



**Standard Chartered Bank Malaysia Berhad**  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the financial half  
year ended 30 June 2014**

**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	Note	Group		Bank	
		30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
<b>Assets</b>					
Cash and short term funds		6,828,295	8,143,220	5,185,446	6,794,448
Deposits and placements with banks and other financial institutions		62,341	12,590	2,637,235	2,389,694
Securities purchased under resale agreements		106,236	291,261	106,236	291,261
Financial assets held for trading	11	1,092,790	2,918,194	1,092,790	2,918,194
Investment securities available-for-sale	12	4,050,558	4,648,145	3,884,349	4,522,205
Loans, advances and financing	13	33,240,981	34,209,142	27,094,723	29,163,612
Derivative financial assets		1,666,545	2,096,671	1,669,256	2,096,231
Other assets	15	1,159,344	702,619	1,541,675	989,697
Current tax assets		54,302	64,624	46,101	53,150
Statutory deposits with Bank Negara Malaysia	16	1,148,058	1,153,509	934,241	952,192
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		62,084	65,741	58,955	61,366
Deferred tax assets		54,446	43,373	48,567	38,533
<b>Total assets</b>		<b>49,525,980</b>	<b>54,349,089</b>	<b>44,711,096</b>	<b>50,682,105</b>
<b>Liabilities</b>					
Deposits from customers	17	34,713,628	38,594,479	29,522,806	34,452,038
Deposits and placements of banks and other financial institutions	18	5,751,970	7,170,856	5,640,722	7,056,409
Derivative financial liabilities		1,433,371	1,754,037	1,430,976	1,756,805
Other liabilities	19	2,423,014	1,887,018	3,102,805	2,638,024
Current tax liabilities		2,535	1,476	-	-
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
<b>Total liabilities</b>		<b>45,324,518</b>	<b>50,407,866</b>	<b>40,697,309</b>	<b>46,903,276</b>
<b>Equity</b>					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,027,163	3,768,971	3,850,787	3,615,829
<b>Total equity attributable to owner of the Bank</b>		<b>4,190,163</b>	<b>3,931,971</b>	<b>4,013,787</b>	<b>3,778,829</b>
Non-controlling interest		11,299	9,252	-	-
<b>Total liabilities and equity</b>		<b>49,525,980</b>	<b>54,349,089</b>	<b>44,711,096</b>	<b>50,682,105</b>
<b>Commitments and contingencies</b>	27	<b>155,005,169</b>	<b>156,185,486</b>	<b>152,099,571</b>	<b>152,762,568</b>

*The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.*

**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

	Note	Group			
		2nd Quarter ended 30 June 2014 RM'000	30 June 2013 Restated RM'000	Six months ended 30 June 2014 RM'000	30 June 2013 Restated RM'000
Interest income	20	425,381	467,855	878,000	920,113
Interest expense	21	(190,705)	(202,411)	(382,613)	(386,961)
<b>Net interest income</b>		<b>234,676</b>	<b>265,444</b>	<b>495,387</b>	<b>533,152</b>
Net income from Islamic Banking operations	22	79,571	66,662	153,525	142,827
		314,247	332,106	648,912	675,979
Other operating income	23	162,005	166,353	301,762	329,849
Total net income		476,252	498,459	950,674	1,005,828
Other operating expenses	24	(230,318)	(261,052)	(477,721)	(493,154)
<b>Operating profit</b>		<b>245,934</b>	<b>237,407</b>	<b>472,953</b>	<b>512,674</b>
Provisions for loans, advances and financing	25	(79,049)	(70,222)	(125,905)	(180,292)
<b>Profit before taxation</b>		<b>166,885</b>	<b>167,185</b>	<b>347,048</b>	<b>332,382</b>
Tax expense		(39,109)	(33,433)	(84,363)	(76,518)
<b>Profit for the period</b>		<b>127,776</b>	<b>133,752</b>	<b>262,685</b>	<b>255,864</b>
<b>Other comprehensive income/(expense), net of income tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		(1,494)	(3,430)	949	(1,858)
Net amount transferred to profit or loss		(199)	(1,558)	(2,652)	(5,183)
Cash flow hedges:-					
Effective portion of changes in fair value		(448)	(1,423)	137	(1,587)
Net amount transferred to profit or loss		(797)	(245)	(880)	(196)
<b>Other comprehensive expense for the period, net of income tax</b>		<b>(2,938)</b>	<b>(6,656)</b>	<b>(2,446)</b>	<b>(8,824)</b>
<b>Total comprehensive income for the period</b>		<b>124,838</b>	<b>127,096</b>	<b>260,239</b>	<b>247,040</b>
<b>Profit attributable to:</b>					
Owner of the Bank		126,219	130,971	260,638	253,083
Non-controlling interest		1,557	2,781	2,047	2,781
		<b>127,776</b>	<b>133,752</b>	<b>262,685</b>	<b>255,864</b>
<b>Total comprehensive income attributable to:</b>					
Owner of the Bank		123,281	124,315	258,192	247,040
Non-controlling interest		1,557	2,781	2,047	-
		<b>124,838</b>	<b>127,096</b>	<b>260,239</b>	<b>247,040</b>

*The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.*

**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

	Note	Bank			
		2nd Quarter ended 30 June 2014	30 June 2013 Restated RM'000	Six months ended 30 June 2014	30 June 2013 Restated RM'000
Interest income	20	440,584	470,718	905,928	939,938
Interest expense	21	(190,582)	(202,411)	(382,490)	(386,961)
<b>Net interest income</b>		<b>250,002</b>	<b>268,307</b>	<b>523,438</b>	<b>552,977</b>
Net income from Islamic Banking operations	22	-	-	-	-
		250,002	268,307	523,438	552,977
Other operating income	23	183,931	187,178	347,182	368,899
Total net income		433,933	455,485	870,620	921,876
Other operating expenses	24	(219,218)	(247,825)	(456,529)	(469,622)
<b>Operating profit</b>		<b>214,715</b>	<b>207,660</b>	<b>414,091</b>	<b>452,254</b>
Provisions for loans, advances and financing	25	(68,342)	(61,707)	(102,298)	(149,944)
<b>Profit before taxation</b>		<b>146,373</b>	<b>145,953</b>	<b>311,793</b>	<b>302,310</b>
Tax expense		(34,875)	(29,442)	(74,345)	(70,129)
<b>Profit for the period</b>		<b>111,498</b>	<b>116,511</b>	<b>237,448</b>	<b>232,181</b>
<b>Other comprehensive income/(expense), net of income tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		(1,529)	(3,407)	905	(1,855)
Net amount transferred to profit or loss		(199)	(1,558)	(2,652)	(5,183)
Cash flow hedges:-					
Effective portion of changes in fair value		(448)	(1,423)	137	(1,587)
Net amount transferred to profit or loss		(797)	(245)	(880)	(196)
<b>Other comprehensive expense for the period, net of income tax</b>		<b>(2,973)</b>	<b>(6,633)</b>	<b>(2,490)</b>	<b>(8,821)</b>
<b>Total comprehensive income for the period</b>		<b>108,525</b>	<b>109,878</b>	<b>234,958</b>	<b>223,360</b>

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**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

GROUP	← Attributable to owner of the Bank →										
	← Non-Distributable Reserves →							Distributable Reserves			
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
<b>At 1 January 2014</b>	163,000	717,000	265,750	219,000	190	(3,115)	(7,594)	2,577,740	3,931,971	9,252	3,941,223
Fair value reserve (investment securities available-for-sale):-											
Net changes in fair value	-	-	-	-	-	949	-	-	949	-	949
Net amount transferred to profit or loss	-	-	-	-	-	(2,652)	-	-	(2,652)	-	(2,652)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	137	-	137	-	137
Net amount transferred to profit or loss	-	-	-	-	-	-	(880)	-	(880)	-	(880)
Total other comprehensive expense for the period	-	-	-	-	-	(1,703)	(743)	-	(2,446)	-	(2,446)
Profit for the period	-	-	-	-	-	-	-	260,638	260,638	2,047	262,685
<b>Total comprehensive (expense) / income for the period</b>	-	-	-	-	-	(1,703)	(743)	260,638	258,192	2,047	260,239
<b>At 30 June 2014</b>	<b>163,000</b>	<b>717,000</b>	<b>265,750</b>	<b>219,000</b>	<b>190</b>	<b>(4,818)</b>	<b>(8,337)</b>	<b>2,838,378</b>	<b>4,190,163</b>	<b>11,299</b>	<b>4,201,462</b>

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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

