



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

**Financial statements for the nine months
ended 30 September 2014**

Domiciled in Malaysia
Registered office/Principal place of business
Level 16, Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Note	Group		Bank	
		30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Assets					
Cash and short term funds		4,239,421	8,143,220	3,836,997	6,794,448
Deposits and placements with banks and other financial institutions		304,876	12,590	2,636,780	2,389,694
Securities purchased under resale agreements		923,941	291,261	923,941	291,261
Financial assets held for trading	11	2,634,912	2,918,194	2,634,912	2,918,194
Investment securities available-for-sale	12	4,781,561	4,648,145	4,673,708	4,522,205
Loans, advances and financing	13	32,936,302	34,209,142	26,576,921	29,163,612
Derivative financial assets		1,570,959	2,096,671	1,573,447	2,096,231
Other assets	15	2,769,209	702,619	3,102,596	989,697
Current tax assets		28,034	64,624	21,094	53,150
Statutory deposits with Bank Negara Malaysia	16	1,056,691	1,153,509	816,613	952,192
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		60,219	65,741	57,692	61,366
Deferred tax assets		53,650	43,373	47,755	38,533
Total assets		51,359,775	54,349,089	47,313,978	50,682,105
Liabilities					
Deposits from customers	17	36,112,646	38,594,479	31,460,613	34,452,038
Deposits and placements of banks and other financial institutions	18	5,699,882	7,170,856	5,603,665	7,056,409
Derivative financial liabilities		1,464,195	1,754,037	1,461,963	1,756,805
Other liabilities	19	2,879,052	1,887,018	3,776,030	2,638,024
Current tax liabilities		1,290	1,476	-	-
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		47,157,065	50,407,866	43,302,271	46,903,276
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,034,435	3,768,971	3,848,707	3,615,829
Total equity attributable to owner of the Bank		4,197,435	3,931,971	4,011,707	3,778,829
Non-controlling interest		5,275	9,252	-	-
Total liabilities and equity		51,359,775	54,349,089	47,313,978	50,682,105
Commitments and contingencies	26	150,094,924	156,185,486	147,849,459	152,762,568

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 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Note	Group			
		3rd Quarter ended 30 September 2014	30 September 2013 Restated RM'000	30 September 2014	30 September 2013 Restated RM'000
Interest income	20	450,937	478,174	1,328,937	1,398,287
Interest expense	21	(171,184)	(192,311)	(553,797)	(579,272)
Net interest income		279,753	285,863	775,140	819,015
Net income from Islamic Banking operations	22	73,547	62,411	227,072	205,238
		353,300	348,274	1,002,212	1,024,253
Other operating income	23	128,548	169,862	430,310	499,711
Total net income		481,848	518,136	1,432,522	1,523,964
Other operating expenses	24	(227,755)	(239,994)	(705,476)	(733,148)
Operating profit		254,093	278,142	727,046	790,816
Provisions for loans, advances and financing	25	(111,315)	(78,677)	(237,220)	(258,969)
Profit before taxation		142,778	199,465	489,826	531,847
Tax expense		(37,922)	(61,581)	(122,285)	(138,099)
Profit for the period		104,856	137,884	367,541	393,748
Other comprehensive income/(expense), net of income tax					
Items that may be reclassified subsequently to profit or loss					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		2,196	(1,229)	3,145	(3,087)
Net amount transferred to profit or loss		141	579	(2,511)	(4,604)
Cash flow hedges:-					
Effective portion of changes in fair value		160	(1,341)	297	(2,928)
Net amount transferred to profit or loss		(105)	(1,292)	(985)	(1,488)
Other comprehensive income/(expense) for the period, net of income tax		2,392	(3,283)	(54)	(12,107)
Total comprehensive income for the period		107,248	134,601	367,487	381,641
Profit attributable to:					
Owner of the Bank		104,880	135,103	365,518	390,967
Non-controlling interest		(24)	2,781	2,023	2,781
		104,856	137,884	367,541	393,748
Total comprehensive income attributable to:					
Owner of the Bank		107,272	131,820	365,464	381,641
Non-controlling interest		(24)	2,781	2,023	-
		107,248	134,601	367,487	381,641

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 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Note	Bank			
		3rd Quarter ended 30 September 2014	30 September 2013 Restated RM'000	30 September 2014	30 September 2013 Restated RM'000
Interest income	20	469,623	481,972	1,375,551	1,421,910
Interest expense	21	(171,184)	(192,311)	(553,674)	(579,272)
Net interest income		298,439	289,661	821,877	842,638
Net income from Islamic Banking operations	22	-	-	-	-
		298,439	289,661	821,877	842,638
Other operating income	23	150,156	186,497	497,338	555,396
Total net income		448,595	476,158	1,319,215	1,398,034
Other operating expenses	24	(222,977)	(230,678)	(679,506)	(700,300)
Operating profit		225,618	245,480	639,709	697,734
Provisions for loans, advances and financing	25	(95,812)	(57,156)	(198,110)	(207,100)
Profit before taxation		129,806	188,324	441,599	490,634
Tax expense		(34,325)	(60,128)	(108,670)	(130,257)
Profit for the period		95,481	128,196	332,929	360,377
Other comprehensive income/(expense), net of income tax					
Items that may be reclassified subsequently to profit or loss					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		2,243	(1,287)	3,148	(3,142)
Net amount transferred to profit or loss		141	579	(2,511)	(4,604)
Cash flow hedges:-					
Effective portion of changes in fair value		160	(1,341)	297	(2,928)
Net amount transferred to profit or loss		(105)	(1,292)	(985)	(1,488)
Other comprehensive income/(expense) for the period, net of income tax		2,439	(3,341)	(51)	(12,162)
Total comprehensive income for the period		97,920	124,855	332,878	348,215

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
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

