



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

**Financial statements for the nine months
ended 30 September 2016**

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 SEPTEMBER 2016

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Assets					
Cash and short term funds		7,250,893	6,889,236	6,170,519	5,907,593
Deposits and placements with banks and other financial institutions		1,029,528	16,475	5,164,710	5,697,714
Securities purchased under resale agreements		284,112	529,245	284,112	529,245
Financial assets held for trading	10	1,908,407	1,545,132	1,908,407	1,545,132
Investment securities available-for-sale	11	3,082,776	4,022,314	2,981,000	3,415,898
Loans, advances and financing	12	29,167,743	29,616,404	22,553,698	22,886,385
Derivative financial assets		3,225,644	4,686,880	3,244,460	4,687,947
Other assets	14	566,796	678,462	1,006,091	1,196,909
Current tax assets		70,509	129,293	62,299	113,311
Statutory deposits with Bank Negara Malaysia	15	667,435	876,100	517,536	615,014
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		64,368	82,941	64,202	82,543
Deferred tax assets		45,924	44,780	40,200	42,953
Total assets		47,364,135	49,117,262	44,408,756	47,132,166
Liabilities					
Deposits from customers	16	32,055,560	32,961,050	29,081,733	29,495,746
Deposits and placements of banks and other financial institutions	17	4,967,891	4,142,685	4,894,619	4,025,867
Obligations on securities sold under repurchase agreements		-	352,549	-	352,549
Derivative financial liabilities		3,169,142	4,441,039	3,168,194	4,439,370
Other liabilities	18	1,567,783	1,895,175	1,836,194	3,680,843
Provision for credit commitments and contingencies	19	28,955	97,852	28,955	97,852
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		42,789,331	44,890,350	40,009,695	43,092,227
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,411,804	4,063,912	4,236,061	3,876,939
Total equity attributable to owner of the Bank		4,574,804	4,226,912	4,399,061	4,039,939
Total liabilities and equity		47,364,135	49,117,262	44,408,756	47,132,166
Commitments and contingencies	26	161,269,320	174,002,214	161,715,057	171,897,267

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 2015.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	Note	Group			
		3rd Quarter ended 30 September		Nine months ended 30 September	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income	20	355,082	404,901	1,079,200	1,263,512
Interest expense	21	(152,030)	(190,838)	(486,377)	(580,018)
Net interest income		203,052	214,063	592,823	683,494
Net income from Islamic Banking operations	22	91,640	87,899	278,625	246,961
		294,692	301,962	871,448	930,455
Other operating income	23	150,944	174,535	465,286	466,916
Total net income		445,636	476,497	1,336,734	1,397,371
Other operating expenses	24	(250,659)	(246,011)	(737,948)	(753,971)
Operating profit		194,977	230,486	598,786	643,400
Provisions for loans, advances and financing	25	(66,077)	(305,576)	(154,952)	(455,732)
Provisions related to credit commitments and contingencies		-	(113,917)	-	(113,917)
Profit before taxation		128,900	(189,007)	443,834	73,751
Tax expense		(25,949)	50,549	(111,563)	(17,722)
Profit for the period		102,951	(138,458)	332,271	56,029
Other comprehensive income/(expense), net of income tax					
Items that may be reclassified subsequently to profit or loss					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		6,626	(5,678)	17,916	14,118
Net amount transferred to profit or loss		(757)	3,084	(8,514)	(4,084)
Cash flow hedges:-					
Effective portion of changes in fair value		5,046	(1,862)	6,216	1,842
Net amount transferred to profit or loss		(1)	(22)	3	(147)
Actuarial gains from defined benefit plan		-	-	-	19
Other comprehensive income/(expense) for the period, net of income tax		10,914	(4,478)	15,621	11,748
Total comprehensive income for the period		113,865	(142,936)	347,892	67,777
Profit attributable to:					
Owner of the Bank		102,951	(138,458)	332,271	56,029
Total comprehensive income attributable to:					
Owner of the Bank		113,865	(142,936)	347,892	67,777

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 2015.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	Note	Bank			
		3rd Quarter ended		Nine months ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	20	400,390	445,610	1,212,315	1,364,677
Interest expense	21	(152,030)	(190,838)	(486,377)	(580,018)
Net interest income		248,360	254,772	725,938	784,659
Other operating income	23	176,155	195,003	560,499	533,563
Total net income		424,515	449,775	1,286,437	1,318,222
Other operating expenses	24	(239,383)	(233,680)	(702,358)	(727,833)
Operating profit		185,132	216,095	584,079	590,389
Provisions for loans, advances and financing	25	(59,664)	(295,114)	(135,963)	(444,151)
Provisions related to credit commitments and contingencies		-	(113,917)	-	(113,917)
Profit before taxation		125,468	(192,936)	448,116	32,321
Tax expense		(25,308)	51,569	(105,637)	(5,745)
Profit for the period		100,160	(141,367)	342,479	26,576
Other comprehensive income/(expense), 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		5,892	(5,674)	18,938	14,072
Net amount transferred to profit or loss		(757)	3,084	(8,514)	(4,084)
Cash flow hedges:-					
Effective portion of changes in fair value		5,046	(1,862)	6,216	1,842
Net amount transferred to profit or loss		(1)	(22)	3	(147)
Other comprehensive income/(expense) for the period, net of income tax		10,180	(4,474)	16,643	11,702
Total comprehensive income for the period		110,340	(145,841)	359,122	38,278