GROUP	← Attributable to owner of the Bank →										
	← Non-Distributable Reserves →						Distributable Reserves				
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
<b>At 1 January 2013 (restated)</b>	163,000	717,000	249,017	150,000	190	1,578	2,392	2,408,664	3,691,841	-	3,691,841
Fair value reserve (investment securities available-for-sale):-											
Net changes in fair value	-	-	-	-	-	(1,858)	-	-	(1,858)	-	(1,858)
Net amount transferred to profit or loss	-	-	-	-	-	(5,183)	-	-	(5,183)	-	(5,183)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	(1,587)	-	(1,587)	-	(1,587)
Net amount transferred to profit or loss	-	-	-	-	-	-	(196)	-	(196)	-	(196)
<b>Total other comprehensive expense for the period</b>	-	-	-	-	-	(7,041)	(1,783)	-	(8,824)	-	(8,824)
Profit for the period	-	-	-	-	-	-	-	253,083	253,083	2,781	255,864
<b>Total comprehensive (expense) / income for the period</b>	-	-	-	-	-	(7,041)	(1,783)	253,083	244,259	2,781	247,040
Deemed Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	11,530	11,530
Distribution to Owner of the Bank											
Dividends :-											
- 2012 final	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
<b>Total transaction with Owner of the Bank</b>	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
<b>At 30 June 2013</b>	<b>163,000</b>	<b>717,000</b>	<b>249,017</b>	<b>150,000</b>	<b>190</b>	<b>(5,463)</b>	<b>609</b>	<b>2,511,747</b>	<b>3,786,100</b>	<b>14,311</b>	<b>3,800,411</b>

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**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total
	← Non-Distributable Reserves →				Cash flow hedge reserves				
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	RM'000
<b>At 1 January 2014</b>	163,000	717,000	163,000	219,000	190	(3,105)	(7,594)	2,527,338	3,778,829
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	905	-	-	905
Net amount transferred to profit or loss	-	-	-	-	-	(2,652)	-	-	(2,652)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	137	-	137
Net amount transferred to profit or loss	-	-	-	-	-	-	(880)	-	(880)
Total other comprehensive expense for the period	-	-	-	-	-	(1,747)	(743)	-	(2,490)
Profit for the period	-	-	-	-	-	-	-	237,448	237,448
<b>Total comprehensive (expense) / income for the period</b>	-	-	-	-	-	(1,747)	(743)	237,448	234,958
<b>At 30 June 2014</b>	<b>163,000</b>	<b>717,000</b>	<b>163,000</b>	<b>219,000</b>	<b>190</b>	<b>(4,852)</b>	<b>(8,337)</b>	<b>2,764,786</b>	<b>4,013,787</b>

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(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	RM'000
<b>At 1 January 2013 (restated)</b>	163,000	717,000	163,000	150,000	190	1,651	2,392	2,404,758	3,601,991
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	(1,855)	-	-	(1,855)
Net amount transferred to profit or loss	-	-	-	-	-	(5,183)	-	-	(5,183)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(1,587)	-	(1,587)
Net amount transferred to profit or loss	-	-	-	-	-	-	(196)	-	(196)
<b>Total other comprehensive expense for the period</b>	-	-	-	-	-	(7,038)	(1,783)	-	(8,821)
Profit for the period	-	-	-	-	-	-	-	232,181	232,181
<b>Total comprehensive (expense) / income for the period</b>	-	-	-	-	-	(7,038)	(1,783)	232,181	223,360
Distribution to Owner of the Bank									
Dividends :-									
- 2012 final	-	-	-	-	-	-	-	(150,000)	(150,000)
<b>Total transaction with owner of the Bank</b>	-	-	-	-	-	-	-	(150,000)	(150,000)
<b>At 30 June 2013</b>	<b>163,000</b>	<b>717,000</b>	<b>163,000</b>	<b>150,000</b>	<b>190</b>	<b>(5,387)</b>	<b>609</b>	<b>2,486,939</b>	<b>3,675,351</b>

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**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

	Group		Bank	
	30 June 2014	30 June 2013 Restated	30 June 2014	30 June 2013 Restated
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	347,048	332,382	311,793	302,310
Adjustment for non-cash items	2,534	(66,663)	(7,397)	(49,164)
Operating profit before working capital changes	349,582	265,719	304,396	253,146
Changes in working capital:-				
Net changes in operating assets	2,586,036	(1,294,154)	3,397,905	(420,484)
Net changes in operating liabilities	(4,763,744)	408,628	(5,880,138)	68,428
Income taxes paid	(83,240)	(133,288)	(76,500)	(125,546)
Net cash used in operating activities	(1,911,366)	(753,095)	(2,254,337)	(224,456)
Net cash generated from investing activities	596,441	2,704,118	645,335	1,978,953
Net cash used in financing activities	-	(122,754)	-	(150,000)
Net (decrease) / increase in cash and cash equivalents	(1,314,925)	1,828,269	(1,609,002)	1,604,497
Cash and cash equivalent at beginning of the period	8,143,220	5,306,549	6,794,448	4,139,071
Cash and cash equivalent at end of the period	<u>6,828,295</u>	<u>7,134,818</u>	<u>5,185,446</u>	<u>5,743,568</u>

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**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**REVIEW OF PERFORMANCE**

The Group recorded net profit before taxation of RM 347.05 million for the financial half year ended 30 June 2014, as compared to RM 332.38 million in the corresponding period last year. Other operating income (including income from Islamic Banking operations) decreased by RM17.39 million or 3.68% mainly as a result of lower net trading income.

While net income declined by RM55.15 million or 5.48%, this was mitigated by strong improvement in provisions for loans, advances and financing, which reduced by RM 54.39 million or 30.17% through intensified recovery efforts and better asset quality and credit management. Operating expenses decreased by RM 15.43 million or 3.13%.

The Group's total assets registered a 8.87% decline to RM 49.53 billion but remained well capitalized with Tier 1 Common Equity ratio and risk-weighted capital ratio at 10.50% and 14.41%, respectively.

**PROSPECTS**

In line with Standard Chartered PLC Group's refreshed strategy *'To bank the people and companies driving investment, trade and wealth creation across Asia, Africa and the Middle East'*, the Bank implemented a new business structure through the creation of three customer segment groups, namely Corporate and Institutional Clients, Commercial and Private Banking Clients and Retail Customers, as well as five global product groups - Corporate Finance, Financial Markets, Transaction Banking, Wealth Products and Retail Products under one business. Through this new structure, Standard Chartered is better placed to adapt to changes in the market and regulatory environment. With one team driving active collaboration towards sustainable growth, the structure will also enable the deployment of capital, liquidity and investment spend more effectively and deliver improvements in productivity and quality of service to customers.

**STANDARD CHARTERED BANK MALAYSIA BERHAD**  
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**Notes to the financial statements for the financial half year ended 30 June 2014**

**1. Basis of preparation of the financial statements**

The unaudited condensed interim financial statements for the second quarter and the financial half year ended 30 June 2014 have been prepared in accordance with MFRS 134, *Interim Financial Reporting in Malaysia*.

The financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Group. Islamic Banking refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements, except for the adoption of the following Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB"):-

- |      |                        |  |
|------|------------------------|--|
| i)   | Amendments to MFRS 10  | <i>Consolidated Financial Statements: Investment Entities</i>  |
| ii)  | Amendments to MFRS 12  | <i>Disclosure of Interests in Other Entities: Investment Entities</i>  |
| iii) | Amendments to MFRS 127 | <i>Separate Financial Statements (2011): Investment Entities</i>   |
| iv)  | Amendments to MFRS 132 | <i>Financial Instruments: Presentation- Offsetting Financial Assets and Financial Liabilities</i>                        |
| v)   | Amendments to MFRS 136 | <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>                                    |
| vi)  | Amendments to MFRS 139 | <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> |
| vii) | IC Interpretation 21   | <i>Levies</i>  |

The adoption of the above Amendments to MFRSs and IC Interpretation do not have any material impact on the financial statements of the Group and the Bank.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective:

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 July 2014

- |       |                        |   |
|-------|------------------------|---|
| i)    | Amendments to MFRS 1   | <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)</i> |
| ii)   | Amendments to MFRS 2   | <i>Share-based Payment (Annual Improvements 2010-2012 Cycle)</i>  |
| iii)  | Amendments to MFRS 3   | <i>Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>                      |
| iv)   | Amendments to MFRS 8   | <i>Operating Segments (Annual Improvements 2010-2012 Cycle)</i>   |
| v)    | Amendments to MFRS 13  | <i>Fair Value Measurement (Annual Improvements 2011-2013 Cycle)</i>   |
| vi)   | Amendments to MFRS 116 | <i>Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)</i>                                  |
| vii)  | Amendments to MFRS 119 | <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>                                    |
| viii) | Amendments to MFRS 124 | <i>Related Party Disclosures (Annual Improvements 2010-2012 Cycle)</i>                                      |
| ix)   | Amendments to MFRS 138 | <i>Intangible Assets (Annual Improvements 2010-2012 Cycle)</i>  |
| x)    | Amendments to MFRS 140 | <i>Investment Property (Annual Improvements 2011-2013 Cycle)</i>  |

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**1. Basis of preparation of the financial statements (continued)**

MFRSs and Amendments to MFRS effective for a date yet to be confirmed

i)	MFRS 9	<i>Financial Instruments (2009)</i>
ii)	MFRS 9	<i>Financial Instruments (2010)</i>
iii)	MFRS 9	<i>Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139</i>
iv)	Amendments to MFRS 7	<i>Financial Instruments: Disclosures- Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>

The Group and the Bank plan to apply the abovementioned standards and amendments from the annual period beginning on 1 January 2015 for those standards and amendments that are effective for annual periods beginning on or after 1 July 2014.

Except for MFRS 9, the initial application of all the above applicable amendments to MFRSs is not expected to have any material impact on the financial statements upon their first adoption.