GROUP	← Attributable to owner of the Bank →							Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	← 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				
At 1 January 2014	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	-	-	-	-	-	3,145	-	-	3,145	-	3,145
Net amount transferred to profit or loss	-	-	-	-	-	(2,511)	-	-	(2,511)	-	(2,511)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	297	-	297	-	297
Net amount transferred to profit or loss	-	-	-	-	-	-	(985)	-	(985)	-	(985)
Total other comprehensive income / (expense) for the period	-	-	-	-	-	634	(688)	-	(54)	-	(54)
Profit for the period	-	-	-	-	-	-	-	365,518	365,518	2,023	367,541
Total comprehensive income / (expense) for the period	-	-	-	-	-	634	(688)	365,518	365,464	2,023	367,487
Distribution to Owner of the Bank											
Dividends :-											
- 2014 interim	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
At 30 September 2014	163,000	717,000	265,750	219,000	190	(2,481)	(8,282)	2,843,258	4,197,435	5,275	4,202,710

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
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 equity RM'000
At 1 January 2013 (restated)	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	-	-	-	-	-	(3,087)	-	-	(3,087)	-	(3,087)
Net amount transferred to profit or loss	-	-	-	-	-	(4,604)	-	-	(4,604)	-	(4,604)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	(2,928)	-	(2,928)	-	(2,928)
Net amount transferred to profit or loss	-	-	-	-	-	-	(1,488)	-	(1,488)	-	(1,488)
Total other comprehensive expense for the period	-	-	-	-	-	(7,691)	(4,416)	-	(12,107)	-	(12,107)
Profit for the period	-	-	-	-	-	-	-	390,967	390,967	2,781	393,748
Total comprehensive (expense) / income for the period	-	-	-	-	-	(7,691)	(4,416)	390,967	378,860	2,781	381,641
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)
Total transaction with Owner of the Bank	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
At 30 September 2013	163,000	717,000	249,017	150,000	190	(6,113)	(2,024)	2,649,631	3,920,701	14,311	3,935,012

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total equity
	← 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
At 1 January 2014	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	-	-	-	-	-	3,148	-	-	3,148
Net amount transferred to profit or loss	-	-	-	-	-	(2,511)	-	-	(2,511)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	297	-	297
Net amount transferred to profit or loss	-	-	-	-	-	-	(985)	-	(985)
Total other comprehensive income / (expense) for the period	-	-	-	-	-	637	(688)	-	(51)
Profit for the period	-	-	-	-	-	-	-	332,929	332,929
Total comprehensive income / (expense) for the period	-	-	-	-	-	637	(688)	332,929	332,878
Distribution to Owner of the Bank									
Dividends :-									
- 2014 Interim	-	-	-	-	-	-	-	(100,000)	(100,000)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(100,000)	(100,000)
At 30 September 2014	163,000	717,000	163,000	219,000	190	(2,468)	(8,282)	2,760,267	4,011,707

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

BANK	← Attributable to owner of the Bank →						→ Distributable Reserves →		Total equity RM'000
	← 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	
At 1 January 2013 (restated)	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	-	-	-	-	-	(3,142)	-	-	(3,142)
Net amount transferred to profit or loss	-	-	-	-	-	(4,604)	-	-	(4,604)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(2,928)	-	(2,928)
Net amount transferred to profit or loss	-	-	-	-	-	-	(1,488)	-	(1,488)
Total other comprehensive expense for the period	-	-	-	-	-	(7,746)	(4,416)	-	(12,162)
Profit for the period	-	-	-	-	-	-	-	360,377	360,377
Total comprehensive (expense) / income for the period	-	-	-	-	-	(7,746)	(4,416)	360,377	348,215
Distribution to Owner of the Bank									
Dividends :-									
- 2012 final	-	-	-	-	-	-	-	(150,000)	(150,000)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(150,000)	(150,000)
At 30 September 2013	163,000	717,000	163,000	150,000	190	(6,095)	(2,024)	2,615,135	3,800,206

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 CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Group		Bank	
	30 September 2014	30 September 2013 Restated	30 September 2014	30 September 2013 Restated
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	489,826	531,847	441,599	490,634
Adjustment for non-cash items	16,160	(49,813)	(3,471)	(53,906)
Operating profit before working capital changes	505,986	482,034	438,128	436,728
Changes in working capital:-				
Net changes in operating assets	(1,103,659)	(1,280,412)	239,912	(227,986)
Net changes in operating liabilities	(3,060,775)	(547,863)	(3,406,163)	(98,084)
Income taxes paid	(96,143)	(193,860)	(85,819)	(181,682)
Net cash used in operating activities	(3,754,591)	(1,540,101)	(2,813,942)	(71,024)
Net cash generated from investing activities	(143,208)	1,705,052	(143,509)	877,819
Net cash used in financing activities	(6,000)	377,246	-	350,000
Net (decrease) / increase in cash and cash equivalents	(3,903,799)	542,197	(2,957,451)	1,156,795
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	4,239,421	5,848,746	3,836,997	5,295,866

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 SUBSIDIARY COMPANIES

REVIEW OF PERFORMANCE

The Group recorded profit before taxation of RM 489.83 million for the financial period ended 30 September 2014 as compared to RM 531.85 million in the corresponding period last year, mainly attributable to lower net interest income and trading income in a more challenging business environment. These were partially mitigated by stronger income from Islamic Banking operations which grew RM 21.83 million or 10.64% year on year.

Intensified debt recovery efforts and better asset quality have resulted in lower provisioning for loans, advances and financing from RM 258.97 million to RM 237.22 million while operating costs were reduced by RM 27.67 million or 3.77% through more prudent cost management.

Total assets of RM 51.36 billion is a slight decline of 5.50% from 31 December 2013 but the Group remains well capitalized with Common Equity Tier 1 ratio and Risk Weighted Capital Ratio of 10.541% and 14.849% 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
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Notes to the financial statements for the nine months ended 30 September 2014

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the nine months ended 30 September 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> |

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

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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and financial nine months ended 30 September 2014.

On 29 September 2014, Bank converted the Musyararakah Irredeemable Non-Cumulative Preference Shares ("INPS") into 380,000,000 Irredeemable Convertible Preference Shares ("ICPS") at issue price of RM1.00 each comprising par value of RM0.10 and share premium of RM0.90 each. The ICPS is Basel III compliant and is recognised as the Bank's Additional Tier 1 capital.

