



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

**Financial statements for the financial half year
ended 30 June 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 JUNE 2016

	Note	Group		Bank	
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Assets					
Cash and short term funds		8,077,438	6,889,236	6,766,668	5,907,593
Deposits and placements with banks and other financial institutions		538,752	16,475	5,620,651	5,697,714
Securities purchased under resale agreements		196,372	529,245	196,372	529,245
Financial assets held for trading	10	2,678,491	1,545,132	2,678,491	1,545,132
Investment securities available-for-sale	11	2,452,697	4,022,314	2,351,849	3,415,898
Loans, advances and financing	12	28,475,586	29,616,404	21,982,379	22,886,385
Derivative financial assets		3,322,541	4,686,880	3,344,726	4,687,947
Other assets	14	1,622,282	678,462	1,921,230	1,196,909
Current tax assets		107,522	129,293	97,865	113,311
Statutory deposits with Bank Negara Malaysia	15	655,540	876,100	492,510	615,014
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		72,070	82,941	71,858	82,543
Deferred tax assets		38,505	44,780	33,156	42,953
Total assets		48,237,796	49,117,262	45,969,277	47,132,166
Liabilities					
Deposits from customers	16	32,480,104	32,961,050	29,822,874	29,495,746
Deposits and placements of banks and other financial institutions	17	3,944,098	4,142,685	3,875,121	4,025,867
Obligations on securities sold under repurchase agreements		-	352,549	-	352,549
Derivative financial liabilities		3,485,707	4,441,039	3,484,010	4,439,370
Other liabilities	18	2,775,171	1,895,175	3,406,774	3,680,843
Provision for credit commitments and contingencies	19	91,777	97,852	91,777	97,852
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		43,776,857	44,890,350	41,680,556	43,092,227
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,297,939	4,063,912	4,125,721	3,876,939
Total equity attributable to owner of the Bank		4,460,939	4,226,912	4,288,721	4,039,939
Total liabilities and equity		48,237,796	49,117,262	45,969,277	47,132,166
Commitments and contingencies	27	168,506,878	174,002,214	167,477,701	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 2ND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

	Note	Group			
		2nd Quarter ended		Six months ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	20	363,520	425,308	724,118	858,611
Interest expense	21	(172,530)	(186,214)	(334,347)	(389,180)
Net interest income		190,990	239,094	389,771	469,431
Net income from Islamic Banking operations	22	96,020	77,897	186,985	159,062
Other operating income	23	287,010	316,991	576,756	628,493
Total net income		406,900	450,893	891,098	920,874
Other operating expenses	24	(247,511)	(251,345)	(487,289)	(507,960)
Operating profit		159,389	199,548	403,809	412,914
Provisions for loans, advances and financing	25	(55,471)	(93,024)	(88,875)	(150,156)
Profit before taxation		103,918	106,524	314,934	262,758
Tax expense		(33,908)	(28,645)	(85,614)	(68,271)
Profit for the period		70,010	77,879	229,320	194,487
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		6,950	2,557	11,290	19,796
Net amount transferred to profit or loss		(2,381)	(4,980)	(7,757)	(7,168)
Cash flow hedges:-					
Effective portion of changes in fair value		418	1,103	1,170	3,704
Net amount transferred to profit or loss		3	(39)	4	(125)
Item that will not be reclassified subsequently to profit or loss					
Actuarial gains from defined benefit plan		-	19	-	19
Other comprehensive income/(expense) for the period, net of income tax		4,990	(1,340)	4,707	16,226
Total comprehensive income for the period		75,000	76,539	234,027	210,713
Profit attributable to:					
Owner of the Bank		70,010	77,879	229,320	194,487
Total comprehensive income attributable to:					
Owner of the Bank		75,000	76,539	234,027	210,713

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 COMPREHENSIVE INCOME

FOR THE 2ND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

	Note	Bank			
		2nd Quarter ended		Six months ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Interest income	20	398,233	455,251	811,925	919,067
Interest expense	21	(160,294)	(186,214)	(334,347)	(389,180)
Net interest income		237,939	269,037	477,578	529,887
Other operating income	23	169,647	156,167	384,344	338,560
Total net income		407,586	425,204	861,922	868,447
Other operating expenses	24	(237,974)	(243,833)	(462,975)	(494,153)
Operating profit		169,612	181,371	398,947	374,294
Provisions for loans, advances and financing	25	(47,751)	(92,924)	(76,299)	(149,037)
Profit before taxation		121,861	88,447	322,648	225,257
Tax expense		(31,146)	(22,556)	(80,329)	(57,314)
Profit for the period		90,715	65,891	242,319	167,943
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		7,407	2,552	13,046	19,746
Net amount transferred to profit or loss		(2,381)	(4,980)	(7,757)	(7,168)
Cash flow hedges:-					
Effective portion of changes in fair value		418	1,103	1,170	3,704
Net amount transferred to profit or loss		3	(39)	4	(125)
Item that will not be reclassified subsequently to profit or loss					
Actuarial gains from defined benefit plan		-	19	-	19
Other comprehensive income/(expense) for the period, net of income tax		5,447	(1,345)	6,463	16,176
Total comprehensive income for the period		96,162	64,546	248,782	184,119

