



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

**Financial statements for the financial half year
ended 30 June 2017**

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 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short term funds		8,774,282	6,500,523	7,455,990	5,345,827
Deposits and placements with banks and other financial institutions		-	1,278,509	3,661,538	5,507,040
Securities purchased under resale agreements		472,970	109,778	472,970	109,778
Financial assets held for trading	10	2,520,545	1,582,445	2,520,545	1,582,445
Investment securities available-for-sale	11	4,038,040	2,813,353	3,937,798	2,713,777
Loans, advances and financing	12	27,274,829	29,027,623	21,553,465	22,427,136
Derivative financial assets		2,700,263	4,437,138	2,706,675	4,485,347
Other assets	14	911,685	404,157	1,226,548	874,590
Current tax assets		2	72,381	-	67,674
Statutory deposits with Bank Negara Malaysia	15	541,867	750,302	404,357	607,152
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		52,387	60,327	52,278	60,176
Deferred tax assets		73,007	57,319	66,629	51,432
Total assets		47,359,877	47,093,855	44,470,315	44,243,896
Liabilities					
Deposits from customers	16	32,979,981	31,530,426	30,535,056	29,136,849
Investment account of customers		747,252	668,677	-	-
Deposits and placements of banks and other financial institutions	17	2,963,188	3,810,994	2,738,570	3,749,974
Derivative financial liabilities		2,792,189	4,056,364	2,793,172	4,091,140
Other liabilities	18	2,271,318	1,509,139	3,005,241	1,937,328
Current tax liabilities		8,406	-	8,003	-
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		42,762,334	42,575,600	40,080,042	39,915,291
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,434,543	4,355,255	4,227,273	4,165,605
Total equity attributable to owner of the Bank		4,597,543	4,518,255	4,390,273	4,328,605
Total liabilities and equity		47,359,877	47,093,855	44,470,315	44,243,896
Commitments and contingencies	27	173,899,155	178,001,105	175,986,369	179,724,304

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 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017

	Note	Group			
		2nd Quarter ended		Six months ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	20	374,005	363,520	735,169	736,354
Interest expense	21	(156,114)	(160,294)	(311,962)	(334,347)
Net interest income		217,891	203,226	423,207	402,007
Net income from Islamic Banking operations	22	59,802	83,784	141,891	174,749
		277,693	287,010	565,098	576,756
Other operating income	23	128,623	119,890	245,577	314,342
Total net income		406,316	406,900	810,675	891,098
Other operating expenses	24	(251,975)	(247,511)	(525,847)	(487,289)
Operating profit		154,341	159,389	284,828	403,809
Provisions for loans, advances and financing	25	(51,449)	(55,471)	(31,860)	(88,875)
Profit before taxation		102,892	103,918	252,968	314,934
Tax expense		(26,471)	(33,908)	(64,916)	(85,614)
Profit for the period		76,421	70,010	188,052	229,320
Other comprehensive (expense)/income, 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		8,751	6,950	7,488	11,290
Net amount transferred to profit or loss		(3,242)	(2,381)	(4,049)	(7,757)
Cash flow hedges:-					
Effective portion of changes in fair value		(164)	418	194	1,170
Net amount transferred to profit or loss		1	3	3	4
Other comprehensive income for the period, net of income tax		5,346	4,990	3,636	4,707
Total comprehensive income for the period		81,767	75,000	191,688	234,027
Profit attributable to:					
Owner of the Bank		76,421	70,010	188,052	229,320
Total comprehensive income attributable to:		81,767	75,000	191,688	234,027
Owner of the Bank		81,767	75,000	191,688	234,027

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 2016.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017

	Note	Bank			
		2nd Quarter ended 30 June 2017		Six months ended 30 June 2016	
		RM'000	RM'000	RM'000	RM'000
Interest income	20	401,472	398,233	794,244	811,925
Interest expense	21	(156,114)	(160,294)	(311,962)	(334,347)
Net interest income		245,358	237,939	482,282	477,578
Other operating income	23	144,502	169,647	285,564	384,344
Total net income		389,860	407,586	767,846	861,922
Other operating expenses	24	(246,307)	(237,974)	(510,409)	(462,975)
Operating profit		143,553	169,612	257,437	398,947
Provisions for loans, advances and financing	25	(46,709)	(47,751)	(26,919)	(76,299)
Profit before taxation		96,844	121,861	230,518	322,648
Tax expense		(25,140)	(31,146)	(59,513)	(80,329)
Profit for the period		71,704	90,715	171,005	242,319
Other comprehensive (expense)/income, net of income tax					
Item that may be reclassified subsequently to profit or loss					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		8,452	7,407	6,915	13,046
Net amount transferred to profit or loss		(3,242)	(2,381)	(4,049)	(7,757)
Cash flow hedges:-					
Effective portion of changes in fair value		(164)	418	194	1,170
Net amount transferred to profit or loss		1	3	3	4
Other comprehensive income for the period, net of income tax		5,047	5,447	3,063	6,463
Total comprehensive income for the period		76,751	96,162	174,068	248,782

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 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

