCM monetary bills		(456)	(495)
Impairment charges on loans and advances		124	2,912
Unwind of discount on loan impairment charge		(22)	(62)
Operating profit before changes in working capital		55,581	56,788
Decrease/(increase) in operating assets:			
Balances with banks with original maturity beyond three months		(171,529)	61,929
Trade bills		11,829	(6,153)
Loans and advances to customers		(514,402)	(493,467)
Available-for-sale securities with maturity beyond three months		463	455
Amounts due from head office, other branches and group companies		(116,871)	(1,556)
Other assets		(188,860)	84,224
(Decrease)/increase in operating liabilities:			
Deposits from customers		(1,041,744)	633,377
Amounts due to head office, other branches and group companies		1,301,684	(29,867)
Other liabilities		169,419	(76,817)
Cash (used in)/generated from operations		(494,430)	228,913
Macau complementary tax paid		(6,078)	(5,095)
Net cash (used in)/generated from operating activities		(500,508)	223,818

Cash flow statement
for the year ended 31 December 2014 (continued)
(Expressed in thousands of Macau Patacas)

	Note	*2014* MOP'000	*2013* MOP'000
Financing activity			
Amount remitted to head office		(44,600)	(37,400)
Net cash used in financing activity		(44,600)	(37,400)
Net (decrease)/increase in cash and cash equivalents		(545,108)	186,418
Cash and cash equivalents at 1 January		1,920,487	1,734,069
Cash and cash equivalents at 31 December	12	1,375,379	1,920,487
Cash flows from operating activities include:			
Interest received		42,383	45,117
Interest paid		(7,839)	(6,182)

The notes on pages 8 to 32 form part of these financial statements.

Notes to the financial statements

(Expressed in thousands of Macau Patacas)

1 Principal activities

Standard Chartered Bank - Macau Branch ("the Branch") is engaged in commercial banking business and provides related financial services.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with the requirements as set out in Decree Law No. 32/93/M and the Financial Reporting Standards issued under Administrative Regulation No. 25/2005 of the Macau Special Administrative Region ("Macau SAR").

A summary of the significant accounting policies adopted by the Branch is set out below. The accounting policies have been applied consistently to all periods presented in these financial statements.

(b) Basis of preparation of the financial statements

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. These financial statements have been prepared solely for use by the Branch and for submission to Autoridade Monetária de Macau ("AMCM") by the Branch. They have been prepared from the records of the Branch and reflect all transactions recorded locally on the basis of the accounting policies adopted by the Branch.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain assets and liabilities are stated at their fair value as explained in the accounting policies set out below.

(c) Revenue recognition

(i) Interest income and expense

Interest income and expense on available-for-sale assets, financial assets or liabilities held at amortised cost is recognised in the income statement using the effective interest method.

2 Significant accounting policies (continued)

(c) Revenue recognition (continued)

(i) Interest income and expense (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Branch estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised at the original effective interest rate of the financial asset applied to the impaired carrying amount.

(ii) Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan syndication fees are recognised as revenue when the syndication has been completed and the Branch has retained no part of the loan package for itself or has retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis.

(d) Financial assets and liabilities (excluding derivatives)

Financial assets are classified into the following categories: loans and receivables and available-for-sale assets. Financial liabilities are classified as held at amortised cost. Management determines the classification of its financial assets and liabilities on initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

2 Significant accounting policies (continued)

(d) Financial assets and liabilities (excluding derivatives) (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in interest rates, exchange rates or equity prices.

Initial recognition

Purchases and sales of available-for-sale financial assets are initially recognised on trade-date (the date on which the Branch commits to purchase or sell the asset). Loans and receivables are recognised when cash is advanced to the borrowers. Financial assets and financial liabilities are initially recognised at fair value plus directly attributable transaction costs.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Financial liabilities are measured at amortised cost using the effective interest method.

The fair values of quoted investments in active markets are based on current prices. If the market for a financial asset is not active, and for unlisted securities, the Branch establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Branch has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished.

Income recognition

For available-for-sale financial assets, financial assets and liabilities held at amortised cost, interest income and interest expense is recognised in the income statement using the effective interest method.

Gains and losses arising from changes in the fair value of available-for-sale financial assets other than foreign exchange gains and losses from monetary items are recognised directly in reserve, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in reserve is recognised in the income statement.

