



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

**Financial statements for the financial half
year ended 30 June 2013**

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Group		Bank	
		30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Assets					
Cash and short term funds		7,134,818	5,306,549	5,743,568	4,139,071
Deposits and placements with banks and other financial institutions		12,139	188,206	1,202,221	2,053,652
Securities purchased under resale agreements		716,251	148,141	716,251	148,141
Financial assets held for trading	11	2,506,327	3,391,192	2,506,327	3,391,192
Investment securities available-for-sale	12	3,476,535	6,114,799	3,035,327	4,973,165
Loans, advances and financing	13	34,461,796	32,868,952	30,313,420	28,932,240
Derivative financial assets		1,588,109	1,589,143	1,588,109	1,589,144
Other assets	15	1,088,748	838,945	1,504,506	1,223,117
Tax recoverable		7,128	-	7,128	-
Statutory deposits with Bank Negara Malaysia	16	1,194,126	1,103,592	1,027,453	964,907
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		68,749	70,229	62,537	63,872
Deferred tax assets		32,788	39,022	26,619	33,545
Total assets		52,287,514	51,658,770	48,144,988	47,923,568
Liabilities					
Deposits from customers	17	35,580,883	35,564,486	31,213,545	31,664,183
Deposits and placements of banks and other financial institutions	18	7,761,554	8,314,656	7,656,756	8,212,243
Derivative financial liabilities		1,516,977	1,385,896	1,516,977	1,386,071
Other liabilities	19	3,013,563	2,027,102	3,513,346	2,438,793
Tax payable		8,245	68,621	-	56,435
Subordinated debts		500,000	500,000	500,000	500,000
Total liabilities		48,381,222	47,860,761	44,400,624	44,257,725
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		3,728,981	3,635,009	3,581,364	3,502,843
Total equity attributable to owner of the Bank		3,891,981	3,798,009	3,744,364	3,665,843
Non-controlling interest		14,311	-	-	-
Total liabilities and equity		52,287,514	51,658,770	48,144,988	47,923,568
Commitments and contingencies	27	164,053,151	165,247,235	161,951,127	163,586,868

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 2012.

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 2013

	Note	Group			
		2nd Quarter ended		Six months ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Interest income	20	467,855	443,761	920,113	864,575
Interest expense	21	(202,411)	(212,428)	(386,961)	(392,949)
Net interest income		265,444	231,333	533,152	471,626
Net income from Islamic Banking operations	22	66,662	80,760	142,827	161,510
		332,106	312,093	675,979	633,136
Other operating income	23	166,353	164,148	329,849	377,997
Total net income		498,459	476,241	1,005,828	1,011,133
Other operating expenses	24	(261,052)	(227,907)	(493,154)	(450,675)
Operating profit		237,407	248,334	512,674	560,458
Provisions for loans, advances and financing	25	(73,422)	(39,269)	(180,675)	(94,877)
Profit before taxation		163,985	209,065	331,999	465,581
Tax expense		(32,633)	(55,409)	(76,422)	(121,270)
Profit for the period		131,352	153,656	255,577	344,311
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		(3,430)	2,837	(1,858)	567
Net amount transferred to profit or loss		(1,558)	(1,441)	(5,183)	(840)
Cash flow hedges:-					
Effective portion of changes in fair value		(1,423)	3,483	(1,587)	(359)
Net amount transferred to profit or loss		(245)	(203)	(196)	(362)
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains from defined benefit plan		-	-	-	37
Other comprehensive (expense)/income for the period, net of income tax		(6,656)	4,676	(8,824)	(957)
Total comprehensive income for the period		124,696	158,332	246,753	343,354
Profit attributable to:					
Owner of the Bank		128,571	153,656	252,796	344,311
Non-controlling interests		2,781	-	2,781	-
		131,352	153,656	255,577	344,311
Total comprehensive income attributable to:					
Owner of the Bank		121,915	158,332	243,972	343,354
Non-controlling interests		2,781	-	2,781	-
		124,696	158,332	246,753	343,354

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 2012.

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 2013

	Note	Bank			
		2nd Quarter ended		Six months ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Interest income	20	470,718	468,087	939,938	911,396
Interest expense	21	(202,411)	(212,428)	(386,961)	(392,949)
Net interest income		268,307	255,659	552,977	518,447
Net income from Islamic Banking operations	22	-	-	-	-
		268,307	255,659	552,977	518,447
Other operating income	23	187,177	178,900	368,899	409,407
Total net income		455,484	434,559	921,876	927,854
Other operating expenses	24	(247,825)	(219,028)	(469,622)	(432,155)
Operating profit		207,659	215,531	452,254	495,699
Provisions for loans, advances and financing	25	(58,167)	(10,620)	(143,063)	(67,696)
Profit before taxation		149,492	204,911	309,191	428,003
Tax expense		(30,327)	(51,295)	(71,849)	(112,089)
Profit for the period		119,165	153,616	237,342	315,914
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		(3,407)	2,979	(1,855)	872
Net amount transferred to profit or loss		(1,558)	(1,441)	(5,183)	(840)
Cash flow hedges:-					
Effective portion of changes in fair value		(1,423)	3,483	(1,587)	(359)
Net amount transferred to profit or loss		(245)	(203)	(196)	(362)
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains from defined benefit plan		-	-	-	37
Other comprehensive (expense)/income for the period, net of income tax		(6,633)	4,818	(8,821)	(652)
Total comprehensive income for the period		112,532	158,434	228,521	315,262

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 2012.

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 2013

GROUP	← Attributable to owner of the Bank →							Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total 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 2013	163,000	717,000	249,017	150,000	190	1,578	2,392	2,514,832	3,798,009	-	3,798,009
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)
Actuarial gain from defined benefit plan	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive expense for the period	-	-	-	-	-	(7,041)	(1,783)	-	(8,824)	-	(8,824)
Profit for the period	-	-	-	-	-	-	-	252,796	252,796	2,781	255,577
Total comprehensive (expense) / income for the period	-	-	-	-	-	(7,041)	(1,783)	252,796	243,972	2,781	246,753
Acquisition by non-controlling interests	-	-	-	-	-	-	-	-	-	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 June 2013	163,000	717,000	249,017	150,000	190	(5,463)	609	2,617,628	3,891,981	14,311	3,906,292

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 2012.