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 2015.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

GROUP	← Attributable to owner of the Bank →							Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	← Non-Distributable Reserves →				Distributable Reserves						
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000				
At 1 January 2016	163,000	717,000	265,750	260,000	190	8,828	(5,789)	2,817,933	4,226,912	-	4,226,912
Fair value reserve (investment securities available-for-sale):-											
Net changes in fair value	-	-	-	-	-	17,916	-	-	17,916	-	17,916
Net amount transferred to profit or loss	-	-	-	-	-	(8,514)	-	-	(8,514)	-	(8,514)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	6,216	-	6,216	-	6,216
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3	-	3
Total other comprehensive (expense)/income for the period	-	-	-	-	-	9,402	6,219	-	15,621	-	15,621
Profit for the period	-	-	-	-	-	-	-	332,271	332,271	-	332,271
Total comprehensive (expense)/income for the period	-	-	-	-	-	9,402	6,219	332,271	347,892	-	347,892
At 30 September 2016	163,000	717,000	265,750	260,000	190	18,230	430	3,150,204	4,574,804	-	4,574,804

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

GROUP	← Attributable to owner of the Bank →							Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	←	Non-Distributable Reserves			→		Distributable Reserves				
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000				
At 1 January 2015	163,000	717,000	265,750	260,000	190	(9,816)	(8,695)	2,829,188	4,216,617	2,884	4,219,501
Fair value reserve (investment securities available-for-sale):-											
Net changes in fair value	-	-	-	-	-	14,118	-	-	14,118	-	14,118
Net amount transferred to profit or loss	-	-	-	-	-	(4,084)	-	-	(4,084)	-	(4,084)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	1,842	-	1,842	-	1,842
Net amount transferred to profit or loss	-	-	-	-	-	-	(147)	-	(147)	-	(147)
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	19	19	-	19
Total other comprehensive income for the period	-	-	-	-	-	10,034	1,695	19	11,748	-	11,748
Profit for the period	-	-	-	-	-	-	-	56,029	56,029	-	56,029
Total comprehensive income for the period	-	-	-	-	-	10,034	1,695	56,048	67,777	-	67,777
Distribution to Owner of the Bank											
Dividends (preference shares)											
- 2014 final	-	-	-	-	-	-	-	(12,825)	(12,825)	-	(12,825)
Dividends (ordinary shares)											
- 2014 final	-	-	-	-	-	-	-	(24,300)	(24,300)	-	(24,300)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(37,125)	(37,125)	-	(37,125)
Change in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	(2,884)	(2,884)
At 30 September 2015	163,000	717,000	265,750	260,000	190	218	(7,000)	2,848,111	4,247,269	-	4,247,269

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 2015.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

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 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	-	-	-	-	-	18,938	-	-	18,938
Net amount transferred to profit or loss	-	-	-	-	-	(8,514)	-	-	(8,514)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	6,216	-	6,216
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Total other comprehensive income for the period	-	-	-	-	-	10,424	6,219	-	16,643
Profit for the period	-	-	-	-	-	-	-	342,479	342,479
Total comprehensive income for the period	-	-	-	-	-	10,424	6,219	342,479	359,122
At 30 September 2016	163,000	717,000	163,000	260,000	190	17,390	430	3,078,051	4,399,061

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 2015.

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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 2015	163,000	717,000	163,000	260,000	190	(9,795)	(8,695)	2,764,005	4,048,705
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	14,072	-	-	14,072
Net amount transferred to profit or loss	-	-	-	-	-	(4,084)	-	-	(4,084)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	1,842	-	1,842
Net amount transferred to profit or loss	-	-	-	-	-	-	(147)	-	(147)
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	19	19
Total other comprehensive income for the period	-	-	-	-	-	9,988	1,695	19	11,702
Profit for the period	-	-	-	-	-	-	-	26,576	26,576
Total comprehensive income for the period	-	-	-	-	-	9,988	1,695	26,595	38,278
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2014 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2014 final	-	-	-	-	-	-	-	(24,300)	(24,300)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(37,125)	(37,125)
At 30 September 2015	163,000	717,000	163,000	260,000	190	193	(7,000)	2,753,475	4,049,858

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 2015.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	443,834	73,751	448,116	32,321
Adjustment for non-cash items	15,134	(18,780)	15,588	(17,951)
Operating profit before working capital changes	458,968	54,971	463,704	14,370
Changes in working capital:-				
Net changes in operating assets	(164,681)	5,540,112	1,216,339	3,805,929
Net changes in operating liabilities	(829,124)	(3,205,969)	(1,811,356)	(3,149,846)
Income taxes paid	(58,854)	(93,823)	(57,128)	(86,349)
Net cash (used in) / generated from operating activities	(593,691)	2,295,291	(188,441)	584,104
Net cash generated from investing activities	955,348	2,828,101	451,367	2,937,889
Net cash used in financing activities	-	(37,125)	-	(37,125)
Net increase in cash and cash equivalents	361,657	5,086,267	262,926	3,484,868
Cash and cash equivalent at beginning of the period	6,889,236	5,825,358	5,907,593	6,013,052
Cash and cash equivalent at end of the period	7,250,893	10,911,625	6,170,519	9,497,920

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 2015.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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AND ITS SUBSIDIARY COMPANIES

REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM443.83 million for the financial period ended 30 September 2016, as compared to RM 73.75 million, mainly due to non recurrence of large impairment provisions for a few corporate customers, made in the corresponding period last year.