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 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	-	-	-	-	-	11,290	-	-	11,290	-	11,290
Net amount transferred to profit or loss	-	-	-	-	-	(7,757)	-	-	(7,757)	-	(7,757)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	1,170	-	1,170	-	1,170
Net amount transferred to profit or loss	-	-	-	-	-	-	4	-	4	-	4
Total other comprehensive (expense)/income for the period	-	-	-	-	-	3,533	1,174	-	4,707	-	4,707
Profit for the period	-	-	-	-	-	-	-	229,320	229,320	-	229,320
Total comprehensive (expense)/income for the period	-	-	-	-	-	3,533	1,174	229,320	234,027	-	234,027
At 30 June 2016	163,000	717,000	265,750	260,000	190	12,361	(4,615)	3,047,253	4,460,939	-	4,460,939

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015.

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 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	-	-	-	-	-	19,796	-	-	19,796	-	19,796
Net amount transferred to profit or loss	-	-	-	-	-	(7,168)	-	-	(7,168)	-	(7,168)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	3,704	-	3,704	-	3,704
Net amount transferred to profit or loss	-	-	-	-	-	-	(125)	-	(125)	-	(125)
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	19	19	-	19
Total other comprehensive income for the period	-	-	-	-	-	12,628	3,579	19	16,226	-	16,226
Profit for the period	-	-	-	-	-	-	-	194,487	194,487	-	194,487
Total comprehensive income for the period	-	-	-	-	-	12,628	3,579	194,506	210,713	-	210,713
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 June 2015	163,000	717,000	265,750	260,000	190	2,812	(5,116)	2,986,569	4,390,205	-	4,390,205

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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STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

BANK	← Attributable to owner of the Bank →						→ Distributable Reserves		Total equity RM'000
	← Non-Distributable Reserves →			→			Retained profits RM'000	Total equity RM'000	
	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	-	-	-	-	-	13,046	-	-	13,046
Net amount transferred to profit or loss	-	-	-	-	-	(7,757)	-	-	(7,757)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	1,170	-	1,170
Net amount transferred to profit or loss	-	-	-	-	-	-	4	-	4
Total other comprehensive income for the period	-	-	-	-	-	5,289	1,174	-	6,463
Profit for the period	-	-	-	-	-	-	-	242,319	242,319
Total comprehensive income for the period	-	-	-	-	-	5,289	1,174	242,319	248,782
At 30 June 2016	163,000	717,000	163,000	260,000	190	12,255	(4,615)	2,977,891	4,288,721

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015.

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STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total equity
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000		
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	-	-	-	-	-	19,746	-	-	19,746
Net amount transferred to profit or loss	-	-	-	-	-	(7,168)	-	-	(7,168)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	3,704	-	3,704
Net amount transferred to profit or loss	-	-	-	-	-	-	(125)	-	(125)
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	19	19
Total other comprehensive income for the period	-	-	-	-	-	12,578	3,579	19	16,176
Profit for the period	-	-	-	-	-	-	-	167,943	167,943
Total comprehensive income for the period	-	-	-	-	-	12,578	3,579	167,962	184,119
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 June 2015	163,000	717,000	163,000	260,000	190	2,783	(5,116)	2,894,842	4,195,699

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 CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Group		Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Profit before taxation	314,934	262,758	322,648	225,257
Adjustment for non-cash items	8,612	4,611	9,149	5,075
Operating profit before working capital changes	323,546	267,369	331,797	230,332
Changes in working capital:-				
Net changes in operating assets	(494,653)	4,593,695	(31,828)	4,316,932
Net changes in operating liabilities	(158,163)	(4,582,917)	(456,311)	(5,359,041)
Income taxes paid	(59,053)	(57,990)	(57,127)	(53,916)
Net cash (used in) / generated from operating activities	(388,323)	220,157	(213,469)	(865,693)
Net cash generated from investing activities	1,576,525	2,164,818	1,072,544	2,152,233
Net cash used in financing activities	-	(37,125)	-	(37,125)
Net increase in cash and cash equivalents	1,188,202	2,347,850	859,075	1,249,415
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	<u>8,077,438</u>	<u>8,173,208</u>	<u>6,766,668</u>	<u>7,262,467</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015.

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

REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM314.93 million for the first half year ended of 2016, 19.86% higher as compared to the corresponding period last year, with provision for loans, advances and financing showing a 40.81% improvement year on year.

Net interest income declined by 16.97% to RM389.77 million while other operating income and Islamic Banking income increased by 7.51% to RM314.34 million and 17.55% to RM 186.99 million respectively. Included in other operating income of RM314.34 million is a RM42 million Credit Value Adjustment ("CVA") release, attributable to both lower derivative credit exposures and improved market sentiments. Meanwhile, other operating expenses decreased by 4.07% to RM487.29 million.