2 Significant accounting policies (continued)

(e) Derivative financial instruments and hedge accounting

A derivative contract is initially recognised at fair value on the date on which it is entered into and is subsequently re-measured at its fair value. Fair values are obtained from market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models as appropriate. All derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative.

Derivative transactions of the Branch do not qualify for hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognised immediately in the income statement.

(f) Impairment of assets

(i) Assets carried at amortised cost

The Branch assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Branch may measure impairment on the basis of an instrument’s fair value using observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

To the extent a loan is irrecoverable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2 Significant accounting policies (continued)

(f) Impairment of assets (continued)

(ii) Available-for-sale financial assets

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from available-for-sale reserve and is recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(g) Leases

The leases entered into by the Branch are primarily operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the leases.

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, balances and placements with banks and other financial institutions, and amounts due from group companies.

(i) Provisions and contingent liabilities

Provisions for restructuring costs and legal claims are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

(j) Income tax

Income tax payable on profits for the period is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2 Significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates, and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax relating to items which are charged or credited directly to reserve, is credited or charged directly to reserve and is subsequently recognised in the income statement together with the current or deferred gain or loss.

(k) Translation of foreign currencies

Foreign currency transactions are translated into Macau Patacas using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognised in either the income statement or reserve depending on the treatment of the gain or loss on the asset or liability.

(l) Related parties

(a) A person, or a close member of that person’s family, is related to the Branch if that person:

- (i) has control or joint control over the Branch;
- (ii) has significant influence over the Branch; or
- (iii) is a member of the key management personnel of the Branch or the Branch’s Head Office.

2 Significant accounting policies (continued)

(l) Related parties (continued)

(b) An entity is related to the Branch if any of the following conditions applies:

(i) The entity and the Branch are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Branch or an entity related to the Branch.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Profit before taxation

Profit before taxation is stated after taking account of the following:

(a) Interest income

	2014 MOP'000	*2013* MOP'000
Interest income from deposits with banks	49	118
Interest income from AMCM monetary bills	456	495
Interest income from loans and advances	46,599	36,938
Interest income from placements with a group company and other branches	3,412	3,528
	50,516	41,079

Interest income on unwinding of discount of MOP21,792 (note 7) on loan impairment charges is recognised in 2014 (2013: MOP62,000).

3 Profit before taxation (continued)

(b) Interest expense

	2014 MOP'000	*2013* MOP'000
Interest expense on deposits from customers	899	690
Interest expense on deposits from a group company and other branches	10,184	5,084
	11,083	5,774

(c) Fee and commission income

	2014 MOP'000	*2013* MOP'000
Fee and commission income (arising from financial assets that are not at fair value through profit or loss)	23,784	27,989
Fee income from a group company	-	103
	23,784	28,092

(d) Operating expenses

	2014 MOP'000	*2013* MOP'000
Management fee	3,925	3,651
Premises expenses	1,077	916
Equipment expenses	100	18
Auditor's remuneration	365	358
Others	9,426	5,689
	14,893	10,632

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 MOP8,416,210 (2013: MOP5,205,208).

3 Profit before taxation (continued)

(e) Impairment charges on loans and advances

	2014 MOP'000	*2013* MOP'000
Individual impairment charges (note 7)	562	3,380
Portfolio impairment releases (note 7)	(438)	(468)
	124	2,912

4 Income tax

(a) Taxation in the income statement

	2014 MOP'000	*2013* MOP'000
Current tax		
Provision for the year	6,088	6,115
Over-provision relating to prior years	(37)	(10)
	6,051	6,105
Deferred tax		
Origination and reversal of temporary differences	658	442
	6,709	6,547

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 MOP'000	*2013* MOP'000
Profit before taxation	55,935	54,433
Notional tax on profit before taxation, calculated at Macau Complementary Tax rate of 12%	6,712	6,532
Tax effect of non-deductible expenses	34	25
Over-provision relating to prior years	(37)	(10)
Actual tax expense	6,709	6,547

4 Income tax (continued)

(c) Deferred tax liabilities recognised

The components of deferred tax liabilities recognised in the balance sheet and the movements during the year are as follows:

	2014 MOP'000	*2013* MOP'000
Deferred tax arising from:		
Regulatory reserve under AMCM Rules		
At 1 January	2,176	1,734
Charged to income statement	658	442
At 31 December	2,834	2,176

5 Cash, balances and placements with banks and other financial institutions

	2014 MOP'000	*2013* MOP'000
Cash in hand	93,898	94,841
Balances with banks and other financial institutions (note)	358,925	429,800
Placements with banks	273,678	13,338
	726,501	537,979

Note: Includes minimum deposits with AMCM of MOP25,812,337 (2013: MOP47,719,858).