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 2013

GROUP	← Attributable to owner of the Bank →							Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total 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 2012	163,000	717,000	222,924	150,000	190	6,466	6,726	2,212,830	3,479,136	-	3,479,136
Fair value reserve (investment securities available-for-sale):-											
Net changes in fair value	-	-	-	-	-	567	-	-	567	-	567
Net amount transferred to profit or loss	-	-	-	-	-	(840)	-	-	(840)	-	(840)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	(359)	-	(359)	-	(359)
Net amount transferred to profit or loss	-	-	-	-	-	-	(362)	-	(362)	-	(362)
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	37	37	-	37
Total other comprehensive (expense)/ income for the period	-	-	-	-	-	(273)	(721)	37	(957)	-	(957)
Profit for the period	-	-	-	-	-	-	-	344,311	344,311	-	344,311
Total comprehensive (expense) / income for the period	-	-	-	-	-	(273)	(721)	344,348	343,354	-	343,354
Distribution to owner of the Bank											
Dividends :-											
- 2011 final	-	-	-	-	-	-	-	(195,000)	(195,000)	-	(195,000)
Total transaction with Owner of the Bank	-	-	-	-	-	-	-	(195,000)	(195,000)	-	(195,000)
At 30 June 2012	163,000	717,000	222,924	150,000	190	6,193	6,005	2,362,178	3,627,490	-	3,627,490

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 2012.

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total 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	163,000	717,000	163,000	150,000	190	1,651	2,392	2,468,610	3,665,843
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)
Actuarial gain from defined benefit plan	-	-	-	-	-	-	-	-	-
Total other comprehensive expense for the period	-	-	-	-	-	(7,038)	(1,783)	-	(8,821)
Profit for the period	-	-	-	-	-	-	-	237,342	237,342
Total comprehensive (expense) / income for the period	-	-	-	-	-	(7,038)	(1,783)	237,342	228,521
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 June 2013	163,000	717,000	163,000	150,000	190	(5,387)	609	2,555,952	3,744,364

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 2012.

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total
	← Non-Distributable Reserves →					Cash flow hedge reserves	Retained profits		
	Share capital	Share premium	Statutory reserves	Regulatory reserves	Capital redemption reserves				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2012	163,000	717,000	163,000	150,000	190	6,409	6,726	2,192,231	3,398,556
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	872	-	-	872
Net amount transferred to profit or loss	-	-	-	-	-	(840)	-	-	(840)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(359)	-	(359)
Net amount transferred to profit or loss	-	-	-	-	-	-	(362)	-	(362)
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	37	37
Total other comprehensive income/ (expense) for the period	-	-	-	-	-	32	(721)	37	(652)
Profit for the period	-	-	-	-	-	-	-	315,914	315,914
Total comprehensive income /(expense) for the period	-	-	-	-	-	32	(721)	315,951	315,262
Distribution to owner of the Bank									
Dividends :-									
- 2011 final	-	-	-	-	-	-	-	(195,000)	(195,000)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(195,000)	(195,000)
At 30 June 2012	163,000	717,000	163,000	150,000	190	6,441	6,005	2,313,182	3,518,818

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 2012.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013

	Group		Bank	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Profit before taxation	331,999	465,581	309,191	428,003
Adjustment for non-cash items	(66,663)	(30,646)	(49,164)	(29,012)
Operating profit before working capital changes	265,336	434,935	260,027	398,991
Changes in working capital:-				
Net changes in operating assets	(1,293,771)	(3,604,020)	(427,365)	(2,644,788)
Net changes in operating liabilities	408,628	2,046,332	68,428	1,915,491
Income taxes paid	(133,288)	(66,301)	(125,546)	(63,960)
Net cash used in operating activities	(753,095)	(1,189,054)	(224,456)	(394,266)
Net cash generated from / (used in) investing activities	2,704,118	(1,327,762)	1,978,953	613,997
Net cash used in financing activities	(122,754)	(195,000)	(150,000)	(195,000)
Net increase / (decrease) in cash and cash equivalents	1,828,269	(2,711,816)	1,604,497	24,731
Cash and cash equivalent at beginning of the period	5,306,549	6,251,969	4,139,071	4,881,279
Cash and cash equivalent at end of the period	<u>7,134,818</u>	<u>3,540,153</u>	<u>5,743,568</u>	<u>4,906,010</u>

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 2012.

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

REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM 332 million for the financial half year ended 30 June 2013 while net interest income achieved a 13.05% growth against the corresponding period. Other operating income (including income from Islamic Banking operations) decreased by 12.39% or RM 66.83 million mainly as a result of lower net trading income.

Other operating expenses increased by RM 42.48 million or 9%. This is partially due to the Group's investments in new infrastructure to support future growth as well as meeting new regulatory requirements, coupled with higher volume of business. Staff costs are also higher against previous financial half year due to the Group's strong full year performance in 2012 coupled with adjustments to ensure that the Group continues to retain its best talent in a highly competitive market. Provisions for loans, advances and financing increased from RM 94.88 million to RM 180.68 million, partially impacted by changes in impairment provision methodology for Consumer Banking loans under Debt Restructuring Programs coupled with non-recurrence of bad debt sale recognised in the previous corresponding period.

The Group's total assets registered a 1.22% increase to RM 52.29 billion. The Group's Tier 1 Capital ratio and risk-weighted capital ratio remained strong at 10.32% and 12.47%, respectively.

PROSPECTS

The Group's Consumer Banking priorities are to achieve increased penetration and growth in its chosen customer segments through enhanced value propositions, delivered via integrated distribution channels, while continuing to focus on efficiency and enhancing customer experience.

The Wholesale Banking business will continue its agenda in deepening client relationships by leveraging on the Group's expertise, experience and established history and network in Asia, Africa and the Middle East, while remaining committed to the fundamentals of banking.

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

Notes to the financial statements for the financial half year ended 30 June 2013

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 2013 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 Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB"):-

i)	MFRS 10	<i>Consolidated Financial Statements</i>
ii)	MFRS 11	<i>Joint Arrangements</i>
iii)	MFRS 12	<i>Disclosure of Interests in Other Entities</i>
iv)	MFRS 13	<i>Fair Value Measurement</i>
v)	MFRS 119	<i>Employee Benefits</i>
vi)	MFRS 127	<i>Separate Financial Statements (2011)</i>
vii)	MFRS 128	<i>Investments in Associates and Joint Ventures (2011)</i>
viii)	IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
ix)	Amendments to MFRS 7	<i>Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>
x)	Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards - Government Government Loans</i>
xi)	Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)</i>
xii)	Amendments to MFRS 101	<i>Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)</i>
xiii)	Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)</i>
xiv)	Amendments to MFRS 132	<i>Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)</i>
xv)	Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)</i>
xvi)	Amendments to MFRS 10	<i>Consolidated Financial Statements: Transition Guidance</i>
xvii)	Amendments to MFRS 11	<i>Joint Arrangements: Transition Guidance</i>
xviii)	Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Transition Guidance</i>

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation do not have any material impacts 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 January 2014

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements (2011): Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation- Offsetting Financial Assets and Financial Liabilities</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 MFRSs effective for annual periods beginning on or after 1 January 2015

- | | | |
|------|----------------------|--|
| i) | MFRS 9 | <i>Financial Instruments (2009)</i> |
| ii) | MFRS 9 | <i>Financial Instruments (2010)</i> |
| iii) | Amendments to MFRS 7 | <i>Financial Instruments: Disclosures- Mandatory Effective Date of MFRS 9 and Transition Disclosures</i> |

The Group and the Bank plans to apply the abovementioned standards and amendments:-

- from the annual period beginning on 1 January 2014 for those standards and amendments that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards that are effective for annual periods beginning on or after 1 January 2015.