Net interest income and other operating income declined by 13.27% to RM592.82 million and 0.35% to RM465.29 million while Islamic Banking income increased by 12.82% to RM278.63 million. Included in other operating income of RM465.29 million is a RM54 million Credit Value Adjustment ("CVA") release, attributable to lower derivative credit exposures. Meanwhile, other operating expenses decreased by 2.13% to RM737.95 million.

The Group's total assets decreased by 3.57% to RM 47.36 billion as loan growth continued to moderate since last year in a challenging macro economic environment. Meanwhile, customer deposits decreased by 2.75% to RM 32.06 billion, the Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 12.69% and 17.26%, respectively.

PROSPECTS

In line with the Standard Chartered PLC Group's refreshed and sharpened strategy, the three restructured client business will continue to differentiate against local and international competition, and deliver greater efficiency. Our Corporate & Institutional Banking and Commercial Banking segments will focus on optimisation of capital, while continuing to deepen client relationships. Meanwhile, our Retail Banking's strategic initiatives will continue on the digital agenda to improve customer experience.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the nine months ended 30 September 2016

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the nine months ended 30 September 2016 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.

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 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*

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.

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Notes to the financial statements for the nine months ended 30 September 2016 (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 2015. 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 2015.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2015 was not qualified.

3. Seasonal or cyclical factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the third quarter and nine months ended 30 September 2016.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the third quarter and nine months ended 30 September 2016.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the third quarter and nine months ended 30 September 2016.

7. Dividend

No dividend has been proposed for the third quarter and the nine months ended 30 September 2016.

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 nine months ended 30 September 2016.

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10. Financial assets held for trading

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	11,545	1,348	11,545	1,348
Malaysian Government bonds/securities	1,715,617	1,201,068	1,715,617	1,201,068
Government Islamic bonds	151,934	172,537	151,934	172,537
Bank Negara Malaysia bills	7,574	1,576	7,574	1,576
Private debt securities	21,737	168,603	21,737	168,603
	<u>1,908,407</u>	<u>1,545,132</u>	<u>1,908,407</u>	<u>1,545,132</u>

11. Investment securities available-for-sale

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	3,345	74,542	3,345	-
Malaysian Government bonds/ securities	1,636,606	1,069,435	1,636,606	1,069,435
Bank Negara Malaysia bills	-	49,860	-	-
Bankers' acceptances and Islamic acceptance bills	180,303	211,395	180,303	211,395
Negotiable instruments of deposit	800,123	1,975,397	800,123	1,975,397
Government Islamic bonds	300,428	482,014	198,652	-
Private debt securities	152,630	150,330	152,630	150,330
	<u>3,073,435</u>	<u>4,012,973</u>	<u>2,971,659</u>	<u>3,406,557</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>3,082,776</u>	<u>4,022,314</u>	<u>2,981,000</u>	<u>3,415,898</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<u>At amortised cost</u>				
Overdrafts	364,693	519,042	364,693	519,042
Term loans/financing				
- Housing loans/financing	12,582,221	13,277,804	9,462,908	10,041,505
- Syndicated term loan/financing	186,155	128,762	186,155	128,762
- Hire purchase receivables	115,231	154,638	-	-
- Lease receivables	273,035	234,699	-	-
- Other term loans/financing	8,770,535	8,429,728	6,582,446	5,899,840
Bills receivable	3,409,170	3,074,787	2,813,463	2,790,475
Trust receipts	779,724	1,293,058	474,216	776,980
Staff loans/financing	32,424	38,903	28,509	36,631
Loans/financing to banks and other financial institutions	57,679	188,731	57,679	188,731
Credit card receivables	2,079,842	2,249,159	2,079,842	2,249,159
Revolving credit	2,087,055	1,803,494	1,428,212	1,229,055
	<u>30,737,764</u>	<u>31,392,805</u>	<u>23,478,123</u>	<u>23,860,180</u>
Less: Unearned interest and income	(549,955)	(692,028)	(8,373)	(11,393)
Gross loans, advances and financing	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(650,945)	(702,759)	(624,999)	(674,137)
- Collective impairment provisions	(369,121)	(381,614)	(291,053)	(288,265)
Total net loans, advances and financing	<u>29,167,743</u>	<u>29,616,404</u>	<u>22,553,698</u>	<u>22,886,385</u>

(ii) By type of customer

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	241,792	395,793	241,792	395,793
Domestic non-bank financial institutions	469,017	345,052	169,188	144,157
Domestic business enterprises	12,246,646	11,574,613	9,353,554	8,738,891
<i>Small medium enterprises</i>	3,689,133	3,995,283	2,657,147	2,896,906
<i>Others</i>	8,557,513	7,579,330	6,696,407	5,841,985
Individuals	14,874,727	16,033,328	11,952,081	12,872,440
Other domestic entities	432	227	432	227
Foreign entities	2,355,195	2,351,764	1,752,703	1,697,279
	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Fixed rate				
Housing loans/financing	17,669	20,657	16,279	18,903
Other fixed rate loan/financing	4,565,889	4,898,140	3,294,059	3,310,005
Variable rate				
BLR plus/ Base rate plus	15,552,639	16,360,951	12,462,891	13,126,406
Cost plus	9,186,484	8,451,830	7,585,586	7,271,748
Other variable rates	865,128	969,199	110,935	121,725
	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>

