



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

**Financial statements for the three months
ended 31 March 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 31 MARCH 2017

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short term funds		5,553,218	6,500,523	4,175,483	5,345,827
Deposits and placements with banks and other financial institutions		-	1,278,509	3,652,150	5,507,040
Securities purchased under resale agreements		214,759	109,778	214,759	109,778
Financial assets held for trading	10	3,677,291	1,582,445	3,677,291	1,582,445
Investment securities available-for-sale	11	4,645,079	2,813,353	4,545,179	2,713,777
Loans, advances and financing	12	27,669,460	29,027,623	21,839,893	22,427,136
Derivative financial assets		3,307,362	4,437,138	3,314,065	4,485,347
Other assets	14	1,696,557	404,157	2,127,329	874,590
Current tax assets		44,139	72,381	40,539	67,674
Statutory deposits with Bank Negara Malaysia	15	624,072	750,302	483,399	607,152
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		55,944	60,327	55,826	60,176
Deferred tax assets		48,622	57,319	44,820	51,432
Total assets		47,536,503	47,093,855	44,582,255	44,243,896
Liabilities					
Deposits from customers	16	32,937,301	31,530,426	30,359,573	29,136,849
Investment account of customers		771,125	668,677	-	-
Deposits and placements of banks and other financial institutions	17	2,017,027	3,810,994	1,942,071	3,749,974
Derivative financial liabilities		3,298,353	4,056,364	3,296,487	4,091,140
Other liabilities	18	2,884,521	1,509,139	3,558,202	1,937,328
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		42,908,327	42,575,600	40,156,333	39,915,291
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,465,176	4,355,255	4,262,922	4,165,605
Total equity attributable to owner of the Bank		4,628,176	4,518,255	4,425,922	4,328,605
Total liabilities and equity		47,536,503	47,093,855	44,582,255	44,243,896
Commitments and contingencies	26	174,171,334	178,001,105	176,455,425	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)
AND ITS SUBSIDIARIES

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2017

	Note	Group			
		1st Quarter ended		Three months ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	20	361,164	372,834	361,164	372,834
Interest expense	21	(155,848)	(174,053)	(155,848)	(174,053)
Net interest income		205,316	198,781	205,316	198,781
Net income from Islamic Banking operations	22	82,089	90,965	82,089	90,965
		287,405	289,746	287,405	289,746
Other operating income	23	116,954	194,662	116,954	194,662
Total net income		404,359	484,408	404,359	484,408
Other operating expenses	24	(273,872)	(239,988)	(273,872)	(239,988)
Operating profit		130,487	244,420	130,487	244,420
Provisions for loans, advances and financing	25	19,589	(33,404)	19,589	(33,404)
Profit before taxation		150,076	211,016	150,076	211,016
Tax expense		(38,445)	(51,706)	(38,445)	(51,706)
Profit for the period		111,631	159,310	111,631	159,310
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		(1,263)	4,340	(1,263)	4,340
Net amount transferred to profit or loss		(807)	(5,376)	(807)	(5,376)
Cash flow hedges:-					
Effective portion of changes in fair value		358	752	358	752
Net amount transferred to profit or loss		2	1	2	1
Other comprehensive expense for the period, net of income tax		(1,710)	(283)	(1,710)	(283)
Total comprehensive income for the period		109,921	159,027	109,921	159,027
Profit attributable to:					
Owner of the Bank		111,631	159,310	111,631	159,310
Total comprehensive income attributable to:					
Owner of the Bank		109,921	159,027	109,921	159,027

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 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2017

	Note	Bank			
		1st Quarter ended		Three months ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	20	392,772	413,692	392,772	413,692
Interest expense	21	(155,848)	(174,053)	(155,848)	(174,053)
Net interest income		236,924	239,639	236,924	239,639
Other operating income	23	141,062	214,907	141,062	214,907
Total net income		377,986	454,546	377,986	454,546
Other operating expenses	24	(264,102)	(225,211)	(264,102)	(225,211)
Operating profit		113,884	229,335	113,884	229,335
Provisions for loans, advances and financing	25	19,790	(28,548)	19,790	(28,548)
Profit before taxation		133,674	200,787	133,674	200,787
Tax expense		(34,373)	(49,183)	(34,373)	(49,183)
Profit for the period		99,301	151,604	99,301	151,604
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		(1,537)	5,639	(1,537)	5,639
Net amount transferred to profit or loss		(807)	(5,376)	(807)	(5,376)
Cash flow hedges:-					
Effective portion of changes in fair value		358	752	358	752
Net amount transferred to profit or loss		2	1	2	1
Other comprehensive (expense)/income for the period, net of income tax		(1,984)	1,016	(1,984)	1,016
Total comprehensive income for the period		97,317	152,620	97,317	152,620