GROUP	← 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 2017	163,000	717,000	265,750	260,000	190	(4,419)	(3,051)	3,119,785	4,518,255
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	7,488	-	-	7,488
Net amount transferred to profit or loss	-	-	-	-	-	(4,049)	-	-	(4,049)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	194	-	194
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Total other comprehensive (expense)/income for the period	-	-	-	-	-	3,439	197	-	3,636
Profit for the period	-	-	-	-	-	-	-	188,052	188,052
Total comprehensive (expense)/income for the period	-	-	-	-	-	3,439	197	188,052	191,688
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2016 final	-	-	-	-	-	-	-	(25,650)	(25,650)
Dividend (ordinary shares)									
- 2016 final	-	-	-	-	-	-	-	(86,750)	(86,750)
Transfer between reserves	-	-	(265,750)	-	-	-	-	265,750	-
Total transaction with owner of the Bank	-	-	(265,750)	-	-	-	-	153,350	(112,400)
At 30 June 2017	163,000	717,000	-	260,000	190	(980)	(2,854)	3,461,187	4,597,543

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 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

GROUP	← Attributable to owner of the Bank →							Retained profits 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 2016	163,000	717,000	265,750	260,000	190	8,828	(5,789)	2,817,933	4,226,912
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	11,290	-	-	11,290
Net amount transferred to profit or loss	-	-	-	-	-	(7,757)	-	-	(7,757)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	1,170	-	1,170
Net amount transferred to profit or loss	-	-	-	-	-	-	4	-	4
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	-	-
Total other comprehensive (expense)/ income for the period	-	-	-	-	-	3,533	1,174	-	4,707
Profit for the period	-	-	-	-	-	-	-	229,320	229,320
Total comprehensive (expense)/income for the period	-	-	-	-	-	3,533	1,174	229,320	234,027
At 30 June 2016	163,000	717,000	265,750	260,000	190	12,361	(4,615)	3,047,253	4,460,939

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 2016.

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

BANK	← Attributable to owner of the Bank →							Retained profits 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 2017	163,000	717,000	163,000	260,000	190	(3,613)	(3,051)	3,032,079	4,328,605
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	6,915	-	-	6,915
Net amount transferred to profit or loss	-	-	-	-	-	(4,049)	-	-	(4,049)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	194	-	194
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Total other comprehensive (expense)/income for the period	-	-	-	-	-	2,866	197	-	3,063
Profit for the period	-	-	-	-	-	-	-	171,005	171,005
Total comprehensive (expense)/income for the period	-	-	-	-	-	2,866	197	171,005	174,068
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2016 final	-	-	-	-	-	-	-	(25,650)	(25,650)
Dividend (ordinary shares)									
- 2016 final	-	-	-	-	-	-	-	(86,750)	(86,750)
Transfer between reserves	-	-	(163,000)	-	-	-	-	163,000	-
Total transaction with owner of the Bank	-	-	(163,000)	-	-	-	-	50,600	(112,400)
At 30 June 2017	163,000	717,000	-	260,000	190	(747)	(2,854)	3,253,684	4,390,273

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 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2016	163,000	717,000	163,000	260,000	190	6,966	(5,789)	2,735,572	4,039,939
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	13,046	-	-	13,046
Net amount transferred to profit or loss	-	-	-	-	-	(7,757)	-	-	(7,757)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	1,170	-	1,170
Net amount transferred to profit or loss	-	-	-	-	-	-	4	-	4
Total other comprehensive income for the period	-	-	-	-	-	5,289	1,174	-	6,463
Profit for the period	-	-	-	-	-	-	-	242,319	242,319
Total comprehensive income for the period	-	-	-	-	-	5,289	1,174	242,319	248,782
At 30 June 2016	163,000	717,000	163,000	260,000	190	12,255	(4,615)	2,977,891	4,288,721

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 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Group		Bank	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation	252,968	314,934	230,518	322,648
Adjustment for non-cash items	38,593	8,612	33,543	9,149
Operating profit before working capital changes	291,561	323,546	264,061	331,797
Changes in working capital:-				
Net changes in operating assets	1,867,071	(494,653)	1,717,797	(31,828)
Net changes in operating liabilities	1,442,503	(158,163)	1,454,715	(456,311)
Income taxes paid	(964)	(59,053)	-	(57,127)
Net cash generated from / (used in) operating activities	3,600,171	(388,323)	3,436,573	(213,469)
Net cash (used in) / generated from investing activities	(1,214,011)	1,576,525	(1,214,010)	1,072,544
Net cash used in financing activities	(112,401)	-	(112,400)	-
Net increase in cash and cash equivalents	2,273,759	1,188,202	2,110,163	859,075
Cash and cash equivalent at beginning of the period	6,500,523	6,889,236	5,345,827	5,907,593
Cash and cash equivalent at end of the period	<u>8,774,282</u>	<u>8,077,438</u>	<u>7,455,990</u>	<u>6,766,668</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 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM252.97 million for the first half year ended 30 June 2017, as compared to RM314.93 million in the same period last year.

Net interest income improved by 5.27% to RM423.21 million. Other operating income, however, reduced by 21.88% to RM245.58 million. Included in other operating income is a Credit Valuation Adjustment ("CVA") charge of RM5.60 million in 2017 (2016: release of RM 41.90 million). Meanwhile, other operating expenses increased by 7.91% to RM525.85 million as the Group continues to invest in technology and create platform for growth.

Loans, advances and financing declined 6.04% to RM27.27 billion during the half year. Deposits from customers however, increased by 4.60% to RM 32.98 billion. The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 13.31% and 18.31%, respectively.