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

7. Proposed Dividend

No dividend has been proposed for the third quarter and the nine months ended 30 September 2014.

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 changes in the composition of the Group in the nine months period ended 30 September 2014.

11. Financial assets held for trading

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	86,396	160,593	86,396	160,593
Malaysian Government bonds/securities	591,746	979,398	591,746	979,398
Government Islamic bonds	3,042	9,985	3,042	9,985
Bank Negara Malaysia bills	1,674,282	1,558,607	1,674,282	1,558,607
Negotiable instruments of deposit	150,011	-	150,011	-
Private debt securities	129,435	209,611	129,435	209,611
	<u>2,634,912</u>	<u>2,918,194</u>	<u>2,634,912</u>	<u>2,918,194</u>

12. Investment securities available-for-sale

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities	2,001,292	2,038,391	2,001,292	2,038,391
Bank Negara Malaysia bills	206,162	746,173	106,807	646,475
Bankers' acceptances and Islamic acceptance bills	1,291,684	722,539	1,291,684	722,539
Negotiable instruments of deposit	1,114,583	1,104,836	1,114,583	1,104,836
Private debt securities	149,389	-	149,389	-
	<u>4,763,110</u>	<u>4,611,939</u>	<u>4,663,755</u>	<u>4,512,241</u>
Unquoted securities:-				
Equity shares, at cost	9,710	9,721	9,710	9,721
Private debt securities, at fair value	8,741	26,485	243	243
	<u>4,781,561</u>	<u>4,648,145</u>	<u>4,673,708</u>	<u>4,522,205</u>

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

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
<u>At amortised cost</u>				
Overdrafts	609,713	620,665	609,713	620,665
Term loans/financing				
- Housing loans/financing	13,996,221	13,610,278	11,144,416	11,566,925
- Syndicated term loan/financing	176,713	50,643	176,713	50,643
- Hire purchase receivables	254,828	248,672	-	-
- Lease receivables	412,353	542,668	-	-
- Other term loans/financing	10,242,822	11,004,065	7,711,806	8,722,415
Bills receivable	3,084,751	3,255,142	2,882,064	3,190,076
Trust receipts	1,253,660	1,448,438	990,613	1,345,792
Staff loans/financing	48,149	54,951	46,549	53,324
Loans/financing to banks and other financial institutions	130,980	268,738	130,980	268,738
Credit card receivables	2,171,108	2,357,202	2,171,108	2,357,202
Revolving credit	2,067,346	2,302,691	1,270,709	1,509,710
	<u>34,448,644</u>	<u>35,764,153</u>	<u>27,134,671</u>	<u>29,685,490</u>
Less: Unearned interest and income	(841,989)	(943,945)	(7,322)	(30,531)
Gross loans, advances and financing	<u>33,606,655</u>	<u>34,820,208</u>	<u>27,127,349</u>	<u>29,654,959</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(343,292)	(263,135)	(321,004)	(247,352)
- Collective impairment provisions	(327,061)	(347,931)	(229,424)	(243,995)
Total net loans, advances and financing	<u><u>32,936,302</u></u>	<u><u>34,209,142</u></u>	<u><u>26,576,921</u></u>	<u><u>29,163,612</u></u>

(ii) By type of customer

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Domestic banking institutions	183,683	10,344	183,683	10,344
Domestic non-bank financial institutions	455,144	544,943	177,110	344,493
Domestic business enterprises	12,814,317	13,578,097	10,085,830	11,392,459
<i>Small medium enterprises</i>	<u>4,681,504</u>	<u>4,644,283</u>	<u>3,603,914</u>	<u>3,844,425</u>
<i>Others</i>	<u>8,132,813</u>	<u>8,933,814</u>	<u>6,481,916</u>	<u>7,548,034</u>
Individuals	17,547,890	18,232,044	14,477,787	15,668,946
Other domestic entities	818	643	818	643
Foreign entities	2,604,803	2,454,137	2,202,121	2,238,074
	<u><u>33,606,655</u></u>	<u><u>34,820,208</u></u>	<u><u>27,127,349</u></u>	<u><u>29,654,959</u></u>

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

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Fixed rate				
Housing loans/financing	23,781	29,900	21,585	27,339
Other fixed rate loan/financing	4,664,182	5,150,392	3,153,466	3,701,030
Variable rate				
BLR plus	17,394,737	17,110,006	14,901,512	15,478,024
Cost plus	9,223,786	10,735,593	8,482,578	9,984,253
Other variable rates	2,300,169	1,794,317	568,208	464,313
	<u>33,606,655</u>	<u>34,820,208</u>	<u>27,127,349</u>	<u>29,654,959</u>

(iv) By sector

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Agriculture	444,281	690,739	321,851	542,592
Mining and quarrying	172,745	170,400	58,282	101,517
Manufacturing	5,075,810	5,026,833	4,339,583	4,512,471
Electricity, gas and water	122,156	97,180	121,386	95,080
Construction	456,506	732,672	349,790	634,622
Real estate	1,124,392	1,303,978	827,299	934,436
Wholesale & retail trade and restaurants & hotels	3,150,442	3,276,282	2,502,992	2,959,085
Transportation, storage and communication	399,145	568,422	283,508	336,272
Finance, insurance and business services	2,216,122	2,123,872	1,489,391	1,604,563
Household	19,402,990	19,688,548	15,930,205	16,909,387
Others	1,042,066	1,141,282	903,062	1,024,934
	<u>33,606,655</u>	<u>34,820,208</u>	<u>27,127,349</u>	<u>29,654,959</u>