The Group's total assets decreased by 1.79% to RM 48.24 billion as loan growth continued to moderate since last year. Meanwhile, customer deposits decreased by 1.46% to RM 32.48 billion, the Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 12.82% and 17.59%, 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 financial half year ended 30 June 2016

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the second quarter and the financial half year ended 30 June 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 financial half year ended 30 June 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 second quarter and financial half year ended 30 June 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 second quarter and financial half year ended 30 June 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 second quarter and financial half year ended 30 June 2016.

7. Dividend

No dividend has been proposed for the second quarter and financial half year ended 30 June 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 six months ended 30 June 2016.

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10. Financial assets held for trading

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	4,049	1,348	4,049	1,348
Malaysian Government bonds/securities	2,582,620	1,201,068	2,582,620	1,201,068
Government Islamic bonds	-	172,537	-	172,537
Bank Negara Malaysia bills	7,664	1,576	7,664	1,576
Private debt securities	84,158	168,603	84,158	168,603
	<u>2,678,491</u>	<u>1,545,132</u>	<u>2,678,491</u>	<u>1,545,132</u>

11. Investment securities available-for-sale

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	2,094	74,542	2,094	-
Malaysian Government bonds/ securities	1,627,123	1,069,435	1,627,123	1,069,435
Bank Negara Malaysia bills	12,403	49,860	12,403	-
Bankers' acceptances and Islamic acceptance bills	-	211,395	-	211,395
Negotiable instruments of deposit	500,053	1,975,397	500,053	1,975,397
Government Islamic bonds	151,272	482,014	50,424	-
Private debt securities	150,411	150,330	150,411	150,330
	<u>2,443,356</u>	<u>4,012,973</u>	<u>2,342,508</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>2,452,697</u>	<u>4,022,314</u>	<u>2,351,849</u>	<u>3,415,898</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
<u>At amortised cost</u>				
Overdrafts	412,162	519,042	412,162	519,042
Term loans/financing				
- Housing loans/financing	12,777,652	13,277,804	9,604,463	10,041,505
- Syndicated term loan/financing	181,193	128,762	181,193	128,762
- Hire purchase receivables	130,702	154,638	-	-
- Lease receivables	254,634	234,699	-	-
- Other term loans/financing	8,438,049	8,429,728	5,996,631	5,899,840
Bills receivable	3,178,266	3,074,787	2,698,347	2,790,475
Trust receipts	654,424	1,293,058	513,283	776,980
Staff loans/financing	34,106	38,903	30,597	36,631
Loans/financing to banks and other financial institutions	45,338	188,731	45,338	188,731
Credit card receivables	2,134,890	2,249,159	2,134,890	2,249,159
Revolving credit	1,781,424	1,803,494	1,203,519	1,229,055
	<u>30,022,840</u>	<u>31,392,805</u>	<u>22,820,423</u>	<u>23,860,180</u>
Less: Unearned interest and income	(613,783)	(692,028)	(10,628)	(11,393)
Gross loans, advances and financing	29,409,057	30,700,777	22,809,795	23,848,787
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(579,995)	(702,759)	(554,831)	(674,137)
- Collective impairment provisions	(353,476)	(381,614)	(272,585)	(288,265)
Total net loans, advances and financing	<u>28,475,586</u>	<u>29,616,404</u>	<u>21,982,379</u>	<u>22,886,385</u>

(ii) By type of customer

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	228,976	395,793	228,976	395,793
Domestic non-bank financial institutions	426,987	345,052	175,881	144,157
Domestic business enterprises	11,319,527	11,574,613	8,499,360	8,738,891
<i>Small medium enterprises</i>	3,743,686	3,995,283	2,672,217	2,896,906
<i>Others</i>	7,575,841	7,579,330	5,827,143	5,841,985
Individuals	15,180,938	16,033,328	12,164,220	12,872,440
Other domestic entities	342	227	342	227
Foreign entities	2,252,287	2,351,764	1,741,016	1,697,279
	<u>29,409,057</u>	<u>30,700,777</u>	<u>22,809,795</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 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Fixed rate				
Housing loans/financing	18,354	20,657	16,913	18,903
Other fixed rate loan/financing	4,370,954	4,898,140	3,353,048	3,310,005
Variable rate				
BLR plus/ Base rate plus	15,789,955	16,360,951	12,618,206	13,126,406
Cost plus	8,206,489	8,451,830	6,703,795	7,271,748
Other variable rates	1,023,305	969,199	117,833	121,725
	<u>29,409,057</u>	<u>30,700,777</u>	<u>22,809,795</u>	<u>23,848,787</u>

(iv) By sector

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Agriculture	175,035	111,073	45,802	108,257
Mining and quarrying	234,295	269,982	46,480	88,750
Manufacturing	4,163,143	4,518,644	3,341,643	3,676,446
Electricity, gas and water	43,130	40,474	41,359	38,151
Construction	507,790	658,498	352,996	502,528
Real estate	1,640,404	1,508,374	1,296,153	1,174,690
Wholesale & retail trade and restaurants & hotels	2,690,983	2,765,848	2,107,837	2,042,969
Transportation, storage and communication	498,898	368,000	411,661	267,489
Finance, insurance and business services	1,785,417	1,827,324	1,163,225	1,269,414
Household	17,275,247	18,134,039	13,747,258	14,460,336
Others	394,715	498,521	255,381	219,757
	<u>29,409,057</u>	<u>30,700,777</u>	<u>22,809,795</u>	<u>23,848,787</u>