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 THREE MONTHS ENDED 31 MARCH 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	-	-	-	-	-	(1,263)	-	-	(1,263)
Net amount transferred to profit or loss	-	-	-	-	-	(807)	-	-	(807)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	358	-	358
Net amount transferred to profit or loss	-	-	-	-	-	-	2	-	2
Total other comprehensive (expense)/income for the period	-	-	-	-	-	(2,070)	360	-	(1,710)
Profit for the period	-	-	-	-	-	-	-	111,631	111,631
Total comprehensive (expense)/income for the period	-	-	-	-	-	(2,070)	360	111,631	109,921
At 31 March 2017	163,000	717,000	265,750	260,000	190	(6,489)	(2,691)	3,231,416	4,628,176

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 THREE MONTHS ENDED 31 MARCH 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 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	-	-	-	-	-	4,340	-	-	4,340
Net amount transferred to profit or loss	-	-	-	-	-	(5,376)	-	-	(5,376)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	752	-	752
Net amount transferred to profit or loss	-	-	-	-	-	-	1	-	1
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	-	-
Total other comprehensive (expense)/ income for the period	-	-	-	-	-	(1,036)	753	-	(283)
Profit for the period	-	-	-	-	-	-	-	159,310	159,310
Total comprehensive (expense)/income for the period	-	-	-	-	-	(1,036)	753	159,310	159,027
At 31 March 2016	163,000	717,000	265,750	260,000	190	7,792	(5,036)	2,977,243	4,385,939

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2017

BANK	← Attributable to owner of the Bank →						→		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	Retained profits 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	-	-	-	-	-	(1,537)	-	-	(1,537)
Net amount transferred to profit or loss	-	-	-	-	-	(807)	-	-	(807)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	358	-	358
Net amount transferred to profit or loss	-	-	-	-	-	-	2	-	2
Total other comprehensive (expense)/income for the period	-	-	-	-	-	(2,344)	360	-	(1,984)
Profit for the period	-	-	-	-	-	-	-	99,301	99,301
Total comprehensive (expense)/income for the period	-	-	-	-	-	(2,344)	360	99,301	97,317
At 31 March 2017	163,000	717,000	163,000	260,000	190	(5,957)	(2,691)	3,131,380	4,425,922

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 THREE MONTHS ENDED 31 MARCH 2017

BANK	← Attributable to owner of the Bank →						→		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	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	-	-	-	-	-	5,639	-	-	5,639
Net amount transferred to profit or loss	-	-	-	-	-	(5,376)	-	-	(5,376)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	752	-	752
Net amount transferred to profit or loss	-	-	-	-	-	-	1	-	1
Total other comprehensive income for the period	-	-	-	-	-	263	753	-	1,016
Profit for the period	-	-	-	-	-	-	-	151,604	151,604
Total comprehensive income for the period	-	-	-	-	-	263	753	151,604	152,620
At 31 March 2016	163,000	717,000	163,000	260,000	190	7,229	(5,036)	2,887,176	4,192,559

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 THREE MONTHS ENDED 31 MARCH 2017

	Group		Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit before taxation	150,076	211,016	133,674	200,787
Adjustment for non-cash items	(13,539)	2,285	(13,794)	2,872
Operating profit before working capital changes	136,537	213,301	119,880	203,659
Changes in working capital:-				
Net changes in operating assets	(339,659)	960,792	(491,966)	1,892,434
Net changes in operating liabilities	1,090,734	(2,757,129)	1,035,696	(3,955,158)
Income taxes paid	(963)	(31,196)	-	(29,278)
Net cash generated from / (used in) operating activities	886,649	(1,614,232)	663,610	(1,888,343)
Net cash (used in) / generated from investing activities	(1,833,954)	1,289,674	(1,833,954)	859,856
Net decrease in cash and cash equivalents	(947,305)	(324,558)	(1,170,344)	(1,028,487)
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	5,553,218	6,564,678	4,175,483	4,879,106

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)
AND ITS SUBSIDIARY COMPANIES

REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM150.08 million for the financial period ended 31 March 2017, as compared to RM211.02 million in the same period last year.

Net interest income increased by 3.29% to RM205.32 million. Other operating income, however, reduced by 39.92% to RM116.95 million. Included in other operating income is a Credit Valuation Adjustment ("CVA") release of RM 0.90 million in 2017 (2016: RM 34.61 million). Meanwhile, other operating expenses increased by 14.12% to RM273.87 million as the Group continues to invest in technology projects.

Loans, advances and financing declined 4.68% to RM27.67 billion during the quarter, while deposits from customers increased by 4.46% to RM 32.94 billion. The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 13.087% and 18.059%, 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 three months ended 31 March 2017

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the first quarter and the three months ended 31 March 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 three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 2017.