6 Advances to customers

(a) Advances to customers

	2014 MOP'000	*2013* MOP'000
Gross loans and advances to customers	1,834,570	1,320,168
Trade bills	8,245	20,074
	1,842,815	1,340,242
Less: Impairment provision		
– individually assessed (note 7)	(68,506)	(67,966)
– collectively assessed (note 7)	(1,222)	(1,660)
	1,773,087	1,270,616

(b) Impaired loans and advances to customers

	2014 MOP'000	*2013* MOP'000
Gross impaired advances to customers	111,474	69,460
Impairment provision - individually assessed	(68,506)	(67,966)
	42,968	1,494
Gross impaired advances to customers as a % of gross advances to customers	6.05%	5.18%

Collateral of MOP42,986,834 was held against impaired loans and advances to customers in 2014 (2013: MOP2,283,961).

6 Advances to customers (continued)

(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	*2013* MOP'000
Gross advances for use in Macau		
Industrial, commercial and financial		
– Textile productions	211,116	88,803
– Paper, printing and publishing	753,551	519,562
– Machinery and other electrical and electronic goods	246,170	10,702
– Wood and furniture	-	914
– Other manufacturing industries	74,003	232,755
– Wholesale and retail trade	392,180	302,195
– Others	114,816	133,548
Gross advances for use in Macau	1,791,836	1,288,479
Gross advances for use outside Macau	50,979	51,763
Total gross advances to customers and trade bills	1,842,815	1,340,242

7 Movement in impairment provision on loans and advances to customers

	2014		
	Individually assessed MOP'000	*Collectively assessed* MOP'000	*Total* MOP'000
At 1 January 2014	67,966	1,660	69,626
Net charge/(release) to the income statement (note 3(e))	562	(438)	124
Unwind of discount on loan impairment (note 3(a))	(22)	-	(22)
At 31 December 2014 (note 6(a))	68,506	1,222	69,728

7 Movement in impairment provision on loans and advances to customers (continued)

	2013		
	Individually assessed MOP'000	*Collectively assessed* MOP'000	*Total* MOP'000
At 1 January 2013	64,648	2,128	66,776
Net charge/(release) to the income statement (note 3(f))	3,380	(468)	2,912
Unwind of discount on loan impairment (note 3(a))	(62)	-	(62)
At 31 December 2013 (note 6(a))	67,966	1,660	69,626

8 Available-for-sale securities

	2014 MOP'000	*2013* MOP'000
Unlisted:		
AMCM monetary bills	69,789	69,782

9 Deposits from customers

	2014 MOP'000	*2013* MOP'000
Demand deposits and current accounts	413,873	413,405
Savings deposits	771,361	1,813,597
Time, call and notice deposits	44,187	44,163
	1,229,421	2,271,165

10 Amounts due from/to head office, other branches and group companies

During the year, the Branch entered into transactions with head offices, other branches and group companies in the ordinary course of its banking business and on substantially the same terms as for comparable transactions with external counterparties.

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

	2014 MOP'000	*2013* MOP'000
Balances and placements with banks	980,873	1,424,594
Other assets	26,348	27,857
	1,007,221	1,452,451
Analysed into counterparty		
Head office	2,510	1,315
Other branches	369,106	1,379,759
Group companies	635,605	71,377
	1,007,221	1,452,451

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

	2014 MOP'000	*2013* MOP'000
Balances from banks	101,806	16,499
Deposits from banks	2,157,509	949,759
Other liabilities	11,565	2,938
	2,270,880	969,196
Analysed into counterparty		
Head office	13,153	6,481
Other branches	193	202
Group companies	2,257,534	962,513
	2,270,880	969,196

11 Reserves

Nature and purpose of reserves

(a) Available-for-sale reserves

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2(d)(ii).