(v) By purpose

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Purchase of landed property	15,966,339	16,583,181	12,155,457	12,713,896
- Residential	12,636,603	13,133,873	9,729,521	10,186,013
- Non-residential	3,329,736	3,449,308	2,425,936	2,527,883
Fixed assets excluding land & building	126,970	147,954	-	-
Personal use	1,288,352	1,471,987	897,072	985,537
Credit cards	2,134,890	2,249,159	2,134,890	2,249,159
Working capital	9,844,078	10,059,957	7,573,948	7,711,656
Others	48,428	188,539	48,428	188,539
	<u>29,409,057</u>	<u>30,700,777</u>	<u>22,809,795</u>	<u>23,848,787</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Maturing within one year	9,071,724	9,293,539	7,813,469	8,057,483
One year to three years	1,577,634	1,947,164	1,097,598	1,383,929
Three years to five years	2,062,212	2,236,844	1,291,034	1,245,065
Over five years	16,697,487	17,223,230	12,607,694	13,162,310
	<u>29,409,057</u>	<u>30,700,777</u>	<u>22,809,795</u>	<u>23,848,787</u>

(vii) By geographical distribution

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Within Malaysia	29,352,446	30,665,633	22,753,184	23,813,643
Outside Malaysia	56,611	35,144	56,611	35,144
	<u>29,409,057</u>	<u>30,700,777</u>	<u>22,809,795</u>	<u>23,848,787</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
USD	4,136,900	3,864,791	3,169,044	2,785,732
GBP	10,499	24,066	10,499	24,066
Other foreign currencies	16,591	12,244	16,591	12,244
	<u>4,163,990</u>	<u>3,901,101</u>	<u>3,196,134</u>	<u>2,822,042</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 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	(33,730)	11,280	(33,730)	11,280
Classified as impaired during the financial period/year	309,457	1,059,936	254,060	984,838
Reclassified as performing during the financial period/year	(157,129)	(187,648)	(134,207)	(174,737)
Amount recovered during the financial period/year	(73,794)	(360,356)	(72,281)	(347,291)
Amount written off during the financial period/year	(223,912)	(360,631)	(199,774)	(310,205)
At end of reporting period/year	1,107,905	1,287,013	1,064,264	1,250,196
Individual impairment provisions	(579,995)	(702,759)	(554,831)	(674,137)
Net impaired loans, advances and financing	<u>527,910</u>	<u>584,254</u>	<u>509,433</u>	<u>576,059</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 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	48,245	110,319	42,799	92,574
Amount written back	(76,384)	(83,234)	(58,479)	(39,801)
At end of reporting period/year	<u>353,476</u>	<u>381,614</u>	<u>272,585</u>	<u>288,265</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.23%</u>	<u>1.27%</u>	<u>1.22%</u>	<u>1.24%</u>
Individual impairment provisions				
At 1 January	702,759	406,631	674,137	382,841
Currency translation differences	(11,606)	11,280	(11,606)	11,280
Impairment made during the financial period/year	130,051	561,307	89,863	496,187
Amount written back	(44,398)	(75,507)	(35,482)	(65,197)
Amount written off	(196,811)	(200,952)	(162,081)	(150,974)
At end of reporting period/year	<u>579,995</u>	<u>702,759</u>	<u>554,831</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 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Agriculture	18,382	33,741	18,382	33,741
Mining and quarrying	3,639	1,519	3,639	1,519
Manufacturing	717,493	805,653	716,903	804,065
Construction	3,123	4,437	3,123	4,373
Real estate	33,948	28,801	33,948	28,801
Wholesale & retail trade and restaurants & hotels	122,507	150,369	114,318	148,418
Transportation, storage and communication	4,814	7,053	3,947	6,428
Finance, insurance and business services	1,002	1,469	1,002	1,469
Education, health & others				
Household	199,158	252,952	165,456	220,475
Others	3,839	1,019	3,546	907
	<u>1,107,905</u>	<u>1,287,013</u>	<u>1,064,264</u>	<u>1,250,196</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Purchase of landed property	129,452	132,685	106,059	121,838
- Residential	119,925	125,113	100,994	115,359
- Non-residential	9,527	7,572	5,065	6,479
Fixed assets excluding land & building	547	859	-	-
Personal use	77,218	95,067	62,447	73,437
Credit cards	17,479	18,728	17,479	18,728
Working capital	883,209	1,039,674	878,279	1,036,193
	<u>1,107,905</u>	<u>1,287,013</u>	<u>1,064,264</u>	<u>1,250,196</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Within Malaysia	1,107,699	1,286,748	1,064,058	1,249,931
Outside Malaysia	206	265	206	265
	<u>1,107,905</u>	<u>1,287,013</u>	<u>1,064,264</u>	<u>1,250,196</u>