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Bank is currently assessing the financial impact of adopting MFRS 9.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2013.

**2. Auditor's report on preceding annual financial statements**

The auditor's report on the financial statements for the financial year ended 31 December 2013 was not qualified.

**3. Seasonal or cyclical factors**

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the second quarter and financial half year ended 30 June 2014.

**5. Changes in accounting estimates**

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the second quarter and financial half year ended 30 June 2014.

**6. Issuances, cancellations, repurchases, resale and repayments of securities portfolio**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the second quarter and financial half year ended 30 June 2014.

**7. Dividend**

An interim single tier dividend of 80 sen per share totaling RM100,000,000 in respect of the financial half year ended 30 June 2014 will be proposed. The proposed interim single tier dividend has not been accounted for in the financial statements of the Group and the Bank as at 30 June 2014.

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**8. Carrying amount of revalued assets**

The Group's and the Bank's property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The valuations of certain land and buildings of the Group and the Bank have been brought forward without amendment from the previous audited annual financial statements for the financial year ended 31 December 2013.

**9. Subsequent events**

There were no material events subsequent to the statement of financial position date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

**10. Changes in composition of the Group**

There were no other changes in the composition of the Group in the second quarter and financial half year ended 30 June 2014.

**11. Financial assets held for trading**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	64,504	160,593	64,504	160,593
Malaysian Government bonds/securities	336,155	979,398	336,155	979,398
Government Islamic bonds	6,673	9,985	6,673	9,985
Bank Negara Malaysia bills	419,894	1,558,607	419,894	1,558,607
Cagamas bonds	50,085	-	50,085	-
Private debt securities	215,479	209,611	215,479	209,611
	<u>1,092,790</u>	<u>2,918,194</u>	<u>1,092,790</u>	<u>2,918,194</u>

**12. Investment securities available-for-sale**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities	1,587,974	2,038,391	1,587,974	2,038,391
Bank Negara Malaysia bills	254,629	746,173	106,015	646,475
Bankers' acceptances and Islamic acceptance bills	876,634	722,539	876,634	722,539
Negotiable instruments of deposit	1,154,593	1,104,836	1,154,593	1,104,836
Private debt securities	149,164	-	149,164	-
	<u>4,022,994</u>	<u>4,611,939</u>	<u>3,874,380</u>	<u>4,512,241</u>
Unquoted securities:-				
Equity shares, at cost	9,726	9,721	9,726	9,721
Private debt securities, at fair value	17,838	26,485	243	243
	<u>4,050,558</u>	<u>4,648,145</u>	<u>3,884,349</u>	<u>4,522,205</u>

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**13. Loans, advances and financing****(i) By type**

	Group		Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
<u>At amortised cost</u>				
Overdrafts	612,361	620,665	612,361	620,665
Term loans/financing				
- Housing loans/financing	13,992,204	13,610,278	11,300,246	11,566,925
- Syndicated term loan/financing	173,380	50,643	173,380	50,643
- Hire purchase receivables	265,418	248,672	-	-
- Lease receivables	542,504	542,668	-	-
- Other term loans/financing	10,444,347	11,004,065	8,062,238	8,722,415
Bills receivable	3,184,071	3,255,142	3,085,422	3,190,076
Trust receipts	1,393,535	1,448,438	1,029,362	1,345,792
Staff loans/financing	50,489	54,951	48,938	53,324
Loans/financing to banks and other financial institutions	249,143	268,738	249,143	268,738
Credit card receivables	2,174,241	2,357,202	2,174,241	2,357,202
Revolving credit	1,644,266	2,302,691	877,479	1,509,710
	<u>34,725,959</u>	<u>35,764,153</u>	<u>27,612,810</u>	<u>29,685,490</u>
Less: Unearned interest and income	(873,649)	(943,945)	(21,280)	(30,531)
Gross loans, advances and financing	<u>33,852,310</u>	<u>34,820,208</u>	<u>27,591,530</u>	<u>29,654,959</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(307,079)	(263,135)	(286,998)	(247,352)
- Collective impairment provisions	(304,250)	(347,931)	(209,809)	(243,995)
Total net loans, advances and financing	<u><u>33,240,981</u></u>	<u><u>34,209,142</u></u>	<u><u>27,094,723</u></u>	<u><u>29,163,612</u></u>

**(ii) By type of customer**

	Group		Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	176,951	10,344	176,951	10,344
Domestic non-bank financial institutions	425,669	544,943	195,807	344,493
Domestic business enterprises	12,892,832	13,578,097	10,216,997	11,392,459
<i>Small medium enterprises</i>	<u>4,838,988</u>	<u>4,644,283</u>	<u>3,810,240</u>	<u>3,844,425</u>
<i>Others</i>	<u>8,053,844</u>	<u>8,933,814</u>	<u>6,406,757</u>	<u>7,548,034</u>
Individuals	17,797,008	18,232,044	14,803,517	15,668,946
Other domestic entities	772	643	772	643
Foreign entities	2,559,078	2,454,137	2,197,486	2,238,074
	<u><u>33,852,310</u></u>	<u><u>34,820,208</u></u>	<u><u>27,591,530</u></u>	<u><u>29,654,959</u></u>

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**13. Loans, advances and financing (continued)****(iii) By interest/profit rate sensitivity**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Fixed rate				
Housing loans/financing	26,402	29,900	24,133	27,339
Other fixed rate loan/financing	4,921,325	5,150,392	3,279,552	3,701,030
Variable rate				
BLR plus	17,504,864	17,110,006	15,188,017	15,478,024
Cost plus	9,300,109	10,735,593	8,568,237	9,984,253
Other variable rates	2,099,610	1,794,317	531,591	464,313
	<u>33,852,310</u>	<u>34,820,208</u>	<u>27,591,530</u>	<u>29,654,959</u>

**(iv) By sector**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Agriculture	534,733	690,739	412,052	542,592
Mining and quarrying	274,906	170,400	59,724	101,517
Manufacturing	5,117,551	5,026,833	4,488,230	4,512,471
Electricity, gas and water	123,923	97,180	123,143	95,080
Construction	448,188	732,672	349,009	634,622
Real estate	1,230,382	1,303,978	845,770	934,436
Wholesale & retail trade and restaurants & hotels	2,899,029	3,276,282	2,341,323	2,959,085
Transportation, storage and communication	414,154	568,422	297,462	336,272
Finance, insurance and business services	2,201,432	2,123,872	1,568,142	1,604,563
Household	19,552,726	19,688,548	16,197,643	16,909,387
Others	1,055,286	1,141,282	909,032	1,024,934
	<u>33,852,310</u>	<u>34,820,208</u>	<u>27,591,530</u>	<u>29,654,959</u>

**(v) By purpose**

	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Purchase of securities	-	8,633	-	8,633
Purchase of landed property	17,616,085	17,094,064	14,382,140	14,713,924
- Residential	<u>13,825,562</u>	<u>13,432,237</u>	<u>11,486,694</u>	<u>11,776,288</u>
- Non-residential	<u>3,790,523</u>	<u>3,661,827</u>	<u>2,895,446</u>	<u>2,937,636</u>
Fixed assets excluding land & building	209,899	179,994	-	-
Personal use	2,094,027	2,460,613	1,305,035	1,532,538
Credit cards	2,174,241	2,357,202	2,174,241	2,357,202
Working capital	11,627,480	12,466,562	9,599,536	10,789,522
Others	130,578	253,140	130,578	253,140
	<u>33,852,310</u>	<u>34,820,208</u>	<u>27,591,530</u>	<u>29,654,959</u>

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**13. Loans, advances and financing (continued)****(vi) By maturity structure**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Maturing within one year	10,656,261	9,612,015	9,532,624	9,046,983
One year to three years	2,654,237	4,273,050	1,766,604	3,271,176
Three years to five years	2,408,278	2,946,266	1,501,350	2,115,023
Over five years	18,133,534	17,988,877	14,790,952	15,221,777
	<u>33,852,310</u>	<u>34,820,208</u>	<u>27,591,530</u>	<u>29,654,959</u>

**(vii) By geographical distribution**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Within Malaysia	33,699,288	34,488,375	27,438,508	29,323,126
Outside Malaysia	153,022	331,833	153,022	331,833
	<u>33,852,310</u>	<u>34,820,208</u>	<u>27,591,530</u>	<u>29,654,959</u>

**(viii) Analysis of foreign currency exposure**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
USD	3,043,094	3,083,275	2,415,932	2,777,896
GBP	663,400	669,076	663,400	669,076
Other foreign currencies	32,257	106,711	32,257	106,711
	<u>3,738,751</u>	<u>3,859,062</u>	<u>3,111,589</u>	<u>3,553,683</u>