PROSPECTS

Our Retail business will continue enhancing customer value propositions while investing in technology and people and expanding our partnerships and alliances while the focus of Commercial Banking business will be to ensure a balanced and healthy portfolio supporting high growth sectors. Meanwhile, our Corporate and Institutional Banking segment will continue to align with the Standard Chartered PLC Global Banking agenda, with emphasis on elevating our client relationships through resourcing of coverage teams.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the financial half year ended 30 June 2017

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 2017 have been prepared in accordance with Malaysian Financial Reporting Standards ("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 MFRS and Amendments to MFRSs during the current financial period:

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2017

- i) Amendments to MFRS 107 *Statement of Cash Flows – Disclosure Initiative*
- ii) Amendments to MFRS 112 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above MFRS and Amendments to MFRSs 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 Malaysian Accounting Standards Board ("MASB") but are not yet effective:

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2018

- i) MFRS 9 *Financial Instruments (2014)*
- ii) MFRS 15 *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- i) MFRS 16 *Leases*

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

- i) Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the abovementioned accounting standards and amendments are not expected to have any material impact to the financial statements of the Group except as mentioned below:-

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfer of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

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 are currently assessing the financial impact of adopting MFRS 9.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the financial half year ended 30 June 2017 (continued)

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

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. 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 2016.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2016 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 2017.

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 2017.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the second quarter and financial half year ended 30 June 2017.

7. Dividend

A semi-annual dividend at 6.75% on preference share amounting to RM12,825,000 for the financial half year ended 30 June 2017 will be proposed. The proposed dividend has not been accounted for in the financial statements of the Group and the Bank as at 30 June 2017.

8. 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.

9. Changes in the composition of the Group

There were no changes in the composition of the Group during the six months ended 30 June 2017.

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10. Financial assets held for trading

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	65,843	69,439	65,843	69,439
Malaysian Government bonds/securities	2,374,765	1,278,102	2,374,765	1,278,102
Government Islamic bonds	34,795	163,017	34,795	163,017
Bank Negara Malaysia bills	220	57,006	220	57,006
Sukuk	44,922	14,881	44,922	14,881
	<u>2,520,545</u>	<u>1,582,445</u>	<u>2,520,545</u>	<u>1,582,445</u>

11. Investment securities available-for-sale

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	49,881	3,364	49,881	3,364
Malaysian Government bonds/ securities	1,891,408	1,900,798	1,891,408	1,900,798
Bank Negara Malaysia bills	-	-	-	-
Bankers' acceptances and Islamic acceptance bills	20,825	54,597	20,825	54,597
Negotiable instruments of deposit	1,620,324	400,116	1,620,324	400,116
Government Islamic bonds	294,756	293,436	194,514	193,860
Corporate bonds	151,505	151,701	151,505	151,701
	<u>4,028,699</u>	<u>2,804,012</u>	<u>3,928,457</u>	<u>2,704,436</u>
Unquoted securities :-				
Equity shares, at cost	9,098	9,098	9,098	9,098
Private debt securities, at fair value	243	243	243	243
	<u>4,038,040</u>	<u>2,813,353</u>	<u>3,937,798</u>	<u>2,713,777</u>

STANDARD CHARTERED BANK MALAYSIA BERHAD
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12. Loans, advances and financing**(i) By type**

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<u>At amortised cost</u>				
Overdrafts	333,061	331,972	333,061	331,972
Term loans/financing				
- Housing loans/financing	12,245,409	12,464,983	9,288,945	9,396,817
- Syndicated term loan/financing	337,942	223,932	337,942	223,932
- Hire purchase receivables	74,784	101,619	-	-
- Lease receivables	155,991	256,026	-	-
- Other term loans/financing	7,700,939	8,282,077	5,631,220	6,151,476
Bills receivable	2,987,054	3,416,766	2,625,276	2,782,340
Trust receipts	701,730	826,250	457,702	530,700
Staff loans/financing	31,283	32,633	23,905	28,072
Loans/financing to banks and other financial institutions	34,705	56,964	34,705	56,964
Credit card receivables	2,000,733	2,099,819	2,000,733	2,099,819
Revolving credit	2,230,424	2,624,462	1,848,978	1,899,107
	<u>28,834,055</u>	<u>30,717,503</u>	<u>22,582,467</u>	<u>23,501,199</u>
Less: Unearned interest and income	(446,104)	(520,128)	(11,295)	(11,139)
Gross loans, advances and financing	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(756,180)	(768,121)	(725,735)	(741,959)
- Collective impairment provisions	(356,942)	(401,631)	(291,972)	(320,965)
Total net loans, advances and financing	<u>27,274,829</u>	<u>29,027,623</u>	<u>21,553,465</u>	<u>22,427,136</u>

(ii) By type of customer

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Domestic banking institutions	15,667	280,915	15,667	280,915
Domestic non-bank financial institutions	216,388	593,846	139,936	295,221
Domestic business enterprises	11,234,054	12,225,884	8,730,671	9,268,203
<i>Small medium enterprises</i>	<u>3,407,647</u>	<u>3,602,842</u>	<u>2,504,101</u>	<u>2,601,474</u>
<i>Others</i>	<u>7,826,407</u>	<u>8,623,042</u>	<u>6,226,570</u>	<u>6,666,729</u>
Individuals	14,374,191	14,726,991	11,679,038	11,884,963
Other domestic entities	369	98	369	98
Foreign entities	2,547,282	2,369,641	2,005,491	1,760,660
	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Fixed rate				
Housing loans/financing	15,433	18,224	14,180	16,861
Other fixed rate loan/financing	3,997,311	4,546,758	3,011,753	3,353,485
Variable rate				
BLR plus/ Base rate plus	15,173,899	15,441,067	12,237,917	12,374,272
Cost plus	8,373,967	9,361,732	7,210,365	7,638,644
Other variable rates	827,341	829,594	96,957	106,798
	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>