(iv) By sector

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Agriculture	202,785	111,073	48,371	108,257
Mining and quarrying	275,704	269,982	45,787	88,750
Manufacturing	4,367,130	4,518,644	3,624,008	3,676,446
Electricity, gas and water	42,389	40,474	40,658	38,151
Construction	557,929	658,498	395,159	502,528
Real estate	2,280,318	1,508,374	1,950,739	1,174,690
Wholesale & retail trade and restaurants & hotels	2,794,882	2,765,848	2,103,710	2,042,969
Transportation, storage and communication	385,931	368,000	304,740	267,489
Finance, insurance and business services	1,859,498	1,827,324	1,194,407	1,269,414
Household	16,967,150	18,134,039	13,539,350	14,460,336
Others	454,093	498,521	222,821	219,757
	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>

(v) By purpose

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of landed property	15,677,763	16,583,181	11,931,633	12,713,896
- Residential	12,440,314	13,133,873	9,577,184	10,186,013
- Non-residential	3,237,449	3,449,308	2,354,449	2,527,883
Fixed assets excluding land & building	112,680	147,954	-	-
Personal use	1,275,953	1,471,987	931,183	985,537
Credit cards	2,079,842	2,249,159	2,079,842	2,249,159
Working capital	10,983,891	10,059,957	8,469,412	7,711,656
Others	57,680	188,539	57,680	188,539
	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>

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

	Group		Bank	
	30 September		30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	10,325,347	9,293,539	8,694,642	8,057,483
One year to three years	1,493,377	1,947,164	1,010,274	1,383,929
Three years to five years	2,064,537	2,236,844	1,447,888	1,245,065
Over five years	16,304,548	17,223,230	12,316,946	13,162,310
	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>

(vii) By geographical distribution

	Group		Bank	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Within Malaysia	30,084,283	30,665,633	23,366,224	23,813,643
Outside Malaysia	103,526	35,144	103,526	35,144
	<u>30,187,809</u>	<u>30,700,777</u>	<u>23,469,750</u>	<u>23,848,787</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
USD	4,711,195	3,864,791	3,625,082	2,785,732
GBP	51,183	24,066	51,183	24,066
Other foreign currencies	246,042	12,244	246,042	12,244
	<u>4,998,360</u>	<u>3,899,061</u>	<u>3,902,307</u>	<u>2,819,842</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	1,287,013	1,124,432	1,250,196	1,086,311
Currency translation differences	(21,956)	11,280	(21,956)	11,280
Classified as impaired during the financial period/year	579,126	1,059,936	494,132	984,838
Reclassified as performing during the financial period/year	(233,999)	(187,648)	(189,210)	(174,737)
Amount recovered during the financial period/year	(100,771)	(360,356)	(98,592)	(347,291)
Amount written off during the financial period/year	(287,949)	(360,631)	(255,055)	(310,205)
At end of reporting period/year	1,221,464	1,287,013	1,179,515	1,250,196
Individual impairment provisions	(650,945)	(702,759)	(624,999)	(674,137)
Net impaired loans, advances and financing	<u>570,519</u>	<u>584,254</u>	<u>554,516</u>	<u>576,059</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Collective impairment provisions				
At 1 January	381,615	354,529	288,265	235,492
Impairment made during the financial period/year	71,298	110,319	61,565	92,574
Amount written back	(83,792)	(83,234)	(58,777)	(39,801)
At end of reporting period/year	<u>369,121</u>	<u>381,614</u>	<u>291,053</u>	<u>288,265</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.25%</u>	<u>1.27%</u>	<u>1.27%</u>	<u>1.24%</u>
Individual impairment provisions				
At 1 January	702,759	406,631	674,137	382,841
Currency translation differences	(7,150)	11,280	(7,150)	11,280
Impairment made during the financial period/year	250,541	561,307	192,871	496,187
Amount written back	(65,756)	(75,507)	(51,978)	(65,197)
Amount written off	(229,449)	(200,952)	(182,881)	(150,974)
At end of reporting period/year	<u>650,945</u>	<u>702,759</u>	<u>624,999</u>	<u>674,137</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Agriculture	18,455	33,741	18,455	33,741
Mining and quarrying	28,671	1,519	28,671	1,519
Manufacturing	798,417	805,653	797,753	804,065
Construction	2,694	4,437	2,694	4,373
Real estate	33,767	28,801	33,767	28,801
Wholesale & retail trade and restaurants & hotels	122,567	150,369	116,771	148,418
Transportation, storage and communication	4,826	7,053	3,893	6,428
Finance, insurance and business services	2,435	1,469	778	1,469
Household	203,192	252,952	173,276	220,475
Others	6,440	1,019	3,457	907
	<u>1,221,464</u>	<u>1,287,013</u>	<u>1,179,515</u>	<u>1,250,196</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of landed property	160,291	132,685	139,000	121,838
- Residential	127,176	125,113	108,528	115,359
- Non-residential	33,115	7,572	30,472	6,479
Fixed assets excluding land & building	443	859	-	-
Personal use	73,354	95,067	60,354	73,437
Credit cards	18,286	18,728	18,286	18,728
Working capital	969,090	1,039,674	961,875	1,036,193
	<u>1,221,464</u>	<u>1,287,013</u>	<u>1,179,515</u>	<u>1,250,196</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Within Malaysia	1,221,273	1,286,748	1,179,324	1,249,931
Outside Malaysia	191	265	191	265
	<u>1,221,464</u>	<u>1,287,013</u>	<u>1,179,515</u>	<u>1,250,196</u>