(b) Regulatory reserves

In accordance with Notice No. 18/93-AMCM, credit institutions are required to establish (1) provisions for bad and doubtful loans at certain percentage depending on the duration that the loans are overdue and (2) a general provision on credit granted based on a fixed percentage specified by the AMCM. As explained in note 2(f), the Branch assesses whether objective evidence of impairment exists individually and collectively in providing for impairment allowances for credit loss. In case such impairment allowances do not meet the requirements of Notice No. 18/93-AMCM, the Branch sets aside an amount in reserves to satisfy the statutory provisioning requirements. The amount of regulatory reserve transfer for the year is as follows:

	2014	*2013*
	MOP'000	MOP'000
Addition in provision under AMCM rules	5,488	3,686
Tax effect of the addition in provision	(658)	(442)
	4,830	3,244

12 Cash and cash equivalents

Composition of cash and cash equivalents in the cash flow statement

	2014 MOP'000	*2013* MOP'000
Cash, balances and placements with banks and other financial institutions with original maturity less than three months	554,972	537,979
Amounts due from head office, other branches and group companies		
– Balances and placements with banks	820,407	1,382,508
Cash and cash equivalents in the cash flow statement	1,375,379	1,920,487

13 Off-balance sheet exposures

(a) Contractual amount of contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	2014 MOP'000	*2013* MOP'000
Trade-related contingencies	624,745	5,024,414
Other commitments	4,327,904	8,135,513
	4,952,649	13,159,927

Contingent liabilities and commitments are credit-related instruments which include letters of credits, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contractual amounts represents 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.

13 Off-balance sheet exposures (continued)

(b) Derivatives

The use of derivatives for trading and their sale to customers as risk management products is an integral part of the Branch's business activities. These instruments are also used to manage the Branch's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Branch are foreign exchange related contracts, which are primarily over-the-counter derivatives. Most of the Branch's derivative positions have been entered into to meet customer demand. For accounting purposes, derivatives are classified as held for trading.

(i) Notional amounts of derivatives

Derivatives are contracts whose value depends on the value of one or more underlying financial instruments, interest or exchange rates or indices. The notional amounts of these instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

The following is a summary of the notional amounts of each significant type of derivative entered into by the Branch:

	2014	*2013*
	MOP'000	MOP'000
Exchange rate contracts		
Forwards	898,063	584,620

(ii) Fair values of derivatives

	2014		*2013*	
	Fair value assets (note (ii)(a)) MOP'000	*Fair value liabilities* (note (ii)(b)) MOP'000	*Fair value assets* (note (ii)(a)) MOP'000	*Fair value liabilities* (note (ii)(b)) MOP'000
Exchange rate contracts	3,968	3,807	1,385	1,193

Notes:

Note (ii)(a): The amount is included in other assets and amount 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.

13 Off-balance sheet exposures (continued)

(b) Derivatives (continued)

(iii) Credit risk weighted amounts of derivatives

	2014 MOP'000	*2013* MOP'000
Exchange rate contracts	9,020	5,846

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

(c) Lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases are as follows:

	2014 MOP'000	*2013* MOP'000
Properties		
– Within one year	834	292
– After one year but within five years	171	148
	1,005	440

The Branch leases a number of properties under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

14 Financial risk management

(a) Credit risk management

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligation to pay the Branch in accordance with agreed terms. Credit exposures arise from both the banking and trading books.

Credit risk is managed through a credit framework which comprises locally adopted credit policies and processes, measurement of credit risk by nominal amount and by expected loss, segregation of duties between originator of the deals and their approvers, independent large exposures' controls and approvals by approvers with the right level of delegated authorities.

14 Financial risk management (continued)

(a) Credit risk management (continued)

A standard alphanumeric credit risk-grading system is used for quantifying the risk associated with a counterparty. The grading is based on the Standard Chartered Bank ("SCB")'s internal estimate of probability of default over a one year horizon, with customers or portfolios assessed against a range of quantitative and qualitative measures. The numeric grades run from 1 to 14 with some grades further sub-classified. Lower credit grades are indicative of a lower likelihood of default. Credit grade 1 to credit grade 12 are assigned to performing customers while credit grades 13 and 14 are assigned to non-performing (or defaulted) customers.

The SCB credit grades are not intended to replicate external credit grades, although as the factors used to grade a borrower may be similar, a borrower rated poorly by an external rating agency is typically assigned a weak SCB internal credit grades.

To assist risk officers in monitoring the portfolio, various internal risk management reports are available on a regular basis, providing individual counterparty, counterparty group and portfolio exposure information, credit grade migration information, the status of accounts showing signs of weakness or financial deterioration and updates on credit markets.

Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Branch's total exposures. Analysis of geographical and industry concentration of the Branch's gross advances to customers and trade bills is disclosed in note 6(c).