(iv) By sector

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Agriculture	322,693	188,613	137,773	58,373
Mining and quarrying	249,339	280,017	38,118	40,168
Manufacturing	3,951,609	4,303,284	3,351,270	3,618,096
Electricity, gas and water	55,685	46,022	54,271	44,328
Construction	693,124	640,761	515,350	471,977
Real estate	1,785,789	1,691,471	1,455,270	1,351,849
Wholesale & retail trade and restaurants & hotels	2,289,056	3,018,359	1,903,687	2,202,584
Transportation, storage and communication	348,670	695,474	289,560	621,720
Finance, insurance and business services	1,500,536	1,979,674	1,000,464	1,314,262
Household	16,533,033	16,835,624	13,350,094	13,491,067
Others	658,417	518,076	475,315	275,636
	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>

(v) By purpose

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of landed property	15,175,596	15,511,969	11,607,913	11,815,880
- Residential	12,108,352	12,329,533	9,393,943	9,508,447
- Non-residential	3,067,244	3,182,436	2,213,970	2,307,433
Fixed assets excluding land & building	69,912	95,725	-	-
Personal use	1,076,605	1,272,681	829,993	868,027
Credit cards	2,000,733	2,003,545	2,000,733	2,099,819
Securities	253,677	96,274	253,677	96,274
Working capital	9,776,723	11,160,217	7,844,151	8,553,096
Others	34,705	56,964	34,705	56,964
	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Maturing within one year	9,207,474	10,624,843	8,111,484	8,916,301
One year to three years	1,197,082	1,302,063	680,405	835,582
Three years to five years	1,615,733	2,068,483	1,199,447	1,478,567
Over five years	16,367,662	16,201,986	12,579,836	12,259,610
	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>

(vii) By geographical distribution

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Within Malaysia	28,159,681	30,052,975	22,396,907	23,452,112
Outside Malaysia	228,270	144,400	174,265	37,948
	<u>28,387,951</u>	<u>30,197,375</u>	<u>22,571,172</u>	<u>23,490,060</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
USD	3,699,224	4,618,011	2,613,111	3,566,151
GBP	70,132	90,393	70,132	90,393
Other foreign currencies	133,457	36,431	133,457	26,455
	<u>3,902,813</u>	<u>4,744,835</u>	<u>2,816,700</u>	<u>3,683,000</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January	1,379,042	1,287,013	1,322,159	1,250,196
Currency translation differences	(24,344)	6,913	(24,344)	6,913
Classified as impaired during the financial period/year	281,213	927,329	231,267	807,245
Reclassified as performing during the financial period/year	(155,881)	(294,854)	(117,076)	(240,231)
Amount recovered during the financial period/year	(61,309)	(136,878)	(59,120)	(133,470)
Amount written off during the financial period/year	(124,264)	(410,481)	(106,539)	(368,494)
At end of reporting period/year	1,294,457	1,379,042	1,246,347	1,322,159
Individual impairment provisions	(756,180)	(768,121)	(725,735)	(741,959)
Net impaired loans, advances and financing	538,277	610,921	520,612	580,200

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Collective impairment provisions				
At 1 January	401,631	381,614	320,965	288,265
Impairment made during the financial period/year	14,645	114,209	10,287	93,750
Amount written back	(59,334)	(94,192)	(39,280)	(61,050)
At end of reporting period/year	356,942	401,631	291,972	320,965
As a percentage of gross loans, advances and financing less individual impairment provisions	1.29%	1.36%	1.34%	1.41%
Individual impairment provisions				
At 1 January	768,121	702,759	741,959	674,137
Currency translation differences	(10,811)	6,913	(10,811)	6,913
Impairment made during the financial period/year	129,418	340,783	94,380	266,578
Transferred from provision for commitments and contingencies	-	102,388	-	102,388
Amount written back	(77,357)	(81,446)	(69,692)	(67,498)
Amount written off	(53,191)	(303,276)	(30,101)	(240,559)
At end of reporting period/year	756,180	768,121	725,735	741,959

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Agriculture	19,297	19,938	19,297	19,938
Mining and quarrying	3,479	28,386	3,479	28,386
Manufacturing	856,611	899,069	855,459	898,230
Construction	5,732	2,876	4,495	2,421
Real estate	73,132	77,798	73,132	77,798
Wholesale & retail trade and restaurants & hotels	104,913	109,073	94,989	102,801
Transportation, storage and communication	7,627	6,990	4,250	3,453
Finance, insurance and business services	3,732	2,097	3,243	1,011
Education, health & others				
Household	213,637	224,946	182,555	183,734
Others	6,297	7,869	5,448	4,387
	<u>1,294,457</u>	<u>1,379,042</u>	<u>1,246,347</u>	<u>1,322,159</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of landed property	138,486	174,127	117,451	143,700
- Residential	116,559	134,614	100,839	109,352
- Non-residential	21,927	39,513	16,612	34,348
Fixed assets excluding land & building	2,619	2,743	-	-
Personal use	92,958	88,804	77,597	73,254
Credit cards	13,017	15,328	13,017	15,328
Working capital	1,047,377	1,098,040	1,038,282	1,089,877
	<u>1,294,457</u>	<u>1,379,042</u>	<u>1,246,347</u>	<u>1,322,159</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Within Malaysia	1,294,294	1,378,962	1,246,184	1,322,079
Outside Malaysia	163	80	163	80
	<u>1,294,457</u>	<u>1,379,042</u>	<u>1,246,347</u>	<u>1,322,159</u>

14. Other assets

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Interest/Income receivables	67,118	53,949	86,029	72,269
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	844,567	350,208	1,040,519	702,321
	<u>911,685</u>	<u>404,157</u>	<u>1,226,548</u>	<u>874,590</u>

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15. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 to satisfy the Statutory Reserve Requirement ("SRR"); the amounts of which are determined at set percentages of total eligible liabilities.