Except for MFRS 9, the initial application of all the above applicable MFRSs and amendments 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 2012. 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 2012.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2012 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 2013.

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 2013.

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

Except as disclosed in Note 10, 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 2013.

7. Dividend

During the financial half year ended 30 June 2013, a final dividend of 160 sen per ordinary share, less income tax at 25% totaling RM 150,000,000 (120 sen per ordinary share) in respect of the financial year ended 31 December 2012 was paid on 30 April 2013.

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

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 2012.

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.

There were no other 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

Golden Maestro Sdn Bhd ("GMSB"), a wholly-owned subsidiary of Standard Chartered Bank Malaysia Berhad ("SCBMB"), had on 1 June 2013 acquired the following:

- i) 40 ordinary shares and 70 preference shares of RM1.00 each, respectively, representing 40% of the issued and paid up ordinary share capital and 70% of the irredeemable preference share capital, respectively, in Resolution Alliance Sdn Bhd (Note 12) for a total consideration of RM 26,902,621; and
- ii) 49 ordinary shares of RM1.00 each, representing 49% of the issued and paid up ordinary share capital in Popular Ambience Sdn Bhd for a total consideration of RM 343,578 (Note 12).

On 1 June 2013, GMSB issued a 3-year Note Payable amounted to RM27,246,199 to fund the above acquisitions. The Note Payable bears a floating interest rate per annum equal to KLIBOR plus 0.55%.

Except for the above acquisitions, there were no other changes in the composition of the Group for the financial half year ended 30 June 2013.

11. Financial assets held for trading

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	749	137,411	749	137,411
Malaysian Government bonds/securities	1,322,016	1,724,946	1,322,016	1,724,946
Government Islamic bonds	51,191	81,479	51,191	81,479
Bank Negara Malaysia bills	967,899	1,258,891	967,899	1,258,891
Private debt securities	164,472	188,465	164,472	188,465
	<u>2,506,327</u>	<u>3,391,192</u>	<u>2,506,327</u>	<u>3,391,192</u>

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

12. Investment securities available-for-sale

	Group		Bank	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities	1,201,762	1,742,333	1,201,762	1,742,333
Bank Negara Malaysia bills	894,568	2,984,992	496,688	1,888,359
Bankers' acceptances and Islamic acceptance bills	1,194,536	515,217	1,194,536	515,217
Negotiable instruments of deposit	125,001	499,999	120,001	460,007
Private debt securities	12,446	362,349	12,446	357,340
	<u>3,428,313</u>	<u>6,104,890</u>	<u>3,025,433</u>	<u>4,963,256</u>
Unquoted securities:-				
Equity shares, at cost	9,651	9,666	9,651	9,666
Private debt securities, at fair value	38,571	243	243	243
	<u>3,476,535</u>	<u>6,114,799</u>	<u>3,035,327</u>	<u>4,973,165</u>

Included in the Group's unquoted equity shares as at 31 December 2012 were 51% shareholdings held in Popular Ambience Sdn. Bhd. ("PASB") and Resolution Alliance Sdn Bhd ("RASB"), amounted to RM 51 each, which were owned by Golden Maestro Sdn Bhd ("GMSB"), a wholly owned subsidiary of the Bank. The remaining 49% shareholdings of PASB were held by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), while that of RASB were held by SCBHK (40%) and an unrelated third party (9%). Both PASB and RASB are incorporated in Malaysia. The principal activities of PASB and RASB are that of special purpose vehicles established to undertake the purchase of non-performing loans.

In accordance with MFRS 10, Consolidated Financial Statements, consolidated financial statements shall include the financial statements of all investees where control exists.

The shareholders of PASB and RASB had previously entered into separate Master Shareholders' Agreements in which the Group had assigned to SCBHK its rights over all the profits or losses of PASB and RASB and the entitlement to appoint Directors of PASB and RASB. The Bank had therefore ceased to have control over PASB and RASB as it did not have the ability to use its power to direct the activities that affect PASB's and RASB's returns and did not have exposure or rights to variable returns. In view of the above, PASB and RASB were excluded from the Group's consolidated financial statements and were classified under investment securities available-for-sale.

On 1 June 2013, the Group had entered into a Share Purchase Agreement in which GMSB acquired all SCBHK's interest in PASB and RASB. In addition, the Master Shareholders' Agreements had been restated and GMSB resumed its control over PASB and RASB. The results of PASB and RASB are therefore included in the Group's consolidated financial statements effective from 1 June 2013.

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

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

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
<u>At amortised cost</u>				
Overdrafts	694,652	646,987	694,652	646,987
Term loans/financing				
- Housing loans/financing	13,204,817	13,069,756	11,817,018	11,970,351
- Syndicated term loan/financing	158,114	156,669	158,114	156,669
- Hire purchase receivables	222,794	234,809	-	-
- Lease receivables	563,422	559,044	-	-
- Other term loans/financing	11,690,598	10,970,898	9,433,853	8,479,073
Bills receivable	3,557,733	3,164,832	3,489,020	3,117,480
Trust receipts	1,543,107	1,567,772	1,359,909	1,407,164
Staff loans/financing	63,879	69,558	62,148	67,715
Loans/financing to banks and other financial institutions	493,491	365,000	493,491	365,000
Credit card receivables	2,175,155	2,276,880	2,175,155	2,276,880
Revolving credit	1,630,525	1,473,397	1,062,413	806,362
	<u>35,998,287</u>	<u>34,555,602</u>	<u>30,745,773</u>	<u>29,293,681</u>
Less: Unearned interest and income	(1,068,258)	(1,248,870)	(41,145)	(5,432)
Gross loans, advances and financing	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(244,169)	(218,584)	(234,180)	(215,210)
- Collective impairment provisions	(224,064)	(219,196)	(157,028)	(140,799)
Total net loans, advances and financing	<u><u>34,461,796</u></u>	<u><u>32,868,952</u></u>	<u><u>30,313,420</u></u>	<u><u>28,932,240</u></u>

(ii) By type of customer

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Domestic banking institutions	29,223	56,573	29,223	56,573
Domestic non-bank financial institutions	457,603	665,964	257,101	416,203
Domestic business enterprises	13,799,478	12,227,034	11,930,961	10,492,115
<i>Small medium enterprises</i>	<u>4,529,865</u>	<u>4,147,228</u>	<u>3,906,066</u>	<u>3,654,593</u>
<i>Others</i>	<u>9,269,613</u>	<u>8,079,806</u>	<u>8,024,895</u>	<u>6,837,522</u>
Individuals	18,168,266	18,259,278	16,127,489	16,290,965
Other domestic entities	759	707	759	707
Foreign entities	2,474,700	2,097,176	2,359,095	2,031,686
	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</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 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Fixed rate				
Housing loans/financing	35,414	38,089	32,638	35,044
Other fixed rate loan/financing	5,504,659	5,525,553	3,743,216	3,662,071
Variable rate				
BLR plus	16,793,357	16,446,376	15,856,669	15,838,866
Cost plus	11,170,770	9,901,455	10,648,391	9,289,222
Other variable rates	1,425,829	1,395,259	423,714	463,046
	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</u>