Maximum exposure to credit risk

The maximum exposures to credit risk of on-balance sheet financial instruments, before taking account of any collateral or other credit enhancements, are the carrying amount reported on the balance sheet. For off-balance sheet instruments, the maximum exposure to credit risk, excluding loan commitments which are unconditionally cancellable, represents the contractual nominal amounts as disclosed under "trade-related contingencies" in note 13(a).

14 Financial risk management (continued)

(b) Market risk management

The Branch recognises market risk as the exposure created by potential changes in market prices and rates. The Branch is exposed to market risk arising principally from customer driven transactions.

The Branch transacts in the money market, foreign exchange markets and capital markets giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders.

The Branch has established market risk management policies and framework, including limits setting, monitoring and reporting and control procedures. Market risk limits are proposed by the business within the terms of agreed policy and reviewed by the Market Risk department. Asset and Liability Committee ("ALCO") approves the limits and Market Risk department monitors exposures against these limits.

(i) Foreign exchange risk

The foreign exchange positions of the Branch arise from commercial banking operations. Market Risk department monitors exposure against these limits. Foreign exchange risk is minimized by match funding assets and liabilities in the same currency.

	2014	*2013*
	MOP'000	MOP'000
Total net long position in foreign currencies	30,182	6,951

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

	2014	*2013*
	MOP'000	MOP'000
HK dollar exposure		
Spot assets	1,413,801	791,894
Spot liabilities	(1,387,105)	(794,435)
Forward purchases	153,980	103,175
Forward sales	(151,707)	(103,652)
Net long/(short) non-structural position	28,969	(3,018)

14 Financial risk management (continued)

(b) Market risk management (continued)

(i) Foreign exchange risk (continued)

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

	2014 MOP'000	*2013* MOP'000
CNY exposure		
Spot assets	227,557	57,290
Spot liabilities	(223,540)	(55,307)
Net long non-structural position	4,017	1,983

(ii) Interest rate risk

Interest rate risk arises from the repricing mismatch on commercial loans and customer deposits of the Branch. The repricing mismatch is managed by Financial Market and is subject to the oversight of the ALCO of the Branch within the approved limit monitored by Market Risk. Daily measurement of interest rate risk exposure of commercial book (including floating/variable rate products) follows the contractual repricing maturity.

(c) Liquidity risk management

Liquidity risk is the risk that the Branch either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost.

The Branch's policy is to maintain adequate liquidity at all times and hence to be in a position to meet obligations as they fall due.

14 Financial risk management (continued)

(c) Liquidity risk management (continued)

(i) 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 will be held to maturity or that the liabilities will be withdrawn on maturity.

	2014							
	Repayable on demand MOP'000	*Within one month* MOP'000	*Between one to three months* MOP'000	*Between three months to one year* MOP'000	*Between one year to three years* MOP'000	*More than three years* MOP'000	*Undated or overdue more than one month* MOP'000	*Total* MOP'000
Assets								
Cash, balances and placement with banks and other financial institutions	427,011	123,282	150,396	-	-	-	25,812	726,501
Trade bills	-	7,987	258	-	-	-	-	8,245
Loans and advances to customers	2,497	1,148,658	241,255	35,875	309,000	-	27,557	1,764,842
Available-for-sale securities	-	-	-	69,789	-	-	-	69,789
Amounts due from head office, other branches and group companies	256,869	452,943	289,716	7,668	-	-	25	1,007,221
Other assets	275	121,134	400,417	198,179	-	-	3,980	723,985
Total assets	686,652	1,854,004	1,082,042	311,511	309,000	-	57,374	4,300,583
Liabilities								
Deposits from customers	1,185,234	34,487	2,080	7,620	-	-	-	1,229,421
Amounts due to head office, other branches and group companies	107,430	1,387,709	734,853	37,081	-	-	3,807	2,270,880
Other liabilities	2,080	119,082	402,558	210,672	553	-	10	734,955
Total liabilities	1,294,744	1,541,278	1,139,491	255,373	553	-	3,817	4,235,256
Net liquidity gap	(608,092)	312,726	(57,449)	56,138	308,447	-	53,557	65,327