(v) By purpose

	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Purchase of securities	-	8,633	-	8,633
Purchase of landed property	17,616,151	17,094,064	14,176,369	14,713,924
- Residential	<u>13,840,842</u>	<u>13,432,237</u>	<u>11,326,057</u>	<u>11,776,288</u>
- Non-residential	<u>3,775,309</u>	<u>3,661,827</u>	<u>2,850,312</u>	<u>2,937,636</u>
Fixed assets excluding land & building	204,887	179,994	-	-
Personal use	1,945,739	2,460,613	1,221,942	1,532,538
Credit cards	2,171,108	2,357,202	2,171,108	2,357,202
Working capital	11,599,033	12,466,562	9,488,193	10,789,522
Others	69,737	253,140	69,737	253,140
	<u>33,606,655</u>	<u>34,820,208</u>	<u>27,127,349</u>	<u>29,654,959</u>

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Maturing within one year	10,777,516	9,612,015	9,568,055	9,046,983
One year to three years	2,452,420	4,273,050	1,665,466	3,271,176
Three years to five years	2,091,498	2,946,266	1,332,703	2,115,023
Over five years	18,285,221	17,988,877	14,561,125	15,221,777
	<u>33,606,655</u>	<u>34,820,208</u>	<u>27,127,349</u>	<u>29,654,959</u>

(vii) By geographical distribution

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Within Malaysia	33,519,536	34,488,375	27,040,230	29,323,126
Outside Malaysia	87,119	331,833	87,119	331,833
	<u>33,606,655</u>	<u>34,820,208</u>	<u>27,127,349</u>	<u>29,654,959</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
USD	2,926,638	3,083,275	2,339,563	2,777,896
GBP	644,170	669,076	644,170	669,076
Other foreign currencies	42,111	106,711	42,111	106,711
	<u>42,111</u>	<u>106,711</u>	<u>42,111</u>	<u>106,711</u>

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 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	605,477	1,355,589	541,175	1,250,426
Reclassified as performing during the financial period/year	(134,827)	(227,567)	(129,183)	(224,208)
Amount recovered during the financial period/year	(208,151)	(160,456)	(198,369)	(152,196)
Amount written off during the financial period/year	(224,590)	(303,629)	(175,786)	(216,805)
At end of reporting period/year	<u>1,126,786</u>	<u>1,088,877</u>	<u>1,086,105</u>	<u>1,048,268</u>
Individual impairment provisions	<u>(343,292)</u>	<u>(263,135)</u>	<u>(321,004)</u>	<u>(247,352)</u>
Net impaired loans, advances and financing	<u><u>783,494</u></u>	<u><u>825,742</u></u>	<u><u>765,101</u></u>	<u><u>800,916</u></u>

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Collective impairment provisions				
At 1 January	347,931	360,752	243,995	225,935
Impairment made during the financial period/year	42,330	49,097	30,425	45,103
Amount written back	(63,200)	(61,918)	(44,996)	(27,043)
At end of reporting period/year	<u>327,061</u>	<u>347,931</u>	<u>229,424</u>	<u>243,995</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>0.98%</u>	<u>1.01%</u>	<u>0.86%</u>	<u>0.83%</u>
Individual impairment provisions				
At 1 January	263,135	218,584	247,352	215,210
Impairment made during the financial period/year	238,607	302,261	178,600	199,878
Amount written back	(51,651)	(78,782)	(46,835)	(75,677)
Amount written off	(106,799)	(178,928)	(58,113)	(92,059)
At end of reporting period/year	<u>343,292</u>	<u>263,135</u>	<u>321,004</u>	<u>247,352</u>

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

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Agriculture	14,933	14,803	14,933	14,803
Mining and quarrying	9,885	9,221	9,885	9,221
Manufacturing	648,598	675,054	647,501	673,788
Construction	67,736	92,852	67,275	92,852
Real estate	34,635	-	34,635	-
Wholesale & retail trade and restaurants & hotels	99,082	49,249	98,599	48,360
Transportation, storage and communication	335	238	194	238
Finance, insurance and business services	5,906	1,403	5,906	1,156
Household	242,305	242,100	203,956	203,893
Others	3,371	3,957	3,221	3,957
	<u>1,126,786</u>	<u>1,088,877</u>	<u>1,086,105</u>	<u>1,048,268</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Purchase of landed property	132,400	125,175	125,113	122,386
- Residential	122,496	116,275	119,061	114,478
- Non-residential	9,904	8,900	6,052	7,908
Fixed assets excluding land & building	735	722	-	-
Personal use	104,373	98,152	73,311	62,734
Credit cards	22,894	25,155	22,894	25,155
Working capital	866,384	839,673	864,787	837,993
	<u>1,126,786</u>	<u>1,088,877</u>	<u>1,086,105</u>	<u>1,048,268</u>

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Within Malaysia	1,126,354	1,088,614	1,085,673	1,048,005
Outside Malaysia	432	263	432	263
	<u>1,126,786</u>	<u>1,088,877</u>	<u>1,086,105</u>	<u>1,048,268</u>

15. Other assets

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Interest/Income receivables	30,788	52,627	37,090	60,442
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	2,738,421	649,992	2,965,506	829,255
	<u>2,769,209</u>	<u>702,619</u>	<u>3,102,596</u>	<u>989,697</u>

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

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 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Demand deposits	13,307,390	15,228,387	12,007,487	14,047,772
Savings deposits	3,725,798	3,468,707	3,531,471	3,316,637
Fixed/Investment deposits	18,652,214	19,466,074	15,607,084	16,764,728
Negotiable instruments of deposits	427,244	431,311	314,571	322,901
	<u>36,112,646</u>	<u>38,594,479</u>	<u>31,460,613</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 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Due within six months	15,453,582	16,253,618	12,594,623	13,764,411
Six months to one year	2,162,356	2,749,099	2,038,389	2,566,566
One year to three years	793,329	247,951	731,126	227,681
Three years to five years	577,212	597,037	464,538	479,291
Over five years	92,979	49,680	92,979	49,680
	<u>19,079,358</u>	<u>20,307,785</u>	<u>15,881,655</u>	<u>17,087,636</u>