14. Other assets

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Interest/Income receivables	42,974	43,383	63,334	51,685
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	523,822	635,079	842,757	1,045,224
	<u>566,796</u>	<u>678,462</u>	<u>1,006,091</u>	<u>1,196,909</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 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Demand deposits	15,504,679	15,261,344	14,247,021	13,828,705
Savings deposits	3,404,255	3,550,838	3,240,340	3,385,688
Fixed/Investment deposits	12,198,360	13,719,872	10,769,179	11,963,418
Negotiable instruments of deposits	948,266	428,996	825,193	317,935
	<u>32,055,560</u>	<u>32,961,050</u>	<u>29,081,733</u>	<u>29,495,746</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Due within six months	10,070,128	10,982,067	8,864,410	9,647,974
Six months to one year	1,959,138	2,375,496	1,759,717	1,976,490
One year to three years	122,695	259,541	91,763	125,125
Three years to five years	983,265	531,655	867,082	531,655
Over five years	11,400	109	11,400	109

(ii) By type of customers

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Government and statutory bodies	743,247	205,497	75,115	69,440
Business enterprises	13,900,637	13,220,656	13,273,190	12,198,045
Individuals	12,729,944	15,483,576	11,472,525	13,619,376
Others	4,681,732	4,051,321	4,260,903	3,608,885
	<u>32,055,560</u>	<u>32,961,050</u>	<u>29,081,733</u>	<u>29,495,746</u>

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17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Licensed banks	1,535,802	1,030,085	1,535,802	1,030,084
Bank Negara Malaysia	-	144,505	-	144,505
Other financial institutions	3,432,089	2,968,095	3,358,817	2,851,278
	<u>4,967,891</u>	<u>4,142,685</u>	<u>4,894,619</u>	<u>4,025,867</u>

18. Other liabilities

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Interest/Income payable	138,667	187,214	135,772	183,862
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	1,429,116	1,707,961	1,700,400	3,496,959
	<u>1,567,783</u>	<u>1,895,175</u>	<u>1,836,194</u>	<u>3,680,843</u>

19. Provision for credit commitments and contingencies

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
As at 1 January	97,852	-
Currency translation difference	(3,542)	-
Transfer to Individual Impairment provision	(65,355)	-
Provision made during the financial period/year	-	97,852
As at end of reporting period/ year	<u>28,955</u>	<u>97,852</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			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	289,930	320,578	883,248	981,092
- Recoveries from impaired loans	5,289	7,224	20,562	32,252
Money at call and deposit placements with banks and other financial institutions	15,739	29,478	44,775	68,648
Financial assets held for trading	16,239	17,766	52,311	54,623
Investment securities available-for-sale	27,885	29,855	78,304	126,897
	<u>355,082</u>	<u>404,901</u>	<u>1,079,200</u>	<u>1,263,512</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	289,930	320,578	883,248	978,358
- Recoveries from impaired loans	5,289	7,224	20,562	32,252
Money at call and deposit placements with banks and other financial institutions	61,047	70,187	177,890	172,547
Financial assets held for trading	16,239	17,766	52,311	54,623
Investment securities available-for-sale	27,885	29,855	78,304	126,897
	<u>400,390</u>	<u>445,610</u>	<u>1,212,315</u>	<u>1,364,677</u>

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21. Interest expense

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	17,537	14,390	57,750	50,395
Deposits from customers	121,572	163,640	389,862	491,085
Subordinated debts	12,921	12,808	38,765	38,538
	<u>152,030</u>	<u>190,838</u>	<u>486,377</u>	<u>580,018</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	17,537	14,390	57,750	50,395
Deposits from customers	121,572	163,640	389,862	491,085
Subordinated debts	12,921	12,808	38,765	38,538
	<u>152,030</u>	<u>190,838</u>	<u>486,377</u>	<u>580,018</u>

22. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	70,436	86,024	218,613	238,338
Income attributable to depositors	<u>(3,574)</u>	<u>(30,504)</u>	<u>(21,987)</u>	<u>(92,550)</u>
Income attributable to the Bank	66,862	55,520	196,626	145,788
Income derived from investment of Islamic banking capital funds and shareholder's funds	24,778	32,379	81,999	101,173
	<u>91,640</u>	<u>87,899</u>	<u>278,625</u>	<u>246,961</u>