14 Financial risk management (continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity (continued)

	2013							
	Repayable on demand MOP'000	*Within one month* MOP'000	*Between one to three months* MOP'000	*Between three months to one year* MOP'000	*Between one year to three years* MOP'000	*More than three years* MOP'000	*Undated or overdue more than one month* MOP'000	*Total* MOP'000
Assets								
Cash, balances and placement with banks and other financial institutions	476,921	13,338	-	-	-	-	47,720	537,979
Trade bills	-	16,008	4,066	-	-	-	-	20,074
Loans and advances to customers	12,010	986,390	210,848	41,460	-	-	(166)	1,250,542
Available-for-sale securities	-	-	-	69,782	-	-	-	69,782
Amounts due from head office, other branches and group companies	94,798	992,195	321,606	42,537	-	-	1,315	1,452,451
Other assets	696	175,661	222,472	136,178	-	-	118	535,125
Total assets	584,425	2,183,592	758,992	289,957	-	-	48,987	3,865,953
Liabilities								
Deposits from customers	2,227,002	-	2,077	42,086	-	-	-	2,271,165
Amounts due to head office, other branches and group companies	16,944	688,250	220,874	43,110	-	-	18	969,196
Other liabilities	21,406	172,849	222,472	146,996	-	-	1,182	564,905
Total liabilities	2,265,352	861,099	445,423	232,192	-	-	1,200	3,805,266
Net liquidity gap	(1,680,927)	1,322,493	313,569	57,765	-	-	47,787	60,687

14 Financial risk management (continued)

(d) Fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2014 and 2013 unless otherwise stated.

(i) Financial assets

The Branch's financial assets mainly include cash, amounts due from banks and other financial institutions, loans and advances to customers, and investments.

Amounts due from banks and other financial institutions, loans and advances to customers

Amounts due from banks and other financial institutions, loans and advances to customers are mainly priced at market interest rate or will mature within one year. Accordingly, the carrying values approximate the fair values.

Investments

Available-for-sale securities are stated at fair value in the financial statements.

(ii) Financial liabilities

The Branch's financial liabilities mainly include amounts due to banks and other financial institutions and deposits from customers.

Deposits and balances with banks and other financial institutions, deposits from customers

Deposits and balances with banks and other financial institutions, deposits from customers are mainly priced at market interest rate or will mature within one year. Accordingly, the carrying values approximate the fair values.

15 Significant accounting estimates and judgements

In determining the carrying amounts of some assets and liabilities, the Branch makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Branch's estimations and assumptions are based on historical experience and expectation of future events and are reviewed periodically.

Impairment of financial assets

Policies on impairment of financial assets are set out in note 2(f).

Income Tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. Deferred tax liabilities are recognised on all temporary differences and deferred tax assets are recognised on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgements as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or in the absence of a principal market the most advantageous market to which the Branch has access at that date. The fair value of a liability reflects its non-performance risk. Notes 2(d) and 2(e) provide further information on the Branch's fair value accounting policy and process.

Unaudited supplementary financial information

(Expressed in thousands of Macau Patacas)

These notes set out on pages 33 to 45 are supplementary to and should be read in conjunction with the financial statements set out on pages 3 to 32. The financial statements and these unaudited supplementary financial information ("supplementary notes") taken together comply with the Guideline on Disclosure of Financial Information made under Circular No. 026/B/2012-DSB/AMCM.

(a) Brief management report on Branch's activities in Macau

Management are pleased to announce the results of Macau Branch of Standard Chartered Bank (the "Branch") for the year ended 31 December 2014.

Principal activities

The Branch is part of Standard Chartered Bank, which is incorporated in the United Kingdom and registered in England and Wales. The Branch's principal activities are the provision of commercial bank and related financial services.

2014 Results

Profit before taxation increased by 2.8 per cent from MOP54.433 million to MOP55.935 million. Net interest income increased by 11.7 per cent to MOP39.433 million. Fee and commission income decreased by 15.3 per cent over 2013. Total operating income increased by 4.4 per cent to MOP70.952 million.

Operating expenses increased by 40.1 per cent in 2014 to MOP14.893 million. Impairment charges on loans and advances decreased by MOP2.788 million over 2013. Profit after taxation was MOP49.226 million, an increase of MOP1.34 million over MOP47.886 million recorded in 2013.

Result under AMCM rules was MOP44.396 million, a decrease of MOP0.246 million over MOP44.642 million recorded in 2013.