(iv) By sector

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Agriculture	823,704	387,422	626,395	234,732
Mining and quarrying	191,012	276,425	120,041	218,920
Manufacturing	5,081,846	4,464,558	4,528,405	3,952,384
Electricity, gas and water	79,764	11,392	77,595	9,167
Construction	782,699	754,693	701,750	676,490
Real estate	956,763	915,124	897,590	803,419
Wholesale & retail trade and restaurants & hotels	3,114,700	2,746,491	2,772,629	2,378,742
Transportation, storage and communication	579,252	553,763	352,707	323,008
Finance, insurance and business services	2,214,925	2,101,068	1,780,508	1,710,548
Household	19,432,313	19,440,835	17,275,931	17,407,032
Others	1,673,051	1,654,961	1,571,077	1,573,807
	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</u>

(v) By purpose

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Purchase of securities	15,000	25,000	15,000	25,000
Purchase of landed property	16,380,737	16,026,164	14,988,761	15,207,807
- Residential	13,012,621	12,857,522	12,050,036	12,220,573
- Non-residential	3,368,116	3,168,642	2,938,725	2,987,234
Fixed assets excluding land & building	147,964	148,826	-	-
Personal use	2,886,151	2,974,585	1,786,914	1,610,451
Credit cards	2,175,155	2,276,880	2,175,155	2,276,880
Working capital	12,834,561	11,349,586	11,248,337	9,662,420
Others	490,461	505,691	490,461	505,691
	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</u>

STANDARD CHARTERED BANK MALAYSIA BERHAD

(Incorporated in Malaysia)

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

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Maturing within one year	11,393,765	11,106,800	10,729,032	10,378,473
One year to three years	3,393,437	2,811,548	2,646,072	1,960,099
Three years to five years	3,286,529	3,103,763	2,235,577	1,824,357
Over five years	16,856,298	16,284,621	15,093,947	15,125,320
	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</u>

(vii) By geographical distribution

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Within Malaysia	34,287,413	32,792,024	30,062,012	28,773,541
Outside Malaysia	642,616	514,708	642,616	514,708
	<u>34,930,029</u>	<u>33,306,732</u>	<u>30,704,628</u>	<u>29,288,249</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
USD	3,400,216	2,844,307	3,253,387	2,721,934
GBP	596,503	609,726	596,503	609,726
Other foreign currencies	88,379	68,813	88,379	68,813
	<u>88,379</u>	<u>68,813</u>	<u>88,379</u>	<u>68,813</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 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
At 1 January	424,940	374,713	391,051	356,203
Classified as impaired during the financial period/year	390,243	721,433	332,424	625,963
Reclassified as performing during the financial period/year	(128,466)	(280,157)	(127,342)	(278,470)
Amount recovered during the financial period/year	(57,460)	(97,391)	(54,900)	(85,775)
Amount written off during the financial period/year	<u>(150,829)</u>	<u>(293,658)</u>	<u>(105,779)</u>	<u>(226,870)</u>
At end of reporting period/year	478,428	424,940	435,454	391,051
Individual impairment provisions	<u>(244,169)</u>	<u>(218,584)</u>	<u>(234,180)</u>	<u>(215,210)</u>
Net impaired loans, advances and financing	<u>234,259</u>	<u>206,356</u>	<u>201,274</u>	<u>175,841</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>0.67%</u>	<u>0.62%</u>	<u>0.66%</u>	<u>0.60%</u>

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

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Collective impairment provisions				
At 1 January	219,196	229,189	140,799	154,074
Impairment made during the financial period/year	32,225	46,987	29,559	31,746
Amount written back	<u>(27,357)</u>	<u>(56,980)</u>	<u>(13,330)</u>	<u>(45,021)</u>
At end of reporting period/year	<u>224,064</u>	<u>219,196</u>	<u>157,028</u>	<u>140,799</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>0.65%</u>	<u>0.66%</u>	<u>0.52%</u>	<u>0.48%</u>
Individual impairment provisions				
At 1 January	218,584	249,662	215,210	247,153
Impairment made during the financial period/year	154,906	227,048	101,962	156,946
Amount written back	(41,648)	(71,568)	(40,604)	(70,049)
Amount written off	<u>(87,673)</u>	<u>(186,558)</u>	<u>(42,388)</u>	<u>(118,840)</u>
At end of reporting period/year	<u>244,169</u>	<u>218,584</u>	<u>234,180</u>	<u>215,210</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 June 2013	31 December 2012	30 June 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Agriculture	14,312	14,432	14,312	14,432
Mining and quarrying	8,806	-	8,806	-
Manufacturing	110,157	82,809	109,138	81,929
Construction	67,770	60,801	67,720	60,801
Wholesale & retail trade and restaurants & hotels	34,256	35,092	34,043	34,948
Transportation, storage and communication	228	1,138	228	1,138
Finance, insurance and business services	2,432	2,755	2,432	2,755
Household	235,982	223,089	194,290	190,370
Others	4,485	4,824	4,485	4,678
	<u>478,428</u>	<u>424,940</u>	<u>435,454</u>	<u>391,051</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property	112,664	147,884	109,441	143,858
- Residential	106,567	139,056	103,344	135,030
- Non-residential	6,097	8,828	6,097	8,828
Personal use	104,269	60,364	65,080	30,791
Credit cards	23,606	23,766	23,606	23,766
Working capital	237,889	192,926	237,327	192,636
	<u>478,428</u>	<u>424,940</u>	<u>435,454</u>	<u>391,051</u>

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

	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Within Malaysia	478,273	424,774	435,299	390,885
Outside Malaysia	155	166	155	166
	<u>478,428</u>	<u>424,940</u>	<u>435,454</u>	<u>391,051</u>

15. Other assets

	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Interest/Income receivables	44,181	50,176	50,331	56,989
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	-
Other receivables, deposits and prepayments	1,044,567	788,769	1,354,175	1,166,128
	<u>1,088,748</u>	<u>838,945</u>	<u>1,504,506</u>	<u>1,223,117</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 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Demand deposits	13,387,623	13,736,568	12,305,429	12,445,321
Savings deposits	3,463,774	3,631,190	3,383,680	3,544,920
Fixed/Investment deposits	18,253,644	17,701,923	15,154,311	15,301,418
Negotiable instruments of deposits	475,842	494,805	370,125	372,524
	<u>35,580,883</u>	<u>35,564,486</u>	<u>31,213,545</u>	<u>31,664,183</u>