14. Other assets

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Interest/Income receivables	49,006	43,383	64,645	51,685
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	1,573,276	635,079	1,756,585	1,045,224
	<u>1,622,282</u>	<u>678,462</u>	<u>1,921,230</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 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Demand deposits	16,477,444	15,261,344	15,039,608	13,828,705
Savings deposits	3,463,372	3,550,838	3,318,010	3,385,688
Fixed/Investment deposits	12,097,707	13,719,872	11,144,977	11,963,418
Negotiable instruments of deposits	441,581	428,996	320,279	317,935
	<u>32,480,104</u>	<u>32,961,050</u>	<u>29,822,874</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 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Due within six months	9,803,402	10,982,067	9,044,867	9,647,974
Six months to one year	1,996,596	2,375,496	1,839,363	1,976,490
One year to three years	260,031	259,541	214,479	125,125
Three years to five years	479,150	531,655	366,438	531,655
Over five years	109	109	109	109
	<u>109</u>	<u>109</u>	<u>109</u>	<u>109</u>

(ii) By type of customers

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Government and statutory bodies	82,692	205,497	68,164	69,440
Business enterprises	13,956,971	13,220,656	13,368,856	12,198,045
Individuals	13,358,807	15,483,576	11,829,123	13,619,376
Others	5,081,634	4,051,321	4,556,731	3,608,885
	<u>32,480,104</u>	<u>32,961,050</u>	<u>29,822,874</u>	<u>29,495,746</u>

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17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Licensed banks	1,999,652	1,030,085	1,999,652	1,030,084
Bank Negara Malaysia	-	144,505	-	144,505
Other financial institutions	1,944,446	2,968,095	1,875,469	2,851,278
	<u>3,944,098</u>	<u>4,142,685</u>	<u>3,875,121</u>	<u>4,025,867</u>

18. Other liabilities

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Interest/Income payable	136,688	187,214	133,791	183,862
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	2,638,483	1,707,961	3,272,961	3,496,959
	<u>2,775,171</u>	<u>1,895,175</u>	<u>3,406,774</u>	<u>3,680,843</u>

19. Provision for credit commitments and contingencies

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
As at 1 January	97,852	-
Currency translation difference	(6,075)	-
Provision made during the financial period/year	-	97,852
As at end of reporting period/ year	<u>91,777</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			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	298,292	322,635	593,318	660,514
- Recoveries from impaired loans	7,322	18,902	15,273	25,028
Money at call and deposit placements with banks and other financial institutions	15,909	25,348	29,036	39,170
Financial assets held for trading	20,480	11,632	36,072	36,857
Investment securities available-for-sale	21,517	46,791	50,419	97,042
	<u>363,520</u>	<u>425,308</u>	<u>724,118</u>	<u>858,611</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	298,292	319,901	593,318	657,780
- Recoveries from impaired loans	7,322	18,902	15,273	25,028
Money at call and deposit placements with banks and other financial institutions	50,622	58,025	116,843	102,360
Financial assets held for trading	20,480	11,632	36,072	36,857
Investment securities available-for-sale	21,517	46,791	50,419	97,042
	<u>398,233</u>	<u>455,251</u>	<u>811,925</u>	<u>919,067</u>

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21. Interest expense

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	27,849	6,851	40,213	36,005
Deposits from customers	131,761	165,696	268,290	327,445
Subordinated debts	12,920	13,667	25,844	25,730
	<u>172,530</u>	<u>186,214</u>	<u>334,347</u>	<u>389,180</u>
	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	15,613	6,851	40,213	36,005
Deposits from customers	131,761	165,696	268,290	327,445
Subordinated debts	12,920	13,667	25,844	25,730
	<u>160,294</u>	<u>186,214</u>	<u>334,347</u>	<u>389,180</u>

22. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	75,546	80,254	148,177	152,314
Income attributable to depositors	<u>(7,224)</u>	<u>(35,860)</u>	<u>(18,413)</u>	<u>(62,046)</u>
Income attributable to the Bank	68,322	44,394	129,764	90,268
Income derived from investment of Islamic banking capital funds and shareholder's funds	<u>27,698</u>	<u>33,503</u>	<u>57,221</u>	<u>68,794</u>
	<u>96,020</u>	<u>77,897</u>	<u>186,985</u>	<u>159,062</u>