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Demand deposits	15,850,714	13,730,530	15,025,122	12,973,291
Savings deposits	3,374,317	3,363,025	3,298,818	3,276,238
Fixed/Investment deposits	12,092,504	12,680,721	10,674,267	11,254,465
Negotiable instruments of deposits	<u>1,662,446</u>	<u>1,756,150</u>	<u>1,536,849</u>	<u>1,632,855</u>
	<u>32,979,981</u>	<u>31,530,426</u>	<u>30,535,056</u>	<u>29,136,849</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Due within six months	9,651,988	10,841,975	8,478,637	9,570,813
Six months to one year	2,654,914	2,513,855	2,428,668	2,357,965
One year to three years	893,875	561,334	871,417	556,844
Three years to five years	203,388	181,303	81,609	63,294
Over five years	<u>350,785</u>	<u>338,404</u>	<u>350,785</u>	<u>338,404</u>

(ii) By type of customers

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Government and statutory bodies	737,237	713,030	75,721	45,800
Business enterprises	14,376,381	13,066,289	13,480,113	12,444,490
Individuals	11,453,677	12,014,405	10,937,769	11,370,312
Others	<u>6,412,686</u>	<u>5,736,702</u>	<u>6,041,453</u>	<u>5,276,247</u>
	<u>32,979,981</u>	<u>31,530,426</u>	<u>30,535,056</u>	<u>29,136,849</u>

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17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Licensed banks	336,920	1,842,393	336,920	1,842,393
Bank Negara Malaysia	-	30,000	-	30,000
Other financial institutions	2,626,268	1,938,601	2,401,650	1,877,581
	<u>2,963,188</u>	<u>3,810,994</u>	<u>2,738,570</u>	<u>3,749,974</u>

18. Other liabilities

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Interest/Income payable	213,836	139,940	210,786	137,232
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	2,057,482	1,369,199	2,794,433	1,800,074
	<u>2,271,318</u>	<u>1,509,139</u>	<u>3,005,241</u>	<u>1,937,328</u>

19. Provision for credit commitments and contingencies

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
As at 1 January	-	97,852
Currency translation difference	-	4,536
Transfer to Individual Impairment provision (Note 13)	-	(102,388)
As at end of reporting period/ year	<u>-</u>	<u>-</u>

Provision for credit commitments and contingencies comprises those undrawn contractually committed facilities and contingent exposures where there is doubt as to borrowers' ability to meet their repayment obligations.

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20. Interest income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	269,368	298,292	552,750	593,318
- Recoveries from impaired loans	6,588	7,322	13,243	15,273
Money at call and deposit placements with banks and other financial institutions	35,286	15,909	54,935	41,272
Financial assets held for trading	22,645	20,480	42,720	36,072
Investment securities available-for-sale	40,118	21,517	71,521	50,419
	<u>374,005</u>	<u>363,520</u>	<u>735,169</u>	<u>736,354</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	269,368	298,292	552,750	593,318
- Recoveries from impaired loans	6,588	7,322	13,243	15,273
Money at call and deposit placements with banks and other financial institutions	62,753	50,622	114,010	116,843
Financial assets held for trading	22,645	20,480	42,720	36,072
Investment securities available-for-sale	40,118	21,517	71,521	50,419
	<u>401,472</u>	<u>398,233</u>	<u>794,244</u>	<u>811,925</u>

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21. Interest expense

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	8,353	15,613	18,327	40,213
Deposits from customers	135,560	131,761	269,397	268,290
Subordinated debts	12,201	12,920	24,238	25,844
	<u>156,114</u>	<u>160,294</u>	<u>311,962</u>	<u>334,347</u>

22. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	60,694	84,411	140,175	167,958
Income derived from investment account funds	20,841	26,510	45,665	53,860
Income attributable to depositors	(30,571)	(10,821)	(63,694)	(44,910)
Income attributable to investment account holders	<u>(17,029)</u>	<u>(36,628)</u>	<u>(22,625)</u>	<u>(42,529)</u>
Income attributable to the equity holder of the Bank	33,935	63,472	99,521	134,379
Income derived from investment of Islamic banking capital funds and shareholder's funds	25,867	20,312	42,370	40,370
	<u>59,802</u>	<u>83,784</u>	<u>141,891</u>	<u>174,749</u>