7. Dividend

No dividend has been proposed for the first quarter and the three months ended 31 March 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 three months ended 31 March 2017.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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10. Financial assets held for trading

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	-	69,439	-	69,439
Malaysian Government bonds/securities	3,014,609	1,278,102	3,014,609	1,278,102
Government Islamic bonds	390,406	163,017	390,406	163,017
Bank Negara Malaysia bills	227,371	57,006	227,371	57,006
Sukuk	44,905	14,881	44,905	14,881
	<u>3,677,291</u>	<u>1,582,445</u>	<u>3,677,291</u>	<u>1,582,445</u>

11. Investment securities available-for-sale

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	49,471	3,364	49,471	3,364
Malaysian Government bonds/ securities	2,319,758	1,900,798	2,319,758	1,900,798
Bank Negara Malaysia bills	496,333	-	496,333	-
Bankers' acceptances and Islamic acceptance bills	-	54,597	-	54,597
Negotiable instruments of deposit	1,325,302	400,116	1,325,302	400,116
Government Islamic bonds	293,304	293,436	193,404	193,860
Corporate bonds	151,570	151,701	151,570	151,701
	<u>4,635,738</u>	<u>2,804,012</u>	<u>4,535,838</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>4,645,079</u>	<u>2,813,353</u>	<u>4,545,179</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	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<u>At amortised cost</u>				
Overdrafts	348,403	331,972	348,403	331,972
Term loans/financing				
- Housing loans/financing	12,356,310	12,464,983	9,348,322	9,396,817
- Syndicated term loan/financing	347,172	223,932	347,172	223,932
- Hire purchase receivables	87,830	101,619	-	-
- Lease receivables	179,629	256,026	-	-
- Other term loans/financing	7,761,881	8,282,077	5,588,059	6,151,476
Bills receivable	3,309,935	3,416,766	2,845,369	2,782,340
Trust receipts	704,918	826,250	596,542	530,700
Staff loans/financing	30,382	32,633	25,604	28,072
Loans/financing to banks and other financial institutions	54,461	56,964	54,461	56,964
Credit card receivables	2,007,958	2,099,819	2,007,958	2,099,819
Revolving credit	2,072,264	2,624,462	1,699,174	1,899,107
	<u>29,261,143</u>	<u>30,717,503</u>	<u>22,861,064</u>	<u>23,501,199</u>
Less: Unearned interest and income	(484,362)	(520,128)	(11,860)	(11,139)
Gross loans, advances and financing	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(746,512)	(768,121)	(716,452)	(741,959)
- Collective impairment provisions	(360,809)	(401,631)	(292,859)	(320,965)
Total net loans, advances and financing	<u>27,669,460</u>	<u>29,027,623</u>	<u>21,839,893</u>	<u>22,427,136</u>

(ii) By type of customer

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Domestic banking institutions	36,025	280,915	36,025	280,915
Domestic non-bank financial institutions	216,511	593,846	128,431	295,221
Domestic business enterprises	11,532,815	12,225,884	8,992,069	9,268,203
<i>Small medium enterprises</i>	3,455,008	3,602,842	2,539,429	2,601,474
<i>Others</i>	8,077,807	8,623,042	6,452,640	6,666,729
Individuals	14,409,627	14,726,991	11,655,380	11,884,963
Other domestic entities	255	98	255	98
Foreign entities	2,581,548	2,369,641	2,037,044	1,760,660
	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Fixed rate				
Housing loans/financing	16,774	18,224	15,483	16,861
Other fixed rate loan/financing	4,205,252	4,546,758	3,232,288	3,353,485
Variable rate				
BLR plus/ Base rate plus	15,361,860	15,441,067	12,295,065	12,374,272
Cost plus	8,437,812	9,361,732	7,204,428	7,638,644
Other variable rates	755,083	829,594	101,940	106,798
	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>

(iv) By sector

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Agriculture	176,433	188,613	43,269	58,373
Mining and quarrying	113,204	280,017	20,086	40,168
Manufacturing	4,258,032	4,303,284	3,538,386	3,618,096
Electricity, gas and water	57,036	46,022	55,381	44,328
Construction	646,818	640,761	498,283	471,977
Real estate	1,799,091	1,691,471	1,460,434	1,351,849
Wholesale & retail trade and restaurants & hotels	2,484,336	3,018,359	2,011,001	2,202,584
Transportation, storage and communication	489,556	695,474	423,004	621,720
Finance, insurance and business services	1,465,516	1,979,674	954,683	1,314,262
Household	16,563,593	16,835,624	13,311,615	13,491,067
Others	723,166	518,076	533,062	275,636
	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>