(ii) By type of customers

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Government and statutory bodies	1,223,841	1,624,930	58,155	17,438
Business enterprises	13,835,730	16,108,625	13,272,522	15,624,897
Individuals	16,847,557	17,152,027	14,659,557	15,563,082
Others	4,205,518	3,708,897	3,470,379	3,246,621
	<u>36,112,646</u>	<u>38,594,479</u>	<u>31,460,613</u>	<u>34,452,038</u>

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

18. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Licensed banks	2,561,437	2,139,485	2,468,805	2,139,485
Bank Negara Malaysia	258,876	31,050	258,876	31,050
Other financial institutions	2,879,569	5,000,321	2,875,984	4,885,874
	<u>5,699,882</u>	<u>7,170,856</u>	<u>5,603,665</u>	<u>7,056,409</u>

19. Other liabilities

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Interest/Income payable	202,452	200,004	188,543	184,911
Provision for retirement benefit scheme	443	491	443	491
Amount owing to subsidiaries	-	-	22	22
Dividends payable	100,000	-	100,000	-
Other payables and accruals	2,576,157	1,686,523	3,487,022	2,452,600
	<u>2,879,052</u>	<u>1,887,018</u>	<u>3,776,030</u>	<u>2,638,024</u>

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

20. Interest income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	369,064	386,363	1,060,241	1,139,364
- Recoveries from impaired loans	5,565	4,858	15,888	15,555
Money at call and deposit placements with banks and other financial institutions	30,869	29,602	83,294	59,947
Financial assets held for trading	4,633	16,862	31,192	70,013
Investment securities available-for-sale	40,806	40,489	138,322	113,408
	<u>450,937</u>	<u>478,174</u>	<u>1,328,937</u>	<u>1,398,287</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	369,064	386,363	1,060,241	1,139,364
- Recoveries from impaired loans	5,565	4,858	15,888	15,555
Money at call and deposit placements with banks and other financial institutions	52,399	43,576	147,794	106,543
Financial assets held for trading	4,633	16,862	31,192	70,013
Investment securities available-for-sale	37,962	30,313	120,436	90,435
	<u>469,623</u>	<u>481,972</u>	<u>1,375,551</u>	<u>1,421,910</u>

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

21. Interest expense

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	13,473	17,049	55,909	61,716
Deposits from customers	144,480	167,190	461,440	497,682
Subordinated debts	13,231	8,072	36,448	19,874
	<u>171,184</u>	<u>192,311</u>	<u>553,797</u>	<u>579,272</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	13,473	17,049	55,786	61,716
Deposits from customers	144,480	167,190	461,440	497,682
Subordinated debts	13,231	8,072	36,448	19,874
	<u>171,184</u>	<u>192,311</u>	<u>553,674</u>	<u>579,272</u>

22. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	66,863	39,020	189,183	128,804
Income attributable to depositors	<u>(31,807)</u>	<u>(26,695)</u>	<u>(83,045)</u>	<u>(91,176)</u>
Income attributable to the Bank	35,056	12,325	106,138	37,628
Income derived from investment of Islamic banking capital funds and shareholder's funds	38,491	50,086	120,934	167,610
	<u>73,547</u>	<u>62,411</u>	<u>227,072</u>	<u>205,238</u>

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

23. Other operating income

	Group			
	3rd Quarter ended 30 September 2014 RM'000	30 September 2013 RM'000	Nine months ended 30 September 2014 RM'000	30 September 2013 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	84,397	69,136	246,672	240,634
- <i>Commission income</i>	46,969	46,337	142,796	148,985
- <i>Service fees</i>	26,684	14,289	71,299	68,428
- <i>Guarantee fees</i>	10,744	8,510	32,577	23,221
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(22,014)	(13,217)	(50,751)	(55,808)
- <i>Commission charges</i>	(1,818)	(3,850)	(6,180)	(28,797)
- <i>Service charges</i>	(20,196)	(9,367)	(44,571)	(27,011)
	<u>62,383</u>	<u>55,919</u>	<u>195,921</u>	<u>184,826</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	70,573	(140,929)	51,920	(48,027)
Unrealised gains/(losses) on revaluation of financial assets held for trading and other financial instruments	(9,646)	52,526	51,416	63,094
Foreign exchange currency				
- Gains/(losses) from dealing in foreign currency	87,419	(139,538)	212,173	29,696
- Unrealised (losses)/gains from foreign exchange translation	(82,375)	341,470	(103,634)	243,175
	<u>65,971</u>	<u>113,529</u>	<u>211,875</u>	<u>287,938</u>
Other income				
Gains from sale of investment securities available-for-sale	3	-	235	5,773
Gross dividends from unquoted investments	175	245	19,779	17,942
Rental income	8	-	23	-
Gain on disposal of property, plant and equipment	-	-	2,461	92
Others	8	169	16	3,140
	<u>194</u>	<u>414</u>	<u>22,514</u>	<u>26,947</u>
Total other operating income	<u>128,548</u>	<u>169,862</u>	<u>430,310</u>	<u>499,711</u>

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

23. Other operating income (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	84,397	69,136	246,672	240,634
- <i>Commission income</i>	46,969	46,337	142,796	148,985
- <i>Service fees</i>	26,684	14,289	71,299	68,428
- <i>Guarantee fees</i>	10,744	8,510	32,577	23,221
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(19,965)	(13,217)	(44,177)	(55,808)
- <i>Commission charges</i>	(1,818)	(3,850)	(6,180)	(28,797)
- <i>Service charges</i>	(18,147)	(9,367)	(37,997)	(27,011)
	<u>64,432</u>	<u>55,919</u>	<u>202,495</u>	<u>184,826</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	57,051	(93,201)	51,920	(48,027)
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(9,646)	52,526	51,416	63,094
Foreign exchange currency				
- Gains/(losses) from dealing in foreign currency	100,941	(187,266)	212,173	29,696
- Unrealised (losses)/gains from foreign exchange translation	(82,375)	341,470	(103,634)	243,175
	<u>65,971</u>	<u>113,529</u>	<u>211,875</u>	<u>287,938</u>
Other income				
Gains/(losses) from sale of investment securities available-for-sale	3	-	235	5,773
Gross dividends from unquoted investments	175	245	19,779	17,942
Rental income	8	-	23	-
Gain on disposal of property, plant and equipment	-	-	2,461	92
Others	19,567	16,804	60,470	58,825
	<u>19,753</u>	<u>17,049</u>	<u>82,968</u>	<u>82,632</u>
Total other operating income	<u>150,156</u>	<u>186,497</u>	<u>497,338</u>	<u>555,396</u>