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23. Other operating income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	60,852	62,895	123,011	128,495
- <i>Commission income</i>	40,828	34,285	78,999	69,584
- <i>Service fees</i>	10,836	16,277	23,444	33,740
- <i>Guarantee fees</i>	9,188	12,333	20,568	25,171
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(16,364)	(14,292)	(35,789)	(28,763)
- <i>Commission charges</i>	(4,024)	(4,786)	(11,578)	(9,639)
- <i>Service charges</i>	(12,340)	(9,506)	(24,211)	(19,124)
	<u>44,488</u>	<u>48,603</u>	<u>87,222</u>	<u>99,732</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	60,405	20,179	99,787	(81,025)
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	81,923	200,082	111,601	360,587
Foreign exchange currency				
- Gains/(losses) from dealing in foreign currency	105,917	(22,889)	154,875	(46,368)
- Unrealised (losses)/gains from foreign exchange translation	(168,636)	(128,472)	(214,008)	(24,235)
	<u>79,609</u>	<u>68,900</u>	<u>152,255</u>	<u>208,959</u>
Other income				
Gains from sale of investment securities available-for-sale	3,641	1,595	5,106	4,834
Gross dividends from unquoted investments	689	688	689	688
Rental income	9	9	17	17
Gain on disposal of property, plant and equipment	110	-	110	-
Others	77	95	178	112
	<u>4,526</u>	<u>2,387</u>	<u>6,100</u>	<u>5,651</u>
Total other operating income	<u>128,623</u>	<u>119,890</u>	<u>245,577</u>	<u>314,342</u>

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23. Other operating income (continued)

	Bank			
	2nd Quarter ended 30 June 2017 RM'000	30 June 2016 RM'000	Six months ended 30 June 2017 RM'000	30 June 2016 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	60,852	62,895	123,011	128,495
- <i>Commission income</i>	40,828	34,285	78,999	69,584
- <i>Service fees</i>	10,836	16,277	23,444	33,740
- <i>Guarantee fees</i>	9,188	12,333	20,568	25,171
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(16,364)	(14,292)	(35,789)	(28,763)
- <i>Commission charges</i>	(4,024)	(4,786)	(11,578)	(9,639)
- <i>Service charges</i>	(12,340)	(9,506)	(24,211)	(19,124)
	<u>44,488</u>	<u>48,603</u>	<u>87,222</u>	<u>99,732</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	60,405	20,179	99,787	(81,025)
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	76,801	206,973	110,134	367,478
Foreign exchange currency				
- Gains/(Losses) from dealing in foreign currency	105,917	(22,889)	154,875	(46,368)
- Unrealised (losses)/gains from foreign exchange translation	(168,636)	(128,472)	(214,008)	(24,235)
	<u>74,487</u>	<u>75,791</u>	<u>150,788</u>	<u>215,850</u>
Other income				
Gains from sale of investment securities available-for-sale	3,641	1,595	5,106	4,834
Gross dividends from unquoted investments	689	688	689	688
Gross dividend from a subsidiary	-	21,544	-	21,544
Rental income	9	9	17	17
Gain on disposal of property, plant and equipment	110	-	110	-
Others	21,078	21,417	41,632	41,679
	<u>25,527</u>	<u>45,253</u>	<u>47,554</u>	<u>68,762</u>
Total other operating income	<u>144,502</u>	<u>169,647</u>	<u>285,564</u>	<u>384,344</u>

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24. Other operating expenses

	Group			
	2nd Quarter ended 30 June 2017 RM'000	30 June 2016 RM'000	Six months ended 30 June 2017 RM'000	30 June 2016 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	93,572	88,693	178,597	172,851
- Pension fund contributions	10,302	9,545	19,571	18,824
- Other staff related cost	9,244	10,539	20,251	15,342
	<u>113,118</u>	<u>108,777</u>	<u>218,419</u>	<u>207,017</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,343	7,810	12,884	14,053
- Rental	6,269	6,289	12,477	12,749
- Information technology and project expenses	43,360	38,797	114,263	74,711
- Others	15,571	15,277	29,489	28,877
	<u>71,543</u>	<u>68,173</u>	<u>169,113</u>	<u>130,390</u>
Marketing expenses				
- Advertisement and publicity	4,021	2,757	8,649	6,173
- Others	7,266	3,204	10,165	7,132
	<u>11,287</u>	<u>5,961</u>	<u>18,814</u>	<u>13,305</u>
Administration and general expenses				
- Communication expenses	3,002	2,402	5,552	5,111
- Group administration and business support expenses	14,261	24,453	40,345	53,641
- Outsourcing expenses	26,300	24,181	52,998	47,114
- Others	12,464	13,564	20,606	30,711
	<u>56,027</u>	<u>64,600</u>	<u>119,501</u>	<u>136,577</u>
Total other operating expenses	<u>251,975</u>	<u>247,511</u>	<u>525,847</u>	<u>487,289</u>

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24. Other operating expenses (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	90,626	86,327	172,630	168,450
- Pension fund contributions	10,302	9,545	19,571	18,824
- Other staff related cost	8,681	10,029	19,028	14,565
	<u>109,609</u>	<u>105,901</u>	<u>211,229</u>	<u>201,839</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,334	7,756	12,864	13,867
- Rental	6,034	5,913	11,951	11,971
- Information technology and project expenses	43,360	34,076	113,408	69,982
- Others	15,139	13,992	28,698	27,109
	<u>70,867</u>	<u>61,737</u>	<u>166,921</u>	<u>122,929</u>
Marketing expenses				
- Advertisement and publicity	4,021	2,757	8,649	6,171
- Others	7,217	3,139	10,100	7,041
	<u>11,238</u>	<u>5,896</u>	<u>18,749</u>	<u>13,212</u>
Administration and general expenses				
- Communication expenses	2,976	2,351	5,503	5,018
- Group administration and business support expenses	13,430	20,195	35,902	38,802
- Outsourcing expenses	26,300	24,181	52,998	47,114
- Others	11,887	17,713	19,107	34,061
	<u>54,593</u>	<u>64,440</u>	<u>113,510</u>	<u>124,995</u>
Total other operating expenses	<u><u>246,307</u></u>	<u><u>237,974</u></u>	<u><u>510,409</u></u>	<u><u>462,975</u></u>