(v) By purpose

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of landed property	15,328,440	15,511,969	11,705,428	11,815,880
- Residential	12,231,579	12,329,533	9,460,786	9,508,447
- Non-residential	3,096,861	3,182,436	2,244,642	2,307,433
Fixed assets excluding land & building	82,476	95,725	-	-
Personal use	1,222,481	1,272,681	948,543	964,301
Credit cards	2,007,958	2,099,819	2,007,958	2,099,819
Working capital	10,080,965	11,160,217	8,132,814	8,553,096
Others	54,461	56,964	54,461	56,964
	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>

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

	Group		Bank	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	9,216,366	10,624,843	8,183,311	8,916,301
One year to three years	1,312,623	1,302,063	819,932	835,582
Three years to five years	1,892,944	2,068,483	1,174,373	1,478,567
Over five years	16,354,848	16,201,986	12,671,588	12,259,610
	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>

(vii) By geographical distribution

	Group		Bank	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Within Malaysia	28,575,550	30,052,975	22,694,746	23,452,112
Outside Malaysia	201,231	144,400	154,458	37,948
	<u>28,776,781</u>	<u>30,197,375</u>	<u>22,849,204</u>	<u>23,490,060</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
USD	4,127,692	4,618,011	3,041,579	3,566,151
GBP	61,966	90,393	61,966	90,393
Other foreign currencies	26,058	36,431	26,058	26,455
	<u>4,215,716</u>	<u>4,744,835</u>	<u>3,129,603</u>	<u>3,683,039</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 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	(9,092)	6,913	(9,092)	6,913
Classified as impaired during the financial period/year	161,069	927,329	136,072	807,245
Reclassified as performing during the financial period/year	(81,400)	(294,854)	(57,842)	(240,231)
Amount recovered during the financial period/year	(47,129)	(136,878)	(46,142)	(133,470)
Amount written off during the financial period/year	(77,837)	(410,481)	(68,436)	(368,494)
At end of reporting period/year	1,324,653	1,379,042	1,276,719	1,322,159
Individual impairment provisions	(746,512)	(768,121)	(716,452)	(741,959)
Net impaired loans, advances and financing	<u>578,141</u>	<u>610,921</u>	<u>560,267</u>	<u>580,200</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 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	3,917	114,209	2,895	93,750
Amount written back	(44,739)	(94,192)	(31,001)	(61,050)
At end of reporting period/year	<u>360,809</u>	<u>401,631</u>	<u>292,859</u>	<u>320,965</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.29%</u>	<u>1.36%</u>	<u>1.32%</u>	<u>1.41%</u>
Individual impairment provisions				
At 1 January	768,121	702,759	741,959	674,137
Currency translation differences	(3,721)	6,913	(3,721)	6,913
Impairment made during the financial period/year	56,858	340,783	36,485	266,578
Transferred from provision for commitments and contingencies	-	102,388	-	102,388
Amount written back	(48,767)	(81,446)	(44,674)	(67,498)
Amount written off	(25,979)	(303,276)	(13,597)	(240,559)
At end of reporting period/year	<u>746,512</u>	<u>768,121</u>	<u>716,452</u>	<u>741,959</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Agriculture	19,868	19,938	19,868	19,938
Mining and quarrying	3,456	28,386	3,456	28,386
Manufacturing	879,058	899,069	878,620	898,230
Construction	5,491	2,876	4,325	2,421
Real estate	78,103	77,798	78,103	77,798
Wholesale & retail trade and restaurants & hotels	104,858	109,073	99,872	102,801
Transportation, storage and communication	6,837	6,990	3,752	3,453
Finance, insurance and business services	2,053	2,097	876	1,011
Education, health & others				
Household	216,565	224,946	184,240	183,734
Others	8,364	7,869	3,607	4,387
	<u>1,324,653</u>	<u>1,379,042</u>	<u>1,276,719</u>	<u>1,322,159</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of landed property	135,617	174,127	114,170	143,700
- Residential	122,037	134,614	101,200	109,352
- Non-residential	13,580	39,513	12,970	34,348
Fixed assets excluding land & building	2,967	2,743	-	-
Personal use	97,595	88,804	81,193	73,254
Credit cards	14,459	15,328	14,459	15,328
Working capital	1,074,015	1,098,040	1,066,897	1,089,877
	<u>1,324,653</u>	<u>1,379,042</u>	<u>1,276,719</u>	<u>1,322,159</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Within Malaysia	1,324,370	1,378,962	1,276,436	1,322,079
Outside Malaysia	283	80	283	80
	<u>1,324,653</u>	<u>1,379,042</u>	<u>1,276,719</u>	<u>1,322,159</u>