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23. Other operating income

	Group			
	2nd Quarter ended 30 June 2016 RM'000	30 June 2015 RM'000	Six months ended 30 June 2016 RM'000	30 June 2015 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	62,895	79,241	128,495	151,716
- <i>Commission income</i>	34,285	45,075	69,584	92,250
- <i>Service fees</i>	16,277	22,035	33,740	35,231
- <i>Guarantee fees</i>	12,333	12,131	25,171	24,235
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(14,292)	(13,340)	(28,763)	(26,581)
- <i>Commission charges</i>	(4,786)	(3,716)	(9,639)	(6,291)
- <i>Service charges</i>	(9,506)	(9,624)	(19,124)	(20,290)
	<u>48,603</u>	<u>65,901</u>	<u>99,732</u>	<u>125,135</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	20,179	(148,326)	(81,025)	(1,728)
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	200,082	157,383	360,587	33,979
Foreign exchange currency				
- (Losses)/gains from dealing in foreign currency	(22,889)	163,219	(46,368)	221,970
- Unrealised gains/(losses) from foreign exchange translation	(128,472)	(112,932)	(24,235)	(98,802)
	<u>68,900</u>	<u>59,344</u>	<u>208,959</u>	<u>155,419</u>
Other income				
Gains from sale of investment securities available-for-sale	1,595	7,547	4,834	8,695
Gross dividends from unquoted investments	688	688	688	2,634
Rental income	9	7	17	15
Gain on disposal of property, plant and equipment	-	-	-	7
Others	95	415	112	476
	<u>2,387</u>	<u>8,657</u>	<u>5,651</u>	<u>11,827</u>
Total other operating income	<u>119,890</u>	<u>133,902</u>	<u>314,342</u>	<u>292,381</u>

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23. Other operating income (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	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	62,895	79,241	128,495	151,716
- <i>Commission income</i>	34,285	45,075	69,584	92,250
- <i>Service fees</i>	16,277	22,035	33,740	35,231
- <i>Guarantee fees</i>	12,333	12,131	25,171	24,235
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(14,292)	(13,340)	(28,763)	(26,581)
- <i>Commission charges</i>	(4,786)	(3,716)	(9,639)	(6,291)
- <i>Service charges</i>	(9,506)	(9,624)	(19,124)	(20,290)
	<u>48,603</u>	<u>65,901</u>	<u>99,732</u>	<u>125,135</u>
Net trading income				
Gains/(losses) from sale of financial assets held for trading and derivative financial instruments	20,179	(148,326)	(81,025)	(1,728)
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	206,973	157,383	367,478	33,979
Foreign exchange currency				
- (Losses)/gains from dealing in foreign currency	(22,889)	163,219	(46,368)	221,970
- Unrealised gains/(losses) from foreign exchange translation	(128,472)	(112,932)	(24,235)	(98,802)
	<u>75,791</u>	<u>59,344</u>	<u>215,850</u>	<u>155,419</u>
Other income				
Gains from sale of investment securities available-for-sale	1,595	7,547	4,834	8,695
Gross dividends from unquoted investments	688	688	688	2,634
Gross dividend from a subsidiary	21,544	-	21,544	-
Rental income	9	7	17	15
Gain on disposal of property, plant and equipment	-	-	-	7
Others	21,417	22,680	41,679	46,655
	<u>45,253</u>	<u>30,922</u>	<u>68,762</u>	<u>58,006</u>
Total other operating income	<u>169,647</u>	<u>156,167</u>	<u>384,344</u>	<u>338,560</u>

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24. Other operating expenses

	Group			
	2nd Quarter ended 30 June 2016 RM'000	30 June 2015 RM'000	Six months ended 30 June 2016 RM'000	30 June 2015 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	88,693	82,754	172,851	171,700
- Pension fund contributions	9,545	10,198	18,824	19,915
- Other staff related cost	10,539	13,037	15,342	22,664
	<u>108,777</u>	<u>105,989</u>	<u>207,017</u>	<u>214,279</u>
Establishment costs				
- Depreciation of property, plant and equipment	7,810	7,257	14,053	14,689
- Rental	6,289	6,622	12,749	13,425
- Information technology and project expenses	34,075	34,020	69,989	62,996
- Others	15,277	13,099	28,877	27,136
	<u>63,451</u>	<u>60,998</u>	<u>125,668</u>	<u>118,246</u>
Marketing expenses				
- Advertisement and publicity	2,757	3,163	6,173	4,981
- Others	3,204	4,855	7,132	9,238
	<u>5,961</u>	<u>8,018</u>	<u>13,305</u>	<u>14,219</u>
Administration and general expenses				
- Communication expenses	2,402	4,385	5,111	7,182
- Group administration and business support expenses	24,453	27,630	53,641	62,734
- Outsourcing expenses	24,181	24,237	47,114	49,529
- Others	18,286	20,088	35,433	41,771
	<u>69,322</u>	<u>76,340</u>	<u>141,299</u>	<u>161,216</u>
Total other operating expenses	<u><u>247,511</u></u>	<u><u>251,345</u></u>	<u><u>487,289</u></u>	<u><u>507,960</u></u>

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24. Other operating expenses (continued)