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**14. Impaired loans, advances and financing****(i) Movements in impaired loans, advances and financing**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
At 1 January	1,088,877	424,940	1,048,268	391,051
Classified as impaired during the financial period/year	392,268	1,355,589	348,596	1,250,426
Reclassified as performing during the financial period/year	(94,339)	(227,567)	(91,020)	(224,208)
Amount recovered during the financial period/year	(154,553)	(160,456)	(148,341)	(152,196)
Amount written off during the financial period/year	(155,872)	(303,629)	(120,761)	(216,805)
At end of reporting period/year	<u>1,076,381</u>	<u>1,088,877</u>	<u>1,036,742</u>	<u>1,048,268</u>
Individual impairment provisions	<u>(307,079)</u>	<u>(263,135)</u>	<u>(286,998)</u>	<u>(247,352)</u>
Net impaired loans, advances and financing	<u><u>769,302</u></u>	<u><u>825,742</u></u>	<u><u>749,744</u></u>	<u><u>800,916</u></u>

**(ii) Movements in impairment provisions for loans, advances and financing**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
<b>Collective impairment provisions</b>				
At 1 January	347,931	360,752	243,995	225,935
Impairment made during the financial period/year	9,471	49,097	5,663	45,103
Amount written back	(53,152)	(61,918)	(39,849)	(27,043)
At end of reporting period/year	<u>304,250</u>	<u>347,931</u>	<u>209,809</u>	<u>243,995</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>0.91%</u>	<u>1.01%</u>	<u>0.77%</u>	<u>0.83%</u>
<b>Individual impairment provisions</b>				
At 1 January	263,135	218,584	247,352	215,210
Impairment made during the financial period/year	154,959	302,261	112,930	199,878
Amount written back	(35,390)	(78,782)	(32,676)	(75,677)
Amount written off	(75,625)	(178,928)	(40,608)	(92,059)
At end of reporting period/year	<u>307,079</u>	<u>263,135</u>	<u>286,998</u>	<u>247,352</u>

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**14. Impaired loans, advances and financing (continued)****(iii) Impaired loans, advances and financing by sector**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Agriculture	14,514	14,803	14,514	14,803
Mining and quarrying	9,655	9,221	9,655	9,221
Manufacturing	655,332	675,054	654,175	673,788
Construction	66,903	92,852	66,625	92,852
Real estate	33,956	-	33,956	-
Wholesale & retail trade and restaurants & hotels	61,556	49,249	60,802	48,360
Transportation, storage and communication	982	238	564	238
Finance, insurance and business services	1,870	1,403	1,599	1,156
Household	228,802	242,100	192,234	203,893
Others	2,811	3,957	2,618	3,957
	<u>1,076,381</u>	<u>1,088,877</u>	<u>1,036,742</u>	<u>1,048,268</u>

**(iv) Impaired loans, advances and financing by purpose**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Purchase of landed property	116,597	125,175	111,075	122,386
- Residential	109,707	116,275	105,177	114,478
- Non-residential	6,890	8,900	5,898	7,908
Fixed assets excluding land & building	1,153	722	-	-
Personal use	100,476	98,152	69,430	62,734
Credit cards	22,084	25,155	22,084	25,155
Working capital	836,071	839,673	834,153	837,993
	<u>1,076,381</u>	<u>1,088,877</u>	<u>1,036,742</u>	<u>1,048,268</u>

**(v) Impaired loans, advances and financing by geographical distribution**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Within Malaysia	1,075,949	1,088,614	1,036,310	1,048,005
Outside Malaysia	432	263	432	263
	<u>1,076,381</u>	<u>1,088,877</u>	<u>1,036,742</u>	<u>1,048,268</u>

**15. Other assets**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Interest/Income receivables	38,623	52,627	50,447	60,442
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	1,120,721	649,992	1,391,228	829,255
	<u>1,159,344</u>	<u>702,619</u>	<u>1,541,675</u>	<u>989,697</u>

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**16. Statutory deposits with Bank Negara Malaysia**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in accordance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (revised 1994) to satisfy the Statutory Reserve Requirement ("SRR"); the amounts of which are determined as set percentages of total eligible liabilities.

**17. Deposits from customers****(i) By type of deposits**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Demand deposits	13,439,780	15,228,387	12,134,938	14,047,772
Savings deposits	3,560,890	3,468,707	3,365,785	3,316,637
Fixed/Investment deposits	17,275,987	19,466,074	13,696,311	16,764,728
Negotiable instruments of deposits	436,971	431,311	325,772	322,901
	<u>34,713,628</u>	<u>38,594,479</u>	<u>29,522,806</u>	<u>34,452,038</u>

The maturity structure of the fixed/investment deposits and negotiable instruments of deposits is as follows:-

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Due within six months	14,123,469	16,253,618	10,689,533	13,764,411
Six months to one year	2,733,189	2,749,099	2,608,129	2,566,566
One year to three years	156,381	247,951	155,311	227,681
Three years to five years	549,138	597,037	418,329	479,291
Over five years	150,781	49,680	150,781	49,680

**(ii) By type of customers**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Government and statutory bodies	1,900,775	1,624,930	34,141	17,438
Business enterprises	12,434,305	16,108,625	11,892,506	15,624,897
Individuals	16,452,450	17,152,027	14,401,792	15,563,082
Others	3,926,098	3,708,897	3,194,367	3,246,621
	<u>34,713,628</u>	<u>38,594,479</u>	<u>29,522,806</u>	<u>34,452,038</u>

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**18. Deposits and placements of banks and other financial institutions**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Licensed banks	878,390	2,139,485	770,752	2,139,485
Bank Negara Malaysia	230,010	31,050	230,010	31,050
Other financial institutions	4,643,570	5,000,321	4,639,960	4,885,874
	<u>5,751,970</u>	<u>7,170,856</u>	<u>5,640,722</u>	<u>7,056,409</u>

**19. Other liabilities**

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Interest/Income payable	177,127	200,004	161,589	184,911
Provision for retirement benefit scheme	443	491	443	491
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	2,245,444	1,686,523	2,940,751	2,452,600
	<u>2,423,014</u>	<u>1,887,018</u>	<u>3,102,805</u>	<u>2,638,024</u>

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**20. Interest income**

	<b>Group</b>			
	<b>2nd Quarter ended</b>		<b>Six months ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances				
- Interest income other than recoveries from impaired loans	340,295	380,972	691,177	753,001
- Recoveries from impaired loans	5,374	4,447	10,323	10,697
Money at call and deposit placements with banks and other financial institutions	24,825	18,443	52,425	30,345
Financial assets held for trading	7,318	26,003	26,559	53,151
Investment securities available-for-sale	47,569	37,990	97,516	72,919
	<u>425,381</u>	<u>467,855</u>	<u>878,000</u>	<u>920,113</u>

	<b>Bank</b>			
	<b>2nd Quarter ended</b>		<b>Six months ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances				
- Interest income other than recoveries from impaired loans	340,295	380,972	691,177	753,001
- Recoveries from impaired loans	5,374	4,447	10,323	10,697
Money at call and deposit placements with banks and other financial institutions	47,496	34,103	95,395	62,967
Financial assets held for trading	7,318	26,003	26,559	53,151
Investment securities available-for-sale	40,101	25,193	82,474	60,122
	<u>440,584</u>	<u>470,718</u>	<u>905,928</u>	<u>939,938</u>

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**21. Interest expense**

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	26,507	32,060	42,436	44,667
Deposits from customers	152,289	164,417	316,960	330,492
Subordinated debts	11,909	5,934	23,217	11,802
	<u>190,705</u>	<u>202,411</u>	<u>382,613</u>	<u>386,961</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	26,384	32,060	42,313	44,667
Deposits from customers	152,289	164,417	316,960	330,492
Subordinated debts	11,909	5,934	23,217	11,802
	<u>190,582</u>	<u>202,411</u>	<u>382,490</u>	<u>386,961</u>

**22. Net income from Islamic Banking operations**

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	68,212	46,604	122,320	89,784
Income attributable to depositors	<u>(29,413)</u>	<u>(35,296)</u>	<u>(51,238)</u>	<u>(64,481)</u>
Income attributable to the Bank	38,799	11,308	71,082	25,303
Income derived from investment of Islamic banking capital funds and shareholder's funds	40,772	55,354	82,443	117,524
	<u>79,571</u>	<u>66,662</u>	<u>153,525</u>	<u>142,827</u>

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**23. Other operating income**

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Fee and commission</b>				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	86,011	77,393	162,275	171,498
- <i>Commission income</i>	47,951	50,013	95,827	102,648
- <i>Service fees</i>	27,435	21,259	44,615	54,139
- <i>Guarantee fees</i>	10,625	6,121	21,833	14,711
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(14,142)	(22,276)	(28,737)	(42,591)
- <i>Commission charges</i>	(2,615)	(14,898)	(4,362)	(24,947)
- <i>Service charges</i>	(11,527)	(7,378)	(24,375)	(17,644)
	<u>71,869</u>	<u>55,117</u>	<u>133,538</u>	<u>128,907</u>
<b>Net trading income</b>				
(Losses)/gains from sale of financial assets held for trading and derivative financial instruments	32,435	68,672	(18,653)	92,902
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(5,254)	(5,685)	61,062	10,568
Foreign exchange currency				
- Gains from dealing in foreign currency	66,949	120,164	124,754	169,234
- Unrealised losses from foreign exchange translation	(26,044)	(93,633)	(21,259)	(98,295)
	<u>68,086</u>	<u>89,518</u>	<u>145,904</u>	<u>174,409</u>
<b>Other income</b>				
(Losses)/gains from sale of investment securities available-for-sale	661	2,068	232	5,773
Gross dividends from unquoted investments	18,915	17,697	19,604	17,697
Rental income	7	-	15	-
Gain on disposal of property, plant and equipment	2,461	-	2,461	92
Others	6	1,953	8	2,971
	<u>22,050</u>	<u>21,718</u>	<u>22,320</u>	<u>26,533</u>
<b>Total other operating income</b>	<b><u>162,005</u></b>	<b><u>166,353</u></b>	<b><u>301,762</u></b>	<b><u>329,849</u></b>