14. Other assets

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Interest/Income receivables	65,184	53,949	80,640	72,269
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	1,631,373	350,208	1,946,689	702,321
	<u>1,696,557</u>	<u>404,157</u>	<u>2,127,329</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	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Demand deposits	14,818,241	13,730,530	14,009,771	12,973,291
Savings deposits	3,497,935	3,363,025	3,415,210	3,276,238
Fixed/Investment deposits	12,861,919	12,680,721	11,299,780	11,254,465
Negotiable instruments of deposits	1,759,206	1,756,150	1,634,812	1,632,855
	<u>32,937,301</u>	<u>31,530,426</u>	<u>30,359,573</u>	<u>29,136,849</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Due within six months	10,508,045	10,841,975	9,246,790	9,570,813
Six months to one year	2,631,144	2,513,855	2,400,720	2,357,965
One year to three years	973,020	561,334	898,020	556,844
Three years to five years	166,221	181,303	46,367	63,294
Over five years	342,695	338,404	342,695	338,404
	<u>342,695</u>	<u>338,404</u>	<u>342,695</u>	<u>338,404</u>

(ii) By type of customers

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Government and statutory bodies	702,840	713,030	42,769	45,800
Business enterprises	14,829,074	13,066,289	13,926,628	12,444,490
Individuals	12,032,411	12,014,405	11,407,800	11,370,312
Others	5,372,976	5,736,702	4,982,376	5,276,247
	<u>32,937,301</u>	<u>31,530,426</u>	<u>30,359,573</u>	<u>29,136,849</u>

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17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Licensed banks	542,361	1,842,393	542,360	1,842,393
Bank Negara Malaysia	-	30,000	-	30,000
Other financial institutions	1,474,666	1,938,601	1,399,711	1,877,581
	<u>2,017,027</u>	<u>3,810,994</u>	<u>1,942,071</u>	<u>3,749,974</u>

18. Other liabilities

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Interest/Income payable	148,169	139,940	145,324	137,232
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	2,736,352	1,369,199	3,412,856	1,800,074
	<u>2,884,521</u>	<u>1,509,139</u>	<u>3,558,202</u>	<u>1,937,328</u>

19. Provision for credit commitments and contingencies

	Group and Bank	
	31 March 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			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	283,382	295,026	283,382	295,026
- Recoveries from impaired loans	6,655	7,951	6,655	7,951
Money at call and deposit placements with banks and other financial institutions	19,649	25,363	19,649	25,363
Financial assets held for trading	20,075	15,592	20,075	15,592
Investment securities available-for-sale	31,403	28,902	31,403	28,902
	<u>361,164</u>	<u>372,834</u>	<u>361,164</u>	<u>372,834</u>
	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	283,382	295,026	283,382	295,026
- Recoveries from impaired loans	6,655	7,951	6,655	7,951
Money at call and deposit placements with banks and other financial institutions	51,257	66,221	51,257	66,221
Financial assets held for trading	20,075	15,592	20,075	15,592
Investment securities available-for-sale	31,403	28,902	31,403	28,902
	<u>392,772</u>	<u>413,692</u>	<u>392,772</u>	<u>413,692</u>

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21. Interest expense

	Group and Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	9,974	24,600	9,974	24,600
Deposits from customers	133,837	136,529	133,837	136,529
Subordinated debts	12,037	12,924	12,037	12,924
	<u>155,848</u>	<u>174,053</u>	<u>155,848</u>	<u>174,053</u>

22. Net income from Islamic Banking operations

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	79,481	83,547	79,481	83,547
Income derived from investment account funds	24,824	27,350	24,824	27,350
Income attributable to depositors	(33,123)	(34,089)	(33,123)	(34,089)
Income attributable to investment account holders	(5,596)	(5,901)	(5,596)	(5,901)
Income attributable to the equity holder of the Bank	65,586	70,907	65,586	70,907
Income derived from investment of Islamic banking capital funds and shareholder's funds	16,503	20,058	16,503	20,058
	<u>82,089</u>	<u>90,965</u>	<u>82,089</u>	<u>90,965</u>