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25. Provisions for loans, advances and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	49,870	55,091	63,143	95,589
- Made in the financial period	41,711	62,074	85,108	104,595
- Discounting of expected cashflows	30,849	12,873	44,310	25,456
- Written back	(22,690)	(19,856)	(66,275)	(34,462)
Collective impairment provisions				
- Made in the financial period	10,728	13,526	14,645	48,245
- Written back	(14,596)	(22,864)	(59,335)	(76,384)
Bad and doubtful debts on loans, advances and financing:-				
Written off	24,543	30,501	51,247	63,966
Recovered	(19,096)	(20,783)	(37,840)	(42,541)
	<u>51,449</u>	<u>55,471</u>	<u>31,860</u>	<u>88,875</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	38,777	38,498	35,770	64,317
- Made in the financial period	27,046	39,763	50,070	64,407
- Discounting of expected cashflows	30,849	12,873	44,310	25,456
- Written back	(19,118)	(14,138)	(58,610)	(25,546)
Collective impairment provisions				
- Made in the financial period	7,392	9,909	10,287	42,799
- Written back	(8,279)	(13,511)	(39,280)	(58,479)
Bad and doubtful debts on loans, advances and financing:-				
Written off	24,543	30,501	51,247	63,966
Recovered	(15,724)	(17,646)	(31,105)	(36,304)
	<u>46,709</u>	<u>47,751</u>	<u>26,919</u>	<u>76,299</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
	2017	2016	2017	2016
	RM'000	Restated RM'000	RM'000	Restated RM'000
Aggregate value of outstanding credit exposures to connected parties	1,982,286	3,286,480	2,155,640	3,370,773
As a percentage of total credit exposures	4.5%	6.4%	5.8%	7.8%

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27. Commitments and contingencies

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

The commitments and contingencies are as follows:-

Group	30 June 2017			31 December 2016		
	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	1,566,967	1,566,967	1,038,223	2,141,367	2,141,367	1,284,151
Transaction-related contingent items	3,819,938	3,819,938	1,233,090	3,776,779	3,776,779	1,175,690
Short-term self liquidating trade-related contingencies	181,124	179,955	65,821	184,446	183,862	37,893
Other commitments to extend credit:-						
- maturity not exceeding one year	34,744,117	4,296,310	1,952,383	36,257,881	4,172,955	1,740,395
- maturity exceeding one year	2,328,394	587,379	568,846	2,429,059	694,304	587,007
Foreign exchange related contracts:-						
- less than one year	57,996,292	2,097,694	605,189	49,581,064	3,009,224	689,570
- one year to less than five years	10,901,125	1,739,074	583,011	12,551,181	1,961,981	772,759
- five years and above	1,456,594	255,968	98,201	2,641,904	870,460	136,908
Interest rate related contracts:-						
- less than one year	21,130,403	150,583	19,176	21,155,218	53,426	7,569
- one year to less than five years	29,811,349	821,226	207,594	32,199,345	890,570	188,180
- five years and above	5,944,452	499,711	96,935	7,761,427	618,786	120,372
Miscellaneous commitments and contingencies	4,018,400	289,370	179,571	7,321,434	646,066	261,846
	<u>173,899,155</u>	<u>16,304,175</u>	<u>6,648,040</u>	<u>178,001,105</u>	<u>19,019,780</u>	<u>7,002,340</u>

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27. Commitments and contingencies (continued)

Bank	30 June 2017			31 December 2016		
	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	1,558,102	1,559,456	1,036,014	2,138,550	2,139,904	1,283,614
Transaction-related contingent items	3,595,268	3,659,651	1,198,882	3,564,104	3,619,175	1,153,576
Short-term self liquidating trade-related contingencies	102,208	101,039	40,915	143,256	146,281	28,906
Other commitments to extend credit:-						
- maturity not exceeding one year	37,513,234	3,991,151	1,753,577	38,692,777	3,833,121	1,573,827
- maturity exceeding one year	1,963,062	555,951	535,272	2,024,073	601,746	509,514
Foreign exchange related contracts:-						
- less than one year	57,996,290	2,097,696	603,664	49,536,213	3,007,750	686,077
- one year to less than five years	10,901,125	2,011,657	671,559	12,551,180	2,249,466	868,321
- five years and above	1,456,594	255,968	98,201	2,641,904	870,460	136,908
Interest rate related contracts:-						
- less than one year	21,130,403	150,583	19,176	21,155,218	53,426	7,569
- one year to less than five years	29,787,620	820,751	222,374	32,174,557	889,910	206,389
- five years and above	5,944,452	499,711	96,935	7,761,427	618,786	120,372
Miscellaneous commitments and contingencies	4,038,011	290,939	180,102	7,341,045	648,386	262,731
	<u>175,986,369</u>	<u>15,994,553</u>	<u>6,456,671</u>	<u>179,724,304</u>	<u>18,678,411</u>	<u>6,837,804</u>