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23. Other operating income

	Group			
	3rd Quarter ended 30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	63,746	88,239	192,241	239,955
- <i>Commission income</i>	39,114	40,718	108,698	132,968
- <i>Service fees</i>	13,903	33,016	47,643	68,247
- <i>Guarantee fees</i>	10,729	14,505	35,900	38,740
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(13,575)	(16,943)	(42,338)	(43,524)
- <i>Commission charges</i>	(4,190)	(4,730)	(13,829)	(11,021)
- <i>Service charges</i>	(9,385)	(12,213)	(28,509)	(32,503)
	<u>50,171</u>	<u>71,296</u>	<u>149,903</u>	<u>196,431</u>
Net trading income				
Gains from sale of financial assets held for trading and derivative financial instruments	140,501	330,233	59,476	328,505
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(163,608)	(129,207)	196,979	(95,228)
Foreign exchange currency				
- (Losses)/gains from dealing in foreign currency	(16,789)	(84,644)	(63,157)	137,326
- Unrealised gains/(losses) from foreign exchange translation	140,390	(15,543)	116,155	(114,345)
	<u>100,494</u>	<u>100,839</u>	<u>309,453</u>	<u>256,258</u>
Other income				
Gains from sale of investment securities available-for-sale	-	2,087	4,834	10,782
Gross dividends from unquoted investments	210	210	898	2,844
Rental income	8	9	25	24
Gains on disposal of property, plant and equipment	-	183	-	190
Others	61	(89)	173	387
	<u>279</u>	<u>2,400</u>	<u>5,930</u>	<u>14,227</u>
Total other operating income	<u>150,944</u>	<u>174,535</u>	<u>465,286</u>	<u>466,916</u>

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23. Other operating income (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	63,746	88,239	192,241	239,955
- <i>Commission income</i>	39,114	40,718	108,698	132,968
- <i>Service fees</i>	13,903	33,016	47,643	68,247
- <i>Guarantee fees</i>	10,729	14,505	35,900	38,740
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(13,575)	(16,943)	(42,338)	(43,524)
- <i>Commission charges</i>	(4,190)	(4,730)	(13,829)	(11,021)
- <i>Service charges</i>	(9,385)	(12,213)	(28,509)	(32,503)
	<u>50,171</u>	<u>71,296</u>	<u>149,903</u>	<u>196,431</u>
Net trading income				
Gains from sale of financial assets held for trading and derivative financial instruments	140,501	330,233	59,476	328,505
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(159,456)	(129,207)	208,022	(95,228)
Foreign exchange currency - (Losses)/gains from dealing in foreign currency	(16,789)	(84,644)	(63,157)	137,326
- Unrealised gains/(losses) from foreign exchange translation	140,390	(15,543)	116,155	(114,345)
	<u>104,646</u>	<u>100,839</u>	<u>320,496</u>	<u>256,258</u>
Other income				
Gains from sale of investment securities available-for-sale	-	2,087	4,834	10,782
Gross dividends from unquoted investments	210	210	898	2,844
Gross dividend from a subsidiary	(0)	-	21,544	-
Rental income	8	9	25	24
Gains on disposal of property, plant and equipment	-	183	-	190
Others	21,120	20,379	62,799	67,034
	<u>21,338</u>	<u>22,868</u>	<u>90,100</u>	<u>80,874</u>
Total other operating income	<u><u>176,155</u></u>	<u><u>195,003</u></u>	<u><u>560,499</u></u>	<u><u>533,563</u></u>

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24. Other operating expenses

	Group			
	3rd Quarter ended 30 September 2016 RM'000	30 September 2015 RM'000	Nine months ended 30 September 2016 RM'000	30 September 2015 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	85,257	88,392	258,108	260,092
- Pension fund contributions	9,744	10,064	28,568	29,979
- Other staff related cost	12,474	8,574	27,816	31,238
	<u>107,475</u>	<u>107,030</u>	<u>314,492</u>	<u>321,309</u>
Establishment costs				
- Depreciation of property, plant and equipment	7,973	6,618	22,026	21,307
- Rental	6,520	6,824	19,269	20,249
- Information technology and project expenses	30,124	28,523	106,371	91,519
- Others	12,438	15,728	41,315	42,864
	<u>57,055</u>	<u>57,693</u>	<u>188,981</u>	<u>175,939</u>
Marketing expenses				
- Advertisement and publicity	4,295	1,656	10,468	6,637
- Others	4,227	3,003	11,359	12,241
	<u>8,522</u>	<u>4,659</u>	<u>21,827</u>	<u>18,878</u>
Administration and general expenses				
- Communication expenses	3,391	3,370	8,502	10,552
- Group administration and business support expenses	29,123	28,529	82,764	91,263
- Outsourcing expenses	26,521	24,947	73,635	74,476
- Others	18,572	19,783	47,747	61,554
	<u>77,607</u>	<u>76,629</u>	<u>212,648</u>	<u>237,845</u>
Total other operating expenses	<u><u>250,659</u></u>	<u><u>246,011</u></u>	<u><u>737,948</u></u>	<u><u>753,971</u></u>