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23. Other operating income

	Group			
	1st Quarter ended 31 March 2017 RM'000	31 March 2016 RM'000	Three months ended 31 March 2017 RM'000	31 March 2016 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	62,159	65,600	62,159	65,600
- <i>Commission income</i>	38,171	35,299	38,171	35,299
- <i>Service fees</i>	12,608	17,463	12,608	17,463
- <i>Guarantee fees</i>	11,380	12,838	11,380	12,838
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(19,425)	(14,471)	(19,425)	(14,471)
- <i>Commission charges</i>	(7,554)	(4,853)	(7,554)	(4,853)
- <i>Service charges</i>	(11,871)	(9,618)	(11,871)	(9,618)
	<u>42,734</u>	<u>51,129</u>	<u>42,734</u>	<u>51,129</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	39,382	(101,204)	39,382	(101,204)
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	29,678	160,505	29,678	160,505
Foreign exchange currency				
- Gains/(losses) from dealing in foreign currency	48,958	(23,479)	48,958	(23,479)
- Unrealised (losses)/gains from foreign exchange translation	(45,372)	104,237	(45,372)	104,237
	<u>72,646</u>	<u>140,059</u>	<u>72,646</u>	<u>140,059</u>
Other income				
Gains from sale of investment securities available-for-sale	1,465	3,239	1,465	3,239
Rental income	8	8	8	8
Others	101	227	101	227
	<u>1,574</u>	<u>3,474</u>	<u>1,574</u>	<u>3,474</u>
Total other operating income	<u>116,954</u>	<u>194,662</u>	<u>116,954</u>	<u>194,662</u>

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23. Other operating income (continued)

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	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	62,159	65,600	62,159	65,600
- <i>Commission income</i>	38,171	35,299	38,171	35,299
- <i>Service fees</i>	12,608	17,463	12,608	17,463
- <i>Guarantee fees</i>	11,380	12,838	11,380	12,838
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(19,425)	(14,471)	(19,425)	(14,471)
- <i>Commission charges</i>	(7,554)	(4,853)	(7,554)	(4,853)
- <i>Service charges</i>	(11,871)	(9,618)	(11,871)	(9,618)
	<u>42,734</u>	<u>51,129</u>	<u>42,734</u>	<u>51,129</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	39,382	(101,204)	39,382	(101,204)
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	33,333	160,505	33,333	160,505
Foreign exchange currency				
- Gains/(Losses) from dealing in foreign currency	48,958	(23,479)	48,958	(23,479)
- Unrealised (losses)/gains from foreign exchange translation	(45,372)	104,237	(45,372)	104,237
	<u>76,301</u>	<u>140,059</u>	<u>76,301</u>	<u>140,059</u>
Other income				
Gains from sale of investment securities available-for-sale	1,465	3,239	1,465	3,239
Rental income	8	8	8	8
Others	20,554	20,472	20,554	20,472
	<u>22,027</u>	<u>23,719</u>	<u>22,027</u>	<u>23,719</u>
Total other operating income	<u><u>141,062</u></u>	<u><u>214,907</u></u>	<u><u>141,062</u></u>	<u><u>214,907</u></u>

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24. Other operating expenses

	Group			
	1st Quarter ended 31 March 2017 RM'000	31 March 2016 RM'000	Three months ended 31 March 2017 RM'000	31 March 2016 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	85,025	84,158	85,025	84,158
- Pension fund contributions	9,269	9,279	9,269	9,279
- Other staff related cost	11,007	4,803	11,007	4,803
	<u>105,301</u>	<u>98,240</u>	<u>105,301</u>	<u>98,240</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,541	6,243	6,541	6,243
- Rental	6,208	6,460	6,208	6,460
- Information technology and project expenses	70,903	36,124	70,903	36,124
- Others	13,918	13,600	13,918	13,600
	<u>97,570</u>	<u>62,427</u>	<u>97,570</u>	<u>62,427</u>
Marketing expenses				
- Advertisement and publicity	4,628	3,416	4,628	3,416
- Others	2,899	3,928	2,899	3,928
	<u>7,527</u>	<u>7,344</u>	<u>7,527</u>	<u>7,344</u>
Administration and general expenses				
- Communication expenses	2,550	2,709	2,550	2,709
- Group administration and business support expenses	26,084	29,188	26,084	29,188
- Outsourcing expenses	26,698	22,933	26,698	22,933
- Others	8,142	17,147	8,142	17,147
	<u>63,474</u>	<u>71,977</u>	<u>63,474</u>	<u>71,977</u>
Total other operating expenses	<u><u>273,872</u></u>	<u><u>239,988</u></u>	<u><u>273,872</u></u>	<u><u>239,988</u></u>

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24. Other operating expenses (continued)