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(b) ***Segmental information***

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

(i) 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					
	Loan and advances to customers MOP'000	*of which* *Overdue loans* MOP'000	*Impaired loans* MOP'000	*Individually-assessed impairment provision* MOP'000	*Collectively-assessed impairment provision* MOP'000	*Additional provision under AMCM rules* MOP'000
Macau SAR of China	1,791,836	338	60,495	17,697	1,222	23,454
Others	50,979	-	50,979	50,809	-	171
	1,842,815	338	111,474	68,506	1,222	23,625

	2013					
	Loan and advances to customers MOP'000	*of which* *Overdue loans* MOP'000	*Impaired loans* MOP'000	*Individually-assessed impairment provision* MOP'000	*Collectively-assessed impairment provision* MOP'000	*Additional provision under AMCM rules* MOP'000
Macau SAR of China	1,288,479	7,203	17,697	17,697	1,660	16,643
Others	51,763	-	51,763	50,269	-	1,494
	1,340,242	7,203	69,460	67,966	1,660	18,137

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(b) Segmental information (continued)

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

	2014		
	Bank	*Corporate entities*	*Total*
	MOP'000	MOP'000	MOP'000
Hong Kong SAR of China	3,405	-	3,405
Macau SAR of China	-	4,948,676	4,948,676
Singapore	568	-	568
	3,973	4,948,676	4,952,649

	2013		
	Bank	*Corporate entities*	*Total*
	MOP'000	MOP'000	MOP'000
Hong Kong SAR of China	5,596	-	5,596
Macau SAR of China	-	5,962,988	5,962,988
Singapore	1,323	-	1,323
Taiwan, China	1,900	-	1,900
Untied States	-	7,188,120	7,188,120
	8,819	13,151,108	13,159,927

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(b) Segmental information (continued)

(iii) Geographical analysis of exposure on financial derivatives

	2014		
	Bank	*Corporate entities*	*Total*
	MOP'000	MOP'000	MOP'000
United Kingdom	20	-	20
Macau SAR of China	-	3,948	3,948
	20	3,948	3,968

	2013		
	Bank	*Corporate entities*	*Total*
	MOP'000	MOP'000	MOP'000
United Kingdom	1,315	-	1,315
Macau SAR of China	-	70	70
	1,315	70	1,385

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(c) Advances to customers analysed by industry sector

	2014					
	Impaired loans MOP'000	*Overdue loans* MOP'000	*Individually-assessed impairment provision* MOP'000	*Collectively-assessed impairment provision* MOP'000	*Additional provision under AMCM rules* MOP'000	*Write off* MOP'000
Textile productions	42,798	-	-	140	2,687	-
Paper, printing and publishing	-	-	-	500	9,591	-
Machinery and other electrical and electronic goods	-	-	-	163	3,133	-
Other manufacturing industries	-	338	-	49	942	-
Wholesale and retail trade	17,697	-	17,697	260	4,991	-
Others	50,979	-	50,809	110	2,281	-
	111,474	338	68,506	1,222	23,625	-

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(c) ***Advances to customers analysed by industry sector (continued)***

	2013					
	Impaired loans MOP'000	*Overdue loans* MOP'000	*Individually-assessed impairment provision* MOP'000	*Collectively-assessed impairment provision* MOP'000	*Additional provision under AMCM rules* MOP'000	*Write off* MOP'000
Textile productions	-	7,203	-	119	1,188	-
Wood and furniture	-	-	-	1	8	-
Paper, printing and publishing	-	-	-	840	8,424	-
Machinery and other electrical and electronic goods	-	-	-	34	342	-
Other manufacturing industries	-	-	-	299	3,003	-
Wholesale and retail trade	17,697	-	17,697	287	2,877	-
Others	51,763	-	50,269	80	2,295	-
	69,460	7,203	67,966	1,660	18,137	-

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(d) Overdue loans and advances to customers

	2014	
	Amount MOP'000	*% of total loans*
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	68,676	3.73
	68,676	3.73
Individually-assessed impairment provision	68,506	
Collateral value	-	

	2013	
	Amount MOP'000	*% of total loans*
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	69,460	5.18
	69,460	5.18
Individually-assessed impairment provision	67,966	
Collateral value	2,284	

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(e) Operational risk management

Operational risk is the potential for loss arising from the failure of people, process or technology or the impact of external events. We seek to minimize our exposure to operation risk. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. Operational risks can arise from all business lines and from all activities carried out by the Branch.