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

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Due within six months	15,648,962	13,837,647	12,688,951	11,670,776
Six months to one year	2,399,052	3,706,830	2,273,954	3,467,672
One year to three years	119,406	141,195	109,849	132,464
Three years to five years	536,264	109,084	425,881	95,485
Over five years	25,802	401,972	25,801	307,545
	<u>25,802</u>	<u>401,972</u>	<u>25,801</u>	<u>307,545</u>

(ii) By type of customers

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Government and statutory bodies	1,636,282	1,174,366	72,892	19,713
Business enterprises	12,645,975	13,014,394	11,986,810	12,310,741
Individuals	17,574,544	18,258,531	16,137,715	16,687,626
Others	3,724,082	3,117,195	3,016,128	2,646,103
	<u>35,580,883</u>	<u>35,564,486</u>	<u>31,213,545</u>	<u>31,664,183</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 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Licensed banks	3,490,625	3,898,984	3,389,430	3,833,708
Bank Negara Malaysia	128,816	45,783	128,816	45,783
Other financial institutions	4,142,113	4,369,889	4,138,510	4,332,752
	<u>7,761,554</u>	<u>8,314,656</u>	<u>7,656,756</u>	<u>8,212,243</u>

19. Other liabilities

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Interest/Income payable	198,574	186,967	170,919	171,206
Provision for retirement benefit scheme	416	438	416	438
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	2,814,573	1,839,697	3,341,989	2,267,127
	<u>3,013,563</u>	<u>2,027,102</u>	<u>3,513,346</u>	<u>2,438,793</u>

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

21. Interest expense

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	32,060	37,253	44,667	48,700
Deposits from customers	164,417	169,814	330,492	333,527
Subordinated debts	5,934	5,361	11,802	10,722
	<u>202,411</u>	<u>212,428</u>	<u>386,961</u>	<u>392,949</u>

22. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others / Total distributable income	46,604	43,123	89,784	82,237
Income attributable to depositors	<u>(35,296)</u>	<u>(18,724)</u>	<u>(64,481)</u>	<u>(35,508)</u>
Income attributable to the Bank	11,308	24,399	25,303	46,729
Income derived from investment of Islamic banking capital funds and shareholder's funds	55,354	56,361	117,524	114,781
	<u>66,662</u>	<u>80,760</u>	<u>142,827</u>	<u>161,510</u>

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

23. Other operating income

	Group			
	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	77,393	82,107	171,498	153,583
- <i>Commission income</i>	50,013	49,348	102,648	99,865
- <i>Service fees</i>	21,259	24,711	54,139	37,666
- <i>Guarantee fees</i>	6,121	8,048	14,711	16,052
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(22,276)	(14,024)	(42,591)	(27,372)
- <i>Commission charges</i>	(13,577)	(6,126)	(24,947)	(11,013)
- <i>Service charges</i>	(8,699)	(7,898)	(17,644)	(16,359)
	<u>55,117</u>	<u>68,083</u>	<u>128,907</u>	<u>126,211</u>
Net trading income				
Gains/(Loss) from sale of financial assets held for trading and derivative financial instruments	68,672	(39,114)	92,902	35,435
Unrealised (loss)/gains on revaluation of financial assets held for trading and other financial instruments	(5,685)	73,569	10,568	76,905
Foreign exchange currency				
- Gains from dealing in foreign currency	120,164	43,700	169,234	116,507
- Unrealised loss from foreign exchange translation	(93,633)	(2,210)	(98,295)	(1,752)
	<u>89,518</u>	<u>75,945</u>	<u>174,409</u>	<u>227,095</u>
Other income				
Gains from sale of investment securities available-for-sale	2,068	1,557	5,773	5,431
Gross dividends from unquoted investments	17,697	17,732	17,697	17,732
Gain on disposal of property, plant and equipment	-	158	92	180
Others	1,953	673	2,971	1,348
	<u>21,718</u>	<u>20,120</u>	<u>26,533</u>	<u>24,691</u>
Total other operating income	<u>166,353</u>	<u>164,148</u>	<u>329,849</u>	<u>377,997</u>

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

23. Other operating income (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	77,393	82,107	171,498	153,583
- <i>Commission income</i>	50,013	49,348	102,648	99,865
- <i>Service fees</i>	21,259	24,711	54,139	37,666
- <i>Guarantee fees</i>	6,121	8,048	14,711	16,052
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(22,276)	(14,024)	(42,591)	(27,372)
- <i>Commission charges</i>	(13,577)	(6,126)	(24,947)	(11,013)
- <i>Service charges</i>	(8,699)	(7,898)	(17,644)	(16,359)
	<u>55,117</u>	<u>68,083</u>	<u>128,907</u>	<u>126,211</u>
Net trading income				
Gains/(Loss) from sale of financial assets held for trading and derivative financial instruments	68,672	(39,114)	92,902	35,435
Unrealised (loss)/gains on revaluation of financial assets held for trading and other financial instruments	(5,685)	73,569	10,568	76,905
Foreign exchange currency				
- Gains from dealing in foreign currency	120,164	43,700	169,234	116,507
- Unrealised loss from foreign exchange translation	(93,633)	(2,210)	(98,295)	(1,752)
	<u>89,518</u>	<u>75,945</u>	<u>174,409</u>	<u>227,095</u>
Other income				
Gains from sale of investment securities available-for-sale	2,068	1,557	5,773	5,431
Gross dividends from unquoted investments	17,697	17,732	17,697	17,732
Gain on disposal of property, plant and equipment	-	158	92	180
Others	22,777	15,425	42,021	32,758
	<u>42,542</u>	<u>34,872</u>	<u>65,583</u>	<u>56,101</u>
Total other operating income	<u>187,177</u>	<u>178,900</u>	<u>368,899</u>	<u>409,407</u>

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

24. Other operating expenses

	Group			
	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	83,596	72,601	160,948	140,784
- Pension fund contributions	9,172	8,414	17,319	16,789
- Other staff related cost	8,339	7,500	16,041	25,841
	<u>101,107</u>	<u>88,515</u>	<u>194,308</u>	<u>183,414</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,540	7,097	12,744	14,112
- Rental	6,858	6,464	13,665	12,855
- Information technology and project expenses	28,541	25,517	53,484	44,774
- Others	10,021	13,060	22,661	23,578
	<u>51,960</u>	<u>52,138</u>	<u>102,554</u>	<u>95,319</u>
Marketing expenses				
- Advertisement and publicity	4,996	5,704	9,200	11,721
- Others	4,043	4,981	7,579	10,158
	<u>9,039</u>	<u>10,685</u>	<u>16,779</u>	<u>21,879</u>
Administration and general expenses				
- Communication expenses	3,534	3,861	6,540	7,591
- Group administration and business support expenses	43,471	30,617	71,507	57,784
- Outsourcing expenses	24,333	23,081	48,078	44,627
- Others	27,608	19,010	53,388	40,061
	<u>98,946</u>	<u>76,569</u>	<u>179,513</u>	<u>150,063</u>
Total other operating expenses	<u>261,052</u>	<u>227,907</u>	<u>493,154</u>	<u>450,675</u>