	Bank			
	2nd Quarter ended 30 June 2016 RM'000	30 June 2015 RM'000	Six months ended 30 June 2016 RM'000	30 June 2015 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	86,327	80,560	168,450	168,594
- Pension fund contributions	9,545	10,198	18,824	19,915
- Other staff related cost	10,029	12,438	14,565	21,631
	<u>105,901</u>	<u>103,196</u>	<u>201,839</u>	<u>210,140</u>
Establishment costs				
- Depreciation of property, plant and equipment	7,756	6,861	13,867	13,777
- Rental	5,913	6,112	11,971	12,406
- Information technology and project expenses	34,076	34,010	69,982	62,960
- Others	13,992	12,481	27,109	25,928
	<u>61,737</u>	<u>59,464</u>	<u>122,929</u>	<u>115,071</u>
Marketing expenses				
- Advertisement and publicity	2,757	3,093	6,171	4,899
- Others	3,139	4,720	7,041	9,033
	<u>5,896</u>	<u>7,813</u>	<u>13,212</u>	<u>13,932</u>
Administration and general expenses				
- Communication expenses	2,351	4,322	5,018	7,056
- Group administration and business support expenses	20,195	25,952	38,802	59,346
- Outsourcing expenses	24,181	24,237	47,114	49,529
- Others	17,713	18,849	34,061	39,079
	<u>64,440</u>	<u>73,360</u>	<u>124,995</u>	<u>155,010</u>
Total other operating expenses	<u><u>237,974</u></u>	<u><u>243,833</u></u>	<u><u>462,975</u></u>	<u><u>494,153</u></u>

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25. Provisions for loans, advances and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	55,091	75,819	95,589	145,851
- Made in the financial period	62,074	82,682	104,595	150,479
- Discounting of expected cashflows	12,873	17,680	25,456	34,208
- Written back	(19,856)	(24,543)	(34,462)	(38,836)
Collective impairment provisions				
- Made in the financial period	13,526	30,590	48,245	34,667
- Written back	(22,864)	(23,880)	(76,384)	(44,999)
Bad and doubtful debts on loans, advances and financing:-				
Written off	30,501	33,462	63,966	68,918
Recovered	(20,783)	(22,967)	(42,541)	(54,281)
	<u>55,471</u>	<u>93,024</u>	<u>88,875</u>	<u>150,156</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	38,498	62,598	64,317	118,380
- Made in the financial period	39,763	66,307	64,407	117,646
- Discounting of expected cashflows	12,873	17,680	25,456	34,208
- Written back	(14,138)	(21,389)	(25,546)	(33,474)
Collective impairment provisions				
- Made in the financial period	9,909	26,772	42,799	29,474
- Written back	(13,511)	(10,402)	(58,479)	(20,078)
Bad and doubtful debts on loans, advances and financing:-				
Written off	30,501	33,462	63,966	68,918
Recovered	(17,646)	(19,506)	(36,304)	(47,657)
	<u>47,751</u>	<u>92,924</u>	<u>76,299</u>	<u>149,037</u>

26. Credit exposure to connected parties

The credit exposures of the Group and the Bank to connected parties, as defined by Bank Negara Malaysia's 'Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	Group		Bank	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	Restated RM'000	RM'000	Restated RM'000
Aggregate value of outstanding credit exposures to connected parties	3,226,175	3,286,480	3,255,857	3,370,773
As a percentage of total credit exposures	6.7%	6.4%	8.0%	7.8%

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27. Commitments and contingencies

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

The commitments and contingencies are as follows:-

Group	30 June 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	2,979,925	2,979,925	1,164,217	3,057,485	3,057,485	1,177,455
Transaction-related contingent items	4,186,546	4,186,781	969,438	4,143,266	4,143,266	1,052,663
Short-term self liquidating trade-related contingencies	268,031	267,519	55,764	257,117	256,653	69,028
Other commitments to extend credit:-						
- maturity not exceeding one year	34,608,596	4,041,877	1,620,549	36,650,829	4,284,899	1,630,547
- maturity exceeding one year	2,392,091	688,831	532,372	3,307,784	1,139,661	846,055
Foreign exchange related contracts:-						
- less than one year	40,941,159	1,761,769	340,940	37,895,111	1,980,582	480,918
- one year to less than five years	14,113,264	2,088,191	566,138	17,890,717	3,331,736	761,596
- five years and above	2,675,887	736,469	215,655	2,775,301	849,789	187,708
Interest rate related contracts:-						
- less than one year	19,034,576	59,769	5,704	14,047,615	36,978	7,203
- one year to less than five years	34,904,649	1,003,136	155,119	44,620,631	1,241,425	198,539
- five years and above	6,831,054	618,575	127,434	7,017,272	566,229	87,435
Miscellaneous commitments and contingencies	5,571,100	438,776	178,479	2,339,086	173,793	28,981
	<u>168,506,878</u>	<u>18,871,618</u>	<u>5,931,809</u>	<u>174,002,214</u>	<u>21,062,496</u>	<u>6,528,128</u>

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27. Commitments and contingencies (continued)