Although operational risk exposures can take many varied forms, we seek to manage them in accordance with standards that drive systematic risk identification, assessment, control and monitoring. These standards are challenged and reviewed regularly to ensure their ongoing effectiveness. To support the systematic identification of material operational risk exposures associated with a given process, we classify them into the following types:

Operational risk subtypes

Processing failure	Potential for loss due to failure of an established process or to a process design weakness
External rules and regulations	Potential for actual or opportunity loss due to failure to comply with laws or regulations, or as a result of changes in laws or regulations or in their interpretation or application
Liability	Potential for loss or sanction due to a legal claim against any part of the Group or individuals within the Group
Legal enforceability	Potential for loss due to failure to protect legally the Group's interests or from difficulty in enforcing the Group's rights

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(e) ***Operational risk management (continued)***

Operational risk subtypes (continued)

Damage to assets	Potential for loss or damage to physical assets and other property from natural disaster and other events
Safety and security	Potential for loss or damage to health or safety of staff, customers or third parties arising from internal failures or the effects of external events
Internal crime or dishonesty	Potential for loss due to action by staff that is intended to defraud, misappropriate property or to circumvent the law or company policy
External financial crime	Potential for loss due to criminal acts by external parties such as fraud, theft and other criminal activity
Model	Potential for loss due to a significant discrepancy between the output of risk measurement models and actual experience

The Operational Risk Framework ("ORF") and operation risk policies are aligned to the Risk Management Framework ("RMF") and establish clear rules and standards for the effective management of operational risk across all levels of the organisation. Operational risk policies are reviewed and revised regularly to ensure their ongoing effectiveness and alignment to the Bank's operational risk profile and appetite.

The Country Operational Risk Committee, oversees the management of operational risks across the Branch, supported by business, functional, and country-level committees. All operational risk committees operate on the basis of a defined structure of delegated authorities and terms of reference derived from the Country Risk Committee.

In addition, specialist operational risk control owners have responsibility for the management of operational risk arising from the following Bank-wide activities: legal processes, people management, technology management, vendor management, property management, security management, accounting and financial control, tax management corporate authorities and structure and regulatory compliance. Each risk control owner is responsible for identifying risks that are material to the Bank and for maintaining an effective control environment, which includes defining appropriate policies and procedures for approval by authorised risk committees.

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(e) Operational risk management (continued)

Compliance with operational risk policies and procedures is the responsibility of all staff within the Bank. The Branch has independent Operational Risk staff reporting to the Risk Function to ensure operational risk is effectively managed.

(f) Liquidity risk

	January to December 2014 MOP'000	*January to December 2013* MOP'000
Arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the year (note (i))	52,250	61,559
Arithmetic mean of the average weekly amount of cash in hand during the year (note (i))	374,718	135,219
Arithmetic mean of the specified liquid assets at the end of each month during the year (note (i))	1,610,817	2,126,468

	January to December 2014	*January to December 2013*
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the year (note (i))	94.79%	100.32%
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the year (note (ii))	80.72%	81.50%
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the year (note (ii))	95.99%	101.02%

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(f) Liquidity risk (continued)

Notes:

(i) The arithmetic means are computed as the simple average of the following amounts as defined in the Notice No. 006/93-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

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(g) Information of Standard Chartered PLC Group ("the Group")

(i) Consolidated capital adequacy ratio of the Group

	2014	Restated (Note) 2013
Consolidated capital adequacy ratio	16.7%	17.0%

The Group complies with the Basel III framework as implemented in the UK on 1 January 2014.

Since 1 January 2008, we have been using the IRB approach for the calculation of credit risk capital requirements with the approval of our relevant regulators.

For a market risk internal model approach (IMA), where IMA permission has been granted by our relevant regulators, we use VaR 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 as specified by the relevant regulator. We apply the standardised approach for determining the capital requirements for operational risk.

Note: The ratio for 2013 was restated using the Basel III framework for a comparable presentation with the current year ratio.

(ii) Other consolidated financial information of the Group

	2014 US$ million	2013 US$ million
Total assets	725,914	674,380
Total liabilities	679,176	627,539
Total capital and reserves	46,738	46,841
Total loans and advances to banks and customers	368,585	374,410
Total customer deposits and deposits from banks	459,744	424,583
Pre-tax profit	4,235	6,064

Unaudited supplementary financial information (continued)

(Expressed in thousands of Macau Patacas)

(g) Information of Standard Chartered PLC Group ("the Group") (continued)

(iii) Shareholders with qualifying holdings

As far as the directors are aware as at 31 December 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.

(iv) Members of the Board of Standard Chartered PLC

The members of the board of Directors ("Board") of Standard Chartered PLC as at 31 December 2014 are set out below.

Non-executive Chairman

Sir John Wilfred Peace

Executive Directors

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

Independent Non-Executive Directors

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