	Bank			
	1st Quarter ended 31 March 2017 RM'000	31 March 2016 RM'000	Three months ended 31 March 2017 RM'000	31 March 2016 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	82,004	82,123	82,004	82,123
- Pension fund contributions	9,269	9,279	9,269	9,279
- Other staff related cost	10,347	4,536	10,347	4,536
	<u>101,620</u>	<u>95,938</u>	<u>101,620</u>	<u>95,938</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,530	6,111	6,530	6,111
- Rental	5,917	6,058	5,917	6,058
- Information technology and project expenses	70,048	36,116	70,048	36,116
- Others	13,559	13,117	13,559	13,117
	<u>96,054</u>	<u>61,402</u>	<u>96,054</u>	<u>61,402</u>
Marketing expenses				
- Advertisement and publicity	4,628	3,414	4,628	3,414
- Others	2,883	3,902	2,883	3,902
	<u>7,511</u>	<u>7,316</u>	<u>7,511</u>	<u>7,316</u>
Administration and general expenses				
- Communication expenses	2,527	2,667	2,527	2,667
- Group administration and business support expenses	22,472	18,607	22,472	18,607
- Outsourcing expenses	26,698	22,933	26,698	22,933
- Others	7,220	16,348	7,220	16,348
	<u>58,917</u>	<u>60,555</u>	<u>58,917</u>	<u>60,555</u>
Total other operating expenses	<u><u>264,102</u></u>	<u><u>225,211</u></u>	<u><u>264,102</u></u>	<u><u>225,211</u></u>

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25. Provisions for loans, advances and financing

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	13,273	40,498	13,273	40,498
- Made in the financial period	43,397	42,521	43,397	42,521
- Discounting of expected cashflows	13,461	12,583	13,461	12,583
- Written back	(43,585)	(14,606)	(43,585)	(14,606)
Collective impairment provisions				
- Made in the financial period	3,917	34,719	3,917	34,719
- Written back	(44,739)	(53,520)	(44,739)	(53,520)
Bad and doubtful debts on loans, advances and financing:-				
Written off	26,704	33,465	26,704	33,465
Recovered	(18,744)	(21,758)	(18,744)	(21,758)
	<u>(19,589)</u>	<u>33,404</u>	<u>(19,589)</u>	<u>33,404</u>
	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	(3,007)	25,819	(3,007)	25,819
- Made in the financial period	23,024	24,644	23,024	24,644
- Discounting of expected cashflows	13,461	12,583	13,461	12,583
- Written back	(39,492)	(11,408)	(39,492)	(11,408)
Collective impairment provisions				
- Made in the financial period	2,895	32,890	2,895	32,890
- Written back	(31,001)	(44,968)	(31,001)	(44,968)
Bad and doubtful debts on loans, advances and financing:-				
Written off	26,704	33,465	26,704	33,465
Recovered	(15,381)	(18,658)	(15,381)	(18,658)
	<u>(19,790)</u>	<u>28,548</u>	<u>(19,790)</u>	<u>28,548</u>

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26. Commitments and contingencies

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

The commitments and contingencies are as follows:-

Group	31 March 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	1,922,413	1,922,413	1,209,356	2,141,367	2,141,367	1,284,151
Transaction-related contingent items	3,404,228	3,404,228	1,030,301	3,776,779	3,776,779	1,175,690
Short-term self liquidating trade-related contingencies	479,055	478,229	70,298	184,446	183,862	37,893
Other commitments to extend credit:-						
- maturity not exceeding one year	35,291,519	4,183,907	1,908,216	36,257,881	4,172,955	1,740,395
- maturity exceeding one year	2,575,161	707,160	811,043	2,429,059	694,304	587,007
Foreign exchange related contracts:-						
- less than one year	49,644,435	2,032,545	463,911	49,581,064	3,009,224	689,570
- one year to less than five years	12,415,710	2,302,955	813,985	12,551,181	1,961,981	772,759
- five years and above	1,594,692	308,793	115,255	2,641,904	870,460	136,908
Interest rate related contracts:-						
- less than one year	21,474,006	49,677	7,688	21,155,218	53,426	7,569
- one year to less than five years	31,263,834	914,163	179,823	32,199,345	890,570	188,180
- five years and above	6,848,913	573,947	112,441	7,761,427	618,786	120,372
Miscellaneous commitments and contingencies	7,257,368	514,773	247,583	7,321,434	646,066	261,846
	<u>174,171,334</u>	<u>17,392,790</u>	<u>6,969,900</u>	<u>178,001,105</u>	<u>19,019,780</u>	<u>7,002,340</u>

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26. Commitments and contingencies (continued)