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

24. Other operating expenses (continued)

	Bank			
	2nd Quarter ended 30 June 2013 RM'000	30 June 2012 RM'000	Six months ended 30 June 2013 RM'000	30 June 2012 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	82,172	70,749	156,822	137,290
- Pension fund contributions	9,172	8,414	17,319	16,789
- Other staff related cost	8,045	7,054	15,037	24,342
	<u>99,389</u>	<u>86,217</u>	<u>189,178</u>	<u>178,421</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,776	6,301	11,165	12,694
- Rental	6,349	6,046	12,676	12,023
- Information technology and project expenses	28,514	25,441	53,468	44,664
- Others	9,523	12,540	21,783	22,249
	<u>50,162</u>	<u>50,328</u>	<u>99,092</u>	<u>91,630</u>
Marketing expenses				
- Advertisement and publicity	4,933	5,623	9,111	11,432
- Others	3,938	4,865	7,382	9,978
	<u>8,871</u>	<u>10,488</u>	<u>16,493</u>	<u>21,410</u>
Administration and general expenses				
- Communication expenses	3,390	3,726	6,268	7,323
- Group administration and business support expenses	41,927	28,792	68,086	54,194
- Outsourcing expenses	24,333	23,081	48,078	44,627
- Others	19,753	16,396	42,427	34,550
	<u>89,403</u>	<u>71,995</u>	<u>164,859</u>	<u>140,694</u>
Total other operating expenses	<u><u>247,825</u></u>	<u><u>219,028</u></u>	<u><u>469,622</u></u>	<u><u>432,155</u></u>

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

25. Provisions for loans, advances and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	45,902	38,219	116,032	73,294
- Made in the financial period	44,399	46,720	115,353	89,014
- Discounting of collaterals	20,694	7,041	39,553	16,383
- Written back	(19,191)	(15,542)	(38,874)	(32,103)
Collective impairment provisions				
- Made in the financial period	20,859	9,997	32,225	21,508
- Written back	(20,641)	(22,299)	(27,357)	(25,467)
Bad and doubtful debts on loans, advances and financing:-				
Written off	37,867	32,408	79,582	61,037
Recovered	(10,565)	(19,056)	(19,807)	(35,495)
	<u>73,422</u>	<u>39,269</u>	<u>180,675</u>	<u>94,877</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	19,419	21,409	64,132	42,782
- Made in the financial period	17,201	29,573	62,409	57,894
- Discounting of collaterals	20,694	7,041	39,553	16,383
- Written back	(18,476)	(15,205)	(37,830)	(31,495)
Collective impairment provisions				
- Made in the financial period	19,770	(6,030)	29,559	15,718
- Written back	(10,037)	(20,634)	(13,330)	(21,473)
Bad and doubtful debts on loans, advances and financing:-				
Written off	37,867	32,408	79,582	61,037
Recovered	(8,852)	(16,533)	(16,880)	(30,368)
	<u>58,167</u>	<u>10,620</u>	<u>143,063</u>	<u>67,696</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
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	2,520,452	1,465,965	2,532,970	1,474,348
As a percentage of total credit exposures	4.5%	2.7%	4.5%	3.0%

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

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 2013			31 December 2012		
	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	1,824,088	1,823,954	511,907	1,699,935	1,698,521	423,905
Transaction-related contingent items	4,526,820	4,396,598	1,028,477	3,759,364	3,642,859	966,914
Short-term self liquidating trade-related contingencies	175,960	146,614	39,363	521,072	497,940	109,762
Other commitments to extend credit:-						
- maturity not exceeding one year	11,853,803	4,919,920	1,547,057	13,261,669	4,594,421	1,499,749
- maturity exceeding one year	6,861,460	2,183,172	1,260,761	6,974,639	2,099,000	1,256,883
Foreign exchange related contracts:-						
- less than one year	37,705,118	817,493	252,606	42,695,582	734,554	156,436
- one year to less than five years	20,290,740	2,025,840	500,045	18,888,316	1,957,252	477,765
- five years and above	1,511,007	248,146	90,230	1,574,499	286,676	114,225
Interest rate related contracts:-						
- less than one year	21,459,218	50,088	5,405	21,996,302	84,276	9,742
- one year to less than five years	50,681,962	1,560,738	329,988	47,063,548	1,384,302	305,745
- five years and above	4,815,874	503,806	163,734	5,073,393	558,044	167,964
Miscellaneous commitments and contingencies	2,347,101	164,782	69,415	1,738,916	136,104	81,756
	<u>164,053,151</u>	<u>18,841,151</u>	<u>5,798,988</u>	<u>165,247,235</u>	<u>17,673,949</u>	<u>5,570,846</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. Commitments and contingencies (continued)

	30 June 2013			31 December 2012		
	Principal amount RM'000	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	1,812,811	1,812,741	508,484	1,696,370	1,696,300	423,294
Transaction-related contingent items	4,472,745	4,354,457	1,014,452	3,704,863	3,597,280	949,608
Short-term self liquidating trade-related contingencies	137,104	108,680	31,086	361,387	339,687	64,846
Other commitments to extend credit:-						
- maturity not exceeding one year	10,644,463	4,157,546	1,314,270	12,434,304	4,294,769	1,398,489
- maturity exceeding one year	6,130,484	2,020,956	1,159,987	6,221,888	1,942,688	1,143,625
Foreign exchange related contracts:-						
- less than one year	37,705,118	817,506	251,003	42,695,582	734,554	155,309
- one year to less than five years	20,290,740	2,025,840	500,045	18,888,316	1,957,252	477,765
- five years and above	1,511,007	248,146	90,230	1,574,499	286,676	114,225
Interest rate related contracts:-						
- less than one year	21,459,218	54,486	5,798	22,196,302	84,476	9,681
- one year to less than five years	50,681,962	1,556,267	316,437	47,063,662	1,378,785	288,963
- five years and above	4,758,374	500,931	156,355	5,010,779	554,286	158,343
Miscellaneous commitments and contingencies	2,347,101	164,782	69,415	1,738,916	136,104	81,756
	<u>161,951,127</u>	<u>17,822,338</u>	<u>5,417,562</u>	<u>163,586,868</u>	<u>17,002,857</u>	<u>5,265,904</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