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**23. Other operating income (continued)**

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Fee and commission</b>				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	86,011	77,393	162,275	171,498
- <i>Commission income</i>	47,951	50,013	95,827	102,648
- <i>Service fees</i>	27,435	21,259	44,615	54,139
- <i>Guarantee fees</i>	10,625	6,121	21,833	14,711
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(12,290)	(22,275)	(24,212)	(42,591)
- <i>Commission charges</i>	(2,615)	(14,897)	(4,362)	(24,947)
- <i>Service charges</i>	(9,675)	(7,378)	(19,850)	(17,644)
	<u>73,721</u>	<u>55,118</u>	<u>138,063</u>	<u>128,907</u>
<b>Net trading income</b>				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	32,435	68,672	(18,653)	92,902
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(5,254)	(5,685)	61,062	10,568
Foreign exchange currency				
- Gains from dealing in foreign currency	66,949	120,164	124,754	169,234
- Unrealised losses from foreign exchange translation	(26,044)	(93,633)	(21,259)	(98,295)
	<u>68,086</u>	<u>89,518</u>	<u>145,904</u>	<u>174,409</u>
<b>Other income</b>				
Gains from sale of investment securities available-for-sale	661	2,068	232	5,773
Gross dividends from unquoted investments	18,915	17,697	19,604	17,697
Rental income	7	-	15	-
Gain on disposal of property, plant and equipment	2,461	-	2,461	92
Others	20,080	22,777	40,903	42,021
	<u>42,124</u>	<u>42,542</u>	<u>63,215</u>	<u>65,583</u>
<b>Total other operating income</b>	<b><u>183,931</u></b>	<b><u>187,178</u></b>	<b><u>347,182</u></b>	<b><u>368,899</u></b>



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**24. Other operating expenses**

	Group			
	2nd Quarter ended 30 June 2014 RM'000	30 June 2013 RM'000	Six months ended 30 June 2014 RM'000	30 June 2013 RM'000
<b>Personnel costs</b>				
- Salaries, bonuses, wages and allowances	85,343	83,596	168,261	160,948
- Pension fund contributions	8,972	9,172	17,949	17,319
- Other staff related cost	9,765	8,339	21,061	16,041
	<u>104,080</u>	<u>101,107</u>	<u>207,271</u>	<u>194,308</u>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	8,171	6,540	16,184	12,744
- Rental	6,993	6,858	13,946	13,665
- Information technology and project expenses	26,468	28,541	55,158	53,484
- Others	11,625	10,021	22,268	22,661
	<u>53,257</u>	<u>51,960</u>	<u>107,556</u>	<u>102,554</u>
<b>Marketing expenses</b>				
- Advertisement and publicity	3,967	4,996	9,152	9,200
- Others	2,709	4,043	5,962	7,579
	<u>6,676</u>	<u>9,039</u>	<u>15,114</u>	<u>16,779</u>
<b>Administration and general expenses</b>				
- Communication expenses	4,335	3,534	7,270	6,540
- Group administration and business support expenses	16,031	43,471	43,545	71,507
- Outsourcing expenses	24,501	24,333	49,702	48,078
- Others	21,438	27,608	47,263	53,388
	<u>66,305</u>	<u>98,946</u>	<u>147,780</u>	<u>179,513</u>
<b>Total other operating expenses</b>	<u><u>230,318</u></u>	<u><u>261,052</u></u>	<u><u>477,721</u></u>	<u><u>493,154</u></u>

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**24. Other operating expenses (continued)**

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, bonuses, wages and allowances	82,169	82,172	161,834	156,822
- Pension fund contributions	8,972	9,172	17,949	17,319
- Other staff related cost	8,971	8,045	19,864	15,037
	<u>100,112</u>	<u>99,389</u>	<u>199,647</u>	<u>189,178</u>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	7,531	5,776	14,900	11,165
- Rental	6,412	6,349	12,804	12,676
- Information technology and project expenses	26,414	28,514	55,051	53,468
- Others	11,143	9,523	21,310	21,783
	<u>51,500</u>	<u>50,162</u>	<u>104,065</u>	<u>99,092</u>
<b>Marketing expenses</b>				
- Advertisement and publicity	3,947	4,933	9,098	9,111
- Others	2,466	3,938	5,571	7,382
	<u>6,413</u>	<u>8,871</u>	<u>14,669</u>	<u>16,493</u>
<b>Administration and general expenses</b>				
- Communication expenses	4,252	3,390	7,099	6,268
- Group administration and business support expenses	14,112	41,927	40,006	68,086
- Outsourcing expenses	24,501	24,333	49,702	48,078
- Others	18,328	19,753	41,341	42,427
	<u>61,193</u>	<u>89,403</u>	<u>138,148</u>	<u>164,859</u>
<b>Total other operating expenses</b>	<u><u>219,218</u></u>	<u><u>247,825</u></u>	<u><u>456,529</u></u>	<u><u>469,622</u></u>

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**25. Provisions for loans, advances and financing**

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	Restated RM'000	RM'000	Restated RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	78,228	45,902	125,063	116,032
- Made in the financial period	57,227	44,399	104,827	115,353
- Discounting of collaterals	37,884	20,694	50,132	39,553
- Written back	(16,883)	(19,191)	(29,896)	(38,874)
Collective impairment provisions				
- Made in the financial period	6,747	18,042	9,471	32,225
- Written back	(27,031)	(21,024)	(53,152)	(27,740)
Bad and doubtful debts on loans, advances and financing:-				
Written off	39,489	37,867	80,845	79,582
Recovered	(18,384)	(10,565)	(36,322)	(19,807)
	<u>79,049</u>	<u>70,222</u>	<u>125,905</u>	<u>180,292</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	Restated RM'000	RM'000	Restated RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	59,050	19,419	85,748	64,132
- Made in the financial period	36,567	17,201	62,798	62,409
- Discounting of collaterals	37,884	20,694	50,132	39,553
- Written back	(15,401)	(18,476)	(27,182)	(37,830)
Collective impairment provisions				
- Made in the financial period	3,719	23,310	5,663	36,440
- Written back	(18,882)	(10,037)	(39,849)	(13,330)
Bad and doubtful debts on loans, advances and financing:-				
Written off	39,489	37,867	80,845	79,582
Recovered	(15,034)	(8,852)	(30,109)	(16,880)
	<u>68,342</u>	<u>61,707</u>	<u>102,298</u>	<u>149,944</u>

**26. Credit exposure to connected parties**

The credit exposures of the Group and the Bank to connected parties, as defined by Bank Negara Malaysia's 'Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	Group		Bank	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	2,829,333	3,390,236	2,888,349	3,401,445
As a percentage of total credit exposures	4.8%	5.4%	5.6%	6.1%

There are currently no exposures to connected parties which are classified as impaired.

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**27. Commitments and contingencies**

In ordinary course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies are as follows:-

Group	30 June 2014			31 December 2013		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,243,695	2,243,695	837,461	2,390,276	2,390,276	824,234
Transaction-related contingent items	3,854,181	3,853,809	864,988	4,254,108	4,253,025	952,615
Short-term self liquidating trade-related contingencies	146,765	146,765	54,162	390,974	390,974	105,794
Other commitments to extend credit:-						
- maturity not exceeding one year	10,454,179	3,960,739	1,286,972	12,282,795	5,471,974	1,840,909
- maturity exceeding one year	6,129,211	1,536,273	736,203	6,359,524	1,534,941	766,560
Foreign exchange related contracts:-						
- less than one year	25,386,532	646,261	139,637	32,294,898	975,552	234,754
- one year to less than five years	19,654,562	2,025,730	615,505	19,066,983	2,187,200	535,207
- five years and above	2,117,084	386,567	132,804	1,744,078	345,249	129,674
Interest rate related contracts:-						
- less than one year	25,899,732	58,646	7,282	19,220,803	40,177	4,996
- one year to less than five years	46,565,198	1,456,973	305,513	48,719,725	1,581,268	333,331
- five years and above	6,584,484	648,884	131,267	5,512,026	568,450	162,432
Miscellaneous commitments and contingencies	5,969,546	425,737	125,391	3,949,296	287,625	78,858
	<u>155,005,169</u>	<u>17,390,079</u>	<u>5,237,185</u>	<u>156,185,486</u>	<u>20,026,711</u>	<u>5,969,364</u>

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**27. Commitments and contingencies (continued)**