Bank	31 March 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	1,919,465	1,920,918	1,208,797	2,138,550	2,139,904	1,283,614
Transaction-related contingent items	3,191,832	3,247,192	998,339	3,564,104	3,619,175	1,153,576
Short-term self liquidating trade-related contingencies	350,399	421,534	55,783	143,256	146,281	28,906
Other commitments to extend credit:-						
- maturity not exceeding one year	38,365,744	3,894,745	1,748,024	38,692,777	3,833,121	1,573,827
- maturity exceeding one year	2,136,688	642,090	722,731	2,024,073	601,746	509,514
Foreign exchange related contracts:-						
- less than one year	49,641,605	2,031,218	463,249	49,536,213	3,007,750	686,077
- one year to less than five years	12,415,710	2,590,455	915,009	12,551,180	2,249,466	868,321
- five years and above	1,594,692	308,793	115,255	2,641,904	870,460	136,908
Interest rate related contracts:-						
- less than one year	21,474,006	49,677	7,688	21,155,218	53,426	7,569
- one year to less than five years	31,239,392	913,674	196,684	32,174,557	889,910	206,389
- five years and above	6,848,913	573,947	112,441	7,761,427	618,786	120,372
Miscellaneous commitments and contingencies	7,276,979	516,512	248,208	7,341,045	648,386	262,731
	<u>176,455,425</u>	<u>17,110,755</u>	<u>6,792,208</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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27. 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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27. 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
31 March 2017	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	227,371	-	227,371
Debt securities	-	3,449,920	-	3,449,920
Derivative financial instruments	1,476	3,305,886	-	3,307,362
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	545,804	-	545,804
Debt securities	-	4,090,177	-	4,090,177
At 31 March 2017	<u>1,476</u>	<u>11,619,158</u>	<u>-</u>	<u>11,620,634</u>
Liabilities				
Deposits from customers	-	53,473	-	53,473
Deposits and placements of banks and other financial institutions	-	3,614	-	3,614
Derivative financial instruments	814	3,297,539	-	3,298,353
At 31 March 2017	<u>814</u>	<u>3,354,626</u>	<u>-</u>	<u>3,355,440</u>

Group	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	4,436,643	-	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	<u>495</u>	<u>8,823,343</u>	<u>-</u>	<u>8,823,838</u>
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	<u>267</u>	<u>4,172,343</u>	<u>-</u>	<u>4,172,610</u>

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27. 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
31 March 2017	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	227,371	-	227,371
Debt securities	-	3,449,920	-	3,449,920
Derivative financial instruments	1,476	3,312,589	-	3,314,065
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	545,804	-	545,804
Debt securities	-	3,990,277	-	3,990,277
At 31 March 2017	<u>1,476</u>	<u>11,525,961</u>	<u>-</u>	<u>11,527,437</u>
Liabilities				
Deposits from customers	-	35,717	-	35,717
Deposits and placements of banks and other financial institutions	-	-	-	-
Derivative financial instruments	814	3,295,673	-	3,296,487
At 31 March 2017	<u>814</u>	<u>3,331,390</u>	<u>-</u>	<u>3,332,204</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 31 March 2017.

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28. Capital adequacy

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 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	3,497,174	3,384,655	3,294,388	3,194,199
Less: Deferred tax assets	(46,645)	(55,589)	(42,935)	(49,841)
Unrealised gains and losses on 'available-for-sale' financial instruments	(6,488)	(4,417)	(5,957)	(3,613)
Investment in subsidiaries deducted from CET 1 capital	-	-	(329,218)	(246,913)
CET 1 capital	<u>3,944,041</u>	<u>3,824,649</u>	<u>3,416,278</u>	<u>3,393,832</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,324,041</u>	<u>4,204,649</u>	<u>3,796,278</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	12,195	13,558	5,865	6,339
Surplus of total eligible provisions over total expected loss under AIRB approach	63,554	73,115	55,105	61,683
	<u>1,075,749</u>	<u>1,086,673</u>	<u>1,060,970</u>	<u>1,068,022</u>
Less: Investment in subsidiaries	-	-	(182,304)	(264,609)
Eligible Tier 2 capital	<u>1,075,749</u>	<u>1,086,673</u>	<u>878,666</u>	<u>803,413</u>
Total capital base	<u>5,399,790</u>	<u>5,291,322</u>	<u>4,674,944</u>	<u>4,577,245</u>

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets:-				
Credit risk	24,927,809	26,688,495	22,854,956	24,229,571
Market risk	1,050,159	898,151	1,050,159	898,151
Operational risk	3,300,682	3,344,050	3,160,468	3,195,375
	<u>29,278,650</u>	<u>30,930,696</u>	<u>27,065,583</u>	<u>28,323,097</u>

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

	Group		Bank	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Before proposed dividend:-				
CET 1 capital ratio	13.471%	12.365%	12.622%	11.983%
Tier 1 capital ratio	14.769%	13.594%	14.026%	13.324%
Total capital ratio	18.443%	17.107%	17.273%	16.161%

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28. Capital adequacy (continued)

	Group		Bank	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
After proposed dividend:-				
CET 1 capital ratio	13.087%	12.002%	12.207%	11.586%
Tier 1 capital ratio	14.385%	13.230%	13.611%	12.927%
Total capital ratio	18.059%	16.744%	16.857%	15.764%

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

	31 March 2017	31 December 2016
CET 1 capital ratio	18.488%	15.806%
Tier 1 capital ratio	18.488%	15.806%
Total capital ratio	21.758%	18.739%