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 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	6,442,653	-	-	-	692,165	-	7,134,818	2.53
Deposits and placements with banks and other financial institutions	-	-	12,139	-	-	-	12,139	2.33
Securities purchased under resale agreements	716,251	-	-	-	-	-	716,251	2.87
Financial assets held for trading	-	-	-	-	-	2,506,327	2,506,327	3.08
Investment securities available-for-sale	1,698,702	555,031	1,174,580	243	47,979	-	3,476,535	3.21
Loans, advances and financing								
- Performing	27,492,257	3,937,508	2,112,155	685,617	-	-	34,227,537	5.41
- Impaired	-	-	-	-	234,259	-	234,259	
Derivative financial assets	-	-	-	-	-	1,588,109	1,588,109	
Other balances	-	-	-	100,000	2,182,874	-	2,282,874	4.85
	36,349,863	4,492,539	3,298,874	785,860	3,157,277	4,094,436	52,178,849	
Financial liabilities								
Deposits from customers	22,948,213	5,521,800	746,353	-	6,364,517	-	35,580,883	2.54
Deposits and placements of banks and other financial institutions	7,127,864	102,088	130,000	401,602	-	-	7,761,554	3.05
Derivative financial liabilities	-	-	-	-	-	1,516,977	1,516,977	
Other balances	-	-	27,246	-	2,986,317	-	3,013,563	3.80
Subordinated debts	-	500,000	-	-	-	-	500,000	4.76
	30,076,077	6,123,888	903,599	401,602	9,350,834	1,516,977	48,372,977	
On-balance sheet interest sensitivity gap	6,273,786	(1,631,349)	2,395,275	384,258	(6,193,557)	2,577,459		
Off-balance sheet interest sensitivity gap	(278,254)	(568,322)	(2,364,247)	475,668	-	-		
Total interest sensitivity gap	5,995,532	(2,199,671)	31,028	859,926	(6,193,557)	2,577,459		

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

28. Interest rate risk (continued)

Group As at 31 December 2012	← Non-trading books →				Non-interest sensitive RM'000	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				
Financial assets								
Cash and short term funds	4,404,546	-	-	-	902,003	-	5,306,549	2.47
Deposits and placements with banks and other financial institution	176,462	-	11,744	-	-	-	188,206	2.19
Securities purchased under resale agreements	118,227	29,914	-	-	-	-	148,141	2.47
Financial assets held for trading	-	-	-	-	-	3,391,192	3,391,192	3.21
Investment securities available-for-sale	2,254,245	2,088,170	1,630,359	132,116	9,909	-	6,114,799	3.01
Loans, advances and financing								
- Performing	25,044,955	4,396,793	2,577,359	643,489	-	-	32,662,596	5.73
- Impaired	-	-	-	-	206,356	-	206,356	
Derivative financial assets	-	-	-	-	-	1,589,143	1,589,143	
Other balances	-	-	-	-	1,942,537	-	1,942,537	
	31,998,435	6,514,877	4,219,462	775,605	3,060,805	4,980,335	51,549,519	
Financial liabilities								
Deposits from customers	18,750,509	6,788,012	333,885	401,952	9,290,128	-	35,564,486	3.08
Deposits and placements of banks and other financial institutions	7,754,748	242	210,051	349,615	-	-	8,314,656	2.94
Derivative financial liabilities	-	-	-	-	-	1,385,896	1,385,896	
Other balances	-	-	-	-	2,027,102	-	2,027,102	
Subordinated debts	-	500,000	-	-	-	-	500,000	4.51
	26,505,257	7,288,254	543,936	751,567	11,317,230	1,385,896	47,792,140	
On-balance sheet interest sensitivity gap	5,493,178	(773,377)	3,675,526	24,038	(8,256,425)	3,594,439		
Off-balance sheet interest sensitivity gap	(992,507)	(476,699)	(1,638,623)	479,120	-	-		
Total interest sensitivity gap	4,500,671	(1,250,076)	2,036,903	503,158	(8,256,425)	3,594,439		

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

28. Interest rate risk (continued)

Bank As at 30 June 2013	← Non-trading books →				Non-interest sensitive RM'000	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				
Financial assets								
Cash and short term funds	5,066,407	-	-	-	677,161	-	5,743,568	2.42
Deposits and placements with banks and other financial institutions	705,520	452,887	12,139	31,675	-	-	1,202,221	3.04
Securities purchased under resale agreements	716,251	-	-	-	-	-	716,251	2.87
Financial assets held for trading	-	-	-	-	-	2,506,327	2,506,327	3.08
Investment securities available-for-sale	1,494,263	356,590	1,174,580	243	9,651	-	3,035,327	3.23
Loans, advances and financing								
- Performing	25,895,356	3,733,847	365,192	117,751	-	-	30,112,146	5.12
- Impaired	-	-	-	-	201,274	-	201,274	
Derivative financial assets	-	-	-	-	-	1,588,109	1,588,109	
Other balances	-	-	-	100,000	2,431,959	-	2,531,959	4.85
	33,877,797	4,543,324	1,551,911	249,669	3,320,045	4,094,436	47,637,182	
Financial liabilities								
Deposits from customers	20,895,304	3,332,701	621,023	-	6,364,517	-	31,213,545	2.75
Deposits and placements of banks and other financial institutions	7,127,861	896	130,000	397,999	-	-	7,656,756	3.05
Derivative financial liabilities	-	-	-	-	-	1,516,977	1,516,977	
Other balances	-	-	27,246	-	3,486,100	-	3,513,346	3.80
Subordinated debts	-	-	-	500,000	-	-	500,000	4.76
	28,023,165	3,333,597	778,269	897,999	9,850,617	1,516,977	44,400,624	
On-balance sheet interest sensitivity gap	5,854,632	1,209,727	773,642	(648,330)	(6,530,572)	2,577,459		
Off-balance sheet interest sensitivity gap	(278,254)	(568,322)	(2,364,247)	475,668	-	-		
Total interest sensitivity gap	5,576,378	641,405	(1,590,605)	(172,662)	(6,530,572)	2,577,459		

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

28. Interest rate risk (continued)

Bank As at 31 December 2012	← Non-trading books →				Non-interest sensitive RM'000	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				
Financial assets								
Cash and short term funds	3,253,214	-	-	-	885,857	-	4,139,071	2.28
Deposits and placements with banks and other financial institutions	944,572	1,071,831	11,745	25,504	-	-	2,053,652	3.14
Securities purchased under resale agreements	118,227	29,914	-	-	-	-	148,141	2.47
Financial assets held for trading	-	-	-	-	-	3,391,192	3,391,192	3.21
Investment securities available-for-sale	1,450,176	1,750,605	1,630,359	132,116	9,909	-	4,973,165	3.00
Loans, advances and financing								
- Performing	23,809,262	4,267,231	538,595	141,311	-	-	28,756,399	5.29
- Impaired	-	-	-	-	175,841	-	175,841	
Derivative financial assets	-	-	-	-	-	1,589,144	1,589,144	
Other balances	-	-	-	-	2,188,024	-	2,188,024	
	29,575,451	7,119,581	2,180,699	298,931	3,259,631	4,980,336	47,414,629	
Financial liabilities								
Deposits from customers	16,418,597	5,342,339	305,594	307,525	9,290,128	-	31,664,183	3.12
Deposits and placements of banks and other financial institutions	7,655,949	242	210,051	346,001	-	-	8,212,243	3.02
Derivative financial liabilities	-	-	-	-	-	1,386,071	1,386,071	
Other balances	-	-	-	-	2,438,793	-	2,438,793	
Subordinated debts	-	500,000	-	-	-	-	500,000	4.51
	24,074,546	5,842,581	515,645	653,526	11,728,921	1,386,071	44,201,290	
On-balance sheet interest sensitivity gap	5,500,905	1,277,000	1,665,054	(354,595)	(8,469,290)	3,594,265		
Off-balance sheet interest sensitivity gap	(992,507)	(476,699)	(1,638,623)	479,120	-	-		
Total interest sensitivity gap	4,508,398	800,301	26,431	124,525	(8,469,290)	3,594,265		