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24. Other operating expenses (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	82,845	86,073	251,295	254,667
- Pension fund contributions	9,744	10,064	28,568	29,979
- Other staff related cost	11,849	7,920	26,414	29,551
	<u>104,438</u>	<u>104,057</u>	<u>306,277</u>	<u>314,197</u>
Establishment costs				
- Depreciation of property, plant and equipment	7,927	6,262	21,794	20,039
- Rental	6,114	6,312	18,085	18,718
- Information technology and project expenses	30,121	28,519	106,361	91,479
- Others	11,736	15,118	38,845	41,046
	<u>55,898</u>	<u>56,211</u>	<u>185,085</u>	<u>171,282</u>
Marketing expenses				
- Advertisement and publicity	4,295	1,410	10,466	6,309
- Others	4,147	2,937	11,188	11,970
	<u>8,442</u>	<u>4,347</u>	<u>21,654</u>	<u>18,279</u>
Administration and general expenses				
- Communication expenses	3,358	3,313	8,376	10,369
- Group administration and business support expenses	24,989	22,784	63,791	82,130
- Outsourcing expenses	26,521	24,947	73,635	74,476
- Others	15,737	18,021	43,540	57,100
	<u>70,605</u>	<u>69,065</u>	<u>189,342</u>	<u>224,075</u>
Total other operating expenses	<u><u>239,383</u></u>	<u><u>233,680</u></u>	<u><u>702,358</u></u>	<u><u>727,833</u></u>

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25. Provisions for loans, advances and financing

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	38,943	290,314	134,532	436,165
- Made in the financial period	108,401	287,161	212,996	437,640
- Discounting of expected cashflows	12,090	13,019	37,546	47,227
- Transfer from provision related to credit commitments and contingencies	(65,355)	-	(65,355)	-
- Written back	(16,193)	(9,866)	(50,655)	(48,702)
Collective impairment provisions				
- Made in the financial period	23,053	24,165	71,298	58,832
- Written back	(7,408)	(12,739)	(83,792)	(57,738)
Bad and doubtful debts on loans, advances and financing:-				
Written off	32,066	32,259	96,032	101,177
Recovered	(20,577)	(28,423)	(63,118)	(82,704)
	<u>66,077</u>	<u>305,576</u>	<u>154,952</u>	<u>455,732</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	26,323	273,229	90,640	391,609
- Made in the financial period	90,919	266,772	155,326	384,418
- Discounting of expected cashflows	12,090	13,019	37,546	47,227
- Transfer from provision related to credit commitments and contingencies	(65,355)	-	(65,355)	-
- Written back	(11,331)	(6,562)	(36,877)	(40,036)
Collective impairment provisions				
- Made in the financial period	18,766	20,272	61,565	49,746
- Written back	(298)	(5,496)	(58,777)	(25,574)
Bad and doubtful debts on loans, advances and financing:-				
Written off	32,066	32,259	96,032	101,177
Recovered	(17,193)	(25,150)	(53,497)	(72,807)
	<u>59,664</u>	<u>295,114</u>	<u>135,963</u>	<u>444,151</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	30 September 2016			31 December 2015		
	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	1,862,165	1,862,165	1,383,354	3,057,485	3,057,485	1,177,455
Transaction-related contingent items	3,920,293	3,922,833	964,468	4,143,266	4,143,266	1,052,663
Short-term self liquidating trade-related contingencies	129,615	129,113	30,924	257,117	256,653	69,028
Other commitments to extend credit:-						
- maturity not exceeding one year	36,078,171	4,107,193	1,541,370	36,650,829	4,284,899	1,630,547
- maturity exceeding one year	2,647,713	722,475	614,483	3,307,784	1,139,661	846,055
Foreign exchange related contracts:-						
- less than one year	38,727,243	1,700,766	408,075	37,895,111	1,980,582	480,918
- one year to less than five years	14,983,403	2,057,059	620,949	17,890,717	3,331,736	761,596
- five years and above	2,754,610	777,610	157,238	2,775,301	849,789	187,708
Interest rate related contracts:-						
- less than one year	15,847,927	46,211	6,308	14,047,615	36,978	7,203
- one year to less than five years	31,139,860	931,176	203,444	44,620,631	1,241,425	198,539
- five years and above	6,802,043	592,905	104,576	7,017,272	566,229	87,435
Miscellaneous commitments and contingencies	6,376,277	603,136	173,763	2,339,086	173,793	28,981
	<u>161,269,320</u>	<u>17,452,642</u>	<u>6,208,952</u>	<u>174,002,214</u>	<u>21,062,496</u>	<u>6,528,128</u>

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26. Commitments and contingencies (continued)

	30 September 2016			31 December 2015		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Bank						
Direct credit substitutes	1,859,294	1,860,741	1,382,975	3,056,141	3,056,141	1,177,153
Transaction-related contingent items	3,727,058	3,785,600	942,166	3,972,160	3,972,160	1,010,282
Short-term self liquidating trade-related contingencies	76,318	87,366	20,425	132,058	131,594	30,604
Other commitments to extend credit:-						
- maturity not exceeding one year	37,236,639	3,751,479	1,408,908	36,010,526	3,939,414	1,494,253
- maturity exceeding one year	2,187,634	606,144	474,143	2,598,880	880,538	647,950
Foreign exchange related contracts:-						
- less than one year	38,727,243	1,700,766	405,605	37,956,009	1,981,713	479,727
- one year to less than five years	14,983,403	2,257,559	647,431	17,890,717	3,331,736	527,351
- five years and above	2,754,610	777,610	157,238	2,775,301	849,789	187,708
Interest rate related contracts:-						
- less than one year	15,847,927	46,211	6,308	14,360,918	36,978	7,203
- one year to less than five years	31,117,000	930,567	229,221	43,768,589	1,215,706	196,205
- five years and above	6,802,043	592,905	104,576	7,017,272	566,229	87,435
Miscellaneous commitments and contingencies	6,395,888	605,726	168,033	2,358,696	176,856	29,880
	<u>161,715,057</u>	<u>17,002,674</u>	<u>5,947,029</u>	<u>171,897,267</u>	<u>20,138,854</u>	<u>5,875,751</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
30 September 2016	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	19,119	-	19,119
Debt securities	-	1,889,288	-	1,889,288
Derivative financial instruments	1,994	3,223,650	-	3,225,644
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	3,345	-	3,345
Debt securities	-	3,070,333	-	3,070,333
At 30 September 2016	<u>1,994</u>	<u>8,205,735</u>	<u>-</u>	<u>8,207,729</u>
Liabilities				
Deposits from customers	-	102,607	-	102,607
Deposits and placements of banks and other financial institutions		136,096	-	136,096
Derivative financial instruments	973	3,168,169	-	3,169,142
At 30 September 2016	<u>973</u>	<u>3,406,872</u>	<u>-</u>	<u>3,407,845</u>