Bank	30 June 2014			31 December 2013		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,239,068	2,239,068	836,362	2,387,464	2,387,464	823,662
Transaction-related contingent items	3,688,278	3,687,906	825,373	4,181,018	4,179,934	931,868
Short-term self liquidating trade-related contingencies	89,010	89,010	31,262	324,817	324,817	74,723
Other commitments to extend credit:-						
- maturity not exceeding one year	9,276,140	3,312,242	1,078,983	10,172,392	4,116,128	1,397,330
- maturity exceeding one year	5,009,054	1,273,274	637,788	5,083,055	1,302,260	679,210
Foreign exchange related contracts:-						
- less than one year	25,405,595	646,301	139,262	32,294,898	972,659	233,968
- one year to less than five years	19,641,965	2,024,848	576,958	19,066,983	2,187,200	535,207
- five years and above	2,117,084	386,567	132,804	1,744,078	345,249	129,674
Interest rate related contracts:-						
- less than one year	25,899,732	58,646	7,282	19,327,561	44,671	5,396
- one year to less than five years	46,179,937	1,430,708	300,726	48,719,725	1,579,583	329,955
- five years and above	6,584,484	648,884	131,263	5,512,026	568,449	162,427
Miscellaneous commitments and contingencies	5,969,224	425,867	123,312	3,948,551	288,817	76,082
	<u>152,099,571</u>	<u>16,223,321</u>	<u>4,821,375</u>	<u>152,762,568</u>	<u>18,297,231</u>	<u>5,379,502</u>

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

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**28. Interest rate risk**

The tables below summarise the Group's and the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

Group As at 30 June 2014	Non-trading books					Trading books RM'000	Total RM'000	Effective interest rate (%)
	← 3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	→ Non-interest sensitive RM'000			
<b>Financial assets</b>								
Cash and short term funds	5,459,827	-	-	-	1,368,468	-	6,828,295	2.74
Deposits and placements with banks and other financial institutions	-	50,012	12,329	-	-	-	62,341	2.62
Securities purchased under resale agreements	106,236	-	-	-	-	-	106,236	3.02
Financial assets held for trading	-	-	-	-	-	1,092,790	1,092,790	3.45
Investment securities available-for-sale	1,870,332	425,564	1,582,911	144,430	27,321	-	4,050,558	3.41
Loans, advances and financing								
- Performing	26,397,631	3,587,918	2,013,862	472,268	-	-	32,471,679	5.36
- Impaired	-	-	-	-	769,302	-	769,302	
Derivative financial assets	-	-	-	-	-	1,666,545	1,666,545	
Other balances	-	-	-	-	2,307,402	-	2,307,402	
	<b>33,834,026</b>	<b>4,063,494</b>	<b>3,609,102</b>	<b>616,698</b>	<b>4,472,493</b>	<b>2,759,335</b>	<b>49,355,148</b>	
<b>Financial liabilities</b>								
Deposits from customers	22,848,807	3,221,305	2,112,067	4,853	6,526,596	-	34,713,628	2.63
Deposits and placements of banks and other financial institutions	5,139,164	50,889	230,000	331,917	-	-	5,751,970	3.45
Derivative financial liabilities	-	-	-	-	-	1,433,371	1,433,371	
Other balances	-	-	-	-	2,423,014	-	2,423,014	
Subordinated debts	-	1,000,000	-	-	-	-	1,000,000	4.95
	<b>27,987,971</b>	<b>4,272,194</b>	<b>2,342,067</b>	<b>336,770</b>	<b>8,949,610</b>	<b>1,433,371</b>	<b>45,321,983</b>	
On-balance sheet interest sensitivity gap	5,846,055	(208,700)	1,267,035	279,928	(4,477,117)	1,325,964		
Off-balance sheet interest sensitivity gap	115,208	(9,259,728)	5,685,966	110,922	-	-		
<b>Total interest sensitivity gap</b>	<b>5,961,263</b>	<b>(9,468,428)</b>	<b>6,953,001</b>	<b>390,850</b>	<b>(4,477,117)</b>	<b>1,325,964</b>		

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**28. Interest rate risk (continued)**

Group As at 31 December 2013	← Non-trading books →					Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
<b>Financial assets</b>								
Cash and short term funds	7,225,795	-	-	-	917,425	-	8,143,220	2.64
Deposits and placements with banks and other financial institution	-	-	12,590	-	-	-	12,590	2.30
Securities purchased under resale agreements	291,261	-	-	-	-	-	291,261	2.69
Financial assets held for trading	-	-	-	-	-	2,918,194	2,918,194	3.32
Investment securities available-for-sale	2,331,298	242,250	2,038,392	242	35,963	-	4,648,145	3.28
Loans, advances and financing								
- Performing	27,478,834	3,461,586	1,712,778	730,202	-	-	33,383,400	5.41
- Impaired	-	-	-	-	825,742	-	825,742	
Derivative financial assets	7,915	46	1,686	-	-	2,087,024	2,096,671	
Other balances	-	-	-	-	1,856,128	-	1,856,128	
	<b>37,335,103</b>	<b>3,703,882</b>	<b>3,765,446</b>	<b>730,444</b>	<b>3,635,258</b>	<b>5,005,218</b>	<b>54,175,351</b>	
<b>Financial liabilities</b>								
Deposits from customers	22,853,520	6,921,252	836,029	4,771	7,978,907	-	38,594,479	2.62
Deposits and placements of banks and other financial institutions	6,596,305	945	230,000	343,606	-	-	7,170,856	2.90
Derivative financial liabilities	54	32	1,096	844	-	1,752,011	1,754,037	
Other balances	-	-	-	-	1,887,018	-	1,887,018	
Subordinated debts	-	-	-	1,000,000	-	-	1,000,000	4.62
	<b>29,449,879</b>	<b>6,922,229</b>	<b>1,067,125</b>	<b>1,349,221</b>	<b>9,865,925</b>	<b>1,752,011</b>	<b>50,406,390</b>	
On-balance sheet interest sensitivity gap	7,885,224	(3,218,347)	2,698,321	(618,777)	(6,230,667)	3,253,207		
Off-balance sheet interest sensitivity gap	391,971	(2,643,657)	(200,900)	126,845	-	-		
<b>Total interest sensitivity gap</b>	<b>8,277,195</b>	<b>(5,862,004)</b>	<b>2,497,421</b>	<b>(491,932)</b>	<b>(6,230,667)</b>	<b>3,253,207</b>		

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**28. Interest rate risk (continued)**

Bank As at 30 June 2014	←----- Non-trading books -----→					Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
<b>Financial assets</b>								
Cash and short term funds	3,830,237	-	-	-	1,355,209	-	5,185,446	2.50
Deposits and placements with banks and other financial institutions	1,872,462	752,445	12,328	-	-	-	2,637,235	2.58
Securities purchased under resale agreements	106,236	-	-	-	-	-	106,236	3.02
Financial assets held for trading	-	-	-	-	-	1,092,790	1,092,790	3.45
Investment securities available-for-sale	1,721,718	425,564	1,582,911	144,430	9,726	-	3,884,349	3.43
Loans, advances and financing								
- Performing	22,658,814	3,392,312	259,832	34,021	-	-	26,344,979	5.23
- Impaired	-	-	-	-	749,744	-	749,744	
Derivative financial assets	-	-	-	-	-	1,669,256	1,669,256	
Other balances	-	-	-	100,000	2,375,916	-	2,475,916	4.85
	<b>30,189,467</b>	<b>4,570,321</b>	<b>1,855,071</b>	<b>278,451</b>	<b>4,490,595</b>	<b>2,762,046</b>	<b>44,145,951</b>	
<b>Financial liabilities</b>								
Deposits from customers	19,583,345	1,418,257	1,994,608	-	6,526,596	-	29,522,806	2.84
Deposits and placements of banks and other financial institutions	5,031,525	50,888	230,000	328,309	-	-	5,640,722	3.45
Derivative financial liabilities	-	-	-	-	-	1,430,976	1,430,976	
Other balances	-	-	-	-	3,102,805	-	3,102,805	
Subordinated debts	-	-	-	1,000,000	-	-	1,000,000	4.95
	<b>24,614,870</b>	<b>1,469,145</b>	<b>2,224,608</b>	<b>1,328,309</b>	<b>9,629,401</b>	<b>1,430,976</b>	<b>40,697,309</b>	
On-balance sheet interest sensitivity gap	5,574,597	3,101,176	(369,537)	(1,049,858)	(5,138,806)	1,331,070		
Off-balance sheet interest sensitivity gap	115,208	(9,259,728)	5,685,966	110,922	-	-		
<b>Total interest sensitivity gap</b>	<b>5,689,805</b>	<b>(6,158,552)</b>	<b>5,316,429</b>	<b>(938,936)</b>	<b>(5,138,806)</b>	<b>1,331,070</b>		



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**28. Interest rate risk (continued)**