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

29. Fair values of financial assets and liabilities**Fair value hierarchy**

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 Corporate bonds in illiquid markets
Type of financial liabilities	-	OTC derivatives	-

Group	Level 1	Level 2	Level 3	Total
30 June 2013	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	968,648	-	-	968,648
Debt securities	1,438,077	99,602	-	1,537,679
Derivative financial instruments	13,391	1,570,727	3,991	1,588,109
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	894,568	-	-	894,568
Debt securities	1,201,762	1,332,226	38,328	2,572,316
At 30 June 2013	<u>4,516,446</u>	<u>3,002,555</u>	<u>42,319</u>	<u>7,561,320</u>
Liabilities				
Derivative financial instruments	19,389	1,493,853	3,735	1,516,977
At 30 June 2013	<u>19,389</u>	<u>1,493,853</u>	<u>3,735</u>	<u>1,516,977</u>

Bank	Level 1	Level 2	Level 3	Total
30 June 2013	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	968,648	-	-	968,648
Debt securities	1,438,077	99,602	-	1,537,679
Derivative financial instruments	13,391	1,570,727	3,991	1,588,109
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	496,688	-	-	496,688
Debt securities	1,201,762	1,327,226	-	2,528,988
At 30 June 2013	<u>4,118,566</u>	<u>2,997,555</u>	<u>3,991</u>	<u>7,120,112</u>
Liabilities				
Derivative financial instruments	19,389	1,493,853	3,735	1,516,977
At 30 June 2013	<u>19,389</u>	<u>1,493,853</u>	<u>3,735</u>	<u>1,516,977</u>

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

29. Fair values of financial assets and liabilities (continued)**Fair value hierarchy (continued)**

Group	Level 1	Level 2	Level 3	Total
31 December 2012				
Assets	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	1,396,302	-	-	1,396,302
Debt securities	1,811,644	183,246	-	1,994,890
Derivative financial instruments	739	1,584,756	3,648	1,589,143
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	2,984,992	-	-	2,984,992
Debt securities	1,790,325	1,329,816	-	3,120,141
At 31 December 2012	<u>7,984,002</u>	<u>3,097,818</u>	<u>3,648</u>	<u>11,085,468</u>

Liabilities

Derivative financial instruments	2,600	1,379,935	3,361	1,385,896
At 31 December 2012	<u>2,600</u>	<u>1,379,935</u>	<u>3,361</u>	<u>1,385,896</u>

Bank	Level 1	Level 2	Level 3	Total
31 December 2012				
Assets	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	1,396,302	-	-	1,396,302
Debt securities	1,811,644	183,246	-	1,994,890
Derivative financial instruments	739	1,584,757	3,648	1,589,144
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	1,888,359	-	-	1,888,359
Debt securities	1,790,325	1,284,815	-	3,075,140
At 31 December 2012	<u>6,887,369</u>	<u>3,052,818</u>	<u>3,648</u>	<u>9,943,835</u>

Liabilities

Derivative financial instruments	2,600	1,380,110	3,361	1,386,071
At 31 December 2012	<u>2,600</u>	<u>1,380,110</u>	<u>3,361</u>	<u>1,386,071</u>

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2013.

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

30. Capital adequacy

The capital adequacy ratios of the Group and the Bank as at 30 June 2013 are analysed as follows:-

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 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	2,860,345	2,760,535	2,719,142	2,628,296
Less: Deferred tax assets	(31,170)	(41,513)	(25,026)	(36,062)
Excess of Expected Loss over Expected Provisions under IRB approach	(316,016)	-	(215,421)	-
Unrealised gains and losses on 'available-for-sale' financial instruments	(5,463)	-	(5,387)	-
CET 1 capital	<u>3,007,696</u>	<u>3,219,022</u>	<u>2,973,308</u>	<u>3,092,234</u>
Musarakah Irredeemable Non-Cumulative Preference Shares	342,000	380,000	342,000	380,000
Eligible Tier 1 capital	<u>3,349,696</u>	<u>3,599,022</u>	<u>3,315,308</u>	<u>3,472,234</u>
Tier 2 Capital				
Subordinated debts	500,000	500,000	500,000	500,000
Collective impairment provisions under standardised approach	50,449	52,270	33,966	34,766
Regulatory reserves	150,000	150,000	150,000	150,000
	<u>700,449</u>	<u>702,270</u>	<u>683,966</u>	<u>684,766</u>
Less: Investment in subsidiaries	-	-	(511,522)	(411,522)
Excess of Expected Loss over Expected Provisions under IRB approach	-	(312,602)	-	(214,819)
Exclusion of collective impairment provisions on impaired loans	-	(47,394)	-	(30,460)
Eligible Tier 2 capital	<u>700,449</u>	<u>342,274</u>	<u>172,444</u>	<u>27,965</u>
Total capital base	<u>4,050,145</u>	<u>3,941,296</u>	<u>3,487,752</u>	<u>3,500,199</u>

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

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
Total risk-weighted assets:-				
Credit risk	27,319,944	24,843,338	23,624,127	21,806,983
Market risk	1,820,929	1,423,771	1,820,929	1,423,771
Operational risk	3,327,406	3,189,623	3,073,801	2,918,198
Large exposure for equity holdings	553	568	553	568
	<u>32,468,832</u>	<u>29,457,300</u>	<u>28,519,410</u>	<u>26,149,520</u>

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

30. Capital adequacy (continued)

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

	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Before proposed dividend:-				
CET 1 capital ratio	9.26%	10.93% **	10.43%	11.83% **
Tier 1 capital ratio	10.32%	12.22%	11.62%	13.28%
Risk-weighted capital ratio	12.47%	13.38%	12.23%	13.39%
After proposed dividend:-				
CET 1 capital ratio	9.26%	10.42% **	10.43%	11.25% **
Tier 1 capital ratio	10.32%	11.71%	11.62%	12.70%
Risk-weighted capital ratio	12.47%	12.87%	12.23%	12.81%

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

	30 June 2013	31 December 2012
CET 1 capital ratio	10.40%	11.48% **
Tier 1 capital ratio	10.40%	11.48%
Risk-weighted capital ratio	13.04%	11.48%

With effect from 1 January 2013, the capital ratios have been computed in accordance with Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework (RWCAF) - Basel III and Capital Adequacy Framework for Islamic Banks (CAFIB) - Basel III.

Comparative figures computed based on RWCAF - Basel II and CAFIB - Basel II have not been restated. However, CET 1 ratios (**) have been presented for comparative purpose.