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

24. Other operating expenses

	Group			
	3rd Quarter ended 30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	86,571	75,906	254,832	236,854
- Pension fund contributions	9,098	7,591	27,047	24,910
- Other staff related cost	11,958	8,112	33,019	24,153
	<u>107,627</u>	<u>91,609</u>	<u>314,898</u>	<u>285,917</u>
Establishment costs				
- Depreciation of property, plant and equipment	4,707	7,707	20,891	20,451
- Rental	6,972	6,913	20,918	20,578
- Information technology and project expenses	21,717	26,228	76,875	79,712
- Others	12,615	10,976	34,883	33,637
	<u>46,011</u>	<u>51,824</u>	<u>153,567</u>	<u>154,378</u>
Marketing expenses				
- Advertisement and publicity	3,761	5,579	12,913	14,779
- Others	3,354	3,711	9,316	11,290
	<u>7,115</u>	<u>9,290</u>	<u>22,229</u>	<u>26,069</u>
Administration and general expenses				
- Communication expenses	4,683	3,185	11,953	9,725
- Group administration and business support expenses	24,240	36,838	67,785	108,345
- Outsourcing expenses	24,311	24,318	74,013	72,396
- Others	13,768	22,930	61,031	76,318
	<u>67,002</u>	<u>87,271</u>	<u>214,782</u>	<u>266,784</u>
Total other operating expenses	<u><u>227,755</u></u>	<u><u>239,994</u></u>	<u><u>705,476</u></u>	<u><u>733,148</u></u>

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

24. Other operating expenses (continued)

	Bank			
	3rd Quarter ended 30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	84,434	73,765	246,268	230,587
- Pension fund contributions	9,098	7,591	27,047	24,910
- Other staff related cost	11,342	7,372	31,206	22,409
	<u>104,874</u>	<u>88,728</u>	<u>304,521</u>	<u>277,906</u>
Establishment costs				
- Depreciation of property, plant and equipment	4,104	6,798	19,004	17,963
- Rental	6,415	6,352	19,219	19,028
- Information technology and project expenses	21,567	26,178	76,618	79,646
- Others	12,184	10,304	33,494	32,087
	<u>44,270</u>	<u>49,632</u>	<u>148,335</u>	<u>148,724</u>
Marketing expenses				
- Advertisement and publicity	3,758	5,534	12,856	14,645
- Others	3,066	3,539	8,637	10,921
	<u>6,824</u>	<u>9,073</u>	<u>21,493</u>	<u>25,566</u>
Administration and general expenses				
- Communication expenses	4,598	3,072	11,697	9,340
- Group administration and business support expenses	22,906	35,449	62,912	103,535
- Outsourcing expenses	24,311	24,318	74,013	72,396
- Others	15,194	20,406	56,535	62,833
	<u>67,009</u>	<u>83,245</u>	<u>205,157</u>	<u>248,104</u>
Total other operating expenses	<u><u>222,977</u></u>	<u><u>230,678</u></u>	<u><u>679,506</u></u>	<u><u>700,300</u></u>

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

25. Provisions for loans, advances and financing

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	Restated RM'000	RM'000	Restated RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	70,786	50,447	195,849	166,479
- Made in the financial period	66,974	52,373	171,801	167,726
- Discounting of collaterals	16,674	14,719	66,806	54,272
- Written back	(12,862)	(16,645)	(42,758)	(55,519)
Collective impairment provisions				
- Made in the financial period	32,859	12,176	42,330	44,401
- Written back	(10,048)	(10,305)	(63,200)	(38,045)
Bad and doubtful debts on loans, advances and financing:-				
Written off	37,362	40,098	118,207	119,680
Recovered	(19,644)	(13,739)	(55,966)	(33,546)
	<u>111,315</u>	<u>78,677</u>	<u>237,220</u>	<u>258,969</u>
	Bank			
	3rd Quarter ended		Nine months ended	
	September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	Restated RM'000	RM'000	Restated RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	54,910	26,256	140,658	90,388
- Made in the financial period	48,996	27,242	111,794	89,651
- Discounting of collaterals	16,674	14,719	66,806	54,272
- Written back	(10,760)	(15,705)	(37,942)	(53,535)
Collective impairment provisions				
- Made in the financial period	24,762	7,437	30,425	43,877
- Written back	(5,147)	(5,076)	(44,996)	(18,406)
Bad and doubtful debts on loans, advances and financing:-				
Written off	37,362	40,098	118,207	119,680
Recovered	(16,075)	(11,559)	(46,184)	(28,439)
	<u>95,812</u>	<u>57,156</u>	<u>198,110</u>	<u>207,100</u>

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

26. 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 September 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	1,803,311	1,803,311	887,783	2,390,276	2,390,276	824,234
Transaction-related contingent items	3,639,849	3,638,528	813,892	4,254,108	4,253,025	952,615
Short-term self liquidating trade-related contingencies	418,677	418,677	107,035	390,974	390,974	105,794
Other commitments to extend credit:-						
- maturity not exceeding one year	9,665,151	3,652,084	1,208,022	12,282,795	5,471,974	1,840,909
- maturity exceeding one year	5,835,985	1,381,760	689,143	6,359,524	1,534,941	766,560
Foreign exchange related contracts:-						
- less than one year	31,015,894	707,499	185,192	32,294,898	975,552	234,754
- one year to less than five years	18,964,048	1,975,139	612,045	19,066,983	2,187,200	535,207
- five years and above	2,271,918	401,490	144,993	1,744,078	345,249	129,674
Interest rate related contracts:-						
- less than one year	20,589,122	52,841	6,229	19,220,803	40,177	4,996
- one year to less than five years	43,987,963	1,292,769	265,017	48,719,725	1,581,268	333,331
- five years and above	6,740,674	597,413	150,384	5,512,026	568,450	162,432
Miscellaneous commitments and contingencies	5,162,332	302,510	80,107	3,949,296	287,625	78,858
	<u>150,094,924</u>	<u>16,224,021</u>	<u>5,149,842</u>	<u>156,185,486</u>	<u>20,026,711</u>	<u>5,969,364</u>