Bank As at 31 December 2013	←————— Non-trading books —————→					Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
<b>Financial assets</b>								
Cash and short term funds	5,891,623	-	-	-	902,825	-	6,794,448	2.59
Deposits and placements with banks and other financial institutions	1,441,763	935,341	12,590	-	-	-	2,389,694	2.94
Securities purchased under resale agreements	291,261	-	-	-	-	-	291,261	2.69
Financial assets held for trading	-	-	-	-	-	2,918,194	2,918,194	3.32
Investment securities available-for-sale	2,231,600	242,250	2,038,392	242	9,721	-	4,522,205	3.29
Loans, advances and financing								
- Performing	24,760,727	3,347,946	168,204	85,819	-	-	28,362,696	5.22
- Impaired	-	-	-	-	800,916	-	800,916	
Derivative financial assets	-	-	-	-	-	2,096,231	2,096,231	
Other balances	-	-	-	100,000	1,841,889	-	1,941,889	4.85
	<b>34,616,974</b>	<b>4,525,537</b>	<b>2,219,186</b>	<b>186,061</b>	<b>3,555,351</b>	<b>5,014,425</b>	<b>50,117,534</b>	
<b>Financial liabilities</b>								
Deposits from customers	20,083,158	5,677,739	712,234	-	7,978,907	-	34,452,038	2.56
Deposits and placements of banks and other financial institutions	6,485,463	945	230,000	340,001	-	-	7,056,409	2.90
Derivative financial liabilities	-	-	-	-	-	1,756,805	1,756,805	
Other balances	-	-	-	-	2,638,024	-	2,638,024	
Subordinated debts	-	-	-	1,000,000	-	-	1,000,000	4.62
	<b>26,568,621</b>	<b>5,678,684</b>	<b>942,234</b>	<b>1,340,001</b>	<b>10,616,931</b>	<b>1,756,805</b>	<b>46,903,276</b>	
On-balance sheet interest sensitivity gap	8,048,353	(1,153,147)	1,276,952	(1,153,940)	(7,061,580)	3,257,620		
Off-balance sheet interest sensitivity gap	391,971	(2,643,657)	(200,900)	126,845	-	-		
<b>Total interest sensitivity gap</b>	<b>8,440,324</b>	<b>(3,796,804)</b>	<b>1,076,052</b>	<b>(1,027,095)</b>	<b>(7,061,580)</b>	<b>3,257,620</b>		

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**29. Liquidity risk**

The following tables summarise financial instruments into relevant maturity groupings based on the remaining contractual maturities as at the financial year end, on an undiscounted basis. The assets and liabilities in this table will not agree to the balances reported on the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis.

<b>Group As at 30 June 2014</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Cash and short term funds	6,843,887	-	-	-	6,843,887
Deposits and placements with banks and other financial institutions	-	51,103	13,297	-	64,400
Securities purchased under resale agreements	106,503	-	-	-	106,503
Financial assets held for trading	480,022	157,019	332,051	195,782	1,164,874
Investment securities available-for-sale	1,806,178	534,321	1,762,537	174,001	4,277,037
Loans, advances and financing					
- Performing	6,664,112	5,478,291	5,784,100	27,965,098	45,891,601
- Impaired	-	-	-	769,302	769,302
Derivative financial assets	167,130	180,525	1,028,931	289,959	1,666,545
Other balances	2,307,402	-	-	-	2,307,402
	<b>18,375,234</b>	<b>6,401,259</b>	<b>8,920,916</b>	<b>29,394,142</b>	<b>63,091,551</b>
<b>Financial liabilities</b>					
Deposits from customers	29,449,095	3,280,370	2,401,187	5,672	35,136,324
Deposits and placements of banks and other financial institutions	5,154,697	52,329	246,130	406,765	5,859,921
Derivative financial liabilities	92,434	224,591	966,645	149,701	1,433,371
Other balances	1,968,397	454,617	-	-	2,423,014
Subordinated debts	-	-	-	1,296,700	1,296,700
	<b>36,664,623</b>	<b>4,011,907</b>	<b>3,613,962</b>	<b>1,858,838</b>	<b>46,149,330</b>
<b>Net liquidity gap</b>	<b>(18,289,389)</b>	<b>2,389,352</b>	<b>5,306,954</b>	<b>27,535,304</b>	<b>16,942,221</b>
<b>Gross loans/financing commitments</b>	<b>1,231,150</b>	<b>12,096,482</b>	<b>7,725,088</b>	<b>1,775,310</b>	<b>22,828,030</b>

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**29. Liquidity risk (continued)**

Group As at 31 December 2013	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Financial assets</b>					
Cash and short term funds	8,161,135	-	-	-	8,161,135
Deposits and placements with banks and other financial institutions	-	-	13,458	-	13,458
Securities purchased under resale agreements	291,915	-	-	-	291,915
Financial assets held for trading	575,623	1,253,805	657,197	622,833	3,109,458
Investment securities available-for-sale	2,382,400	245,356	2,249,784	291	4,877,831
Loans, advances and financing					
- Performing	7,547,026	5,296,911	5,780,951	28,317,158	46,942,046
- Impaired	-	-	-	825,742	825,742
Derivative financial assets	175,696	364,668	1,249,374	306,933	2,096,671
Other balances	1,856,128	-	-	-	1,856,128
	<b>20,989,923</b>	<b>7,160,740</b>	<b>9,950,764</b>	<b>30,072,957</b>	<b>68,174,384</b>
<b>Financial liabilities</b>					
Deposits from customers	30,917,329	7,052,212	950,205	5,572	38,925,318
Deposits and placements of banks and other financial institutions	6,614,057	954	255,959	407,817	7,278,787
Derivative financial liabilities	200,948	241,639	1,124,848	186,602	1,754,037
Other balances	1,427,954	459,112	-	-	1,887,066
Subordinated debts	-	-	-	1,277,200	1,277,200
	<b>39,160,288</b>	<b>7,753,917</b>	<b>2,331,012</b>	<b>1,877,191</b>	<b>51,122,408</b>
<b>Net liquidity gap</b>	<b>(18,170,365)</b>	<b>(593,177)</b>	<b>7,619,752</b>	<b>28,195,766</b>	<b>17,051,976</b>
<b>Gross loans/financing commitments</b>	<b>1,594,767</b>	<b>13,692,011</b>	<b>8,375,759</b>	<b>2,012,140</b>	<b>25,674,677</b>

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**29. Liquidity risk (continued)**

The following tables summarise financial instruments into relevant maturity groupings based on the remaining contractual maturities as at the financial year end, on an undiscounted basis. The assets and liabilities in this table will not agree to the balances reported on the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis.

<b>Bank As at 30 June 2014</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Cash and short term funds	5,196,231	-	-	-	5,196,231
Deposits and placements with banks and other financial institutions	1,655,757	986,533	13,284	-	2,655,574
Securities purchased under resale agreements	106,503	-	-	-	106,503
Financial assets held for trading	480,022	157,019	332,051	195,782	1,164,874
Investment securities available-for-sale	1,738,422	434,336	1,763,242	174,117	4,110,117
Loans, advances and financing					
- Performing	5,603,440	4,997,055	3,989,030	22,740,772	37,330,297
- Impaired	-	-	-	749,744	749,744
Derivative financial assets	171,542	180,149	1,027,498	290,067	1,669,256
Other balances	2,375,915	-	-	129,100	2,505,015
	<b>17,327,832</b>	<b>6,755,092</b>	<b>7,125,105</b>	<b>24,279,582</b>	<b>55,487,611</b>
<b>Financial liabilities</b>					
Deposits from customers	26,179,795	1,454,044	2,294,735	-	29,928,574
Deposits and placements of banks and other financial institutions	5,046,463	52,332	246,154	402,459	5,747,408
Derivative financial liabilities	92,434	224,591	965,215	148,736	1,430,976
Other balances	2,671,722	431,061	-	22	3,102,805
Subordinated debts	-	-	-	1,296,700	1,296,700
	<b>33,990,414</b>	<b>2,162,028</b>	<b>3,506,104</b>	<b>1,847,917</b>	<b>41,506,463</b>
<b>Net liquidity gap</b>	<b>(16,662,582)</b>	<b>4,593,064</b>	<b>3,619,001</b>	<b>22,431,665</b>	<b>13,981,148</b>
<b>Gross loans/financing commitments</b>	<b>617,869</b>	<b>10,799,413</b>	<b>7,493,917</b>	<b>1,390,351</b>	<b>20,301,550</b>

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**29. Liquidity risk (continued)**

<b>Bank As at 31 December 2013</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Cash and short term funds	6,809,095	-	-	-	6,809,095
Deposits and placements with banks and other financial institutions	1,448,894	950,451	13,700	-	2,413,045
Securities purchased under resale agreements	291,915	-	-	-	291,915
Financial assets held for trading	575,623	1,253,805	657,197	622,833	3,109,458
Investment securities available-for-sale	2,255,872	245,362	2,250,196	291	4,751,721
Loans, advances and financing					
- Performing	6,715,859	4,871,153	4,247,428	24,190,427	40,024,867
- Impaired	-	-	-	800,916	800,916
Derivative financial assets	175,689	364,668	1,248,279	307,595	2,096,231
Other balances	1,841,889	-	-	129,100	1,970,989
	<b>20,114,836</b>	<b>7,685,439</b>	<b>8,416,800</b>	<b>26,051,162</b>	<b>62,268,237</b>
<b>Financial liabilities</b>					
Deposits from customers	28,136,807	5,785,775	808,046	-	34,730,628
Deposits and placements of banks and other financial institutions	6,502,587	954	255,981	403,585	7,163,107
Derivative financial liabilities	205,337	241,639	1,123,751	186,078	1,756,805
Other balances	2,212,766	425,236	-	22	2,638,024
Subordinated debts	-	-	-	1,277,200	1,277,200
	<b>37,057,497</b>	<b>6,453,604</b>	<b>2,187,778</b>	<b>1,866,885</b>	<b>47,565,764</b>
<b>Net liquidity gap</b>	<b>(16,942,661)</b>	<b>1,231,835</b>	<b>6,229,022</b>	<b>24,184,277</b>	<b>14,702,473</b>
<b>Gross loans/financing commitments</b>	<b>536,956</b>	<b>11,861,479</b>	<b>8,147,225</b>	<b>1,603,086</b>	<b>22,148,746</b>