Group	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2015	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	2,924	-	2,924
Debt securities	-	1,542,208	-	1,542,208
Derivative financial instruments	22,764	4,664,116	-	4,686,880
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	124,402	-	124,402
Debt securities	-	3,888,814	-	3,888,814
At 31 December 2015	<u>22,764</u>	<u>10,222,464</u>	<u>-</u>	<u>10,245,228</u>
Liabilities				
Deposits from customers	-	109,651	-	109,651
Deposits and placements of banks and other financial institutions	-	477,940	-	477,940
Derivative financial instruments	4,438	4,436,601	-	4,441,039
At 31 December 2015	<u>4,438</u>	<u>5,024,192</u>	<u>-</u>	<u>5,028,630</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
30 September 2016	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	19,119	-	19,119
Debt securities	-	1,889,288	-	1,889,288
Derivative financial instruments	1,994	3,242,466	-	3,244,460
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	3,345	-	3,345
Debt securities	-	2,968,557	-	2,968,557
At 30 September 2016	1,994	8,122,775	-	8,124,769
Liabilities				
Deposits from customers	-	84,995	-	84,995
Deposits and placements of banks and other financial institutions	-	132,482	-	132,482
Derivative financial instruments	973	3,167,221	-	3,168,194
At 30 September 2016	973	3,384,698	-	3,385,671

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2015	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	2,924	-	2,924
Debt securities	-	1,542,208	-	1,542,208
Derivative financial instruments	22,764	4,665,183	-	4,687,947
Investment securities available-for-sale				
Debt securities	-	3,406,800	-	3,406,800
At 31 December 2015	22,764	9,617,115	-	9,639,879
Liabilities				
Deposits from customers	-	91,309	-	91,309
Deposits and placements of banks and other financial institutions	-	474,335	-	474,335
Derivative financial instruments	4,438	4,434,932	-	4,439,370
At 31 December 2015	4,438	5,000,576	-	5,005,014

There were no transfers between Level 1 and Level 2 during the period ended 30 September 2016.

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28. Capital adequacy

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 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	3,410,031	3,065,962	3,235,128	2,880,851
Less: Deferred tax assets	(49,227)	(44,485)	(43,357)	(42,335)
Excess of Expected Loss over Eligible Provisions under AIRB approach	-	-	(2,769)	-
Unrealised gains and losses on 'available-for-sale' financial instruments	8,204	3,973	7,826	3,135
Investment in subsidiaries deducted from CET 1 capital	-	-	(246,913)	(164,609)
CET 1 capital	<u>3,869,008</u>	<u>3,525,450</u>	<u>3,449,915</u>	<u>3,177,042</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,249,008</u>	<u>3,905,450</u>	<u>3,829,915</u>	<u>3,557,042</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
Collective impairment provisions under standardised approach	11,985	16,411	6,018	6,969
Surplus of total eligible provisions over total expected loss under AIRB approach	1,606	92,612	-	105,124
	<u>1,013,591</u>	<u>1,109,023</u>	<u>1,006,018</u>	<u>1,112,093</u>
Less: Investment in subsidiaries	-	-	(264,609)	(346,913)
Eligible Tier 2 capital	<u>1,013,591</u>	<u>1,109,023</u>	<u>741,409</u>	<u>765,180</u>
Total capital base	<u>5,262,599</u>	<u>5,014,473</u>	<u>4,571,324</u>	<u>4,322,222</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Total risk-weighted assets:-				
Credit risk	25,546,279	24,770,839	23,019,040	21,834,621
Market risk	1,558,268	1,550,201	1,558,268	1,550,201
Operational risk	3,383,704	3,473,947	3,223,793	3,273,059
	<u>30,488,251</u>	<u>29,794,987</u>	<u>27,801,101</u>	<u>26,657,881</u>

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

	Group		Bank	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
CET 1 capital ratio	12.690%	11.832%	12.409%	11.918%
Tier 1 capital ratio	13.937%	13.108%	13.776%	13.343%
Total capital ratio	17.261%	16.830%	16.443%	16.214%

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28. Capital adequacy (continued)

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

	30 September 2016	31 December 2015
CET 1 capital ratio	15.471%	13.129%
Tier 1 capital ratio	15.471%	13.129%
Total capital ratio	18.239%	15.711%