Bank	30 June 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	2,977,064	2,978,508	1,163,867	3,056,141	3,056,141	1,177,153
Transaction-related contingent items	3,921,069	3,950,923	941,522	3,972,160	3,972,160	1,010,282
Short-term self liquidating trade-related contingencies	175,025	236,391	46,043	132,058	131,594	30,604
Other commitments to extend credit:-						
- maturity not exceeding one year	34,622,222	3,655,263	1,461,935	36,010,526	3,939,414	1,494,253
- maturity exceeding one year	1,881,469	542,652	405,752	2,598,880	880,538	647,950
Foreign exchange related contracts:-						
- less than one year	40,772,958	1,758,518	337,876	37,956,009	1,981,713	479,727
- one year to less than five years	14,113,264	2,320,691	595,842	17,890,717	3,331,736	527,351
- five years and above	2,675,887	736,469	215,655	2,775,301	849,789	187,708
Interest rate related contracts:-						
- less than one year	19,034,576	59,770	5,706	14,360,918	36,978	7,203
- one year to less than five years	34,882,402	1,002,469	171,096	43,768,589	1,215,706	196,205
- five years and above	6,831,054	618,575	127,434	7,017,272	566,229	87,435
Miscellaneous commitments and contingencies	5,590,711	441,593	179,236	2,358,696	176,856	29,880
	<u>167,477,701</u>	<u>18,301,822</u>	<u>5,651,964</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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28. Fair values of financial assets and liabilities

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation hierarchy, and the types of instruments classified into each level within that hierarchy, is set out below:-

	Level 1	Level 2	Level 3
Fair value determined using	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly observable market inputs	Valuation models using significant non-observable market inputs
Type of financial assets	Actively traded government and agency securities	Corporate and other government bonds and loans Over-the-counter ("OTC") derivatives	Private debt equity investments
Type of financial liabilities	-	OTC derivatives	-

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

Fair value hierarchy (continued)

Group	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
30 June 2016	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	11,713	-	11,713
Debt securities	-	2,666,778	-	2,666,778
Derivative financial instruments	4,942	3,317,599	-	3,322,541
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	14,497	-	14,497
Debt securities	-	2,429,102	-	2,429,102
At 30 June 2016	4,942	8,439,689	-	8,444,631
Liabilities				
Deposits from customers	-	100,558	-	100,558
Deposits and placements of banks and other financial institutions		146,041	-	146,041
Derivative financial instruments	4,821	3,480,886	-	3,485,707
At 30 June 2016	4,821	3,727,485	-	3,732,306

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	22,764	10,222,464	-	10,245,228
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	4,438	5,024,192	-	5,028,630

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

Fair value hierarchy (continued)

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
30 June 2016	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	11,713	-	11,713
Debt securities	-	2,666,778	-	2,666,778
Derivative financial instruments	4,942	3,339,784	-	3,344,726
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	14,497	-	14,497
Debt securities	-	2,328,254	-	2,328,254
At 30 June 2016	<u>4,942</u>	<u>8,361,026</u>	<u>-</u>	<u>8,365,968</u>
Liabilities				
Deposits from customers	-	83,180	-	83,180
Deposits and placements of banks and other financial institutions	-	142,410	-	142,410
Derivative financial instruments	4,821	3,479,189	-	3,484,010
At 30 June 2016	<u>4,821</u>	<u>3,704,779</u>	<u>-</u>	<u>3,709,600</u>

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	<u>22,764</u>	<u>9,617,115</u>	<u>-</u>	<u>9,639,879</u>
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	<u>4,438</u>	<u>5,000,576</u>	<u>-</u>	<u>5,005,014</u>

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

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29. Capital adequacy

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 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	3,303,201	3,065,962	3,131,089	2,880,851
Less: Deferred tax assets	(39,195)	(44,485)	(33,828)	(42,335)
Unrealised gains and losses on 'available-for-sale' financial instruments	5,563	3,973	5,515	3,135
Investment in subsidiaries deducted from CET 1 capital	-	-	(246,913)	(164,609)
CET 1 capital	<u>3,769,569</u>	<u>3,525,450</u>	<u>3,355,863</u>	<u>3,177,042</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,149,569</u>	<u>3,905,450</u>	<u>3,735,863</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	12,209	16,411	5,049	6,969
Surplus of total eligible provisions over total expected loss under AIRB approach	11,503	92,612	14,371	105,124
	<u>1,023,712</u>	<u>1,109,023</u>	<u>1,019,420</u>	<u>1,112,093</u>
Less: Investment in subsidiaries	-	-	(264,609)	(346,913)
Eligible Tier 2 capital	<u>1,023,712</u>	<u>1,109,023</u>	<u>754,811</u>	<u>765,180</u>
Total capital base	<u>5,173,281</u>	<u>5,014,473</u>	<u>4,490,674</u>	<u>4,322,222</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Total risk-weighted assets:-				
Credit risk	23,775,923	24,770,839	21,328,633	21,834,621
Market risk	2,191,027	1,550,201	2,191,027	1,550,201
Operational risk	3,442,529	3,473,947	3,249,352	3,273,059
	<u>29,409,479</u>	<u>29,794,987</u>	<u>26,769,012</u>	<u>26,657,881</u>

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

	Group		Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
CET 1 capital ratio	12.818%	11.832%	12.536%	11.918%
Tier 1 capital ratio	14.110%	13.108%	13.956%	13.343%
Total capital ratio	17.591%	16.830%	16.776%	16.214%

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29. Capital adequacy (continued)

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

	30 June 2016	31 December 2015
CET 1 capital ratio	16.617%	13.129%
Tier 1 capital ratio	16.617%	13.129%
Total capital ratio	19.589%	15.711%