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

26. Commitments and contingencies (continued)

	30 September 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
Bank						
Direct credit substitutes	1,793,997	1,793,997	883,986	2,387,464	2,387,464	823,662
Transaction-related contingent items	3,549,785	3,548,464	792,153	4,181,018	4,179,934	931,868
Short-term self liquidating trade-related contingencies	336,301	336,301	73,951	324,817	324,817	74,723
Other commitments to extend credit:-						
- maturity not exceeding one year	8,838,012	3,125,126	1,038,045	10,172,392	4,116,128	1,397,330
- maturity exceeding one year	4,473,056	1,139,629	601,987	5,083,055	1,302,260	679,210
Foreign exchange related contracts:-						
- less than one year	31,155,798	714,702	183,277	32,294,898	972,659	233,968
- one year to less than five years	18,964,048	1,975,139	578,866	19,066,983	2,187,200	535,207
- five years and above	2,271,918	401,490	144,993	1,744,078	345,249	129,674
Interest rate related contracts:-						
- less than one year	20,828,017	54,315	7,822	19,327,561	44,671	5,396
- one year to less than five years	43,749,068	1,281,857	263,836	48,719,725	1,579,583	329,955
- five years and above	6,740,674	597,413	150,379	5,512,026	568,449	162,427
Miscellaneous commitments and contingencies	5,148,785	301,082	77,232	3,948,551	288,817	76,082
	<u>147,849,459</u>	<u>15,269,515</u>	<u>4,796,527</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.

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

27. 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 September 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			
Financial assets								
Cash and short term funds	3,291,868	-	-	-	947,553	-	4,239,421	2.92
Deposits and placements with banks and other financial institutions	241,162	51,147	12,567	-	-	-	304,876	2.67
Securities purchased under resale agreements	923,941	-	-	-	-	-	923,941	3.36
Financial assets held for trading	-	-	-	-	-	2,634,912	2,634,912	3.42
Investment securities available-for-sale	1,829,603	801,338	1,996,252	144,658	9,710	-	4,781,561	3.57
Loans, advances and financing								
- Performing	26,949,365	2,880,669	1,709,090	613,684	-	-	32,152,808	5.41
- Impaired	-	-	-	-	783,494	-	783,494	
Derivative financial assets	-	-	-	-	-	1,570,959	1,570,959	
Other balances	-	-	-	-	3,825,900	-	3,825,900	
	33,235,939	3,733,154	3,717,909	758,342	5,566,657	4,205,871	51,217,872	
Financial liabilities								
Deposits from customers	21,836,726	5,168,684	2,952,433	4,926	6,149,877	-	36,112,646	2.45
Deposits and placements of banks and other financial institutions	4,994,386	143,604	230,000	331,892	-	-	5,699,882	3.53
Derivative financial liabilities	-	-	-	-	-	1,464,195	1,464,195	
Other balances	-	-	-	-	2,879,052	-	2,879,052	
Subordinated debts	-	1,000,000	-	-	-	-	1,000,000	4.95
	26,831,112	6,312,288	3,182,433	336,818	9,028,929	1,464,195	47,155,775	
On-balance sheet interest sensitivity gap	6,404,827	(2,579,134)	535,476	421,524	(3,462,272)	2,741,676		
Off-balance sheet interest sensitivity gap	115,208	(9,259,728)	5,685,966	110,922	-	-		
Total interest sensitivity gap	6,520,035	(11,838,862)	6,221,442	532,446	(3,462,272)	2,741,676		

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

27. 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			
Financial assets								
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	
	37,335,103	3,703,882	3,765,446	730,444	3,635,258	5,005,218	54,175,351	
Financial liabilities								
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
	29,449,879	6,922,229	1,067,125	1,349,221	9,865,925	1,752,011	50,406,390	
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	-	-		
Total interest sensitivity gap	8,277,195	(5,862,004)	2,497,421	(491,932)	(6,230,667)	3,253,207		

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

27. Interest rate risk (continued)

Bank	←----- Non-trading books -----→					Trading books	Total	Effective interest rate (%)
	3 months or less	> 3 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive			
As at 30 September 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial assets								
Cash and short term funds	2,901,563	-	-	-	935,434	-	3,836,997	2.69
Deposits and placements with banks and other financial institutions	1,275,540	1,348,673	12,567	-	-	-	2,636,780	2.91
Securities purchased under resale agreements	923,941	-	-	-	-	-	923,941	3.36
Financial assets held for trading	-	-	-	-	-	2,634,912	2,634,912	3.42
Investment securities available-for-sale	1,721,750	801,338	1,996,252	144,658	9,710	-	4,673,708	3.58
Loans, advances and financing								
- Performing	23,096,953	2,514,284	199,156	1,427	-	-	25,811,820	5.40
- Impaired	-	-	-	-	765,101	-	765,101	
Derivative financial assets	-	-	-	-	-	1,573,447	1,573,447	
Other balances	-	-	-	100,000	3,819,209	-	3,919,209	4.85
	29,919,747	4,664,295	2,207,975	246,085	5,529,454	4,208,359	46,775,915	
Financial liabilities								
Deposits from customers	18,581,447	3,945,776	2,783,513	-	6,149,877	-	31,460,613	2.51
Deposits and placements of banks and other financial institutions	4,994,385	50,971	230,000	328,309	-	-	5,603,665	3.54
Derivative financial liabilities	-	-	-	-	-	1,461,963	1,461,963	
Other balances	-	-	-	-	3,776,030	-	3,776,030	
Subordinated debts	-	-	-	1,000,000	-	-	1,000,000	4.95
	23,575,832	3,996,747	3,013,513	1,328,309	9,925,907	1,461,963	43,302,271	
On-balance sheet interest sensitivity gap	6,343,915	667,548	(805,538)	(1,082,224)	(4,396,453)	2,746,396		
Off-balance sheet interest sensitivity gap	115,208	(9,259,728)	5,685,966	110,922	-	-		
Total interest sensitivity gap	6,459,123	(8,592,180)	4,880,428	(971,302)	(4,396,453)	2,746,396		