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

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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 observable market inputs	Valuation models using significant non-observable market inputs
Type of financial assets	Actively traded government and agency securities	Corporate and other government bonds and loans Over-the-counter ("OTC") derivatives	Private debt equity investments
Type of financial liabilities	-	OTC derivatives	-

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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 June 2017	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	66,063	-	66,063
Debt securities	-	2,454,482	-	2,454,482
Derivative financial instruments	695	2,699,568	-	2,700,263
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	49,881	-	49,881
Debt securities	-	3,979,061	-	3,979,061
At 30 June 2017	695	9,249,055	-	9,249,750
Liabilities				
Deposits from customers	-	53,473	-	53,473
Deposits and placements of banks and other financial institutions	-	3,614	-	3,614
Derivative financial instruments	433	2,791,756	-	2,792,189
At 30 June 2017	433	2,848,843	-	2,849,276
Group	Fair value of financial instruments carried at fair value			
31 December 2016	Level 1	Level 2	Level 3	Total
Assets	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	126,445	-	126,445
Debt securities	-	1,456,000	-	1,456,000
Derivative financial instruments	495	4,436,643	-	4,437,138
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	3,364	-	3,364
Debt securities	-	2,800,891	-	2,800,891
At 31 December 2016	495	8,823,343	-	8,823,838
Liabilities				
Deposits from customers	-	72,173	-	72,173
Deposits and placements of banks and other financial institutions	-	44,073	-	44,073
Derivative financial instruments	267	4,056,097	-	4,056,364
At 31 December 2016	267	4,172,343	-	4,172,610

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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 June 2017	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	66,063	-	66,063
Debt securities	-	2,454,482	-	2,454,482
Derivative financial instruments	695	2,705,980	-	2,706,675
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	49,881	-	49,881
Debt securities	-	3,878,819	-	3,878,819
At 30 June 2017	<u>695</u>	<u>9,155,225</u>	<u>-</u>	<u>9,155,920</u>
Liabilities				
Deposits from customers	-	35,717	-	35,717
Deposits and placements of banks and other financial institutions	-	-	-	-
Derivative financial instruments	433	2,792,739	-	2,793,172
At 30 June 2017	<u>433</u>	<u>2,828,456</u>	<u>-</u>	<u>2,828,889</u>

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2016	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	126,445	-	126,445
Debt securities	-	1,456,000	-	1,456,000
Derivative financial instruments	495	4,484,852	-	4,485,347
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	3,364	-	3,364
Debt securities	-	2,701,315	-	2,701,315
At 31 December 2016	<u>495</u>	<u>8,771,976</u>	<u>-</u>	<u>8,772,471</u>
Liabilities				
Deposits from customers	-	54,574	-	54,574
Deposits and placements of banks and other financial institutions	-	40,468	-	40,468
Derivative financial instruments	267	4,090,873	-	4,091,140
At 31 December 2016	<u>267</u>	<u>4,185,915</u>	<u>-</u>	<u>4,186,182</u>

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2017.

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29. Capital adequacy

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 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	3,461,195	3,384,655	3,253,692	3,194,199
Less: Deferred tax assets	(71,936)	(55,589)	(65,598)	(49,841)
Unrealised gains and losses on 'available-for-sale' financial instruments	(979)	(4,417)	(747)	(3,613)
Investment in subsidiaries deducted from CET 1 capital	-	-	(329,218)	(246,913)
CET 1 capital	<u>3,888,280</u>	<u>3,824,649</u>	<u>3,358,129</u>	<u>3,393,832</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,268,280</u>	<u>4,204,649</u>	<u>3,738,129</u>	<u>3,773,832</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
Collective impairment provisions under standardised approach	12,463	13,558	8,618	6,339
Surplus of total eligible provisions over total expected loss under AIRB approach	63,902	73,115	56,126	61,683
	<u>1,076,365</u>	<u>1,086,673</u>	<u>1,064,744</u>	<u>1,068,022</u>
Less: Investment in subsidiaries	-	-	(182,304)	(264,609)
Eligible Tier 2 capital	<u>1,076,365</u>	<u>1,086,673</u>	<u>882,440</u>	<u>803,413</u>
Total capital base	<u>5,344,645</u>	<u>5,291,322</u>	<u>4,620,569</u>	<u>4,577,245</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets:-				
Credit risk	24,438,319	26,688,495	22,270,137	24,229,571
Market risk	1,423,532	898,151	1,423,532	898,151
Operational risk	3,255,234	3,344,050	3,133,375	3,195,375
	<u>29,117,085</u>	<u>30,930,696</u>	<u>26,827,044</u>	<u>28,323,097</u>

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

	Group		Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Before proposed dividend:-				
CET 1 capital ratio	13.354%	12.365%	12.518%	11.983%
Tier 1 capital ratio	14.659%	13.594%	13.934%	13.324%
Total capital ratio	18.356%	17.107%	17.224%	16.161%

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29. Capital adequacy (continued)

	Group		Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
After proposed dividend:-				
CET 1 capital ratio	13.310%	12.002%	12.470%	11.586%
Tier 1 capital ratio	14.615%	13.230%	13.886%	12.927%
Total capital ratio	18.312%	16.744%	17.176%	15.764%

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

	30 June 2017	31 December 2016
CET 1 capital ratio	18.080%	15.806%
Tier 1 capital ratio	18.080%	15.806%
Total capital ratio	21.239%	18.739%