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**30. Fair values of financial assets and liabilities**

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation hierarchy, and the types of instruments classified into each level within that hierarchy, is set out below:-

	Level 1	Level 2	Level 3
Fair value determined using	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Type of financial assets	Actively traded government and agency securities	Corporate and other government bonds and loans  Over-the-counter ("OTC") derivatives	Private debt equity investments
Type of financial liabilities	-	OTC derivatives	-

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**30. Fair values of financial assets and liabilities (continued)**

**Fair value hierarchy (continued)**

<b>Group</b> <b>30 June 2014</b>	<b>Fair value of financial instruments carried at fair value</b>			
	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Assets</b>				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	484,398	-	-	484,398
Debt securities	342,828	265,564	-	608,392
Derivative financial instruments	283	1,666,262	-	1,666,545
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	49,996	204,633	-	254,629
Debt securities	1,567,575	2,201,033	17,595	3,786,203
At 30 June 2014	<u>2,445,080</u>	<u>4,337,492</u>	<u>17,595</u>	<u>6,800,167</u>
<b>Liabilities</b>				
Derivative financial instruments	232	1,433,139	-	1,433,371
At 30 June 2014	<u>232</u>	<u>1,433,139</u>	<u>-</u>	<u>1,433,371</u>

<b>Group</b> <b>31 December 2013</b>	<b>Fair value of financial instruments carried at fair value</b>			
	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Assets</b>				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	1,719,200	-	-	1,719,200
Debt securities	989,383	209,611	-	1,198,994
Derivative financial instruments	1,350	2,095,321	-	2,096,671
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	746,173	-	-	746,173
Debt securities	2,038,391	1,827,618	26,242	3,892,251
At 31 December 2013	<u>5,494,497</u>	<u>4,132,550</u>	<u>26,242</u>	<u>9,653,289</u>
<b>Liabilities</b>				
Derivative financial instruments	1,033	1,753,004	-	1,754,037
At 31 December 2013	<u>1,033</u>	<u>1,753,004</u>	<u>-</u>	<u>1,754,037</u>

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**30. Fair values of financial assets and liabilities (continued)**

**Fair value hierarchy (continued)**

<b>Bank</b>	<b>Fair value of financial instruments carried at fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 June 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	484,398	-	-	484,398
Debt securities	342,828	265,564	-	608,392
Derivative financial instruments	283	1,668,973	-	1,669,256
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	106,015	-	106,015
Debt securities	1,567,574	2,201,034	-	3,768,608
At 30 June 2014	<u>2,395,083</u>	<u>4,241,586</u>	<u>-</u>	<u>6,636,669</u>
<b>Liabilities</b>				
Derivative financial instruments	232	1,430,744	-	1,430,976
At 30 June 2014	<u>232</u>	<u>1,430,744</u>	<u>-</u>	<u>1,430,976</u>

<b>Bank</b>	<b>Fair value of financial instruments carried at fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	1,719,200	-	-	1,719,200
Debt securities	989,383	209,611	-	1,198,994
Derivative financial instruments	1,350	2,094,881	-	2,096,231
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	646,475	-	-	646,475
Debt securities	2,038,391	1,827,618	-	3,866,009
31 December 2013	<u>5,394,799</u>	<u>4,132,110</u>	<u>-</u>	<u>9,526,909</u>
<b>Liabilities</b>				
Derivative financial instruments	1,033	1,755,772	-	1,756,805
31 December 2013	<u>1,033</u>	<u>1,755,772</u>	<u>-</u>	<u>1,756,805</u>

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2014.



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**30. Fair values of financial assets and liabilities (continued)****Methods and Assumptions (continued)****Fair value hierarchy (continued)**

Reconciliation of movements in Level 3 financial instruments:

**Group**

	30 June 2014			31 December 2013		
	Investment securities available-for-sale	Derivative assets	Derivative liabilities	Investment securities available-for-sale	Derivative assets	Derivative liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	26,242	-	-	-	3,648	3,361
Losses recognised in income statement	(8,647)	-	-	(3,146)	-	-
Arising from acquisition of a subsidiary	-	-	-	29,388	-	-
Sales	-	-	-	-	(3,648)	(3,361)
At 30 June/31 December	<u>17,595</u>	<u>-</u>	<u>-</u>	<u>26,242</u>	<u>-</u>	<u>-</u>

**Bank**

	30 June 2014		31 December 2013	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	3,648	3,361
Sales	-	-	(3,648)	(3,361)
At 30 June/31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**30. Fair values of financial assets and liabilities (continued)**

**Fair value hierarchy (continued)**

The following table shows the valuation techniques used in the determination of fair value within level 3, as well as the unobservable inputs used in the valuation model.

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Private debt securities	The fair value of private debt securities is determined by discounting estimated future cash inflows.	Estimated future cash inflows	The estimated fair value would increase/(decrease) if interest rate and estimated future cash inflows were higher or lower.

**Sensitivity analysis for level 3**

	Other comprehensive income	
	Increase RM'000	(Decrease) RM'000
Estimated cash inflows (10% movement)	1,969	(1,969)

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**31. Capital adequacy**

The capital adequacy ratios of the Group and the Bank are analysed as follows:-

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
<b>Tier 1 Capital</b>				
Paid-up ordinary share capital	125,000	125,000	125,000	125,000
Share premium	375,000	375,000	375,000	375,000
Other reserves	3,089,862	2,827,996	2,918,928	2,690,527
Less: Deferred tax assets	(50,055)	(39,804)	(44,171)	(34,967)
Excess of Expected Loss over Eligible Provisions under AIRB approach	(404)	-	-	-
Unrealised gains and losses on 'available-for-sale' financial instruments	(4,836)	(3,115)	(4,852)	(3,105)
Investment in subsidiaries deducted from CET 1 capital	-	-	(82,304)	-
CET 1 capital	<u>3,534,567</u>	<u>3,285,077</u>	<u>3,287,601</u>	<u>3,152,455</u>
Musyarakah Irredeemable Non-Cumulative Preference Shares	304,000	342,000	304,000	342,000
Non-controlling interest	1,279	-	-	-
Eligible Tier 1 capital	<u>3,839,846</u>	<u>3,627,077</u>	<u>3,591,601</u>	<u>3,494,455</u>
<b>Tier 2 Capital</b>				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
Collective impairment provisions under standardised approach	11,061	10,827	6,004	6,592
Surplus of total eligible provisions over total expected loss under AIRB approach	-	1,117	50,411	54,544
Non-controlling interest	301	-	-	-
	<u>1,011,362</u>	<u>1,011,944</u>	<u>1,056,415</u>	<u>1,061,136</u>
Less: Investment in subsidiaries	-	-	(429,218)	(511,522)
Eligible Tier 2 capital	<u>1,011,362</u>	<u>1,011,944</u>	<u>627,197</u>	<u>549,614</u>
Total capital base	<u>4,851,208</u>	<u>4,639,021</u>	<u>4,218,798</u>	<u>4,044,069</u>

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:-

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Total risk-weighted assets:-				
Credit risk	27,185,228	29,336,671	23,514,469	25,813,311
Market risk	2,783,180	1,367,245	2,783,180	1,367,245
Operational risk	3,698,319	3,596,736	3,434,550	3,343,551
Large exposure for equity holdings	629	623	629	623
	<u>33,667,356</u>	<u>34,301,275</u>	<u>29,732,828</u>	<u>30,524,730</u>

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**31. Capital adequacy (continued)**

The capital adequacy ratios of the Group and the Bank are as follows:-

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2014</b>	<b>31 December 2013</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
CET 1 capital ratio	10.498%	9.577%	11.057%	10.328%
Tier 1 capital ratio	11.405%	10.574%	12.080%	11.448%
Risk-weighted capital ratio	14.409%	13.524%	14.189%	13.249%
After proposed dividend:-				
CET 1 capital ratio	10.201%	9.577%	10.721%	10.328%
Tier 1 capital ratio	11.108%	10.574%	11.743%	11.448%
Risk-weighted capital ratio	14.112%	13.524%	13.853%	13.249%

The capital adequacy ratios of the Islamic banking subsidiary of the Bank are as follows:-

	<b>30 June 2014</b>	<b>31 December 2013</b>
CET 1 capital ratio	11.047%	11.314%
Tier 1 capital ratio	11.047%	11.314%
Risk-weighted capital ratio	13.330%	13.719%

**32. Comparatives**

Certain comparatives have been restated as a result of the change in accounting policy with respect to the measurement basis of collective impairment for loans, advances and financing as disclosed in the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.