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

27. 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			
Financial assets								
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
	34,616,974	4,525,537	2,219,186	186,061	3,555,351	5,014,425	50,117,534	
Financial liabilities								
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
	26,568,621	5,678,684	942,234	1,340,001	10,616,931	1,756,805	46,903,276	
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	-	-		
Total interest sensitivity gap	8,440,324	(3,796,804)	1,076,052	(1,027,095)	(7,061,580)	3,257,620		

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

28. 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	-

STANDARD CHARTERED BANK MALAYSIA BERHAD

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

28. Fair values of financial assets and liabilities (continued)

Fair value hierarchy (continued)

Group	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
30 September 2014	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	957,735	802,943	-	1,760,678
Debt securities	594,788	279,446	-	874,234
Derivative financial instruments	1,268	1,569,691	-	1,570,959
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	206,162	-	206,162
Debt securities	2,001,293	2,555,898	8,498	4,565,689
At 30 September 2014	3,555,084	5,414,140	8,498	8,977,722
Liabilities				
Derivative financial instruments	2,006	1,462,343	-	1,464,349
At 30 September 2014	2,006	1,462,343	-	1,464,349

Group	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2013	RM'000	RM'000	RM'000	RM'000
Assets				
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	5,494,497	4,132,550	26,242	9,653,289
Liabilities				
Derivative financial instruments	1,033	1,753,004	-	1,754,037
At 31 December 2013	1,033	1,753,004	-	1,754,037

STANDARD CHARTERED BANK MALAYSIA BERHAD

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

28. Fair values of financial assets and liabilities (continued)

Fair value hierarchy (continued)

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
30 September 2014	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	957,735	802,943	-	1,760,678
Debt securities	594,788	279,446	-	874,234
Derivative financial instruments	1,268	1,572,179	-	1,573,447
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	106,807	-	106,807
Debt securities	2,001,292	2,555,899	-	4,557,191
At 30 September 2014	<u>3,555,083</u>	<u>5,317,274</u>	<u>-</u>	<u>8,872,357</u>
Liabilities				
Derivative financial instruments	2,006	1,460,111	-	1,462,117
At 30 September 2014	<u>2,006</u>	<u>1,460,111</u>	<u>-</u>	<u>1,462,117</u>

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2013	RM'000	RM'000	RM'000	RM'000
Assets				
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>
Liabilities				
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 September 2014.

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

28. 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 September 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	(17,744)	-	-	(3,146)	-	-
Arising from acquisition of a subsidiary	-	-	-	29,388	-	-
Sales	-	-	-	-	(3,648)	(3,361)
At 30 September/31 December	<u>8,498</u>	<u>-</u>	<u>-</u>	<u>26,242</u>	<u>-</u>	<u>-</u>

Bank

	30 September 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 September/31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

28. 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)	988	(988)

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

29. Capital adequacy

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Tier 1 Capital				
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	3,081,737	2,827,996	2,901,348	2,690,527
Less: Deferred tax assets	(50,062)	(39,804)	(44,171)	(34,967)
Excess of Expected Loss over Eligible Provisions under AIRB approach	-	-	-	-
Unrealised gains and losses on 'available-for-sale' financial instruments	(2,480)	(3,115)	(2,468)	(3,105)
Investment in subsidiaries deducted from CET 1 capital	-	-	(82,304)	-
CET 1 capital	<u>3,529,195</u>	<u>3,285,077</u>	<u>3,272,405</u>	<u>3,152,455</u>
Musarakah Irredeemable Non-Cumulative Preference Shares	-	342,000	-	342,000
Irredeemable Convertible Preference Shares	380,000	-	380,000	-
Non-controlling interest	1,279	-	-	-
Eligible Tier 1 capital	<u>3,910,474</u>	<u>3,627,077</u>	<u>3,652,405</u>	<u>3,494,455</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
Collective impairment provisions under standardised approach	12,704	10,827	7,173	6,592
Surplus of total eligible provisions over total expected loss under AIRB approach	47,946	1,117	84,981	54,544
Non-controlling interest	301	-	-	-
	<u>1,060,951</u>	<u>1,011,944</u>	<u>1,092,154</u>	<u>1,061,136</u>
Less: Investment in subsidiaries	-	-	(429,218)	(511,522)
Eligible Tier 2 capital	<u>1,060,951</u>	<u>1,011,944</u>	<u>662,936</u>	<u>549,614</u>
Total capital base	<u>4,971,425</u>	<u>4,639,021</u>	<u>4,315,341</u>	<u>4,044,069</u>

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Total risk-weighted assets:-				
Credit risk	27,495,785	29,336,671	23,679,877	25,813,311
Market risk	2,365,849	1,367,245	2,365,849	1,367,245
Operational risk	3,618,264	3,596,736	3,353,372	3,343,551
Large exposure for equity holdings	629	623	612	623
	<u>33,480,527</u>	<u>34,301,275</u>	<u>29,399,710</u>	<u>30,524,730</u>

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

29. Capital adequacy (continued)

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

	Group		Bank	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
CET 1 capital ratio	10.541%	9.577%	11.131%	10.328%
Tier 1 capital ratio	11.680%	10.574%	12.423%	11.448%
Risk-weighted capital ratio	14.849%	13.524%	14.678%	13.249%

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

	30 September 2014	31 December 2013
	CET 1 capital ratio	11.362%
Tier 1 capital ratio	11.362%	11.314%
Risk-weighted capital ratio	13.618%	13.719%

30. 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.